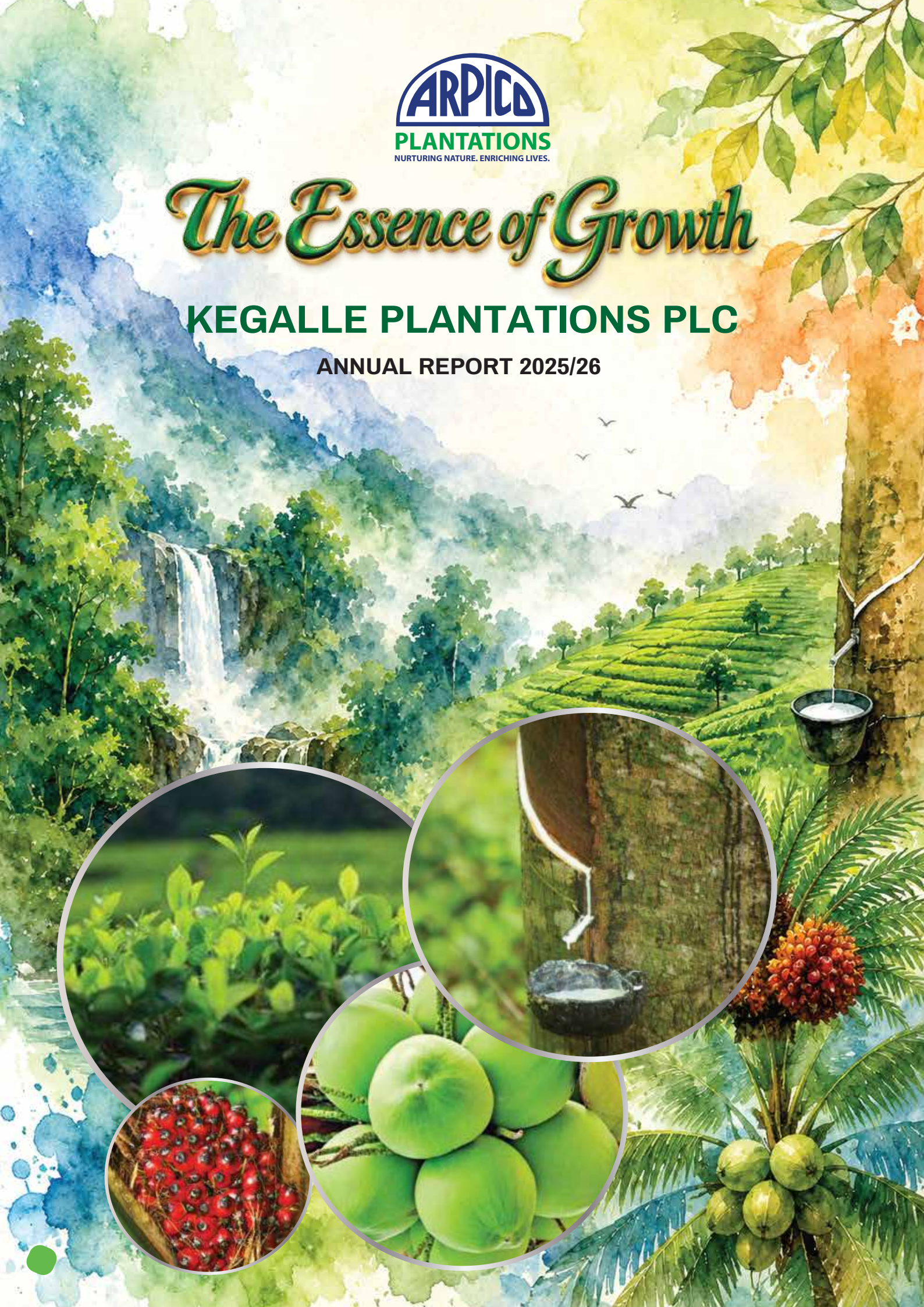
ARPICO
PLANTATIONS
NURTURING NATURE. ENRICHING LIVES.

# The Essence of Growth

# KEGALLE PLANTATIONS PLC

## ANNUAL REPORT 2025/26



**Accessible to All. Growing Together.**

As part of our continued commitment to accessibility, inclusion and meaningful stakeholder engagement, Kegalle Plantations PLC has introduced a Braille edition containing selected information from the Annual Report 2025/26 to ensure that visually impaired stakeholders can access and engage with key information about our performance, people, sustainability journey and future direction.

The Braille edition includes:

- Key financial and operational highlights of the year
- Key environmental and sustainability information
- Our priorities and outlook for sustainable growth

By making our corporate communications more accessible, we seek to foster a more inclusive and equitable stakeholder environment, where everyone can be informed, valued and meaningfully connected to our journey.

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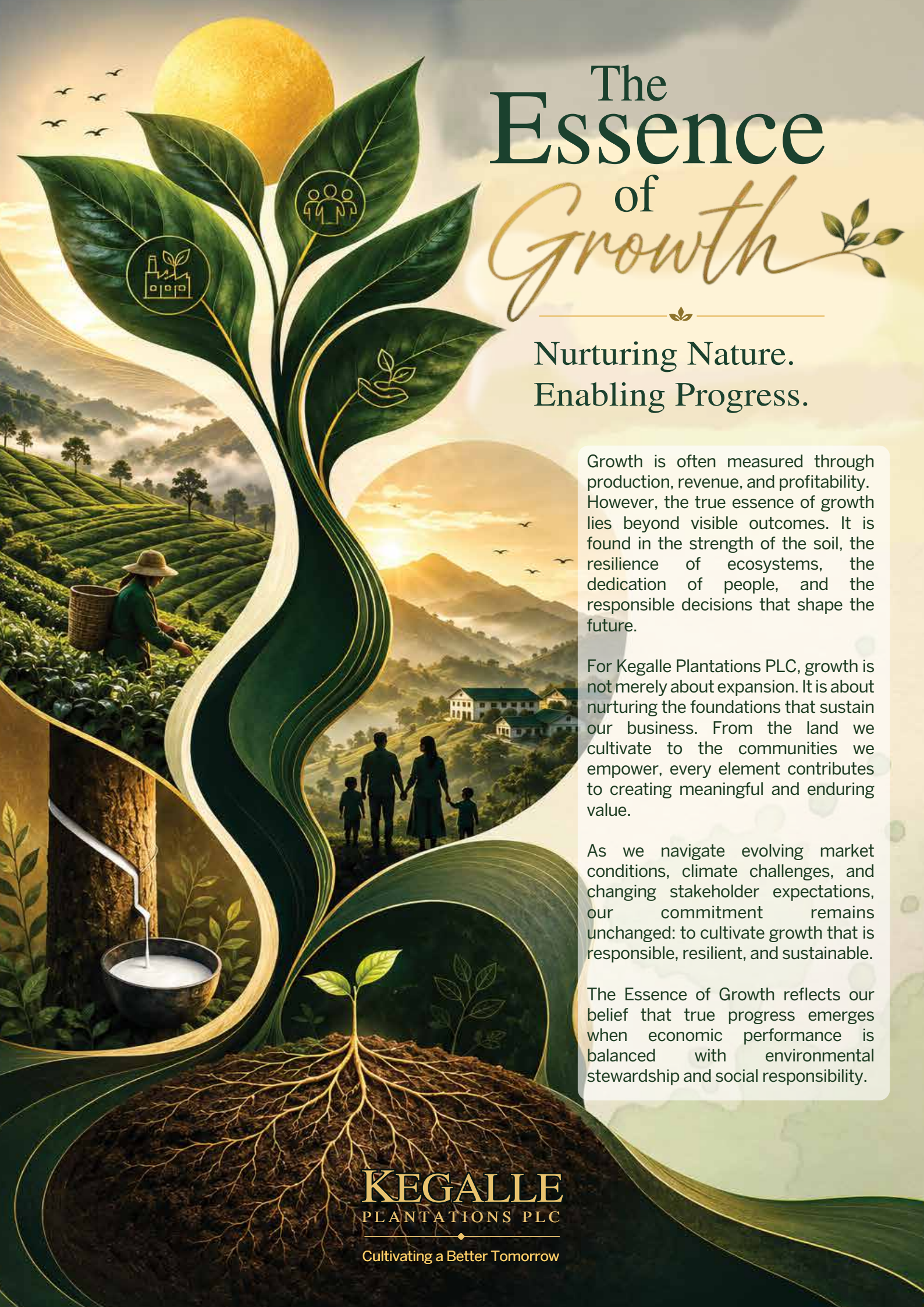

# The Essence of Growth

## Nurturing Nature. Enabling Progress.

Growth is often measured through production, revenue, and profitability. However, the true essence of growth lies beyond visible outcomes. It is found in the strength of the soil, the resilience of ecosystems, the dedication of people, and the responsible decisions that shape the future.

For Kegalle Plantations PLC, growth is not merely about expansion. It is about nurturing the foundations that sustain our business. From the land we cultivate to the communities we empower, every element contributes to creating meaningful and enduring value.

As we navigate evolving market conditions, climate challenges, and changing stakeholder expectations, our commitment remains unchanged: to cultivate growth that is responsible, resilient, and sustainable.

The Essence of Growth reflects our belief that true progress emerges when economic performance is balanced with environmental stewardship and social responsibility.

KEGALLE
PLANTATIONS PLC

Cultivating a Better Tomorrow

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*" We continue to navigate challenges with discipline and resilience, while investing in a stronger and more sustainable future."*


**Chairman's Message**
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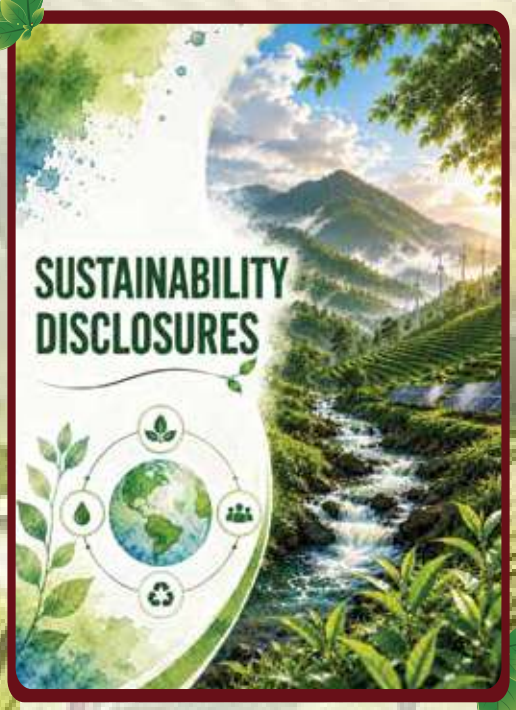


*"We integrate environmental stewardship, social responsibility and responsible governance into our operations, protecting natural resources, empowering communities and creating sustainable long-term value."*


**Sustainability Disclosures**
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*"Advancing our sustainability reporting journey through the voluntary early adoption of SLFRS S1 and SLFRS S2, ahead of their mandatory effective date, reinforcing our commitment to transparency, accountability and future-ready disclosures."*

**SLFRS Sustainability-Related Financial Disclosures**

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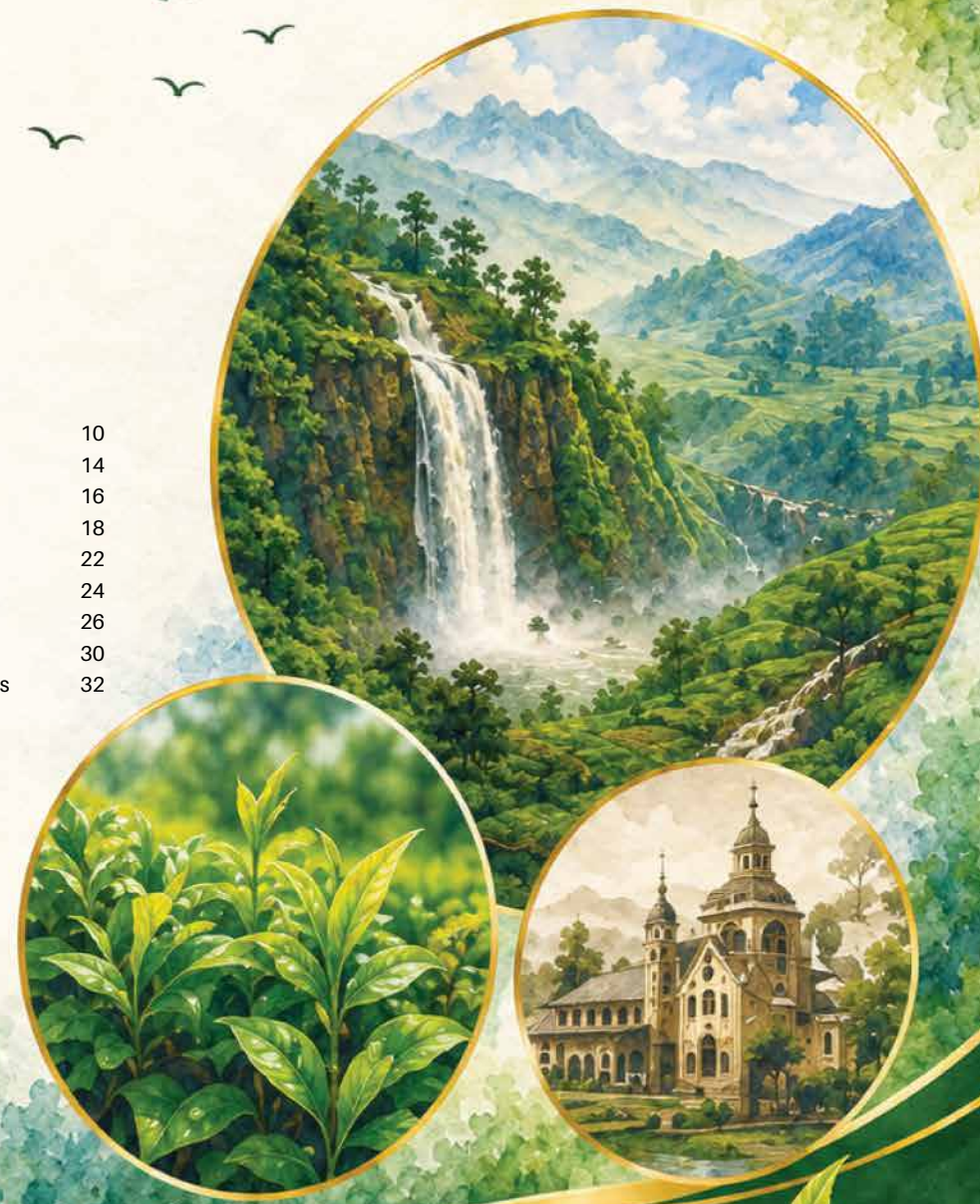
# 01

# ROOTED IN PURPOSE

**Our heritage, people and plantations form the foundations from which enduring growth begins.**



**COMPANY OVERVIEW**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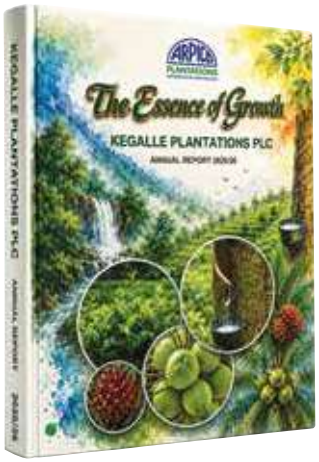
# Welcome to Our 2nd Integrated Annual Report




**Kegalle Plantations PLC presents its 2nd Integrated Annual Report in accordance with the International Framework of the International Integrated Reporting Council (IIRC), which also marks its 31st Annual Report for the financial year ended 31 March 2026.**

**Scan to View** : FLIP PDF Version

The report highlights KPPLC's commitment to transparent, stakeholder-focused reporting, prepared in line with the GRI Standards, and aligned with the UN SDGs. It integrates financial and non-financial information to show how the Company creates and sustains value across six capitals; financial, manufactured, intellectual, human, social and relationship, and natural, while demonstrating the link between its strategy, governance, performance, and sustainability within the broader operating context.

This Report reflects on:

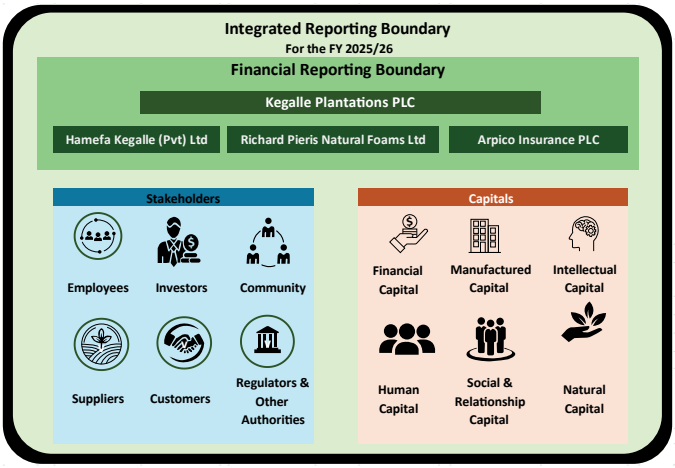
- The value creation model of Kegalle Plantations PLC, demonstrating how different forms of capital are combined to sustain and enhance value creation across the short, medium, and long term within the plantation sector.
- The governance, risk management, and sustainability frameworks that guide responsible plantation management, ethical business conduct, and resilience in a dynamic operating environment.
- The financial and operational performance of the Company, together with its commitment to sustainable agricultural practices, climate resilience, biodiversity conservation, and the well-being and empowerment of its workforce and surrounding communities.

## Scope and Boundary

GRI: 2-2, 2-3

The reporting period covers 1 April 2025 to 31 March 2026, adhering to our established annual cycle for both financial and sustainability disclosures. This report serves as a continuation of our previous Annual Report (FY 2024/25). The previous Annual Report was published on 29th August 2025 and this report was published on 31st August 2026. All information presented relates to the Group unless specified otherwise. Importantly, no significant changes occurred regarding the Group's structure, size, or supply chain, and there are no material restatements from the previous year's report.

The scope of this Integrated Annual Report encompasses Kegalle Plantations PLC (KPPLC) and its subsidiary as indicated below.




## Materiality and Stakeholder Engagement

The scope and boundary of the report have been determined based on the principle of materiality, with inputs from key stakeholders and internal assessments. Issues deemed to have a significant impact on our ability to create value were prioritized and are addressed throughout the report.

Actively interacting with a wide range of stakeholders, including shareholders, staff members, local communities, customers, suppliers, regulators, and environmental organizations, helps us identify our material subjects. Surveys, interviews, focus groups, community forums, and continuous communication all year round are examples of engagement techniques. Our materiality matrix is regularly reviewed and updated to take into account new developments, modifications to regulations, and shifting stakeholder priorities.

## Our Target Audience

Our Annual Report is prepared for a wide range of stakeholders who have a legitimate interest in our performance, strategy and future direction. We are committed to transparent communication and value the ongoing engagement with our stakeholders.




## Reporting Improvements

KPPLC strengthened its commitment to transparent and value-driven reporting by further integrating financial, sustainability, and strategic disclosures. The Company continued to align with the Global Reporting Initiative (GRI) Standards and progressed in the gradual adoption of IFRS S1 and S2, enhancing sustainability and climate-related disclosures in line with evolving international standards. Material topics were re-evaluated and refined to sharpen the focus on environmental impacts. Additionally, the voluntarily established Sustainability Committee presented its first report this year, further reinforcing governance oversight and accountability.

## Accessibility - Braille Version

Kegalle Plantations PLC is committed to improving the accessibility and inclusiveness of its corporate reporting. During the reporting period, the Company commenced the process of making selected Annual Report information available in Braille format to support access to corporate information by visually impaired stakeholders. This initiative forms part of the Company's broader commitment to inclusive communication and equitable access to information. The Company will progressively evaluate and expand the availability of Braille-format content based on stakeholder needs and practical requirements.Standards and progressed in the gradual adoption of IFRS S1 and S2, enhancing sustainability and climate-related

## Compliance and Reporting Framework

This report has been prepared with reference to the following standards and frameworks:

| Reporting Area | Applicable Standards, Legislation and Frameworks |
|---|---|
| Integrated / Corporate Reporting | ◈ Integrated Reporting Framework |
| Financial Reporting | ◈ Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRSs) and Sri Lanka Accounting Standards (LKASs) issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)<br>◈ Companies Act No. 07 of 2007<br>◈ Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 |
| Corporate Governance & Regulatory Reporting | ◈ Listing Rules of the Colombo Stock Exchange (CSE)<br>◈ Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka<br>◈ Applicable requirements of the Securities and Exchange Commission of Sri Lanka |
| Sustainability-related Financial Disclosures | ◈ SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information<br>◈ SLFRS S2 – Climate-related Disclosures |
| Sustainability Reporting & Global Frameworks | ◈ GRI Standards<br>◈ United Nations Sustainable Development Goals (UN SDGs)<br>◈ Sustainability Accounting Standards Board (SASB) - Sustainability Accounting Standard for Agricultural Products<br>◈ Sri Lanka Auditing Standards (SLAuSs)<br>◈ Sri Lanka Standard on Assurance Engagements (SLSAE) 3000 – Assurance Engagements Other than Audits or Reviews of Historical Financial Information, where applicable<br>◈ Other applicable assurance standards relevant to specific sustainability/GHG engagements |

## Restatement of Information

GRI : 2-4

Certain comparative information presented for the financial year 2024/25 has been restated to ensure consistency with the GHG Protocol Corporate Accounting and Reporting Standard and to improve the accuracy and comparability of the Group's greenhouse gas (GHG) emissions disclosures.

The restatement relates to the recalculation of the prior-year GHG emissions following a review of the underlying activity data, emission factors and calculation methodology applied in accordance with the GHG Protocol. Accordingly, the previously reported GHG emissions figures for 2024/25 have been revised and presented on a consistent basis with the current reporting period.

## External Audit and Assurance

GRI : 2-5

The financial statements presented in this Annual Report have been independently audited by Ernst & Young, in accordance with Sri Lanka Auditing Standards, ensuring accuracy and compliance. Our sustainability disclosures have, for the first time this year, received external assurance by Deloitte, further reinforcing their credibility and reliability.

| Reporting / Disclosure Area | Nature & Level of Assurance | Independent Assurance Provider | Governance Oversight | Annual Report Reference |
|---|---|---|---|---|
| Financial Statements | Reasonable assurance – Independent statutory audit in accordance with Sri Lanka Auditing Standards | Ernst & Young (EY) | Audit Committee / Board of Directors | 179 |
| SLFRS S1 & S2 Sustainability related Financial Disclosures | Limited assurance, to the extent covered by the independent assurance engagement | Deloitte | Audit Committee, with Sustainability Committee / management input | 59 |
| GRI Sustainability Disclosures | Limited assurance, for the disclosures/ indicators falling within the agreed assurance scope | Deloitte | Sustainability Committee | 254 |
| Greenhouse Gas (GHG) Inventory / Emissions Information | Independent verification / assurance, within the defined scope of the engagement | Control Union | Sustainability Committee | 125 |

## Future

Looking ahead, Kegalle Plantations PLC remains committed to sustainable growth and long-term value creation by embracing innovation, responsible resource management, and active stakeholder engagement. By proactively addressing emerging challenges and opportunities, the Company seeks to build a resilient and sustainable business that delivers lasting value to its stakeholders, safeguards natural capital, and contributes meaningfully to Sri Lanka's plantation sector.

This report contains forward-looking statements, which are subject to known and unknown risks and uncertainties. Actual results may differ materially due to various internal and external factors.

## Responsibility of the Board of Directors

The Board of Directors of Kegalle Plantations PLC is responsible for ensuring that the information presented in this Annual Report is accurate, complete, and reliable. They oversee the preparation of financial statements in accordance with applicable accounting standards and regulatory requirements. In addition, the Board monitors the reporting of non-financial information, including sustainability disclosures, to provide a clear and comprehensive view of the Company's performance. The Board remains committed to transparency, accountability, and the continuous enhancement of corporate reporting practices.

## Contact Information

GRI : 2-3

We hope this Annual Report provides a solid basis for informed decision-making and other constructive purposes. We welcome all feedback, including compliments and suggestions, regarding the report and encourage readers to share their comments with us.

**KEGALLE PLANTATIONS PLC**
No. 310, High Level Road,
Nawinna, Maharagama, Sri Lanka

**CONTACT**
Tel: +94 11 431 0500
Email: kpl.rpk@arpico.com

# MAKING OUR ANNUAL REPORT

## ACCESSIBLE BEYOND THE PRINTED PAGE

At Kegalle Plantations PLC, we believe that meaningful corporate reporting should be accessible, inclusive and engaging for everyone.

The Annual Report 2025/26 is therefore designed to reach our stakeholders through multiple formats and channels, enabling them to read, watch, listen, scan and engage with our story of sustainable value creation.




## WHO BENEFITS?

Our inclusive reporting approach is designed to support the information needs of our diverse stakeholder groups, including:

### SHAREHOLDERS & INVESTORS
Access financial performance, strategy, governance and value creation information.

### EMPLOYEES
Explore our people, workplace, development and sustainability initiatives.

### CUSTOMERS & BUSINESS PARTNERS
Understand our products, operations, responsible business practices and long-term commitments.

### COMMUNITIES
Learn about our contribution to estate communities, livelihoods and social development.

### REGULATORS & PUBLIC INSTITUTIONS
Access transparent information on our governance, compliance and environmental and social performance.

### WIDER PUBLIC & OTHER STAKEHOLDERS
Discover our business, sustainability journey and contribution to responsible plantation management.

## HOW WE DELIVER OUR STORY

### READ
**PRINTED ANNUAL REPORT**
Our comprehensive printed report presents our financial, operational, governance and sustainability performance.

### SCAN
**DIGITAL ANNUAL REPORT**
Scan the QR code to access the complete Annual Report 2025/26 digitally, providing convenient access across devices.

### WATCH
**COMPANY VIDEO**
Scan to watch an introduction to Kegalle Plantations PLC and experience our operations, people and journey through visual storytelling.

### LISTEN
**AUDIO REPORT**
Scan to listen to selected Annual Report content, offering an alternative way to engage with key information.

### READ IN BRAILLE
**BRAILLE ACCESS**
Selected Annual Report content is made available in Braille to support stakeholders who are visually impaired and promote more inclusive access to corporate information.

### ENGAGE
**CONNECT BEYOND THE REPORT**
Digital channels and interactive content allow stakeholders to explore our story in ways that extend beyond the traditional printed report.

## WHY WE DO THIS

### ACCESSIBILITY
To make important corporate and sustainability information available in formats that meet different accessibility needs.

### INCLUSIVITY
To ensure that our reporting reaches a wider range of stakeholders and does not depend on a single method of communication.

### CONVENIENCE
To allow stakeholders to access our information wherever and whenever they need it.

### ENGAGEMENT
To transform reporting from a static publication into an experience that stakeholders can read, watch and listen to.

### TRANSPARENCY
To strengthen open and accessible communication about our performance, impacts and sustainable value creation.

## SCAN. LISTEN. WATCH. READ. ENGAGE.

**DIGITAL ANNUAL REPORT**
Scan to Read

**COMPANY VIDEO**
Scan to Watch

**AUDIO REPORT**
Scan to Listen

**BRAILLE REPORT**
Read in Braille

**Our reporting is designed to make our story of sustainable value creation more accessible to everyone.**

# ABOUT US

## Company Profile

GRI: 2-1

The Sri Lankan Government, as part of its reform strategy for the Plantation Industry, opted to privatize this sector and established 22 regional Plantation Companies in June 1992. The Government subsequently allocated estates that were previously owned by it and overseen by JEDB/ SLSPC under a 53-year lease to these Companies. Additionally, distinct Management Agents were chosen to oversee the operations of each of these Companies.

Kegalle Plantations PLC (KPPLC) was among those Companies that received 21 Estates, encompassing a total land area of approximately 10,000 hectares across Kegalle, Kurunegala, and Badulla Districts. Out of this total land area, roughly 3,900 hectares are dedicated to Rubber cultivation, 1,300 hectares to Tea, and another 520 hectares to Coconut. The Company produces about 3 million kilograms of Rubber and 1.4 million kilograms of Tea, which includes crop purchased from external sources. It employs a workforce of 4,273 individuals.

RPK Management Services (Pvt) Limited (RPK) served as the Management Agent designated by the Government, and it was formed as a 50:50 joint venture between Richard Pieris & Company PLC and John Keels Holdings PLC. Towards the end of 1995, the company's ownership underwent some changes when the Government transferred 20% of its shares to the public and sold its majority stake of 50% to RPK Management Services (Pvt) Limited. During this same period, the Government bestowed 10% of shares upon more than 8,000 eligible employees. In May 1997, the Government completely divested from Kegalle Plantations PLC by offloading the remaining 19% of shares via the Colombo Stock Exchange (CSE). The Government possesses one share known as the Golden Share, which is held by the Secretary to the Treasury, granting the Government the designation of "Golden Share Holder" of the Company.

The Golden Shareholder possesses certain exclusive rights that differ from those of regular Shareholders, and these rights are outlined in the Company's Articles of Association. These clauses were also included in the prospectus that was provided to the public. Key clauses can be found in this Annual report under the section titled "Shareholder & Investor Information."

RPK also invested Rs. 50 million in convertible KPPLC debentures at the time it purchased 51% of the Company. The Company's share capital increased to Rs. 250 million in February 1998 when these debentures were converted into 5 million common shares, each worth Rs. 10/-. Richard Pieris & Company PLC acquired a 50% stake in RPK Management Services (Pvt) Limited from John Keels Holdings PLC in March 2004, thereby establishing RPK as a fully owned subsidiary. RPK was renamed RPC Management Services (Pvt) Limited as a result of the ownership transfer. In 2008, RPC Management Services (Pvt) Limited sold its stake in the business to RPC Plantation Management Services (Pvt) Limited. RPC Plantations Management Services (Pvt) Limited currently owns 79.68% of the Company.

## OUR VISION

- To seek excellence in all our pursuits.

## OUR MISSION

- To achieve excellence in the management of plantations by optimum utilization of resources.
- To enhance the quality of life of our employees and the neighboring villagers.
- To assure our shareholders optimum returns and to be an exemplary corporate citizen.

