HATTON PLANTATIONS PLC

Nurturing nature, naturally

Sustainable Agri Practices



ANNUAL REPORT 2025/26





OUR PURPOSE

"Growing Hatton Plantations to be the Industry Leader"



OUR FUTURE

"To be the most admired Plantation Company in Sri Lanka"



OUR VALUES

Our Approach
Integrity, Honesty, open and transparent

Our Heritage
Perseverance, Never give up

Our Solutions
Innovation, Improvement through continuous change

Our Promise
Responsibility, Accountability to all stakeholders

Trust
The foundation upon which we grow

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CHAIRMAN'S MESSAGE

Hatton Plantations remains firmly committed to pursuing growth in a manner that safeguards and preserves the environment for future generations

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achieving the highest revenue recorded by the Company in the past eight years. Revenue increased to Rs. 8,014 million, compared to Rs. 7,588 million in the previous financial year

MANAGING DIRECTOR/ CEO'S REVIEW

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The Company continued to modernize manufacturing operations through the installation of advanced digitized machinery across selected factories.

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To ensure long-term organizational sustainability, Hatton Plantations PLC continued to strengthen our succession planning framework by identifying high-potential employees and

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ABOUT THE REPORT

GRI



This is Hatton Plantations PLC's 9th Annual Report. This year our report focus on 'Nurturing Nature, Naturally'. We believe that nature is our life source. Nurturing it by being in harmony with the earth and making choices that sustain rather than harm is our purpose. Our commitment is to care for nature naturally – through sustainable agricultural practices, mindful strategies, respect and a deep sense of responsibility, ensuring sustenance of generations to come.

As a plantation company, HPL implements a purpose driven sustainability strategy that guides the capital management of the company. In this report, the Company intends to share our vision, strategy and implementation of our green sustainability led initiatives that have been a key focus during the 2025/26 FY.

Hatton Plantations PLC's annual report provides a comprehensive overview of the Company's performance and value creation for the financial year starting 01, April 2025 and ended in 31, March 2026, covering a 12-month cycle.

Our integrated approach shares our strategies in delivering value in ensuring shareholder interests are protected.

Our integrated reporting structure includes GRI (Global Reporting Initiative) and provides insight into our efforts in ESG (Environment, Social and Governance) reporting under the dedicated discussion on Sustainability in addition to in our capital reports discussions.

Scope and Boundary

The Hatton Plantations PLC (HPL) Integrated Annual Report attempts to present a balanced and relevant articulation of the Company's performance and operations during 2025/26, and present the progress made toward achieving our strategic priorities throughout the reporting year.

This report shares content on current and future business contexts, combining Financial Reporting with Non-Financial Reporting information. It covers Capitals, Sustainability, Risk Management and Corporate Governance providing our shareholders with a comprehensive insight into the company's performance in all aspects possible.

This report includes progress and information on 13 estates and a tea re-processing factory as well as our processing and warehousing operations.



Reporting Period of this Report

This Integrated Annual Report covers the performance of the Company for the 12-month period ended 31st March 2026.

Reporting Cycle:
Annual

Reporting period:
1 April 2025 to 31 March 2026

The most recent report was issued on:
22 July 2025

The information related to the previous period has not been reinstated during this period unless otherwise stated. There were no significant changes in the organization type, structure or ownership during the reporting period.



Targeted Audience

This report aims to provide company related information to shareholders and potential investors that is of value in assessing the company's growth, strength and stability. It also aims to share information useful for other stakeholders such as buyers, brokers, community, employees, and suppliers.

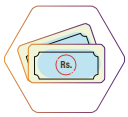
Reporting Frameworks

Hatton Plantations PLC delivers a comprehensive, reasonable ad relevant report adhering to industry standards and reporting guidelines. We share HPL's efforts towards stakeholder value creation, and continuously aim to improve the quality of our reporting standards. This year's report is structured as below:

Corporate Focus	About Hatton Plantations PLC Our Estates Historical Milestones, Awards and Accolades	(Pages 8 to 12)
Sustainability Focus	Non-Financial Highlights Sustainability Review	(Pages 23 and 13to 17)
Corporate Leadership	Chairman's Message MD/ CEO's Review Board of Directors and their Profiles Corporate Management	(Pages 25 to 41)
Strategic Focus	Operating Environment Stakeholder Review Capital Reports	(Pages 43 to 126)
Risk and Governance Reports	Risk Management Corporate Governance GRI Index table	(Pages 128 to 168)
Financial Reports	Financial Highlights Financial Statements Historical Financial Review	(Pages 21 to22 and 188 to 269 and 274 to 279)
Committee Reports	Audit Committee Related Party Transaction Review Committee Remuneration Committee Nominations and Governance Committee	(Pages 177 to 185)
Supplementary Information		(Pages 280 to 295)

Strategic Focus

The report shares in detail the macro and micro environment that impacted the performance of the company and the industry in the operating environment. It further explains the efforts taken to engage and enhance stakeholder relationships through value creation for the multiple stakeholders of HPL. Further, the strategic focus reports on how these impacts and relationships translated in our performance and what strategies were employed to mitigate and improve through our capitals. The reports presented in this report are:


Financial capital


Manufactures capital


Human capital


Social and relationship capital


Intellectual capital


Natural capital

Disclosures

The sustainability disclosures have been incorporated in compliance with the SLFRS Sustainability Disclosure Standards issued by CA Sri Lanka. Further, relevant disclosure topics from the Sustainability Accounting Standards Board (SASB) standards have been reviewed and integrated into the report.

The regulatory and voluntary frameworks adopted in preparing this report include:



Regulatory

- Companies Act No.7 of 2007
- Code of Best Practices and Corporate Governance 2023
- Continued Listing Requirements of the Colombo Stock Exchange
- Sri Lanka Accounting & Auditing Standards Act No.15 of 1995
- Sri Lanka Financial Reporting Standards: SLFRS 1 and 2
- Directives and Circulars of the Securities and Exchange Commission of Sri Lanka (SEC) Act



Voluntary

- International <IR> Framework of the IIRC
- A Preparer's Guide to Integrated Corporate Reporting ICASL
- Global Reporting Initiative (GRI) Universal Standard
- Guidance on Environment , Social and Governance (ESG) reporting
- United Nations Sustainable Development Goals (SDGs)

Conciseness

All the necessary and vital information is delivered concisely.

Reliability and completeness

Hatton Plantations PLC has obtained independent assurance on the financial statements from external auditors, Messrs Deloitte Partners.

Consistency and Comparability

The financial and non-financial information for the year under review and the comparable periods have been provided in the report.

Board Acknowledgement

The Annual report of Hatton Plantations PLC for the year ended 31st March 2026 has been prepared and reviewed by the Management of the Company who has recommended the same to the Group's Audit Committee and Board for their approval.

The Board acknowledges its responsibility to ensure the integrity of the Annual report which provides a balanced view of the performance of the Company, addressing all material issues that may have an impact on the Company's capacity to create value over the short term. The Board is of the opinion that the Annual Report of Hatton Plantations PLC for the financial year ending 31st March 2026 is presented in accordance with best practices in reporting. The report was unanimously approved by the Board on 2nd June 2026 and is signed on behalf by:



Chairman
Board of Directors



Chairman Audit
Committee



Managing Director/
CEO

For any inquiries, please contact,

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Chief Financial Officer
Hatton Plantations PLC
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Scan for contact us

ABOUT HATTON PLANTATIONS

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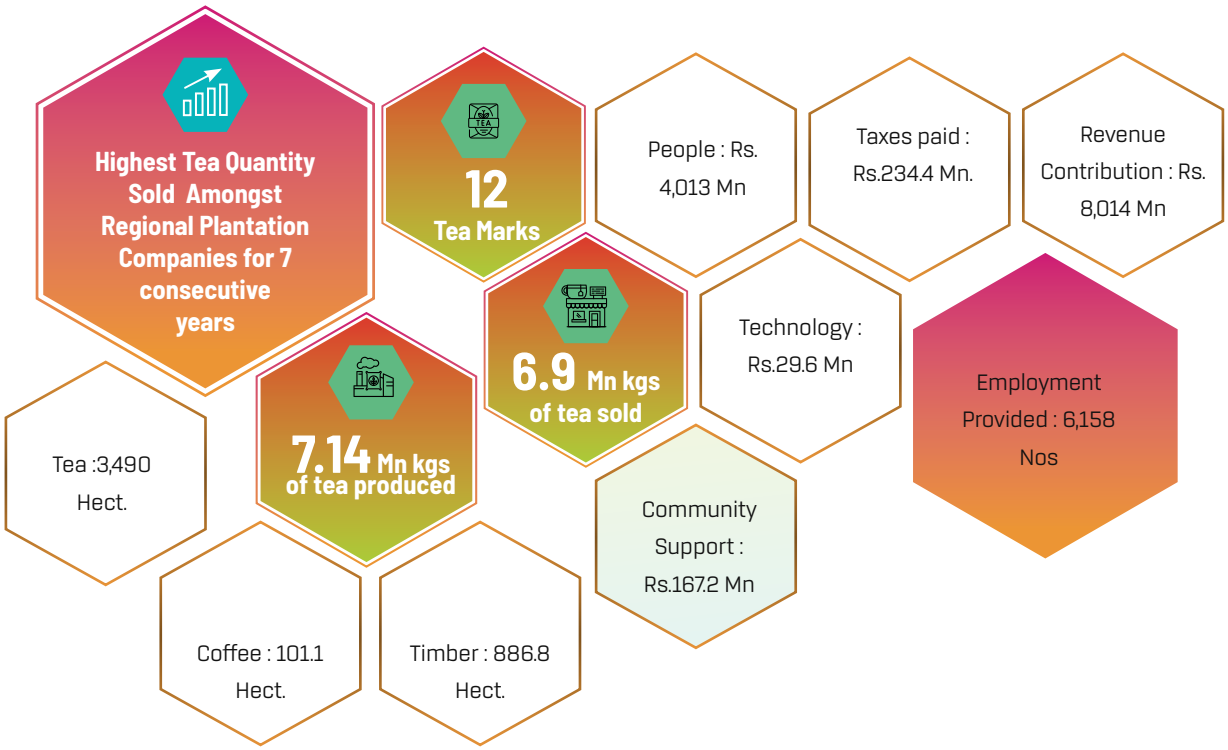




History

Hatton Plantations PLC has a proud and distinguished legacy, shaped by significant milestones that have transformed the Company into one of Sri Lanka's leading tea plantation enterprises. Since the landmark privatization of regional plantation companies in 1992, the Company has continued to expand through strategic decisions and key management transitions, each contributing to growth, operational strength, and diversification.

Today, the Company manages 13 estates spanning 7,206 hectares across the renowned tea-growing regions of Watawala, Hatton, and Lindula, situated within the Western High and Western Medium elevations of Sri Lanka's central highlands. Hatton Plantations PLC operates 12 tea processing factories with a combined green leaf handling capacity of 163,000 kgs per day, supported by advanced manufacturing capabilities in Orthodox, CTC, Leafy, and Green Tea production.

Driven by a strong commitment to sustainable agricultural practices and balanced soil nutrition, the Company

consistently produces teas that meet stringent quality standards. HPL's modern, well-equipped factories are designed to enhance quality and overall product excellence.

Approximately 95% of the Company's teas are marketed through the Colombo Tea Auction, the second largest tea auction in the world, while the balance is sold directly to buyers. This dual-channel marketing approach strengthens the Company's presence across both domestic and international markets, ensuring wider distribution of our premium teas.

Hatton Plantations has maintained the highest recognition and credibility as a reliable and ethical tea producer at the Ceylon Tea Auction. Our garden selling marks are held in regard amongst global tea connoisseurs which are recognized as of highest quality amongst Ceylon Tea varieties. Currently, we offer a diverse product portfolio comprising over 33 tea grades.

As part of our long-term multi-crop diversification strategy, Hatton Plantations PLC continues to expand beyond traditional tea cultivation through strategic investments in coffee and timber plantations. With approximately 101 hectares under coffee cultivation and 886.8 hectares dedicated to timber plantations, the Company is steadily strengthening the diversified agricultural portfolio to enhance resilience, optimize land use and create sustainable revenue streams. This diversification approach enables the Company to mitigate commodity-related risks, capitalize on emerging market opportunities and support long-term environmental sustainability through the cultivation of alternate crops suited to changing climatic and market conditions.

Certifications

Region/ Estate	Selling Mark	HACCP	ISO 22000	GMP	CEYCERT	CEYCERT	FAIRTRADE		
Lindula									
Waltrim	Waltrim	TRUE	TRUE	TRUE		TRUE	TRUE	TRUE	TRUE
Henfold	Henfold	TRUE	TRUE	TRUE	TRUE		TRUE	TRUE	
Tangakelle	Tangakelle/Cymru	TRUE	TRUE	TRUE				TRUE	
Agarakanda	East Fassifern	TRUE	TRUE	TRUE	TRUE			TRUE	
Ouvahakelle	Ouvahakelle	TRUE	TRUE	TRUE				TRUE	
Hatton									
Dickoya	Adisham	TRUE	TRUE	TRUE		TRUE	TRUE	TRUE	
Vellai Oya	Vellai Oya	TRUE	TRUE	TRUE	TRUE		TRUE	TRUE	
Abbotsleigh	Florence	TRUE	TRUE	TRUE			TRUE	TRUE	
Strathdon	Strathdon	TRUE	TRUE	TRUE			TRUE	TRUE	
Watawala									
Shannon	Shannon	TRUE	TRUE	TRUE	TRUE			TRUE	
Kenilworth	Kenilworth	TRUE	TRUE	TRUE	TRUE		TRUE	TRUE	
Carolina	Carolina CTC	TRUE	TRUE	TRUE	TRUE				

Sustainability and Quality: A Core Commitment

We believe that world-class flavor must be paired with environmental stewardship and ethical practices.

- **Environmental Stewardship:** Guided by Hatton PLC's legacy, we employ responsible soil conservation, thoughtful water management, and minimal-impact farming to ensure our plantations thrive for generations.
- **Health and Safety Assured:** Because our leaves are cultivated under our direct supervision, we guarantee that every batch adheres to global Good Manufacturing Practices. We exclusively use recommended fertilizers that meet rigorous U.S. and E.U. standards.
- **Community First:** We focus on value addition and equitable partnerships to preserve the communities that care for our land.

Hatton Plantations PLC remains committed to upholding the highest standards of sustainability, quality and operational excellence across all plantation operations. Through internationally recognized certifications, active industry engagement through strategic memberships and participation in leading industry forums, the Company continues to align operations with global best practices and evolving industry standards. These recognitions and affiliations reflect Hatton Plantations' ongoing commitment to responsible agriculture, environmental stewardship, social responsibility and sustainable value creation for all stakeholders.

Industry Engagement (Refer Intellectual Capital on Pages 93 to 101)	• Sri Lanka Tea Board • Ceylon Chamber of Commerce • Planters' Association of Ceylon • Colombo Tea Traders Association • Ministry of Industry
Human Development (Refer Human Capital on Pages 72 to 92)	• Employers' Federation of Ceylon • Plantation Housing Development Trust • The Centre For Child Rights and Business • Labor department
Biodiversity Stewardship (Refer Natural Capital on Pages 102 to 113)	• Wildlife & Nature Protection Society • Bee Protection Organization • Leopard Research and Conservation Project (WNPS) • Department of wildlife conservation • Forest Department • Department of wildlife conservation
Sustainability Compliance (Refer Natural Capital and Sustainability on Pages 102 to 113 and 13)	• CEA (Central Environment Authority) • Rainforest Alliance Sri Lanka • National Cleaner Production Center • Fairtrade NAPP (Network of Asia and pacific Producers) • Fairtrade FNSL (Fairtrade Network of Sri Lanka)
Research and Innovation (Refer Intellectual Capital on Pages 93 to 101)	• Sri Lanka Association for the Advancement of Quality and Productivity (SLAAQP) • National Institute of Labour Studies (NILS) • University of Sri Jayawardhanapura • Tea Research Institute • Nilcarbon Lanka (Pvt) Limited • Department of Measurement Units, Standards and Services
Social Empowerment (Refer Human and Social Capital on Pages 72 to 92 and 114 to 127)	• Unilever Sri Lanka • World vision Lanka

Achievements in 2025-2026

National Cleaner Production Award



Hatton Plantations PLC – Waltrim Estate was honored with the National Cleaner Production Award in recognition of our commitment to sustainable and environmentally responsible practices.

This prestigious award highlights our continuous efforts to adopt eco- friendly production methods, minimize environmental impacts, and promote sustainable tea cultivation.

The Waltrim Estate team's dedication, innovation, and teamwork have played a vital role in achieving this remarkable milestone.



National Green Productivity Award



A significant milestone in our sustainability journey was being awarded Green Productivity Awards for four of Hatton Plantation estates. These included Kenilworth, Waltrim, Henfold, and Dickoya estates.

As a responsible and sustainable tea company, we are committed to protecting our people, the planet, and the environment through responsible plantation management and continuous improvement.

This achievement reflects industry appreciation towards our continued commitment towards sustainable practices across our estates.



TAG Awards

- Corporate Governance Disclosure (Non-Financial Services) – Certificate of Recognition
- Plantation Companies (Group Turnover above LKR 5 Billion) - Certificate of Compliance







Recognition of Excellence

Highest Quality Tea Sold for **7 Consecutive** Years (2019 -2025) Amongst Regional Plantation Companies awarded by Forbes and Walker Tea



Looking Forward

Hatton Plantations PLC remains focused on driving long-term growth while upholding the standards of quality and integrity that define the Company. By embracing innovation, strengthening sustainable agricultural practices, and maintaining responsible business operations, the Company continues to enhance productivity and broaden reach across local and international markets.

At the core of the Company's progress is the workforce, whose dedication and expertise continue to shape operational success. Hatton Plantations PLC remains committed to fostering an inclusive and supportive working environment through ongoing investments in employee development, welfare, and professional growth.

SUSTAINABILITY REVIEW

Sustainability is a strategic priority at Hatton Plantations PLC, guiding our approach to long-term value creation and responsible business growth. As a leading plantation company, we recognize that our success is closely linked to how effectively we manage environmental, social, and governance (ESG) matters. Accordingly, ESG principles are embedded across our operations, supporting responsible resource management, employee wellbeing, community development, and strong governance practices.

Our ESG Framework provides a structured approach to integrating sustainability into business strategy, decision-making, and performance management. Informed by stakeholder engagement and material sustainability priorities, the framework focuses on key areas including climate resilience, biodiversity conservation, resource efficiency, workplace safety, community empowerment, and ethical business conduct. Through these efforts, Hatton Plantations remains committed to creating sustainable value for all stakeholders while contributing to the long-term resilience and growth of Sri Lanka's plantation sector.



ENVIRONMENT

As a plantation company, we are committed to the sustainability of the bio diversity and eco system we operate in.

Land	• Replanting of 437 hectares • Soil conservation through bamboo planting drain development • Increased bio fertilizer and compost usage • Tree planting initiatives
Water	• Reduced water usage • Continuous rainwater harvesting • Monitoring of water usage and wastage • Recycling of water
Energy	• Efficient energy management practices • Reduced fossil fuel usage • Increased reliance on bio fuel and firewood • Monitoring of energy usage through digital platforms

Biodiversity	• Protection of forest and river banks through conservation partnership • Protection of leopards through awareness campaigns for estate workers
Awareness	• Continuous awareness on natural resource management in estates and offices • Active engagement of workers and staff on efficient resource use and protection of bio diversity

Please refer Natural Capital on pages 102 to 113 for more information

SOCIAL

Nurturing our relationships and empowering our stakeholders is at the forefront of our social initiatives.

Employees 	• Wages and benefits to ensure a good quality of life • Job security and career growth opportunities • Welfare and assistance in health and emergency situations
Communities 	• Direct and indirect employment • Infrastructure support for housing and sanitation • Community assistance in education, nutrition, health, maternal care, child care and hygiene • Provding opportunities for youth employement
Business Partners 	• Long term business relationships • Timely payments and fair working terms • Opportunities for growth • Guidance and learning on best practices
Government 	• Eonomic contribution through export revenue • Timely payment of corporate taxes • Compliance with regulations and standards • Providing economic opportunities for estate communities • Investments in estate infrastructure and community development

Please refer Human Capital on pages 72 to 92 and Social and Relationship Capital on pages 114 to 126 for more information

GOVERNANCE

Building a culure of trasparancy, accountability and responsibility through best practices

- ✅ Compliance with best practices on environment, agriculture, manufacture and food production
- ✅ Integration of advanced technology platforms for better monitoring and supervision, accountability and trasnparancy of operations
- ✅ Training and awareness to employees, partners and workers on best practices
- ✅ Field to office placement of staff supervisors for monitoring and reporting on day to day activities and accountability

Please refer Manufactured Capital on pages 61 to 71, Human Capital on pages 72 to 92, Intellectual Capital on pages 93 to 101 Natural Capital on pages 102 to 113, for more information

Our Contribution towards Sustainable Development Goals (SDGs)



SDG 01 No Poverty 	• Employment provided for 6,158 (staff and associates) • New recruits 136
SDG 02 - Zero Hunger 	• Provision of daily meals for estate workers • Nutrition and school meals for estate children
SDG 03 Good Health & Well-Being 	• Special Policy for Health & Safety • Provision of healthy and safe cooking stoves to 7,013 estate community • Allocation for employee health and welfare Rs.167.2 million • Implementation of staff welfare activities • Provision of community support to estate workers • Provision of health and sanitary facilities for estate communities
SDG 04 Quality Education 	• Investing Rs.6.3 million on employee training and development • 127,000 hours of training provided • Investing Rs. in technology knowledge improvement • Provision of school supplies for estate workers' children
SDG 05 Gender Equality 	• Employee Gender Balance 47:53 (M:F ratio) • During the reporting period, there were no incidents of discrimination reported • Gender champion program on educating about gender transformation • Female estate supervisor program recruitments enhanced

SDG 06 - Clean Water & Sanitation 	• Providing access to clean drinking water and sanitation for 5,753 estate workers and their families • 8 toilets and hot water bathing facilities developed • Provision of clean and sanitary working environment
SDG 07 - Affordable and Clean Energy 	• Energy consumption managed • Reduction in fossil fuel usage • Increase in firewood and other sources of energy use • Energy efficient equipment installation • 9,129 clean energy saving cookstoves provided for estate workers
SDG 08 - Decent Work and Economic Growth 	• Contribution to national economy Rs.234 million in taxes • Direct and indirect employment opportunities provided to approximately 9,000 persons • Salary and wages paid Rs. 4,013 million • Annual increments, bonus and other financial benefits • Employee retention rate of 95%
SDG 09 - Industry, Innovation & Infrastructure 	• Quality improvement of tea varieties – CTC, green tea, Orthodox teas • Investment of Rs.27 million in technology infrastructure • Use of drones in spraying of fertilizer, water, and other agro-supplements • Development of estate infrastructure • Upgrade of plantation infrastructure and worker quarters • Property, plant and equipment for value of Rs. 1,809 million • Investment capital (CAPEX) of Rs.529.8 million • Investment for machinery installation by 89 million • Innovative measures in technology use and machinery enhancements • Increase in productivity by 8%
SDG 10 Reduced Inequalities 	• Maintain Equal and Fair HR and Recruitment policies across employment grades • Providing estate youth career opportunities in the company

SDG 11 – Sustainable Cities and Communities 	• Supporting and maintain welfare and childcare for estate workers • Provision of housing and other related infrastructure • Saving lives from cooking and fire accidents through provision of safe cooking stoves
SDG 12 - Responsible Consumption & Production 	• Compliance to Rainforest Alliance and other industry and government regulations • 437 hectares of replanting of tea, coffee, timber since 2019 • Implementing tea production standards across process • Procurement of quality fertilizers • Increasing compost and bio fertilizer usage in plantation • Transparency – Product Labelling Standards • Ensuring conservation and protection of plantation assets • Ensuring all raw material is sourced from responsible agrarian practitioners • Ensuring no child labor is used or animal harm is caused in the production of any item • Environmentally safe use of fertilizer and weedicide products
SDG 13 - Climate Action 	• ISO 50001:2018 Energy Management system • Compliance with Rain Forest Alliance • Continuous improvements in safe and sustainable agriculture practices • Tree planting and replanting initiatives
SDG 14 - Life Below Water 	• Forestry protection program to ensure fauna, flora and water life in plantations, rover banks and estate premises
SDG 15 - Life on Land 	• Forestry protection program to ensure fauna, flora and water life is identified and conserved • Leopard protection and awareness amongst estate communities

OUR ESTATES AND FACTORIES

GRI 2.2

Watawala Region

Kenilworth



Land Extent	Total Extent (Ha)	600.86
	Revenue Extent Tea (Ha)	250.86
	Other (Ha)	187
Production	Elevation Category	Western Medium Grown
	Main Crop	Tea
	Type of Factory	Ortho/RV
	Factory Elevation	616
	Crop with Bought Crop (Kgs)	426,132
Employees	Staff	27
	Associates (including Casuals)	326

Carolina



Land Extent	Total Extent (Ha)	892.42
	Revenue Extent Tea (Ha)	212.32
	Other (Ha)	205.72
Production	Elevation Category	Western Medium Grown
	Main Crop	Tea
	Type of Factory	CTC
	Factory Elevation	960
	Crop with Bought Crop (Kgs)	442,665
Employees	Staff	19
	Associates (including Casuals)	230

Shannon



Land Extent	Total Extent (Ha)	262.04
	Revenue Extent Tea (Ha)	171.34
	Other (Ha)	27.59
Production	Elevation Category	Western High Grown
	Main Crop	Tea
	Type of Factory	Ortho/RV
	Factory Elevation	1372
	Crop with Bought Crop (Kgs)	239,605
Employees	Staff	19
	Associates (including Casuals)	322

Wigton



Land Extent	Total Extent (Ha)	667.58
	Revenue Extent Tea (Ha)	113.12
	Other (Ha)	50.53
Production	Elevation Category	Western Medium Grown
	Main Crop	Tea
	Type of Factory	-
	Factory Elevation	-
	Crop with Bought Crop (Kgs)	193,908
Employees	Staff	8
	Associates (including Casuals)	134

Hatton Region

Abbotsleigh



Land Extent	Total Extent (Ha)	427.46
	Revenue Extent Tea (Ha)	240.16
	Other (Ha)	110.34
Production	Elevation Category	Western High Grown
	Main Crop	Tea
	Type of Factory	CTC
	Factory Elevation	1330
	Crop with Bought Crop (Kgs)	1,606,464
Employees	Staff	39
	Associates (including Casuals)	572

Dickoya



Land Extent	Total Extent (Ha)	629.59
	Revenue Extent Tea (Ha)	274.72
	Other (Ha)	131.57
Production	Elevation Category	Western High Grown
	Main Crop	Tea
	Type of Factory	Ortho/RV
	Factory Elevation	1292
	Crop with Bought Crop (Kgs)	649,244
Employees	Staff	28
	Associates (including Casuals)	480

Vellaioya



Land Extent	Total Extent (Ha)	840
	Revenue Extent Tea (Ha)	326.5
	Other (Ha)	218.65
Production	Elevation Category	Western Medium Grown
	Main Crop	Tea
	Type of Factory	Ortho/RV
	Factory Elevation	1331
	Crop with Bought Crop (Kgs)	541,125
Employees	Staff	30
	Associates (including Casuals)	680

Strathdon



Land Extent	Total Extent (Ha)	644.39
	Revenue Extent Tea (Ha)	257.76
	Other (Ha)	148.65
Production	Elevation Category	Western Medium Grown
	Main Crop	Tea
	Type of Factory	CTC
	Factory Elevation	1112
	Crop with Bought Crop (Kgs)	977,371
Employees	Staff	34
	Associates (including Casuals)	547

Lindula Region

Waltrim



Land Extent	Total Extent (Ha)	578.25
	Revenue Extent Tea (Ha)	400.71
	Other (Ha)	11.5
Production	Elevation Category	Western High Grown
	Main Crop	Tea
	Type of Factory	Ortho/RV
	Factory Elevation	1400
	Crop with Bought Crop (Kgs)	608,223
Employees	Staff	36
	Associates (including Casuals)	716

Tangakelle



Land Extent	Total Extent (Ha)	367.79
	Revenue Extent Tea (Ha)	282.31
	Other (Ha)	46.26
Production	Elevation Category	Western High Grown
	Main Crop	Tea
	Type of Factory	Ortho/RV
	Factory Elevation	1472
	Crop with Bought Crop (Kgs)	298,679
Employees	Staff	23
	Associates (including Casuals)	397

Agrakande



Land Extent	Total Extent (Ha)	228.75
	Revenue Extent Tea (Ha)	134.75
	Other (Ha)	67.6
Production	Elevation Category	Western High Grown
	Main Crop	Tea
	Type of Factory	Green Tea
	Factory Elevation	1369
	Crop with Bought Crop (Kgs)	247,565
Employees	Staff	16
	Associates (including Casuals)	284

Henfold



Land Extent	Total Extent (Ha)	540
	Revenue Extent Tea (Ha)	412.15
	Other (Ha)	10.25
Production	Elevation Category	Western High Grown
	Main Crop	Tea
	Type of Factory	Ortho/RV
	Factory Elevation	1381
	Crop with Bought Crop (Kgs)	604,710
Employees	Staff	35
	Associates (including Casuals)	645

Ouvahkelle



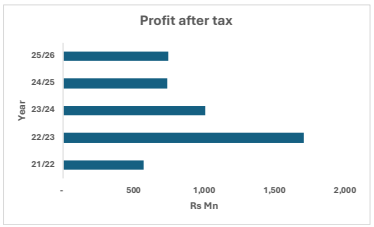
Land Extent	Total Extent (Ha)	527.25
	Revenue Extent Tea (Ha)	258.84
	Other (Ha)	144.2
Production	Elevation Category	Western High Grown
	Main Crop	Tea
	Type of Factory	Re-processing
	Factory Elevation	1573
	Crop with Bought Crop (Kgs)	300,360
Employees	Staff	25
	Associates (including Casuals)	420

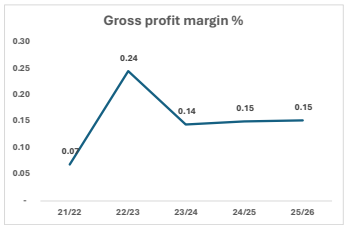


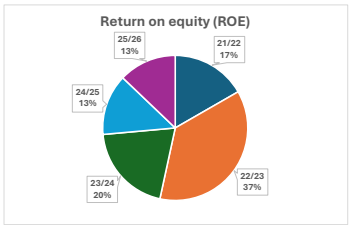
Performance Highlights

FINANCIAL HIGHLIGHTS

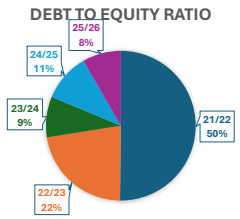
	Unit	GROUP			COMPANY		
		2025/26	2024/25	%	2025/26	2024/25	%
Financial Performance							
Revenue	LKR Mn	8,107.2	7,709.9	5%	8,013.7	7,588.0	6%
Results from operating activities	LKR Mn	1,047.5	1,059.8	-1%	1,050.9	1,057.2	-1%
Profit before tax	LKR Mn	998.9	1,045.3	-4%	999.7	1,037.5	-4%
Profit after tax	LKR Mn	726.2	718.9	1%	742.5	739.7	0%
Profits attributable to shareholders	LKR Mn	725.2	716.8	1%	742.5	739.7	0%
Gross profit margin	%	16%	16%	0%	15%	15%	0%
Net profit margin	%	9%	9%	0%	9%	10%	-5%
Return on assets (ROA)	%	14%	15%	-9%	13%	15%	-9%
Return on equity (ROE)	%	14%	14%	0%	13%	14%	-4%

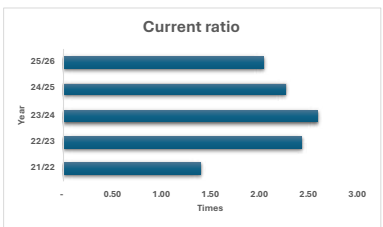


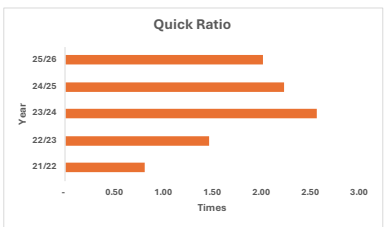




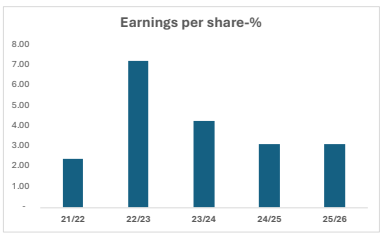
	Unit	GROUP			COMPANY		
		2025/26	2024/25	%	2025/26	2024/25	%
Financial Position							
Total assets	LKR Mn	8,623.0	8,182.8	5%	8,880.8	8,380.9	0%
Total debt	LKR Mn	191.8	225.9	-15%	191.8	225.9	-15%
Capital expenditure on PPE	LKR Mn	242.8	90.1	>100%	236.9	90.0	>100%
Shareholders' equity	LKR Mn	5,328.3	5,054.0	5%	5,644.9	5,377.6	5%
Net assets per share	LKR/share	22.45	21.29	5%	23.85	22.72	5%
Debt/equity ratio	%	3.6	4.5	-20%	3.4	4.2	-19%
Debt/ total asset ratio	%	2.2	2.8	-19%	2.3	2.7	-15%
Current ratio	Times	2.1	2.3	-9%	2.0	2.3	-10%
Quick Ratio	Times	2.0	2.3	-9%	2.0	2.2	-10%

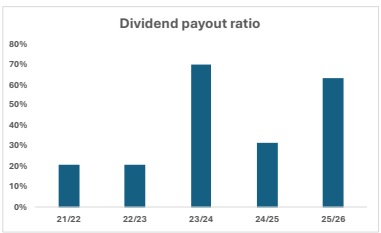


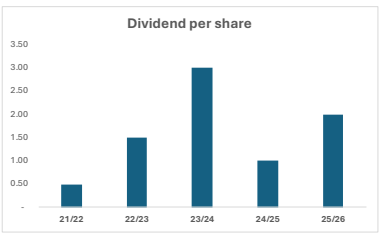




	Unit	GROUP			COMPANY		
		2025/26	2024/25	%	2025/26	2024/25	%
Shareholder Information							
No. of shares in issue	No.	236,666,671	236,666,671	0%	236,666,671	236,666,671	0%
Dividends	LKR Mn	473	237	100%	473	237	100%
Dividend per share	LKR/share	2.0	1.0	100%	2.0	1.0	100%
Earnings per share	LKR/share	3.07	3.04	1%	3.14	3.13	0%
Market price of share as at 31 March	LKR	23.1	27.7	-17%	23.1	27.7	-17%
Market capitalization as at 31 March	LKR Mn	5,467.0	6,555.7	-17%	5,467.0	6,555.7	-17%
Dividend payout ratio	%	65%	33%	100%	64%	32%	100%







NON-FINANCIAL HIGHLIGHTS - THE COMPANY

MANUFACTURED CAPITAL

	Unit	2025/26	2024/25	%	SDGs Achieved
Tea production	Kg	7,136,051	6,770,243	5.4%	
No of estates	No.	13	13	-	
Total extent of cultivation - Tea	Ha	3,490.0	3,489.6	0.8%	
Tea small holders/ sellers	No.	220	112	96%	
Payment to suppliers	Rs. Mn	3,048.2	2,911.5	4.7%	
Value of PPE – WDV	Rs. Mn	1,208.1	1,086.8	11.2%	
Capital expenditure	Rs. Mn	529.8	346.6	52.9%	



HUMAN CAPITAL

	Unit	2025/26	2024/25	%	SDGs Achieved
No. of employees	No.	6,158	6,267	-1.7%	
Female participation	No.	3,246	3,319	-2.2%	
New recruits	No.	136	85	70%	
Investment in training	Rs. Mn	6.3	21.5	28.6%	
Training hours including Estate Associates	Hrs	127,000	240,000	-47.1%	



SOCIAL AND RELATIONSHIP CAPITAL

	Unit	2025/26	2024/25	%	SDGs Achieved
Tea small holders/ sellers network	No.	220	112	96.4%	
Estates	No.	13	13	-	
CSR	Rs. Mn	0.6	5.8	>-100%	



INTELLECTUAL CAPITAL

	Unit	2025/26	2024/25	%	SDGs Achieved
No. tea grades	No.	33	33	-	
Quality certifications	No.	12	09	33%	
Investment in R&D, technology	Rs. Mn	2.7	2.5	8%	
Investment in technical experts	Rs Mn	3.8	3.5	8.6%	
Training hours on new knowledge/ skill development	Hrs	65,000	90,000	-28%	



NATURAL CAPITAL

	Unit	2025/26	2024/25	%	SDGs Achieved
Raw materials consumed	Rs. Mn	2,883.2	2,980.4	-1.6%	
Electricity consumption	KWH	7,086,721	6,682,151	6.1%	
Fuel	Liters	341,904	445,752	-23.3%	
Water usage	Liters - Mn	107.8	111.5	-3.3%	
Firewood	MT	5,411	3,116.0	73.7%	
Soil conservation	Rs. Mn	26.0	22.6	15%	



Corporate Leadership





CHAIRMAN'S MESSAGE

Hatton Plantations remains firmly committed to pursuing growth in a manner that safeguards and preserves the environment for future generations

Dear Shareholders,

I warmly welcome you to the 9th Annual General Meeting of Hatton Plantations PLC (HPL). I am pleased to present the Annual Report and Audited Financial Statements of Hatton Plantations PLC for the financial year ended 31 March 2026.

Our Annual Report this year is presented under the theme 'Nurturing Nature, Naturally', reflecting our deep-rooted commitment to safeguarding the environment and making responsible choices that sustain rather than deplete. At Hatton Plantations, we recognize that our long-term success is intrinsically linked to the health and resilience of the natural ecosystems within which we operate. Accordingly, we remain steadfast in our commitment to nurturing nature through sustainable agricultural practices, mindful stewardship, innovation, and a profound sense of responsibility towards future generations.

In alignment with this philosophy, the Company continued to pursue initiatives that preserve and enhance our natural resources while ensuring operational resilience and long-term business sustainability. Despite a year marked by economic uncertainty, volatile market conditions, and climate-related disruptions, Hatton Plantations demonstrated remarkable resilience and adaptability. This Annual Report captures unique innovations, best practices, strategic operational initiatives, and prudent management decisions that enabled the Company to navigate challenges effectively, strengthen stakeholder value, and deliver an exceptional performance during the year under review.

I am pleased to share that Hatton Plantations PLC has performed remarkably, reporting our historic best revenue of Rs 8,014 million for the year ending 31 March 2026.

I am thankful that the commitment and strategic foresight of our team surpassed many challenges that the plantation sector and the country had faced in the previous years, to remain a top producer and high quality Ceylon Tea.

The Year at a Glance

The year was marked by a business environment that remained both demanding and unpredictable. It presented considerable challenges for the plantation industry and the broader economy. Global economic uncertainty, inflationary pressures and continued volatility in commodity markets created a demanding operating environment for businesses across Sri Lanka. In addition to these economic pressures, the sector also faced significant climatic disruptions during the year. The adverse weather conditions experienced during the Ditwah cyclone in October 2025 had a notable impact on crop volumes and estate operations in several tea growing regions, affecting productivity and increasing operational complexities.

The industry was further impacted by regulatory developments, including the unanticipated wage increase for estate workforce implemented with effect from 1st January 2026. While this was an important step in supporting the livelihoods and welfare of our workforce, the sudden and immediate nature of the wage increase resulted in a substantial increase in operating costs across the plantation sector.

Market conditions remained equally challenging. While the initial quarters of the year saw an increasing demand for higher quality teas from buyers at the Ceylon Tea Auction, Tea Auction dynamics during the latter part of the financial year reflected heightened buyer caution, particularly due to the uncertainty created by the conflict in the Middle East, which affected sentiment in several export markets. This cautious buying behavior contributed to fluctuations in demand and pricing at the Colombo auction, placing additional pressure on revenue realization.

Despite these headwinds, Hatton Plantations PLC responded with resilience, discipline and agility. The Company took proactive measures to strengthen cost management, improve operational efficiencies and maintain productivity levels wherever possible. Careful treasury and working capital management helped preserve liquidity and financial stability, while focused marketing initiatives and persistent improvements in tea quality enabled us to remain competitive in challenging market conditions.

HPL's Resilient Performance

During the financial year 2025/26, Hatton Plantations PLC recorded a revenue growth of 5.6%, reaching Rs. 8,014 million compared to Rs. 7,588 million reported in the last financial year. This growth was achieved despite a challenging operating environment characterized by rising production costs, including the impact of an unanticipated wage increase, elevated utility expenses, and the continued burden of higher tax brackets, all of which exerted pressure on profitability margins.

Nevertheless, the Company demonstrated resilience by sustaining healthy levels of both Gross Profit and Net Profit, maintaining performance broadly in line with last year. Profit After Tax stood at Rs. 742 million compared with Rs. 740 million recorded in the 2024/25 financial year, while Gross Profit improved to Rs. 1,226 million from Rs. 1,139 million reported in the preceding year.

The Company's prudent financial management and disciplined cost control measures enabled HPL to maintain a stable financial position, ensuring adequate working capital to support both operational requirements and future investments.

Shareholders' funds increased to Rs. 5,645 million, reflecting an increase of 5% from Rs. 5,378 million recorded in the last financial year. Earnings per share remained stable at Rs. 3.14 compared with Rs. 3.13 reported last year, reflecting the Company's ability to sustain shareholder value amidst challenging economic conditions.

In recognition of the Company's steady performance and commitment to delivering shareholder returns, the Board of Directors declared an annual dividend of Rs. 2.00 per share for the year under review.

Sustaining Strong Market Demand

It gives me great pleasure to share that HPL was once again recognized for the 'Highest Quantity Sold Amongst Regional Plantation Companies' for the **seventh consecutive year**, spanning 2019 to 2025. This remarkable achievement reflects the enduring confidence placed in Hatton Plantations by buyers and stakeholders alike, and underscores the strength, consistency, and quality of our teas in an increasingly competitive market.

During the year under review, our plantations produced a volume of 7.13 million Kgs, as officially recorded by the reaffirming Hatton Plantations PLC's position as a significant contributor to Sri Lanka's tea export revenues and the national plantation sector.

HPL achieved an average sales price of Rs. 1,087 per Kg at the Colombo Tea Auction during the financial year, compared with the average Ceylon Tea selling price of Rs. 1,167.7 recorded for 2025. This performance echoes the sustained demand for our teas, supported by our continued focus on quality enhancement, market responsiveness, and the strength of our regional brand.

Recognitions and Awards

The Company remains steadfast in our commitment to strengthening the Hatton Plantations PLC brand, reflecting the superior quality, heritage, and sustainability standards embodied in our teas.

During the year under review, several of our estates were honored with Cleaner Production and Green Productivity Awards, recognizing the dedication and collective efforts of our teams in promoting environmentally responsible practices and sustainable plantation operations. These accolades reaffirm our commitment to producing high-quality teas while minimizing our environmental footprint and fostering long-term sustainability across our estates.

Hatton Plantations PLC was also recognized at the TAG Awards 2025 of the Chartered Institute of Sri Lanks for our continued commitment to excellence in environmental, sustainability, and corporate governance reporting. This recognition is a testament to the Company's ongoing efforts to uphold transparency, accountability, and responsible corporate stewardship in all aspects of our operations.

Good Governance

Governance and sustainability remain at the heart of Hatton Plantations' journey, shaping the way we operate, create value, and engage with our stakeholders and communities. By embedding responsible business practices into our operational framework, HPL continues to strengthen our commitment to transparency, accountability, and long-term sustainable growth.

During the year, HPL further enhanced its governance framework through strategic digital transformation initiatives that streamlined operational oversight and strengthened supervisory processes. These advancements have fostered greater transparency, efficiency, and credibility, reinforcing the trust and confidence placed in us by our estate communities and stakeholders.

At the same time, Hatton Plantations remains deeply committed to uplifting the livelihoods of the estate communities through fair labour practices, ethical business conduct, and meaningful community engagement. Continued investments in healthcare, education, and social development initiatives have contributed towards improving the well-being of our employees, their families, and the wider communities in which we operate.

Future Focus

The agriculture sector, by its very nature, continues to encounter a range of challenges arising from both environmental and man-made factors. While technological advancements present opportunities to address some of these challenges, the long-term sustainability and success of the sector will depend on continuous reinvestment, innovation, and responsible diversification. Guided by our annual report theme, **"Nurturing Nature, Naturally,"** Hatton Plantations remains firmly committed to pursuing growth in a manner that safeguards and preserves the environment for future generations. As we continue our growth journey, sustainability will remain at the heart of every strategic decision, ensuring that economic progress is achieved

alongside environmental stewardship and responsible agricultural practices.

In this context, Hatton Plantations PLC remain focused on building a resilient and future-ready business model. The Company continues to explore new market opportunities, with particular emphasis on expanding our presence within the East Asian region, including the growing Chinese market. At the same time, we are broadening our product portfolio by gradually shifting beyond traditional black tea towards green tea, CTC tea, and coffee, in line with evolving global consumer preferences and market demand.

Technology will continue to play a critical role in our future strategy. The increased adoption of digital systems and modern agricultural technologies for monitoring, supervision, and crop health management will support greater efficiency, improved productivity, and enhanced operational oversight across our estates, while enabling more sustainable and resource-conscious cultivation methods.

We also remain committed to strengthening investments within the agricultural sector through crop diversification, soil conservation, and sustainable cultivation practices that protect the long-term vitality of our plantations and surrounding ecosystems. In parallel, the Company continues to explore opportunities across other verticals as part of our broader diversification strategy, while maintaining a careful balance between business expansion and environmental responsibility.

Equally important is our continued commitment to the welfare and well-being of our staff and estate communities. Hatton Plantations will continue to invest in initiatives that support employee welfare, community development, and improved living standards, recognizing that our people remain the foundation of the Company's long-term success and our shared journey towards a more sustainable future.

Acknowledgement

As we continue our path to greater success, I extend my sincere appreciation to all those who have contributed to the resilience, progress, and sustainability of Hatton Plantations PLC throughout the year. The confidence, trust, and collective commitment shown by our stakeholders have strengthened the Company's ability to navigate challenges, pursue responsible growth, and remain firmly committed to creating long-term value while safeguarding the environment and supporting the communities connected to our business.

I extend my sincere appreciation to our shareholders for the confidence and trust you continue to place in Hatton Plantations PLC. Your unwavering support and continued investment in the Company have been invaluable in navigating the challenges of the year and strengthening our path forward.

My sincere thanks go to Mr. Menaka Athukorale, Managing Director/ CEO, whose dedication, perseverance, and leadership have been instrumental in steering the Company through a demanding year. I also extend my appreciation to the Executive Management Team and all employees for their commitment, professionalism, and tireless efforts in driving the Company forward.

I would like to offer special recognition to our frontline estate employees and their families, whose hard work, resilience, and dedication have been vital in sustaining plantation operations and safeguarding the well-being of our communities. Their contribution continues to be the foundation of our success.

Finally, I extend my appreciation to our buyers, brokers, suppliers, banking partners, government authorities, and all other stakeholders and service providers for their continued confidence and collaboration. Your support has played a significant role in the continued progress and stability of Hatton Plantations PLC, and we remain committed to strengthening these valued relationships in the years ahead.



G D SEATON
Chairman
2nd June 2026



MANAGING DIRECTOR/ CEO'S REVIEW

It is with great pleasure that I present the Annual Report and Financial Statements of Hatton Plantations PLC (HPL) for the financial year ended 31 March 2026.

The year was one of execution, adaptation, and progress. While the broader economy continued its recovery from recent disruptions, the plantation sector remained confronted by structural challenges that demanded decisive management action. Rising labour costs, workforce constraints, erratic weather conditions, and increasing operating expenses continued to test the resilience of plantation businesses. Against this backdrop, our focus remained firmly on operational performance, productivity enhancement, quality improvement, and long-term value creation.

Despite this challenging and volatile environment, I am pleased to report that Hatton Plantations PLC delivered one of its strongest performances in recent years. Revenue reached Rs. 8,014 million, the highest level achieved by the Company in the last eight years. We also maintained our position as the highest regional tea producer at the Colombo Tea Auction for the seventh consecutive year, reflecting the consistency of our quality standards and the strength of our manufacturing operations.

These results were achieved through disciplined management and the collective efforts of our estate and factory teams. While external conditions remained challenging, our ability to respond proactively enabled us to deliver a resilient financial outcome and further strengthen the Company's foundations.

Macroeconomic Impacts

The Sri Lankan economy continued its recovery trajectory during 2025/26, demonstrating improved macroeconomic stability following the severe economic crisis experienced in 2022. Supported by ongoing structural reforms under

the IMF Extended Fund Facility and progress in debt restructuring, the country recorded stronger economic growth, moderated inflation, improved fiscal performance, and greater stability in external sector indicators.

Real GDP expanded by 5.0% in 2025, reflecting broad-based growth across the economy. The industry sector emerged as the largest contributor to growth, supported by improvements in manufacturing and construction activities, while the services sector continued to benefit from expansion in financial services, transportation, and tourism-related activities. The agriculture sector also recorded a recovery compared to the previous year despite weather-related disruptions, contributing positively to overall economic performance. Nominal GDP increased to Rs. 32.8 trillion, while GDP per capita rose to USD 5,003, reflecting the continued improvement in economic activity and income levels.

Inflation remained largely contained throughout the year. Following a period of deflation that extended into early 2025, price levels gradually normalized as food prices increased and energy tariff adjustments were implemented. Overall, the inflation remained significantly more stable.

Cost of living showed signs of stabilization during the year. Consumer price indices recorded only moderate increases. While living costs remained elevated compared to historical levels, the pace of increase was considerably lower than in previous years, providing some relief to consumers and businesses alike.

However, labor market conditions remained tight, resulting in upward pressure on wages. Wage growth was particularly evident in labour-intensive industries where worker shortages persisted. For the plantation sector, the 2026 National Budget introduced a significant wage revision, increasing the daily wage from Rs. 1,350 to Rs. 1,750, representing a substantial rise in labor costs. While the wage increases supported worker welfare and household incomes, it also added significant cost pressures on plantation companies.

The latter part of the year was marked by the impact of Cyclone Ditwah, which affected several plantation regions and disrupted agricultural activities. Nevertheless, the agriculture sector showed resilience, gradually recovering despite the challenges posed by adverse weather conditions. Agricultural output strengthened, contributing positively to national economic growth. However, climatic variability continues to pose a key risk to agricultural productivity.

Tea Industry Performance

The Sri Lankan tea industry also demonstrated a modest recovery in 2025, with national tea production reaching 264.12 million kilograms, reflecting a marginal increase over the previous year and the highest production recorded in the past four years. Despite this improvement, production remains well below the industry's long-term target of 400 million kilograms, highlighting the continued structural and operational challenges facing the sector.

The industry operated within a demanding economic environment throughout the year. A substantial increase in plantation wages, coupled with ongoing labour shortages, significantly elevated the cost of production across the sector. These challenges were further compounded by higher fertilizer, fuel, and energy costs, which placed considerable pressure on profitability and limited the industry's ability to reinvest in productivity enhancement and estate modernization initiatives.

Adverse weather conditions also impacted industry performance. Prolonged rainfall during the early part of the year disrupted harvesting activities and crop growth, while severe weather events later in the year affected production across several tea-growing regions.

Despite these challenges, Sri Lanka's tea exports recorded positive momentum, increasing by 4.74% to 257.44 million kilograms and generating record export earnings of approximately USD 1.51 billion. Growth was supported by resilient global demand for premium Ceylon Tea and a continued shift towards value-added exports, which contributed to stronger export revenues and enhanced market positioning.

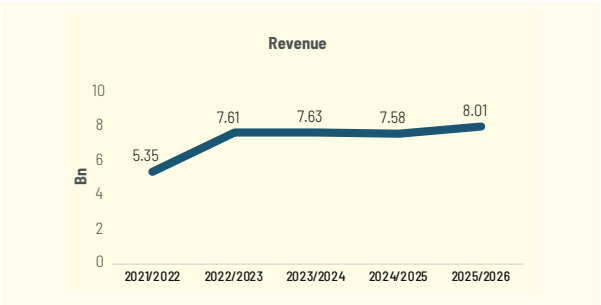
Market trends during the year reflected evolving consumer preferences. Packaged black tea, which accounts for the largest share of Sri Lanka's tea exports, recorded strong

growth as demand strengthened across key export markets, reaffirming consumer preference for branded and value-added tea products. Meanwhile, green tea exports recorded steady growth, while bulk tea exports declined, reinforcing the industry's strategic transition towards higher-value, branded, and packaged tea categories.

At the Colombo Tea Auction, the annual average price for 2025 reached approximately USD 3.88 per kilogram, representing the second-highest annual auction average recorded in USD terms. While remaining marginally below the all-time record of USD 4.06 per kilogram achieved previous year in 2024, the performance reflects the continued premium positioning and resilient international demand for Ceylon Tea despite challenging global market conditions.

The National Average Tea Auction Price for 2025 stood at Rs. 1,167.72 per kilogram, recording an decrease of Rs. 57.45 per kilogram compared to the 2024 average of Rs. 1,225.17 per kilogram.

Excellence in a Challenging Year



Company Performance

I am pleased to report that Hatton Plantations delivered a strong performance during the year, achieving the highest revenue recorded by the Company in the past eight years. Revenue increased to Rs. 8,014 million, compared to Rs. 7,588 million in the previous financial year, driven by higher tea production, improved quality realization, and favorable market conditions. These results reflect the benefits of our continued investments in quality enhancement, operational improvements, and market-focused production strategies.

The year, however, was not without its challenges. The plantation sector experienced one of the most significant increases in operating costs in recent years, driven primarily by the revision of plantation sector wages together with rising energy, utility, and agricultural input costs. Labour remains the single largest cost component of our operations, and the wage increase had a substantial impact on the Company's cost structure. Through disciplined cost management, productivity improvement initiatives, tighter operational controls, and the continued adoption of technology and process efficiencies, we were able to mitigate a significant portion of the increased cost burden and preserve profitability.

Despite the challenging environment, gross profit increased to Rs. 1,226 million, supported by stronger revenue growth, higher production volumes, and improved price realization from quality teas. Profit before tax remained resilient at Rs. 1,000 million, demonstrating the underlying strength of our operations despite the escalation in production costs. Profit after tax was at Rs. 742 million, although earnings were impacted by the applicable income tax rate, which resulted in a tax charge of Rs. 257 million during the year.

Operationally, I am particularly encouraged by the progress achieved across our estates. Total tea production increased to 7.13 million kilograms, compared to 6.77 million kilograms in the previous year, despite adverse weather conditions, labor shortages, and other industry challenges. Equally noteworthy was our achievement of maintaining the highest tea volumes sold at the Colombo Tea Auction for the sixth consecutive year, reaffirming the strength of our manufacturing capabilities, quality standards, and market presence.

Further, we continued to strengthen our production portfolio in response to changing market demand. CTC tea production increased significantly to 3.59 million kilograms, while green tea production rose to 295,166 kilograms, reflecting our ongoing efforts to diversify our product offering and position the Company to benefit from emerging consumer trends and value-added tea segments.

The quality of our teas remains one of our strongest competitive advantages. Over the past several years, we have made substantial investments in factory modernization, estate infrastructure, mechanization, digitization, and process improvements. These initiatives have contributed towards enhanced quality standards, improved auction performance, and stronger value realization, while reinforcing our position among the leading regional plantation companies in Sri Lanka.

I am also pleased by the continued strengthening of our financial position. The Company's debt-to-equity ratio has demonstrated a significant improvement over the past five financial years, declining from 20% - 2021/22 to 3% in 2025/26. This trend reflects a deliberate strengthening of the capital structure through debt reduction, improved profitability, and growth in shareholders' equity.

Through prudent capital management and disciplined financial oversight, we further improved our balance sheet during the year. Our debt-to-equity ratio declined to 3%, the lowest level recorded in the past five years. This reflects our commitment to maintaining financial resilience, reducing reliance on external borrowings, and creating a stronger platform from which to pursue future growth opportunities.

These achievements provide a solid foundation to building a more diversified, productive, and future-ready plantation enterprise.

Improving Tea Quality

One of the key priorities during the year was to further strengthen the quality of our tea portfolio. In an increasingly competitive market, sustainable value creation is no longer driven by volume alone. Quality remains the most effective pathway to securing premium prices, strengthening buyer relationships, and enhancing long-term profitability. Consequently, we continued to invest in initiatives aimed at elevating product quality across our estates and factories.

Our efforts focused on upgrading estate and factory infrastructure, modernizing manufacturing processes, expanding automation, and leveraging technology to improve both efficiency and consistency. These investments have enabled us to enhance quality standards while simultaneously improving productivity across our operations.

I am pleased to note that these initiatives have yielded tangible results. In addition to our position as the highest regional tea producer at the Colombo Tea Auction, Hatton Plantations was ranked among the leading Regional Plantation Companies in terms of profitability. More importantly, the improvements in quality strengthened our market positioning and contributed to better price realization throughout the year.

As part of our strategy to align production with evolving consumer preferences, we further expanded our production of CTC teas and green teas, both of which continue to experience growing demand in international markets. The improved quality and consistency of these products contributed positively to auction prices and supported revenue growth during the year.

Our commitment to modernization also continued through targeted investments in advanced machinery and estate infrastructure. Mechanized plucking was expanded across suitable areas, particularly in regions affected by labour shortages, helping to improve operational efficiency and harvesting consistency. In addition, we expanded the use of drone technology for the application of fertilizers and irrigation support, that forms part of our broader strategy to evaluate emerging technologies that can enhance productivity and resource efficiency.

Digital transformation remained a key enabler of our quality improvement journey. During the year, we continued the automation and digitization of factory operations, supported by investments of Rs. 14.3 million in IT infrastructure upgrades and maintenance Rs. 2.9 million in IT equipment. These enhancements have strengthened operational visibility, improved process control, and enabled more data-driven decision-making across the business.

We will continue investing in technology, infrastructure, innovation, and process excellence to ensure that our teas consistently meet the highest standards while delivering superior value to our customers and shareholders alike.

Crop Diversification

Over the past several years, we have steadily progressed in our strategy of diversifying beyond tea to build a more resilient and sustainable agricultural portfolio. Coffee and timber remain key pillars of this long-term diversification plan, reducing our reliance on a single crop while creating new avenues for future growth.

I am particularly encouraged by the progress made in our coffee cultivation programme. The initial harvests have shown promising results, reaffirming our belief in coffee as a viable complementary crop for our estates. While the potential is evident, we recognize that developing a successful coffee business requires patience, expertise, and a long-term commitment. Our focus at this stage is not on maximizing short-term yields, but on building a strong foundation for sustainable growth.

During the year, we invested significantly in developing our knowledge and capabilities in coffee cultivation. Teams were sent to leading coffee-growing regions in India to gain practical exposure and learn from experienced industry practitioners. We are also in the process of establishing a modern coffee processing facility in Lindula and evaluating investments in specialized processing equipment to ensure that we can produce coffee of the highest quality standards.

Alongside these investments, considerable attention is being given to agronomic best practices, including soil enhancement, shade management, and workforce training. These initiatives are critical to achieving long-term productivity and quality outcomes and positioning Hatton Plantations as a credible participant in Sri Lanka's emerging coffee sector.

As Sri Lanka seeks to revive and expand its coffee industry, greater support from the Government would be invaluable, particularly in facilitating access to a wider range of coffee varieties. At present, only one coffee variety is available for cultivation locally, which limits the industry's ability to meet diverse global market requirements and compete effectively in international export markets. Access to improved and commercially viable varieties would enhance productivity, quality, climate resilience, and market competitiveness, benefiting both producers and the broader economy.

Our replanting programme also continued during the year, with 101 hectares of coffee and 886.9 hectares of timber replanted in total cultivation. Since commencing our coffee development initiatives in 2023/24, we have invested approximately Rs. 216.8 million in coffee field development and cultivation activities. In addition, Rs. 250 million was invested during the year towards tea land development, reflecting our continued commitment to enhancing productivity and safeguarding the long-term sustainability of our core tea business.

While tea remains at the heart of our operations, these strategic investments in crop diversification are laying the groundwork for a more balanced, resilient, and future-ready plantation business capable of creating sustainable value for our shareholders in the years ahead.

Empowering People

The success of Hatton Plantations has always been built on the strength, dedication, and resilience of our people. As our business continues to evolve through greater adoption of technology, mechanization, and digital solutions, investing in the capabilities of our workforce remains a strategic priority.

During the year, we intensified our efforts to build capacity across all levels of the organization. Comprehensive training and development programmes were conducted for estate workers, supervisors, and administrative staff to strengthen technical competencies, enhance productivity, and support the effective integration of new technologies into our operations. As we modernize our business, it is essential that our people are equipped with the skills and knowledge needed to succeed in an increasingly technology-driven environment.

I am particularly encouraged by the continued success of our Female Supervisor Programme. We expanded opportunities for young educated women within our estates through targeted training, mentorship, and career development initiatives. These women have played a pivotal role in advancing our field digitization efforts, demonstrating strong adaptability, technological proficiency, and leadership potential. Their contribution reinforces our belief that diversity and inclusion are important drivers of innovation and organizational progress.

Health and Wellbeing of our Employees

Beyond professional development, we remain deeply committed to improving the wellbeing of our associates and their families. We recognize that sustainable business success is closely linked to the quality of life of the communities in which we operate. Accordingly, we continue to invest in housing, sanitation, healthcare, maternal and childcare services, nutrition programmes, education support, and other essential community infrastructure aimed at uplifting living standards across our estates.

During the year, the Company invested Rs. 167 million in employee welfare initiatives focused on health, hygiene, safety, and community wellbeing.

Our commitment to employee wellbeing extends beyond compliance or welfare programmes. It is about creating an environment where individuals can develop their skills, improve their livelihoods, and build a better future for themselves and their families. By investing in our people, we are not only strengthening our workforce but also building a more capable, engaged, and future-ready organization.

As we continue our journey of transformation and growth, I remain confident that the commitment, expertise, and adaptability of our people will remain one of Hatton Plantations' greatest strengths and a key driver of our long-term success.

Focusing on the Future

The strong performance achieved during the year, despite a demanding operating environment, reinforces my confidence in the resilience of Hatton Plantations and our ability to create sustainable long-term value. While economic conditions are showing signs of stabilization, the plantation sector continues to face evolving challenges arising from climate change, labour dynamics, shifting consumer preferences, and changing global market conditions. We remain committed to anticipating these developments and proactively positioning ourselves for future success.

Our strategic focus will continue to be on diversifying both our crop portfolio and revenue streams. We look forward to the next phase of our coffee journey, with the commencement of commercial harvesting and the establishment of our coffee processing facility. We also intend to further expand our timber plantations and continue evaluating opportunities in other high-potential agricultural sectors that complement our existing operations.

At the same time, we are actively exploring opportunities to broaden our tea product portfolio in line with emerging global consumer trends. Demand is increasingly shifting towards specialty and value-added tea categories, and we are positioning ourselves to capitalize on these opportunities. This includes evaluating the production of specialized CTC tea variants catering to the growing bubble tea market, as well as expanding into green tea products such as Matcha, which continue to gain popularity among health-conscious consumers worldwide.

We have also taken deliberate steps to diversify our market presence by expanding our buyer network into East Asia, a region that represents one of the world's largest and most sophisticated tea-consuming markets. This strategic shift reduces reliance on traditional buyer segments while creating access to new growth opportunities and evolving consumer preferences. We intend to continue strengthening our presence in these markets while exploring new avenues for product innovation and value addition.

Digital transformation will remain a key enabler of our future growth. We will continue leveraging technology, automation, and artificial intelligence to improve productivity, optimize resource utilization, enhance decision-making, and strengthen operational efficiencies across our estates and factories.

As we pursue growth, we remain equally committed to maintaining the highest standards of sustainability, governance, and responsible agricultural practices. These principles are integral to preserving the quality and reputation of our products while safeguarding the natural resources and communities that support our business.

Growth and transformation inevitably bring new challenges. However, Hatton Plantations enters this next chapter from a position of strength. Our business has demonstrated

resilience through economic cycles, market volatility, and climatic disruptions, supported by disciplined management, prudent investments, and a long-term strategic outlook. We have not allowed external challenges to distract us from our objectives, nor will we in the future.

I remain confident that by continuing to think ahead, investing wisely, and aligning our efforts both in the boardroom and in the field, we will be well positioned to navigate future uncertainties, seize emerging opportunities, and accelerate our journey towards becoming a more diversified, resilient, and future-ready plantation company.

Thank You

As I conclude, I would like to express my sincere gratitude to our Chairman and Board of Directors for their invaluable guidance, wisdom, and unwavering support throughout the year. Their strategic oversight and stewardship have been instrumental in helping the Company navigate a challenging and evolving operating environment while laying the foundation for the strategic initiatives that will drive our future growth.

My appreciation also goes to our management team and employees across all our estates and operations. Their dedication, resilience, adaptability, and commitment to excellence have been the driving force behind our achievements during the year. As we continue our journey of diversification, digital transformation, and market expansion, it is their passion and determination that will enable us to successfully execute our vision and capitalize on emerging opportunities.

I would also like to extend my sincere thanks to our shareholders for their continued confidence in Hatton Plantations PLC and our long-term strategy. I am equally grateful to our customers, buyers, brokers, suppliers, financial institutions, government and regulatory authorities, auditors, and all our business partners for their trust, collaboration, and support. Your partnership has been instrumental in strengthening our business and positioning us for the next phase of growth.

The strength of these relationships has been fundamental to our success and remains one of our greatest assets. With a strong foundation, a clear strategic direction, and the collective commitment of our people and partners, I am confident that Hatton Plantations PLC is well positioned to navigate future challenges, seize new opportunities, and create sustainable long-term value for all stakeholders.

Thank you for your continued trust and support.



Menaka Athukorala
Managing Director/ CEO
02 June 2026

BOARD OF DIRECTORS' PROFILE



MR. GARY SEATON

Executive Director
17 Jul 2019

Mr. Gary Seaton was born and educated in Sydney, Australia, completing his formal education at the University of NSW. He embarked upon a career in Agribusiness, joining the Gardner Smith Group as a trainee in 1975. In 1984, Mr. Seaton opened up Gardner Smith's Singapore office as the first stepping stone to Gardner Smith's expansion to become a global player in the world market before rejoining Gardner Smith in 1988 to head their International Operations. Mr. Seaton was responsible for the company's expansion into global operations with the establishment of offices in India, Pakistan, Sri Lanka, China, Korea, South Africa, United Kingdom, Tanzania and Turkey. He left Gardner Smith in 1998 to form his own group of companies including the Oceanic Group that continued their investments and engagements in Asia.

Mr. Seaton currently heads the Oceanic Group operates in Singapore, Malaysia, Sri Lanka (tea and rubber plantations), India (investment in manufacturing plants) and Australia predominantly in the agricultural sector.

Mr.Seaton has served as a Director Australian Oilseeds Investment since its inception. He has also served as the Managing Director of Cootamundra Oilseeds Pty Ltd. ("Cootamundra"), Cowcumbla Investments Pty Ltd ("Cowcumbla") and CQ Oilseeds Pty Ltd. since 2014, and he is Chief Executive Officer and Chairman of the Board of Directors of Australian Oilseeds Holding, a Nasdaq listed company.

Mr. Seaton also holds Directorship in Lotus Hydro Power PLC, Lotus Renewable Energy (Private) Limited, Thebuwana Hydro Power (Private) Limited, Stellenberg Hydro Power (Private) Limited, Halgranoya Hydro Power (Private) Limited, Zyrex Power Company Limited, HI - Tech Power System (Private) Limited, Sri Bio Tech Lanka (Pvt) Ltd, G & G Agro Commodities (Private) Limited and Good Earth Fertilizers (Pvt) Ltd.

He is Chairman of the Heart of Love Foundation Australia, a philanthropic organisation providing free healthcare, education, nutrition, and social services across Australia and the Pacific. The Foundation is part of the One World, One Family Mission—a global humanitarian organisation that offers essential services to those who need them most, completely free of charge. The Mission operates the world's largest network of free pediatric cardiac hospitals, with over 36,000 surgeries performed to date. It also runs 27 values-based educational campuses and provides free morning nutrition to 10 million schoolchildren each day in India and other countries.



MR. MENAKA ATHUKORALA

Executive Director
17 Jul 2019

Mr. Menaka Athukorala is a seasoned professional in the plantation industry with over three decades of industry experience, and he is well-experienced in the renewable energy and agribusiness sectors.

