



Powering the Bigger Picture

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In a year where we rose alongside the people of our nation, at LAUGFS Power our responsibility extended beyond energy; we remained committed to supporting the communities we serve, ensuring that our impact continues to make a meaningful difference.

The report you hold reflects a year of investing in our people. We focused on strengthening their capabilities; providing the skills, tools, and support needed to work with greater confidence and precision. As our teams grow, so does our ability to deliver more reliably, preparing us to operate at full strength.

Beyond where we stand today, we continue to explore new opportunities in solar, hydro, and wind power, enhancing how we deliver energy and extend our reach. At the heart of this progress are our people; their dedication, resilience, and shared purpose drive us forward, empowering us to rise together and continue supporting the nation we proudly serve.



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VISION

TO BE THE MOST PREFERRED AND TRUSTED SRI LANKAN CONGLOMERATE THAT TOUCHES THE DAY-TO-DAY LIVES OF PEOPLE IN SRI LANKA AND BEYOND, THROUGH A DIVERSE RANGE OF BUSINESSES THAT EXTENDS ACROSS TRANSNATIONAL BORDERS.

MISSION

Be the leader in the market segments we operate in.

Introduce latest innovations, technology and solutions to add value to the consumer.

Promote a safety culture, encompassing People, Products and Processes.

Ensure fair returns to all our stakeholders.

Lead by example as a responsible corporate entity.

Foster a culture of one 'LAUGFS family'.



LAUGFS POWER PLC SUMMARY OF PERFORMANCE FY 2025/26

This is a summary of the performance of LAUGFS Power PLC, for the financial year 2025/26.

LAUGFS Power maintained growth in profitability, while continuing to strengthen its operational foundations and establishing a clear roadmap for sustainable future growth.

In the current financial year, LAUGFS Power maintained a renewable energy portfolio of 26.06 MW, comprising solar, hydro and other renewable energy assets.

During the year, the renewable energy sector in Sri Lanka was impacted by regulatory uncertainty, grid constraints and weather and resource variability. Taxation and financing conditions also continued to influence the sustainability of new renewable-energy projects. In response, the Company focused on plant-level performance management, with the objective of maximizing generation and improving asset-availability.

At the Iris and Anorchi solar plants, the ongoing operational enhancements

have already improved performance. At PAMS Power, a hydro plant with 2 MW capacity, technical infrastructure was strengthened. At the 0.70 MW Ginigathena project, the focus was on continuing operational and project-related administrative matters. Preventive maintenance, and safety and reliability aspects were strengthened across all power plants.

The Company also maintained a resilient financial performance for the year. The consolidated revenue for the financial year 2025/26, declined by 15%, to Rs. 765 million, from Rs. 897 million in the 2024/25 financial year. However, the operating profit increased by 2%, to Rs 575 million, from Rs 563 million in the previous year, while the Profit Before Tax grew by 17%, to Rs 477 million, from Rs 408 million. Consequently, the net profit for the year increased by 84%, to Rs 461 million, from Rs 250 million in the previous financial year.

Going forward, LAUGFS Power will pursue growth under the three priorities of performance, resilience and disciplined growth. Future expansion will remain selective, with

emphasis on projects capable of generating attractive long-term returns. Opportunities in Battery Energy Storage Systems (BESS) and new renewable energy projects, will also be evaluated. The long-term objective is for LAUGFS Power to evolve into an integrated renewable energy asset management and development platform.

Sri Lanka needs an energy system that is more diversified, resilient, affordable and environmentally sustainable. LAUGFS Power is equipped and ready to play a meaningful role in supporting this transition.



35.2

Generation Units - GWh



RS.575 MN

Operating Profit



RS.461 MN

Profit After Tax

2025/26 මූල්‍ය වර්ෂය සඳහා LAUGFS Power PLC සමාගමේ කාර්යසාධනය පිළිබඳ කාරාංශය

LAUGFS Power සමාගම විසින් සිය මෙහෙයුම් කටයුතුවල පදනම ශක්තිමත් කරමින්, තිරසාර අනාගත වර්ධනයක පැහැදිලි ගමන්මගක් සකස් කරමින්, ලාභදායීතාවයේ වර්ධනය අඛණ්ඩව පවත්වා ගන්නා ලදී.

මෙම මූල්‍ය වර්ෂයේදී LAUGFS Power සමාගම විසින් සූර්ය ශක්තිය, ජල විදුලි බලය සහ අනෙකුත් පුනර්ජනනීය බලශක්තිවලින් සමන්විත මෙගාවොට් 26.06 ක පුනර්ජනනීය බලශක්ති කළඹක් පවත්වා ගනු ලැබිණ.

වසර තුළ ශ්‍රී ලංකාවේ පුනර්ජනනීය බලශක්ති ක්ෂේත්‍රයට නියාමන අවිනිශ්චිතතාව, විදුලිබල පද්ධතියේ සීමා මෙන්ම කාලගුණික තත්ත්වයන් සහ බලශක්ති සම්පත්වල වෙනස්කම් මගින් බලපෑම් ඇති කරනු ලැබීය. බදුකරණය සහ මූල්‍ය පහසුකම් සැපයීමේ තත්ත්වයන් ද නව පුනර්ජනනීය බලශක්ති ව්‍යාපෘතිවලට බලපෑම් කරන්නට වූවේය. එකී තත්ත්වයට ප්‍රතිචාර වශයෙන්, විදුලි උත්පාදනය උපරිම කිරීම සහ වත්කම් උපයෝජයතාව වැඩිදියුණු කිරීමේ අරමුණින් සමාගම බලාගාර මට්ටමේ කාර්යසාධන කළමනාකරණය කෙරෙහි අවධානය යොමු කරන්නට විය.

Iris සහ Anorchi සූර්ය බලාගාරවල මෙහෙයුම් කටයුතු නිරන්තරයෙන් වැඩිදියුණු කිරීම හේතුවෙන් එම බලාගාරවල කාර්යසාධනය සාක්ෂාත් කරගත හැකි විය. මෙගාවොට් 2 ක ධාරිතාවකින් යුත් PAMS Power ජල විදුලි බලාගාරයේ තාක්ෂණික යටිතල පහසුකම් තවදුරටත් ශක්තිමත් කෙරිණ. මෙගාවොට් 0.70 ක ධාරිතාවකින් යුත් ගිනිගත්තේන ව්‍යාපෘතියේදී මෙහෙයුම්

සහ ව්‍යාපෘතියට අදාළ පරිපාලන කටයුතු අඛණ්ඩව පවත්වාගෙන යාමට අවධානය යොමු කෙරිණ. සියලුම විදුලි බලාගාරවල පූර්වාරක්ෂක නඩත්තු කටයුතු මෙන්ම ආරක්ෂාව සහ විශ්වසනීයත්වය සම්බන්ධ අංශ ද තවදුරටත් ශක්තිමත් කෙරිණ.

එමෙන්ම සමාගම වසර තුළ නමස්ථිලි මූල්‍ය කාර්යසාධනයක් පවත්වා ගැනීමට සමත් විය. 2024/25 මූල්‍ය වර්ෂයේදී රුපියල් මිලියන 897 ක් වූ ඒකාබද්ධ ආදායම, 2025/26 මූල්‍ය වර්ෂය සඳහා 15% ක සංකෝචනයක් දක්වමින් රුපියල් මිලියන 765 ක් වූ ලෙස වාර්තා කරන ලදී. කෙසේ වෙතත්, පෙර වසරේදී රුපියල් මිලියන 563 ක් වූ මෙහෙයුම් ලාභය 2% ක සුළු වර්ධනයක් පෙන්නුම් කරමින් රුපියල් මිලියන 575 ක් ලෙස වාර්තා විය. එමෙන්ම, බදු පෙර ලාභය 17% ක වර්ධනයක් දක්වමින් රුපියල් මිලියන 477 ක් ලෙස වාර්තා වූ අතර, එය පෙර වසරේ රුපියල් මිලියන 408 ක් ලෙස වාර්තා විය.

ඒ අනුව, පෙර මූල්‍ය වර්ෂයේදී රුපියල් මිලියන 250 ක් වූ ශුද්ධ ලාභය, වත්මන් වසර සඳහා 84% ක වර්ධනයක් පෙන්නුම් කරමින් රුපියල් මිලියන 461 ක් ලෙස වාර්තා විය.

ඉදිරි සැලසුම්වලදී, LAUGFS Power සමාගම කාර්යසාධනය, ස්ථිරීය ගුණය සහ ක්‍රමවත් වර්ධනය යන ප්‍රමුඛතා තුන යටතේ සිය වර්ධනය පවත්වා ගැනීමට අරමුණු කරනු ඇත. ව්‍යාපාරයේ ඉදිරි ප්‍රසාරණ කටයුතු තෝරාගත් ව්‍යාපෘති සඳහා පමණක් සීමා වන අතර, එහිදී ආකර්ෂණීය දිගුකාලීන ප්‍රතිලාභ ලබා දෙන ව්‍යාපෘති කෙරෙහි ප්‍රමුඛ අවධානයක් ලබා දීමටත්, බැරරි බලශක්ති

ගබඩා පද්ධති (Battery Energy Storage Systems - BESS) සහ නව පුනර්ජනනීය බලශක්ති ව්‍යාපෘති සම්බන්ධ අවස්ථා ඇගයීමටත් අරමුණු කරනු ඇත. එමෙන්ම, සම්බන්ධීකරණය සහ සහයෝගීතා ප්‍රතිලාභ තවදුරටත් වැඩිදියුණු කිරීමට, සමාගම සමග අනෙකුත් පුනර්ජනනීය බලශක්ති අනුබද්ධ සමාගම් ඒකාබද්ධ කිරීමද සලකා බලනු ඇත. ඒකාබද්ධ පුනර්ජනනීය බලශක්ති වත්කම් කළමනාකරණ සහ සංවර්ධන කේන්ද්‍රයක් බවට පත් වීම LAUGFS Power හි දිගුකාලීන අරමුණ වන්නේය.

ශ්‍රී ලංකාව තුළ වඩාත් විවිධාංගීකරණය වූ, ඔරොත්තු දෙන, දැරිය හැකි සහ පරිසර හිතකාමී ලෙස තිරසාර බලශක්ති පද්ධතියක අවශ්‍යතාව පවතී. මෙකී බලශක්ති පරිවර්තනයට අර්ථවත් දායකත්වයක් පිරිනැමීමට LAUGFS Power සමාගම අවශ්‍ය හැකියාවන්ගෙන් සන්නද්ධව සූදානම්ව සිටී.



35.2

උත්පාදන ඒකක - GWh



RS.575 MN

මෙහෙයුම් ලාභය



RS.461 MN

බදු පසු ලාභය

LAUGFS பவர் பிளஸ்சி யின் 2025/26 நிதி வருட செயற்திறன் சுருக்கம்

இந்தச் சுருக்கமானது, 2025/26 நிதி வருடத்திற்கான LAUGFS பவர் பிளஸ்சி யின் செயற்திறன் பற்றியதாகும்.

LAUGFS பவர் இலாபத்தன்மையின் வளர்ச்சியைப் பேணும் அதவேளை, அதன் தொழிற்பாட்டு அடிப்படைகளைத் தொடர்ச்சியாக வலுப்படுத்துவதுடன், ஒரு நிலையான எதிர்கால வளர்ச்சிக்கான தெளிவான பாதையையும் ஸ்தாபித்துள்ளது.

நடப்பு நிதியாண்டின் LAUGFS பவர் சூரிய சக்தி, நீர் மற்றும் ஏனைய புதுப்பிக்கத்தக்க வலு சொத்துக்கள் உள்ளடங்கலாக, 26.06 மெகா வொட் புதுப்பிக்கத்தக்க வலு போர்ட்பொலியோவை உருவாக்கியுள்ளது.

இந்த வருடத்தின் போது, இலங்கையின் புதுப்பிக்கத்தக்க வலு சக்தித்துறை ஒழுங்குபடுத்தல்களில் காணப்பட்ட நிச்சயமற்ற தன்மை, காலநிலை மற்றும் வேறுபட்ட வளங்களில் ஏற்பட்ட தடைகள் காரணமாகப் பாதிப்படைந்துள்ளது. வரி விதிப்பும், நிதி நிலைமைகளும் தொடர்ந்து புதிய புத்தாக்க வலு சக்தித் திட்டங்களில் தலையீடு செய்தது. இதற்குப் பதிலளிக்கும் வகையில், நிறுவனம், ஆலை மட்ட செயற்திறன் முகாமைத்துவத்தில் கவனம் செலுத்தியது. இது, இலாபத்தை அதிகரிக்கவும், சொத்து இருப்புத் தன்மையை மேம்படுத்தவும் மேற்கொள்ளப்பட்டது.

Iris மற்றும் அனோக்கி சூரிய சக்தி ஆலைகளில் தொடர்ந்து செல்லும் தொழிற்பாட்டு மேம்பாடுகள் ஏற்கனவே

அதன் செயற்திறனை மேம்படுத்தியிருந்தது. இரண்டு மெகாவொட் தகைமைகளைக் கொண்ட நீர் ஆலையான பாம் பவர் உடைய தொழில்நுட்ப உட்கட்டமைப்பு வலுப்படுத்தப்பட்டது. 0.70 மெகாவொட் கினிகத்ஹேன திட்டத்தில் தொடர்ச்சியான தொழிற்பாடு மற்றும் திட்டத்துடன் தொடர்புடைய நிர்வாக விடயங்களில் கவனம் செலுத்தப்பட்டது. அனைத்து வலுசக்தி ஆலைகளிலும், தடுப்புப் பராமரிப்பு மற்றும் பாதுகாப்பு மற்றும் நம்பகத்தன்மையுடைய அணுகுமுறைகள் என்பன வலுப்படுத்தப்பட்டன.

நிறுவனம், இவ்ருடத்தில் எதிர்நின்ற கொண்ட நிதிச் செயற்திறனைப் பேணி வந்துள்ளது. 2025/26 நிதி வருடத்திற்கான திரண்ட வருமானம் 15% ஆல் வீழ்ச்சியடைந்து, ரூபா 765 மில்லியனாகப் பதிவு செய்யப்பட்டது. 2024/25வது நிதி வருடத்தில் இது, ரூபா 897 மில்லியன் ஆகும். எனினும், தொழிற்பாட்டு இலாபம் 2% ஆல் ஓரளவு அதிகரித்து, ரூபா 575 மில்லியனைப் பதிவு செய்ததுடன், கடந்த வருடத்தில் இது, ரூபா 563 மில்லியனாகும். அதேவேளை, வரிக்கு முன்னரான இலாபம் 17% ஆல் அதிகரித்து ரூபா 477 மில்லியனாக பதிவு செய்யப்பட்டது. கடந்த வருடத்தில் இது ரூபா 408 மில்லியன் ஆகும்.

இதன் விளைவாக, வருடத்திற்குரிய தேறிய இலாபம் 84% ஆல் அதிகரித்து, ரூபா 461 மில்லியனாகப் பதிவு செய்யப்பட்டது. கடந்த வருடத்தில் இது, 250 மில்லியன் ஆகும்.

முன்னோக்கிப் பார்க்கையில், LAUGFS பவர் செயற்திறன், எதிர்நின்ற மற்றும் ஒழுங்கமைக்கப்பட்ட வளர்ச்சி ஆகிய மூன்று முக்கியமான விடயங்களுக்கு முன்னிலை வழங்கும். எதிர்கால விரிவாக்கமானது, தெரிவு செய்யப்பட்ட அடிப்படையில் மேற்கொள்ளப்படுவதுடன், கவர்ச்சிகரமான, நீண்டகாலத் திரும்பல்களை ஈட்டுகின்ற திட்டங்களுக்கு அழுத்தம் கொடுக்கப்படும். பற்றரி வலு சக்தி முறைமைகளுக்கான வாய்ப்புகள் மற்றும் புதிய புதுப்பிக்கத்தக்க வலு சக்தி திட்டங்கள் என்பனவும் மதிப்பிடப்படும். இதனைத் தவிர, ஏனைய புதுப்பிக்கத்தக்க வலு சக்தித் துணைக் கம்பனிகளை இந்த நிறுவனத்துடன் ஒன்றிணைக்கும் திட்டமும் கருத்திற் கொள்ளப்படும். இதன் மூலம், ஒத்துழைப்பும், ஒருங்கிணைந்த நன்மைகளும் ஏற்படும். இந்த நீண்டகால இலக்கானது, பவர் நிறுவனத்தை ஒருங்கிணைக்கப்பட்ட, புதுப்பித்தக்க வலுசக்தி, அதன் முகாமைத்துவம் மற்றும் அபிவிருத்தி தளத்திற்குக் கொண்டு செல்லும்.

இலங்கைக்கு மேலும் பன்முகப்படுத்தப்பட்ட, நெகிழ்வுத் தன்மை கொண்ட, விலை குறைந்த மற்றும் சுற்றாடல் ரீதியாக நிலைத்தன்மை வாய்ந்த வலுசக்திக் கட்டமைப்பு தேவைப்படுகிறது. இந்த மாற்றத்தை மேற்கொள்வதற்கு LAUGFS பவர் தனது பங்களிப்பை வழங்கத் தயாராகவும், அதற்குத் தேவையான திறனையும் கொண்டுள்ளது.



35.2

தலைமுறை அலகு - GWh



RS.575 MN

செயல்பாட்டு லாபம்



RS.461 MN

வரிக்குப் பிந்தைய லாபம்

OUR LEADERSHIP



PROTECTING THE ENVIRONMENT FOR FUTURE GENERATIONS

Sustainability is defined not only by the energy we generate today, but by the environment we preserve for generations to come. At LAUGFS Power, our leadership is guided by a commitment to responsible growth, environmental stewardship, and the long-term sustainability of our operations. Through the responsible management of our renewable energy assets, efficient use of natural resources, and continued focus on reducing our environmental footprint, we are strengthening our contribution to a cleaner energy future.

ABOUT US

Our renewable energy projects encompass mini-hydropower generation plants, solar power solutions and wind power plants in Sri Lanka.

HYDRO POWER

Our four mini-hydro power plants, located in Balangoda and Ginigathhena, contribute approximately 9.5 MWh of energy to the National Grid annually. These plants have a combined capacity of 3.75 MW. The Ranmudu Oya Phase I, Phase III, and Thiniyagala plants were commissioned in 2014, 2015, and 2016, respectively. Their consistent performance highlights our commitment to sustainable energy production. During the 2025-26 financial year, new hydro power projects with a combined capacity of 2 MW were committed in Ginigathhena.

SOLAR POWER PLANTS

20 MW commissioned in 2017, the Iris and Anorchi solar power plants represent the largest solar power installation in Sri Lanka. Located on a 90-acre site in Hambantota, additionally, a separate solar project in

Embilipitiya provides another 2 MW of power. These projects demonstrate our leadership in large-scale solar energy production and our commitment to expanding renewable energy capacity. These plants contribute 38 GWh to the National Grid annually.

During the current year, the solar (DC) capacity in the Hambantota projects was expanded with the addition of 1.4 MW of DC power.

ROOFTOP SOLAR POWER

LAUGFS has installed rooftop solar panels across the Western Province, achieving a total capacity of 317 kW. Solar energy, being one of the most sought-after renewable energy sources in Sri Lanka, underscores our dedication to harnessing sustainable and clean energy to meet the growing demand.

SUSTAINABLE GOALS

LAUGFS Power remains focused on advancing its sustainability goals through carbon reduction initiatives and the expansion of renewable energy generation. The Company continues to fulfil its sustainability commitments by delivering clean energy solutions while maintaining compliance with ESG principles and standards.

Currently, the Company continues to play a leading role in Sri Lanka's renewable energy transition through the development of solar and hydro power projects aimed at strengthening national energy security and supporting a sustainable future. As an integral subsidiary of the LAUGFS Group, the Company operates the country's largest solar power plant, together with four mini-hydro power plants and a portfolio of solar energy projects, underscoring its expanding presence across the Island.



The Company's growth and operational success are driven by a highly skilled team of energy professionals, engineers, and technicians whose expertise supports the delivery of efficient renewable energy and energy management solutions. Their commitment and technical capabilities have enabled LAUGFS Power to establish itself as a recognised leader within Sri Lanka's renewable energy landscape.

Backed by a strong foundation in research and development, the Company combines local insight with advanced technical knowledge and international training to enhance its operational capabilities. This comprehensive approach positions LAUGFS Power PLC to pursue future growth opportunities both locally and internationally, while continuing to contribute meaningfully towards a cleaner, greener, and more sustainable energy future.



Operating context

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Stakeholder considerations

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Our strategic aspirations

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Impacts on our resources and relationships

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PERFORMANCE HIGHLIGHTS

	Group			Company		
	2025/26 Rs. 000	2024/25 Rs. 000	Change	2025/26 Rs. 000	2024/25 Rs. 000	Change
SUMMARY OF OPERATIONS						
Power Generation (GWH)	35.2	41.1	-14%	4.3	5.1	-16%
Revenue Generation	765,194,361	897,105,643	-15%	63,027,743	73,551,925	-14%
Revenue with Billings under SPPA	41,126	375,701,363	-99%	33,598	28,320,480	-99%
Gross Profit	401,755,395	922,507,819	-56%	25,052,262	64,649,510	-61%
Other Operating Income	-	3,528,589	-100%		723,844,773	-100%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	895,952,669	871,677,567	3%	-10,755,276	723,741,312	-101%
Profit/(Loss) for the year	460,752,295	250,026,440	84%	-128,537,026	613,336,468	-121%
SUMMARY OF FINANCIAL POSITION						
Total Non-Current Assets	3,672,289,550	3,160,729,330	16%	3,209,043,058	2,662,151,703	21%
Total Current Assets	895,232,302	1,128,539,123	-21%	1,063,193,513	919,044,832	16%
Total Assets	4,567,521,852	4,289,268,453	6%	4,272,236,571	3,581,196,535	19%
Total Non-Current Liabilities	1,306,179,010	1,534,016,356	-15%	125,030,435	171,761,577	-27%
Total Current Liabilities	573,696,987	525,586,240	9%	1,627,965,946	1,310,349,574	24%
Total Liabilities	1,879,875,997	2,059,602,596	-9%	1,752,996,381	1,482,111,151	18%
Total Equity	2,687,645,855	2,229,665,857	21%	2,519,240,190	2,099,085,384	20%
FINANCIAL RATIOS						
Gross Profit Margin	53%	72%	-26%	40%	63%	-37%
Net Profit Margin	60%	20%	200%	-204%	602%	-134%
Earnings Per Share (EPS)	1.19	0.65	83%	-0.33	1.58	-121%
Net Assets Value per Share (Rs.)	6.94	5.76	21%	6.51	5.42	20%



GROUP CHAIRMAN'S MESSAGE



**Deshabandu W.K.H.
Wegapitiya, PhD**

Group Chairman

We concluded the year by recording a profit of Rs 461 million while creating value for shareholders through stable earnings, disciplined cost management, and strategic investments in renewable energy

It is with great pleasure that I present the Annual Report and audited Financial Statement of LAUGFS Power PLC for the financial year 2025/26. Despite operating in a challenging environment, the Company continued to strengthen its position within Sri Lanka's renewable energy sector, while remaining focused on sustainable growth and long-term value creation.

We concluded the year by recording a profit of Rs 461 million while creating value for shareholders through stable earnings, disciplined cost management, and strategic investments in renewable energy. At the same time, we continued to create value for the nation through responsible business practices, sustainable operations, and continued investments in clean energy solutions.

RENEWABLE ENERGY SECTOR

The renewable energy sector experienced a difficult year due to curtailments and other operational challenges. However, growing interest in solar power, wind energy, and battery energy storage systems (BESS)

continues to create positive momentum for the industry, supporting the long-term demand for renewable energy solutions.

Government policies in Sri Lanka remained generally supportive of renewable energy development, with clear national targets and encouragement for private sector participation. Nevertheless, the industry continues to face several regulatory challenges, including delays in approvals, evolving tariff structures, grid capacity limitations, and policy uncertainties, all of which require greater coordination and consistency to accelerate sector growth.

Strategic progress

During the year under review, we made significant progress in our ongoing projects. The mini hydro project reached its final stages, while Phase 01, of the 20 MW plant DC expansion, was successfully completed. Phase 02 of the expansion project is currently underway and will further enhance our renewable energy capacity. We have also ensured that our ongoing operations and expansions remain within our sustainable business model by adopting environmentally and socially sustainable practices.

Governance and compliance

We continued to strengthen our governance and compliance frameworks during the year. Board oversight was enhanced, internal controls were reinforced, and greater focus was placed on regulatory monitoring and compliance with applicable laws and reporting standards. Supported by regular audits and governance reviews, these measures further improved transparency, accountability, and operational integrity across the organisation. Looking ahead, we will continue to strengthen governance and compliance practices through enhanced monitoring systems, stronger internal controls, and continuous alignment with evolving regulatory requirements and industry best practices.

We also enhanced our ESG practices, and improved operational efficiency, thereby reducing environmental impacts, while sustaining growth.

Plans for the future

Looking to the future, we remain optimistic about the long-term prospects of the renewable energy sector and we plan to continue expanding our renewable energy portfolio, particularly in solar and wind power, while continuing to improve operational efficiency and explore new growth opportunities. We also intend to expand into the MEP (Mechanical, Electrical & Plumbing) sector within the construction industry, creating additional avenues for sustainable growth and diversification.

Acknowledgements

On behalf of the Board of Directors, I wish to extend my sincere appreciation to our shareholders, stakeholders, employees, customers, regulators, and business partners for their continued trust, commitment, and support towards the success of the Company. Their contribution remains invaluable as we continue our journey towards building a cleaner and more sustainable energy future for Sri Lanka.

Deshabandu W.K.H. Wegapitiya, PhD
Group Chairman

5th September 2026

GROUP EXECUTIVE VICE CHAIRMAN'S MESSAGE



During the 2025/26 financial year LAUGFS Power PLC maintained strong growth in profitability and continued to enhance operational efficiencies.

As the LAUGFS Group's renewable energy arm, LAUGFS Power plays an important role in diversifying the Group's presence within the energy sector and provides a credible platform for participation in Sri Lanka's growing renewable energy landscape. Beyond its financial contribution, the business strengthens the Group's sustainability agenda, diversifies its earnings base and enables the LAUGFS Group to contribute directly to the country's transition towards cleaner and more secure sources of power. In this context, the Company's renewable energy portfolio provides a strong, long-term foundation for value creation while supporting Sri Lanka's broader energy security objectives.

While the full potential of the Company is yet to be realized, the quality and strategic relevance of its renewable energy portfolio provide a strong foundation for future growth. Going forward, our focus will be on accelerating disciplined growth, enhancing

A stylized signature in black ink, appearing to read 'Mithila Wegapitiya'.

Mithila Wegapitiya

Group Executive Vice Chairman

operational and financial performance, and unlocking the value inherent in the portfolio to generate stronger returns and sustainable long-term value for the Group and its stakeholders.

PERFORMANCE IN CONTEXT

In the year under review, LAUGFS Power operated a strategic portfolio of solar and mini-hydro assets, while navigating the challenges associated with weather variability, financing costs, regulatory processes and the development timelines inherent in renewable energy projects. In order to manage these risks and optimize returns, the Company prioritized maintaining plant availability, strengthening cost discipline, protecting cash generation and advancing its project pipeline, without compromising on investment standards.

The Company also continued to make progress in its renewable energy project pipeline during the year, while managing the operations and performance of its existing solar and hydro assets. Although timelines of new projects were delayed by approval processes, financing conditions and other external factors, the preparatory work for project operationalization, were continued.

In addition, the Company focused on plant performance, preventive maintenance, resource forecasting and tighter management of controllable costs, in order to optimize returns. Operational discipline was supported by data-led monitoring and improved maintenance planning. All capital allocation decisions were based on technical viability, financial returns, environmental considerations and regulatory compliance.

FINANCIAL PERFORMANCE

LAUGFS Power's financial performance should be evaluated in the context of generation volumes, resource availability, plant performance and finance costs during the year.

The Company generated 38 MWh of solar energy and another 3.4 GWh of

hydropower during the 12 months of 2025/26, with plant performance reflecting weather patterns and other aspects. The total generation for the year declined by 15% against the previous year, resulting in total revenue declining to Rs 765 million in the current year, compared to Rs 897 million in the previous year. However, the operating profit for the year increased by 2% year-on-year, to Rs 575 million, from Rs 563 million in the previous year, boosted by a Rs 544 million reversal in impairment charges. The Company also benefited from a 24% reduction in finance costs, from Rs 208 million, to Rs 158 million, and an increase in finance income from Rs 53 million to Rs 60 million, as well as a lower income tax expense of Rs 16 million, compared to Rs 158 million, last year. Consequently, the profit for the year improved by 84% year-on-year, to Rs 461 million from Rs 250 million in the previous financial year.

LOOKING AHEAD

Looking ahead, reliable generation from the existing portfolio, disciplined cost management, prudent capital allocation and the optimization of the Company's financing structure will remain important drivers of financial performance. At the same time, bringing viable new capacity into operation will be essential to unlock the Company's next phase of growth.

In the short term, our priority will be to optimize the performance of the Company's existing asset base, while accelerating the most viable projects through necessary regulatory approvals, financing and execution stages. Over the medium term, we plan to expand the Company's renewable energy portfolio selectively across solar, wind and hydropower options, while also assessing opportunities in energy storage. Each opportunity will be evaluated rigorously to ensure that growth is supported by sound economics, appropriate risk management and attractive long-term returns.

We believe the opportunity before LAUGFS Power extends beyond supplies

to the national grid. Our ambition is to build a scalable and resilient renewable energy platform founded on operational excellence, responsible capital allocation and measurable national impact.

In order to achieve this objective, we will continue to explore partnerships with credible local and international developers, technology providers, engineering contractors and financiers. Such partnerships can enhance access to specialized technical expertise, appropriate financing, proven technologies and efficient project execution. Therefore, partnership will be selected based on strategic fit, risk allocation, cost of capital and the value it can create for our shareholders.

As Sri Lanka continues its transition towards a more sustainable and diversified energy mix, LAUGFS Power is well positioned to participate in this transformation. We will remain focused on building a high-quality renewable energy portfolio that delivers reliable performance, creates sustainable value for our stakeholders and contributes meaningfully to the country's energy future.

ACKNOWLEDGEMENTS

I wish to express my appreciation to the employees and management team of LAUGFS Power for their commitment and dedication throughout the year, particularly those responsible for ensuring the safe, reliable and efficient operation of the Company's power plants. I also thank the LAUGFS Power Board for its guidance and oversight.

My sincere appreciation extends to our shareholders, lenders, regulators, the Ceylon Electricity Board, business partners, communities surrounding our sites and all other stakeholders for their continued confidence and support. I look forward to the continued support of all our stakeholders as LAUGFS Power commences on a new phase of growth.

Mithila Wegapitiya

Group Executive Vice Chairman

5th September 2026

ACTING GROUP MANAGING DIRECTOR/ GROUP EXECUTIVE DIRECTOR'S MESSAGE



I am encouraged by the progress made by LAUGFS Power during the 2025/26 financial year, and remain confident in the Company's long-term strategic relevance to the Group. With an established renewable-energy portfolio, our focus during the year was on strengthening operational reliability, technical governance and financial discipline, while carefully assessing opportunities for the next phase of growth.

While we have made progress, there remains scope to improve asset productivity, cash generation and returns. Our focus therefore, remains firmly on maximizing the value of the existing portfolio and pursuing new capacity selectively, with investment decisions guided by project economics and a balanced assessment of risks and returns.

OPERATING ENVIRONMENT

Sri Lanka's renewable-energy sector continued to evolve during the year, supported by the increasing recognition of the need for cleaner, more diversified and domestically generated power. Growing consumer and commercial interest in cleaner energy, together with global momentum towards energy transition, further reinforced the strategic importance of renewable power.

However, the year under review exhibited regulatory uncertainty, grid constraints and weather and resource variability. Taxation and financing conditions, also continued to influence the sustainability of new renewable-energy projects.

At the same time, the sector presented opportunities for LAUGFS Power, arising from the long-term demand for renewable power, the potential to enhance productivity across our existing asset base, and the development of new projects and partnerships. The industry also benefited from technological advances, particularly in solar efficiency, plant monitoring, energy storage and distributed-generation solutions. For LAUGFS Power, these developments have created new growth opportunities that we will approach with technical and financial discipline.

**Dhanusha
Muthukumarana**

Acting Group Managing Director/
Group Executive Director

STRENGTHENING OPERATIONAL PERFORMANCE

In response to industry dynamics, we strengthened technical and Operational and Management oversight, increased our emphasis on preventive maintenance and plant-performance monitoring, and applied greater discipline in evaluating new investments. We are placing particular emphasis on bankability, resource quality, grid access, contractual strength and expected returns before committing capital to new capacity. Operational issues are being escalated and addressed promptly, while greater use of performance data is enabling earlier identification of deviations in generation, availability and operating costs.

Across our existing renewable portfolio, including the Iris, Anorchi, PAMS and Ginigathena assets, our immediate priority remains to maximize availability, generation, and long-term asset reliability, with each asset being managed against clear performance benchmarks. By strengthening specialized technical support and reinforcing a preventive rather than reactive approach to maintenance, we aim to protect asset life, improve output and reduce unplanned downtime.

FINANCIAL PERFORMANCE

The financial performance of LAUGFS Power must be viewed alongside the technical productivity of our renewable-energy assets.

During the year, our renewable energy assets generated 35.2 kWh of electricity, compared to 41.4 kWh in the previous financial year.

The total revenue for the year decreased from Rs 897 Mn, to Rs 765 million in the current year, while the cost of sales increased to Rs 363 million, from Rs 350 million. The Group EBITDA for the year was Rs 896 million, compared to Rs 871 million in the previous year, and the Return On Capital Employed, was 14.6% against 15.3% in the previous year.

The cash flow from operating activities improved to Rs 492 million, from Rs 295 million in the previous year. The finance cost for the year also improved from Rs 208 million, to Rs 158 million, and the Debt Service Coverage ratio strengthened to 1.8 from 1.4 in the previous year.

Going forward, our priorities will include maximizing generation from existing assets, improving plant availability, optimizing O&M expenditure, reducing financing costs where possible and strengthening cash conversion. Technical reliability remains particularly important, as avoidable downtime directly affects revenue and returns. For new capacity, we will maintain strict investment thresholds and pursue projects only where the expected return, contractual framework, resource quality, grid access and financing structure, align with our financial expectations.

OUTLOOK AND PLANS

The long-term fundamentals for renewable energy remain favorable, both globally and in Sri Lanka, while the strategic importance of domestic clean-energy generation continues to increase. Sri Lanka's growing need to diversify its energy mix, reduce exposure to imported fossil fuels, and expand cleaner generation capacity, provides a supportive backdrop for LAUGFS Power. Therefore, I view the outlook for LAUGFS Power as positive, but within a framework of disciplined project selection and strong asset management. Project approvals, grid constraints, tariff structures, financing costs and execution risks will remain important considerations.

In the year ahead, we will focus on optimizing our existing asset base, further strengthening technical and O&M capabilities, developing a sustainable pipeline of bankable renewable-energy projects and evaluating emerging opportunities, such as energy storage and other cleaner-energy technologies, where the economics are attractive.

We also remain open to strategic partnerships that can add value through technical capability, project-development expertise, financing strength, access to technology, or faster execution. Partnerships will be pursued where they are capability-led, value-accretive and capable of improving project bankability, or reducing execution risk.

Looking ahead, we will also evaluate acquisitions and partnerships, that can accelerate our strategy, introduce specialist capabilities, or create scale without placing undue pressure on the Group's balance sheet.

APPRECIATION

I would like to recognize the LAUGFS Power Board, management team, engineers, plant teams and support functions for their contribution throughout the year. I also acknowledge the support of government institutions and regulators, the Ceylon Electricity Board and other sector stakeholders, our financing and technical partners, and the communities surrounding our projects.

Finally, I thank our shareholders and the wider LAUGFS team for their continued support as we strengthen and grow our renewable-energy business.

Energy transition represents both a national requirement and a significant commercial opportunity. Sri Lanka needs an energy system that is more diversified, resilient, affordable and sustainable. LAUGFS Power intends to play a meaningful role in this transition, while ensuring that environmental responsibility remains underpinned by sound project economics and disciplined capital allocation.

Dhanusha Muthukumarana

Acting Group Managing Director/ Group Executive Director

5th September 2026

MANAGING DIRECTOR/CEO'S MESSAGE



I am pleased to report that LAUGFS Power PLC has concluded the financial year 2025/26 with a clear roadmap for operational improvements, backed by a 84% growth in profitability.

OPERATING ENVIRONMENT

Sri Lanka's renewable energy sector continued to evolve during the year, with the focus increasingly extending beyond capacity additions to include grid stability, transmission constraints, energy curtailment, forecasting and energy storage. While policy direction was supportive towards renewable energy penetration, regulatory and structural changes in the electricity sector continued to shape the operating environment.

At the same time, technological advances in solar modules, inverter systems, digital monitoring, analytics and Battery Energy Storage Systems (BESS) are creating new opportunities to improve the performance of existing assets and develop more flexible renewable energy solutions. Growing

Mr. Russell De Silva

Managing Director /
Chief Executive Officer

interest among commercial users in energy cost management, reliability and sustainability is also supporting longer-term demand for renewable energy and storage solutions. Therefore, careful management of resource variability, grid constraints, financing costs, foreign exchange exposure and regulatory risks is essential to sustain growth.

PERFORMANCE DURING THE YEAR

The assessment of the Company's financial performance should take into consideration generation volumes, resource availability, plant performance, finance costs and other non-recurring factors, during the year. In addition, rainfall and solar resource variability, grid constraints, equipment reliability and financing costs, continued to influence the overall performance of the portfolio.

The LAUGFS Power Group's renewable energy portfolio totaled 26.06 MW during the year, comprising solar, hydro and other renewable energy assets. At Company level, the topline declined by 14%, to Rs 63 million, from Rs 74 million in the previous year. The total consolidated Group revenue too, declined by 15%, to Rs. 765 million, from Rs 897 million in the previous year.

The EBITDA of the Company was Rs (85 million), compared to Rs 681 in the previous year. The Group EBITDA was Rs 896 million, compared to Rs 871 million in the previous year. Therefore, while the Company recorded a loss before tax of Rs 176 million, compared to the Rs 611 million profit before tax in the previous year, the Group reported a profit before tax of Rs. 477 million, against Rs 408 million in the previous year. Consequently, although the Company recorded a net loss of Rs 129 million for the financial year 2025/26, compared to the profit of Rs 613 million the 2024/25, the profitability of the Group increased by Rs 211 million, to Rs. 461 million, from Rs 250 million in the previous year.

OPTIMIZING EXISTING ASSETS

During the year, we placed greater emphasis on plant-level performance management, with the objective of maximizing generation and improving the availability of our assets. More frequent generation analysis, capacity-normalized benchmarking and closer monitoring of plant performance made it possible to identify performance gaps and take corrective action more effectively. In fact, operational improvement initiatives and capacity enhancements have already improved the performance at the IRIS and Anorchi solar plants. We will continue to optimize these plants to increase power generation.

At PAMS Power, our 2 MW hydro plant, we focused on improving reliability and safety, while implementing outstanding technical and infrastructure requirements. At the Ginigathena project, which has a capacity of 0.70 MW, we focused on project-related and operational matters. We also continued to review and implement measures to improve the performance of our other operating hydro, solar and rooftop assets.

Across the portfolio, we strengthened preventive maintenance, inverter and SCADA monitoring, identification of underperforming equipment, cleaning and vegetation management, spare-parts planning and internal technical reviews. We also continued to develop our technical capabilities in areas including solar operations and maintenance, high-voltage systems, SCADA, diagnostics, performance analysis and battery technologies.

OUTLOOK AND PLANS

We enter 2026/27 with a positive but measured outlook. The improvements already made at the Iris and Anorchi solar plants, together with initiatives to improve performance and reliability at plant-level, provide opportunities to increase generation from our existing portfolio. There is also scope to strengthen the contribution

from our hydro assets through improved reliability and operational management.

Our immediate objective is to build on the positive EBITDA of our existing portfolio, to improve cash generation and reverse losses into profits. Our approach is not simply to increase installed capacity, but to improve the earnings from every megawatt within our portfolio, while maintaining disciplined control over costs and capital. We will do this by focusing on generation, operating costs, financing costs, procurement, inventory management, and cash and treasury management.

Therefore, our priorities for the year ahead can be summarized under the three topics of performance, resilience and disciplined growth. Under 'performance', we will maximize sustainable generation from every existing asset and continuously improving continually improve plant availability and efficiency, while under 'resilience' we will strengthen reliability, diversify our renewable energy portfolio and build capabilities to participate in emerging areas, such as energy storage. Disciplined growth refers to investing selectively in projects and opportunities to ensure financially sustainable expansion.

Looking further ahead, the continued demand for renewable energy in Sri Lanka, together with emerging opportunities in Battery Energy Storage Systems (BESS) and new renewable energy projects, will create opportunities for measured expansion. We will remain selective in allocating capital and prioritize projects capable of generating attractive long-term returns, rather than pursuing capacity growth.

In addition, we will evaluate the possibility of amalgamating other renewable energy subsidiaries into LAUGFS Power PLC. This would improve coordination and synergies in managing the Group's renewable energy assets and development opportunities.

MANAGING DIRECTOR/CEO'S MESSAGE

Our broader ambition is to develop LAUGFS Power from a collection of individual renewable energy projects, into an integrated renewable energy asset management and development platform. We believe this will enable us to leverage our technical capabilities, improve portfolio-level decision-making and create a stronger foundation for sustainable growth.

APPRECIATION

I extend my sincere appreciation to the Chairman and the Board of Directors for their guidance and continued support throughout the year. I also recognize the contributions by our management team, engineers, plant managers, technical personnel and support teams, towards improving plant performance and maintaining reliable operations. I thank our shareholders and lenders, the Ceylon Electricity Board, regulatory and government institutions, contractors, equipment suppliers, consultants and business partners for their continued cooperation and support. Finally, I acknowledge the communities surrounding our projects. Their continued support remains an important part of maintaining the long-term sustainability of our operations.

Our path ahead is clear, and we are ready to take LAUGFS Power into the next stage of its evolution, creating sustainable value for all our stakeholders.

Mr. Russell De Silva

Managing Director / Chief Executive Officer

5th September 2026

BOARD OF DIRECTORS



Deshabandu W.K.H. Wegapitiya, PhD
Non-Independent/Non-Executive Director



Mr. M. A. Wegapitiya
Non-Independent/ Executive Director



Mr. P.D.H. Muthukumarana
Non-Independent/ Executive Director



Mr. P.M.B Fernando
Independent/ Non-Executive Director



Prof. S.P.P. Amaratunge
Senior Independent/ Non-Executive Director



Mr. K.R. Goonesinghe
Independent/ Non-Executive Director



Mr. Russell De Zilva
Non-Independent/ Executive Director

BOARD OF DIRECTORS

DESHABANDU

W. K. H. WEGAPITIYA, PhD

Non-Independent, Non-Executive Director

Mr. W.K.H. Wegapitiya is the founder Chairman of LAUGFS Holdings Limited, the parent company of LAUGFS Gas PLC, one of the most highly-diversified business groups in Sri Lanka, having a wide spectrum of business presence in the areas of LPG distribution, petroleum, lubricants, power generation, property development, shipping, heavy engineering, automobile services, restaurants, consumer retailing, manufacture of industrial solid tyres and salt. He currently functions as Group Chairman. He is also the Non-Executive Chairman of LAUGFS Gas PLC.

He holds a degree (B.Sc) in Business Administration from the University of Sri Jayewardenepura, and obtained his MBA from the Post Graduate Institute of Management (PIM). He also holds a PhD from the Post Graduate Institute of Management of University of Sri Jayewardenepura.

In 1995, he was instrumental in creating Gas Auto Lanka (Private) Limited, the initial enterprise of the now diversified LAUGFS Holdings Limited. His visionary leadership, remarkable entrepreneurship and extraordinary personal strength to withstand and overcome all adversities thrown in his way, enabled him to succeed in all his endeavours to create the "LAUGFS" business conglomerate, in a relatively short period of time. He is a well-known figure in the local entrepreneurial community in Sri Lanka as he has led a truly successful story. He has been recognised as the best entrepreneur in the country many times over. He is a frequent speaker, presenter and a panellist on topics such as "Business Excellence", "Leadership" and "Entrepreneurship" organised by a variety of organisations locally and overseas. He is also a well-known personality in the global LP gas and energy circles and a regular participant and speaker at international forums on LP gas and energy management.

He is the Chairman of all subsidiary entities of LAUGFS Holdings Limited.

He served as a Council member of the University of Sri Jayewardenepura. He was a past Chairman of Chamber of Young Lankan Entrepreneurs (COYLE), Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL) and was an executive committee member of the Ceylon Chamber of Commerce.

MR. M. A. WEGAPITIYA

Non-Independent, Executive Director

Mr. Mithila Wegapitiya serves as the Group Executive Vice Chairman of LAUGFS Holdings Limited, one of Sri Lanka's leading diversified conglomerates. He is a dynamic technology entrepreneur and innovation advocate with a multidisciplinary background spanning Management & Finance, Global Marketing, and Information Technology & Interactive Entertainment.

Over the past 12 years, Mr. Wegapitiya has built a distinguished career across globally recognized organizations including Warner Bros. Interactive Entertainment (London), Ve Interactive (London), Deutsche Bank (Asia), and Virtusa Corporation, contributing to projects and markets across Sri Lanka, the Asia-Pacific region, and the Americas.

He is the Co-Founder of POTENZA, a global technology consultancy specializing in SAP Consulting, Data & Analytics, and Intelligent Automation, headquartered in Singapore with offices in Sri Lanka and Australia. Under his leadership, POTENZA has grown into a recognized innovation partner for enterprises undertaking large-scale digital transformation initiatives worldwide.

Mr. Wegapitiya holds a Bachelor's Degree from Aston University (UK) and an MBA from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura. He was also featured in Echelon Magazine's "Next Generation 100 Leaders" (NE100) list, recognizing emerging business leaders driving transformative change within Sri Lanka's private sector.

MR. P.D.H. MUTHUKUMARANA

Non-Independent, Executive Director

Mr. Muthukumarana serves as the Acting Group Managing Director/ Group Executive Director of LAUGFS Holdings Limited, one of Sri Lanka's leading diversified conglomerates.

He is an award-winning business and technology leader with over 26 years of global experience in driving innovation-led transformation, strategic management, and sustainable growth across diverse industries including Banking & Finance, FMCG, Manufacturing, Healthcare, Leisure, Logistics, and Technology.

Leveraging Fortune 500 exposure and global enterprise leadership experience, Mr. Muthukumarana bridges corporate scale with entrepreneurial agility to drive transformation, innovation, and sustainable growth across international markets.

As the Acting Group Managing Director/ Group Executive Director and Board Director of LAUGFS Holdings Limited, he plays a pivotal role in shaping group-wide strategy, transformation, and performance optimisation. He also serves on the Boards of several regional and international entities, including POTENZA APAC Pte Ltd (Singapore), POTENZA ANZ Pty Ltd (Australia), Kasper Global Pvt Ltd, IDEA Propulsion Labs Pte Ltd (Singapore), Serendib Frontier Capital (Pvt) Ltd (Sri Lanka) and multiple subsidiaries of the LAUGFS Group.