## OBJECTIVES

- We will endeavor to be the most technologically advanced producer of agricultural products and their value-added forms, by means of innovations and inventions through Research and Development.
- We seek to be acknowledged in Sri Lanka and Overseas as a Producer and Supplier of quality agricultural products and their derivatives through superior customer services.
- We will be a model employer in the plantation sector committed to achieve Leadership in every sphere of business activity.
- We will provide our employee with the necessary training to enhance their skills and enable them to be a part of a highly motivated and dedicated workforce.
- We seek to provide our shareholders with the maximum return on investment.
- We intend to ensure continued liquidity and growth of the Company.

## VALUES

Agility | Productiveness | Integrity | Sustainability | Team Spirit

# CHAIRMAN'S MESSAGE



Dr. Sena Yaddehige
Chairman

"We continue to navigate challenges with discipline and resilience, while investing in a stronger and more sustainable future."

**Dear Shareholders,**

Kegalle Plantations PLC operated in a business environment characterised by continuing industry-specific challenges alongside improving macroeconomic stability during the financial year 2025-2026. Sri Lanka's economy recorded encouraging growth during the year, supported by ongoing economic reforms. Nevertheless, the plantation sector continued to face challenges arising from adverse weather conditions, rising production costs, labour shortages, and volatility in global commodity markets. Despite these challenges, the Company remained focused on strengthening stakeholder confidence, enhancing operational resilience, and creating sustainable long-term value. The Company recorded revenue of Rs. 3.72 billion. During the year, the Company continued to invest in long-term plantation development and operational sustainability. A total of Rs. 391 million was invested in capital projects, with significant investments directed towards field development initiatives in Rubber, Coconut, and Oil Palm.

The Rubber segment remained the largest contributor to the Company's operations, despite adverse weather conditions affecting production during the year. Lower crop volumes mainly due to adverse weather conditions and reduced operating margins. Nevertheless, the segment demonstrated

resilience, supported by continued field development initiatives and relatively stable market prices.

The Tea segment also faced operational challenges during the year Despite challenging market conditions, the Company continued to focus on cost optimisation, productivity enhancement, and improvements in tea quality.

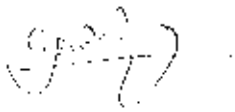
The Coconut and Oil Palm segments demonstrated encouraging performance during the financial year. The Company's overall performance also benefited from the significant progress achieved in the Oil Palm segment, supported by higher production and improved operational efficiency.

As we enter the new financial year, the Company remains firmly committed to sustainability, innovation, and long-term value creation. Continued investments in field rehabilitation, improved agronomic practices, and operational efficiency are expected to support productivity improvements across Tea, Rubber, Coconut, and Oil Palm. In line with its diversification strategy, the Company will also continue to explore opportunities in high-value, export-oriented crops such as Cocoa, Vanilla, Pepper, and Pineapple, with the objective of developing new revenue streams and reducing reliance on traditional plantation crops.

The Company also remains committed to maintaining internationally recognised sustainability standards, strengthening environmental stewardship, and ensuring transparent and reliable reporting practices. These initiatives are expected to enhance the Company's competitiveness, strengthen long-term resilience, and reinforce the confidence of our stakeholders.

I wish to express my sincere appreciation to the Board of Directors and the Management Team for their leadership, commitment, and dedication throughout the year. I also extend my gratitude to all our employees, whose resilience and commitment have been instrumental in navigating the operational challenges faced during the year. I further acknowledge the continued trust and support extended by our shareholders, customers, business partners, suppliers, financial institutions, regulatory authorities, service providers, and the communities in which we operate.

We remain committed to advancing the Company with discipline, resilience, and a long-term strategic focus, while creating sustainable and lasting value for all our stakeholders. With the continued support and confidence of our stakeholders, we look forward to building a stronger and more resilient future for Kegalle Plantations PLC.



Dr. Sena Yaddehige
Chairman

25 August 2026
Colombo

# BOARD OF DIRECTORS



**Dr. Sena Yaddehige**
Chairman
01



**Prof. R C W M R A Nugawela**
Director
02



**Dr. S S B D G Jayawardena**
Director
03



**Mr. Shaminda Yaddehige**
Director
04



**Mr. Lakshman Abeysekera**
Director
05



**Dr. Lakshman Rodrigo**
Director
06



**Mr. L. Dinusha T. Perera**
Director
07

**01. Dr. Sena Yaddehige**
Chairman

The business legacy of Dr. Sena Yaddehige spans not only time, but also the depth of multiple industries and sectors. Renowned as a pioneer in the field of engineering and as a revered global business icon, Dr. Yaddehige is also a Swiss-based industrialist, with numerous ventures in multiple countries.

Under the leadership of Dr. Yaddehige, Richard Pieris Group has evolved into one of the leading diversified business conglomerates in Sri Lanka, with the footprint extending from manufacturing to exports, to retail, to plantations, to financial services, creating value across the national economy in multiple sectors. Dr. Yaddehige also served as a Director on the Board of the National Development Bank PLC (NDB) from 2007 to 2010.

As a businessman and industrialist with wide global recognition, his Companies are established in the USA, UK, Germany, and Singapore. In addition, Dr. Yaddehige is also the founding Managing Director of a European manufacturing firm, which develops and exports automotive components and systems, which are based on his innovations and conceptions.

His repertoire of innovations and developments includes contactless sensor technology and drive-by-wire systems. Furthermore, as a radiation specialist, Dr. Yaddehige is also the creator of several other technologies and components in radiation processing, for which he owns several patents from around the world.

Locally, he holds the patent for slow-release fertiliser, which provides relatively better results than quick-release fertilisers while being a safer alternative for the environment. Dr. Yaddehige also pioneered the development unit for Lithium batteries in Sri Lanka.

Apart from his professional and scientific accolades, he was awarded with three Doctorates, one of which is a Doctor of Science (D.Sc.), awarded as high commendation for his original findings and research in Radiation, Radiation processing, Electromechanical sensor technology, Non-contact sensor technology, and Automotive pedal systems, and as recognition of his patents in these respective arenas.

**02. Prof. R C W M R A Nugawela**
Director (Non-Executive Director)

Prof. Nugawela joined the Rubber Research Institute in the capacity of an Assistant Botanist in 1980. He was awarded a Colombo Plan Scholarship in 1981 to read for his Master's Degree, and in 1982 he successfully completed it in the field of Applied Plant Sciences at the University of London. In 1985, he was offered a scholarship by the Food and Agricultural Organization of the United Nations to obtain his professional qualifications. For his research work on Plant Physiology and Bio Productivity in Hevea brasiliensis (the natural rubber plant) he was awarded a PhD from the University of Essex, UK in 1989.

He has over 30 years of extensive experience in the capacities of a Botanist, Head of Plant Science Department, Deputy Director Research (Biology) and as the Director at the Rubber Research Institute of Sri Lanka. In January 2011, Prof. Nugawela resigned from the post of Director of the Rubber Research Institute of Sri Lanka to assume duties as Chair Professor, Department of Plantation Management, Wayamba University of Sri Lanka. He served at the Wayamba University of Sri Lanka until his retirement in 2019.

His thrust areas of research and development were on nursery and planting practices, harvesting, use of yield stimulants and rain guards. He has more than 175 publications in both local and foreign research journals and has addressed many local and international conferences on natural rubber.

He won a National Science and Technology Award in 2009 for his Research and Development work. Further in 2012, he won a Presidential Award for inventions in the category of environment and in 2016, a Presidential Award for inventions in the category of applied sciences and technology. He has also been awarded with Presidential Awards for his research publications in reputed international journals.

Prof. Nugawela was appointed to the Board of Kegalle Plantations PLC with effect from 26 May 2008.

**03. Dr. S S B D G Jayawardena**
Director (Non-Executive Director)

Dr. S S B D G Jayawardena obtained his B.Sc. Degree on Agriculture with Honours from University of Ceylon. His M.Sc. is on Agronomy was obtained in Kyoto, and his Ph.D. on Agronomy & Physiology from University of Kyoto.

Dr. Jayawardena has served the Department of Agriculture over 03 decades and retired as the Director General of the Department of Agriculture. After retirement he has served the plantation sector as Director of Tea Research Institute, Chairman of Tea Research Board, Chairman of Coconut Research Board and advisor to the Minister of Plantation Industries. He has represented the Tea Research Institute at the Governing Boards of Tea Board and Tea Small Holder Authority. He has also served as a member of many task forces appointed by the government of Sri Lanka and served as a member of the National Salaries & Cadre Commission from 2006 to 2019 April. In addition to the above, Dr. Jayawardena was the FAO Consultant to the Consultative Group in International Agriculture Research and has served as a FAO Consultant in Bio-diversity and JICA Consultant to the Government of Ghana on Horticulture Sector Development. Dr. Jayawardena served as the Chairman of the Council for Agricultural Research Policy from 2015 to 2019 April.

He has over 50 years professional experience covering agricultural research and development activities, human resource development, development of foreign funded projects, and direct involvement in food security and poverty, alleviation programs of the Country. He has represented the Ministry of Agriculture at the Annual Meetings of FAO on Food Security and the Global Economic Forum on Agriculture.

In 2010, Dr. Jayawardena was appointed as a Director to the Board of Directors of Kegalle Plantations PLC.

# BOARD OF DIRECTORS

**04. Mr. Shaminda Yaddehige**
Director (Non-Executive Director)

Mr. Shaminda Yaddehige is a Non-Executive Director of the Company.

Mr. Yaddehige was educated at Charter House, United Kingdom and graduated in Chemical Engineering from University College London. In addition, he also possesses a Master's Degree in Business Administration from IE Business School, which is ranked amongst the top 10 business schools in the World.

Mr. Yaddehige worked as a Management Consultant at Price Waterhouse Coopers, United Kingdom and also at world-renowned international ultra-high net worth banking giant, Credit Suisse of Switzerland. He has extensive experience in international marketing and has built a very strong marketing network in Europe.

Mr. Yaddehige is in the Directorate of Richard Pieris & Company PLC as an Executive Director/Chief Operating Officer of the Company, and also in the Directorates of Richard Pieris Exports PLC, Richard Pieris Natural Foams Limited, Richard Pieris Distributors Limited and also in several other Companies within the Richard Pieris Group.

**05. Mr. Lakshman Abeysekera**
Director (Independent Non-Executive Director)

Mr. Lakshman Abeysekera is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, the Association of Accounting Technicians of Sri Lanka, and the Certified Management Accountants of Sri Lanka. He currently serves as an Independent Director of Kapruka Holdings PLC and a Senior Director of JanRich Foods Ltd. In addition, Mr. Abeysekera was appointed as a member of the advisory panel of the Sri Lanka Inventors Commission in April 2024, contributing his expertise to the promotion and development of innovation in the Country. He holds a Master of Business Administration from the Postgraduate Institute of Management, University of Sri Jayewardenepura, Sri Lanka.

Mr. Abeysekera has held several prestigious positions in both the public and private sectors. He served as the former Chairman of the Rubber Research Board of Sri Lanka, where he contributed significantly to the advancement of the rubber industry. He was also a Non-Executive Independent Director of Sanasa Development Bank from 2013 to 2022. During this period, he held key leadership positions including Chairman of the Bank for two years and Senior Director for four years, demonstrating his strong governance and strategic leadership capabilities. Furthermore, Mr. Abeysekera served as a Senior Director at People's Insurance PLC from 2015 to 2023, adding immense value to the company with his financial and managerial acumen.

In addition to his corporate leadership, Mr. Abeysekera has made notable contributions to national professional and educational institutions. He was a governing council member of the Association of Accounting Technicians (AAT) of Sri Lanka for more than 10 years and also served as a member of the council of the University of Visual and Performing Arts. His involvement in these institutions reflects his commitment to enhancing professional education and governance. Moreover, he served as the Chairman of the CA SME Task Force, playing a vital role in promoting small and medium enterprises. As of 1 January 2025, Mr. Abeysekera is serving as the Chairman of the National Enterprise Development Board under the Ministry of Industry and Entrepreneurship Development, where he is expected to steer the Country's enterprise development initiatives to new heights.

Mr. Abeysekera was appointed to the Board of Directors of Kegalle Plantations PLC in 2024 and has since contributed extensively to the Company's strategic direction and corporate governance as a Non-Executive Independent Director.

**06. Dr. Lakshman Rodrigo**
Director (Independent Non-Executive Director)

Dr. Lakshman Rodrigo is an internationally recognized scientist, particularly in the plantation crop sector. His research career began in 1986 at the Rubber Research Institute of Sri Lanka (RRISL) after graduating from the University of Peradeniya in agriculture. He received his Master's in Crop Physiology in 1992 from the University of Essex, UK, and PhD in Agroforestry in 1997 from the University of Wales, UK. He served RRISL until the end of 2022, holding roles including Additional Director and Acting Director, leading the institute for nearly four years.

Currently, he serves as a Senior Scientist at the International Centre for Research in Agroforestry (ICRAF). He is a Fellow of the International Rubber Research & Development Board (IRRDB) and has served the organization as a Liaison Officer in two strategic areas; the Task Force on Climate Change and Sustainability (2023–2025) and the Socioeconomic Specialist Group (2015–2017). With over 35 years of experience, his expertise spans leadership, human resource management, resource mobilization, and organizational development.

His key contributions include expanding rubber cultivation into drier zones, promoting multi-cropping, modelling carbon fixation, launching a carbon trading project, and assessing life cycle impacts. He has over 200 publications in journals and public periodicals.

He has earned nine Presidential Awards, three other national awards in Sri Lanka, and the B.C. Sekhar Gold Medal for research excellence from IRRDB in 2023.

Dr. Rodrigo was appointed to the Board of Directors of Kegalle Plantations PLC as a Non-Executive Independent Director in 2025.

**07. Mr. L. Dinusha T. Perera**
Director (Non-Executive Director)
(Appointed with effect from 15 October 2025)

Mr. L. Dinusha T. Perera is a seasoned finance and business leader with over 23 years of diversified experience in finance, operations, strategic management, and corporate governance across several of Sri Lanka's leading conglomerates. He currently serves as the Chief Executive Officer – Hardware Sector of the Local Manufacturing and Distribution Sector of Richard Pieris & Company PLC and is also a Director of Arpitech (Pvt) Ltd.

Prior to joining Richard Pieris & Company PLC, Mr. Perera held several senior leadership positions, including Head of Finance – Hotel Sector at Aitken Spence PLC, Chief Financial Officer across multiple sectors of the Hayleys Group, and General Manager of St. Anthony's Industries Group. His professional experience also includes key finance and management roles at Brandix Mercury Asia (Pvt) Ltd, Lankem Ceylon PLC, and Hutchison Telecommunications Lanka (Pvt) Ltd.

Throughout his career, Mr. Perera has demonstrated extensive expertise in financial management, corporate finance, financial reporting, taxation, auditing, corporate governance, strategic planning, operational management, business transformation, and performance management. His broad commercial acumen and leadership capabilities have enabled him to successfully lead cross-functional teams, strengthen governance frameworks, implement robust financial controls, and drive sustainable business growth.

Mr. Perera is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and an Associate Member of the Association of Chartered Certified Accountants (ACCA), United Kingdom, as well as the Institute of Certified Management Accountants of Sri Lanka (CMA). He holds a Master of Business Administration (MBA) from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura, and a Bachelor of Business Administration (BBA) from the University of Ruhuna.

# CORPORATE MANAGEMENT

**Dr. Sena Yaddehige**
Chairman

**Dr. S S B D G Jayawardena**
Director

**Dr. Lakshman Rodrigo**
Director

**Mr. L. Dinusha T. Perera**
Director

**Mr. Lakshman Abeysekera**
Director

**Mr. Shaminda Yaddehige**
Director

**Prof. R C W M R A Nugawela**
Director

**BOARD OF DIRECTORS**

**I S Doranegama**
Chief Executive Officer
**Dhammika Laksiri**
Sector Financial Controller
**I W M R R K Wijekoon**
General Manager

**CORPORATE MANAGEMENT**

## HEAD OFFICE MANAGEMENT

**T I Kodithuwakku** (Finance Manager)

**D B P Wanaguru (Miss.)** (Assistant Accountant)

**M P G Liyanage (Mrs.)** (Accounts Executive)

**J M M N Gunawardhana (Miss.)** (Accounts Executive)

**A W Tharushi Rashmika (Miss.)** (Management Trainee)

**W Mirasha Sandali Perera (Miss.)** (Management Trainee)

**R M S S Herath** (Manager - Information Systems)

**W M S J Wijesinghe** (IT Executive)

**L P Tennakoon** (Manager - Plantations)

**S P Wijedasa** (Engineer - Plantation Sector)

**M P Bandara** (Manager - Forestry)

**Janaka Gallappaththi** (Manager Coffee Planting)

**J A S Fernando** (Manager)

**M R Elan** (Assistant Manager)

**N K L S Piyatissa (Miss.)** (Assistant Manager- Sustainability)

**R L Sunethra (Miss.)** (Executive)

**S A C Niroshini (Mrs.)** (Executive)

**U D S C Udumulla (Mrs.)** (Operations Executive )

**Imasha Senarath (Miss.)** (Legal Officer)



**Mr. I S Doranegama**
Chief Executive Officer

Mr. Saman Doranegama had his primary education at St. Anthony's College, Katugasthota. After the completion of school education, he joined Janatha Estate Development Board as a Planter Trainee at Fernlands Estate in 1986 and was appointed as Assistant Superintendent to the Diayagama East Estate in Agarapathana Region. Thereafter, he was appointed as the Asst. Superintendent of Labukelle Estate, Nuwara Eliya in 1994, and subsequently was promoted as the Superintendent of Lethenthy Estate.

Mr. Saman Doranegama joined Kegalle Plantations in the year 2001, as the Superintendent of Doteloya Estate and was transferred to Luckyland Estate in the year 2006, wherein he was promoted as Group Manager and subsequently as the General Manager in 2014.

He was elevated to the position of Director Operations in 2019 and currently is holding the position of Chief Executive of Kegalle Plantations PLC. Mr. Doranegama has cultivated the skills in Estate Management through the experience that he gained from the Plantation Industry over 39 years.

Mr. Doranegama has been appointed as Acting CEO of Namunukula Plantations PLC with effect from 10th November 2025 in addition to his current position of CEO of Kegalle Plantations PLC.

# ESTATE MANAGEMENT

**Allagolla Estate**
Udapussellawa

**H M I T Gunarathne**
Superintendent

**Ambadeniya Estate**
Aranayake

**A A M D V Mediwake**
Superintendent

**S A S Gunasekera**
Assistant Superintendent

**Atale Estate**
Atale

**M W Liyanasekera**
Superintendent

**D A H A Gunarathna**
**K V D S M Wijegunarathne**
Assistant Superintendents

**Doteloya Estate**
Dolosbage

**D V M De Runn**
Superintendent

**J M A B Jayasundara**
Assistant Superintendent

**Eadella Estate**
Polgahawela

**B P S M Cooray**
Superintendent

**O K Y Abeywardhana**
**P W S D Peiris**
Assistant Superintendents

**Etana Estate**
Warakapola

**M R Vaidyakularatne**
Superintendent

**W C N De Silva**
Assistant Superintendent

**Gampaha Estate**
Udapussellawa

**B P D Mahesh**
Superintendent

**W M R L Nawarthne**
Assistant Superintendent

**Hathbawe Estate**
Rambukkana

**D W K K Seneviratne**
Superintendent

**Higgoda Estate**
Undugoda

**M S S Muhandiram**
Superintendent

**Kirklees Estate**
Udapussellawa

**R A S B Ranawaka**
Superintendent

**H A Liyanage**
Assistant Superintendent

**Luckyland Estate**
Udapussellawa

**S R Aluwihare**
Superintendent

**R M D I Rathnayake**
**D L S Nanayakkara**
Assistant Superintendents

**Madeniya Estate**
Warakapola

**N R B Senarathne**
Superintendent

**Pallegama Estate**
Niyadurupola

**H S B Aluvihare**
Superintendent

**H V E N Madusanka**
**P L A D H Indika**
Assistant Superintendents

**Parambe Estate**
Undugoda

**N A M O M Navaratne**
Superintendent

**Y L R S Leelawansa**
Assistant Superintendent

**Udapola Estate**
Polgahawela

**S A A P Jayatilake**
Superintendent

**A M M P Mudannayake**
**U D D N Gunarathne**
Assistant Superintendents

**Weniwella Estate**
Alawwa

**S D Munasinghe**
Superintendent

**R J A D S R Jayasinghe**
Assistant Superintendent

**Yataderiya Estate**
Undugoda

**Vinoda de Silva**
Superintendent

**A M H B Athauda**
Assistant Superintendent

**Centrifuged Latex Project, Udapola Estate**
Polgahawela

**N S B W Madawala**
Quality Control Officer
**I M P D Illankoon (Mrs.)**
Technical Assistant

# OUR JOURNEY OF EXCELLENCE

## 33 Years of Growth, Innovation & Sustainable Leadership

From our establishment in 1992 to our achievements in 2025, every milestone reflects our unwavering commitment to value creation, people empowerment and environmental stewardship.

## KEY MILESTONES (1992 - 2025)

| 1992 | 1996 | 1997 | 2000 | 2003 | 2004 | 2008 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|
| Established as a Regional Plantation Company (RPC). | Listed on the Colombo Stock Exchange; 10% of share capital gifted to over 8,000 eligible employees. | Winner – ICASL Annual Report Award – Plantation Companies. | Winner – ICASL Annual Report Awards - Plantation Companies. | Winner – ICASL Annual Report Awards - Plantation Companies. | RPC Management Services (Pvt) Ltd becomes a fully owned subsidiary of Arpico Group following the acquisition of JKH's stake. | Hamefa Kegalle (Pvt) Ltd became a wholly owned subsidiary. | Achieved FSC Forestry Management Certification and ISO 9001:2008 Certification for all rubber manufacturing factories. | Obtained ISO 22000:2005 & Ethical Tea Partnership Certifications and recognized by ICASL & SAFA for excellence in financial reporting. |

### PEOPLE

Empowering over 4,000 employees and communities.

### PLANET

Protecting biodiversity, forests and natural resources.

| 2014 | 2015 | 2016 | 2017 | 2019 | 2021 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|
| Received EU and USDA-NOP Organic Certifications for organic centrifuged latex production. | Won the Gold Award in the Plantation Sector at the Agri Business Awards. | Declared record dividend of Rs. 45/- per share – highest in plantation sector history. | First Regional Plantation Company to receive ISO 9001:2015 Certification for four rubber factories, and diversified into oil palm cultivation. | All tea estates are certified under the Rainforest Alliance. | Invested Rs. 450 million in infrastructure to support manufacturing for Arpitech (Pvt) Ltd. | Achieved the highest ever profit before tax of Rs. 1.018 billion. | All natural rubber production is aligned with the EU Deforestation Regulation (EUDR). | Won the CA Sri Lanka TAGS Bronze Award in the Plantation Companies category for Group Turnover up to LKR 5.0 billion, & achieved GOALS Organic Certification, reinforcing the Company's commitment to sustainable and environmentally responsible agriculture. |

## PROSPERITY

Delivering long-term value to shareholders and stakeholders.

## PARTNERSHIP

Collaborating with global standards and communities.

## PURPOSE

Creating a legacy of sustainble plantations for generations.

# OUR ESTATES

## KEGALLE DISTRICT

### Ambadeniya

Location - **Aranayake**
Total extent - **583.25 ha**
Elevation - **244-355 m**
Buildings - **390**

*Cultivated Extent (ha)*

| | |
|---|---|
| Rubber | 397.01 |
| Coconut | 25.59 |
| Others | 8.47 |
| Total | 431.07 |

*Production (kg/nut)*

| | |
|---|---|
| Rubber | 176,649 |
| Coconut | 34,049 |

### Atale

Location – **Atale**
Total extent- **1150.36 ha**
Elevation – **119-154 m**
Factory- **01-Sole Crepe**
Other Buildings- **401**

*Cultivated Extent (ha)*

| | |
|---|---|
| Rubber | 847.97 |
| Coconut | 30.66 |
| Others | 82.27 |
| Total | 960.90 |

*Production (kg/nut)*

| | |
|---|---|
| Rubber | 307,962 |
| Coconut | 75,925 |
| Oil Palm | 48,884 |

### Doteloya

Location – **Dolosbage**
Total extent- **572.64 ha**
Elevation – **825-955 m**
Factory- **01-Leafy/Orthodox**
Other Buildings- **245**

*Cultivated Extent (ha)*

| | |
|---|---|
| Tea | 160.50 |
| Others | 11.46 |
| Total | 171.96 |

*Production (kg)*

| | |
|---|---|
| Tea | 154,092 |

### Higgoda

Location – **Undugoda**
Total extent- **302.23 ha**
Elevation – **146-411 m**
Buildings- **58**

*Cultivated Extent (ha)*

| | |
|---|---|
| Rubber | 219.41 |
| Total | 219.41 |

*Production (kg)*

| | |
|---|---|
| Rubber | 121,014 |

### Etana

Location – **Warakapola**
Total extent- **483.26 ha**
Elevation – **76-244 m**
Factory- **01-Scrap**
Other Buildings- **180**

*Cultivated Extent (ha)*

| | |
|---|---|
| Rubber | 329.80 |
| Coconut | 4.29 |
| Others | 46.26 |
| Total | 380.35 |

*Production (kg/nut)*

| | |
|---|---|
| Rubber | 208,421 |
| Coconut | 4,139 |
| Oil Palm | 86,001 |

### Hathbawe

Location – **Rambukkana**
Total extent- **477.79 ha**
Elevation – **122-244 m**
Buildings- **167**

*Cultivated Extent (ha)*

| | |
|---|---|
| Rubber | 221.75 |
| Others | 23.40 |
| Total | 245.15 |

*Production (kg)*

| | |
|---|---|
| Rubber | 128,282 |
| Oil Palm | 227,079 |

### Pallegama

Location – **Niyadurupola**
Total extent- **863.91 ha**
Elevation – **90-200 m**
Factory- **01-Sole Crepe**
Other Buildings- **293**

*Cultivated Extent (ha)*

| | |
|---|---|
| Rubber | 496.25 |
| Coconut | 11.36 |
| Others | 40.91 |
| Total | 548.52 |

*Production (kg/nut)*

| | |
|---|---|
| Rubber | 193,767 |
| Coconut | 2,697 |
| Oil Palm | 281,633 |

### Madeniya

Location – **Warakapola**
Total extent- **551.92 ha**
Elevation – **80-229 m**
Buildings- **220**

*Cultivated Extent (ha)*

| | |
|---|---|
| Rubber | 390.91 |
| Others | 36.93 |
| Total | 427.84 |

*Production (kg)*

| | |
|---|---|
| Rubber | 129,680 |
| Oil Palm | 231,745 |

### Weniwella

Location – **Alawwa**
Total extent- **709.90 ha**
Elevation – **152-183 m**
Buildings- **324**

*Cultivated Extent (ha)*

| | |
|---|---|
| Rubber | 464.71 |
| Coconut | 38.19 |
| Other | 18.38 |
| Total | 521.28 |

*Production (kg/nut)*

| | |
|---|---|
| Rubber | 135,083 |
| Coconut | 22,925 |
| Oil Palm | 57,557 |

### Parambe

Location – **Undugoda**
Total extent- **795.41 ha**
Elevation – **122-274 m**
Factory- **01-Crepe**
Other Buildings- **393**

*Cultivated Extent (ha)*

| | |
|---|---|
| Tea | 22.50 |
| Rubber | 459.30 |
| Coconut | 14.50 |
| Others | 21.15 |
| Total | 517.45 |

*Production (kg/nut)*

| | |
|---|---|
| Tea | 23,741 |
| Rubber | 290,659 |
| Oil Palm | 122,949 |

### Yataderiya

Location – **Undugoda**
Total extent- **324.30 ha**
Elevation – **244-290 m**
Factory- **01-Leafy/Orthodox**
Other Buildings- **338**

*Cultivated Extent (ha)*

| | |
|---|---|
| Rubber | 128.20 |
| Tea | 115.66 |
| Coconut | 25.90 |
| Other | 2.35 |
| Total | 272.11 |

*Production (kg/nut)*

| | |
|---|---|
| Tea | 468,564 |
| Rubber | 70,267 |
| Coconut | 51,518 |



# BADULLA DISTRICT

## Allagolla

Location – **Udapussellawa**
Total extent- **243.75 ha**
Elevation – **1311 m**
Factory- **01-Refused Tea**
Other Buildings- **370**

*Cultivated Extent (ha)*

| | |
|---|---|
| Tea | 176.82 |
| Others | 34.71 |
| Total | 211.53 |

*Production (kg)*

| | |
|---|---|
| Tea | 119,232 |

## Kirklees

Location – **Udapussellawa**
Total extent- **480.70 ha**
Elevation – **1446 m**
Factory- **01-Rotorvane**
Other Buildings- **561**

*Cultivated Extent (ha)*

| | |
|---|---|
| Tea | 254.65 |
| Others | 94.61 |
| Total | 349.26 |

*Production (kg)*

| | |
|---|---|
| Tea | 148,903 |

## Gampaha

Location – **Udapussellawa**
Total extent- **348.99 ha**
Elevation – **1538 m**
Factory- **01-Leafy/Orthodox**
Other Buildings- **468**

*Cultivated Extent (ha)*

| | |
|---|---|
| Tea | 217.52 |
| Others | 58.13 |
| Total | 275.65 |

*Production (kg)*

| | |
|---|---|
| Tea | 147,392 |

## Luckyland

Location – **Udapussellawa**
Total extent- **488.75 ha**
Elevation – **1500 m**
Factory- **01-Rotorvane**
Other Buildings- **613**

*Cultivated Extent (ha)*

| | |
|---|---|
| Tea | 371.97 |
| Others | 58.18 |
| Total | 430.15 |

*Production (kg)*

| | |
|---|---|
| Tea | 227,818 |

# KURUNEGALA DISTRICT

## Eadella

Location – **Polgahawela**
Total extent- **801.79 ha**
Elevation – **91-122 m**
Buildings- **178**

*Cultivated Extent (ha)*

| | |
|---|---|
| Rubber | 314.39 |
| Coconut | 308.92 |
| Others | 31.21 |
| Total | 654.52 |

*Production (kg/nut)*

| | |
|---|---|
| Rubber | 114,926 |
| Coconut | 492,381 |
| Oil Palm | 103,483 |

## Udapola

Location – **Polgahawela**
Total extent- **577.78 ha**
Elevation – **107-195 m**
Buildings- **234**

*Cultivated Extent (ha)*

| | |
|---|---|
| Rubber | 310.44 |
| Coconut | 36.36 |
| Others | 21.10 |
| Total | 367.90 |