He studied at Nalanda College, Colombo and is a Higher National Diploma holder in Plantation Management and Agriculture. He has further strengthened his academic credentials by completing a Master of Business Administration (MBA) (General) from the University of Bedfordshire, United Kingdom, and is currently reading for a Doctor of Business Administration (DBA) at the University of Colombo.

His career path started as a Junior Assistant Superintendent in 1992 and steadily progressed through the plantation sector. In 2002, he was appointed Superintendent at Salawa Estate under Pussellawa Plantations Limited, where he demonstrated strong leadership and operational expertise, leading to his subsequent promotion as Deputy General Manager.

Mr. Athukorala joined Lalan Rubber as the Group General Manager in 2013, further expanding his exposure to diversified plantation operations and value-added agribusiness.

At Present, he serves as the Chief Operating Officer and Country Manager/ Director of Lotus Renewable Energy (Pvt) Ltd. Concurrently, he also carries out duties and responsibilities in the capacity of Chief Executive Officer of Lotus Hydro Power PLC, where he plays a pivotal role in advancing sustainable energy initiatives.

Mr. Athukorala also holds Directorship in several listed and private companies, including Alpha Fire PLC, Origin Tea Exports (Private) Limited, Lotus Hydro Power PLC, Lotus Renewable Energy (Private) Limited, Thebuwana Hydro Power (Private) Limited, Stellenberg Hydro Power (Private) Limited, Halgranoya Hydro Power (Private) Limited, Zyrex Power Company Limited, HI-Tech Power System (Private) Limited, Sri Bio Tech Lanka (Private) Limited, and G & G Agro Commodities (Private) Limited.

in Origin Tea Exports (Private) Limited, Lotus Hydro Power PLC, Lotus Renewable Energy (Private) Limited, Thebuwana Hydro Power (Private) Limited, Stellenberg Hydro Power (Private) Limited, Halgranoya Hydro Power (Private) Limited, Zyrex Power Company Limited, HI – Tech Power System (Private) Limited, Sri Bio Tech Lanka (Private) Limited and G & G Agro Commodities (Private) Limited.



MR. GOWRI SHANKAR

Non- Executive Director
17 Jul 2019

AC | RPTRC | RC | NGC

Mr. Gowri Shankar is a seasoned professional with over 23 years of experience spanning mechanical engineering, corporate strategy, renewable energy, agri-commodity trading, and financial structuring. He is currently the Managing Director & CEO of the G & G Group of Companies, Singapore, with operations across Southeast Asia and Australia.

He is also an expert in structuring finance for mergers and acquisitions, managing diversified portfolios, and advising governments, development banks, and private sector entities on strategic investments.

He holds a Bachelor of Technology in Machine Design and Automation Engineering from NIT Jalandhar and an MBA in Finance and Systems from NIT Warangal. He is currently pursuing research in Economics and International Trade at NIT Warangal and was recently recognised with the "Distinguished Young Alumni" award by the institute.

Mr. Shankar also holds directorships in several companies, including Australian Oilseeds Holdings (NASDAQ), Hatton Plantations PLC, Lotus Hydro Power PLC, Lotus Renewable Energy Limited, Thebuwana Hydro Power Limited, Stellenberg Hydro Power Limited, Halgranoya Hydro Power Limited, Zyrex Power Company Limited, and Hi–Tech Power System Limited.

In addition to his corporate roles, Mr. Shankar serves as Board Advisor to the Prashanthi Balamandira Trust, the lead trust of the One World One Family Mission, a global humanitarian organisation that offers world-class healthcare, education, and nutrition, completely free of charge to those who need it most. In this role, he leads financial strategy, impact investment, fundraising, and partnerships, designing strategic financial frameworks to support the Mission's large-scale philanthropic operations. The Mission operates the world's largest network of free pediatric cardiac hospitals, with over 36,000 surgeries performed to date. It also runs 27 values-based educational campuses and provides free morning nutrition to 10 million schoolchildren every day across India and other countries.

AC - Audit Committee, **RPTRC** - Related Party Transactions Review Committee, **RC** - Remuneration Committee, **NGC** - Nomination and Governance Committee



MR. HIRO BHOJWANI

Non-Executive Director
23 Jul 2019

Mr. Hiro J Bhojwani was born and educated in Singapore, completing his formal education with a Bachelor of Business Administration from the National University of Singapore in 1982. He joined his family business immediately upon graduation and was assigned to manage the MIS Department of the diversified group. After a thorough revamp of their accounting and financial reporting systems he was transferred to their Business Development Division in 1984.

He was actively involved in and grew the Group's core business of trading and global distribution of consumer electronics, garment manufacturing JVs in Philippines & Thailand and real estate investment and development in Singapore. He expanded its business in consumer electronics with JVs in Singapore, Russia & Ukraine and company offices in Nigeria, Latvia and UAE and later in Angola.

In 2001 he was appointed Group CEO and the group diversified further. Among the businesses, they built a Coffee Decaffeination plant in Vietnam and the first purpose-built co-living facility in London, England.

He has served as Director on the Board of the Singapore Indian Chamber of Commerce & Industry from 1998 to 2002 and again from 2012 to 2014



MR. INDRAJITH FERNANDO

Independent-Non-Executive Director
17 Jul 2019

AC RPTRC RC NGC

Mr. Indrajith Fernando is a Director of Strategic Insurance Brokers (Pvt) Ltd. Beyond Wealth (Pvt) Ltd and Global Connect Partners.

He serves as a Chartered Institute of Securities Investments (CISI) Advisory Committee member in Sri Lanka and as a Non-Executive Director, Chairman of the Audit Committee and the Integrated Risk Management Committee of listed companies.

Mr. Fernando serves as a Director on the Board of Lanka Rating Company Ltd (LRA), Kerner Haus Global Solutions Plc, and Kandy Hotels Plc.

He is a thought leader with over 36 years of experience in business and the accountancy profession. He is a past president of the Institute of Chartered Accountants of Sri Lanka (ICA), Member of International Federation of Accountant (IFAC) Developing Nations Committee, President–South Asian Federation of Accountants, Advisor/ Chairman SAFA Committee on improving Transparency, Accountability and Governance (CiTAG). He is a fellow of the ICA-SL, CIMA UK and CMA Sri Lanka and a Senior Member of CPA-Maldives, He holds an MBA from the University of Queensland, Australia.



MR. DAMASCENE PERERA

Non- Executive Director
15 January 2021

Mr. Damascene Perera counts 49 years in the Tea Trade specializing in Warehousing, Marketing, Trading and Management. He started his career in 1978 at Janatha Estates Development Board (JEDB) and progressed to being an Assistant Manager. After serving JEDB for 13 years he joined its sister organization Sri Lanka State Plantations Corporation for one year as Deputy Director Warehousing. With the privatization of state owned plantations, he joined

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Hayleys Plantation Services as Marketing Manager and also served Hayleys Produce Marketing Ltd as a Director.

In 1997 he formed his own value-added tea exporting company, Regency Teas (Pvt) Ltd, and he currently serves as its Chairman / Managing Director. He is also a Director of Melfort Green Teas (Pvt) Ltd and Yarl Hotels (Pvt) Ltd.



MR. LUCILLE WIJEWARDENA

Non- Executive Director
15 January 2021

Mr. Lucille Wijewardena is a fellow member of the Institute of Chartered Accountants of Sri Lanka and holds a Master's Degree in Business Administration (MBA) from the Post Graduate Institute of Management, University of Sri Jayawardenepura. In his career spanning 42 years he has held many Senior Management positions in areas of Finance and General Management. He served as the Managing Director of Hayleys Plantations, Talawakelle Plantations Ltd and Pussellawa Plantations Ltd.

He held the post of Chairman of the Sri Lanka Tea Board, Chairman of Mahaweli Marine Cement Company Ltd and Group Chief Accountant of Carson Cumberbatch and Company Ltd. He held the position of Director and Chairman of the Audit Committee of Softlogic Capital PLC . At present, he serves on the Press Complaint Commission of Sri Lanka as a member of the Dispute Resolution Committee, and is also the Chairman of Softlogic Stockbrokers Ltd and Managing Director of Anuga Holdings Pvt Ltd.



MR. MAYURA FERNANDO

Independent-Non-Executive Director
1 January 2025

AC RPTRC RC NGC

Mr. Mayura Fernando started his professional career at KPMG Ford Rhodes Thornton & Company and was a Partner of the Firm. He has extensive experience as Head of Finance, holding positions of Senior Vice President – Finance of Vanik and Forbes Ceylon Group, Group Finance Director of Confifi Group, and Director Finance – Asian Region of Virtusa (An Information Technology Company based in Boston USA).

Mr. Fernando has also held senior general management positions such as the Managing Director of Capital Reach Holdings Ltd, Director/Chief Executive Officer of Softlogic Finance PLC, Director/ Chief Executive Officer of Laugfs Capital Ltd, and Chief Executive Officer of Orient Finance PLC.

He was a Non-Executive Independent Director and the Chairman of the Audit Committee of DFCC Bank PLC from 2013 to 2022 and The Lanka Hospitals Corporation PLC from 2020 to 2024. Currently, he is a Non-Executive Independent Director of Laugfs Gas PLC, Laugfs Power PLC, Renuka Hotels PLC, PGP Glass Ceylon PLC, Lotus Hydro Power PLC and several other non-listed companies.

Mr. Fernando is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants of the UK. He holds a Bachelor of Science (Applied Science) Degree from the University of Sri Jayawardenapura.

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MR. ARAVINDA DE SILVA

Independent-Non-Executive Director
16 January 2025

In the intersecting world of sports and finance, few individuals have managed to achieve lasting impact in both domains quite like Aravinda De Silva. Widely celebrated for his legendary cricketing career, Aravinda has successfully reinvented himself as a forward- thinking investor and corporate leader, seamlessly translating his strategic mindset from the playing field to the boardroom.

Aravinda's journey began on the cricket pitch, where his natural talent and exceptional batting prowess earned him a revered place in international cricket history. Over a career spanning more than two decades, he played a pivotal role in Sri Lanka's emergence as a dominant force in the sport. His most iconic performance came during the 1996 Cricket World Cup final, where he became the only player to score a century and take three wickets in the match. His match-winning contributions in both the semi-final and final earned him Man of the Match honors, solidifying his legacy as one of the game's greats. In recognition of his outstanding achievements, he was inducted into the ICC Hall of Fame in 2023.

After retiring from professional cricket, he transitioned into the world of business with remarkable insight and discipline. Drawing upon the same focus and determination that defined his sports career, Aravinda began building a diversified investment portfolio characterized by innovation, long-term strategy, and market foresight.

Through his family office Arcasia Holdings, invested in Ambeon Capital PLC- a diversified investment holding company. Ambeon is the parent company of MillenniumIT ESP (MIT), a leading technology solutions provider with over 28 years of experience. MIT serves a global clientele across diverse industries, including telecommunications, media, banking and finance, manufacturing, retail, healthcare, transportation and supporting the digitalization of government institutions. Beyond these investments, he has specialized in identifying promising start-ups and pursuing mergers and strategic acquisitions. Ambeon Capital also has investments in financial services, commercial and residential real estate, food and essentials and capital markets.

Through his family office, there are direct investments in to automotive, real estate, warehousing and logistics.

Currently, he serves as Chairman of Arcasia Holdings, where he drives innovation and expansion directly across multiple verticals such as logistics, transport, and the automotive sector. His leadership has been instrumental in shaping the company's growth trajectory and strengthening its market position.

Today, Aravinda De Silva - a cricketing legend has reinvented himself as a dynamic entrepreneur. His story is a testament to how focus, passion, and adaptability can transcend industries, inspiring future generations of athletes, entrepreneurs, and investors alike. From scoring centuries to securing corporate milestones, Aravinda continues to redefine what success looks like on and off the field.

CORPORATE MANAGEMENT TEAM



Board of Directors

Mr. Gary Seaton ..... *Chairman*
Mr. Menaka Athukorala ..... *Managing Director/ CEO*
Mr. Gowri Shankar ..... *Non Executive Director*
Mr. Hiro Bhojwani ..... *Non Executive Director*
Mr. Indrajith Fernando ..... *Non Executive/ Independent Director*
Mr. Mayura Fernando ..... *Non Executive/ Independent Director*
Mr. Damascene Perera ..... *Non Executive Director*
Mr. Lucille Wijewardena ..... *Non Executive Director*
Mr. Aravinda De Silva ..... *Non Executive/ Independent Director*



Senior Executive Management Team - Head Office

Mr. Waruna Fernando
Deputy Chief Executive Officer

Mrs. Annemarie Outschoorn
Chief Financial Officer

Mr. Ajith Kolambathantri
Group Head of Human Resources

Mr. Madhawa Abegunasekara
Senior Manager - General Administration and Operations

Mr. Suranga Dela
Regional General Manager

Mr. Mahesh Tharaka
Deputy General Manager - Processing & Operations

Mr. Ravindra Sannasooriya
Group Manager - Lindula Region

Mr. Kapila Sumanrathne
Senior Manager Manufacturing

Mr. Dinesh Satkunanathan
Head of Marketing - Tea

Mr. Saliya Plevian
Finance Manager



Functional Managers - Head Office

Mr. Dasun Jayakodi
Head of Information Technology

Mr. Sampath Gunawardhana
Manager - MIS

Mr. Torans Jayasanka
Manager - Quality Assurance

Mr. Dilan Padmasiri
Deputy Manager - Human Resources

Mr. Anton Krishantha
Senior Accountant

Mr. Chathuranga Heendeniya
Engineer

Mr. Nisal Rukshan
Assistant Manager Plantations and Leisure

Mr. Binara Kawshallya
Assistant Manager - Purchasing

Mr. Jayantha halpegamage
Forestry Officer



Internal Audit Managers

Mr. Sampath Sri Lal
Assistant Manager - Internal Audit

Mr. Bernard Jacob
Assistant Manager - Internal Audit

Mr. Rafeek Abdul
Assistant Manager - Internal Audit



Regional Supervision Managers

Mr. Punnyanath Kumarasiri
Assistant Manager -Supervision and Auditing of Agriculture Operation

Mr. Chaminda Kumara
Assistant Manager -Supervision and Auditing of Agriculture Operation

Mr. Nalin Perera
Assistant Manager -Supervision and Auditing of Agriculture Operation

Mr. Gayan Weragoda
Assistant Manager -Supervision and Auditing of Agriculture Operation



Estates Managers

Mr. Suranga Dela	*Regional General Manager*	*Abbotsleigh Estate*
Mr. Mahesh Tharaka	*Deputy General Manager - Processing & Operations*	*Kenilworth Estate*
Mr. Ravindra Sannasuriya	*Group Manager - Lindula Region*	*Henfold Estate*
Mr. Arjuna Medagama	*Senior Manager*	*Vellaioya Estate*
Mr. Chandika Fernando	*Senior Manager*	*Dickoya Estate*
Mr. Indika Premachandra	*Senior Manager*	*Waltrim Estate*
Mr. Vihanga Pathum	*Manager*	*Strathdon Estate*
Mr. Gotabaya Virantha	*Manager*	*Carolina/ Wigton Estates*
Mr. Deshan Thilakarathne	*Manager*	*Tangakelle Estate*
Mr. Mahasen Samarakoon	*Acting Manager*	*Agrakande Estate*
Mr. Lahiru Rajapacksha	*Deputy Manager*	*Shannon Estate*
Mr. Gamaka Pallegama	*Acting Divisional Superintendent*	*Ouvahkelle Estate and Re-processing Factory*

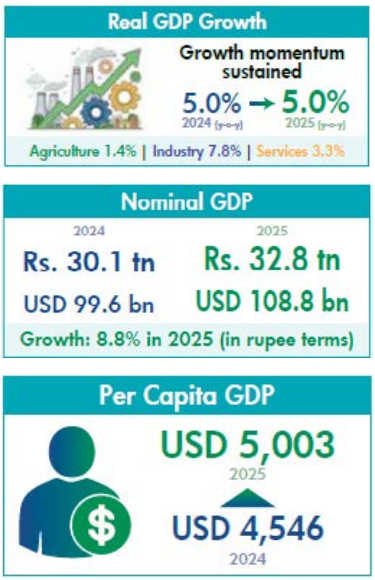


Management Discussion and Analysis

OPERATING ENVIRONMENT

The operating environment in which Hatton Plantations PLC conducts our business continued to evolve throughout the year, shaped by a combination of global market dynamics, domestic economic conditions, regulatory developments, climate-related challenges, and changing stakeholder expectations. As a plantation company with significant exposure to agricultural, labor, and export markets, our performance is closely influenced by external factors that affect production, costs, market demand, and profitability. Understanding these developments provides important context to the Company's operational and financial performance during the year and highlights the opportunities and challenges that influenced management decisions, strategic priorities, and value creation initiatives outlined in this Annual Report.

MACROECONOMIC OVERVIEW



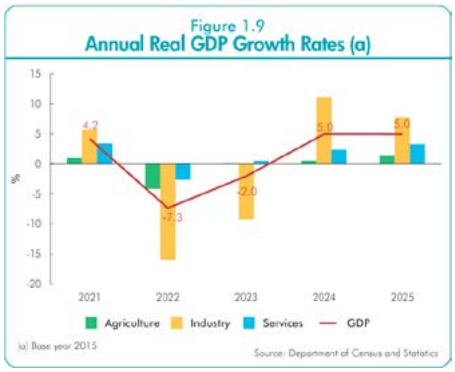
In the financial year 2025/26, the Sri Lankan economy achieved a notable degree of stabilization, marked by sustained GDP growth, moderating inflation, easing unemployment, and improvements in fiscal and external balances. The progress stemmed from structural reforms implemented under the IMF's Extended Fund Facility together with continued advancement in debt restructuring initiatives.

The economy recorded broad-based growth during the year, led primarily by the industry and services sectors, while the strong recovery in tourism strengthened foreign exchange inflows and external sector stability. For the tea industry, improved macroeconomic conditions together with relatively stable currency movements contributed to a more predictable operating environment, particularly in relation to export competitiveness, pricing dynamics, and input cost management.

Trade-related uncertainties, including proposed US tariff measures identified at the beginning of the year, created initial concerns for export-oriented industries. However, the relatively similar impact on competing tea-exporting nations maintained balanced market conditions within the global tea trade. During the latter part of the year, adverse weather conditions, including the effects of Cyclone Ditwah, disrupted agricultural activity and posed risks to production volumes. Nevertheless, the broader economic impact remained manageable, with the agriculture sector recording a recovery during the final quarter following the contraction experienced in the previous year.

Gross Domestic Product (GDP)

The Sri Lankan economy recorded steady growth in 2025, with real GDP expanding by 5.0% despite the impact of adverse weather conditions during the year. Growth was observed across all quarters, with Industry activities contributing the largest share, supported by improvements in manufacturing and construction. The services sector also made a significant contribution, with continued expansion in financial services and transport-related activities. Agricultural output improved compared to the previous year and strengthened overall economic performance.



In nominal terms, GDP increased to Rs. 32,750.8 billion in 2025 from Rs. 30,095.8 billion in 2024, while the GDP deflator stood at 3.7%. In USD terms, GDP rose to USD 108.8 billion from USD 99.6 billion in 2024. Per capita income also increased, with GDP per capita rising to USD 5,003 from USD 4,546 in the previous year, in line with the expansion in economic activity.

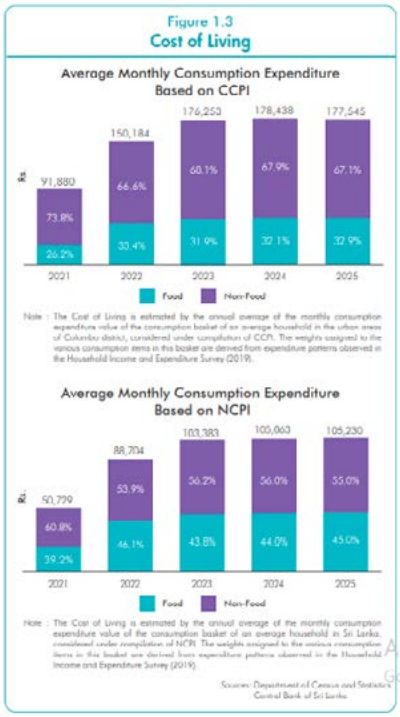
Inflation



Inflation dynamics during the financial year 2025/26 marked a transition from a prolonged deflationary phase to moderate positive levels. From March 2025, economy experienced an increase in food prices and upward adjustments to administered energy tariffs. Headline inflation turned positive in August 2025 and followed a gradual upward path thereafter.

By end-2025, year-on-year headline inflation, as measured by the Colombo Consumer Price Index (CCPI), increased to 2.1% from -1.7% at end-2024, while the annual average remained subdued at -0.5%. In early 2026, inflation remained at moderate levels, with short-term variations observed in food and transport-related components.

Cost of Living



During 2025, both official Consumer Price Indices (CPIs) recorded a gradual increase, indicating a stabilization in price levels following prior volatility. The Colombo Consumer Price Index (CCPI) increased from 191.7 index points in December 2024 to 195.8 index points in December 2025, while the National Consumer Price Index (NCPI) rose from 204.6 to 210.5 index points over the same period. This moderate increase in indices indicates a more contained inflationary environment compared to the sharp adjustments observed in previous years.

Cost of living indicators presented mixed outcomes during the year. Estimated average monthly household expenditure based on the CCPI declined marginally by 0.5% to Rs. 177,545 in 2025. In contrast, expenditure based on the NCPI increased slightly by 0.2% to Rs. 105,230. The composition of household expenditure remained largely unchanged, with a considerable share allocated to food, while non-food categories continued to account for the majority of overall spending.

Wages

Nominal wages in both the public and private sectors increased during 2025 compared to the previous year, in line with changes in labor market conditions and administrative wage revisions. In the informal private sector, wage increases were evident across several economic activities due to ongoing labor shortages and rising demand for workers.

Tight labor market conditions, particularly in sectors experiencing supply constraints, resulted in upward adjustments to daily wage rates and contract-based remuneration. These trends indicate continued pressure on labor costs, with implications for cost structures across labor-intensive industries.

Tea sector

In the 2026 National Budget, presented on 7 November 2025, a revision to plantation sector wages was proposed, increasing the daily wage from Rs. 1,350 to Rs. 1,750. This comprised an increase in the base wage to Rs. 1,550 together with a government-proposed daily attendance incentive of Rs. 200. The revised wage structure came into effect from January 2026.

INDUSTRY PERFORMANCE

Early expectations of increased global production were not realized. As the year progressed and supply volumes moderated, prices demonstrated a gradual upward trend, particularly within the mid-quality segment. Premium teas continued to command strong price premiums, while demand for mid-range teas remained relatively stable, albeit with some variability across markets.

In Sri Lanka, agricultural activities expanded by 1.4% in 2025, compared to 0.6% in 2024, indicating a gradual improvement in sectoral performance. Sri Lanka's tea production in 2025 recorded a marginal increase, reaching approximately 264.1 million kilograms, compared to 262.7 million kilograms in 2024. Production during the first half of the year showed an improvement, with cumulative output for January to June amounting to 135.7 million kilograms, exceeding the corresponding period of the previous year. However, production trends during the latter part of the year remained uneven, with fluctuations across months and a moderation in output during the final quarter.

Orthodox tea continued to account for the largest share of total production, while CTC and green tea segments contributed smaller volumes. Despite weather-related disruptions and variability in crop intake across regions, overall production remained slightly above the previous year.

Key Factors that Impacted the Industry

Erratic Weather

Adverse weather conditions remained a significant challenge to production during the year. Prolonged periods of rainfall and climatic disruptions adversely affected both field harvesting activities and natural crop growth. Towards the latter part of the year, Cyclone Ditwah caused extensive damage to plantation infrastructure and tea fields, severely disrupting harvesting operations during what is traditionally a peak production period, thereby constraining overall crop volumes.

Increase in Production Cost

The tea industry continued to face sustained increases in the Cost of Production (COP) throughout 2025, placing

considerable pressure on profitability across both Regional Plantation Companies (RPCs) and the smallholder sector.

Labor and Wage Pressures

The implementation of mandatory wage increases significantly elevated labor costs across the industry. Given the labor-intensive nature of plantation operations, rising personnel expenses, together with the continued shortage of skilled pluckers, further increased production costs and placed pressure on estate profitability.

Rising Cost of Input

The sector experienced ongoing cost escalation in key agricultural and operational inputs. Higher prices for imported fertilizers, coupled with volatility in global fuel markets, increased the cost of field maintenance, transportation, and other essential estate activities.

Fluctuating Energy and Utility Costs

The gradual removal of energy subsidies under Sri Lanka's economic reform programme resulted in elevated electricity and utility costs. For tea factories, which rely heavily on energy-intensive processing activities such as withering and drying, these increased costs directly impacted operating margins and market competitiveness.

Monetary and Exchange Rate Volatility

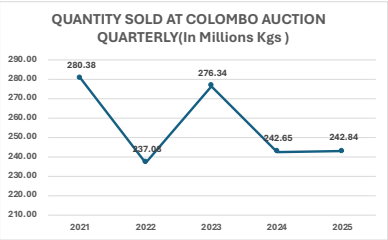
While IMF-supported economic reforms contributed to greater macroeconomic stability, exchange rate fluctuations continued to create uncertainty in export pricing and long-term planning for tea exporters.

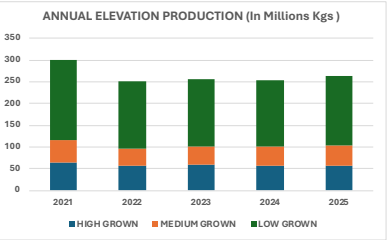
Global Trade Dynamics and Market Demand

The industry's reliance on a limited number of key export markets remained a notable strategic vulnerability during the year. Market access challenges intensified following the imposition of a 30% tariff by the United States on Sri Lankan tea imports, reducing competitiveness in a high-value premium market and prompting exporters to focus more heavily on traditional destinations.

Consequently, Iraq, Russia, and Turkey continued to account for a significant share of Ceylon Tea exports, increasing the industry's exposure to economic and geopolitical developments within these markets. At the same time, changing consumption patterns in key destinations such as the UAE and Russia reflected a growing preference for more competitively priced teas from alternative origins. These factors, combined with increasing competition from other tea-producing nations, contributed to downward pressure on tea prices, with the national auction average settling at approximately LKR 1,167 per kilogram for the year.

Sri Lanka Tea Industry Performance



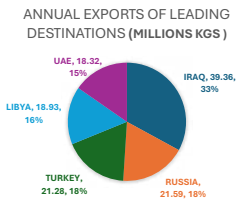


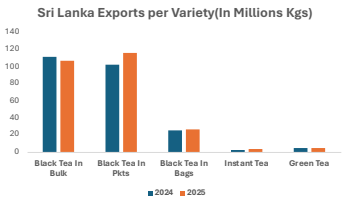
ANNUAL ELEVATION AVERAGES (RS/KG)

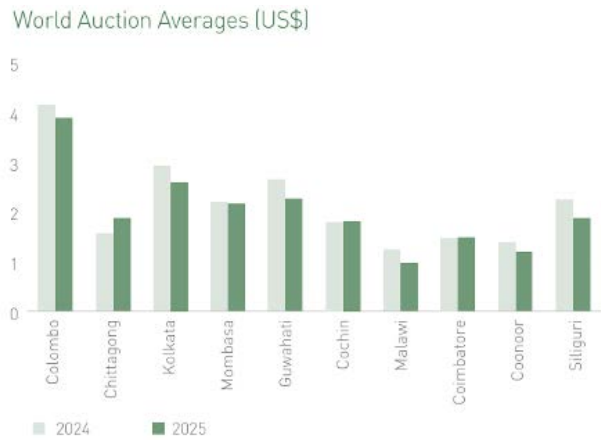
Year	High Grown	Medium Grown	Low Grown	Total
2021	587.31	550.80	644.23	615.44
2022	1,093.10	1,030.82	1,339.86	1,234.24
2023	1,072.48	1,012.35	1,252.15	1,171.29
2024	1,141.63	1,064.48	1,304.38	1,225.17
2025	1,100.86	1,025.82	1,235.26	1,167.72

EXPORT EARNING DETAILS

Year	2021	2022	2023	2024	2025
Export Earnings/ Million Rupees	265,353.44	411,092.03	428,291.68	433,473.34	453,276.67
Export Earnings/ Million USD	1,337.39	1,268.37	1,304.10	1,434.78	1,507.32
Export Quantity/ Million Kgs	286.01	250.19	241.91	245.78	257.44







WORLD AUCTION AVERAGES (US$)

Auction Centre	2024	2025	Variance $
Colombo	4.14	3.88	(0.26)
Chittagong	1.56	1.86	0.30
Kolkata	2.91	2.59	(0.32)
Mombasa	2.19	2.15	(0.04)
Guwahati	2.65	2.25	(0.40)
Cochin	1.79	1.81	0.02
Malawi	1.23	0.95	(0.28)
Coimbatore	1.46	1.47	0.01
Coonoor	1.36	1.18	(0.18)
Siliguri	2.23	1.86	(0.37)

Refer to the Graph 11

QUANTITY SOLD AT WORLD AUCTION CENTRES (IN MILLION KG)

Auction Centre	2021	2022	2023	2024	2025
Mombasa	503.89	516.34	489.54	482.86	379.24
Colombo	280.38	237.07	237.18	245.78	242.84
Kolkata	169.32	156.24	116.76	153.57	169.31
Siliguri	149.81	143.95	127.54	133.17	152.88
Guwahati	169.93	142.66	103.58	162.26	190.86
Coonoor	76.71	89.01	78.14	79.33	81.71
Chittagong	87.85	87.20	87.79	89.70	92.01
Cochi	47.88	54.01	45.68	43.76	43.50
Coimbatore	16.94	19.01	18.75	19.84	19.77

(Source: John Keells Tea Report)

SRI LANKA TEA INDUSTRY: SWOT ANALYSIS 2025/26

While the Sri Lankan tea industry-maintained resilience through improved production and export growth in 2025, structural cost pressures, climate volatility, and geopolitical disruptions continued to challenge profitability. However, the shift toward value-added and premium exports, and favorable global supply conditions presents a pathway for sustainable growth.

STREGNTHS

Strong export performance and global positioning

- Tea exports reached ~257 million kg in 2025, up ~4.7% YoY, with earnings around USD 1.5 billion
- Sri Lanka remains a top 4 global value-added tea exporter with a strong "Ceylon Tea" brand.

Shift toward value-added products

- Growth driven by tea bags, packeted tea, instant tea, and green tea, while bulk tea declined
- Indicates successful movement up the value chain (higher margins, branding).

Recovery in production supported by policy intervention

- Production rose to 264 million kg in 2025, supported by fertilizer subsidies
- Reflects partial recovery from earlier input disruptions.

Established industry ecosystem

- Employs 1 million people and has well-developed auction, export, and plantation systems

WEAKNESSES

High-cost structure and labor intensity

- Tea remains highly labor-intensive, especially in difficult terrain
- Rising wages and labor shortages continue to pressure margins.

Declining real price competitiveness

- FOB prices remained flat in USD terms ($5.85/kg) despite higher volumes
- Indicates margin compression amid rising costs

Ageing plantations and productivity issues

- Structural inefficiencies (low yields vs competitors like Kenya) persist
- Limited replanting and modernization.

OPPORTUNITIES

Premiumization and specialty tea growth

- Rising global demand for wellness, organic, and specialty teas, often priced at premium levels.
- Strong fit with Sri Lanka's high-quality orthodox tea positioning.

Global supply tightness

- A 45 million kg global tea supply deficit reported in 2025
- Potential upside for prices and export volumes.

Value-added and branded exports

- Continued growth in consumer-ready formats (tea bags, branded packs
- Opportunity to reduce reliance on bulk exports.

Industry growth outlook

- Forecast 10–12% growth in 2026 despite challenges

Technology and traceability

- Increasing demand for ethical sourcing and traceability
- Digital tools and ESG compliance can unlock premium markets.

THREATS

Climate change and extreme weather events

- Irregular rainfall and floods disrupting yields. Particularly Cyclone Ditwah damage in late 2025 reduced output and damaged estates

Geopolitical disruptions in key export markets

- Middle East conflicts disrupting logistics and causing ~$10 million/week export losses
- Heavy reliance on markets like Iraq, Iran, and Russia increases risk.

Rising input and energy costs

- Fertilizer, fuel, and logistics costs remain elevated post-crisis

STRATEGIC RESPONSE TO INDUSTRY DYNAMICS

The Company remained vigilant to evolving market dynamics throughout the year under review, recognizing the strengths, weaknesses, opportunities, and threats impacting its continuity and growth. In response to the operating environment outlined in the industry SWOT analysis above, the Company adopted a proactive and measured approach to strategy execution during the financial year 2025/26.

Despite continued external pressures, including rising costs and geopolitical uncertainties, the Company strengthened its core capabilities and undertook targeted initiatives to enhance resilience, improve margin realization, and capture growth opportunities across key markets.

Strengthening Market Position

- Capitalised on the global recognition of Ceylon Tea to reinforce presence in premium export segments.
- Increased contribution from value-added products, including tea bags and packaged formats, supporting improved margin realization.
- Maintained active engagement with established pricing mechanisms, including the Colombo Tea Auction.

Cost and Productivity Improvements

- Implemented targeted cost management initiatives across energy usage and manufacturing processes.
- Progressed estate-level productivity initiatives through selective replanting and improved agronomic practices.

- Enhanced input efficiency through disciplined fertilizer utilization and procurement strategies.

Growth and Market Expansion

- Expanded presence in specialty and premium tea categories, including green and ethically sourced teas.
- Increased focus on branded and value-added exports to capture downstream value.
- Advanced market diversification efforts to reduce dependence on traditional regions.

Risk Management and Resilience

- Strengthened adaptive responses to climate variability through estate-level interventions.
- Reduced exposure to geopolitical disruptions through a broader export market base.
- Maintained cost discipline to mitigate the impact of rising input and logistics costs.
- Continued emphasis on quality and brand differentiation amid intensifying global competition.

MARKET OUTLOOK

The outlook for the Sri Lankan tea industry remains cautiously optimistic, supported by strong demand for premium teas, favorable quality prospects, and a continuing global shift toward specialty and value-added tea products. Sri Lanka's distinctive flavor profiles, strong heritage, and reputation for quality position Ceylon Tea favorably within the growing premium tea segment, particularly as demand expands for specialty beverages, ready-to-drink formats, and innovative tea-based products.

Global tea consumption is expected to continue growing, driven by increasing consumer interest in wellness, sustainability, and premium experiences. Emerging markets in the Middle East and Africa are projected to remain important growth regions, while evolving consumer preferences are creating opportunities for differentiated and value-added offerings.

In the near term, tea prices are expected to remain supported by tight global supply conditions and continued demand from key importing markets. However, price volatility may persist due to changing supply patterns, exchange rate fluctuations, and ongoing geopolitical developments affecting global trade and logistics.

The industry must also adapt to increasingly stringent sustainability and traceability requirements, particularly in European markets, where environmental and supply chain compliance standards are becoming essential market access requirements. Producers that invest in sustainable cultivation practices, transparent supply chains, and technology-enabled monitoring systems will be better positioned to capture premium market opportunities.

Despite these positive market fundamentals, structural challenges including climate variability, labor shortages, rising production costs, and low productivity levels continue to constrain competitiveness. Sustained investment in climate resilience, field productivity, mechanization, and operational efficiency will therefore be critical to ensuring the long-term sustainability and growth of Sri Lanka's tea industry.

Sources:

- Central Bank of Sri Lanka Annual Economic Review 2026
- Forbes and Walker Tea Report 2026
- John Keells Tea Review 2025 – A New Leaf Forward

STAKEHOLDER REVIEW

GRI

Creating sustainable value across our supply chain and stakeholder network remains a core priority for Hatton Plantations PLC. We believe that strong partnerships built on transparency, trust, and continuous engagement are essential to achieving long-term growth and shared success.

Our relationships with investors, customers, employees, suppliers, communities, regulators, and business partners form the foundation of resilient and responsible business operations. Through meaningful collaboration and open communication, we strive to strengthen investor confidence, deepen buyer relationships, empower our workforce, and promote ethical and sustainable practices across all aspects of our operations.

Hatton Plantations PLC maintains ongoing dialogue with stakeholders to better understand their evolving expectations and concerns. These insights enable us to continuously enhance our value creation strategies, align our business objectives with stakeholder priorities, and drive initiatives that contribute to economic, social, and environmental progress.

Stakeholder Profile



Dividend Paid Rs. 473.3 Mn

Estate Worker Welfare Rs. 167.2 Mn

Timely Payment to Suppliers/ Government/ Regulatory Bodies

Highest quantity of Teas sold at Colombo Tea Auction

Employee Development up 29%

SHAREHOLDERS/ INVESTORS

These are the investors/ shareholders and they also provide strategic guidance. The company comprise of 17,572 shareholders and investors and holds a total Market capitalization of Rs.5,467 Mn at CSE

Strategic Goal: Create strategies that generate long-term value that meets shareholder interests.

SDGs Complied:

- Timely shareholder disclosure of corporate information
- Strategic investments to grow shareholder equity
- Regular communication
  - Annual General meeting
  - Annual and quarterly reports
  - Other reports

Value Created:

- ROI - Dividend payments of Rs.473.3 Mn were paid in total to shareholders and investors
- ROE – Return on Equity of 13%
- Earnings Per Share of Rs. 3.14

EMPLOYEES

A total of 6158 employees work at our offices and estates. Refer Human Capital report on pages 72 to 92.

Strategic Goal: Empower employee through skills development and knowledge improvement towards enhanced productivity, and business success. Ensure a healthy and happy workplace and employees.

SDGs Complied:



- Provide equal, inclusive and safe work environments
- Performance recognitions and career development opportunities
- Training & Development
  - Technical, leadership and management skills development
- Health & Safety workplace
  - Health check-ups
  - Medical surveys
- Customary celebrations for religious and cultural functions
- Welfare schemes and work-life balance programs

Value Created:

- Salary and wages of Rs.4,013 Mn
- Investments in training and development Rs.6.3 Mn
- Welfare, Health and benefit schemes of Rs.167.2 Mn

BROKERS & BUYERS

Brokers and buyers at the Colombo Tea Auction

Strategic Goal: Reinforce the confidence of brokers and buyers by providing the finest quality teas produced ethically and sustainably

SDGs Complied:



- Customer satisfaction level analysis
  - Customer feedback/complaints/ testimonials
- Awareness sessions
- Awareness on types of teas, tea tasting sessions, information sharing material
- Compliance with international certifications, guidelines and best practices
- Ethical and sustainable agriculture
- Product transparency
  - Offer right product details to the customer: product composition, net weight, gross weight, serial number of the package, company name

Value Created:

- 12 high quality tea marks
- Highest tea volume sales producer of 6.9 Mn Kg
- Product quality compliance with global benchmarks
- Top CTC and Green Tea producer

SUPPLIERS

Leaf suppliers, raw material, equipment, external services, and other logistics and machinery suppliers and service providers

Strategic Goal: Foster collaborative partnerships with suppliers to reinforce a reliable supply chain.

SDGs Complied:



- Fair value
- Open communication
  - Policies and certifications
  - Quality of the products
- Procurement and other codes and standards sharing
- Ethical sourcing
- Training
  - Personal safety protocols
  - Crop development knowledge

Value Created:

- 10.2 Mn kgs tea green leaf purchases
- Rs.2,883 Mn value of services and materials obtained from service providers and suppliers
- Training on ethical and global best practices

ESTATE COMMUNITY

Close engagements are maintained with the community through multiple activities

Strategic Goal: Create a work ethic and culture that is built on mutual trust and strong relationships that uplift estate community quality of life whilst ensuring business success

SDGs Complied:



- Women empowerment through female supervisor initiative
- Providing equal opportunities for career growth
- Estate children education support
- Welfare projects in estate community
- Infrastructure development in estate living areas
- Environment conservation
- Health and wellbeing programs

Value Created:

- Rs.167.2 Mn investment in community welfare and health programs
- Rs. 4,013 Mn in wages and salaries
- Employment opportunities and career growth opportunities for community youth

TRADE UNIONS

Estate workers unions are an important stakeholder with whom we engage

Strategic Goal: Build and foster healthy relationships that are mutually beneficial as well as supportive of industry best interest

SDGs Complied:



- Maintain a positive relationship through discussions on concerns as and when needed.
- Provide opportunities to voice worker needs and concerns

Value Created:

- Supported 13 activities proposed by Trade Union
- Increased daily wages to Rs.1,750 (Company Rs. 1,550 and Government Rs.200)
- Held 36 meetings with trade union representatives

GOVERNMENT ORGANIZATIONS

Multiple state institutions that partner and engage across operations and management

Strategic Goal: Build confidence, trust, and supportive partnerships that benefit the industry and its growth

SDGs Complied:

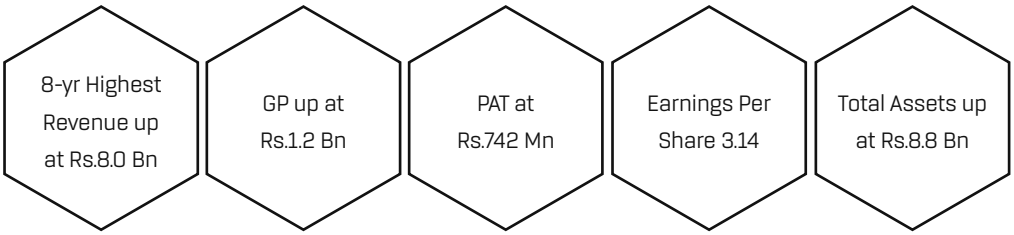


- Comply with government regulations in environmental, financial, people management and all other areas of engagement
- Contribute towards revenue generation for the state through timely tax and other payments

Value Created:

- Rs. 234.4 Mn tax and other payments to the state
- Rs. 8,014 Mn tea sales revenue generated
- Investments in tea industry growth Rs. 529.8 Mn

FINANCIAL CAPITAL



Hatton Plantations PLC's Financial Capital represents the strength and sustainability of the Company's financial position, encompassing profitability, operational performance, liquidity and long-term value creation. It serves as a key indicator of how effectively strategic initiatives, resource allocation and operational decisions have translated into financial outcomes during the year. As such, financial capital remains integral to the Company's decision-making framework, supporting future growth, investment planning and overall strategic direction.

Throughout the financial year, Hatton Plantations PLC maintained a resilient and well-balanced financial position through prudent treasury management, disciplined capital allocation and continuous operational efficiency improvements. The operating environment remained challenging, with unanticipated statutory wage revisions for plantation workers that placed considerable pressure on cost structures and profitability. In addition, the year was impacted by adverse weather conditions arising from the Ditwah cyclone that affected plantation operations, alongside evolving market dynamics marked by increasing buyer preference for premium-quality teas. Despite these challenges, the Company remained focused on strengthening operational productivity, optimizing resource utilization and preserving financial stability. Through proactive planning and strategic management interventions, HPL successfully navigated the changing business landscape and delivered a strong financial performance for the year ended 31 March 2026.

Revenue

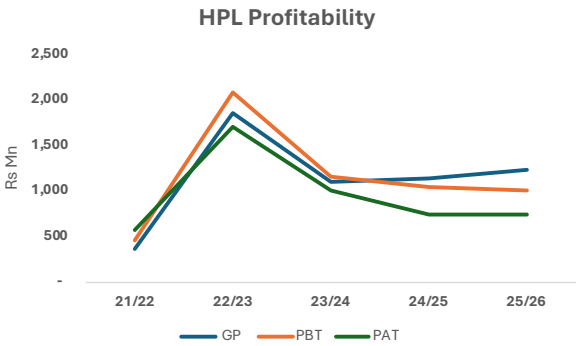
During the year under review, Hatton Plantations PLC recorded our highest revenue in the past eight years, reaching Rs. 8,014 million, representing an increase of 5.6% compared to Rs. 7,588 million reported in the last financial year. The growth in revenue was primarily driven by improved tea production, continued strategic focus on enhancing tea quality to align with evolving customer preferences and favourable exchange rate movements during the year.

According to the Central Bank of Sri Lanka, the exchange rate moved from Rs. 292.58 per US Dollar at the end of December 2024 to Rs. 309.99 per US Dollar by the end of December 2025, reflecting a depreciation of 5.6% during the year. The depreciation of the Sri Lankan Rupee against the US Dollar supported export earnings, and provided a positive impact on the plantation export sector, including tea revenues.

The Sri Lankan tea industry also demonstrated a marginal recovery during 2025 following the production constraints and adverse weather conditions experienced in the last year. National tea production increased to 264.12 Mn/Kgs compared to 262.15 Mn/Kgs in 2024, while industry export revenue improved to USD 1.51 billion from USD 1.43 billion recorded in the prior year. Against this backdrop, HPL strengthened market positioning through consistent supply of volumes and enhanced product quality.

Despite the adverse impacts of the Ditwah weather conditions on certain estates, the Company was able to restore operations swiftly due to proactive risk mitigation and flood prevention measures already in place across the plantations. Consequently, tea production across HPL estates improved to 7.1 million kilograms during 2025/26, compared to 6.8 million kilograms in the preceding financial year, ensuring uninterrupted participation at the Colombo Tea Auction.

Over the years, HPL has consistently demonstrated resilience amid numerous operational, regulatory and climate-related challenges, supported by prudent financial management and disciplined operational execution.



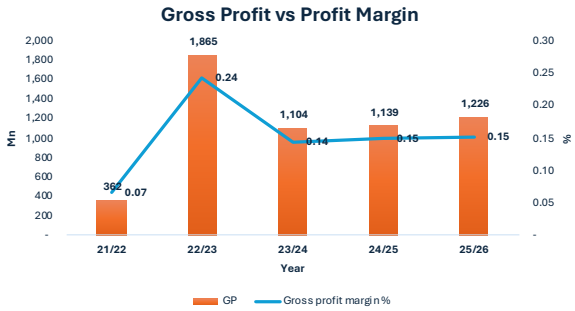
Financial Performance - Company

	Unit	2025/26	2024/25	%
Revenue	Rs. Mn	8,013.7	7,588.0	6%
Gross Profit	Rs. Mn	1,226.4	1,139.4	8%
Profit before tax	Rs. Mn	999.7	1,037.5	-4%
Profit after tax	Rs. Mn	742.5	739.7	0.4%

Revenue by Type of Tea (Rs. Mn)

	2026	2025	2024	2023	2022
Black tea	7,476.5	7,173.2	7,204.7	7,443.0	5,275.1
Green tea	373.3	227.4	190.7	nil	Nil
Other teas	163.8	187.4	237.9	154.5	54.0

Profitability

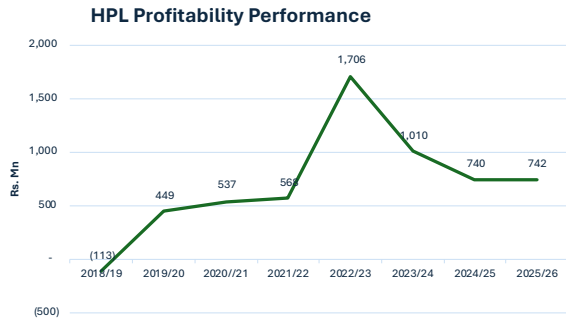


Hatton Plantations PLC recorded a resilient profitability performance during the year under review despite operating within a challenging cost environment. Gross profit increased by approximately Rs. 86.9 million to Rs. 1,226.4 million compared to Rs. 1,139.4 million reported in the last financial year, supported by improved revenue generation, higher tea volumes and stronger realization from quality teas.

Cost of sales increased during the 2025/26 financial year primarily due to increase in volume, higher labour-related expenses and volatility in utility costs. The most significant impact on profitability arose from the upward revision in estate sector wages following the agreement between the Government and Regional Plantation Companies to increase the basic daily wage from Rs. 1,350 to Rs. 1,550. An additional attendance incentive of Rs. 200 per day by Government, the total daily wage revised to Rs. 1,750 per day from 1st of January 2026. The substantial increase in labour costs placed considerable pressure on operating margins across the plantation sector.

In addition, fluctuations in energy prices during the year contributed to higher manufacturing and operational costs, thereby increasing the overall cost of production. Nevertheless, the Company continued to implement stringent cost management measures and operational efficiency initiatives to mitigate the impact of rising input costs on profitability.

Profit before tax declined by 4% to Rs. 999.7 million from Rs. 1,037.5 million recorded in the last year, primarily due to the escalation in wage-related expenditure. However, profit after tax improved marginally over the last year, supported by a comparatively lower income tax and deferred tax charges during the year under review. Accordingly, net profit increased marginally by 0.4% to Rs. 742.5 million compared to Rs. 739.7 million reported in the 2024/25 financial year, reflecting the Company's resilience and prudent financial management amidst a demanding operating environment.



Finance Income and Expenditure

Hatton Plantations PLC continued to maintain a prudent approach to managing finance costs during the year through a disciplined self-financing strategy and strong internal cash flow management. The Company's conservative borrowing philosophy, underpinned by a near zero-debt policy, enabled HPL to minimize exposure to finance costs and interest rate fluctuations while maintaining a healthy liquidity position.

Careful management of income and expenditure, together with stringent cost controls and efficient working capital management, supported the funding of ongoing capital investments and operational requirements during the year. This disciplined financial approach also enabled the Company to absorb the impact of increased wage costs without significant reliance on external financing, thereby preserving financial stability and strengthening long-term balance sheet resilience.

Cash Flow and Liquidity Position

Hatton Plantations PLC maintained a strong liquidity and working capital position throughout the 2025/26 financial year, demonstrating resilience amidst prevailing macroeconomic challenges. The Company's disciplined financial management practices, combined with prudent treasury operations, contributed significantly towards strengthening cash flows and ensuring adequate liquidity to support operational requirements and future growth initiatives. Strategic deployment of surplus funds through carefully planned investments further enhanced the Company's financial flexibility during the year.

Short-term investments in financial assets stood at Rs. 1,036.9 million compared to Rs. 1,113.1 million in 2024/25, while cash and cash equivalents remained healthy at Rs. 300.4 million. Total current assets were largely maintained at Rs. 2,460.5 million compared to Rs. 2,439.8 million in the previous year, reflecting the Company's ability to preserve liquidity levels despite challenging market conditions.

The Company continued to maintain a robust liquidity profile, supported by a strong current asset base relative to current liabilities. Current liabilities amounted to Rs. 1,206.8 million against total current assets of Rs. 2,460.5 million, resulting in a favorable current ratio of 2.04 times. This healthy liquidity position underscores the Company's financial stability, operational efficiency and capacity to comfortably meet short-term obligations while sustaining ongoing business operations.

The strengthening of cash flow and liquidity was driven by focused management initiatives encompassing disciplined cash flow planning, efficient inventory management to optimize stock movement, effective supplier credit management and timely receivable recoveries. In addition, the Company minimized reliance on external borrowings while ensuring the productive and prudent investment of surplus funds, thereby reinforcing overall financial resilience and sustainability.

Return on Capital Employed (ROCE)/ Return on Equity (ROE)

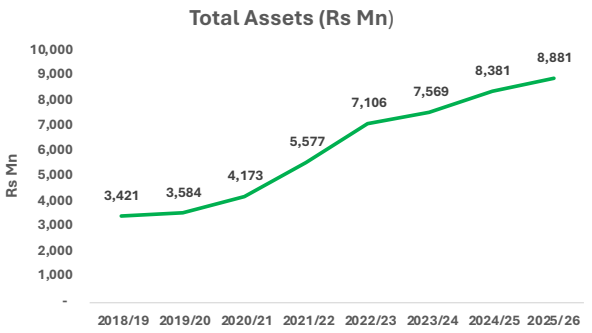
The Company's Return on Capital Employed slightly drop to 18.2% from 19.3% last year as the company maintained constant profitability. Return on Equity also slightly lowered to 13.0% in 2025/26 as prices wage increased and cost of sales increase impacting sale value of HPL tea.

Asset Base and Funding Profile

The Company's total assets increased by 6.0 % to Rs. 8,880.8 million from Rs. 8,380.9 million in the last year, primarily driven by investments in field developments, advanced machinery, factory infrastructure and building improvements aimed at strengthening operational capabilities and long-term productivity. During the year, the Company also invested Rs. 250.2 million in tea crop development and Rs. 36.8 million in coffee cultivation as part of the ongoing diversification and estate enhancement initiatives. Capital allocation was strategically directed towards activities that enhance the Company's income-generating potential and support sustainable growth. Reflecting the improved utilization of assets, the total asset turnover ratio recorded a slight drop to 0.90 time during the year compared to 0.95 time in the last year.

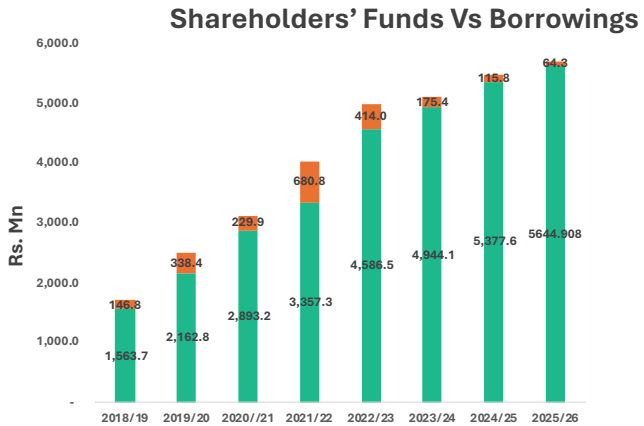
Asset composition

Item	2025/26	2024/25	%
Property, Plant, and Equipment	1,208.1	1,086.8	11.2%
Biological Assets (Consumable)	2,350.4	2,300.4	2.2%
Biological Assets (Bearer Plants)	1,809.8	1,567.8	15.4%
Inventories	605.1	608.0	-2.9%
Short Term Investments	1,036.9	1,113.1	-6.8%
Trade and Other Receivables	492.6	205.3	>100%
Cash and Cash Equivalents	300.4	482.8	-37.8%



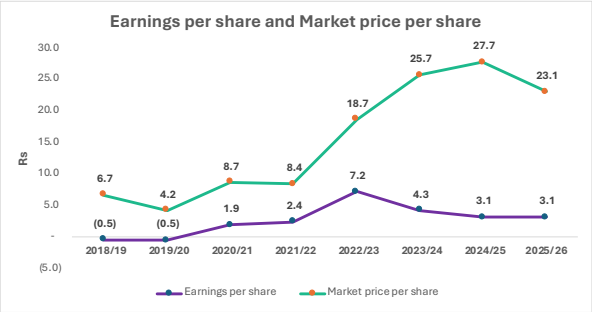
Shareholders' Funds

Shareholders' funds as at the end of March 2026 increased by 5% to Rs.5,644.9 million compared with Rs. 5,377.6 million of 2024/25. The debt to equity ratio as at 31 March 2026, stood at 3.4% compared to 4.2% last year.

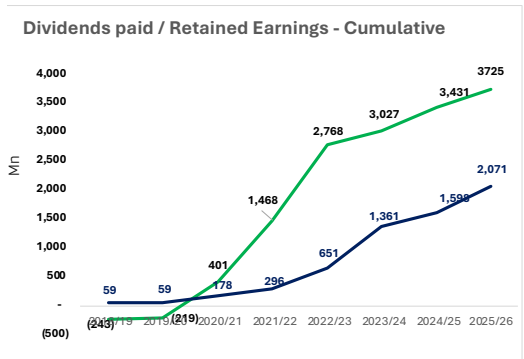


Earnings Per Share (EPS) and Dividend Per Share (DPS)

The Company paid total dividend of Rs.2,071 million since 2018 and paid dividend of Rs. 2.00 per share during the financial year 2025/26. Earnings per share remained same at Rs. 3.14 per share, from last year at 3.13 per share.



Dividends paid / Retained Earnings - Cumulative



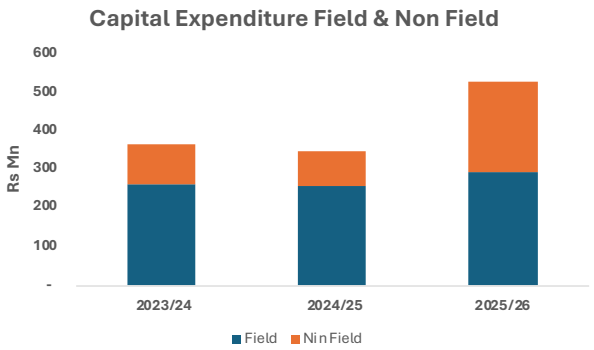
Investments

During the year under review, Hatton Plantations PLC continued to strengthen our long-term production capabilities through targeted capital investments across both factory modernization and crop development initiatives. Non-field capital expenditure increased significantly by 163.3% to Rs. 236.8 million, primarily driven by investments in factory infrastructure upgrades, building improvements and the integration of advanced processing machinery. These investments were strategically directed towards enhancing tea manufacturing efficiencies, improving product consistency and elevating tea quality standards to meet evolving market and buyer requirements, particularly within premium tea segments.

The Company also maintained focus on sustainable agricultural development and crop diversification during the year. Investments in coffee cultivation expanded with the addition of approximately 16.66 hectares of new coffee planting, alongside further development of coffee nursery operations. Notwithstanding the diversification initiatives, tea cultivation continued to remain the Company's primary investment focus, with substantial capital allocated towards tea replanting and tea nursery development amounting to Rs. 289.4 million. These investments are expected to strengthen long-term field productivity, improve crop resilience and support the sustainable growth of HPL's tea plantation operations.

Key Investments

Year	2023/24	2024/25	2025/26
Field (Rs.Mn)	260.6	256.6	292.9
Non- field (Rs.Mn)	105.1	91.0	236.9



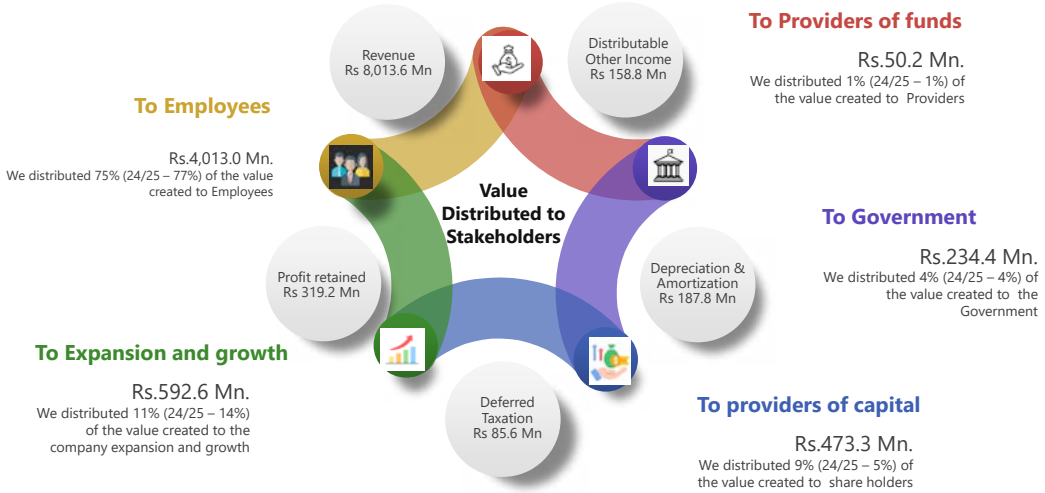
STRATEGIC VALUE CREATION

Hatton Plantations PLC is committed to delivering sustainable, long-term value to all our stakeholders, customers, employees, shareholders, suppliers, communities, and the environment. In an increasingly interconnected and dynamic business environment, we recognize that our success is deeply tied to the prosperity of those around us.

We continuously assess and adapt our strategies to respond to changing market dynamics, evolving stakeholder expectations, and emerging global trends. Our goal is to create sustainable competitive advantages that drive growth, resilience, and long-term value for all stakeholders.

This section highlights how our strategic priorities, innovation, operational efficiency, customer focus, and responsible leadership are aligned to create value to our key stakeholders.

Stakeholder Value Creation- Company

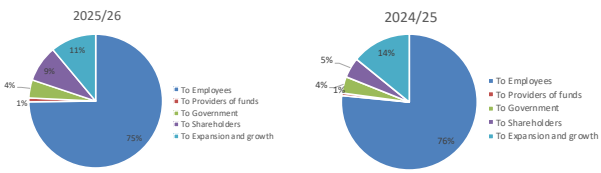


Hatton Plantations – The Company

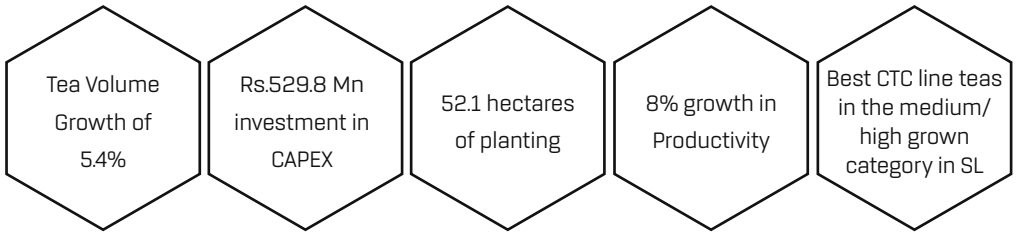
	Group				Company			
	2025/26	%	2024/25	%	2025/26	%	2024/25	%
Revenue	8,107,183		7,709,932		8,013,683		7,587,967	
Other income	125,696		140,106		158,759		194,679	
Gain on change in fair value of biological assets	43,006		55,480		43,006		55,480	
	8,275,885		**7,905,518**		**8,215,448**		**7,838,126**	
Cost of materials and services obtained	(2,868,991)		(3,055,018)		(2,851,823)		(2,930,447)	
Value Addition	**5,406,894**		**4,933,342**		**5,363,625**		**4,926,607**	

	Group				Company			
	2025/26	%	2024/25	%	2025/26	%	2024/25	%
Value allocated to:								
To Employees								
Salaries,wages and other benefits	4,044,664	75%	3,790,180	77%	4,013,054	75%	3,770,667	77%
To Providers of funds								
Interest to money lenders	50,227	1%	29,119	1%	50,227	1%	29,119	1%
To Government								
JEDB/SLSPC Lease rental	104,704		98,382		104,704		98,382	
Tax Paid	162,225		116,122		129,676		94,924	
	266,929	5%	214,504	4%	234,380	4%	193,306	4%
To providers of capital								
Dividend paid to shareholders	473,334	9%	236,667	5%	473,334	9%	236,667	5%
To Expansion and growth								
Profit retained	280,848		382,682		319,250		433,431	
Depreciation & ammortization	212,448		199,419		187,809		175,168	
Deferred Taxation	78,444		80,771		85,571		88,249	
	571,740	**11%**	**662,872**	**13%**	**592,630**	**11%**	**696,848**	**14%**
	5,406,894		**4,933,342**		**5,363,625**		**4,926,607**	

	Group				Company			
	2025/26	%	2024/25	%	2025/26	%	2024/25	%
To Employees	4,044,664	75%	3,790,180	77%	4,013,054	75%	3,770,667	77%
To Providers of funds	50,227	1%	29,119	1%	50,227	1%	29,119	1%
To Government	266,929	5%	214,504	4%	234,380	4%	193,306	4%
To Shareholders	473,334	9%	236,667	5%	473,334	9%	236,667	5%
To Expansion and growth	571,740	11%	662,872	13%	592,630	11%	696,848	14%
	5,406,894		**4,933,342**		**5,363,625**		**4,926,607**	



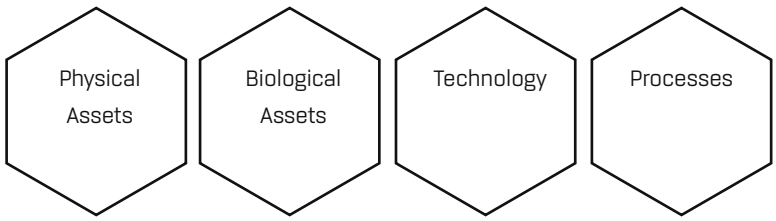
MANUFACTURED CAPITAL



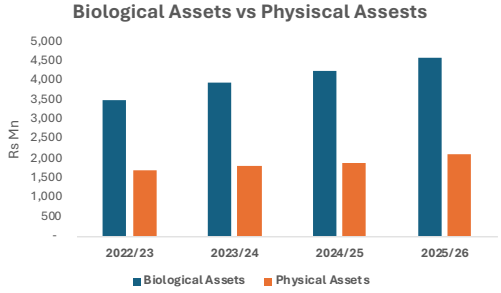
Manufactured Capital at Hatton Plantations PLC represents the physical foundation that supports the Company's operational strength and long-term value creation. This includes the cultivated crop lands, factories, machinery, equipment, vehicles, warehouses, infrastructure, and other tangible assets that enable the efficient production and delivery of high-quality teas. During the year under review, the Company continued to strengthen our manufacturing capabilities through targeted investments in factory upgrades, machinery replacements, infrastructure improvement, and enhanced logistics facilities. Emphasis was also placed on further integrating advanced technologies for improving operational processes to drive greater efficiency, productivity, and consistency in quality.

It is noteworthy that Hatton Plantations PLC recorded the highest tea volumes sold at the Colombo Tea Auction for the seventh consecutive year, reaffirming the strength and resilience of the Company's manufactured capital base. Total tea production reached 7.1 million kilograms, reflecting a commendable increase of 5.4% over the last year. The Company's total capital expenditure amounted to Rs. 529.8 million, while productivity improved by 8%, demonstrating the effectiveness of the continued investments in estates, factories, machinery, and operational efficiencies. This exceptional performance was achieved despite the numerous industry and economic challenges encountered during the year, underscoring the Company's ability to maintain operational excellence and sustainable growth.

Manufactured Assets Profile



Asset Type (by Cost/ Valuation)	2025/26 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
Biological Assets	4,585,205	4,247,691	3,947,629	3,490,194
Physical Assets	2,104,094	1,877,901	1,796,881	1,698,165
Technology Infrastructure	29,600	26,749	22,266	15,962
Total	**6,718,899**	**6,152,341**	**5,766,776**	**5,204,321**



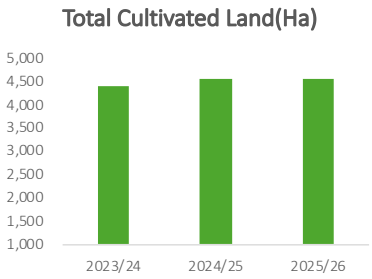
Biological Asset Performance

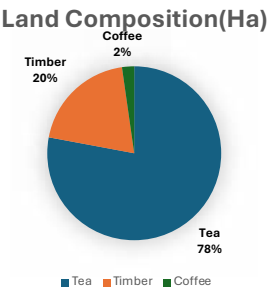
Biological assets remain at the heart of Hatton Plantations PLC's value creation process, representing the live plants that sustain the Company's agricultural productivity, operational resilience, and commercial success. Tea continues to be the Company's principal crop and primary source of revenue generation, while strategic diversification initiatives undertaken in recent years have progressively strengthened and broadened the biological asset portfolio. During the year under review, the Company continued to invest in the expansion, rehabilitation, and sustainable management of the plantations to enhance crop productivity, preserve soil fertility, and improve yield potential.

The Company's total cultivated land extent increased to 4,546.59 hectares in 2025/26 from 4,532.7 hectares in the last year. Tea land extent increased to 3,490.0 hectares compared to 3,463.8 hectares in 2024/25, reflecting HPL's continued commitment towards sustaining and rejuvenating the core agricultural operations. The carrying value of tea biological assets stood at Rs. 1.81 billion at the end of the year, while timber and coffee biological assets recorded carrying values of Rs. 2.35 billion and Rs. 216.8 million respectively, demonstrating the growing contribution of diversified crops within the Company's plantation portfolio.

	Unit	2025/26	2024/25	2023/24
Total Cultivated Land	Ha.	4,546.6	4,532.7	4,366.2
Tea Land	Ha.	3,490.0	3,463.8	3,408.01
Tea Estate Field Development	Rs. Mn	250.2	168.5	364.1
Investment In Compost	Rs. Mn	4.5	93.0	12.5
Coffee Land (new plantation)	Ha.	101.2	84.5	66.5
Coffee Cultivation Field Development	Rs. Mn	36.8	63.8	24.6
Timber land	Ha	886.8	883.3	751.6
Timber Development	Rs. Mn	3.5	7.4	11.0

Asset Type		Total Extent (Ha)	Net Carrying value Rs. '000	Crop Kg ('000)
Crops	Tea	3,490.0	1,569,902	7,136
	Timber	886.8	2,350,401	-
	Coffee	101.2	216,838	3





Tea Performance

Tea remained the primary biological asset base during the year under review. The Company maintained focus on improving tea productivity, quality, and field efficiency through enhanced agronomic practices, systematic pruning cycles, timely fertilizer application, and strengthened estate management.