In 2016, Mr. Muthukumarana co-founded POTENZA, which has since evolved into an award-winning global technology consultancy with operations in Sri Lanka, Singapore, and Australia. Prior to founding POTENZA, Dhanusha held several senior leadership roles across leading global and regional organisations such as the London Stock Exchange Group (LSEG), Hatton National Bank PLC, Hemas Holdings PLC, Microsoft Corporation (Southeast Asia New Markets), and John Keells Holdings PLC.

Mr. Muthukumarana is an alumnus of the University of Oxford (Saïd Business School, UK), where he completed Executive Education in Strategic Innovation, ranking among the top performers in his cohort. He holds an MBA from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura, along with postgraduate qualifications in Information Technology, and is currently pursuing postgraduate studies in Financial Economics at the University of Colombo.

He is a professional member of the British Computer Society (MBCS, UK), the Institution of Engineering and Technology (MIET, UK), and the Institute of Electrical and Electronics Engineers (MIEEE, USA). He is also a Certified Scrum Master (CSM), and an Enterprise Architect.

In recognition of his contributions to business and technology, Dhanusha was named among Echelon Magazine's Top 100 Next-Generation Business Leaders of Sri Lanka (NE100) in 2019. He has played an active role in shaping Sri Lanka's digital economy through SLASSCOM, serving on national advisory committees for Intelligent Automation, and ICT Capacity Building, and as a General Council Member.

In 2021, he was invited to join the Forbes Technology Council (USA), becoming the first Sri Lankan to be inducted into this global network of technology leaders. He is a frequent speaker and contributor at local, regional, and international business and technology forums. Dhanusha is also actively engaged in community and social development initiatives as a member of the Rotary Club of Colombo West.

MR. P.M.B. FERNANDO **Independent Non-Executive Director**

Mr. P M B 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 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 Jayewardenepura.

Mr. Fernando was 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 an Independent, Non- Executive Director and the Chairman of the Audit Committee of DFCC Bank PLC from 2013 to 2022. Currently, he is an Independent, Non-Executive Director of LAUGFS Gas PLC, LAUGFS Eco Sri Limited, K-Seeds Investments (Pvt) Ltd., Renuka Hotels PLC, DSI Samsons Group (Pvt) Ltd., PGP Glass Ceylon PLC, Hatton Plantations PLC, Lotus Hydropower PLC and Reach Asia Leisure Limited.

Mr. Fernando is the Chairman of Audit Committee and Related Party Transaction Review Committee and a member of the Nominations and Remuneration Committee of the Company

PROF. S.P. P. AMARATUNGE **Senior Independent, Non-Executive Director**

Professor S.P.P. Amaratunge is a distinguished Sri Lankan academic and university administrator who has made significant contributions to the higher education sector. He served as Chairman of the University Grants Commission (UGC) and Vice Chancellor of the University of Sri Jayewardenepura, and was also appointed Chairman of the Committee of Vice Chancellors and Directors (CVCD) in 2019. He presently serves as Deputy President and Deputy CEO of CINEC Campus, a leading non-State higher education institution in

Sri Lanka. Professor Amaratunge has also been invited to serve as an "Academic Guardian of Olympic Values" under the international Ethos Universitas framework and has received his official Certificate of Appointment.

Professor Amaratunge holds a BA (Hons.) in Economics from the University of Sri Jayewardenepura, a MA in Economics from the University of Colombo, a MSc. In Economics of Rural Development from Saga National University and Ph.D. from Kogoshima National University in Japan, counts over 27 years' service at the University of Sri Jayewardenepura. An authority in Rural Economic Development, Professor Amaratunge has won several awards including the prestigious Research Excellence Award (2002) of the Kyushu Society of Rural Economics, Japan. He has over 75 refereed publications to his credit, both locally and internationally.

Having provided yeoman service as Dean, Faculty of Management Studies and Commerce, University of Sri Jayewardenepura (2008-2014) in completing several important infrastructure development projects and setting up of specialty facility units for undergraduate and postgraduate level education, Professor Amaratunge continued his organisation building endeavours under his stewardship as Vice Chancellor (2014-2017) of the University. Thus, he spearheaded the setting up of two new Faculties of Study, namely Engineering and Technology, to the existing cluster of five (Faculties of Arts and Humanities, Management Studies and Commerce, Applied Sciences, Medicine and Graduate Studies). He served with distinction as Chairman, Federation of University Teachers Associations (FUTA) of Sri Lanka (2009 - 2012), a period studded with noteworthy achievements such as establishing sister unions, a research grant scheme for academics and a facility scheme for entry at grade one for their children. Professor Amaratunge had the honour of being the youngest appointed member of

BOARD OF DIRECTORS

the University Grants Commission (2010), and held key positions in several State commissions of importance. In addition, not confining his services to the academia, he sits on the Boards of Management of several prominent corporates as an Independent Director. Professor Amaratunge sits on a number of other Board of Directors of several corporates as an Independent Director, namely Raigam Wayamba Saltern PLC, Citizens Development Business Finance PLC, Prime Lands Residencies PLC, LAUGFS Gas PLC, Southern Salt Company (Pvt) Limited and Raigam Wayamba Cereal (Pvt) Limited. Professor S.P.P. Amaratunge is the Chairman of Nominations and Governance Committee and also is a member of Audit Committee, Remuneration Committee and Related Party Transaction Review Committee.

MR K.R GOONESINGHE

Independent, Non-Executive Director

Mr. K. R. Goonesinghe is an Attorney-at-Law with over 40 years of experience in the legal profession. He has extensive professional expertise in Criminal Law, Civil Law, Commercial Law, Corporate and Company Law, Arbitration Law, and Litigation.

He is a Former President of the Colombo Law Society and a former Zonal Vice President of the Bar Association of Sri Lanka (BASL), having contributed significantly to the legal profession and the professional development of the Bar.

He currently serves on the Board of LAUGFS Gas PLC as an Independent, Non-Executive Director. He also serves as the Chairman of Expo Coffee (Pvt) Limited.

Mr. Goonesinghe is a member of the Audit Committee, Remuneration Committee, Related Party Transaction Review Committee, and Nominations and Governance Committee.

MR. RUSSELL DE ZILVA

Non-Independent, Executive Director

Mr. De Zilva currently serves as Managing Director/Chief Executive Officer of LAUGFS Power PLC and Joint Chief Executive Officer of Vallibel Power Erathna PLC. He possesses over two decades of experience in the renewable energy sector, having played a key role in the development and operation of hydropower, wind, and solar power projects within the Vallibel Power Group.

Mr. De Zilva holds a Bachelor of Science (Hons) degree and a Postgraduate Diploma in Electrical Engineering, with specialized expertise in advanced automation and control systems, grid-connected and floating solar PV technologies, and project management. Over his career, he has contributed to the design, engineering, and implementation of more than 50 MW of grid-connected renewable energy systems across Sri Lanka.

He has also provided strategic leadership in the planning and development of upcoming floating solar PV initiatives, positioning himself at the forefront of emerging sustainable energy solutions. His blend of technical proficiency, strategic leadership, and industry insight has supported the continued growth and innovation of Sri Lanka's renewable energy and infrastructure sectors.

Mr. De Zilva currently holds directorships in several companies within the Vallibel Group.

STRATEGY AND FOCUS



POWERING THE PROGRESS OF SUSTAINABLE LIVING

At LAUGFS Power, we are driving Sri Lanka's transition to renewable energy through a growing portfolio of solar, hydro, and wind power projects. Backed by a highly skilled team, strong research and development capabilities, and a commitment to innovation, we continue to expand our renewable energy footprint, delivering reliable clean energy solutions and creating long-term value for the nation.

BUSINESS MODEL

STRATEGY

VISION, MISSION

INPUTS



FINANCIAL CAPITAL

- Equity Capital : Rs 2,688 Mn
- Debt Capital: Rs 1537.4 Mn
- Retained Profits : Rs 808 Mn



MANUFACTURED CAPITAL

- Renewable energy infrastructure
- 05 Solar Plants with a total installed capacity of 22.317 MW
- 04 Hydropower Plants with a total installed capacity of 3.75 MW.



INTELLECTUAL CAPITAL

- Brand
- Group Synergies
- Industry Knowledge and Expertise.
- Standards and Certifications
- Memberships and Affiliations



HUMAN CAPITAL

- Compliance and Best Practices
- HR Governance and Policy Framework
- Remuneration and Benefits
- Performance Evaluation
- Training and Development
- Employee Relations
- Occupational Health and Safety



SOCIAL AND RELATIONSHIP CAPITAL

- Product Responsibility
- Customer Relationships
- Procurement Best Practices
- Community Investment Strategy



NATURAL CAPITAL

- Regulatory Compliance
- Environment Management Plan



CORPORATE GOVERNANCE FRAMEWORK



CORE BUSINESS ACTIVITIES

Solar Power Generation

Hydro Power Generation



RISK MANAGEMENT



OUTPUTS FOR LAUGFS POWER



HIGHER MARKET SHARE



REVENUE GROWTH



LOWER COSTS



IMPROVED BRAND EQUITY



RESOURCE OPTIMISATION



IMPROVED PRODUCTIVITY



MOTIVATED EMPLOYEES



EMPLOYEE LOYALTY



SUPPLY CHAIN SECURITY



RESPECT OF STAKEHOLDERS

STAKEHOLDER OUTCOMES

SHAREHOLDERS, INVESTORS, BANKS

- PAT : 461 Mn
- ROE : 17%
- ROA : 10%

CUSTOMERS

- Solar power to the national grid
- Hydro power to the national grid

EMPLOYEES

- Employee benefits Rs 49 Mn
- On-the-job training
- ZERO accidents
- Career development opportunities

REGULATORS AND GOVERNMENT

- No incidents of non-compliance
- Contributions to national energy grid
- Foreign exchange savings on imported fuel

COMMUNITIES

- No incidents of non-compliance
- Contributions to national energy grid
- Foreign exchange savings on imported fuel

ENVIRONMENT

- Avoided CO2 emissions : 17,640 tons/ year

STAKEHOLDER ENGAGEMENT

The Company's stakeholder engagement approach is built around a streamlined five-point model that emphasises trust, mutual respect, and long-term partnerships. Stakeholders are identified and prioritised through a structured stakeholder mapping process covering key groups such as regulators, the CEB, suppliers, contractors, landowners, and local communities. This process is supported by a power-interest matrix that evaluates stakeholder influence and project impact.

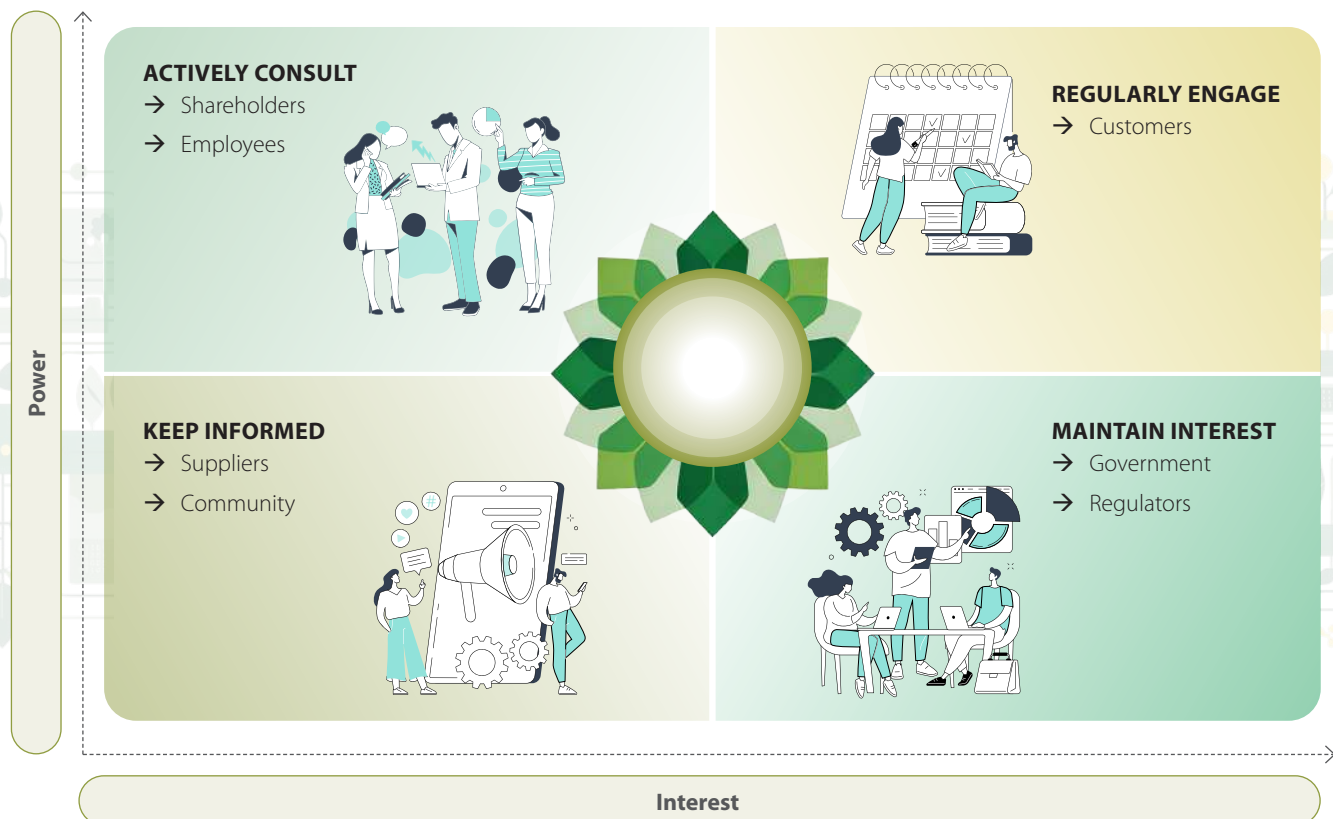
During the year under review, stakeholder engagement activities continued to evolve in line with project phases and approval requirements. LAUGFS Power further strengthened its engagement with the CEB and regulatory authorities through enhanced coordination and the provision of more structured and frequent project updates to key stakeholders.

GOVERNANCE AND OVERSIGHT

The Board of Directors of LAUGFS Power PLC retains ultimate responsibility for stakeholder engagement and remains committed to safeguarding stakeholder rights by ensuring effective mechanisms are in place for meaningful two-way communication with all stakeholder groups.

While the Board provides strategic oversight, responsibility for stakeholder engagement activities has been delegated to the Corporate Management team under the leadership of the Chief Executive Officer of LAUGFS Power. Regular reporting by the Corporate Management team enables the Board to remain informed on the progress and outcomes of stakeholder engagement initiatives, allowing for the proactive identification and management of emerging issues and stakeholder concerns.

THE POWER/INTEREST GRID



Stakeholder Group	Engagement Methodology and Frequency of Engagement	Key concerns raised	Material Matters Identified
Shareholders	→ Annual General Meeting → Annual Report → Extraordinary General Meetings (as needed) → Interim Financial Statements (quarterly) → CSE Announcements (as needed) → Press Conferences / Press Releases (as needed) → Corporate Website (continuous and ongoing)	→ Sustained growth in earnings → Stable profitability and value creation → Strong commitment to compliance and best practices → Clear focus on future growth and direction → Greater transparency and timely communication	→ Financial strength and performance → Robust cash flow management → Adherence to regulatory requirements
Customers (CEB)	→ One-on-one meetings	→ Applicable tariff structures and rates → Project commissioning and transmission arrangements → Compliance with applicable regulatory requirements	→ Energy generation capacity and expansion → Regulatory adherence and compliance → Operational efficiency and optimisation → Technology adoption and innovation
Employees	→ Daily / weekly team briefings at plants → Annual Performance Review Meeting → Internal communications (Continuous) → Open Door Policy (Continuous)	→ Employee benefits and wellbeing → Skills development and training opportunities → Career progression and growth opportunities → Workplace health and safety	→ Financial performance and value creation → Employee training and capability development → Employee health, safety and wellbeing
Suppliers	→ Supplier Selection (as needed) → Company / site visits (as needed) → Meetings (as needed)	→ Fair and transparent selection processes → Timely settlement of financial obligations	→ Cash flow strength and liquidity management → Operational efficiency and optimization
Government & Regulators	→ Directives and circulars (continuous and ongoing) → Interim Financials (quarterly) → Annual Report (annual) → CSE / SEC filings (as mandated) → Other regulatory submissions (as mandated) → Other meetings (as mandated)	→ Adherence to statutory and regulatory obligations → Compliance with applicable laws and requirements → Voluntary adoption of recognised business best practices → Timely settlement of statutory payments	→ Capacity and potential for energy generation → Value creation and financial performance → Regulatory adherence and governance → Organizational knowledge and expertise → Operational efficiency and effectiveness → Technological advancement and innovation → Environmental responsibility
Community	→ CSR activities / Donations (continuous and ongoing) → Corporate Website (continuous and ongoing)	→ Community welfare initiatives	→ Social and environmental responsibility

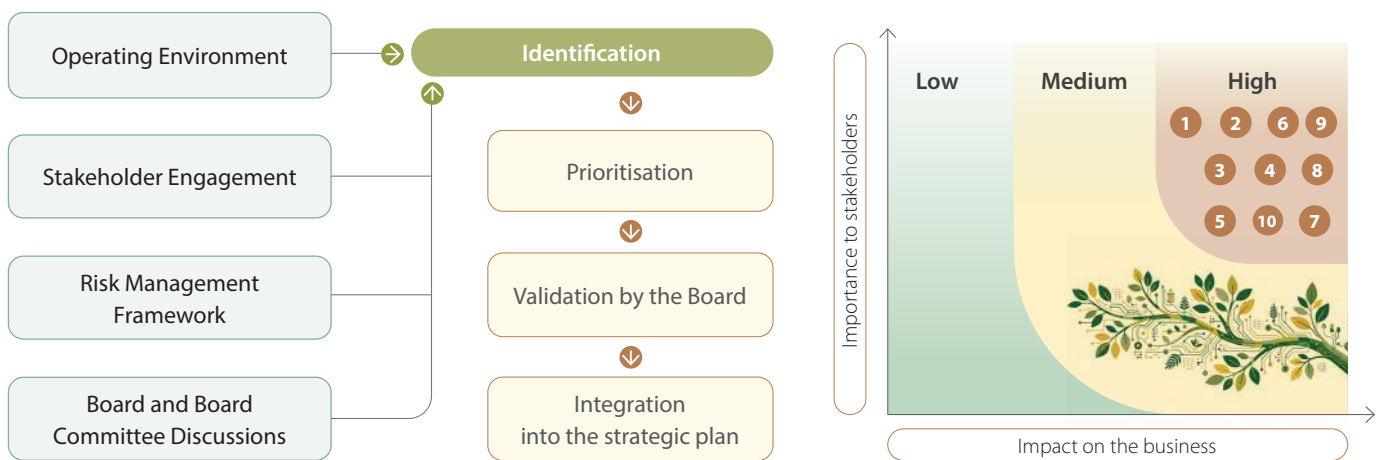
MATERIAL TOPICS

The identification of material topics at LAUGFS Power PLC is based on a structured process that draws on multiple inputs, including internal risk assessments, stakeholder engagement, industry benchmarking, and evolving regulatory requirements.

A Materiality Matrix is then used to evaluate and prioritise these topics based on two key dimensions: the potential impact on the Company's performance, growth trajectory, cost structure, and risk exposure; and the level of importance these issues hold for stakeholders.

Based on this assessment, the Company has identified 10 key material topics that are most relevant to its operations and stakeholders, forming the foundation for its sustainability focus areas and strategic decision-making.

PROCESS OF IDENTIFYING MATERIAL TOPICS



Material Topic	Reason for Materiality	SDG's	Topic Boundary	Management Approach	Additional References
Energy Generation Capacity	Contributes to business performance, growth, and national energy security	7, 13	Internal / External (national grid)	Expand renewable capacity via solar and hydro projects; optimise plant performance; enter long-term PPAs for business growth	Manufactured Capital – page 47 Review of Operations - Page 39 Chairman's Statement - Page 10
Financial Performance	Supports business continuity, investment potential, and stakeholder confidence	8, 9	Internal	Strategic planning and budgeting to drive on revenue growth and cost optimisation	Financial Capital – page 44
Cash Flow Position	Ensures financial liquidity, operational continuity, and ability to meet obligations	8	Internal	Continuous monitoring of receivables/ payables and prudent investments to support cash flow requirements	Financial Capital – page 44

Material Topic	Reason for Materiality	SDG's	Topic Boundary	Management Approach	Additional References
Regulatory Compliance	Mandatory for license to operate; reputational and legal risk minimisation	16	Internal / External (Regulatory Bodies)	Full adherence to SLSEA, CEA, PUCSL and other energy/ environmental regulations; regular compliance audits; employee training	Natural Capital - page 67 Corporate Governance Report - page 70
Knowledge Base	Enhances organisational resilience, operational effectiveness, and innovation potential	4,9	Internal	Institutionalise technical knowledge; promote on-the-job training; encourage cross-functional learning and knowledge-sharing	Intellectual Capital - Page 52 Human Capital - page 59
Efficient Operations	Directly impacts energy efficiency, system reliability, cost control, and customer satisfaction	9,12	Internal	Real-time monitoring systems; predictive maintenance; standardised operational procedures and KPI tracking	Manufactured Capital – page 47
Technology and Innovation	Enables performance improvement, future readiness, and competitiveness in the energy sector	7,9	Internal	Invest in advanced energy tech; pilot smart grid and hybrid solutions; monitor global trends in clean tech	Manufactured Capital – page 47
Training and Skill Development	Improves employee skills, supports succession planning, and drives innovation	4,8	Internal	Performance evaluation to identify training needs, technical workshops; safety training sessions and leadership development programmes	Human Capital - page 59
Employee Safety and Wellbeing	Essential for workforce morale, regulatory compliance, and operational continuity	3,8	Internal	Establish safety controls in line with regulatory requirements and best practice; conduct regular safety training; track safety KPIs; promote health and wellness programmes	Human Capital - page 59
Environmental Stewardship	Core to renewable energy ethos; reduces risk of ecosystem degradation; enhances licence to operate	6,12,13,15	Internal (sites); External (local communities, ecosystem)	Site-specific Environmental Protection Plans; emissions tracking; waste, water, and land management systems; biodiversity and community engagement	Natural Capital - page 67 Social and Relationship Capital – page 56

RISK MANAGEMENT

APPROACH TO RISK MANAGEMENT

As a subsidiary of the LAUGFS Group, LAUGFS Power PLC aligns its Enterprise Risk Management (ERM) approach with the Group risk management framework and a consistent five-tier Risk Rating Model across all entities, which assesses risks based on their potential impact and likelihood.

The overarching objective of the ERM framework is to ensure that the Company's growth ambitions are supported by effective risk measurement and control mechanisms embedded within day-to-day operations. This enables the Company to better manage uncertainties while also strengthening its ability to identify and capitalize on opportunities that enhance long-term value creation.

During the current financial year, LAUGFS Power enhanced overall risk oversight with the appointment of a Head of Risk and Compliance. In addition, the ERM system was further improved by making it more structured and integrated into operational and project decision-making processes. This included the introduction of updated risk registers, periodic risk review meetings, and more formal reporting dashboards to enhance visibility and consistency in risk monitoring.

RISK GOVERNANCE

The Company's risk governance system to serves as a critical link between corporate governance and risk management, ensuring that risk oversight is embedded within both strategic and operational decision-making. During the current year, risk governance was strengthened through clearer risk ownership, regular management reviews, and enhanced reporting to the Board and Audit Committee.

Three lines of defence model

The Company adopts the Three Lines of Defence model to support effective risk governance across the organization.

→ **First line of defence:** Consists of operational teams responsible for implementing Board-approved policies and managing risks at the operational level, ensuring compliance with internal controls and safeguards.



Three lines of defence

- **Second line of defence:** Is provided by the dedicated Risk Management team in consultation with the Board of Directors, and the Audit Committee, which oversee key risks, evaluate mitigation measures, set the Company's risk appetite, approve the risk management strategy, and review risk policies to ensure their continued relevance and effectiveness
- **Third line of defence:** Internal Audit function, which provides independent assurance on the effectiveness of risk management systems, internal controls, and governance processes. Through risk-based audits and periodic reviews, Internal Audit ensures that controls are both adequately designed and operating effectively in practice.

Risk Awareness Culture and Key Risks

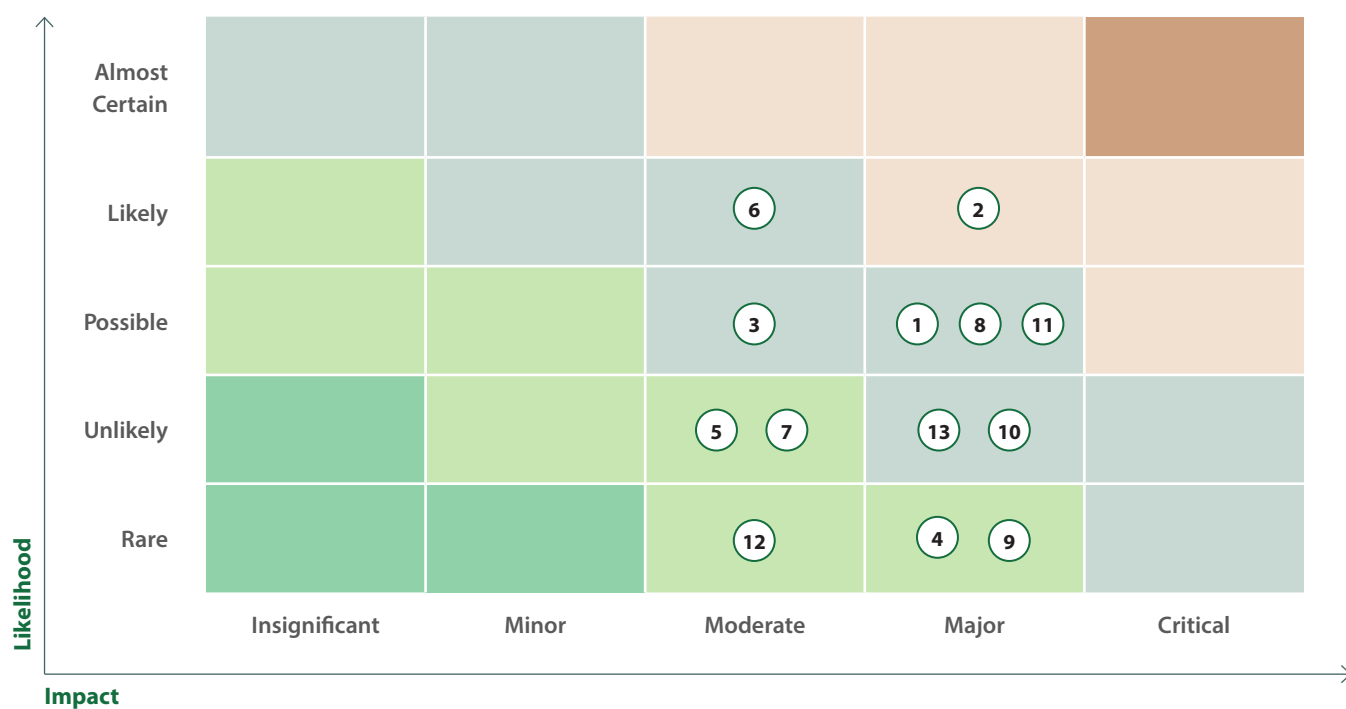
The Company fosters a risk awareness culture across the organization as a central component of risk management. The Board of Directors and the Audit Committee play a key role in setting the tone from the top, demonstrating the ethical standards and behavioural expectations that guide the organization across all levels.

KEY RISKS

In the 2025–26 financial year, the Company's risk weightage shifted more towards grid constraints, regulatory approval delays, financial pressures, and supply chain volatility, compared to earlier project-execution focused risks. In response, LAUGFS Power strengthened coordination with regulators and the CEB, enhanced financial planning processes, and further tightened project execution and procurement controls.

Looking ahead, moderate to high levels of risk remain in areas such as regulatory delays, grid capacity limitations, and cost volatility, with increasing attention required for energy transition uncertainties in the coming financial year. To address these challenges, the Company will further strengthen its risk management practices by digitising risk tracking systems, enhancing real-time monitoring, improving cross-functional risk ownership, and reinforcing early-warning mechanisms to ensure timely and effective responses.

HEAT MAP



Risk Rating	What it means
Extreme	→ Requires the attention of the Board
High	→ Requires immediate action by Senior Management, supported by detailed risk assessment and appropriate risk management responses through appropriate responses
Significant	→ Requires the attention of Senior Management
Moderate	→ Management responsibility should be clearly assigned
Low	→ Risk should be addressed through one or more appropriate risk treatment options

RISK MANAGEMENT

KEY RISKS AND MITIGATION STRATEGIES

Risk Category		Mitigation Strategies	Risk Rating
Strategic & Regulatory Risk 1	Project completion timelines may be affected by external factors, including delays in regulatory approvals, grid connectivity for new projects and disruptions to global supply chains.	→ Submit feasibility and environmental documentation at an early stage and ensure coordination with the CEB and CEA and. → Maintain regular follow-up with relevant authorities throughout the project lifecycle to minimize avoidable delays and reduce the time between construction completion and commissioning. → Management conducts regular status updates on ongoing projects and continuously monitors the EPC process to exercise greater control over project outcomes. → Develop and maintain relationships with multiple suppliers to ensure uninterrupted access to critical components and minimize supply chain disruptions. → Continuously monitor changes in applicable regulations and assess their potential impact on projects and operations.	Medium
Environmental and weather Risk 2	Potential environmental events and conditions may disrupt operations, affect project activities and create adverse impacts on surrounding environments and communities. Extreme weather conditions may affect power generation, including reduced solar irradiation resulting in lower solar generation and drought conditions affecting hydropower generation.	→ Diversify the energy portfolio across solar and hydropower to reduce exposure to seasonal and weather-related variations in power generation. → Maintain a balanced portfolio of power plants to mitigate the impact of adverse weather conditions on individual sources of generation. → LAUGFS Power PLC's technical team works with relevant authorities to monitor weather patterns and assess potential operational impacts. → Incorporate weather-related considerations into operational planning and project management to strengthen preparedness for adverse conditions. → Engage external technical experts to provide specialized support in identifying and managing potential environmental challenges. → Integrate environmental considerations into project planning and design from the initial stages. → Conduct appropriate environmental assessments and obtain the necessary approvals before commencing projects. → Strictly adhere to prescribed environmental, health and safety protocols and applicable guidelines. → Continuously monitor environmental conditions and emerging risks to enable timely management action.	High
Liquidity Risk 3	Risk of insufficient funding to support planned capital investments and meet debt servicing obligations and other financial commitments as they fall due.	→ Continuously monitor actual cash flows and update forecasts on a rolling basis, enabling more realistic estimates based on changes in the CEB's payment cycle. → Maintain a liquidity forecasting model to assess funding requirements under normal operating conditions and stressed scenarios.	Low–Medium

Risk Category		Mitigation Strategies	Risk Rating
Credit Risk 4	Risk of financial losses arising from defaults or delays in settlements by the CEB.	→ Strengthen relationships and maintain close communication with the CEB to support timely settlement of receivables. → Ensure compliance with PPA conditions and all other applicable regulations. → Conduct regular audits by the internal audit team to verify compliance status across all operations, with the findings submitted to the Board Audit Committee for review and necessary action.	Medium
Interest Rate Risk 5	Risk of reduced profitability arising from fluctuations in interest rates and the resulting unpredictability in the cost of funds.	→ Leverage Group synergies to negotiate favorable interest rates with financial institutions during periods of interest rate volatility. → Maintain an appropriate mix of fixed- and floating-rate borrowings to manage exposure to interest rate movements and support cost-efficient financing.	Low–Medium
Investment Risk 6	Risk that investments and projects may not generate the expected financial returns.	→ Subject all new projects to rigorous appraisal and feasibility assessments, including detailed evaluation of project costs, planning, contingencies and budgetary requirements. → Define a target Return on Investment (ROI) for each project to ensure alignment with strategic and financial objectives and support informed investment decisions.	Medium
Downtime Risk 7	Risk of operational downtime arising from process failures, equipment breakdowns and internal inefficiencies, resulting in disruptions to power generation and operations.	→ Conduct regular reviews of machinery, equipment, operating processes and procedures at power plants. → Ensure operating procedure manuals are accessible and consistently applied across all plant locations. → Conduct regular training programs to maintain operational competencies and preparedness. → Implement scheduled and preventive maintenance programs to ensure equipment reliability and operational readiness. → Establish clear communication channels with CEB engineers to facilitate timely resolution of operational issues. → Conduct routine operational audits, with significant findings escalated to the Board of Directors as appropriate.	Medium
Legal Risk 8	Risk of liabilities arising from third-party claims and non-compliance with applicable laws and regulations	→ Seek expert legal advice where required to identify and manage potential legal risks. → Adhere to mandatory and voluntary corporate governance standards and applicable environmental, legal and compliance requirements. → Conduct a mandatory compliance review before commencing new projects to identify and address potential legal and regulatory exposures.	Medium

RISK MANAGEMENT

KEY RISKS AND MITIGATION STRATEGIES

Risk Category		Mitigation Strategies	Risk Rating
Human Resource Risk 9	Risk of reduced operational efficiency and business disruption arising from a shortage of skilled and competent employees.	→ Foster a positive and collaborative work environment through effective employee engagement and relations. → Maintain competitive remuneration aligned with industry standards to attract and retain employees with the required skills and competencies. → Provide opportunities for on-the-job learning and specialized training programs to strengthen employee skills, technical capabilities and knowledge.	Low
Community Risk 10	Risk of biodiversity impacts associated with hydropower plants and potential conflicts over water resources in hydropower regions, affecting surrounding communities.	→ Conduct appropriate Environmental and Social Impact Assessments for new projects to identify and manage potential impacts on biodiversity and communities. → Maintain appropriate buffer zones around project sites to minimize potential impacts on surrounding ecosystems and communities. → Engage and coordinate with local communities and relevant government authorities to support sustainable and equitable water resource management.	Medium
Compliance Risk 11	Risk of liabilities arising from third-party matters and non-compliance with applicable laws, regulations, codes and other regulatory requirements.	→ A dedicated Risk & Compliance team continuously monitors regulatory developments and updates management on relevant changes and compliance requirements. → The Audit Committee oversees compliance with applicable codes, rules and regulations through regular reviews of compliance status and reporting to the Board. → Finance, Legal and other relevant functions monitor compliance within their respective areas of responsibility, including financial reporting, taxation and legal requirements. → The Board receives regular updates on ongoing litigation and other material compliance matters and consults external experts where required. → Conduct a mandatory compliance review before commencing new projects to identify potential regulatory and compliance exposures.	Low
Data Protection and Cybersecurity Risk 12	Risk of unauthorized access, manipulation, loss or dissemination of confidential Company information and data.	→ The Centralized Group IT function maintains IT policies and controls aligned with ISO 27001 requirements for information security and business continuity management. → Conduct ongoing employee awareness programs on malware, cyber threats and information security risks. → Strengthen data resilience through adequate server capacity and multiple data storage locations. → Continuously monitor developments in data protection requirements and ensure compliance with new legislation, including the Personal Data Protection Act.	Low

STRATEGY AND RESOURCE ALLOCATION

APPROACH TO STRATEGY AND RESOURCE ALLOCATION AT LAUGFS POWER PLC

The Board, in collaboration with the Executive Leadership Team, spearhead strategy formulation at LAUGFS Power PLC, ensuring involvement from the highest governance body in crafting the Company's direction. The strategy formulation process also incorporates broader sustainability priorities in order to ensure long term sustainability of the Company. Through this process, the Board ensures that strategic decisions remain aligned with the Company's purpose of supplying clean, dependable energy to the national grid while creating sustainable value for stakeholders.

The execution of these strategic priorities is supported by a strong governance framework and the effective deployment of resources across all key capitals — Financial, Manufactured, Human, Intellectual, Social and Relationship, and Natural. Investments are carefully directed towards strengthening operational capacity, advancing infrastructure, modernising technology

platforms, developing employees, and enhancing ESG-related practices and compliance mechanisms.

To strengthen Manufactured Capital, the Company continues to optimise the performance of its solar and hydropower assets through equipment modernisation, operational improvements, and the adoption of intelligent monitoring technologies that enhance efficiency and generation capacity. Simultaneously, LAUGFS Power continues to build Intellectual Capital through process automation, data-driven performance management, innovation, and the continuous sharing of technical knowledge and expertise across the organisation.

Human Capital development remains integral to the Company's long-term success. Continuous investments in employee training, occupational safety, leadership capability, and workforce engagement help cultivate a highly competent and motivated team. In parallel, the Company continues to strengthen its Social and Relationship Capital through meaningful stakeholder engagement, close

collaboration with regulatory authorities, and transparent communication practices that reinforce trust and long-term partnerships.

As a renewable energy provider, the preservation and responsible management of Natural Capital is inherently embedded within the Company's operating model and strategic outlook. Environmental stewardship remains a key consideration in decision-making, supporting the broader transition towards sustainable energy generation.

The Board and Executive Leadership Team further reinforce this integrated strategic approach through regular strategy evaluations, enterprise risk management processes, and stakeholder feedback mechanisms. Quarterly strategic reviews enable the Company to continuously assess progress, respond proactively to emerging risks and market developments, and capitalise on new opportunities, ensuring that LAUGFS Power remains resilient, adaptive, and future-focused in a rapidly evolving operating environment.

STRATEGIC PRIORITIES AND DIRECTION

 Consistent Growth	
Material Topics	Revenue stability, renewable energy generation performance, project pipeline development
Risks	Market volatility, policy changes, energy price fluctuations
Value Created	Stable revenue streams, improved investor confidence, long-term contract security
Medium Term Focus	Expand operational capacity, optimise existing assets, improve PPA performance
 Operational Excellence	
Material Topics	Plant efficiency, asset reliability, downtime reduction, cost optimisation
Risks	Equipment failure, supply chain delays, operational inefficiencies
Value Created	Increased plant availability, reduced operating cost, improved energy yield
Medium Term Focus	Automation of monitoring systems, predictive maintenance implementation
Long Term Focus	Fully optimised smart operations with minimal unplanned downtime

STRATEGY AND RESOURCE ALLOCATION



Workforce Development

Material Topics	Skills development, safety culture, employee retention
Risks	Skills shortage, high turnover, safety incidents
Value Created	Improved productivity, enhanced safety performance, stronger technical capability
Medium Term Focus	Technical training programmes and certification development
Long Term Focus	Building a highly skilled, future-ready renewable energy workforce



Sustainable Operations

Material Topics	Resource efficiency, waste management, ESG compliance
Risks	Regulatory non-compliance, inefficient resource use
Value Created	Improved sustainability rating, reduced operational footprint
Medium Term Focus	Strengthen ESG reporting and compliance systems
Long Term Focus	Achieve best-in-class sustainability performance across all assets



Environmental Leadership

Material Topics	Carbon reduction, renewable energy contribution, biodiversity impact
Risks	Climate variability, environmental regulatory tightening
Value Created	Reduced carbon emissions, enhanced environmental reputation
Medium Term Focus	Increase renewable output efficiency and environmental monitoring
Long Term Focus	Achieve net-zero aligned operations and industry leadership in green energy transition



SUSTAINABILITY FRAMEWORK

As a member of the LAUGFS Holdings Group, LAUGFS Power PLC's Sustainability Framework is guided by sustainability vision of the parent company and Group strategic priorities. The framework embeds Environmental, Social, and Governance (ESG) principles across all areas of the Company's renewable energy operations and is implemented under Board oversight. Each project site operates in compliance with all applicable environmental regulations and industry standards to ensure the responsible use of natural resources. In addition, LAUGFS Power remains committed to fostering inclusive growth by supporting local communities, encouraging stakeholder participation, and maintaining transparent and responsive engagement with all stakeholders.

As a renewable energy provider, LAUGFS Power contributes meaningfully to Sri Lanka's transition towards a cleaner, more sustainable, and climate-resilient

energy landscape. Through its solar and hydropower generation initiatives, the Company supports national efforts to reduce reliance on fossil fuels while contributing to lower greenhouse gas emissions.

During the year under review, the Company further strengthened its sustainability governance framework through enhanced Board oversight, the refinement of sustainability-related policies, and an increased focus on ESG compliance and renewable energy development. Efforts also remained centred on expanding the renewable energy portfolio, improving operational efficiency, and minimising environmental impacts, with continued progress achieved in solar energy generation and operational performance.

The Company also remained mindful of the evolving impacts of climate change, including fluctuations in solar generation

patterns, exposure to extreme weather events, and increasingly stringent environmental and regulatory requirements. To address these challenges, LAUGFS Power continued to strengthen its resilience through energy source diversification, enhanced forecasting capabilities, climate-resilient infrastructure design, and ongoing alignment with environmental regulations and long-term sustainability objectives.

SDG PROGRESS IN 2025-26

The Company's sustainability initiatives are aligned with the broader objectives of the United Nations Sustainable Development Goals (SDGs), reinforcing the Company's commitment to inclusive, equitable, and environmentally responsible growth. Sustainability considerations are integrated into key business decisions and operational processes, reflecting LAUGFS Power's role as a responsible corporate entity supporting both national priorities and global sustainability ambitions.

SDG	Description
	During the year under review, all Health, Safety and Environment (HSE) standards were stringently enforced, ensuring employee and contractor safety.
	Training and skill development programmes for employees and technical staff were conducted and CSR programmes were conducted targeting school children,
	The Company ensures equal employment opportunities and non-discriminatory HR practices.
	The Company ensured efficient water use and compliance with environmental standards
	During the year, renewable energy, both solar and hydro projects were expanded, and the renewable energy contribution to the national grid increased.

SUSTAINABILITY FRAMEWORK

SDG	Description
	Employment generation and support to local contractors and suppliers.
	The Company continued to invest in energy infrastructure and modern technologies.
	Fair employment practices and inclusive stakeholder engagements, were maintained.
	Reliable and clean energy supplies supported community development during the year.
	Efficient resource management and sustainable operations
	Reduction of carbon footprint through renewable energy generation
	Environmental impacts were mitigated and compliance with regulations were upheld at all times. The Company also adopted EVs for site transport needs, which contained carbon emissions.
	Strong governance, compliance, and ethical business practices were observed in all transactions.
	Collaboration with CEB, regulators, and industry partners.



MANAGEMENT DISCUSSION AND ANALYSIS



POWERING THE GROWTH OF RENEWABLE ENERGY

Innovation is defined not by technology alone, but by the ability to continually improve the way energy is generated, managed, and delivered. At LAUGFS Power, ongoing optimisation of our solar and hydro assets, continued investments in operational excellence, and the development of our people have strengthened efficiency, reliability, and performance across our renewable energy portfolio. Each improvement enhances our ability to meet evolving energy demands while building a more agile, resilient, and future-ready organisation.

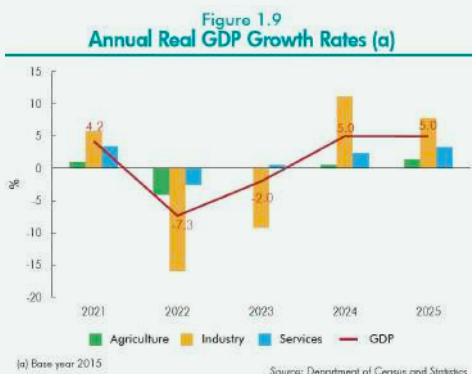
OPERATING ENVIRONMENT

ECONOMIC OVERVIEW

GDP Growth

Sri Lanka's economy demonstrated a strong recovery in 2025, with Gross Domestic Product (GDP) expanding by 5.0% despite the adverse impact of Cyclone Ditwah. The improved economic performance reflected the gradual stabilisation of macroeconomic conditions and the resilience of key sectors of the economy.

Agriculture activities recorded a growth of 1.4% during the year, improving from the 0.6% growth achieved in 2024, supported by better production levels and a recovery in agricultural output. Industrial activities continued their positive momentum, recording a growth of 7.8% in 2025 following the significant 11.1% expansion in 2024. This growth was primarily driven by improvements in manufacturing, construction, and mining and quarrying activities, reflecting increased economic activity and investment. Meanwhile, the services sector grew by 3.3% compared to 2.4% in the previous year, supported by the steady improvement in overall economic conditions and increased business and consumer activity across the country.



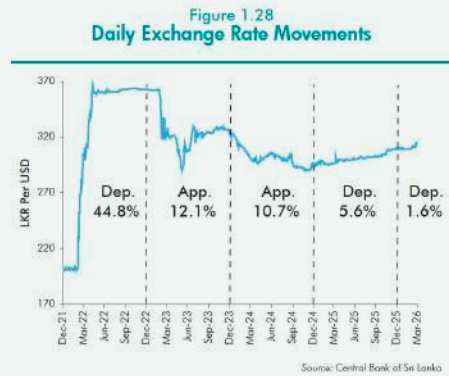
Source : Central Bank of Sri Lanka

Impact on LAUGFS Power PLC

- Electricity demand is expected to rise, as industrial and services sectors maintain growth. This will increase the demand for renewable energy for the national grid.
- Increased investor confidence and fiscal stability may also enhance access to project financing for capacity expansion or technology upgrades.
- Revival in tourism and the services sector could lead to greater infrastructure development in energy-intensive regions, offering further opportunities for renewable integration and decentralised generation.

EXCHANGE RATE

The Sri Lankan rupee depreciated against the USD by 5.6% in 2025 and against other major currencies, such as the Euro, the Pound sterling, the Chinese yuan, the Japanese yen, the Indian rupee, and the Australian dollar.



Source : Central Bank of Sri Lanka

Impact on LAUGFS Power PLC

- The rupee depreciation has caused import costs of equipment and construction materials to increase
- The increased costs have a ripple effect by increasing the cost of operations



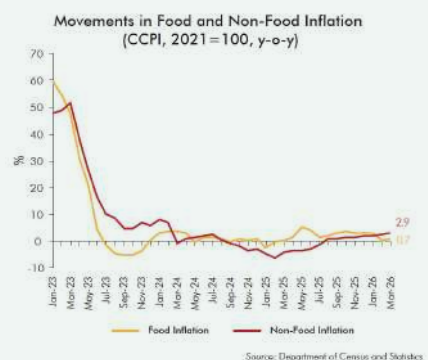
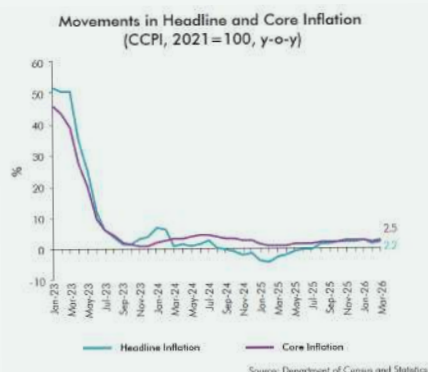
INFLATION

Following eleven consecutive months of deflation, headline inflation returned to positive territory in August 2025 and gradually accelerated thereafter. The general price level recorded a moderate increase during 2025, reversing the decline observed in the previous year, as reflected by both CCPI and NCPI.

Accordingly, year-on-year (y-o-y) headline inflation, measured by the Colombo Consumer Price Index (CCPI, 2021=100), accelerated to 2.1% by the end of 2025 from -1.7% recorded at the end of 2024, while the annual average CCPI-based headline inflation in 2025 decelerated to -0.5% from 1.2% recorded in 2024.

Impact on LAUGFS Power PLC

- The gradual increase in the rate of inflation has increased the cost of operations.