*Production (kg/nut)*

| | |
|---|---|
| Rubber | 162,141 |
| Coconut | 95,966 |
| Oil Palm | 235,179 |

## Udapola Centrifuged Latex Project (CLP)

Location – **Polgahawela**
Factories- **02-Centrifuged/Skim**
Other Buildings- **24**

*Production (kg)*

| | |
|---|---|
| Inter Estate | 498,370 |
| Bought | 270,789 |
| Total Rubber | 769,159 |





# OUR ESTATES

## Estate Statistics

| | Estate Name | Planting District | Location | Cultivated Area (Hectares) | | | | | Total Area (Hectares) | Elevation (Metres) | Production - kg/nut '000 | | | No of Buildings | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Rubber | Tea | Coconut | Others | Total | | | Rubber | Tea | Coconut | Factory | Other Buildings* | Total |
| 1 | Allagolla | Badulla | Udapussellawa | - | 176.82 | - | 34.71 | 211.53 | 243.75 | 1311 | - | 119 | - | 1 | 370 | 371 |
| 2 | Ambadeniya | Kegalle | Aranayake | 397.01 | - | 25.59 | 8.47 | 431.07 | 583.25 | 244-355 | 177 | - | 34 | - | 390 | 390 |
| 3 | Atale | Kegalle | Atale | 847.97 | - | 30.66 | 82.27 | 960.90 | 1,150.36 | 119-154 | 308 | - | 76 | 1 | 401 | 402 |
| 4 | Doteloya | Kegalle | Dolosbage | - | 160.50 | - | 11.46 | 171.96 | 572.64 | 825-955 | - | 154 | - | 1 | 245 | 246 |
| 5 | Eadella | Kurunegala | Polgahawela | 314.39 | - | 308.92 | 31.21 | 654.52 | 801.79 | 91-122 | 115 | - | 492 | - | 178 | 178 |
| 6 | Etana | Kegalle | Warakapola | 329.80 | - | 4.29 | 46.26 | 380.35 | 483.26 | 76-244 | 208 | - | 4 | 1 | 180 | 181 |
| 7 | Gampaha | Badulla | Udapussellawa | - | 217.52 | - | 58.13 | 275.65 | 348.99 | 1538 | - | 147 | - | 1 | 468 | 469 |
| 8 | Hathbawe | Kegalle | Rambukkana | 221.75 | - | - | 23.40 | 245.15 | 477.79 | 122-244 | 128 | - | - | - | 167 | 167 |
| 9 | Higgoda | Kegalle | Undugoda | 219.41 | - | - | - | 219.41 | 302.23 | 146-411 | 121 | - | - | - | 58 | 58 |
| 10 | Kirklees | Badulla | Udapussellawa | - | 254.65 | - | 94.61 | 349.26 | 480.70 | 1446 | - | 149 | - | 1 | 561 | 562 |
| 11 | Luckyland | Badulla | Udapussellawa | - | 371.97 | - | 58.18 | 430.15 | 488.75 | 1500 | - | 228 | - | 1 | 613 | 614 |
| 12 | Madeniya | Kegalle | Warakapola | 390.91 | - | - | 36.93 | 427.84 | 551.92 | 80-229 | 130 | - | - | - | 220 | 220 |
| 13 | Pallegama | Kegalle | Niyadurupola | 496.25 | - | 11.36 | 40.91 | 548.52 | 863.91 | 90-200 | 194 | - | 3 | 1 | 293 | 294 |
| 14 | Parambe | Kegalle | Undugoda | 459.30 | 22.50 | 14.50 | 21.15 | 517.45 | 795.41 | 122-274 | 291 | 24 | - | 1 | 393 | 394 |
| 15 | Udapola | Kurunegala | Polgahawela | 310.44 | - | 36.36 | 21.10 | 367.90 | 577.78 | 107-195 | 162 | - | 96 | - | 234 | 234 |
| 16 | Weniwella | Kegalle | Alawwa | 464.71 | - | 38.19 | 18.38 | 521.28 | 709.90 | 152-183 | 135 | - | 23 | - | 324 | 324 |
| 17 | Yataderiya | Kegalle | Undugoda | 128.20 | 115.66 | 25.90 | 2.35 | 272.11 | 324.30 | 244-290 | 70 | 469 | 52 | 1 | 338 | 339 |
| 18 | Udapola CLP | Kurunegala | Polgahawela | - | - | - | - | - | - | - | 271 | - | - | 2 | 24 | 26 |
| | | | | 4,580.14 | 1,319.62 | 495.77 | 589.52 | 6,985.05 | 9,756.73 | | 2,310 | 1,290 | 780 | 12 | 5,457 | 5,469 |

| | Estate Name | Factory Details | | | Certifications** | | | | | | Workforce | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Crop Manufactured | Factory Type | Rated Kg '000/p.a. | 1 | 2 | 3 | 4 | 5 | 6 | No. of Executives | No. of Staff | No. of Harvestors & Others | Total |
| 1 | Allagolla | - | - | - | - | - | - | - | √ | - | 1 | 10 | 153 | 164 |
| 2 | Ambadeniya | - | - | - | √ | - | - | - | - | - | 2 | 13 | 224 | 239 |
| 3 | Atale | Rubber | Sole Crepe | 950 | - | - | √ | - | - | √ | 3 | 30 | 440 | 473 |
| 4 | Doteloya | Tea | Leafy/Orthodox | 1,394 | - | - | - | √ | √ | - | 2 | 9 | 97 | 108 |
| 5 | Eadella | - | - | - | √ | - | - | - | - | - | 3 | 8 | 250 | 261 |
| 6 | Etana | Rubber | Scrap | 228 | √ | - | - | - | - | - | 2 | 17 | 202 | 221 |
| 7 | Gampaha | Tea | Leafy/Orthodox | 929 | - | - | - | √ | √ | - | 2 | 15 | 195 | 212 |
| 8 | Hathbawa | - | - | - | √ | - | - | - | - | - | 1 | 11 | 152 | 164 |
| 9 | Higgoda | - | - | - | - | - | - | - | - | - | 1 | 7 | 103 | 111 |
| 10 | Kirklees | Tea | Rotorvane | 1,239 | - | - | - | √ | √ | - | 2 | 7 | 187 | 196 |
| 11 | Luckyland | Tea | Rotorvane | 1,355 | - | - | - | √ | √ | - | 3 | 24 | 321 | 348 |
| 12 | Madeniya | - | - | - | √ | - | - | - | - | - | 1 | 10 | 177 | 188 |
| 13 | Pallegama | Rubber | Sole Crepe | 800 | - | - | √ | - | - | √ | 3 | 19 | 335 | 357 |
| 14 | Parambe | Rubber | Crepe | 636 | - | - | √ | - | - | - | 2 | 24 | 414 | 440 |
| 15 | Udapola | - | - | - | √ | - | - | - | - | - | 3 | 13 | 133 | 149 |
| 16 | Weniwella | - | - | - | √ | - | - | - | - | - | 2 | 14 | 211 | 227 |
| 17 | Yataderiya | Tea | Leafy/Orthodox | 1,239 | - | - | - | √ | √ | - | 2 | 22 | 303 | 327 |
| 18 | Udapola CLP | Rubber | Centrifuged Latex /Skim | 5,000 | √ | √ | √ | - | - | - | 2 | 9 | 42 | 53 |
| | | | | | | | | | | | 37 | 262 | 3,939 | 4,238 |

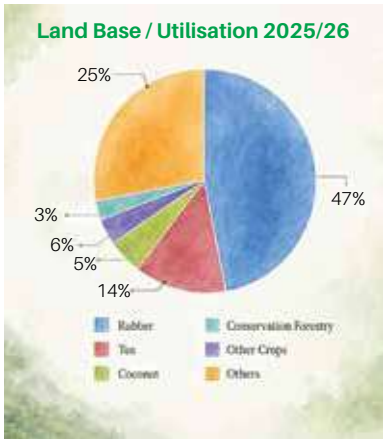
### *Other Buildings

Other buildings includes bungalows, offices, silent factories, staff & worker quarters, dispensaries, maternity wards...etc, total usage of Company buildings is 3,507,810 sq.ft.

### ** Certifications

1. USDA NOP Organic Certification
2. Global Organic Latex Standard (GOLS)
3. ISO 9001:2015 Certification
4. ISO 22000:2018 Certification
5. Rainforest Alliance - Sustainable Agriculture Certification (RA)
6. Forest Stewardship Council (FSC) Certification

# Geographical presence

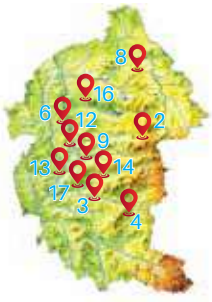






**KURUNEGALA DISTRICT**

**1,379.57** Ha



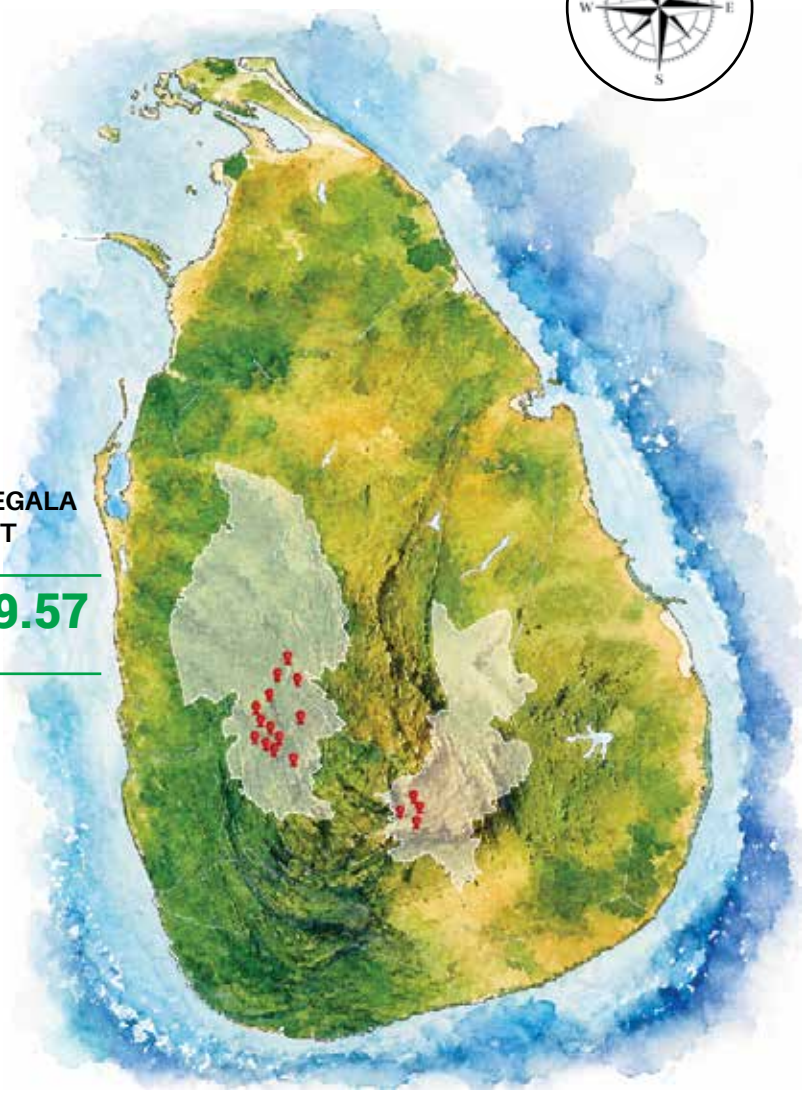

**KEGALLE DISTRICT**

**6,814.97** Ha




**BADULLA DISTRICT**

**1,562.19** Ha




| Land Base | 2025/26 | | 2024/25 | |
|---|---|---|---|---|
| | Extent | % | Extent | % |
| Rubber | 4,580 | 47% | 4,654 | 48% |
| Tea | 1,320 | 14% | 1,329 | 14% |
| Coconut | 496 | 5% | 521 | 5% |
| Other Crops | 590 | 6% | 561 | 5% |
| Conservation Forestry | 256 | 3% | 256 | 3% |
| Others | 2,515 | 25% | 2,436 | 25% |
| **Total** | **9,757** | **100%** | **9,757** | **100%** |

# FINANCIAL HIGHLIGHTS

| | Total Assets | Capital Employed | Turnover | Market Capitalization |
|---|---|---|---|---|
| 2025/26 | Rs. 8.6 Bn | Rs. 5.1 Bn | Rs. 3.7 Bn | Rs. 3.2 Bn |
| 2024/25 | Rs. 8.4 Bn | Rs. 4.7 Bn | Rs. 3.9 Bn | Rs. 3.5 Bn |

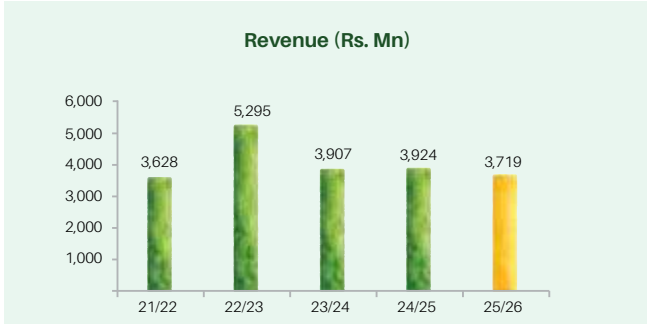


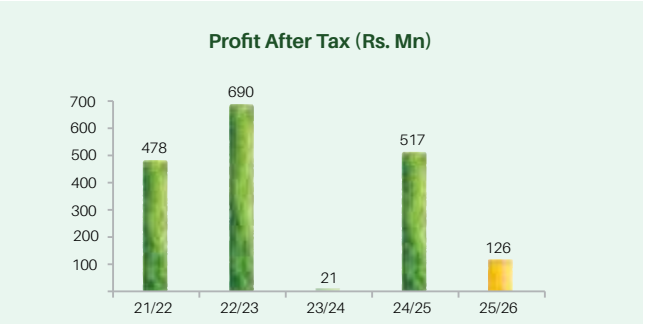
## Exports

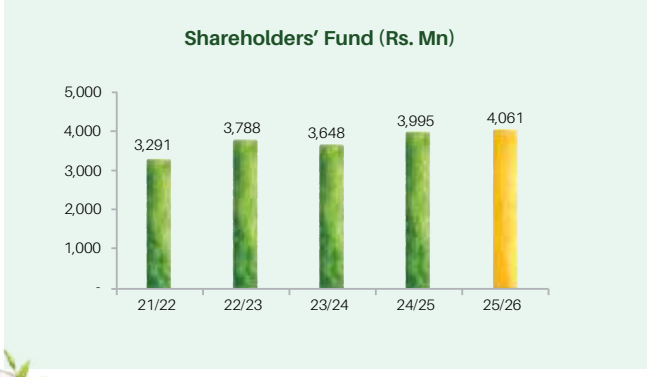
Direct (Rubber) - 169 Kg '000
Indirect (Rubber) - 495 Kg '000

**Dividend per Share**
**Rs. 3.00**

**Market Price per Share**
**Rs. 128.75**



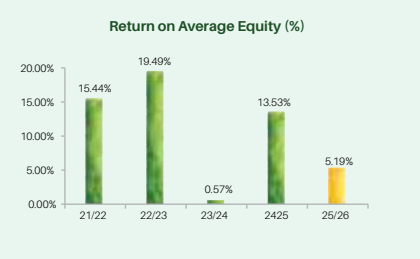



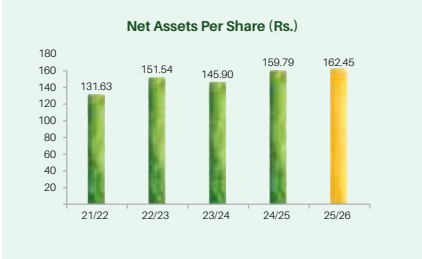



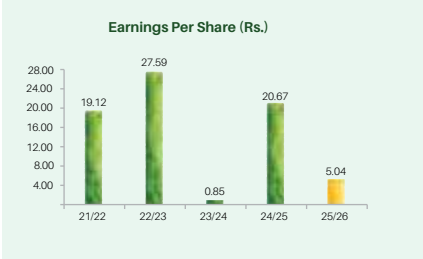


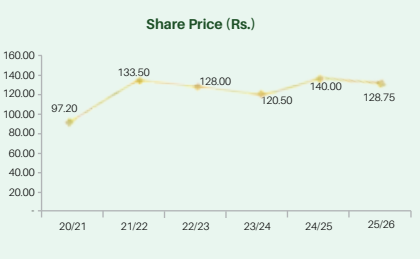

| Performance - Year ended 31 March | | 2025/26 | 2024/25 | Change |
|---|---|---|---|---|
| Revenue | Rs.'000 | 3,719,137 | 3,923,702 | -5% |
| Result from operating activities | Rs.'000 | 385,159 | 826,573 | -53% |
| Profit before interest and tax | Rs.'000 | 418,360 | 828,499 | -50% |
| Profit after tax | Rs.'000 | 126,019 | 516,871 | -76% |
| Gross dividends | Rs.'000 | 75,000 | 87,500 | -14% |
| Capital expenditure | Rs.'000 | 391,282 | 474,124 | -17% |
| **Financial Position - As at 31 March** | | | | |
| Fixed assets | Rs.'000 | 6,909,717 | 6,636,169 | 4% |
| Current assets | Rs.'000 | 1,643,745 | 1,811,051 | -9% |
| Total assets | Rs.'000 | 8,553,461 | 8,447,220 | 1% |
| Current liabilities | Rs.'000 | 1,774,166 | 1,885,694 | -6% |
| Shareholders' fund | Rs.'000 | 4,061,413 | 3,994,887 | 2% |
| Stated capital | Rs.'000 | 250,000 | 250,000 | 0% |
| Capital employed | Rs.'000 | 5,134,857 | 4,729,846 | 9% |
| **Key Indicators** | | | | |
| Earnings per share | Rs. | 5.04 | 20.67 | -76% |
| Net assets per share | Rs. | 162.45 | 159.79 | 2% |
| Dividend per share | Rs. | 3.00 | 3.50 | -14% |
| Market price per share | Rs. | 128.75 | 140.00 | -8% |
| Net profit margin | % | 3.39% | 13.17% | -74% |
| Return on capital employed | % | 8.15% | 17.52% | -53% |
| Market capitalization | Rs.'000 | 3,218,750 | 3,500,000 | -8% |
| Return on average equity | % | 5.19% | 13.53% | -62% |
| Return on assets | % | 4.89% | 9.81% | -50% |

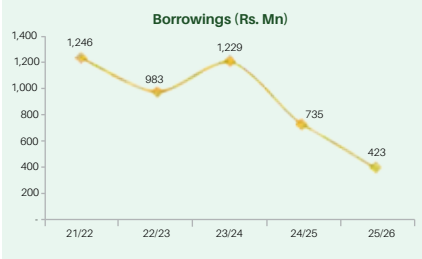
Change = year-on-year percentage movement from 2024/25 to 2025/26.

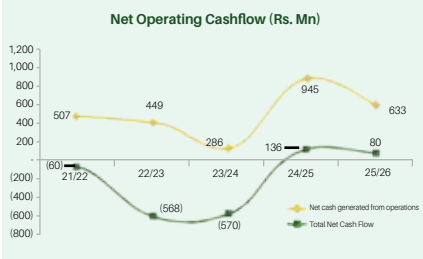


# NON-FINANCIAL HIGHLIGHTS

| | Rubber | Tea | Coconut |
|---|---|---|---|
| No of Estates 17 | Kegalle - 09<br>Kurunegala - 02<br>11 | Uva High - 04<br>Western Medium - 01<br>Low Grown - 01<br>06 | Rubber Cum Coconut – 07<br>Rubber, Tea Cum Coconut - 01 |
| Land Extent 9,757 Ha | 6,979 Ha<br>72% | 2,278 Ha<br>23% | 500 Ha<br>05% |
| Productivity<br>*Land (Yield)*<br>*Labour (Intake)* | 802 Kg/Ha<br>6.64 Kg Intake | 641 Kg/Ha<br>25.86 Kg Intake | 1,887 Nuts/Ha |
| Production Volume | 2,310<br>Kg'000 | 1,290<br>Kg'000 | 780<br>Nuts'000 |



# HORIZONTAL AND VERTICAL ANALYSIS

## Statement of Profit or Loss

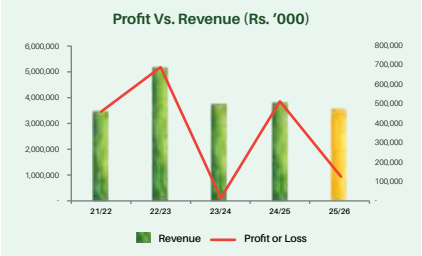
### Horizontal Analysis

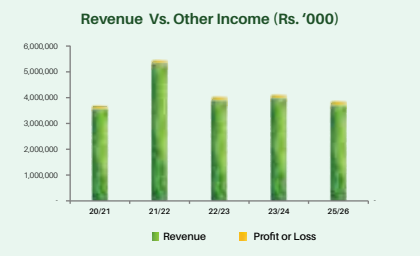
| | 2025/26 | 26 Vs. 25 | 2024/25 | 25 Vs. 24 | 2023/24 | 24 Vs. 23 | 2022/23 | 23 Vs. 22 | 2021/22 | 22 Vs. 21 | 2020/21 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Rs. '000 | % | Rs. '000 | % | Rs. '000 | % | Rs. '000 | % | Rs. '000 | % | Rs. '000 |
| Revenue | 3,719,137 | (5.2) | 3,923,702 | 0.4 | 3,907,108 | (26.2) | 5,294,938 | 46.0 | 3,627,751 | 15.2 | 3,148,122 |
| Cost of Sale | (3,375,301) | 4.7 | (3,223,689) | (9.8) | (3,572,996) | (14.5) | (4,176,515) | 34.9 | (3,095,130) | 9.5 | (2,826,535) |
| Gross Profit | 343,836 | (50.9) | 700,013 | 109.5 | 334,112 | (70.1) | 1,118,422 | 110.0 | 532,621 | 65.6 | 321,587 |
| Gain on fair value of Biological Assets | 33,793 | (61.1) | 86,830 | 433.5 | 16,275 | 217.5 | 5,126 | (67.2) | 15,621 | 249.7 | 4,467 |
| Other Income | 194,112 | (12.7) | 222,428 | 58.7 | 140,171 | 34.3 | 104,356 | 15.6 | 90,251 | (59.1) | 220,583 |
| Administrative Expenses | (119,204) | 60.3 | (74,362) | 16.2 | (63,976) | (11.4) | (72,171) | 28.0 | (56,376) | 15.6 | (48,749) |
| Management Fee | (67,378) | (37.8) | (108,337) | 103.4 | (53,267) | (68.5) | (168,911) | 78.5 | (94,629) | 60.5 | (58,942) |
| Profit from Operations | 385,159 | (53.4) | 826,573 | 121.4 | 373,315 | (62.2) | 986,823 | 102.4 | 487,489 | 11.1 | 438,946 |
| Finance Income | 33,201 | 1,623.8 | 1,926 | (131.0) | (6,208) | (102.4) | 259,854 | 43.5 | 181,044 | 221.3 | 56,345 |
| Finance Cost | (169,087) | (11.3) | (190,595) | (17.7) | (231,488) | 1.1 | (228,904) | 121.0 | (103,562) | (17.2) | (125,000) |
| Profit Before Taxation | 249,273 | (60.9) | 637,904 | 370.4 | 135,619 | (86.7) | 1,017,772 | 80.1 | 564,971 | 52.6 | 370,291 |
| Tax Expenses | (123,254) | 1.8 | (121,033) | 5.8 | (114,385) | (65.1) | (327,914) | 276.6 | (87,068) | 57.8 | (55,165) |
| Profit AfterTaxation | 126,019 | (75.6) | 516,871 | 2,334.2 | 21,234 | (96.9) | 689,858 | 44.4 | 477,903 | 51.7 | 315,126 |
| Basic Earnings Per Share - Rs. | 5.04 | (75.6) | 20.67 | 2,334.2 | 0.85 | (96.9) | 27.59 | 44.4 | 19.12 | 51.7 | 12.61 |
| Dividend Per Share - Rs. | 3.00 | (14.3) | 3.50 | - | 3.50 | (50.0) | 7.00 | 40.0 | 5.00 | 25.0 | 4.00 |

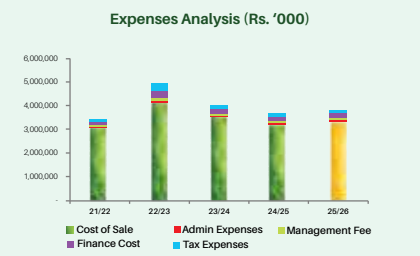
### Vertical Analysis

| | 2025/26 | | 2024/25 | | 2023/24 | | 2022/23 | | 2021/22 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Rs. '000 | % | Rs. '000 | % | Rs. '000 | % | Rs. '000 | % | Rs. '000 | % |
| Revenue | 3,719,137 | 94.8 | 3,923,702 | 100.0 | 3,907,108 | 100.0 | 5,294,938 | 100.0 | 3,627,751 | 100.0 |
| Cost of Sale | (3,375,301) | 86.0 | (3,223,689) | 82.2 | (3,572,996) | 91.4 | (4,176,515) | 78.9 | (3,095,130) | 85.3 |
| Gross Profit | 343,836 | 8.8 | 700,013 | 17.8 | 334,112 | 8.6 | 1,118,422 | 21.1 | 532,621 | 14.7 |
| Gain on fair value of Biological Assets | 33,793 | 0.9 | 86,830 | 2.2 | 16,275 | 0.4 | 5,126 | 0.1 | 15,621 | 0.4 |
| Other Income | 194,112 | 4.9 | 222,428 | 5.7 | 140,171 | 3.6 | 104,356 | 2.0 | 90,251 | 2.5 |
| Administrative Expenses | (119,204) | (3.0) | (74,362) | (1.9) | (63,976) | (1.6) | (72,171) | (1.4) | (56,376) | (1.6) |
| Management Fee | (67,378) | (1.7) | (108,337) | (2.8) | (53,267) | (1.4) | (168,911) | (3.2) | (94,629) | (2.6) |
| Profit from Operations | 385,159 | 9.8 | 826,573 | 21.1 | 373,315 | 9.6 | 986,823 | 18.6 | 487,489 | 13.4 |
| Finance Income | 33,201 | 0.8 | 1,926 | 0.0 | (6,208) | (0.2) | 259,854 | 4.9 | 181,044 | 5.0 |
| Finance Cost | (169,087) | (4.3) | (190,595) | (4.9) | (231,488) | (5.9) | (228,904) | (4.3) | (103,562) | (2.9) |
| Profit Before Taxation | 249,273 | 6.4 | 637,904 | 16.3 | 135,619 | 3.5 | 1,017,772 | 19.2 | 564,971 | 15.6 |
| Tax Expenses | (123,254) | (3.1) | (121,033) | (3.1) | (114,385) | (2.9) | (327,914) | (6.2) | (87,068) | (2.4) |
| Profit After Taxation | 126,019 | 3.2 | 516,871 | 13.2 | 21,234 | 0.5 | 689,858 | 13.0 | 477,903 | 13.2 |
| Basic Earnings Per Share - Rs. | 5.04 | | 20.67 | | 0.85 | | 27.59 | | 19.12 | |
| Dividend Per Share - Rs. | 3.00 | | 3.50 | | 3.50 | | 7.00 | | 5.00 | |