Continuous investments in replanting and field rehabilitation programmes enabled the estates to sustain healthier tea bushes and improve field productivity across estates. During the year, 14.0 hectares of new tea planting was completed as part of an ongoing rejuvenation strategy aimed at replacing aged tea fields with higher-yielding cultivars.





Despite adverse weather conditions, rising input costs, labour shortages, and broader industry-related pressures, the Company achieved a total tea production volume of



7.13 million kilograms during the year, recording a commendable improvement over the 6.77 million kilograms of crop last year. Hatton Plantations also secured the highest tea volumes sold at the Colombo Tea Auction for the seventh consecutive year, reaffirming the strength of our manufacturing capabilities, product quality, and market presence.

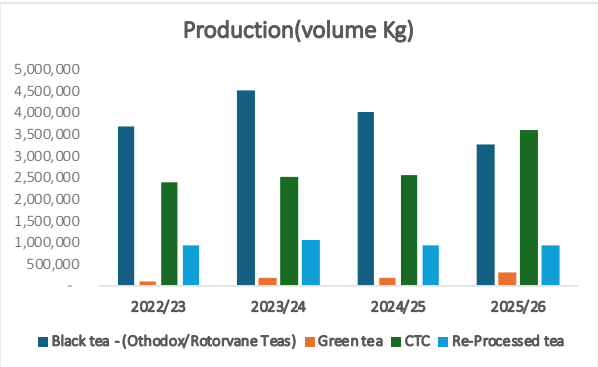
The composition of tea production continued to evolve during the year, with CTC tea contributing the largest share of production at 3.59 million kilograms, increasing significantly from 2.56 million kilograms recorded in the last year. Green tea production also improved to 295,166 kilograms from 183,126 kilograms, reflecting HPL's continued efforts to diversify the product offering and cater to evolving market demand. Orthodox and Rotorvane tea production recorded 3.26 million kilograms during the year, while re-processed tea volumes amounted to 903,346 kilograms.

Regional performance remained strong across all operating segments. Hatton region continued to contribute the highest production volume at 3.77 million kilograms, followed by Lindula with 2.06 million kilograms and Watawala with 1.30 million kilograms. Lindula and Hatton regions recorded notable year-on-year production improvements, collectively supporting the Company's overall production growth during the year.

HPL recorded a net sales average of Rs. 1,071.74 per kilogram, demonstrating the resilience, quality positioning, and competitiveness of the Company's tea portfolio amidst fluctuations in global tea demand.

Tea performance (production volumes kg)

	2025/26	2024/25	2023/24	2022/23
Black tea – (Othodox /Rotorvane Teas)	3,255,627	4,023,361	4,511,864	3,665,835
Green tea	295,166	183,126	170,524	71,972
CTC	3,585,258	2,564,013	2,506,679	2,368,300
Re-Processed Tea	903,346	938,791	1,057,929	902,086



Regional Production in kg

Tea Region	Watawala	Lindula	Hatton
2025/26	1,302,310	2,059,537	3,774,204
2024/25	1,308,967	1,977,824	3,483,388

Diversification into Coffee and Timber

In line with the Company's long-term diversification strategy, Hatton Plantations continued to expand our coffee and timber cultivation programmes during the year. Coffee land extent increased to 101.2 hectares from 89.7 hectares last year, while timber land extent expanded to 886.8 hectares. Investments in coffee cultivation field development amounted to Rs. 36.8 million during the year, supporting the Company's strategic objective of progressively increasing coffee cultivation extent to approximately 500 hectares over the coming years.

Significantly, HPL recorded a coffee harvest of 2,870 kg during the year, marking an important milestone in the diversification journey of the company. Currently, coffee harvest is traded in bean form due to insufficient crop for processing at commercial level. Although coffee cultivation remain in their early stages of maturity and are yet to generate commercially significant returns, these ventures represent promising long-term biological assets that would contribute positively towards future profitability, sustainability, and revenue diversification.

Biological Asset Development and Sustainability Initiatives

During the Ditwah cyclone, Hatton Plantations' estates demonstrated greater resilience as a result of the soil erosion prevention, drainage improvement, and plantation rehabilitation initiatives undertaken in the last year. These proactive measures significantly reduced the impact of heavy rainfall, flooding, and potential landslide risks, enabling estates to recover faster and maintain operational continuity under challenging weather conditions.



The Company continued to strengthen investment in biological asset development during the year focusing on improving soil and crop quality. Hatton Plantations undertook several proactive measures to minimize the impact of erratic weather on plantations and maintain agricultural productivity. Grass planting covering 26.6 hectares was undertaken to improve soil stability, reduce erosion risks, and enhance moisture retention capacity within vulnerable plantation areas. Continuous composting initiatives were carried out to maintain soil fertility and support sustainable agricultural practices. In addition, terrace and drainage construction, rainwater harvesting systems, and land reinforcement activities were implemented to mitigate the impact of heavy rainfall and changing climatic conditions on estate lands.

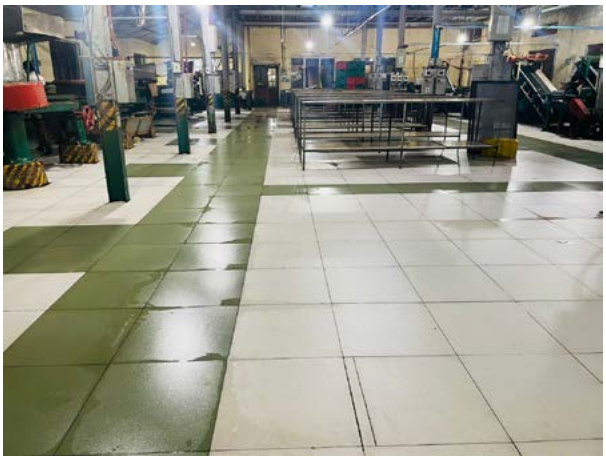
In support of sustainable cultivation practices, the Company also prioritized the procurement and timely application of high-quality fertilizers to ensure optimal plant nutrition, improve crop health, and sustain field productivity. Through drone technology integration, HPL also improved targeted fertilizer application to lower fertilizer wastage.

Hatton Plantations intensified replanting and soil management programmes across tea, coffee, and timber cultivations to enhance future productivity and maintain the health and resilience of estate lands. Approximately 52.1 hectares were replanted across tea, coffee, and timber plantations as part of the Company's ongoing estate rejuvenation strategy.

Total capital expenditure incurred on biological asset development during the year amounted to Rs. 292.9 million across all crop categories, while tea estate field development expenditure increased significantly to Rs. 250.2 million compared to Rs. 168.5 million last year. These investments focused on land preparation, replanting, field rehabilitation, soil conservation, drainage improvement, and overall plantation improvements.

Physical Assets

Hatton Plantations PLC continued to strengthen our manufactured capital base during the year through strategic investments in physical assets, production infrastructure, and operational modernization initiatives. The Company recognizes that maintaining efficient and technologically advanced factory and estate infrastructure is essential to sustaining product quality, improving productivity, and enhancing long-term operational resilience within the plantation sector.

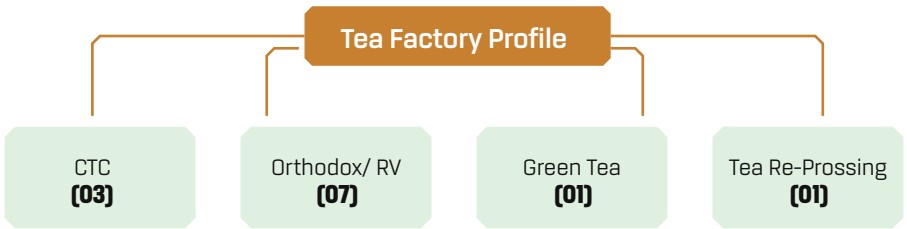


During the year under review, HPL recorded a total capital expenditure investment of Rs. 529.8 million directed towards estate development, factory modernization, machinery enhancement, and infrastructure improvement across operations. Of this investment, Rs. 89.1 million, representing 16.8% of total capital expenditure, was allocated towards machinery and equipment installations aimed at improving production capacity, operational efficiency, and manufacturing quality standards within estate factories. Net book value of Property, plant and equipment value was at Rs. 1,208.1 million during the year, indicating a growth of 11.2% over last year.

Continuous investments in factory production machinery and operational technologies enabled Hatton Plantations to

improve manufacturing processes, strengthen processing efficiency, and optimize resource utilization across estates. These initiatives contributed towards an overall productivity improvement of 8% during the year, demonstrating the effectiveness of the Company's ongoing investments in mechanization and operational enhancement. Through these efforts, Hatton Plantations continued to reinforce the reliability, efficiency, and sustainability of our physical asset base for long-term value creation and maintain competitiveness within the plantation industry.

Net Book Value – PPE		2026	2025	2024	% Change over last year
Buildings	Rs. Mn	607.5	584.9	590.1	3.9%
Motor Vehicles	Rs. Mn	101.1	37.5	51.8	>100%
Plant & Machinery	Rs. Mn	322.4	279.2	306.4	15.4%
Equipment	Rs. Mn	62.9	68.5	50.7	-8.2%
Computers/IT	Rs. Mn	7.7	10.2	10.5	-24.5%
Furniture & Fittings	Rs. Mn	9.9	8.7	7.2	13.8%
Others	Rs. Mn	51.7	60.6	58.7	-14.7%



Name of Estate	Elevation Category	Type of Factory	Production (Kgs)
Watawala Region			
Kenilworth	Western Medium Grown	Orth/RV	426,132
Carolina	Western Medium Grown	CTC	442,665
Wigton	Western Medium Grown	-	193,908
Shannon	Western High Grown	Orth/RV	239,605
Hatton Region			
Abbotsleigh	Western High Grown	CTC	1,606,464
Dickoya	Western High Grown	Orth/RV	649,244
Vellaioya	Western Medium Grown	Orth/RV	541,125
Strathdon	Western Medium Grown	CTC	977,371
Lindula Region			
Waltrim	Western High Grown	Orth/RV	608,223
Henfold	Western High Grown	Orth/RV	604,710
Tangakelle	Western High Grown	Orth/RV	298,679
Agrakande	Western High Grown	Green Tea	247,565
Ouvahkelle	Western High Grown		300,360

Hatton Plantations PLC continued to invest in our physical assets during the year under review, reinforcing the Company's commitment towards enhancing operational efficiency, manufacturing quality, worker welfare, and long-term sustainability.

Digitized Machinery Installation and Factory Modernization

The Company continued to modernize manufacturing operations through the installation of advanced digitized machinery across selected factories. During the year, a new CTC production line incorporating digital sharpening technology was commissioned at Strathdon Estate, while an additional CTC line was installed at Abbotsleigh Estate to further strengthen processing capabilities. These technologically advanced upgrades contributed to improved operational efficiency, enhanced consistency in tea quality, reduced factory downtime, and increased processing capacity across the manufacturing network.



The enhanced technology also enabled greater precision in the manipulation of CTC grades to better align with evolving client preferences and market demand. As a result of the machinery upgrades, CTC production volumes increased by 39.8% to reach 3,585,358 kg during the year. In addition, HPL successfully expanded market reach by entering the East Asian bubble tea segment with BP1 graded CTC tea variety, creating new avenues for product diversification and revenue growth.

Installation of Moder Tea Colour Sorter

Hatton Plantations commissioned a state-of-the-art color sorter at Tangakelle Estate with an investment of Rs. 28.3 million. The new system precisely removes non-black particles from processed green tea, boosting sorting efficiency and accuracy and delivering greater consistency, superior appearance, and elevated quality standards. This upgrade strengthens Hatton Plantations' ability to meet evolving international quality expectations in the specialty tea segment.

Backed by timely technology adoption, Hatton Plantations PLC's green tea is widely regarded as among the finest in Sri Lanka, underscoring the value created through targeted capital investment. The installation has also reduced manual sorting requirements and lowered overall factory costs, while increasing annual output by 61.2% to 295,166 kg.

Factory Premises Rehabilitation and Infrastructure Improvements

Continuing the rehabilitation initiatives commenced in the last year, Hatton Plantations PLC undertook extensive restoration and modernization work across the Carolina and Henfold Estates, focusing on factory buildings and estate infrastructure, some of which date back over a century. The upgrades included comprehensive roofing replacements, flooring and tiling improvements, structural rehabilitation, and broader infrastructure enhancements aimed at preserving the durability, safety, and operational efficiency of these historic facilities. In addition, new restroom facilities were constructed at Dickoya Estate in line with modern factory standards and employee welfare requirements. The continued maintenance and upgrading of these physical assets remain critical to sustaining uninterrupted operations, enhancing manufacturing efficiency, and supporting the consistent production of high-quality Ceylon Tea.

● Introduction of Advanced Mechanized Plucking Equipment

During the year, Hatton Plantations upgraded the mechanized tea harvesting operations by replacing earlier mechanized plucking units with more advanced battery-operated plucking machines. The newly introduced equipment is lighter, more mobile, and operationally efficient, enabling improved ease of use across varying terrain conditions within the estates. The enhanced mechanization programme contributed towards improved plucking efficiency, operational continuity, and labour productivity during periods of labour shortages and adverse weather conditions.

● Expansion of Warehousing/ Workshop Facilities

To support ongoing machinery modernization and strategic tea quality enhancement initiatives, Hatton Plantations PLC expanded the warehouse and workshop facility at Abbotsleigh Estate during the year. The extension of the facility enabled the installation of additional machinery and specialized maintenance equipment required to support increasingly advanced factory operations. Among the new additions were specialized sharpening machines designed to improve maintenance efficiency and ensure the optimal performance and longevity of production equipment across the estates.

The enhanced workshop capabilities have significantly strengthened factory operations by enabling faster and more reliable maintenance support at estate level, thereby reducing operational downtime and improving overall manufacturing efficiency.

● Installation of Ducting System

At Agarakanda green tea factory, a new ducting system was installed at a cost of Rs. 5.6 million to strengthen environmental control within the manufacturing process. The ducting facility plays a critical role in regulating humidity and temperature conditions essential for maintaining green tea quality standards and ensuring consistency during processing operations. This investment supports improved manufacturing precision, energy efficiency, and product quality within the factory.

Technology Infrastructure

As part of our long-term strategic transformation agenda, Hatton Plantations PLC has progressively integrated advanced technology across factory operations, estate management systems, and administrative functions over the past several years. These investments are aimed at addressing labour-related constraints, strengthening operational monitoring and supervision, improving process efficiency, and enabling access to real-time operational data to support timely and informed decision-making.

The continued integration of technology has also contributed towards enhancing estate-level productivity, improving operational transparency and accountability, and promoting greater efficiency and fairness for estate workers and staff. Through these initiatives, the Company continues to strengthen overall operational performance, improve resource management, and enhance competitiveness within the plantation industry.

During the year under review, the company invested a total of Rs.23.4 million in technology upgrades and enhancements.

Technology Infrastructure Composition in 2025/26

IT equipment (Rs '000)	2,851
Technology infrastructure (Rs '000)	14,288
Staff capacity development/ Training (Rs '000)	6,281.2

Drone-Supported Estate Mapping

The Company continued to utilize drone technology for the mapping and monitoring of estate lands, enabling more accurate identification and measurement of cultivated areas across plantations. This initiative has significantly improved resource planning and operational management by providing precise land data for fertilizer allocation, labour deployment, and cultivation planning. In addition, drone-supported mapping has enabled the identification of underutilized and vacant land areas with potential for future cultivation and diversification initiatives.

Digital Field Supervision and Estate Management

During the year, Hatton Plantations strengthened the estate management systems through the introduction of digital field data collection software. Estate supervisors were equipped with digital tablets to update and share field information in real time, improving the accuracy, accessibility, and transparency of operational data across estates. The system has enhanced monitoring capabilities, streamlined reporting processes, and enabled faster decision-making through improved visibility of field operations and crop management activities.

Digitized Tea Processing and Factory Modernization

The Company continued to modernize the manufacturing processes through investments in digitized tea processing machinery across green tea and CTC production lines. The introduction of advanced processing technologies contributed towards improved product consistency, enhanced tea quality, increased processing volumes, and greater operational efficiency within factory operations. The digitized systems also reduced dependence on manual supervision while improving productivity and process reliability across manufacturing facilities.

Automation of Factory Processes

Hatton Plantations further advanced the automation of factory operations through the adoption of technologically advanced manufacturing systems and digital machinery. The automated systems introduced during the year are capable of self-monitoring and supporting preventive maintenance functions, enabling improved operational continuity and reduced machinery downtime. Automation has also contributed towards improved energy efficiency through enhanced monitoring and control of energy usage within factory operations. In addition, reduced manual handling has strengthened hygiene standards, minimized contamination risks, and lowered dependence on labor-intensive processes.

Drone-Supported Fertilizer Application and Spraying

The Company expanded the use of drone technology for fertilizer application and crop protection activities across estates during the year. Drones were utilized for the spraying of foliar fertilizers, standard fertilizers, and crop protection chemicals, enabling timely nutrient application and effective crop management despite labour shortages and difficult terrain conditions. During periods of excessive rainfall and high moisture levels, several estates experienced outbreaks of blister blight disease affecting tea plants. The use of drone-supported spraying technology enabled rapid intervention and efficient application of plant protection treatments, helping minimize crop damage, preserve plant health, and maintain production quality standards.

Remote Monitoring and Smart Factory Oversight

Hatton Plantations invested in remote monitoring technologies through the installation of CCTV systems and related digital monitoring software across factory operations. These systems have improved operational oversight, strengthened factory floor management, and

enhanced workplace efficiency while supporting higher hygiene standards and reduced contamination risks. The Company plans to further expand the remote monitoring framework to enable centralized monitoring of estate factories from the Head Office in Colombo, creating an integrated operational oversight system across all estates.

Digital Weighing Systems

The digital weighing systems introduced in the last year was continued and enhanced in most estates during the year under review. The upgraded systems enable efficient and accurate batch weighing of tea, replacing traditional manual weighing and grading processes. The automated weighing process has improved operational accuracy, transparency, and efficiency while reducing manual intervention.
The system also provides pluckers, tea smallholders, and external tea suppliers with more accurate volume information, improving confidence and transparency in tea collection and processing operations.

Mechanized Tea Harvesting

Mechanized tea plucking operations, initially introduced last year, was extended to other estates during the year under review. The introduction of advanced battery-operated mechanized plucking equipment significantly improved mobility, operational convenience, and harvesting efficiency across varying estate terrain conditions. The mechanization programme played a critical role in supporting continuity in plucking operations during periods of labour shortages and adverse weather conditions, contributing positively towards maintaining tea volumes, improving field productivity, and enhancing overall operational efficiency across the plantations.Processes Improvements

Hatton Plantations PLC continued to implement several process improvements during the year aimed at enhancing manufacturing efficiency, operational reliability, product quality, and overall estate performance. Through targeted technology integration, automation initiatives, and facility upgrades, the Company streamlined key production processes, improved operational monitoring, and enhanced resource utilisation across estates and factory operations. These process enhancements have contributed towards improving productivity, reducing operational inefficiencies, and supporting the consistent delivery of high-quality tea products.

Most of the process improvements during the year were through technology integration, machinery replacements and physical infrastructure upgrades. In addition, HPL also improved support services for better coordination, efficiency and administrative assistance.

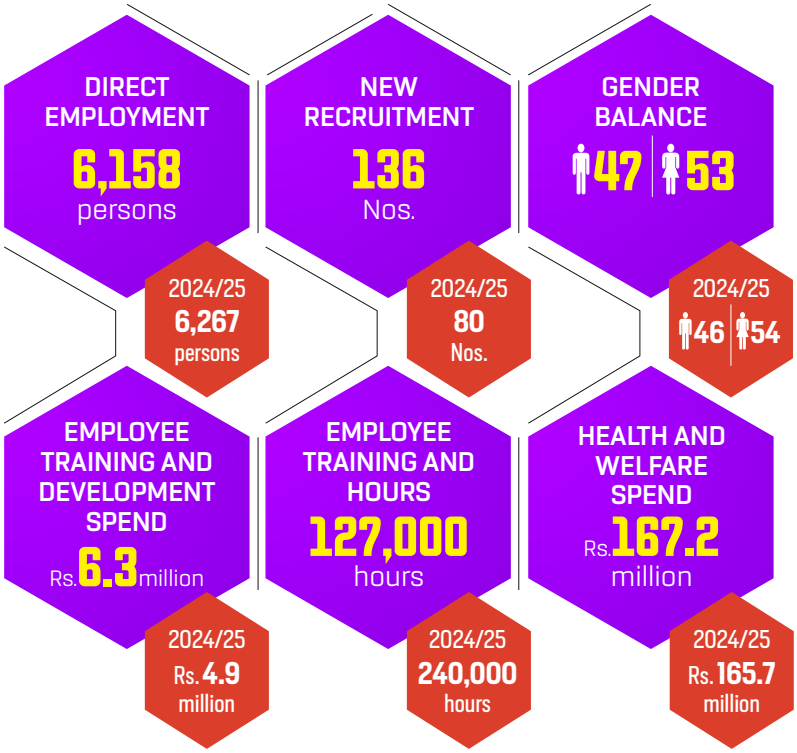
Process Improvement	Description	Results Achieved
Improvement of the CTC lines	Installation of 2 CTC lines at factories	• Achieved Best Medium Grown CTC Factory status in SL by net sales average • Increased production from 24,000 kg per day to 30,000 kg per day • Gained Rs.75-100 increase in price per Kg for CTC teas
Enhancing of CTC tea grading	Installation of 2 CTC lines at factories	• Increase in quality customisation for client requirements • Entry into BP1 class of CTC for bubble tea market
Improvement of green tea colour separation	Installation of colour sorter	• Recognised as best quality green tea manufacturer in SL • Increased demand and prices for green tea at auction • Output growth by 10 %
Enhancing Factory Standards	Upgrading factory facilities such as roofs, floors, facilities for workers	• Compliance with international benchmarks and certifications • Improve hygiene and reduce contamination potential
Maintenance and Support	Expanding in field workshop with technical experts, spares	• Reduce downtime, • Improve production efficiency
Logistics Enhancements	Dedicated vehicle fleet and drivers pool	• Timely delivery of leaf which is crucial for tea production
Monitoring and Supervision	Appointment of dedicated, cross-functional team to regularly monitor estate operations	• Improved transparency • Supporting cost management • driving productivity improvements across the estates.
Decentralizing supply chain activities	Setting up of estate level procurement, inventory and supply management.	• Efficiency improvement of supply chain • Improved procurement and inventory management • Secure continuous supply of material • Better negotiating power at ground level • Speedier deployment across estates
Furthering ground Support and Supervision	Making available staff for field support and supervision. This includes input on quality, hygiene, productivity, operational efficiency etc	• Increase market-oriented output • Improved efficiency and production • Improved quality • Speedy assistance services on technical, support, administrative and other areas

HUMAN CAPITAL

People are at the heart of Hatton Plantations PLC's success and sustainability. Our Human Capital includes estate workers, staff, supervisors, and management whose skills, commitment, and adaptability drive value creation and support the effective use of all other resources.

Despite challenges such as labor shortages, changing workforce expectations, and rising employment costs, we continued to strengthen workforce resilience and productivity. Investments in training, digital solutions, employee engagement and empowerment, have prepared our people for the evolving needs of the plantation sector.

Aligned with the Company's growth and transformation agenda, our Human Capital strategy is guided by three key pillars: HR as a Change Agent, HR as a Strategic and Administrative Expert, and HR as an Employee Champion. These pillars support talent development, organizational agility, employee well-being, and an inclusive workplace culture.



HR as a Change Agent

The Human Resources Division continued to serve as a key catalyst for transformation, driving organizational change and fostering a culture of continuous learning, adaptability, and innovation across both corporate and estate operations. As the Company accelerated our digitization and automation journey, HR played a pivotal role in facilitating the successful integration of new technologies by aligning people, processes, and capabilities with evolving business requirements. Through targeted interventions, HR supported employees in adapting to technology-driven work environments, ensuring a smooth transition while enhancing productivity, efficiency, and operational excellence.

Recognizing that sustainable transformation extends beyond systems and technology, the Division implemented a comprehensive range of capacity-building initiatives aimed at strengthening technical competencies, leadership capabilities, digital literacy, and change readiness among

Strategic HR Pillars



employees at all levels. Through structured on-field and off-field training programs, coaching, mentoring, and continuous support mechanisms, employees were empowered to embrace new ways of working, adopt positive attitudes towards change, and develop behaviors that support innovation, accountability, and continuous improvement. These efforts were instrumental in fostering a workforce that is agile, resilient, and equipped to contribute effectively to the Company's modernization agenda.

Under the role of HR as a Change Agent, HR implemented activities in 3 broad areas:



Growth and Future Readiness

Leadership Through Industry Exposure

As part of our commitment to developing future-ready leaders, the Company facilitated an exposure and learning visit for estate managers and factory officers to Ceylon Biscuits Limited. The Program provided participants with valuable insights into modern manufacturing operations, quality assurance systems, process optimization, and contemporary management practices.

By encouraging cross-industry learning and the exchange of best practices, the initiative broadened operational perspectives, strengthened leadership capabilities, and enhanced readiness to adapt to evolving industry demands. Such exposure supports the development of agile, innovative, and performance-driven leaders capable of driving operational excellence and sustainable growth across the company's estates and factories.





Estate Youth Clubs

The Estate Youth Club initiative was introduced to engage young people within estate communities and create greater awareness of career and employment opportunities available within the plantation sector. The program aims to encourage active youth participation in estate-related activities, including welfare, community development, and social engagement initiatives, while fostering leadership, teamwork, and personal development.





Since our launch in August, the program has conducted a series of awareness sessions and four Youth Club meetings, with approximately 34 young participants actively involved. Through these engagements, the company seeks to empower estate youth, broaden their career aspirations, and strengthen their connection to the plantation sector, while creating pathways for future employment, skills development, and community leadership.

Field HR Representative

To strengthen employee engagement and ensure timely support at the grassroots level, the company has appointed dedicated HR Representatives across all estates. Serving as the primary link between employees and the human resources division, these representatives work closely with estate managers while maintaining regular engagement with the central HR team.

Their role encompasses employee welfare, health and wellbeing initiatives, grievance handling, and support for workforce-related administrative matters, including EPF and ETF concerns. By maintaining close contact with employees and their families, HR Representatives play a vital role in identifying welfare needs, addressing workplace concerns, and facilitating access to resources and support services. Through their on-the-ground presence, they help foster a positive work environment, strengthen employee relations, and enhance the overall wellbeing of the estate workforce.





Industry Exposure and Youth Engagement

The Company actively promotes awareness of career opportunities within the plantation sector among university students and young people outside estate communities by strengthening partnerships with academic institutions and providing practical industry exposure. During the year, students from the Faculty of Technology of the University of Jaffna visited the Waltrim Factory and estate operations, gaining first-hand insight into tea manufacturing processes, plantation management practices, and human resource functions within the industry.




These engagements help bridge the gap between academia and industry while introducing students to the diverse professional opportunities available in the plantation sector. By providing exposure to modern plantation operations, technology-driven processes, and management careers, the Company aims to broaden perceptions of the industry, encourage educated youth to consider plantation-sector careers, and support the development of a skilled talent pipeline for the future sustainability and growth of the industry.

Labor Relations for Productivity Training

As part of our commitment to developing future leaders and fostering productive workplace relationships, Hatton Plantations PLC facilitated a Labor Relations for Productivity training Program for estate youth and management in collaboration with the National Institute of Labor Studies (NILS) under the Ministry of Labor and Foreign Employment.

The Program focused on strengthening leadership and management capabilities, promoting teamwork, trust, and workplace cooperation, and cultivating positive attitudes and mindsets that support productivity and organizational

success. By bringing together estate youth and management, the initiative encouraged constructive engagement, mutual understanding, and a shared commitment to building a more collaborative, resilient, and high-performing workforce.





• Attitude and Behavioral Change

Driving Change through Gender Awareness and behavior Change

The Company conducted a Gender Champions and Grievance Workshop to foster positive behavioral change and strengthen a culture of inclusion, respect, and accountability across our estates. The Program focused on empowering participants to serve as advocates for gender equality, promoting awareness of fair and transparent grievance-handling processes, and encouraging behaviors that support a safe and respectful workplace.

By challenging biases, strengthening understanding, and reinforcing shared values, the initiative contributed to creating a more inclusive work environment while promoting positive attitudes, mutual respect, and responsible workplace conduct throughout the organization.







Quality Cluster Leader Program – 'Taradhara Kulu'

The Quality Cluster Leader program was introduced as a self-management initiative designed to strengthen accountability, leadership, and quality standards at the field level. Under this model, small teams of workers are guided by trained Cluster Leaders who are equipped with the knowledge and skills required to maintain green leaf quality, achieve daily productivity targets, and promote best agricultural practices.

Supported and mentored by field officers, cluster leaders facilitate peer-to-peer learning and encourage greater ownership of performance within their teams. By empowering workers to lead, monitor quality, and drive continuous improvement, the program reduces reliance on direct supervision while fostering a culture of responsibility, teamwork, and operational excellence.

As at the reporting date, 150 male quality cluster leaders and 200 female leaders were actively engaged across 60 estate divisions,

contributing significantly to quality enhancement, workforce development, and the company's broader transformation agenda.

Supplementary Income Generation Opportunities

Hatton Plantations PLC promotes diversified employment opportunities within estate operations to enhance earning potential and provide more consistent livelihood opportunities for workers. While female workers are primarily engaged in tea plucking, male workers are provided with opportunities to undertake a range of estate-related agricultural activities throughout the year.

These activities include weeding, pruning, mossing and ferning, chemical application, field maintenance, and other essential cultivation practices that support estate productivity and sustainability. By creating access to multiple work streams beyond plucking, the Company helps workers secure additional income, develop broader skill sets, and contribute to the efficient management of estate operations.

Clean Energy Cookstove Project: Driving Sustainable Behavior Change

As part of HPL's role as a catalyst for positive social transformation, the Human Resources Division supported the implementation of the Clean Energy Cookstove Project in partnership with Nilcarbon Lanka (Pvt) Ltd., driving awareness, adoption, and behavioral change across estate communities. The initiative was designed not only to introduce cleaner cooking technology







but also to encourage more sustainable lifestyles, improve health outcomes, and strengthen environmental stewardship among employees and their families.

By facilitating community engagement and awareness programs, HR played a key role in promoting the benefits of clean energy solutions, including reduced firewood consumption, lower household air pollution, and improved wellbeing for women and children. The project also contributed to reducing pressure on forest resources while supporting broader climate action and sustainable development objectives.

To date, 9,129 clean energy cookstoves have been distributed free of charge to workers and community members across the company's estates. Through initiatives such as these, HR continues to act as a change agent, empowering communities, influencing positive behavioral change, and creating lasting social, environmental, and economic value beyond the workplace.

Youth Mental Wellbeing and Personal Development
In our efforts to develop resilient and confident young individuals, the Company conducted a psychological awareness Program for estate youth focused on mental wellbeing and personal growth. The Program provided guidance on building self-confidence, managing stress, developing positive mindsets, and enhancing emotional resilience to better navigate personal and social challenges.

Through initiatives such as these, the Company seeks to support the holistic development of young people, equipping them with the knowledge, skills, and confidence needed to pursue their aspirations and contribute positively to their communities.

• Digital Integration and Workforce Transformation

As the Company continues our journey towards greater digitization and automation, the Human Resources Division plays a central role in enabling the successful adoption of new technologies across estate and corporate operations. Recognizing that digital transformation requires both technological and behavioral change, HR has implemented continuous training, coaching, and support programs to strengthen digital literacy and build employee confidence in using new systems and tools.

Through structured capacity-building initiatives, hands-on guidance, and ongoing technical support, employees at all levels are equipped with the skills required to adapt to technology-driven work environments and evolving operational processes. These efforts have facilitated the smooth integration of digital solutions into daily operations, enhanced efficiency and data-driven decision-making, transparency, security across estate and factory operations, and fostered a culture of continuous learning, innovation, and adaptability across the organization.

During the year, the Human Resource Division supported the implementation and integration of below digitization initiatives:

Digital Employee Identification
A QR code-based employee identification system was introduced to replace Near Field Communication (NFC) technology, providing a more cost-effective, accessible, and environmentally sustainable solution for workforce identification and attendance management.

GPS Vehicle Tracking and Route Optimization
GPS-enabled tracking systems were implemented across estates for transport vehicles to optimize route planning, improve fleet utilization, reduce fuel consumption, and strengthen security through enhanced monitoring and prevention of misuse and pilferage.

Digital Weighing Systems
The digitization of factory green leaf weighing processes has significantly improved operational efficiency, accuracy, and transparency. The system enables real-time monitoring of green leaf intake, enhances traceability, and minimizes the risk of pilferage while supporting more effective factory operations.

Digital Empowerment of Estate and Corporate Management
Estate managers and head office personnel are equipped with mobile tablets that provide real-time access to operational and financial data. This enables timely performance monitoring, seamless information sharing, digital validation and approval of workflows, and more informed decision-making across the organization.

LeafIQ – Online Field Performance Monitoring System
Developed by the company's in-house IT team, LeafIQ is a Power BI-based field performance dashboard that provides real-time visibility into plucking rounds, agricultural activities, workforce deployment, and estate operational performance. Through interactive data visualizations and KPI tracking, the platform supports planning, performance management, and strategic decision-making by delivering actionable insights across all estates.

IT Infrastructure Milestones:

- Azure Cloud Migration - The Company's Plantation ERP (Olax) platform was successfully migrated from an on-premises virtual server environment to Microsoft Azure Cloud, strengthening system reliability, scalability, cybersecurity, and overall infrastructure resilience.
- Enhanced Cloud-Based Data Security - Estate database backup systems were transitioned from local storage environments to cloud-based platforms, significantly reducing the risk of data loss and enhancing business continuity capabilities.
- Fiber Network Expansion - High-speed fiber connectivity was extended to Strathdon, Dickoya, Shannon, Tea Club, and the regional warehouse, strengthening digital connectivity across key operational locations. Enhanced connectivity at the regional warehouse has also enabled the implementation of the Olax ERP Inventory Management Module, supporting improved inventory visibility, control, and operational efficiency.

HR as a Strategic and Administrative Expert

The Human Resources Division serves a critical administrative and support function within plantation management, ensuring the effective management of the company's workforce across estate, factory, and corporate operations. Our responsibilities encompass workforce planning, recruitment, employee records management, payroll administration, statutory compliance, performance management, training, employee welfare, and industrial relations, thereby supporting the smooth functioning of day-to-day operations.

At Hatton Plantations PLC, our people are the driving force behind our success and long-term sustainability. We therefore place strong emphasis on cultivating a stable, skilled, and engaged workforce that supports the efficient management of our estates and operations. Our workforce of 6,158 employees comprises predominantly field and estate workers, supported by a dedicated team of supervisory, technical, administrative, and management personnel who contribute to operational excellence across our geographically dispersed estates.

During the year, the HR Division further strengthened our effectiveness through the integration of ERP systems and digital technologies, enabling real-time monitoring and management of HR activities across both field and non-field operations. Enhanced access to workforce data improved decision-making, strengthened compliance and administrative efficiency, and enabled timely interventions to address workforce needs, supporting greater productivity and operational excellence across the company.

Our workforce reflects the inclusive nature of the plantation sector, with a significant female employee base playing a central role in our operations. This is complemented by a balanced representation of male employees across field, technical, and management functions, resulting in a male-to-female ratio of 47 : 53.

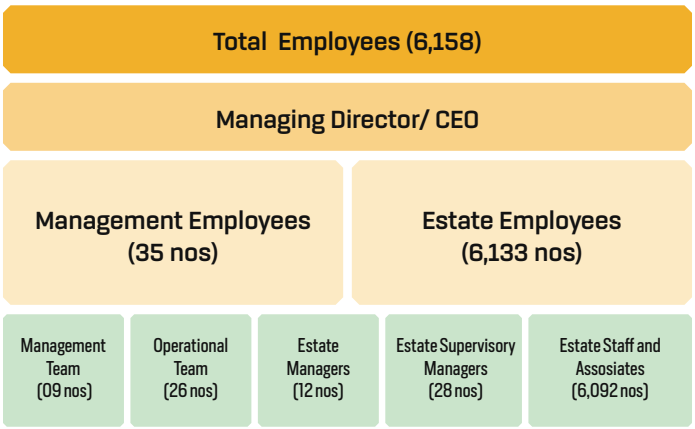
HRIS: Advancing Digital Human Capital Management

In alignment with the company's broader digital transformation agenda, the Human Resources Division commenced the implementation of a Human Resource Information System (HRIS), marking a significant step towards the digitization of human capital management processes. The initiative is designed to transform traditional paper-based HR administration into an integrated, data-driven, and fully digital ecosystem.

The first phase of implementation focuses on digitizing employee records, employment histories, personnel files, and leave management processes, creating a centralized repository of workforce information that enhances accessibility, accuracy, and administrative efficiency. Future phases will incorporate performance management systems for executive and estate-level employees, electronic personnel files, and enhanced reporting capabilities, enabling more effective monitoring and management of workforce performance across the organization.

The HRIS is expected to significantly reduce the time spent on manual record retrieval and administrative processes while improving data accuracy, compliance, and decision-making. Once fully operational, the system will also support advanced workforce analytics and predictive workforce planning, enabling the company to forecast labor requirements, optimize resource allocation, and respond proactively to operational needs.

Human Capital Profile



Estate Staff and Associate Profile by employment type

	Total Staff		
	Permanent	Contract	Total
Staff	314	25	339
Associate	3,098	2,655	5,753
Total	**3,412**	**2,680**	**6,092**

Estate Staff and Associate Profile by Gender

	Total Staff (by Gender)		
	Male	Female	Total
Staff	247	92	339
Associate	2,599	3,154	5,753
Total	**2,846**	**3,246**	**6,092**

Estate Staff and Associate Profile (as at 31.03.2026) by Region

	Total Staff (by Gender)		
	Permanent	Casual	Total
Watawala	567	518	1,085
Hatton	1,347	1,063	2,410
Lindula	1,498	1,099	2,597
	3,412	**2,680**	**6,092**

During the year, HR Division continued to support the Company's strategic and administrative functions through targeted initiatives:

Strengthening Labor Relations and Employee Engagement

The Company continued to invest in initiatives that promote positive labor relations, employee wellbeing, and workplace engagement. Improvements to worker welfare facilities, including access to essential amenities and rest areas, contributed to enhancing working conditions and employee satisfaction.

To encourage greater participation and accountability, the company strengthened our Quality Cluster Program, empowering selected workers to serve as Quality Cluster Leaders who facilitate discussions on quality standards, productivity targets, and continuous improvement practices within their teams. Regular pocket meetings conducted by field staff further enhanced communication, transparency, and employee engagement by providing a platform to share operational updates, welfare information, and workplace concerns.

Sustainability and Standards Excellence

The Human Resources Division played a key role in supporting the company's sustainability agenda by facilitating compliance with internationally recognized standards and certifications. Through employee awareness, training, and continuous improvement initiatives, the company strengthened our commitment to responsible business practices, operational excellence, and sustainable plantation management.

Employee Motivation and Recognition

Recognizing the importance of a motivated workforce, the company implemented a range of initiatives aimed at enhancing employee engagement, performance, and wellbeing. These included performance-based incentives, employee welfare programs, recognition initiatives, and support mechanisms designed to encourage productivity, reinforce positive behaviors, and improve overall morale across the workforce.







Leadership Development and Succession Planning

To ensure long-term organizational sustainability, Hatton Plantations PLC continued to strengthen our succession planning framework by identifying high-potential employees and providing structured leadership development opportunities. through targeted training, mentoring, and career development initiatives, the company is building a strong pipeline of future leaders capable of driving continued growth, innovation, and operational excellence.









Inclusivity and Equality

Hatton Plantations PLC remains committed to fostering an inclusive, safe, and productive work environment built on dignity, mutual respect, employee wellbeing, and ethical conduct. This commitment is supported by a robust governance and policy framework that guides all aspects of human capital management. Our Code of Ethics, available in all three national languages, clearly outlines employee rights, responsibilities, and expected standards of behavior. Together with our human resource policies, these frameworks are aligned with regulatory requirements and recognized best practices, ensuring a fair, responsible, and supportive workplace for all employees. Key policies include:

Policy	Application
Employment policy	● No Child labor ● No Forced labor ● No Harassment ● No Discrimination
Human Resource and Social Policy	● Dignity and Respect ● Training and empowerment ● Equal opportunity ● Freedom of Association ● Grievance handling ● Local communities
Wage Policy	● Career Growth Opportunities ● Fair remuneration ● Suitable benefour and incentives ● Rewards and Recognitions
Health and Safety policy	● Health and welfare ● Work-life balance ● Fire and First Aid ● Safety and Safety protocols

Hatton Plantations PLC is committed to providing equal employment opportunities and fostering a workplace culture built on fairness, diversity, inclusion, and mutual respect. We maintain a strict zero-tolerance approach to discrimination and ensure that all recruitment, selection, training, promotion, and career development decisions are based solely on merit, capability, and performance, irrespective of gender, ethnicity, religion, or other personal characteristics.

As a company deeply rooted within estate communities, we actively create pathways for employment, career advancement, and leadership development for estate youth. Through targeted engagement programs, industry exposure initiatives, training opportunities, and structured career pathways, we seek to expand employment prospects and encourage young people to pursue rewarding careers within the plantation sector.

Building on the success of the Female Estate Supervisor initiative introduced in the last year, the company further expanded opportunities for educated young women from estate communities to assume supervisory and leadership roles. The Program provides participants with the technical knowledge, leadership skills, and practical experience required to contribute effectively to estate management and operational decision-making. By increasing female representation in supervisory positions, the initiative challenges traditional barriers, promotes gender equality, and creates meaningful career progression opportunities for women within the plantation industry.

Through these efforts, Hatton Plantations PLC continues to strengthen workforce diversity, empower women and youth, and build a sustainable pipeline of future leaders from within the communities we serve.

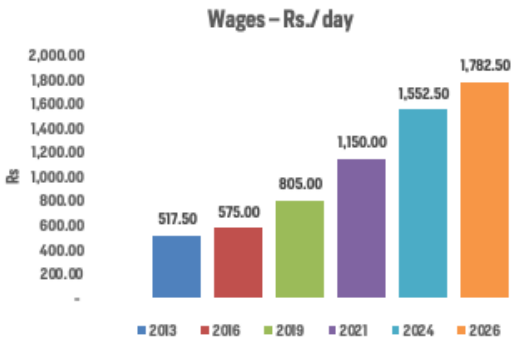
Employee Compensation and Livelihood Enhancement

The Company remains dedicated to providing fair and competitive compensation that appropriately reflects the roles, responsibilities, and performance of our employees. Wages and benefits for unionized workers are determined

through established Collective Bargaining Agreements, while salaries for non-union employees are benchmarked against prevailing industry norms.

As part of our commitment to enhancing employee wellbeing and supporting sustainable livelihoods, estate workers benefited from consecutive wage increases in both 2024 and 2026. During the year under review, a wage revision implemented in January 2026 increased the daily wage to Rs. 1,750, including additional daily allowance of Rs. 200 through government

These enhancements have improved earning potential for estate workers and their families while strengthening employee welfare, motivation, and positive labor relations, ensuring that the benefits of the company's growth are shared with the workforce.



Knowledge and Skills Enhancement (Training and Development)

At Hatton Plantations PLC, continuous learning and capability development are fundamental to building a skilled, adaptable, and future-ready workforce. We invest in a wide range of training and development initiatives designed to enhance technical competencies, leadership capabilities, digital literacy, workplace behaviors, and overall employee performance across all levels of the organization.

During the year under review, the Company increased our investment in training and development by 29%, reflecting our commitment to ensuring that employees and workers possess the skills, knowledge, and capabilities required to meet evolving operational and business demands. Our training programs are tailored to support both organizational objectives and individual career growth, while fostering a culture of continuous learning and professional development.

As the company expands our diversification initiatives into coffee cultivation and processing, additional training programs were introduced to build expertise in coffee agronomy, factory establishment and management, quality standards, value addition, and market knowledge. These initiatives are designed to equip employees with the specialized skills required to support the successful development of the company's emerging coffee business.

To encourage lifelong learning, the company provides financial assistance for selected external training programs, subsidizing up to 50% of program costs, while fully funding strategic training and development initiatives aligned with organizational priorities. Through these investments, we continue to strengthen employee capabilities, improve productivity, and foster a culture of continuous improvement.

	Unit	2025/26	2024/25	% change
Total cadre	No	6158	6,267	-1.7%
New recruitment	No.	136	80	70%
Training investments	Rs. Mn	6.3	4.9	29%
Training hours	hrs	127,000	240,000	-47%

Some of the key trainings conducted include:

Building Technical Capability Through Preventive Maintenance Training

As part of our commitment to operational excellence and continuous improvement, the HPL conducted a preventive maintenance training program for factory mechanics to strengthen technical competencies and enhance equipment reliability. The Program focused on proactive maintenance practices, routine inspections, early fault identification, and effective maintenance procedures to reduce downtime and improve machinery performance.

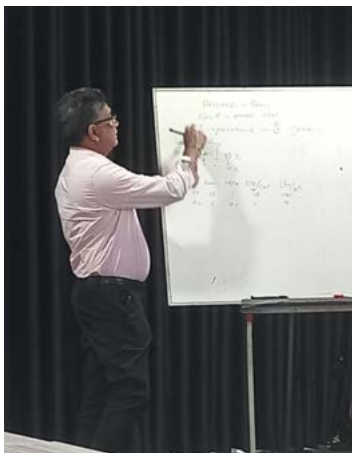
By equipping employees with the skills to prevent equipment failures before they occur, the initiative contributed to improved operational efficiency, enhanced workplace safety, and the long-term sustainability of factory operations.





Boiler Operator Training for Safe and Efficient Operations

Towards workplace safety and operational excellence, the company conducted a specialized training program for factory boiler operators to strengthen their technical competencies and operational capabilities. The Program focused on safe boiler operation, hazard identification, preventive maintenance practices, and regulatory compliance to ensure the reliable and efficient functioning of critical factory equipment.



By enhancing operator knowledge and promoting proactive risk management, the initiative contributed to improved equipment performance, reduced operational risks, and a safer working environment across factory operations.

Strengthening Quality and Compliance Through International Engagement

Representatives from Mourui & Co., Japan, visited the Company's estates and operations to review the implementation of Good Manufacturing Practices (GMP) and assess compliance with international quality, safety, and operational standards. The visit provided an opportunity to evaluate existing processes, hygiene protocols, and management practices while sharing insights on global customer expectations and best practices.

Such engagements support the company's continuous improvement efforts, reinforce adherence to international standards, and strengthen our ability to meet the quality requirements of global markets and customers. We value this engagement as an opportunity to strengthen our systems, enhance operational practices, and further align with internationally recognized standards of quality and excellence.





Advancing Standards Through International Compliance Assessments

Representatives from Kirin Holdings, Japan, visited the company's estates to conduct a comprehensive assessment of operational, quality, and sustainability practices against internationally recognized requirements and customer expectations. The review evaluated compliance across key areas of estate operations, including sustainability performance, management systems, and adherence to established standards.

The engagement provided valuable insights and recommendations that support the company's continuous improvement journey, strengthen governance and compliance practices, and reinforce our commitment to maintaining the high standards required by global customers and markets.



Promoting Workplace Health, Safety, and Hygiene

In keeping with our commitment to safeguarding employee wellbeing, the Company conducted an Occupational Health and Safety (OHS), hygiene, and food safety awareness program for workers. The training focused on strengthening awareness of workplace safety practices, personal hygiene standards, safe food handling procedures, and risk prevention measures essential to maintaining a healthy and safe working environment.





By promoting responsible workplace behaviors and reinforcing health and safety standards, the program contributed to reducing occupational risks, enhancing employee wellbeing, and fostering a stronger culture of safety across the company's operations.

Strengthening Emergency Preparedness and Fire Safety

The Company conducted a comprehensive fire drill and firefighting training program for factory employees to enhance emergency preparedness and strengthen workplace safety awareness. The Program provided practical training on fire prevention, the safe use of firefighting equipment, emergency evacuation procedures, and appropriate response actions during fire incidents.



By equipping employees with the knowledge and skills required to respond effectively in emergency situations, the initiative contributed to reducing workplace risks, improving emergency response readiness, and fostering a strong culture of safety and prevention across factory operations.



HR as an Employee Champion

Operating in a diverse and multicultural workforce, the Human Resources Division plays a pivotal role in championing employee wellbeing, engagement, and development across Hatton Plantations PLC. Throughout the year, HR continued to strengthen employee relations through a range of welfare, recognition, support, and engagement initiatives designed to create a positive and inclusive employee experience.

A key focus of the division was fostering strong labor relations, enhancing employee wellbeing, and ensuring that workforce concerns were identified and addressed proactively through continuous engagement and effective communication. Through dedicated welfare programs, grievance-handling mechanisms, health and safety initiatives, and employee recognition efforts, HR worked to build trust, strengthen morale, and promote a culture of mutual respect and collaboration.

These efforts were supported by a strong governance framework and a commitment to providing a safe, healthy, equitable, and inclusive work environment, ensuring that employees remain empowered, valued, and motivated to contribute to the company's long-term success.

Welfare and Benefits

At Hatton Plantations PLC, we recognize that employee wellbeing, motivation, and engagement are essential to sustaining a high-performing workforce. We therefore maintain a comprehensive rewards, recognition, and welfare framework designed to acknowledge employee contributions while supporting their overall quality of life.

Our recognition Programs include performance-based incentives, long-service awards, and employee appreciation initiatives that celebrate individual and team achievements. By linking recognition to performance, values, and organizational objectives, we foster a culture of excellence, commitment, and continuous improvement.

In addition to competitive remuneration, the Company provides a range of welfare benefits and support programs tailored to different employee categories, reflecting our commitment to enhancing employee wellbeing, strengthening workplace satisfaction, and creating a supportive and rewarding work environment.

Benefits and Welfare Schemes

Employee Type	Benefits
Executives - Head Office	Insurance
	Medical facilities
	Mobile Allowance
	Fuel/Travelling
	Tea allowance
Staff - Head Office	Insurance
	Medical facilities
	Tea allowance
	Mobile Allowance
	Fuel/Travelling

Employee Type	Benefits
Executives – Estates	Insurance and Medical Facilities
	Tea allowance
	Mobile allowance
	Fuel/Travelling
	Accommodation
	Water, Electricity, Gas
Staff – Estate	Tea Allowance
	Accommodation
	Medical facilities
	Electricity and water
Field Staff – Estates	Tea Allowance
	Accommodation
	Medical facilities
	Electricity and water
	Performance incentives
Associates	Tea Allowance
	Housing
	Medical facilities
	Free Ambulance service
	CDC facilities
	Death donations
	Assistance to temples & religious festivals
	Wheat flour

Enhancing Employee Welfare Facilities

Honoring our commitment to employee wellbeing, the Company invested in upgrading workplace welfare facilities during the year. A new restroom and changing room complex were constructed at the Dickoya Factory premises, providing associates with improved amenities including a first-aid room, changing facilities, dining and rest areas, bathing facilities, and hygienic sanitary conveniences.

In addition, the Company continued to maintain and monitor field-level welfare facilities to ensure high standards of hygiene, health, and comfort for employees. With 33 field toilets currently in operation across the estates, regular inspections and maintenance are conducted to create a safer and more conducive working environment.

Supporting Employee Wellbeing Through Nutritional Assistance

As part of our ongoing commitment to employee welfare and wellbeing, the company provided hot, nutritious lunch meals to estate workers during working hours. This initiative was designed to support the health, energy levels, and productivity of employees while ensuring access to safe and hygienic meals in the workplace.

By investing in the wellbeing of our workforce, the company seeks to create a caring and supportive work environment that promotes employee health, enhances morale, and contributes to improved workplace satisfaction and performance.



Enhancing Worker Safety and Protection

Further ensuring employee health, safety, and wellbeing, the Company provided estate workers with rain jackets and bee-guard caps to protect them from adverse weather conditions and field-related hazards. These protective measures help reduce exposure to environmental risks while improving comfort and safety during daily work activities.

By investing in appropriate protective equipment, the Company continues to promote safer working conditions, support employee wellbeing, and reinforce our commitment to maintaining a safe and productive workplace across all estate operations. We remain committed to prioritizing the health, safety, and welfare of our workforce, ensuring that employees are equipped with the resources and protection needed to perform their duties safely and effectively.









Minds for a Bright Start

To support a strong and confident beginning to formal education, school bags and essential stationery packs were distributed to the children of estate workers transitioning from preschool to Grade 1.

This initiative was designed to encourage school readiness, ease the financial burden on families, and ensure that young learners embark on their educational journey equipped with the tools they need to succeed. By providing these essential learning materials, we aim to foster enthusiasm for learning and create a positive foundation for future academic achievement.

Investing in the education of children is an investment in the future of our communities. Through initiatives such as Minds for a Bright Start, we remain committed to supporting educational opportunities, empowering young learners, and enhancing the wellbeing of worker families across our estates.



Supporting Education for a Brighter Future

School stationery packs were distributed to the children of estate workers as part of our commitment to advancing educational opportunities and supporting the long-term development of our communities.

By providing essential learning materials, this initiative helps students engage effectively in their studies while alleviating some of the financial pressures faced by their families.

Ensuring access to basic educational resources enables children to pursue their academic goals with greater confidence and preparedness.

We believe that education is a powerful catalyst for social and economic progress. Through continued investments in the learning and development of children, we remain dedicated to empowering future generations and enhancing the wellbeing of our worker communities.

Celebrating New Beginnings: Farewell Ceremony for Child Development Centre Graduates

A special farewell ceremony was held to celebrate the children completing their journey at our Child Development Centers, marking an important milestone as they prepare to transition into formal schooling.

The event recognized the children's early learning achievements, personal growth, and developmental progress in a joyful and memorable setting. Teachers, parents, and company representatives came together to celebrate their accomplishments, share words of encouragement, and acknowledge the vital role of early childhood education in shaping confident and capable learners.

Through our continued support for early childhood development, we remain committed to nurturing the potential of every child within our estate communities.





Emergency Community Support Following Cyclone Ditwah

In response to the impacts of Cyclone Dithwa, immediate relief assistance was provided to affected communities and vulnerable families to help them cope with the challenges brought about by the disaster.

Essential supplies, including hygiene kits, cooked meals, medicines, clothing, and other basic necessities, were distributed to support the health, safety, and wellbeing of those affected, particularly children and vulnerable households. These efforts helped address urgent needs and provide comfort and stability during a period of significant disruption and hardship.

This initiative reflects our commitment to responsible corporate citizenship and community resilience, demonstrating our readiness to respond swiftly in times of crisis. By standing alongside our communities during emergencies, we strive to provide meaningful support, strengthen recovery efforts, and ensure that no one is left behind when disaster strikes.

Preserving Cultural and Religious Traditions Through Community Dansal Initiatives

In celebration of important religious and cultural observances, Ouvahkelle Estate organized a rice dansala during Vesak Poya, while Kenilworth Estate conducted a belimal dansala to mark the commencement of the Sri Pada pilgrimage season.



These initiatives provided meals and refreshments to devotees, pilgrims, and visitors, embodying the values of generosity, compassion, and selfless service that are deeply rooted in Sri Lankan cultural and religious traditions. Beyond offering hospitality, the events fostered a spirit of unity and community engagement, bringing people together in celebration and reflection.

By supporting such initiatives, we reaffirm our commitment to preserving cultural heritage, promoting social harmony, and strengthening the bonds that connect our communities. These meaningful acts of giving reflect the enduring values that continue to guide and inspire our people.





Enhancing Worker Wellbeing Through Improved Sanitation Facilities

A hot water sanitation facility was constructed for the workers of Waltrim Estate's Lindula Division as part of our ongoing efforts to improve living standards and promote worker wellbeing.

The facility provides workers and their families with access to safe, convenient, and hygienic sanitation services, including hot water, enhancing comfort while supporting better health and hygiene outcomes. This initiative contributes to creating a healthier and more dignified living environment for estate residents.

We remain committed to advancing worker welfare through meaningful improvements in housing, sanitation, and community facilities, ensuring that our employees and their families benefit from safe, healthy, and sustainable living conditions.

Promoting Worker Wellbeing Through Medical and Dental Screening Programs

Comprehensive medical and dental screening programs were conducted for estate workers to safeguard employee health and enhancing overall wellbeing.

The initiative provided access to essential health assessments, dental examinations, and preventive healthcare guidance, enabling the early identification of potential health concerns and encouraging timely intervention. Participants also received awareness on maintaining good personal health, oral hygiene, and healthy lifestyle practices to support long-term wellbeing.

By facilitating access to preventive healthcare services, these programs contribute to improving the quality of life, productivity, and resilience of our workforce. We remain committed to fostering a healthy workforce through regular wellness initiatives that support the physical wellbeing of our employees and their families.



Nurturing Healthy Futures Through School Nutrition Awareness

A school nutrition awareness program was conducted to promote healthy eating habits and support the overall health and wellbeing of children within our estate communities.

The Program educated students on the importance of balanced diets, proper nutrition, and healthy lifestyle choices in supporting physical growth, cognitive development, and academic performance. Through interactive learning sessions, children gained valuable knowledge about making nutritious food choices and adopting habits that contribute to long-term wellbeing.



By encouraging healthy behaviors from an early age, helps lay the foundation for healthier, more resilient future generations. It reflects HPL's commitment to enhancing the wellbeing of children and supporting their development through education, awareness, and community engagement.



Supporting Worker Wellbeing Through Dry Ration Distribution

Dry ration packs containing essential household food items were distributed to estate workers as employee welfare and community support initiatives.



The Program was designed to strengthen household food security and provide practical assistance in managing rising living costs, helping to ease financial pressures faced by workers and their families.

As a people-centric organization, we remain committed to supporting the welfare of our employees through meaningful interventions that promote improved quality of life, economic stability, and overall happiness.



Promoting Healthy Lifestyles Through Alcohol Prevention Awareness

An alcohol prevention awareness program was conducted for estate youth to educate and empower young individuals to make informed decisions that support their health, wellbeing, and future aspirations.

The Program highlighted the social, health, and economic consequences associated with alcohol misuse, while encouraging participants to adopt positive behaviors, strengthen self-discipline, and develop resilience against negative influences. Interactive discussions and awareness sessions fostered a deeper understanding of responsible decision-making and the importance of maintaining healthy lifestyles.



Through such initiatives, we aim to nurture a generation of confident, informed, and responsible youth who are equipped to contribute positively to their families, communities, and society.

Celebrating International Women's Day Across Our Estates

International Women's Day was commemorated across all estates through a series of awareness and engagement programs that celebrated the invaluable contributions of women to our workforce, families, and communities.

The initiatives featured interactive discussions, educational sessions, and participatory activities designed to promote gender equality, women's empowerment, and mutual respect in the workplace. These celebrations provided an opportunity to recognize the achievements of women while reinforcing our commitment to fostering an inclusive, equitable, and supportive working environment where every individual is valued and empowered to thrive.













World Cultural Festival 2025

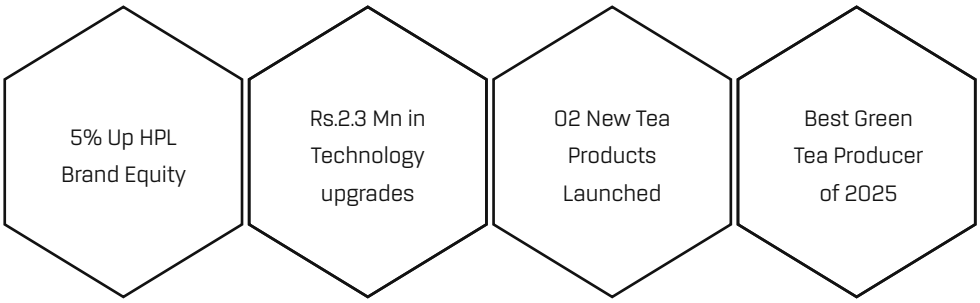
The company has arranged a three-day exposure visit to Bangalore, India for selected staff members to participate in the World Cultural Festival 2025, organized by the Sathya Sai World Cultural Festival Organising Team

The program aims to motivate and inspire staff through cultural exposure, enhance cross-cultural understanding, and promote personal and professional development through participation in an international cultural event.





INTELLECTUAL CAPITAL



At Hatton Plantations PLC, Intellectual Capital remains a key pillar underpinning the Company's long-term resilience, operational excellence and sustainable growth. The Company's strong intellectual capital portfolio encompasses brand equity, industry expertise, research and development, investments in technology, systems and process improvements, certifications, leadership capabilities, and the knowledge and skills of our workforce. Over the years, these intangible assets have played a pivotal role in strengthening buyer confidence, enhancing operational efficiency and enabling the Company to successfully navigate industry challenges while delivering consistent year-on-year performance.

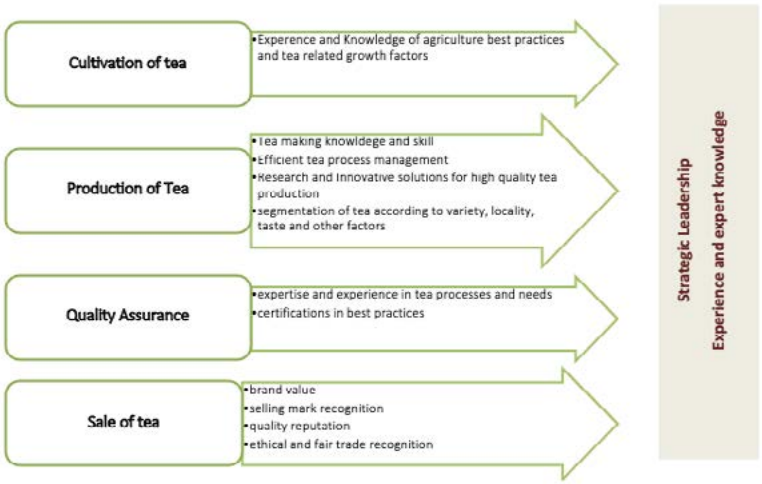
During the year under review, Hatton Plantations PLC continued to strengthen and expand the intellectual capital base in line with the Company's digital integration strategy and our "Nurturing Nature" philosophy. Continuous investments were made to enhance corporate knowledge, technical expertise, systems and capabilities across the organization, further improving operational effectiveness and long-term competitiveness.

The Company also focused on strengthening brand equity through quality enhancements to the teas and greater visibility and positioning of the tea brand in both local and international markets. In support of these initiatives, the Company invested Rs. 39.5 Mn towards the development and enhancement of intellectual capital during the year.

Our Intellectual Capital Portfolio



Intellectual Capital Chain



Hatton Plantations Brand



At HPL, the Hatton Plantations brand continues to be a key strategic asset underpinning the Company's long-term competitiveness within the plantation sector. Built on decades of expertise in tea cultivation, manufacturing excellence, market intelligence and strong buyer relationships, the HPL brand has consistently remained one of the most sought-after regional tea producers at the Colombo Tea Auction, commanding premium prices from discerning local and international, high-end buyers seeking exceptional quality Ceylon Tea.

Brand Equity

As a trusted and respected producer of Ceylon Tea, recognized for ethical standards, reliability and consistent quality, HPL has established a formidable reputation at the Colombo Tea Auction. Reflecting this strong market positioning, HPL teas recorded the highest sales volumes for seventh consecutive years from 2019 to 2025, demonstrating sustained demand and superior quality of teas produced across the Company's estates.

HPL has also earned recognition as one of Sri Lanka's leading green tea manufacturers, positioning the Company among the highest quality suppliers of green tea at the Colombo Tea Auction. During 2025, the Company further enhanced brand equity by maintaining strong market share in orthodox black teas while expanding HPL's presence in the green tea and CTC tea segments, responding effectively to evolving global consumer preferences and emerging market opportunities.

Brand Growth and Market Development

During the year under review, the Company intensified our strategic branding and market development initiatives through focused promotional campaigns both locally and internationally. HPL invested Rs. 4.5 Mn towards marketing activities aimed at strengthening top-of-mind brand recall, improving visibility for Hatton Plantations. A significant portion of these initiatives was centered around the Company's retail tea centers located in and around plantation regions, generating notable improvements in brand awareness and customer engagement.

On the international front, the Company continued to strengthen the global recognition of garden seller marks and specialty tea offerings through participation in leading trade fairs and industry exhibitions. In line with our market expansion strategy, HPL participated in FoodEx Japan 2025, one of Asia's premier food and beverage exhibitions, which attracted approximately 4,000 exhibitors and over 100,000 industry visitors from across the globe. Participation in international platforms enabled the Company to expand buyer networks, strengthen customer relationships and promote the distinct quality attributes of the HPL tea portfolio to new international markets.





The Company also expanded our footprint within the Chinese market by supplying a wider range of CTC teas to the rapidly growing bubble tea industry, capitalizing on changing global beverage consumption trends and rising demand for premium tea inputs.

Estates Selling Marks

HPL's teas continue to be marketed under distinctive garden marks, each representing the unique regional characteristics, elevations and flavor profiles of the estates from which they originate. At present, the Company promotes 12 tea garden marks. Among the most renowned are the prestigious Kenilworth, Waltrim garden marks, which are highly regarded by global tea connoisseurs and recognized among the finest within the Ceylon Tea portfolio. Through these well-established seller marks, the Company continues to preserve and enhance the heritage, authenticity and intellectual value embedded within Sri Lanka's plantation industry.

Region	Estate	Selling Mark
Lindula	Waltrim	Waltrim
	Henfold	Henfold
	Tangakelle	Tangakelle
	Agarakanda	East Fassifern
	Ouvahakelle	Ouvahakelle
Hatton	Dickoya	Adisham
	VellaiOya	VellaiOya
	Abborsleigh	Florence
	Strathdon	Strathdon
Watawala	Shannon	Shannon
	Kenilworth	Kenilworth
	Carolina	Carolina CTC

Brand Expansion

As part of the Company's ongoing crop diversification and brand development strategy, HPL extended the Hatton Plantations brand portfolio during the year to include our coffee harvests. In the initial stages of the Company's coffee operations, selected volumes of specialty coffee were marketed to targeted buyers under the trusted Hatton Plantations name, leveraging the strong reputation and credibility established through the tea business.

This strategic brand extension reflects the Company's commitment to enhancing the value of our agricultural produce through diversification into high-potential plantation crops while strengthening market recognition across multiple product categories. By integrating coffee into the HPL brand portfolio, the Company aims to build long-term intellectual capital through product innovation, origin-based branding and the development of premium plantation offerings aligned with evolving global consumer preferences.





Experience, Knowledge and Skills

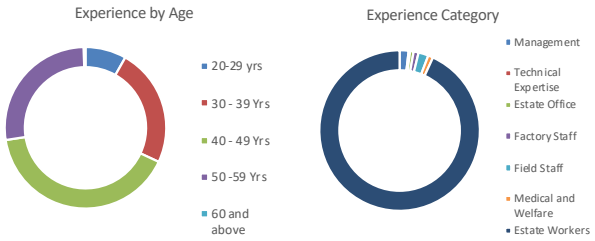
The long-standing success of Hatton Plantations PLC is deeply rooted in the extensive experience, technical expertise and institutional knowledge cultivated across generations within Sri Lanka's plantation sector. The Company's intellectual capital encompasses a rich blend of agronomic knowledge, tea manufacturing expertise, estate management, market intelligence and innovation-driven practices that continue to strengthen operational excellence and long-term sustainability.

With the plantation industry undergoing continuous transformation driven by evolving consumer preferences, sustainability expectations and technological advancements, HPL remains committed to preserving our heritage of knowledge while continuously enhancing the capabilities of our workforce. The Company recognizes that skilled employees, experienced estate personnel and technical specialists are critical to maintaining product quality, operational efficiency and competitiveness within the global tea industry.

Accordingly, Hatton Plantations continued to invest in a wide range of initiatives aimed at knowledge enhancement, talent development and the effective transfer of expertise across all levels of the organization.

- Knowledge Sharing and Mentorship Programmes
- Collaborative Strategic Planning
- Training on Global Tea Industry Trends
- Research, Development and Continuous Improvement.
- Talent Retention and Employee Development
- Digitalization and Technology-Driven Learning
- Training on International Standards and Best Practices

Through these continuous investments in human capital development, innovation and knowledge management, Hatton Plantations PLC continues to strengthen the intellectual capital that supports our long-term resilience, operational excellence and leadership within Sri Lanka's plantation sector.



With the expansion of Hatton Plantations PLC into coffee cultivation as part of our crop diversification strategy, the Company has also strengthened our intellectual capital through targeted learning and capability development initiatives across the coffee value chain. During the year, HPL undertook a series of training and knowledge-building programmes focused on coffee cultivation techniques, ground coffee production, processing systems, and quality management.

These initiatives were aimed at equipping estate and factory personnel with the technical expertise and operational knowledge required to support the successful development of the Company's emerging coffee business. By investing in specialized skills, process knowledge and modern production systems, the Company is building a strong foundation to support the long-term sustainability, efficiency and commercial viability of coffee operations.