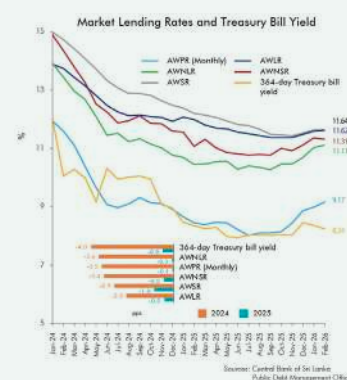
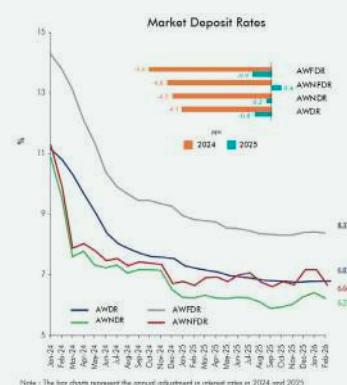


Source : Central Bank of Sri Lanka

INTEREST RATES

Overall, market interest rates continued to adjust downwards in 2025, although a modest uptick was observed towards the latter part of the year due to temporary increases in short-term interest rates. Monetary policy, which was eased significantly from June 2023 through 2024 by a total of around 7.75 pps, was eased further through the reduction in the Overnight Policy Rate (OPR) by 0.25 pps in 2025.

However, there was persistent asymmetries in the distribution of domestic money market liquidity which resulted in a gradual increase in the Average Weighted Call Money Rate (AWCMR), reaching 0.29 pps above the OPR by end 2025. This deviation was subsequently corrected in early 2026. During 2025, other market interest rates for both deposits and lending also declined overall, although some anomalies were observed in interest rate adjustments during the latter part of the year.



Source : Central Bank of Sri Lanka

Impact on LAUGFS Power PLC

- Interest rate volatility impacted the cost of project financing during the year

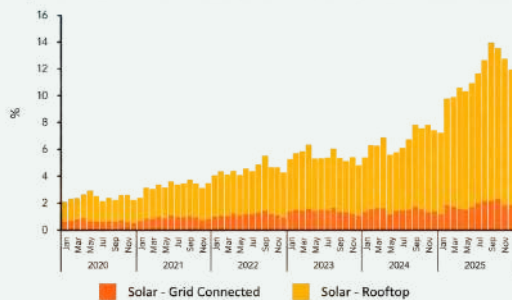
OPERATING ENVIRONMENT

RENEWABLE ENERGY SECTOR UPDATE

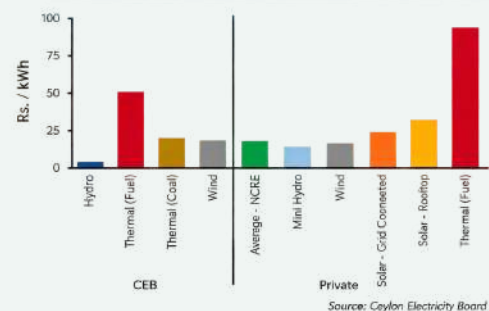
The renewable energy sector in Sri Lanka continued to evolve during the year amid increasing private sector participation, policy reforms, and growing emphasis on sustainable energy generation. The Government intensified its focus on expanding solar and wind energy capacity while encouraging greater local power generation to strengthen national energy security. However, the sector also faced several operational and regulatory challenges, including grid capacity constraints, fluctuations in import duties and tax structures, and stricter approval and grid interconnection requirements, all of which impacted project implementation timelines and costs. In addition, the industry witnessed heightened competition from new renewable energy developers entering the market. Against this backdrop, LAUGFS Power experienced increased project execution costs and delays, while also benefiting from improved long-term growth prospects arising from the continued expansion of the renewable energy sector.

According to industry data from the Central Bank of Sri Lanka, the solar energy segment experienced capacity expansion, driven by rapid investments in rooftop solar installations, which accounted for nearly 9.4% of total electricity generation in 2025. While this reduced dependence on relatively costly thermal power generation, the rapid growth of solar energy also created challenges in grid management due to the mismatch between daytime solar generation and night-time peak electricity demand. The introduction of battery storage systems has emerged as a key solution to improving grid stability and optimising renewable energy utilisation. Measures such as higher feed-in tariffs for battery-supported solar systems, the gradual transition towards Net Plus Systems and Time of Use tariffs, together with the exploration of innovative business models such as energy aggregators, are expected to further encourage investments in renewable energy infrastructure and storage solutions.

Share of Total Electricity Generation¹



Average Cost of Electricity at Generation Point - 2025



Source : Central Bank of Sri Lanka

Impact to LAUGFS Power PLC

- Increased demand for electricity has increased competition within the sector
- Delays in project approvals and delays in payments caused operational disruptions

REVIEW OF OPERATIONS

OPERATING CONTEXT

The operating environment during 2025–26 continued to evolve against a backdrop of regulatory changes and market dynamics. New opportunities emerged due to the Government's emphasis on renewable energy generation to cater to the growing demand for energy, as Sri Lanka accelerated its economic recovery trajectory. This conducive national policy towards renewable energy encouraged investment interest in renewable energy infrastructure and strengthened the long-term outlook for the sector.

However, changes in import duties and tax structures, as well as the continued depreciation of the rupee, impacted the viability of renewable energy projects. Increased costs of imported equipment and materials caused overall project expenditure to rise, requiring companies to adopt more disciplined cost management and procurement planning strategies, in order to maintain operational and financial viability.

The regulatory landscape also became more stringent during the year, with enhanced approval procedures and tighter grid interconnection requirements resulting in longer project implementation timelines. While these measures were intended to strengthen compliance standards and grid stability, they also increased the importance of effective stakeholder engagement, technical planning, and regulatory coordination throughout the project lifecycle.

Despite these developments, the competitive environment intensified with the entry of new renewable energy developers into the market. The increasing competition in the renewable energy sector has heightened the need for operational efficiency, technical capability and timely project execution. LAUGFS Power is well positioned to deliver on these imperatives to ensure sustainable operations into the future.

STRATEGY AND FOCUS

During the year, LAUGFS Power continued to advance its long-term growth strategy through targeted investments in renewable energy expansion and operational enhancement initiatives. The Company maintained its focus on expanding its solar energy portfolio, while continuing the development of the 2 MW mini hydro power plant project, reinforcing its commitment to increasing renewable energy generation capacity and supporting Sri Lanka's transition toward cleaner energy sources.

As a key strategic driver, the Company continued to invest in strategic technology improvements, including the implementation of remote monitoring systems for hydro power operations at one of its plants. These initiatives are expected to strengthen operational oversight, improve plant performance, and enhance overall efficiency and reliability. Recognising the increasing technical demands of the renewable energy sector, the Company also continued to prioritise employee development through technical training and upskilling programmes focused on renewable energy operations and maintenance.

Looking ahead, the Company intends to further expand its solar and hydro power capacity while pursuing operational efficiency improvements across existing assets. In particular, the hydro power segment presents opportunities for efficiency enhancements and optimisation of generation performance through improved operational and maintenance practices.

The Company also remains strategically positioned to capitalise on the continued expansion of the solar energy sector and the gradual decline in renewable energy technology costs, which are expected to support greater project feasibility and investment opportunities over the medium to long term.

In addition, the Company is exploring new business avenues, including opportunities within the Mechanical, Electrical, and Plumbing (MEP) sector, while evaluating strategic investments in large-scale wind power projects, hybrid renewable energy systems, and energy storage integration. These initiatives are aligned with the Company's broader objective of diversifying its renewable energy portfolio, strengthening long-term sustainability, and enhancing future growth potential.

FUTURE OUTLOOK

The outlook for Sri Lanka's renewable energy sector remains positive, supported by the country's increasing focus on energy security, sustainability, and the transition towards cleaner energy sources. Continued policy support for renewable energy development, together with rising electricity demand and growing private sector participation, is expected to drive further expansion in solar and wind power generation. The increasing adoption of rooftop solar systems, advancements in energy storage solutions, and investments in grid modernisation are also expected to strengthen the sector's long-term growth potential.

Despite these favourable prospects, the sector is likely to face several short-term challenges, including grid capacity limitations, financing constraints, regulatory complexities, and the need for significant infrastructure upgrades to accommodate higher renewable energy integration. However, with ongoing policy reforms, improved regulatory frameworks, and technological advancements in battery storage and grid management, the renewable energy sector is well-positioned to play an increasingly important role in Sri Lanka's future energy landscape.

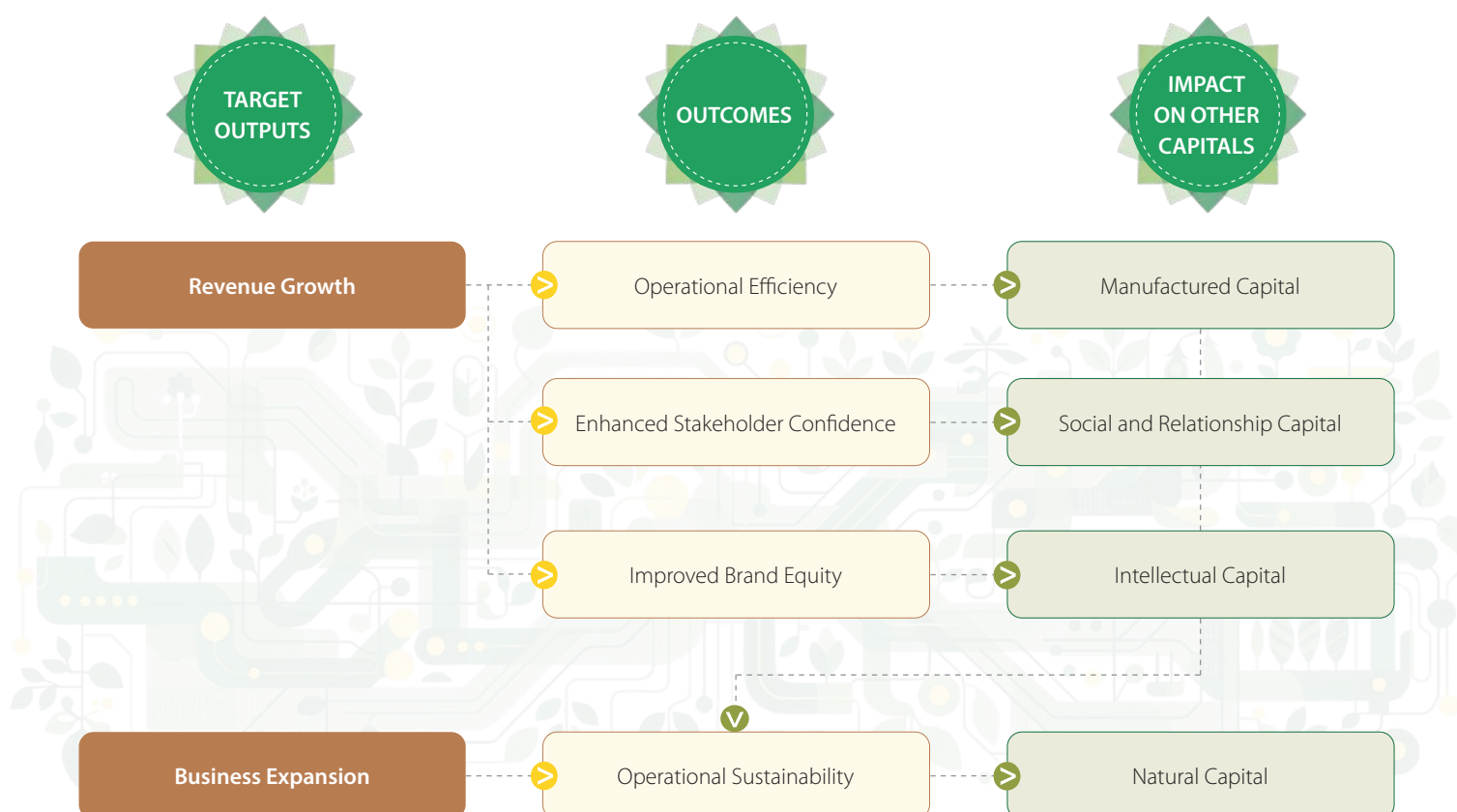


FINANCIAL CAPITAL

Financial capital represents the pool of funds including shareholder equity and debt financing obtained through financial institutions and other lenders, which are used to finance the development and maintenance of renewable energy infrastructure, as well as to support working capital needs, service debt obligations, as well as fund future expansion plans.

MANAGEMENT APPROACH

Our financial management approach is centred on maintaining a balanced capital structure and strong financial discipline to enhance financial resilience, sustain long-term operations and support future expansion. At the same time, we remain focused on managing financial risks prudently and responding proactively to evolving market conditions and regulatory developments across the energy sector.



REVENUE

The Group recorded revenue of Rs. 765 Mn for the financial year 2025/26, a decline of 15% from the Rs. 897 Mn revenue recorded in the previous financial year.

Revenue contributions

Revenue Contribution	Revenue (Rs. Mn)
Iris Eco Power Lanka (Pvt) Ltd. – Solar	356
Anorchi Lanka (Pvt) Ltd. – Solar	337
LAUGFS Power PLC (Company)	63
Ginigathena Thiniyagala Mini Hydro Power (Pvt) Ltd.	9

FINANCIAL CAPITAL

GROSS PROFIT

The Gross Profit of the Group decreased to Rs. 402 Mn from Rs. 923 Mn in the previous year. The reduction in gross profit reflected the decline in billing under the standardized power purchase agreement to Rs 0.04 Mn in the current year, from Rs 376 Mn. The cost of sales also increased to Rs 363 Mn, from Rs 350 Mn last year.

OPERATING PROFITS

The Operating Profit for the year increased by 2% to Rs. 575 Mn, from Rs. 563 Mn in the financial year 2025/26. While administration expenses increased to Rs 370 Mn from Rs 269 Mn within the year, the reversal of impairment charges to the amount of Rs 544 Mn, contributed towards boosting the operating profit.

PROFIT BEFORE TAX

The Company's Profit Before Tax (PBT) grew by 17% year-on-year to Rs. 477 Mn, from Rs. 408 Mn in the previous year. This growth reflects the lower finance costs, which declined from Rs 208 Mn to Rs 158 Mn in the current year, as well as the marginal increase in finance income from Rs 53 Mn to Rs 60 Mn.

TAX EXPENSES

Tax expenses for FY 2025/26 came to Rs. 16 Mn, compared to Rs. 158 Mn in FY 2024/25.

The applicable corporate income tax rate was 30% during the current financial year.

PROFIT/LOSS AFTER TAX (PAT)

LAUGFS Power PLC reported a Profit After Tax (PAT) of Rs. 461 Mn for FY 2025/26, compared to a PAT of Rs. 250 Mn in FY 2024/25, representing a profit growth of 84%.

EARNINGS PER SHARE (EPS)

The increase in PAT was reflected in Earnings Per Share (EPS), with EPS for the current year increasing to Rs 1.19 from Rs. 0.65 in the previous financial year.

ASSETS

Total assets of the Group increased to Rs 4,568 Mn, from Rs. 4,289 Mn, primarily due to the Property, Plant and Equipment valuation increasing from 3,072 Mn to Rs 3,573 Mn and total non-current assets increasing to Rs 3,672 Mn from Rs 3,160 Mn. Total current assets declined from 1,129 Mn to Rs 895 Mn.

LIABILITIES

Total liabilities decreased from Rs. 2,059 Mn to Rs. 1,880 Mn, mainly due to a reduction in non-current interest-bearing liabilities, which declined from Rs 1,445 Mn to Rs 1,253. Current liabilities increased from Rs 526 Mn to Rs 574 Mn with trade and other payables, and interest bearing loans also increasing

EQUITY

Total equity increased to Rs 2,688 Mn. from Rs. 2,230 Mn. Retained earnings increased to Rs. 808 Mn from Rs. 350 Mn in the previous financial year, reflecting the growth in profitability for the year.

CASH FLOW

LAUGFS Power maintained a strong focus on liquidity management during the year by maintaining adequate cash reserves and closely monitoring cash flows. Capital allocations followed a structured approach aligned with strategic priorities, while debt financing was prudently managed to ensure adequate liquidity at all times, while containing the associated risks.

Consequently, the cash flow position was strengthened during the 2025/26 financial year, with cash generated from operations increasing to Rs. 492 Mn, compared to Rs. 295 Mn in the previous year. Net cash generated from operating activities increased to Rs. 297 Mn, compared with Rs. 92.0 Mn in 2024/25.

Capital expenditure on acquisition of property, plant and equipment increased to Rs. 221 Mn, from Rs. 71 Mn, reflecting continued investment in operational capacity. The net cash used in investing activities also increased to Rs. 216 Mn, compared with Rs. 50 Mn in the previous year.

Although borrowings increased to Rs. 123 Mn, from Rs. 77 Mn, loan repayments declined to Rs. 335 Mn from Rs. 393 Mn in 2025/26. Consequently, net cash used in financing activities reduced to Rs. 228 Mn from Rs. 330 Mn.

Overall, the net cash outflow for the year reduced to Rs. 148 Mn from Rs. 288 Mn.



MANUFACTURED CAPITAL

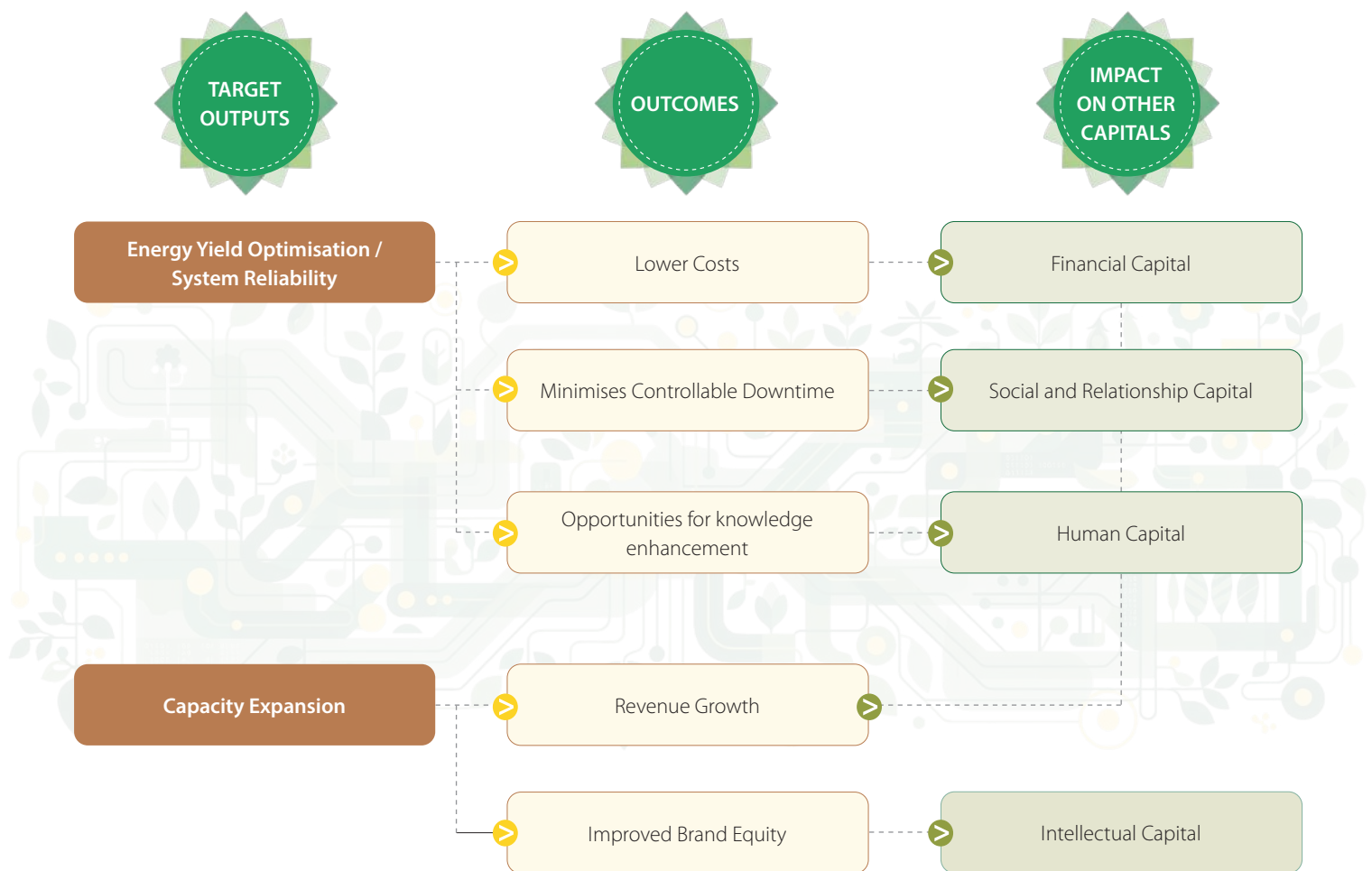
Our manufactured capital base is essential to for business operations, forming the foundation for the Company's power generation activities. In line with our commitment to steadily expanding overall generation capacity, we continue to adopt a broad-based approach towards investments in Property, Plant and Equipment (PPE) to enhance the capacity and scalability of our energy infrastructure. At the same time, we remain focused on driving operational excellence and adopting new technology solutions to optimise plant performance, ensuring the consistent and reliable delivery of energy output.

During the current financial year, the Company focused on optimising existing infrastructure while advancing the ongoing 2 MW mini hydro project in Ginigathhena, which has now reached its final stages of commissioned. In addition, Phase 1 of the 20 MW solar project in Hambantota was successfully completed, adding a further 1.4 MW of DC power capacity, while Phase 2 of the project commenced during the year. The Company also invested in remote monitoring systems for the operations of one of its solar power plants, further strengthening operational efficiency and monitoring capabilities.

MANUFACTURED CAPITAL

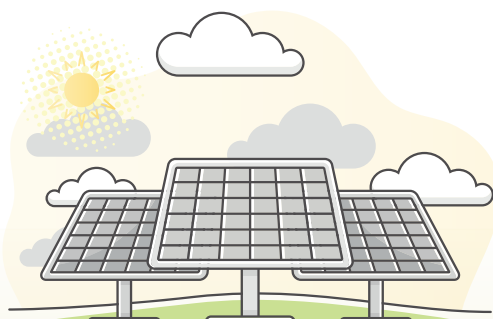
MANAGEMENT APPROACH

The renewable energy business is highly capital intensive, which requires prudent management of financial capital. Accordingly, the Company's management approach is to maintain a balanced capital structure and financial discipline to support long-term operational sustainability, and fund future growth initiatives. At the same time, we continue to manage financial risks prudently while responding proactively to evolving market conditions and regulatory developments within the dynamic energy landscape. perform at optimal levels in order to deliver consistent and reliable energy output.



RENEWABLE ENERGY INFRASTRUCTURE

Continuous investments in PPE have enabled the Company to establish a strong renewable energy infrastructure that supports its operations and long-term growth ambitions. Over the years, these investments have facilitated the development of a robust network of solar and mini-hydro power plants, supported by transmission infrastructure, electrical and mechanical systems, land, office facilities, and operational vehicles. Collectively, these assets underpin the Company's ability to deliver clean and reliable energy while contributing sustainably to revenue generation and future expansion.



SOLAR POWER PLANTS

- 22 MW ground-mounted solar power plant in Hambantota consisting of high-efficiency PV modules and inverters that generate clean daytime electricity supply.



HYDRO POWER PLANTS

- LAUGFS Power owns and operates multiple mini-hydro power plants, including the recently commissioned Pams Power a 2MW facility.
- These plants are strategically located in high-flow regions and contribute to baseload energy supply.

Procurement process

1. CAPEX Planning and Procurement of PPE is initiated annually by the strategic planning team in consultation with the engineering and operations teams.
2. Proposals are submitted to senior management and Board of Directors.
3. Feasibility studies and IRR analysis are required for all large-scale projects.
4. CAPEX is allocated based on expected return, alignment with national energy goals, and project readiness.
5. Procurement is per guidelines set forth in the Procurement Manual.
6. Tendering and three-quotation system
7. Special tenders for high-value equipment such as solar panels, inverters, turbines, and control systems.
8. Evaluation based on price, quality, delivery, and vendor reputation.

Procurement governance

- Oversight by a Decision-Making Unit (DMU).
- National regulations and international standards followed for the procurement of equipment.
- Sustainable Energy Authority of Sri Lanka and CEB guidelines for power plant development.
- ISO standards for equipment quality, environmental performance, and safety.
- IEC standards for electrical installations and solar PV modules.
- Preference for Tier 1 manufacturers for equipment procurement.
- Environmental Impact Assessments (EIA) are mandatory for new sites.



MANUFACTURED CAPITAL

The effective management of the Company’s renewable energy portfolio is guided by a strong commitment to operational excellence, with key emphasis placed on energy yield optimisation, system reliability, and compliance with environmental standards. In support of these priorities, the Company continues to undertake equipment upgrades, process enhancements, asset rationalisation, and regular maintenance to ensure infrastructure performs efficiently and reliably.

Operational Excellence - Key Highlights for FY 2025-26	
Process Innovation	Improved operational processes through digital monitoring, SCADA optimization and data-driven performance tracking to enhance plant efficiency and reduce operational downtime
Asset Rationalisation	Optimized the utilization of existing renewable energy assets through performance reviews, capacity enhancement opportunities and improved resource allocation
Maintenance	Strengthened preventive and corrective maintenance practices across solar and hydro plants to improve equipment reliability, minimize downtime and maximize energy generation.

IT INFRASTRUCTURE

The digital infrastructure and enterprise systems play a vital role in supporting operational efficiency, business continuity, and the long-term resilience of renewable energy operations. Through the shared IT infrastructure of LAUGFS Holdings Limited, the Company benefits from enhanced system reliability, scalability, and information security across its operations.

The Company operates on the Group-wide SAP-based enterprise resource planning (ERP) platform, enabling seamless integration and streamlined management of business processes across all entities. The key components of the SAP ERP framework include:

- SAP ECC (ERP Central Component) – Supports core business functions including finance, procurement, supply chain management.
- SAP BI (Business Intelligence) – Provides advanced analytics and reporting capabilities to support informed and data-driven decision-making.
- SAP PI (Process Integration) – Facilitates seamless communication and integration between SAP and non-SAP applications, ensuring efficient enterprise-wide data flow.

Supporting this digital ecosystem are the Group’s advanced primary and Disaster Recovery (DR) Data Centres, strategically co-located within an Internet Service Provider’s (ISP) Internet Data Centre (IDC) to strengthen business continuity and operational reliability. In addition, all systems are deployed within a highly virtualised and high-availability environment supported by a clustered architecture that enhances performance, scalability, and fault tolerance.

Information security remains a key operational priority, with all systems aligned to the principles and best practices of the ISO 27001 framework. Although formal certification has not yet been obtained, the Group continues to implement comprehensive security measures including regular risk assessments, internal audits, and continuous improvement initiatives to safeguard the integrity, resilience, and reliability of its information systems

FUTURE DIRECTION

Priorities for the Future	Short Term (2025 - 2026)	Medium Term (2026 – 2027)	Long Term (Beyond 2027)
Commissioning the 10MW Hambantota solar expansion	Completion by March 2026	Cancelled	
Commissioning the 2MW Hydro Power Plant at Ginigathhena	Completion by March 2026	Optimize generation and O&M	Long-term operational sustainability
Construction of 50MW Mannar wind project	Secure provincial approvals and begin groundwork	Cancelled	
Battery storage integration to manage grid intermittency	Feasibility studies and pilot Assessments	Complete feasibility studies and pilot implementation	Integrate BESS with renewable projects
Solar-hydro hybrid models and carbon credit trading opportunities	Identify potential sites and Partners	Develop and secure approvals for selected projects	Expand solar/hydro hybrid portfolio through new projects and partnerships
Automation with AI-powered energy forecasting tools	Identify AI tools and begin Testing	Pilot AI-based forecasting and predictive maintenance	Implement AI-driven asset management
Establish an internal programmes for O&M Personnel	Identify training needs and develop structured O&M training programmes	Implement continuous technical training and competency development	Establish a skilled internal O&M team with advanced technical capabilities
Build internal technical capacity through a dedicated renewable energy training centre	Assess training requirements and develop the initial concept and curriculum	Establish the training centre and commence structured technical training programmes	Expand the centre into a dedicated renewable energy technical training and development facility



INTELLECTUAL CAPITAL

During the year under review, LAUGFS Power continued to strengthen its intellectual capital base through ongoing staff training, knowledge sharing initiatives, adoption of new technologies, and the enhancement of internal expertise in renewable energy operations.

The Company also invested in process improvements, hybrid energy models, and operational efficiency enhancements, while carrying out feasibility studies and technical evaluations for future renewable energy projects. Supported by standardised technologies and licensed systems, LAUGFS Power's extensive experience in solar, wind, and hydro power project development together with operations and maintenance (O&M) capabilities continues to represent a key intellectual asset of the business.

In addition, the Company continued to maintain compliance with industry, environmental, and safety standards while strengthening strategic engagement with the CEB, regulators, and industry bodies. These efforts are further supported by an organisational culture that is performance-driven, safety-focused, and sustainability-oriented, enabling the Company to continuously strengthen its technical knowledge base and operational capabilities.

MANAGEMENT APPROACH

LAUGFS Power has a structured management approach towards developing the Company's intellectual capital by focusing on continuous learning, technology adoption, process standardisation, and retaining skilled personnel.



BRAND POSITION

The LAUGFS Power brand continued to strengthen its position within business sector as a specialised renewable energy brand and future-focused clean energy provider, with a growing presence in solar and hydro power with plans to enter the wind power arena.

To further reinforce brand visibility and competitiveness, the Company continued to invest in brand-building both through conventional channels as well as digital channels, enhancing visibility across project sites to better reflect its commitment to a cleaner, greener, and more sustainable future.

The Company also continued to monitor brand performance through stakeholder feedback and digital media engagement to ensure that the LAUGFS Power brand remains aligned with stakeholder expectations while staying true to the Group's values and purpose.

In addition, active participation in national and regional energy forums further strengthened the reputation of the LAUGFS Power brand as a collaborative industry partner and an emerging thought leader within Sri Lanka's renewable energy sector.

GROUP SYNERGIES

The association with LAUGFS Holdings Ltd continues to generate significant synergies for LAUGFS Power by strengthening the Company's financial, operational, and strategic capabilities. As part of the diversified LAUGFS Group, the Company benefits from the strength and recognition of the LAUGFS brand, which enhances stakeholder confidence, supports market visibility, and reinforces its reputation as a reliable renewable energy provider.

INTELLECTUAL CAPITAL

The relationship with the Group also creates financial synergies by providing access to stronger capital support, investment opportunities, and established risk management frameworks, enabling the Company to pursue long-term growth with greater stability and resilience. At the same time, the Group's shared commitment to sustainability ensures alignment in strategic direction, brand values, and environmental objectives across all businesses.

Operational synergies are further realised through shared services and centralised support functions across the Group, including HR, finance, legal, and procurement. This enables LAUGFS Power to streamline internal processes, improve efficiency, optimise costs, and focus more effectively on its core renewable energy operations.

In addition, collaboration and knowledge sharing across the Group's diverse business sectors create opportunities for innovation, technical expertise, and strategic partnerships, supporting the continued growth of LAUGFS Power and strengthening its contribution to Sri Lanka's renewable energy transition.

INDUSTRY KNOWLEDGE AND EXPERTISE

The intellectual capital of LAUGFS Power PLC is strengthened by the specialised expertise and technical knowledge embedded within its engineering and operational teams. Operating in the highly specialised and rapidly evolving renewable energy sector, the Company places significant emphasis on building a strong internal knowledge base capable of supporting efficient operations, innovation, and long-term growth.

A key contributor to this intellectual base is the Company's focus on recruiting highly qualified engineers with strong academic and practical expertise in renewable energy.

Their specialised knowledge enhances the Company's technical capabilities and enables LAUGFS Power to effectively manage increasingly sophisticated renewable energy operations and technologies.

The Company further strengthens its intellectual capital through continuous professional development initiatives that ensure employees remain updated on evolving industry practices and technological advancements. In parallel, technical employees undergo targeted training programmes directly aligned with their operational responsibilities, enabling the Company to continuously enhance institutional knowledge, operational efficiency, and technical competency across its renewable energy operations.

STANDARDS AND CERTIFICATIONS

Global standards and certifications enhance the credibility and operational discipline of our institutional systems, by supporting continuous improvement of quality, safety, and sustainability across all aspects of the business, thereby enhancing stakeholder confidence.

Standard / Certification / Licence	Scope and Purpose	Key Benefits to the Company / Stakeholders
Industrial safety standards	→ Operational safety → Workplace safety → Health & environmental protection → Training and Competency → Ensure the employee & power plant safety → Compliance with Industry → Standards and Regulations	→ Risk Mitigation and Liability Reduction → Legal Compliance → Improved Operational Efficiency → Improved Investment → Confidence → Enhanced Financial → Performance
Power generation license	Regulatory compliance	→ Brand recognition in the renewable energy industry, → Revenue from energy generation

MEMBERSHIPS AND AFFILIATIONS

Memberships and affiliations play an important role in strengthening the intellectual capital of LAUGFS Power by enabling the Company to remain informed of evolving industry trends, policy developments, and technological advancements within the renewable energy sector.

These engagements also enhance the Company's participation in industry dialogue and create valuable opportunities for collaboration, advocacy, and knowledge sharing with key stakeholders across the sector. Through these interactions, LAUGFS Power continues to broaden its industry knowledge, strengthen strategic relationships, and enhance its technical and operational expertise in support of long-term growth and innovation.

Memberships and Affiliations	Key Benefits
Renewable Energy Developers Association of Sri Lanka (REDA)	Industry networking, project development support, government engagement
Sri Lanka Sustainable Energy Authority (SLSEA)	Regulatory alignment, policy updates, licensing & approvals
Small Hydro Power Developer Association (SHPDA)	Industry networking, project development support, government engagement

FUTURE DIRECTION

Priorities for the Future	Short Term (2025 - 2026)	Medium Term (2026 – 2027)	Long Term (Beyond 2027)
Diversifying the renewable energy footprint through investment in wind power	Secure approvals and initiate projects	Expand renewable energy portfolio	Large-scale wind capacity development
Expanding the solar footprint	Complete ongoing projects	Add new solar capacities	Utility-scale solar expansion
Global expansion	Market assessment and partnerships	Enter selected regional markets	Establish international presence
Carbon Credit & ESG Reporting	Develop ESG framework and reporting	Register carbon credits and improve disclosures	Monetise carbon credits and advanced ESG integration

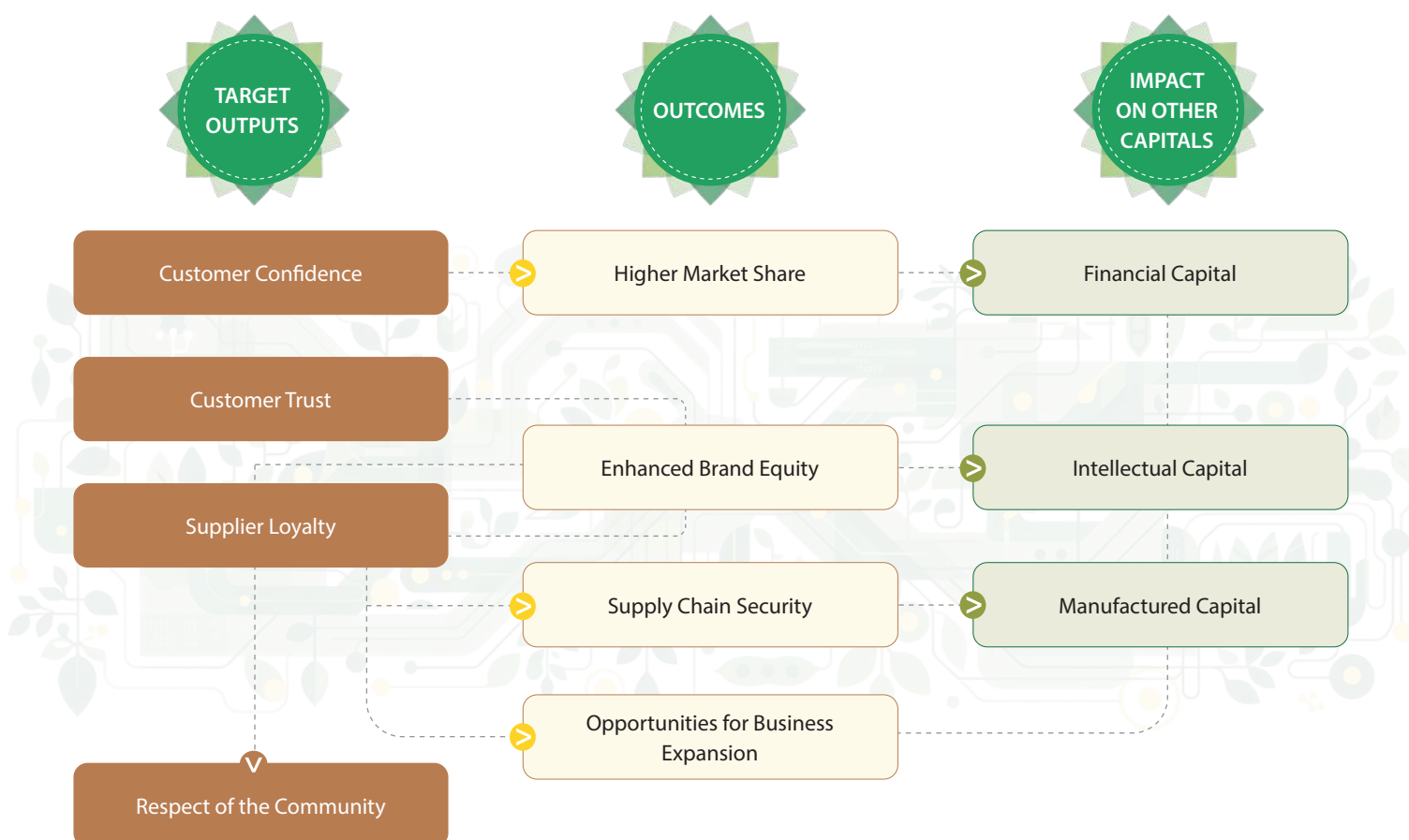


SOCIAL AND RELATIONSHIP CAPITAL

Our Social and Relationship Capital reflects the strong and enduring relationships we maintain with key stakeholders, including customers, suppliers, regulators, investors, employees, and surrounding communities, all of which are vital to the continuity, resilience, and long-term sustainability of our operations. During the year under review, we further strengthened our social capital through enhanced stakeholder engagement, meaningful community development initiatives, closer collaboration with suppliers and business partners, and transparent, responsible communication practices that foster trust and mutual value creation.

MANAGEMENT APPROACH

LAUGFS Power adopts a structured and stakeholder-centric approach to managing social and relationship capital, supported by regular engagement, transparent communication channels, and proactive collaboration with all stakeholder groups. The Company remains committed to maintaining strong partnerships built on trust, accountability, and shared value creation, while aligning its engagement practices with ESG principles and the broader sustainability objectives of the LAUGFS Group.



CUSTOMER CAPITAL

Product Responsibility

LAUGFS Power remained committed to upholding product responsibility throughout the year by ensuring the reliability, quality, and continuity of its renewable energy supply, while maintaining full compliance with applicable regulatory, technical, safety, and environmental standards.

The renewable energy generated through the Company's portfolio of solar and hydropower projects is governed by long-term Power Purchase Agreements (PPAs), with the Ceylon Electricity Board (CEB), which establish the terms relating to energy supply, pricing mechanisms, operational

performance, and delivery obligations. Grid interconnection standards for renewable energy projects are also established and regulated by the CEB. LAUGFS Power remains fully committed to complying with these standards by ensuring that all grid-connected operations consistently meet the required technical, operational, safety, and quality benchmarks. The Company has also upgraded and aligned the technical specifications of its solar power systems with the regulatory requirements of the Sri Lanka Sustainable Energy Authority (SLSEA).

Customer Relationships

The renewable energy generated by the Company is supplied directly to the national grid, and the CEB is the Company's primary

customer. During the year under review, the Company continued to maintain strong and collaborative customer relationships through continuous coordination with the CEB, reliable energy delivery, and timely communication on operational and project-related matters. Continuous interactions with CEB representatives enable the effective management of operational matters, alignment on technical standards and compliance requirements, and the prompt resolution of any issues that may arise, thereby supporting uninterrupted and efficient power delivery to the national grid.

SOCIAL AND RELATIONSHIP CAPITAL

SUPPLIER CAPITAL

Supply Chain Dynamics

Supplier engagement was strengthened during the year through more structured communication, enhanced supplier performance monitoring, and the cultivation of long-term partnerships built on trust and shared value creation.

The Company's supply chain is designed to support the development, operation, and maintenance of its renewable energy projects. It comprises both local and international suppliers who provide key equipment, infrastructure materials, and specialised components that meet stringent quality, technical, and compliance standards. The supply chain also includes contractors and service providers engaged in construction, logistics, maintenance, and other operational support services that are essential for smooth project execution, operational efficiency, and business continuity.

Procurement Best Practices

The Company further strengthened its procurement practices during the year through enhanced transparency, competitive tendering processes, and improved cost control and supplier evaluation mechanisms.

In order to enhance supply chain resilience and operational sustainability, the Company fosters long-term relationships with suppliers based on integrity, reliability, and mutual value creation. Suppliers are selected through a rigorous evaluation and screening process aligned with industry best practices and the Company's internal sustainability and quality standards. This assessment process includes the evaluation of pricing structures, technical expertise, financial stability, legal and regulatory compliance, and adherence to the Company's environmental, social, and ethical expectations.

LAUGFS POWER PROCUREMENT PROCESS



- **Supplier Registration:** Potential suppliers are required to register, providing necessary documentation and certifications.
- **Evaluation Criteria:** Assessment based on quality standards, cost competitiveness, delivery timelines, reliability, and compliance with legal and environmental regulations.

- **Environmental Assessments:** Evaluating suppliers' environmental impact, including their sourcing, production, and delivery processes.
- **Social Responsibility Checks:** Assessing labour practices, human rights adherence, and community engagement.
- **Regular Audits and Reviews:** Conducting site visits and performance reviews to ensure ongoing compliance with environmental and social standards.
- **Approval Processes:** Involvement of technical evaluation committees and management for supplier selection and approval.
- **Contractual Agreements:** Including clauses that mandate adherence to ethical, environmental, and social standards.
- **Monitoring and Compliance Checks:** Regular assessments to ensure suppliers comply with the established code of conduct.

REMEDIAL MEASURES

LAUGFS Power recognises that renewable energy projects create both positive and potentially adverse environmental and social impacts. The Company remains committed to maximising positive outcomes while proactively mitigating and managing any negative impacts associated with its operations and development activities.

Positive Impacts

The Company's renewable energy operations contribute positively towards national sustainable development objectives through increased access to clean and renewable energy, thereby reducing reliance on fossil fuels and supporting Sri Lanka's transition towards a lower-carbon energy future. Operations and projects also contribute to employment generation within the renewable energy sector, creating economic opportunities for local communities and supporting regional development.

In addition, the Company's projects contribute to infrastructure improvements in surrounding areas while community development initiatives, including educational support programmes and environmental awareness activities, further strengthen community wellbeing and environmental stewardship.

Potential Negative Impacts

The Company acknowledges that certain temporary environmental and social impacts may arise during project development and construction phases. These may include temporary disturbances such as noise, land-use changes, increased movement of machinery and equipment, and other construction-related impacts. In certain cases, projects may also present land-use concerns or affect surrounding communities if not carefully managed and mitigated.

As part of its commitment to environmental stewardship and social accountability, LAUGFS Power conducts mandatory Environmental and Social Impact Assessments (ESIAs) prior to the commencement of all new projects. This process is a regulatory requirement in Sri Lanka and serves as a critical mechanism for identifying, evaluating, and managing the environmental and social impacts associated with project development and operations.

The ESIA process is comprehensive and includes the assessment of land use, biodiversity, water resources, air quality, cultural heritage, and community livelihoods. It incorporates baseline environmental studies, stakeholder

consultations, risk assessments, and the preparation of Environmental and Social Management Plans (ESMPs) aimed at mitigating adverse impacts while enhancing positive outcomes. These assessments are conducted in close collaboration with regulatory authorities including the Central Environmental Authority (CEA) and the Sri Lanka Sustainable Energy Authority (SLSEA), ensuring compliance with national regulations and internationally accepted best practices.

Through this process, LAUGFS Power ensures that its projects are developed and operated responsibly, minimising environmental harm, protecting the wellbeing and rights of local communities, and contributing positively towards long-term sustainable development.

COMMUNITY INVESTMENT STRATEGY

During the year, the Company increased its engagement with local communities through strengthened consultation mechanisms, grievance handling procedures, awareness programmes, and community development initiatives. The Company recognises the importance of maintaining transparent, respectful, and mutually beneficial relationships with communities surrounding its renewable energy operations and project locations.

Community investment initiatives are designed to address the specific needs and priorities of local communities while supporting long-term socioeconomic development. To facilitate stakeholder engagement and accessibility, the Company has established multiple community outreach mechanisms, including dedicated

hotlines at project sites and feedback collection boxes located at site offices and community centres. These channels enable community members to raise concerns, provide feedback, and engage proactively with the Company.

All grievances received through these mechanisms are formally recorded, monitored, investigated, and resolved within defined timelines by the Sustainability and Community Relations Unit. In addition to grievance resolution, stakeholder feedback is analysed and incorporated into the planning and development of future community initiatives. Project identification is further supported through community surveys, consultations, advisory panels, and recommendations from local government authorities to ensure initiatives remain aligned with actual community needs.

Potential community projects are reviewed by the CSR Committee and subsequently evaluated by the Executive Leadership Team to assess feasibility, associated risks, strategic relevance, and budgetary alignment. Approved projects are funded through the Company's CSR budget and implemented through site-level operational teams under the supervision of the Sustainability and Community Relations Unit, which oversees stakeholder coordination, implementation, monitoring, and performance evaluation. Progress and outcomes of community initiatives are regularly reported to senior management and disclosed through the Company's sustainability reporting processes.