# HORIZONTAL AND VERTICAL ANALYSIS




## Statement of Financial Position

### Horizontal Analysis

| ASSETS | 31.03.2026 | 26 Vs. 25 | 31.03.2025 | 25 Vs. 24 | 31.03.2024 | 24 Vs. 23 | 31.03.2023 | 23 Vs. 22 | 31.03.2022 | 22 Vs. 21 | 31.03.2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Rs. '000 | % | Rs. '000 | % | Rs. '000 | % | Rs. '000 | % | Rs. '000 | % | Rs. '000 |
| Non Current Assets | | | | | | | | | | | |
| Right of Use Assets | 806,159 | (1.2) | 815,040 | 13.0 | 721,334 | 44.8 | 498,113 | 2.0 | 488,107 | (2.4) | 499,896 |
| Free hold Property, Plant and Equipment | 457,946 | 5.3 | 412,651 | (51.4) | 848,685 | 10.5 | 768,288 | 25.8 | 610,681 | 136.0 | 258,759 |
| Right-of-use Assets SLFRS 16 | 4,079,259 | 3.9 | 3,937,292 | 8.2 | 3,640,326 | 11.7 | 3,260,126 | 10.4 | 2,952,415 | 7.9 | 2,736,500 |
| Bearer Biological Assets | 383,368 | 17.7 | 339,825 | 38.4 | 245,605 | 15.7 | 212,354 | 11.4 | 190,705 | 19.2 | 160,028 |
| Consumable Biological Assets | 441,000 | 100.0 | 450,000 | | - | | - | | - | - | - |
| Investment Properties | 250,134 | 34.4 | 189,511 | 7.5 | 176,320 | (19.5) | 219,144 | 10.1 | 199,080 | 19.2 | 167,040 |
| Financial Assets | 491,850 | 0.0 | 491,850 | - | 491,850 | (0.0) | 491,850 | - | 491,850 | - | 491,850 |
| Total Non Current Assets | 6,909,717 | 4.5 | 6,636,169 | 8.4 | 6,124,120 | 12.4 | 5,449,875 | 10.5 | 4,932,838 | 14.3 | 4,314,074 |
| Current Assets | | | | | | | | | | | |
| Produce on Bearer Biological Asset | 10,737 | (29.4) | 13,898 | 29.3 | 10,750 | 22.2 | 8,794 | 13.0 | 7,784 | 21.7 | 6,395 |
| Inventories | 437,386 | (17.5) | 532,743 | (2.4) | 545,811 | (17.7) | 663,554 | 49.0 | 445,352 | 35.3 | 329,184 |
| Trade and Other Receivables | 982,861 | (4.1) | 1,016,847 | 22.1 | 832,758 | 25.4 | 664,166 | 46.2 | 454,166 | 24.3 | 365,254 |
| ESC Recoverable | - | - | - | - | - | | - | (100.0) | 8,846 | (58.0) | 21,066 |
| VAT Recoverable | 28,758 | (0.1) | 28,793 | 7.6 | 26,767 | 27.1 | 21,066 | - | 21,066 | (0.2) | 21,100 |
| Income Tax Recoverable | 28,131 | 74.4 | 16,131 | - | 16,131 | - | 16,131 | - | 16,131 | 0.0 | 16,131 |
| Amounts due from Related Companies | 29,879 | (6.0) | 32,039 | (11.5) | 36,219 | (26.6) | 49,348 | 28.1 | 38,508 | (4.6) | 40,351 |
| Short Term Investments | 91,044 | (30.8) | 163,217 | (30.4) | 234,352 | (16.8) | 281,822 | (63.7) | 776,496 | (10.3) | 865,467 |
| Cash and Bank Balances | 34,949 | 140.4 | 7,383 | (62.4) | 19,634 | (7.7) | 21,273 | 34.3 | 15,841 | (12.9) | 18,181 |
| Total Current Assets | 1,643,745 | (9.7) | 1,811,051 | 5.1 | 1,722,422 | (0.2) | 1,726,154 | (3.3) | 1,784,190 | 6.0 | 1,683,129 |
| TOTAL ASSETS | 8,553,461 | 1.4 | 8,447,220 | 7.7 | 7,846,542 | 9.3 | 7,176,029 | 6.8 | 6,717,028 | 12.0 | 5,997,202 |

| EQUITY AND LIABILITIES | 31.03.2026 | 26 Vs. 25 | 31.03.2025 | 25 Vs. 24 | 31.03.2024 | 24 Vs. 23 | 31.03.2023 | 23 Vs. 22 | 31.03.2022 | 22 Vs. 21 | 31.03.2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Rs. '000 | % | Rs. '000 | % | Rs. '000 | % | Rs. '000 | % | Rs. '000 | % | Rs. '000 |
| **Equity** | | | | | | | | | | | |
| Stated Capital | 250,000 | - | 250,000 | - | 250,000 | - | 250,000 | - | 250,000 | - | 250,000 |
| General Reserve | 225,000 | - | 225,000 | - | 225,000 | - | 225,000 | - | 225,000 | - | 225,000 |
| Timber Reserve | 188,886 | 54.1 | 151,932 | 122.6 | 68,251 | 26.6 | 53,932 | 8.3 | 49,815 | 40.0 | 35,583 |
| Fair Value Through Other Comprehensive Income Reserve | 48,600 | - | 48,600 | - | 48,600 | - | 48,600 | - | 48,600 | - | 48,600 |
| Retained Earnings | 3,348,927 | 1.0 | 3,319,355 | 8.6 | 3,055,681 | (4.8) | 3,210,922 | 18.2 | 2,717,302 | 16.2 | 2,339,042 |
| **Total Equity** | **4,061,413** | **1.8** | **3,994,887** | **9.5** | **3,647,532** | **(3.7)** | **3,788,454** | **15.1** | **3,290,717** | **13.5** | **2,898,226** |
| **Non Current Liabilities** | | | | | | | | | | | |
| Interest-bearing Loans & Borrowings | - | (26.2) | 66,636 | (73.8) | 254,144 | (52.0) | 529,152 | (34.2) | 804,160 | 18.7 | 677,619 |
| Retiring Benefit Obligations | 650,449 | 12.9 | 591,317 | 28.8 | 459,272 | 2.5 | 447,967 | 1.1 | 443,213 | (0.7) | 446,116 |
| Deferred Income | 249,203 | 3.2 | 241,837 | 3.8 | 232,976 | 9.1 | 213,503 | 1.2 | 211,001 | 1.2 | 208,443 |
| Deferred Tax Liability | 875,925 | 19.7 | 746,026 | 13.0 | 660,142 | 17.5 | 561,604 | 127.0 | 247,402 | 47.6 | 167,634 |
| Lease liabilities on Right-of-use Assets SLFRS 16 | 942,305 | 2.7 | 920,824 | 16.0 | 793,482 | 47.2 | 539,084 | 6.9 | 504,396 | 2.5 | 491,903 |
| **Total Non Current Liabilities** | **2,717,882** | **6.3** | **2,566,640** | **6.9** | **2,400,016** | **4.7** | **2,291,310** | **3.7** | **2,210,172** | **11.0** | **1,991,714** |
| **Current Liabilities** | | | | | | | | | | | |
| Trade and Other Payables | 343,131 | (40.6) | 502,314 | 28.2 | 391,813 | 4.2 | 376,074 | 4.7 | 359,114 | 5.8 | 339,301 |
| Interest-bearing Loans & Borrowings | 422,996 | (25.2) | 668,323 | (31.4) | 974,774 | 114.8 | 453,866 | 2.8 | 441,548 | (9.0) | 485,159 |
| Lease Creditor | 16,484 | 19.9 | 14,259 | 27.5 | 11,183 | 48.1 | 7,550 | 19.8 | 6,304 | 12.8 | 5,587 |
| Dividend Payable | 93,161 | 35.8 | 51,490 | (55.8) | 116,552 | 174.3 | 42,488 | (73.9) | 162,553 | 21.9 | 133,308 |
| Amounts due to Related Companies | 898,395 | 81.8 | 649,307 | 113.1 | 304,671 | 40.9 | 216,287 | (12.3) | 246,621 | 71.4 | 143,908 |
| **Total Current Liabilities** | **1,774,166** | **(6.2)** | **1,885,693** | **4.8** | **1,798,993** | **64.1** | **1,096,265** | **(9.9)** | **1,216,140** | **9.8** | **1,107,263** |
| **TOTAL EQUITY AND LIABILITIES** | **8,553,461** | **1.4** | **8,447,220** | **7.7** | **7,846,541** | **9.3** | **7,176,029** | **6.8** | **6,717,028** | **12.0** | **5,997,202** |
| **Net Assets Per Share** | **162.46** | **1.8** | **159.80** | **9.5** | **145.90** | **(3.7)** | **151.54** | **15.1** | **131.63** | **13.5** | **115.93** |

# HORIZONTAL AND VERTICAL ANALYSIS

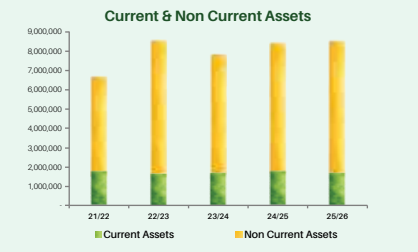
## Statement of Financial Position

### Vertical Analysis

| ASSETS | 31.03.2026 Rs. '000 | 26 Vs. 25 % | 31.03.2025 Rs. '000 | 25 Vs. 24 % | 31.03.2024 Rs. '000 | 24 Vs. 23 % | 31.03.2023 Rs. '000 | 23 Vs. 22 % | 31.03.2022 Rs. '000 | 22 Vs. 21 % |
|---|---|---|---|---|---|---|---|---|---|---|
| Non Current Assets | | | | | | | | | | |
| Right of Use Assets | 806,159 | 9.4 | 815,040 | 9.6 | 721,334 | 9.2 | 498,113 | 6.9 | 488,107 | 7.3 |
| Free hold Property, Plant and Equipment | 457,946 | 5.4 | 412,651 | 4.9 | 848,685 | 10.8 | 768,288 | 10.7 | 610,681 | 9.1 |
| Right-of-use Assets SLFRS 16 | 4,079,259 | 47.7 | 3,937,292 | 46.6 | 3,640,326 | 46.4 | 3,260,126 | 45.4 | 2,952,415 | 44.0 |
| Bearer Biological Assets | 383,368 | 4.5 | 339,825 | 4.0 | 245,605 | 3.1 | 212,354 | 3.0 | 190,705 | 2.8 |
| Consumable Biological Assets | 441,000 | 5.2 | 450,000 | 5.3 | - | - | - | - | - | - |
| Investment Properties | 250,134 | 2.9 | 189,511 | 2.2 | 176,320 | 2.2 | 219,144 | 3.1 | 199,080 | 3.0 |
| Financial Assets | 491,850 | 5.8 | 491,850 | 5.8 | 491,850 | 6.3 | 491,850 | 6.9 | 491,850 | 7.3 |
| **Total Non Current Assets** | **6,909,717** | **80.8** | **6,636,169** | **78.6** | **6,124,120** | **78.0** | **5,449,875** | **75.9** | **4,932,838** | **73.4** |
| Current Assets | | | | | | | | | | |
| Produce on Bearer Biological Asset | 10,737 | 0.1 | 13,898 | 0.2 | 10,750 | 0.1 | 8,794 | 0.1 | 7,784 | 0.1 |
| Inventories | 437,386 | 5.1 | 532,743 | 6.3 | 545,811 | 7.0 | 663,554 | 9.2 | 445,352 | 6.6 |
| Trade and Other Receivables | 982,861 | 11.5 | 1,016,847 | 12.0 | 832,758 | 10.6 | 664,166 | 9.3 | 454,166 | 6.8 |
| ESC Recoverable | - | - | - | - | - | - | - | - | 8,846 | 0.1 |
| VAT Recoverable | 28,758 | 0.3 | 28,793 | 0.3 | 26,767 | 0.3 | 21,066 | 0.3 | 21,066 | 0.3 |
| Income Tax Recoverable | 28,131 | 0.3 | 16,131 | 0.2 | 16,131 | 0.2 | 16,131 | 0.2 | 16,131 | 0.2 |
| Amounts due from Related Companies | 29,879 | 0.3 | 32,039 | 0.4 | 36,219 | 0.5 | 49,348 | 0.7 | 38,508 | 0.6 |
| Short Term Investments | 91,044 | 1.1 | 163,217 | 1.9 | 234,352 | 3.0 | 281,822 | 3.9 | 776,496 | 11.6 |
| Cash and Bank Balances | 34,949 | 0.4 | 7,383 | 0.1 | 19,634 | 0.3 | 21,273 | 0.3 | 15,841 | 0.2 |
| **Total Current Assets** | **1,643,745** | **19.2** | **1,811,051** | **21.4** | **1,722,422** | **22.0** | **1,726,154** | **24.1** | **1,784,190** | **26.6** |
| TOTAL ASSETS | 8,553,461 | 100.0 | 8,447,220 | 100.0 | 7,846,542 | 100.0 | 7,176,029 | 100.0 | 6,717,028 | 100.0 |
| EQUITY AND LIABILITIES | | | | | | | | | | |
| Equity | | | | | | | | | | |
| Stated Capital | 250,000 | 2.9 | 250,000 | 3.0 | 250,000 | 3.2 | 250,000 | 3.5 | 250,000 | 3.7 |
| General Reserve | 225,000 | 2.6 | 225,000 | 2.7 | 225,000 | 2.9 | 225,000 | 3.1 | 225,000 | 3.3 |
| Timber Reserve | 188,886 | 2.2 | 151,932 | 1.8 | 68,251 | 0.9 | 53,932 | 0.8 | 49,815 | 0.7 |
| Fair Value Through Other Comprehensive Income Reserve | 48,600 | 0.6 | 48,600 | 0.6 | 48,600 | 0.6 | 48,600 | 0.7 | 48,600 | 0.7 |
| Retained Earnings | 3,348,927 | 39.2 | 3,319,355 | 39.3 | 3,055,681 | 38.9 | 3,210,922 | 44.7 | 2,717,302 | 40.5 |
| **Total Equity** | **4,061,413** | **47.5** | **3,994,887** | **47.3** | **3,647,532** | **46.5** | **3,788,454** | **52.8** | **3,290,717** | **49.0** |

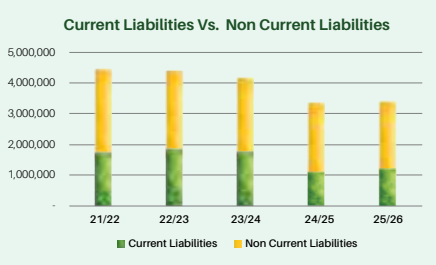
| LIABILITIES | 31.03.2026 Rs. '000 | 26 Vs. 25 % | 31.03.2025 Rs. '000 | 25 Vs. 24 % | 31.03.2024 Rs. '000 | 24 Vs. 23 % | 31.03.2023 Rs. '000 | 23 Vs. 22 % | 31.03.2022 Rs. '000 | 22 Vs. 21 % |
|---|---|---|---|---|---|---|---|---|---|---|
| Non Current Liabilities | | | | | | | | | | |
| Interest-bearing Loans & Borrowings | - | - | 66,636 | 0.8 | 254,144 | 3.2 | 529,152 | 7.4 | 804,160 | 12.0 |
| Retiring Benefit Obligations | 650,449 | 7.6 | 591,317 | 7.0 | 459,272 | 5.9 | 447,967 | 6.2 | 443,213 | 6.6 |
| Deferred Income | 249,203 | 2.9 | 241,837 | 2.9 | 232,976 | 3.0 | 213,503 | 3.0 | 211,001 | 3.1 |
| Deferred Tax Liability | 875,925 | 10.2 | 746,026 | 8.8 | 660,142 | 8.4 | 561,604 | 7.8 | 247,402 | 3.7 |
| Lease Creditor | 942,305 | 11.0 | 920,824 | 10.9 | 793,482 | 10.1 | 539,084 | 7.5 | 504,396 | 7.5 |
| Total Non Current Liabilities | 2,717,882 | 31.8 | 2,566,640 | 30.4 | 2,400,016 | 30.6 | 2,291,310 | 31.9 | 2,210,172 | 32.9 |
| Current Liabilities | | | | | | | | | | |
| Trade and Other Payables | 343,131 | 4.0 | 502,314 | 5.9 | 391,813 | 5.0 | 376,074 | 5.2 | 359,114 | 5.3 |
| Interest-bearing Loans & Borrowings | 422,996 | 4.9 | 668,323 | 7.9 | 974,774 | 12.4 | 453,866 | 6.3 | 441,548 | 6.6 |
| Lease Creditor | 16,484 | 0.2 | 14,259 | 0.2 | 11,183 | 0.1 | 7,550 | 0.1 | 6,304 | 0.1 |
| Dividend Payable | 93,161 | 1.1 | 51,490 | 0.6 | 116,552 | 1.5 | 42,488 | 0.6 | 162,553 | 2.4 |
| Amounts due to Related Companies | 898,395 | 10.5 | 649,307 | 7.7 | 304,671 | 3.9 | 216,287 | 3.0 | 246,621 | 3.7 |
| Total Current Liabilities | 1,774,166 | 20.7 | 1,885,693 | 22.3 | 1,798,993 | 22.9 | 1,096,265 | 15.3 | 1,216,140 | 18.1 |
| TOTAL EQUITY AND LIABILITIES | 8,553,461 | 100.0 | 8,447,220 | 100.0 | 7,846,541 | 100.0 | 7,176,029 | 100.0 | 6,717,028 | 100.0 |
| Net Assets Per Share | 162.46 | | 159.80 | | 145.90 | | 151.54 | | 131.63 | |

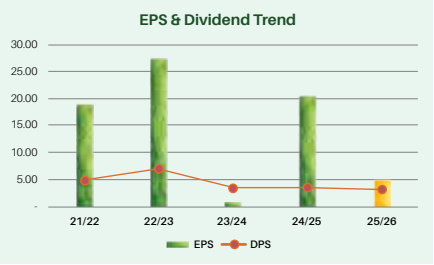






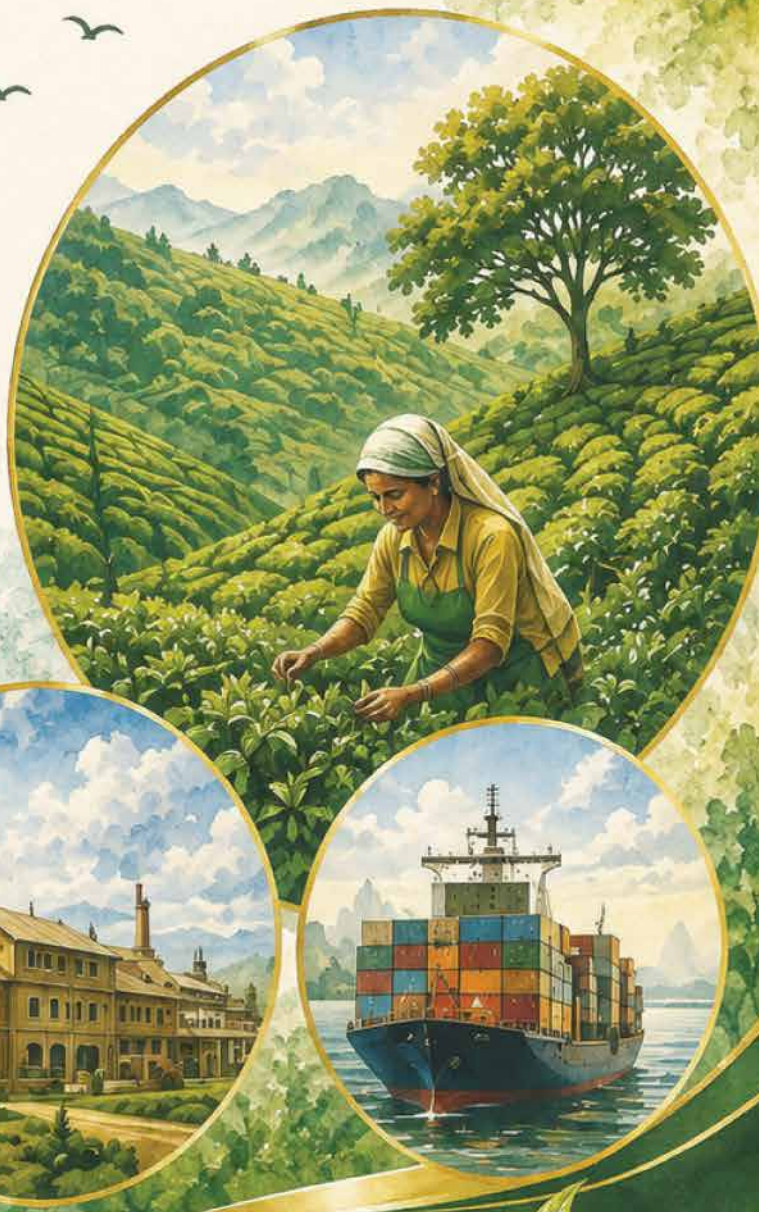


# 02

# GROWING WITH PURPOSE

**Turning insight, resilience and responsible choices into sustainable performance.**



**MANAGEMENT DISCUSSION & ANALYSIS**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# MANAGEMENT DISCUSSION & ANALYSIS

## ECONOMIC OVERVIEW

### Operational & Financial Review

The history of Sri Lanka's plantation industry dates back to the colonial era, when British rule brought extensive tea, rubber, and coconut farming to the country's central highlands. From its plantation-based colonial framework, the industry has evolved over time into a strategically crucial part of the national economy, making a substantial contribution to value-added industrial operations, export revenue, and the creation of rural jobs.

The plantation sector is still a vital socioeconomic pillar of the nation in the current environment. In addition to supporting downstream industries and export-oriented value chains, it offers a sizable rural population direct and indirect livelihood options.

Tea continues to be the principal export, maintaining Sri Lanka's standing in international markets as a manufacturer of superior orthodox tea. In addition to providing raw materials to domestic manufacturing and processing businesses, the rubber and coconut industries continue to boost export earnings.

From an operational standpoint, both internal and external cost constraints are having an increasing impact on the industry. Growing input prices continue to affect plantation firms' operating margins, especially when it comes to manpower, fertiliser, energy, and logistics. Furthermore, structural limitations including manpower shortages, an ageing workforce, and diminishing field productivity in some estates continue to be major operating obstacles. Production cycles and yield stability have become even more unpredictable due to climate variability, which includes erratic rainfall patterns and catastrophic weather events.

In terms of financial performance, plantation organisations still face income stream instability brought on by shifts in currency rates and worldwide commodity prices. Foreign currency inflows boost export-oriented revenues, while local currency realisations have been moderated by the Sri Lankan Rupee's rise at certain periods of the year. Simultaneously, advances in the market for value-added tea and rubber goods across the world have helped to partially offset local cost increases and maintain revenue growth.

The industry has shown resilient in the face of these difficulties by steadily increasing operational effectiveness and productivity management. Initiatives for field rehabilitation, replanting programs, and improved agronomic techniques have all helped to stabilise output in a number of crop categories. Companies have also increasingly focused on cost optimization strategies, mechanization where feasible, and improved supply chain management to enhance overall efficiency.

The sector's long-term operational and financial success now heavily relies on sustainability. Environmental, social, and governance (ESG) concepts are becoming more and more integrated into the operations of plantation enterprises, with a focus on sustainable agricultural techniques, responsible resource use, and adherence to international certification requirements. For labour stability and productivity, concurrent initiatives to enhance housing, healthcare, education, and welfare for estate workers are still crucial.

In the future, the plantation industry's capacity to successfully control cost constraints, increase crop productivity, and adjust to changing global market circumstances will determine its operational and financial performance. Enhancing long-term competitiveness and maintaining the sector's contribution will need strengthening resilience via innovation, mechanisation, and climate-smart agriculture in addition to ongoing governmental support and strategic investments.

#### Global Economic Performance

In 2025, the world economy showed remarkable resilience in the face of increased trade tensions, policy uncertainty, and ongoing geopolitical and climate-related challenges. Global activity was nonetheless bolstered by transient but significant variables, such as increasing investment on artificial intelligence (AI), persistent investor risk appetite, and hoarding of traded products. Global supply chains also kept adapting to growing trade barriers, which supported the speed of the economy as a whole. However, notable regional and national differences were concealed by the growth's strength.

Global growth is predicted to have averaged 2.7 percent in 2025, up 0.4 percentage points from previous estimates, according to Global Economic Prospects. Improved results in a number of significant economies were a big factor in this better-than-expected performance. However, growth is predicted to slow to 2.6 percent in 2026 as the effects of short-term boosting factors wear off, along with declining demand for traded products and lower domestic demand in important international markets.

The underlying circumstances show a growing disparity, especially harming emerging markets and developing countries, notwithstanding the comparatively steady headline growth. These economies nonetheless have structural limitations, such as constrained fiscal flexibility, decreased inflows of foreign direct investment, and persistent difficulties in reducing poverty and creating jobs. Global growth that is equitable and balanced is nevertheless hampered by these forces.

Overall, even if the world economy has demonstrated resilience in the near term, the forecast is still cautious, with growth predicted to progressively slow down as structural issues and outside uncertainties continue to have an impact on the medium-term performance of the world economy.

#### Sri Lanka Economic Performance

The Sri Lankan economy recorded a robust performance in 2025, continuing its post-crisis recovery trajectory despite periodic disruptions, including the impact of Cyclone Ditwah. Real Gross Domestic Product (GDP) expanded by 5.0 percent in 2025 at constant prices, reflecting sustained economic momentum supported by ongoing macroeconomic stabilization and gradual improvement in domestic economic activity.

Economic well-being indicators also showed improvement during the year. GDP per capita increased to Rs. 1,505,371 in 2025 from Rs. 1,373,235 in 2024, supported by the expansion in nominal GDP alongside a decline in mid-year population estimates. In US dollar terms, GDP per capita rose to USD 5,003 in 2025 compared to USD 4,546 in 2024, while Gross National Income (GNI) per capita increased to USD 4,910 from USD 4,428 over the same period, indicating a broad-based improvement in income levels.

Inflationary conditions remained contained but gradually firmed during the year. Core inflation, which reflects underlying demand conditions in the economy, recorded a gradual acceleration in 2025 while remaining at relatively low positive levels. The general price level also increased moderately during the year, reversing the deflationary trend observed in the previous year, as reflected in both the Colombo Consumer Price Index (CCPI) and National Consumer Price Index (NCPI). Accordingly, CCPI rose from 191.7 index points in December 2024 to 195.8 index points in December 2025, while NCPI increased from 204.6 to 210.5 index points over the same period.

Despite the upward movement in price indices, household consumption expenditure showed mixed movements. Based on CCPI, estimated average monthly household consumption expenditure declined marginally by 0.5 percent to Rs. 177,545 in 2025, whereas estimates based on NCPI indicated a marginal increase of 0.2 percent to Rs. 105,230, reflecting differences in index weighting structures.

Labour market conditions improved during the year, with the unemployment rate declining to 3.9 percent in 2025 from 4.4 percent in 2024, indicating gradual absorption of labour into expanding economic activities.

Financial market conditions remained broadly accommodative during most of 2025. Market interest rates continued to adjust downward, although a modest uptick was observed towards the latter part of the year due to temporary increases in short-term interest rates. The exchange rate exhibited some pressure during the year, with the Sri Lankan Rupee depreciating by 5.6 percent against the US dollar, moving from Rs. 292.58 at end-2024 to Rs. 309.99 at end-2025.

### External Sector Performance

2025 saw a generally improved performance from Sri Lanka's external sector, supported by ongoing macroeconomic stability and a slow rebound in actual economic activity. For the third year in a row, the current account was in surplus due to consistent external inflows that were bolstered by worker remittances and increasing trade volumes.

However, during the year, the merchandise trade account showed a growing deficit. A greater rise in import spending relative to export revenue was the main cause of this expansion. In 2025, both imports and exports grew, and overall commerce climbed by 10.9 percent year over year, suggesting a widespread rebound in actual trade flows rather than price-driven impacts. While export performance showed steady improvements in external demand circumstances, the rise in import demand was consistent with growing domestic economic activity.

There were conflicting developments in the revenue and services accounts. In comparison to the prior year, the main income account deficit shrank in 2025, suggesting a decrease in net outflows. On the other hand, the secondary income account surplus increased dramatically, mostly due to increased worker remittance inflows, which continued to be a crucial stabilising element for the external sector.

In terms of finance, Sri Lanka's foreign debt stock grew in nominal terms in 2025 due to continuing commitments and the restart of external debt service once debt restructuring was finished. However, due to higher nominal GDP growth, the market value-based external debt-to-GDP ratio decreased from 55.4 percent in 2024 to 50.4 percent by the end of 2025.

Due to the reintroduction of repayments on the majority of government foreign debt, external debt service payments also rose throughout the year in comparison to 2024. Improved foreign currency inflows bolstered overall external liquidity conditions notwithstanding these increased outflows. Due to continuous changes in external market circumstances, the Sri Lankan Rupee lost 5.6% of its value in 2025, from Rs. 292.58 per US dollar at the end of 2024 to Rs. 309.99 per US dollar at the end of 2025.

Despite ongoing pressures from trade imbalances and debt servicing obligations, the external sector in 2025 showed resilience and improved structural stability, bolstered by persistent current account surpluses, robust remittance inflows, and a progressive strengthening of external buffers.

## INDUSTRY OVERVIEW

### Agricultural Sector Review

The agriculture sector continued to play an important part in Sri Lanka's economic recovery in 2025, contributing to production alongside the industrial and service sectors. Agriculture accounted for around 8.4% of total production, while industry and services contributed 25.4% and 54.6%, respectively, showing no significant structural changes from the prior year. The sectoral makeup of the economy remained mostly steady.

After growing by 0.6 percent in 2024, agricultural activity saw a moderate rise of 1.4 percent in 2025. Rice farming, coconut farming, and animal production were the main drivers of this expansion. Additionally, sectoral performance was positively impacted by forestry and logging, agricultural support services, and the production of fruits, tea, and spices. However, this overall expansion was partially offset by contractions in fishing, vegetable cultivation, rubber production, other perennial crops, and beverage crops, reflecting the uneven recovery across sub-sectors.

### Rubber Industry Performance

In 2025, the rubber industry saw ongoing operational difficulties that were typified by decreasing productivity, high-cost structures, and enduring biological and environmental limitations. Rising input costs, workforce shortages, and unfavourable agroclimatic conditions continued to put strain on the industry despite efforts to stabilise it in both the public and private sectors.

Due to unfavourable meteorological circumstances, such as extended monsoonal rainfall and significant unseasonal precipitation, which decreased tapping days and interfered with harvesting cycles, rubber output fell by 3.89 percent throughout the year. Furthermore, Pestalotiopsis leaf disease continued to have a detrimental effect on yields, causing defoliation and a decrease in the amount of latex produced per hectare, especially in humid environments.

On the demand side, the sector demonstrated relative resilience. Rubber export volumes increased by 4.33 percent, while export earnings rose significantly by 19.77 percent to Rs. 9,381 million, reflecting strong demand in specialised industrial markets. However, global rubber markets remained volatile due to fluctuating demand conditions in key importing countries such as China, the United States, and the European Union, as well as intense price competition from major producers including Thailand and Indonesia.

Domestic rubber prices reflected mixed trends during 2025. The average price of Ribbed Smoked Sheet No. 1 (RSS 1) declined marginally by 0.26 percent to Rs. 712.14 per kilogram, influenced by the appreciation of the Sri Lankan Rupee. In contrast, the average price across all rubber grades increased by 15 percent to Rs. 1,043.44 per kilogram, supported by supply constraints in premium grades and steady demand from local value-added manufacturers.

### Tea Industry Performance

In 2025, Sri Lanka's tea sector was resilient in the face of a confluence of internal cost challenges, including exchange rate swings, global market concerns, and climate unpredictability. Unfavourable weather, changing global demand trends, and pressures from currency appreciation that reduced export competitiveness all contributed to the sector's difficult operating environment.

In terms of supply, tea output increased slightly by 0.5 percent, from 263 million kilograms in 2024 to 264 million kilograms in 2025. Improved farming methods and the steady supply of necessary inputs like fertilisers and agrochemicals helped to sustain this modest comeback. Despite natural disturbances including extended

# MANAGEMENT DISCUSSION & ANALYSIS

dry spells followed by intense monsoon rains, government actions like smallholder training programs, field repair projects, and fertiliser assistance measures also helped to stabilise output.

Mixed performance across elevation categories was reflected in regional output trends. The major portion of output, low-grown tea, was steady at about 159.6 million kilos. Due to higher output in the central highlands, High Grown tea climbed by 1.26 percent to around 56.4 million kilograms, while Medium Grown tea had the largest relative rise of 1.51 percent to over 48 million kilograms.

Demand-wise, tea exports grew by around 5% in 2025, with export revenue reaching USD 1,507 million. The steady demand for Ceylon tea across the world, especially in the organic and value-added markets, helped to fuel this expansion. However, export markets continued to be unstable, with demand fluctuating across important locations in the Middle East, Russia, and the European Union, reflecting both economic uncertainty and geopolitical concerns. Along with growing local production costs, workforce problems, and logistical limitations, increased competition from large manufacturers like Kenya and India further put pressure on market share.