More details on training and development, experience and knowledge sharing are discussed in the Human Capital section on pages 72 to 92.

Systems and Processes

At Hatton Plantations PLC, the profitability and sustainability of the tea business are driven by the effective integration of disciplined processes, operational systems and generations of manufacturing expertise. In an increasingly competitive global tea market, maintaining efficiency, consistency and quality across the entire value chain remains critical to maximizing auction prices, reducing production costs and sustaining long-term commercial success.

The tea manufacturing process begins at the field level, where systematic soil management, crop maintenance, fertilization programmes and sustainable agricultural practices directly influence green leaf quality and estate productivity. Careful supervision of plucking standards ensures that only high-quality leaves are harvested, forming the foundation for premium tea manufacture.

Each stage is governed by stringent operational controls, standard operating procedures and continuous quality monitoring systems designed to optimize product quality, minimize wastage and improve manufacturing efficiency.

Continuous investments in process improvement and quality assurance systems have enabled Hatton Plantations to maintain competitive manufacturing standards while responding effectively to evolving buyer preferences and market requirements.

Systems and Process improvements are discussed in detail under Manufactured Capital on pages 61 to 71.

Digital Infrastructure and Transformation

As part of our long-term strategic vision, HPL continued to strengthen the digital infrastructure and accelerate the digitization of estate and head office operations during the year under review. These initiatives support the Company's drive towards streamlined management, operational efficiency, sustainability, and the development of institutional knowledge across the organization. By integrating digital technologies into core business functions, HPL continues to enhance our intellectual capital and build a more agile and data-driven operating environment.

Existing IT infrastructure was further strengthened during the year under review, with several key milestones achieved in support of the Company's ongoing digital transformation agenda, operational efficiency, and data security initiatives.

- **Azure Cloud Migration:**
  The Plantations ERP – Olax server was successfully migrated from an on-site virtual environment to the

Microsoft Azure Cloud platform, strengthening system reliability, scalability, and cybersecurity while improving overall infrastructure performance.

- **Cloud-Based Data Resilience:**
  Estate database backup systems were transitioned from local storage to cloud-based solutions, significantly minimizing the risk of data loss and enhancing business continuity capabilities.
- **Fiber Network Expansion:**
  High-speed fiber connectivity was established at Strathdon, Dickoya, Shannon, Tea Club, and the Regional Warehouse, improving communication efficiency and real-time access to operational data. The enhanced connectivity at the Regional Warehouse also laid the foundation for the implementation of the Olax ERP Inventory Management Module.
- **Field Monitoring System – LeafIQ – discussed under innovation below**
  In addition, the Company initiated several digitization projects aimed at strengthening organizational learning and knowledge retention. These included the digitization of process manuals, operating guidelines, and training materials, enabling easier access to critical information, supporting future learning initiatives, and preserving institutional knowledge for long-term operational continuity.

(Details on manufacture related digital interventions are discussed under Manufactured Capital on pages 61 to 71)

Research and Innovation

Research is a critical driver of value creation and long-term sustainability within the tea plantation business, forming an essential component of Hatton Plantations' intellectual capital. In an increasingly competitive and climate-sensitive agricultural environment, continuous research enables the Company to enhance productivity, improve crop quality, and develop resilient agronomic practices tailored to evolving environmental conditions.

Research also facilitates the identification and adoption of improved tea clones, optimized fertilizer applications, integrated pest and disease management practices, and efficient harvesting methods, all of which contribute to higher yield efficiency and superior product quality.

Accordingly, HPL continues to invest in research not only to enhance operational performance but also preserve and expand the organization's intellectual capital, ensuring that the plantation remains innovative, competitive, and sustainable in the long term.

Research Partners

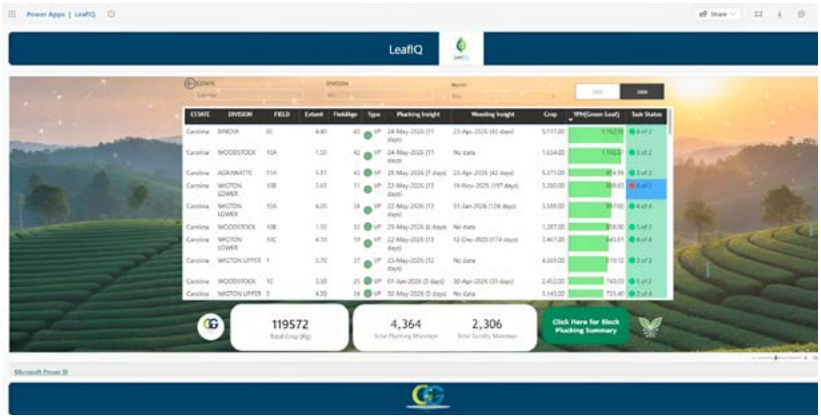
Institute	Research Support
Tea Research Institute, SL	Testing of soil, testing of leaves, quality enhancement guides
Euro Fins, India	Tea quality enhancement research
SGS Republic, South Korea	Advanced soil testing
National Institute of Labour Studies (NILS)	
Sri Lanka Association for the Advancement of Quality and Productivity (SLAAQP)	
Department of Measurement Units, Standards and Services	
Nilcarbon Lanka (Pvt) Limited	
University of Sri Jayawardhanapura	

HPL benefits from continuous access to advanced research that has been instrumental in improving both the quality and productivity of our tea, enabling the adoption of evidence-based agronomic practices that strengthen operational efficiency and sustain competitive advantage.

These strategic partnerships further enhance our ability to anticipate and respond to key challenges, including crop health management, climate variability, and the transition towards more sustainable agricultural systems. As a result, our operations remain firmly aligned with international best practices and evolving market expectations, reinforcing long-term resilience and sustainability across the plantation value chain.

Innovations

Online Field Monitoring System - LeafIQ



The in-house IT team successfully developed the Power BI LeafIQ Field Performance Dashboard, a digital performance monitoring platform designed to enhance estate management and operational oversight. The system enables real-time monitoring of plucking rounds, agricultural activities, and overall estate performance through interactive data visualization and KPI-based tracking. By providing clear operational insights, planning visualizations, and actionable analytics, the platform supports management in strategic planning, informed decision-making, and performance optimization across the Company's estates.

New Product Development – Hatton Royal & Hatton Tea Company

Through extensive research and product development initiatives, HPL has successfully launched two new tea brands to the market during the year. These new offerings were designed to elevate the tea-drinking experience and cater to the evolving preferences of diverse consumer segments.

The introduction of Hatton Royal and Hatton Tea Company reflects a strategic approach to market segmentation and brand differentiation. Hatton Royal has been positioned as a premium offering, crafted to appeal to discerning tea consumers seeking refined taste profiles and superior quality. Hatton Tea Company is targeted at a broader consumer base, offering a versatile range of blends that align with everyday consumption preferences while maintaining consistent quality standards.

Together, these product innovations strengthen the Company's brand portfolio, enhance market reach, and demonstrate our commitment to continuous innovation in delivering high-quality tea experiences.





Compliance and Sustainability

Ensuring the Company remains compliant and upgraded on all aspects of the business is essential for Hatton Plantations PLC. We continuously strive to improve our facilities, products and processes thereby ensuring highest quality across our manufacturing and operations.

Existing Certifications

Environment	Industry	Systems & Processes
		

Existing Certifications

Standard	Certificate	Estate Certified
SLS 1266:2023	Hazard Analysis and Critical Control Point (HACCP)	All estates
ISO 22000-2018	Food Safety Management System (FSMS)	All estates
SLS 143:2022	Good Manufacturing Practices (GMP)	All estates
ISO 9001- 2015	Quality Management Systems (QMS)	Carolina, Henfold, Kenilworth, Shannon, Vellaioya, Agarakanda
ISO 50001-2018	Energy Management Systems (EnMS)	Dickoya, Waltrim
Fair Trade (FLO)	• Abbotsleigh, Dickoya, Henfold, Kenilworth, • Strathdon, Waltrim, Veelaioya, • Ouvakelle, Shannon, Tangakelle, Agarakande	
Rainforest Alliance	Abbotsleigh, Dickoya, Henfold, Kenilworth, Strathdon, Waltrim, Vellaioya	
GHG	Waltrim	

HACCP: This is an internationally recognized, preventive system used in the food and beverage industry to identify, evaluate, and control biological, chemical, physical, and allergenic hazards. It builds safety directly into the production process rather than relying on testing finished products.

FSMS : This is a systematic, preventive framework used by the food industry to identify, control, and prevent biological, chemical, and physical food hazards. Its goal is to ensure that food is consistently safe for human consumption.

GMP: It ensures that products such as food are consistently produced and controlled according to strict quality standards. It minimizes risks like contamination and errors that cannot be detected by simply testing the final product.

QMS : It is a framework that guides organizations on how to document, control, and improve their processes. It ensures products and services consistently meet customer expectations and regulatory requirements

EnMS : It is a structured, data-driven framework that helps organizations systematically track, analyze, and improve their energy efficiency and performance.

Fair Trade Foundation : Ensures that international fair trade standards are followed across environmental, labor and developmental policies and practices within the company.

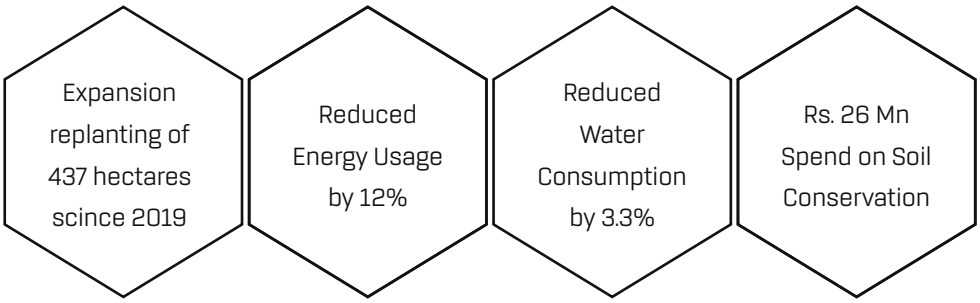
Rainforest Alliance : The Alliance engages in a well-rounded effort to minimize the impact on the environment throughout the business process. As a member of the Rainforest Alliance, the company's sustainability initiatives extend beyond the environment to social, economic and people sustainability.

GHG : Is the world's most widely used accounting framework for companies and organizations to measure, manage, and report their greenhouse gas emissions

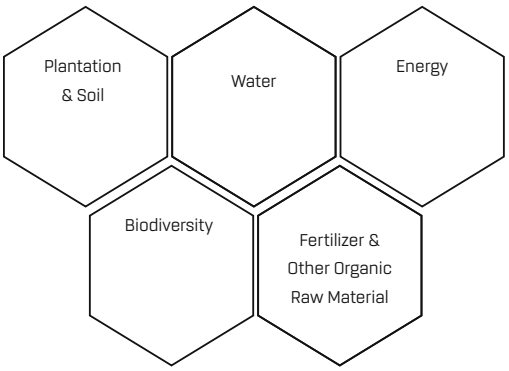
In addition to productivity enhancements, Hatton Plantations PLC continues to align our operational processes with key sustainability and compliance objectives across plantation and manufacturing activities.

NATURAL CAPITAL

GRI 101, 102-4, 103, 301 -1, 2, 302, 303, 304 1-3, 305-5, 306



Natural Capital forms the very foundation of Hatton Plantations PLC's operations and long-term sustainability. It encompasses the Company's extensive plantations, land resources, water, soil, energy, biodiversity, and the surrounding ecosystem that collectively sustain agricultural productivity and community wellbeing. As custodians of these valuable natural assets, the Company remains firmly committed to minimizing environmental impact through the adoption of responsible agricultural practices, advanced manufacturing processes, and robust environmental management policies.



	2025/26	2024/25	2023/24
Plantation land (Ha)	7,206.38	7,206.38	7,206.38
Cultivated extent (Ha)	4,546.56	4,532.65	4366.16
Made Tea – Kgs	7,136,051	6,770,243	7,189,067
Energy Consumption - tC02e	9,129	10,428	-
Electricity (kWh)	7,086,721	6,682,151	8,163,172
Electricity – (KVA)	23,761	22,392	23,841
Diesel (Liters)	272,939	371,357	384,157
Petrol (Liters)	68,965	74,395	79,635
Oil (Liters)	8,068	5,672	7,888
Firwood (MT)	5,411	5,116	6,098
Water Usage (Liters '000)	107,846	111,477	113,839
Soil Conservation (Rs)	26,095,064	28,305,409	27,865,292
Compost Production (Kg)	203,120	275,126	175,546

HPL Environment and Sustainability Policy

At Hatton Plantations PLC, we are committed to implementing a comprehensive and robust environmental management framework that safeguards and nurtures the very foundation of our business. Guided by our Environment and Sustainability Policy, the Company continuously integrates sustainable practices across all aspects of our plantation operations to minimize environmental impact and promote long-term ecological balance.

During the year, HPL remained focused on the responsible management and preservation of our natural resources in line with the Company's environmental and agricultural policies. Overall energy and water consumption across estates, factories, and office operations

were carefully monitored and managed at efficient levels to minimize wastage and avoid unnecessary escalation in resource usage. The Company also continued to optimize cultivated land through crop diversification initiatives, utilizing available land plots within existing plantations for the cultivation of alternate crops to enhance land productivity and sustainability.

In addition, HPL initiated compost production as a natural and sustainable fertilizer solution for estate operations, supporting environmentally friendly agricultural practices and reducing dependence on chemical inputs. Soil conservation also remained a key priority during the year, particularly amidst periods of heavy rainfall and increasingly erratic climatic conditions, with continued efforts undertaken to protect soil health, prevent erosion, and maintain the long-term productivity of plantation lands.

Further strengthening our natural capital management approach, HPL expanded our digital integration initiatives across plantation operations to enhance environmental monitoring, resource management, and operational decision-making. The increased use of digital systems and data-driven monitoring enabled the company to better track resource consumption, support sustainable agricultural practices, improve efficiency in estate management, and strengthen the long-term stewardship of our natural capital assets.

Sustainability Compliance

Rainforest Alliance	Support to minimize the impact on the environment throughout the business process. As a member of the Rainforest Alliance, the company's sustainability initiatives extend beyond the environment to social, economic and people sustainability.
GHG	A framework that helps to measure, manage, and report their greenhouse gas emissions
EnMS	A framework that helps organizations systematically track, analyze, and improve their energy efficiency and performance
Fair Trade Foundation	Ensures that environmental, labor and developmental policies and best practices are followed within the company

Natural Capital Challenges

Factor	Challenge
Ditwah Cyclone	The Ditwah Cyclone posed the most significant environmental challenge during the year, resulting in landslides, soil erosion, and flooding across several estates. These adverse weather conditions disrupted estate operations and negatively impacted crop quality, productivity, and the overall production process.
Atmospheric Moisture	Prolonged atmospheric moisture and high humidity levels created favorable conditions for the spread of fungal infections and other crop diseases, affecting plant health and plantation productivity.
Ageing Tea Bushes	The maturity and ageing of tea bushes across certain estates continued to present operational challenges, necessitating systematic replanting programmes and soil rehabilitation initiatives to sustain long-term productivity and crop quality.
Fertilizer Optimization	Ensuring the effective and efficient application of fertilizer remained a key priority to guarantee that plants receive adequate nutrients required for healthy growth, improved resilience, and optimal yield generation

Technology Integration in Environmental Sustainability

Hatton Plantations PLC continues to strengthen its environmental sustainability initiatives through the integration of advanced technology across plantation operations. These digital innovations support efficient resource management, improve productivity, and promote environmentally responsible agricultural practices.

• Drone-Based Fertilizer and Supplement Application

The Company expanded the use of drone technology for the application of fertilizer, pesticides, and other crop supplements directly to cultivated areas. This enabled more precise targeting of plants, improving the effectiveness of applications while minimizing wastage and excessive use of agro-inputs. The use of drones also enhanced operational efficiency, reduced manual labor requirements, and supported more sustainable cultivation practices.

• Drone-Assisted Land Mapping and Planning

During the year, Hatton Plantations PLC utilized drone mapping services to identify cultivated and arable land across estates for improved land management and planning. The detailed aerial mapping supported the identification of suitable areas for crop replanting, diversification initiatives, and optimized fertilizer application. This technology-driven approach strengthened long-term land use planning and improved decision-making related to plantation development.

• Digital Monitoring of Natural Resource Consumption

The Company further enhanced its estate management systems through the integration of advanced software platforms to digitally monitor soil conditions, water usage, energy consumption, and waste management processes. This digitized monitoring system enables real-time tracking and analysis of resource utilization, helping the Company reduce waste, improve operational efficiency, and strengthen sustainable resource management practices across all

Plantation & Soil



Spanning approximately 4,546.59 hectares of cultivated land across thirteen estates, Hatton Plantations continues to rely on the strength of our natural resource base to drive sustainable growth. Tea remains the cornerstone of the Company's agricultural operations, accounting for more of the company's plantation crop. In addition to tea, the Company has diversified into coffee and timber cultivation to enhance resilience, optimize land use, and support long-term value creation.

HPL continued to strengthen natural capital through strategic plantation development, replanting initiatives, and soil enhancement programmes aimed at improving long-term agricultural sustainability and land productivity. Since 2019 up to 31st March 2026, the Company undertook tea replanting across 110.95 hectares, supporting the gradual renewal of ageing tea bushes and enhancing future yield potential, crop quality, and estate resilience.

In parallel, HPL expanded our crop diversification efforts through the cultivation of 101.16 hectares of coffee and 198.18 hectares of timber, promoting more sustainable land utilization while creating additional long-term economic and environmental value. These diversification initiatives

also contribute towards improving biodiversity, strengthening ecosystem balance, and reducing dependence on a single crop.

The Company further reinforced our soil conservation and land management practices through grass planting across 26.61 hectares, helping minimize soil erosion, improve moisture retention, and protect vulnerable land areas, particularly amidst increasingly erratic weather conditions and heavy rainfall patterns. Reflecting the Company's continued focus on preserving soil health and mitigating environmental risks, investments in soil conservation amounted to Rs. 26.10 million during 2025/26 compared to Rs. 28.31 million in 2024/25. These initiatives included measures aimed at preventing soil erosion, maintaining land stability, and safeguarding the long-term productivity of plantation lands.

These initiatives reflect HPL's continued commitment to preserving and enhancing natural capital through responsible land stewardship, sustainable cultivation practices, and long-term environmental sustainability.

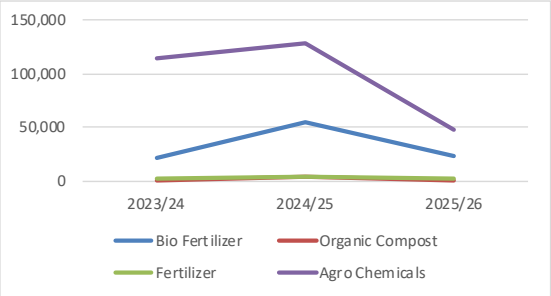
Replanting Efforts (2019 to 31st March 2026)

	(Ha)
Tea replanting	110.95
Grass Planting	26.61
Coffee cultivation	101.16
Timber cultivation	198.18

HPL also implements several soil conservation initiatives such as:

Activity	Description
Bamboo Planting	Bamboo is planted along stream banks and waterways bordering or flowing through plantation areas. The extensive root systems of bamboo help stabilize riverbanks, strengthen soil structure, minimize soil erosion, and prevent the washing away of fertile topsoil during periods of heavy rainfall.
Construction of Terraces	Terracing systems are developed in high-elevation and steeply sloped plantation areas where there is a greater risk of soil erosion caused by heavy rainfall and surface runoff. The terrace structures, reinforced with concrete and brick support, help reduce soil displacement, improve water retention, and maintain slope stability. These soil conservation measures are implemented across all estates where terrain conditions require erosion control interventions.
Development of Drainage Systems	Systematic drainage networks have been established across estates to effectively manage excess rainwater in areas prone to heavy rainfall. These drainage systems help regulate water flow, minimize surface runoff, and reduce the risk of soil erosion and landslides, thereby protecting plantation lands and maintaining long-term soil productivity.
Salt Systems / Vegetative Barriers	Vegetative barrier systems are established in rehabilitated tea planting areas through the planting of selected plant species designed to reduce surface water runoff. These natural barriers help slow water movement, improve water infiltration into the soil, reduce erosion, and support the conservation of fertile topsoil in vulnerable plantation areas.

Fertilizer and Other Organic Raw Material



Healthy and fertile soil remains fundamental to the long-term sustainability, productivity, and resilience of Hatton Plantations PLC's agricultural operations. The Company recognizes that maintaining soil health is essential not only for achieving optimal tea and coffee yields, but also for preserving the natural capital upon which plantation agriculture depends. HPL continued to adopt balanced nutrient management and sustainable cultivation practices aimed at protecting soil structure, enhancing organic matter content, improving moisture retention, and minimizing long-term land degradation.

During the year, the Company continued to carefully manage the application of key agricultural inputs including fertilizer, dolomite, organic compost, bio fertilizer, and agrochemicals in line with crop requirements, climatic conditions, and soil conservation priorities. Fertilizer usage during 2025/26 amounted to 2,382 MT, compared with 4,553 MT in 2024/25 and 2,829 MT in 2023/24, reflecting a more controlled and targeted application approach focused on improving nutrient efficiency and maintaining soil health. Dolomite application also declined to 1,245 MT from 1,348 MT in the last year and 1,708 MT in 2023/24, supporting efforts to maintain balanced soil pH levels while avoiding excessive application.

The Company also continued to promote environmentally sustainable soil enrichment practices through the use of organic compost and bio fertilizers. Organic compost utilization stood at 1,295 MT during the year compared with 4,281 MT in 2024/25 and 616 MT in 2023/24, while bio fertilizer application amounted to 24,180 liters against 55,662 liters in the last year and 21,737 liters in 2023/24. These inputs play an important role in improving soil biological activity, strengthening soil fertility, and supporting healthier and more resilient plantation ecosystems over the long term.

In parallel, agrochemical usage reduced significantly to 48,525 liters in 2025/26 compared with 129,121 liters in 2024/25 and 115,158 liters in 2023/24, reflecting the Company's continued efforts to optimize chemical application, adopt more sustainable agricultural practices, and minimize potential environmental impacts on soil and surrounding ecosystems.

	Unit	2025/26	2024/25	2023/24
Fertilizer	MT	2,382	4,553	2,829
Dolomite	MT	1,245	1,348	1,708
Organic compost	MT	1,295	4,281	616
Bio Fertilizer	LIT	24,180	55,662	21,737
Argo chemical	LIT	48,525	129,121	115,158

Energy Management

Energy remains a critical component of Hatton Plantations PLC's manufacturing and plantation operations, supporting the production of high-quality tea across all stages of processing. Tea manufacturing requires both electrical and thermal energy throughout the withering, rolling, fermentation, drying, sorting, grading, and packaging processes, with the withering and drying stages accounting for the highest levels of energy consumption. As part of the natural capital management approach, the Company continues to focus on improving energy efficiency, optimizing resource utilization, and incorporating more sustainable energy sources across operations.

Hatton Plantations PLC primarily relies on grid electricity to meet operational energy requirements, supplemented by diesel, petrol, oil, and firewood to support estate activities and tea

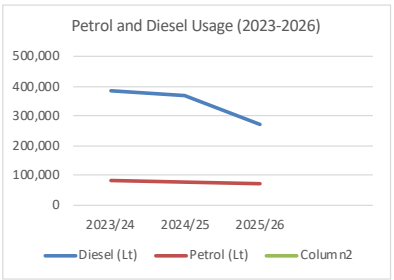
manufacturing processes. In addition, the Company benefits from renewable energy generated through mini-hydropower plants operated by the parent company, contributing towards cleaner energy usage and supporting long-term sustainability objectives.

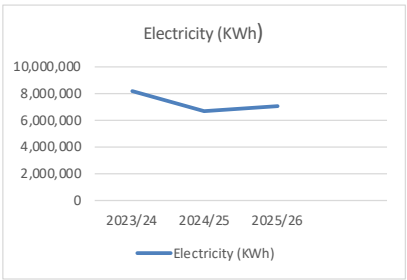
During the year under review, made tea production increased to 7.14 million, correspondingly, electricity consumption increased moderately to 7.09 million kWh from 6.68 million kWh in the last year, while electricity demand measured in KVA rose slightly to 23,761 KVA from 22,392 KVA. Despite the increase in production volumes, the relatively controlled rise in electricity usage reflects continued efforts to improve operational efficiency and manage energy consumption across estates and factories.

The Company also recorded notable reductions in fossil fuel consumption during the year. Diesel usage declined significantly to 272,939 liters from 371,357 liters in 2024/25 and 384,157 liters in 2023/24, while petrol consumption reduced to 68,965 liters from 74,395 liters in the last year and 79,635 liters in 2023/24. These reductions demonstrate the Company's ongoing focus on improving fuel efficiency, streamlining transport and operational activities, and minimizing the environmental impact associated with energy consumption.

Oil consumption increased moderately to 8,068 liters compared with 5,672 liters in the last year, largely in line with operational and machinery maintenance requirements. Meanwhile, firewood consumption increased to 5,411 MT from 5,116 MT in 2024/25 and 6,098 MT in 2023/24, reflecting greater reliance on firewood energy within tea manufacturing processes. The use of sustainably sourced firewood needs to supports the Company's efforts to balance operational energy needs while reducing dependence on fossil fuels.

Through continuous monitoring of energy usage, investments in operational efficiency, and the integration of renewable energy sources, Hatton Plantations PLC remains committed to responsible energy management practices that support both sustainable plantation operations and the long-term preservation of natural capital resources.





Energy Consumption	2025/26	2024/25	2023/24
Made Tea - Kgs	7,136,051	6,770,243	7,189,067
Electricity (kWh)	7,086,721	6,682,151	8,163,172
Electricity (KVA)	23,761	22,392	23,841
Diesel (Liters)	272,939	371,357	384,157
Petrol(Liters)	68,965	74,395	79,635
Oil (Liters)	8,068	5,672	7,888
Firewood (MT)	5,411	5,116	6,098

Water Management

Water management is one of the most valuable natural capital resources, supporting plantation cultivation, tea manufacturing processes, estate communities, and the overall sustainability of operations. Recognizing the growing pressures posed by climate change, changing rainfall patterns, and increasing demand for freshwater resources, the Company continues to strengthen water management practices through conservation initiatives, efficiency improvements,

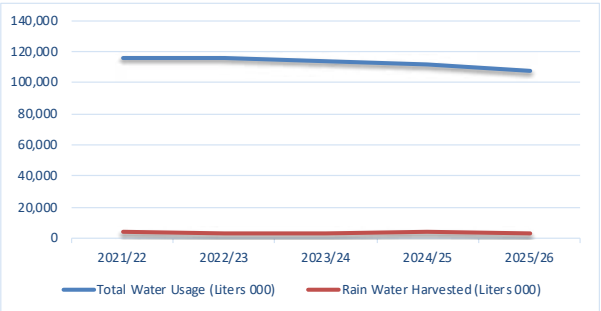
awareness programmes, and sustainable water usage mechanisms across plantations, factories, and operational facilities.

As part of our sustainability strategy, HPL has consistently implemented water management and awareness initiatives aimed at promoting responsible water consumption among estate workers, factory employees, and operational teams. These initiatives extend beyond water reduction and recycling efforts and focus strongly on creating greater awareness regarding the importance of water conservation, the environmental impacts of water wastage, and the collective responsibility of protecting water resources for future generations. Awareness programmes conducted across estates encourage employees and surrounding communities to adopt responsible water usage practices within both workplace and household environments.

The Company continued to optimize water consumption during the year, recording total water usage of 107,846 units compared with 111,477 units in 2024/25. The reduction achieved during the year reflects a significant improvement compared with the five-year average consumption level of approximately 112,831 units, demonstrating the effectiveness of ongoing water efficiency and conservation measures implemented across operations.

HPL has also continued to strengthen water-saving mechanisms through the expansion of rainwater harvesting initiatives across estates and operational locations. During the year, 2,794 liters of rainwater was harvested for operational use. Over the past five years, harvested rainwater volumes have remained important in estate management. These initiatives help reduce dependence on external water sources while supporting sustainable water availability during periods of drought and lower rainfall.

In addition, the Company continues to implement practical water conservation measures including improved monitoring of water consumption, maintenance of water distribution systems to minimize leakages, responsible water usage in tea processing activities, recycling and reuse initiatives where feasible, and efficient drainage and watershed management practices within plantation areas. These measures collectively contribute towards protecting surrounding ecosystems, reducing operational water intensity, and ensuring the long-term sustainability of plantation operations.



Water management (Liters) - "000"	2025/26	2024/25	2023/24	2022/23	2021/22
Factory	36,802	37,648	38,650	39,037	38,543
Field	5,620	5,820	6,297	6,341	6,188
Bungalows	4,278	4,700	4,797	5,358	5,364
Quarters	59,768	61,898	62,654	63,557	63,695
Office	585	597	610	616	620
Other Buildings	793	814	831	833	839
Total Usage	107,846	111,477	113,839	115,742	115,249
Rain water harvested - Liters	2,794	3,654	2,788	2,654	3,865

Waste Management

Hatton Plantations PLC places significant emphasis on responsible waste management as an integral component of the sustainability and environmental stewardship framework. The Company remains committed to minimizing waste generation across plantation, manufacturing, and administrative operations through the adoption of systematic waste management practices, improved operational efficiencies, and greater environmental awareness among employees and estate communities.

Robust waste management systems have been established across estates, tea factories, and operational facilities to ensure the safe handling, segregation, storage, recycling, and disposal of waste generated through plantation and manufacturing activities. The offices and facilities are equipped with the necessary infrastructure and operational controls to manage both solid and liquid waste responsibly, preventing harmful discharge into surrounding ecosystems and reducing potential environmental impacts on soil, water resources, and biodiversity.

HPL continues to promote waste reduction initiatives through responsible consumption practices, recycling and reuse programmes, composting initiatives for organic waste, and the safe disposal of non-recyclable materials in compliance with environmental regulations and industry standards. Employee awareness programmes and environmental education initiatives are also regularly conducted to encourage responsible waste disposal practices and strengthen environmental responsibility across all levels of operations.

Type of impact	Action taken
Solid waste (bio degradable)	Biodegradable solid waste is used in the production of compost fertilizer for crops
Solid waste (non-biodegradable/ hazardous)	Non-biodegradable waste such as plastics, glass and others is handed over to recycle partners authorized by the Central Environment Authority
Pruning waste	Used in the plantation soil to increase fertility and in water retention method

Biodiversity Conservation

The Company is also committed to protecting the surrounding streams, jungles and bio diversity within the plantation and factory parameters from encroachers, poaching, deforestation and other dangers. This commitment extends to bordering and surrounding bio diversity that the company makes effort to protect.

Restore and Rehabilitate Riparian Ecosystems

The Wildlife and Nature Protection Society's (WNPS) Preserving Land and Nature (PLANT) initiative entered into a strategic land partnership with Hatton Plantations PLC to restore and rehabilitate riparian ecosystems along the source regions of two of Sri Lanka's most critical river systems within the Central Highlands.

PLANT and HPL will collaborate on the reforestation and rehabilitation of approximately 24 kilometers of riverbank landscapes bordering the Kelani River at Dickoya Estate and the Hatton Oya tributary of the Mahaweli River across the Abbotsleigh, Strathdon, Shannon, and Carolina estates. The initiative aims to strengthen ecological protection within these sensitive upper watershed regions while enhancing the long-term sustainability of surrounding plantation landscapes.

The Mahaweli River contributes substantially to the country's hydropower generation and water resources, its basin covering nearly one-fifth of the island. Hatton Oya, one of its important headwater tributaries, drains steep montane terrain where healthy riparian vegetation plays a

critical role in stabilizing riverbanks, controlling sediment flow, regulating water retention, and protecting downstream ecosystems during periods of intense rainfall. Similarly, the Kelani River basin continues to face increasing flood risks and environmental pressures associated with changing land-use patterns and escalating climate impacts.

The restoration programme is expected to deliver significant environmental benefits including slope stabilization, reduced soil erosion and sedimentation, improved watershed protection, enhanced biodiversity conservation, and strengthened climate resilience within downstream ecosystems. The initiative is particularly important in supporting vulnerable landscapes and communities that have experienced severe environmental damage during recent cyclonic weather events. In the longer term, the project also seeks to strengthen forest corridor connectivity across Sri Lanka's biodiversity-rich southwestern wet zone and Central Highlands.

Through this partnership, HPL further reinforces our commitment to responsible natural capital management, landscape restoration, and sustainable plantation stewardship, while contributing towards broader national efforts in biodiversity conservation, watershed protection, and climate adaptation.

Leopard Conservation Awareness Program

A Leopard Conservation Awareness Programme was organized to enhance awareness among estate employees and surrounding communities on the importance of leopard conservation, biodiversity protection, and the promotion of sustainable human–wildlife coexistence within plantation landscapes. This was held at the Dickoya Estate with the support of the Wildlife and Nature Protection Society and the Department of Wildlife Conservation.

The awareness sessions educated participants on the ecological importance of leopards as a key species within Sri Lanka's ecosystems, the growing environmental threats impacting their habitats, and the importance of preserving natural forest corridors and surrounding biodiversity-rich areas. Participants were also provided practical guidance on reducing human–leopard conflicts through responsible environmental practices, improved waste management, habitat protection, and safe community engagement in wildlife-sensitive areas.

The programme further highlighted the critical role plantation communities play in supporting conservation efforts and protecting the ecological balance within estate environments. Through such initiatives, Hatton Plantations PLC continued to strengthen biodiversity conservation, and community awareness as part of our broader natural capital management and sustainability commitments.

Advancing Sustainability Through Regenerative Agriculture

HPL implemented a regenerative agriculture project at Kenilworth Estate in collaboration with Rainforest Alliance (RA) to strengthen sustainable and climate-resilient farming practices across plantation operations. The initiative focused on enhancing soil health, conserving biodiversity, and minimizing environmental impact through responsible land management and sustainable agricultural techniques.

The project also supported the adoption of environmentally responsible cultivation practices that contribute to long-term ecosystem sustainability and resilience to climate change. This initiative reflects Hatton Plantations PLC's continued commitment to environmental stewardship, sustainable agriculture, and continuous improvement in alignment with internationally recognized sustainability standards.

Driving Nature Positive Action Through Strategic Partnerships

The Company successfully implemented a nature positive initiative in collaboration with Kirin Holdings

Company and the research team from the University of Sri Jayewardenepura at Kenilworth Estate, towards strengthening biodiversity conservation, ecosystem restoration, and sustainable land-use practices within the plantation environment.

Through collaborative field activities, research-based assessments, and technical guidance, the initiative enhanced awareness and understanding of nature-positive approaches that support ecological sustainability and environmental resilience. The program also contributed to promoting responsible land management practices aimed at preserving natural habitats and improving ecosystem health.

Strengthening Water Resource Sustainability Through Watershed Management

A Watershed Management and Conservation Program was conducted at Strathdon Estate in collaboration with Kirin Holdings Company (Japan), Rainforest Alliance (RA), and the Plantation Human Development Trust (PHDT), with the aim of protection and sustainable management of water resources, soil conservation, and maintaining healthy watershed ecosystems within plantation landscapes.



This initiative reflects a strong multi-stakeholder commitment to environmental sustainability, resource conservation, and long-term ecological resilience.





Strengthening Environmental Responsibility Through Waste Management

HPL implemented continuous waste management training, awareness programs in all Estates , and practical initiatives across estate operations to promote responsible environmental practices and strengthen sustainability awareness among employees.

The program emphasizes proper waste segregation, waste reduction, recycling, and environmentally safe disposal methods to minimize environmental impact and encourage sustainable behavioral practices within the workplace and surrounding communities. Practical activities and regular awareness sessions further support the adoption of effective waste management practices across all operational areas.





Celebrating World Environment Day

The Company celebrated World Environment Day at all Estates with a series of awareness activities to promote environmental protection and sustainability. The program focused on the importance of conserving natural resources, reducing pollution, and encouraging eco-friendly practices among employees and the community. This activity reflects our ongoing commitment to environmental stewardship and building a greener and more sustainable future.





Clean Energy Cookstove Project: Changing Lives of our community, Protecting Nature

Hatton Plantations PLC, this year continued the clean energy cookstove project in all estates commenced last year in partnership with Nilcarbon Lanka (Pvt) Limited. This initiative directly transformed the lives of estate communities and helped protect the environment.

The improved cookstoves cut firewood use by up to 70%, providing a sustainable solution to deforestation. By reducing the demand for firewood, the project safeguards Sri Lanka's forests while easing the daily burden of firewood collection for families. (refer pages 114 to 127 on Social and Relationship Capital for more information on this project)



Environment Awards



Hatton Plantations PLC's continued commitment to environmental conservation, biodiversity protection, community empowerment, and efficient resource management across both manufacturing operations and

estate management was recognized at several prestigious forums during the year. These recognitions reflect the Company's consistent efforts to integrate sustainable practices into its operations while promoting long-term environmental and social value creation

Hatton Plantations PLC's Waltrim Estate was awarded the National Cleaner Production Award in recognition of our commitment to sustainable and environmentally responsible practices, in our tea production operations. This prestigious award highlights our continuous efforts to adopt eco-friendly production methods, minimize environmental impacts, and promote sustainable tea cultivation.

Hatton Plantations PLC was also awarded the Green Productivity Awards for our efforts in protecting our people, the planet, and the environment through responsible plantation management and continuous sustainability improvement. The award was presented to four estates Waltrim, Kenilworth, Dickoya and Henfild . HPL remain dedicated to maintaining environmentally and socially responsible practices across all our operations.







SOCIAL AND RELATIONSHIP CAPITAL

GRI 2-7, 8, 25, 28, 29, 203-1, 204-1, 207-3, 403 -7

Rs.**234.4** Mn in Government Tax Payments

5,753 Estate Workers Supported

Rs.**167.2** Mn on Estate Community Welfare

220 Leaf Suppliers

At Hatton Plantations PLC, Social and Relationship Capital reflects the strong and enduring relationships we maintain with our diverse stakeholders, including employees, estate communities, customers, buyers, investors, business partners, regulatory authorities, and industry institutions. These relationships form the foundation of our long-term sustainability, operational resilience, and value creation, enabling us to generate positive economic and social outcomes for all stakeholders.

Our Social and Relationship Capital encompasses the networks, partnerships, trust, and collaborations that support responsible business practices and sustainable growth. Through continuous stakeholder engagement, adherence to regulatory and industry standards, and meaningful Corporate Social Responsibility (CSR) initiatives, we strive to create shared value while fostering social well-being, mutual trust, and long-term partnerships that promote sustainable mutual growth. By strengthening these relationships, we enhance stakeholder confidence, support inclusive development, and ensure lasting value creation across all areas of our operations.

Stakeholder Profile



Employee Relations

Our workforce plays a critical role across the value chain, from cultivating and manufacturing premium Ceylon Tea to supporting innovation, efficiency, and responsible business practices.

We are committed to creating a work environment that supports employee well-being, professional growth, and economic security. In addition to providing fair and competitive remuneration in line with industry standards and statutory requirements, we invest in a range of welfare initiatives designed to enhance their quality of life.

Maintaining positive and constructive relationships with employees is an important aspect of our people management approach. We encourage open communication, mutual respect, and regular engagement across all levels of the organization, fostering a culture of trust and collaboration. We also recognize the

importance of work-life balance in supporting employee well-being, productivity, and job satisfaction. Accordingly, we strive to create conditions that enable employees to effectively balance their professional responsibilities with their personal and family commitments.

During the year, the Company initiated and supported several programmes and events aimed at enhancing employee welfare, strengthening workplace relationships, and promoting employee engagement. These initiatives provided opportunities for employee interaction, team building, collaboration, and recognition, contributing to a more connected and supportive work environment.

We foster a workplace culture that values respect, inclusivity, and collaboration. Policies and practices that promote diversity, equal opportunity, and employee engagement help create an environment where individuals can contribute effectively and reach their potential. Regular communication and engagement channels facilitate constructive dialogue, strengthen trust, and support informed decision-making across the organization.

Through this approach, we create sustainable value for employees, the Company, and our wider stakeholder network. A detailed description of HPL's employee engagement is provided on pages 72 to 92 on Human Capital section.

Stakeholder Group	Key Engagement Strategies	Objectives	Approach
Employees	● Fair wages ● Professional development ● Positive work environment	● Ensure employee well-being ● Foster career growth ● Maintain high job satisfaction	● Regular training sessions ● Competitive salary reviews ● Employee feedback programs

Buyer and Broker Relationships

Value Delivered to Brokers and Buyers

- Consistently maintained the highest sales volume at the Colombo Tea Auction from 2019 to 2025, ensuring reliable and sustained market availability.
- Achieved a strong Net Sale Average of Rs. 1,087 during the year, reflecting market confidence in the quality and reputation of our teas.
- Produced premium-quality Green Teas that continue to attract strong buyer interest and command competitive market prices.
- Maintained a robust portfolio of high-demand CTC BP1 grade teas, supporting diverse buyer requirements across local and export markets.
- Continuously enhanced tea quality and product characteristics in response to evolving consumer preferences, market trends, and buyer expectations.
- Provided brokers and buyers with access to consistent, high-quality tea offerings backed by strong garden reputations and dependable supply.
- Supported value realization through quality-focused production practices that strengthen marketability, buyer confidence, and long-term commercial relationships.

Strong relationships with tea brokers and buyers are fundamental to Hatton Plantations PLC's ability to sustain market relevance, strengthen brand recognition, and maximize value realization for HPL teas. As key participants in the tea value chain, brokers and buyers provide critical market access, commercial insights, and feedback that enable us to respond effectively to changing consumer preferences and market dynamics.

We maintain long-standing partnerships with a diverse network of local and international buyers, built on a

foundation of product quality, consistency, reliability, and mutual trust. These relationships support the continued demand for our teas and contribute to the recognition of our garden marks within competitive domestic and export markets.

During the year, HPL continued to provide brokers with some of the highest-quality teas offered at the Colombo Tea Auction and maintained the position as the largest seller by volume for the sixth consecutive year. This sustained performance reflects the strength of our manufacturing standards, estate management practices, and commitment to quality. Our CTC and Green Teas have also been recognized among the finest produced in Sri Lanka, enhancing the marketability of our teas and providing brokers and buyers with greater sales opportunities and stronger negotiating potential in both local and export markets.

Regular engagement with brokers and buyers provides valuable insights into market trends, emerging consumer preferences, quality expectations, and pricing dynamics. This market intelligence informs our production, quality assurance, and product development strategies, enabling us to continuously enhance the quality, character, and marketability of our teas. Feedback received through these interactions serves as an important input in maintaining the standards expected by discerning buyers while identifying opportunities for innovation and value addition.

Our marketing and tea tasting teams engage closely with brokers and buyers through tea evaluations, auction participation, industry events, and direct consultations. These interactions strengthen transparency, facilitate knowledge sharing, and foster collaborative relationships that support long-term commercial success.

By nurturing strong partnerships across the marketing and distribution network, Hatton Plantations PLC is better positioned to anticipate market requirements, maintain premium quality standards, enhance the value of products, and strengthen the competitiveness of our teas in both local and international markets.

Stakeholder Group	Key Engagement Strategies	Objectives	Approach
Customers	● Customer engagement ● High service standards ● Quality product delivery	● Understand customer needs ● Maintain exceptional service ● Deliver quality products	● Customer surveys ● Service quality assessments ● Product quality control ● Feedback opportunities

Supplier Relationships

Value Delivered to Suppliers

- Procured over 10.2 Mn kg of green leaf, creating a stable and reliable market for tea leaf suppliers.
- Supported 220 tea leaf suppliers, contributing to livelihood generation and economic development within tea-growing communities.
- Maintained transparent and equitable procurement practices that promote trust, consistency, and long-term supplier relationships.
- Ensured timely settlement of supplier payments through online banking facilities , supporting cash flow stability and business continuity for suppliers.
- Provided guidance and awareness on applicable regulatory requirements, industry best practices, and

voluntary sustainability standards to strengthen supplier compliance and market readiness.

- Encouraged continuous improvements in leaf quality through regular engagement, feedback, and knowledge sharing.
- Fostered long-term partnerships that enable suppliers to enhance productivity, quality standards, and sustainable cultivation practices.

Hatton Plantations PLC's ability to consistently deliver high-quality teas depends on a network of trusted suppliers and business partners who contribute to the continuity, efficiency, and resilience of our operations. Among these stakeholders, tea leaf suppliers, predominantly smallholder tea farmers, represent a vital component of our value chain, providing a significant source of green leaf that supports our manufacturing activities and product portfolio.

We recognize that the success of our business is closely linked to the success of these smallholder farmers. Accordingly, we maintain strong relationships through fair and transparent dealings, timely communication, and ongoing engagement aimed at supporting quality improvement and sustainable cultivation practices. By working collaboratively with tea leaf suppliers, we help strengthen rural livelihoods while ensuring a reliable supply of quality raw material for our factories.

In addition to tea leaf suppliers, we rely on a diverse range of operational suppliers and service providers who support estate and factory operations through the provision of agricultural inputs, machinery, equipment, logistics, technical services, infrastructure support, and other specialized services. These partnerships are essential in maintaining operational efficiency, product quality, and business continuity.

We are committed to fostering long-term relationships built on trust, professionalism, accountability, and mutual value creation. Our supplier engagement approach emphasizes open communication, transparency, and responsible business conduct. Regular interactions and site visits provide opportunities to strengthen relationships, align expectations, and promote a shared understanding of quality, sustainability, and operational requirements.

Supplier selection and evaluation processes are designed to identify partners who demonstrate strong technical capabilities, reliability, ethical business practices, and alignment with our environmental and social standards. Through these partnerships, we enhance supply chain resilience, mitigate operational risks, and support the consistent delivery of high-quality teas to the market.

By nurturing collaborative and mutually beneficial relationships with suppliers and business partners, Hatton Plantations PLC strengthens our ability to create sustainable value for stakeholders while maintaining the standards of quality and reliability that define our reputation in the tea industry.

Stakeholder Group	Key Engagement Strategies	Objectives	Approach
Suppliers and Partners	• Transparency • Trust-building • Mutual benefit	• Strengthen partnerships • Ensure fair business practices • Foster collaborative success	• Regular performance reviews • Clear communication channels • Joint development initiatives

Government and Regulatory Partners

Value Delivered to Government and Regulatory Partners

- Contributed to national export earnings through the production and export of high-quality Ceylon Tea, supporting Sri Lanka's foreign exchange inflows.
- Generated government revenue through the timely payment of taxes, levies, statutory contributions, and other regulatory obligations.
- Supported national agricultural development through investments in sustainable plantation management, productivity enhancement, and quality improvement initiatives.
- Created direct and indirect employment opportunities, contributing to economic participation and livelihood security within estate communities and surrounding regions.
- Invested in employee welfare, housing, healthcare, education, and community infrastructure, complementing national social development objectives.
- Promoted compliance with labour, environmental, and industry regulations, supporting responsible and sustainable sector development.
- Contributed to rural economic development by supporting local suppliers, smallholder tea farmers, service providers, and community enterprises across the plantation value chain.
- Participated in industry and policy engagement initiatives that support the long-term competitiveness, sustainability, and resilience of Sri Lanka's tea industry.

Government institutions and regulatory authorities play an important role in creating the policy, legal, and regulatory environment within which Hatton Plantations PLC operates. These stakeholders provide oversight, guidance, and support that contribute to the sustainable development of the plantation sector while ensuring adherence to national laws, industry regulations, and environmental and social standards.

Hatton Plantations PLC is committed to maintaining full compliance with all applicable statutory and regulatory requirements. Our operations are subject to oversight by a range of government agencies and regulatory bodies covering areas such as labour practices, environmental management, occupational health and safety, land use, taxation, and agricultural standards. Compliance is integrated into our governance framework and supported through established policies, procedures, and monitoring mechanisms.

We maintain constructive and transparent relationships with government and regulatory stakeholders through regular engagement, timely reporting, consultations, and active participation in industry forums. These interactions enable us to remain informed of evolving regulatory developments, respond effectively to emerging requirements, and contribute to discussions that support the long-term sustainability and competitiveness of the tea industry.

Beyond compliance, our collaboration with government institutions supports broader national priorities, including sustainable agriculture, environmental stewardship, rural economic development, employment generation, and community well-being. Through these partnerships, we strengthen our ability to create long-term value while operating responsibly and contributing to the social and economic progress of the regions in which we operate.

Strong relationships with government and regulatory partners enhance stakeholder confidence, support sound governance practices, and reinforce the Company's commitment to responsible and sustainable business conduct.

Regulatory Framework	Purpose	Compliance Focus
Department of Labor	Ensures adherence to labor laws and regulations	• Wage standards • Working conditions • Employee rights
Industrial Disputes Act	Resolves industrial disputes and promotes fair practices	• Dispute resolution • Fair treatment of workers
Trade Union Act	Regulates trade union activities	• Union formation • Collective bargaining

Industry Associations

Hatton Plantations PLC actively engages with industry associations and sector representative bodies that contribute to the development, competitiveness, and sustainability of Sri Lanka's plantation industry. These associations provide an important platform for collaboration among industry participants, enabling the exchange of knowledge, the sharing of best practices, and the collective resolution of sector-wide challenges.

Through our participation in these forums, we remain informed of emerging industry trends, regulatory developments, market dynamics, and sustainability priorities that influence the operating environment of the tea sector. This engagement strengthens our ability to make informed decisions, enhance operational practices, and respond effectively to evolving stakeholder expectations.

Industry associations also serve as a valuable channel for constructive dialogue between the private sector, policymakers, regulators, and other key stakeholders. By contributing our experience and perspectives, we support initiatives aimed at improving industry standards, strengthening market competitiveness, promoting responsible business practices, and advancing the long-term interests of the plantation sector.

Our continued involvement in these collaborative platforms reflects HPL's dedication to supporting the sustainable growth and resilience of the tea industry while contributing to the economic and social development of the communities and regions that depend on it.

Association	Role	Matters Addressed	Engagement Approach
Tea Trade Associations	Representing industry interests	• Market trends • Trade regulations • Industry standards	• Regular meetings • Policy discussions • Collaborative projects
Planters' Associations	Addressing planter concerns	• Daily wage issues • Working conditions • Collective bargaining agreements	• Joint negotiations • Issue resolution forums • Collective action

Community Relations

Value Created for the Estate Community

- Provided direct employment opportunities to over 6,092 individuals, supporting livelihoods and economic stability within estate communities.
- Enhanced earning potential through the implementation of the revised daily wage of Rs. 1,750, contributing to improved household incomes and financial security.
- Invested in community welfare, healthcare, education, childcare, and social development programmes aimed at improving quality of life and overall well-being.
- Created opportunities for skills development, training, and career advancement, encouraging greater participation of estate youth in supervisory, technical, and professional roles.
- Supported housing improvements, sanitation facilities, and essential infrastructure development to promote healthier and more dignified living conditions for estate families.
- Maintained safe and healthy working environments through occupational health and safety initiatives, employee welfare programmes, and continuous workplace improvements.
- Strengthened access to essential services and community resources through partnerships with government agencies, development organizations, and other stakeholders.
- Contributed to the long-term social and economic development of estate communities by fostering inclusion, empowerment, and sustainable livelihood opportunities.
- Promoted a stable and supportive community environment through continuous engagement, dialogue, and responsive stakeholder relationship management.

The estate community is an integral stakeholder of Hatton Plantations PLC and a fundamental contributor to the continuity and success of our plantation operations. As many estate residents are employees and family members who have lived and worked within these communities for generations, maintaining positive and constructive relationships with the estate community is essential to operational stability, workforce engagement, and the long-term sustainability of the business.

We recognize that the progress of our estates is closely linked to the well-being and development of the communities that support them. Accordingly, we are committed to fostering relationships built on trust, mutual respect, open communication, and shared value creation. Strong community relationships enable us to better understand stakeholder needs, address concerns proactively, and create an environment that supports both social progress and business continuity.

Our community engagement approach incorporates a range of formal and informal mechanisms designed to facilitate dialogue and collaboration. These include regular interactions with estate community representatives, trade unions, employee committees, government agencies, local authorities, community-based organizations, and other stakeholder groups. These engagement channels provide valuable opportunities to discuss community concerns, labour-related matters, development priorities, and welfare initiatives while promoting transparency and constructive problem-solving.

Beyond engagement, we continue to invest in programmes that enhance the quality of life of estate residents. These initiatives include support for housing, healthcare, education, childcare, sanitation, infrastructure improvements, livelihood development, and community welfare. Many of these programmes are implemented in partnership with government institutions, development agencies, and other stakeholders to maximize their impact and sustainability.

Through sustained engagement and community development efforts, Hatton Plantations PLC seeks to strengthen social cohesion, improve living standards, and create resilient communities that can thrive alongside the business. These efforts contribute to a stable operating environment, stronger stakeholder relationships, and the long-term sustainability of both the Company and the communities that depend on it.

Stakeholder Group	Key Engagement Strategies	Objectives	Approach
Estate Workers	● Fair working conditions ● Health and safety measures ● Training on skill and knowledge development	● Provide safe and fair working conditions ● Promote skill enhancement ● Ensure worker satisfaction	● Safety protocols ● Skill training workshops ● Health and safety inspections

Community Facilities Supported

Housing	3,113
Pre Schools	23
Field Rest Rooms	34
Elders Club	12
Vocational Training Centers	3
Dormitory	4
Religious places	108
Maternity Wards	14
Cooperative Society	17
Creches	64

During the year under review, Hatton Plantations PLC invested Rs. 167.2 million in programmes and initiatives aimed at improving the quality of life of estate communities and supporting their long-term social development. These investments focused on enhancing access to essential services, strengthening community infrastructure, and promoting the well-being of employees and their families.

Key areas of investment included:



Housing and Infrastructure: Continued investments were made in the construction, upgrading, and maintenance of employee housing and estate infrastructure, contributing to safer, healthier, and more comfortable living conditions for estate families.

Healthcare: Estate medical facilities continued to provide accessible primary healthcare services, including routine medical care, maternal and child health services, health awareness programmes, and preventive healthcare initiatives.

Childcare and Early Childhood Development: Crèche facilities and child development centers provided a safe and supportive environment for young children, enabling working parents to balance family and employment responsibilities while supporting early childhood development.

Education Support: Assistance was provided to improve educational opportunities for the children of employees through educational programmes, learning materials, scholarships, and support for school-related activities, helping to encourage academic achievement and future opportunities.

Community Welfare and Well-being: A range of welfare and community development initiatives were implemented to support nutrition, social well-being, community engagement, and recreational activities, contributing to stronger and more resilient communities.

In addition to these ongoing investments, the Company implemented several targeted initiatives during the year to address emerging community needs and further strengthen the well-being and development of estate residents.

Clean Energy Cookstove Project: Changing Lives of our community, Protecting Nature











Hatton Plantations PLC continued the implementation of the Clean Energy Cookstove Project in partnership with Nilcarbon Lanka (Pvt) Limited. This pioneering initiative is part of the world's first cookstove programme designed to contribute to all 17 United Nations Sustainable Development Goals (SDGs), creating meaningful social, environmental, and economic benefits for estate communities.

The Clean Energy Cookstove Project is transforming the lives of estate families while contributing to environmental conservation. The improved cookstoves reduce firewood consumption by up to 70%, providing a practical and sustainable solution to the challenges of deforestation and natural resource depletion. By lowering the demand for firewood, the initiative helps protect Sri Lanka's forest ecosystems while reducing the time and effort families spend collecting fuel.

The project also delivers significant health benefits, particularly for women and children who are most exposed to smoke from traditional cooking methods. By substantially reducing indoor air pollution, the clean energy cookstoves help minimize respiratory illnesses, eye infections, and other smoke-related health conditions, creating safer and healthier home environments.

In addition to improving household well-being, the initiative supports household cost savings through reduced fuel consumption and promotes more efficient cooking practices. The programme aligns with Sri Lanka's climate change commitments and contributes to broader national and global development priorities, including environmental sustainability, poverty alleviation, improved health outcomes, and gender equality.

Since the launch of the programme, approximately 9,129 clean energy cookstoves have been distributed free of charge to workers and non-worker households across estate communities through the first and second phases of implementation. This large-scale initiative continues to support cleaner, healthier, and more sustainable lifestyles while creating lasting positive impacts for communities and the environment.

	Estate Name	Cook stoves Quantity		Total
		Workers	Non-Workers	
1	Wigton	53	119	172
2	Tangakelle	219	202	421
3	Agarakande	67	167	234
4	Henfold	253	432	685
5	Carolina	101	481	582
6	Ouvahkelle	120	303	423
7	Kenilworth	139	294	433
8	Waltrim	326	387	713
9	Vellaioya	256	292	548
10	Dickoya	318	857	1,175
11	Strathdon	229	547	776
12	Shannon	150	252	402
13	Abbotsleigh	264	185	449
Total Quantity		**2,495**	**4518**	**7,013**

Supporting Our Workforce with Nutritious Meals

Hatton Plantations PLC continued to provide lunch boxes to estate workers during the year. This initiative was designed to ensure that employees have access to nutritious, hygienically prepared meals during working hours, supporting their health, energy levels, and overall well-being.

The provision of meals contributes to improved workplace productivity and comfort while helping employees maintain balanced nutrition throughout the workday. The programme also reflects the Company's recognition that employee well-being extends beyond the workplace and is closely linked to the health and welfare of workers.

Through initiatives such as these, Hatton Plantations PLC continues to invest in the welfare of the workforce, fostering a supportive work environment that promotes employee well-being, engagement, and long-term sustainability.





Supporting Education for a Brighter Future

Education remains an important pathway to social mobility and long-term community development. In keeping with our commitment to supporting the families of estate workers, Hatton Plantations PLC implemented several initiatives aimed at encouraging educational participation and easing the financial burden associated with schooling.

During the year, school bags and stationery packs were distributed to children of estate workers, including

preschool graduates preparing to enter Grade 1. By providing essential learning materials at the start of the academic year, the Company helped ensure that students begin their educational journey equipped with the resources needed to learn, grow, and succeed.

These initiatives support school readiness, encourage regular attendance, and help create a positive learning experience for children from an early age. They also provide practical assistance to families by reducing education-related expenses and reinforcing the importance of continued learning and academic achievement.

Through ongoing educational support programmes, Hatton Plantations PLC continues to invest in the future of estate communities by creating opportunities for children to pursue their education with confidence and build a strong foundation for their future development.







Empowering Youth Through Mental Well-being and Personal Development

Recognizing the importance of mental well-being in shaping confident and resilient young individuals, Hatton Plantations PLC facilitated a psychological awareness programme for youth within the estate communities. The programme was designed to promote self-awareness, emotional well-being, and personal growth while equipping participants with practical skills to navigate the challenges of adolescence and early adulthood.

The sessions focused on building self-confidence, developing positive thinking, managing stress, strengthening interpersonal skills, and fostering healthy coping mechanisms. Participants were encouraged to engage in open discussions and gain a better understanding of the importance of mental health in achieving their personal, educational, and professional aspirations.

By creating awareness and providing guidance on psychological well-being, the programme sought to empower young people to make informed decisions, build resilience, and develop the confidence needed to contribute positively to their families and communities.

Through initiatives such as these, Hatton Plantations PLC continues to support the holistic development of youth, recognizing that investing in their well-being and potential contributes to stronger, more resilient communities.





Emergency Relief Support Following Cyclone Ditwah

In response to the impacts of Cyclone Ditwah, Hatton Plantations PLC mobilized emergency assistance to support affected communities and vulnerable families during a period of significant hardship. Recognizing the immediate needs arising from the disaster, the Company provided essential relief supplies to help safeguard the health, safety, and well-being of those affected.

Relief efforts included the distribution of meals, hygiene kits, medicines, clothing, and other essential items to families and children impacted by the adverse weather conditions. These interventions helped address urgent humanitarian needs while providing practical support to communities as they navigated the challenges caused by the disaster.

By working to ensure that affected individuals received timely assistance and essential resources, Hatton Plantations PLC contributed to community resilience and recovery efforts during a difficult period.

Through emergency response and community support initiatives, the Company continues to demonstrate responsible corporate citizenship and the well-being of the communities in which it operates.







Enhancing Worker Well-being Through Improved Sanitation Facilities

Towards employee welfare and community well-being, Hatton Plantations PLC established a hot water sanitation facility for workers at the Waltrim Estate, Lindula Division. The facility was developed to improve access to essential sanitation services and enhance the overall living conditions of estate residents.

Access to hot water is particularly important in the estate sector, where cooler climatic conditions can make daily hygiene practices challenging. The new facility provides workers with a safe, convenient, and hygienic environment, supporting improved personal health, comfort, and well-being.



The initiative forms part of the Company's broader efforts to strengthen estate infrastructure and promote healthier living standards within estate communities. By investing in facilities that address the everyday needs of workers, Hatton Plantations PLC continues to contribute to a safer, healthier, and more dignified living environment for the workers and their families.





Promoting Employee Well-being Through Medical and Dental Screening Programmes

To ensure employee health and well-being, Hatton Plantations PLC conducted medical and dental screening programmes for estate workers during the year. These initiatives were designed to improve access to preventive healthcare services and promote greater awareness of personal health and wellness.

The programmes provided workers with comprehensive health assessments and oral health screenings, enabling the early identification of potential health concerns and facilitating timely medical advice and intervention where necessary. Participants also received guidance on preventive healthcare practices, healthy lifestyles, and the importance of maintaining good oral hygiene.

Regular health screening programmes play an important role in safeguarding employee well-being, reducing health-related risks, and encouraging proactive health management. By supporting early detection and health awareness, these initiatives contribute to improved quality of life, enhanced productivity, and overall workforce well-being.

Through continued investment in healthcare and wellness programmes, Hatton Plantations PLC remains committed to fostering a healthier workforce and creating a supportive environment that promotes the long-term health and well-being of the employees and their families.











Governance and Risk

CORPORATE GOVERNANCE

GRI 2, 9-18, 405

Hatton Plantations PLC (HPL) continues to uphold a strong legacy of corporate excellence, governance integrity, and accountability within Sri Lanka's plantation sector. Recognized among the country's leading tea producers at the Colombo Tea Auction, the Company remains committed to maintaining the highest standards of ethical business conduct, transparency, and sustainable value creation for all stakeholders.

Throughout the year, the Company maintained unwavering adherence to its governance policies, internal protocols, and applicable regulatory requirements, while aligning with internationally recognized governance principles and best practices. The Board continued to reinforce a strong system of internal controls and accountability mechanisms supported by a comprehensive Enterprise Risk Management Framework.

In line with the Company's sustainability agenda, Environmental, Social, and Governance (ESG) considerations remained deeply embedded within the corporate governance framework. The Board continued to strengthen oversight of ESG-related matters, recognizing the growing importance of sustainable business practices, responsible resource management, stakeholder engagement, and transparent reporting. This integrated approach reflects the Company's commitment to creating long-term value while ensuring responsible stewardship of environmental and social capital.

Hatton Plantations PLC continues to operate under a robust governance structure established by the Board of Directors, which promotes ethical leadership, sound risk management, accountability, and sustainable business practices across the organization.

Commitment to Governance Excellence

Hatton Plantations PLC's governance philosophy is founded on integrity, accountability, fairness, and transparency, ensuring the equitable balancing of stakeholder interests while driving sustainable growth and long-term value creation. The Company remains committed to continuously strengthening its governance framework through:

- Strict compliance with all applicable legal, regulatory, and statutory requirements
- Adoption and integration of voluntary codes, industry best practices, and internationally accepted governance principles
- Strengthening accountability, transparency, and ethical conduct across all levels of the organization
- Embedding sustainability and ESG considerations into strategic decision-making and operational practices
- Maintaining effective internal controls, enterprise risk management processes, and independent oversight mechanisms
- Promoting responsible corporate citizenship and long-term stakeholder value creation

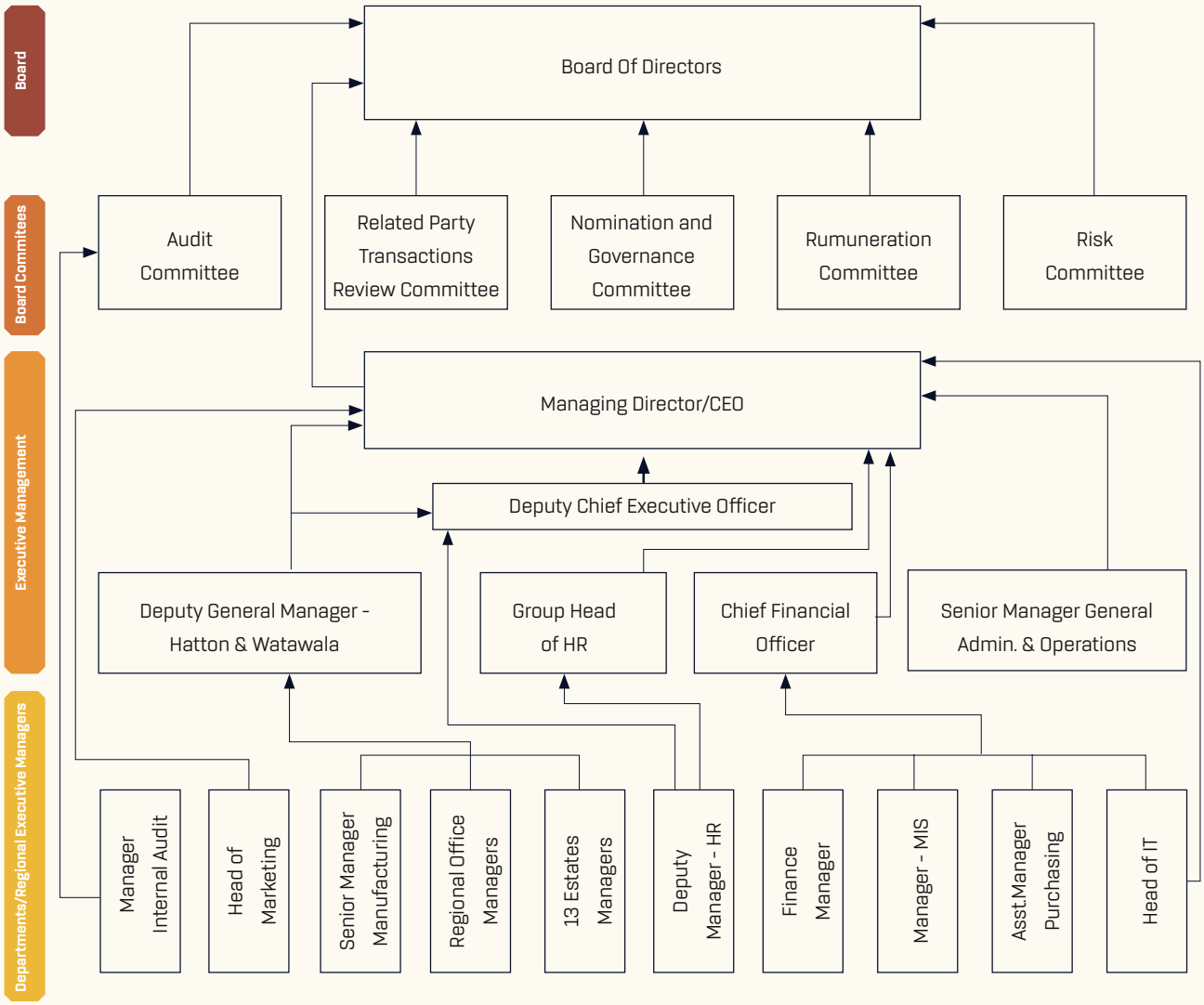
Governance Framework

A set codes and practices guide HPL's governance process and they include:

Regulatory	Internal Documents	Voluntary Standards, Codes & Frameworks	Key Governance Practices
• Companies Act No.7 of 2007 • Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 • Continued Listing Re Requirements of the Colombo Stock Exchange • The Shop and Office Employees Act No. 15 of 1954 • Factories Ordinance No. 45 of 1942 • Inland Revenue and other relevant acts • Industrial Disputes Act • Workmen's Compensation Ordinance • Customs Ordinance • Exchange Control Act • Tea Board of Sri Lanka • Chamber of Commerce • Ministry of Plantations	• Articles of Association • Board Charter • Policy framework • Collective Agreements entered into between the EFC, the CESU, and NESU	• Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants 2023 • Integrated Reporting Framework • Global Reporting Initiative Standards • Quality standard certifications obtained by companies	• Combination of independent and non-independent directors • Shareholders have right to call for special meeting • Board Committees with governance and accountatbility responsibilities

Governance Structure

This robust governance structure ensures that Hatton Plantations PLC consistently meets stakeholder expectations and mitigates risks effectively, fostering long-term value creation.