FUTURE DIRECTION

Priorities for the Future	Short Term (2025 - 2026)	Medium Term (2026 – 2027)	Long Term (Beyond 2027)
Plan CSR activities in LAUGFS power footprint	Identify community needs and plan CSR programmes	Implement and expand CSR initiatives across project areas	Establish long-term sustainable community development programmes



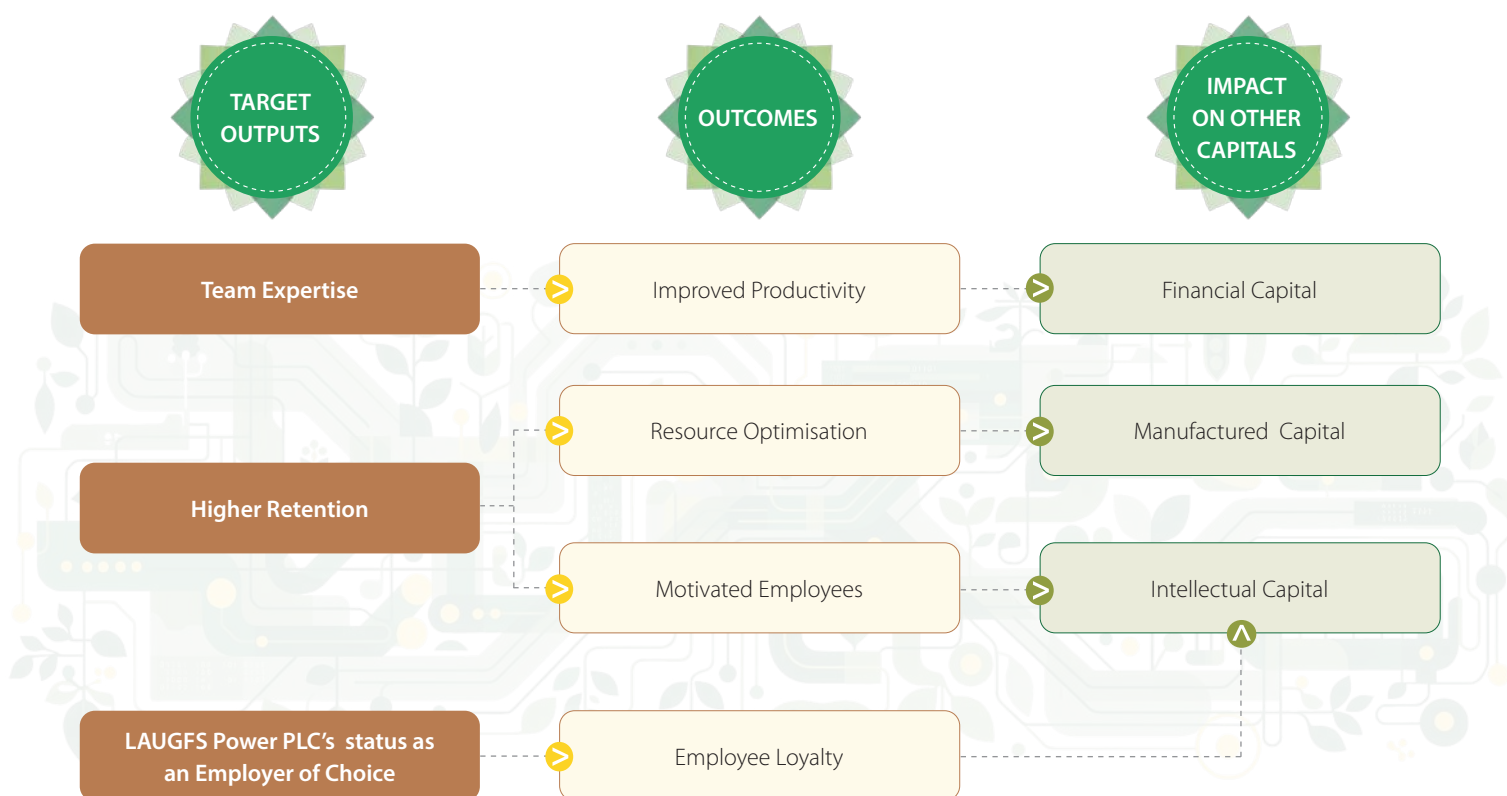
HUMAN CAPITAL

LAUGFS Power continued to strengthen its human capital during the year through targeted training programmes, technical upskilling initiatives, enhanced human resource management practices, and employee engagement activities aimed at building a skilled, motivated, and future-ready workforce. As a renewable energy company operating in a technically specialised sector, the Company recognises that its employees are central to ensuring operational reliability, safety, innovation, and long-term business sustainability.

During the year under review, key human capital priorities included employee skill development, talent retention, strengthening operation and maintenance (O&M) capabilities, enhancing technical competencies across renewable energy operations, and further improving workplace health and safety standards. The Company also focused on fostering a collaborative and performance-driven culture that encourages continuous learning, accountability, and professional growth.

MANAGEMENT APPROACH

LAUGFS Power adopts a structured and people-centric human resource management approach focused on performance excellence, continuous learning, employee wellbeing, and regulatory compliance. The Company remains committed to creating a safe, inclusive, and supportive working environment that enables employees to develop their capabilities and contribute effectively towards organisational objectives.



EMPLOYEE STATISTICS – FY 2025-26

During the financial year 2025–26, LAUGFS Power maintained a stable workforce comprising a balanced mix of technical, operational, and administrative personnel to support the efficient operation and maintenance of its renewable energy projects. The Company continued to focus on optimising workforce capabilities while ensuring the availability of skilled employees required to maintain operational reliability, safety, and long-term business performance.

Employees by Type

Status	Male	Female	Total
Permanent	62	3	65
Contract	20	0	20
Other	18	5	23

Employees by Age and Gender

Status	Male	Female	Total
18 - 30 years	26	4	30
31 - 55 years	64	4	68
56 and above	10	-	10

HUMAN CAPITAL

Employees by Region and Gender

Status	Male	Female	Total
Sabaragamuwa	24	-	24
Central	28	-	28
Southern	19	-	19
Western	29	8	37

COMPLIANCE AND BEST PRACTICES

LAUGFS Power remained fully compliant with all applicable labour laws, regulations, and statutory requirements throughout the year under review, reflecting the Company's commitment to ethical employment practices, employee wellbeing, and responsible corporate governance.

The Company's human resource practices are governed by several key labour legislations in Sri Lanka, including the Shop and Office Employees (Regulation of Employment and Remuneration) Act, No. 19 of 1954 and its subsequent amendments, which apply to administrative employees. In addition, the Company complies fully with the requirements of the Employees' Provident Fund Act (EPF Act), the Employees' Trust Fund Act (ETF Act), and the Payment of Gratuity Act. No incidents of non-compliance with labour regulations were reported during the financial year under review or in prior years.

LAUGFS Power maintains a zero-tolerance approach towards workplace harassment and discrimination, supported by robust internal policies that promote dignity, mutual respect, fairness, and equal opportunity across the organisation. Employees are expected to uphold respectful conduct at all times, irrespective of gender, age, marital status, religion, or any other legally protected characteristic. This non-discriminatory approach is embedded across all human resource practices, including recruitment, training, performance management, career

development, and employee engagement. No incidents of discrimination or workplace harassment were reported during the year under review.

The Company also strictly prohibits all forms of forced, compulsory, or involuntary labour. Employment at LAUGFS Power is entirely voluntary, and employees retain the freedom to terminate employment in accordance with the terms and conditions outlined in their contracts. The Company's operations are not exposed to risks relating to forced labour, child labour, or exploitative employment practices, reaffirming its commitment to maintaining ethical, transparent, and responsible labour standards across all operations.

HR GOVERNANCE AND POLICY FRAMEWORK

During the year under review, LAUGFS Power further strengthened its human resource policies and procedures through enhanced policy frameworks, clearer operational guidelines, and improved compliance monitoring mechanisms aimed at ensuring consistency, transparency, and alignment with evolving regulatory and organisational requirements.

The governance of all human resource matters falls under the purview of the LAUGFS Holdings Limited Group HR function. Accordingly, the overarching HR policies, frameworks, and directives established by the Group HR division serve as the foundation for ensuring legal compliance, ethical employment

practices, and the adoption of industry best practices across LAUGFS Power's operations. The alignment with Group-level HR governance further enables consistency in human capital management practices while supporting accountability, compliance monitoring, and the continued development of a professional and high-performing workforce.

HR Policy Framework

- Code of Conduct
- Whistle Blowing Policy
- Sexual Harassment Policy
- Disciplinary Policy
- Learning and Development Policy
- Social Media Policy
- Recruitment and Selection Policy
- Onboarding Policy
- Transfer Policy
- Attendance Policy
- LAUGFS Fuel Card policy
- Payments and Reimbursement Policy
- Medical Insurance Policy
- Promotion Procedure
- Leave Policy
- Bonus Policy

RECRUITMENT AND SELECTION

LAUGFS Power continued to strengthen its talent acquisition and selection practices during the year, with a strong focus on attracting, identifying, and retaining competent and qualified talent to support business operations and future growth. The Company's recruitment and selection practices are aligned with its overarching Recruitment Policy and are designed to ensure that appointments are made based on competence, experience, role suitability, and organisational requirements.

A key focus during the year was the continued enhancement of Diversity, Equity and Inclusion (DEI) within talent acquisition. LAUGFS Power is committed to providing equal employment opportunities and fostering a fair, transparent, and competency-based approach to attracting talent from diverse backgrounds. Inclusive talent sourcing and objective evaluation practices support the Company in minimising bias and promoting equitable employment decisions.

The Company also maintained a strong emphasis on employment compliance and responsible hiring, including appropriate employee verification measures and safeguards to ensure adherence to applicable labour regulations and ethical employment standards. These practices reinforce LAUGFS Power's commitment to maintaining a responsible, inclusive, and values-driven workplace.

Through these efforts, LAUGFS Power continues to build a capable and diverse workforce that reflects its organisational values, strengthens innovation and collaboration, and contributes to sustainable business performance and long-term growth.

EMPLOYEE MOVEMENT IN FY 2025–26

During the financial year 2025–26, LAUGFS Power carried out moderate recruitment activities to support ongoing operational requirements and project-related needs.

New Hires by Gender		
Male	Female	Total
16	3	19

New Hires by Age and Gender		
Age Group	Male	Female
18 - 30 years	9	1
31 - 55 years	7	2
56 and above	-	-

New Hires by Region and Gender		
Region	Male	Female
Western Province	5	3
Southern Province	5	-
Central Province	5	-
Sabaragamuwa	1	-

Employee Turnover by Gender		
Male	Female	Total
12	2	14

Employee Turnover by Age and Gender		
Age Group	Male	Female
18 - 30 years	5	-
31 - 55 years	6	2
56 and above	1	-

Employee Turnover by Region and Gender		
Region	Male	Female
Western Province	6	2
Southern Province	3	-
Central Province	2	-
Sabaragamuwa	1	-

HUMAN CAPITAL

ON-BOARDING

LAUGFS Power further improved its onboarding processes during the year through the implementation of more standardised procedures, enhanced employee orientation programmes, and clearer communication of roles and responsibilities.

The onboarding process is designed to ensure the smooth integration of new employees into the organisation by familiarising them with the Company's operations, workplace practices, safety procedures, and the core values of the LAUGFS Holdings Limited Group. The process also enables employees to gain a clear understanding of their individual roles, responsibilities, reporting structures, and performance expectations from the outset of their employment.

In addition to completing administrative and compliance-related formalities, the onboarding programme focuses on fostering early employee engagement, reducing adjustment periods, supporting productivity, and creating a positive employee experience that contributes towards long-term retention and performance.

REMUNERATION AND BENEFITS

LAUGFS Power further enhanced its employee benefits framework during the year with increased emphasis on employee wellbeing, workplace safety, and overall employee welfare.

The Company also maintained a remuneration and benefits framework aligned with prevailing industry standards in order to attract and retain its talent pool. Permanent employees are provided with a comprehensive package of monetary and non-monetary benefits designed to support financial security, employee wellbeing, and workplace satisfaction. These include annual salary increments, performance-based incentives linked to individual and team achievements, and annual bonuses aligned with the Company's overall financial and operational performance.

In addition, employees are provided with a range of non-financial benefits and wellbeing initiatives aimed at enhancing employee engagement, promoting work-life balance, supporting occupational health and safety, and improving the overall employee experience across the organisation.

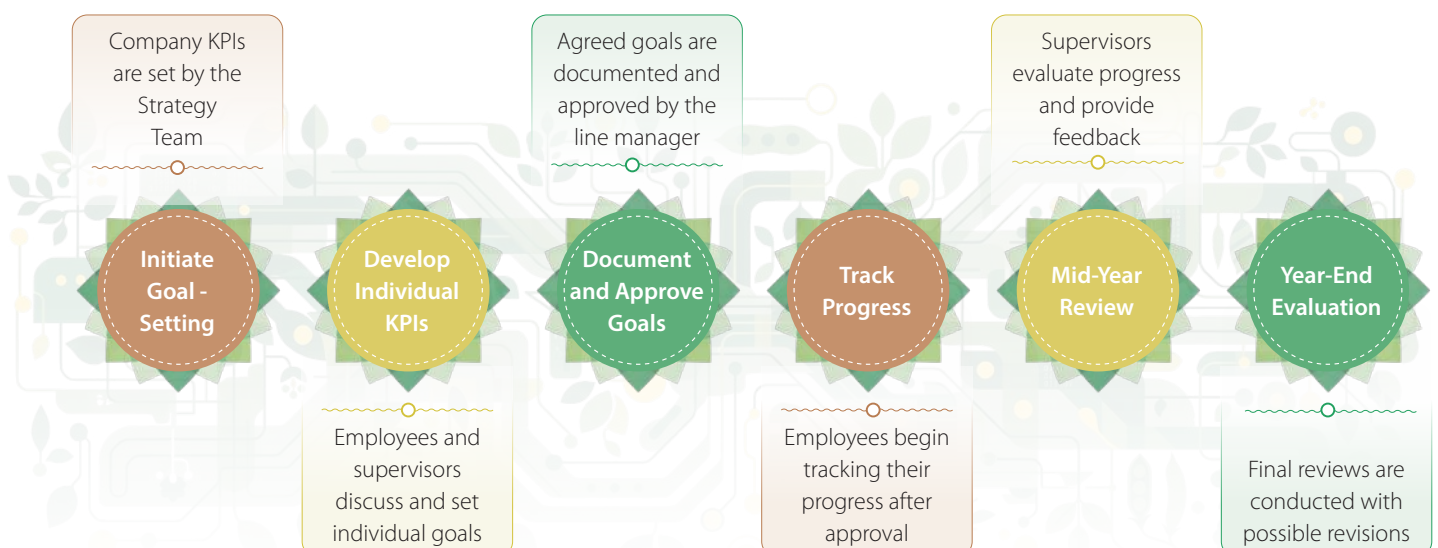
PERFORMANCE EVALUATION

The Company continued to strengthen its performance management framework during the year, reinforcing its commitment to accountability, continuous improvement, employee development, and the achievement of organisational objectives. Performance evaluation remains an important platform for aligning individual contributions with business priorities while recognising high performance and fostering a results-oriented culture.

A significant milestone during the year was the relaunch of the Company's core values across the organisation, reinforcing the importance of translating these values into everyday behaviours, decision-making, and workplace interactions. To further embed the values within the performance culture, the Company introduced a dual performance rating approach, providing a balanced assessment of both what employees achieve and how they achieve it.

While performance assessment recognises the achievement of individual and business objectives, behavioural competencies reflect the extent to which employees demonstrate the Company's values in

LAUGFS POWER PLC PERFORMANCE EVALUATION PROCESS



the execution of their responsibilities. This integrated approach strengthens accountability while encouraging integrity, collaboration, leadership, and continuous improvement.

The alignment of performance with organisational values represents an important step towards building a high-performance, values-driven culture, supporting employee development, strengthening leadership effectiveness, and contributing to a sustainable organisation where business results and desired behaviours go hand in hand

TRAINING AND DEVELOPMENT

LAUGFS Power continued to strengthen its training and development initiatives during the year through technical training programmes, occupational safety training, and skill development initiatives designed to enhance employee competencies and support operational excellence across its renewable energy operations.

The Company's learning and development initiatives are aligned with the strategic objectives of the Group while supporting the continuous enhancement of technical, operational, managerial, and interpersonal capabilities across the workforce. Training requirements are identified through mid-year performance reviews and annual appraisal processes. Responsibility for addressing these identified development needs rests with the respective Strategic Business Unit (SBU) HR Heads, who coordinate training activities within approved training budgets.

Training is delivered through a combination of structured formal programmes, on-the-job learning, coaching, mentoring, knowledge-sharing sessions, and rotational assignments to ensure a comprehensive and practical approach to capability development. These initiatives support the strengthening of operational and maintenance (O&M) expertise, safety awareness, leadership capabilities, and overall employee effectiveness while fostering a culture of continuous learning and professional development.

Training events 2025-26

Training Topic	Target Employees
Value awareness session	Executive & above
Sales training	Executive & above
Best Practice Financial Modelling for budgeting	Executive & above
Sri Lanka Economic & Investment summit	Executive & above

EMPLOYEE RELATIONS

LAUGFS Power continued to maintain positive employee relations during the year through open communication, regular employee feedback mechanisms, and the promotion of a supportive and collaborative working environment.

The Company fosters a workplace culture built on trust, transparency, mutual respect, and teamwork. Daily and weekly team briefings together with the Company's open-door policy create accessible communication channels that encourage employees to engage with supervisors and management to raise concerns, seek guidance, and resolve workplace matters in a timely and constructive manner.

In addition to informal communication mechanisms, a formal grievance handling process has been established, with a structured reporting process. During the year, the Company further enhanced its grievance management system through clearer reporting procedures, improved accessibility, and timely resolution mechanisms to ensure that employee concerns are addressed confidentially and efficiently.

EMPLOYEE ENGAGEMENT

The Company continued to place strong emphasis on employee engagement and fostering a positive, inclusive, and connected workplace culture during the year. A range of initiatives were undertaken to strengthen teamwork, encourage employee participation, recognise contributions, and create meaningful opportunities for employees to connect beyond their day-to-day responsibilities.

Employee engagement activities encompassed health and wellness, cultural and religious celebrations, recreational and entertainment activities, team-building initiatives, and staff interactions, supporting employee well-being while strengthening relationships and camaraderie across the organisation. These initiatives also provided opportunities to celebrate diversity, shared values, and the collective spirit of the Company.

The Company further reinforced a culture of appreciation and recognition by introducing the Appreciation Board, a monthly platform to acknowledge employees for their outstanding contributions, commitment, teamwork, achievements, and positive impact. This initiative has helped create greater visibility around employee contributions and encouraged a culture where people feel valued and appreciated.

Through these engagement initiatives, the Company continues to foster an environment where employees feel valued, recognised, connected, and supported, strengthening a sense of belonging and contributing to a motivated, collaborative, and high-performing workforce.

OCCUPATIONAL HEALTH AND SAFETY

The Company's occupational health and safety practices were improved during the year through enhanced HSE procedures, regular safety awareness and training programmes, and stringent site safety measures across its operations.

Although the Company's operations are not known to cause occupational illnesses

HUMAN CAPITAL

among employees, employee safety is treated as a priority. The Company remained fully compliant with all applicable health and safety requirements under the Factories Ordinance of 1942 and maintained workmen’s compensation insurance in accordance with the Workmen’s Compensation Ordinance of 1935 to support employees in the event of workplace-related injuries.

Potential Safety Risks at LAUGFS Power

Potential Safety Risks	Safety Measures Adopted
Electrical hazards during operation and maintenance	Lockout–Tagout (LOTO) procedures, PPE usage, and safety training
Fire risks at substations and equipment areas	Fire detection systems, fire extinguishers, and emergency response drills
Exposure to weather conditions (heat, storms, lightning)	Work scheduling, lightning protection systems, and weather monitoring
Electrical arc flash incidents	Arc flash risk assessments, insulated tools, and PPE

Workplace injuries or fatalities

There were no recorded workplace injuries, or fatalities, across our operations during the financial year 2025-26. This includes zero minor injuries, zero major injuries, and zero lost workdays due to injury. These results highlight our strong commitment to maintaining the highest standards of health and safety, ensuring a safe and secure working environment for all our employees.

FUTURE DIRECTION

Priorities for the Future	Short Term (2025 - 2026)	Medium Term (2026 – 2027)	Long Term (Beyond 2027)
Focus on human resource development	Technical training and upskilling programmes	Advanced competency development and digital skills	Continuous learning culture and talent excellence framework
Strengthening leadership and succession planning	Identify key talent and succession gaps	Leadership development programmes and succession pipeline	Fully established leadership bench strength
Improving employee wellbeing and work–life balance	Introduce wellbeing initiatives and flexible practices	Expand wellbeing programmes and employee support systems	Mature, integrated wellbeing and engagement culture



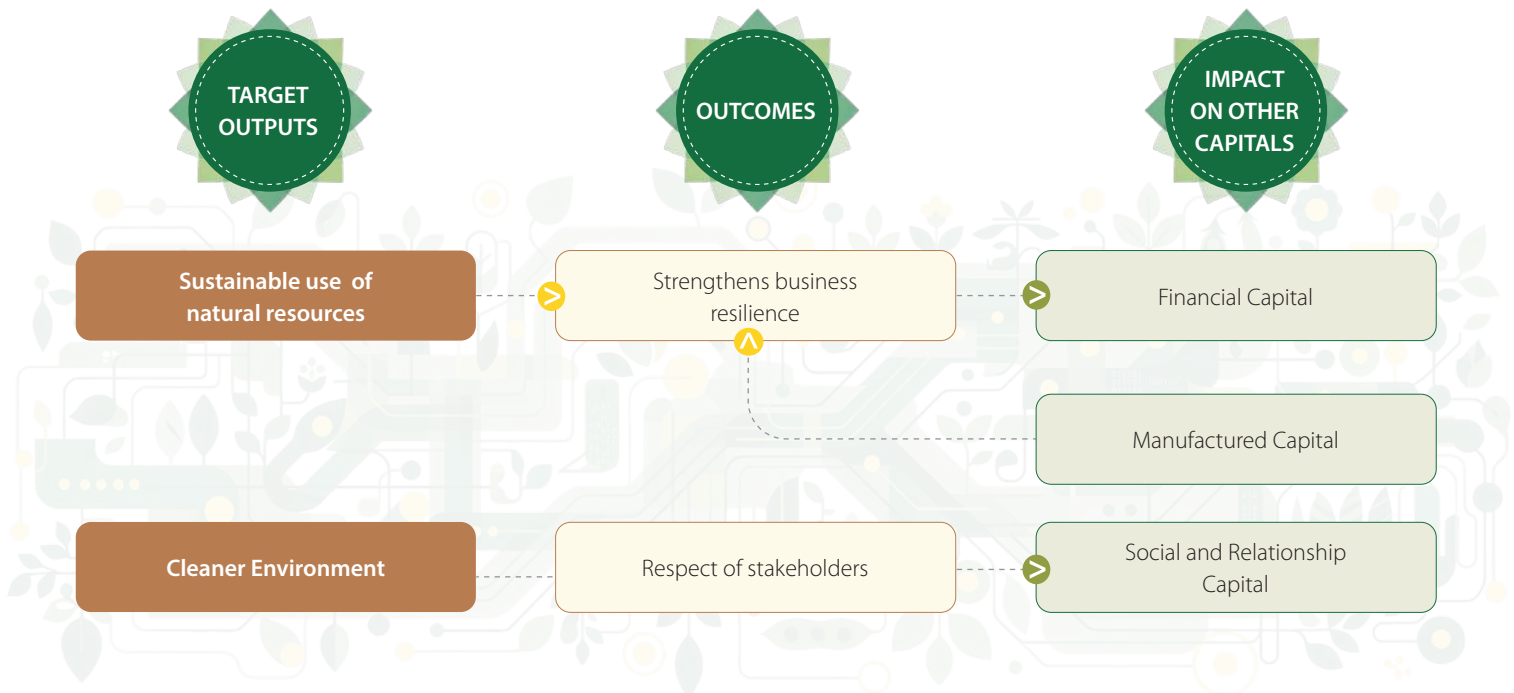
NATURAL CAPITAL

During the year, LAUGFS Power enhanced its positive environmental contributions through increased renewable energy generation and improved environmental protection practices across its project sites. The Company focused on minimising the environmental impact of its operations through the sustainable utilisation of natural resources, efficient energy management, and ongoing monitoring of environmental performance. In parallel, continued attention was placed on maintaining ecological balance around operational sites while supporting the transition towards cleaner and more sustainable energy generation.

NATURAL CAPITAL

MANAGEMENT APPROACH

The Company adopts a structured environmental management approach focused on regulatory compliance, minimising environmental impact, and continuously monitoring environmental performance across all operational sites. Environmental considerations are integrated into operational decision-making processes, supported by ongoing assessments, monitoring mechanisms, and initiatives aimed at promoting sustainable and responsible renewable energy operations.



REGULATORY COMPLIANCE

The Company remained fully compliant with all applicable environmental regulations and approval requirements during the year. Internal policies and operational practices continued to be closely aligned with prevailing regulatory frameworks, ensuring adherence to all legal, environmental, and operational obligations across project sites.

As part of the development process for new projects, the Company undertook the necessary Environmental Impact Assessments (EIAs) and obtained relevant regulatory approvals where required. These assessments supported the identification and management of potential environmental impacts while ensuring compliance with applicable environmental standards and approval procedures.

Licences, permits and other approvals

- Central Environmental Authority (CEA) Approvals
- Sustainable Energy Authority (SLSEA) Project Approvals
- Local Government Permits – for land use, construction, and operations
- PUCSL and Grid Interconnection Licenses
- Preliminary Site Assessment:
- Environmental Impact Assessment (EIA)
- Environmental Management Plan (EMP)

ENVIRONMENT MANAGEMENT PLAN

The Company's Environmental Protection Plan (EPP) was improved during the year by stronger mitigation measures, more stringent monitoring systems,

and improved site-level environmental controls. The Company's comprehensive EPP complies with all applicable regulatory requirements, and is designed to proactively identify, monitor, and manage the environmental aspects associated with renewable energy operations. This approach ensures compliance with regulatory obligations while aiming to exceed the expectations of local authorities and environmental agencies.

Although the EPP is tailored to individual project sites, some aspects cut across all projects.

1. Waste Management

Waste management initiatives during the year focused on strengthening waste segregation practices, increasing recycling where feasible, and ensuring the safe and responsible disposal of both construction and operational waste. The Company maintains robust procedures for managing hazardous and non-hazardous waste, supported by a strong emphasis on circular practices to reduce the volume of waste directed to landfills.

2. Water Resource Conservation

Efficient water management practices were further strengthened across project sites, with enhanced monitoring and control of water usage, particularly at hydro-based facilities. These measures are designed to optimise operational water use while safeguarding downstream water availability and protecting aquatic ecosystems from adverse impacts.

3. Land Use Management

Land use management practices were reinforced to minimise land disturbance and ensure responsible site development and rehabilitation. Key measures include erosion control, the establishment of buffer zones, reforestation initiatives where applicable, and the preservation of biodiversity in areas affected by infrastructure development. All activities are conducted in compliance with approved land-use and environmental requirements.

ENERGY GENERATION EFFICIENCY

Energy generation efficiency is a key focus in operating solar and hydropower assets, while minimising system losses across renewable energy operations. This efficiency-led approach is supported by proactive maintenance regimes, routine equipment calibration, and the use of advanced monitoring systems that enable continuous, real-time performance tracking and optimisation. In addition, adherence to established industry best practices in plant operations ensures sustained operational efficiency, reliability, and optimal energy output from the Company's renewable energy infrastructure.

CLIMATE AND MARKET OUTLOOK

As LAUGFS Power's operations are primarily based on renewable energy sources such as hydro, solar, and wind, the direct operational exposure to global warming-related risks remains relatively limited. However, climate change and the global energy transition present significant strategic opportunities. The growing demand for clean energy is expected to strengthen investor interest in the sector, attract foreign investment, and encourage partnerships with advanced technology providers, thereby supporting the development and delivery of more efficient, scalable, and commercially viable renewable energy solutions.

Priorities for the Future	Short Term (2025 - 2026)	Medium Term (2026 – 2027)	Long Term (Beyond 2027)
Achieve carbon neutrality certification	Develop baseline emissions inventory and roadmap	Implement emission reduction measures and verification processes	Achieve and maintain carbon neutrality certification

GOVERNANCE AND STEWARDSHIP



POWERING THE PROMISE OF COMMUNITY IMPACT

Lasting progress is built on responsible stewardship. At LAUGFS Power, strong governance, ethical decision-making, and accountability guide the way we grow, ensuring that our progress creates meaningful value beyond our operations. By balancing environmental responsibility with social and economic value creation, we continue to foster stronger communities, build stakeholder trust, and contribute to a more sustainable future for Sri Lanka.

CORPORATE GOVERNANCE



CHAIRMAN'S MESSAGE ON CORPORATE GOVERNANCE

The Board of Directors of LAUGFS Power PLC remains firmly committed to maintaining the highest standards of corporate governance, recognising it as a fundamental pillar in safeguarding stakeholder interests and ensuring the long-term sustainability of the Company. During the financial year under review, the Company further strengthened its governance framework by enhancing Board oversight, reinforcing internal controls, and improving compliance and risk management practices, thereby promoting greater transparency, accountability, and operational integrity across the organisation.

In parallel, the Company continued to advance its sustainability agenda

through the expansion of renewable energy capacity, the strengthening of ESG-related practices, and improvements in operational efficiency. These initiatives contributed toward reducing the Company's environmental footprint while supporting sustainable value creation for shareholders and other stakeholders.

At its core, corporate governance represents the framework of rules, practices, and processes through which the Company is directed and controlled. It governs the relationships among shareholders, the Board of Directors, management, employees, customers, suppliers, regulators, and the wider community. The Company's governance framework is designed to support prudent decision-making, effective risk management, ethical business conduct, and long-term value creation while safeguarding the interests of all stakeholders.

The Board recognises that a strong corporate governance framework enhances strategic decision-making, strengthens accountability and transparency, promotes ethical conduct, and ensures compliance with applicable laws, regulations, and industry best practices. Equally important, it serves as a safeguard against operational, financial, and reputational risks that could adversely impact the Company and its stakeholders.

Accordingly, the Board remains committed to continuously strengthening governance practices in line with evolving regulatory requirements and stakeholder expectations. During the year under review, there were no significant structural changes to the governance framework; however, the Company continued to enhance governance processes and oversight mechanisms to further strengthen organisational resilience and accountability.

The Board is pleased to confirm that LAUGFS Power PLC has complied with the corporate governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange applicable to listed companies, as well as the principles and recommended best practices jointly issued by the Colombo Stock Exchange and the Institute of Chartered Accountants of Sri Lanka.

On behalf of the Board, I further affirm that the Directors, management, and employees of the Company have acted in good faith and conducted the affairs of the Company in compliance with the Company's Code of Conduct and all relevant governance policies throughout the year under review.

LAUGFS POWER PLC CORPORATE GOVERNANCE PHILOSOPHY

The corporate governance philosophy of LAUGFS Power PLC is founded on an unwavering commitment to transparency, accountability, integrity, fairness, and long-term value creation. The Company firmly believes that strong corporate governance is essential for sustainable business success and stakeholder confidence.

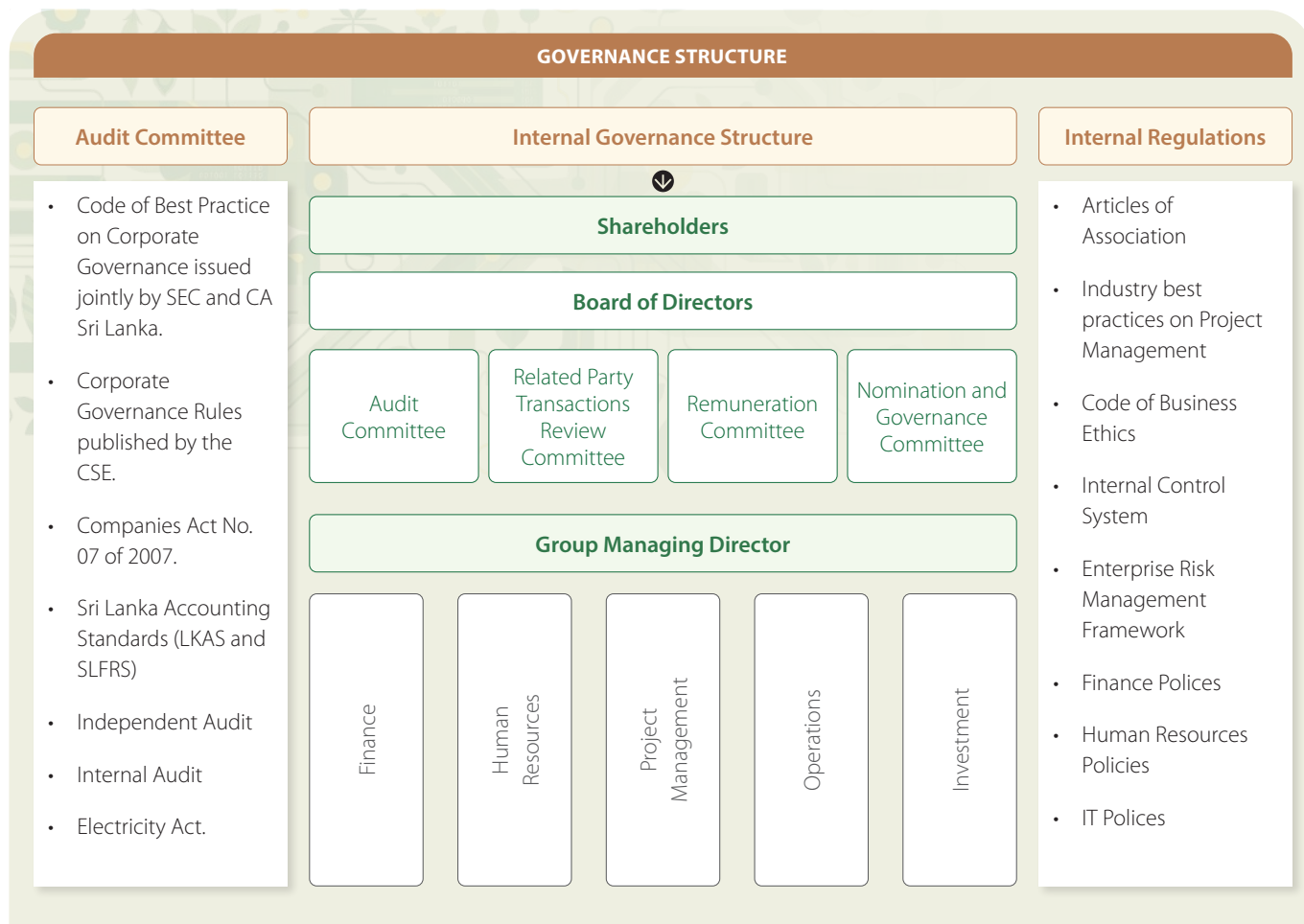
This philosophy guides the Company's approach to ethical business conduct, regulatory compliance, prudent risk management, and responsible decision-making. It reflects the Board's recognition of its fiduciary responsibility to shareholders and stakeholders and underscores the importance of maintaining effective oversight over the Company's strategic direction and operations.

The Company also remains committed to fostering a culture of openness, mutual respect, and responsible corporate citizenship while encouraging constructive engagement with all stakeholders. Through the continuous evaluation and enhancement of governance practices, the Company strives to strengthen stakeholder trust, support sustainable growth, and create long-term economic and social value.

CORPORATE GOVERNANCE

GOVERNANCE STRUCTURE

There were no significant structural changes to the governance framework during the year. However, the Company continued to strengthen and enhance its governance practices in line with evolving regulatory requirements and best practices.



Compliance	Board Changes	Other
Rule 9.6.1	The chairperson is a Non-Executive Director and the position of chairperson and CEO is not held by the same individual.	-
Rule 9.6.3	The former CEO who is the close family member of the Chairperson has resigned from the CEO's position on 03rd October 2025 and on the same day the new CEO was appointed who is not a close family member of the Chairperson.	-

THE BOARD

The highest authority of LAUGFS Power PLC is the Board of Directors, which operates in accordance with the provisions set out in the Board Charter. The composition of the Board is determined in line with the Company's Articles of Association and the Listing Rules of the Colombo Stock Exchange.

Composition of the Board

As at the reporting date, the Board comprised seven (07) Directors, including three (03) Non-Executive Directors and four (04) Executive Directors, thereby maintaining an appropriate balance between executive involvement and independent oversight. This structure ensures that decision-making authority is not concentrated in any one individual and supports objective and balanced deliberations at Board level.

The Company also recognises the importance of diversity in strengthening Board effectiveness and decision-making. Accordingly, due consideration is given to factors such as professional expertise, industry experience, educational background, skills and age in maintaining an effective and well-balanced Board composition.

ROLE OF THE BOARD

The Board is responsible for providing strategic direction and oversight while ensuring accountability, transparency, and the sustainable management of the Company. Its responsibilities encompass governance, regulatory compliance, risk management, internal controls, financial stewardship, and stakeholder engagement.

In fulfilling its responsibilities, the Board oversees the integrity of the Company's operations and ensures that appropriate systems and processes are in place to support effective decision-making and long-term value creation. The Board also plays an active role in integrating Environmental, Social, and Governance (ESG) considerations into corporate strategy and decision-making processes while promoting ethical business conduct and responsible corporate citizenship.

BOARD OVERSIGHT FOR COMPLIANCE

The Board is committed to ensuring full compliance with all applicable laws, regulations, codes, and industry standards governing the Company's operations. This commitment is supported by a zero-tolerance approach toward non-compliance and the establishment of robust compliance monitoring mechanisms.

Management and relevant Strategic Business Units are responsible for providing regular assurance to the Board regarding the Company's compliance status, enabling the Board to maintain oversight of regulatory obligations and emerging compliance requirements. Through these measures, the Board promotes a culture of integrity, accountability, and strict adherence to legal and regulatory standards.

BOARD OVERSIGHT FOR RISK

The Board maintains overall responsibility for risk governance and ensures that an appropriate risk management framework is in place to identify, assess, monitor, and mitigate material risks faced by the Company. This includes determining the Company's risk appetite and ensuring the effectiveness of internal control systems designed to safeguard the Company's assets and operations.

The Board's approach to risk management is aligned with the Company's strategic objectives and supports operational resilience, business continuity, and long-term sustainability.

For more details, please refer to the Risk Management Report on Page 30.

BOARD RESPONSIBILITY FOR INTERNAL CONTROL AND FINANCIAL REPORTING

The Board has established a comprehensive system of internal controls to support the efficient and effective management of the Company's operations while safeguarding shareholder interests. These controls are designed to ensure the reliability of financial reporting, compliance with applicable

regulations, and the effective management of operational risks.

As a listed entity, LAUGFS Power PLC is committed to maintaining high standards of financial transparency and accountability. The Board oversees the preparation and integrity of the Integrated Annual Report, which provides stakeholders with a balanced assessment of the Company's financial performance, position, and future outlook.

In addition to the Annual Report, the Company publishes quarterly financial statements and complies with all mandatory disclosure requirements of the Colombo Stock Exchange. Such disclosures are first submitted to the Exchange and subsequently made available to shareholders and the public through appropriate communication channels, including the corporate website.

For more details, please refer to the Statement on Directors' Responsibility over Financial Reporting on page 90.

BOARD ROLE IN PROMOTING ETHICS AND VALUES

The Board is responsible for fostering a culture of integrity, ethical conduct, and accountability throughout the organisation. By setting the tone at the top, the Board promotes adherence to the Company's Code of Conduct, governance policies, and approved procedures.

Regular awareness and training programmes are conducted to strengthen employee understanding of ethical standards, compliance obligations, and responsible business practices. Through these initiatives, the Company seeks to ensure that all employees uphold the highest standards of professionalism and ethical behaviour in carrying out their responsibilities.

BOARD ROLE IN HR GOVERNANCE

The Board plays an important role in overseeing human resource governance and ensuring that the Company's people

CORPORATE GOVERNANCE

strategy is aligned with its broader business objectives. This includes oversight of key HR policies and practices relating to recruitment, talent development, performance management, succession planning, employee engagement, and remuneration.

The Board also promotes a workplace culture that values diversity, fairness, professional development, and employee well-being, while working closely with the relevant Board committees and management on matters relating to human capital management.

BOARD RESPONSIBILITY TO SHAREHOLDERS AND OTHER STAKEHOLDERS

The Board recognises its responsibility to act in the best interests of shareholders while balancing the expectations of employees, customers, suppliers, regulators, and the wider community. Through effective oversight and strategic guidance, the Board seeks to promote sustainable growth, preserve stakeholder confidence, and create long-term value for all stakeholders.

The Company remains committed to maintaining open, transparent, and timely communication with stakeholders. This commitment is supported by policies and procedures that ensure fairness, accountability, and equal access to material information.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) serves as the principal forum for shareholder engagement and provides shareholders with the opportunity to interact directly with the Board, raise concerns, and seek clarification on matters relating to the Company's performance and future direction.

The Annual Report, Notice of Meeting, and all resolutions requiring shareholder approval, together with voting instructions, are circulated to shareholders at least 15 working days prior to the AGM to enable informed participation and decision-making.

The Annual General Meeting of LAUGFS Power PLC is scheduled to be held on 29th of September 2026.

BOARD MEETINGS

Board meetings are held at least once every quarter, with additional meetings convened when necessary to address specific matters requiring Board attention. Directors are expected to attend all meetings and actively participate in discussions and deliberations. During the year, the Board met four (04) times.

During Board meetings, updates are presented by the Chairpersons of Board Committees on key matters deliberated at committee level. In addition, the Managing Director/ CEO provides updates on operational performance and strategic developments, while members of senior management present reports relating to their respective functional areas. The Group Chief Financial Officer presents financial performance updates, and the Risk and Compliance Officer reports on regulatory compliance and related developments.

Related party transactions and Directors' interests are formally tabled at Board meetings. Directors who may have a conflict of interest in relation to a particular matter are required to disclose such interests and abstain from participating in the relevant discussions and decision-making process.

The Company Secretary is responsible for maintaining accurate records and minutes of all Board meetings. Minutes are first reviewed by the Chairman prior to circulation among the Directors and relevant members of management who attended the meeting. Typically, minutes are circulated within two weeks of the meeting date.

Attendance at Meetings

Director	Board Meetings	Audit Committee	Related Party Transactions Review Committee	Remuneration Committee
Mr. W.K.H. Wegapitiya	3/4	3/4	3/4	1/1
Mr. M.A. Wegapitiya (Appointed w.e.f 9th of October 2026)	3/4	3/4	3/4	1/1
Mr. P.D.H.Muthukumarana (Appointed w.e.f 20th of March 2026)	3/4	3/4	3/4	-
Mr P. M. B. Fernando	4/4	4/4	4/4	1/1
Prof. S.P.P. Amaratunge	4/4	4/4	4/4	1/1
Mr K.R. Goonesinghe	4/4	4/4	4/4	1/1
Mr. A.R. De Silva (Appointed w.e.f 3rd of October 2025)	3/4	3/4	3/4	-
Mr U.K. Thilak De Silva (Resigned w.e.f 9th of September 2025)	1/4	1/4	1/4	-
Mr P. Kudabalage (Resigned w.e.f 28th of May 2025)	1/4	1/4	1/4	-
Dr. R.P. Edirisinghe (Resigned w.e.f 21st of October 2025)	N/A	N/A	N/A	-

ACCESS TO INFORMATION

Directors are provided with timely access to relevant and accurate information required to effectively discharge their responsibilities. In preparation for Board meetings, Directors are

encouraged to engage with Corporate Management to obtain any necessary information, clarifications, or explanations relating to matters under consideration.

In addition, Directors are entitled to seek independent professional advice, where necessary, at the expense of the Group, enabling them to make informed and objective decisions in the best interests of the Company and its stakeholders.

DIFFERENTIATING THE ROLE OF THE CHAIRMAN AND THE MANAGING DIRECTOR/ CEO

The roles of the Chairman and the Managing Director/CEO are clearly separated to ensure an appropriate balance of authority, accountability, and independent oversight within the governance framework of LAUGFS Power PLC.

The Chairman is primarily responsible for providing leadership to the Board, ensuring effective governance practices, facilitating constructive Board deliberations, and promoting strong Board dynamics. In contrast, the Managing Director/CEO is responsible for the day-to-day management of the Group's operations, executing strategic objectives approved by the Board, and leading the overall business and operational performance of the Company.

The clear distinction between these roles supports effective decision-making, strengthens accountability, and enhances balanced corporate leadership across the organisation.



**DESHABANDU
W. K. H. WEGAPITIYA, (PhD)**
Group Chairman

The Group Chairman is responsible for :

- Ensuring the Board meets regularly to discuss relevant matters
- Maintaining the appropriate balance of power between Executive Directors (ED's) and Non-Executive Directors (NED's).
- Securing the effective participation of both ED's and NED's in all Board matters.
- Implementing decisions/directions of the regulator.
- Preparing the agenda for each Board Meeting or delegate such function and to maintain minutes in an orderly manner to the Company Secretary.
- Ensuring appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.
- Overseeing the annual assessment on the performance and the contribution during the past 12 months of the Board and the MD/ CEO.



MR. A.R. DE ZILVA
(Appointed w.e.f 3rd of October 2025)
Managing Director/ CEO

The Managing Director (MD)/ CEO is responsible for the day-to-day operations and overall management of the Group. In this capacity the MD/ CEO is required to;

- Implement business and risk strategies in order to achieve the Power PLC Group's strategic objectives.
- Establish an appropriate management structure that promotes accountability, and transparency throughout Power PLC Group operations, and preserves the effectiveness and independence of control functions.
- Promote, together with the Board, a sound corporate culture to reinforce ethical, prudent and professional behaviour.
- Ensure implementation of proper compliance culture and being accountable for accurate submission of information to the regulator.
- Strengthen the regulatory and supervisory compliance framework.
- Address the supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner.

Further the MD/ CEO is required to fully dedicate their professional time to the service of the Power PLC Group and as such is not permitted to engage in any other business, except as a Non-Executive Director of another entity.

CORPORATE GOVERNANCE

ROLE OF THE COMPANY SECRETARY

PW Corporate Services (Private) Limited serves as the Company Secretary of LAUGFS Power PLC and plays an integral role in supporting the Board in the effective discharge of its duties and responsibilities. The Company Secretary acts as an advisor to the Board on governance-related matters and ensures compliance with applicable regulatory requirements, the Company's Articles of Association, and established governance practices.

The key responsibilities of the Company Secretary include:

- Advising the Board and individual Directors on governance obligations, statutory requirements, and regulatory compliance matters.
- Coordinating Board and Board Committee meetings, including the preparation of agendas, issuance of notices, and circulation of Board papers in consultation with the Chairman.
- Maintaining accurate minutes and records of Board meetings, Board Committee meetings, and General Meetings.
- Maintaining the shareholder register and statutory records of the Company.
- Ensuring compliance with the Listing Rules of the Colombo Stock Exchange, including disclosures relating to related party transactions and corporate governance requirements.
- Facilitating communications with regulators regarding changes to the governance structure, including the appointment or resignation of Directors.
- Coordinating all procedural requirements relating to the Annual General Meeting, including the circulation of notices and annual reports within stipulated timelines.

Directors are entitled to seek independent advice and guidance from the Company Secretary on governance and regulatory matters whenever required.

RESPONSIBILITIES OF INDIVIDUAL DIRECTORS

The Board of LAUGFS Power PLC comprises experienced and capable professionals who recognise the importance of dedicating sufficient time and attention to the affairs of the Company. Directors are expected to attend Board meetings regularly, come fully prepared for deliberations, and contribute constructively through the application of their expertise, independent judgement, and professional experience.

Directors are also required to act in the best interests of the Company and its stakeholders at all times, while ensuring compliance with applicable governance standards and ethical principles. This includes the disclosure of any actual or potential conflicts of interest and abstaining from discussions or decisions relating to such matters.

In addition, all Directors participate in the annual Board evaluation and self-assessment process aimed at enhancing Board effectiveness and identifying areas for continuous improvement.

APPOINTMENT/ RETIREMENT/ RE ELECTION OF DIRECTORS

Appointments to the Board are made through a formal and transparent process overseen by the Nominations and Governance Committee. The Committee evaluates potential candidates based on their qualifications, experience, independence, integrity, and ability to satisfy fit and proper criteria applicable to listed entities. Consideration is also given to the number of external directorships held by candidates to ensure they can effectively fulfil their responsibilities as members of the Board.

Following a comprehensive evaluation process, suitable candidates are recommended to the Board for appointment, subject to shareholder ratification at the subsequent Annual General Meeting. All new appointments are communicated to the Colombo Stock Exchange and publicly disclosed in accordance with regulatory requirements.

In line with the Company's Articles of Association, one-third of the Non-Executive Directors retire by rotation at each Annual General Meeting and are eligible for re-election by shareholders. Directors appointed by the Board to fill casual vacancies are also subject to re-election at the next Annual General Meeting following their appointment.