Despite growth in export volumes and foreign currency earnings, domestic auction prices declined in rupee terms across all elevation categories. The average auction price for Low Grown tea declined by 5.23 percent to Rs. 1,253.54 per kilogram, while Medium Grown and High Grown teas declined by 3.86 percent and 3.79 percent to Rs. 1,031.79 and Rs. 1,112.49 per kilogram respectively. This resulted in an overall average auction price of approximately Rs. 1,186.48 per kilogram. The decline in local currency prices was largely attributed to the appreciation of the Sri Lankan Rupee, which reduced rupee-denominated export earnings, along with marginal increases in domestic supply and quality variations arising from inconsistent rainfall patterns.

### Coconut Industry Performance

The coconut industry recorded a strong recovery in 2025, supported by favourable agro-climatic conditions and improved agricultural management practices. National coconut production increased significantly by 16.2 percent, reaching 3,244 million nuts compared to 2,792 million nuts in 2024, reflecting a substantial improvement in productivity across cultivation areas.

Higher yields in 2025 were largely the result of excellent weather, especially evenly distributed rainfall throughout crucial blooming and nut development periods in prior cycles. Higher yield was also a result of better agronomic practices, especially in the Coconut Triangle region, such as improved fertiliser application and moisture control strategies.

The agricultural sector's overall growth in 2025 was moderate but uneven, with strong performance in coconut cultivation and a few other subsectors, a steady recovery in tea, and ongoing difficulties in rubber and other crop categories. These findings reflect the sector's sensitivity to global market dynamics, structural production constraints, and climate conditions.

### Outlook

The macroeconomic forecast for Sri Lanka is anticipated to be influenced by both the ongoing stability of the home economy and an increasingly unstable and unpredictable global environment. Rising geopolitical tensions, protectionist trade policies, and climate-related concerns have made external conditions more unpredictable, even if the domestic economy has shown better resilience in recent years. Growth prospects and the stability of the foreign sector are particularly at risk due to the increased geopolitical unrest in the Middle East.

It is anticipated that the recent global economic resilience brought about by changes in trade policy and geoeconomic fragmentation will wane. According to the International Monetary Fund's World Economic Outlook (January 2026 update), prior to the recent escalation in the Middle East conflict, global growth was projected at 3.3 percent in 2026 and 3.2 percent in 2027, following an estimated 3.3 percent expansion in 2025. However, these projections are increasingly subject to downside risks arising from intensifying geopolitical tensions and their spillover effects on global trade, energy markets, and financial conditions.

In the near future, inflationary pressures are predicted to reappear, with headline inflation forecast to rise more quickly than previously thought in the direction of the 5 percent objective. This is mostly due to anticipated price rises for energy brought on by interruptions in the world's supply and changes in geopolitics. However, with the backing of ongoing monetary policy vigilance and stabilisation measures, inflation is anticipated to stay mostly within the Central Bank's target band of ±2 percentage points.

The prognosis for the external sector is still cautiously balanced. Although Sri Lanka's external situation has significantly improved since 2023, it is now vulnerable to fresh negative threats brought on by worldwide geopolitical events, especially those connected to the Middle East war. Important sources of foreign exchange earnings, including as exports, visitor inflows, and worker remittances, might be impacted by these concerns. Therefore, it is anticipated that external stability will continue to be influenced by the state of the world economy and geopolitics.

All things considered, the near-term forecast shows a balance between increased foreign risks and internal macroeconomic stability. Therefore, maintaining policy discipline, bolstering external buffers, and successfully navigating new global uncertainties will be necessary to sustain economic resilience.

## COMPANY PERFORMANCE

The financial year 2025/26 was a dynamic time for Sri Lanka's plantation business, driven by changing global market circumstances, chronic climatic unpredictability, and ongoing structural changes in the agricultural sector. In light of this, this assessment provides a summary of the company's financial and operational performance, emphasising significant advancements, tactical reactions, and the more general industry trends affecting plantation operations throughout the reviewed year.

Tea, rubber, coconut, and oil palm are the company's main plantation crops; each is subject to unique market dynamics and production difficulties. Due to the ongoing demand from throughout the world for high-end Ceylon tea and value-added goods, the tea industry remained a major contributor to export revenue. However, performance was hampered by changes in currency rates and worldwide demand, which affected realisations priced in rupees. Despite being hampered by growing input prices, workforce shortages, and weather-related output uncertainty, the rubber and coconut industries continued to provide consistent contributions to overall performance. On the other hand, the oil palm industry continued to exhibit comparatively higher operational efficiency, bolstered by consistent yields and enhanced agronomic techniques, which favourably impacted overall profitability.

The operational environment remained cost-sensitive throughout the year due to persistent pressure from rising personnel costs, agrochemical and fertiliser prices, and expenses associated with logistics. Furthermore, agricultural output and harvesting cycles continued to be impacted by climatic irregularities, such as erratic rainfall patterns and isolated extreme weather occurrences. In order to lessen the effects of outside pressures, the company continued to place a high priority

on operational discipline, productivity improvement, and effective estate management techniques.

The company continued to carry out a number of strategic initiatives targeted at enhancing operational effectiveness and long-term resilience in response to these circumstances. These included maintaining funding for field development and replanting initiatives, implementing better agronomic and climate-resilient farming techniques, and putting more of an emphasis on mechanisation when practical. Additionally, during the year, efforts to increase sustainability standards, lower production losses, and improve supply chain efficiency were further developed.

Financially speaking, performance was mostly steady because to consistent contributions from important crop categories, especially tea and rubber. Foreign exchange fluctuations, global commodity price patterns, and production volumes all had an impact on revenue generating. Even though cost pressures continued, appropriate profitability levels were maintained by careful financial management, strict cost control methods, and continuous efficiency gains. Overall financial stability was maintained by the company's solid asset base and prudent financial strategy.

Despite ongoing global uncertainty and climate danger, the forecast for the 2026–2027 financial year is cautiously positive. It is anticipated that the plantation industry would get some help as macroeconomic conditions stabilise and global demand gradually improves. With a greater focus on innovation, mechanisation, and climate-smart farming methods, the company will continue to prioritise operational excellence, productivity development, and sustainable value generation.

This review gives stakeholders a clear evaluation of the company's performance for FY 2025–2026 while highlighting its adaptability, resilience, and ongoing dedication to sustainable growth in the face of a plantation business that is becoming more complicated and competitive.

## Financial Performance Overview

Kegalle Plantations PLC operated in a challenging business environment during the financial year 2025/26, characterized by adverse weather conditions, rising operating costs, labor shortages, and continued macroeconomic uncertainty. Despite these headwinds, the Company remained focused on sustaining operational resilience, advancing strategic field development initiatives, and creating long-term value for its stakeholders through prudent financial and operational management.

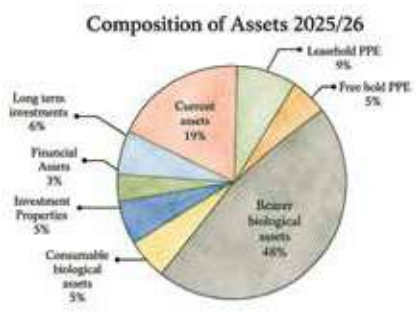
### Financial Performance

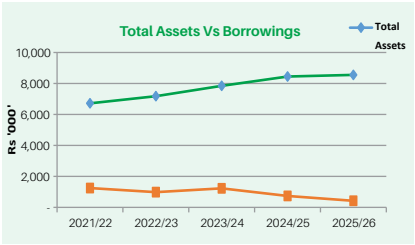
The Company recorded revenue of Rs. 3,719 million during the year (2024/25: Rs. 3,924 million), representing a 5% decrease compared to the previous financial year. The decline in revenue was primarily attributable to lower crop volumes and reduced contributions from the Tea and Rubber segments, reflecting the combined impact of unfavourable weather conditions and production constraints experienced during the year.

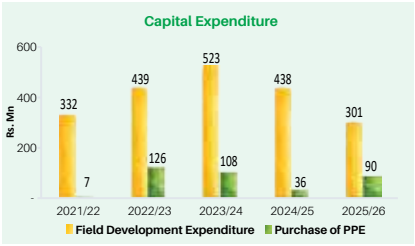
Profit before tax amounted to Rs. 249 million (2024/25: Rs. 638 million), while profit after tax declined to Rs. 126 million from Rs. 517 million in the previous year. The reduction in profitability was mainly driven by lower production volumes, escalating input and labour costs, and continued margin pressure across the Company's principal plantation crops. Despite these challenges, management continued to implement cost optimisation measures and operational improvements to mitigate the impact on overall financial performance.

### Financial Position and Capital Investment

The Company's financial position remained stable, with total assets amounting to Rs. 8.55 billion as at 31 March 2026 (2024/25: Rs. 8.45 billion), while total equity stood at Rs. 4 billion (2024/25: Rs. 3.995 billion). The Company maintained a disciplined approach to capital management, ensuring adequate financial resources to support ongoing operations and future growth initiatives.
Capital expenditure during the year amounted to Rs. 391 million, primarily directed towards field development and long-term productivity enhancement projects across the Rubber, Coconut, and Oil Palm cultivations. These investments reflect the Company's continued commitment to sustainable plantation management, improving estate productivity, and preserving the long-term value of its biological assets.




### Shareholder Returns

Notwithstanding the challenging operating environment and prevailing economic, social, and political conditions, the Company remained committed to delivering value to its shareholders. Accordingly, a dividend of Rs. 3 per share was declared and distributed during the financial year under review, reflecting the Board's balanced approach towards rewarding shareholders while preserving the financial strength required to support future investment and sustainable growth.




## Company Segmental Review

### Rubber Segment

The Rubber segment continued to remain the largest contributor to the Company's operations during the financial year 2025/26. However, the category had a difficult year, mostly because of unfavourable weather that had a big impact on harvesting and agricultural output.

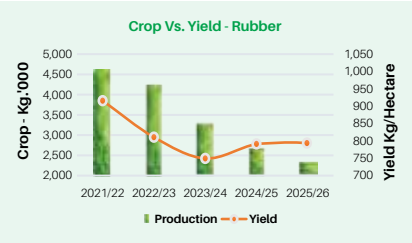
Operational performance suffered as a result of a 14% decrease in total rubber output from the prior year. As a result, the Rubber segment's income dropped by 9% to Rs. 2 billion from Rs. 2.2 billion in 2024–2025.

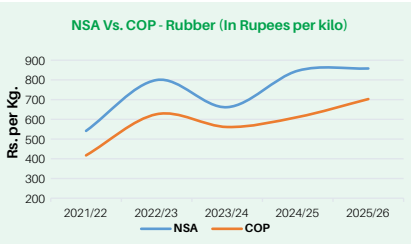
Rubber's Net Sales Average (NSA) increased by 1% to Rs. 857.95 from Rs. 846.46 in the prior year despite decreased production quantities, indicating comparatively steady market pricing circumstances. However,

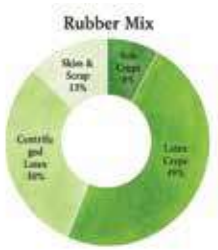
# MANAGEMENT DISCUSSION & ANALYSIS

the impact of reduced crop volumes and higher production costs was not sufficiently mitigated by the increase in NSA.
Gross profit from the Rubber business fell dramatically to Rs. 181 million from Rs. 458 million in the previous financial year, a 61% decrease. In a similar vein, the segment's profit margin dropped by 34% to Rs. 155.05 per kilogram from Rs. 234.89 per kilogram in 2024-2025.

With the help of continuous field rehabilitation, productivity enhancement programs, and sustainable estate management techniques, the Rubber segment managed to preserve its operational relevance within the company in spite of these obstacles.




## Tea Segment

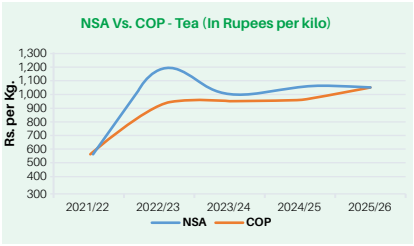
During the year under review, the tea industry faced significant operational and financial issues. Due mostly to poor weather and growing operational restrictions, tea production fell by 5% to 1.29 million kilograms from 1.36 million kilos in the previous financial year.

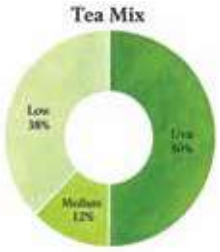
The tea segment's revenue fell 5% to Rs. 1,397 million from Rs. 1,472 million in 2024-2025. The advantages of higher selling prices were greatly outweighed by increased production costs and decreased agricultural yields, even if market prices remained generally favourable.

While the Cost of Production (COP) rose by 8% to Rs. 1,050.30 per kilogram from Rs. 973.84 per kilogram the year before, the Net Sales Average (NSA) of tea showed an improvement. In contrast to the positive margin of Rs. 107.98 per kilogram attained in 2024-2025, the company reported a negative margin of Rs. 1.82 per kilogram at the conclusion of the financial year.

As a result, the Tea segment reported a gross loss of Rs. 56 million for the reviewed year as opposed to a gross profit of Rs. 94 million for the prior year. To boost the long-term profitability of the tea operations, the company persisted in concentrating on quality improvement, operating efficiency, and sustainable agronomic techniques in spite of these obstacles.



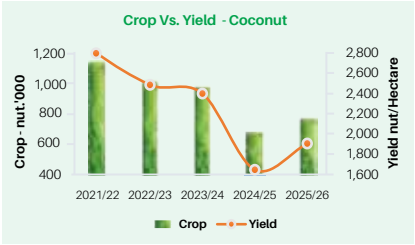



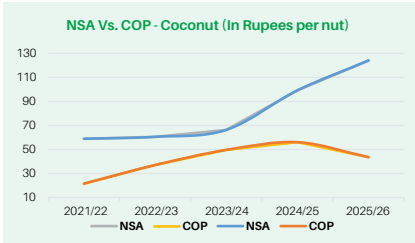

## Coconut Segment

The Coconut segment demonstrated strong operational and financial performance during the financial year 2025/26, supported by improved crop yields, favourable market prices, and effective cost management initiatives.

Production increased by 14% to 780 thousand nuts compared to 683 thousand nuts recorded in the previous year. In addition, the Net Sales Average (NSA) improved significantly by 25% to Rs. 124.04 from Rs. 99.20 recorded in 2024/25.
The Cost of Production (COP) decreased by 22% to Rs. 43.64 compared to Rs. 56.10 recorded in the previous year, reflecting improved operational efficiencies and better cost management practices.

As a result of higher production volumes and improved pricing, revenue from the Coconut segment increased by 13% to Rs. 82 million compared to Rs. 73 million recorded in the previous financial year. Gross profit also increased substantially to Rs. 53 million from Rs. 32 million, representing a growth of 69%. The segment recorded a strong improvement in gross profit margin, increasing to Rs. 80.39 from Rs. 43.10 recorded in the previous year, reflecting enhanced operational performance and profitability.



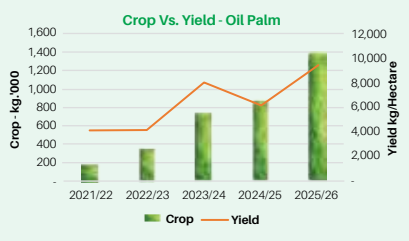

## Oil Palm Segment

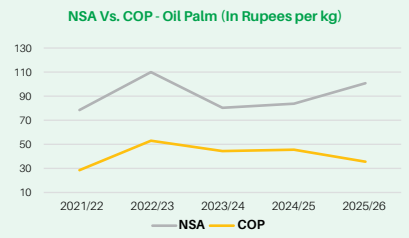
The Oil Palm segment continued to demonstrate strong growth momentum during the financial year under review, making an increasingly positive contribution towards the Company's overall performance.

Improved crop production and excellent market circumstances were the main drivers of the segment's 91% growth in revenue to Rs. 141 million from the prior year.

Due to ongoing advancements in field productivity and operational management, crop production rose to 1.395 million kilograms from 878 thousand kg in 2024-2025. The segment's Net Sales Average (NSA) and Cost of Production (COP) for the year were Rs. 100.77 and Rs. 35.57, respectively.

As a result, the Oil Palm segment's operating profit rose to Rs. 91 million from Rs. 34 million in the prior financial year, demonstrating the segment's increasing contribution to the company's long-term growth plan and profitability.




## Operating Highlights

Kegalle Plantations PLC operated in a difficult macroeconomic and industrial environment during the financial year 2025/2026, marked by unstable commodities markets, manpower shortages, rising input prices, and unfavourable weather. In spite of these obstacles, the company continued to prioritise upholding operational continuity, increasing crop production, and fortifying the long-term viability of its plantation assets.

As an export-oriented plantation company, Kegalle Plantations PLC remained exposed to fluctuations in international tea and rubber markets. Increased shipping costs, longer transit times, and supply chain constraints arising from geopolitical developments placed pressure on procurement activities and export logistics. The Company actively monitored market developments and implemented appropriate mitigation measures to minimise operational disruptions and safeguard business continuity.

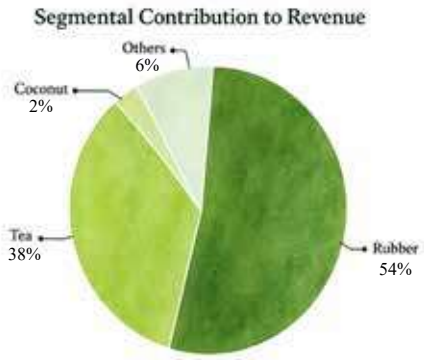
Operational performance throughout the Company's crop portfolio was variable during the year. The Tea and Rubber sectors were significantly affected by reduced crop quantities due from bad weather conditions and higher cultivation and production expenses. In contrast, the Oil Palm and Coconut sectors exhibited higher operational performance, backed by favourable agronomic conditions, enhanced field management methods, and improved yields.

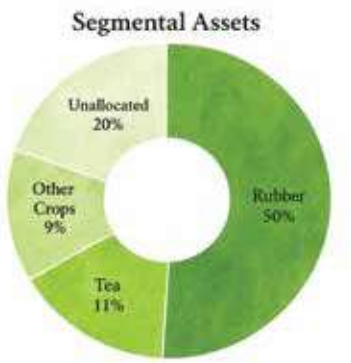
In order to increase long-term productivity and operational resilience, the company kept funding estate development projects. The productive capability and sustainability of the estate portfolio were strengthened by capital investments made in field rehabilitation, replanting, infilling, infrastructure upgrades, and other productivity enhancement initiatives throughout the plantations.

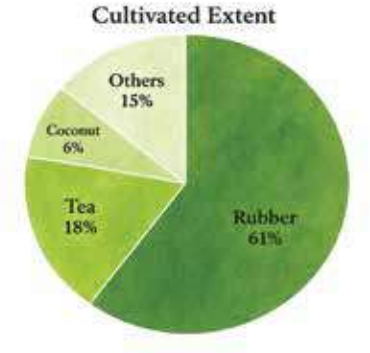
Throughout the year, operational effectiveness continued to be a top management concern. While upholding the company's commitment to sustainable plantation management and responsible environmental stewardship, ongoing efforts were made to optimise resource utilisation, strengthen cost management initiatives, improve agronomic practices, and increase the resilience of plantation operations.

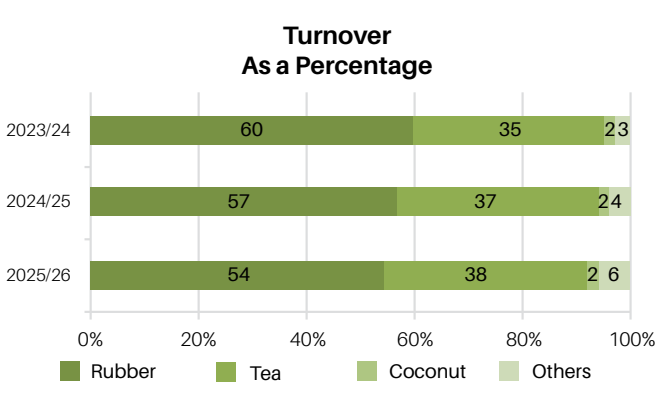
This report's Segmental Performance part presents the specific operational performance of each crop segment.

importance of continued strategic focus and transparent communication to sustain investor trust and enhance long-term shareholder value.



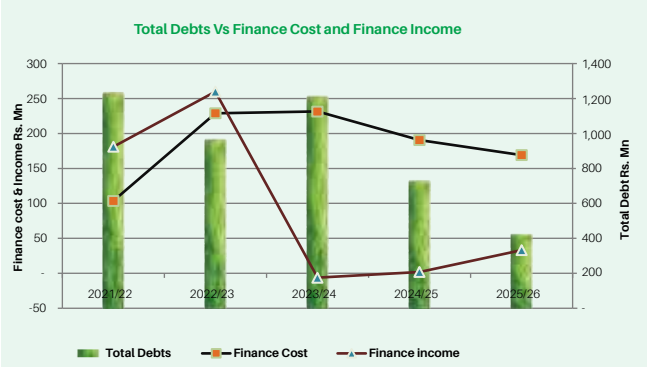



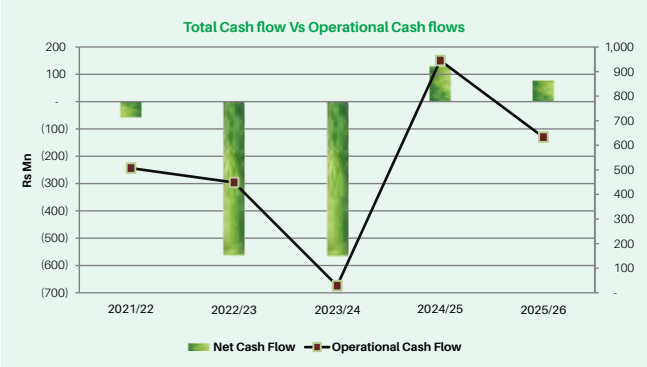
# MANAGEMENT DISCUSSION & ANALYSIS

## QUARTERLY PERFORMANCE

| REVENUE | GROSS PROFIT | PAT | TOTAL ASSETS | TOTAL DEBTS |
|---|---|---|---|---|
| Rs. 3.72 Bn | Rs. 343.8 Mn | Rs. 126.0 Mn | Rs. 8.55 Bn | Rs. 423 Mn |
| ▼ 5.2% YoY | ▼ 50.9% YoY | ▼ 75.6% YoY | ▲ 1.3% YoY | ▼ 42.8% YoY |

| | | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | 2025/26 Total | 2024/25 Total |
|---|---|---|---|---|---|---|---|
| Revenue | Rs '000 | 904,534 | 1,059,509 | 813,031 | 942,063 | 3,719,137 | 3,923,702 |
| Gross Profit / (Loss) | Rs '000 | 106,406 | 226,837 | 84,392 | (73,798) | 343,836 | 700,014 |
| Profit Before Interest & Tax | Rs '000 | 106,801 | 206,924 | 81,335 | 23,300 | 418,360 | 828,499 |
| Profit / (Loss) Before Tax | Rs '000 | 60,809 | 163,556 | 38,307 | (13,399) | 249,273 | 637,904 |
| Profit / (Loss) After Tax | Rs '000 | 50,204 | 152,949 | 28,488 | (105,621) | 126,020 | 516,871 |
| Earnings / (Loss) per Share | Rs. | 2.01 | 6.12 | 1.14 | (4.22) | 5.04 | 20.67 |
| Net Assets Value per Share | Rs. | 161.80 | 167.92 | 169.06 | 162.46 | 162.46 | 159.80 |
| Last Traded Market Price per Share | Rs. | 137.00 | 150.25 | 135.00 | 128.75 | 128.75 | 140.00 |
| Highest Market Price per Share | Rs. | 142.00 | 157.00 | 163.00 | 145.50 | 145.50 | 159.00 |
| Lowest Market Price per Share | Rs. | 126.00 | 129.25 | 133.00 | 116.75 | 116.75 | 108.00 |
| Total Assets | Rs 'Mn | 8,507 | 8,467 | 8,516 | 8,553 | 8,553 | 8,447 |
| Total Equity | Rs 'Mn | 4,045 | 4,198 | 4,227 | 4,061 | 4,061 | 3,995 |
| Total Debt | Rs 'Mn | 651 | 490 | 480 | 423 | 423 | 735 |
| Debt Equity Ratio | % | 13.86 | 10.44 | 10.20 | 9.43 | 9.43 | 15.54 |
| Equity / Asset Ratio | % | 47.55 | 49.58 | 49.64 | 47.48 | 47.48 | 47.29 |
| Price Earnings Ratio | Times | 68 | 25 | 118 | (30) | 26 | 7 |



## OPERATING ENVIRONMENT

The plantation sector operates in a dynamic and multi-layered macro-environment in which global commodity markets, domestic policy shifts, climate volatility, evolving regulatory demands, and shifting social expectations intersect and interact, influencing KPPLC's strategic choices, operational priorities, and financial performance. Understanding the environment, rather than simply responding to it, is essential for creating long-term value. As part of its annual strategic review, KPPLC conducts a structured PESTEL analysis, scanning the Political, Economic, Social, Technological, Environmental, and Legal dimensions of the external landscape that surrounds our 17 estates in the Kegalle, Kurunegala, and Badulla districts.

The analysis presented on the following pages reflects the operating environment as assessed for the financial year 2025/26, a year marked by Sri Lanka's continued IMF-backed economic recovery, the physical devastation caused by Cyclone Ditwah in November 2025, the implementation of mandatory SLFRS S1 and S2 sustainability disclosure obligations, and a global natural rubber market in its fifth consecutive year of structural supply deficit. Each PESTEL dimension is directly linked to the risks and opportunities identified in KPPLC's Enterprise Risk Register, ensuring that our understanding of the external environment is based on operational reality rather than abstraction, and that it informs rather than simply supplements our strategy.

### PESTEL Analysis

The PESTEL Analysis gives KPPLC a structured analysis of the macro-environmental variables, political, economic, social, technological, environmental, and legal that create the setting in which our 17 estates function, our strategies are developed, and our risks and opportunities emerge. KPPLC, a CSE Main Board-listed Regional Plantation Company, manages 9,757 hectares across the Kegalle, Kurunegala, and Badulla districts. It operates at the intersection of global commodity markets, Sri Lanka's changing regulatory landscape, the climate crisis, and the social realities of estate worker communities. Each PESTEL dimension is evaluated against the identified risks and opportunities related to KPPLC's business, using current market information, regulatory changes, and operational realities as of the financial year 2025/26.

#### P - Political

The political environment in which KPPLC operates is influenced by Sri Lanka's post-crisis governance change, the plantation sector's history and continuing interaction with the state, and the regulatory frameworks controlling land tenure, labour, and export. The government in late 2024 brought in a new political paradigm, with a professed emphasis on fair economic recovery, public sector expansion, and agricultural development investment. While the new leadership has kept IMF program obligations, the 2025 budget includes considerable public sector wage increases and infrastructure investments, resulting in both budgetary pressure and plantation-related investment opportunities.

| | |
|---|---|
| Overall Impact | MEDIUM |
| Key Drivers | Fiscal policy changes, land lease, government regulation, labour law |
| Threats / Linked Risks | Election cycle brings policy uncertainty, Cyclone Ditwah reconstruction priorities create budget pressure |
| Opportunities | Plantation sector development subsidies, Rain Guard subsidy, government replanting grants |

#### E - Economic

The economic environment for KPPLC in FY 2025/26 is determined by Sri Lanka's ongoing, IMF-supported recovery from the country's greatest financial crisis since independence in 2022, as well as the dynamics of global commodities markets for natural rubber and tea. Sri Lanka's GDP increased by 5% in full-year 2025, maintaining a nine-quarter streak of positive growth after contracting by 7.3% in 2022. Agricultural output increased by 8.4% in 2024 and 2.1% in Q4 2025, though Cyclone Ditwah slowed agricultural growth in Q4 2025. GDP growth is expected to decline to 4% in 2026 and 4.2% in 2027 (IMF). On the global rubber market, a persistent supply shortage for the fifth straight year, with a shortfall exceeding 665,000 tonnes in 2025, has supported solid prices, with the global natural rubber market valued at USD 32.79 billion in 2025.

| | |
|---|---|
| Overall Impact | HIGH |
| Key Drivers | Economic crisis legacy, Sri Lankan Rupee volatility, interest rate, credit access, commodity price volatility |
| Threats / Linked Risks | Fiscal Policy Risk, Currency Risk, Interest Rate Risk, Liquidity Risk, Credit Risk, Global Market Dynamics |
| Opportunities | IMF-led recovery (GDP 5% 2024, 4% projected 2026), rubber supply deficit supports prices, export diversification |

# MANAGEMENT DISCUSSION & ANALYSIS

## S - Social

KPPLC's social operating environment is shaped by the demographic and cultural profile of Sri Lanka's estate communities primarily Indian Tamil workers and their families whose livelihoods are intimately linked to plantation operations, the evolving expectations of buyers and investors regarding labour standards and worker welfare, the growing public and media scrutiny of plantation sector social practices, and the structural challenge of estate worker retention as well Social variables directly influence several of KPPLC's most important risks, including as Human Capital and Labor Risk, Reputation Risk, and Industrial Accident Risk.

| | |
|---|---|
| Overall Impact | HIGH |
| Key Drivers | Labour shortage, ageing workforce, estate community welfare, human capital investment |
| Threats / Linked Risks | Human Capital & Labour Risk, Reputation Risk, Industrial Accident Risk |
| Opportunities | Workforce upskilling, wellness investment attracts/retains labour, community development as social licence |

## T - Technological

Technology is rapidly transforming plantation management, sustainability reporting, and commodities market access, surpassing the plantation sector's typical adoption curve. For KPPLC, the most immediate and material technological developments are: Rain Guard systems that unlock yield potential during wet weather, digital ERP and sustainability data collection systems required for SLFRS S1 and S2 mandatory compliance, precision agronomy tools that improve productivity and reduce input dependency, renewable energy technology (solar PV, VSDs) that reduces energy costs and Scope 2 emissions, and global market technology that is transforming buyer satisfaction. The Technology Adaptation risk in KPPLC's risk register represents the actual risk that failing to embrace or invest in relevant technology may result in a competitive disadvantage, certification loss, or regulatory noncompliance.

| | |
|---|---|
| Overall Impact | MEDIUM |
| Key Drivers | Digital plantation management, ERP/sustainability data systems, Rain Guard, precision agronomy, SLFRS S2 capability |
| Threats / Linked Risks | Technology Adaptation, Operational Efficiency |
| Opportunities | Digitalisation drives productivity, Rain Guard secures yield, Bio-Latex commands premium market |

## E - Environmental

Environmental considerations are the most essential and existential component of KPPLC's external operational situation. As a plantation firm, KPPLC's whole business model is dependent on the productive potential of natural ecosystems such as soil, water, rainfall, temperature, and biodiversity. Climate change, extreme weather events, soil degradation, water shortages, biodiversity loss, and regulatory responses to these concerns are all real hazards for KPPLC. They are present, immediate, and tangible. Cyclone Ditwah clearly showed the physical realities of climate danger to Sri Lanka's agriculture industry. At the same time, environmental stewardship (Rainforest Alliance certification, the Bio-Latex program, conservation forest management, and the Company's biodiversity assessment) is one of KPPLC's most important sources of competitive differentiation and market access.

| | |
|---|---|
| Overall Impact | HIGH |
| Key Drivers | Climate change, extreme weather, biodiversity, soil health, water, GHG disclosure (SLFRS S2) |
| Threats / Linked Risks | Climate Change & Resilience, Extreme Weather, Pest & Disease, Soil Health, Water Management |
| Opportunities | Organic rubber premium, sustainability certification access, renewable energy cost reduction |

## L - Legal

KPPLC works in a complex and changing legal and regulatory framework that includes Sri Lankan company law, environmental regulation, labour legislation, export certification, sustainability disclosure requirements, and increasingly, international trade law influencing market access. The most significant legislative development during the present reporting period is the required adoption of SLFRS S1 and SLFRS S2 beginning in January 2025, making Sri Lanka one of the world's first developing nations to impose ISSB sustainability disclosure requirements. This offers both a regulatory need and a reputational opportunity for KPPLC. Furthermore, the EU Deforestation Regulation, the EU Corporate Sustainability Due Diligence Directive, and changing buyer due diligence requirements are transforming the legal landscape for rubber and tea exporters globally.

| | |
|---|---|
| Overall Impact | HIGH |
| Key Drivers | SLFRS S1 & S2, CSE Listing Rules, National Environmental Act, Collective Agreement, CEA compliance |
| Threats / Linked Risks | Compliance with Regulations, Corruption Risk, Procurement Risk |
| Opportunities | SLFRS compliance strengthens investor confidence, certification opens premium markets |

## STAKEHOLDER ENGAGEMENT

GRI: 2-29

Effective stakeholder engagement is essential to the long-term sustainability and value creation of Kegalle Plantations PLC. We recognize that maintaining transparent, responsive, and mutually beneficial relationships with stakeholders supports operational excellence, environmental stewardship, social responsibility, and sustainable financial performance.