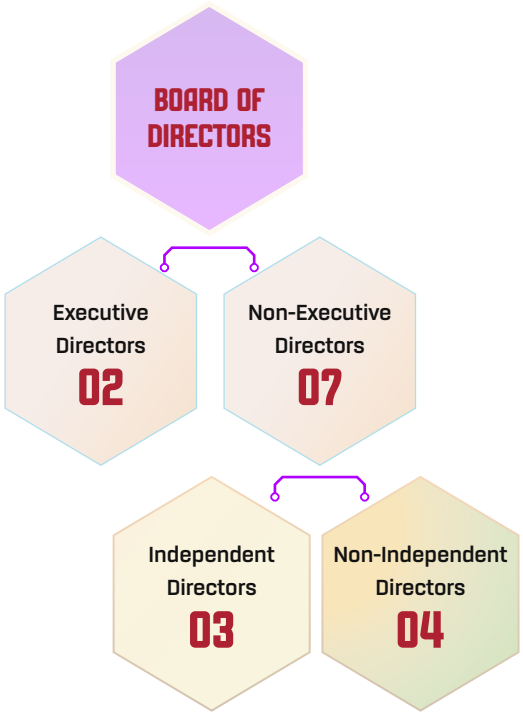


In alignment with the comprehesive governance structure the monitoring and reporting structure of HPL's governance process is:



Composition of the Board

The Board of Directors of Hatton Plantations PLC comprise of distinguished professionals with extensive experience in key areas such as plantation management, export marketing, the tea industry, banking, and finance. Detailed profiles of the directors are presented on pages 36 to 40.



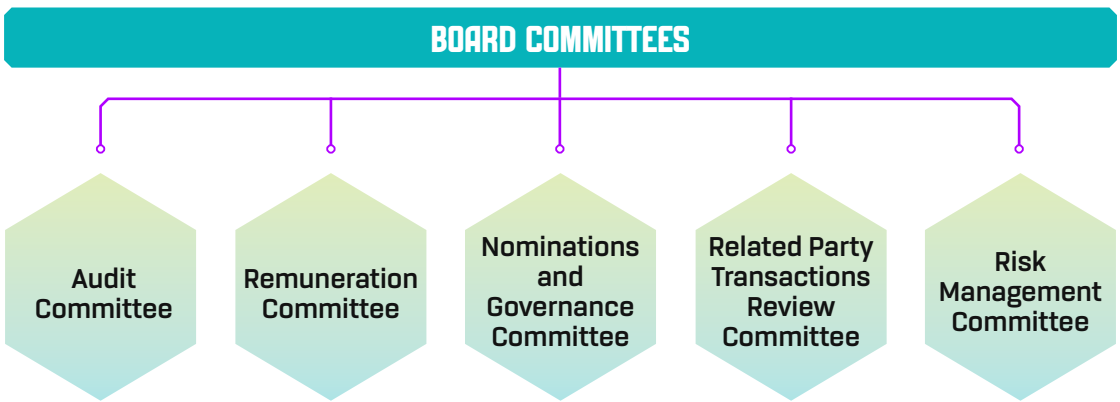
Board Committees

To strengthen governance oversight and support the effective discharge of its fiduciary responsibilities, the Board has established five (05) principal Board Committees:

- Audit Committee
- Remuneration Committee
- Nominations and Governance Committee
- Related Party Transactions Review Committee
- Risk Management Committee

Each Committee operates within clearly defined terms of reference approved by the Board and is empowered with the authority, resources and access to information necessary to effectively fulfil its mandate. The Company Secretary serves as Secretary to all Board Committees, ensuring proper coordination, procedural compliance and timely communication of matters arising. Minutes of Committee meetings are circulated to the Board upon finalization to facilitate informed decision-making and maintain transparency across the governance framework.

The composition of each Committee reflects an appropriate balance of independence, experience and subject matter expertise, enabling robust oversight and objective evaluation of matters within their respective scopes of responsibility.



The composition of each Committee reflects an appropriate balance of independence, experience and subject matter expertise, enabling robust oversight and objective evaluation of matters within their respective scopes of responsibility.

Audit Committee

Mandate	The Committee overseeing the integrity of financial reporting, monitoring internal controls and risk management systems: • **Integrity of Financial Statements:** Ensuring alignment with Sri Lanka Financial Reporting Standards. • **Compliance:** Adherence to legal and regulatory requirements, including the Companies Act and other relevant financial reporting regulations. • **External Auditor Independence and Performance:** Assessing the independence and effectiveness of the external auditor.
Chairman	Mr. Indrajith Fernando (Independent Non-Executive Director)
Members	Mr.Mayura Fernando (Independent Non-Executive Director) Mr.Gowri Shankar (Non-Independent Non-Executive)
Attendance	5/5

Refer to pages 177 to 179 for Audit Committee Report

Remuneration Committee

Mandate	The Committee is dedicated to ensuring that the total remuneration package is competitive, aiming to attract the best talent for the benefit of the company.
Chairman	Mr. Indrajith Fernando (Independent Non-Executive Director)
Members	Mr.Mayura Fernando (Independent Non-Executive Director) Mr.Gowri Shankar (Non-Independent Non-Executive)
Attendance	1/1

Refer to page 182 for Remuneration Committee Report

Nominations and Governance Committee

Mandate	The Committee independently reviews, evaluate, select, appoint and re-appoint Directors of the Company to ensure the company's compliance with the rules outlined in the SEC's Code of Best Practice
Chairman	Mr. Indrajith Fernando (Independent Non-Executive Director)
Members	Mr.Mayura Fernando (Independent Non-Executive Director) Mr.Gowri Shankar (Non-Independent Non-Executive)
Attendance	1/1

Refer to pages 183 to 185 for Nominations and Governance Committee Report

Related Party Transaction Review Committee

Mandate	The Committee independently reviews all related party transactions to ensure the company's compliance with the rules outlined in the SEC's Code of Best Practice
Chairman	Mr. Indrajith Fernando (Independent Non-Executive Director)
Members	Mr.Mayura Fernando (Independent Non-Executive Director) Mr.Gowri Shankar (Non-Independent Non-Executive)
Attendance	5/5

Refer to pages 180 to 181 for Related Party Transactions Review Committee Report

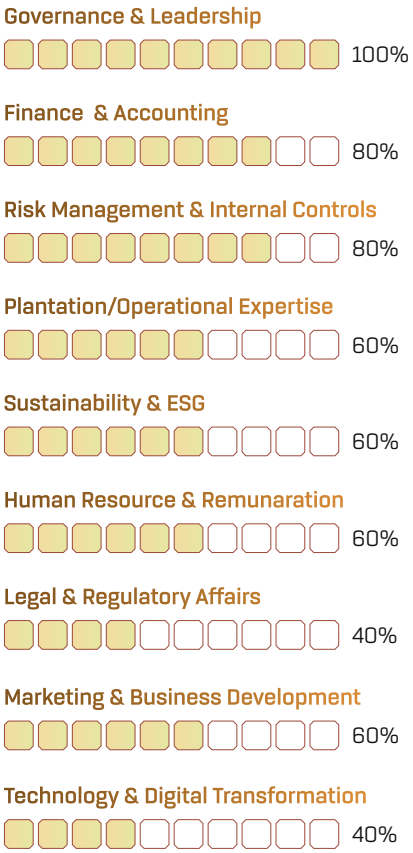
Risk Management Committee

Mandate	The Committee oversees and supervises the management's financial reporting process to ensure: ● Internal Control and Risk Management: Evaluating the adequacy and effectiveness of the Company's internal control and risk management systems over the financial reporting process.
Chairman	Mr.Menaka Athukorale (Executive Director)
Members	Mr.Indrajith Fernando (Independent Non-Executive Director) Mr.Mayura Fernando (Independent Non-Executive Director) Mr.Gowri Shankar (Non-Independent Non-Executive) Mr.Lucille Wijewardena (Non-Executive Director)
Attendance	2/2

Expertise Profile of the Board

The Board possesses a strong and well-balanced blend of professional expertise, industry knowledge and leadership experience required to provide effective strategic direction and governance oversight. The collective competencies of the Directors span finance and accounting, corporate governance, risk management, plantation and operational management, sustainability, legal and regulatory compliance, human capital management and business strategy.

This diversity of skills and perspectives enables the Board to exercise sound judgement, support sustainable growth and uphold the highest standards of accountability and stewardship. The Board continuously reviews its composition to ensure that it maintains the appropriate balance of experience, independence and competencies aligned with the Company's evolving strategic priorities and operating environment.



Anti-Corruption and Ethical Conduct

Hatton Plantations PLC is firmly committed to conducting its business with integrity, transparency and accountability, guided by the principles set out in the Company's Code of Conduct and Ethics. The Code establishes the standards of professional and ethical behavior expected of all employees and provides clear guidance on key areas including conflicts of interest, anti-bribery and corruption, dealings with third parties, political contributions, and the integrity of financial reporting and internal controls.

Anti Corruption Policy

Hatton Plantations PLC places a high priority on ethical conduct in all its operations. It maintains a firm stance against bribery and corruption in any form and strives to ensure transparency and integrity in all its dealings, both internally and externally. The Company has adopted " Bribery and Anti Corruption Policy" and for the year under review, no incidents of bribery or corruption were reported.

All new employees undergo structured induction and awareness programmes on the Code of Conduct, reinforcing the Company's zero-tolerance approach towards bribery, corruption and unethical practices. Ethical values and responsible business conduct are continuously promoted through ongoing communication, monitoring and consistent enforcement across all levels of the organization.

To ensure inclusivity and accessibility, the Code is made available in all three working languages of the Company. In addition, ethical conduct forms an integral part of the Company's competency framework and performance evaluation process, further embedding accountability and responsible behavior into the corporate culture. Any violations of the Code are addressed through established disciplinary procedures, with documented actions maintained in employee personnel records and monitored as part of the Company's governance and compliance oversight mechanisms.

This report has been prepared in alignment with the requirements and principles of the Code of Best Practice on Corporate Governance, as presented in the sections that follow.

Whistleblower Policy

The Whistleblower Policy offers a structured mechanism for employees to report concerns regarding any individual within the organization involved in any unlawful activities or violations of the Company's Code of Conduct, including financial fraud, inaccurate financial reporting, improper behavior, or breaches of organizational values and policies. In accordance with the Whistleblower Policy, employees who raise such concerns are assured of protection from retaliation or victimization. The policy ensures that staff can report suspected wrongdoing in confidence, without fear of reprisal. Employees are encouraged to raise issues directly with the Managing Director/ Chief Executive Officer. All reported concerns are thoroughly investigated through a formal process and subsequently reported to the Board Audit Committee for resolution.

Code of Best Practice on Corporate Governance

Hatton Plantations PLC adheres to the Code of Best Practice on Corporate Governance, ensuring transparency, accountability, and sound decision-making across all levels of the organization.

A – Directors

A 1 An Effective Board

The Board of Directors is comprised of nine members, including two executive directors, three independent non-executive directors, and four non-independent non-executive directors.

A 1.1 Frequency of Board Meetings

The Board of Directors convenes on a quarterly basis to review the Company's operational and financial performance for the preceding period, evaluate progress against strategic priorities and deliberate on key business initiatives and future growth opportunities. Additional Board meetings are convened as and when required to address matters of significance and ensure timely decision-making.

The Audit Committee, a standing committee of the Board, also meets quarterly, with additional meetings held where necessary to effectively discharge its oversight responsibilities relating to financial reporting, internal controls, risk management and compliance.

At the operational level, the Estate Management Committees, Regional Executive Committees and Corporate Management Committee meet monthly to monitor operational performance against approved budgets, strategic plans and key performance indicators. These forums facilitate the timely identification of operational challenges, implementation of corrective measures and escalation of material matters to the Board where appropriate, thereby strengthening accountability and supporting effective execution across the organization.

Board Meetings

Name of Director	Status	Attendance
Mr. Gary Seaton	E	4/4
Mr. Menaka Athukorala	E	4/4
Mr. Gowri Shankar	NED	4/4
Mr. Hiro Bhojwani	NED	1/4
Mr. Indrajith Fernando	SINED	4/4
Mr. Damascene Perera	NED	4/4
Mr. Lucille Wijewardena	NED	4/4
Mr. Mayura Fernando	INED	4/4
Mr. Aravinda De Silva	INED	3/4

E – Executive, NED - Non-Executive,
INED - Independent Non-Executive,
SINED – Senior Independent Non-Executive

Committee Attendance as given above on pages 132 to 133 of the Governance Discussion

Board Attendance and Responsibilities

A 1.2 Responsibilities of the Board

The Board of Directors of Hatton Plantations PLC provides strategic direction and oversight to ensure the long-term sustainability, resilience and value creation of the Company, particularly in navigating evolving market conditions and periods of volatility in commodity prices. The Board regularly reviews and refines the Company's strategic priorities, business models and operational initiatives to strengthen competitiveness and drive sustainable growth.

Supporting the Board in this process is the Executive Management Committee, chaired by the Managing Director/ Chief Executive Officer, which is responsible for evaluating operational and financial performance, reviewing key performance indicators and assessing emerging strategic opportunities and operational improvements prior to submission for Board deliberation and approval. This structured governance framework enables timely, informed and effective decision-making across the organization.

A robust reporting structure ensures the efficient flow of information from estate and departmental management to the Executive Management Committee, facilitating proactive management oversight and responsiveness to operational developments. The Company's annual budget and rolling five-year strategic plan are comprehensively reviewed by the Executive Management Committee before being presented to the Board for consideration and approval, enabling focused discussions on strategic priorities, capital allocation and long-term business objectives.

The Executive Management Committee comprises the Managing Director/Chief Executive Officer, Chief Financial Officer, General Manager – Administration and Forestry, Group Head of Human Resources, Marketing Consultant and Group Manager. To further strengthen operational coordination and communication, a secondary executive forum consisting of Estate Managers and Departmental Heads has been established. This forum supports the effective dissemination of strategic directives, enhances cross-functional collaboration and provides valuable operational insights to management.

Recognizing the importance of leadership continuity and organizational sustainability, the Company has implemented a structured succession planning framework for key management positions. This process is supported through targeted learning and development initiatives aligned with identified competency and leadership requirements.

The Board remains fully committed to maintaining the highest standards of corporate governance, ethical conduct and regulatory compliance. In support of this commitment, the Company has established a comprehensive compliance monitoring framework to ensure adherence to all applicable laws, regulations and industry standards. A summary of the Company's compliance framework is presented on pages 145 to 157 of this Annual Report.

In carrying out its stewardship responsibilities, the Board gives due consideration to the interests of all stakeholders, including shareholders, employees, customers, suppliers, communities and regulators. The Company continues to pursue operational efficiency and prudent cost management initiatives, as detailed in the Managing Director's/CEO's Review, while also maintaining a strong focus on environmental and social responsibility. Corporate Social Responsibility (CSR) and sustainability initiatives remain integral to the Company's long-term strategy and are discussed further in the relevant sections of this Report.

A 1.3 Compliance with Relevant Laws and Independent Professional Advice

The Board ensures adherence to all applicable legal and regulatory requirements. A comprehensive list of relevant laws and the Company's compliance status is provided on page 145 of this report.

When necessary, the Board engages external experts for professional advice in areas including legal matters,

taxation, actuarial services, valuation of biological assets, product development, process improvement, and productivity enhancement. Additionally, any director may seek independent professional advice at the Company's expense to support the effective discharge of their duties.

A 1.4 Company Secretary

Corporate Advisory Services (Private) Limited serves as the Company Secretary, providing dedicated support to the board of directors at all Board meetings. They offer expert guidance on regulatory compliance matters pertaining to the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka. In addition, they are responsible for preparing and maintaining accurate minutes of each Board meeting, which are reviewed at subsequent meetings to ensure timely and effective follow-up on Board decisions.

All Directors have unrestricted access to the Company Secretary for advice and assistance. The appointment or removal of the Company Secretary is a matter reserved for the collective decision of the full Board.

A 1.5 Independent Judgement

The Board of Directors maintains a strong commitment to independent oversight and sound governance practices. Directors serve as Independent and Non-Executive capacity, providing objective and independent supervision. All Directors are able to exercise independent judgment in the decision-making process without any undue influence. The Chairman facilitates full and active participation of all members during Board discussions.

A 1.7 Directors' Dedication of Time and Effort

In addition to attending scheduled Board meetings, Directors remain available for consultation as needed. Board materials are circulated well in advance to allow for thorough review, and all questions raised by members are addressed either prior to or following each meeting. During the reporting period, the Board convened 04 times, as outlined on page 135 and affirms that the non-executive directors demonstrated a strong commitment by allocating adequate time and attention to their responsibilities throughout the year.

A 1.8 Training of Directors

Director training decisions are made at the Board level, where appropriate, directors may be nominated for special overseas training and study tours. The Executive Director has taken part in multiple international study tours focused on plantation management and general management outside Sri Lanka.

PRINCIPLE A 2: Chairman and Managing Director/ CEO

Both the Chairman and the Managing Director/CEO serve as Executive Directors of the Board and the Company, with a clear delineation of their respective roles and responsibilities to maintain effective governance.

PRINCIPLE A 3: Chairman's Role

The Chairman leads Board meetings, fostering active engagement from all members while ensuring a balanced representation of Executive, Non-Executive, Independent, and Non-Independent Directors. The Managing Director/CEO, together with the Chief Financial Officer, presents comprehensive operational performance updates and supports the Board in maintaining full oversight and control of the Company's affairs.

PRINCIPLE A 4: Financial Acumen

The Board comprises individuals with financial expertise, including chartered accountants and chartered management accountants, as outlined below:

Director	Qualification	Industry Experience
Mr. Indrajith Fernando	FCA, FCMA, MBA	36 years
Mr. Lucille Wijewardena	FCA, MBA	42 years
Mr. Mayura Fernando	FCA, FCMA, BSC	30 years

PRINCIPLE A 5: Board Balance

The Board consists of seven non-executive directors, accounting for 78% of the total Board membership, including three independent directors. The three independent directors referenced above maintain complete independence from management and have no business affiliations that could impair their objective judgment. Each independent non-executive director has provided a Declaration of Independence in compliance with the Corporate Governance Best Practices Code.

Non-Executive, Non-Independent Director	Non-Executive, Independent Director
Mr. Gowri Shankar	Mr. Indrajith Fernando
Mr. Hiro Bhojwani	Mayura Fernando
Mr. Damascene Perera	Mr. Aravinda De Silva
Mr. Lucille Wijewardena	

The Board has formally confirmed the independence of the following non-executive directors:

- Mr. Indrajith Fernando
- Mr. Mayura Fernanda
- Mr. Aravinda De Silva

For comprehensive details on the full Board of Directors, please see pages 36 to 40.

Any unresolved concerns regarding Directors are recorded by the Secretary in the meeting minutes and circulated to the Board ahead of the next Board meeting, during which the minutes are reviewed and approved. To date, no such issues have been reported within the Company.

PRINCIPLE A 6: Supply of Information

The Board meets on a quarterly basis, with additional meetings convened as deemed necessary. Directors are provided with comprehensive documentation to support informed decision-making, including:

- Quarterly financial statements, reviewed and recommended by the audit committee.
- Minutes of the previous Board meeting, along with updates on action items.
- Summaries from monthly internal performance review meetings.
- Capital expenditure proposals with supporting rationale.
- Updates on borrowings and deposit positions.
- Reports on inventory levels and produce stock holdings.
- Statements detailing statutory payments.
- Financial and operational forecasts for the upcoming quarter.
- The Annual Business Plan.
- Other material developments or issues requiring Board attention.
- A detailed performance presentation by the Managing Director/CEO covering the review period.

Board materials are distributed in advance, with all documents referenced under Section A6 circulated to members no later than seven days prior to each meeting. Directors may request supplemental information as needed to facilitate effective oversight.

PRINCIPLE A 7: Appointment to the Board

The Board holds the responsibility for appointing new Directors and nominating qualified professionals for Board membership. In evaluating potential candidates, the Board assesses its existing composition to ensure that the collective expertise and experience of its members align with the Company's strategic objectives. Appointments are made only upon the completion of this assessment. For further information on the current Board of Directors, please refer to pages 36 to 40 of this report.

PRINCIPLE A 8: Re-election

At the Company's first Annual General Meeting (AGM) for the year, all directors appointed during the year, excluding the Managing Director/CEO and those elected by shareholders at the prior AGM, shall retire from office. In each subsequent year, one-third of the directors, other than the Managing Director/CEO, shall retire by rotation at the AGM in

accordance with the Company's Articles of Association. Retiring directors are eligible for re-appointment.

PRINCIPLE A 9: Appraisal of Board Performance

The Board of Directors evaluates its performance against the company's strategic objectives, typically during each Board meeting. This assessment, which considers both forward-looking opportunities and potential challenges, includes a review of the following key areas:

- Historical performance and results
- Formulation and evaluation of a sound business strategy
- Effectiveness of the Managing Director/CEO and executive management in meeting established performance benchmarks
- Implementation and oversight of robust information, control, and audit systems
- Risk identification, prevention, and mitigation efforts
- Compliance with applicable legal, regulatory, and ethical standards

PRINCIPLE A 10: Disclosure of Information Regarding Directors

- Comprehensive profiles of the directors are presented on pages 36 to 40 of this report.
- Disclosures of related party transactions can be found on pages 261 to 263.
- Attendance records for Board meetings are detailed on page 135.
- Information regarding the Board Committees on which each director serves, along with their respective attendance, is provided on pages 132 to 133.

PRINCIPLE A 11: Appraisal of Managing Director/CEO

The Board evaluates the performance of the Managing Director/CEO based on the achievement of the company's short- and medium-term objectives, as well as the ability to deliver on future strategic goals. As part of this process, the Managing Director/CEO submits a comprehensive performance report to the Chairman.

At the beginning of each financial year, a detailed budget is developed and submitted to the Board for approval. Following Board approval, the Managing Director/CEO is assigned clearly defined performance targets aligned with the approved budget. Any material deviations from the budget, particularly related to capital expenditures, must receive prior authorization from the Board.

At the close of the financial year, the Board conducts a formal performance evaluation of the Managing Director/CEO, benchmarked against the company's actual results and strategic objectives.

B – Directors' Remuneration

PRINCIPLE B 1: Remuneration Committee

The Board of Directors is responsible for determining the remuneration of the Managing Director/Chief Executive Officer. In setting this remuneration, the Board benchmarks against remuneration practices at comparable companies. Executive directors who receive their remuneration from the Company are also eligible for performance-based incentives, with clearly defined targets established at the beginning of each financial year.

The Company does not operate a share option plan or a pension plan.

The remuneration committee's report is presented on page 182 of this document. In addition, the Board approves the overall remuneration framework for senior management. Further details regarding Directors' remuneration are provided in Note 8 and 38 of the financial statements, while information on management remuneration is included on page 182 under Reward and Recognition.

PRINCIPLE B 2: Level of Remuneration

Executive Directors receiving salaries from the Company are remunerated based on prevailing market rates and are eligible to participate in defined incentive programs. Annual salary adjustments are determined through a formal

performance appraisal conducted at the close of the financial year. The Company does not maintain an executive share option plan, and no severance payments have been made in instances of early termination. All directors receive a fee for their service to the Company.

PRINCIPLE B 3: Disclosure of Remuneration

The Remuneration Committee's Report on page 182, provides details on the members of the Remuneration Committee and the Remuneration Policy. Information regarding the remuneration of Executive Directors and key managers is presented on page 263 of this report.

C – Relations with Shareholders

PRINCIPLE C 1: Constructive Use of Annual General Meeting (AGM)

In compliance with the Companies Act No. 07 of 2007, the Company Secretary ensures that all shareholders are provided with timely and adequate notice of the annual general meeting (AGM). The Annual Report is distributed concurrently with the AGM notice to facilitate informed participation.

Shareholders are encouraged to engage actively in the proceedings, with the Board of Directors addressing all pertinent questions. The Chair of the Audit Committee, the Chief Financial Officer, and relevant division heads are in attendance to provide additional insight and respond to shareholder inquiries.

PRINCIPLE C 2: Communication with Shareholders

The AGM is scheduled to be held on 30th June 2026. Proxy Forms, including a summary of the voting process, are circulated to all shareholders along with the annual report. A designated counter is set up on the day of the AGM to receive and verify proxy submissions.

PRINCIPLE C 3: Major and Material Transactions

To promote transparency and effective decision-making, the Company presents separate resolutions for materially distinct matters. The adoption of the report and financial statements is tabled as an independent agenda item. The Chairpersons of the Audit Committee, Risk Committee, Remuneration Committee and Nomination and Governance Committee are also present at the meeting to respond to shareholder concerns.

There were no major transactions conducted during the financial year under review, as defined by Section 185 of the Companies Act No. 07 of 2007.

D – Accountability and Audit

PRINCIPLE D 1 : Financial Reporting

The Company's net assets have consistently remained above 50% of shareholders' equity, demonstrating a strong financial position.

In the preparation of the annual and quarterly financial statements, the Company complies with the following regulations and standards:

- Companies Act No. 07 of 2007
- Sri Lanka Financial Reporting Standards (SLFRS)
- Listing Rules of the Colombo Stock Exchange

The list below details the publication dates for the quarterly financial reports, in accordance with the Listing Rules:

- First Quarter: 6th of August 2025
- Second Quarter: 4th of November 2025
- Third Quarter: 11th of February 2026
- Fourth Quarter: 29th May 2026

The Annual Report, covering the full financial year, is prepared at year-end. All price-sensitive information,

including director appointments and retirements, is promptly disclosed to the Colombo Stock Exchange (CSE).

Report	Page Reference
Directors' Report	pages 169 to 173.
Statement of Going Concern	page 170.
Comprehensive Risk Assessment	pages 158 to 168.
Industrial Structure, Developments, Opportunities, and Threats are discussed in the Chairman's and Managing Director's Report	pages 25 to 35.
Board's Responsibility for the Financial Statements	page 175.
Auditor's Report	pages 188 to 191.
Directors' Report affirming the Company's status as a going concern	page 263.

PRINCIPLE D 2 : Internal Control

The Board of Directors retains ultimate responsibility for maintaining a sound and effective system of internal controls and for safeguarding the integrity of the Company's financial reporting processes. Oversight of the internal control framework is primarily delegated to the Audit Committee, which assists the Board in monitoring the adequacy and effectiveness of the Company's governance, risk management and internal control systems.

The Audit Committee regularly reviews management accounts, operational reports and key financial information to ensure the reliability and integrity of financial reporting. In addition to routine internal audit activities, the Committee may direct the Internal Audit function to undertake focused reviews and special audits in areas identified as requiring enhanced scrutiny or risk assessment.

Internal audit findings and recommendations are reported quarterly to the Audit Committee. These meetings are attended by the Internal Auditor, the Managing Director/Chief Executive Officer and the Chief Financial Officer, enabling comprehensive discussion of key observations, control deficiencies, risk exposures and management responses, together with the implementation status of agreed corrective actions.

At the conclusion of each financial year, the Company's External Auditors, Deloitte, perform an independent review of the financial statements and related controls. The outcome of the external audit, together with significant accounting matters and audit observations, is thoroughly reviewed and discussed by the Audit Committee. The Committee also evaluates the year-end Management Letter issued by the External Auditors, including management's responses and proposed remedial actions, during its final meeting for the financial year.

Through these processes, the Board and the Audit Committee seek to ensure that the Company maintains a robust internal control environment that supports accountability, operational effectiveness, regulatory compliance and sustainable value creation.

PRINCIPLE D 3 : Audit Committee

The Board of Directors has delegated to the audit committee the responsibility for selecting and implementing the Company's accounting policies, overseeing the integrity of financial reporting, monitoring internal controls and risk management systems, and maintaining an effective relationship with the Company's external auditors. All accounting policies are reviewed and agreed upon in consultation with the external auditors.

The audit committee conducts periodic evaluations of the external auditors' independence. Prior to accepting any additional engagements within the Company, the external auditors consult with management and proceed only if the services are directly related to audit and assurance matters. Deloitte Partners, the Company's external auditors, exclusively provide assurance-related services.

The audit committee functions in accordance with clearly defined guidelines set by the Board of Directors, as outlined in the Audit Committee Report on pages 177 to 179 and Audit Committee composition provided on page 132 of the Governance Report.

PRINCIPLE D 4 : Risk Committee

Hatton Plantations PLC has establish a procedure for risk management including how they determine risk culture, risk appetite, risk identification, and classification, rating and management of risk. Committee Composition and Responsibilities is given on page 133 and details of risk management is given on pages 158 to 168 of this Annual Report for further information.

The scope of the Audit Committee has been widened to include risk management duties. Refer to the Audit Committee report on pages 177 to 179 of this Annual Report for further information.

D.5 RELATED PARTY TRANSACTION REVIEW COMMITTEE

The Related Party Transactions Review Committee, appointed by and responsible to the Board of Directors, and comprise of two Independent Non-Executive Directors and one Non-Executive Director. The Chairman of the Committee is an Independent Non- Executive Director.

The Committee established guidelines for the Senior Management to follow, for recurrent related party

transactions, in its ongoing dealings with the related parties. At the year end, the Committee carried out a review and assessed ongoing relationships with the related parties to determine whether they are in compliance with the Committee's guidelines and that the related party transactions remain appropriate.

Details of Related Party Transaction Review Committee Report and Related Party Transactions are given on pages 180 to 181 and Note No. 38 to the Financial Statements of this Annual Report for further information.

PRINCIPLE D 6 : Code of Business Conduct and Ethics

Hatton Plantations PLC reinforces its commitment to ethical business conduct by routinely requiring executive directors and senior managers to acknowledge and sign its business ethics policy. The Company has formalized its ethical framework and business conduct standards through an employee handbook, which is disseminated across all levels of the organization. This handbook consolidates comprehensive policies on ethical behavior and corporate responsibility.

The human resources division is tasked with the periodic review and continuous improvement of these policies to ensure alignment with evolving governance standards and operational requirements. This policy outlines key principles in the following areas:

- Management of conflicts of interest in relation to Company operations
- Conduct in dealings with customers, government authorities, and labor
- Confidentiality of Company documents, records, and data
- Ethical engagement with suppliers
- Adherence to high standards of professional conduct

All transactions involving related parties are disclosed in accordance with applicable regulations and classified as related party transactions. The Company remains fully compliant with the Code of Best Practice on Corporate Governance, as jointly issued by the Securities and Exchange Commission of Sri Lanka and The Institute of Chartered Accountants of Sri Lanka.

Further, the Company has formalized its ethical framework and business conduct standards through an employee handbook, which is disseminated across all levels of the organization. This handbook consolidates comprehensive policies on ethical behavior and corporate responsibility.

The human resources division is tasked with the periodic review and continuous improvement of these policies to ensure alignment with evolving governance standards and operational requirements.

PRINCIPLE D 7 : Corporate Governance Disclosures

The Company complies with the Code of Best Practice on Corporate Governance, jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

In accordance with the regulatory requirements of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, the Company issues quarterly financial statements, accompanied by the necessary explanatory notes, ensuring transparency and accountability to all stakeholders. Furthermore, any material financial or non-financial information that may be price-sensitive or of significance to shareholders and stakeholders is disclosed to the public in a timely and accurate manner.

Corporate Governance Compliances are disclosed in detail from pages no 147 to 157 as listed below

Rule	Issuing Institute	Status	Reference Pages
Compliance pertaining to Companies Act No. 7 of 2007	Department of the Registrar of Companies of Sri Lanka	Complied	147
Compliance under section 7.6 of the listing rules	Colombo Stock Exchange	Complied	148 to 149
Compliance with section 9 of the listing rule	Colombo Stock Exchange	Complied	149 to 153
Code of Best Practice on Corporate Governance	Institute of Chartered Accountants of Sri Lanka in 2023	Complied	154 to 157
GRI Index	Global Reporting Initiative	Complied	283 to 287

PRINCIPLE E : Institutional Investors and Shareholders

The Company is committed to maintaining transparent, timely and effective engagement with shareholders, prospective investors, investment banks and other key stakeholders. This engagement is facilitated through the Company Secretary together with the Secretarial and Finance functions, ensuring the consistent dissemination of accurate and relevant information to the investment community and other interested parties.

The Company actively encourages institutional and individual shareholders to participate in the Annual General Meeting (AGM) and exercise their voting rights, thereby promoting shareholder inclusivity and active stakeholder participation in the governance process. Shareholders are provided with adequate information and notice to enable informed decision-making on matters presented for approval.

In line with applicable regulatory requirements and best practices in corporate disclosure, all price-sensitive information, statutory announcements and regulatory disclosures are communicated promptly and efficiently through the appropriate channels, ensuring fairness, transparency and equal access to information for all stakeholders.

PRINCIPLE F : Other Investors

Throughout the year, the Company facilitates continuous market engagement by encouraging independent equity research coverage through recognized stockbroking firms, enabling shareholders and prospective investors to gain comprehensive insights into the Company's operational performance, financial position and strategic direction. These independent research reports contribute to greater market transparency and informed investment decision-making.

In addition, the Annual Report provides a comprehensive and balanced assessment of the Company's financial and operational performance, strategic priorities, governance practices and sustainability initiatives, offering stakeholders a detailed understanding of the Company's progress, challenges and long-term value creation strategy.

PRINCIPLE G : Internet of things and cybersecurity

The Board holds the primary responsibility for overseeing technology and information governance to ensure the Company and Group achieve their strategic objectives. They have established essential infrastructure, organizational frameworks, policies and procedures to effectively govern its digital assets, systems and information.

Independent reviews are carried out by Internal Audit team and External Auditors to ensure cyber security and a secured Management Information System.

Hatton Plantations PLC' s IT Security Policy provides a procedure to identify and manage cyber security risks which consist of proper usage of acceptable IT Policy, company disaster recovery and business continuity plan, use of reliable backup systems, use of licensed software, enter into maintenance contracts with reputed companies and provide continuous training for employees on IT and cyber security.

IT and Digital infrastructure development is a key necessity for Hatton Plantations PLC and investment in IT and digitalization is a priority for the Company. In doing so, the Company also takes note of the many pitfalls of cyber-attacks and hacking and has implemented several policies to ensure a stringent framework to protect the Company's intellectual property. Our IT Department is responsible for implementing the Company and Group digital strategy including adopting IT policies and safeguarding against cyber threats. Heads of IT and Consultants are assigned clear responsibilities and timely reporting to the Board.

Matters are discussed at Risk Management Committee and Audit Committee meetings and escalated to the Board where it is deemed necessary considering risk, impact, and other prudential measures.

PRINCIPLE H : Sustainability: ESG Risk and Opportunities

Hatton Plantations PLC adopts consistently sustainability/ ESG risk and opportunities in the Company's business model, operations, short- and medium-term planning and in its long-term strategy to ensure that the Company remains resilient and able to deliver durable and sustainable value over the short, medium and long term in order to maintain the confidence and continued engagement of shareholders and all significant stakeholders.

The Annual Report contains sufficient and relevant information to assess how ESG risks and opportunities are recognised, managed, measured and reported presented from pages 54 to 126 in Capital Reports and Committee Reports from pages 177 to 185.

The Board and key management personnel have continuously engaged with and consider the views of its stakeholders to better understand and manage the Company's sustainability/ESG risk and opportunities, as stakeholder expectations are heightening across various sustainability/ESG issues relating to the protection of

environment and other ESG issues. Many institutional investors consider these factors in their investment decision making.

PRINCIPLE I : Corporate website

Corporate website is being regularly updated for establishment and maintenance of Hatton Plantations PLC 's policies and procedures and matters relating to the Board of Directors.

Compliance Report for the Financial Year Ended 31 March 2026

Responsibility	Reporting Party/ Institute/ Personnel	Subject	Due Date	Compliance Status
Statutory				
CFO/MD	Inland Revenue	Income Tax Payment	30th September	Complied
		Income Tax Return	30th November	Complied
		VAT Payment	20th of the following month	Complied
		VAT Return	30th of the following month end of quarter	Complied
		APIT Return	30th April	Complied
		APIT Payment	15th of the following month	Complied
		WHT/AIT Payment	15th of the following month	Complied
		WHT/AIT Annual Return	30th April	Complied
		Stamp Duty Return and Payment	15th of the month following Quarter	Complied
		Assessment/Default notices	On given dates	Complied
Regulatory				
CFO/MD	Department of Labour	EPF/CPPS/ Payment	30th of the following month	Complied
	ETF Board	ETF Payment	30th of the following month	Complied
	Department of Labour	Gratuity – Provision/Payment	Within one month of resignation	Complied
	SLAASMB	Publishing of Annual Financial Report	By 30th September 2026	Complied
		All Financial Reports are prepared in accordance with SLFRS	-	Complied
	CSE/SEC	Quarterly Financial Report	15th of the month after month following the Quarter	Complied
		Annual Financial Report	31st of August 2026	Complied
Compliance with Internal Procedure				
CFO/MD	Finance Department	Monthly Financial Statements	10th of the following month	Complied
		Interim Financial Statements	10th of the following month	Complied
	Chairman and BOD	The board approval obtained for any new projects/Investment/ venture the company is planning to embark upon	Relevant Papers to be delivered to directors 7 Days before the board meeting	Complied
	Insurance	Insure all the business assets to mitigate losses	On going	Complied

Statement of Compliance

Based on the foregoing, the Board affirms that the Company is in full compliance with the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka (2017), as well as the Corporate Governance Rules of the Colombo Stock Exchange.

The Board further confirms that all statutory obligations to the Government, regulatory bodies, and employees have been duly fulfilled in a timely manner.

Accordingly, the Board declares that the Company maintains full compliance with all applicable corporate governance requirements and operates under a strong and effective Corporate Governance Framework to guide and oversee its operations.

Initialed by all responsible officers as above.



Annemarie Outschoorn
Chief Financial Officer
2nd June 2026



Menaka Athukorala
Managing Director/ CEO

CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE AND LISTING RULES

COMPLIANCE RULE I: STATEMENT OF COMPLIANCE PERTAINING TO COMPANIES ACT NO. 7 OF 2007

Mandatory Provisions - Fully Compliant

Section	Requirement	Complied	Reference (within the Report)	Page
168 (1) (a)	The nature of the business together with any change thereof	Yes	About Hatton Plantations	8
168 (1) (b)	Signed financial statements of the Company and the Group	Yes	Financial Statements	188
168 (1) (c)	Auditors' Report on financial statements	Yes	Independent Auditor's Report	188
168 (1) (d)	Accounting policies and any changes therein	Yes	Note 2.4 to the Financial Statements	200
168 (1) (e)	Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors on the Affairs of the Company	169
168 (1) (f)	Remuneration and other benefits paid to Directors of the Group	Yes	Note 8 to the Financial Statements	222
168 (1) (g)	Corporate donations made by the Group	Yes	Annual Report of the Board of Directors	170
168 (1) (h)	Information on the Directorate of the Group and its subsidiaries during and at the end of the accounting period	Yes	Annual Report of the Board of Directors	171
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Note 8 to the Financial Statements	222
168 (1) (j)	Auditors' relationship or any interest with the Group and its Subsidiaries	Yes	Report of the Audit Committee & Annual Report of the Board of Directors	169 & 177
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Annual Report of the Board of Directors & Statement of Directors' Responsibility	169 & 175

COMPLIANCE RULE II- STATEMENT OF COMPLIANCE UNDER SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (CSE) ON ANNUAL REPORT DISCLOSURES

Mandatory Provisions - Fully Compliant

Section	Requirement	Complied	Reference (within the Report)	Page
(i)	Names of persons who were Directors of the Entity	Yes	Annual Report of the Board of Directors	169
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	About Hatton Plantations	8
(iii)	The names and the number of shares held by the 20 largest holders of voting shares and the percentage of such shares held	Yes	Shareholders' and Investors' Information	282
(iv)	The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement	Yes	Shareholders' and Investors' Information	281
(v)	A statement of each Director's holding in shares of the Entity at the beginning and end of each financial year	Yes	Annual Report of the Board of Directors	169
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Yes	Risk Management	158
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Yes	Human Capital	72
(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Yes	Note 14 - Property plant and Equipment to the Financial Statements and Permanent Buildings on Estates	230 & 273
(ix)	Number of shares representing the Entity's stated capital	Yes	Note 25 - Stated Capital to the Financial Statements Investor Information	245
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	Shareholders' and Investors' Information	281
(xi)	Financial ratios and market price information	Yes	Historical Financial Information	274
(xii)	Significant changes in the Group's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Yes	Note 14 - Property plant and Equipment to the Financial Statements	230
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	Not Applicable		

Section	Requirement	Complied	Reference (within the Report)	Page
(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	Not Applicable		
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Yes	Corporate Governance Report	128
(xvi)	Related Party transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the Entity as per audited financial statements, whichever is lower	Yes	Note 38 - Related Party Transactions, to the Financial Statements	261

COMPLIANCE RULE III: COMPLIANCE WITH SECTION 9 OF THE LISTING RULE OF THE COLOMBO STOCK EXCHANGE

CSE Rule Reference	Corporate Governance Principles	Compliance Status	The Company's' Extent of Adoption
9.1.3	A statement confirming compliance with Corporate Governance Rules	Compliant	The statement is included in Governance Discussion.
9.2.1	Policies	Compliant	The Company has adopted the following policies, and has uploaded them to the Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange; Policy on Matters Relating to The Board of Directors Policy on Board Committees Policy on Corporate Governance Policy on Remuneration Policy on Corporate Disclosure Policy on Risk Management and Internal Controls Policy on Internal Code of Business Conduct and Ethics Policy on Anti-Bribery and Corruption Policy on Whistleblowing Policy on Control and Management of Company Assets and Shareholder Investments Policy on Environment Social and Governance Sustainability Policy on Shareholder and Investor Communication The Company will provide any of the above policies to its shareholders upon a written Request.

CSE Rule Reference	Corporate Governance Principles	Compliance Status	The Company's' Extent of Adoption
9.3.1	Board Committees	Compliant	The Company has established Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee
9.3.2	Board sub committees' composition, responsibilities and disclosures	Compliant	All Committees comply with the required rules. Please refer the respective Committee Reports.
9.3.3	Chairperson of Board Committees	Compliant	Chairperson of Board Committees is not the Chairperson of the Board
9.4.1	Meeting Procedures	Compliant	Company maintains records of all resolutions passed at General Meetings.
9.4.2	Communication and Relations with shareholders	Compliant	The Company has a Shareholder and Investor Communication policy, which is published on its corporate website. The contact person is mentioned. The policy includes a process whereby Directors are informed of major issues and concerns of shareholders.
9.5	Policy on matters relating to the Board of Directors	Compliant	The Company maintains a Policy on Matters relating to the Board of Directors.
9.6.1	Chairperson and CEO	Compliant	The Chairperson and the CEO of the Company is not the same person
9.6.3	Senior Independent Director	Compliant	The Company appointed a Senior Independent Director (SID) since the Chairperson is an Executive Director
9.6.3. (b)	Senior Independent Director	Complaint	The SID holds a meeting once a year with the Independent Directors without the presence of other Directors to discuss matters and concerns relating to the Company
9.6.3. (c)	Senior Independent Director	Compliant	The SID holds a meeting once a year with the Non-Executive Directors without the presence of the Chairperson to appraise the Chairperson's performance.
9.6.3. (e)	Senior Independent Director	Compliant	The SID has made a disclosure demonstrating the effectiveness of duties of the SID in the report of the SID on page 176.
9.6.4	Rationale for appointing Senior Independent Director	Compliant	The rationale is given in the Statement of the Senior Independent Director

CSE Rule Reference	Corporate Governance Principles	Compliance Status	The Company's' Extent of Adoption
9.7.1 9.7.2	Fitness of Directors and CEO	Compliant	The Company ensures that the persons recommended by the Nominations and Governance Committee fulfill the assessment criteria set out in the Listing Rules
9.7.4	Fitness of Directors and CEO	Compliant	The Directors and the CEO has provided the declaration confirming that they satisfy the Fit and Proper Assessment Criteria during the financial year and as at the date of such confirmation
9.7.5	Disclosures in the Annual Report	Compliant	Annual Report of the Board of Directors provides from pages 169 to 173 provide the relevant disclosure.
9.8.1	Minimum number of Directors	Compliant	The Board consisted of 09 Directors up to 31st March 2026.
9.8.2	Minimum No of Independent Directors	Compliant	Three Directors are Independent
9.8.3	Criteria for determining independence:	Compliant	All NEDs have submitted their confirmations on Independence as per the criteria set by the company which is in line with the regulatory requirements.
9.8.5	Independent Directors' annual declaration on independence status	Compliant	Each ID signed and submitted a declaration regarding his/her independence. The Board assessed the independence declared by the Director.
9.9	Alternate Directors	N/A	The Board does not have any Alternate Directors.
9.10.1	Disclosure relating to Directors	Compliant	The Policy on Matters Relating to the Board of Directors state that the maximum number of Directorships in listed companies which can be held by a director is Twenty (20).
9.10.2	Disclosure relating to Directors	Compliant	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. Appointments are reviewed by the Nominations and Governance Committee and recommended to the Board. Please refer pages 36 to 40 for the brief resume of each Director.
9.10.3	Immediate Market Announcement on changes to board and committee	Compliant	All changes to the composition of the Board of Directors and Board Committees were immediately informed to the Colombo Stock Exchange.

CSE Rule Reference	Corporate Governance Principles	Compliance Status	The Company's' Extent of Adoption
9.10.4	Disclosure relating to Directors	Compliant	Pages 36 to 40 of the Annual Report contains the relevant information.
9.11.3	Nominations and Governance Committee	Compliant	The Company has its own Nominations and Governance Committee which has clearly defined Terms of Reference. Refer the Nominations and Governance Committee Report on page 183.
9.11.4	Composition of the Nominations and Governance Committee	Compliant	The Nominations and Governance Committee comprises 2 Independent Non-Executive Directors and one Non-Executive Director.
9.11.5	Functions of the Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on page 183.
9.11.6	Disclosure in the Annual Report	Compliant	Refer the Nominations and Governance Committee Report on page 183.
9.12.1	Remuneration Committee	Compliant	Refer the Remuneration Committee Report on page 182.
9.12.5	Remuneration Committee	Compliant	The Remuneration Committee has written Terms of Reference.
9.12.6	Composition of the Remuneration Committee	Compliant	The Remuneration Committee of the Company comprises two Independent Non-Executive Directors and one Non-Executive Director. The Chairperson is an Independent Director
9.12.7	Functions of Remuneration Committee	Compliant	The remuneration Committee recommends the remuneration payable to the Executive Directors and the CEO.
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	Compliant	The aggregate remuneration paid to Directors is given in note 8 to the financial statements on page 222. Refer Remuneration Committee Report on page 182.
9.13.2	Composition of Audit Committee	Compliant	The Committee has well defined Terms of Reference defining its scope
9.13.3	Audit Committee Composition	Compliant	The Audit Committee comprises two Independent Non Executive Directors and one NonExecutive Director
9.13.4	Audit Committee Functions	Compliant	Authority and duties. Refer Audit Committee Report on pages 177 to 179.
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Compliant	

CSE Rule Reference	Corporate Governance Principles	Compliance Status	The Company's' Extent of Adoption
9.14. 1 9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	Compliant	RPTRC comprises three Directors out of which two Directors are Independent. The Chairperson is an Independent Director. Please see the Report of the Related Party Transactions Review Committee in page 180 to 181.
9.14.3	Functions of RPTRC	Compliant	Please refer the Report of the Related Party Transaction Review Committee in page 180 to 81.
9.14.4	RPTRC Meetings	Compliant	The Committee meets on a quarterly basis. During the financial year 2025/26, The Committee met four times to review the related party transactions.
9.14.5	Review of all proposed Related Party Transactions in advance and Review material changes to previously reviewed Related Party Transaction	Compliant	The Related Party Transactions Review Committee, reviews all related party transactions, while also considering any material changes to previously reviewed transactions under Rule 9.14.5. They assess transaction details, and Director independence, and may establish guidelines for ongoing deals, conducting annual compliance reviews. Refer the Related Party Transaction Review Committee Report
9.14.6 9.14.7	Shareholders approval for Related Party Transactions and immediate Market Announcement of Related Party Transactions	Compliant	There were no such transactions that required shareholder approval or immediate disclosure to the CSE.
9.14.8	The Report by the Related Party Transaction Review Committee	Compliant	Please refer the Report of the Related Party Transaction Review Committee on page 180 to 181.
9.14.8 (4)	An affirmative declaration by the Board of Directors	Compliant	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board on pages 169 to 173
9.14.9	Acquisition and Disposal of Assets from/to related parties	Compliant	There were no such transactions that required shareholder approval
9.17	Additional Disclosures	Compliant	Please refer the Annual Report of the Board of Directors on pages 169 to 173.

COMPLIANCE RULE IV: COMPLIANCE WITH THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA IN 2023

Code Ref	Requirement	Complied	Reference with the Report	Page
A Directors				
A.1	An effective Board should direct, lead and control the Group	Yes	The Board of Directors	135
A.1.1	Regular Board meetings, provide information to the Board on a structured and regular basis	Yes	Board Meeting	135
A.1.2	Role and Responsibilities of the Board	Yes	Key Board Responsibilities	136
A.1.3	Act in accordance with laws of the Country and obtain Independent professional advise as where necessary	Yes	Compliance Board Directors Access to Information and Resources	136
A.1.4	Access to advice and services of the Group Secretary	Yes	Board Secretary	137
A.1.5	Independent judgment	Yes	Board Meetings	135
A.1.6	Dedicate adequate time and effort to matters of the Board and the Group	Yes	Board Meetings	135
A.1.7	Calls for resolutions by at least 1/3rd of Directors	Yes	Board Meetings	136
A.1.8	Board Directors Access to Information and Resources	Yes	Board induction and Training	137
A.2	Chairman and CEO	Yes	Division of Responsibilities	137
A.3	Chairman's role in preserving good corporate governance	Yes	Division of Responsibilities	137
A.4	Availability of financial acumen	Yes	Board Composition	137
A.5	Board Balance	Yes	Board Composition	138
A.5.1	The Board should include sufficient number of NEDs	Yes	Board Composition	138
A.5.2.& A.5.3	Independence of Directors	Yes	Independence	138
A.5.4	Annual declaration of independence by Directors	Yes	Independence	138
A.5.5	Annual determination of independence of NEDs	Yes	Independence	138
A.5.6	Alternate Directors	Yes	The Board does not have any Alternate Directors	
A.5.7	Senior Independent Director (SID)	Yes	Statement by the Senior Independent Director	176

Code Ref	Requirement	Complied	Reference with the Report	Page
A.5.8	The SID should make himself available for confidential discussions with other directors Report from SID	Yes	Statement by the Senior Independent Director	176
A.5.9	Annual meeting with NEDs	Yes	Chairman meets with NEDs on an informal basis	
A.5.10	Recording of dissent in minutes	Yes	Board Meetings	
A.6	Supply of Information	Yes	Board Directors Access to Information and Resource	113
A.7.1	Establishing a Nominations and Governance Committee, Chairman and Terms of Reference	Yes	Nominations and Governance Committee Report on page	183
A.7.2	Annual assessment of Board composition	Yes	Board Changes	138
A.7.3	Succession plan for MD, CEO and KMPs	Yes	Nominations and Governance Committee Report on page	183
A.7.4	Disclosures on appointment of new directors	Yes	Board Changes	138
A.8	Directors to submit themselves for re-election	Yes	Board Changes	138
A.9	Appraisal of Board and sub-Committee Performances	Yes	Board and Sub Committee Evaluation	139
A.10	Annual Report to disclose specified information regarding Directors	Yes	Board Profiles Meetings and Attendance Conflict of Interests Board Sub Committees Number of directorships held in Sri Lankan companies and their names	135 36-40
A.11	Appraisal of the Managing Director	Yes	Evaluating the Performance of the Managing Director / CEO	139
B Directors Remuneration				
B.1	Establish process for developing policy on executive and director remuneration.	Yes	Directors Remuneration	139 - 140
B.2	Level and Make Up of Remuneration	Yes	Directors Remuneration	139 - 140
B.3	Disclosures related to remuneration in Annual Report Remuneration Policy statement Aggregate Board remuneration paid	Yes	Note 8 to Financial Statements and Remuneration Committee report	140 & 182
C Relation with Shareholders				
C.1	Constructive use of the AGM & Other General Meetings	Yes	Annual General Meeting (AGM)	140 & 292
C.2	Communication with shareholders	Yes	Shareholder Relations	140 & 281

Code Ref	Requirement	Complied	Reference with the Report	Page
C.3	Disclosure of major and material transactions	Yes	There were no major or material transactions during the year, which materially affected the net asset base of Group.	140
D Accountability and Audit				
D.1	Present a balanced and understandable assessment of the Group's financial position, performance, and prospects	Yes	Financial Reporting and Assurance	141 -142 188 - 191
D.1.1	The board should present an annual report including financial, prepared in accordance with the relevant laws and regulations	Yes	Annual Report of the Board of Directors on the Affairs of the Company	169 - 173
D.1.2	Balanced and understandable communication	Yes	Financial Calender	140
D.1.4	CEO/CFO declaration	Yes	Managing Director's, Chief Executive Officer's and Director- Finance's Responsibility Statement	186
D.1.4	Directors Report declarations	Yes	Annual report of the Board of Directors on the Affairs of the Group	169 - 173
D.1.5	Financial reporting -statement on board responsibilities, Statement on internal control	Yes	Statement of Directors' Responsibility and Directors' Statement on Internal Controls	174
D.1.6	Management Discussion & Analysis	Yes	Respective Capital Reports	43 - 126
D.1.7	In the event the net assets of the Company fall below 50% of the value of the Company's shareholders' funds, the directors shall forthwith summon an extraordinary general meeting of the company to notify shareholders of the position and of remedial action being taken	Yes	There has been no serious loss of capital to convene an EGM in terms of the Companies Act No. 7 of 2017.	
D.1.8	Related Party Transactions	Yes	Notes 38 to Financial Statements	261 - 263
D.2	Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Group's assets	Yes	Risk Management and Internal control Report of the Audit Committee Directors' Statement of Internal Control Risk & Opportunity Management	158 - 168, 174 & 177 - 179
D.3	Audit Committee	Yes	Audit Committee Report	177 - 179
D.4	Risk Committee	Yes	Risk Management Report	158 - 168
D.5	Related Party Transactions Review Committee	Yes	Related Party Transactions Review Committee report	180 - 181

Code Ref	Requirement	Complied	Reference with the Report	Page
D.6	Code of Business Conduct and Ethics	Yes	Conduct and Ethics	142
D.7	Corporate Governance Disclosures	Yes	Corporate Governance Report	128 - 157
E&F	**Institutional and other investors**	Yes	Communications with Shareholders Constructive use of AGM	292
G	**Internet of Things & Cyber security**	Yes	Information Technology (IT) and Digital Governance	144
H.1	The board should consider sustainability/ESG risk and opportunities	yes		
H.2	The board and key management personnel should continuously engage with the views of its stakeholders to better understand and manage the company's sustainability/ESG risk and opportunities.	Yes	Risk and Governance	144
H.3 H.4	The company should establish a governance framework and structure which includes conformance, performance and sustainability/ ESG factors	Yes	Risk and Opportunity Management	144
H5	The company's annual report should contain sufficient information to enable investors and other stakeholders to assess how ESG risks and opportunities are recognized, managed, measured and reported.	Yes		144
I.1	Listed entities shall establish and maintain policies relating to its governance in Corporate Web site	Yes	Corporate Governance Report	128 -157

RISK MANAGEMENT

GRI

Hatton Plantations PLC operates within an industry that is inherently exposed to a diverse range of risks arising from economic, environmental, operational, and social factors. During the financial year under review, the Company faced heightened challenges stemming from macroeconomic volatility, changing weather patterns, labour market dynamics, and fluctuations within the global plantation sector. These evolving conditions reinforced the need for strengthened risk management practices and agile decision-making across the organization.

In response, Hatton Plantations PLC continued to enhance its structured risk management framework, adopting a proactive and integrated approach to identifying, assessing, mitigating, and monitoring risks across all areas of operation. Risk management is embedded within the Company's strategic and operational decision-making processes, enabling timely responses to emerging challenges while safeguarding business continuity, operational resilience, and long-term sustainability.

Internal Risks	External Risks
People Risks	Macro Economy Risks
Business Continuity Risk	Climate Risks
Supply Chain Risks	Market Risks
Financial Risks	Pest and Disease Risk
Compliance Risk	

Risk Management Process

1 Identification
Systematic identification of risks related to the Company's strategic objectives, operations, and stakeholder interests.

2 Assessment
Analysis of risks based on their likelihood of occurrence and the severity of their potential impact.

3 Response Strategy
Determination of a strategic approach prudently for each identified risk, ensuring alignment with stakeholder objectives and our company vision.

4 Monitoring & Review
Regular monitoring and review of risks and their management effectiveness in order to adapt strategies as needed.

Risk Governance

Hatton Plantations PLC acknowledges the importance of risk governance which is pivotal in achieving company objectives by effectively managing risks and facilitating informed decision-making. The Company's all-encompassing management framework is structured to assess and mitigate risks at various organizational levels, involving a collaborative approach from the Board of Directors to the Corporate Management team and estate management.

Board of Directors	• Establishes the risk management framework and defines the risk appetite level. • Ensures the effectiveness of risk management at the corporate level. • Assesses identified risks. • Oversees the implementation and monitoring of response strategies.
Managing Director/CEO	• Leads the Corporate Management team. • Manages risk assessment and mitigation in accordance with the Board's risk appetite level.
Corporate Management Team	• In charge of evaluating and mitigating risks. • Develops and recommends risk management plans, ensuring alignment with the Board's risk appetite and the organization's strategic objectives.
Estate Management	• Plays a crucial role in executing risk management strategies. • Delivers risk management strategies during monthly performance reviews and oversees the implementation of mitigation plans at operational levels.

Risk Assessment and Mapping

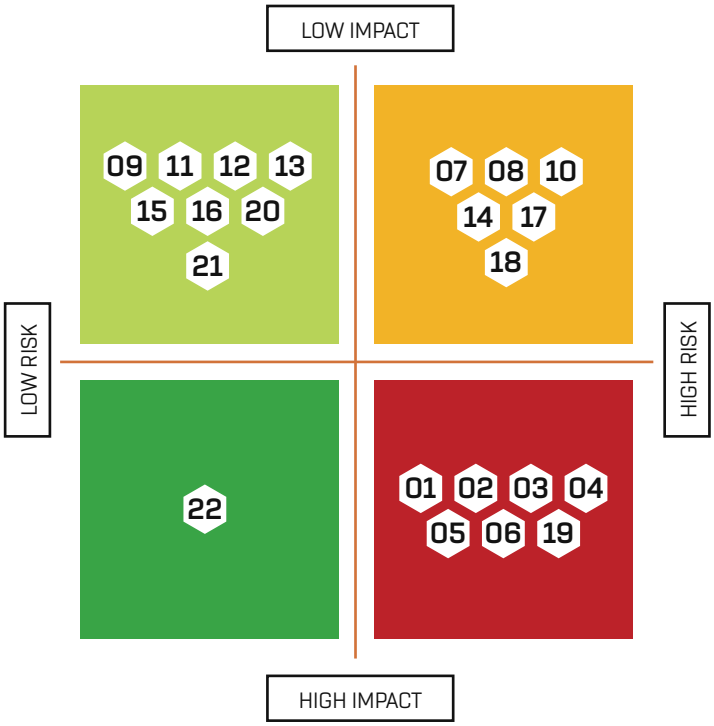
Hatton Plantations PLC assesses the likelihood of risk events occurring based on historical trends, industry experience, and the effectiveness of existing preventive and control measures. Following this evaluation, each identified risk is categorized as high, medium, or low according to its probability of occurrence.

The potential impact of each risk is similarly evaluated by considering the possible financial, operational, environmental, and reputational consequences that may arise. Risks are then classified based on the severity of their impact as high, medium, or low. This systematic assessment process enables the Company to determine its level of risk exposure and risk tolerance across operations.

The positioning of risks within the assessment matrix provides management with a clear understanding of priority areas requiring attention and supports informed decision-making. Accordingly, the management committee continuously reviews and strengthens mitigation strategies to ensure that risks are effectively managed, business resilience is maintained, and strategic objectives are achieved in a sustainable manner.

Risk Landscape and Management Strategies

The risk landscape of Hatton Plantations PLC was impacted by the unprecedented challenges arose from both domestic and global operating environments during the 2025/26 financial year. The table below outlines the noteworthy risk exposures for the year under review, their potential impacts on the Company, and the strategies implemented to manage these risks.



RISK MANAGEMENT

Risk Factor	Potential Impact	Risk Management Strategy	Risk Rating		
			Overall Rating	Probability of occurrence	Severity of Impact
STRATEGIC RISK					
01. Wage increase	• High production costs impacting competitiveness in the tea market. • Low productivity estates become financially unsustainable. • Impact investment for replanting and capital expansion.	• Promote agricultural activities on task-based basis • Outsource non-value adding activities. • Integrate mechanization in agricultural activities and factory production. • Provide training, monitoring, and motivation to enhance worker productivity. • Introduce task and norm-based incentives for workers and staff. • Implement revenue sharing models for harvesting. • Transition towards less labor-intensive crops and processes	⬢	⬢	⬢
02. Shortage of input materials	• Reduction in crop yields and production • Product quality concerns and damage to brand and seller marks • Decrease in revenue • Increase in operational expenses • Pressure on working capital	• Close monitoring of procurement and application of input materials in field and factory • Proactive engagement with government authorities and suppliers. • Maintain adequate stocks of input materials for continuous production. • Secure excess working capital and banking facilities for operational stability.	⬢	⬢	⬢
03. Increased cost of input materials ○ Inflation ○ Foreign currency shortage	• Low yields, crop quality concerns. • Working capital constraints. • Estates become financially unsustainable. • Significant impact on production costs, affecting international tea market competitiveness.	• Collaborative lobbying efforts with the government. • Utilization of cost-effective alternative inputs and utilities.	⬢	⬢	⬢

RISK MANAGEMENT

Risk Factor	Potential Impact	Risk Management Strategy	Risk Rating		
			Overall Rating	Probability of occurrence	Severity of Impact
04. Extreme weather conditions - Changes in rainfall patterns - Changes in temperature, sunshine, and humidity	• Crop losses • Property damage • Temporary halt of tea plucking and processing • Revenue loss • Additional expenses to support affected workers	• Increase buffer tea stock during cropping season and promote purchased leaf intake to minimize impacts on working capital and revenue. • Protect forests, watersheds, and ponds to maintain moisture levels. • Expand and promote rainwater harvesting methods and infrastructure. • Implement pre-drought spraying for tea crops. • Adjust fertilization schedules and harvesting patterns accordingly. • Manage shade trees and bury weed piles to preserve moisture. • Provide support with water bowsers and tanks during severe dry periods. • Coordinate Estate Welfare Society activities to aid in natural disaster management.	⬢	⬢	⬢
05. Volatility of tea market - Decrease in tea auction prices - Reduction in sales volume	• Loss of profit, revenue, and liquidity due to deficits. • Insufficient funds for capital expansion	• Maintain close plucking schedules. • Ensure timely inputs for tea fields. • Provide regular training for manufacturing staff and executives. • The marketing team conducts buyer analysis and discussions to enhance our products' quality perception in the market. • Obtain and uphold international standards and quality accreditations to maintain competitive pricing and premiums. • Introduce leafy grades (Low Grown type) and Green Tea into our product range. • Centralize tea manufacturing to meet high standards. • Conduct regular grade analysis to focus production on high-selling grades at each factory.	⬢	⬢	⬢

RISK MANAGEMENT

Risk Factor	Potential Impact	Risk Management Strategy	Risk Rating		
			Overall Rating	Probability of occurrence	Severity of Impact
06. High dependence on tea and limited revenue generation	• Reduced profitability due to lower crop yield, decreased market prices, and increased costs of our primary product, tea. • Underutilization of assets. • Unabsorbed or unspread overhead costs.	• Expansion into commercial timber planting. • Initiative to venture into coffee and cinnamon planting. • Expansion into hydro power, tea center, and holiday bungalows.			
OPERATIONAL RISK					
07. Around 40% reliance on purchased leaf.	• Decline in product quality due to substandard raw materials, leading to a decrease in market price. • Reduced output of made tea and increased production costs. • Enhanced bargaining power of leaf suppliers demanding higher rates based on the Tea Board formula, resulting in higher production costs. • Diminished focus on the productivity of our own crops, lands, workforce, and adherence to good agricultural practices. • Loss of profits due to a decreasing Net Sale Average. • Potential noncompliance with Tea Board regulations.	• Executives weigh and approve purchased leaf for production. • The internal audit team conducts quality checks and weighs the purchased leaf. • Additional payments are made for high-quality leaves. • Replanting and infilling activities take place on company-owned lands. • The estate workforce harvests crops from low-yield company lands on a revenue-sharing basis. • The Senior Management Team regularly monitors KPIs related to agricultural and production practices, covering crops, lands, workforce, and production processes. • After weekly sales, the Senior Management Team holds discussions and evaluations to determine the best course of action for tea stock disposal, aiming to maximize sale averages and minimize losses from purchased leaf in a declining market. • Leaf is purchased from individual suppliers rather than large-scale intermediate collectors. • Internal Audit and Estate Managers ensure compliance with Tea Board regulations.			

RISK MANAGEMENT

Risk Factor	Potential Impact	Risk Management Strategy	Risk Rating		
			Overall Rating	Probability of occurrence	Severity of Impact
08. Around 50% Reliance on CTC tea production	• The average price of CTC tea is significantly lower compared to Orthodox and leafy tea varieties. • In some months, the prices of CTC tea fall well below expectations and the budgeted figures. • Revenue and profitability losses, as well as a decline in RPC ranking.	• Redirect leaf production towards Orthodox, leafy, and green tea manufacturing where market prices are higher. • Launching an initiative to establish a facility for leafy and green tea production. • Ensure low production costs for CTC manufacturing. • Increase the output of made tea.			
09. Credit Risk ○ Debts ○ Liabilities	• Problems with working capital and liquidity. • Damage to reputation. • High credit costs and lack of discounts. • Legal and compliance challenges.	• The finance team ensures timely planning of cash flow. • Colombo Tea Auction facilitates tea sales, with settlements guaranteed within seven days by Tea Brokers. • Invoices for other debtors are issued promptly, and the finance team diligently follows up on collections. • The Company closely assesses credit periods and ensures timely settlement of creditors. • Monthly monitoring and timely settlement of government leases and other financial obligations are priorities.			
10. Asset risk ○ Fire ○ Theft ○ Machinery and equipment breakdown	• Instances of permanent or temporary manufacturing disruptions. • Rise in production costs and financial losses in capital. • Compensation for injuries and loss of life. • Matters concerning legal requirements and compliance.	• Acquire comprehensive insurance coverage for all physical assets. • Conduct regular training programs, both internally and through outsourcing, for employees on fire prevention, motor accidents, and factory safety protocols. • Oversee executive supervision, custody, authorization, and conduct internal audit checks on assets. • Keep a machinery logbook, adhering to maintenance schedules under executive supervision, and ensure timely maintenance and replacements.			

RISK MANAGEMENT

Risk Factor	Potential Impact	Risk Management Strategy	Risk Rating		
			Overall Rating	Probability of occurrence	Severity of Impact
11. Risk of tea stock accumulation - Lower demand - Long-term inventory holding	• Decrease in quality and subsequent reduction in prices over successive cataloging periods. • Revenue loss from theft, shrinkage, and obsolescence. • Expenses associated with holding stock.	• The finance team focuses on analyzing weekly stock levels and forecasting inventory for the upcoming three weeks. They collaborate with the marketing team to optimize pricing and revenue, making disposal decisions as necessary. • The finance team conducts monthly reviews of input material stocks, adjusting procurement strategies accordingly. • The internal audit team conducts physical verifications to identify obsolete and slow-moving items, aiming to mitigate stock losses.	⬢	⬢	⬢
12. Risks related to lack of effective internal controls - Damage to assets - Frauds	• Financial losses resulting from fraud and wastage. • Losses in capital and concerns regarding the Company's ability to continue operations. • Failure to comply with regulatory requirements.	• The Internal Audit Department conducts operational, management, financial, and investigative audits. • The Finance and Internal Audit Departments follow up with clear and detailed operational instructions provided in circular form (SOPs). • All financial transactions undergo verification at the Finance Department before disbursement to estates, overseen by two dedicated Managers. • Each estate essentially submits a monthly operational plan to the Head of Plantation for approval in advance. • The Managing Director and Senior Management Team hold monthly operational and performance review meetings to assess performance against budget and discuss operational issues and risks.	⬢	⬢	⬢

RISK MANAGEMENT

Risk Factor	Potential Impact	Risk Management Strategy	Risk Rating		
			Overall Rating	Probability of occurrence	Severity of Impact
13. Data security risk - System failures - Loss of information - Threat to confidentiality	• Delayed availability of information for management decisions results in missed opportunities to optimize profitability and business prospects. • Interruptions in the financial reporting system. • Security system breaches. • Financial and non-financial losses.	• A dedicated IT team is in place to ensure the security, privacy, and confidentiality of information, supported by robust systems and controls. • Effective backup procedures are implemented at both estate locations and head office to ensure disaster recovery capabilities. • The Company closely monitors internet and email usage to maintain security and compliance. • Utilize licensed software and security systems to safeguard our operations. • Employ branded hardware to ensure reliability and performance. • The head office IT team and regional service providers provide immediate IT support for estate locations. • The Company has strengthened internal control systems and procedures to prevent frauds and malpractices. • The internal audit team assists in evaluating the resilience of our IT systems.			
14. Human capital and labor risk - Reduced resident manpower - A unionized workforce - Low productivity levels	• Labor shortage on estates. • Insufficient skilled labor and low productivity on estates. • Challenges in making viable and economical operational decisions due to labor union pressures. • Challenges in retaining and developing skilled employees. • Limited labor mobility within/between estates.	• Foster strong relationships to support workers' welfare through cooperative and welfare societies on the estate. • Ensure compliance with regulatory requirements to benefit estate workers. • Maximize benefits from governmental and non-governmental grants and donations for the health and wellbeing of plantation workers. • Establish and maintain positive relations with trade union leaders through ongoing dialogues.			