Any resignation of a Director, together with the reasons for such resignation where applicable, is promptly communicated to the Colombo Stock Exchange.

CONFLICTS OF INTEREST

The Board is committed to upholding the highest standards of integrity, honesty, and fiduciary responsibility. Directors are required to disclose any actual or potential conflicts of interest that may arise in the course of discharging their duties.

Each Director submits an annual declaration of interests to the Related Party Transactions Review Committee, disclosing directorships and interests held in other entities. Based on these declarations and other relevant information, the Board annually evaluates the independence of Directors in accordance with the Listing Rules of the Colombo Stock Exchange.

Where a Director has an interest in a matter under discussion, the Director is required to abstain from participating in deliberations and decision-making relating to that matter, in line with established governance policies and best practices.

BOARD SUB COMMITTEES

Board Sub-Committees play a vital role in strengthening governance and supporting the Board in the effective discharge of its responsibilities. These Committees operate under Board-approved Terms of Reference that clearly define their scope, authority, responsibilities, and reporting obligations.

Through the delegation of specific oversight responsibilities to Sub-Committees, the Board is able to focus on strategic matters while ensuring that critical governance, risk, compliance, and operational matters receive dedicated attention. The Terms of Reference of each Committee are periodically reviewed to ensure continued alignment with evolving regulatory requirements and business needs.

MANDATORY COMMITTEES

In compliance with regulatory requirements, the following Board Sub-Committees have been established:

1. Audit Committee
2. Nominations and Governance Committee
3. Remuneration Committee
4. Related Party Transactions Review Committee

AUDIT COMMITTEE

The Audit Committee assists the Board in overseeing the integrity of financial reporting, the effectiveness of internal controls, and the adequacy of governance processes within the Company.

Areas of Oversight

- Reviewing the adequacy and effectiveness of internal controls, governance frameworks, and financial reporting processes.
- Providing independent oversight over internal and external audit functions.
- Reviewing compliance with applicable legal, regulatory, and accounting standards in the preparation of financial statements.

For more details, please refer to the Audit Committee Report on Page 91.

NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee supports the Board in matters relating to Board composition, succession planning, governance practices, and leadership development.

Areas of Oversight

- Reviewing and recommending appointments of Directors, the Managing Director, Chief Executive Officer, and Key Management Personnel (KMPs).
- Identifying skill gaps and recommending appropriate appointments to strengthen Board and management capabilities.
- Reviewing succession plans for Directors, KMPs, and critical leadership positions.
- Evaluating the adequacy of the Company's governance framework, policies, and competencies required to achieve strategic objectives.

For more details, please refer to the Nominations and Governance Committee Report on Page 99.

REMUNERATION COMMITTEE

The Remuneration Committee assists the Board in establishing remuneration policies and frameworks that attract, retain, and motivate high-performing executives while aligning remuneration practices with the long-term interests of shareholders.

Areas of Oversight

- Recommending remuneration policies and structures applicable to Directors and Key Management Personnel.
- Reviewing remuneration and incentive frameworks, including performance-based incentives and terminal benefits for Executive Directors and KMPs.

- Evaluating the performance of the Chief Executive Officer, Executive Officers, and KMPs.
- Ensuring appropriate succession planning and management development initiatives are in place for Executive Directors and KMPs.

For more details, please refer to the Remuneration Committee Report on Page 97.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee assists the Board in ensuring that all related party transactions are conducted in a transparent and equitable manner and in the best interests of the Company and its shareholders.

Areas of Oversight

- Reviewing Related Party Transactions, except those specifically exempted under the Listing Rules.
- Establishing policies and procedures for identifying, capturing, and reviewing Related Party Transactions.
- Assessing whether Related Party Transactions are conducted on arm's length terms and are in the best interests of the Company and its shareholders.

For more details, please refer to the Related Party Transactions Review Committee Report on Page 94.

Board and Board Sub-Committee Evaluation

The Company has implemented an annual Board evaluation process aimed at enhancing Board effectiveness and governance standards. All Directors are required to complete a self-assessment, which is reviewed by the Nominations and Governance Committee in consultation with the Chairman of the Board.

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The evaluation process assesses Board performance against predefined criteria derived from the Board Charter and governance responsibilities. The outcomes of the assessment support the identification of skill gaps, training requirements, and opportunities for continuous improvement in Board effectiveness.

DIRECTORS' REMUNERATION

The remuneration framework applicable to Executive Directors, Managing Director the CEO, and Corporate Management comprises both fixed and performance-linked components designed to attract and retain individuals with the necessary skills, experience, and leadership capabilities.

In line with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, the variable component of remuneration is linked to the achievement of predetermined performance targets established by the Board.

The Remuneration Committee reviews industry benchmarks and recommends remuneration structures and salary scales for Executive Directors and Key Management Personnel to the Board. The Board also determines the remuneration payable to Independent Non-Executive Directors and Executive Directors in consideration of the responsibilities, expertise, and time commitment associated with their positions.

Independent Non-Executive Directors and Non-Executive Directors do not receive performance-based incentives or variable remuneration.

STATUS OF COMPLIANCE 2025-26

Appendix I: Statement of Compliance pertaining to Companies Act No. 07 of 2007

Appendix II- Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures

Compliance with Colombo Stock Exchange (CSE) Listing Rules – Section 09 on Corporate Governance

Appendix I: Statement of Compliance pertaining to Companies Act No. 07 of 2007

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Requirement	Complied	Reference (within the Report)	Page
168 (1) (a)	The nature of the business together with any change thereof.	Yes	About Us	8
168 (1) (b)	Signed financial statements of the Group and the Company.	Yes	Financial Statements	107
168 (1) (c)	Auditors' Report on financial statements.	Yes	Independent Auditor's Report	102
168 (1) (d)	Accounting policies and any changes therein.	Yes	Notes 1 to 2 the Financial Statements	111
168 (1) (e)	Particulars of the entries made in the Interests Register.	Yes	Annual Report of the Board of Directors	85
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company.	Yes	Note 21.5 to the Financial Statements	150
168 (1) (g)	Corporate donations made by the Company	Yes	Note 4.5 to the Financial Statements	125
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period.	Yes	Annual Report of the Board of Directors	85
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered.	Yes	Note 4.5 the Financial Statements	125
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries.	Yes	Audit Committee Report	91
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	85

Appendix 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

Rule	Requirement	Complied	Reference (within the Report)	Page
(i)	Names of persons who were Directors of the entity.	Yes	Annual Report of the Directors	85
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein.	Yes	About Us	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	Share Information	158
(iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement.	Yes	Share Information	155
(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	85
(vi)	Information pertaining to material foreseeable risk factors of the entity.	Yes	Risk Management	30
(viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties.	Yes	Real Estate Portfolio	160
(ix)	Number of shares representing the entity's stated capital.	Yes	Note 14 to the Financial Statements	139
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	Yes	Share Information	156
(xi)	Financial ratios and market price information.	Yes	Five year summary and Financial Highlights	161
(xii)	Significant changes in the Company'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 7 - Property, Plant and Equipment to the Financial Statements	130
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year.	Not Applicable		-
(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	80
(xvi)	Related Party transactions exceeding 10% of the equity or 5% of the total assets of the entity as per audited financial statements, whichever is lower.	Yes		-

CORPORATE GOVERNANCE

Code Ref.	Requirement	Extent of Compliance	Complied
9.1	Corporate Governance Rules		
9.1.1	Extent of compliance with	The extent of compliance with Corporate Governance Section 09 of the Listing Rules	Yes
9.1.2	Corporate Governance Rules	issued by the CSE is tabulated below	
9.1.3			
9.2	Policies		
9.2.1	Availability of Policies	The Company established and continues to maintain the policies on matters relating to; → Policy on matters relating to the Board of Directors → Policy on Board Sub Committees → Policy on Corporate Governance, Nominations and Re-election → Policy on Remuneration → Policy on Risk Management and Internal Controls → Policy on Relations with Shareholders and Investors → Policy on Environmental, Social and Governance Sustainability → Policy on corporate disclosure → Policy on Whistle Blowing → Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the entities listed securities → Policy on Anti-Bribery and Corruption	Yes
9.2.2	Waivers and Exemptions	At present there are no waivers and exemptions applicable to the Company	Yes
9.2.3	Disclosures in the Annual Report	Please refer page 80	Yes
9.2.4	Requesting Policies by shareholders	A formal procedure is being developed to facilitate providing of any of the above policies to the shareholders upon a written request	Yes
9.3	Board Committees		
9.3.1	Establishment of Board Committees	The Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee are in place. The terms of reference of the Nominations and Remuneration Committee was enhanced to comply with the said listing rule and the committee was renamed as Nominations and Governance Committee effective from 29th May 2024.	Yes
9.3.2	Board Composition, Responsibilities and Disclosures	The composition of all Board Committees are in line with the revised rules of CSE. Each sub committee is governed by its own Terms of Reference. The Secretary to the committee arranges the meetings and maintains minutes and records under the supervision of the Chairperson of the respective Sub committee.	Yes
9.3.3	Chairperson of Board Committees	The Chairperson of the Board Committees is not the Chairperson of the Board.	Yes
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with Shareholders		
9.4.1	Record Maintenance	The Company Secretary maintains records of all resolutions and information (appointment of proxy number of votes in favour and against and number of shares in respect of vote was directed to be abstained) of general meetings.	Yes
9.4.2	Communication and relation with shareholders and investors	The Company has an established policy on communication. Further, it is in the process of revising the communication policy incorporating the provisions of the revised CSE Listing Rules for effective communication and relations with shareholder and investors.	Yes
9.5	Policy on matters relating to the Board of Directors		
9.5.1	Availability of policy on governing matters relating to the board of directors	The requirements are currently captured in the Board charter and several other policies.	Yes

Code Ref.	Requirement	Extent of Compliance	Complied
9.5.2	Disclosure in the Annual Report	Disclosures are made in the annual report of the Board of Directors given on pages 19-22.	Yes
9.6	Chairperson and CEO		
9.6.1	Chairperson and CEO	The chairperson is a Non-Executive Director and the position of chairperson and CEO is not held by the same individual.	Yes
9.6.2	Disclosure of non compliance	Not applicable	Yes
9.6.3	Appointment of Senior Independent Director	The former CEO who is the close family member of the Chairperson has resigned from the CEO's position on 03rd October 2025 and on the same day the new CEO was appointed who is not a close family member of the Chairperson.	Yes
9.6.4	Disclosure of non-compliance in the Annual Report	Not applicable	Yes
9.7	Fitness of Directors and CEO		
9.7.1 9.7.2	Appointment of Fit and Proper Persons	The Board has a formal and transparent process in place for the succession and appointment of directors. The Nominations and Governance Committee processes and short-lists candidates and makes recommendations to the Board for approval. All appointments were duly notified to CSE. In any future appointments the criteria stated in the revised CSE Listing Rules will also be taken into account.	Yes
9.7.3	Fit and Proper Assessment Criteria → Honesty Integrity and Reputation → Competence and Capability → Financial Soundness	The assessment criteria detailed in the revised CSE Listing Rules have been incorporated into the annual declaration of the Directors and CEO.	Yes
9.7.4	Annual declaration from directors and CEO	Annual declarations from Directors confirming that each of them have continuously satisfied the fit and proper assessment criteria set out in the CSE revised Listing Rules were obtained as at 31 March 2026.	Yes
9.8	Board Composition		
9.8.1	Board at minimum to consist of five directors	The Company is complying with the requirement the Board of Directors of the Company consisted of seven directors as at 31 March 2026.	Yes
9.8.2	Minimum number of independent directors (Min.2 or 1/3 of total number whichever is higher)	The Company is complied with the minimum number of independent directors. The Board of Directors of the company consisted of three (03) Independent Directors as at 31 March 2026.	Yes
9.8.3 9.8.4	Criteria for determining independence	The Company is complied with the criteria for determining independence of a Director. The Company takes into account the provisions of the Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2017) and the revised the criteria for determining the independence of a Director taking into account on the revised CSE Listing Rules.	Yes
9.8.5	Declarations	Annual Declaration was obtained from the Board of Directors incorporating the provisions made under the revised CSE Listing Rules as at 31 March 2026.	Yes
9.9	Alternate Directors		
9.9	Appointment of Alternate Directors	No Alternate Directors were appointed to represent Non-Executive Directors.	Yes
9.10	Disclosures relating to Directors		
9.10.1	Policy on the maximum number of directorships	The Company has updated the policy as per new Listing Rules	Yes
9.10.2	Appointment of new director	Nominations and Governance Committee reviews all new appointments.	Yes
9.10.3	Changes to the composition	There were no changes to the composition of the Board Committees after the effective date of the revised CSE Listing Rules	Yes
9.10.4	Disclosure in the Annual Report.	Please refer pages 19 -22 for profiles of directors	Yes

CORPORATE GOVERNANCE

Code Ref.	Requirement	Extent of Compliance	Complied
9.11	Nominations and Governance Committee		
9.11.1	Availability of Nominations and Governance Committee	The Nominations and Remunerations Committee was renamed as the Nomination and Governance Committee effective from 29 May 2024	Yes
9.11.2	Appointment and re-election of directors	The Committee follows Article of Association in appointment and re-election of Directors	Yes
9.11.3	Terms of Reference	The Committee has adopted a Terms of Reference which define the scope, authority and duties	Yes
9.11.4(1)	Composition - minimum of three (03) directors out of which a minimum of two (02) members shall be Independent Directors	The Company is in compliance with the revised CSE Listing Rules	Yes
9.11.4(2)	Composition - Independent Director shall be appointed as the chairperson of the committee	An Independent Director functioned as the chairman of the Committee	Yes
9.11.4(3)	Composition - The Chairperson and the members of the Committee shall be identified in the Annual Report	The Chairman and the members of the Committee are defined in the Nominations and Governance Committee Report given on page 99	Yes
9.11.5	Functions	The Company documented the functions of the committee in the terms of reference. All functions are effectively discharged by the committee. Please refer Nominations and Governance Committee report on page 99	Yes
9.11.6	Disclosing the Annual Report	Disclosure requirements are covered in the Nominations and Governance Committee report given on page 99	Yes
9.12	Remunerations Committee		
9.12.1	Definition of Remuneration	The Company has established a formal transparent policy on remuneration and defined remuneration in terms of cash and non-cash benefits	Yes
9.12.2	Remuneration Committee	The Remuneration Committee was in place	Yes
9.12.3	Remuneration Policy Executive Directors/Non-Executive directors	The remuneration policy of the Company has been amended incorporating following sections and same has been approved by the Board	Yes
		→ Remuneration policy for Non-executive members of the Board of Directors	
		→ Remuneration policy for Executive members of the Board of Directors	
9.12.5	Terms of Reference	The committee has adopted a Terms of Reference which defined the scope, authority and duties in compliance with the revised CSE Listing Rules	
9.12.6 (1) & (2)	Composition - Minimum of three (03) Directors out of which a minimum of two (02) directors shall be independent Directors	The Committee consists of three (03) Independent Directors	Yes
9.12.6 (3)	Composition - Independent Director shall be appointed as the chairperson of the committee	An Independent Director functions as the Chairman of the committee throughout the year	Yes
9.12.7	Functions	The Company has documented the functions of the Committee in terms of reference. All functions are effectively discharged by the Committee please refer Remuneration Committee report on page 97	Yes
9.12.8	Disclosures in the Annual Report	Disclosure requirements are covered in the Remuneration Committee Report given on page 97	Yes
9.13	Audit Committee		
9.13.1	Audit Committee	The Company has established the Audit Committee to perform audit and risk functions	Yes
9.13.2	Terms of Reference	The Committee has adopted a Terms of Reference which define the scope, authority and duties	Yes

Code Ref.	Requirement	Extent of Compliance	Complied
9.13.3 (1) & (4)	Composition A minimum of three (3) Directors, out of which a minimum two (02) or majority of the members, whichever higher shall be Independent Directors	The Company is in compliance throughout the year with the revised CSE Listing Rules	Yes
9.13.3 (2)	Composition The quorum for a meeting of the audit committee shall require that the majority of those in attendance to be Independent Directors	The quorum for the Meeting is two (02) The Company is in compliance throughout the year with the revised CSE Listing Rules	Yes
9.13.3 (3)	Composition The Audit Committee may meet as often as required provided that the Audit Committee compulsory meets on a quarterly basis prior to recommending the financials to be released to the market	The Committee met four (04) times during the year. The Committee reviewed the quarterly and annual financial statements and recommended same to the Board of Directors prior to publication.	Yes
9.13.3 (5)	Composition Independent Director shall be appointed as the Chairperson of the Committee	An Independent Director functioned as the Chairman of the Committee throughout the year.	Yes
9.13.3 (6)	Composition The CEO and the CFO shall attend the Audit Committee Meetings by invitation	The Chairman, GMD, CEO, CFO, Group Finance Director, Head of Group Audit and a representative of the external auditor are typically invited to attend meetings. Other Board members may also attend meetings upon invitation.	Yes
9.13.3 (7)	Composition The Chairperson of the Audit Committee shall be a member of a recognised professional accounting body	The Chairman of the Audit Committee is an Independent Non-Executive Director, a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.	Yes
9.13.4	Functions	The Company has documented the functions of the Committee in the Audit Committee Charter. The Company is in the process of making further improvements to the Audit Committee Charter in order to be in line with the revised CSE Listing Rules. Functions are effectively discharged by the Committee. Please refer Audit Committee Report on page 91	Yes
9.13.5	Disclosures in the Annual Report	Disclosure requirements are covered in the annual Audit Committee report given on page 91	Yes
9.14 Related Party Transactions Review Committee			
9.14.1	Availability of Related Party Transactions Review Committee	Related Party Transactions Review Committee is in place.	Yes
9.14.2	Composition A minimum of three (03) directors out of which two (02) members shall be Independent Directors. Committee may also include executive directors. An Independent Director shall be appointed as the Chairperson of the Committee	The Company in compliance throughout the year with the revised CSE Listing Rules an Independent Director functioned as the chairman of the committee throughout the year.	Yes

CORPORATE GOVERNANCE

Code Ref.	Requirement	Extent of Compliance	Complied
9.14.3	Functions	The Related Party Transactions Review Committee is responsible for reviewing the Related Party Transactions to ensure the interests of shareholders as a whole are taken into account when entering into Related Party Transactions. The Committee has established and maintained a policy, procedure and process for the identification, clarification and reporting the Related Party Transactions on an end to end basis across the operations. The Company is in the process of improving the policy in line with the revised CSE Listing Rules. Please refer Related Party Transactions Review Committee report on page 94	Yes
9.14.4 (1)	General requirements The committee shall meet at least once a calendar year	The committee met four (04) times during 2025/26. The minutes of all meetings are properly documented and tabled at the subsequent board meetings for ratification.	Yes
9.14.4 (2)	General requirements The Committee should ensure that they have all have access to enough knowledge or expertise to assess all aspects of proposed Related Party Transactions	The Committee has adequate knowledge and expertise to assess all aspects of Related Party Transactions.	Yes
9.14.4 (3)	General requirements Approval by Board of Directors	Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which have been reviewed by the Committee.	Yes
9.14.4(4)	General requirements Conflict of Interest	The Related Party Transactions Review Committee oversees the process relating to the said subject. Steps have been taken by the Board to avoid any conflicts of interest that may arise in transacting with related parties. Directors provide declarations to the Board about their material interest in business transactions at the time of appointment and thereafter on quarterly basis. Directors do not participate in, an excuse themselves from the meeting when the Board considered any matters in which transactions with related entities are discussed and where a conflict in interest may arise.	Yes
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	The Committee takes into account the provisions of the said Listing Rules when reviewing Related Party transactions.	Yes
9.14.6	Shareholder Approval	A situation to obtain the shareholder approval as per revised CSE Listing Rules has not arisen during the year	Yes
9.14.7	Immediate Disclosures	A situation has not arisen where immediate disclosures is required to be made as per revised CSE Listing Rules.	Yes
9.14.8(4)	Related Party Transactions	The directors declare that the Company is in compliance with rule 9.14 of the listing rules of the Colombo stock exchange pertaining to related party transactions during the financial year ended 31st march 2026.	Yes
9.14.9	Acquisition and Disposal of assets from/to related parties	The Company has not acquired/disposed substantial assets from/to related parties.	Yes
9.16	Additional disclosures		
9.16	(i) Declaration of all material interests (ii) Review of internal controls and compliance controls (iii) Compliance with laws rules and regulations (iv) material non compliances	Disclosure requirements are covered in the Corporate Governance given on page 73 Material non-compliance with any Law or Regulation has not arisen during the year 2025/26.	Yes

Role of the Senior Independent Director

Pursuant to the appointment of Mr. Mithila Wegapitiya as CEO, who is a close family member of Chairperson of the Company, Prof. S.P.P. Amaratunga was appointed as Senior Independent Director in compliance with Rule 9.6.3 (a) of the listing rules.

- ➔ Subsequent to the resignation of Mr. Mithila Wegapitiya as CEO, the board appointed a new CEO, Mr. Russell De Silva w.e.f. 3rd October 2025 who is not a close family member of the Chairperson. Since the change occurred during the financial year Senior Independent Director's report was published in the Annual Report

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors of LAUGFS Power PLC has pleasure in presenting the Annual Report and the Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2026. LAUGFS Power PLC is a public limited company incorporated in Sri Lanka under the Companies Act, No. 17 of 1982 and re-registered as required under the provisions of Companies Act, No. 07 of 2007 and listed on the Diri Savi Board of the Colombo Stock Exchange since 30th October 2019.

PRINCIPAL ACTIVITIES

The principal activities of LAUGFS Power PLC is the construction and management of renewable energy projects in the fields of solar and hydro resources and transmitting such generated electricity to the National Grid. During the year under review, the principal activities of the companies within the Group were as follows:

LAUGFS Power PLC – Engaged in hydro and solar power generation

Iris Eco Power Lanka (Pvt.) Ltd. - Engaged in Solar power generation

Anorchi Lanka (Pvt.) Ltd. - Engaged in solar power generation

Ginigathhena Thiniyagala Mini Hydro Power (Pvt.) Ltd. - Engaged in hydro power generation

PAMS Power (Pvt.) Ltd. - Engaged in construction of a hydro power generation project.

The Company and the Group has not engaged in any activity which contravene any local, foreign or international law or regulations.

BUSINESS REVIEW

A review of the financial and operational performance and future business

developments of the Group, sectors, and its business units are described in the Group Chairman's message, Group Executive Vice Chairman's message, Acting Group Managing Director/ Group Executive Director's message, Managing Director/ CEO message management discussion and analysis section of the Annual Report. These Reports together with the Audited Financial Statements reflect the state of the affairs of the Company and its subsidiaries. Segment wise contribution to group revenue, results, assets and liabilities is provided in Note 124 to the Financial Statements.

RESULTS AND APPROPRIATIONS

Revenue generated by the Company for the year under review amounted to Rs. 63 Mn whilst Group revenue amounted to Rs. 765 Mn. Contribution to group revenue, from the different business segments carried out by the subsidiaries are provided in Note 03 to the Financial Statements.

FINANCIAL STATEMENTS AND THE REPORT OF THE AUDITORS

The Financial Statements of the Company and the Group for the year ended 31st March 2026 duly signed by two Directors on behalf of the Board on the 5th September 2026 are given on pages 107 The Auditors' Report on the Financial Statements of the Company and the Group is given on pages 102 to 104.

ACCOUNTING POLICIES

A note on the Accounting Policies adopted in the preparation and presentation of the Financial Statements are given on pages 111 to 123. There were no material changes in the Accounting Policies adopted by the Company and its subsidiaries during the year under review.

DONATIONS

Total donations made by the Company and its subsidiaries during the year under review amounted to Rs. 82,000/- of these, the donations to approved charities were

Rs. Nil. These amounts do not include contributions on account of Corporate Social Responsibility (CSR) initiatives.

INVESTMENTS

Total investments of the Company in subsidiaries, associates and other equity investments amounted to Rs. 2,923 Mn. The details of the investments are given in Note No 9 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment as at the balance sheet date amounted to Rs. 266 Mn and Rs. 3,573 Mn for the Company and Group respectively. Total capital expenditure during the year for acquisition of property, plant and equipment by the Group amounted Rs. 221 Mn respectively. Details of property, plant and equipment are given in Note No. 07 to the Financial Statements.

STATED CAPITAL AND RESERVES

The stated capital of the Company remains at Rs. 1,880 Mn as at 31st March 2026, which consist of 1,627Mn ordinary voting and 253 Mn ordinary non-voting shares. The total Group Equity was Rs. 2,688 Mn as at 31st March 2026.

INTERNAL CONTROL AND RISK MANAGEMENT

The Directors acknowledge their responsibility for the Group's system of internal control. The systems are designed to provide reasonable assurance that the assets of the Group are safeguarded and to ensure that proper accounting records are maintained.

The Board of Directors having reviewed the system of internal control, is satisfied with the systems and measures in effect at the date of signing this Annual Report.

HUMAN RESOURCES

The Company has an equal opportunity policy and these principles are enshrined

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit.

The Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability. Further the Company continued to appropriate human resources management policies to develop the team and focus their contribution towards the achievement of corporate goals.

BOARD OF DIRECTORS

The Board of Directors of the Company and their brief profiles are given on the pages 19 to 22. Accordingly the following persons were the Directors of the Company as at 31st March 2026.

- (a) Mr. W.K.H. Wegapitiya - Non-Independent, Non-Executive Director
- (b) Mr. M.A. Wegapitiya - Non-Independent, Executive Director
- (c) Mr. P.D.H. Muthukumarana - Non-Independent, Executive Director
- (d) Mr. P.M.B. Fernando - Independent Non-Executive Director
- (e) Prof. S.P.P. Amaratunge - Senior Independent Non-Executive Director
- (f) Mr. K.R. Goonesinghe - Independent, Non-Executive Director.
- (g) Mr. A.R. De Silva - Non-Independent Executive Director

New Appointments

Mr. M. A. Wegapitiya was appointed as a Non-Independent, Executive Director with effect from 09th October 2025.

Mr. P.D.H. Muthukumarana was appointed as a Non-Independent Executive Director with effect from 20th March 2026

Mr. A.R. De Silva was appointed as a Non-Independent Executive Director with effect from 03rd October 2025.

Resignations

Mr. P. Kudabalage Group Managing Director/GCEO resigned with effect from 28th May 2025. Dr. R. P. Edirisinghe - Group Managing Director/GCEO Resigned with effect from 21st of October 2025

Mr. U.K. Thilak De Silva - Group Deputy Chairman, Non Independent-Non-Executive Director Resigned with effect from 09th September 2025

Retirement by Rotation and Re-Election of Directors

Prof. S. P. P. Amaratunge retires by rotation in terms of Article 26(6) of the Articles of Association and being eligible, consequent to review by the Nominations and Governance Committee, is recommended by the Board for re-election.

Recommendation for re-election of Directors who were appointed since the last Annual General Meeting

M/s. M. A. Wegapitiya, P.D.H. Muthukumarana and A. R. De Silva who were appointed to the Board in terms of Article 25(2) of the Articles of Association of the Company since the last Annual General Meeting are recommended by the Board for re-election by the shareholders, consequent to review by the Nominations and Governance Committee.

BOARD COMMITTEES

The following members serve on the Board, Audit, Related Party Transactions Review, Remuneration, Nominations and Governance Committees.

AUDIT COMMITTEE

The Audit Committee comprises of three members namely Mr. P.M.B. Fernando (Chairman of the Audit Committee), Prof. S.P.P. Amaratunge and Mr K.R. Goonesinghe.

The broad purpose of this Committee is to oversee the preparation, presentation and adequacy of the disclosure of information in Financial Statements in accordance with Sri Lanka Accounting Standards and all other statutory requirements. The

Audit Committee also ensures that the Company's internal control system and Risk Management procedure are up to industrial standards. The Committee also assesses the independence and performance of the Company's Auditors.

The report of the Audit Committee is given under the Board Committee reports section of the Annual Report.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee Review comprises Mr. P.M.B. Fernando (Chairman of the Committee), Prof. S.P.P. Amaratunge and Mr K.R. Goonesinghe.

This Committee has been established as a requirement under Section 9 of the Listing Rules of the Colombo Stock Exchange, in order to monitor and regulate related party transactions in the best interests of the shareholders in order to ensure that the operations of the Group of Companies are compliant with Section 9 of the Listing Rules of the Colombo Stock Exchange.

As required under Section 9.3.2(d) of the Listing Rules of the Colombo Stock Exchange, the Board of Directors would like to hereby declare and confirm that there had been related party transactions during the year under review, and all such transactions were proceeded as per provisions stipulated under Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions.

The report of the Related Party Transactions Review Committee is given under the Board Committee reports section of the Annual Report.

REMUNERATION COMMITTEE

The Remuneration Committee comprises of Mr. P.M.B. Fernando (Chairman of the Committee), Prof. S.P.P. Amaratunge and Mr K.R. Goonesinghe. This Committee recommends the remuneration payable to the Executive Directors and sets

guidelines for the remuneration of the Senior Management of the Company. The Board makes the final determination having considered the recommendations of the Remuneration Committee and also the performance of the Senior Management. The report of the Remuneration Committee is given under the Board Committee reports section of the Annual Report and the Remuneration Policy is given in the corporate governance report.

NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee was established as a separate Board Sub-Committee on April 29, 2024, to comply with updated Listing Rules, under the leadership of Chairman Prof. S. P. P. Amaratunge, alongside members Mr. P. M. B. Fernando and Mr. K. R. Goonesinghe.

The primary objective of the Committee is to conduct annual evaluations of the Board's composition, structure, diversity, and collective expertise to ensure alignment with corporate strategies and compliance with the Colombo Stock Exchange (CSE) Code of Best Practice on Corporate Governance.

During the 2025/26 period, the Committee reviewed the Group's Governance Roadmap, adjusted the composition of the Board and its sub-committees to align with CSE amendments effective October 1, 2023, and recommended new candidates for Board appointment. Its core responsibilities encompass overseeing the selection, re-election, and performance assessment of Directors and Key Management Personnel (KMP).

Additionally, the Committee ensures all appointees satisfy "fit and proper" regulatory standards, manages succession planning for retiring leadership, and supervises performance evaluations across the Board and its committees.

INTEREST REGISTER

The Company maintains an Interest Register in compliance with the Companies Act, No. 07 of 2007. In Compliance with the requirements of the Companies Act this Annual Report also contains particulars of entries made in the Interest Register.

DIRECTORS' INTEREST IN CONTRACTS

Directors' interest in contracts are disclosed in the related party transactions under Note 21` to the Financial Statements.

DIRECTORS SHAREHOLDING

The shareholdings of the Directors of the Company as at 31st March 2026, and as defined under the Listing Rules of Colombo Stock Exchange are as follows.

LPL N	No. of Shares	%
Mr. W.K.H. Wegapitiya	1,411,536	0.421
Mr. M.A.Wegapitiya (Appointed w.e.f 09th of Oct 2025)	Nil	Nil
Mr. P.D.H.Muthukumarana (Appointed w.e.f 20th of March 2026)	Nil	Nil
Mr. P.M.B. Fernando	100	0.000
Prof. S.P.P. Amaratunge	Nil	Nil
Mr. K.R. Goonesinghe	Nil	Nil
Mr. A.R. De Silva (Appointed w.e.f 03rd Oct 2025)	Nil	Nil
Mr. U.K.T.N.De Silva(Resigned w.e.f 09th of Sep 2025)	1,077,897	0.322
Mr. P. Kudabalage (Resigned w.e.f. 28th May 2025)	Nil	Nil
Dr. R.P.Edirisinghe (Resigned w.e.f 21st of Oct 2025)	Nil	Nil

LPL X	No. of Shares	%
Mr. W.K.H. Wegapitiya	Nil	Nil
Mr. Mithila Wegapitiya (Appointed w.e.f 09th of Oct 2025)	Nil	Nil
Mr. P.D.H.Muthukumarana (Appointed w.e.f.20th March 2026)	Nil	Nil
Mr. P.M.B. Fernando	Nil	Nil
Prof. S.P.P. Amaratunge	Nil	Nil
Mr. K.R. Goonesinghe	Nil	Nil
Mr. A.R.De Silva (Appointed w.e.f 03rd Oct 2025)	Nil	Nil
Mr. U.K.T.N. De Silva (Resigned w.e.f. 09th of September 2025)	Nil	Nil
Mr. P. Kudabalage (Resigned w.e.f. 28th May 2025)	Nil	Nil
Dr. R.P. Edirisinghe (Resigned w.e.f 21st of Oct 2025)	Nil	Nil

Mr. W. K. H. Wegapitiya is a shareholders of LAUGFS Holdings Ltd., the holding company which holds a significant stake in the Company directly. Mr. U.K.Thilak De Silva who was a shareholder of the Holding Company sold his shares due to his resignation.

DIRECTORS' REMUNERATION

Directors' remuneration is established within a framework approved by the Remuneration Committee. Directors' remuneration in respect of the Company for the year is given in Note 21.5 to the Financial Statements.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

SHARE INFORMATION

Information relating to earnings, dividends, net assets and market value per share is given on page 155. The distribution and the composition of shareholding are given on page 156 and 157 of this Annual Report.

The details of the twenty major shareholders of the Company including the number of shares held by them are given on page 158 and 159 of the Annual Report.

CORPORATE GOVERNANCE

The Board of Directors has ensured that the Company has complied with the Section 9 and other relevant Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on corporate governance issued by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka. Directors are committed towards the furtherance of corporate governance principles of the Company. The measures taken in this regard are set out in the corporate Governance Statement on pages 70 to 84.

Further, the Directors declare that the Company has not engaged in any activity which contravenes laws and regulations. All material interest in contracts involving the Company have been declared by the Directors and they have refrained from voting on matters in which they were materially interested, the Company has made all endeavours to ensure the equitable treatment of shareholders, the business is a going concern and a review of internal controls covering financials, operational and compliance controls and risk management has been conducted and the Directors have obtained a reasonable assurance of their effectiveness and successful adherence.

FIT AND PROPER ASSESSMENT OF DIRECTORS

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, declarations

were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the Financial Year under review and as at the date of such Declarations. These Declarations were placed before the Nominations and Governance Committee, and upon review by the Nominations and Governance Committee, where no member participated in decisions relating to his/her continuation, were then presented to the Board. The Board determined that all Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules and qualify to continue as Directors in their respective capacities, subject to those who retire by rotation, appointed since the last Annual General Meeting, being re-elected / re-appointed by the shareholders at the forthcoming Annual General Meeting.

INDEPENDENCE OF DIRECTORS

The Board, based on the Declarations submitted by the Independent Directors declaring his/her independence against the criteria specified in the Listing Rules and such other information available to the Board that could reasonably be constructed to have a bearing on the independence of such Directors, determined that the Three (3) Independent Directors namely Mr. P. M. B. Fernando, Mr. K. R. Goonesinghe and Prof. S. P. P. Amaratunge are 'Independent' in terms of the Listing Rules.

RELATED PARTY TRANSACTIONS

All related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee of the Company and were in compliance with the Section 09 of the Listing Rules of the Colombo Stock Exchange. The Directors confirm that the Company complied with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2026.

ADDITIONAL DISCLOSURES BY/ PERTAINING TO DIRECTORS

I. Material Interests in Contracts involving the Company

The Directors have declared all material interests in contracts involving the Company in terms of the Companies Act and the Articles of the Association of the Company and have acted as prescribed therein, and where relevant have refrained from voting on matters in which they were materially interested.

II. Material Business Relationships with each other

None of the Directors or close family members have any material business relationships with the other Directors of the Company.

III. Other directorships held by the Directors:

Other directorships held by Directors are disclosed in Board of Directors' Profiles on pages 14 and 17.

IV. Applicable Laws Rules and Regulations

The Directors have made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of the changes, particularly to Listing Rules and applicable capital market provisions.

ENVIRONMENT

The Company has not engaged in any activity that was detrimental to the environment and has been in due compliance with all applicable laws and regulations of the country to the best of its ability.

STATUTORY PAYMENTS

The Board of Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of, and in

respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the balance sheet date have been paid or, where relevant provided for.

GOING CONCERN

The Board of Directors are satisfied that the Company, its subsidiaries and associates, have adequate resources to continue in operational existence for the foreseeable future, to justify adopting the going concern basis in preparing these Financial Statements.

DIVIDENDS

The Company has not declared or proposed any dividend for the year under review.

AUDITORS

Messrs. Ernst & Young, Chartered Accountants are deemed re-appointed in terms of Section 158 of the Companies Act No. 07 of 2007 as the Auditors of the Company. A resolution to authorise the Directors to determine the remuneration of the Auditors will be proposed at the forthcoming Annual General Meeting. Total audit fees paid to Messrs. Ernst & Young by the Company and the Group are disclosed in Note. Xx to the Financial Statements. The Auditors of the Company and its subsidiaries have confirmed that they do not have any relationship with the Company or its subsidiaries (other than the Auditor) that would have an impact on their independence.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 29th September 2026 at 10.30 am at the Head Office of LAUGFS Holdings Ltd as a virtual meeting.

The notice of meeting appears in the supplementary information section of the comprehensive Annual Report.

This Annual Report is signed for and on behalf of the Board of Directors. By Order of the Board

ACKNOWLEDGEMENT

The Board of Directors have approved the Audited Financial Statements together with the Annual Report of the Board of Directors and the Reviews which form part of the Annual Report on 5th September 2026.

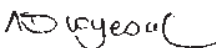
This Annual Report is signed for and on behalf of the Board of Directors by



W.K.H. Wegapitiya
Group Chairman



M.A. Wegapitiya
Executive Director



PW Corporate Secretarial (Pvt) Ltd.
Secretaries
5th September 2026

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible under the Companies Act No. 07 of 2007, to ensure compliance of the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of the affairs of the Company and its subsidiaries as at the balance sheet date and the profit of the Company and its subsidiaries for the financial year.

Further the Board of Directors ensures the compliance of all the regulatory requirements imposed by the Listing Rules of the Colombo Stock Exchange and other applicable statutory and regulatory provisions.

The Financial Statements comprise:

- The Statements of Financial Position, which presents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year.
- The Statements of Comprehensive Income, which presents a true and fair view of the profit or loss and/or other comprehensive income of the Company and its subsidiaries for the financial year.
- The Board of Directors accepts the responsibility for the integrity and objectivity of the Financial Statements prepared and presented. The Directors confirm that the Financial Statements have been prepared;
- Using appropriate and applicable accounting policies which have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained; and
- Presented in accordance with the Sri Lanka Financial Reporting Standards (SLFRS); and that

→ Reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected; and

→ Provides the information required by and otherwise comply with the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors confirm that the Financial Statements have been prepared on a going concern basis and are of the view that sufficient funds and other resources are available within the Company and its subsidiaries to continue its operations and to facilitate planned future expansions and capital commitments.

Further, the Directors ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the company and its subsidiaries.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections that may be considered being appropriate to enable them to give their audit opinion.

The Directors are of the view that they have duly discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge and belief that all statutory payments in relation to regulatory and statutory authorities that were due in

respect of the Company and its subsidiaries as at the balance sheet date have been duly paid or where relevant provided for. By Order of the Board



P W Corporate Secretarial (Pvt) Ltd.
Secretaries

5th September 2026

AUDIT COMMITTEE REPORT

OVERVIEW OF THE AUDIT COMMITTEE

The Audit Committee operates as a formally established Sub-Committee of the Board of Directors. This report summarizes its activities during the financial year, focusing on financial reporting, risk management, internal controls, the internal audit process, and interactions with External Auditors.

The committee's primary function is to oversee the preparation, presentation, and adequacy of disclosures in the financial statements of LAUGFS Power PLC and its subsidiaries. This oversight is conducted in accordance with the Sri Lanka Accounting Standards, aiming to provide additional assurance to the Board of Directors regarding the reliability of financial statements and processes.

ROLE OF THE COMMITTEE

The role of the Audit Committee is to support the Board in fulfilling its oversight responsibilities concerning various aspects, including the integrity of the Company's and Group's financial statements, internal control and risk management systems, compliance with legal and regulatory requirements, the suitability, performance, and independence of External Auditors, and the adequacy and performance of the Internal Audit function conducted by the Group Internal Audit. These functions and responsibilities are clearly outlined in the committee's charter, which has been approved by the Board and is reviewed annually.

AUDIT COMMITTEE CHARTER

The Board approved charter of the Audit Committee is in place and clearly defines the terms of reference of the committee. The Audit Committee Charter is reviewed annually to ensure all new developments related to the audit committee are duly incorporated.

MANDATE

To review and monitor:

The scope of functions and responsibilities is adequately set out in the terms of reference of the Committee, which has been approved by the Board and is reviewed periodically.

- External financial reporting obligations of the Company, including its obligations under the Colombo Stock Exchange Listing Rules, Rules/ Regulations of the Securities and Exchange Commission and Companies Act No. 7 of 2007;
- Review & evaluate the performance of the Company's internal audit function. Ensuring the efficiency, effectiveness and adequacy of the Company's internal controls and risk management measures;
- Maintaining an effective system of internal control and compliance with legal and regulatory requirements that may have a material impact on the Company and its financial statements;
- Ensuring that high standards of Corporate Governance are in place by adopting and adhering to policies and procedures of the Company which are in compliance with the Code of Best Practices on Corporate Governance jointly advocated by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka);
- Evaluating and reviewing the independence of the External Auditors. Making a recommendation to the Board on the appointment or re-appointment, Dismissal, service period and audit fee of the External Auditor;
- Review and evaluate all auditing and non-audit services performed by External Auditors to ensure that their independence is not impaired.

COMPOSITION OF THE AUDIT COMMITTEE

During the year, the Board Audit Committee was composed of three Non-Executive Directors, who are independent, and in compliance with regulatory composition requirements.

Name of the KMP	Directorship status
Mr. P.M.B. Fernando	Chairman/ Non-Executive Independent Director
Prof. S.P.P. Amaratunge	Member/ Non-Executive Independent Director
Mr. K.R. Goonesinghe	Member/ Non-Executive Independent Director

The Board is confident that the Committee members, detailed in their biographical information on pages 21-22, collectively possess a diverse array of pertinent skills, experience, and expertise derived from various industries and backgrounds. As a whole, they exhibit competence relevant to the sectors in which the Group operates.

Mr. Amal Senarath- Head of Group Audit served as the Secretary to the Committee.

MEETING ATTENDANCE

Name of the KMP	Attendance
Mr. P.M.B. Fernando	4/4
Prof. S.P.P. Amaratunge	4/4
Mr. K.R. Goonesinghe	4/4

COMMITTEE MEETINGS

The Audit Committee meets as often as may be deemed necessary or appropriate in its judgment, and at least quarterly each year. During the year under review, there were four (04) meetings attended by the Committee members. The Group Chairman, Group Executive Vice Chairman, Acting Group Managing Director/ Group Executive Director, Managing Director/ CEO - LAUGFS Power PLC, Group Chief Financial Officer, Group Chief Legal Officer, Head of Group Risk & Compliance and Head of Group Audit attended the meetings at the invitation of the Committee. Representatives of the External Auditors are invited to participate in the meetings of

AUDIT COMMITTEE REPORT

the Committee. Other key executives and senior management are invited to attend and present, providing deeper insight on various topics as required by the Committee to discharge its duties.

The activities and views of the Committee have been communicated to the Board of Directors quarterly through verbal briefings and by tabling the minutes of the Committee meetings.

COMMITTEE ACTIVITIES DURING THE FINANCIAL YEAR

Financial Reporting

The Committee assisted the Board of Directors in the discharge of its duties by reviewing the company's financial reporting system. The Committee ensured that accounting policies, practices and internal controls are adequate to provide reasonable assurance that the financial reporting system is effective and efficient in providing reliable and timely information.

The Audit Committee thoroughly reviewed the Interim Management Statements, as well as the Interim and Annual Consolidated Financial Statements, along with all formal announcements related to these statements. Following this review, the Committee submitted them to the Board of Directors, accompanied by a recommendation for approval. During the consideration of annual financial statements, the External Auditors were also invited to attend discussions and provide clarifications as needed.

Furthermore, in its assessment of the financial reporting system, the Committee acknowledged the sufficiency of the content and quality of periodic management information reports forwarded to its members.

INTERNAL AUDIT & CONTROLS

The Audit Committee is responsible for monitoring and reviewing the operation and effectiveness of the Group's Internal

Audit function, including its focus, plans, activities and resources. To fulfil these duties, the Committee:

- Reviewed significant issues raised by GIA and the External Auditor, management's response to their recommendations, and follow-up remedial actions and improvement plans
- Reviewed and approved the Group Internal Audit charter, strategy and annual plan;
- Considered and were satisfied that the competencies, experience and level of resources within the Internal Audit team were adequate to achieve the proposed plan;
- Considered the role and effectiveness of Internal Audit in the overall context of the Group's risk management framework and was satisfied that the function has appropriate standing within the Group;
- Received quarterly updates from the Internal Audit function on the delivery of the 2025/26 plan and on the principal findings from the work of Internal Audit and management's actions to remediate issues identified;
- The Group Internal Audit team regularly reported to the Committee on the adequacy and effectiveness of internal controls in the Group and compliance with laws and regulations and established policies and procedures of the Group.
- Follow-up reviews were scheduled to ascertain that audit recommendations are being acted upon
- The Committee evaluated the Internal Audit Function covering key areas such as scope, quality of internal audits, independence and resources.

RISK MANAGEMENT

The Committee obtained and reviewed risk statements submitted by the SBU, outlining the key risks relevant to their respective areas, along with the mitigating measures that had been implemented or were planned. In addition, the Committee reviewed the effectiveness of the Group's risk management framework, internal controls, business continuity planning, and information security systems, and recommended appropriate corrective actions to the Board where necessary.

EXTERNAL AUDIT

The External Auditors' Letter of Engagement, including the scope of the audit, was reviewed and discussed by the Committee with the External Auditors and management prior to the commencement of the audit.

The Committee also met the External Auditors prior to the finalization of the financial statements. The External Auditors' reports on the audit of the Company and Group financial statements for the year were discussed with both Management and Auditors. The members of the Committee had a separate meeting with the auditors to discuss issues of a sensitive nature that may have arisen during the audit, if any.

The Committee reviewed the management letter issued by them based on their audit and considered actions to be taken to rectify any weaknesses in internal controls based on their recommendations.

The Committee also reviewed the arrangements made by the Auditors to maintain their independence, and confirmation has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka. The Audit Committee reviewed the non-audit services provided by the External Auditors

and the fees paid for such services and is satisfied that these engagements have not compromised or impaired the External Auditors' independence.

The performance of the External Auditors and the quality of their work has been evaluated and discussed with the senior management of the Company and the Committee has recommended to the Board that Messer Ernst & Young be re-appointed as the auditors of the Group for the financial year ending 31st March 2027, subject to approval by the shareholders at the Annual General Meeting, at a remuneration to be decided by the Management.

The Committee noted that employees are encouraged to utilise established whistleblowing channels to report suspected wrongdoing, and that appropriate procedures are in place to facilitate independent investigations into concerns raised through whistleblowing or other reporting mechanisms.



P M B Fernando
Chairman - Audit Committee
LAUGFS Power PLC

5th September 2026

COMPLIANCE

The Committee obtained management confirmations on the adequacy of provisions for potential liabilities and reviewed financial and statutory compliance reports to assess adherence to applicable requirements. Regular updates were received from the Head of Legal on key compliance matters, together with assurances from the Acting Group Managing Director/Executive Director and Group CFO on the Group's financial reporting, internal controls, and operations.