Engagement activities are conducted through formal and informal channels throughout the year. Feedback received from stakeholders is reviewed by management and incorporated into strategic planning, operational improvements, sustainability initiatives, and reporting practices.



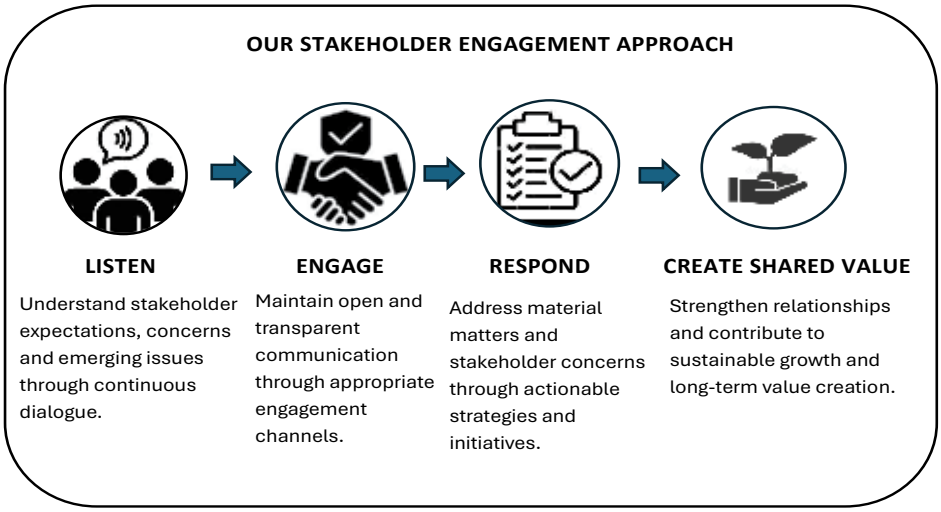

### Key Stakeholder Groups and Engagement Mechanisms

| Stakeholder Group | Key Expectations / Interest(s) | Engagement Methods | Company Response / Actions |
|---|---|---|---|
| Shareholders & Investors | Sustainable profitability, dividends, transparency, governance, long-term growth | Annual General Meeting (AGM), annual reports, investor meetings, stock exchange disclosures, company website | Maintained transparent financial reporting, strengthened governance practices, focused on operational efficiency and long-term value creation |
| Employees & Trade Unions | Fair wages, safe working conditions, career development, employee welfare, job security | Staff meetings, training programs, collective agreements, grievance handling mechanisms, welfare committees | Continued employee welfare programs, occupational health and safety initiatives, training and skill development activities |
| Customers & Buyers | High-quality products, consistency, ethical sourcing, sustainability standards | Customer meetings, audits, product quality reviews, feedback channels, certifications | Enhanced quality assurance systems and maintained compliance with international quality and sustainability standards |
| Local Communities | Employment opportunities, community development, environmental protection, education and healthcare support | Community meetings, CSR projects, estate-level interactions, development programs | Implemented community development initiatives including infrastructure, education, healthcare and livelihood support |
| Government & Regulatory Authorities | Regulatory compliance, taxation, labor law compliance, environmental standards | Regulatory filings, inspections, industry discussions, consultations | Ensured compliance with applicable laws and regulations and maintained timely reporting obligations |
| Suppliers & Service Providers | Fair procurement practices, timely payments, long-term partnerships | Supplier meetings, procurement evaluations, contract negotiations | Maintained ethical procurement practices and strengthened supplier relationships |
| Financial Institutions | Financial stability, responsible financial management, compliance, Sustainability of business practices. | Meetings, financial disclosures, periodic reporting | Maintained prudent financial management and transparent communication |

# MANAGEMENT DISCUSSION & ANALYSIS

| | | | |
|---|---|---|---|
| Environmental Organizations & NGOs | Biodiversity conservation, climate action, sustainable agriculture | Sustainability discussions, environmental programs, reporting initiatives | Continued environmental conservation initiatives, sustainable land management and responsible resource utilization |

Stakeholder identification and prioritisation are guided by the principles of materiality, impact, and strategic relevance to the Company's operations. This approach ensures that engagement efforts are focused on areas where the Company's activities have the most significant economic, environmental, and social impacts, while also addressing stakeholder concerns that are most relevant to long-term business sustainability.




The following stakeholder matrix illustrates the Company's key stakeholder groups and the nature of their engagement, reflecting the Company's commitment to transparent communication, accountability, and responsible corporate citizenship.




**OUR APPROACH**

We adopt a structured stakeholder engagement approach through regular communication, feedback mechanisme and collaboration platforms. The insights gained enable us to address material matters, manage risks and opprtunities and contribute to our purpose of creating shared value for all stakeholders.

## MATERIALITY ASSESSMENT

GRI: 3-1,3-2,3-3

Materiality is the foundation for credible sustainability reporting. By identifying the most important topics, both in terms of their impact on Kegalle Plantations PLC's ability to create long-term value and in terms of their importance to our stakeholders; we ensure that our disclosures are decision-useful, proportionate, and grounded in the realities of our operational environment. This Materiality Assessment was conducted for the Annual Report 2025/26 in accordance with the GRI 3: Material Topics 2021 standard, which takes a double materiality perspective, taking into account both the significance of each topic's impact on people and the environment (impact materiality) and its potential significance to KPPLC's financial performance and enterprise value (financial materiality).

### Materiality Framework

KPPLC's materiality assessment is structured around three interconnected dimensions, consistent with the GRI Standards' definition of material topics and the double materiality principle articulated by the European Sustainability Reporting Standards, which CA Sri Lanka has embraced in its SLFRS S1 implementation guidance:

- **Impact materiality:** the significance of KPPLC's actual or potential positive or negative impacts on the economy, environment, and people including impacts within our direct operations, upstream supply chain, and downstream value chain.
- **Financial materiality:** the significance of sustainability-related risks and opportunities that could reasonably be expected to affect KPPLC's cash flows, access to finance, or cost of capital in the short, medium, or long term consistent with SLFRS S1 requirements.
- **Stakeholder significance:** the degree to which each topic is a legitimate concern of KPPLC's key stakeholders, including estate workers, trade unions, buyers, investors, government regulators, certification bodies, and local communities.

Topics that score strongly on one or more of these aspects are classified as material and must be fully disclosed under the applicable GRI Standards. All material themes are related to KPPLC's six strategic pillars, ensuring that sustainability reporting is in line with the company's strategic goals.

### Our Approach



**01. Identifications**

Relevant ESG topics were identified through stakeholder engagements, internal risk assessments, estate level feedback, regulatory requirements and benchmarking against plantation sector.



**02. Evaluations**

Identified topics were evaluated based on the impact on business performance, environmental and social significance, stakeholder concern and risk likelihood.



**03. Personalization**

Material topics were prioritized by management considering their significance to stakeholders and the Company's ability to influence and manage the impacts.




**04. Review**

The material topics are reviewed periodically to reflect changes in the operating environment, risks and stakeholder expectations.

### Key Stakeholder Engaged



Management



Estate Workers and Trade Unions



Local Community



Smallholder Suppliers



Customers and Business Partners



Government and Regulatory Authorities



Investors and Financial Institutions

# MANAGEMENT DISCUSSION & ANALYSIS

## Material Stakeholder Concerns and Management Response

Kegalle Plantations PLC identifies and manages material topics that reflect the Company's most significant economic, environmental, and social consequences, as well as human rights considerations. Stakeholder interactions, corporate assessments, risk evaluations, operational reviews, and plantation-specific sustainability concerns all help to identify and prioritise these problems. No changes were identified in the material topics compared to the previous reporting period, and the Company continues to focus on managing and addressing these areas through its sustainability initiatives and business strategies.

For each major issue, the Company evaluates actual and anticipated implications, adopts policies and commitments, and takes necessary steps to prevent, minimise, remedy, or enhance positive impacts. The efficacy of these efforts is assessed using established targets, performance indicators, operational reviews, audits, compliance assessments, stakeholder input, and management reporting systems. The findings and insights obtained from these assessments are used to inform continuous improvement programs and future decision-making processes.

## Management of Material Topics

Kegalle Plantations PLC identifies and manages material topics that represent the Company's most significant impacts on the economy, environment, and people, including human rights considerations. These topics are identified through stakeholder engagements, internal assessments, operational reviews, risk assessments, and sustainability considerations relevant to the plantation sector.

The Company evaluates the actual and potential impacts associated with each material topic and implements policies, commitments, and actions to prevent, mitigate, remediate, and enhance positive impacts. The effectiveness of these actions is monitored through defined indicators, operational performance reviews, audits, compliance assessments, stakeholder feedback, and Board-level oversight.

| Material Topic | Actual and Potential Impacts | Policies / Commitments | Actions Taken During 2025/26 | Monitoring and Effectiveness Evaluation |
|---|---|---|---|---|
| Climate Change & Resilience | Climate variability, changing rainfall patterns, extreme weather events, and rising temperatures may affect crop yields, productivity, operational continuity, and employee wellbeing. Climate risks may also influence long-term agricultural viability. | Commitment to climate risk management, sustainable agriculture, and alignment with emerging climate disclosure requirements including SLFRS S2. | Climate-related risks and opportunities were identified and assessed under physical and transition risk categories. Climate considerations were integrated into the Company's risk management processes. Sustainable agronomic practices and crop improvement initiatives were continued. | Climate-related risks reviewed through the risk management framework. GHG emissions monitored: Scope 1: 1,900 $tCO_2e$; Scope 2: 854 $tCO_2e$; Total emissions: 51,815 $tCO_2e$. Emission intensity: 14.4 $tCO_2e$/ tonne of production. |
| Water Management | Water availability and quality directly influence agricultural productivity, processing operations, ecosystems, and surrounding communities. Poor water management may result in environmental and operational impacts. | Commitment to responsible water consumption, conservation, and sustainable resource management. | Water consumption monitoring was continued across estates and factories. Initiatives relating to water conservation, treatment, and efficient utilisation were implemented where applicable. | Water consumption monitored through estate-level reporting. Total water, consumption intensity 97,329$m^3$. |
| Biodiversity and Ecosystem Protection | Plantation activities may influence surrounding habitats, ecosystems, and biodiversity. Maintaining ecosystem balance supports long-term agricultural productivity and environmental resilience. | Commitment to biodiversity conservation, responsible land management, and protection of natural ecosystems. | Biodiversity considerations were incorporated into sustainability initiatives. Conservation of environmentally sensitive areas and responsible land management practices were continued. | Biodiversity-related activities and conservation areas monitored. |
| Energy Usage | Energy consumption contributes to operational costs and environmental impacts, particularly through fuel and electricity consumption. | Commitment to improving energy efficiency and reducing environmental impacts associated with energy use. | Energy consumption was monitored across estates and factories. Operational efficiency improvements and process optimisation initiatives were implemented. | Energy consumption monitored through electricity, fuel, and biomass usage. Total electricity consumption 2,047,059 (kWh), diesel consumption 209,053 (litres), firewood consumption 8,829 ($m^3$), and energy intensity 0.0427. |

| | | | | |
|---|---|---|---|---|
| Sustainable Agricultural Practices | Agricultural practices influence soil health, crop productivity, resource utilisation, and environmental sustainability. | Commitment to sustainable cultivation practices, responsible input management, and long-term productivity improvement. | Crop improvement trials, sustainable agronomy pilots, processing optimisation initiatives, and capacity-building programmes were continued. | Agricultural performance monitored through crop productivity and cost indicators. Total production during the year was 3,599 MT (Tea and Rubber combined), with total production declining by 11% compared to the previous year. |
| Supply Chain Sustainability | Supplier practices may influence product quality, environmental performance, labour standards, and business continuity. | Commitment to responsible procurement and ethical business relationships. | Supplier relationships were managed through established procurement procedures and compliance requirements. | Supplier sustainability assessments monitored. 100% number of suppliers screened under sustainability criteria as per GRI 414-1. |
| Health & Safety | Occupational risks may affect employee wellbeing, productivity, and operational continuity across estates and factories. | Commitment to maintaining a safe and healthy working environment. | Safety awareness programmes, workplace monitoring, medical facilities, and occupational safety initiatives were maintained. | Safety performance monitored through incident reporting and safety reviews. Accident statistics, safety training hours, and medical programme details. |
| Labour Practices and Worker Welfare | Employee welfare, fair employment practices, and working conditions directly influence employee wellbeing, retention, and social sustainability. | Commitment to fair labour practices, employee welfare, equal opportunities, and respect for labour rights. | Employee welfare programmes, training initiatives, housing improvements, healthcare facilities, and grievance mechanisms were continued. | Workforce performance monitored. Total workforce: 4,273 employees (Male: 2,455; Female: 1,818). Employee turnover: approximately 24%. Training and welfare indicators monitored through HR reporting. |
| Community Engagement and Development | Plantation operations contribute to surrounding communities through employment, economic contribution, and social development initiatives. | Commitment to maintaining constructive relationships and supporting community development. | Community development initiatives including healthcare, education, infrastructure, and social support programmes were conducted. | Community initiatives monitored through project records and stakeholder feedback. 4,967 beneficiaries, and investment value of Rs. 56 Mn. |
| Land Use and Human Rights | Responsible land management is essential to prevent adverse impacts on communities, employees, and other stakeholders. | Commitment to respecting human rights and responsible land management practices. | Human rights considerations were integrated into operational practices, employee engagement, and grievance handling mechanisms. | Human rights concerns monitored through grievance mechanisms and internal reviews. |
| Operational Efficiency | Efficient operations contribute to financial sustainability, productivity improvement, and long-term competitiveness. | Commitment to operational excellence, productivity enhancement, and cost optimisation. | Process improvements, productivity initiatives, and operational optimisation measures were implemented across estates and factories. | Financial and operational performance monitored. Revenue: Rs. 3.72 billion. Total assets: Rs. 8.56 billion. Capital expenditure: Rs. 391 million. |
| Risk Management | Ineffective risk management may affect financial performance, operational continuity, and stakeholder value creation. | Commitment to an integrated risk management framework covering strategic, operational, financial, and sustainability risks. | Enterprise risk management processes were strengthened with integration of sustainability and climate-related risks. | Risks monitored through risk registers, management reviews, and Board oversight. |

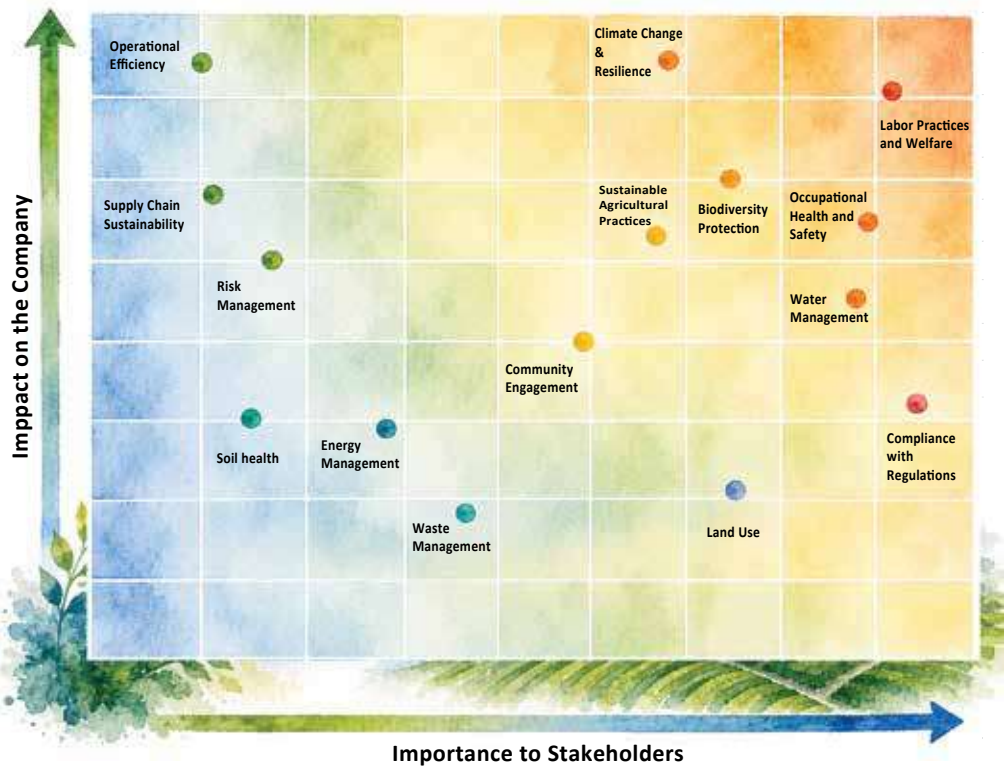
# MANAGEMENT DISCUSSION & ANALYSIS

| | | | | |
|---|---|---|---|---|
| Regulatory Compliance | Non-compliance may result in financial penalties, operational disruption, and reputational impacts. | Commitment to compliance with applicable laws, regulations, listing requirements, and industry standards. | Regulatory requirements were monitored through internal controls, compliance reviews, and management oversight. | Compliance status monitored through audits and regulatory reporting. |
| Transparency and Reporting | Transparent reporting strengthens stakeholder trust, accountability, and informed decision-making. | Commitment to accurate, reliable, and transparent financial and sustainability disclosures. | Annual reporting practices were enhanced through alignment with GRI Standards, Integrated Reporting Framework, and phased adoption of SLFRS S1 and S2 requirements. | Reporting quality monitored through internal reviews and external assurance processes. |

The materiality assessment supports effective decision-making, strengthens risk management, and enables Kegalle Plantations PLC to focus on the most significant ESG issues while creating long-term sustainable value for stakeholders.

Following the discovery of material topics, we evaluated their relevance to our operations and stakeholder concerns, and then rated them according to importance. This process guarantees that our reporting focuses on issues that are actually significant and important to both the Company and its stakeholders. As a result, we recently implemented the Double Materiality Assessment (DMA) principles to better understand how these material topics affect our ability to create and sustain value. The major disclosures and sustainability plan included in our Annual Report are informed by the materiality assessment results.

## Materiality Matrix



## STRATEGY & FOCUS

Our sustainability journey has given Kegalle Plantations PLC with a solid foundation for long-term wealth generation. Over the last few years, we have gradually incorporated responsible environmental stewardship, operational excellence, and community development into all aspects of our organization. These concepts are no longer stand-alone efforts; they are integrated into how we nurture our crops, manage our resources, train our employees, and generate value for all stakeholders.

While these accomplishments have enhanced our position and resilience, sustained leadership necessitates the willingness to grow before change is required. As the operational landscape evolves due to climatic problems, changing consumer expectations, technology innovation, and evolving market dynamics, we feel now is the moment to begin on our next chapter of strategic development.

Our new strategic orientation does not diverge from the pillars that have supported our success. Rather, it is an evolution that builds on our existing strengths while preparing the company to grab new possibilities. We will continue to enhance our core plantation operations and add value via innovation, operational agility, product differentiation, and disciplined capital allocation.

This next phase is based on numerous strategic initiatives. We will improve our understanding of consumer and market needs in order to offer higher-value goods and services. We will speed up digital transformation and precision-based plantation management to boost production and operational efficiency. We will continue to invest in our workers' talents, well-being, and engagement, recognising that they are our most precious asset. At the same time, we will promote regenerative agricultural practices that restore ecosystems, boost climate resilience, and increase biodiversity while adhering to responsible resource use.

Our strategy also emphasises a balanced approach to value generation. Sustainable financial performance must coexist with the maintenance and development of natural, human, intellectual, manufactured, and social capital. Long-term success cannot be maintained if advancement in one area is at the price of another. As a result, every strategic choice will aim to generate value across these interrelated capitals.

Growth shall be achieved with dedication and purpose. Rather than diversifying indiscriminately, we will concentrate our investments on businesses and opportunities where Kegalle Plantations has distinct competitive advantages, operational competence, and the capacity to deliver long-term results. We want to increase resilience while providing consistent return to stockholders via prudent capital management, innovation, and continual development.

We approach this new phase with confidence. Our skilled team, established plantation assets, dedication to responsible environmental management, and long-standing partnerships with customers, suppliers, and communities offer a solid platform for future growth. These capabilities, along with a defined strategic direction and focused execution, will allow Kegalle Plantations PLC to overcome growing difficulties while producing long-term value for future generations.

### STRATEGIC VISION

To become Sri Lanka's most efficient, sustainable and value-driven diversified plantation company, delivering long-term prosperity for shareholders while creating lasting value for people, communities, and the environment.

### STRATEGIC AMBITION

Drive sustainable profitability through operational excellence, disciplined capital allocation, and responsible stewardship of natural resources.

## Our Six Strategic Pillars

Six interconnected pillars define KPPLC's strategic direction, guiding how we create, protect, and sustain value across our estate portfolio, our communities, and the natural environments on which we depend.

**01**
**Sustainable Financial Performance**
Deliver resilient earnings through disciplined financial management, productivity improvement, and prudent capital allocation.
**Financial**

**02**
**Operational Excellence**
Improve operational efficiency through digitalisation and continuous process improvement across all estates and factory operations.
**Operational**

**03**
**Climate Resilience & Natural Capital**
Protect and enhance natural resources while improving the resilience of our estates and crops to climate variability and long-term change.
**Environment**

**04**
**Human Capital Development**
Develop a skilled, safe, and engaged workforce capable of driving sustainable performance and improving quality of life across estate communities.
**People**

**05**
**Market Growth**
Create sustainable value through customer-focused growth, premium product development, and expansion into higher-value market segments.
**Market**

**06**
**Governance & Sustainability**
Embed sustainability, ethics, and accountability across all levels of the organisation, aligned with GRI Standards and SLFRS S1/S2.
**Governance**

Financial | Operational | Environment | People | Market | Governance

# MANAGEMENT DISCUSSION & ANALYSIS

## Strategic Priority Areas

Each pillar translates into a focused set of priorities that guide day-to-day execution across the estates and the wider business.

### Financial Excellence

- Improve profitability
- Strengthen cash generation
- Optimise capital allocation
- Enhance shareholder returns
- Maintain strong liquidity

### Operational Excellence

- Improve estate productivity
- Optimise manufacturing efficiency
- Reduce operational costs
- Improve automation
- Improve asset utilisation

### Climate & Environmental Leadership

- Build climate resilience
- Improve water management
- Protect biodiversity
- Reduce greenhouse gas emissions
- Increase renewable energy utilisation

### Human Capital Excellence

- Develop future leaders
- Improve employee engagement
- Strengthen workplace safety
- Build a high-performance culture

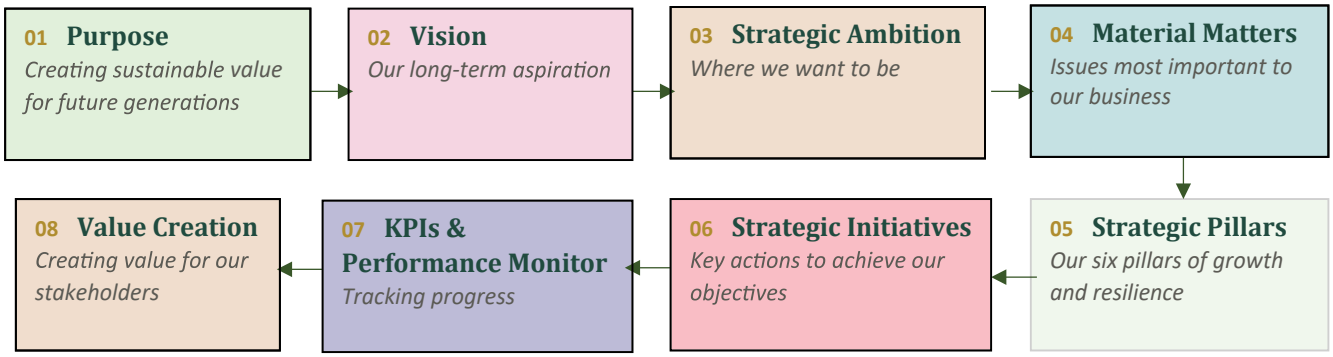
### Customer & Market Leadership

- Enhance product quality
- Develop premium markets
- Strengthen customer relationships
- Expand export opportunities

### Governance & Risk Excellence

- Enhance ESG governance
- Strengthen enterprise risk management
- Strengthen compliance

## Strategy Execution Framework




## Alignment & Value Creation

### Strategy Alignment With Framework

- Integrating reporting framework
- SLFRS S1 – General requirement for sustainability-related financial disclosure
- SLFRS S2 – Climate-related disclosure
- GRI Standards
- UN Sustainable Development Goals
- Enterprise Risk Management (ERM) framework

## The Six Capitals

| | | |
|---|---|---|
| Financial | Manufactured | Intellectual |
| Human | Social & Relationship | Natural |

## OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS (SDGs)

KPPLC recognises the importance of aligning its business operations with the United Nations Sustainable Development Goals (SDGs) to create long-term value for stakeholders. The Company has prioritised SDGs based on the significance of its operational impacts, stakeholder expectations, and alignment with its sustainability strategy, GRI Standards, and SLFRS S1/S2 disclosure requirements.

The assessment identified the following SDGs as most relevant to KPPLC's plantation operations:

- Human Capital: SDG 3 – Good Health & Well-being, SDG 4 – Quality Education, SDG 5 – Gender Equality
- Social & Relationship Capital: SDG 6 – Clean Water & Sanitation, SDG 8 – Decent Work & Economic Growth
- Natural Capital: SDG 12 – Responsible Consumption & Production, SDG 13 – Climate Action, SDG 15 – Life on Land

### SDG Materiality Approach

KPPLC identifies material SDGs by assessing:

- The impact of plantation and manufacturing operations on society and the environment;
- Stakeholder expectations and sustainability priorities;
- Business risks and opportunities related to climate, resources, workforce and communities.

The prioritised SDGs represent areas where KPPLC has the greatest ability to contribute towards sustainable development while managing its environmental and social impacts.