RISK MANAGEMENT

Risk Factor	Potential Impact	Risk Management Strategy	Risk Rating		
			Overall Rating	Probability of occurrence	Severity of Impact
15. Procurement risk - Stock availability - Quality of sourcing materials - Procurement timeline - Payments	• Increase in production costs. • Declining revenue from low tea auction prices. • Delayed availability of fertilizers and chemicals during critical weather conditions. • Factory operational breakdowns.	• Source materials from reputable industry suppliers. • Keep buffer stocks of critical consumable and input materials. • Secure forward purchase agreements with external leaf suppliers. • Maintain relationships with multiple suppliers to source leaf. • Provide advances and daily payments to retain supplier loyalty. • Extend own transport arrangements to suppliers.	⬢	⬢	⬢
16. Vulnerability to pests and diseases	• Loss of revenue • Higher production costs	• Agriculture consultants conduct regular field supervision. • Implementation of TRI-recommended best agricultural practices.	⬢	⬢	⬢
17. Spread of diseases/ pandemics	• Reduction in revenue and profitability. • Increase in operational costs. • Negative effects on working capital.	• Stringent measures adopted to enhance worker and staff health and immunity. • Field and manufacturing operations comply with government-prescribed health practices. • Maintain close and timely communication with government authorities to prevent disease spread. • Provide free sanitary materials and facilities to workers and staff. • Offer financial assistance to workers. • Conduct awareness programs for estate workers and communities. • Provide online and remote working options for staff and executives. • Maintain digital connectivity with banks and suppliers.	⬢	⬢	⬢

RISK MANAGEMENT

Risk Factor	Potential Impact	Risk Management Strategy	Risk Rating		
			Overall Rating	Probability of occurrence	Severity of Impact
FINANCIAL RISK					
18. Investment risk	• Inability to meet project profitability expectations or leading to failures. • Long-term replanting program deficiencies.	• Conduct thorough feasibility studies with external expertise and finance team. • Discuss and evaluate in Management Committee and Board Meeting; obtain Board approval. • Periodically monitor progress to ensure project goals meet budget and timelines. • Essential investments in capital assets (replanting, machinery, plant upgrades) to streamline production in major factories.			
19. Inflation Risk ○ Currency devaluation ○ Import restrictions ○ Supply shortage ○ High taxation ○ Government policies	• High production costs make products uncompetitive. • Liquidity shortages and working capital issues. • Insufficient capital investment. • Loss of real asset value.	• Strict cost management. • Process improvement initiatives. • Centralization and consolidation of manufacturing and administrative functions.			
20. Interest rate risk ○ Changes in government fiscal and monetary policies	• Higher finance costs and reduced profitability. • Challenges in investing in capital developments and growth prospects. • Low returns on new investments.	• Emphasize capital investments using internal funds. • Maximize benefits from government concessions for the plantation sector. • Finance short-term assets with short-term borrowings and long-term assets with long-term borrowings. • Constantly monitor and balance debt levels with equity across short and long terms.			

RISK MANAGEMENT

Risk Factor	Potential Impact	Risk Management Strategy	Risk Rating		
			Overall Rating	Probability of occurrence	Severity of Impact
21. Liquidity risk ○ Unpredictable weather ○ Salary increases ○ Decline in auction averages ○ Government decisions affecting input material prices	● Higher borrowing costs and loss of low-interest funding opportunities. ● Limited procurement options and expensive credit terms. ● Reputational damage from defaults and delays.	● Maintain buffer cash in short to medium-term fixed deposits. ● Utilize available concessionary funding facilities for plantation companies. ● Implement efficient cash flow planning and controls on a weekly and monthly basis by Finance Team. ● Verify all estate payments closely by Management executives and prioritize outgoing expenditure to minimum requirements. ● Maintain an effective budgetary control system for income and expenses of each estate, aligning expenses with monthly crop intake and sales averages. ● Hold input materials only as needed unless there is a specific requirement for buffer stocks.	⬢	⬢	⬢
Compliance Risk					
22. Non-compliance with related regulations and policies	● Penalties, charges, and legal costs ● Reputational damage ● Threat to business continuity	● Periodic review and monitoring by Audit Committee. ● Internal Audit Team reviews and reports. ● Chief Financial Officer reviews statutory obligations monthly and reports to Board of Directors. ● External Audit reviews and reports annually. ● Compliance report presented at every board meeting for discussion.	⬢	⬢	⬢

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Hatton Plantations PLC (the Company) have pleasure in presenting their report on the affairs of the Company together with the audited Consolidated Financial Statements of the Group 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, 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 Annual Report for the period ended 31 March 2026 which covers business strategy, strategic imperatives and future orientation, share-related information and reviews on risk management, governance and sustainability and stakeholder relationships.

The Financial Statements were reviewed and approved by the Board of Directors on 02nd June 2026.

PRINCIPAL ACTIVITIES

During the year, the principal activities of the Group and the Company were cultivation, manufacturing and sale of Orthodox and CTC Tea.

The subsidiaries of the Company, Mark Marine Services (Private) Limited, a Hydro Power Company is engaged in generating hydro power to national grid.

There was no significant change in the nature of business of the Group and the Company during the period that may have a significant impact on the state of affairs of the Company.

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

A review of the financial and operational performance and future business developments of the Company's business segments are discussed in the Chairman's report on pages 25 to 28, Managing Director's review on pages 29 to 35 and Management Discussion and Analysis on pages 48 to 126

These reports together with the Audited Financial Statements (pages 188 to 269) and financial review (pages 274 to 279) provide a comprehensive assessment on the financial performance, financial position and the state of affairs of the Group and the Company.

The Directors, to the best of their knowledge and belief, confirm that the Group and the Company has not engaged in any activities that contravene laws and regulations.

GROUP STRUCTURE

The Group Structure is given on page 130.

FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Group and the Company for the period ended 31 March 2026 duly signed by the Chief Financial Officer, two of the Directors of the Company are given on pages 192 to 269 which form an integral part of the Annual Report of the Board of Directors.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements of the Group and the Company to represent a true and fair view of its state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Financial Reporting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange. The Statement of Directors' Responsibility for Financial Reporting is given on page 175 and forms an integral part of the Annual Report of the Board of Directors.

AUDITOR'S REPORT

Company's Auditors, Messrs. Deloitte Partners, carried out the statutory audit on the Consolidated Financial Statements of the Group and the Company for the period ended 31 March 2026 and the report on those Financial Statements is given on pages 188 to 191 of this Annual Report.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Group and the Company in the preparation of Financial Statements are stated on pages 199 to 217 There were no material changes in the Accounting Policies adopted with those of the last year.

GOING CONCERN

The Directors, after making necessary inquiries and reviews, including reviews of the Group's and the Company's budget for the ensuing year, capital expenditure requirements, future prospects and risk, cash flows and borrowing facilities, have a reasonable expectation that the Group and the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis is adopted in the preparation of the Financial Statements.

GROUP REVENUE

The revenue of the Group during the year was LKR 8,107.2 Mn (2025 LKR 7,709.9 Mn). An analysis of the Group's revenue, profits and asset allocation relating to different segments are given in Note 05 (pages 217 to 219 to the Financial Statements.)

FINANCIAL RESULT

The Group profit before taxation, amounted to LKR 998.9 Mn (2025-LKR 1,045.3 Mn) during the period under review. After charging LKR 272.7 Mn (2025 – LKR. 326.4 Mn) for taxation, the Group Profit after tax for the period was LKR 726.2 Mn (2025 – LKR 718.9 Mn). The Group profit attributable to equity holders of the parent and non-controlling interest were respectively LKR 725.2 Mn and LKR 1.0 Mn (2025 – LKR 716.8 Mn and LKR 2.0 Mn).

STATED CAPITAL AND RESERVES

The stated capital of the Group as at 31 March 2026 was LKR 1.8 Bn comprising 236,666,670 ordinary shares and 1 Golden share. There were no changes in the stated capital during the period.

Total Group reserves at 31st March 2026 amounted to LKR 3,510.8 Mn (2025 – LKR 3,235.6 Mn) comprising retained earnings of LKR 3,496.5 Mn. (2025 – Rs. 3,219.8 Mn). The movement in reserves during the period is shown in the Statement of Changes in Equity in the Financial Statements.

DIVIDEND ON ORDINARY SHARE

During the financial year 2025-26, the following dividend was declared and distributed to the shareholders amounting to LKR 473.3 Mn:

- Interim Dividend of LKR 1/- per share paid on 29th July 2025, amounted to LKR 236.7 Mn and Interim Dividend of LKR 1/- per share paid on 12th February 2026, amounted to LKR 236.7 Mn (2024-25 – LKR 236.7 Mn).

The Directors have confirmed that the Company satisfies the Solvency test requirement under Section 56 of the Companies Act for the interim dividends paid and Solvency Certificate was obtained from the Company External Auditors in respect of the interim dividends paid.

CORPORATE DONATIONS

During the period 2025/26 the Company has made donations amounting to LKR 0.16 Mn (2025 – 0.6 Mn).

PROVISION FOR TAXATION

The profit of the Company is liable for income tax at 30%. Dividend Income is liable at 15%.

Tax of the Mark Marine Services (Private) Limited is calculated using tax rate of 30% and profit from other activities of Mark Marine Services (Private) Limited are taxed at 30%.

The Group has also provided deferred tax on all known temporary differences under the liability method as permitted by the Sri Lanka Accounting Standard – LKAS 12 on "Income Taxes". Information on the income tax and deferred tax of the Group and the Company is given in note 10 to the Financial Statements.

CAPITAL EXPENDITURE

The total capital expenditure on purchase and construction of Property, Plant and Equipment, and expenditure incurred on immature plantations by the Group as at 31 March 2026 amounts to LKR 242.8 Mn (2025 – LKR 90.1 Mn) and LKR 289.4 Mn (2025 – LKR 248.2 Mn) respectively. The movement in Property, Plant and Equipment and Bearer Plants are set out in Note 14, 15 and 16.1 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Total value of the Property, Plant and Equipment of the Group as at 31 March 2026 amounted to LKR 1,515.1 Mn (2025 – LKR 1,412.6 Mn). The details of Property, Plant and Equipment are given in Note 14 to the Financial Statements.

STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to employees and the Government Institutions have been made up to date. The declaration relating to statutory payments is made in the Statement of Directors' Responsibilities on page 175.

EVENTS AFTER THE REPORTING DATE

No events have occurred after the reporting date, which would require adjustments in the Financial Statements, except for the disclosure made under Note 40 on page 269.

DIRECTORS' INTEREST REGISTER

In compliance with the Companies Act No. 07 of 2007, the Company maintained the Interest Registers. Particulars of Entries in the Interest Register are set out in Note 38 to the Financial Statements.

SHAREHOLDING

As at 31 March 2026, there were 17,572 registered shareholders. Information on the distribution of shareholding, categories of shareholders and the percentage holding of twenty largest shareholders is indicated on pages 281 and 282.

GOLDEN SHAREHOLDER

Rights of the Golden Shareholder as given in the Articles of Association of the Company are disclosed in note 25 to the Financial Statements.

EQUITABLE TREATMENT TO SHAREHOLDERS

It is the Group's policy to endeavor to ensure equitable treatment to its shareholders. The Company has at all times ensured that all shareholders are treated equitably.

DIRECTORS' INTEREST IN TRANSACTIONS

The Directors of the Company made the general disclosures provided for in Section 192 (2) of the Companies Act No. 07 of 2007. Note 38 to the Financial Statements have dealt with related party disclosures and include details of their interests in transactions. The shareholdings (No. of shares) of Directors are as follows:

Name of Director	No of shares As at 31st March 2026	No of shares As at 31st March 2025
Mr. Gary Seaton	Nil	Nil
Mr. Menaka Athukorala	Nil	Nil
Mr. Gowri Shankar	Nil	Nil
Mr. Hiro Bhojwani	Nil	Nil
Mr. Indrajith Fernando	Nil	Nil
Mr. Mayura Fernando	Nil	Nil
Mr. Aravinda De Silva	Nil	Nil
Mr. Damascene Perera	200,100	200,100
Mr. Lucille Wijewardena	Nil	Nil

DIRECTORS' EMOLUMENTS

Directors' emoluments, in respect of the Company for the financial period ended 31st March 2026 are given in Note 8 and 38 to the Financial Statements.

COMPLIANCE WITH RELATED PARTIES

The Board of Directors affirm that the Company has complied with CSE listing Rule No. 9 pertaining to Related Party Transactions.

The details of related party transactions of the Company and the Group are given in Note 38 in the Financial Statements.

THE BOARD OF DIRECTORS

As at 31 March 2026, the Board of Directors of Hatton Plantations PLC consisted of nine members. Names of the Directors and their brief profiles appear on pages 36 to 40 of the Annual Report.

Executive Directors

Mr. Gary Seaton (Chairman)
Mr. Menaka Athukorala (Managing Director/ CEO)

Non Executive Directors

Mr. Gowri Shankar
Mr. Hiro Bhojwani
Mr. Damascene Perera
Mr. Lucille Wijewardena

Independent Non Executive Directors

Mr. Indrajith Fernando (Senior Independent Non Director)
Mr. Mayura Fernando
Mr. Aravinda de Silva

Resignations, New Appointments, Re-appointments and Re-election to the Board

During the reporting period 2025-26, there are no Resignations and New Appointments to the Board.

Notice has been given pursuant to Section 210 of the Companies Act No. 07 of 2007, of the intention to propose an ordinary resolution for re-appointment of Mr. Lucille Wijewardena, who is 73 years old, notwithstanding the age limit of 70 years stipulated by Section 210 of the Companies Act No. 07 of 2007.

Mr. Hiro Bhojwani and Mr. W L P Wijewardena retire by rotation and being eligible, offer themselves for re-election at the Annual General Meeting.

Board Committees

The Board, while assuming the overall responsibility and accountability for the affairs in the management of the Company, has appointed an Audit Committee, Related Party Transaction Review Committee, Remuneration Committee, Risk Management Committee and Nomination and Governance Committee with specific terms of reference. Those committee reports are given on pages 177 to 186.

AUDITORS

Messrs. Deloitte Partners, Chartered Accountants, are deemed to be appointed as Auditors in terms of Section 158 of the Companies Act No. 07 of 2007.

The audit fees paid to Deloitte during the period under review by the Company amounted to LKR 3.8 Mn (2025 – LKR 3.85 Mn).

As far as the Directors are aware, the Auditors do not have any relationship (Other than that of an Auditor) with the Company other than those disclosed above. The Auditors also do not have any interests in the Group and the Company.

CORPORATE GOVERNANCE/ INTERNAL CONTROL

Adoption of good governance practices has become an essential requirement in today's corporate culture.

The practices carried out by the Group and the Company are explained in the Corporate Governance reports on pages 128 to 157.

ENVIRONMENTAL PROTECTION

To the best of knowledge of the Board, the Group and the Company have complied with the relevant environmental laws and regulations. The Group and the Company have not engaged in any activity that is harmful or hazardous to the environment.

INTERNAL CONTROLS

The Directors acknowledge their responsibility for the Group's system of internal controls. The system is designed to give assurance, internally, regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

The Board, having reviewed the system of internal controls, is satisfied with its effectiveness of these controls for the period up to the date of signing the Financial Statements.

DIRECTORS' MEETINGS

The details of the Directors' meetings which comprise Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination and Governance Committee meetings, Related Party Transactions Review Committee and Risk Management Committee meetings . Attendance of Directors at these meetings are given in the Annual Report under Corporate Governance, Audit Committee report, and Remuneration Committee report, Risk Management Committee report, Nomination and Governance Committee report and Related Party Transaction Review Committee report.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday 30th June 2026 at 10.30 a.m. at Orchid Conference Hall at S W R D Bandaranaike National Memorial Foundation (BMICH), Bauddhaloka Mawatha, Colombo 07.

The Notice of the Annual General Meeting appears on page 292 for and on behalf of the Board.

For and on behalf of the Board

Gary Seaton
Chairman

Menaka Athukorala
Managing Director/ CEO

Corporate Advisory Services (Pvt) Ltd.
Secretaries,
Hatton Plantations PLC

02nd June 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 and Group. This process includes enhancing the system of internal controls as and when there are changes to the 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, objectives, and annual budget.
- The Company Internal Audit 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 and specific areas required during the financial year. Findings are submitted to the Audit Committee for review at their periodic meetings.
- The Audit Committee reviews internal control issues identified by the Internal Audit 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. The minutes of the Audit Committee meetings are tabled at the Board meetings.
- The adoption of new Sri Lanka Accounting Standards comprising LKAS and SLFRS in 2013, processes that are required to comply with new requirements of recognition, measurement, presentation, and disclosures were introduced and implemented. 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 2025/26 were taken into consideration and appropriate steps have been taken to incorporate them where appropriate.
- Review and monitoring of Monthly Operational Plans (MOP) and monthly Performance Review Meetings (PRM) by Senior Management team with operational management team.

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 of Hatton Plantations PLC 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 and the Listing Rules of the Colombo Stock Exchange and any other regulatory requirements. The Consolidated Financial Statements for the year ended 31st March 2026 have been audited by Messrs. Deloitte Partners , Chartered Accountants.

By order of Board,



Gary Seaton
Chairman



Menaka Athukorala
Managing Director/ CEO



Indrajith Fernando
Chairman, Audit Committee
02nd June 2026

STATEMENTS OF DIRECTORS' RESPONSIBILITY

The following statement, which should be read in conjunction with the Auditor's Statement of their responsibilities set out in Director's report, is made with a view to distinguish the respective responsibilities of the Directors and the Auditors, in- relation to the Financial Statements.

The Directors are required under Sections 150 (1), 151, 152 (1) and 153 of the companies Act No: 7 of 2007, to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit for the financial year. The Directors are required to prepare these Financial Statements on the going concern basis, unless it is not appropriate.

Since the Directors are satisfied that the Company and the Group have resources to continue in the business for the foreseeable future, the Financial Statement continue to be prepared on the said basis.

The Directors consider that in preparing the Financial Statements on pages 192 to 269 the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all accounting standards which they consider to be applicable, have been followed.

The Directors are also responsible, under Section 148 of the Companies Act No. 07 of 2007 to ensure that proper accounting records are kept to enable determination of the financial position with reasonable accuracy, preparation of Financial Statements and audit of such statements to be carried out readily and properly.

The Directors are responsible for taking such steps that are reasonably open to them, to safe guard the assets of the Company and the Group and to present and detect fraud and other irregularities.

The Directors have confirmed that the Company and the Group satisfy the solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 for interim dividends paid and the Solvency Certificates have been obtained from the auditors in this respect.

The Directors confirm that the Financial Statements have been presented in accordance with the Sri Lanka Financial Reporting Standards (SLFRS),Sri Lanka Accounting standards (LKAS) and the Listing Rules of the Colombo Stock Exchange and provide the External Auditors, Deloitte Partners, , Chartered Accountants who were reappointed in terms of Section 158 of the Companies Act were provided with every assistance to undertake whatever inspections, they consider to be appropriate for the purpose of enabling them to give their audit report in accordance with the Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS). The report of the external auditors, show on pages 188 to 191 sets out their responsibility in respect of the Financial Statements.

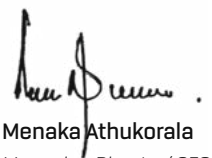
COMPLIANCE REPORT

The Directors are confident that they have discharged their responsibilities as set out in their statement. They also confirm that to the best of their knowledge all statutory payments payable by the Company and the Group and all contributions, levies and taxes payable on behalf of and in respect of employees of the Company and the Group and all other known statutory due and payable by the Company and the Group as at the financial position date have been paid, or where relevant, provided for.

By Order of the Board,



Gary Seaton
Chairman



Menaka Athukorala
Managing Director/ CEO
02nd June 2026

STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR

Profile of Mr. Indrajith Fernando is given on page 38 of this report.

In compliance with Section 9.6.3 of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of the Company has designated me as the Senior Independent Director (SID) of Hatton Plantations PLC with effect from 1st January 2025.

According to the Section 9.6.3 of the Listing Rules and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, a Senior Independent Director (SID) must be appointed where the Chairman and CEO are the same person or where the Chairman is not an Independent Director. At Hatton Plantations PLC, although the Chairman is not the CEO, he is not an Independent Director.

ROLE OF THE SENIOR INDEPENDENT DIRECTOR

- The Senior Independent Director (SID) provides guidance to the Chairman on matters of governance of the Company.
- The role of the SID also provides emphasis to transparency on matters relating to governance and calls for a review of the effectiveness of the Board.
- The SID is available to any Director or any employee for any confidential discussions on the affairs of the Company, as needed.

ACTIVITIES DURING THE YEAR

- In line with the regulatory requirements, I presided over the following meetings and exercised my voting rights where necessary.
- Meetings were conducted with the Non-Executive Directors without the presence of the Executive Directors. The performance of the Chairman and the Executive Directors were appraised at these meetings.
- A separate meeting was held with only the Independent Directors to discuss on matters relating to the Company and the operation of the Board.
- The outcome of these meetings together with recommendations was duly informed to the Chairman and the Board.
- The Company follows a policy of strict compliance with mandatory requirements while initiating voluntary adherence, to enhance stakeholder acceptance and making a positive impact on value creation.

COMPLIANCE REPORT

As Senior Independent Director, I believe that I have diligently fulfilled the obligations entrusted to me in accordance with the Corporate Governance guidelines.



Indrajith Fernando
Senior Independent Director
02nd June 2026

REPORT OF THE AUDIT COMMITTEE

ROLE OF THE AUDIT COMMITTEE

The Terms of Reference "Charter" provides a clear understanding of the Committee's role, structure, processes, and membership requirements. This conveys the framework for the Committee's organisation and responsibilities that can be referred to by the Board, committee members, management and External and Internal Auditors. The Audit Committee reviews the charter and updates to reflect the views that the members of the Audit Committee express in the independent discharge of their duties.

COMPOSITION OF THE AUDIT COMMITTEE

During the year, the Committee comprised two Independent Non-Executive Directors and one Non-Executive Director. Profiles of the members are given on pages 36 to 40 Corporate Advisory Services (Private) Limited function as the Secretaries to the Audit Committee.

MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee met five (05) times during the year. The attendance of the members at these meetings is as follows:

Name of the Director	Status	Attendance
Mr. Indrajith Fernando (Chairman)	Independent Non-Executive	5 of 5
Mr.Mayura Fernando - Member	Independent Non-Executive	5 of 5
Mr.Gowri Shankar - Member	Non-Independent Non-Executive	5 of 5

The Managing Director/ Chief Executive Officer (CEO), Chief Financial (CFO) and Manager-Finance shall normally attend meetings of the Audit Committee. The Head of Internal Audit also attended these meetings by invitation. On the invitation of the Audit Committee, the Engagement Partner of the Company's External Auditors, Messrs. Deloitte Partners attends Audit Committee meetings. The Audit Committee shall report to the Board.

THE DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee undertakes, on behalf of the Board, responsibility for ensuring the integrity of the Company's financial reports by having oversight of internal control, the financial reporting process and compliance with regulatory matters as given in the Audit Committee Charter. It sets out high standards of corporate disclosure, corporate responsibility, integrity and accountability to the shareholders.

In fulfilling its responsibilities, following activities were carried out by the Audit Committee during the financial year ended 31 March 2026.

FINANCIAL REPORTING

Reviewed the quarterly and year-to-date financial results of the Company and the relevant announcements to Colombo Stock Exchange (CSE), focusing particularly on significant changes to accounting policies and practices and compliance with financial reporting and accounting standards prior to the consideration by the Board.

Reviewed the Annual Report and the annual audited financial statements of the Company prior to submission to the Board for approval. The review was to ensure that the financial reporting and disclosures are in compliance with the listing requirements of Sri Lanka Financial Reporting Standards provisions of the Companies Act. No. 07 of 2007, CSE and any other relevant legal and regulatory requirements.

In review of the annual Audited Financial Statements, the Committee discussed with the Managing Director/ CEO, Chief Financial Officer, Manager – Finance and External Auditor the significant accounting policies, estimates and judgements applied in preparing these reports,

the accounting principles and reporting standards that were applied and the impact of the items to the Financial Statements.

INTERNAL CONTROL AND RISK MANAGEMENT AND INTERNAL AUDIT

The Committee reviewed the risk management process and discussed the inherent risks faced by the business as they affect financial reporting. The principal risks and uncertainties are outlined in the relevant section on page 158 to 168.

The Committee has an ongoing process for reviewing the effectiveness of the system of internal controls and of the internal audit function. During the year, it reviewed and approved the annual internal audit plan prepared taking into consideration the required controls and risks attached to different areas of operation. It also reviewed the reports from the internal audit team summarizing the audit findings and recommendations and describing actions taken by Management to address any shortfalls. It reviewed the level and nature of outstanding audit weaknesses with reference to the risk rating assigned to those issues by the internal auditor and invited Management to the Committee to further understand progress where it felt it was necessary.

It also encourages the Management to establish a suitable whistle-blowing mechanism to facilitate anonymous complains and feedback.

EXTERNAL AUDIT

Reviewed the scope of the External Auditors, Audit strategy and audit plan for the year and their proposed fees for the statutory audit.

Reviewed the external audit reports and areas of concern highlighted in the Management Letter including Management's responses to the findings of the External Auditors.

Discussed with External Auditors the key audit matters, impact of new or proposed Sri Lanka Accounting Standards and regulatory requirements applicable to the Company.

Assessed the independence and objectivity of the External Auditors during the year in carrying out statutory audit for the Company and prior to the appointment of the External Auditors for provision of any non-audit services. The Audit Committee also received report from the external auditors confirming that there were no circumstances and relationship that create threats to their independence and that the ethical requirements have been complied with.

Reviewed the performance of the External Auditors, Messrs. Deloitte Partners and recommended their appointment to the Board for financial year ended 31 March 2027 subject to the approval of the shareholders at the Annual General Meeting. A rotation of partner took place in 2023.

REGULATORY COMPLIANCE

Reviewed the procedures established by Management for compliance with the requirements of regulatory bodies. The Managing Director/ CEO along with Chief Financial Officer submitted to the Audit Committee on a quarterly basis, a report on the extent to which the Company was in compliance with mandatory statutory requirements.

AUDIT COMMITTEE EFFECTIVENESS

The Committee prepares and reviews with the Board an annual performance evaluation of the Committee. The findings of the review ensure that the Board is satisfied that the Committee is operating effectively, and meeting all applicable legal and regulatory requirements. The Committee received information and support from Management during the year to enable it to carry out its duties and responsibilities effectively. The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals.

CONCLUSION

The Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and the financial position of the Company is well monitored. The Audit Committee concurs that the adoption of the going concern premise in the preparation of the financial statement is appropriate. The Audit Committee recommends to the Board of Directors that the Financial Statements as submitted be approved.

On behalf of the Audit Committee;



Indrajith Fernando
Chairman – Audit Committee
02nd June 2026.

REPORT OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE

The Related Party Transactions Review Committee, appointed by and responsible to the Board of Directors, comprises two Executive Directors and seven Non-Executive Directors out of which three are Independent Directors.

COMPOSITION

Related Party Transaction Review Committee was established in accordance with the Code of Best Practice on Related Party Transactions, issued by the Securities and Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange. Related Party Transaction Review Committee comprised two Independent Non-Executive Directors and one Non-Executive Director.

The Chairman of the Committee is an Independent Non- Executive Director. Profiles of the Committee members are given in Pages 37 to 39.

Policies and Procedures adopted for reviewing the related party transactions:

The Committee reviewed all related party transactions except for the following transactions:

(1) Recurrent, routine transactions which are of trading or revenue nature

(2) Payment of dividend, issue of securities

(3) Grant of options and the issue of securities pursuant to the exercise of options under an employee share option scheme

(4) A transaction in marketable securities carried out in the open market where the counterparty's identity is unknown to the listed entity at the time of the transaction

(5) Directors' fees and remuneration and employment remuneration.

The Committee established guidelines for the Senior Management to follow, for recurrent related party transactions, in its ongoing dealings with the related parties. At the year end, the Committee carried out a review and assessed ongoing relationships with the related parties to determine whether they are in compliance with the Committee's guidelines and that the related party transactions remain appropriate.

The Committee also determined whether to obtain the approval of the Board of Directors for a related party transaction considering the factors such as the impact of the proposed transaction on the independence of the Directors and whether related party transaction require immediate market disclosure.

The Committee reviewed the related party transactions and their compliance of Hatton Plantations PLC and communicated the same to the Board. The Committee in its review process recognized the adequate content and quality of the information forwarded to its members by the management.

It was also ensured that Committee members did not have any conflict of interest with regard to the proposed related party transactions.

MEETINGS AND ATTENDANCE

Related Party Transactions Review Committee has met each calendar quarter as required by the CSE Listing Rules Section 9.14.4 (1). The Committee met five (5) times during financial year.

Attendance of the Committee members at each of these meetings is as follows.

Name of the Director	Status	Attendance
Mr. Indrajith Fernando (Chairman)	Independent Non-Executive	5 of 5
Mr. Mayura Fernando - Member	Independent Non-Executive	5 of 5
Mr. Gowri Shankar - Member	Non-Independent Non-Executive	5 of 5

MEETINGS AND MINUTES

Corporate Advisory Services (Private) Limited acts as the Secretaries to the Related Party Transaction Review Committee. The Minutes of the Related Party Transaction Committee approved by the said Committee is circulated and affirmed by the Board of Directors. The Chairman, Managing Director/Chief Executive Officer, Chief Financial Officer, Finance Manager and any other officers as may be required by the Committee to attend the meetings by invitation.

STATEMENT OF COMPLIANCE

The Committee has reviewed the related party transactions during the financial year and communicated the comments/ observations to the Board of Directors. Information disclosures as required under section 9.14.8 of the Listing Rules are presented under Note 38 to the Financial Statements.

On behalf of the Board,



Indrajith Fernando
Chairman – Related Party Transactions Review Committee
02nd June 2026.

REPORT OF THE REMUNERATION COMMITTEE

GRI 2-20

The Remuneration committee ("the Committee") of the Company was established in September 2024 in compliance with Section 9 of the listing Rules of Colombo Stock Exchange. The Remuneration Committee of the Company is appointed by and is responsible to the Board of Directors and comprises two Independent Non Executive Directors and one Non- Executive Director.

TERMS OF REFERENCE

The Charter of the Remuneration Committee determines the terms of reference for the Remuneration Committee. The Remuneration Committee is responsible to the Board for recommending the remuneration of the Executive Directors, including the members of the Committee, and setting the broad parameters of remuneration for Senior Executives across the Company.

COMPOSITION

During the financial year 2025-26, the Committee was made up of following Directors namely -

Mr. Indrajith Fernando - Chairman
(Non-Executive, Independent)

Mr. Mayura Fernando
(Non-Executive, Independent)

Mr. Gowri Shankar
(Non-Independent Non-Executive)

The Chairman and Managing Director/ CEO of the Company assist the Remuneration Committee by providing relevant information and participating in its analysis and deliberations, except when his own compensation package is reviewed.

Corporate Advisory Services (Pvt) Limited acts as the Secretaries to the Remuneration Committee. The Minutes of the Remuneration Committee approved by the said Committee is circulated and affirmed by the Board of Directors.

MEETINGS

The Remuneration Committee of the Company met one time during the Financial year.

The Remuneration Committee of the Company meets at least once a year, and as and when required. The attendance of the meetings is given in table on pages 135 to 136 of the Annual Report.

REMUNERATION POLICY

The Company's remuneration policy aims to attract and retain management with the appropriate professional, managerial and operational expertise necessary to achieve the Company's objectives and create value for our shareholders.

A significant portion of executives' total potential remuneration is performance related in order to drive the right behavior to optimize Company performance. Stretched targets are set for the plantation managers on a quarterly basis in the context of prevailing market conditions in which it operates. The remuneration packages which are linked to individual performances are aligned with the Company's short-term and long-term strategy.

Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers individual, business unit and overall performance of the Company and market practices. The Committee continues to provide analysis and advice to ensure Key Management Personnel remuneration is competitive in the market place. The Committee has the authority to seek external independent professional advice on matters within its purview.

DIRECTORS' FEES

Directors receive fees for services on Board and Board Committees. Directors do not receive short-term incentives and do not participate in any long-term incentive schemes. The fees for the Directors are recommended by the Remuneration committee to the Board for their approval.

The Directors emoluments are disclosed on Note 8 and 38 to the Financial Statements.

On behalf of the Remuneration Committee,



Indrajith Fernando
Chairman – Remuneration Committee
02nd June 2026.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

GRI 405

The Nominations and Governance Committee ("the Committee") of the Company was established in September 2024 in compliance with Section 9 of the listing Rules of Colombo Stock Exchange. The Nominations and Governance Committee of the Company is appointed by and is responsible to the Board of Directors and comprises two Independent Non Executive Directors and one Non- Executive Director.

COMPOSITION

The following changes took place during the financial year in compliance with the Governance Rules stipulated in Section 9 of the Listing rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by CA Sri Lanka.

During the financial year 2025-26, the Committee was made up of following Directors namely:-

Mr. Indrajith Fernando - Chairman
(Non-Executive, Independent)

Mr. Mayura Fernando
(Non-Executive, Independent)

Mr. Gowri Shankar
(Non-Independent Non-Executive)

ATTENDANCE

The Committee meets as often as may be deemed necessary. Any changes to the main Board and Board sub-Committees were duly circulated among the Board of Directors and Committee members where applicable for approval. Attendance of the Committee members at each of these meetings is as follows.

Name of the Member	Status	Attendance
Mr. Indrajith Fernando (Chairman)	Independent Non-Executive	1 of 1
Mr. Mayura Fernando - Member	Independent Non-Executive	1 of 1
Mr. Gowri Shankar - Member	Non-Independent Non-Executive	1 of 1

The Chairman of the Committee is an Independent Non- Executive Director.

The Committee has well-defined terms of reference approved by the Board outlining the Committee's purpose, composition, quorum, authority, responsibilities, and meeting related matters.

Corporate Advisory Services (Private) Limited acts as the Secretaries to the Nominations and Governance Committee.

DUTIES OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

- To evaluate and recommend the appointment of Directors to the Board and Committees, considering the required skills, experience and qualifications necessary.
- 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 establish and maintain a formal and transparent procedure to evaluate, select and appoint/ re appoint Directors of the Company.
- To establish and 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 establish and maintain a suitable process for the periodic evaluation of the performance of Board Directors and the Managing Director of the Company to ensure their responsibilities are satisfactorily discharged.
- To consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking in to consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
- To review the succession plans for the Board of directors and key Management Personnel.
- 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 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.

DISCLOSURE OF ACTIVITIES

The Board performance evaluation was carried out and discussed at Board meetings. Any major issues relating to the Company are updated to the Independent Directors by the Chairman or Managing Director/CEO. Special Board meetings are called if the need arises to discuss any important or critical matters.

Newly appointed Directors were given an induction to the Company prior to their first Board meeting. The orientation program includes inviting the Directors to the factories and estates to gain an understanding of the operations of the Company and its subsidiaries.

Requirements as per the Listing Rules and applicable rules and regulations are informed to the new Directors. Existing Directors are regularly updated with corporate governance requirements, Listing Rules and other applicable laws.

Non-Executive Directors have submitted declarations regarding their independence / non independence. The fitness and proprietary of the Directors were examined. All Independent Directors of the Company meet the criteria set out in the Listing Rules of the Colombo Stock Exchange for determining independence.

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 Matters Relating to The Board of Directors
2. Policy on Board Committees
3. Policy on Corporate Governance, Nominations and Re-election
4. Policy on Remuneration
5. Policy on Internal Code of Business Conduct and Ethics
6. Policy on Risk Management and Internal Controls
7. Policy on Investor Relations
8. Policy on Environment, Social and Governance
9. Policy on Asset Management
10. Policy on Corporate Disclosure
11. Policy on Whistleblowing
12. Policy on Anti-Bribery and Corruption

RE-APPOINTMENTS/ RE- ELECTIONS

One Third (1/3) of the all the directors except the Managing Director/ CEO and those who have been appointed to the

Board since the last Annual General Meeting, 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. Hiro Bhojwani – Non Executive Director to the Board at the Annual General Meeting to be held on 30th June 2026 , based on his performance and the contribution made to achieve the objectives of the Board. He was appointed to the Board on 17th July 2019, and last re-election was in September 2023. His directorships and other principal commitments are given in the profile on page 38.

Similarly, the Committee has recommended to re-elect Mr. W L P Wijewardana – Non Executive Director to the Board at the Annual General Meeting to be held on 30th June 2026 , based on his performance and the contribution made to achieve the objectives of the Board. He was appointed to the Board on 15th January 2021, and last re-election was in September 2023. His directorships and other principal commitments are given in the profile on page 39.

Due to the invaluable contribution made to the Board as a result of their many years of experience, industry knowledge and business acumen, the Committee has recommended to re-appoint Mr. W L P Wijewardena – Non Executive Director who is over seventy years and who retire in terms of Section 210 of the Companies Act No. 7 of 2007 to the Board at the Annual General Meeting to be held on 30th June 2026. Mr. W L P Wijewardena was appointed to the Board on 15th January 2021 and his last re-appointment was in 15th August 2025. His directorships and other principal commitments are given in the profile on page 39.

None of the Directors who are being proposed for re-election or their family members, have any relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company.

The committee has ensured Board diversity by bringing a wide range of experience and skills to the Board. Age and gender diversity have been essential factors contributing to the effective performance of the Company's Board.

The Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange are met by the Company and details are given in pages 148 to 153.



Indrajith Fernando
Chairman
Nominations and Governance Committee
02nd June 2026.

RESPONSIBILITY STATEMENT OF MANAGING DIRECTOR/ CEO AND CHIEF FINANCIAL OFFICER

The Financial Statements of the Hatton Plantations PLC and the Consolidated Financial Statements of the Group as at 31 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 jointly by the institute of Chartered Accountants of Sri Lanka;
- Securities and Exchange Commission of Sri Lanka.

The accounting policies used in the preparation of the Financial Statements are appropriate and consistently applied by the Company and the Group as described in the Notes to the Financial Statements. There are no departures from the prescribed Accounting Standards in their adoption. The significant accounting policies and estimates that involve a high degree of judgement and complexity were discussed with our External Auditors and the Audit Committee.

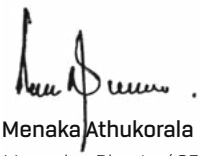
The Board of Directors and Chief Financial officer of the Company and the Group accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgements relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements give a true and fair view of the state of affairs, the forms and substance of transactions and that the Company's and the Group's state of affairs is reasonably presented. To ensure this, the Company and the Group have taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Our Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting.

The Financial Statements of the Company and the Consolidated Financial Statements of the Group were audited by independent external auditors, Messers Deloitte Partners, Chartered Accountants and their report is given on pages 188 to 191 of the Annual Report.

The Audit Committee of the Company meets periodically with the Internal Audit Team and the External Auditors to review their audit plans, assess the manner in which these Auditors are performing their responsibilities and to discuss their reports on, internal controls and financial reporting issues. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matters of substance.

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 and the Group have complied with all applicable laws and regulations and guidelines and that there are no material litigations that are pending against the Company and the Group other than Note 40 to the Financial Statements in this Annual Report.



Menaka Athukorala
Managing Director/ CEO



Annemarie Outschoorn
Chief Financial Officer
02nd June 2026.

Financial Reports



FINANCIAL CALENDAR

PUBLISHING OF ANNUAL ACCOUNTS

05th
June 2026

ANNUAL GENERAL MEETING

30th
June 2026

FIRST QUARTER

06th
August 2025

SECOND QUARTER

04th
November 2025

THIRD QUARTER

11th
February 2026

FOURTH QUARTER

29th
May 2026

Deloitte.

Deloitte Partners
100 Braybrooke Place
Colombo 2
Sri Lanka

Tel: +94 11 771 9700,
+94 11 771 9838
Fax: +94 11 230 7237
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Hatton Plantations PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hatton Plantations PLC (the Company) and the consolidated financial statements of the Company and its subsidiary (the Group), which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the consolidated financial statements of the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2026, and of their financial performance and their 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 and the Group in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

C S Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekara FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, L A C Tillekeratne ACA, D C A J Yapa ACA

Regd. Office: P.O. Box 918, 100 Braybrooke Place, Colombo 02, Sri Lanka. Reg. No.: w/4179

The Company and the Group:

Key audit matter	How our audit addressed the Key audit matter

Valuation of consumable biological assets – Valuation of Timber Trees
Refer Accounting Policy Note 3.4.1 and Note 16.1 to the financial statements. The carrying value of consumable biological assets – mature plantations in the statement of financial position at the year-end was LKR 2,277 million.
 	
Timber trees that are more than 5 years old on estates managed by the Company/Group, are classified as consumable biological assets – mature plantations and are measured at each reporting date at fair value less cost to sell.
 	
The fair value of timber trees are impacted by factors such as topographical characteristics of the land, age and condition of timber trees and the economic conditions that drives the supply and demand.
 	
Management engaged a subject matter expert who is a professional valuer and a member of The Institute of Valuers of Sri Lanka to perform an independent valuation of the consumable biological assets of the Company/Group as at 31 March 2026.
 	
We identified the valuation of consumable biological assets as a key audit matter due to the significant level of judgement and estimation involved. Key assumptions considered in the valuation process included:
 	
• Estimating the height and girth of trees to determine timber volume
• Determining the value of timber per cubic meter
• Applying an appropriate discount rate
	Our audit procedures included the following:
	
	• Checked the qualifications, experience and independence of the external valuer.
	
	• We obtained the external valuer's valuation report and performed the following;
	  ○ Compared the number of timber trees in the valuation report with the census report and the timber tree records maintained by the Company/ Group;
	  ○ Checked the mathematical accuracy of the consumable biological assets – mature plantations valuation;
	  ○ Performed a physical observation of a sample of trees during estate visits to assess the girth and height of the respective trees and compared them with Company/Group records;
	  ○ Checked the reasonability of the methodology used to estimate the volume of timber;
	  ○ Assessed the reasonableness of prices taken for the valuation of mature trees of timber, by comparing them to the prices of timber trees sold during the year by the Company/Group. The prices of trees sold during the year was also compared with their valuation to assess reasonability;
	  ○ Assessed the appropriateness of the discount rate by benchmarking against publicly available market data; and
	  ○ Assessed the adequacy of the disclosures in the financial statements.

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. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 those charged with governance.

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 of the Company and the consolidated financial statements of the Group, management is responsible for assessing the Company's/ Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company/Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company and the consolidated financial statements of the Group 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 scepticism 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 and the Group'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 and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Company and the consolidated financial statements of the Group 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/ Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements of the Company and the consolidated financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

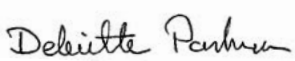
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the Company and the consolidated financial statements of the Group 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 2857.



CHARTERED ACCOUNTANTS

COLOMBO

2 June 2026

STATEMENT OF PROFIT OR LOSS

(all amounts in Sri Lankan Rupees thousands)

	Notes	GROUP		COMPANY	
		Year ended 31 March 2026	Year ended 31 March 2025	Year ended 31 March 2026	Year ended 31 March 2025
Revenue	5	8,107,183	7,709,932	8,013,683	7,587,967
Cost of sales		(6,837,856)	(6,499,334)	(6,787,320)	(6,448,542)
Gross profit		**1,269,327**	**1,210,598**	**1,226,363**	**1,139,425**
Other income	6	125,696	140,106	158,759	194,679
Gain on change in fair value of biological assets	7	43,006	55,480	43,006	55,480
Administrative expenses		(390,563)	(346,365)	(377,184)	(332,352)
Operating profit		**1,047,466**	**1,059,819**	**1,050,944**	**1,057,232**
Finance income	9	106,414	114,708	103,666	109,516
Finance expenses	9	(50,227)	(29,119)	(50,227)	(29,119)
Interest paid to government and other on lease	9	(104,704)	(100,139)	(104,704)	(100,139)
Net finance costs		**(48,517)**	**(14,550)**	**(51,265)**	**(19,742)**
Profit before income tax		**998,949**	**1,045,269**	**999,679**	**1,037,490**
Income tax expense	10	(272,742)	(326,419)	(257,213)	(297,831)
Profit for the year		**726,207**	**718,850**	**742,466**	**739,659**
Attributable to:					
Equity holders of the parent		725,173	716,839	742,466	739,659
Non-controlling interest		1,034	2,011	-	-
		726,207	**718,850**	**742,466**	**739,659**
Profit per share for profit attributable to the ordinary equity holders of the Company (expressed in LKR per share)					
-Basic/diluted earning per share	11	3.06	3.03	3.14	3.13

STATEMENT OF COMPREHENSIVE INCOME

(all amounts in Sri Lankan Rupees thousands)

	Notes	GROUP		COMPANY	
		Year ended 31 March 2026	Year ended 31 March 2025	Year ended 31 March 2026	Year ended 31 March 2025
Profit for the year		726,207	718,850	742,466	739,659
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
- Changes in the fair value of equity investments at fair value through other comprehensive income	17, 18	4,629	(860)	23,816	29,141
- Remeasurements of post-employment benefit obligations	29	35,523	(140,918)	34,885	(141,002)
- Income tax relating to above items	10	(16,780)	42,277	(60,507)	42,301
Total other comprehensive income for the year (net of tax)		**23,372**	**(99,501)**	**(1,806)**	**(69,560)**
Total comprehensive income for the year		**749,579**	**619,349**	**740,660**	**670,099**
Attributable to:					
Equity holders of the parent		748,524	617,335	740,660	670,099
Non-controlling interest		1,055	2,014	-	-
		749,579	**619,349**	**740,660**	**670,099**

STATEMENT OF FINANCIAL POSITION

(all amounts in Sri Lankan Rupees thousands)

	Notes	GROUP		COMPANY	
		As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
ASSETS					
Non-current assets					
Right-of-use assets	12	415,344	368,097	415,344	368,097
Immovable estate assets	13	79	5,187	79	5,187
Property, plant and equipment other than bearer plants	14	1,515,106	1,412,574	1,208,106	1,086,830
Bearer plants	15	1,809,831	1,567,806	1,809,831	1,567,806
Biological assets - consumable	16.1	2,350,401	2,300,446	2,350,401	2,300,446
Investment in subsidiary	17	-	-	605,329	586,142
Equity investments at fair value through other comprehensive income	18	31,172	26,543	31,172	26,543
Total non-current assets		**6,121,933**	**5,680,653**	**6,420,262**	**5,941,051**
Current assets					
Biological assets-produce crops on bearer plants	16.2	24,320	30,324	24,320	30,324
Inventories	21	606,643	609,153	605,133	607,982
Trade and other receivables	22	500,155	213,008	492,574	205,381
Amounts due from related companies	23	1,231	263	1,231	263
Short term investment	19.1	1,036,897	1,113,085	1,036,897	1,113,085
Cash and cash equivalents	24	331,852	536,311	300,378	482,771
Total current assets		**2,501,098**	**2,502,144**	**2,460,533**	**2,439,806**
Total assets		**8,623,031**	**8,182,797**	**8,880,795**	**8,380,857**
EQUITY AND LIABILITIES					
Capital and reserves					
Stated Capital	25	1,803,400	1,803,400	1,803,400	1,803,400
Reserve on equity investments at FVOCI		14,285	15,780	116,761	142,986
Retained earnings		3,496,488	3,219,803	3,724,746	3,431,195
Equity attributable to equity holders of the parent		**5,314,173**	**5,038,983**	**5,644,907**	**5,377,581**
Non-controlling interests	26	14,186	14,993	-	-
Total equity		**5,328,359**	**5,053,976**	**5,644,907**	**5,377,581**

(all amounts in Sri Lankan Rupees thousands)

	Notes	GROUP		COMPANY	
		As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Non-current liabilities					
Borrowings	27	12,864	64,313	12,864	64,313
Lease liability	28	482,152	429,408	482,152	429,408
Retirement benefit obligation	29	811,603	840,176	803,023	831,393
Deferred capital grants	30	92,098	95,989	92,098	95,989
Deferred tax liability	31	683,061	599,492	638,934	504,641
Total non-current liabilities		**2,081,778**	**2,029,378**	**2,029,071**	**1,925,744**
Current liabilities					
Borrowings	27	51,449	51,449	51,449	51,449
Lease liability	28	13,610	4,487	13,610	4,487
Trade and other payables	32	857,637	809,933	855,904	808,248
Current income tax liability	33	162,688	123,464	158,344	103,238
Bank overdraft	27	127,510	110,110	127,510	110,110
Total current liabilities		**1,212,894**	**1,099,443**	**1,206,817**	**1,077,532**
Total liabilities		**3,294,672**	**3,128,821**	**3,235,888**	**3,003,276**
Total equity and liabilities		**8,623,031**	**8,182,797**	**8,880,795**	**8,380,857**
Net assets per share(LKR)		22.45	21.29	23.85	22.72

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



Annemarie Outschoorn
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. Approved and singed on behalf of the board of Hatton Plantations PLC.



Menaka Athukorala
Managing Director/ CEO
2nd June 2026



Indrajith Fernando
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(all amounts in Sri Lankan Rupees thousands)

	Attributable to equity holders of the parent				Non-controlling interest	Total equity
	Stated capital	Reserve on equity instruments at FVOCI	Accumulated profits/ (losses)	Total		
Balance at 1 April 2024	1,803,400	16,640	2,838,275	4,658,315	16,082	**4,674,397**
Profit for the period	-	-	716,839	716,839	2,011	**718,850**
Other comprehensive income	-	(860)	(98,644)	(99,504)	3	**(99,501)**
Total comprehensive income for the period	**-**	**(860)**	**618,195**	**617,335**	**2,014**	**619,349**
Transactions with owners in their capacity as owners:						
Dividend	-	-	(236,667)	(236,667)	(3,103)	**(239,770)**
Balance at 31 March 2025	**1,803,400**	**15,780**	**3,219,803**	**5,038,983**	**14,993**	**5,053,976**
Balance at 1 April 2025	1,803,400	15,780	3,219,803	5,038,983	14,993	**5,053,976**
Profit for the period	-	-	725,173	725,173	1,034	**726,207**
Other comprehensive income	-	(1,495)	24,846	23,351	21	**23,372**
Total comprehensive income for the period	**-**	**(1,495)**	**750,019**	**748,524**	**1,055**	**749,579**
Transactions with owners in there capacity as owners						
Dividend	-	-	(473,334)	(473,334)	(1,862)	**(475,196)**
Balance at 31 March 2026	**1,803,400**	**14,285**	**3,496,488**	**5,314,173**	**14,186**	**5,328,359**

COMPANY STATEMENT OF CHANGES IN EQUITY

(all amounts in Sri Lankan Rupees thousands)

	Stated capital	Reserve on equity instruments at FVOCI	Accumulated profits/ (losses)	Total equity
Balance at 1 April 2024	1,803,400	113,845	3,026,904	**4,944,149**
Profit for the period	-	-	739,659	**739,659**
Other comprehensive income	-	29,141	(98,701)	**(69,560)**
Total comprehensive income for the period	**-**	**29,141**	**640,958**	**670,099**
Transactions with owners of the company				
Dividend	-	-	(236,667)	**(236,667)**
Balance as at 31 March 2025	**1,803,400**	**142,986**	**3,431,195**	**5,377,581**
Balance at 1 April 2025	1,803,400	142,986	3,431,195	**5,377,581**
Profit for the period	-	-	742,466	**742,466**
Other comprehensive income	-	(26,225)	24,419	**(1,806)**
Total comprehensive income for the period	**-**	**(26,225)**	**766,885**	**740,660**
Transactions with owners of the company				
Dividend	-	-	(473,334)	**(473,334)**
Balance as at 31 March 2026	**1,803,400**	**116,761**	**3,724,746**	**5,644,907**

STATEMENT OF CASH FLOWS

(all amounts in Sri Lankan Rupees thousands)

	Note	GROUP		COMPANY	
		Year ended 31 March 2026	Year ended 31 March 2025	Year ended 31 March 2026	Year ended 31 March 2025
Cash flows from operating activities					
Cash generated from operations	37	1,104,557	1,544,006	1,049,302	1,463,435
Interest paid	09	(50,227)	(29,067)	(50,227)	(29,067)
Payment of income tax	33	(166,729)	(123,104)	(128,321)	(92,108)
Retirement benefit obligations paid	29	(151,184)	(346,078)	(150,328)	(346,078)
Interest received		38,553	42,906	35,805	37,711
Net cash generated from operating activities		**774,970**	**1,088,663**	**756,231**	**1,033,893**
Cash flows from investing activities					
Additions to bearer plants	15	(289,420)	(248,228)	(289,420)	(248,228)
Additions and transfer to consumable biological assets	16.1	(3,503)	(8,367)	(3,503)	(8,367)
Additions to property, plant and equipment	14	(242,761)	(90,138)	(236,866)	(89,976)
Proceeds from sale of property, plant and equipment		18,332	9,364	18,332	9,364
Proceeds from sale of consumable biological assets		9,134	11,341	9,134	11,341
Dividends received from subsidiary and associate		4,676	4,894	37,724	59,974
Proceed from the long term investments		-	279,533	-	279,533
Proceed From The short term investments		444,047	104,685	444,047	104,685
Additions to the short term investments		(300,000)	(825,000)	(300,000)	(825,000)
Net cash used in investing activities		**(359,495)**	**(761,916)**	**(320,552)**	**(706,675)**
Cash flows from financing activities					
Dividend paid	34	(473,334)	(236,667)	(473,334)	(236,667)
Dividends paid to NCI		(1,862)	(3,103)	-	-
Repayment of borrowings	27	(51,448)	(59,631)	(51,448)	(59,631)
Payment of government lease principal	28.1	(103,020)	(99,261)	(103,020)	(99,261)
Payment of other lease principal	28.2	(10,295)	(6,337)	(10,295)	(6,337)
Grant received		2,625	-	2,625	-
Net cash generated/(used in) from financing activities		(637,334)	(404,999)	(635,472)	(401,896)
(Decrease)/increase in cash and cash equivalents		**(221,859)**	**(78,252)**	**(199,793)**	**(74,678)**
At the beginning of period		426,201	504,453	372,661	447,339
(Decrease)/increase for the period		(221,859)	(78,252)	(199,793)	(74,678)
Cash and cash equivalents at the end of the year	**24**	**204,342**	**426,201**	**172,868**	**372,661**

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

NOTE 01 Reporting entity

Hatton Plantations PLC ("the Company") is a public limited liability company incorporated on 14 September 2017 and domiciled in Sri Lanka under the Companies Act No 7 of 2007. The registered office of the Company is located at No. 168, 2nd Floor, Negombo Road, Peliyagoda. The Plantations are situated in the planting regions of Watawala, Hatton and Lindula.

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

The Consolidated Financial Statements of Hatton Plantations PLC comprises the Company and its Subsidiary namely Mark Marine Services (Private) Limited (together referred to as the 'Group'). The Company in the Group is a limited liability company incorporated and domiciled in Sri Lanka.

1.1 Principal activities and nature of operations

During the year, the principal activities of the Company were Cultivation, Manufacture and Sale of Orthodox and CTC Tea. Principal activity of the subsidiary company is as follows..

Company	Nature of the business	Registered office
Mark Marine Services (Private) Limited	Generating hydropower	168, 2nd Floor, Negombo Road, Peliyagoda

1.2 Holding Company

The Company is a subsidiary of Lotus Renewable Energy (Private) Limited incorporated in Sri Lanka and its ultimate parent is Lotus Renewables (Singapore) Pte Limited incorporated in Singapore.

1.3 Date of authorization for issue

The Financial Statements consist of the Statement of profit or loss, the Statement of comprehensive income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Financial Statements for the year ended 31 March 2026.

The Group Financial Statements of Hatton Plantations PLC were authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 2nd June 2026.

1.4 Responsibility for Consolidated Financial Statements

The responsibility of the Directors in relation to the Group Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 02

BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards (SLFRS's), Sri Lanka Accounting Standards (LKAS's) further comprises of Statements of Recommended Practices (SORPs), Statements of Alternative Treatments (SOATs) and Financial Reporting guidelines issued by the Institute of Chartered Accountants of Sri Lanka (CASL) and with the requirements of the Companies Act No. 07 of 2007.

2.2 Basis of measurement

The Consolidated Financial Statements have been prepared in accordance with the historical cost convention other than following items for assets carried at fair value:

- Managed consumable biological assets - mature plantations are measured at fair value;
- Harvestable agricultural produce growing on bearer biological assets are measured at fair value; and
- Equity investments measured at FVOCI are measured at fair value.

The preparation of Consolidated Financial Statements in conformity with Sri Lanka Accounting Standards, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the succeeding notes.

The accounting policies have been consistently applied in the Consolidated Financial Statements.

2.3 Comparative information

Comparative information including quantitative, narrative, and descriptive information is disclosed in respect of the previous year in the Financial Statements in order to enhance the understanding of the current year's Consolidated Financial Statements and to enhance the inter period comparability. The presentation and classification of the Consolidated Financial Statements of the previous year is reclassified, where relevant for better presentation and to be comparable with those of the current year.

2.4 New and amended accounting standards that are effective for the current year

In the current year, the group/company has applied the below amendment to Sri Lanka Accounting Standards issued by the CA Sri Lanka that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Its adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

i. Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

2.5 New and revised IFRS Accounting Standards in issue but not yet effective

The following standards and interpretations had been issued but not mandatory for annual reporting period ended 31 March 2026.

The following new accounting standards and interpretations are issued by IASB but not yet adopted by CA Sri Lanka except for SLFRS 18 and SLFRS 19.

i. Amendments to SLFRS 9 and SLFRS 7 - Classification and Measurement of Financial Instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

These amendments add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The directors of the Company anticipate that the application of this standard may have an impact on the Group's/ Company's consolidated financial statements in future periods.

ii. SLFRS 18 Presentation and Disclosures in Financial Statements

SLFRS 18 replaces LKAS 1, carrying forward many of the requirements in LKAS 1 unchanged and complementing them with new requirements. In addition, some LKAS 1 paragraphs have been moved to LKAS 8 and SLFRS 7.

SLFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply SLFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. SLFRS 18 requires retrospective application with specific transition provisions.

The directors of the company anticipate that the application of this standard may have an impact on the group's/ company's consolidated financial statements in future periods.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

iii. SLFRS 19 Subsidiaries without Public Accountability: Disclosures

SLFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying SLFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with SLFRS Accounting Standards.

SLFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply SLFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with SLFRS Accounting Standards.

Eligible entities can apply SLFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply SLFRS 19 in its consolidated financial statement may do so in its separate financial statements.
The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.

The directors of the company do not anticipate that SLFRS 19 will be applied for purposes of the consolidated financial statements of the Group/ company.

2.6 Use of estimates and judgements

The preparation of the Group's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period and any future periods affected. Information about significant areas of estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the Note 4.

2.7 Functional and presentation currency

The Financial Statements are presented in Sri Lankan Rupees (Rs.), which is the Group's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest rupee, unless stated otherwise.

2.8 Materiality and aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 03 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below are consistent with those used in the previous year and have been applied consistently in these Consolidated financial statements.

3.1 Going concern

The Consolidated Financial Statements have been prepared on the assumption that the Group and the Company is a going concern. The Directors have made an assessment of the Group's and the Company's ability to continue as a going concern in the foreseeable future. Furthermore, board is not aware of any material uncertainties that may cast significant doubt upon the Group's and the Company's ability to continue as going concern and they do not intend either to liquidate or to cease operations of the Group and the Company. Therefore, the Consolidated Financial Statements continue to be prepared on the going concern basis.

It is view of the management that there are no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern.

3.2 Principles of consolidation and equity accounting

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (see note 3.2.1).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and Balance Sheet respectively.

Investment in Subsidiaries are measured in accordance with SLFRS 9 at fair value through other comprehensive income.

ii Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Hatton Plantations PLC.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3.2.1 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity.

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

3.2.2 Segment reporting

Segmental information is provided for the different business segments of the Group. An operating segment is a component of the Group 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 Group's other components.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

The activities of the segments are described on Note 5.2 in the Notes to the Financial Statements.

3.3 Property, plant and equipment

Property plant and equipment comprise tangible assets and bearer plants.

Recognition and measurement

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Group and the Company and the cost of the asset can be measured reliably. All property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes expenditure that is directly attributable to the acquisition of assets. The self-constructed assets include the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Capital work-in-progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalisation. Capital work-in-progress would be transferred to the relevant asset when it is available for use. Capital work-in-progress is stated at cost less any accumulated impairment losses.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

Bearer plants

Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Bearer plants mainly include mature and immature tea plantations. Immature plantations are stated at acquisition cost which includes costs incurred for field preparation, planting, fertilizing and maintenance, capitalisation of borrowing costs incurred on loans used to finance the development of immature plantations and an allocation of other indirect costs based on planted hectares. Mature plantations are stated at acquisition cost less accumulated depreciation and impairment losses. Mature plantations are depreciated on a straight line basis over its estimated useful life, upon commencement of commercial production.

General charges such as supervisory, security and office overheads etc. are apportioned between immature plantations and the statement of profit or loss based on the man-days spent on the respective activities. General charges apportioned to immature plantation based on the man days used on replanting and subsequent upkeep until they become maturity, are capitalised on immature plantations. General charges incurred on the revenue generating activities are charged to the Statement of Profit or Loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

Infilling cost on bearer plants

Where infilling results in an increase in the economic life of a relevant field beyond its previously assessed standard of performance, the cost is capitalised in accordance with Sri Lanka Accounting standard LKAS 16 - Property Plant and Equipment and depreciated over the remaining useful life at rates applicable to mature plantations. Infilling cost that are not capitalised are charged to the statement of profit or loss in the year in which they are incurred.

Depreciation and amortization

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives of each part of an item of Property, Plant & Equipment and Bearer plants. Assets held under leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Lease period of land acquired from JEDB/SLSPC will be expired in year 2045. The Company is desirous of renewing the lease agreement and will be applying to renew the lease agreement before 10 years of expiring of the above lease period as required by the Indenture of Lease Agreement, Section 7(g).

Depreciation 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 discontinued.

The economic useful lives of assets are estimated below for depreciation / amortisation purposes.

Group/Company	Years
Buildings	40
Plant and machinery	13
Equipment	8
Computer equipment	4
Computer software	6

Group/Company	Years
Furniture and fittings	10
Motor vehicles	5
Sanitation, water and electricity	20
Roads and bridges	40
Fences and security lights	3
Mini hydro plants	10
Turbine	17

Group/Company	Years
Transformers	17
Penstocks	17
Grid construction	17
Power house	17
Civil construction	17
Bearer plants	
- Tea	30
- Caliandra	10
- Cinnamon	20
- Coffee	20

Immovable estate assets (remaining useful lifetime)	
Improvements to land	Nil
Vested other assets	Nil
Roads and bridges	6
Bearer plants	
- Tea	Nil

The assets residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

3.4 Biological assets

Biological assets comprise Timber reserves and growing agricultural produce on bearer plants.

3.4.1 Consumable biological assets

Timber plantations that are managed by the company are classified as consumable biological assets. Trees younger than 5 years are included under nurseries and immature

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

plantations. Since the fair value of such trees cannot be reliably estimated they are carried at cost less accumulated impairment and for nurseries a provision for overgrown plants is deducted. Costs includes direct material, direct labour and appropriate proportion of directly attributable overheads. Trees older than 5 years are included under mature plantations and are measured at fair value less costs to sell at the end of each reporting period. Cost to sell include all costs that would be necessary to sell the assets, including transportation costs if any.

The fair value of mature plantations are measured using DCF method by an independent professional valuer taking in to consideration the current market prices of timber, applied to expected timber content of a tree at maturity less costs to sell.

Gains or losses arising on initial recognition of timber plantation at fair values less costs to sell and from the change in fair values less costs of to sell at each reporting date are included in the statement of profit or loss in the period in which they arise. All costs incurred in maintaining the assets are included in the statement of profit or loss in the period in which they arise.

The carrying amount of an item of consumable biological assets is de-recognized on sale or disposal of timber, when the control of the timber are transferred to the buyer, at the time of accepting the tender. Gains and losses on sale or disposal of an item of consumable biological assets are determined by comparing the proceeds from disposal with the carrying amount of consumable biological assets , and are recognized net within other income in Statement of Profit or Loss.

3.4.2 Produce growing on bearer plants

Produce that grows on mature plantations are measured at fair value less estimated cost to sell. Cost to sell include all costs that would be necessary to sell the produce.

3.5 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or group of assets (cash generating units).

3.6 Investments and other financial assets

3.6.1 Classification

From 1 April 2018, the Group and the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group and the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group and the Company reclassifies debt investments when and only when its business model for managing those assets changes.

3.6.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commits to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*
(all amounts in Sri Lankan Rupees thousands)

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company has transferred substantially all the risks and rewards of ownership.

3.6.3 Measurement

At initial recognition, the Group and the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classifies its debt instruments:

i. **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in statement of profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

ii. **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

iii. **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains / (losses) in the period in which it arises.

Equity instruments

The Group and the Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to statement of profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in statement of profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

3.6.4 Impairment

From 1 April 2018, the Group and the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade receivables, the Group and the Company applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 39 (c).

3.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.8 Inventories

i. Finished goods manufactured from agricultural produce of biological assets

These are valued at the lower of cost or estimated net realisable value. Net realisable value is the estimated selling price at which stocks can be sold in the ordinary course of business after allowing for cost of realisation and / or cost of conversion from their existing state to saleable condition.

ii. Input material, spares and consumables.

These are valued at actual cost on weighted average basis.

iii. 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 the agricultural produce.

3.9 Trade receivables

Trade receivables are amounts due from customers for commodities sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Refer Note 22 and 39.

3.10 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdraft.

3.11 Stated capital

Ordinary shares are classified as stated capital in equity. Dividend distributed to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

3.12 Trade payables

These amounts represent liabilities for goods and services provided to the Group and the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

3.13 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction. Cost of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, is recognised in the statement of profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3.14 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets including field development activities in immature plantations, which takes a substantial period of time to get ready for its intended use, commercial harvest or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use, commercial harvest or sale.

All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with LKAS 23 – "Borrowing Costs ".

3.15 Accounting for leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date or rate as at the commencement date,
- amounts expected to be payable by the Group and the Company under residual value guarantees, the exercise price of a purchase option if the Group and the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease if the lease term reflects the Group and the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

To determine the incremental borrowing rate, the Group and the Company;

- where possible, uses recent third-party financing received by the individual lessee as a starting
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Hatton Plantations PLC, which does not have recent third-party financing, and
- makes adjustments specific to the lease, (e.g. term, country, currency and security).

The Group and the Company is exposed to potential future increases in variable lease payments based on an index or rate (i.e. for an example JEDB/SLSPC Government lease rentals linked with GDP Deflator), which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group and the Company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group and the Company.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

3.16 Current income tax

The income tax expense or credit for the period is the tax payable on the current period taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by end of the reporting period in the countries where the Group and the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3.17 Deferred tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or

NOTES TO THE FINANCIAL STATEMENTS *(contd)*
(all amounts in Sri Lankan Rupees thousands)

substantially enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.18 Employee benefits

3.18.1 Defined contribution plans

Defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognised as an expense in the statement of profit or loss as and when they are due.

Provident fund contributions

All employees of the Group and the Company are members of the Employees' Provident Fund or the Estate Staff Provident Society or Ceylon Planters' Provident Society to which the Group and the Company contributes 12% of the salary of each employee.