ETHICS AND GOOD GOVERNANCE

The Audit Committee continued to promote a culture of ethics, integrity, and good governance across the Group by emphasizing the importance of ethical conduct among employees. The Committee assessed the adequacy and effectiveness of the Group's Code of Conduct and Whistleblowing Policy and is satisfied that these frameworks provide a robust and up-to-date foundation to guide employee conduct while safeguarding the confidentiality of information and the identity of whistleblowers.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee of LAUGFS Power PLC was established by the Board of Directors in 2016, in accordance with the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and Section 9.14 of the Listing Rules of the Colombo Stock Exchange.

PURPOSE OF THE COMMITTEE, COMPOSITION AND ATTENDANCE

The Related Party Transaction Review Committee is a subcommittee of the Company's Board of Directors, reporting directly to the Board. The Committee is entrusted with the independent review and oversight of transactions conducted between the Company and its related parties.

The Committee comprises three (03) Non-Executive Directors, who are Independent. The Chairman of the Committee is an Independent Non-Executive Director.

Name of the RPTR Committee Member	Membership Status
Mr. P M B Fernando	Chairman /INED
Mr. K R Goonesinghe	Member/INED
Prof. S P P Amarathunge	Member/INED

Brief profiles of the members of this Committee are stated on pages 21 to 22 of this report

Regular Attendees by Invitation	
Group Chairman	Group Executive Vice Chairman
Acting Group Managing Director/Group Executive Director	Managing Director /CEO LAUGFS Power PLC
Group Chief Financial Officer	Group Chief Legal Officer
Head of Group Risk and Compliance	Head of Group Audit

Mr. Amal Senarath, the Head of Group Audit, served as the Secretary to the Committee.

The Committee met four (04) times during the financial year ended March 31, 2026, and the proceedings of the Committee meetings have been regularly reported through verbal briefings and by tabling the minutes.

The meeting attendance of the members is set out in the table below,

Names of the RPTR Committee Members	Attended/ Eligibility
Mr. P M B Fernando	4/4
Mr. K R Goonesinghe	4/4
Prof. S P P Amarathunge	4/4

DUTIES AND RESPONSIBILITIES

The Related Party Transactions Review Committee carries out the following duties and responsibilities:

- Reviewing Related Party Transactions of the Company except those explicitly exempted under the Listing Rules;

- Adopting policies and procedures to review Related Party Transactions of the Company and set out guidelines and methods for the capturing and reviewing of Related Party Transactions,
- Assessing whether the Related Party Transactions are in the best interests of the Company and its shareholders as a whole;
- Defining and establishing threshold values for listed companies as per the Code, which requires discussion in detail; RPTs which have to be pre-approved by the Board, those that require immediate market disclosure, those that require Shareholder approval and RPTs which require disclosure in the Annual Report.
- To review all proposed Related Party Transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Advise the entire Board, when deemed appropriate, that shareholder approval for the Company should be sought through a Special Resolution before proceeding with the specified transaction in accordance with Sections 9.14.6 and 9.14.9 of the Listing Rules, when applicable.
- Where necessary, escalate matters to the Board for review prior to the execution of any Related Party Transaction.
- To review and recommend the acquisition or disposal of substantial assets between related parties, including but not limited to, obtaining 'competent advice' from independent professional experts on valuations and related aspects as deemed required.

- Ensuring that immediate market disclosures and disclosures in the Annual Report, as required by the applicable rules/regulations, are made in a timely and detailed manner.

TERMS OF REFERENCE

The Related Party Transactions Review Committee continued to operate under its approved Policy and Terms of Reference, which provide a comprehensive framework for the governance and oversight of related party transactions. Terms of Reference define the composition of the Committee, meeting protocols, roles and responsibilities of its members, and the approval and review processes applicable to related party transactions.

Through this framework, the Committee is committed to promoting transparency, fairness, and accountability in all related party transactions, while safeguarding the interests of the Company and its shareholders. The Committee also ensures that related party transactions are conducted on an arm's length basis and that no Director, Key Management Personnel, or major shareholder derives undue benefit at the expense of minority shareholders.

METHODOLOGY ADOPTED BY THE COMMITTEE

The members of the Company's Board of Directors have been identified as Key Management Personnel. The declarations are requested from each Key Management Personnel of the Company in compliance with the Related Party Transaction Policy in order to identify parties related to them. The Company retrieves data on related party transactions from its database based on the information provided in these declarations.

KEY FUNCTIONS PERFORMED DURING THE YEAR UNDER REVIEW

During the year, the Committee reviewed the process and recognised the adequacy of the content and quality of the information forwarded to its members by the Management. The Committee,

quarterly, monitored recurrent transactions compliance with the approved values and, where required, directed them to the relevant Boards for further guidance.

DISCLOSURES

Non-Recurrent Transactions

The Committee ensured that Management implemented appropriate procedures to ensure that all non-recurrent Related Party Transactions are submitted to the Committee for prior approval. Accordingly, the Committee reviewed and granted advance approval for all proposed non-recurring RPTs.

Recurrent Transactions

The Committee has granted blanket approval for a defined set of recurrent Related Party Transactions, facilitating senior management in providing the necessary disclosures. The Committee reviews these recurrent RPTs quarterly, along with the corresponding disclosures and assurances. In instances where transactions approach or exceed the pre-approved thresholds, the Committee evaluates them with appropriate justifications and readjusts the approved limits as necessary.

DECLARATION

The Committee has put the necessary processes in place to identify, review, disclose and monitor Related Party Transactions in accordance with the provisions in Section 9.14 of the Listing Rules and in so far as to the best of the Committee, such transactions submitted for review have been verified for compliance.



P M B Fernando

Chairman- Related Party Transaction Review Committee

LAUGFS POWER PLC

5th September 2026

REPORT OF THE SENIOR INDEPENDENT DIRECTOR

In compliance with 9.6.3 of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of the Company designated me as the Senior Independent Director (SID) of the Company with effect from 02nd June 2024, following the appointment of Mr. Mithila Wegapitiya as the Chief Executive Officer of the Company, being a close family member of the Chairman of the company.

The Board has a strong representation of Independent Directors that helps to maintain objectivity of the Board which is vital for sound corporate governance. The objective of the appointment of a Senior Independent Director is to ensure the greater independent element in proceedings of the Board and in all deliberations by the Board either at Board meetings or in resolutions circulated amongst the Board.

The SID provides guidance to the Chairperson on matters of governance of the Company and 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 makes himself available to any Director or any employee to have confidential discussions on the affairs of the Company should the need arise.

During the financial year no meetings could be held with the Directors without the presence of the Executive Directors, however, steps will be taken to ensure that such deliberations and meetings are held with the Non-Executive Directors during the current financial year.

However, it should be noted that even though the Non-Executive Directors did not have separate meetings as envisaged by

Rule 9.6.3 (b) I have witnessed that the Non-Executive Directors who form majority of the Board of Directors have been effecting a positive influence on all deliberations and decision making.

Following the resignation of the Chief Executive Officer, who was a close family member of the Chairman, the Company appointed a new Chief Executive Officer with effect from 3rd October 2025. The newly appointed Chief Executive Officer is not a close family member of the Chairman.



Prof. S.P.P Amaratunga
Senior Independent Director

5th September 2026

REMUNERATION COMMITTEE

COMPOSITION

The Remuneration Committee comprises Non-Executive and Independent Non-Executive Directors and operates under approved Terms of Reference.

1. Mr. P.M.B. Fernando – Chairman – Independent Non-Executive Director
2. Mr. K.R. Goonesinghe – Member – Independent Non-Executive Director
3. Prof. S.P.P. Amaratunge – Member – Independent Non-Executive Director

CHARTER OF THE COMMITTEE

The Remuneration Committee operates under a charter that is reviewed annually. The charter defines the Committee's objectives, responsibilities, composition, and authority while providing the framework for overseeing the Company's remuneration and human resource governance practices.

The Committee seeks to ensure that remuneration strategies and human resource policies are fair, competitive, transparent, and aligned with the Company's strategic objectives. It also promotes a workplace where employees are empowered to perform with confidence, contribute meaningfully to organisational success, and achieve their individual career aspirations. Through effective governance, the Committee ensures that remuneration and people practices continue to support both organisational performance and employee development.

KEY RESPONSIBILITIES

- Recommending the Company's remuneration policy and remuneration structure to the Board, including its application to the Board of Directors, Executive Directors, and Key Management Personnel (KMPs).
- Reviewing and recommending remuneration frameworks, incentive schemes, equity-based awards, terminal benefits, and pension arrangements applicable to Executive Directors and KMPs.

- Reviewing the performance of the Chief Executive Officer and Key Management Personnel, while ensuring that appropriate succession planning and leadership development initiatives are in place.
- Overseeing communication with shareholders regarding the Company's remuneration policy through the Remuneration Committee Report.
- Recommending appropriate service contracts for Executive Directors.
- Reviewing and approving compensation payable to Executive Directors and Senior Management upon loss or termination of office to ensure that such payments are consistent with contractual obligations and are fair and reasonable.
- Ensuring that no Director or any related party participates in decisions concerning his or her own remuneration.
- Periodically reviewing the Committee's Terms of Reference and overall effectiveness and recommending improvements to the Board where necessary.

BUILDING AN INCLUSIVE WORKFORCE THROUGH FAIR RECRUITMENT

Diversity, Equity, and Inclusion (DEI) remain integral to our recruitment strategy. We are committed to providing equal employment opportunities through fair, transparent, and competency-based recruitment practices that attract and retain talent from diverse backgrounds.

From inclusive job advertisements and diverse sourcing channels to structured interviews and objective assessment methods, every stage of the recruitment process is designed to minimise bias and promote equitable hiring decisions.

By embedding DEI principles throughout our talent acquisition process, we continue

to build a diverse workforce that reflects our values, encourages innovation, and supports sustainable business growth.

BUILDING CAPABILITY THROUGH CONTINUOUS LEARNING AND DEVELOPMENT

We believe that continuous learning is fundamental to individual growth and long-term organisational success. Our commitment is to develop a highly skilled, adaptable, and future-ready workforce by providing learning opportunities that support both professional and personal development.

Our learning and development framework combines multiple learning approaches to accommodate different learning styles, employee needs, and business priorities. Employees have access to online learning platforms that enable them to develop their knowledge and skills anytime and anywhere.

To further embed learning into everyday work, we introduced Bite-Size Learning Every Week, providing employees with short, practical, and easily accessible learning interventions that encourage continuous development without disrupting daily responsibilities.

We also launched Learning Fridays, creating a dedicated platform for interactive learning sessions, expert presentations, knowledge-sharing discussions, practical demonstrations, and collaborative learning activities that strengthen our learning culture across the organisation.

Knowledge sharing is further supported through the Mindspire Learning Series, where internal subject matter experts share technical expertise, industry insights, organisational knowledge, and best practices. This initiative strengthens institutional knowledge while promoting collaboration and continuous improvement.

As part of our leadership development strategy, we introduced Invictus, a strategic leadership development programme

REMUNERATION COMMITTEE

conducted in partnership with the Postgraduate Institute of Management (PIM). The programme enhances strategic thinking, leadership capability, decision-making, and managerial effectiveness while preparing future leaders to navigate an increasingly dynamic business environment.

Through these initiatives, we continue to foster a culture of continuous learning, collaboration, innovation, and leadership development that strengthens organisational capability and supports sustainable growth.

EMBEDDING OUR COMPANY VALUES INTO EVERYDAY PERFORMANCE

During the year, we reaffirmed our commitment to building a values-driven culture by relaunching the Company's core values across the organisation. Awareness sessions were conducted to help employees understand how these values guide everyday behaviours, decision-making, and workplace interactions.

To reinforce accountability and strengthen our organisational culture, we introduced a dual performance evaluation framework that assesses both business performance and behavioural competencies. While performance ratings measure the achievement of individual and organisational objectives, behavioural competency ratings evaluate how employees demonstrate the Company's values in carrying out their responsibilities.

By integrating values into the performance management process, we encourage employees not only to deliver strong results but also to consistently demonstrate integrity, collaboration, accountability, and continuous improvement.

These initiatives represent significant milestones in strengthening a high-performance culture where values and performance work together to support employee development, leadership effectiveness, and long-term organisational success.

RECOGNISING CONTRIBUTIONS, SUPPORTING CAREER GROWTH AND ENHANCING THE EMPLOYEE EXPERIENCE

We recognise that building a high-performing organisation requires more than learning and performance management. It also depends on recognising employee contributions, providing transparent career development opportunities, and creating a positive and engaging employee experience.

To celebrate employee achievements, we introduced the Appreciation Board, a monthly recognition platform that acknowledges employees for outstanding performance, commitment, teamwork, innovation, and positive contributions. The initiative reinforces a culture of appreciation while motivating employees to continue delivering excellence.

To strengthen career progression, a new Promotion Policy was introduced. Under this framework, employees at Assistant Manager level and above are required to complete a preliminary assessment followed by an interview with the Senior Management Committee. This structured process ensures that promotion decisions are based on performance, competencies, leadership potential, organisational requirements, and readiness for higher responsibilities.

Beyond professional development, we remain committed to employee well-being, diversity, inclusion, and engagement. Throughout the year, employees participated in a range of health, cultural, religious, and recreational initiatives that promoted well-being, strengthened workplace relationships, celebrated diversity, and fostered a strong sense of belonging.

Collectively, these initiatives have helped create a workplace where employees are recognised, supported, connected, and empowered to grow. By integrating learning and development, values-based

performance, structured career progression, employee recognition, and meaningful engagement, we continue to strengthen an employee experience that enables both our people and the organisation to succeed together.



P.M.B Fernando

Chairman- Remuneration Committee
LAUGFS Power PLC

5th September 2026

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

OBJECTIVE OF THE COMMITTEE

The objective of the Nomination and Governance Committee (the Committee) is to review the structure and the composition of the Board annually and ensure that the combined knowledge and experience complement the corporate strategy, and also to review, evaluate and recommend changes to the Company's Corporate Governance Framework in line with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance ("Code").

ACTIVITIES IN 2025/26

The Remuneration and Nomination Committee which was functioning as a Board Sub Committee of the company continued only as the Remuneration Committee since 29th April 2024 whilst a new board Sub Committee was established from 29th April 2024 as Nominations and Governance Committee as per the requirements of new Listing Rules.

During the year, the Committee reviewed the Governance Roadmap of the Group and ways to improve Board effectiveness within the Group. Further, the Committee reviewed the composition of the Board and the Board Sub Committees with respect to the recent amendments to the Listing Rules of the Colombo Stock Exchange, effective 1st October 2023. Necessary changes were adopted to the Board by the Committee.

Key Responsibilities

The Nominations and Governance Committee is responsible for reviewing the composition of the Board and Board Sub Committees to ensure that they are appropriately constituted in line with the required skills, experience and diversity.

In addition, the Committee is entrusted with the responsibility of:

- Recommending to the Board the appointment of new Directors and Key Management Personnel (KMP)

and ensuring the implementation of the approved procedure in selecting such Directors and Key Management Personnel;

- Recommending the re-election of current Directors to the Board of Directors, taking into account the performance and contribution made by such Directors towards the overall discharge of responsibilities by the Board;
- Reviewing criteria such as qualifications, experience and key attributes required to be considered for the appointment or promotion to the post of Managing Director/ CEO and/or the Key Management positions;
- Ensuring that the Directors, Managing Director/CEO and the Key Management Personnel are fit and proper persons to hold office as required by the Corporate Governance Rules of the CSE and other applicable statutes;
- Assessing from time to time the requirements of additional/new expertise and the succession arrangements for retiring Directors and Key Management Personnel with a view to providing advice and recommendations to the Board on any such appointment;
- Overseeing the process by which the Board, its Committees and individual Directors assess their effectiveness, and report to the Board on findings and recommendations

Review the Structure and the Composition of the Board

The Committee reviewed the structure and composition of the Company with respect to the recent amendments to the Listing Rules of the Colombo Stock Exchange. New candidates were proposed by the Committee.

Board Evaluation

The Board of Directors performs an annual self-evaluation of its own performance and effectiveness. The Committee reviewed the results of the Board Evaluation and discussed the governing structure of the Company. Further, the Board identified and reviewed the Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance. The Board discussed major issues in terms of the Listing Rules of the Colombo Stock Exchange and Board Governance.

Board Succession

During the year under review, the progress and performance of the Chief Operating Officer, Chief Executive Officer and the heads of businesses was regularly reviewed by the Committee. The Committee continues to regularly evaluate candidates for the Board and for the position of CEO.

Re-election of Directors

In terms of the Articles of Association of the Company all directors are required to offer themselves for re-election at regular intervals. Every year, not exceeding 1/3 of the Board shall retire by rotation. The Committee decided to recommend Prof. Amarunga, who retire in terms of Article 26(6) of the Company's Articles of Association. Mr. M.A.Wegapitiya, Mr. P.D.H.Muthukumarana and Mr. A.R.De Silva will be Re-Appointed in terms of article 25 (2) to the Board at the ensuing Annual General Meeting to be held on 29th September 2026.

Attendance

The Committee comprises of three Independent Non-Executive Directors. The Board Chairman, Deputy Chairman, Managing Director attend the meetings by invitation. The Committee met four times during the year and the committee members' attendance at these meetings is as follows.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

Members	Attendance
Prof. S.P.P. Amaratunge	4/4
Mr. K.R. Goonesinghe	4/4
Mr. P.M.B. Fernando	4/4

The profiles of the Directors are found on pages 20-22 of this Annual Report.

The Committee members' date of first appointment to the Committee is as follows.

Members	Date of first appointment to the Committee
Prof. S.P.P. Amaratunge	15/8/2022
Mr. K.R. Goonesinghe	15/8/2022
Mr. P.M.B. Fernando	23/4/2018

Secretary:

The Group Director HR acts as the Secretary to the Committee.

INDUCTION PROGRAMME

Induction programmes are conducted for newly appointed Directors on Corporate Governance, Listing Rules of the Colombo

Stock Exchange, securities market regulations and other applicable laws and regulations along with the familiarisation on the key focus areas of LAUGFS POWER PLC.

The Board of Directors are periodically apprised on Corporate Governance, Listing Rules of the Colombo Stock Exchange, securities market regulations and other applicable laws and regulations as appropriate.

EVALUATION OF THE COMMITTEE

The Committee carried out a self-evaluation of the performance and effectiveness of the Committee and was satisfied that it had carried out its responsibilities in an effective manner during the year under review.

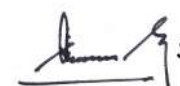
DECLARATION BY THE COMMITTEE

The Committee maintains a suitable process for the periodic evaluation of the performance of the Board of Directors and the Group Managing Director, Group Operating Officer and Group Chief Executive Officer to ensure that their responsibilities are satisfactorily discharged. The Independent Non-Executive Directors of the Company meet the criteria for determining independence in terms of the Listing Rules of the Colombo Stock Exchange.

The Company is in compliance with the Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange (CSE) to ensure that the overall compliance with the aforementioned regulations by the timelines stipulated by Listing Rules.

CONCLUSION

The Committee will continue to assist the Board in selecting the right candidates with the necessary skills, knowledge and experience, ensuring the desired diversity of the Board to meet the strategic demands of the Company and compliance with the Listing Rules of the Colombo Stock Exchange. In addition, the Committee ensures standardised Governance mechanisms exist to enhance transparency and accountability.



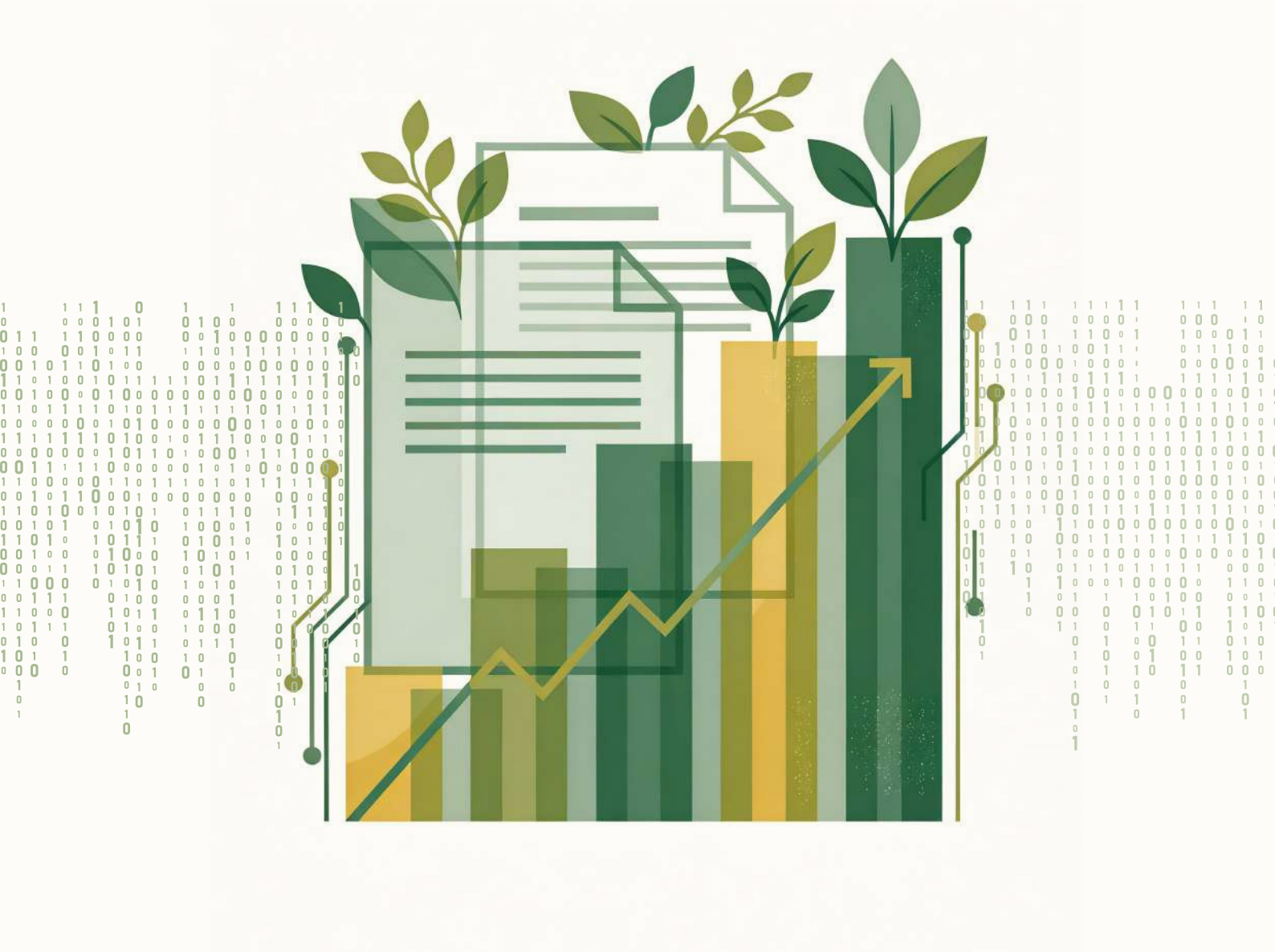
Prof. S.P.P. Amaratunge

Chairman- Nominations and Governance Committee LAUGFS Power PLC

5th September 2026

Board Member	Directorship Status	Date of Appointment to the Board	Date of last reappointment to the Board	Directorships in other listed entities
Prof. S.P.P. Amaratunge	Independent/Non Executive	15/8/2022	21/9/2023	Raigam Wayamba Saltern PLC Citizens Development Business PLC Prime Lands Residencies PLC LAUGFS Gas PLC
Mr. P.M.B. Fernando	Independent/Non Executive	23/4/2018	27/8/2022	Lanka Hospitals PLC LAUGFS Gas PLC Lotus Hydropower PLC Hatton Plantation PLC Renuka Hotels PLC
Mr. K.R. Goonesinghe	Independent/Non Executive	15/8/2023	27/8/2022	LAUGFS Gas PLC

FINANCIAL INFORMATION



POWERING THE FUTURE OF ENERGY EFFICIENCY

Our commitment to advancing renewable energy is underpinned by disciplined financial stewardship. Through prudent capital allocation, responsible investment, and a long-term approach to value creation, LAUGFS Power continues to build the financial strength required to expand its renewable energy portfolio while maintaining resilience in a changing operating environment. Every financial decision supports our purpose of delivering clean, reliable energy and creating sustainable returns for our stakeholders as we continue to power the bigger picture.

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

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ey.com

PNS/ FSI

TO SHAREHOLDERS OF LAUGFS POWER PLC

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of LAUGFS Power PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and 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 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 Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in

our professional judgment, were of most significance in our audit of the 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment of property plant & equipment As at 31 March 2026, the Group's property, plant and equipment amounted to Rs. 3,573 million, of which Rs. 3,094 million comprised plant, machinery and equipment. The Group determined the recoverable amount of the power plant-related assets based on value in use. During the year, the Group reversed a previously recognised impairment loss of Rs. 544 million after determining that the recoverable amount of the plant, machinery and equipment exceeded their carrying amount.	Our audit procedures included the following key procedures: → Obtained an understanding of how management developed its estimates of future cash flows and evaluated the reasonableness of the future cash flows used in the value-in-use calculations. → Tested the arithmetical accuracy of the underlying value in use calculations.

Partners: G G S Manatunga FCA, Y A De Silva FCA, W K B S P Fernando FCA FCMA (UK) FCCA, B E Wijesuriya FCA FCMA (UK), R N de Saram ACA FCMA (UK), N M Sulaiman FCA FCMA (UK), L K H L Fonseka FCA, P V K N Sajeewani FCA, A A J R Perera FCA ACMA (UK), N Y R L Fernando ACA, D N Gamage FCA ACMA (UK), C A Yalagala ACA ACMA (UK), P S Paranavithane ACA ACMA (UK) LLB (Colombo), B Vasanthan ACA ACMA (UK), W D P L Perera ACA, M U M Mansoor ACA, S B G Jayawardena ACA ACMA (UK) ACCA

Principals: T P M Ruberu FCMA (UK) FCCA MBA, G B Goudan ACA (UK), D L B Karunathilaka ACA (UK), W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhiveli B.Com (Sp)

A member firm of Ernst & Young Global Limited



Assessment of impairment of the plant, machinery and equipment was a key audit matter due to:

- The materiality of the plant, machinery and equipment, which represented 68% of the Group's total assets as at the reporting date, and the significance of the reversal of the previously recognised impairment loss to the Group's financial performance; and
- The degree of assumptions, judgements and estimation uncertainties associated with deriving the estimated future cash flows used in the value-in-use calculations for the impairment assessment of plant, machinery and equipment, such as discount rate, tariff rate per kWh, performance ratio and plant load factor, as disclosed in Note 7.1.6 to the financial statements.

→ With the assistance of our internal specialists, we evaluated the reasonableness of key assumptions, judgements and estimation uncertainties associated with deriving the estimated future cash flows used in the value-in-use calculations, such as discount rate, tariff rate per kWh, performance ratio and plant load factor.

We also assessed the adequacy of the disclosures made in note 7 to the financial statements.

Other Information included in the 2026 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give

a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a

guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT



- 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 internal controls of the Company and the Group.
- 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 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 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 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 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the 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 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 2965.

Colombo
5th September 2026

STATEMENT OF PROFIT OR LOSS

Year ended 31 March	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Revenue	4.1	765,194,361	897,105,643	63,027,743	73,551,925
Billing Under the Standardised Power Purchase Agreement	4.1	41,126	375,701,363	33,598	28,320,480
Cost of Sales		(363,480,092)	(350,299,187)	(38,009,079)	(37,222,895)
Gross Profit		401,755,395	922,507,819	25,052,262	64,649,510
Other Operating Income	4.2	-	3,528,589	-	723,844,773
Administrative Expenses		(370,434,559)	(269,201,797)	(138,505,410)	(131,534,837)
Impairment (Charge)/Reversal		543,642,749	(93,808,737)	-	-
Operating Profit/(Loss)		574,963,585	563,025,875	(113,453,148)	656,959,446
Finance Costs	4.3	(158,385,879)	(208,371,192)	(136,758,324)	(85,560,994)
Finance Income	4.4	60,027,965	53,214,307	73,965,443	39,855,988
Profit/(Loss) Before Tax	4.5	476,605,671	407,868,989	(176,246,029)	611,254,440
Income Tax (Expense)/Reversal	5.1	(15,853,376)	(157,842,549)	47,709,003	2,082,028
Profit/(Loss) for the Year		460,752,295	250,026,440	(128,537,026)	613,336,468
Attributable to:					
Equity Holders of the Parent		460,752,295	250,026,440	(128,537,026)	613,336,468
Non-Controlling Interests		-	-	-	-
		460,752,295	250,026,440	(128,537,026)	613,336,468
Basic/Diluted Earnings/(Loss) Per Share	6	1.19	0.65	(0.33)	1.58

attributable to Ordinary Equity Holders of the Parent

The accounting policies and notes on pages 111 to 154 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Profit/ (Loss) for the Year		460,752,295	250,026,440	(128,537,026)	613,336,468
Other Comprehensive Income					
Other Comprehensive Income that will not be Reclassified to Profit or Loss in Subsequent Periods :					
Gains/(Losses) on Financial Assets at FVTOCI	15.1	-	-	555,947,438	(614,980,437)
Actuarial Gains/(Losses) on Defined Benefit Liability	4.6	(2,210,704)	(2,640,911)	(1,871,731)	(2,550,573)
Deferred Tax Effect	5.2	(561,594)	765,172	(5,383,875)	(3,617,275)
Net Other Comprehensive Income/(Loss) that will not be Reclassified to Profit or Loss in Subsequent Periods		(2,772,298)	(1,875,739)	548,691,832	(621,148,285)
Other Comprehensive Income/(Loss) for the Year, Net of Tax		(2,772,298)	(1,875,739)	548,691,832	(621,148,285)
Total Comprehensive Income/(Loss) for the Year, Net of Tax		457,979,997	248,150,701	420,154,806	(7,811,817)
Attributable to:					
Equity Holders of the Parent		457,979,997	248,150,701	420,154,806	(7,811,817)
Non-Controlling Interests		-	-	-	-
		457,979,997	248,150,701	420,154,806	(7,811,817)

The accounting policies and notes on Pages 111 to 154 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Group			Company	
	Note	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	7	3,573,254,399	3,071,947,058	265,537,105	290,219,598
Right-of-Use Assets	8	99,035,151	88,782,272	20,489,952	4,863,542
Investments in Subsidiaries	9	-	-	2,923,016,001	2,367,068,563
Intangible Assets	10	-	-	-	-
		3,672,289,550	3,160,729,330	3,209,043,058	2,662,151,703
Current Assets					
Inventories	11	171,012	171,012	-	-
Trade and Other Receivables	12	867,992,509	986,484,797	1,061,870,889	915,920,746
Income Tax Recoverable		1,513,030	1,562,150	72,428	58,483
Cash and Balances with Banks	13	25,555,751	140,321,164	1,250,196	3,065,603
		895,232,302	1,128,539,123	1,063,193,513	919,044,832
Total Assets		4,567,521,852	4,289,268,453	4,272,236,571	3,581,196,535
EQUITY AND LIABILITIES					
Equity					
Stated Capital	14	1,880,000,000	1,880,000,000	1,880,000,000	1,880,000,000
Fair Value Reserve of Financial Assets at FVTOCI	15	-	-	(187,867,874)	(738,431,437)
Retained Earnings		807,645,855	349,665,857	827,108,064	957,516,821
Equity Attributable to Equity Holders of the Parent		2,687,645,855	2,229,665,857	2,519,240,190	2,099,085,384
Non-Controlling Interests		-	-	-	-
Total Equity		2,687,645,855	2,229,665,857	2,519,240,190	2,099,085,384
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	16	1,253,044,382	1,445,158,145	76,739,626	79,126,695
Employee Benefit Liability	17	4,069,493	5,956,586	3,331,868	5,350,812
Deferred Tax Liabilities	5.5	49,065,135	82,901,625	44,958,941	87,284,070
		1,306,179,010	1,534,016,356	125,030,435	171,761,577
Current Liabilities					
Trade and Other Payables	18	103,847,115	89,795,646	1,571,292,855	1,272,401,146
Interest Bearing Loans and Borrowings	16	433,831,687	405,940,214	56,673,091	37,948,428
Income Tax Payable		36,018,185	29,850,380	-	-
		573,696,987	525,586,240	1,627,965,946	1,310,349,574
Total Equity and Liabilities		4,567,521,852	4,289,268,453	4,272,236,571	3,581,196,535

I certify that these financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

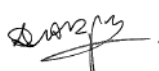


K.A.B.M.I. Senevirathna
Finance Manager

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the Board by:



W.K.H. Wegapitiya
Director



A.R. De Silva
Director

The accounting policies and notes on pages 111 to 154 form an integral part of these financial statements.
05th September 2026
Colombo

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March	Attributable to Equity Holders of the Parent			Non-Controlling Interests	Total
	Stated Capital	Retained Earnings	Total		
Group	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01 April 2024	1,880,000,000	101,515,156	1,981,515,156	-	1,981,515,156
Profit/ (Loss) for the Year	-	250,026,440	250,026,440	-	250,026,440
Other Comprehensive Income/(Loss)	-	(1,875,739)	(1,875,739)	-	(1,875,739)
Total Comprehensive Income/(Loss)	-	248,150,701	248,150,701	-	248,150,701
As at 31 March 2025	1,880,000,000	349,665,857	2,229,665,857	-	2,229,665,857
Profit/ (Loss) for the Year	-	460,752,295	460,752,295	-	460,752,295
Other Comprehensive Income/(Loss)	-	(2,772,298)	(2,772,298)	-	(2,772,298)
Total Comprehensive Income/(Loss)	-	457,979,997	457,979,997	-	457,979,997
As at 31 March 2026	1,880,000,000	807,645,854	2,687,645,854	-	2,687,645,854

Year ended 31 March	Stated Capital	Fair Value Reserve of Financial Assets at FVTOCI	Retained Earnings	Total Equity
Company	Rs.	Rs.	Rs.	Rs.
As at 01 April 2024	1,880,000,000	(123,451,000)	350,348,201	2,106,897,202
Profit/ (Loss) for the Year	-	-	613,336,468	613,336,468
Other Comprehensive Income/(Loss)	-	(614,980,437)	(6,167,848)	(621,148,285)
Total Comprehensive Income/(Loss)	-	(614,980,437)	607,168,620	(7,811,817)
As at 31 March 2025	1,880,000,000	(738,431,437)	957,516,821	2,099,085,385
Profit/ (Loss) for the Year	-	-	(128,537,026)	(128,537,026)
Other Comprehensive Income/(Loss)	-	550,563,563	(1,871,731)	548,691,832
Total Comprehensive Income/(Loss)	-	550,563,563	(130,408,757)	420,154,807
As at 31 March 2026	1,880,000,000	(187,867,874)	827,108,064	2,519,240,191

The accounting policies and notes on Pages 111 to 154 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 March	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Cash Flows Generated From/(Used in) Operating Activities					
Cash Flows From Operating Activities					
Profit/(Loss) Before Tax		476,605,671	407,868,989	(176,246,029)	611,254,440
Non-Cash Adjustment to Reconcile Profit/(Loss) Before Tax to Net Cash Flows:					
Depreciation of Property, Plant and Equipment	7	251,264,111	247,556,923	24,408,951	24,418,948
Amortisation of Intangible Assets	10	-	-	-	-
Finance Costs	4.3	147,390,518	198,641,096	9,681,163	11,523,023
Finance Costs - Intercompany	4.3	279,457	197,659	125,392,717	73,904,896
Finance Charge on Lease Liabilities	4.3	10,715,904	9,532,437	1,684,444	133,075
Finance Income	4.4	(4,671,798)	(21,554,346)	(139,476)	(684,046)
Project Expenses - Land Slided		11,878,703	-	-	-
Interest Income on Intercompany	4.4	(55,356,167)	(31,659,961)	(73,825,967)	(39,171,942)
Amortisation of Right of Use Assets		9,697,009	7,880,463	4,323,477	2,506,931
Transfer of Employee Benefit Liability	17.2	(835,912)	113,947	(835,912)	198,530
Provision for Employee Benefit Liability	17.1	1,382,695	1,962,225	1,210,477	1,778,721
Dividend Income	4.2	-	-	-	(723,352,600)
Creditors Write back		-	(3,528,589)	-	(492,173)
Impairment of Property, Plant and Equipment	7	(543,642,749)	93,808,737	-	-
Operating Profit before Working Capital Changes		304,707,442	910,819,578	(84,346,155)	(37,982,197)
Working Capital Adjustments:					
(Increase)/Decrease in Inventories		-	(56,877)	-	-
(Increase)/Decrease in Trade and Other Receivables and Prepayments		173,897,576	(479,754,697)	(72,138,121)	(415,256,705)
Increase/(Decrease) in Trade and Other Payables		13,483,955	(136,112,826)	175,613,193	451,776,870
Cash Flows Generated From/(Used in) Operating Activities		492,088,973	294,895,178	19,128,917	(1,462,033)
Employee Benefit Liability Costs Paid	17.2	(4,644,580)	(5,866,396)	(4,265,240)	(5,622,900)
Finance Costs Paid		(147,390,518)	(194,602,223)	(11,521,823)	(11,521,823)
Income Tax Paid		(43,522,061)	(2,420,663)	-	-
Net Cash Flows Generated From/(Used in) Operating Activities		296,531,814	92,005,896	3,341,854	(18,606,754)

STATEMENT OF CASH FLOWS

Year ended 31 March	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Cash Flows From/(Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	7	(221,080,946)	(71,437,260)	-	(7,699,965)
Finance Income	4.4	4,671,798	21,554,346	139,476	684,046
Net Cash Flows From/(Used in) Investing Activities		(216,409,148)	(49,882,914)	139,476	(7,015,920)
Cash Flows From/(Used in) Financing Activities					
Proceeds From Interest Bearing Loans and Borrowings	16	122,526,000	76,524,793	-	-
Lease Rental Paid		(15,771,507)	(13,617,706)	(4,460,308)	(2,306,506)
Repayment of Interest Bearing Loans and Borrowings	16	(334,623,445)	(392,894,298)	(15,346,214)	(15,618,714)
Net Cash Flows From/(Used in) Financing Activities		(227,868,952)	(329,987,211)	(19,806,522)	(17,925,219)
Net Increase/(Decrease) in Cash and Cash Equivalents		(147,746,286)	(287,864,229)	(16,325,192)	(43,547,893)
Cash and Cash Equivalents at the Beginning of the Year	13	111,813,262	399,677,491	(18,364,011)	25,183,885
Cash and Cash Equivalents at the End of the Year	13	(35,933,024)	111,813,262	(34,689,204)	(18,364,011)

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting Entity

LAUGFS Power PLC (the Company) is a public limited liability Company incorporated and domiciled in Sri Lanka and is listed in the Colombo Stock Exchange. The registered office of the Company is located at No. 101, Maya Avenue, Colombo 06.

1.2 Consolidated Financial Statements

The consolidated financial statements of LAUGFS Power PLC, as at and for the year ended 31 March 2026 encompasses the Company and its Subsidiaries (together referred to as the "Group"), namely Iris Eco Power Lanka (Pvt) Limited, Anorchi Lanka (Pvt) Limited, Pams Power (Pvt) Limited, Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Limited.

1.3 Principal Activities and Nature of Operations

During the year, the principal activities of the companies within the Group dealt within these financial statements were as follows.

Company	Activities
LAUGFS Power PLC	Generation of Hydro Power and Solar Power.
Iris Eco Power Lanka (Pvt) Ltd.	Generation of Solar Power.
Anorchi Lanka (Pvt) Ltd.	Generation of Solar Power.
Pams Power (Pvt) Ltd.	Generation of Hydro Power.
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd.	Generation of Hydro Power

1.4 Parent Entity Parent Entity

The Company's parent entity is LAUGFS Holdings Limited. In the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is LAUGFS Holdings Limited, which is incorporated in Sri Lanka.

1.5 Directors' Responsibility Statement

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

1.6 Date of Authorisation for Issue

The financial statements of LAUGFS Power PLC and its Subsidiaries (collectively, the Group) for the year ended 31 March 2026 were authorized for issue in accordance with a resolution of the Board of Directors on 5 September 2026.

2. MATERIAL ACCOUNTING POLICIES

2.1 Statement of Compliance

The financial statement of LAUGFS Power PLC and its Subsidiaries (the Group) have been prepared in accordance with Sri Lanka Accounting Standards comprising of SLFRS and LKAS (hereafter referred as "SLFRS"), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The preparation and presentation of these financial statements are in compliance with the Companies Act No. 07 of 2007.

2.2 Basis of Preparation and Measurement

The Financial Statements of the Company and the Group have been prepared on a historical cost basis, except otherwise indicated which have been measured at fair value.

The Consolidated Financial Statements are presented in Sri Lanka Rupees (Rs.), except when otherwise indicated. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

2.3 Changes in Accounting Policies New and amended standards and interpretations

The Group applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of Exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

NOTES TO THE FINANCIAL STATEMENTS

2.4 Comparative information

The accounting policies have been consistently applied by the Group and they are consistent with those used in the previous years. Previous year's figures and phrases have been re-arranged whenever necessary to confirm to current presentation.

2.5 Going Concern

The Directors have assessed the ability of the Group and the Company to continue as going concerns.

The Directors are satisfied that the Group has adequate resources to continue its operations for the foreseeable future and are not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

The Company incurred a loss after tax of Rs. 128,537,026 for the year ended 31 March 2026, compared to a profit after tax of Rs. 613,336,468 in the previous year. As at 31 March 2026, the Company's current liabilities exceeded its current assets by Rs. 564,772,433 (2025: Rs. 391,304,742). However, the Company reported a net asset position of Rs. 2,519,240,190 as at that date (2025: Rs. 2,099,085,384).

In assessing the Company's ability to continue as a going concern, the Directors considered management's planned cost rationalization measures, including the revised allocation of centralized service costs, together with initiatives to improve plant load factors and operational efficiency. The Directors are satisfied that these measures will mitigate the conditions arising from the Company's loss and net current liability position.

Accordingly, the Directors are satisfied that the Group and the Company have adequate resources to continue their operations for the foreseeable future. Therefore, the financial statements of the Group and the Company have been prepared on a going concern basis.

2.6 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries as at 31 March 2026. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)

- Exposure, or rights, to variable returns from its involvement with the investee

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a Subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group loses control of the Subsidiary. Assets, liabilities, income and expenses of a Subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the Subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of Subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a Subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a Subsidiary, it derecognises the related assets (including goodwill), non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.7 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount

of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

2.8 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Financial Statements of the Group require the management to make judgments, estimates and assumptions, which may affects the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. In the process of applying the Group's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgment that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

I. Going Concern

Financial Statements of the Company and Consolidated Financial Statements of the Group for the year ended 31st March 2026 have been prepared on going concern basis as further elaborated in Note 2.5.

II. Fair value of Freehold Land and Buildings

The Group measures freehold land and buildings as at fair value with changes in fair value being recognised in other comprehensive income and statement of profit

and loss respectively. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The valuer has used valuation techniques such as market values and discounted cash flow (DCF) method where there was lack of comparable market data available based on the nature of the property. (Note 3.11 and Note 4.1)

III. Useful life-time of the Property, Plant and Equipment

The Group reviews the useful lives and methods of depreciation of assets at each reporting date. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty (Note 7.6)

IV. Impairment of non financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

V. Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities disclosed in the financial statements cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values. The judgments include considerations of liquidity and inputs such as discount rates. The valuation of financial instruments is described in more detail in Note 16.5.

VI. Defined Benefit Plans

The Defined Benefit Obligation and the related charge for the year are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates etc. Due to the long term nature of these plans such estimates

NOTES TO THE FINANCIAL STATEMENTS

are subject to significant uncertainty. Further details are given in Note for the assumptions used and the sensitivity thereon.

VII. Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent it is probable that future taxable profits will be available against which such tax losses can be set off. Judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with the future tax-planning strategies.

VIII. Leases - Estimating the incremental borrowing

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow 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 IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

2.9 Summary of Significant Accounting Policies

2.9.1 Current Versus Non-Current Classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period.

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.9.2 Taxation

2.9.2.1 Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the relevant tax legislations. Current income tax relating to items recognised directly in equity statement is recognised in equity and not in the statement of comprehensive income

The Provision for income tax is based on the elements of income and expenditure as reported in Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017.

Please insert the tax rates for individual companies with comparatives

2.9.2.2 Deferred Tax

Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in Subsidiaries, equity accounted investee and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax assets and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in Subsidiaries, equity accounted investee and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and

tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2.9.2.3 Sales Tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

When the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities, in which case, the sales tax is recognized as a part of the cost of the asset or part of the expense items, as applicable or/ and

When receivables and payables that are stated with the amount of sales tax included the net amount of sales tax recoverable from or payable to, the taxation authorities is included as a part of receivables or payables in the statement of financial position.

2.9.3 Property, Plant and Equipment a) Initial Recognition

All items of property, plant and equipment are initially recorded at cost.

The cost of property, plant and equipment is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its working condition for its intended use. Subsequent to the initial recognition as an asset at cost, revalued assets are carried at revalued amounts less any subsequent depreciation thereon. All other property, plant and equipment are stated at cost or fair value less accumulated depreciation and/ or accumulated impairment losses, if any. Accumulated depreciation is provided for, on the bases specified in (c) below.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

b) Subsequent Expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain future economic benefits expected from the originally assessed standard of performance, is recognised as an expense when incurred.

c) Depreciation

Depreciation is calculated by using a straight-line basis on all property, plant and equipment, other than freehold land and mining land, in order to write off the cost or valuation over the estimated economic life of such assets.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

d) De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss in the year the asset is derecognised.

e) Capital Work in Progress

Capital work in progress represents the cost of civil construction work not completed and property, plant and equipment that are not ready for their intended use.

Capital work in progress is stated at cost, net of accumulated impairment losses, if any.

2.9.4 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group considered whether;

The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

The Group has right to obtain substantially all of the economic benefits of asset throughout the period of use; and

The Group has right to direct the use of the asset. The Group has this right when it has decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either;

The Group has right to operate the asset;

Or

The Group designated the asset in a way that predetermines how and for what purpose it will be used.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are subsequently depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Leasehold Building – 20-30 Years
- Leasehold Land – 20-30 Years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies on Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest bearing loans and borrowings in Note 8.

2.9.5 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated

intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2.9.6 Investment in Subsidiaries

Investment in subsidiaries is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the income statement. After the initial recognition, Investments in subsidiaries are accounted in accordance with SLFRS 9 - Financial Instruments.

The Company measures the Investment in Subsidiaries at fair value at each balance sheet date using Discounted cash flow methodology (DCF).

NOTES TO THE FINANCIAL STATEMENTS

2.9.7 Financial Instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Subsequent Measurement

Financial assets within the scope of SLFRS 09 are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent Measurement

The Group classifies all of these financial assets in the measurement category of financial assets at amortised cost, Financial assets at fair value through profit or loss and financial assets at fair value through OCI. Categories of financial assets as per SLFRS 9 are limited only for the followings.

Financial Assets at Amortised Cost (Debt Instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables, short term deposits and cash and bank.

Financial Assets Designated at Fair Value Through OCI (Equity Instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

This category includes investment in subsidiaries which the Company has irrevocably elected to classify at fair value through OCI.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
- (a) the Group has transferred substantially all the risks and rewards of the asset, or
- (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.9.8 Financial Liabilities

Initial Recognition and Measurement

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings and. Accordingly, Group financial liabilities have been classified as a financial liabilities at amortised cost.