### Our Commitment to SDGs

| | | | |
|---|---|---|---|
|  | SDG 3 - Good Health and Well-being | Lost Time Injury Frequency Rate (LTIFR) | 0.5% |
|  | SDG 4 - Quality Education | Percentage of educational support requests fulfilled | 100% |
|  | SDG 5 - Gender Equality | Percentage of women in supervisory or management roles | 21% |
|  | SDG 6 - Clean Water & Sanitation | Percentage of estates with access to safe drinking water | 100% |
|  | SDG 8 - Decent Work & Economic Growth | Maintained employee retention rate | 77% |
|  | SDG 12 - Responsible Consumption & Production | Waste recycled/reused as a percentage of total waste generated | 16% |
|  | SDG 13 - Climate Action | Total GHG emissions ($tCO_2e$) per hectare | 0.01% |
|  | SDG 15 - Life on Land | Area of land under conservation | 3% |

### SDG Impact Chain

**Inputs**
Resources, workforce, natural assets and investments

↓

**Actions**
Sustainable agriculture, employee development, resource efficiency and community initiatives

↓

**Outputs**
Measurable performance indicators and sustainability initiatives

↓

**Outcomes**
Improved employee wellbeing, reduced environmental impacts, stronger communities and operational resilience

↓

**Long-term Value Creation**
Sustainable plantation business benefiting stakeholders

# MANAGEMENT DISCUSSION & ANALYSIS

## SDG Matrix

| | SDG | Linked GRI Standards | Current Contributions (2025/26) | Proposed Goals & Targets (2026-2030) |
|---|---|---|---|---|
|  | SDG 3 — Good Health & Well-being | GRI 403 — Occupational Health & Safety | Conducted 103 medical and health awareness programmes; occupational health services available across estates; ongoing workplace safety initiatives | Maintain 100% access to occupational health services for employees; Lost Time Injury Frequency Rate (LTIFR) 1.76 ; strengthen preventive healthcare and wellness programmes across all estates |
|  | SDG 4 — Quality Eductaion | GRI 404 — Training and Education | Average training hours per employee: 2.36h; community scholarships and educational assistance programmes; support for estate schools and infrastructure improvements | Increase employee training and skills development opportunities; ensure all employees receive at least one structured training programme annually; expand educational support and school development initiatives within estate communities |
|  | SDG 5 — Gender Equality | GRI 405 — Diversity and Equal Opportunity | 43% female workforce representation; 21% women in management positions; equal opportunity employment practices | Increase female representation in supervisory and management positions; strengthen leadership development opportunities for women; maintain a safe, inclusive and equitable workplace free from discrimination and harassment |
|  | SDG 6 – Clean Water & Sanitation | GRI 303: Water GRI 306: Effluents & Waste | Continuous monitoring of water withdrawal and consumption; wastewater treatment facilities in 5 factories; provision of potable water to estate communities | Improve water-use efficiency across operations; expand wastewater treatment coverage; strengthen water quality monitoring and access to safe drinking water within estate communities |
|  | SDG 8 – Decent Work & Economic Growth | GRI 401: Employment GRI 403: OHS | Workforce of 4,273 employees; ongoing safety, skills development and employee welfare programmes; employee retention rate of 76% | Maintain workforce stability and employee retention; achieve zero workplace fatalities; ensure 100% OHS training coverage; enhance employee engagement, productivity and career development opportunities |
|  | SDG 12 – Responsible Consumption & Production | GRI 301: Materials GRI 306: Waste | Adoption of organic fertilizer trials; composting and waste management initiatives across estates and factories | Increase resource efficiency and circular economy practices; reduce dependence on inorganic fertilizer through sustainable alternatives; strengthen waste segregation, recycling and responsible disposal practices |
|  | SDG 13 – Climate Action | GRI 305: Emissions | Measurement and monitoring of Scope 1 and Scope 2 GHG emissions; tree planting and reforestation initiatives; climate risk assessments | Reduce operational greenhouse gas emissions; increase carbon sequestration through reforestation and conservation programmes; strengthen climate resilience and adaptation measures across estates |
|  | SDG 15 – Life on Land | GRI 101: Biodiversity 2024 | Conservation area of 256 ha maintained within estates; biodiversity assessments and ecosystem protection initiatives undertaken in environmentally sensitive locations | Enhance biodiversity conservation and habitat restoration efforts; strengthen protection of conservation and buffer zones; implement regular biodiversity monitoring and reporting programmes |

# INDEPENDENT LIMITED ASSURANCE REPORT ON SLFRS S1 AND S2 STANDARDS

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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF THE DIRECTORS OF KEGALLE PLANTATIONS PLC ON THE INFORMATION PRESENTED WITH REFERENCE TO THE SLFRS S1 AND S2 STANDARDS IN THE INTERGRATED ANNUAL REPORT – 2025/26

## Scope

We have been engaged by the management of Kegalle Plantations PLC ("the Company") to perform an independent limited assurance engagement, as defined by the Sri Lanka Standards on Assurance Engagements, on the information presented with reference to the, SLFRS S1 and S2 Standards ("Information") in its Integrated Annual Report for the year ended 31 March 2026 (the "Report").

## Management's Responsibility

Management of the Company is responsible for preparation and presentation of the information with reference to the SLFRS S1 and S2 Standards. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the information that is free from material misstatement, whether due to fraud or error.

## Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. The firm applies Sri Lanka Standards on Quality Management and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

## Our Responsibility

Our responsibility is to express a conclusion on the information presented in Report with reference to the SLFRS S1 and S2 Standards. We conducted our limited assurance engagement in accordance with the Sri Lanka Standard on Assurance Engagements 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information ("SLSAE 3000") issued by the Institute of Chartered Accountants of Sri Lanka. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the information is free from material misstatement.

A limited assurance engagement undertaken in accordance with SLSAE 3000 involves assessing the risks of material misstatement of the information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the information.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

C S Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekara FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, L A C Tillekeratne ACA, D C A J Yapa ACA

Deloitte.

The procedures we performed were based on our professional judgment and were included,

- Comparing of the content of the Report against the SLFRS S1 and S2 Standards.
- Inquiring relevant organization's personnel to understand the process for collection, analysis, aggregation, and presentation of data.
- Cross checking the non-financial data /information presented in the Report with the supporting documents and schedules maintained by the Company.
- Checking the calculations performed by the organization on a sample basis through recalculation.

### Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the information, as defined above, for the year ended 31 March 2026, is not presented, in all material respects, with reference to the SLFRS S1 and S2 Standards.

### Disclosures covered by our Limited Assurance engagement

The selected Sustainability Related Disclosures pertaining to sustainability standards (Notwithstanding the <IR> Framework) covered by our Limited assurance engagement are:

| Sustainability Related Disclosures | Kegalle Plantations PLC's sections | Page Number |
|---|---|---|
| SLFRS S1. Paragraph 26 - 27 | Governance | 66 to 71 |
| SLFRS S1. Paragraph 28 - 40 and SLFRS S1 Paragraph 45 - 53 | Strategy and Metrics & Targets | 76 to 87 |
| SLFRS S1. Paragraph 43 - 44 | Risk management | 72 to 76 |
| SLFRS S2. Paragraph 05 - 06 | Governance | 66 to 71 |
| SLFRS S2. Paragraph 08 - 21 and SLFRS S2. Paragraph 27 - 37 | Strategy and Metrics & Targets | 76 to 87 |
| SLFRS S2. Paragraph 24 - 26 | Risk management | 72 to 76 |

### Other Matter

Our assurance is not extending to the prospective/comparative information or target validations, or any other information presented in the Report other than based on the SLFRS S1 and S2 Standards. Further, we do not provide any assurance on the assumptions and achievability of prospective information presented in the Report including forward-looking statements and growth-related projections.

Deloitte Partners.

**Deloitte Partners Sri Lanka**

*Chartered Accountants*

Colombo

25th August 2026

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Kegalle Plantations PLC Sustainability-related Financial Disclosures have been prepared to provide investors and other primary users of general-purpose financial reports with information about sustainability-related risks and opportunities that could reasonably be expected to affect the Company's value. The disclosures explain how sustainability-related risks and opportunities influence the Company's governance, strategy, risk management processes, financial planning, operational decision-making, and performance measurement.

## Reporting Framework and Approach

Kegalle Plantations PLC has prepared its sustainability-related financial disclosures with reference to the requirements of SLFRS S1 and SLFRS S2, issued by the Institute of Chartered Accountants of Sri Lanka, which are aligned with the International Sustainability Standards Board (ISSB) Standards.

The Company has applied the four core disclosure pillars established by the standards:

| Governance | Strategy |
|---|---|
| Explains the governance processes, controls and procedures used to monitor sustainability-related risks and opportunities | Describes how sustainability-related risks and opportunities influence the Company's business model, strategy and financial outlook |
| **Risk Management** | **Metrics and Targets** |
| Explains the processes used to identify, assess, prioritise and manage sustainability-related risks | Provides information on performance measures and targets used to monitor sustainability-related matters |

These disclosures complement the Company's existing sustainability reporting practices by providing an investor-focused perspective on sustainability matters that may influence enterprise value.

## 1. BASIS OF PREPARATION

### 1.1 Reporting Objective and Standards Applied

The objective of these disclosures is to provide information regarding sustainability-related risks and opportunities that could reasonably be expected to affect the Company's prospects and its ability to affect the Company's prospects, including its cash flows, access to finance or cost of capital over the short, medium or long term. Kegalle Plantations PLC has prepared these Sustainability-related Financial Disclosures in accordance with Sri Lanka Financial Reporting Standard SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and Sri Lanka Financial Reporting Standard SLFRS S2 – Climate-related Disclosures, issued by the Institute of Chartered Accountants of Sri Lanka.

### 1.2 Relationship with GRI Sustainability Reporting

Kegalle Plantations PLC continues to maintain comprehensive sustainability reporting practices aligned with the Global Reporting Initiative (GRI) Standards, which provide information regarding the Company's environmental and social impacts. While both reporting frameworks address sustainability matters, their objectives differ.

The Company's GRI Sustainability Report focuses on:

- The Company's impacts on the environment and society
- Stakeholder expectations
- Sustainability performance
- Environmental and social initiatives

The SLFRS S1 and SLFRS S2 disclosures focus on:

- Sustainability-related risks and opportunities
- Potential effects on financial performance
- Implications for business resilience
- Enterprise value creation

Accordingly, the Company has adopted an integrated approach by utilising existing sustainability information while providing additional disclosures regarding financially material sustainability matters.

The Company recognises the importance of providing clear and concise sustainability disclosures while avoiding unnecessary duplication. Accordingly; a detailed environmental and social performance indicators are presented in the Sustainability Report prepared with reference to the GRI Standards. Further, SLFRS S1 and S2 disclosures focus on sustainability matters considered financially material to the Company's operations, strategy and long-term value creation and cross-references are provided where detailed information is already disclosed elsewhere in the Annual Report.

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

### 1.3 Connected Information

The Company recognises that sustainability-related risks and opportunities are closely interconnected with its financial performance and strategic direction. Accordingly, these Sustainability-related Financial Disclosures have been prepared to complement the Financial Statements and other sections of the Annual Report.
Where appropriate, cross-references are made to information presented in:

- Chairman's Review
- Integrated Value Creation Model
- Risk Management Report
- Corporate Governance Report
- Management Discussion and Analysis
- Financial Statements
- Strategy and focus
- Sustainability Disclosures

This integrated reporting approach enables users to understand how sustainability-related matters influence business strategy, financial planning, operational performance and long-term enterprise value.

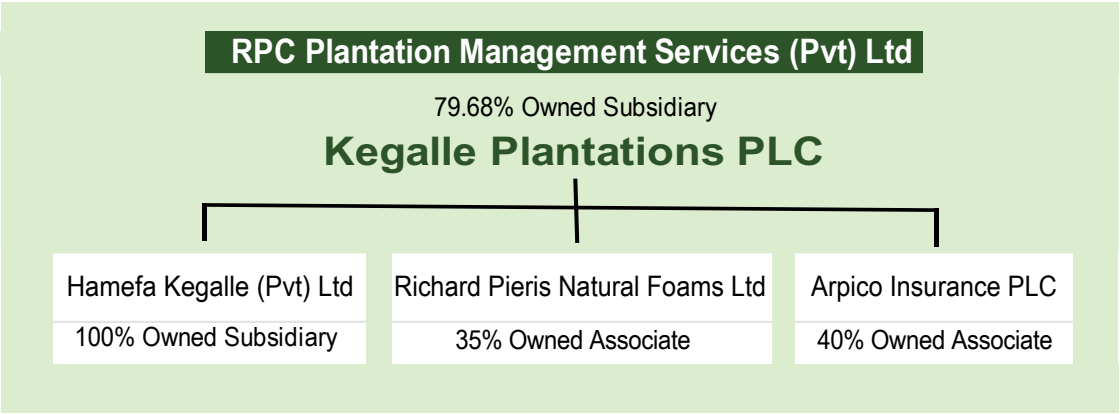
### 1.4 Reporting Period

These disclosures cover the financial year from 1 April 2025 to 31 March 2026; comparative information is presented where available and considered meaningful to support the understanding of trends in sustainability-related performance.

### 1.5 Reporting Entity, Organization Boundary and Reporting Boundary

Kegalle Plantations PLC ("the Company") is the reporting entity for these sustainability-related financial disclosures prepared in accordance with SLFRS S1 and SLFRS S2. The disclosures cover the Company's operations and activities for the financial year ended 31 March 2026 and are presented in conjunction with the Company's Annual Report and Financial Statements.

The organizational boundary for these disclosures is aligned, where applicable, with the reporting boundary used in the Company's financial reporting. Sustainability-related risks and opportunities (SRROs) arising from the Company's own operations, as well as relevant upstream and downstream value chain activities, have been considered based on their potential to reasonably be expected to affect the Company's prospects. The reporting boundary for these sustainability-related financial disclosures is aligned with the Company's financial reporting boundary and covers the operations and activities of Kegalle Plantations PLC for the financial year ended 31 March 2026.




### 1.6 Operational Control Approach

For the purpose of measuring and reporting greenhouse gas (GHG) emissions, Kegalle Plantations PLC applies the Operational Control Approach in accordance with the GHG Protocol Corporate Standard. This approach was considered relevant as the Company has the authority to introduce and implement operating policies across its estates, factories, offices and other controlled facilities. Accordingly, the Company accounts for 100% of GHG emissions from operations under its operational control.

The organisational boundary covers relevant emission sources associated with the Company's tea and rubber plantation operations, factories, Head Office and other facilities under its operational control. Emissions from operations outside the Company's operational control are excluded from the organisational inventory and, where relevant and where sufficient data are available, may be considered as value-chain emissions under Scope 3.

### Scope 1 and Scope 2 Organisational Boundary

| Operational Unit | Scope Coverage | Boundary |
|---|---|---|
| Tea Estates (6) and Factories (5) | Scope 1 and Scope 2 | Full Operational Control |
| Rubber Estates (11) and Factories (5) | Scope 1 and Scope 2 | Full Operational Control |
| Head Office | Scope 1 and Scope 2 | Full Operational Control |

In accordance with SLFRS S2 paragraph 29(a)(iv), Scope 1 and Scope 2 emissions are disaggregated between the consolidated accounting group and other investees excluded from the consolidated accounting group. For the reporting period, 100% of the reported Scope 1 and Scope 2 emissions are attributable to the consolidated accounting group. No Scope 1 or Scope 2 emissions from associates, joint ventures or unconsolidated subsidiaries outside the consolidated accounting group have been included in the reported emissions inventory.

### Scope 3 Value-Chain Boundary

Scope 3 emissions are assessed separately from the organisational inventory. Relevant value-chain categories include upstream activities, such as purchased fertilisers and agrochemicals, and downstream transportation and logistics, where applicable.

## 1.7 Timing of Reporting

Consistent with the Company's strategic planning framework, SRROs/CRROs are assessed across multiple time horizons to support effective decision-making and long-term value creation.

| Time Horizon | Definition |
|---|---|
| Short-term | Within 1 year (2026/27) |
| Medium-term | 2–5 years (2027/28 – 2030/31) |
| Long-term | More than 5 years (beyond 2030/31) |

These time horizons are considered appropriate for the plantation industry because of the long-term biological and economic cycles associated with plantation crops, in addition to the Company's high exposure to environmental, climatic, and market-related variables. Short-term perspectives identify risks and opportunities that may impact yearly output, commodity prices, input costs, labour availability, weather conditions, and operating performance. The medium-term vision includes the Company's replanting programs, productivity improvement efforts, capital investments, market shifts, and growing regulatory needs. The long-term horizon is especially important for plantation operations due to the extended maturation periods of perennial crops, the long useful lives of plantation assets, climate change, biodiversity and ecosystem resilience, and the long-term implications of land management and sustainability investments. Accordingly, these horizons enable the Company to assess SRROs and CRROs in a manner consistent with the underlying characteristics and investment cycles of the plantation business.

The significance of individual SRROs may vary depending on their expected timing, magnitude and potential financial consequences. Climate-related risks, biodiversity loss and changing regulatory requirements generally extend across medium and long-term planning horizons, while operational risks such as energy costs, labour availability and weather variability may have immediate financial implications.

These time horizons are aligned with the Group's strategic planning, operational decision-making processes, capital investment cycles and sustainability objectives.

## 1.8 Materiality

The Company utilises the concept of materiality to identify the sustainability and climate-related information that will be included in this report. Sustainability-related risks and opportunities (SRROs) and climate-related risks and opportunities (CRROs) are considered material if information about them is likely to influence the decisions of primary users of general-purpose financial reports by affecting the Company's prospects, including future cash flows, access to finance, or cost of capital.

The Company uses a systematic materiality assessment approach to discover, analyse, prioritise, and validate sustainability and climate-related issues throughout its activities and value chain. The evaluation takes into account the type, extent, breadth, severity, and likelihood of prospective consequences, as well as their financial implications, strategic importance, stakeholder concerns, regulatory changes, operational context, and appropriate time frames.

### 1.8.1 Materiality Assessment Process

The Company's materiality assessment is undertaken through the following stages:

**1. IDENTIFY** — **Identification of Sustainability and Climate-Related Matters**

Potential sustainability and climate-related issues are identified from a range of internal and external sources, including strategic and annual business planning, Board and Board Committee deliberations, management meetings, estate and factory-level operational reviews, internal and external audits, stakeholder engagement, regulatory developments, industry benchmarking, climate-related studies and scientific assessments, sustainability certification audits, and emerging.

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

**2. ASSESS**

**Assessment of Impacts**

The highlighted issues are evaluated based on their actual and possible consequences for the Company, its operations, assets, resources and connections. The evaluation takes into account the type, extent, breadth, and severity of the possible consequences, concerns and expectations, and the importance of each issue to the Company's business model and value chain.

**3. CLASSIFY**

**Identification of SRROs and CRROs**

Matters recognised as having the potential to generate sustainability-related risks or opportunities are classified as SRROs. Climate-related physical hazards, transition risks, and climate-related opportunities are all considered CRROs. The evaluation takes into account the Company's activities and value chain, as well as any relevant external environmental, economic, social, technical, regulatory, and market variables.

**4. EVALUATE**

**Assessment of Effects on the Company's Prospects**

Each discovered SRRO and CRRO is evaluated to see whether it has the potential to damage the Company's prospects. This assessment takes into account the possible consequences for the Company's business model and strategy, operations, assets, financial performance and position, cash flows, access to finance, and cost of capital.

The evaluation also takes into consideration the likelihood and possible magnitude of the consequences, as well as the applicable time frames. Matters are examined across short-, medium-, and long-term perspectives as necessary, with the understanding that some sustainability and climate-related risks and opportunities may emerge gradually and have financial consequences beyond the Company's immediate planning cycle.

**5. QUANTIFY**

**Assessment of Current and Anticipated Financial Effects**

The Company evaluates present and prospective financial implications of SRROs and CRROs that might reasonably be expected to influence the Company's prospects, when applicable. These might include effects on revenues, operational expenses, capital expenditure, asset valuations, impairment, financing requirements, liquidity, cash flows, profitability, access to financing, and cost of capital.

Where financial consequences cannot be reliably defined, the Company analyses the nature, possible amount, probability, and timing of the effects when assessing their relevance.

**6. DISCLOSE**

**Determination of Disclosure Materiality**

Based on the previous evaluations, the Company assesses whether information about each SRRO or CRRO is relevant for disclosure reasons. The determination evaluates whether omitting, misstating, or concealing the information is likely to impact the decisions made by the primary users of general-purpose financial reports.

The evaluation results define the sustainability and climate-related information given in this Report and help identify the information needed to fulfil the applicable standards of SLFRS S1 and SLFRS S2.

### 1.8.2 Assessment Criteria and Prioritisation

To ensure consistency in materiality assessments, the company uses established assessment criteria as well as likelihood-impact evaluations. The identified matters are evaluated based on factors such as potential financial implications, strategic significance, likelihood of occurrence, magnitude of potential effects, time horizon, relevance to the Company's operations and value chain, regulatory significance, and potential implications for the Company's assets, resources and relationships.

The evaluation results are used to prioritise SRROs and CRROs and to define the scope and character of relevant disclosures. Matters with greater potential impact on the Company's prospects are given priority when selecting what information to share.

### 1.8.3 Sources of Identification

The identification and assessment of potential sustainability- and climate-related matters are informed by multiple sources, including:
Potential sustainability-related matters are identified through multiple sources, including:

- Strategic planning and annual business planning
- Board and Board Committee deliberations
- Management meetings
- Operational reviews conducted at the estate and factory level
- Internal and external audits
- Regulatory developments
- Industry benchmarking

- Climate-related studies and scientific assessments
- Sustainability certification audits
- Emerging global sustainability trends.

### 1.8.4 Review and Validation

Material sustainability- and climate-related matters are reviewed periodically to ensure that the Company's assessment remains relevant and reflects significant changes in its operating environment, business model, strategy, risk profile, regulatory landscape, market conditions and broader external environment.

The materiality assessment findings are subject to management review and confirmation using the Company's established governance and reporting mechanisms. If substantial changes occur in the Company's circumstances or in the nature, scale, or likelihood of identified risks and opportunities, the evaluation may be reassessed to evaluate if the corresponding disclosure findings are still appropriate.

As a result, the materiality assessment is an essential component of the Company's overall process for identifying, assessing, managing, and reporting sustainability- and climate-related risks and opportunities that could reasonably be expected to impact the Company's prospects and long-term financial value.

## 1.9 Sources of Guidance

In preparing its sustainability-related financial disclosures, Kegalle Plantations PLC has considered SLFRS S1, SLFRS S2, the SASB Agricultural Products Standard, the GHG Protocol Corporate Accounting and Reporting Standard, ISO 14064-1:2018, and relevant ISSB guidance. The SASB Agricultural Products Standard was used as an industry-specific reference in identifying and assessing SRROs and CRROs. Relevant SASB topics and metrics were considered based on their applicability to the Company's plantation operations, business model, value chain and potential financial effects. Topics or metrics that were not relevant or did not give rise to material SRROs or CRROs were excluded, with the reasons for such exclusions documented. These frameworks collectively support consistent, comparable and decision-useful sustainability- and climate-related disclosures in accordance with SLFRS S1 and S2.

## 1.10 Judgements, Uncertainties and Errors

### 1.10.1 Judgements

Kegalle Plantations PLC applies judgement in determining the scope, organizational boundaries, GHG Boundary, materiality and measurement methodologies used in preparing climate-related disclosures. Judgement is required in identifying material climate-related risks and opportunities, climate resilience, scenario analysis, determining the relevant time horizons, assessing the vulnerability of assets and business activities, selecting appropriate metrics and targets, determining the relevance of climate-related information to the Company's tea and rubber plantation operations and financial effects of SRROs and CRROs. The Company also applies judgement when assessing the applicability and materiality of Scope 3 GHG emission categories and when allocating capital expenditure to climate-related risks and opportunities.

### 1.10.2 Uncertainties

The measurement and disclosure of climate-related information are subject to inherent uncertainties due to the evolving nature of climate science, limitations in historical and forward-looking climate data analysis and the availability and reliability of value-chain information. Uncertainty may also arise in estimating future climate conditions, assessing the financial effects of physical and transition risks, determining emission factors and quantifying Scope 3 GHG emissions. Where reliable primary data are not available, the Company uses reasonable estimates, assumptions and recognized methodologies and continues to improve the quality and granularity of climate-related data over time.

### 1.10.3 Errors

Kegalle Plantations PLC maintains processes and controls designed to identify, prevent and correct errors in climate-related information and disclosures. The Company reviews data collected from estates, factories and corporate functions for completeness, consistency and accuracy and performs appropriate validation and verification procedures. Where a material error is identified in previously reported climate-related information, the Company will assess its impact and, where required, correct or restate the comparative information in accordance with applicable SLFRS requirements. Any material corrections or restatements will be appropriately disclosed, including the nature and impact of the error.

Key Judgements, Sources of Uncertainty and Potential Impact on Climate-Related Disclosures

| Area | Key Judgement / Uncertainty | Potential Impact |
|---|---|---|
| Climate risk assessment | Identification and prioritization of material climate-related risks | Risk classification and prioritization |
| GHG emissions | Selection of emission factors and activity data | Reported Scope 1, Scope 2 and Scope 3 emissions |
| Scope 3 emissions | Availability and reliability of value-chain data | Completeness of Scope 3 inventory |
| Asset vulnerability | Assessment of physical and transition risk exposure | Amount and percentage of vulnerable assets |
| Climate opportunities | Definition and quantification of aligned activities | Reported climate opportunity metrics |
| Capital deployment | Allocation of expenditure to climate-related initiatives | Amount of climate-related capital deployment |
| Data quality | Use of estimates where primary data are unavailable | Accuracy and comparability of disclosures |

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

### 1.11 Functional Currency

The financial statements of Kegalle Plantations PLC are presented in Sri Lankan Rupees (LKR), which is the functional and presentation currency of the Company.

### 1.12 Transitional Reliefs Applied

- The Company has applied the first-year transition relief from presenting comparative information.
- The Company has applied the transition relief for disclosing climate-related scenario analysis in FY2025/26.

### 1.13 Statement of Compliance

Kegalle Plantations PLC has prepared these Sustainability-Related Financial Disclosures in accordance with SLFRS S1 and SLFRS S2 issued by CA Sri Lanka. These disclosures cover the financial year from 1 April 2025 to 31 March 2026 and are presented as an integral part of the Company's Annual Report.

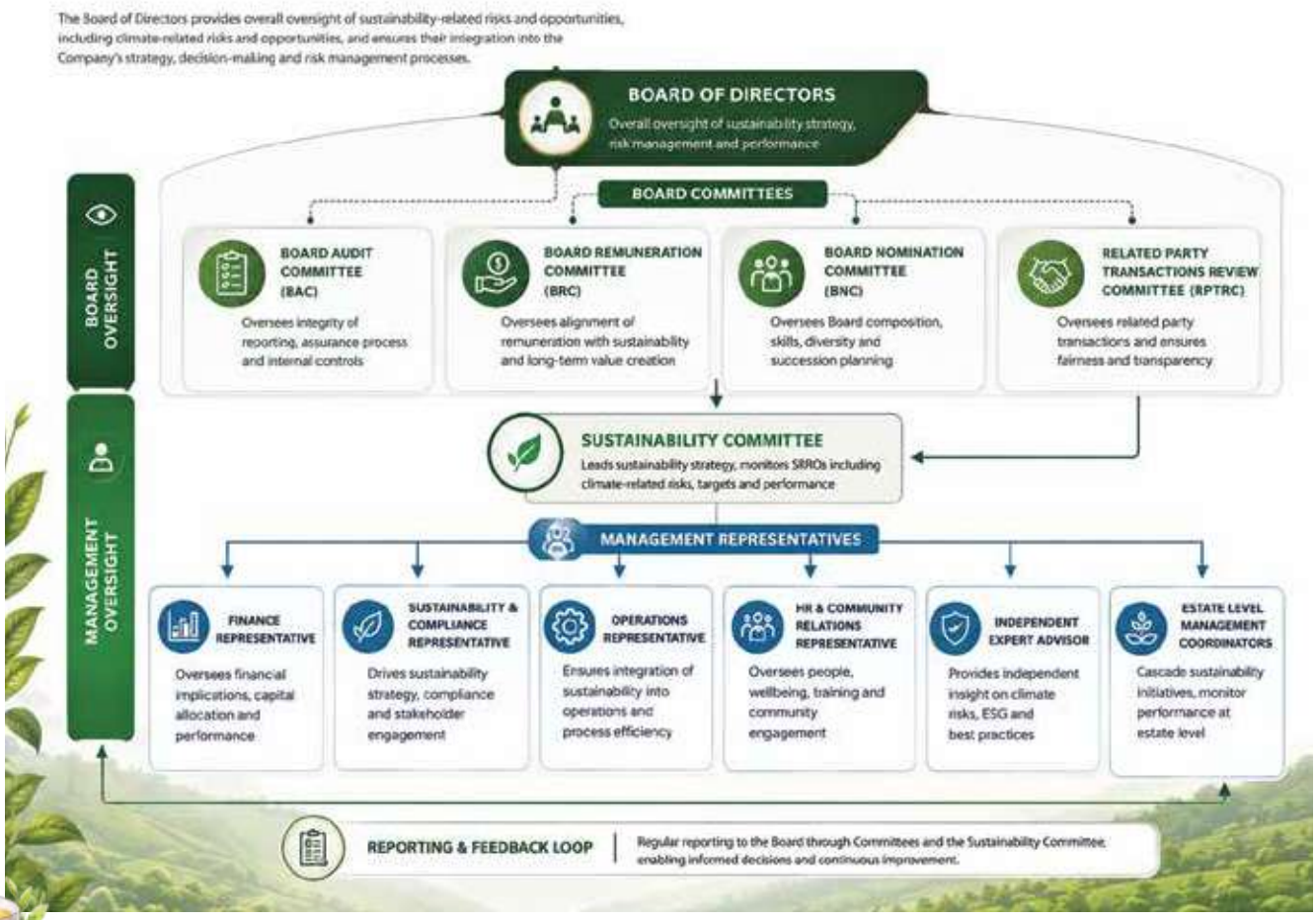
### 1.14 Statement of Assurance

In upholding transparency and accountability, the Company recognises the importance of independent verification to ensure the accuracy of the Company's sustainability disclosures. For 2025/26, the Company engaged an external assurance provider to conduct an independent limited assurance on the disclosures given in this report. The independent limited assurance report can be found on pages 59 to 60 of the Annual Report.

## 2. SUSTAINABILITY GOVERNANCE

This section provides oversight of material sustainability-related risks and opportunities, including climate-related risks and opportunities, and their potential implications for the Company's strategy and operations. The Board of Directors and relevant management-level functions are responsible for ensuring appropriate oversight, accountability, and integration of sustainability considerations into decision-making and risk management processes.

### 2.1 Board Oversight



### 2.1.1 Roles and Responsibilities

Board of Directors

The Board of Directors of Kegalle Plantations PLC has overall responsibility for overseeing the Company's sustainability-related and climate-related risks and opportunities and ensuring that these matters are appropriately integrated into the Company's strategy, governance and risk management processes. The Board provides strategic direction and oversight of material Sustainability-Related Risks and Opportunities (SRROs) and Climate-Related Risks and Opportunities (CRROs) and monitors the Company's response to matters that may affect its financial performance, resilience and long-term prospects. The Board receives updates on material sustainability-related and climate-related matters on a periodic basis, including through the Company's regular Board reporting and as and when significant matters arise.

The key roles and responsibilities of the Board include:

- Oversee the identification, assessment, prioritisation and monitoring of SRROs and CRROs across Kegalle Plantations PLC;
- Review the Company's exposure to physical and transition climate-related risks across its upstream activities, own operations and downstream value chain;
- Monitor the implementation of sustainability and climate-related strategies, policies, action plans and mitigation measures;
- Support the integration of climate-related risks and opportunities into the Company's overall risk management framework;
- Review the Company's progress towards the implementation of SLFRS S1 and SLFRS S2 and related disclosures;
- Monitor key sustainability and climate-related metrics, including Scope 1, Scope 2 and relevant Scope 3 GHG emissions, energy, water and other industry-specific metrics;
- Review progress towards climate-related targets and commitments;
- Assess the potential current and anticipated financial effects of material climate-related risks and opportunities;
- Support the identification and evaluation of climate-related opportunities, including renewable energy, energy efficiency, climate-resilient agriculture and sustainable resource management;
- Review climate-related scenario analyses and their application in assessing the Company's resilience, where applicable;
- Ensure appropriate coordination among corporate functions, estate management and factory operations;
- Review relevant regulatory, certification and stakeholder requirements relating to sustainability and climate change;
- Ensure that appropriate data collection, verification and reporting mechanisms are maintained; and
- Escalate significant sustainability-related and climate-related matters to senior management and the Board of Directors, as appropriate.