Trust fund contributions

The Group and the Company contributes 3% of the salary of each employee to the Employee Trust Fund.

3.18.2 Defined benefit plan – Gratuity

Defined benefit plans define an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group and the Company has adopted a defined benefit plan as required under the Payment of Gratuity Act No. 12 of 1983 for all eligible employees.

The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the statement of financial position date, together with adjustments for unrecognized past service cost. An actuarial valuation for defined benefit obligation is carried out by Mr. M. Poopalanathan, of Messrs. Actuarial and Management Consultants (Private) Limited, using the projected unit credit method prescribed in Sri Lanka Accounting Standard LKAS - 19 on "Employee Benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates of Government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in the statement of profit or loss, unless the changes to the plan are conditional on the employees remaining in service for a specific period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period. Refer Note 29 for detailed analysis of Actuarial assumptions used.

Under the Payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

3.19 Grants

Grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to other income on a straight-line basis over the expected lives of the related assets.

Government grants relating to costs are differed and recognised in the statement of profit or loss over the period necessary to match them with costs that they intended to compensate.

3.20 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the Directors' best estimate of the cost of settling these liabilities and are discounted to present value where the effect is material. All known liabilities and provisions have been accounted for in preparing the Consolidated Financial Statements.

3.21 Consolidated Statements of Profit or Loss

For the purpose of presentation of consolidated statement of profit or loss, the function of expenses method is adopted, as it represents fairly the elements of the Group and the Company performance.

3.21.1 Revenue

Revenue from the sale of goods is recognised when performance obligations are satisfied. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Auction sales

Sale is recognised when control of the tea is transferred at the point of accepting the highest bidder whose offer is accepted, and a sale shall be completed at the fall of the hammer, at the Colombo Tea Auction at which point control is transferred to the customer. This do not involve complex calculations or significant estimation uncertainties. Hence there is no unfulfilled obligation that could affect customers' acceptance of the teas sold.

The revenue from this sale is recognised based on the price and quantities agreed upon net of brokerage fee.

Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with the credit term of 7 days, which is consistent with market practice.

A receivable is recognised when the goods are sold at Auction, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Private / local sales

Teas not catalogued at the Auction can be sold as private sales/ local sales. Price is determined based on prevailing market prices.

Private sales are recognised when control of the products are transferred when the products are delivered to the buyers and there are no unfulfilled obligations that could affect the customers' acceptance of the products.

In respect of direct/local sales and bulk sales, revenue is recognised at the point products are collected by the customer/buyer.

Revenue is only recognized to the extent that is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

made either on cash terms (immediate payment) or with the credit term of 7 days.

Income from generating power

Revenue from energy supplied, generated by the subsidiary, is recognized, upon delivery of Energy to Ceylon Electricity Board and Delivery of Electrical Energy shall be completed when Electrical Energy meeting the specifications as set out in Power Purchase Agreement is received at the metering point.

3.21.2 Other Source of Income

Revenue recognition criteria for the other source of income as follows;

Rental Income

Rental income is recognized on an accrual basis in accordance with the substance of the relevant agreement.

Tea Club Income

Tea club income mainly consists of sales of foods, beverages and tea powder. Tea Club income is recognised when the products are delivered to the customers and there are no unfulfilled obligations that could affect the customers' acceptance of products.

Gains or losses on disposal

Gains and losses from the sale of property, plant and equipment are recognised in the period in which the sale occurs, which is the point at which customer acknowledges receipt of the goods.

Dividend income

Dividend income is recognized in the statement of profit or loss when the Company's right to receive the dividend is established.

Bungalow Income

Bungalow income mainly consists of Reservation, Foods and Beverages income. Bungalow rental income is recognised when the services are delivered to the customers and there are no unfulfilled obligations that could affect the customers' acceptance of services.

Sales of trees

Income from sale of trees is recognised at the time of accepting the tender in the period in which the sale occurs.

3.21.3 Expenses

All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency is charged to revenue in arriving at the profit or loss for the period.

3.21.3.1 Finance Income and Finance Cost

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss. Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.22 Events after the reporting period

Events after the reporting period are events, favorable and unfavorable, that occur between the end of the reporting period and the date when the Consolidated Financial Statements are authorised for issue as given in Note 40.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

3.23 Dividend Payments

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.24 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year.

3.25 Rounding of amounts

All amounts disclosed in the Consolidated Financial Statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

NOTE 04 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Consolidated Financial Statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also needs to exercise judgment in applying the Group and the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity.

The management of the Group and the Company continues to monitor the potential impact to the continuity of the business. Accordingly, macroeconomic variables are evaluated while making assumptions and judgments when preparing financial statements.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group and the Company recognises liabilities for anticipated tax assessment issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

According to The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No.45 of 2022, agro farming is exempted from income tax for a period of 5 years effective from 1 April 2019 and Agro processing is liable at 30%. Accordingly, where applicable, the Group has separated its income and expenses as Agro faming and Agro Processing and applied the respective tax rates. This exemption ended on 31.03.2024 through the Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No.45 of 2022 and all agro processing and agro farming taxable profits are liable at 30% thereafter.

Pension benefits – Gratuity

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*
(all amounts in Sri Lankan Rupees thousands)

The Group and the Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated.

Future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group and the Company considers the interest rates of government bonds, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions and are disclosed in Note 29.

Estimated useful lives of property, plants and equipment.

The Group and the Company reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans, strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment which increases the recorded depreciation charge and decreases the carrying value of property, plant and equipment.

Provisions

The Group and the Company recognises provisions when they have a present legal or constructive obligation arising as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made. The recording of provision requires the application of judgment about ultimate resolution of their obligations.

Consumable biological assets

In measuring fair value of timber management estimates and judgement are required. These estimates and judgement relate to the market prices, average volume of trees and quality of trees. Trees grow at different rates and there can be a considerable spread in the quality and volume of trees and that affect the prices achieved.

Bearer plants

The date of transfer from immature to mature plants has a significant impact on the carrying value of the bearer plants and the reported profits of the Company as capitalisation of costs.

Will cease from the point of transfer and the mature plants are depreciated over the estimated useful lives of the plants.

As per the industry practice, at the point of commencement of commercial harvesting the cost of immature plants is transferred to cost of mature plants. The actual duration taken to start commercial harvesting depends on factors such as the soil condition, weather patterns and plant breed.

Investment in subsidiary / Equity Investment

Investment in subsidiary / Equity Investment measured at fair value through other comprehensive income includes interests in Companies that operate Mini Hydro Power Plants. The fair valuation involved significant management judgement and estimates including adjusted average price to book value ratio of listed comparable peer company data.

Leases

The Group and the Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group and the Company would have to pay to borrow

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group and the Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Group and the Company's stand-alone credit rating).

NOTE 05 REVENUE

5.1 Revenue

	GROUP		COMPANY	
	Year ended 31 March 2026	Year ended 31 March 2025	Year ended 31 March 2026	Year ended 31 March 2025
- Tea	8,013,683	7,587,967	8,013,683	7,587,967
- Hydro power	93,500	121,965	-	-
	8,107,183	**7,709,932**	**8,013,683**	**7,587,967**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

5.2 Segment Information

a) Segment revenue

	GROUP		COMPANY	
	Year ended 31 March 2026	Year ended 31 March 2025	Year ended 31 March 2026	Year ended 31 March 2025
Tea				
Revenue	8,013,683	7,587,967	8,013,683	7,587,967
Revenue expenditure	(6,462,385)	(6,134,593)	(6,462,385)	(6,134,593)
Depreciation	(168,092)	(154,072)	(168,092)	(154,072)
Other non cash expenditure	(156,843)	(159,877)	(156,843)	(159,877)
	1,226,363	**1,139,425**	**1,226,363**	**1,139,425**
Mini Hydro Power				
Revenue	93,500	121,965	-	-
* Revenue expenditure	(24,597)	(25,213)	-	-
Depreciation	(24,648)	(24,251)	-	-
** Other non cash expenditure	(1,291)	(1,328)	-	-
	42,964	**71,173**	**-**	**-**
Total				
Revenue	8,107,183	7,709,932	8,013,683	7,587,967
Revenue expenditure	(6,486,982)	(6,159,806)	(6,462,385)	(6,134,593)
Depreciation	(192,740)	(178,323)	(168,092)	(154,072)
Other non cash expenditure	(158,134)	(161,205)	(156,843)	(159,877)
Gross profit	**1,269,327**	**1,210,598**	**1,226,363**	**1,139,425**
Other income	125,696	143,693	158,759	198,266
Gain on change in fair value of biological assets	43,006	51,893	43,006	51,893
Administrative expenses	(390,563)	(346,365)	(377,184)	(332,352)
Finance income	106,414	114,708	103,666	109,516
Finance expenses	(50,227)	(29,119)	(50,227)	(29,119)
Interest paid to government and other on lease	(104,704)	(100,139)	(104,704)	(100,139)
Profit before income tax	**998,949**	**1,045,269**	**999,679**	**1,037,490**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

b) Segment assets

	GROUP		COMPANY	
	Year ended 31 March 2026	Year ended 31 March 2025	Year ended 31 March 2026	Year ended 31 March 2025
Non current assets				
Tea	3,464,532	3,054,464	4,069,861	3,640,605
Mini Hydro Power	307,000	325,743	-	-
Biological assets	2,350,401	2,300,446	2,350,401	2,300,446
	6,121,933	**5,680,653**	**6,420,262**	**5,941,051**
Current assets				
Tea	2,460,533	2,439,806	2,460,533	2,439,806
Mini Hydro Power	40,565	62,338	-	-
	2,501,098	**2,502,144**	**2,460,533**	**2,439,806**
Total assets	**8,623,031**	**8,182,797**	**8,880,795**	**8,380,857**

c) Segment liabilities

Non current liabilities and deferred income				
Tea	2,029,071	1,925,728	2,029,071	1,925,744
Mini Hydro Power	52,707	103,650	-	-
	2,081,778	**2,029,378**	**2,029,071**	**1,925,744**
Current Liabilities				
Tea	1,206,819	1,077,520	1,206,817	1,077,532
Mini Hydro Power	6,094	21,923	-	-
	1,212,913	**1,099,443**	**1,206,817**	**1,077,532**
Total Liablity	**3,294,691**	**3,128,821**	**3,235,888**	**3,003,276**

d) Segment Capital Expenditure

Tea	529,789	346,571	529,789	346,571
Mini Hydro Power	5,895	162	-	-
	535,684	**346,733**	**529,789**	**346,571**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 06 OTHER INCOME

	Notes	GROUP		COMPANY	
		Year ended 31 March 2026	Year ended 31 March 2025	Year ended 31 March 2026	Year ended 31 March 2025
Amortisation of capital grants	30	6,966	6,501	6,966	6,501
Hydro power income		60,855	64,453	60,870	64,453
Dividends		4,676	4,895	37,724	59,974
Net bunglow rental	6.1	(5,621)	6,196	(5,621)	5,690
Profit from sales of trees		6,576	7,754	6,576	7,754
Tower/building rent		14,620	15,301	14,620	15,301
Profit on sale of property, plant and equipment		18,332	9,364	18,332	9,364
Sale of scrap items		980	4,727	980	4,727
Tea club net profit	6.2	12,858	11,731	12,858	11,731
Others		5,456	9,184	5,456	9,184
		125,696	**140,106**	**158,759**	**194,679**

6.1 Mandira Bungalow Income

	COMPANY					
	Year ended 31 March 2026			Year ended 31 March 2025		
	Rental Income	Bungalow Expenditure	Net Income	Rental Income	Bungalow Expenditure	Net Income
Mandira Bungalow -Strathdon	3,042	(6,150)	(3,108)	5,767	(6,032)	(266)
Mandira Bungalow - Dickoya	8,669	(10,846)	(2,177)	11,112	(9,292)	1,820
Mandira Bungalow -Creige Appin	6,534	(7,017)	(483)	11,202	(7,593)	3,609
Mandira Bungalow -Agraoya	-	-	-	631	(104)	527
Bungalow-Lonach	165	(18)	147	-	-	-
	18,410	**(24,031)**	**(5,621)**	**28,711**	**(23,021)**	**5,690**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

6.2 Tea Club Restaurant Income

	GROUP/COMPANY					
	Year ended 31 March 2026			Year ended 31 March 2025		
	Income	Expenditure	Net Income	Income	Expenditure	Net Income
Segment Analysis - Tea Club						
Restaurant	54,639	(42,084)	12,555	52,886	(41,374)	11,512
Tea powder	15,366	(15,063)	303	15,811	(15,592)	219
	70,005	**(57,147)**	**12,858**	**68,697**	**(56,966)**	**11,731**
Finance cost	-	(490)	(490)	-	(555)	(555)
Profit after finance cost			**12,368**			**11,176**

NOTE 07 GAIN ON CHANGE IN FAIR VALUE OF BIOLOGICAL ASSETS

		GROUP		COMPANY	
	Notes	Year ended 31 March 2026	Year ended 31 March 2025	Year ended 31 March 2026	Year ended 31 March 2025
Gain on fair valuation - consumable biological assets	16.1	49,010	45,194	49,010	45,194
Gain/(loss) on fair valuation - growing crops on bearer plants	16.2	(6,004)	10,286	(6,004)	10,286
		43,006	**55,480**	**43,006**	**55,480**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 08 PROFIT BEFORE TAXATION

Profit before tax is stated after charging all expenses including the following:

	Notes	GROUP		COMPANY	
		Year ended 31 March 2026	Year ended 31 March 2025	Year ended 31 March 2026	Year ended 31 March 2025
Auditors' remuneration					
- Audit		4,085	4,026	3,949	3,847
- Non audit		200	100	200	100
Depreciation and amortisation					
- Right to use of land	12	22,276	21,096	22,276	21,096
- Immovable leased assets	13	5,108	5,110	5,108	5,110
- Property, plant and equipment	14	140,228	132,779	115,590	108,528
- Biological assets - bearer	15	47,394	40,434	47,394	40,434
Directors' emoluments		104,370	39,580	104,370	39,580
Staff costs					
- Wages and salaries		3,511,344	3,258,651	3,482,677	3,242,038
- Defined contribution plan		363,544	341,604	361,892	340,032
- Defined benefit plan	29	158,134	161,205	156,843	159,877
- Associates' profit share bonus		11,642	28,720	11,642	28,720
Cost of inventories sold		2,782,802	2,774,101	2,782,802	2,774,101
Other expenses		77,292	38,293	69,761	17,431
Total cost of sales and administrative expenses		**7,228,419**	**6,845,699**	**7,164,504**	**6,780,894**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 09 FINANCE INCOME AND COSTS - NET

	GROUP		COMPANY	
	Year ended 31 March 2026	Year ended 31 March 2025	Year ended 31 March 2026	Year ended 31 March 2025
Finance income:				
- Interest income on short-term bank deposits	106,414	114,708	103,666	109,516
Finance income	**106,414**	**114,708**	**103,666**	**109,516**
Finance costs:				
Interest expense for borrowings				
- Interest on term loans	(8,672)	(15,327)	(8,672)	(15,327)
- Interest on bank overdrafts	(41,556)	(13,792)	(41,556)	(13,792)
	(50,227)	**(29,119)**	**(50,227)**	**(29,119)**
Less - amount capitalised (a)				
Interest cost for borrowings expensed	**(50,227)**	**(29,119)**	**(50,227)**	**(29,119)**
Interest and finance charges paid/payable for lease liabilities	(104,704)	(100,139)	(104,704)	(100,139)
Total finance costs	**(154,931)**	**(129,258)**	**(154,931)**	**(129,258)**
Net finance costs	**(48,517)**	**(14,550)**	**(51,265)**	**(19,742)**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 10 INCOME TAX EXPENSE

This note provides an analysis of the Company's income tax expense.

	Notes	GROUP Year ended 31 March 2026	GROUP Year ended 31 March 2025	COMPANY Year ended 31 March 2026	COMPANY Year ended 31 March 2025
Current tax					
- Current income tax on profits for the year	33	216,165	193,642	199,469	167,281
- Adjustments for current tax of prior periods	33	(16,042)	9	(16,042)	-
Withholding tax on dividends paid		5,830	9,720	-	-
Total current tax expense		**205,953**	**203,371**	**183,427**	**167,281**
Deferred income tax					
- (Decrease)/increase in deferred tax liability	31	92,165	85,207	143,080	92,311
- Increase/(decrease) in deferred tax assets	31	(8,596)	(4,436)	(8,787)	(4,062)
Total deferred tax expense		**83,569**	**80,771**	**134,293**	**88,249**
		289,522	**284,142**	**317,720**	**255,530**

Income tax expense is attributable to:

	Notes	GROUP Year ended 31 March 2026	GROUP Year ended 31 March 2025	COMPANY Year ended 31 March 2026	COMPANY Year ended 31 March 2025
Income tax expense charged / (released):					
To profit or loss					
- Deferred tax attributable to profit or loss	31	66,789	123,048	73,786	130,550
- Current income tax on profits for the year.	33	205,953	203,371	183,427	167,281
		272,742	**326,419**	**257,213**	**297,831**
To other comprehensive income					
- Deferred tax attributable to other comprehensive income	31	16,780	(42,277)	60,507	(42,301)
Income tax expense		**289,522**	**284,142**	**317,720**	**255,530**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

Reconciliation between current tax expenses and the accounting profit:

	GROUP		COMPANY	
	Year ended 31 March 2026	Year ended 31 March 2025	Year ended 31 March 2026	Year ended 31 March 2025
Accounting profit /(loss) before tax	998,949	1,045,269	999,679	1,037,490
Aggregate expenses not deductible for tax purposes	637,901	485,577	611,949	459,974
Aggregate expenses deductible for tax purposes	(889,273)	(857,661)	(886,652)	(857,073)
Aggregate disallowable income	(60,081)	(77,073)	(60,081)	(82,786)
Total statutory income	**687,496**	**596,112**	**664,895**	**557,605**
Tax exempt income from Agro Farming				
Taxable loss from Agro Processing	558,385	437,914	558,385	437,914
Taxable income from subsidiaries	55,652	87,869	-	-
Dividend Income	-	-	-	-
Other sources of Income	106,510	119,691	106,510	119,691
Total statutory income	**720,547**	**645,474**	**664,895**	**557,605**
Income Tax @ 30%	216,165	193,642	199,469	167,281
Income tax expense	**216,165**	**193,642**	**199,469**	**167,281**

NOTE 11 EARNINGS PER SHARE

11.1 Basic earnings per share

Basic earnings per share has been calculated by dividing the profit for the year attributable to equity holders of the Group and Company by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding during the year, as per the requirements of the Sri Lanka Accounting Standard - LKAS 33 on 'Earning per Share'.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

Calculation of basic earnings per share;

	GROUP		COMPANY	
	Year ended 31 March 2026	Year ended 31 March 2025	Year ended 31 March 2026	Year ended 31 March 2025
Net profit attributable to shareholders	725,173	716,839	742,466	739,659
Weighted average number of ordinary shares in issue (thousands)	236,667	236,667	236,667	236,667
Basic earnings per share (LKR)	3.06	3.03	3.14	3.13

11.2 Diluted earnings per share

The calculation of diluted earning per share is based on profit attributable to ordinary shareholders of the Group and Company and 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 financial year.

NOTE 12 RIGHT-OF-USE ASSETS

		GROUP		COMPANY	
	Notes	Year ended 31 March 2026	Year ended 31 March 2025	Year ended 31 March 2026	Year ended 31 March 2025
Right-of-use asset-land	12.1	347,911	350,438	347,911	350,438
Right-of-use asset-building	12.2	13,693	17,659	13,693	17,659
Right-of-use asset-Motor vehicles	12.3	53,740	-	53,740	-
Closing Balance		**415,344**	**368,097**	**415,344**	**368,097**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

12.1 Right-of-use asset-land

	GROUP		COMPANY	
	Year ended 31 March 2026	Year ended 31 March 2025	Year ended 31 March 2026	Year ended 31 March 2025
Cost				
As at 1 April	416,986	355,090	416,986	355,090
Remeasurement of lease liabilities	15,783	61,896	15,783	61,896
Closing balance	**432,769**	**416,986**	**432,769**	**416,986**
Accumulated amortisation				
As at 1 April	66,548	49,026	66,548	49,026
Amortisation for the year	18,310	17,522	18,310	17,522
Closing balance	**84,858**	**66,548**	**84,858**	**66,548**
Carring value as at 31 March	**347,911**	**350,438**	**347,911**	**350,438**

The leases of JEDB / SLSPC estates were assigned to the Company for a period of 27 years as per the arrangement sanctioned by the High Court of the Western Province on 20 July 2017 in case No HC (Civil) 28/2017/CO. The leasehold rights to the land on all the estates have been taken into the books of the Company as at 30 September 2017 after the arrangement was approved by the courts on 26 September 2017.

"Right-of-use asset-land" was previously accounted under Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka dated 21 August 2013. However, SLFRS 16 applicable with effect from 01 January 2019, and above "Right of-use asset-land" has accounted in accordance with standard with effect from 01 April 2019 together with the Application Guidance issued by CA Sri Lanka on 12 March 2020 and right-of-use assets are measured based on the Modified Retrospective Approach.

The Company remeasured the lease liability to reflect changes to the subsequently lease payments and recognized the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset and this right-of-use asset is amortized over the remaining lease term or useful life of the right which over is shorter on a straight-line basis.

Corresponding lease liability is given in the note 28 to the Financial Statements.

12.2 Right-of-use asset-Building

(a) Hatton Plantations PLC (Head Office) as a tenant, is occupying a building which belongs to Perpetual Realty (Private) Limited, The Company adopted SLFRS 16 using the modified retrospective method of adoption to above lease arrangement.

(b) Hatton Plantations PLC (Tea Club) as a tenant, is occupying a building which belongs to Watawala Plantations PLC since 1st July 2021.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

These Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The effect to the Statement of Financial Position and depreciation of building to 31st March 2026 are as follows:

	GROUP		COMPANY	
	Year ended 31 March 2026	Year ended 31 March 2025	Year ended 31 March 2026	Year ended 31 March 2025
Cost				
As at 1 April	30,445	21,568	30,445	21,568
Additions	-	8,877	-	8,877
Closing balance	**30,445**	**30,445**	**30,445**	**30,445**
Accumulated depreciation				
As at 1 April	12,786	9,212	12,786	9,212
Charge for the year	3,966	3,574	3,966	3,574
Closing balance	**16,752**	**12,786**	**16,752**	**12,786**
Carring value as at 31 March	**13,693**	**17,659**	**13,693**	**17,659**

12.3 Right-of-use asset-Motor vehicle

These Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The effect to the Statement of Financial Position and depreciation of motor vehicle to 31st March 2026 are as follows:

	GROUP/ COMPANY	
	Year ended 31 March 2026	Year ended 31 March 2025
Cost		
As at 1 April	-	-
Additions	54,697	-
Closing balance	**54,697**	**-**
Accumulated depreciation		
As at 1 April	-	-
Charge for the year	957	-
Closing balance	**957**	**-**
Carring value as at 31 March	**53,740**	**-**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 13 IMMOVABLE ESTATE ASSETS

Group / Company	Improvements to lands	Other vested assets	Bearer plants	Roads and bridges	Total
Cost					
As at 1 April 2025	354	1,319	64,755	187	**66,615**
As at 31 March 2026	**354**	**1,319**	**64,755**	**187**	**66,615**
Accumulated amortisation					
As at 1 April 2024	354	1,319	54,562	83	**56,318**
Amortisation for the year	-	-	5,097	13	**5,110**
As at 31 March 2025	**354**	**1,319**	**59,659**	**96**	**61,428**
As at 1 April 2025	354	1,319	59,659	96	**61,428**
Amortisation for the year	-	-	5,096	12	**5,108**
As at 31 March 2026	**354**	**1,319**	**64,755**	**108**	**66,536**
As at 31 March 2025	**-**	**-**	**5,096**	**91**	**5,187**
As at 31 March 2026	**-**	**-**	**-**	**79**	**79**

The leases of JEDB / SLSPC estates were assigned to the Company for a period of 27 years as per the arrangement sanctioned by the High Court of the Western Province on 20 July 2017 in case No HC (Civil) 28/2017/CO. Immovable estate assets on all the estates have been taken into the books of the Company as at 30 September 2017 after the arrangement was approved by the courts on 26 September 2017.

NOTE 14 PROPERTY, PLANT AND EQUIPMENT

Group

In LKR. '000s	Buildings	Capital work in progress	Civil Works & Construction	Electricial equipment & power plant	Motor vehicles	Plant and machinery	Equipment	Computer	Furniture and fittings	Road and bridges	Sanitation, water and electricity	Mini hydro plants	Others	Total
Cost														
As at 1 April 2024	716,065	29,938	64,114	345,160	145,552	704,133	79,601	22,266	17,880	54,323	8,296	41,329	2,096	2,230,753
Additions	9,604	17,685	-	-	3,540	20,158	27,578	4,483	3,082	3,018	360	630	-	90,137
Capitalized during the year	7,433	(7,433)	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(6,242)	-	-	-	-	-	-	-	(6,242)
As at 31 March 2025	**733,102**	**40,190**	**64,114**	**345,160**	**149,092**	**718,049**	**107,179**	**26,749**	**20,962**	**57,341**	**8,656**	**41,959**	**2,096**	**2,314,648**
Cost														
As at 1 April 2025	733,102	40,190	64,114	345,160	149,092	718,049	107,179	26,749	20,962	57,341	8,656	41,959	2,096	2,314,648
Additions	29,216	50,086	-	5,585	93,150	53,359	5,420	2,851	3,094	-	-	-	-	242,761
Disposals	16,573	(51,195)	-	-	-	34,622	-	-	-	-	-	-	-	-
Capitalized during the year	-	-	-	-	(8,100)	-	-	(112)	-	-	-	-	-	(8,212)
As at 31 March 2026	**778,891**	**39,081**	**64,114**	**350,745**	**234,142**	**806,030**	**112,599**	**29,488**	**24,056**	**57,341**	**8,656**	**41,959**	**2,096**	**2,549,197**
Accumulated depreciation														
As at 1 April 2024	125,918	-	9,256	50,742	93,784	397,684	28,888	11,743	10,181	10,272	5,461	30,818	791	775,538
Charge for the year	22,311	-	3,707	20,305	17,791	47,418	9,841	4,779	1,563	1,738	547	2,020	759	132,779
Disposals	-	-	-	-	-	(6,242)	-	-	-	-	-	-	-	(6,242)
As at 31 March 2025	**148,229**	**-**	**12,963**	**71,047**	**111,575**	**438,860**	**38,729**	**16,522**	**11,744**	**12,010**	**6,008**	**32,838**	**1,550**	**902,075**
Accumulated depreciation														
As at 1 April 2025	148,229	-	12,963	71,047	111,575	438,860	38,729	16,522	11,744	12,010	6,008	32,838	1,550	902,075
Charge for the year	23,180	-	3,714	20,677	21,329	48,383	11,107	5,257	1,859	1,795	454	2,020	453	140,228
Disposals	-	-	-	-	(8,100)	-	-	(112)	-	-	-	-	-	(8,212)
As at 31 March 2026	**171,409**	**-**	**16,677**	**91,724**	**124,804**	**487,243**	**49,836**	**21,667**	**13,603**	**13,805**	**6,462**	**34,858**	**2,003**	**1,034,091**
Carrying value														
As at 31 March 2025	**584,873**	**40,190**	**51,151**	**274,113**	**37,517**	**279,189**	**68,450**	**10,227**	**9,218**	**45,331**	**2,648**	**9,121**	**546**	**1,412,574**
As at 31 March 2026	**607,482**	**39,081**	**47,437**	**259,021**	**109,338**	**318,787**	**62,763**	**7,821**	**10,453**	**43,536**	**2,194**	**7,101**	**93**	**1,515,106**

(a) Cost of fully depreciated assets still in use as at 31 March 2026 amounts to LKR 833,009,389 (2025 - LKR 745,022,523).

(b) Depreciation expense of LKR 156,176,359 (2025- LKR 121,319,562) has been charged in cost of goods sold and LKR LKR 15,947,359 (2025 - LKR 11,459,438) in administrative expenses.

Company

In LKR. '000s	Buildings	Capital work in progress	Motor vehicles	Plant and machinery	Equipment	Computer	Furniture and fittings	Road and bridges	Sanitation, water and electricity	Mini hydro plants	Others	Total
Cost												
As at 1 April 2024	716,065	29,938	145,552	704,133	79,185	22,266	15,962	54,323	8,296	41,329	2,098	1,819,147
Additions	9,604	17,685	3,540	20,158	27,578	4,483	2,920	3,018	360	630	-	89,976
Capitalized during the year	7,433	(7,433)	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(6,242)	-	-	-	-	-	-	-	(6,242)
As at 31 March 2025	**733,102**	**40,190**	**149,092**	**718,049**	**106,763**	**26,749**	**18,882**	**57,341**	**8,656**	**41,959**	**2,098**	**1,902,881**
Cost												
As at 1 April 2025	733,102	40,190	149,092	718,049	106,763	26,749	18,882	57,341	8,656	41,959	2,098	1,902,881
Additions	29,216	50,086	93,150	53,359	5,420	2,851	2,784	-	-	-	-	236,866
Capitalized during the year	16,573	(51,195)		34,622	-	-	-	-	-	-	-	-
Disposals	-	-	(8,100)	-	-	(112)	-	-	-	-	-	(8,212)
As at 31 March 2026	**778,891**	**39,081**	**234,142**	**806,030**	**112,183**	**29,488**	**21,666**	**57,341**	**8,656**	**41,959**	**2,098**	**2,131,535**
Accumulated depreciation												
As at 1 April 2024	125,918	-	93,784	397,684	28,522	11,743	8,772	10,272	5,461	30,818	791	713,765
Charge for the year	22,311	-	17,791	47,418	9,791	4,779	1,374	1,738	547	2,020	759	108,528
Disposals	-	-	-	(6,242)	-	-	-	-	-	-	-	(6,242)
As at 31 March 2025	**148,229**	**-**	**111,575**	**438,860**	**38,313**	**16,522**	**10,146**	**12,010**	**6,008**	**32,838**	**1,550**	**816,051**
Accumulated depreciation												
As at 1 April 2025	148,229	-	111,575	438,860	38,313	16,522	10,146	12,010	6,008	32,838	1,550	816,051
Charge for the year	23,180	-	21,329	48,383	11,107	5,257	1,611	1,795	454	2,020	454	115,590
Disposals	-	-	(8,100)	-	-	(112)	-	-	-	-	-	(8,212)
As at 31 March 2026	**171,409**	**-**	**124,804**	**487,243**	**49,420**	**21,667**	**11,757**	**13,805**	**6,462**	**34,858**	**2,004**	**923,429**
Carrying value												
As at 31 March 2025	**584,873**	**40,190**	**37,517**	**279,189**	**68,450**	**10,227**	**8,736**	**45,331**	**2,648**	**9,121**	**549**	**1,086,830**
As at 31 March 2026	**607,482**	**39,081**	**109,338**	**318,787**	**62,763**	**7,820**	**9,909**	**43,536**	**2,194**	**7,101**	**95**	**1,208,106**

(a) Cost of fully depreciated assets still in use as at 31 March 2026 amounts to LKR 611,993,299(2025 - LKR 524,006,433).

(b) Depreciation expense of LKR 99,642,641 (2025 - LKR 97,068,562) has been charged in cost of goods sold and LKR 15,947,359(2025 - LKR 11,459,438) in administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 15 BEARER PLANTS

Group/Company

	Nurseries		Immature plants			Mature plants			
	Tea	Other	Tea	Coffee	Other	Tea	Coffee	Other	Total
Cost									
As at 1 April 2024	18,989	27	535,276	119,579	4,829	851,909	-	101,793	1,632,402
Additions	21,083	3,203	157,144	63,828	2,969	-	-	-	248,228
Transfers from nursery to immature plants	(11,350)	(1,282)	11,350	-	1,282	-	-	-	-
Transfers from immature plants to mature plants	-	-	(171,080)	(73,184)	-	171,080	73,184	-	-
As at 31 March 2025	**28,722**	**1,948**	**532,690**	**110,223**	**9,080**	**1,022,989**	**73,184**	**101,793**	**1,880,630**
As at 1 April 2025	28,722	1,948	532,690	110,223	9,080	1,022,989	73,184	101,793	1,880,630
Additions	11,154	137	233,083	35,606	9,440		-	-	289,420
Transfers from nursery to immature plants	(17,100)	(1,179)	17,100	1,179	-	-	-	-	-
Transfers from immature plants to mature plants	-	-	(259,558)	-	(1,962)	259,558	-	1,962	-
As at 31 March 2026	**22,776**	**906**	**523,315**	**147,008**	**16,558**	**1,282,547**	**73,184**	**103,755**	**2,170,049**
Accumulated depreciation									
As at 1 April 2024	-	-	-	-	-	182,112	-	90,278	272,390
Charge for the year	-	-	-	-	-	39,058	-	1,376	40,434
As at 31 March 2025	**-**	**-**	**-**	**-**	**-**	**221,170**	**-**	**91,654**	**312,824**
As at 1 April 2025						221,170	-	91,654	312,824
Charge for the year						42,591	3,354	1,449	47,394
As at 31 March 2026						**263,761**	**3,354**	**93,103**	**360,218**
Carrying value									
As at 31 March 2025	**28,722**	**1,948**	**532,690**	**110,223**	**9,080**	**801,819**	**73,184**	**10,139**	**1,567,806**
As at 31 March 2026	**22,776**	**906**	**523,315**	**147,008**	**16,558**	**1,018,786**	**69,830**	**10,652**	**1,809,831**

a) Bearer plants mainly consists of tea bushes. Bearer plants are stated at cost less accumulated depreciation and impairment in accordance with Sri Lanka Accounting Standard - LKAS 16 - "Property, Plants and Equipment".

b) The transfer of immature plantations to mature plantations is made when the plantation is ready for commercial harvesting.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 16 BIOLOGICAL ASSETS

16.1 Consumable biological assets

Group/Company

	Nurseries	Immature plantations	Mature plantations	Total
At fair value				
As at 1 April 2024	1,375	79,621	2,169,476	2,250,472
Additions	1,307	7,060	-	8,367
Transfers from nursery to immature plants	(300)	300	-	-
Transfers from immature plants to mature plants	-	(7,891)	7,891	-
Cost of sold and damaged trees	-	-	(3,587)	(3,587)
Gain arising from changes in fair value less cost to sell	-	-	45,194	45,194
As at 31 March 2025	**2,382**	**79,090**	**2,218,974**	**2,300,446**
As at 1 April 2025	2,382	79,090	2,218,974	2,300,446
Additions	1	3,502	-	3,503
Transfers from nursery to immature plants	-	-	-	-
Transfers from immature plants to mature plants	-	(11,423)	11,423	-
Cost of sold and damaged trees	-	-	(2,558)	(2,558)
Gain arising from changes in fair value less cost to sell	-	-	49,010	49,010
As at 31 March 2026	**2,383**	**71,169**	**2,276,849**	**2,350,401**

a) The mature consumable biological assets are stated at fair value determined based on an independent valuation of timber / trees performed by Messrs W M Chandrasena FIV(SL), Chateredt Valuer of insititute of valuers of Sri Lanka.

	As at 31 March	
	2026	2025
- Expected rate of return	16% p.a	16% p.a
- Maturity for harvesting	25 years	25 years
- Number of trees valued	168,438	168,415

b) Immature consumable biological assets comprising trees under five years old are carried at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

Sensitivity analysis

The financial impact on the value appearing in the statement of financial position due to change of selling price and variation of discount rate is given below.

a) Sensitivity variation sales price (using 5% estimated variation)

	As at 31 March 2026	As at 31 March 2025
Sale price - increase by 5%	2,390,691	2,329,923
Sale price - value as stands	2,276,849	2,218,974
Sale price - decrease by 5%	2,163,007	2,108,025

b) Sensitivity variation discount rate (using 1.0% variation)

Simulations made for the timber trees show that a increase or decrease by 1% of the discount rate has the following effect on the net present value of biological assets:

	As at 31 March 2026	As at 31 March 2025
Discount rate - increase by 1%	2,272,936	2,214,315
Discount rate - value as stands	2,276,849	2,218,974
Discount rate - decrease by 1%	2,283,081	2,223,993

These rate differences are only affecting to the 24% of the trees due to the 76% of the trees are more than 25 years old.

16.2 Produce crops on bearer plants

	As at 31 March 2026	As at 31 March 2025
As at 1 April	30,324	20,038
Movement of fair value	(6,004)	10,286
Closing balance	**24,320**	**30,324**

The volume of produce crops growing on bearer plants are measured using the estimated crop of the last harvesting cycle of the year for tea taking three days crop (50% of 6 days cycle).

Produce crops that grows on mature bearer plants are measured at fair value less cost to sell. The value of the unharvested green leaves is measured using the bought leaf formula recommended by the Tea Board.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

a. Recognition and measurement

Measuring biological assets at fair value

Consumable biological assets are measured at fair value less cost to sell, based on market prices at present market and timber auction, with adjustments, where necessary, to reflect the differences. Market prices are obtained from the local market, which is considered the principal market for the purpose of the valuation.

Growing crops on bearer plants are measured at fair value less cost to sell, based on market prices of bought leaf with adjustments, where necessary, to reflect the differences. Market prices are obtained from the monthly auctions at the local market, which is considered the principal market for the purpose of the valuation.

Amounts recognised profit or loss

During the year, the following gains / (losses) arisen form fair value changers were recognized in profit or loss:

	As at 31 March 2026	As at 31 March 2025
Total gain / (loss) for the period recognised in profit or loss		
Biological assets – consumable	49,010	45,194
Biological assets – produce crops on bearer plants	(6,004)	10,286
	43,006	**55,480**

Fair value hierarchy

The fair value measurement of consumable biological assets and produce on bearer plants have been categorised as level 3 fair value based on the inputs to the valuation technique used.

This note explains the judgements and estimates made in determining the fair values of the biological assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its non-financial and assets and liabilities into the three levels prescribed under the accounting standards.

	Notes	Level 1	Level 2	Level 3	Total
31 March 2025					
Biological assets – consumable	16.1	-	-	2,218,974	2,218,974
Biological assets – produce crops on bearer plants	16.2	-	-	30,324	30,324
		-	-	**2,249,298**	**2,249,298**
31 March 2026					
Biological assets – consumable	16.1	-	-	2,276,849	2,276,849
Biological assets – produce crops on bearer plants	16.2	-	-	24,320	24,320
		-	-	**2,301,169**	**2,301,169**

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers in and out of level 3 measurements see above.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

b. Valuation techniques used to determine fair values

i) Discounted cash flow method

To value the mature plants discounted cash flow method is used. The discounting rate should be market derived adjusted to recognize the risk factors affecting the maintenance of stock due to vagaries, weather, disease, historical yield, age of the plantation, genetic factors of stock, etc.

ii) Estimated cost

The volume of produce growing on bearer plants (tea) is measured using the estimated crop of the last harvesting round of the year by three days crop (50% of 6 days round).

c. Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in the fair value measurements of biological assets.

Description	Fair value of mature plants / growing crop as at 31 March		Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	2026	2025		2026	2025	
Biological assets - Consumable	2,276,849	2,218,974	Discount rate	16%	16%	The higher the discount rate, the lower the fair value. The trees are above 25 years not discounted due to reaching harvesting age.
			Maturity for harvesting	25 years	25 years	The higher maturity for harvesting, the lower the fair value. The trees are above 25 years not discounted due to reaching harvesting age.
			Price per Cubic meter	Rs.3,000/- to Rs.27500/-	Rs.3,000/- to Rs.27500/-	The higher the price per cu. meter, the higher the fair value
Biological assets - produce crops on bearer plants	24,320	30,324	Harvesting cycle of crop	3 days crop (50% of 6 days round)	3 days crop (50% of 6 days round)	Higher the crop in the harvesting cycle, higher the fair value.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 17 INVESTMENT IN SUBSIDIARY

'Hatton Plantations PLC holds 4,180,599 (95.43%) ordinary shares of Mark Marine Services (Private) Limited.

	COMPANY	
	As at 31 March 2026	As at 31 March 2025
Mark Marine Services (Private) Limited	605,329	586,142
Closing balance	**605,329**	**586,142**

	Company	
	As at 31 March 2026	As at 31 March 2025
Balance as at 1 April	586,142	556,141
Acquisition of Mark Marine Services (Private) Limited	-	-
Change in fair value of the investments	19,187	30,001
Closing balance as at 31 March	**605,329**	**586,142**

Amounts recognised other comprehensive income

During the year, the following gains were recognised in other comprehensive income:

	COMPANY	
	As at 31 March 2026	As at 31 March 2025
Gains recognised in other comprehensive income		
- Related to equity investments in Mark Marine Services (Private) Limited	19,187	30,001
	19,187	**30,001**

a. Recognised fair value measurements

Fair value hierarchy

The fair value measurement of equity investments have been categorised as level 3 fair value based on the inputs to the valuation technique used.

This note explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group and the Company have classified its financial instruments into the three levels prescribed under the accounting standards.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

	Level 1	Level 2	Level 3	Total
31 March 2025				
Investment in subsidiary at FVOCI	-	-	586,142	586,142
	-	**-**	**586,142**	**586,142**
31 March 2026				
Investment in subsidiary at FVOCI	-	-	605,329	605,329
	-	**-**	**605,329**	**605,329**

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers in and out of level 3 measurements see above.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

b) Valuation techniques used to determine fair values

i) Price to book value multiple basis of valuation

This valuation methods is used to compare the company's net assets available to common shareholders relative to the sale price of stock. The stock price per share can be found as the amount listed as such through the secondary market.

c) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in the fair value measurements of Investment in subsidiary at FVOCI.

Description	Fair value of equity investments as at 31 March		Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	2026	2025		2026	2025	
Investment in subsidiary at FVOCI	605,329	586,142	Average price to book value ratio	2.59	2.34	The higher the price to book value ratio, the higher the fair value.

(a) Sensitivity variation unobservable input (using 1% estimated variation)

	Company	
	As at 31 March 2026	As at 31 March 2025
unobservable input - increase by 1%	611,382	592,003
unobservable input - value as stands	605,329	586,142
unobservable input - decrease by 1%	599,276	580,281

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 18 EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity investments at FVOCI comprise the following unlisted individual investments:

	COMPANY	
	As at 31 March 2026	As at 31 March 2025
Unit Energy Lanka (Private) Limited	31,172	26,543
Closing balance	**31,172**	**26,543**

Hatton Plantations PLC holds 1,076,300 (5%) ordinary shares of Unit Energy Lanka (Private) Limited.

Group / Company	Unit Energy Lanka (Private) Limited	Total
As at 1 April 2024	27,403	27,403
Change in fair value of equity investments	(860)	(860)
As at 31 March 2025	**26,543**	**26,543**
As at 1 April 2025	26,543	26,543
Change in fair value of equity investments	4,629	4,629
As at 31 March 2026	**31,172**	**31,172**

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Company considers this classification to be more relevant.

Amounts recognised other comprehensive income

During the year, the following gains were recognised in other comprehensive income:

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Gains recognised in other comprehensive income				
- Related to equity investments in Unit Energy Lanka (Private) Limited	4,629	(860)	4,629	(860)
	4,629	**(860)**	**4,629**	**(860)**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

a. Recognised fair value measurements

Fair value hierarchy

The fair value measurement of equity investments have been categorised as level 3 fair value based on the inputs to the valuation technique used.

This note explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

	Level 1	Level 2	Level 3	Total
31 March 2025				
Equity investment at FVOCI	-	-	26,543	26,543
	-	**-**	**26,543**	**26,543**
31 March 2026				
Equity investment at FVOCI	-	-	31,172	31,172
	-	**-**	**31,172**	**31,172**

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers in and out of level 3 measurements see above.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

b. Valuation techniques used to determine fair values

(i) Price to book value multiple basis of valuation

This valuation method is used to compare the company's net assets available to common shareholders relative to the sale price of stock. The stock price per share can be found as the amount listed as such through the secondary market.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

c. Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in the fair value measurements of equity investments at FVOCI.

Description	Fair value of equity investments as at 31 March		Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	2026	2025		2026	2025	
Equity investment at FVOCI	31,172	26,543	Adjusted average price to book value ratio of listed comparable peer companies	2.59	2.34	The higher the price to book value ratio, the higher the fair value.

a) Sensitivity variation unobservable input (using 1% estimated variation)

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
unobservable input - increase by 1%	31,484	26,807	31,484	26,807
unobservable input - value as stands	31,172	26,543	31,172	26,543
unobservable input - decrease by 1%	30,860	26,277	30,860	26,277

NOTE 19 INVEST IN FINANCIAL ASSETS

19.1 Short term investment

	Group		Company	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Fixed deposits	1,036,897	1,113,085	1,036,897	1,113,085
	1,036,897	**1,113,085**	**1,036,897**	**1,113,085**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 20 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Company holds the following financial instruments:

Financial assets

		GROUP		COMPANY	
	Notes	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Financial assets at amortised cost					
- Trade and other receivable excluding pre-payments	22	385,524	114,584	379,436	110,933
- Amount due from related party	23	1,231	263	1,231	263
- Short term investment in financial assets	19.1	1,036,897	1,113,085	1,036,897	1,113,085
- Cash and cash equivalents	24	331,852	536,311	300,378	482,771
Investment in subsidiary at fair value through other comprehensive income (FVOCI)	17	-	-	605,329	586,142
Equity investments at fair value through other comprehensive income	18	31,172	26,543	31,172	26,543
		1,786,676	**1,790,786**	**2,354,443**	**2,319,737**

The Company's exposure to various risks associated with the financial instruments is discussed in note 39. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Financial liabilities

		GROUP		COMPANY	
	Notes	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Liabilities at amortised cost					
- Borrowings (excluding finance lease liability)	27	191,823	225,872	191,823	225,872
- Finance lease liabilities	28	495,762	433,895	495,762	433,895
- Trade and other payables excluding non-financial liabilities	32	324,986	403,108	323,255	401,423
		1,012,571	**1,062,875**	**1,010,840**	**1,061,190**

The company's exposure to various risks associated with the financial instruments is discussed in Note 39. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 21 INVENTORIES

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Produce crop	434,561	448,925	434,561	448,925
Input materials, spares and consumables	172,081	160,228	170,571	159,057
Closing balance	**606,643**	**609,153**	**605,133**	**607,982**

NOTE 22 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Trade receivables (a)	296,918	50,152	290,830	46,562
Other receivables (b)	88,606	64,432	88,606	64,371
Financial assets at amortised cost	**385,524**	**114,584**	**379,436**	**110,933**
Tax receivables	42,713	23,276	42,713	23,276
Employee advances	60,869	62,310	60,303	61,597
Prepayments	11,049	12,838	10,122	9,575
Closing balance	**500,155**	**213,008**	**492,574**	**205,381**

a) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

b) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Company.

c) Impairment and risk exposure

Information about the impairment of trade receivables and the Company's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 39 (c).

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 23 AMOUNTS DUE FROM RELATED COMPANIES

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Lotus Hydropower PLC	723	139	723	139
Origin Tea Exports (Private) Limited	41	124	41	124
Zyrex Power Company Limited	467	-	467	-
Closing balance	**1,231**	**263**	**1,231**	**263**

NOTE 24 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Cash at bank	37,488	42,823	26,015	17,696
Cash in hand	940	2,019	870	1,949
Short term bank deposit	293,424	491,469	273,493	463,126
Closing balance	**331,852**	**536,311**	**300,378**	**482,771**

i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Balances as above	331,852	536,311	300,378	482,771
Bank overdraft	(127,510)	(110,110)	(127,510)	(110,110)
Balance as per cash flow statement	**204,342**	**426,201**	**172,868**	**372,661**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 25 STATED CAPITAL

	Number of shares	Value (LKR)
As at 31 March 2025	236,666,671	1,803,400
As at 31 March 2026	**236,666,671**	**1,803,400**

The Company has issued and fully paid 236,666,670 ordinary shares and 1 golden share.

The Golden Shareholder

The Golden Share is currently held by the Secretary to the Treasury and should be owned either directly by the State of Sri Lanka or by a 100% State owned public company. In addition to the rights of the normal ordinary shareholder, the Golden Shareholder has the following rights:

a) The concurrence of the Golden Shareholder will be required for the Company to sublease any of the estate land leased / to be leased.

b) 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.

c) 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.

d) The Company will be required to submit a detailed quarterly accounts 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.

e) The Golden Shareholder can request the Board of Directors of the Company to meet with him/his Nominee, once every quarter to discuss issues related to the Company's operation of interest to the Government.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 26 NON-CONTROLLING INTERESTS (NCI)

Set out below is summarised financial information for the subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheet

	Mark Marine Services (Private) Limited	
	As at 31 March 2026	As at 31 March 2025
Current assets	40,565	62,338
Current liabilities	6,110	21,922
Current net assets	**34,455**	**40,416**
Non-current assets	307,015	325,768
Non-current liabilities	96,626	103,651
Non-current net assets	**210,389**	**222,117**
Net assets	**244,844**	**262,533**
Accumulated NCI	14,186	14,993
	5.8%	5.7%

Summarised statement of comprehensive income

	Mark Marine Services (Private) Limited	
	As at 31 March 2026	As at 31 March 2025
Revenue	93,500	121,965
Profit for the period	22,603	43,818
Other comprehensive income	-	58
Total comprehensive income	**22,603**	**44,044**
Profit allocated to NCI	1,055	2,014
Dividends paid to NCI	1,862	3,103
Summarised cash flows		
Cash flows from operating activities	21,864	59,312
Cash flows from investing activities	(43,915)	(62,868)
Cash flows from financing activities	(15)	(18)
Net increase/(decrease) in cash and cash equivalents	**(22,066)**	**(3,574)**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 27 BORROWINGS

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Repayable after one year				
Term loan	12,864	64,313	12,864	64,313
	12,864	**64,313**	**12,864**	**64,313**
Repayable within one year				
Term loan	51,449	51,449	51,449	51,449
Bank overdrafts	127,510	110,110	127,510	110,110
	178,959	**161,559**	**178,959**	**161,559**
Closing balance	**191,823**	**225,872**	**191,823**	**225,872**

Movements in term loan and tea board loan during the period are set out below:

Group/Company	Term loan	Total
As at 01 April 2024	175,393	175,393
Addition during the period	-	-
Repaid during the period	(59,631)	(59,631)
Fair value adjustment of concessionary loan	-	-
As at 31 March 2025	**115,762**	**115,762**
As at 01 April 2025	115,762	115,762
Addition during the period	-	-
Repaid during the period	(51,448)	(51,448)
As at 31 March 2026	**64,314**	**64,314**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

Total borrowings at 31 March can be analysed as follows:

Group / Company

	Analysis of borrowings based on the repayment schedule			
	Within one year	2-3 years	4-5 years	Total
Term loan	51,449	64,313	-	115,762
Bank overdrafts	110,110	-	-	110,110
As at 31 March 2025	**161,559**	**64,313**	**-**	**225,872**
Term loan	51,449	12,864	-	64,313
Bank overdrafts	127,510	-	-	127,510
As at 31 March 2026	**178,959**	**12,864**	**-**	**191,823**

Fair value

All borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

Particulars about loan facilities

Group / Company

DFCC BANK

Purpose : Acquisition of Mark Marine (Private) Limited

			Outstanding liability 2025/ 2026			
Year	Original amount	Interest rate % p.a.	Repayable within one year	Repayable after one year	Balance as at 31 March 2026	Repayment term
2021/22	387,000	AWPLR+0.75%	51,449	12,864	64,313	72 equal monthly instalments commencing from July 2021
As at 31 March 2026		**-**	**51,449**	**12,864**	**64,313**	

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 28 LEASE LIABILITY

	Note	GROUP		COMPANY	
		As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Lease liability on Right-of-Use asset- Land	28.1	429,337	414,680	429,337	414,680
Lease liability on Right-of-Use asset- Building	28.2	15,814	19,215	15,814	19,215
Lease liability on Motor Vehicle	28.3	50,611	-	50,611	-
Closing balance		**495,762**	**433,895**	**495,762**	**433,895**

28.1 Lease liability on Right-of-Use asset- Land

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
As at 1 April	414,680	353,654	414,680	353,654
Remeasurement of lease liabilities	15,757	61,890	15,783	61,896
Interest charges for the year	101,920	98,391	101,894	98,391
Settlement of liability	(103,020)	(99,255)	(103,020)	(99,261)
Closing balance	**429,337**	**414,680**	**429,337**	**414,680**

28.2 Lease liability on Right-of-Use asset- Building

	GROUP /COMPANY	
	As at 31 March 2026	As at 31 March 2025
As at 1 April	19,215	13,961
Additions	-	8,877
Interest charges for the year	2,201	1,759
Settlement of liability	(5,602)	(5,382)
Closing balance	**15,814**	**19,215**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

28.3 Lease liability on Right-of- Use asset-Motor Vehicle

	GROUP /COMPANY	
	As at 31 March 2026	As at 31 March 2025
As at 1 April	-	-
Additions	54,697	906
Interest charges for the year	607	49
Settlement of liability	(4,693)	(955)
Closing balance	**50,611**	**-**

28.4 Detailed analysis of lease liability

Group / Company	Balance as at 31 March 2026			Balance as at 31 March 2025		
	Non-current	Current	Total	Non-current	Current	Total
Lease liability on Right-of-Use asset- Land	427,918	1,419	429,337	413,594	1,086	414,680
Lease liability on Right-of-Use asset- Building	11,614	4,200	15,814	15,814	3,401	19,215
Lease liability on Motor Vehicle	42,620	7,991	50,611	-	-	-
Net liability to lessor	**482,152**	**13,610**	**495,762**	**429,408**	**4,487**	**433,895**

28.5 Lease liability can be analysed as follows (maturity period):

Group / Company	0-1 year	2-3 years	4-5 years	More than 5 years	Total
As at 31 March 2025					
a) Lease liability on Right-of-Use asset- Land					
Interest on lease liability	(98,158)	(195,401)	(193,595)	(1,083,049)	(1,570,203)
Settlement of liability	99,244	198,488	198,488	1,488,663	1,984,883
Net liability	**1,086**	**3,087**	**4,893**	**405,614**	**414,680**
b) Lease liability on Right-of-Use asset- Building					
Interest on lease liability	(2,202)	(2,668)	(836)	(84)	(5,790)
Settlement of liability	5,603	10,774	6,828	1,800	25,005
Net liability	**3,401**	**8,106**	**5,992**	**1,716**	**19,215**
c) Lease liability on Right-of-Use asset - Motor vehicle					
Interest on lease liability	(5,797)	(8,324)	(2,968)	-	(17,089)
Settlement of liability	13,789	27,576	26,335	-	67,700
Net liability	**7,992**	**19,252**	**23,367**	**-**	**50,611**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

Group / Company	0-1 year	2-3 years	4-5 years	More than 5 years	Total
As at 31 March 2026					
a) Lease liability on Right-of-Use asset- Land					
Interest on lease liability	(101,603)	(202,009)	(199,650)	(1,024,812)	(1,528,074)
Settlement of liability	103,022	206,043	206,043	1,442,303	1,957,411
Net liability	**1,419**	**4,034**	**6,393**	**417,491**	**429,337**
b) Lease liability on Right-of-Use asset- Building					
Interest on lease liability	(1,652)	(1,631)	(300)	(4)	(3,587)
Settlement of liability	5,809	8,995	4,237	360	19,401
Net liability	**4,157**	**7,364**	**3,937**	**356**	**15,814**
c) Lease liability on Motor vehicle					
Interest on lease liability	(5,797)	(8,324)	(2,968)	-	(17,089)
Settlement of liability	13,789	27,576	26,335	-	67,700
Net liability	**7,992**	**19,252**	**23,367**	**-**	**50,611**

NOTE 29 RETIREMENT BENEFIT OBLIGATION

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Post-employment benefits (gratuity)	811,603	840,176	803,023	831,393
	811,603	**840,176**	**803,023**	**831,393**

The amounts recognised in the Statement of financial position and the movements in the net defined benefit obligation over the year are as follows;

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Opening balance as at 1 April 2025	840,176	884,131	831,393	876,592
Acquisition of subsidiary				
Current service cost	58,367	51,631	57,076	50,303
Interest cost	99,767	109,574	99,767	109,574
Total amount recognised in profit or loss	**158,134**	**161,205**	**156,843**	**159,877**
Remeasurements				
- Gain from change in actuarial assumptions	(35,523)	140,918	(34,885)	141,002
Total amount recognised in other comprehensive income	**(35,523)**	**140,918**	**(34,885)**	**141,002**
Benefits paid	(151,184)	(346,078)	(150,328)	(346,078)
Closing balance	**811,603**	**840,176**	**803,023**	**831,393**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

An actuarial valuation for defined benefit obligation was carried out as at 31 March 2026 by Mr.M.Poopalanathan, of Messrs Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries. The valuation method used by the actuaries to value the obligation is the 'Projected Unit Credit Method', a method recommended by the Sri Lanka Accounting Standard LKAS - 19 on "Employee Benefits".

According to the actuarial valuation report issued by the Actuarial and Management Consultants (Private) Limited as at 31 March 2026, the actuarial present value of promised retirement benefits amounted to LKR. 803,022,659/-. If the Company had provided for gratuity on the basis of 14 days wages & half months salary for each completed year of service, the liability would have been LKR. 1,096,020,943/-.

The following assumptions and data were used in valuing the defined benefit obligation by the actuarial valuer:

	2026	2025
(i) Rate of interest	11%p.a.	12.5%p.a.
(ii) Rate of salary increase		
- Tea estate associates	8% every year	10% every year
- Estate staff	25% every three years and 5% per annum	25% every three years and 5% per annum
- Estate management and head office staff	10% every year	10% every year
(iii) Retirement age	60 years	60 years
(iv) No of staff	393	407
No of workers	3054	2690

The weighted average durations of the defined benefit obligation at end of the reporting period are 10 years and 9 years for staff and associates respectively. (2025 – 10 years and 9 years for staff and associates).

The expected maturity analysis of retirement benefit obligation is as follows:

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
- Staff				
Within the next 12 months	5,319	4,965	5,319	4,965
Between 2 and 5 years	25,840	17,758	25,840	17,758
Beyond 5 years	82,517	76,083	73,937	67,300
	113,676	**98,806**	**105,096**	**90,023**
- Associates				
Within the next 12 months	99,033	87,804	99,033	87,804
Between 2 and 5 years	173,639	187,034	173,639	187,034
Beyond 5 years	425,255	466,532	425,255	466,532
	697,927	**741,370**	**697,927**	**741,370**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

Sensitivity analysis

In order to illustrate the significance of the salary/wage escalation rate and the discount rate assumed in this valuation as at 31 March 2026, a sensitivity analysis was carried out for all employees assuming the following salary/wage escalation rate and discount rate.

		Present value of defined benefit obligation					
		Group			Company		
Discount rate	Salary / wage escalation rate	Staff	Associates	Total	Staff	Associates	Total
As at 31 March 2025							
Increase by 1%	As given above	81,736	687,229	768,965	82,312	687,229	769,541
Decrease by 1%	As given above	99,512	803,196	902,708	98,887	803,196	902,083
As given above	Increase by 1%	99,502	803,452	902,954	98,872	803,452	902,324
As given above	Decrease by 1%	81,598	686,144	767,742	82,189	686,144	768,333
As at 31 March 2026							
Increase by 1%	As given above	115,172	751,632	866,804	115,684	751,632	867,316
Decrease by 1%	As given above	96,296	649,886	746,182	95,743	649,886	745,629
As given above	Increase by 1%	96,482	649,928	746,410	95,919	649,928	745,847
As given above	Decrease by 1%	115,142	752,451	867,593	115,673	752,451	868,124
Staff turnover rate							
As at 31 March 2025							
Increase by 1%		89,835	748,958	838,793	89,747	748,958	838,705
Staff turnover rate - value as stands		98,806	741,370	840,176	90,023	741,370	831,393
Decrease by 1%		90,220	733,007	823,227	90,308	733,007	823,315
As at 31 March 2026							
Increase by 1%		104,340	707,818	812,158	104,278	707,818	812,096
Staff turnover rate - value as stands		113,676	697,927	811,603	105,096	697,927	803,023
Decrease by 1%		105,906	687,081	792,987	105,971	687,081	793,052

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 30 DEFERRED CAPITAL GRANTS

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Capital grants				
As at 1 April	95,989	102,490	95,989	102,490
Additions	2,625	-	2,625	-
Amortisation	(6,516)	(6,501)	(6,516)	(6,501)
Closing balance	**92,098**	**95,989**	**92,098**	**95,989**

Funds have been received from the Plantation Human Development Trust (PHDT) , Ministry of Estate Infrastructure for associates' welfare facilities including re-roofing of line rooms, latrines, water supply, sanitation etc. Grants received from the Ministry of Estate Infrastructure for construction of crèches, farm roads and community centers are also included above. The amounts spent have been capitalised under the relevant property, plant and equipment category and also grants received from Sri Lanka Tea Board for tea immauture fields. The capital grants are amortised on a straight-line basis over the useful life of the respective asset.

NOTE 31 DEFERRED INCOME TAX LIABILITY

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Deferred tax assets (i)	(419,615)	(411,019)	(417,170)	(408,383)
Deferred tax liabilities (ii)	1,102,676	1,010,511	1,056,104	913,024
Net deferred Income Tax Liability *	**683,061**	**599,492**	**638,934**	**504,641**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

The gross movement on the deferred income tax account is as follows:

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Opening balance at 1 April 2025	599,492	518,721	504,641	416,392
Income statement (released) / charged				
- to profit or loss	66,789	123,048	73,786	130,550
- to other comprehensive income	16,780	(42,277)	60,507	(42,301)
Closing balance	**683,061**	**599,492**	**638,934**	**504,641**

i) Deferred tax assets

The analysis of each type of deductible temporary differences as at 31 March 2025 and 31 March 2026 are as follows:

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
The balance comprises temporary differences attributable to:				
Lease liabilities	(148,634)	(130,168)	(148,634)	(130,168)
Retirement benefit obligation	(27,629)	(252,054)	(240,907)	(249,418)
Capital grants	(148,634)	(28,797)	(27,629)	(28,797)
	(324,897)	**(411,019)**	**(417,170)**	**(408,383)**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

The movement in deferred income tax assets during the year, without taking into consideration the offsetting of balances, is as follows:

Group	Lease liabilities	Capital grants	Retirement benefit obligations	Total
At 1 April 2024	(110,556)	(30,747)	(265,280)	(406,583)
Income statement charge / (release)				
- to profit or loss	(19,612)	1,950	55,503	37,841
- to other comprehensive income	-	-	(42,277)	(42,277)
Closing balance at 31 March 2025	**(130,168)**	**(28,797)**	**(252,054)**	**(411,019)**
At 1 April 2025	(130,168)	(28,797)	(252,054)	(411,019)
Acquisition of subsidiary				
Income statement charge /(release)				
- to profit or loss	(18,466)	1,168	(1,955)	(19,253)
- to other comprehensive income	-	-	10,657	10,657
Closing balance	**(148,634)**	**(27,629)**	**(243,352)**	**(419,615)**

Company	Lease liabilities	Capital grants	Retirement benefit obligations	Total
At 1 April 2024	(110,556)	(30,747)	(263,018)	(404,321)
Income statement charge /(release)				
- to profit or loss	(19,612)	1,950	55,901	38,239
- to other comprehensive income	-	-	(42,301)	(42,301)
Closing balance at 31 March 2025	**(130,168)**	**(28,797)**	**(249,418)**	**(408,383)**
At 1 April 2025	(130,168)	(28,797)	(249,418)	(408,383)
Income statement charge /(release)				
- to profit or loss	(18,466)	1,168	(1,955)	(19,253)
- to other comprehensive income	-	-	10,466	10,466
Closing balance	**(148,634)**	**(27,629)**	**(240,907)**	**(417,170)**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

(ii) Deferred tax liabilities

The analysis of each type of taxable temporary differences as at 31 March 2026 and 31 March 2025 are as follows:

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
The balance comprises temporary differences attributable to:				
Right-of-use assets	124,620	110,429	124,620	110,429
Property plant and equipment	307,458	316,024	216,544	218,538
Bearers plants	544,457	470,342	544,457	470,342
Consumable biological assets	120,018	113,716	120,442	113,715
Investments in Subsidiary and fair value through OCI	6,123	-	50,041	-
	1,102,676	**1,010,511**	**1,056,104**	**913,024**

The movement in deferred income tax liabilities during the year, without taking into consideration the offsetting of balances, is as follows:

Group	Right-of-use assets	Property plant and equipment	Bearers biological assets	Consumable biological assets	Investments in Subsidiary and fair value through OCI	Total
At 1 April 2024	95,526	312,135	408,004	109,639	-	925,304
Income statement (release)/charge						
- to profit or loss	14,903	3,890	62,338	4,076	-	85,207
Closing balance at 31 March 2025	**110,429**	**316,025**	**470,342**	**113,715**	**-**	**1,010,511**
At 1 April 2025	110,429	316,025	470,342	113,715	-	1,010,511
Income statement (release)/charge					-	
- to profit or loss	14,191	(8,567)	74,115	6,303	-	86,042
- to other comprehensive income	-	-	-	-	6,123	6,123
Closing balance	**124,620**	**307,458**	**544,457**	**120,018**	**6,123**	**1,102,676**

Company	Right-of-use assets	Property plant and equipment	Bearers biological assets	Consumable biological assets	Investments in Subsidiary and fair value through OCI	Total
At 1 April 2024	95,526	207,544	408,004	109,639	-	820,713
Income statement charge/(release)						
- to profit or loss	14,903	10,994	62,338	4,076	-	92,311
Closing balance at 31 March 2025	**110,429**	**218,538**	**470,342**	**113,715**	**-**	**913,024**
At 1 April 2025	110,429	218,538	470,342	113,715	-	913,024
Income statement (release)/charge						
- to profit or loss	14,191	(1,994)	74,115	6,727	-	93,039
- to other comprehensive income	-	-	-	-	50,041	50,041
Closing balance	**124,620**	**216,544**	**544,457**	**120,442**	**50,041**	**1,056,104**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 32 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Trade payables	258,721	349,470	258,721	349,470
Employee related dues	276,270	229,169	276,270	229,169
Provisions and accruals	108,678	146,125	108,678	146,125
Other payables	66,265	52,871	64,534	51,186
Taxes	147,701	31,531	147,701	31,531
Amount due to inter company-G&G Agro Comodity pvt Ltd	-	767	-	767
	857,635	**809,933**	**855,904**	**808,248**

Trade payables are unsecured and are usually paid within 30 days of recognision the carrying amounts of trade payable are considered to be the same as their fair values due to their short term nature.

NOTE 33 CURRENT INCOME TAX LIABILITY

	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
As at 1 April	123,464	43,197	103,238	28,065
Charged for the period	205,953	203,371	183,427	167,281
WHT settlements	(11,498)	(9,244)	(11,282)	(9,244)
Payment of income tax	(155,231)	(113,860)	(117,039)	(82,864)
	162,688	**123,464**	**158,344**	**103,238**

NOTE 34 DIVIDEND PER SHARE

Calculation of dividend per share;	GROUP		COMPANY	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Dividends	473,334	236,667	473,334	236,667
	473,334	**236,667**	**473,334**	**236,667**
Number of ordinary shares	236,667	236,667	236,667	236,667
Dividend paid per share	**2.00**	**1.00**	**2.00**	**1.00**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 35 ASSETS PLEDGE AS COLLATERALS

The following assets of the company have been pledged as collaterals for overdraft facility and loan obtained by the Company to respective financial institution concerned.

Name of the financial institution	Nature of the facility	Facility granted	Balance as at 31 March 2025	Securities pledge	Carrying value of the pledged Securities
Nations Trust Bank PLC	Overdraft	550,000	127,510	Mortgage over fixed deposits and tea stock	Fixed Deposits - 256,000 Stocks - 409,030
DFCC Bank PLC	Term loan	387,000	68,601	Mortgage 4,180,599 shares of Mark Marine Services Pvt Ltd	Investment value - 566,577

a) Financial commitments

Bank guarantees	COMPANY	
	As at 31 March 2026	As at 31 March 2025
Janatha Estate Development Board	33,948	4,054
Elkaduwa Plantations LTD	12,000	12,000
Sri Lanka State Plantation Corporation	15,000	-
Ceylon Petrolium Corporation	15,127	-
	76,075	**16,054**

b) Capital commitments

Capital expenditure approved by the Board of Directors for which provision has not been made in the accounts is detailed below:

	COMPANY	
	As at 31 March 2026	As at 31 March 2025
Approved and not contracted for	30,067	75,568
	30,067	**75,568**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 36 CONTINGENT LIABILITY

There are no known contingent liabilities exist as at the statement of financial position date, to be disclosed or adjusted in the financial statements.