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial Liabilities at Amortised Cost (Loans & Borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

The accounting for financial liabilities under SLFRS 9 remains largely the same as it was under LKAS 39.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.9.9 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if:

There is a current enforceable legal right to offset the recognized amounts and: there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

2.9.10 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions.
- Reference to the current fair value of another instrument that is substantially the same.
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 9.

2.9.11 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculations on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of

five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for a property previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2.9.12 Cash and balances with Bank

Cash and balances with Bank are cash at bank and in hand, call deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, Cash and balances with Bank consist of cash in hand, cash at bank deposits in banks net of outstanding bank overdrafts. Investments with short maturities (i.e. three months or

less from date of acquisition) are also treated as Cash and balances with Bank. Bank overdrafts are disclosed under Interest Bearing Liabilities in the Statement of Financial Position.

2.9.13 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred except to the extent where borrowing cost that are directly attributable to acquisition, construction or production of assets that takes a substantial period of time to get ready for its intended use or sale. Such borrowing costs are capitalised as part of those assets.

2.9.14 Provisions, contingent assets and contingent liabilities.

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. A contingent liability recognised in a business combination is initially measured at its fair value. (refer Note).

Subsequently, it is measured at the higher of: The amount that would be recognised in accordance with the general guidance for provisions above (LKAS 37) or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition (SLFRS 15).

Contingent assets are disclosed, where inflow of economic benefit is probable.

2.9.15 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan

other than a defined contribution plan. LAUGFS Power PLC measure the cost of defined benefit plan-gratuity; every financial year using the Projected Unit Credit Method, as recommended by LKAS 19 – Employee Benefits, and resulting actuarial gain/ loss was recognised in full in the Other Comprehensive Income (OCI).

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates 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 liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions about discount rate, expected rates of return on assets, future salary increases and mortality rates. Key assumptions used in determining the defined retirement benefit obligations are given in Note 17. Any changes in these assumptions will impact the carrying amount of defined benefit obligations and all assumptions are reviewed at each reporting date. Interest expense and the current service cost related to the liability is recognised in profit or loss and actuarial gain or loss is recognised in other comprehensive income.

Accordingly, the employee benefit liability is based on the actuarial valuation as of 31st March 2026 carried out by Messrs Smiles Global – Actuarial & Insurance Advisory Services.

b) Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective statutes and regulations. These are recognised as an expense in the Statement of Profit or Loss as incurred.

The Group contributes 12% and 3% of gross emoluments of the employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.9.16 Short-term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

2.9.17 Dividend Distribution

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

2.10 Statement of Profit or Loss

2.10.1 Revenue from contracts with customers

Revenue from electricity supplied is recognized upon delivery of electricity to Ceylon Electricity Board. Delivery of electrical energy shall be completed when electrical energy meets the specifications as set out in Standardised Power Purchase Agreements (SPPA) is received at the metering point.

a) Rendering of Services

Revenue from the sale of electricity is recognised at the point in time when control of the electricity generated is transferred to the customer in accordance with the terms of the Standardized Power Purchase Agreement (SPPA). The sale of electricity represents a single performance obligation, and revenue is recognised based on the units of electricity supplied.

b) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

c) Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial instruments – initial recognition and subsequent measurement.

d) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

2.10.2 Other Sources of Revenue

a) Dividends

Dividend Income is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

b) Gains and Losses

Net Gains and losses of a revenue nature on the disposal of property, plant and equipment and other non-current assets including investments have been accounted for

in the Statement of Profit or Loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. On disposal of revalued property, plant and equipment, amount remaining in revaluation reserve relating to that asset is transferred directly to Retained Earnings.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

c) Others

Other Income is recognized on an accrual basis.

2.10.3 Finance Income and Finance Costs

Finance income comprises interest income, and changes in the fair value of financial assets at fair value through profit or loss that are recognised in the statement of profit or loss. Interest income is recognized as the interest accrued unless collectability is in doubt.

Finance costs comprise interest expense on borrowings, finance leases and changes in the fair value of financial assets at fair value through profit or loss that are recognised in the statement of profit or loss.

2.10.4 Expenses

Expenses are recognized in the statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

2.11 Cash Flow Statement

The Cash Flow Statement has been prepared by using the 'In direct Method' in accordance with LKAS 7 on Statement of Cash Flows, whereby gross cash receipts and gross cash payments of operating activities, financing activities and investing activities have been recognised. Cash and cash equivalents comprise mainly cash balances and highly liquid investments of which original maturity of 3 months or less and net amount due from banks.

2.12 Standards Issued But Not Yet Effective

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below. None of the new or amended pronouncements are expected to have a material impact on the consolidated financial statements

of the Group in the foreseeable future. The Group intends to adopt these amended standards, if applicable, when they become effective.

I. **SLFRS 17 Insurance Contracts**

SLFRS 17 is a comprehensive new accounting standard for insurance contracts, covering recognition, measurement, presentation, and disclosure. It replaces SLFRS 4 and applies to all types of insurance contracts, including life, non-life, direct insurance, and reinsurance, as well as certain guarantees and financial instruments with discretionary participation features. The standard is built around the General Measurement Model, supported by two supplementary approaches:

- Variable Fee Approach (VFA): for contracts with direct participation features
- Premium Allocation Approach (PAA): a simplified model mainly for shortduration contracts SLFRS 17 is effective for annual reporting periods beginning on or after 01 January 2026, with comparative figures required. Early adoption is allowed if the entity also applies SLFRS 9 Financial Instruments and SLFRS 15 Revenue from Contracts with Customers by the date SLFRS 17 is first applied.

SLFRS 17 does not have a material impact on the financial statements.

II. **SLFRS 18 Presentation and Disclosure in Financial Statements**

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 18 on the financial statements and the related notes is currently being identified and evaluated.

III. **SLFRS 19 Subsidiaries without public accountability: Disclosures**

SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles.

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that financial statements remain high-quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted

IV. **Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7**

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability-linked terms and nature-dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

3. **SEGMENT INFORMATION**

For Management Purposes, the Group is organised into business units based on their products and services and has two reportable segments as follows:

Hydro Power - Generation of Hydro Power.

Solar Power - Generation of Solar Power.

the above reportable operating segments. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the Consolidated Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

3. SEGMENT INFORMATION (CONTD.)

Transfer prices between operating segments are on an arm's length basis in a manner to transactions with third parties.

Operating Segments Year ended 31 March	Hydro Power		Solar Power		Eliminations/Adjustments		Group	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Revenue								
External Customers	42,572,166	38,132,679	722,622,195	858,972,964	-	-	765,194,361	897,105,643
Billing Under the Standardized Power Purchase Agreement	41,126	25,208,828	-	350,492,535	-	-	41,126	375,701,363
Total Revenue	42,613,292	63,341,507	722,622,195	1,209,465,499	-	-	765,235,487	1,272,807,006
Results								
Operating Profit/(Loss) (Without Impairment)	(78,504,389)	(54,505,137)	109,825,225	711,339,749	-	-	31,320,836	656,834,612
Impairment (Charge)/Reversal	291,069,565	(93,808,737)	252,573,184	-	-	-	543,642,749	(93,808,737)
Operating Profit/(Loss) (After Impairment)	212,565,176	(148,313,874)	362,398,409	711,339,749	-	-	574,963,585	563,025,875
Finance Costs	(39,940,019)	(74,793,636)	(285,754,138)	(229,692,881)	167,308,278	96,115,325	(158,385,879)	(208,371,192)
Finance Income	51,968	20,246,680	227,284,275	129,082,952	(167,308,278)	(96,115,325)	60,027,965	53,214,308
Profit/(Loss) Before Tax	172,677,125	(202,860,831)	303,928,546	610,729,820	-	-	476,605,671	407,868,990
Income Tax (Expense)/Reversal	-	(1,039,853)	19,777,285	(29,152,237)	-	(127,650,459)	19,777,285	(157,842,549)
Profit/(Loss) for the Year	172,677,125	(203,900,684)	323,705,831	581,577,583	-	(127,650,459)	496,382,956	250,026,441
Actuarial Gains/(Losses) on Defined Benefit Liability	(338,725)	(242,942)	(1,871,979)	(2,397,969)	-	-	(2,210,704)	(2,640,911)
Income Tax Effect	-	32,525	(561,594)	732,647	-	-	(561,594)	765,172
Total Comprehensive Income/(Loss) for the Year Net of Tax	172,338,400	(204,111,100)	321,272,258	579,912,260	-	(127,650,459)	493,610,658	248,150,701
Assets & Liabilities								
Total Non-Current Assets	1,325,763,077	1,108,439,478	5,269,542,475	4,974,462,336	(2,923,016,001)	(2,922,172,484)	3,672,289,550	3,160,729,331
Total Current Assets	128,230,205	30,431,136	3,006,246,837	2,736,456,623	(2,239,244,741)	(1,638,348,636)	895,232,301	1,128,539,123
Total Assets	1,453,993,282	1,138,870,615	8,275,789,312	7,710,918,959	(5,162,260,742)	(4,560,521,119)	4,567,521,851	4,289,268,454
Total Non-Current Liabilities	9,546,112	44,062,324	1,302,578,292	1,494,336,477	(5,945,394)	(4,382,447)	1,306,179,010	1,534,016,356
Total Current Liabilities	724,222,330	457,590,274	2,088,719,397	1,706,344,586	(2,239,244,741)	(1,638,348,636)	573,696,987	525,586,224
Total Liabilities	733,768,442	501,652,599	3,391,297,690	3,200,681,063	(2,245,190,135)	(1,642,731,083)	1,879,875,997	2,059,602,580
Other Disclosures								
Depreciation for the Year	21,551,448	20,896,505	229,712,663	226,660,419	-	-	251,264,111	247,556,924
Purchase of Property, Plant and Equipment	152,651,270	-	68,429,676	71,437,260	-	-	221,080,946	71,437,260
Employee Benefit Liability	511,982	1,167,005	3,557,511	4,789,581	-	-	4,069,493	5,956,586

Inter-segment revenues are eliminated upon consolidation and reflected in the adjustments/eliminations column.

4. REVENUE/OTHER INCOME AND EXPENSES

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
4.1 Revenue - from contracts with customers				
Supply of Electricity	765,194,361	897,105,643	63,027,743	73,551,925
Billing Under the Standardized Power Purchase Agreement *	41,126	375,701,363	33,598	28,320,480
	765,235,487	1,272,807,006	63,061,341	101,872,405

* The group/company have recorded the additional payment received from CEB as "Billing under the Standardized power purchase Agreement" which were recorded and billed as per the provisions of the Standardized power purchase Agreement with Ceylon Electricity Board.

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
4.2 Other Operating Income				
Creditors Write back	-	3,528,589	-	492,173
Dividend Income	-	-	-	723,352,600
	-	3,528,589	-	723,844,773
4.3 Finance Costs				
Interest Expense on Overdrafts	486,757	5,586	483,346	3,000
Interest Expense on Loans and Borrowings	146,903,761	198,635,510	9,197,817	11,520,023
Finance Charge on Lease Liabilities	10,715,904	9,532,437	1,684,444	133,075
Interest on Intercompany	279,457	197,659	125,392,717	73,904,896
	158,385,879	208,371,192	136,758,324	85,560,994
4.4 Finance Income				
Interest Income on Intercompany	55,356,167	31,659,961	73,825,967	39,171,942
Interest Income	4,671,798	21,554,346	139,476	684,046
	60,027,965	53,214,307	73,965,443	39,855,988
4.5 Profit/(Loss) Before Tax				
Stated after Charging/(Crediting)				
Included in Cost of Sales				
Depreciation of Property, Plant and Equipment	248,426,008	244,694,227	21,701,823	21,645,984
Amortisation of Right of Use Assets	4,628,477	638,500	333,500	333,500
Plant and Machine Maintenance	61,768,357	54,727,026	1,372,623	2,165,980
Employees Benefits including the following;				
Staff Expenses	25,295,725	23,301,228	12,711,355	12,482,157
"- Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)"	1,970,146	1,775,665	1,138,037	926,002
	342,088,713	325,136,646	37,257,338	37,553,623

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Included in Administration Expenses				
Employees Benefits including the following;				
Staff Expenses	46,954,100	71,554,903	3,616,941	67,563,857
- Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	1,382,695	1,962,226	1,210,477	1,778,721
- Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	615,646	6,094,784	367,280	5,966,684
Depreciation of Property, Plant and Equipment	2,838,130	2,862,698	2,707,157	2,772,964
Amortisation of Right of Use Assets	7,861,265	7,241,963	3,989,977	2,173,431
Donations	82,000	233,500	82,000	230,000
Sponsorships	60,000	1,180,781	60,000	940,395
Audit Services	2,279,277	1,684,059	988,798	968,223
Non- Audit Services	909,529	1,605,132	212,781	185,794
	62,982,643	94,420,045	13,235,411	82,580,068

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
4.6 Components of Other Comprehensive Income				
Employee Benefit Liability				
Actuarial Gains/(Losses) arising during the Year	(2,210,704)	(2,640,911)	(1,871,731)	(2,550,573)

5. INCOME TAX

The major components of income tax expense for the years ended 31 March 2026 and 31 March 2025 are:

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
5.1 Current Income Tax:				
Current Income Tax Expense (Note 5.3)	49,327,319	31,467,743	-	-
Dividend Tax of Subsidiaries	-	127,650,459	-	-
Under/(Over) Provision in Respect of Prior Years	924,140	806,375	-	-
	50,251,459	159,924,577	-	-
Deferred Income Tax:				
Deferred Taxation Charge/(Reversal) (Note 5.4)	(34,398,083)	(2,082,028)	(47,709,003)	(2,082,028)
	(34,398,083)	(2,082,028)	(47,709,003)	(2,082,028)
Income Tax Expense Reported in the Statement of Profit or Loss	15,853,376	157,842,549	(47,709,003)	(2,082,028)

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
5.2 Statement of Other Comprehensive Income				
Investments in Subsidiaries	-	-	(5,945,394)	(4,382,447)
Actuarial Gains/(Losses) on Retirement Benefit Plans	(561,594)	765,172		765,172
Income Tax Charged Directly to Other Comprehensive Income	(561,594)	765,172	(5,945,394)	(3,617,275)

5.3 A Reconciliation Between Tax Expense and the Product of Accounting Profit Multiplied by the Statutory Tax Rate for the Years Ended 31 March 2026 and 31 March 2025 are as follows:

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Accounting Profit/(Loss) Before Tax	476,605,671	407,868,989	(176,246,029)	611,254,440
Adjustments in Respect to Current Income Tax				
Aggregate Disallowed Items	286,741,772	284,733,321	31,771,916	43,462,068
Aggregate Allowable Expenses	(110,976,440)	(56,987,451)	(6,951,741)	(22,082,696)
Income Exempt From Income Tax	(237,447,139)	(745,810,441)	-	-
Investment Income	(227,648,377)	(872,682,232)	(73,965,443)	(763,208,588)
Business Income	187,275,487	(982,877,815)	(225,391,297)	(130,574,777)
Other Income	227,648,377	872,682,232	73,965,443	763,208,588
Less : Allowable Deductions	(73,965,443)	(767,789,755)	(73,965,443)	(763,208,588)
Total Taxable Income	153,682,934	104,892,478	-	-

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the Statutory Income Tax Rate				
Business Income	30%	30%	30%	30%
Other Income	30%	30%	30%	30%
Current Income Tax Expenses - Business Income	3,331,670	-	-	-
- Other Income	45,995,649	31,467,743	-	-
Income Tax Expense Reported in the Statement of Profit or Loss	49,327,319	31,467,743	-	-

NOTES TO THE FINANCIAL STATEMENTS

5. INCOME TAX (CONTD.)

5.4 Deferred Tax Assets, Liabilities and Income Tax relate to the following:

Group	Consolidated Statement of Financial Position		Consolidated Statement of Profit or Loss		Consolidated Statement of Other Comprehensive Income	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	(83,251,126)	(83,047,805)	(203,321)	(3,075,672)	-	-
Right of Use Assets	(28,004,474)	(1,459,063)	(26,545,411)	(100,050)	-	-
	(111,255,600)	(84,506,868)	(26,748,732)	(3,175,722)	-	-
Deferred Tax Assets						
Employee Benefit Liability	1,067,253	1,605,244	23,603	1,093,694	(561,594)	(765,172)
Right of Use Liability	19,421,595	-	19,421,595	-	-	-
Losses Available for Offsetting Against Future Taxable Income	41,701,617	-	41,701,617	-	-	-
	62,190,465	1,605,244	61,146,815	1,093,694	(561,594)	(765,172)
Deferred Income Tax Expense			34,398,083	(2,082,028)	(561,594)	(765,172)
Net Deferred Tax Assets/Liabilities	(49,065,135)	(82,901,624)				

Company	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	(76,337,500)	(83,047,805)	(6,710,305)	(3,075,672)	-	-
Investments in Subsidiaries	(10,327,841)	(4,382,447)	-	-	5,945,394	4,382,447
Right of Use Assets	(6,146,986)	(1,459,063)	4,687,923	(100,050)	-	-
	(92,812,327)	(88,889,314)	(2,022,382)	(3,175,722)	5,945,394	4,382,447
Deferred Tax Assets						
Right of Use Liability	5,152,207	-	(5,152,207)	-	-	-
Losses Available for Offsetting Against Future Taxable Income	41,701,617	-	(41,701,617)	-	-	-
Employee Benefit Liability	999,560	1,605,244	1,167,203	1,093,694	(561,519)	(765,172)
	47,853,384	1,605,244	(45,686,621)	1,093,694	(561,519)	(765,172)
Deferred Income Tax Expense			(47,709,003)	(2,082,028)	5,383,875	3,617,275
Net Deferred Tax Assets/Liabilities	(44,958,943)	(87,284,070)				

5.5 Reconciliation of Net Deferred Tax Assets/Liabilities

	2026 Rs.	Group 2025 Rs.	2026 Rs.	Company 2025 Rs.
As at 01 April	(82,901,623)	(85,748,825)	(87,284,070)	(85,748,823)
Tax Expense/(Reversal) Recognised in the Statement of Profit or Loss	34,398,083	2,082,028	47,709,003	2,082,028
Tax Expense/(Reversal) Recognised in Other Comprehensive Income	(561,594)	765,172	(5,383,875)	(3,617,275)
As at 31 March	(49,065,136)	(82,901,625)	(44,958,941)	(87,284,070)

5.5.1 Deferred Tax

Deferred tax has been computed using the current tax rate of 30% (2025-30%) for the Company and Group. Further information about deferred tax is presented in note 5.4 deferred tax assets/ liabilities.

5.6 Current Taxes

5.6.1 Corporate Income Taxes of Companies Resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No.24 of 2017.

5.6.2 As per the Inland Revenue Act No. 24 of 2017 and amendments thereto, all Group companies that are resident in Sri Lanka are liable to Income Tax at the rate of 30% on taxable profits for the year of assessment 2025/26, except for the companies stated below, which are subject to different tax rates or tax concessions as applicable.

5.6.3 Exemptions / Concessions Granted Under the Board of Investment Law

Company	Nature of the Exemption / Concession	Current Tax	Period
Anorchi Lanka (Pvt) Ltd	Profit of the company is exempted from Income Tax for a period of 10 Years	Exempt	10 Years from Year 2016/17
Iris Eco Power Lanka (Pvt) Ltd	Profit of the company is exempted from Income Tax for a period of 10 Years	Exempt	10 Years from Year 2016/17

6. EARNINGS / (LOSS) PER SHARE

Basic/Diluted Earnings Per Share is calculated by dividing the net profit/(loss) for the year attributable to equity holders of the parent 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, without a corresponding change in the resources such as a bonus issue or a share split.

The following reflects the income and share data used in the Basic/Diluted Earnings/(Loss) Per Share computations.

	2026 Rs.	Group 2025 Rs.
Net Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent for Basic/Diluted Earnings/(Loss) Per Share	430,511,850	250,026,438

	2026 Number	2025 Number
Weighted Average Number of Ordinary Shares for Basic/Diluted Earnings/(Loss) Per Share	387,000,086	387,000,086

NOTES TO THE FINANCIAL STATEMENTS

	2026 Rs.	2025 Rs.
Basic/Diluted Earnings/(Loss) Per Share	1.19	0.65

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

	Balance as at 01.04.2025 Rs.	Impairment & Reversal the Year Rs.	Additions during Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Balance as at 31.03.2026 Rs.
7.1 Group						
7.1.1 Gross Carrying Amounts At Cost						
Freehold Land	27,556,625	-	109,276,712	-	-	136,833,337
Buildings on Freehold Land	204,908,833	-	-	242,356,700	(27,159,820)	420,105,713
Buildings on Leasehold Land	10,037,123	-	4,165,365	-	-	14,202,488
Plant, Machinery and Equipment	4,449,380,829	328,312,418	3,799,755	431,964,726	-	5,213,457,728
Office Equipment	4,003,819	-	-	-	(1,131,500)	2,872,319
Furniture and Fittings	809,779	-	-	-	-	809,779
Motor Vehicles	675,500	-	-	-	-	675,500
Total Value of Depreciable Assets	4,697,372,508	328,312,418	117,241,832	674,321,426	(28,291,320)	5,788,956,864
7.1.2 In the Course of Construction						
Capital Work-in Progress	-	-	70,275,689	(68,429,676)	-	1,846,013
Hydro Power Plant	356,997,992	215,330,331	33,563,425	(605,891,749)	-	-
	356,997,992	215,330,331	103,839,114	(674,321,425)	-	1,846,013
	5,054,370,500	543,642,749	221,080,946	-	(28,291,320)	5,790,802,877
7.1.3 Depreciation At Cost						
Buildings on Freehold Land	97,744,080	10,246,722	-	-	(15,281,117)	92,709,685
Buildings on Leasehold Land	2,235,061	461,515	-	-	-	2,696,576
Plant, Machinery and Equipment	1,879,450,492	239,813,604	-	-	-	2,119,264,096
Office Equipment	2,244,928	571,754	-	-	(857,958)	1,958,724
Furniture and Fittings	715,633	35,304	-	-	-	750,937
Motor Vehicles	33,248	135,211	-	-	-	168,459
	1,982,423,442	251,264,111	-	-	(16,139,076)	2,217,548,477
Total Depreciation	1,982,423,442	251,264,111	-	-	(16,139,076)	2,217,548,477

	2026 Rs.	2025 Rs.
7.1.4 Net Book Values		
At Cost		
Freehold Land	136,833,337	27,556,625
Buildings on Freehold Land	327,396,028	107,164,753
Buildings on Leasehold Land	11,505,912	7,802,062
Plant, Machinery and Equipment	3,094,193,632	2,569,930,337
Office Equipment	913,595	1,758,891
Furniture and Fittings	58,842	94,146
Motor Vehicles	507,041	642,252
	3,571,408,386	2,714,949,066
In the Course of Construction		
Capital Work-in Progress	1,846,013	-
Hydro Power Plant	-	356,997,992
	1,846,013	356,997,992
Total Carrying Amount of Property, Plant and Equipment	3,573,254,399	3,071,947,058

7.1.5 The Group, as at the reporting date, assessed impairment of its power plants by estimating recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and its value in use. The recoverable amount has been determined based on a value in use calculation using cash flow projections using approved budgets/forecasts.

7.1.6 Key assumptions used in the fair valuation methodology are as follows:

Company	Valuation Technique	Remaining Term of PPA	Significant inputs	2026	2025
Anorchi Lanka (Pvt) Ltd	Discounted Cash Flow Methodology	10	Discount Rate	15.3%	17.4%
			Tariff Rate Per KWh (Rs.)	23.1	23.10
			Performance Ratio	77.4%	78.0%
Iris Eco Power Lanka (Pvt) Ltd	Discounted Cash Flow Methodology	10	Discount Rate	15.3%	17.4%
			Tariff Rate Per KWh (Rs.) - Hambantota	23.1	23.10
			- Embilipitiya	18.22	18.22
			Performance Ratio - Hambantota	77.4%	76.0%
			Performance Ratio - Embilipitiya	79.0%	79.0%
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Net Asset Value Methodology	-	Discount Rate	-	-
			Tariff Rate Per KWh (Rs.)	25	13.04
			Plant Load Factor	38.0%	22.0%
Pams Power (Pvt) Ltd	Discounted Cash Flow Methodology	20	Discount Rate	16.3%	17.6%
			Tariff Rate Per KWh (Rs.)	30.53	32.20 - 13.91
			Plant Load Factor	35.0%	40.0%

Tariff rate

The tariff rate represents the agreed price per unit of electricity generated by the project and supplied to the Ceylon Electricity Board under the terms of the Power Purchase Agreement (PPA). The tariff rate remains applicable for the duration of the contractual PPA period, subject to the terms and conditions of the agreement.

Performance ratio

The performance ratio represents the efficiency of the solar power generation system in converting the available solar energy into electricity. It measures the actual electricity generated by the solar power plant against the theoretical electricity generation expected based on the available solar irradiation and the installed capacity, after considering relevant system losses and operating conditions.

Plant Loading Factor

The plant loading factor of a hydro power plant represents the ratio of the actual electricity generated by the plant during a specified period to the maximum electricity that could have been generated if the plant had operated at its full installed capacity continuously throughout that period. It reflects the level of utilization of the plant's installed generation capacity.

NOTES TO THE FINANCIAL STATEMENTS

7.1.7 The Group assessed the recoverable amount of its power plants as at the reporting date to determine whether impairment losses recognised in prior years should be reversed. Following the upgraded status of the Group's power plant projects, management determined that the recoverable amount exceeds the carrying amount of the related assets. The recoverable amount was estimated using discounted cash flow projections based on approved budgets and forecasts. Accordingly, the Group recognised a reversal of previously recognised impairment losses.

	Balance as at 01.04.2025 Rs.	Additions during the Year Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Balance as at 31.03.2026 Rs.
7.2 Company					
7.2.1 Gross Carrying Amounts					
At Cost					
Freehold Land	311,000	-	-	-	311,000
Buildings on Freehold Land	123,114,423	-	-	-	123,114,423
Buildings on Leasehold Land	5,874,756	-	-	-	5,874,756
Plant, Machinery and Equipment	350,070,372	-	-	-	350,070,372
Office Equipment	2,956,213	-	-	(1,131,500)	1,824,713
Furniture and Fittings	783,534	-	-	-	783,534
Total Value of Depreciable Assets	483,110,298	-	-	(1,131,500)	481,978,798
Total Gross Carrying Amount	483,110,298	-	-	(1,131,500)	481,978,798

	Balance as at 01.04.2025 Rs.	Charge for the Year Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Balance as at 31.03.2026 Rs.
7.2.2 Depreciation					
At Cost					
Buildings on Freehold Land	61,720,926	6,157,001	-	-	67,877,927
Buildings on Leasehold Land	1,364,173	293,738	-	-	1,657,911
Plant, Machinery and Equipment	127,473,964	17,502,819	-	-	144,976,783
Office Equipment	1,642,249	420,089	-	(857,958)	1,204,380
Furniture and Fittings	689,388	35,304	-	-	724,692
Total Depreciation	192,890,700	24,408,951	-	(857,958)	216,441,692

	2026 Rs.	2025 Rs.
7.2.3 Net Book Values		
At Cost		
Freehold Land	311,000	311,000
Buildings on Freehold Land	55,236,495	61,393,497
Buildings on Leasehold Land	4,216,845	4,510,583
Plant, Machinery and Equipment	205,093,590	222,596,408
Office Equipment	620,333	1,313,963
Furniture and Fittings	58,842	94,146
	265,537,105	290,219,598
Total Carrying Amount of Property, Plant and Equipment	265,537,105	290,219,598

- 7.3** During the financial year, the Group and Company acquired Property, Plant and Equipment to the aggregate value of Rs.221,080,946 and Rs. Nil respectively (2025-Rs. 71,437,260/- and Rs. 7,699,965/-respectively) for cash.
- 7.4** The Group and Company has Property, Plant and Equipment with a cost of Rs. 2,322,192/- (2025 - Rs. 2,200,550/-) and Rs. 1,758,589/- (2025 - Rs. 1,749,589/-) respectively, that have been fully depreciated and continue to be used.
- 7.5** Borrowing costs amounting to Rs. 7,337,469.54 were capitalised to Property, Plant and Equipment of PAMS Power (Pvt) Ltd during the year ended 31 March 2026 (2025 – Nil).
- 7.6** The useful lives of the assets are estimated as follows:

	2026	2025
Group		
Buildings on Freehold Land	20-30 Years	20-30 Years
Buildings on Leasehold Land*	20-30 Years	20-30 Years
Plant, Machinery and Equipment	20 Years	20 Years
Office Equipments & Computers	4 Years	4 Years
Furniture and Fittings	4 Years	4 Years
Motor Vehicles	5 Years	5 Years
Company		
Buildings on Freehold Land	20 Years	20 Years
Buildings on Leasehold Land*	20 Years	20 Years
Plant, Machinery and Equipment	20 Years	20 Years
Office Equipments & Computers	4 Years	4 Years
Furniture and Fittings	4 Years	4 Years

*or the period of lease, whichever is shorter.

8 RIGHT-OF-USE-ASSETS

8.1 Group

Set out below are the carrying amount of Right of Use Assets recognised and movements during the year.

	2026 Rs.	2025 Rs.
8.1.1 Cost		
Balance as at 01 April	118,542,464	118,542,464
Additions	19,949,887	2,173,431
Derecognised during the year	-	(2,173,431)
Balance as at 31 March	138,492,351	118,542,464
Accumulated Amortisation		
Balance as at 01 April	29,760,192	24,053,161
Charge for the year	9,697,008	7,880,463
Derecognised during the year	-	(2,173,431)
Balance as at 31 March	39,457,200	29,760,192
Net Book Value as at 31 March	99,035,151	88,782,272

NOTES TO THE FINANCIAL STATEMENTS

	2026 Rs.	2025 Rs.
8.1.2 Lease Liabilities		
Balance as at 01 April	73,090,567	75,002,407
Additions	19,949,887	2,173,431
Accretion of Interest	10,715,904	9,532,437
Payments	(15,771,507)	(13,617,706)
Balance as at 31 March	87,984,851	73,090,567
8.1.3 Maturity Analysis of Lease Liability		
Less Than 1 year	16,440,555	11,311,200
1- 5 year	58,652,863	45,244,800
More than 5 years	111,974,400	121,305,600
	187,067,819	177,861,600
Finance charges allocated to future periods	(99,082,967)	(104,771,033)
	87,984,851	73,090,567
8.2 Company		
Set out below are the carrying amount of Right of Use Assets recognised and movements during the year.		
	2026 Rs.	2025 Rs.
8.2.1 Cost		
Balance as at 01 April	6,670,000	6,670,000
Additions	19,949,887	2,173,431
Derecognised during the year	-	(2,173,431)
Balance as at 31 March	26,619,887	6,670,000
Accumulated Amortisation		
Balance As at 01 April	1,806,458	1,472,958
Charge for the year	4,323,477	2,506,931
Derecognised during the year	-	(2,173,431)
Balance As at 31 March	6,129,935	1,806,458
Net Book Value as at 31 March	20,489,952	4,863,542
8.2.2 Lease Liabilities		
Balance as at 01 April	-	-
Additions	19,949,887	2,173,431
Accretion of Interest	1,684,444	133,075
Payments	(4,460,308)	(2,306,506)
Balance as at 31 March	17,174,023	-
8.2.3 Maturity Analysis of Lease Liability		
Less Than 1 year	5,129,355	-
1- 5 year	15,388,064	-
	20,517,419	-
Finance charges allocated to future periods	(3,343,396)	-
	17,174,023	-

9. INVESTMENTS IN SUBSIDIARIES

	2026 Rs.	2025 Rs.
Company		
As at 01 April	2,367,068,563	2,982,049,000
Fair Value Gain/(Loss)	555,947,438	(614,980,437)
As at 31 March	2,923,016,001	2,367,068,563

9.1 Investments in Subsidiaries

Company	Country of Incorporation	% of Holding	Balance as at 01.04.2025	Fair Value Gain/ (Loss) During the Year Rs.	Balance as at 31.03.2026 Rs.
Financial Assets at FVTOCI - Non-Quoted					
Anorchi Lanka (Pvt) Ltd	Sri Lanka	100%	774,615,392	374,974,473	1,149,589,865
Iris Eco Power Lanka (Pvt) Ltd	Sri Lanka	100%	1,307,108,156	(13,422,014)	1,293,686,142
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Sri Lanka	100%	9,934,950	58,682,166	68,617,116
Pams Power (Pvt) Ltd	Sri Lanka	100%	275,410,065	135,712,813	411,122,878
Total Non-Quoted Investments in Subsidiaries			2,367,068,563	555,947,438	2,923,016,001

9.2 Fair value related disclosures of the Investments in Subsidiaries

9.2.1 Fair Value Hierarchy

The Fair Value of the Company's investment in subsidiaries are categorised into Level 3 of the fair value hierarchy.(Note 16.5)

9.2.2 Valuation Techniques and Significant inputs

Company	Valuation Technique	Significant Inputs	2026	2025
Anorchi Lanka (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	15.3%	17.4%
		Performance Ratio	77.4%	78.0%
Iris Eco Power Lanka (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	15.3%	17.4%
		Performance Ratio - Hambantota	77.4%	76.0%
		Performance Ratio - Embilipitiya	79.0%	79.0%
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Net Asset Value Methodology	Cost of Equity	-	17.4%
		Plant Load Factor	38.0%	22.0%
Pams Power (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	16.3%	17.6%
		Plant Load Factor	35.0%	40.0%

Discounted Cash Flow Method (DCF)

DCF Methodology Estimates the fair market value of the entity considering the future cash flow generation of the Company, as of now. Projected cash flows are discounted using cost of equity, to arrive at the net present value of the investment.

NOTES TO THE FINANCIAL STATEMENTS

Net Asset Value Methodology

Under a net assets approach, total value is based on the sum of net asset value plus, if appropriate, a premium to reflect the value of intangible assets not recorded on the balance sheet. Net asset value is determined by marking every asset and liability on (and off) the company's balance sheet to current market values.

A net asset methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business. A net asset approach is also useful as a cross-check to assess relative riskiness of businesses (e.g. relative levels of tangible asset backing).

9.2.3 Sensitivity of Assumptions Employed in Fair Valuation

Company	Increase/ (Decrease)		2026			2025		
	Discount Rate	Rs.	Effect on Other Comprehensive Income	Effect on Statement of Financial Position	Fair Value of Financial Assets at FVTOCI	Effect on Other Comprehensive Income	Effect on Statement of Financial Position	Fair Value of Financial Assets at FVTOCI
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Anorchi Lanka (Pvt) Ltd	+1		58,366,845	(58,366,845)	1,091,223,020	6,180,392	(6,180,392)	768,435,000
	-1		(61,608,814)	61,608,814	1,211,198,679	(6,285,608)	6,285,608	780,901,000
Iris Eco Power Lanka (Pvt) Ltd	+1		80,421,617	(80,421,617)	1,213,264,525	10,211,156	(10,211,156)	1,296,897,000
	-1		(85,207,746)	85,207,746	1,378,893,888	(10,385,844)	10,385,844	1,317,494,000
Pams Power (Pvt) Ltd	+1		25,459,679	(25,459,679)	385,663,199	13,042,065	(13,042,065)	262,368,000
	-1		(27,530,178)	27,530,178	438,653,056	(13,691,935)	13,691,935	289,102,000

10. INTANGIBLE ASSETS

	Computer Software		Total	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
10.1 Group Cost				
As at 01 April	302,308	302,308	302,308	302,308
Additions	-	-	-	-
As at 31 March	302,308	302,308	302,308	302,308
Amortisation				
As at 01 April	302,308	302,308	302,308	302,308
Amortisation	-	-	-	-
As at 31 March	302,308	302,308	302,308	302,308
Net Book Values				
As at 31 March	-	-	-	-

		Computer Software	
		2026 Rs.	2025 Rs.
10.2	Company Cost		
	As at 01 April	302,308	302,308
	Additions	-	-
	As at 31 March	302,308	302,308
	Amortisation and Impairment		
	As at 01 April	302,308	302,308
	Amortisation	-	-
	As at 31 March	302,308	302,308
	Net Book Values		
	As at 01 April	-	-
	As at 31 March	-	-

10.3 Intangible assets consists the SAP user licenses.

11. INVENTORIES

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Non-Trade Inventories	171,012	171,012	-	-
Total inventories at the lower of cost and net realisable value	171,012	171,012	-	-

12. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade Receivables	- Related Parties (Note 12.1)	-	24,892,191	773,296	24,864,351
	- Others	204,177,822	153,750,042	10,305,816	11,966,510
		204,177,822	178,642,233	11,079,112	36,830,861
Other Receivables	- Related Parties (Note 12.2)	521,064,199	609,152,226	1,048,042,107	713,331,581
	- Others	2,073,549	-	-	-
		727,315,570	787,794,459	1,059,121,219	750,162,442
Advances and Prepayments	- Others	136,168,521	198,385,496	2,011,649	165,453,462
	- Related Parties (Note 12.3)	4,508,418	304,842	738,021	304,842
		867,992,509	986,484,797	1,061,870,889	915,920,746

NOTES TO THE FINANCIAL STATEMENTS

12.1 Trade Receivable from Related Parties

	Relationship	Group		Company	
		2026	2025 Rs.	2026	2025 Rs.
LAUGFS Leisure Ltd	Fellow Subsidiary	-	4,148,920	-	4,148,920
Anantaya Passekudah (Pvt) Ltd	Fellow Subsidiary	-	20,443,323	-	20,443,323
Laugfs Corporation (Rubber) Ltd	Subsidiary	-	272,108	-	272,108
LAUGFS Supermarkets (Pvt) Ltd	Fellow Subsidiary	-	27,840	-	-
Ginigathhena Mini Hydro Power (Pvt)	Subsidiary	-	-	773,296	-
		-	24,892,191	773,296	24,864,351

12.2 Other Receivable from Related Parties

	Relationship	Group		Company	
		2026	2025 Rs.	2026	2025 Rs.
IRIS Eco Power Lanka (Pvt) Ltd	Subsidiary	-	-	2,398,821	31,171,193
Anorchi Lanka (Pvt) Ltd	Subsidiary	-	-	15,254,429	-
Pams Power (Pvt) Ltd	Subsidiary	-	-	613,091,630	350,161,829
Laugfs Life Sciences (Pvt) Ltd	Fellow Subsidiary	81,802	35,977,465	81,802	35,977,466
LAUGFS Leisure Ltd.	Fellow Subsidiary	-	10,137,093	-	5,074,837
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Subsidiary	-	-	10,683,577	4,230,935
Manthai Wind Power Pvt Ltd	Subsidiary	-	-	78,077,712	-
LAUGFS Holdings Ltd	Ultimate Parent	520,982,397	563,037,668	328,454,137	286,715,321
		521,064,199	609,152,226	1,048,042,107	713,331,581

12.3 Advances & Prepayments Given to Related Parties

	Relationship	Group		Company	
		2026	2025 Rs.	2026	2025 Rs.
LAUGFS Supermarkets (Pvt) Ltd	Fellow Subsidiary	738,021	304,842	738,021	304,842
LAUGFS Engineering (Pvt) Ltd	Fellow Subsidiary	3,770,397	-	-	-
		4,508,418	304,842	738,021	304,842

12.4 Trade receivables are non-interest bearing and are generally on terms of 45-60 days.

12.5 Other Dues from Related Parties are receivable on demand, non interest bearing and unsecured.

As at 31 March, the ageing analysis of trade receivables-Others, is as follows:

Group	Total	Neither Due nor Impaired	Past Due but not Impaired			
			< 30 Days	31-60 Days	61-90 Days	> 90 Days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2026	204,177,822	117,298,858	86,878,964	-	-	-
2025	153,750,042	75,605,656	78,144,386	-	-	-

Company	Total	Neither Due nor Impaired	Past Due but not Impaired			
			< 30 Days	31-60 Days	61-90 Days	> 90 Days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2026	10,305,816	6,494,437	3,811,379	-	-	-
2025	11,966,510	7,202,999	4,763,512	-	-	-

13. CASH AND BALANCES WITH BANKS

	Group		Company	
	2026	2025 Rs.	2026	2025 Rs.
13.1 Favourable Cash and Balances with Banks				
Cash in Hand and at Bank	25,555,751	140,321,164	1,250,196	3,065,603
	25,555,751	140,321,164	1,250,196	3,065,603
13.2 Unfavourable Cash and Balances with Banks				
Bank Overdrafts (Note 16)	(61,488,775)	(28,507,902)	(35,939,400)	(21,429,614)
Cash and Cash Equivalents for the Purpose of Statement of Cash Flows	(35,933,024)	111,813,262	(34,689,204)	(18,364,011)

Cash at Banks Earns Interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

14. STATED CAPITAL

	2026		2025	
	Number	Rs.	Number	Rs.
Group/Company				
Ordinary Voting Shares (Note 14.1)	335,000,086	1,627,390,237	335,000,086	1,627,390,237
Ordinary Non-Voting Shares (Note 14.2)	52,000,000	252,609,763	52,000,000	252,609,763
	387,000,086	1,880,000,000	387,000,086	1,880,000,000
14.1 Ordinary Voting Shares				
As at 01 April	335,000,086	1,627,390,237	335,000,086	1,627,390,237
As at 31 March	335,000,086	1,627,390,237	335,000,086	1,627,390,237
14.2 Ordinary Non - Voting Shares				
As at 01 April	52,000,000	252,609,763	52,000,000	252,609,763
As at 31 March	52,000,000	252,609,763	52,000,000	252,609,763

14.3 Rights, Preference and Restrictions of Classes of Capital

The holders of Ordinary Shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share (except, non-voting ordinary shares) at a meeting of the Company. All shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

15. FAIR VALUE RESERVE OF FINANCIAL ASSETS AT FVTOCI

	2026 Rs.	2025 Rs.
Company		
Financial Assets at FVTOCI Reserve (Note 15.1)	(187,867,874)	(738,431,437)
	(187,867,874)	(738,431,437)
15.1 Financial Assets at FVTOCI Reserve		
As at 01 April	(738,431,437)	(123,451,000)
Gains/(Losses) arising during the Year	550,563,563	(614,980,437)
As at 31 March	(187,867,874)	(738,431,437)

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Interest Bearing Loans and Borrowings

	2026 Amount Repayable Within 1 Year Rs.	2026 Amount Repayable After 1 Year Rs.	2026 Total Rs.	2025 Amount Repayable Within 1 Year Rs.	2025 Amount Repayable After 1 Year Rs.	2025 Total Rs.
16.1 Group						
Term Loans (Note 16.1.1)	366,123,014	1,171,279,429	1,537,402,443	375,152,563	1,374,347,325	1,749,499,888
Bank Overdrafts (Note 13.2)	61,488,775	-	61,488,775	28,507,902	-	28,507,902
Lease Liability	6,219,898	81,764,953	87,984,851	2,279,749	70,810,820	73,090,569
	433,831,687	1,253,044,382	1,686,876,069	405,940,214	1,445,158,145	1,851,098,359

	As at 01.04.2025 Rs.	Loan Obtained Rs.	Repayments/ Reschedulement Rs.	As at 31.03.2026 Rs.
16.1.1 Term Loans				
DFCC Bank PLC - Loan 1	645,655,423	-	(161,413,856)	484,241,567
DFCC Bank PLC - Loan 2	15,262,805	-	(3,720,535)	11,542,270
DFCC Bank PLC - Loan 3	9,320,709	-	(2,500,678)	6,820,031
DFCC Bank PLC - Loan 4	71,061,894	-	(9,125,000)	61,936,894
DFCC Bank PLC - Loan 5	22,524,793	22,526,000	(5,945,212)	39,105,582
Sampath Bank PLC -Loan 1	831,500,000	-	(97,500,000)	734,000,000
Sampath Bank PLC - Loan 2	54,000,000	-	(8,450,000)	45,550,000
Sampath Bank PLC - Loan 3	-	100,000,000	-	100,000,000
Hatton National Bank PLC - Loan 1	91,700,000	-	(37,494,000)	54,206,000
Hatton National Bank PLC - New Interest Capitalized Loan 2	8,474,164	-	(8,474,164)	-
	1,749,499,788	122,526,000	(334,623,445)	1,537,402,343

16.2

	2026 Amount Repayable Within 1 Year Rs.	2026 Amount Repayable After 1 Year Rs.	2026 Total Rs.	2025 Amount Repayable Within 1 Year Rs.	2025 Amount Repayable After 1 Year Rs.	2025 Total Rs.
Company						
Term Loans (Note 16.2.1)	16,743,714	63,555,580	80,299,294	16,518,814	79,126,695	95,645,509
Bank Overdrafts (Note 13.2)	35,939,400	-	35,939,400	21,429,614	-	21,429,614
Lease Liability	3,989,977	13,184,046	17,174,023	-	-	-
	56,673,091	76,739,626	133,412,717	37,948,428	79,126,695	117,075,123

16.2.1

	As at 01.04.2025 Rs.	Loan Obtained Rs.	Repayments Rs.	As at 31.03.2026 Rs.
Term Loans				
DFCC Bank - Loan 1	15,262,806	-	(3,720,537)	11,542,269
DFCC Bank - Loan 2	9,320,709	-	(2,500,678)	6,820,031
DFCC Bank - Loan 3	71,061,994	-	(9,125,000)	61,936,994
	95,645,509	-	(15,346,215)	80,299,294

16.3

Terms of repayments of interest bearing loans and borrowings are as follows,

Group	Interest Rate	
DFCC Bank PLC		
Loan 1	AWPLR + 1.5% per annum	Repayable by 96 equal monthly installments of Rs.16,141,385.57
Loan 2	AWPLR + 2% per annum	Repayable by 69 equal monthly installments of Rs. 317,975.13
Loan 3	AWPLR + 2% per annum	Repayable by 68 equal monthly installments of Rs. 227,334.35
Loan 4	AWPLR + 1.5% per annum	Repayable by 84 equal monthly installments of Rs. 850,000.00
Loan 5	AWPLR + 1.5% per annum	Repayable by 60 equal monthly installments of Rs. 833,333.00
Sampath Bank PLC		
Loan 1	AWPLR + 1 %	Repayable by 101 equal monthly installments of Rs. 7,500,000/- and final payment of Rs. 6,500,000/-
Loan 2	AWPLR + 1 %	Repayable by 83 equal monthly installments of Rs. 650,000/- and a final instalment of Rs. 50,000/-
Loan 3	AWPLR + 1 %	Repayable by within 06 Months
Hatton National Bank PLC		
Loan 1	AWPLR + 1% per annum	Repayable in 43 equal monthly installments of Rs. 4,166,000/- and the final installment of Rs. 4,214,000/-
Loan 2	AWPLR + 1% per annum	Repayable by 4 equal monthly installments of Rs. 2,118,541/-

NOTES TO THE FINANCIAL STATEMENTS

Company	Interest Rate	Repayment Terms
DFCC Bank PLC		
Loan 1	AWPLR + 2% per annum	Repayable by 69 equal monthly installments of Rs. 317,975.13
Loan 2	AWPLR + 2% per annum	Repayable by 68 equal monthly installments of Rs. 227,334.35
Loan 3	AWPLR + 1.5% per annum	Repayable by 84 equal monthly installments of Rs. 850,000.00

* AWPLR - Average Weighted Primary Lending Rate

16.4 Fair Values

The Carrying amounts of the Group's and Company's Financial Instruments by classes, that are not carried at fair value in the financial statements are not materially different from their fair values.