NOTE 37 CASH GENERATED FROM OPERATIONS

Reconciliation of profit before tax to cash generated from operations.

	GROUP		COMPANY	
	Year Ended 31st March 2026	Year Ended 31st March 2025	Year Ended 31st March 2026	Year Ended 31st March 2025
Net profit / (loss) before taxation	998,949	1,045,269	999,679	1,037,490
Adjustments for:				
- Depreciation charge	192,730	178,323	168,092	154,072
- Profit on sale of property, plant and equipment	(18,332)	(9,364)	(18,332)	(9,364)
- Profit on sale of trees	(6,576)	(7,754)	(6,576)	(7,754)
- Timber fair valuation gain	(49,010)	(45,194)	(49,010)	(45,194)
- Biological assets-produce crop valuation loss	6,004	(10,286)	6,004	(10,286)
- Provision for retirement benefit obligations	158,134	161,205	156,843	159,877
- Amortisation of leasehold right to assets	23,233	21,096	23,233	21,096
- Amortisation of capital grants	(6,516)	(6,501)	(6,516)	(6,501)
- Dividend income	(4,676)	(4,895)	(37,724)	(59,974)
- Finance income	(106,414)	(114,708)	(103,666)	(109,516)
- Finance expenses	50,227	29,119	50,227	29,119
- Interest paid to government and other on lease	104,704	100,139	104,704	100,139
Changes in working capital				
- Inventories	2,510	23,736	2,849	23,736
- Trade and other receivables	(288,115)	32,349	(288,161)	35,150
- Trade and other payables	47,704	151,472	47,655	151,345
Cash generated from operations	**1,104,557**	**1,544,006**	**1,049,302**	**1,463,435**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 38 RELATED PARTY TRANSACTIONS

a) Parent entities

The Company is a subsidiary of Lotus Renewable Energy (Private) Limited which owns 75.65% (2022/2023-75.65%) of ordinary shares of the Company's shares. The remaining ordinary shares are widely held. The ultimate Parent Company of the Company is Lotus Renewables (Singapore) Pte Ltd.

b) Subsidiaries

Interests in subsidiaries are set out in note 17.

c) Directors' Interest in Contracts

i) Messrs. G.D. Seaton, A.U.A.M. Athukorala, G.S. Krishnamoorthy, W.M.A. Indrajith Fernando, Hiro Bhojwani and Mayura Fernando who are Directors of the Company are also Directors of Lotus Hydropower PLC.

ii) Messrs. G.D. Seaton, A.U.A.M. Athukorala and G.S. Krishnamoorthy, who are Directors of the Company are also Directors of Lotus Renewable Energy (Private) Limited.

iii) Mr. A.U.A.M. Athukorala who is a Director of the Company is also a Director of Origin Tea Exports (Private) Limited.

iv) Messrs. G.D. Seaton, A.U.A.M. Athukorala and G.S. Krishnamoorthy, who are Directors of the Company are also Directors of Zyrex Power Company Limited.

(v) Messrs. G.D. Seaton, A.U.A.M. Athukorala and G.S. Krishnamoorthy, who are Directors of the Company are also Directors of G & G Agro Commodities (Private) Limited.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

d) Recurrent transactions with other related companies

The following transactions occurred with related parties;

Nature of the company	Relationship	Nature of transaction	As at 31 March 2026 Value of transactions	As at 31 March 2026 % of net revenue / income	As at 31 March 2025 Value of transactions	As at 31 March 2025 % of net revenue / income
(i) Included in the revenue and other sources of income						
Lotus Renewable Energy (Private) Limited	Parent	Interest income	1,737	0.00	44,364	0.83%
Mark Marine Services (Private) Limited	Subsidiary	Ordinary shares dividends	33,049	0.41%	63,963	1.19%
		Rental income	15	0.00%	15	0.00%
Lotus Hydropower PLC	Affiliate	Sales	505	0.01%	546	0.01%
Origin Tea Exports Pvt Ltd	Affiliate	Sales	106	0.00%	119	0.00%
G&G Agro Commodities (Private) Limited	Affiliate	Sales	274	0.00%	-	0.00%
(ii) included in the cost of sales and other expenses						
Lotus Renewable Energy (Private) Limited	Parent	Fuel expenses	-	0.00%	-	0.00%
		Accomadation charges	-	0.00%	240	0.00%
Lotus Hydropower PLC	Affiliate	Service Cost	1,855	0.02%	803	0.01%
		Reimbursement of expenses	2,438	0.03%	2,243	0.03%
		Service Cost	-	0.00%	368	0.01%
		Fuel expenses	-	0.00%	106	0.00%
		Gratuity	-	0.00%	207	0.00%
Zyrex Power Company Limited	Affiliate	Reimbursement of expenses	466	0.01%	580	0.01%
Sri Bio Tech Lanka (Private) Limited	Affiliate	Purchase of goods	31,375	0.39%	17,648	0.33%
		Reimbursement of expenses	5,530	0.07%	1,977	0.04%
Good Earth Fertlizer Pvt Ltd	Affiliate	Purchase of goods	110	0.00%	24,555	0.46%
		Reimbursement of expenses	-	0.00%	78	0.00%
G&G Agro Commodities (Private) Limited	Affiliate	Reimbursement of expenses	309	0.00	-	0.00%
(iii) Non-recurrent Transactions with the parent and ultimate parent company						
Lotus Renewable Energy (Private) Limited	Parent	Short term lending	295,000	3.68%	290,000	5.42%
		Short term loan recovery	295,000	3.68%	290,000	5.42%
		Recovery of loan interest	1,737	0.02%	44,364	0.83%

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

e) i. Amounts due from related companies

Amounts due from related companies are set out in note 23.

ii. Amounts due to related companies

There are no amounts due to related companies as at the statement of financial position date.

All transactions with related parties have been carried out on an arms length basis.

The Directors have disclosed the nature of their interests in contracts and proposed contracts with the Group and the Company at meetings of the Directors.

f) Key management compensation

Key management includes the executive committee of the Company. The compensation paid or payable to key management for employee services is shown below:

	As at 31 March	
	2026	2025
Salaries and other short term employee benefits	104,370	39,580
Post - employment benefits	6,936	2,070
	111,306	**41,650**

g) Terms and conditions

The loans to parent company is generally for periods of 6 months, repayable in monthly instalments at interest rates of AWPLR+1%. (2024-25- 15.5%) per annum.

Goods were sold to other related parties during the year based on the auction price and terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions and at market rates.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

NOTE 39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Financial risk factors

The Company is exposed to a variety of financial risks. These include market risks, credit risks, and liquidity risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seek to minimise potential adverse effects on the Company's financial performance. Based on our economic outlook and the Company's exposure to these risks, the Board of Directors approves various risk management strategies from time to time.

b) Market risks

i) Foreign exchange risk

The Company is not exposed to foreign exchange risk due to the non availability of transaction in foreign currencies.

ii) Interest rate risk

Interest rate is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises mainly from the borrowings. The fluctuation in the Average Weighted Prime Lending Rate (AWPLR) results in the effective interest rate of the borrowings usually without a corresponding change in the fair value. The Company analyses the interest rate exposure on a dynamic basis monitoring AWPLR.

Exposure

The exposure of the Group's and the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Group	2026	% of total loans	2025	% of total loans
Variable rate borrowings	64,313	33.53%	115,762	51.25%
Other borrowings	127,510	66.47%	110,110	48.75%
	191,823	**100.00%**	**225,872**	**100.00%**

Company	2026	% of total loans	2025	% of total loans
Variable rate borrowings	64,313	33.53%	115,762	51.25%
Other borrowings	127,510	66.47%	110,110	48.75%
	191,823	**100.00%**	**225,872**	**100.00%**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

Sensitivity

Profit or loss is sensitive to interest rates on its floating rate financial instruments, being the currencies in which the Group and the Company has historically obtained debt.

	GROUP		COMPANY	
	Increase / (decrease) on post tax profit			
	2026	2025	2026	2025
Interest rate - increase by 5%	27,670	14,929	27,670	14,929
Interest rate - decrease by 5%	(27,670)	(14,929)	(27,670)	(14,929)

iii) Price risks

Exposure

The Group and the Company is not exposure to equity securities price risk arises from investments held by the Group and the Company due to the Group's and the Company's equity investments are not publicly traded and classified in the balance sheet either as at fair value through other comprehensive income (FVOCI).

The Company is exposed to the commodity price risk from tea auction prices. The Company monitors commodity price on a systematic basis and manages inventory levels to minimise the impact.

Sensitivity

	Increase / (decrease) on post tax profit	
	2026	2025
Auction price - increase by 1%	80,137	73,422
Auction price - decrease by 1%	(80,137)	(73,422)

c) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and outstanding balances from customers. For banks and financial institutions, only independently rated parties are accepted. No independent risk ratings are available for customers.

i) Impairment of financial assets

The Group and the Company have three types of financial assets that are subject to the expected credit loss model:

- Trade and other receivable excluding pre-payments
- debt investments carried at amortised cost, and
- debt investments carried at FVOCI.

While cash and cash equivalents are also subject to the impairment requirements of SLFRS 9, the identified impairment loss was immaterial.

The Group and the Company applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Credit risk of trade receivable of the company is minimum due to the auction sales system where prompt is received within 7 days with a zero default rate. The credit quality of financial assets are disclosed in note (ii) below.

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

Only customer of Mark Marine Services (Private) Limited (subsidiary of the Company) is Ceylon Electricity Board (CEB) which is a Government Owned Entity. As of the year end the outstanding balance from CEB is LKR. 6,087,752/- (2025 - LKR3,589,744/-)

The Company has identified and factored the GDP of the country and other relevant factors accordingly to the model to reflect forward looking information affecting the ability to settle receivables.

ii) Credit quality

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

		GROUP		COMPANY	
		As at 31 March		As at 31 March	
	Rating	2026	2025	2026	2025
Cash at bank and short-term bank deposits.					
Cash at bank					
- Hatton National Bank PLC	AA(lka)	24,897	17,723	24,847	17,673
- Commercial Bank of Ceylon PLC	AA+(lka)	103,964	605,024	103,964	605,024
- Nations Trust Bank PLC	A+(lka)	421,597	394,174	421,597	394,174
- Seylan Bank PLC	A-(lka)	726	216	726	216
- State Bank of India	BBB-(lka)	27	31	27	31
- Peoples Bank PLC	AA(lka)	57	71	57	71
- DFCC Bank PLC	A-(lka)	25,809	31,179	167	181
- National Development Bank PLC	A(lka)	677,596	360,193	671,884	337,814
- Sampath Bank PLC	A+/AA-(lka)	113,137	238,722	113,137	238,722
		1,367,810	**1,647,334**	**1,336,406**	**1,593,906**
Unrated					
- Cash in hand		939	2,063	869	1,950
Cash and cash equivalents		**1,368,748**	**1,649,397**	**1,337,275**	**1,595,856**

Trade and other receivables

The Group and the Company applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other receivable.

To measure the expected credit losses, trade receivables and other receivable have been grouped based on shared credit risk characteristics and the days past due. Credit risk of trade receivable of the Company is minimum due to the auction sales system where prompt is received within 7 days with a zero default rate.

Only customer of Mark Marine Services (Private) Limited (subsidiary of the Company) is Ceylon Electricity Board (CEB) which is a Government Owned Entity. As of the year end the outstanding balance from CEB is LKR. 6,087,752/-/- (2025 - LKR 3,589,744/-)

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

The aging analysis of trade receivable as follows.

(LKR.000)	Total	0-60 days
	LKR.	LKR.
Ceylon Electricity Board	6,088	6,088

The Group and the Company has identified and factored the GDP of the country and other relevant factors accordingly to the model to reflect forward looking information affecting the ability to settle receivables.

		GROUP		COMPANY	
	Notes	2026	2025	2026	2025
Existing customers with no default history	22	296,918	50,152	290,830	46,562
Related parties	23	1,231	263	1,231	263
Other third parties	22	88,606	64,432	88,606	64,371
		386,755	**114,847**	**380,667**	**111,196**

None of the amounts receivable from related parties are past due or impaired and repayments have been received regularly and on time historically.

Above related to a number of independent customers / tea brokers for whom there is no recent history of credit default and the total trade receivables were fully performing.

On that basis, the loss allowance as at 31 March 2026 and 31 March 2025 was determined as follows for both trade receivables:

	GROUP			COMPANY		
	Current	More than 30 days past due	Total	Current	More than 30 days past due	Total
31 March 2025						
Expected loss rate	-	-	-	-	-	-
Gross carrying amount – trade receivables	46,562	3,590	50,152	46,562	-	46,562
Related parties	263	-	263	263	-	263
Other third parties	64,432	-	64,432	64,371	-	64,371
Loss allowance	-	-	-	-	-	-
31 March 2026						
Expected loss rate	-	-	-	-	-	-
Gross carrying amount – trade receivables	296,918	91,841	388,759	290,830	-	290,830
Related parties	1,231	-	1,231	1,231	-	1,231
Other third parties	88,606	-	88,606	88,606	-	88,606
Loss allowance	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

d) Liquidity risk

Cash flow forecasting is performed in the Group and the Company which monitors rolling forecasts of the Group's and the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Such forecasting takes into consideration, the Group's and the Company's debt financing plans.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group	Within one month Rs.'000	Less than 3 months Rs.'000	3-12 Months Rs.'000	2-5 years Rs.'000	>5 Years Rs.'000	Total contractual cash flows Rs.'000	Carrying amount liabilities Rs.'000
31 March 2025							
Lease Liability	8,238	16,935	75,188	392,502	1,083,133	1,575,996	433,895
Borrowings	5,421	10,716	46,144	69,349	-	131,630	115,762
Trade and other payables (excluding statutory liabilities)	288,109	38,438	64,640	11,153	-	402,340	402,340
	301,768	**66,089**	**185,972**	**473,004**	**1,083,133**	**2,109,966**	**951,997**
31 March 2026							
Lease Liability	8,481	17,600	77,107	403,040	1,025,675	1,531,903	495,762
Borrowings	4,917	9,708	41,609	13,114	-	69,348	64,313
Trade and other payables (excluding statutory liabilities)	260,405	61,317	3,265	-	-	324,987	324,986
	273,803	**88,625**	**121,981**	**416,154**	**1,025,675**	**1,926,238**	**885,061**

Contractual maturities of financial liabilities.

Company	Within one month Rs.'000	Less than 3 months Rs.'000	3-12 Months Rs.'000	2-5 years Rs.'000	>5 Years Rs.'000	Total contractual cash flows Rs.'000	Carrying amount liabilities Rs.'000
31 March 2025							
Lease Liability	8,238	16,935	75,188	392,502	1,083,133	1,575,996	433,895
Borrowings	5,421	10,716	46,144	69,349	-	131,630	115,762
Trade and other payables (excluding statutory liabilities)	286,425	38,438	64,640	11,153	-	400,656	400,656
	300,084	**66,089**	**185,972**	**473,004**	**1,083,133**	**2,108,282**	**950,313**
31 March 2026							
Lease Liability	8,481	17,600	77,107	403,040	1,025,675	1,531,903	495,762
Borrowings	4,917	9,708	41,609	13,114		69,348	64,313
Trade and other payables (excluding statutory liabilities)	258,721	61,270	3,265	-	-	323,256	323,255
	272,119	**88,578**	**121,981**	**416,154**	**1,025,675**	**1,924,507**	**883,330**

NOTES TO THE FINANCIAL STATEMENTS *(contd)*

(all amounts in Sri Lankan Rupees thousands)

e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Further the Group has complied with all covenants on all borrowings throughout the reporting period.

In consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Statement of Financial Position plus net debt.

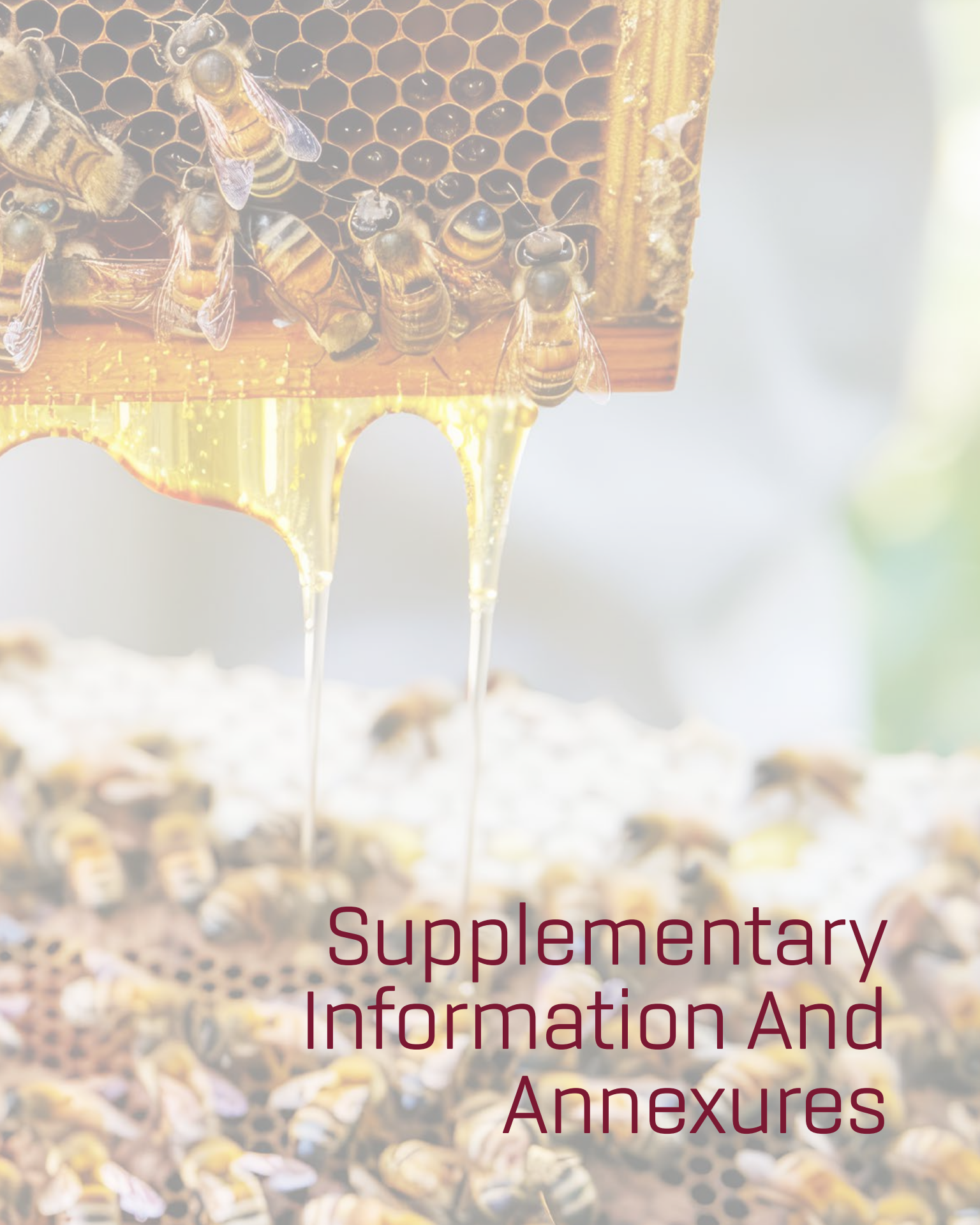
The gearing ratio of the Group and the Company as at the date of the financial position is given below:

		GROUP		COMPANY	
	Notes	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	s at 31 March 2025
Total borrowings	27	476,701	225,872	476,701	225,872
Less:					
Cash and cash equivalents	24	331,852	536,311	300,378	482,771
Net debt		**144,849**	**(310,439)**	**176,323**	**(256,899)**
Total equity		5,328,359	5,053,976	5,644,907	5,377,581
Total capital		**5,328,359**	**5,053,976**	**5,644,907**	**5,377,581**
Net debt to equity ratio		2.72%	-6.14%	3.12%	-4.78%

NOTE 40 EVENTS AFTER THE REPORTING DATE

There have been no other material events occurring after the statement of financial position date that require adjustment or disclosure in the financial statements.





Supplementary Information And Annexures

ESTATE HECTARAGE STATEMENT

Area (Ha)	2025/ 2026	2024/ 2025	2023/ 2024	2022/ 2023	2021/ 2022	2020/ 2021	2019/ 2020	2018/ 2019	2017/ 2018	2016/ 2017
Tea Mature	3,335.54	3,318.32	3,346.06	3,384.94	3,879.06	4,027.14	4,078.80	4,057.90	4,117.00	4,098.00
Tea Immature	154.46	145.52	61.95	88.42	98.26	29.95	34.29	51.29	64.74	45.29
Tea	**3,490.00**	**3,463.84**	**3,408.01**	**3,473.36**	**3,977.32**	**4,057.09**	**4,113.09**	**4,109.19**	**4,181.74**	**4,143.29**
Timber/ Fuelwood	886.88	883.32	751.58	728.03	1,067.81	991.47	1,068.29	1,079.29	1,027.29	1,058.14
Nursery	13.74	12.08	12.08	12.08	10.67	12.08	13.08	12.08	12.08	12.08
Other Cultivated Area	155.97	173.41	194.49	182.54	111.74	123.69	56.69	61.19	45.74	45.74
Roads/ Buildings/ Gardens/ Water Shed Management etc	2,659.79	2,673.73	2,840.22	2,810.37	2,038.84	2,022.05	1,955.23	1,944.63	1,939.53	1,947.13
Other	**3,716.38**	**3,742.54**	**3,798.37**	**3,733.02**	**3,229.06**	**3,149.29**	**3,093.29**	**3,097.19**	**3,024.64**	**3,063.09**
Company	**7,206.38**	**7,206.38**	**7,206.38**	**7,206.38**	**7,206.38**	**7,206.38**	**7,206.38**	**7,206.38**	**7,206.38**	**7,206.38**

CROPS AND YIELDS

Production (Kg'000)

Region	2025/ 2026	2024/ 2025	2023/ 2024	2022/ 2023	2021/ 2022	2020/ 2021	2019/ 2020	2018/ 2019	2017/ 2018	2016/ 2017
Tea										
Watawala	1,302	1,309	1,662	1,354	2,102	2,900	2,122	1,797	2,073	1,893
Hatton	3,774	3,483	3,504	3,153	4,501	4,910	4,011	3,335	3,749	3,459
Lindula	2,060	1,978	2,023	1,599	2,103	2,151	1,996	1,925	2,088	1,835
Tea	**7,136**	**6,770**	**7,189**	**6,106**	**8,706**	**9,960**	**8,128**	**7,057**	**7,909**	**7,187**

Yield per hectarage (kg)

Region	2015/ 2016	2024/ 2025	2023/ 2024	2022/ 2023	2021/ 2022	2020/ 2021	2019/ 2020	2018/ 2019	2017/ 2018	2016/ 2017
Tea										
Watawala	1,095	1,172	1,285	956	1,292	1,448	1,220	1,221	1,329	1,269
Hatton	1,636	1,683	1,786	1,477	1,693	1,514	1,414	1,469	1,480	1,224
Lindula	1,309	1,257	1,332	1,065	1,290	1,207	1,229	1,217	1,305	1,152
Tea	**1,363**	**1,378**	**1,471**	**1,174**	**1,425**	**1,371**	**1,294**	**1,309**	**1,374**	**1,213**

PERMANENT BUILDINGS ON ESTATES

BUILDINGS	KNL	CAR	WIG	SHN	ABB	DCK	VEL	STD	AGR	HEN	LIP/ OUV	TNG	WAL	Total
Factories	1	1	–	1	1	2	1	1	1	1	2	1	1	14
Bungalows	5	3	2	1	4	5	6	3	2	4	3	2	5	45
Senior Staff Bungalows	8	11	2	8	7	11	10	10	4	9	10	9	9	108
Junior Staff Bungalows	14	17	15	19	25	46	26	24	13	34	25	21	30	309
JEDB Quarters	–	–	18	–	–	23	–	–	–	–	–	–	–	41
Double Barrack lines	22	8	16	6	10	50	9	17	12	23	17	10	10	210
Single Barrack lines	15	34	24	11	25	50	78	48	11	25	23	41	52	437
Twin Cottages	48	67	–	69	21	104	69	54	36	46	45	74	17	650
Single Cottages	–	–	–	20	2	137	3	125	–	–	–	–	–	287
Upstairs Houses	–	39	–	–	–	–	–	–	–	19	–	–	–	58
Single Houses	123	75	5	99	67	178	60	183	77	199	119	75	211	1,471
Crèches	6	5	1	3	4	6	7	7	2	5	6	5	7	64
Dispensary	2	1	1	1	1	2	1	1	1	1	2	1	2	17
Maternity Ward	–	1	7	–	1	–	1	1	–	1	1	–	1	14
Minor Buildings	11	11	1	11	18	25	9	–	5	1	13	10	1	116
Training Centres	1	–	1	1	–	1	1	1	–	–	–	1	1	8
Estate Workers Housing														
Cooperating Society (EWHCS)	–	1	7	1	1	1	1	1	1	–	1	1	1	17
Any Other Buildings	–	–	17	1	–	–	14	1	1	2	–	5	7	48
Temples	8	11	4	3	7	10	2	7	4	6	7	3	8	80
Church	2	2	2	2	1	2	5	2	1	1	2	4	2	28
Muster sheds	5	5	–	3	4	5	1	5	2	5	6	–	7	48
Field Rest Rooms	3	5	–	3	1	5	1	2	–	5	1	1	7	34
GS Office Room	–	–	–	1	1	1	–	1	–	1	–	–	1	6
Elders Club	1	–	–	1	–	1	1	–	–	1	–	–	7	12
Vocational Training Centre	1	–	–	–	–	–	1	–	–	–	–	–	1	3
Dormitory	1	–	–	–	–	–	2	–	–	–	–	1	–	4
Library	1	–	–	1	–	–	1	1	–	1	–	2	1	8
Pre School	–	–	–	–	–	–	–	6	2	5	2	2	6	23
Other Buildings														
Water Bottling Factory/ Bulk Tea	–	–	–	–	–	–	–	1	–	–	–	–	–	1
Sales Centre	–	–	–	–	–	–	1	1	–	–	–	1	–	3
Vehicle Garage	–	3	–	1	–	–	–	1	–	1	1	–	1	8
Bulk Tea Sales Centre (Containers)	-	–	–	–	–	–	–	1	–	1	–	–	–	2
Mandira Bungalows	–	–	–	–	–	2	–	1	–	–	–	–	–	3
Mandira Bungalow Servant's House	–	–	–	–	–	–	–	1	–	–	–	–	–	1
Tea Cup Manager's Bungalow	–	–	–	–	–	–	–	1	–	–	–	–	–	1
Shannon Asst. Manager's Bungalow - Audit	–	–	–	1	–	–	–	–	–	–	–	–	–	1
Bungalows - Vellaioya	–	–	–	–	–	–	2	–	–	–	–	–	–	2
Manure Store	–	2	1	–	1	1	–	3	1	1	–	–	1	11
Staff Club	–	1	–	–	–	–	–	–	–	–	–	–	–	1
Total	**278**	**303**	**124**	**268**	**202**	**668**	**313**	**511**	**176**	**398**	**286**	**270**	**397**	**4,194**

PERFORMANCE HIGHLIGHTS

HISTORICAL FINANCIAL INFORMATION

STATEMENT OF FINANCIAL POSITION

	GROUP													
	2026	2025	2024	2023	2022	2026	2025	2024	2023	2022	2021 **	2020 **	2019	2018
ASSETS														
Non-current assets														
Right-of-use assets	415,344	368,097	318,420	214,669	208,733	415,344	368,097	318,420	214,669	208,733	202,264	207,471	106,843	110,918
Immovable estate assets	78	5,187	10,297	15,407	20,517	78	5,187	10,297	15,407	20,517	31,638	42,758	53,878	62,369
Property, plant and equipment other than bearer plants	1,515,106	1,412,574	1,455,215	1,482,686	1,436,965	1,208,106	1,086,830	1,105,382	1,108,663	1,039,150	984,239	995,555	1,042,488	1,153,612
Bearer plants	1,809,831	1,567,806	1,360,012	1,138,186	798,506	1,809,831	1,567,806	1,360,012	1,138,186	798,506	630,626	592,692	619,528	662,345
Biological assets - consumable	2,350,401	2,300,446	2,250,472	2,047,687	1,627,587	2,350,401	2,300,446	2,250,472	2,047,687	1,627,587	1,463,893	1,325,651	700,140	679,356
Investment in subsidiary at fair value through other comprehensive income	-	-	-	-	-	605,329	586,142	556,141	466,405	533,821	-	-	-	-
Equity investments at fair value through other comprehensive income	31,173	26,543	27,403	18,428	22,044	31,173	26,543	27,403	18,428	22,044	32,057	17,587	24,686	21,645
Long term investment	-	-	-	-	261,916	-	-	-	-	261,916	-	-	-	-
Total non-current assets	**6,121,933**	**5,680,653**	**5,421,819**	**4,917,063**	**4,376,268**	**6,420,262**	**5,941,051**	**5,628,127**	**5,009,445**	**4,512,274**	**3,344,717**	**3,181,714**	**2,547,563**	**2,690,245**
Current assets														
Inventories	24,320	30,324	20,038	832,524	452,925	24,320	30,324	20,038	831,353	452,925	590,550	356,016	440,351	678,439
Biological assets-produce crops on bearer plants	606,643	609,153	632,889	23,656	17,382	605,133	607,982	631,718	23,656	17,382	18,920	9,254	14,612	19,891
Trade and other receivables	500,155	213,008	244,663	369,150	241,031	492,574	205,381	239,837	276,125	139,028	277,870	150,311	233,666	185,688
Amounts due from related companies	1,231	263	957	313,469	59,331	1,231	263	957	317,711	48,310	30,039	20,986		
Short term investment in financial assets	1,036,897	1,113,085	600,489	463,386	153,911	1,036,897	1,113,085	600,489	463,386	153,911	249,843	135,000	-	-
Cash and cash equivalents	331,852	536,311	504,453	186,283	254,488	300,378	482,771	447,339	184,003	253,105	357,017	327,072	185,224	255,493
Total current assets	**2,501,098**	**2,502,144**	**2,003,489**	**2,188,468**	**1,179,068**	**2,460,533**	**2,439,806**	**1,940,378**	**2,096,234**	**1,064,661**	**1,524,239**	**998,639**	**873,853**	**1,139,511**
Total assets	**8,623,031**	**8,182,797**	**7,425,308**	**7,105,531**	**5,555,336**	**8,880,795**	**8,380,857**	**7,568,505**	**7,105,679**	**5,576,935**	**4,868,956**	**4,180,353**	**3,421,416**	**3,829,756**
EQUITY AND LIABILITIES														
Capital and reserves														
Stated Capital	1,803,400	1,803,400	1,803,400	1,803,400	1,803,400	1,803,400	1,803,400	1,803,400	1,803,400	1,803,400	1,803,400	1,803,400	1,803,400	1,803,400
Reserve on rearrangement													-	52,798
Reserve on equity investments at FVOCI	14,287	15,779	16,640	7,665	11,281	116,762	142,986	113,845	15,134	86,166	21,294	6,824	3,041	-
Retained earnings	3,496,469	3,219,803	2,838,275	2,695,890	1,432,546	3,724,746	3,431,195	3,026,904	2,767,941	1,467,718	1,068,491	352,608	(242,754)	95,457
Equity attributable to equity holders of the parent	**5,314,156**	**5,038,982**	**4,658,315**	**4,506,955**	**3,247,227**	**5,644,908**	**5,377,581**	**4,944,149**	**4,586,475**	**3,357,284**	**2,893,185**	**2,162,832**	**1,563,687**	**1,951,655**
Non-controlling interests	14,185	14,993	16,082	18,536	20,298	-	-	-	-	-	-	-	-	-
Total equity	**5,328,341**	**5,053,975**	**4,674,397**	**4,525,491**	**3,267,525**	**5,644,908**	**5,377,581**	**4,944,149**	**4,586,475**	**3,357,284**	**2,893,185**	**2,162,832**	**1,563,687**	**1,951,655**
Non-current liabilities														
Borrowings	12,864	64,313	115,762	175,393	309,337	12,864	64,313	115,762	175,393	309,337	128,717	196,700	50,541	151,878
Lease liability	482,152	430,377	364,097	246,734	232,112	482,152	429,408	364,097	246,734	232,112	217,495	214,137	188,664	193,024
Retirement benefit obligation	811,603	840,176	884,131	824,909	768,409	803,023	831,393	876,592	818,381	761,472	744,725	1,017,309	1,011,911	661,290
Deferred capital grants	92,098	95,989	102,490	110,638	112,878	92,098	95,989	102,490	110,638	112,878	115,051	121,320	127,588	133,857
Deferred tax liability	683,061	599,493	518,721	350,269	100,029	638,934	504,641	416,392	305,751	45,549	116,547	75,045	48,606	95,646
Total non-current liabilities	**2,081,778**	**2,030,348**	**1,985,201**	**1,707,943**	**1,522,765**	**2,029,071**	**1,925,744**	**1,875,333**	**1,656,897**	**1,461,348**	**1,322,535**	**1,624,511**	**1,427,310**	**1,235,695**
Current liabilities														
Borrowings	178,959	161,559	59,631	238,605	371,430	178,959	161,559	59,631	238,605	371,430	101,138	141,658	96,277	101,824
Lease liability	13,610	3,518	4,424	2,817	2,353	13,610	4,487	4,424	2,817	2,353	1,245	973	4,359	4,191
Trade and other payables	857,635	809,933	658,458	593,177	376,549	855,903	808,248	656,903	591,182	374,786	506,619	250,379	322,348	499,794
Current income tax liability	162,708	123,464	43,197	37,498	14,714	158,344	103,238	28,065	29,703	9,734	44,234	-	7,435	36,597
Total current liabilities	**1,212,912**	**1,098,474**	**765,710**	**872,097**	**765,046**	**1,206,816**	**1,077,532**	**749,023**	**862,307**	**758,303**	**653,236**	**393,010**	**430,419**	**642,406**
Total liabilities	**3,294,690**	**3,128,822**	**2,750,911**	**2,580,040**	**2,287,811**	**3,235,887**	**3,003,276**	**2,624,356**	**2,519,204**	**2,219,651**	**1,975,771**	**2,017,521**	**1,857,729**	**1,878,101**
Total equity and liabilities	**8,623,031**	**8,182,797**	**7,425,308**	**7,105,531**	**5,555,336**	**8,880,795**	**8,380,857**	**7,568,505**	**7,105,679**	**5,576,935**	**4,868,956**	**4,180,353**	**3,421,416**	**3,829,756**

** Restated - Statement of Financial Position

PERFORMANCE HIGHLIGHTS

STATEMENT OF INCOME

	GROUP												
	Year ended 2025/2026	Year ended 2024/2025	Year ended 2023/2024	Year ended 2022/2023	Year ended 2021/2022	Year ended 2025/2026	Year ended 2024/2025	Year ended 2023/2024	Year ended 2022/2023	Year ended 2021/2022	Year ended 2020/2021 **	Year ended 2019/2020 **	Year ended 2018/2019
Revenue	8,107,183	7,709,932	7,724,871	7,708,019	5,392,519	8,013,683	7,587,967	7,633,209	7,619,812	5,353,963	5,635,888	4,184,464	4,039,996
Cost of sales	(6,837,856)	(6,499,334)	(6,576,677)	(5,798,933)	(5,014,862)	(6,787,320)	(6,448,542)	(6,529,625)	(5,754,942)	(4,991,572)	(5,035,614)	(4,275,443)	(3,945,228)
Gross (loss)/profit	**1,269,327**	**1,210,598**	**1,148,194**	**1,909,086**	**377,657**	**1,226,363**	**1,139,425**	**1,103,584**	**1,864,870**	**362,391**	**600,274**	**(90,979)**	**94,768**
Other income	125,696	143,693	120,578	76,881	109,537	158,759	198,266	183,889	147,607	180,295	94,134	133,426	105,372
Gain on change in fair value of biological assets	43,006	51,893	187,314	397,981	147,378	43,006	51,893	187,314	397,981	147,378	126,625	612,578	3,803
Administrative expenses	(390,563)	(346,365)	(287,701)	(294,155)	(179,953)	(377,184)	(332,352)	(275,958)	(283,412)	(174,270)	(185,866)	(137,239)	(259,357)
Operating (loss)/profit	**1,047,466**	**1,059,819**	**1,168,385**	**2,089,793**	**454,619**	**1,050,944**	**1,057,232**	**1,198,829**	**2,127,046**	**515,794**	**635,167**	**517,786**	**(55,414)**
Finance income	106,386	114,708	126,109	121,600	33,859	103666	109,516	123,967	119,844	32,616	32,030	24,691	16,072
Finance costs	(50,224)	(29,119)	(77,852)	(112,490)	(44,346)	(50,227)	(29,119)	(77,852)	(112,490)	(44,346)	(13,989)	(25,347)	(34,266)
Interest paid to government on lease	(104,704)	(100,139)	(85,833)	(57,631)	(53,599)	(104,704)	(100,139)	(85,833)	(57,631)	(53,599)	(51,531)	(49,872)	(44,194)
Net finance costs	**(48,542)**	**(14,550)**	**(37,576)**	**(48,521)**	**(64,086)**	**(51,265)**	**(19,742)**	**(39,718)**	**(50,277)**	**(65,329)**	**(33,490)**	**(50,528)**	**(62,388)**
Gain on bargain purchase	-	-	-	-	25,979		-	-	-	-	-	-	-
Profit/(Loss) before income tax	**998,924**	**1,045,269**	**1,130,809**	**2,041,272**	**416,512**	**999,679**	**1,037,490**	**1,159,111**	**2,076,769**	**450,465**	**601,677**	**467,258**	**(117,802)**
Income tax expense	(272,735)	(326,419)	(236,180)	(371,719)	116,255	(257,213)	(297,831)	(148,943)	(370,818)	117,604	(64,511)	(17,790)	5,213
Profit/(Loss) for the year	**726,189**	**718,850**	**894,629**	**1,669,553**	**532,767**	**742,466**	**739,659**	**1,010,168**	**1,705,951**	**568,069**	**537,166**	**449,468**	**(112,589)**
Other comprehensive income:													
Changes in the fair value of equity investments at fair value through comprehensive income	4,630	(860)	8,975	(3,616)	(10,013)	23,817	29,141	98,711	(71,032)	64,872	14,470	1,134	3,041
Remeasurements of post-employment benefit obligations	35523	(140,918)	(58,710)	(70,816)	(19,898)	34,885	(141,002)	(58,864)	(72,469)	(20,604)	345,406	72,515	(254,945)
Income tax relating to these items	(16,780)	42,277	17,613	21,245	(30,004)	(60,507)	42,301	17,659	21,741	(29,905)	(48,356)	(10,152)	35,692
Total other comprehensive income for the year (net of tax)	**23,373**	**(99,501)**	**(32,122)**	**(53,187)**	**(59,915)**	**(1,805)**	**(69,560)**	**57,506**	**(121,760)**	**14,363**	**311,520**	**63,497**	**(216,212)**
Total comprehensive income/(loss) for the year	**749,562**	**619,349**	**862,507**	**1,616,366**	**472,852**	**740,661**	**670,099**	**1,067,674**	**1,584,191**	**582,432**	**848,686**	**512,965**	**(328,801)**

** Restated - Statement of Profit or Loss

PERFORMANCE HIGHLIGHTS

CASH FLOW

	GROUP													
	Year ended 2025/2026	Year ended 2024/2025	Year ended 2023/2024	Year ended 2022/2023	Year ended 2021/2022	Year ended 2025/2026	Year ended 2024/2025	Year ended 2023/2024	Year ended 2022/2023	Year ended 2021/2022	Year ended 2020/2021	Year ended 2019/2020	Year ended 2018/2019	Six months ended 2017/2018
Net cash generated from operating activities	770,998	1,088,663	1,781,853	1,145,148	479,430	756,231	1,033,893	1,659,384	1,080,331	506,867	603,329	113,730	152,939	488,375
Net cash used in investing activities	(359,493)	(761,916)	(421,783)	(532,217)	(965,833)	(320,551)	(706,675)	(357,748)	(471,697)	(892,595)	(293,253)	(173,565)	(52,965)	(65,122)
Net cash generated from / (used in) financing activities	(637,334)	(404,999)	(937,239)	(561,128)	53,747	(635,472)	(401,896)	(933,639)	(557,728)	57,147	(245,085)	166,637	(170,243)	(171,494)
(Decrease) / increase in cash and cash equivalents	(225,829)	(78,252)	422,831	51,803	(432,656)	(199,793)	(74,678)	367,997	50,906	(328,581)	64,991	106,802	(70,269)	251,759

FINANCIAL RATIOS

	GROUP													
	2025/2026	2024/2025	2023/2024	2022/2023	2021/2022	2025/2026	2024/2025	2023/2024	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
OPERATING RATIOS														
Annual turnover growth %	5.2%	-0.2%	0.2%	1.2%	0.7%	5.6%	-0.6%	0.2%	41.3%	-5.0%	34.7%	3.6%	-13%	0
Profit Growth %	1.0%	-19.6%	-46.4%	213.4%	-0.8%	0.4%	-26.8%	-40.8%	200.3%	5.8%	19.5%	499.2%	-123%	0
Turnover per employee (Rs.'000)	2,608	2,480	1,427	1,424	915	2,588	2,450	1,729	1,412	911	911	635	571	662
PROFITABILITY RATIOS														
Return on equity %	13.7%	14.3%	19.2%	37.0%	16.4%	13.2%	13.8%	20.4%	37.2%	16.9%	18.6%	20.8%	-7.2%	12.3%
Gross Profit Margin %	15.7%	15.7%	14.9%	24.8%	7.0%	15.3%	15.0%	14.5%	24.5%	6.8%	10.7%	-2.2%	2.3%	18.8%
Net Profit Margin %	9.0%	9.3%	11.6%	21.7%	9.9%	9.3%	9.7%	13.2%	22.4%	10.6%	9.5%	10.7%	-2.8%	10.4%
LIQUIDITY RATIOS														
Current ratio (Times)	2.06	2.28	2.62	2.51	1.54	2.04	2.26	2.59	2.43	1.40	2.33	2.54	2.03	1.77
Quick Ratio (Times)	2.04	2.25	2.59	1.55	0.95	2.02	2.24	2.56	1.47	0.81	1.43	1.64	1.01	0.72
SOLVENCY RATIOS														
Debt equity ratio (Times)	0.0361	0.0448	0.04	0.09	0.21	0.0340	0.0420	0.04	0.09	0.20	0.08	0.16	0.09	0.13
EBIT	1,153,852	1,174,527	1,294,494	2,211,393	514,457	1,154,610	1,166,748	1,322,796	2,246,890	548,410	667,197	542,477	(39,342)	427,530
Average Assets	8,402,914	7,804,053	7,265,420	6,330,434	7,218,066	8,630,826	7,974,681	7,337,092	6,341,307	5,222,946	4,524,655	3,800,885	3,625,586	1,914,878
ROA	14%	15%	18%	35%	7%	13%	15%	18%	35%	11%	15%	14%	-1%	22%
Debt Ratio (Times)	0.38	0.38	0.37	0.36	0.41	0.36	0.36	0.35	0.35	0.40	0.41	0.48	0.54	0.49
Interest cover (Times)	-	-	6.47	13.00	5.26	-	6.47	8.09	13.21	5.60	10.19	7.22	(0.51)	11.56
Total assets to current liabilities %	14%	13%	10%	12%	14%	14%	13%	10%	12%	14%	13%	9%	13%	17%
INVESTOR RATIOS														
Annualised earning per share (Rs.)	3.07	3.04	3.78	7.05	2.25	3.14	3.13	4.27	7.21	2.40	2.27	1.90	(0.48)	2.04
Price earning share (Times)	7.53	9.12	6.80	2.65	3.73	7.36	8.86	6.02	2.59	3.50	3.83	2.21	(13.96)	3.82
Dividend per share (Rs.)	2.00	1.00	3.00	1.50	0.50	2.00	1.00	3.00	1.50	0.50	0.50	0.00	0.25	0.50
Dividend payout ratio	65%	33%	79%	21%	22%	64%	32%	70%	21%	21%	22%	0%	-53%	49%
Dividend cover (Times)	1.53	3.04	1.26	4.77	4.50	1.57	3.13	1.42	4.87	4.80	4.54	0.00	(1.90)	2.04
Market Capitalization (Rs.'000)	5,467,000	6,555,667	6,082,333	4,425,667	1,988,000	5,467,000	6,555,667	6,082,333	4,425,667	1,988,000	2,059,000	994,000	1,585,667	1,846,000
Net assets value per share (Rs.)	22.45	21.29	19.68	19.04	13.72	23.85	22.72	20.89	19.38	14.19	12.22	9.14	6.61	8.25
Enterprise value	5,836,918	6,694,116	6,137,876	4,921,469	2,648,744	5,854,207	6,732,663	6,178,908	4,905,213	2,650,127	2,150,578	1,220,396	1,740,284	2,041,424

Name of Estate	LAND EXTENT				PRODUCTION					EMPLOYEES	
	Total Extent Ha	Revenue Extent Tea Ha	Other Ha	Total Cultivated Extent Ha	Elevation Category	Main Crop	Type of Factory	Factory Elevation Meters	Crop with Bought Crop Kgs	Staff (Nos)	Workers (including Casuals) (Nos)
Watawala Region											
Kenilworth	600.86	250.86	187.00	437.86	Western Medium Grown	Tea	Ortho/RV	616	426,132	27	326
Carolina	892.42	212.32	205.72	418.04	Western Medium Grown	Tea	CTC	960	442,665	19	230
Wigton	667.58	113.12	50.53	163.65	Western Medium Grown	Tea	-		193,908	8	134
Shannon	262.04	171.34	27.59	198.93	Western High Grown	Tea	Ortho/RV	1372	239,605	19	322
Sub Total	**2,422.90**	**747.64**	**470.84**	**1,218.48**					**1,302,310**	**73**	**1,012**
Hatton Region											
Abbotsleigh	427.46	240.16	110.34	350.50	Western High Grown	Tea	CTC	1330	1,606,464	39	572
Dickoya	629.59	274.72	131.57	406.29	Western High Grown	Tea	Ortho/RV	1292	649,244	28	480
Vellaioya	840.00	326.50	218.65	545.15	Western Medium Grown	Tea	Ortho/RV	1331	541,125	30	680
Strathdon	644.39	257.76	148.65	406.41	Western Medium Grown	Tea	CTC	1112	977,371	34	547
Sub Total	**2,541.44**	**1,099.14**	**609.21**	**1,708.35**					**3,774,204**	**131**	**2,279**
Lindula Region											
Waltrim	578.25	400.71	11.50	412.21	Western High Grown	Tea	Ortho/RV	1400	608,223	36	716
Henfold	540.00	412.15	10.25	422.40	Western High Grown	Tea	Ortho/RV	1381	604,710	35	645
Tangakelle	367.79	282.31	46.26	328.57	Western High Grown	Tea	Ortho/RV	1472	298,679	23	397
Agrakande	228.75	134.75	67.60	202.35	Western High Grown	Tea	Green Tea	1369	247,565	16	284
Ouvahkelle	527.25	258.84	144.20	403.04	Western High Grown	Tea	Re-processing	1573	300,360	25	420
Sub Total	**2,242.04**	**1,488.76**	**279.81**	**1,768.57**					**2,059,537**	**135**	**2,462**
Grand Total	**7,206.38**	**3,335.54**	**1,359.86**	**4,695.40**					**7,136,051**	**339**	**5,753**

SHAREHOLDERS' AND INVESTORS' INFORMATION

Stock exchange listing

The issued shares of Hatton Plantations PLC are listed with the Colombo Stock Exchange (CSE) in Sri Lanka. The Audited Statement of Income for the period ended 31 March 2026 and the Audited Statement of financial position at that date have been submitted to the Colombo Stock Exchange within three months of the Statement of Financial Position date.

Shareholders information

Total no of Shareholders as at 31 March 2026 – 17,572 (as at 31 March 2025 – 16,269)

Public Share Holding

The Percentage of shares held by the public: 25.16% (2024/2025 – 11.99%) held by 17,568 ordinary shareholders (2024/2025-16,266).

	Option	Float adjusted market capitalization	Public holdling Percentage	No of public shareholders
Listing rule 7.13.1 (i) b	1	LKR 1 Bn Above	7.50%	200
Compliance by HPL		LKR 1.369 Bn	25.16%	17,568

A). Resident/Non Resident Holders - (Manual) & (CDS)

	Residents			Non Residents			Total		
Shareholdings	No of Shareholders	No of Shares	Percentage (%)	No of Shareholders	No of Shares	Percentage (%)	No of Shareholders	No of Shares	Percentage (%)
1 to 1,000	9,434	4,044,637	1.71	3.00	1,052	0.00	9,437	4,045,689	1.71
1,001 to 10,000	7,750	16,558,582	7.00	2.00	10,705	0.00	7,752	16,569,287	7.00
10,001 to 100,000	334	9,777,027	4.13	7.00	199,518	0.08	341	9,976,545	4.21
100,001 to 1,000,000	37	9,034,845	3.82	1.00	773,346	0.33	38	9,808,191	4.15
Over 1,000,000	4	196,266,959	82.93	0.00	0	0.00	4	196,266,959	82.93
Total	17,559	235,682,050	99.59	13.00	984,621	0.41	17,572	236,666,671	100.00

B). Institutional/Non Institutional Holders - (Manual) & (CDS)

	Institutional			Non Institutional			Total		
Shareholdings	No of Shareholders	No of Shares	Percentage (%)	No of Shareholders	No of Shares	Percentage (%)	No of Shareholders	No of Shares	Percentage (%)
Individual	17,452	35,453,881	14.98	12.00	211,275	0.09	17,464	35,665,156	15.07
Institutional	107	200,228,169	84.60	1.00	773,346	0.33	108	201,001,515	84.93
Total	17,559	235,682,050	99.58	13.00	984,621	0.42	17,572	236,666,671	100.00

Share Trading Information from 1 April 2025 to 31 March 2026

	2026	2025
Highest during the period	40.00	32.70
Lowest during the period	21.80	27.00
Last traded price on 31.03	23.00	27.70
No. of transactions	17,701	7,592
No. of Shares traded	60,225,390	7,640,432
Value of Shares traded (LKR)	1,766,706,583	221,148,800

Twenty (20) largest shareholders

		31st March 2026		31st March 2025	
		No of Shares held	% of the holding	No of Shares held	% of the holding
01	Lotus Renewable Energy (Private) Limited	147,863,086	62.48	179,034,370	75.65
02	Regency Teas (Pvt) Ltd	29,065,923	12.28	29,065,923	12.28
03	DFCC Bank PLC/ Durga Infra (Private) Limited	19,337,950	8.17	-	-
04	MR. V. Sunilgavasker	867,772	0.37	-	-
05	Deutsche Bank Ag Singapore A/C 2	773,346	0.33	805,216	0.34
06	MR. K. Thineskumar	630,729	0.27	-	-
07	Deutsche Bank AG-National Equity Fund	613,399	0.26	-	-
08	Mrs. N. Muljie	552,900	0.23	552,900	0.23
09	MR. Y.G.M.R.M. Siman	449,448	0.19	-	-
10	Mr. M.I. Abdul Hameed	350,000	0.15	350,000	0.15
11	MR. S.T. Herat	336,378	0.14	-	-
12	Ranavav Holdings (Private) Limited	313,625	0.13	-	-
13	MRS. F.T. Shafie	300,000	0.13	-	-
14	Commercial Bank of Ceylon PLC/R.H.P. Janadheera	288,342	0.12	-	-
15	Union Investments Private Ltd	262,000	0.11	262,000	0.11
16	DR. C. Alwishewa	254,341	0.11	-	-
17	MR. A.N. Handunpathirana	251,258	0.11	-	-
18	Mr. B.L.S.Peiris	210,000	0.09	200,000	0.08
19	Mr.H A R Peiris	210,000	0.09	130,000	0.05
20	Mr. M.M. Hashim	203,900	0.09	151,900	0.06
	Sub total	**203,134,397**	**85.85**	**210,552,309**	**88.95**
	Others	**33,532,274**	**14.15**	**26,114,362**	**11.05**
	Grand total	**236,666,671**	**100.00**	**236,666,671**	**100.00**

Share trading information-last five years

	2026	2025	2024	2023	2022
Highest during the year	40.00	32.70	33.00	26.20	15.00
Lowest during the year	21.80	27.00	17.80	18.50	8.00
As at 31 March	23.10	27.70	25.70	18.70	8.40
No. of shares	236,666,671	236,666,671	236,666,671	236,666,671	236,666,671

GRI INDEX 2025

Statement of use Hatton Plantations PLC reported this information cited in this GRI context index for the period 01 April 2024 - 31 March 2025 with reference to the GRI Standards

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GLOSSARY

FINANCIAL TERMS

ACCOUNTING POLICIES
Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

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
The harvested product of the entity's biological assets.

AMORTISATION
The systematic allocation of depreciable amount of an intangible asset over its useful life.

BEARER BIOLOGICAL ASSETS
Biological assets those are not to be harvested as agricultural produce or sold as biological assets. The biological assets other than the consumable biological assets.

BORROWINGS/DEBT
Bank loans, overdrafts, long term loans, debentures, finance lease obligations and interest bearing liabilities.

CAPEX
Capital Expenditure

CAPITAL EMPLOYED
Shareholder's funds plus non controlling interests and debts.

CASH EQUIVALENTS
High liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of change in value.

CONSUMABLE BIOLOGICAL ASSETS
Includes managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

CONTINGENT LIABILITY
A condition or situation existing at the balance sheet date due to past events, where the financial effect is not recognised because:

1. The obligation is crystallised by the occurrence or non occurrence of one or more future events or,

2. A probable outflow of economic resources is not expected or,

3. It is unable to be measured with sufficient Reliability.

COP
Cost of Production. This generally refers to the cost of producing a kilo of produce (Tea).

COS
Cost of Sale. The cost incurred on preparation to salable condition of the goods sold.

CROP
The total produce harvested over a given period of time. (Usually during a financial year).

CURRENT RATIO
Current assets divided by current liabilities.

DEBT/ EQUITY RATIO
Debt as a percentage of shareholders funds and non controlling interests.

DEFERRED TAXATION
The net tax effect on items which have been included in the Income Statement, which would only qualify for inclusion on a tax return at a future date.

DIVIDENDS
Distribution of profits to holders of equityinvestments.

DIVIDEND PAY OUT
Dividend per share divided by Earnings per share.

EARNINGS PER SHARE - EPS
Profit attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period

EBIT
Abbreviation for Earnings Before Interest and Tax.

EBITDA
Abbreviation for Earnings Before Interest Tax Depreciation & mortisation.

EBITDA MARGIN
EBITDA divided by Revenue.

ENTERPRISE VALUE – EV
Market Capitalisation plus Debt, Minority Interest & Preferred shares minus total Cash and Cash equivalents.

ENTERPRISE MULTIPLE – EM
Enterprise Value (EV) divided by Earnings before Interest Tax Depreciation and Amortisation (EBITDA)

MARKET VALUE ADDED – MVA
Shareholder funds divided by the market value of shares

EPF
Employee Provident Fund

ETF
Employee Trust Fund

HARVEST
Detachment of produce from a Biological Asset or the cessation of Biological Assets life processes.

IFRS
International Financial Reporting Standards.

INTEREST COVER
Consolidated profit before interest and tax over finance expenses.

LKAS
Sri Lanka Accounting Standards.

MARKET CAPITALISATION
Number of shares in issue at the end of the period multiplied by the market price at the end of period.

NET ASSETS
Total assets less current liabilities less long term liabilities less non - controlling interests.

NET ASSETS PER SHARE
Net assets as at a particular financial year end divided by the number of shares in issue as at the current financial year end.

NON CONTROLLING INTEREST
Part of the net results of operations and net assets of a subsidiary attributable to interests which are not owned, directly or indirectly, through Subsidiaries, by the Parent Company.

PRICE EARNINGS RATIO
Market price of a share divided by earnings per share.

PBT
Profit before tax

RELATED PARTIES
Parties who could control or significantly influence the financial and operating policies of the business.

RETURN ON EQUITY (ROE)
Profits attributable to shareholders as a percentage of average shareholders' funds.

RETURN ON CAPITAL EMPLOYED
Profit before tax and net finance cost divided by capital employed.

SHAREHOLDERS' FUNDS
Total of stated capital, capital reserves and revenue reserves.

SLFRS
Sri Lanka Financial Reporting Standards.

SORP
Statement of Recommended Practices.

RETIREMENT BENEFIT OBLIGATION
Present Value of a RetirementBenefit obligation is the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

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.

CURRENT SERVICE COST
Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

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.

Present value of a retirement 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.

REVENUE RESERVES
Reserves considered as being available for distributions and investments.

SEGMENT
Constituent business units grouped in terms of nature and similarity of operations.

VALUE ADDITIONS
The quantum of wealth generated by the activities of the company and its application.

WORKING CAPITAL
Capital required financing day-to-day operations (Current Assets less CurrentLiabilities).

UITF
Urgent Issue Tasks Force of The Institute of Chartered Accountants of Sri Lanka.

NON FINANCIAL TERMS

BIOMASS
Bioenergy, are fuels that is developed from organic materials

BRIQUETTES
Compressed Block of coal dust or other combustible Biomass material (Eg: Charcoal, Sawdust, Wood chip, peat, or paper) used for fuel and kindling to start a fire.

CBA
Colombo Brokers Association

CIPM
Charted Institute of Personnel Management

CPFP
Child Protection Focal Points

CTTA
Colombo Tea Traders Association

CTA
Colombo Tea Auctions

ECOSYSTEM
Geographic area where plants, animals and other organisms as well as weather and landscape, work together to form a bubble of life

EMS
Environment Management System

ENMS
Energy Management System

ENERGY INTENSITY
The amount of energy used to produce a given level of output or activity

EROM
Enterprises Risk & Opportunity Management

ETHICAL TEA PARTNERSHIP (ETP)
ETP is a non-competitive alliance of 20 international tea packers who share a vision for a thriving industry that is socially just end environmentally sustainable.

EWHCS
Estate Worker Housing Cooperative Societies.

EXTENT IN BEARING
The extent of land from which crop is being harvested. Also see "Mature Plantation".

FIELD
A unit extent of land. Estates are divided into fields in order to facilitate management.

GDP
Global Domestic Production

GSA
The Gross Sales Average. This is the average sale price obtained (over a period of time, for a kilo of produce) before any deductions such as Brokerage etc.

HACCP
Hazard Analysis Critical Control Point System.

A Scientific system which identifies, evaluates and control hazards which are significant for food safety.

HPL
CSE identification code for the Company.

HRD
Human Resource Development

HRMS
Human Resource Management System

ILO
International Labor Organization

IMMATURE PLANTATION
The extent of plantation that is under development and is not being harvested.

INFILLING
A method of field development whereby planting of individual plants is done in order to increase the yield of a given field, whilst allowing the field to be harvested.

ISO
International Organisation for Standardisation.

A worldwide federation of national standard bodies.

KILOGRAM
The kilogram, symbol kg, is the SI unit of measure.

KPI
Key Performance indicators

MATURE PLANTATION
The extent of plantation from which crop is being harvested. Also see "Extent in Bearing".

METRIC TON
The metric ton is a unit of measure, and it is defined as 1,000 kilograms.

MOH
Ministry of Health

MOU
Memorandum of Understanding

MSME
Micro, Small and Medium Enterprises

NAITA
National Apprentice & Industrial Training Authority

NILS
National Institution of Labor Studies

NIPM
National Institute of Plantation Management

NSA
The Net Sales Average. This is the average sale price obtained (over a period of time) after deducting Brokerage fees. etc (Also see GSA).

OHS
Occupational Health & Safety

PHDT
Plantation Human Development Trust

PPE
Personal Protective Equipment

QMS
Quality Management System

RAINFOREST ALLIANCE (RA)
The Rainforest Alliance functions as the Secretariat of the SAN and administrates its certification scheme; RA works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behaviors.

REGENERATIVE BUSINESS
A Regenerative business seeks to restore and replenish ecosystems, fostering positive social and enviornmental impacts while ensuring long-term sustainability

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 tree/bushes and replanting with new trees/bushes.

RSM
Revenue Sharing Model

SEEDLING TEA
Tea grown from a seed. (Also see VP Tea).

SLTB
Sri Lanka Tea Board

SOIL ASSESMENTS
Tests of soil physical, chemical and biological parameters.

TRI
Tea Research Institution.

VP TEA
Vegetatively Propagated tea. i.e. Tea grown from a cutting of a branch of tea plant. (Also see "Seedling").

YIELD
The average crop per unit extent of land over a given period of time. (Usually kgs per hectare per year).

NOTICE OF THE ANNUAL GENERAL MEETING

HATTON PLANTATIONS PLC
REGISTRATION NO. PB 5414PQ

NOTICE IS HEREBY GIVEN THAT THE NINTH (9TH) ANNUAL GENERAL MEETING OF HATTON PLANTATIONS PLC WILL BE HELD ON TUESDAY 30TH JUNE 2026 AT 10.30 A.M. AT ORCHID CONFERENCE HALL AT S W R D BANDARANAIKE NATIONAL MEMORIAL FOUNDATION (BMICH), BAUDDHALOKA MAWATHA, COLOMBO 07.

The business to be brought before the meeting will be:

1. To receive and consider the Annual Report of the Board of Directors and the Statement of Audited Accounts for the year ended 31st March 2026 with the report of the Auditors thereon.

2. To propose the following resolution as an ordinary resolution for the appointment of Mr. W L P Wijewardena who has reached the age of 73 years.

   Ordinary Resolution
   IT IS HEREBY RESOLVED THAT the age limit referred to in Section 210 of the Companies Act No 7 of 2007 shall not apply to Mr. W L P Wijewardena who has reached the age of 73 years prior to this Annual General Meeting and that he be re-appointed

3. To re-elect Mr. Hiro Bhojwani as per Article 30(1) of the Articles of Association.

4. To re-elect Mr. W L P Wijewardena as per Article 31(1) of the Articles of Association.

5. To re-appoint Messrs. Deloitte Partners (Chartered Accountants) and authorize the Directors to determine their remuneration.

6. To authorize the Directors to determine contributions to Charities.

By order of the Board

Corporate Advisory Services (Pvt) Ltd
Secretaries, Hatton Plantations PLC
Colombo
2nd June 2026

Notes:

1. The Annual Report of the Company for 2025/26 is available on the Corporate Website - https://hattonplantations.lk/financial-data/AnnualReports/ Annual-Report-2025-2026.pdf and the on the Colombo Stock Exchange (CSE) website visit https://www.cse.lk/pages/company-profile/companyprofile.component.html?symbol=HPL.N0000
2. A Shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company.
3. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the registered office of the Company No. 168, 2nd Floor, Negombo Road, Peliyagoda or must be e-mailed to info@hattonplantations.lk not less than forty-eight (48) hours before the time fixed for the Meeting.
4. We shall be obliged if the shareholders/proxies attending the Annual General Meeting, produce their National Identity Card to the Security Personnel stationed at the entrance.

FORM OF PROXY

HATTON PLANTATIONS PLC
REGISTRATION NO. PB 5414PQ

I/We.....of.....

being a member / members of Hatton Plantations PLC, hereby appoint:

.....of.....or

failing him, Mr. G D Seaton (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our proxy to vote as indicated hereunder for me/us and on my/our behalf at the Ninth (09th) Annual General Meeting of the Company, to be held on Tuesday 30th June 2026 at 10.30 a.m. at Orchid Conference Hall at S W R D Bandaranaike National Memorial Foundation (BMICH), Bauddhaloka Mawatha, Colombo 07 and at every poll which may be taken in consequence of aforesaid meeting and any adjournment thereof:

	For	Against
1. To receive and consider the Annual Report of the Board of Directors and the Statement of Audited Accounts for the year ended 31st March 2026 with the report of the Auditors thereon.	◯	◯
2. To pass an ordinary resolution to re-appoint Mr. W L P Wijewardena who has reached the age of 73 years, as a Director.	◯	◯
3. To re-elect Mr. Hiro Bhojwani as per Article 30(1) of the Articles of Association.	◯	◯
4. To re-elect Mr. W L P Wijewardena as per Article 30(1) of the Articles of Association.	◯	◯
5. To re-appoint Messrs. Deloitte Partners (Chartered Accountants) as Auditors of the company and authorize the Directors to determine their remuneration.	◯	◯
6. To authorize the Directors to determine contributions to Charities.	◯	◯

Dated this .....day of 2026

.....

Signature of Shareholder

(a) A proxy need not be a member of the Company

(b) Instructions regarding completion appear overleaf.

Shareholders NIC .....

Proxy holders NIC .....

INSTRUCTION AS TO COMPLETION OF THE FORM OF PROXY

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors of the Company) as your proxy, please insert the relevant details at (1) overleaf. The proxy need not be a member of the Company.

3. The completed form of Proxy should be deposited at the registered office of the Company No. 168, 2nd Floor, Negombo Road, Peliyagoda or must be emailed to info@hattonplantations.lk not less than forty eight (48) hours before the time fixed for the Meeting. i.e. before 24th June, 2026.

4. The Proxy shall – (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an Attorney, a notary Public certified copy of the Power of Attorney should be attached to the completed form of Proxy if it has not already been registered with the Company. (b) In the case of a company or corporate/statutory body either be under its Common Seal or signed by its Attorney or by an Officer/s on behalf of the Company or corporate/statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)

5. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

CORPORATE INFORMATION

COMPANY
Hatton Plantations PLC

LEGAL FORM
Companies Act No. 07 of 2007 and listed on the Colombo Stock Exchange

DATE OF INCORPORATION
14th September 2017

COMPANY REGISTRATION NO.
PB 5414PQ

FINANCIAL PERIOD
31ST March

PRINCIPAL LINE OF BUSINESS
Cultivation and Manufacture of Black Tea

STOCK CODE
HPL.N0000

STOCK EXCHANGE LISTING
The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka

THE BOARD OF DIRECTORS
Mr. Gary Seaton
- Chairman
(Appointed as a Director on 17th July 2019 and as the Chairman on 23rd July 2019)

Mr. Menaka Athukorala
- Managing Director
(Appointed as a Director on 17th July 2019, as the Managing Director on 23rd Jul 2019 and as Chief Executive Officer on 31st March 2022)

Mr. Gowri Shankar
-Non Executive Director
(Appointed on 17th July 2019)

Mr. Hiro Bhojwani
-Non Executive Director
(Appointed on 23rd July 2019)

Mr. Indrajith Fernando
-Non Executive/ Independent Director
(Appointed on 17th July 2019)

Mr. Damascene Perera
-Non-Executive Director
(Appointed on 15th January 2021)

Mr. Lucille Wijewardena
-Non-Executive Director
(Appointed on 15th January 2021)

Mr. Mayura Fernando
-Non-Executive Director/ Independent Director
(Appointed on 1st January 2025)

Mr. Aravinda De Silva
-Non-Executive Director/ Independent Director
(Appointed on 16th January 2025)

AUDIT COMMITTEE
Mr. Indrajith Fernando - *Chairman*

Mr. Mayura Fernando -
(Appointed on 1st January 2025)

Mr. Gowri Shankar

REGISTERED OFFICE
No. 168, 2nd Floor, Negombo Road,
Peliyagoda
Tel. Nos. +94 11 4537700
Fax No. +94 11 4537701
Email : info@hattonplantations.lk
Web : www.hattonplantations.lk

BUSINESS OFFICE
No. 168, 2nd Floor, Negombo Road,
Peliyagoda

SECRETARIES
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No. 47, Alexandra Place, Colombo 07
Tel; +94 11 2695782
Fax : +94 11 2695410

REGISTRARS
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No. 101, Inner Flower Road,
Colombo 03
Tel : +94 11 2576871
Email : sspsec@sltnet.lk

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(Chartered Accountants)
No. 100, Braybrooke Place, Colombo 02
Tel : +94 11 7719700,
Fax : +94 11 2303197

TAX CONSULTANTS
KPMG, Chartered Accountants.
No.32A,, Sir Mohamed Macan Markar Mw., Colombo 03
Tel : +94 11 5426426
Fax : +94 11 2445872

SUBSIDIARIE – REGISTERED OFFICE
Mark Merin Services (Pvt) Ltd
No. 168, 2nd Floor, Negombo Road,
Peliyagoda

SUBSIDIARIE – HEAD OFFICE
Mark Merin Services (Pvt) Ltd
No. 168, 2nd Floor, Negombo Road,
Peliyagoda

BANKERS
Nations Trust Bank PLC
Hatton National Bank PLC
National Development Bank PLC
State Bank of India
DFCC Bank PLC
People's Bank PLC
Commercial Bank PLC
Seylan Bank PLC
Sampath Bank PLC

www.hattonplantations.lk