16.5 Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Other valuation techniques for which all Inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2025, the Group held the following financial instruments carried at fair value on the statement of financial position.

	2026 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Company				
Assets Measured at Fair Value				
Financial Assets at FVTOCI (Investment in Subsidiaries)	2,923,016,001	-	-	2,923,016,001
	2,923,016,001	-	-	2,923,016,001

	2024 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Company				
Assets Measured at Fair Value				
Financial Assets at FVTOCI (Investment in Subsidiaries)	2,367,068,563	-	-	2,367,068,563
	2,367,068,563	-	-	2,367,068,563

During the reporting period ending 31 March 2026, there were no transfers between Level 1 and Level 2 fair value measurements.

17. EMPLOYEE BENEFIT LIABILITY**17.1 Net Benefit Expense**

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Current Service Cost	695,159	1,078,454	589,783	979,431
Past Service Cost	-	-	-	-
Interest Cost on Benefit Obligation	687,536	883,771	620,694	799,290
Total Expenses	1,382,695	1,962,225	1,210,477	1,778,721

17.2 Changes in the present value of the defined benefit obligation are as follows:

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
As at 01 April	5,956,586	7,105,899	5,350,812	6,445,888
Adjustment due to Transfer of Employees into/(out of) Company	(835,912)	113,947	(835,912)	198,530
Current Service Cost	695,159	1,078,454	589,783	979,431
Past Service Cost	-	-	-	-
Interest Cost on Benefit Obligation	687,536	883,771	620,694	799,290
Remeasurement (Gains)/Losses in Other Comprehensive Income	2,210,704	2,640,911	1,871,731	2,550,573
Benefits Paid	(4,644,580)	(5,866,396)	(4,265,240)	(5,622,900)
As at 31 March	4,069,493	5,956,586	3,331,868	5,350,812

17.3 Messrs. Smiles Global (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan - gratuity on 31 March 2026. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31 March 2026 are as follows:

	2026	2025
Method of Actuarial Valuation:	Projected Unit Credit method	Projected Unit Credit method
Discount Rate:	8.8% - 9.6%	10.8% - 11.7%
Salary Increment Rate:	6%	8%
Retirement Age:	57-60 years	57-60 years
Staff Turnover Ratio:	23% - 37%	1% - 9%
Mortality Table:	A1967/70 Ult Mortality Table	A1967/70 Mortality Table

17.4 Sensitivity of Assumptions Employed in Actuarial Valuation

Due to the lack of long term high quality bonds available in the Sri Lankan market, discount rate is determined by examining short and medium term government and corporate bonds for the purpose of this valuation.

The sensitivity of the income statement and statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year is as follows.

Increase/(Decrease) in Discount Rate	in Rate of Salary Increment	2026		Present Value of Employee Benefit Obligation	2025		Present Value of Employee Benefit Obligation
		Effect on Statement of Profit or Loss (Reduction)/ Increase in Results for the Year	Effect on Statement of Financial Position (Reduction)/ Increase in the Liability as at the Year End		Effect on Statement of Profit or Loss (Reduction)/ Increase in Results for the Year	Effect on Statement of Financial Position (Reduction)/ Increase in the Liability as at the Year End	
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
+1%	-	132,527	(132,527)	3,936,966	568,722	(568,722)	5,387,864
-1%	-	(142,454)	142,454	4,211,947	(667,492)	667,492	6,624,078
-	+1%	(164,605)	164,605	4,234,098	(714,012)	714,012	6,670,598
-	-1%	155,563	(155,563)	3,913,930	614,920	(614,920)	5,341,666

17.5 Changes in the Defined Benefit Obligation

The following table demonstrates the changes in the defined benefit obligation.

2026	Amounts Charged to Profit or Loss				Remeasurement Gains/(Losses) in Other Comprehensive Income							
	01 April 2025	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into (out of) Company	Actual Changes arising from Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Contributions Included in OCI by the Employer	31 March 2026	
Employee Benefit Liability	5,956,585	695,159	687,536	1,382,694	(4,644,580)	(835,912)	477,778	67,901	1,665,026	2,210,705	-	4,069,493
	5,956,585	695,159	687,536	1,382,694	(4,644,580)	(835,912)	477,778	67,901	1,665,026	2,210,705	-	4,069,493

17. EMPLOYEE BENEFIT LIABILITY (CONTD.)

2025	Amounts Charged to Profit or Loss				Remeasurement Gains/(Losses) in Other Comprehensive Income							31 March 2025
	01 April 2024	Service Cost	Interest Cost	Sub Total included in Profit or Loss"	Benefits Paid	Adjustment due to transfer of employees into/(out of) Company	Actuarial Changes arising from Demographic Assumptions	Actuarial Changes arising from Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Employee Benefit Liability	7,105,899	1,078,454	883,771	1,962,225	(5,866,396)	113,947	(105,825)	(826,295)	3,573,030	2,640,910	-	5,956,586
	7,105,899	1,078,454	883,771	1,962,225	(5,866,396)	113,947	(105,825)	(826,295)	3,573,030	2,640,910	-	5,956,586

17.6 Following payments are expected contributions to the defined benefit plan obligation on the future years:

Year ended 31 March		2026	2025
		Rs.	Rs.
Between 0 and 2 Years		259,687	220,697
Between 2 and 5 Years		3,809,806	87,907
Between 5 and 10 Years		-	370,671
Beyond 10 Years		-	5,277,311
Total Expected Payments		4,069,493	5,956,586

The average duration of the defined benefit plan obligating at the end of the reporting period is 3.6 years (2025 : 13.26 years).

NOTES TO THE FINANCIAL STATEMENTS

17. EMPLOYEE BENEFIT LIABILITY (CONTD.) 17.7 Changes in the Defined Benefit Obligation Company

The following table demonstrates the changes in the defined benefit obligation.

2026	Amounts Charged to Profit or Loss				Remeasurement Gains/(Losses) in Other Comprehensive Income					
	01 April 2025	Service Cost	Interest Cost	Sub Total Benefits Paid included in Profit or Loss	Adjustment due to transfer of employees into Company	Actuarial Changes arising from Demographic Assumptions	Actuarial Changes arising from Financial Assumptions	Experience Adjustments	Subtotal Contributions Included in OCI	31 March 2026
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Employee Benefit Liability	5,350,812	589,783	620,694	1,210,477	(4,265,240)	(835,912)	449,117	79,228	1,343,386	1,871,731
	5,350,812	589,783	620,694	1,210,477	(4,265,240)	(835,912)	449,117	79,228	1,343,386	1,871,731
										3,331,868
										3,331,868

2025	Amounts Charged to Profit or Loss				Remeasurement Gains/(Losses) in Other Comprehensive Income					
	01 April 2024	Service Cost	Interest Cost	Sub Total Benefits Paid included in Profit or Loss	Adjustment due to transfer of employees into/(out of) Company	Actuarial Changes arising from Demographic Assumptions	Actuarial Changes arising from Financial Assumptions	Experience Adjustments	Subtotal "Contributions by the Employer"	31 March 2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Employee Benefit Liability	6,445,888	979,431	799,290	1,778,721	(5,622,900)	198,530	(164,636)	(801,340)	3,516,549	2,550,573
	6,445,888	979,431	799,290	1,778,721	(5,622,900)	198,530	(164,636)	(801,340)	3,516,549	2,550,573
										5,350,812
										5,350,812

Following payments are expected contributions to the defined benefit plan obligation on the future years:

Year ended 31 March		2026	2025
		Rs.	Rs.
Between 0 and 2 Years	-	-	-
Between 2 and 5 Years	3,331,868	7,674	
Between 5 and 10 Years	-	218,770	
Beyond 10 Years	-	5,124,368	
Total Expected Payments	3,331,868	5,350,812	

The average duration of the defined benefit plan obligating at the end of the reporting period is 3.61 years (2026 : 12.51 years).

18. TRADE AND OTHER PAYABLES

		Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade Payables	- Related Parties (Note 18.1)	11,572,635	16,123,503	5,922,615	1,188,788
Other Payables	- Related Parties (Note 18.2)	8,786,301	2,894,236	1,553,102,962	1,255,526,695
	- Others	25,769,014	43,833,406	7,689,660	12,570,689
		46,127,950	62,851,145	1,566,715,237	1,269,286,172
Sundry Creditors including Accrued Expenses		57,719,165	26,944,501	4,577,618	3,114,974
		103,847,115	89,795,646	1,571,292,855	1,272,401,146

18.1 Trade Payable to Related Parties

		Group		Company	
Relationship		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
LAUGFS Petroleum (Pvt) Ltd	Fellow Subsidiary	168,894	117,388	168,894	117,388
LAUGFS Business Solutions (Pvt) Ltd	Fellow Subsidiary	7,159,850	709,471	1,665,105	180,826
LAUGFS Holdings Ltd	Ultimate Parent	155,275	15,104,435	-	698,365
LAUGFS Property Developers (Pvt) Ltd	Fellow Subsidiary	4,088,616	192,209	4,088,616	192,209
		11,572,635	16,123,503	5,922,615	1,188,788

18.2 Other Payable to Related Parties

		Group		Company	
Relationship		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
LAUGFS Holdings Ltd	Ultimate Parent	835,912	2,825,780	835,912	2,673,560
Anorchi Lanka (Pvt) Ltd	Subsidiary	-	-	183,435,626	140,075,072
Iris Eco Power Lanka (Pvt) Ltd	Subsidiary	-	-	1,367,436,168	1,112,709,607
LAUGFS Property Developers (Pvt) Ltd	Fellow Subsidiary	1,368,856	68,456	1,368,856	68,456
LAUGFS Corporation (Rubber) Ltd	Group Company	26,400	-	26,400	-
LAUGFS Engineering (Pvt) Ltd	Fellow Subsidiary	6,555,133	-	-	-
		8,786,301	2,894,236	1,553,102,962	1,255,526,695

18.3 Other Dues to Related Parties are Payable on demand, non interest bearing and unsecured.

19. COMMITMENTS AND CONTINGENCIES**19.1 Capital Expenditure Commitments**

The Group and Company do not have any commitments for acquisition of property, plant and equipment incidental to the ordinary course of business as at 31 March 2026.

19.2 Contingencies**P 262 Hatton DC**

The Plaintiff in this case is P.B.J. Ajith Kumara. Pams Power (Pvt) Ltd is named as the 6th Defendant in this partition case concerning a land designated for a mini hydro project. The Plaintiff requested withdrawing the case and our decision to agree for withdrawal or continue with the the proceedings will be informed at the next date. The next hearing is scheduled for 03rd September 2026.

P 276 Hatton DC

In the matter of Partition Case No. P 276 Hatton District Court, initiated by Plaintiff U.S. Dayananda, Pams Power (Pvt) Ltd is named as the 6th Defendant. The Plaintiff has filed this suit seeking a order to partition the land on which the Defendants, including Pams Power (Pvt) Ltd, are residing. 2025. At present court instructed to amend the new plan according to the resurvey (referred by the Witness) and Ownership Certificate. Next date is fixed for 22nd October 2026.

NOTES TO THE FINANCIAL STATEMENTS

B 383/18 Hatton MC

The case was initiated by the Officer in Charge (OIC) of the Ginigathhena Police Station as a public nuisance complaint made to the police regarding public disturbance. The matter was subsequently referred to the Attorney General and has since been laid by.

20. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of the Liability	Carrying Amount Pledged		Pledged Included Under
		2026 Rs.	2025 Rs.	
Group				
Project Assets	Primary Mortgage Over Project Assets	95,645,408	95,645,408	Property, Plant and Equipment
Project Assets	Primary Mortgage Over Project Assets	996,500,000	996,500,000	Property, Plant and Equipment
Equity	Primary Mortgage Over Equity Shares	1,000,001,000	1,000,001,000	Equity
Project Assets	Primary Mortgage Over Project assets	668,180,216	668,180,216	Property, Plant and Equipment
Equity	Primary Mortgage Over Equity Shares	300,000,000	300,000,000	Equity
Company				
Project Assets	Primary Mortgage Over Project Assets	95,645,408	95,645,408	Property, Plant and Equipment

21. TRANSACTIONS WITH THE PARENT AND RELATED ENTITIES

The following table provides the information pertaining to significant transactions that have been entered into with related parties for the relevant financial year as per Sri Lanka Accounting Standard - LKAS 24 on "Related Party Disclosures". (for information regarding outstanding balances at 31 March 2026 and 31 March 2025, refer to Notes 12 and 18).

21.1 Group

	Ultimate Parent		Other Group Companies		Total	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 01 April	545,107,452	192,149,637	70,224,068	16,452,215	615,331,520	208,601,852
Purchase of Goods/Services	(202,259,748)	(133,657,044)	(28,386,349)	(16,827,077)	(230,646,097)	(150,484,121)
Sale of Goods / Services	-	-	(4,141,060)	9,750,430	(4,141,060)	9,750,430
Disposal of subsidiaries	-	-	(20,443,323)		(20,443,323)	-
Payment Made for Purchase of Goods/Services	145,147,486	545,188,780	76,362,996	204,324,730	221,510,482	749,513,509
Payment Received from Purchase of Goods/Services	(20,000,000)	(89,000,000)	(67,272,107)	(144,626,398)	(87,272,107)	(233,626,398)
Adjustment due to Transfer of Employees into/(out of) Company	(835,912)	113,947	(5,375,681)	-	(6,211,593)	113,947
Asset Transfer	273,542	-	-	-	273,542	-
Interest expense on Intercompany	(224,351)	(197,570)	3,211,623	(90)	2,987,272	(197,660)
Interest Income on Intercompany	52,009,445	30,509,702	(38,957,696)	1,150,258	13,051,749	31,659,961
Transfer Intercompany	773,296				773,296	
Balance as at 31 March	519,991,210	545,107,452	(14,777,529)	70,224,068	505,213,681	615,331,520

21.2 Company

	Ultimate Parent		Subsidiaries		Other Group Companies		Total	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 01 April	283,343,396	137,149,637	(867,220,721)	(1,225,130,780)	65,662,616	17,114,657	(518,214,709)	(1,070,866,486)
Purchase of Goods/Services	(15,788,332)	(40,685,108)	(150,864)	-	(12,802,212)	(10,484,609)	(28,741,408)	(51,169,717)
Sale of Goods / Services	-	-	65,125,212	22,925,354	(4,113,220)	9,600,727	61,011,992	32,526,081
Dividend	-	-	-	723,352,600	-	-	-	723,352,600
Payment Made for Purchase of Goods/Services	32,563,838	171,286,638	274,477,208	185,800,197	1,529,695	50,848,463	308,570,741	407,935,298
Payment Received from Purchase of Goods/Services	-	-	(316,844,348)	(522,868,943)	(272,107)	(2,504,534)	(317,116,456)	(525,373,477)
Adjustment due to Transfer of Employees into/(out of) Company	(835,912)	113,947	-	-	-	-	(835,912)	113,947
Balance Set - Off	-	-	18,865,340	-	(39,242,385)	-	(20,377,046)	-
Fund Transfers From	-	-	78,077,712	-	(20,443,323)	-	57,634,389	-
Interest expense on Intercompany	(224,351)	(197,570)	(125,115,069)	(73,707,237)	(53,297)	(90)	(125,392,717)	(73,904,897)
Interest Income on Intercompany	28,286,044	15,675,852	42,193,200	22,408,088	3,236,185	1,088,002	73,715,429	39,171,942
Asset Transfer	273,542	-	-	-	-	-	273,542	-
Balance as at 31 March	327,618,225	283,343,396	(830,592,330)	(867,220,721)	(6,498,048)	65,662,616	(509,472,155)	(518,214,709)

The Company carried out the above

21.3 Subsidiaries include the following Companies;

Anorch Lanka (Pvt) Ltd
 Iris Eco Power Lanka (Pvt) Ltd
 Ginigathena Thiniyagala Mini Hydro Power (Pvt) Ltd
 Pams Power (Pvt) Ltd
 Manthai Wind Power Pvt Ltd

21.4 Other Group Companies include the following Companies;

LAUGFS Property Developers (Pvt) Ltd
 LAUGFS Business Solutions (Pvt) Ltd
 LAUGFS Gas PLC
 LAUGFS Petroleum (Pvt) Ltd
 LAUGFS Supermarkets (Pvt) Ltd
 LAUGFS Lubricants Ltd
 LAUGFS Eco Sri Ltd
 LAUGFS Engineering (Pvt) Ltd
 LAUGFS Terminals Ltd

NOTES TO THE FINANCIAL STATEMENTS

21.5 Transactions with Key Management Personnel of the Company or its Parent

Key Management Personnel (KMPs) are defined as those persons such as directors, chief executive officers and other senior executives etc. who have authority and responsibility for planning, directing and controlling the activities of the Company as well as the subsidiaries, direct or indirectly.

Compensation of Key Management Personnel	2026 Rs.	2025 Rs.
Group		
Directors' Emoluments (Cash Benefits)	12,949,333	30,248,027
Non-cash Benefits	1,170,000	3,329,094
Total Compensation Paid to Key Management Personnel	14,119,333	33,577,121
Compensation of Key Management Personnel	2026 Rs.	2025 Rs.
Company		
Directors' Emoluments (Cash Benefits)	12,949,333	30,248,027
Non-cash Benefits	1,170,000	3,329,094
Total Compensation Paid to Key Management Personnel	14,119,333	33,577,121

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

22. FINANCIAL RISK MANAGEMENT

22.1 Introduction

LAUGFS Power PLC operates in a dynamic environment that exposes the Group to various financial risks, including interest rate risk, credit risk, and liquidity risk. These risks arise naturally from the Group's operating and financing activities, and their unpredictable nature poses potential threats to financial performance. Given the nature of the Group's business, there exists a positive correlation between business growth and financial risk exposure.

To address these challenges, the Company has implemented a comprehensive financial risk management program designed to mitigate adverse impacts through a combination of operational and financial controls. The Board of Directors holds ultimate responsibility for establishing and overseeing the risk management framework, ensuring that risk oversight aligns with the Group's strategic objectives.

The Group Treasury Division, guided by policies approved by the Board, is responsible for the day-to-day management of financial risks. This includes the identification, assessment, and hedging of exposures in close collaboration with individual business units. Risk management activities are governed by clearly defined policies that ensure segregation of duties among financial operations, settlements, and accounting functions, thereby enhancing accountability and reducing operational risk.

The Group's risk management policies and systems are subject to periodic review and updates to reflect shifts in market conditions, regulatory environments, and organizational priorities. Further strengthening the governance structure, the Group Internal Audit supports the Audit Committee in discharging its oversight responsibilities. Regular and ad-hoc audits are conducted to review the effectiveness of risk controls and procedures, with all significant findings and recommendations formally reported to the Audit Committee for appropriate action.

22.2 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

22.2.1 Trade Receivables

The government-controlled transmission licensee, Ceylon Electricity Board (CEB), is the sole customer of the service. Despite its financial position, this state entity has maintained a consistent credit record. Consequently, the Group has been able to reduce the debtor balance and collect interest on delayed payments from previous periods.

Credit exposure

Group As at 31 March 2026	Cash in Hand and at Bank	Trade and Other Receivables	Amount Due From Related Parties	Total	% of Allocation
	Rs.	Rs.	Rs.	Rs.	
Trade Receivable	-	204,177,822	-	204,177,822	23%
Advances and Prepayments	-	136,168,521	4,508,418	140,676,939	17%
Other Receivables	-	2,073,549	521,064,199	523,137,747	58%
Cash in Hand and at Bank	25,555,751	-	-	25,555,751	2%
Total credit risk exposure	25,555,751	342,419,892	525,572,617	893,548,260	100%

Company As at 31 March 2026	Cash in Hand and at Bank	Trade and Other Receivables	Amount Due From Related Parties	Total	% of Allocation
	Rs.	Rs.	Rs.	Rs.	
Trade Receivable	-	10,305,816	773,296	11,079,112	1%
Advances and Prepayments	-	2,011,649	738,021	2,749,670	0%
Other Receivables	-	-	1,048,042,107	1,048,042,107	99%
Cash in Hand and at Bank	1,250,196	-	-	1,250,196	0%
Total credit risk exposure	1,250,196	12,317,464	1,049,553,425	1,063,121,085	100%

Group As at 31 March 2025	Cash in Hand and at Bank	Trade and Other Receivables	Amount Due From Related Parties	Total	% of Allocation
	Rs.	Rs.	Rs.	Rs.	
Trade Receivable	-	153,750,042	24,892,191	178,642,233	16%
Advances and Prepayments	-	198,690,338	-	198,690,338	18%
Other Receivables	-	-	609,152,226	609,152,226	54%
Cash in Hand and at Bank	140,321,164	-	-	140,321,164	12%
Total credit risk exposure	140,321,164	352,440,380	634,044,417	1,126,805,961	100%

Company As at 31 March 2025	Cash in Hand and at Bank	Trade and Other Receivables	Amount Due From Related Parties	Total	% of Allocation
	Rs.	Rs.	Rs.	Rs.	
Trade Receivable	-	11,966,510	24,864,351	36,830,862	3%
Advances and Prepayments	-	165,758,304	-	165,758,304	18%
Other Receivables	-	-	713,331,581	713,331,581	78%
Cash in Hand and at Bank	3,065,603	-	-	3,065,603	0%
Total credit risk exposure	3,065,603	177,724,814	738,195,932	918,986,350	100%

22.2.2 Short Term deposits

Credit risk refers to the potential loss arising from counterparties' failure to fulfil their contractual obligations. The credit risk of cash & cash equivalents is managed by the Group Treasury Division in accordance with the Group established guidelines. The Group Treasury Division ensures the short-term deposits, surplus funds are held with banks & financial institution counterparties, with good reputations & credit ratings. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

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The Group held cash in hand and at bank equivalents of LKR. 26 Mn on 31 March 2026 which represents its maximum credit exposure on these assets.

Respective credit ratings of banks which group cash balances held are as follows;

Rating	Group		Company	
	Rs.	%	Rs.	%
A	48,200	0%	-	0%
A-	25,078,481	100%	1,030,196	100%
Total	25,126,681	100%	1,030,196	100%

As at 31 March 2026, deposits were made with Banks respectively which were rated "AA-" or better.

22.3 Liquidity Risk

Liquidity risk relates to the Company's ability to meet its financial obligations as they become due. The Company manages liquidity risk by maintaining adequate cash reserves, maintaining committed credit lines with reputable financial institutions, and closely monitoring its cash flow requirements. The Group also maintains a conservative approach to debt financing to ensure sufficient liquidity is available to meet its short-term and long-term obligations.

The Group assessed the concentration of risk with respect to restructuring its debt and concluded it to be satisfying since total liquid asset over liabilities show a considerable increase compared to the previous year.

Group Treasury receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of projected cash flows arising from projected future business.

Group Treasury meets the liquidity needs of business units and subsidiaries through central cash management to cover any short-term fluctuations and longer-term funding to address any structural liquidity needs. The Group Treasury monitors cash flows at the subsidiary and Group levels and secures sufficient bank facilities to meet funding needs. Constant communication about financing needs between banks ensures that availability within borrower limits is optimized by efficiently reallocating underutilized capacities within the Company.

The monthly liquidity position is monitored by the Group Treasury. All liquidity policies and procedures are subject to review and approval by the Board of Directors. These reports cover the liquidity position of both the Group and its operating subsidiaries.

22.3.1 Maturity Analysis

Risk arises from movements in interest rates which could affect the Group's financial results. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. Such fluctuations can affect the Group's profitability, making it essential to monitor and manage this risk effectively.

The following table demonstrates the sensitivity to change in interest rates, with all other variables held constant, of the Group profit before tax (PAT).

The Group manages interest rate risk through various strategies aimed at minimizing the potential adverse effects of interest rate movements costs through effective negotiations with banks to restructuring of the existing debt to take advantage of favorable interest rate environments, thereby reducing overall interest expense.

Rating	Effect on Comprehensive Income Statement	
	2026 Rs.	2025 Rs.
+1%	15,374,024	17,494,999
-1%	(15,374,024)	(17,494,999)

22.5 Maturity Analysis

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments. Delay in counter-party settlement from CEB has resulted in an increase in short-term borrowings

Group As at 31 March 2026	On Demand Rs.	Less than 3 months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	> 5 Years Rs.	Total Rs.
Long Term Loans	-	191,530,753	276,542,260	780,729,429	288,600,000	1,537,402,443
Trade & Other Payables	-	11,572,635	92,274,480	-	-	103,847,116
Lease Liabilities	-	1,533,117	4,657,505	24,862,262	56,931,968	87,984,852
Bank Overdrafts	61,488,775	-	-	-	-	61,488,775
Total	61,488,775	204,636,505	373,474,245	805,591,691	345,531,968	1,790,723,183

Company As at 31 March 2026	On Demand Rs.	Less than 3 months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	> 5 Years Rs.	Total Rs.
Long Term Loans	-	4,185,928	12,557,785	63,555,580	-	80,299,294
Trade & Other Payables	-	5,922,615	1,565,370,240	-	-	1,571,292,855
Lease Liabilities	-	902,295	2,831,597	13,440,131	-	17,174,023
Bank Overdrafts	35,939,400	-	-	-	-	35,939,400
Total	35,939,400	11,010,838	1,580,759,622	76,995,711	-	1,704,705,571

Group As at 31 March 2025	On Demand Rs.	Less than 3 months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	> 5 Years Rs.	Total Rs.
Long Term Loans	-	60,306,217	306,372,083	969,288,032	405,059,292	1,741,025,623
Trade & Other Payables	-	40,803,340	11,939,574	37,052,732	-	89,795,646
Short Term Loans	-	4,237,082	4,237,082	-	-	8,474,164
Lease Liabilities	-	379,958	1,899,791	11,914,658	58,896,162	73,090,569
Bank Overdrafts	28,507,902	-	-	-	-	28,507,902
Total	28,507,902	105,726,597	324,448,530	1,018,255,421	463,955,454	1,940,893,903

NOTES TO THE FINANCIAL STATEMENTS

Company As at 31 March 2025	On Demand	Less than 3 months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Long Term Loans	-	2,640,719	13,878,095	70,567,402	8,559,293	95,645,508
Trade & Other Payables		145,859,635	337,846,631	788,694,881	-	1,272,401,146
Lease Liabilities	-	-	-	-	-	-
Bank Overdrafts	21,429,614					21,429,614
Total	21,429,614	148,500,354	351,724,726	859,262,283	8,559,293	1,389,476,269

22.6 Capital Management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Board of Directors reviews the capital structure of the companies in the Group on a periodic basis. The Group manages its capital structure and adjusts in light of the changes in ground realities.

The Group's commitment to maintaining a strong capital structure is evident from the improvement in gearing ratios over the past year. Effective debt management and prudent financial strategies have contributed to reducing the Group's reliance on debt, thereby enhancing financial stability and supporting business growth. The ongoing focus on maintaining healthy capital ratios and a strong credit rating will continue to be pivotal in maximizing shareholder value and sustaining long-term success.

Ratio	Group		Company	
	2026	2025	2026	2025
Gearing Ratio Ratio	39%	45%	5%	5%

23. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

SHARE INFORMATION

NUMBER OF SHARES IN ISSUE

Ordinary Voting	335,000,086
Ordinary Non-Voting	52,000,000

STOCK SYMBOL

Ordinary Voting	LPL N 000
Ordinary Non-Voting	LPL X 000

Listed in the Diri Savi Board of the Colombo Stock Exchange

SHARE PRICES FOR THE YEAR

LPL N	As at 31.03.2026	Date	As at 31.03.2025	Date
Market price per share				
Highest during the year	Rs. 24.70	09/09/2025	Rs. 14.00	27/12/2024
Lowest during the year	Rs. 10.00	09/03/2026	Rs. 8.40	04/04/2024
As at end of year	Rs. 11.00	31/03/2026	Rs. 11.30	28/03/2025

LPL N	As at 31.03.2025	As at 31.03.2024
Number of Transactions during the year	13,980	3,090
Number of Shares Traded during the year	47,687,195	12,545,679
Value of Shares Traded during the year	Rs. 767,428,586.80	Rs. 140,683,074.00

LPL X	As at 31.03.2026	Date	As at 31.03.2025	Date
Market price per share				
Highest during the year	Rs. 17.70	09/09/2025	Rs. 10.10	13/12/2024
Lowest during the year	Rs. 7.20	09/04/2025	Rs. 6.70	18/09/2024
As at end of year	Rs. 9.10	31/03/2026	Rs. 8.10	28/03/2025

LPL X	As at 31.03.2026	As at 31.03.2025
Number of Transactions during the year	9,056	1,948
Number of Shares Traded during the year	22,844,713	2,040,273
Value of Shares Traded during the year	Rs. 273,850,147.90	Rs. 17,369,645.70

Public Holding

1. The Public Holding Percentage as at 31 March 2026 being 25.55%
2. Total number of shareholders who hold the Public Holdings as at 31 March 2026 – 8,617
3. The Float adjusted market capitalisation as at 31 March 2026 - Rs. 941,689,100.00

The Float adjusted market capitalisation of the Company falls under Option 2 (Diri Savi Board) of Rule 7.13.1(i) (b) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

SHARE INFORMATION

Share Distribution as at 31 March 2026

LPL N

From	To	No. of Holders	No. of Shares	%
1	- 1,000	6,929	2,345,836	0.70
1,001	- 10,000	1,344	4,662,369	1.39
10,001	- 100,000	300	9,526,810	2.84
100,001	- 1,000,000	39	9,811,310	2.93
Over 1,000,000		5	308,653,761	92.14
		8,617	335,000,086	100.00

LPL X

From	To	No. of Holders	No. of Shares	%
1	- 1,000	4,964	1,576,334	3.03
1,001	- 10,000	1,059	3,304,627	6.35
10,001	- 100,000	226	6,844,909	13.16
100,001	- 1,000,000	33	9,292,271	17.87
Over 1,000,000		3	30,981,859	59.58
		6,285	52,000,000	100.00

Analysis of Shareholders as at 31 March 2026

LPL N

From	No. of Holders	No. of Shares	%
Local Individuals	8,420	21,042,673	6.28
Local Institutions	159	313,574,993	93.60
Foreign Individuals	35	227,714	0.07
Foreign Institutions	3	154,706	0.05
	8,617	335,000,086	100.00

LPL X

From	No. of Holders	No. of Shares	%
Local Individuals	6,135	15,565,786	29.93
Local Institutions	120	35,852,971	68.95
Foreign Individuals	28	492,544	0.95
Foreign Institutions	2	88,699	0.17
	6,285	52,000,000	100.00

Director's Shareholding as at 31 March 2026**LPL N**

	No. of shares	%
Mr. W K H Wegapitiya	1,411,536	0.421
Mr. A R De Silva - CEO (Appointed w.e.f. 03.10.2025)	Nil	Nil
Mr. P M B Fernando	Nil	Nil
Mr. K R Goonesinghe	Nil	Nil
Prof. S P P Amaratunga	Nil	Nil
Mr. M A Wegapitiya (Appointed w.e.f. 09.10.2025)	Nil	Nil
Mr. P. D. H. Muthukumarana (Appointed w.e.f. 20.03.2026)	Nil	Nil

LPL X

	No. of shares	%
Mr. W K H Wegapitiya	Nil	Nil
Mr. A R De Silva - CEO (Appointed w.e.f. 03.10.2025)	Nil	Nil
Mr. P M B Fernando	Nil	Nil
Mr. K R Goonesinghe	Nil	Nil
Prof. S P P Amaratunga	Nil	Nil
Mr. M A Wegapitiya (Appointed w.e.f. 09.10.2025)	Nil	Nil
Mr. P. D. H. Muthukumarana (Appointed w.e.f. 20.03.2026)	Nil	Nil

Residency**LPL N**

Category	No. of shareholders	No. shares	%
Resident	8,579	334,617,666	99.88
Non Resident	38	382,420	0.12
Total	8,617	335,000,086	100

LPL X

Category	No. of shareholders	No. shares	%
Resident	6,255	51,418,757	98.88
Non Resident	30	581,243	1.12
Total	6,285	52,000,000	100

SHARE INFORMATION

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY - VOTING

Ref.	Name	31 March 2026		31 March 2025	
		Shares	%	Shares	%
1	LAUGFS HOLDINGS LTD	247,980,050	74.024%	247,980,050	74.024%
2	EMPLOYEE'S PROVIDENT FUND	41,331,967	12.338%	57,897,800	17.283%
3	PEOPLE S LEASING AND FINANCE PLC/SUHADA GAS DISTRIBUTORS (PVT) LTD	11,379,894	3.397%	-	-
4	ALMAS HOLDINGS (PRIVATE) LIMITED	6,550,314	1.955%	-	-
5	MR. W.K.H. WEGAPITIYA	1,411,536	0.421%	1,411,536	0.421%
6	ASSETLINE FINANCE PLC/SUHADA GAS DISTRIBUTORS (PVT) LTD	845,698	0.252%	-	-
7	MR. G.Y.N. MAHINKANDA	814,575	0.243%	814,575	0.243%
8	MR. W.A.S.P. DE SARAM	631,886	0.189%	-	-
9	HATTON NATIONAL BANK PLC/ALMAS HOLDINGS (PRIVATE) LIMITED	625,068	0.187%	224,440	0.067%
10	SENKADAGALA FINANCE PLC/S.GOBINATH	466,000	0.139%	225,000	0.067%
11	PEOPLE'S LEASING & FINANCE PLC/DR.H.S.D.SOYSA & MRS.G.SOYSA	425,298	0.127%	718,821	0.215%
12	MACKSONS HOLDINGS (PVT) LTD	414,625	0.124%	1,011,649	0.302%
13	SENKADAGALA FINANCE PLC	393,898	0.118%	-	-
14	DIALOG FINANCE PLC/S.A.DE SILVA AND D.R.DE SILVA	342,931	0.102%	-	-
15	MR. D.S.R. DARANAKUMBURA	340,930	0.102%	-	-
16	MRS. H.N.R. BHARATI	269,993	0.081%	-	-
17	MR. W.G.M.J. BRITO	250,590	0.075%	-	-
18	THREAD CAPITAL (PRIVATE) LIMITED	230,100	0.069%	-	-
19	DR. A.R.S. FERNANDO	220,000	0.066%	-	-
20	MR. C.P.C.C.S. PEIRIS	202,291	0.06%	-	-
TOP 20 SHAREHOLDERS - SUB TOTAL		315,127,644	94.069%	310,283,871	92.622%
OTHERS		19,872,442	5.931%	24,716,215	7.378%
TOTAL		335,000,086	100.000%	335,000,086	100.000%

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY - NON-VOTING

Ref.	Name	31 March 2026		31 March 2025	
		Shares	%	Shares	%
1	HATTON NATIONAL BANK PLC/ALMAS HOLDINGS (PRIVATE) LIMITED	15,701,552	30.195	8,516,218	16.377
2	EMPLOYEE'S PROVIDENT FUND	12,669,820	24.365	18,041,300	34.695
3	PEOPLE'S LEASING AND FINANCE PLC/L.P.HAPANGAMA	2,610,487	5.020	2,958,972	5.69
4	PEOPLE'S LEASING & FINANCE PLC/MR.A.B.K. WEERAMAN	890,000	1.712	-	-
5	MR. A.M. WEERASINGHE	813,471	1.564	813,471	1.564
6	MR. M.A.M. AZLAM	725,603	1.395	-	-
7	PEOPLE'S LEASING & FINANCE PLC/L.H.L.M.PHARADASA	725,086	1.394	1,137,382	2.187
8	PEOPLE'S LEASING & FINANCE PLC/DR.H.S.D.SOYSA & MRS.G.SOYSA	706,903	1.359	906,903	1.744
9	SENKADAGALA FINANCE PLC/S.GOBINATH	381,500	0.734	-	-
10	MRS. S.D. AMARASINGHE	372,400	0.716	372,400	0.716
11	MRS. F.R. BUHARDEEN	315,936	0.608	315,936	0.608
12	MR. W.A.S.P. DE SARAM	310,601	0.597	-	-
13	MR. D.R. PONNAMPERUMA	300,000	0.577	-	-
14	MR. T.J. EMMANUEL	250,000	0.481	-	-
15	SENKADAGALA FINANCE PLC/L.A.J.F.MORAIS	232,553	0.447	-	-
16	MERCHANT BANK OF SRI LANKA & FINANCE PLC/H.M.C.B. MAWILMADA	228,325	0.439	189,625	0.365
17	SENKADAGALA FINANCE PLC/P.SELLADURAI	227,583	0.438	-	-
18	MR. L.K.T. LAKSHAN	218,663	0.421	-	-
19	MR. J.D. VITHANAGE	200,000	0.385	210,000	0.404
20	MR. D.A.M.K. PERERA	200,000	0.385	-	-
TOTAL - TWENTY MAJOR SHAREHOLDERS		38,080,483	73.232	44,761,825	64.353
OTHERS		13,919,517	26.768	7,238,175	35.647
TOTAL		52,000,000	100.000	52,000,000	100.000

REAL ESTATE PORTFOLIO

Company	Plant Name	Location	Land (Acres)		Building area (Sq. Ft)	No of building
			Free hold	Lease Hold		
Anorchi Lanka (Pvt) Ltd	10 MW Anorchi Lanka SPP	Baruthankanda, Hambanthota		45	5,835	6
Iris Eco Power Lanka (Pvt) Ltd	10 MW Iris Eco Power Lanka SPP	Baruthankanda, Hambanthota		45	5,835	6
	1 MW Embilipitiya 3 SPSPII SPP	Hingura, Embilipitiya		4.68	160	1
LAUGFS Power PLC	1 MW Embilipitiya 2 SPSPII SPP	Hingura, Embilipitiya		5	800	2
	0.5 MW Ranmudu Oya Phase I MHP	Pambagolla, Balangoda		1.48	2,400	2
	0.55 MW Ranmudu Oya Phase III MHP	Pidaligannawala, Balangoda	0.67		1,440	1
Ginigathena Thiniyagala Mini Hydropower (Pvt) Ltd	0.7 MW Ginigathena Thiniyagala MHP	Thiniyagala, Ginigathhena	0.98		860	2
Pams Power (Pvt) Ltd	2 MW Kehelgamuwa Oya II MHP	Dagampitiya, Ginigathhena	0.6	2.16		1
Manthai Wind Power (Pvt) Ltd	-	Manthai	172			

FIVE YEAR SUMMARY - GROUP

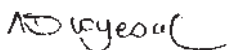
For the year ended 31 March	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
SUMMARY OF OPERATIONS					
Revenue	1,027,698,539	968,662,275	967,670,263	1,272,807,006	765,235,487
Gross Profit	709,761,552	644,536,985	626,096,176	922,507,819	401,755,395
Operating Profit/(Loss)	-699,236,821	486,095,002	462,467,265	563,025,875	574,963,585
EBITDA	-444,227,155	741,446,695	731,205,298	871,677,567	895,952,669
Profit Before Tax	-918,930,038	-67,569,656	89,614,098	407,868,989	476,605,671
Profit After Tax	-902,870,634	-113,614,494	51,977,819	250,026,440	460,752,295
Attributable to:					
Equity Holders of the Parent	-902,870,634	-113,614,494	51,977,819	250,026,440	460,752,295
Non-Controlling Interests					
Total	-902,870,634	-113,614,494	51,977,819	250,026,440	460,752,295
SUMMARY OF FINANCIAL POSITION					
Stated Capital	1,880,000,000	1,880,000,000	1,880,000,000	1,880,000,000	1,880,000,000
Retained Earnings	164,128,664	49,498,864	101,515,157	349,665,873	807,645,855
Equity attributable to Equity Holders of the Parent	2,044,128,664	1,929,498,864	1,981,515,157	2,229,665,858	2,687,645,855
Non-Controlling Interests					
Total Equity	2,044,128,664	1,929,498,864	1,981,515,157	2,229,665,858	2,687,645,855
ASSETS & LIABILITIES					
Property, Plant and Equipment	3,840,117,493	3,593,306,297	3,341,875,458	3,071,947,058	3,573,254,399
Other Non-Current Assets	94,619,463	87,383,309	94,489,302	88,782,272	99,035,151
Current Assets	709,888,993	1,252,961,140	892,335,923	1,128,539,123	895,232,302
Non-Current Liabilities	1,889,040,654	2,239,200,350	1,825,810,856	1,534,016,356	1,306,179,010
Current Liabilities	711,456,631	764,951,532	521,374,671	525,586,240	573,696,987
Net Assets	2,044,128,664	1,929,498,864	1,981,515,157	2,229,665,857	2,687,645,855
SUMMARY OF CASHFLOWS					
Net Operating Cashflows	436,383,033	-104,351,323	1,007,582,797	92,005,896	296,531,814
Net Cash (used in) /From Investing Activities	-374,563	281,614	13,786,021	-49,882,914	-216,409,148
Net Cash (used in)/From Financing Activities	-436,409,485	139,803,189	-665,933,135	-329,987,211	-227,868,952
Net Increase/(Decrease) in Cash and Cash Equivalent	-401,014	35,733,480	355,435,683	-287,864,229	-147,746,286
FINANCIAL RATIO					
Gross Profit Margin	69%	67%	65%	72%	53%
Net Profit Margin	-88%	-12%	5%	20%	60%
Earnings Per Share (EPS)	-2.33	-0.29	0.13	0.65	1.19

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE 9TH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD BY WAY OF VIRTUAL ON 29TH SEPTEMBER 2026 AT 10.30 A.M. CENTERED AT THE BOARDROOM, OF LAUGFS HEAD OFFICE, NO. 101, MAYA AVENUE, COLOMBO 06.

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31st March 2026 and the Report of the Auditors thereon.
2. To re-elect Prof. S.P.P.Amaratunge, who retires by rotation in terms of Article 26(6) of the Articles of Association, as a Director of the Company;
3. To re-appoint as a Director, Mr. M.A.Wegapitiya who was appointed during the year in terms of Article 25 (2) of the Articles of Association of the Company
4. To re-appoint as a Director, Mr. P.D.H.Muthukumarana who was appointed during the year in terms of Article 25 (2) of the Articles of Association of the Company
5. To re-appoint as a Director, Mr. A.R. De Silva who was appointed during the year in terms of Article 25 (2) of the Articles of Association of the Company
6. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.
7. To authorise the Directors to determine and make donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.

By Order of the Board
LAUGFS POWER PLC



P W Corporate Secretarial (Pvt) Ltd
Director/Secretaries

At Colombo

5th September 2026

Notes:

1. A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy enclosed herewith.
2. A proxy need not be a shareholder of the Company.
3. Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.
4. For more information on how to participate by virtual means in the above virtual meeting, please refer Registration Process enclosed herewith.

FORM OF PROXY VOTING

*I/We..... holder of NIC No.....
of..... being a *Shareholder/ Shareholders of LAUGFS Power PLC, do hereby appoint
.....
holder of NIC No of or failing him/her

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. M.A. Wegapitiya	of Colombo or failing him
Mr. P.D.H. Muthukumarana	of Colombo or failing him
Mr. P. M. B. Fernando	of Colombo or failing him
Prof. S.P.P. Amaratunge	of Colombo or failing him
Mr. K.R. Goonesinghe	of Colombo or failing him
Mr. A.R De Silva	of Colombo

as *my/our proxy to represent me/us to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 29th September, 2026 at 10.30 A.M. and any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31 March 2026 and the Report of the Auditors thereon.		
2. To re-elect Prof. S.P.P.Amaratunge who retires by in terms Article 26(6) of the Articles of Association, as a Director of the Company.		
3. To re-appoint as a Director, Mr. M.A.Wegapitiya who was appointed during the year in terms of Article 25 (2) of the Articles of Association of the Company		
4. To re-appoint as a Director, Mr. P.D.H.Muthukumarana who was appointed during the year in terms of Article 25 (2) of the Articles of Association of the Company		
5. To re-appoint as a Director, Mr. A.R.De Silva who was appointed during the year in terms of Article 25 (2) of the Articles of Association of the Company		
6. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.		
7. To authorise the Directors to determine and make donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.		

Signed this..... day of Two Thousand and Twenty Six.

.....
Signature

- 1) *Please delete the inappropriate words.
- 2) Instructions as to completion are noted on the reverse thereof.

INSTRUCTIONS AS TO COMPLETION

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. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed 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 on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
3. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
4. To be valid, the completed Form of Proxy must be deposited with the Company Registrars, Central Depository Systems (Pvt) Ltd, Ground Floor, M & M Center, 341/5, Kotte Road, Rajagiriya, Sri Lanka. or must be emailed to agm_egm_registrars@cse.lk by 10.30a.m on or before 27th September 2026.

FORM OF PROXY NON-VOTING

*I/We..... holder of NIC No.....
of..... being a *Shareholder/ Shareholders of LAUGFS Power PLC, do hereby appoint
.....
holder of NIC No of or failing him/her

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. M.A. Wegapitiya	of Colombo or failing him
Mr. P.D.H. Muthukumarana	of Colombo or failing him
Mr. P. M. B. Fernando	of Colombo or failing him
Prof. S.P.P. Amaratunge	of Colombo or failing him
Mr. K.R. Goonesinghe	of Colombo or failing him
Mr. A.R De Silva	of Colombo

as *my/our proxy to represent me/us at the Annual General Meeting of the Company to be held on 29th September 2026 at 10.30 A.M and any adjournment thereof.

Signed this..... day of Two Thousand and Twenty Six.

.....
Signature

- 1) *Please delete the inappropriate words.
- 2) Instructions as to completion are noted on the reverse thereof.

CORPORATE INFORMATION

NAME OF THE COMPANY

LAUGFS Power PLC (A Subsidiary of LAUGFS Holdings Limited)

COMPANY REGISTRATION NO.

PB 1595 PQ

LEGAL FORM

A Limited Liability company listed in the Colombo Stock Exchange

SUBSIDIARIES

Anorchi Lanka (Pvt) Ltd
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd
Iris Eco Power Lanka (Pvt) Ltd
PAMS Power (Pvt) Ltd
Sustainable Energy Developers (Pvt) Ltd.
Manthai Wind Power (Pvt) Ltd.

PARENT ENTERPRISE

The Company's holding Company and controlling entity is LAUGFS Holdings Limited, which is incorporated in Sri Lanka.

BOARD OF DIRECTORS

Mr. W.K.H.Wegapitiya (Group Chairman)
Mr. M.A Wegapitiya (Group Executive Vice Chairman)
Mr. P.D.H. Muthukumarana (Acting Group Managing Director / Group Executive Director)
Mr. P. M. B. Fernando
Prof. S.P.P. Amaratunge
Mr. K.R. Goonesinghe
Mr. A.R De Zilva

BANKERS

Commercial Bank of Ceylon PLC.
DFCC Bank PLC.
Hatton National Bank PLC.
Sampath Bank PLC.
Peoples Bank.

AUDITORS

Ernst & Young.
(Chartered Accountants)
Rotunda Towers, No. 109,Galle Road,
Colombo 03,
Sri Lanka.

SECRETARIES

P W Corporate Secretarial (Pvt) Ltd.
3/17, Kinsey Road, Colombo 08,
Sri Lanka.

REGISTRARS

Central Depository Systems (Pvt) Ltd
Ground Floor, M & M Center,
341/5, Kotte Road, Rajagiriya,
Sri Lanka.

REGISTERED OFFICE

101, Maya Avenue,
Colombo 06,
Sri Lanka.

CORPORATE WEBSITE

www.LAUGFS.lk

FEEDBACK

In its endeavour to continuously improve its reporting processes, LAUGFS Power PLC welcomes feedback on the effectiveness of this report.
Any feedback and queries should be directed to:

Senior Legal Officer

LAUGFS Power PLC
101, Maya Avenue
Colombo 06.
Contact No. 011 556 8257



www.laugfs.lk