Audit Committee

The Audit Committee of Kegalle Plantations PLC supports the Board in overseeing the integrity, reliability and transparency of the Company's financial and sustainability-related reporting, including climate-related disclosures under SLFRS S1 and SLFRS S2. The Audit Committee provides oversight of the processes and controls established to ensure that material climate-related information, metrics and disclosures are appropriately identified, measured, validated and reported.

The Audit Committee's oversight responsibilities are guided by its Terms of Reference/Charter and the Company's established governance framework. While specific responsibilities relating to SRROs and CRROs are not separately prescribed within the Charter, relevant sustainability and climate-related matters are considered through the Company's existing risk management, investment appraisal and reporting processes.

The key roles and responsibilities of the Audit Committee include:

- Reviewing the Company's financial and sustainability-related reporting processes and related internal controls;
- Overseeing the integrity and reliability of climate-related information disclosed in the Annual Report;
- Reviewing the Company's compliance with applicable SLFRS S1 and SLFRS S2 disclosure requirements;
- Reviewing the methodologies, assumptions and judgements applied in preparing climate-related disclosures;
- Reviewing the measurement and reporting of Scope 1, Scope 2 and relevant Scope 3 GHG emissions;
- Reviewing the completeness, accuracy and consistency of climate-related metrics and targets;
- Assessing the adequacy of systems and controls used to collect, consolidate and validate sustainability and climate-related data;
- Reviewing significant estimates, assumptions and uncertainties associated with climate-related disclosures;
- Monitoring the identification and correction of material errors in sustainability and climate-related information;
- Reviewing the findings and recommendations of internal and external assurance providers relating to sustainability and climate-related information;
- Overseeing the Company's processes for obtaining external assurance or verification of GHG emissions and other relevant sustainability metrics, where applicable;
- Reviewing material changes to climate-related reporting methodologies, organisational boundaries, emission factors and assumptions;
- Ensuring appropriate coordination between financial reporting and sustainability reporting processes; and
- Reporting significant matters and recommendations relating to climate and sustainability disclosures to the Board.

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

### 2.1.2 Board Skills and Competencies

KPPLC recognises that effective oversight of sustainability and climate-related matters requires appropriate skills, knowledge and experience at both Board and management levels. The profiles, qualifications and professional experience of the Audit Committee members are provided on pages 22 to 23 of this Annual Report. During the reporting period, no specific capacity-building or training sessions on sustainability- or climate-related matters were conducted for the Company's governance body. The Company relied on the required professional credentials, industry experience, and technical understanding of its Board members and senior management to supervise sustainability and climate-related issues. Relevant expertise in finance, accounting, risk management, environmental management, sustainability, and plantation operations enhances the Company's ability to identify, assess, and respond to emerging sustainability and climate-related risks and opportunities, as well as changing sustainability reporting requirements. The Company continues to acknowledge the necessity of developing these capabilities in response to rising regulatory, climatic, and sustainability trends.

### 2.1.3 Inform and Address

The Board provides oversight of material sustainability-related risks and opportunities (SRROs) and climate-related risks and opportunities (CRROs) relevant to the Company's tea and rubber plantation operations. The Board periodically reviews material sustainability and climate-related matters, including the Company's progress in implementing the SLFRS S1 and SLFRS S2 reporting requirements, and oversees the effectiveness of related strategies, action plans, risk mitigation measures and resilience initiatives.

The Company's sustainability related matters are communicated to the Board through structured management reporting, risk management discussions and periodic operational reviews. Key climate-related and sustainability indicators, including GHG emissions, energy performance, environmental impacts, certification and compliance matters, and progress against relevant targets, are considered as part of the Company's overall performance monitoring and decision-making processes.

During the reporting period, the Board continued to oversee the integration of sustainability and climate-related considerations into the Company's strategic direction and operational activities. This includes consideration of climate-related risks and opportunities across the Company's upstream value chain, estate and factory operations, and downstream activities, supporting the Company's efforts to strengthen climate resilience, improve resource efficiency and maintain long-term business sustainability.

### 2.1.4 Monitor

The Board of Directors of oversees the Company's progress in implementing the disclosure requirements of SLFRS S1 and SLFRS S2 and monitors the identification, assessment and management of material climate-related and sustainability-related risks and opportunities across the Company's tea and rubber plantation operations. The Board's oversight is supported by relevant management and governance mechanisms that review the progress of SLFRS S1 and SLFRS S2 implementation, sustainability and climate-related performance, risk management activities and applicable regulatory and compliance matters.

Kegalle Plantations PLC has established relevant policies, procedures, management systems and operational guidelines to support the identification, assessment, monitoring and management of climate-related risks and opportunities (CRROs) and sustainability-related risks and opportunities (SRROs) across its estates, factories and other relevant operations. These mechanisms support the integration of climate and sustainability considerations into operational decision-making, risk management, strategic planning and performance monitoring.

### 2.2 Management Role and Responsibility

The Sustainability Committee of KPPLC provides a structured governance mechanism for overseeing and coordinating sustainability-related and climate-related matters across the Company's tea and rubber plantation operations. The Committee facilitates cross-functional collaboration between finance, sustainability and compliance, operations, human resources and community relations, independent technical expertise and estate-level management, ensuring that sustainability-related risks and opportunities are appropriately identified, assessed, monitored and integrated into the Company's strategic and operational decision-making processes.

The composition and key responsibilities of the Sustainability Committee are as follows:

| Committee Member / Representative | Key Roles and Responsibilities |
|---|---|
| Sustainability Committee | Provides overall direction and oversight of sustainability-related and climate-related matters; reviews material Sustainability-Related Risks and Opportunities (SRROs) and Climate-Related Risks and Opportunities (CRROs); monitors progress against sustainability strategies, objectives, targets and action plans; oversees the Company's progress towards SLFRS S1 and SLFRS S2 implementation and reporting; facilitates cross-functional coordination and escalates material matters to Management and/or the Board, as appropriate. |
| Finance Representative | Supports the identification and assessment of financial implications arising from sustainability-related and climate-related risks and opportunities; provides relevant financial data and analysis; supports the integration of climate-related considerations into financial planning, budgeting, capital allocation and investment decisions; assists in assessing current and anticipated financial effects and financial resilience. |

| | |
|---|---|
| Sustainability and Compliance Representative | Coordinates sustainability and climate-related risk and opportunity assessments; monitors compliance with applicable sustainability, environmental and climate-related requirements; coordinates SLFRS S1 and SLFRS S2 implementation and disclosure processes; supports GHG accounting, sustainability reporting, certifications and ESG performance monitoring; maintains relevant policies, procedures and records; and coordinates the collection and validation of sustainability-related data. |
| Operations Representative | Identifies and assesses sustainability and climate-related risks and opportunities arising from estate and factory operations; monitors operational impacts relating to climate change, energy, water, resource efficiency and GHG emissions; supports the implementation of mitigation, adaptation and resilience measures; and provides operational information required for sustainability and climate-related reporting. |
| HR & Community Relations Representative | Oversees social and human-related sustainability considerations, including workforce resilience, employee health and safety, labour availability, skills development and community impacts; identifies climate-related risks affecting employees and surrounding communities; supports stakeholder engagement and community resilience initiatives; and provides relevant social performance information to the Committee. |
| Independent Expert Advisor | Provides independent technical and professional advice on sustainability, climate change, GHG emissions, climate risk assessment and emerging regulatory or reporting requirements; supports the Committee in strengthening its technical understanding and evaluating complex climate-related matters; and provides recommendations on appropriate methodologies, mitigation measures and resilience strategies. |
| Estate-Level Management Coordinators | Facilitate the implementation of sustainability and climate-related policies, strategies and action plans at estate and factory level; identify and report operational climate-related risks and opportunities; coordinate collection of estate-level data on energy, water, GHG emissions, agricultural productivity and environmental performance; monitor local climate impacts and incidents; and support the implementation and monitoring of adaptation, mitigation and resilience initiatives. |

Key Responsibilities of the Sustainability Committee

The Sustainability Committee's principal responsibilities include:

- Overseeing the identification, assessment, prioritisation and monitoring of SRROs and CRROs across Kegalle Plantations PLC;
- Reviewing the Company's exposure to physical and transition climate-related risks across its upstream, own operations and downstream value chain;
- Monitoring the implementation of sustainability and climate-related strategies, policies, action plans and mitigation measures;
- Supporting the integration of climate-related risks and opportunities into the Company's overall risk management framework;
- Reviewing the Company's progress towards SLFRS S1 and SLFRS S2 implementation and related disclosures;
- Monitoring key sustainability and climate-related metrics, including Scope 1, Scope 2 and relevant Scope 3 GHG emissions, energy, water and other industry-specific metrics;
- Reviewing progress towards climate-related targets and commitments;
- Assessing the potential current and anticipated financial effects of material climate-related risks and opportunities;
- Supporting the identification and evaluation of climate-related opportunities, including renewable energy, energy efficiency, climate-resilient agriculture and sustainable resource management;
- Reviewing climate-related scenario analysis and its application in assessing the Company's resilience, where applicable;
- Ensuring appropriate coordination between corporate functions, estate management and factory operations;
- Reviewing relevant regulatory, certification and stakeholder requirements relating to sustainability and climate change;
- Ensuring that appropriate data collection, verification and reporting mechanisms are maintained; and
- Escalating significant sustainability-related and climate-related matters to senior management and the Board of Directors, as appropriate.

### 2.3 Estate and Factory-level Sustainability Responsibilities

Estate and factory-level management play a critical role in implementing Kegalle Plantations PLC's sustainability and climate-related strategies at the operational level. As the Company's primary activities are dependent on natural resources, climatic conditions and agricultural productivity, estate and factory teams are responsible for identifying, managing and monitoring sustainability-related and climate-related risks and opportunities within their respective areas of operation and reporting relevant matters through established management channels.

Key responsibilities include:

**IDENTIFICATION OF RISKS & OPPORTUNITIES**

Identify and report material sustainability-related and climate-related risks and opportunities arising from estate cultivation, harvesting, factory processing, infrastructure and supporting activities.

**CLIMATE RISK MONITORING**

Monitor local climate conditions, including rainfall variability, drought, temperature changes, extreme weather events, flooding, landslides and water availability, and assess their potential impacts on operations.

**IMPLEMENTATION OF MITIGATION AND ADAPTATION MEASURES**

Implement approved climate adaptation, resilience and GHG emission reduction measures at estate and factory level.

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

### AGRICULTURAL RESILIENCE

Promote climate-resilient tea and rubber cultivation practices, soil conservation, erosion control, biodiversity protection and sustainable land management.

### ENERGY AND GHG MANAGEMENT

Monitor fuel and electricity consumption, support energy efficiency initiatives, promote renewable energy where feasible and maintain accurate records required for Scope 1 and Scope 2 GHG emissions calculations.

### WATER MANAGEMENT

Monitor water availability and consumption, implement water conservation measures and maintain appropriate systems for efficient water use and protection of water resources.

### ENVIRONMENTAL MANAGEMENT

Ensure compliance with applicable environmental policies, procedures, legal requirements and certification standards, including appropriate management of waste, chemicals, soil, water and biodiversity.

### DATA COLLECTION AND REPORTING

Collect, maintain and submit accurate and timely operational data relating to energy, fuel, water, GHG emissions, production, waste, environmental performance and other relevant sustainability metrics.

### OPERATIONAL CONTINUITY

Identify potential climate-related disruptions to agricultural and factory operations and support contingency planning and measures to maintain business continuity.

### INFRASTRUCTURE RESILIENCE

nfrastructure resilience: Monitor the condition and climate vulnerability of roads, bridges, drainage systems, buildings, factories and other critical infrastructure and implement appropriate preventive and corrective measures.

### EMPLOYEE AND COMMUNITY RESILIENCE

Employee and community resilience: Identify potential climate-related impacts on employees and surrounding communities and support appropriate occupational health, safety, welfare and community resilience initiatives.

### CERTIFICATION AND COMPLIANCE

Certification and compliance: Support the implementation and maintenance of relevant sustainability certifications and management systems and ensure compliance with applicable requirements at estate and factory level.

### STAKEHOLDER ENGAGEMENT

Stakeholder engagement: Engage with employees, workers, local communities and suppliers to identify sustainability and climate-related concerns and opportunities.

### PERFORMANCE MONITORING

Performance monitoring: Monitor progress against sustainability and climate-related objectives, targets and action plans and report significant deviations or emerging risks to the relevant management representatives.

### ESCALATION AND COMMUNICATION

Escalation and communication: Promptly communicate significant climate-related incidents, environmental events, operational disruptions, non-compliances and emerging risks to the Sustainability and Compliance Representative and relevant management.

| Responsibility Area | Estate-Level Responsibility | Factory-Level Responsibility |
|---|---|---|
| Climate risk management | Monitor climate impacts on tea and rubber cultivation | Monitor climate impacts on processing and factory operations |
| Energy management | Monitor estate-level fuel and electricity use | Monitor electricity, fuel and thermal energy consumption |
| GHG emissions | Maintain data on estate fuel and energy consumption | Maintain data on factory fuel, electricity and other relevant emissions |
| Water management | Manage irrigation, water availability and conservation | Monitor process and domestic water consumption and efficiency |
| Climate resilience | Implement resilient agricultural and soil management practices | Maintain resilient infrastructure and business continuity measures |
| Biodiversity | Protect ecosystems, forests, water bodies and biodiversity | Manage environmental impacts associated with factory operations |
| Waste management | Manage agricultural and estate-generated waste | Manage factory waste, by-products and wastewater |
| Data management | Collect and submit estate-level sustainability data | Collect and submit factory-level sustainability and energy data |
| Compliance | Maintain estate-level certification and legal compliance | Maintain factory-level certification, environmental and operational compliance |
| Reporting | Report risks, incidents and performance to management | Report operational risks, incidents and performance to management |

This structure enables sustainability and climate-related considerations to be addressed at the operational level while ensuring that material risks, opportunities, performance indicators and emerging issues are escalated through the Company's governance framework for appropriate management action and Board oversight.

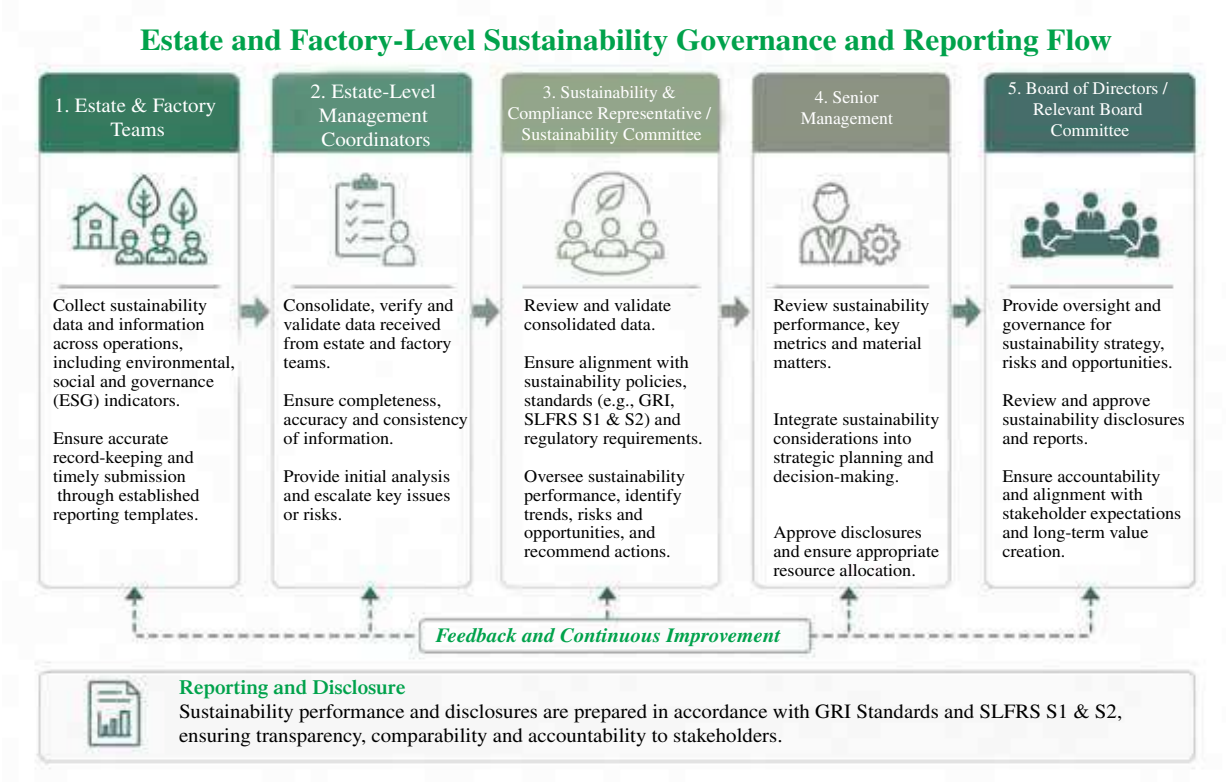
## 2.4 Competency Development and Awareness

### Estate-level Competency Development and Awareness

Kegalle Plantations PLC recognizes that the effective implementation of its sustainability and climate-related commitments depends on the knowledge, skills and awareness of employees and operational teams at the estate level. Accordingly, the Company maintains a structured competency development and awareness programme covering estate management, field officers, supervisors and workers, with training needs identified based on operational activities, sustainability priorities, climate-related risks, certification requirements and applicable regulatory obligations.

Estate-level competency development focuses on key sustainability and climate-related matters relevant to plantation operations, including climate change adaptation and resilience, sustainable land and soil management, water conservation, biodiversity and ecosystem protection, responsible agrochemical management, greenhouse gas emissions reduction, energy and resource efficiency, waste management, occupational health and safety, human rights and labour practices, and compliance with applicable sustainability certification standards.

Estate managers and relevant operational personnel are provided with appropriate training and guidance to identify and respond to climate-related risks that may affect plantation productivity and operational continuity. These include changes in rainfall patterns, prolonged dry periods, extreme weather events, soil degradation, water availability, pest and disease pressures and other climate-related impacts. The training programmes are designed to strengthen the capacity of estate teams to implement appropriate adaptation, mitigation and resilience measures.




The Company implements the following indicative estate-level training and awareness plan:

| Training / Awareness Area | Target Group | Key Competency / Awareness Objective | Frequency |
|---|---|---|---|
| Climate Change and Climate Risk Awareness | Estate Managers, Assistant Managers, Field Officers and Supervisors | Understanding climate-related risks, impacts on plantation operations and appropriate adaptation and resilience measures | Annual |
| SLFRS S1 & S2 and Sustainability Awareness | Estate Management and Relevant Officers | Understanding the Company's sustainability and climate-related disclosure requirements and the importance of reliable operational data | Annual / As required |
| Sustainable Plantation Management | Estate Managers, Field Officers and Supervisors | Strengthening sustainable agricultural practices, productivity and long-term plantation resilience | Annual |
| Soil Conservation and Land Management | Field Officers, Supervisors and Workers | Prevention of soil erosion, maintenance of soil health and sustainable land-use practices | Annual / Seasonal |

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

| Training / Awareness Area | Target Group | Key Competency / Awareness Objective | Frequency |
|---|---|---|---|
| Water Management and Conservation | Estate Management, Field Officers and Workers | Efficient water use, protection of water sources and management of water-related risks | Annual |
| Biodiversity and Ecosystem Conservation | Estate Management, Field Officers and Workers | Protection of high conservation value areas, habitats and ecosystem services | Annual |
| Responsible Agrochemical Management | Field Officers, Supervisors and Relevant Workers | Safe and responsible use, storage and disposal of agrochemicals and reduction of environmental impacts | At least Annual / As required |
| Greenhouse Gas Emissions and Energy Efficiency | Estate Management, Factory / Operational Teams and Relevant Employees | Awareness of emission sources, energy conservation and opportunities for GHG emission reduction | Annual |
| Waste Management and Resource Efficiency | Estate Management, Supervisors and Workers | Waste segregation, reduction, reuse, recycling and responsible disposal | Annual |
| Occupational Health and Safety | All Estate Employees | Hazard identification, safe work practices, emergency preparedness and incident prevention | Annual / Ongoing |
| Human Rights, Labor Practices and Code of Conduct | Estate Management, Supervisors and Workers | Awareness of employee rights, ethical conduct, grievance mechanisms and responsible workplace practices | Annual |
| Sustainability Certification Requirements | Relevant Estate Personnel and Workers | Compliance with applicable FSC, Rainforest Alliance, Organic and other certification requirements | Annual / Before audits |
| Sustainability Data Collection and Reporting | Estate Managers and Designated Data Custodians | Accurate, complete and timely collection, validation and reporting of sustainability and climate-related data | Annual / As required |
| Emergency Preparedness and Climate-related Response | Estate Management, Field Officers and Relevant Employees | Strengthening preparedness and response to extreme weather events, fire, drought, floods and other emergencies | Annual / Periodic drills |

Training programmes are delivered through a combination of classroom training, practical field demonstrations, toolbox meetings, awareness sessions, operational briefings, internal communications and on-the-job learning. Training attendance and relevant competency development activities are documented and monitored by the respective estate management teams and relevant corporate functions.

The effectiveness of training and awareness programmes is periodically evaluated through attendance monitoring, observations, internal audits, certification audits, employee feedback and operational performance indicators. Identified competency gaps and emerging training needs are incorporated into subsequent training programmes and annual training plans.

Through this structured approach, Kegalle Plantations PLC seeks to ensure that employees at the estate level possess the necessary knowledge and practical competencies to contribute to the Company's sustainability objectives, manage climate-related risks and opportunities, strengthen operational resilience and support the Company's long-term environmental, social and economic performance

## 3. RISK MANAGEMENT

Kegalle Plantations PLC integrates sustainability-related and climate-related risks and opportunities into its broader risk management processes to identify, assess, prioritise and monitor matters that could reasonably be expected to affect the Company's prospects. The Company considers relevant risks across its operations and value chain and takes appropriate measures to manage and mitigate identified risks while enhancing resilience and capturing potential opportunities.

### 3.1 Processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks

Kegalle Plantations PLC identifies, assesses, prioritises and monitors climate-related risks through its enterprise risk management, operational risk assessment and sustainability management processes. The Company considers both physical risks, such as changes in rainfall patterns, droughts, floods, extreme temperatures and other weather-related events, and transition risks arising from regulatory, technological, market and stakeholder developments associated with the transition to a lower-carbon economy. Identified risks are evaluated based on their potential likelihood and impact on the Company's operations, financial performance and prospects, with relevant risks prioritised for management action and ongoing monitoring.

The Company's relevant policies, procedures and management systems, including environmental, occupational health and safety, energy, water, biodiversity, risk management and climate-related practices, support the identification and management of these risks. Climate-related risks are reviewed through relevant management and governance mechanisms and are considered, where material, in business planning, capital allocation, operational decision-making and the development of mitigation and adaptation measures.

### 3.1.1 Climate-related scenario analysis to inform its identification of climate-related risks.

#### Use of Climate-Related Scenario Analysis

During FY 2025/26, Kegalle Plantations PLC did not undertake a formal climate-related scenario analysis. Accordingly, the Company has not applied specific quantitative or qualitative climate scenarios to assess the resilience of its strategy and business model during the reporting period.

The Company continues to identify and assess climate-related risks and opportunities based on its operating experience, estate-level assessments, historical weather patterns, operational data and management judgement. These assessments consider factors including changes in rainfall and temperature, extreme weather events, water availability, crop productivity and the transition towards a lower-carbon economy.

The Company recognises the value of scenario analysis in strengthening its assessment of climate resilience and intends to progressively develop its capability to undertake climate-related scenario analysis, subject to the availability of appropriate data, technical expertise and resources. Future assessments will consider relevant physical and transition scenarios across appropriate short-, medium- and long-term time horizons.

### 3.1.2 Assessment

#### 3.1.2.1 Nature

Kegalle Plantations PLC assesses the nature of climate-related risks by considering the underlying drivers, characteristics and potential pathways through which climate change and the transition to a lower-carbon economy may affect its tea and rubber plantation operations, processing facilities, infrastructure, supply chain and long-term business prospects. The Company considers both physical climate-related risks and transition risks, recognising that the nature and significance of these risks may vary across different locations and business activities.

#### Key factors considered in assessing the nature of climate-related risks include:

**PHYSICAL RISKS**

Changes in rainfall patterns, temperature variability, droughts, floods, landslides, extreme weather events and water scarcity.

**AGRICULTURAL IMPACTS**

Potential effects on tea and rubber yields, crop quality, soil conditions, harvesting cycles and overall agricultural productivity.

**OPERATIONAL IMPACTS**

Potential disruption to estate operations, factory processing, transportation, energy and water supply, and supporting infrastructure.

**ENVIRONMENTAL IMPACTS**

Risks related to water resources, soil health, biodiversity, ecosystems and land-use conditions.

**TRANSITION RISKS**

Changes in climate-related regulations, carbon-related requirements, technology, market conditions and stakeholder expectations.

**FINANCIAL AND MARKET IMPACTS**

Potential changes in operating costs, capital expenditure requirements, access to finance, customer requirements, market access and competitiveness.

**VALUE CHAIN IMPACTS**

Climate-related disruptions affecting suppliers, agricultural inputs, logistics, customers and other relevant upstream and downstream activities.

**CLIMATE-RELATED OPPORTUNITIES**

Opportunities associated with renewable energy, energy efficiency, resource conservation, climate-resilient agricultural practices and improved environmental performance.

### 3.2 Processes for Identifying, Assessing, Prioritising and Monitoring Climate-Related Opportunities

Kegalle Plantations PLC identifies, assesses, prioritises and monitors climate-related opportunities through its sustainability management, risk management and strategic planning processes. The Company considers opportunities that may arise from climate adaptation, mitigation, resource efficiency and the transition towards a lower-carbon economy, taking into account their potential to improve operational resilience, reduce costs, enhance productivity, strengthen market access and support long-term business performance.

Key areas considered in identifying and assessing climate-related opportunities include:

- Expansion of renewable energy and increased use of clean energy sources;
- Improvement of energy efficiency and reduction of energy consumption;
- Reduction of GHG emissions and improvement of emissions intensity;
- Climate-resilient tea and rubber cultivation and agricultural practices;
- Improved water efficiency, conservation and rainwater management;
- Sustainable soil, land and biodiversity management practices;
- Development of climate-resilient infrastructure and operational systems;

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- Reduction of resource use, waste and associated operating costs;
- Enhanced access to sustainability-focused markets, customers and financing;
- Strengthening of product traceability, certifications and sustainability credentials; and
- Development of innovative products, processes and technologies that support climate resilience and the transition to a low-carbon economy.

### 3.3 Inputs and Parameters the Company Used

Inputs and Parameters Used in Identifying Climate-Related and Sustainability-Related Risks and Opportunities
Kegalle Plantations PLC identifies climate-related and sustainability-related risks and opportunities through an integrated risk assessment process covering its tea and rubber estate operations, tea and rubber processing facilities, supply chains and corporate functions. The identification process considers both internal operational information and relevant external environmental, climatic, regulatory and market related information that may influence the Company's operations, financial performance and long-term prospects.

Key inputs and parameters considered in identifying climate-related and sustainability-related risks and opportunities include:

| Internal Inputs | External Inputs |
|---|---|
| ◈ Strategic planning and annual business planning | ◈ Regulatory developments (SLFRS S1/S2, EUDR, CEA, CA Sri Lanka) |
| ◈ Board and management deliberations | ◈ International sustainability requirements and certification standards and buyer sustainability requirements |
| ◈ Operational reviews at estate and factory level | |
| ◈ Internal and external audits and inspections | |
| ◈ Rainfall patterns, temperature variability, drought conditions and extreme weather events | ◈ Global commodity market intelligence |
| ◈ GHG emissions and energy consumption data | |
| ◈ Crop yield performance and quality trends | |
| ◈ Water and soil health data | |
| ◈ Labour availability and workforce trends | |
| ◈ Availability and cost of agricultural inputs | |

The Company also considers information obtained through Internal stakeholder engagement, estate- and factory-level operational reviews, internal audits, sustainability and certification processes, industry developments, regulatory monitoring and risk management discussions conducted by management and relevant governance bodies. These inputs are periodically reviewed to support the identification of emerging risks and opportunities and to strengthen the Company's ability to respond to changing climate, environmental, social, market and regulatory conditions.

### 3.4 Risk Assessment - Likelihood and Magnitude Scales

| Score | Likelihood Definition | Score | Magnitude / Impact Definition |
|---|---|---|---|
| 1 | Rare - highly unlikely to occur | 1 | Insignificant - no material effect on operations or financial performance |
| 2 | Unlikely - possible but not expected frequently | 2 | Minor - limited impact manageable through existing controls |
| 3 | Possible - may occur periodically | 3 | Moderate - noticeable impact requiring additional management action |
| 4 | Likely - expected to occur with reasonable frequency | 4 | Major - significant impact on operations, financial performance, or strategic objectives |
| 5 | Almost Certain - expected frequently or already experienced | 5 | Severe - very significant impact materially affecting prospects; substantial corrective action required |

#### 3.4.1 Likelihood

Kegalle Plantations PLC assesses the likelihood of climate-related risks by considering the probability of occurrence, historical trends, projected climate conditions, geographical exposure and the effectiveness of existing mitigation and adaptation measures. The assessment considers both the likelihood of individual climate hazards occurring and the probability that such hazards could result in significant operational, financial or strategic consequences for the Company.

Risks are assessed across relevant time horizons and are periodically reviewed to reflect changes in climate conditions, business operations, regulatory requirements and the Company's risk management measures.

**Key factors considered in assessing the likelihood of climate-related risks include:**

- Historical frequency and severity of climate and weather-related events;
- Projected changes in temperature, rainfall and extreme weather conditions;
- Geographic location and exposure of tea and rubber estates and factories;
- Vulnerability of crops, infrastructure and operational activities;
- Availability and reliability of water resources;
- Effectiveness of existing adaptation, mitigation and resilience measures;
- Expected changes in climate-related regulations and market requirements;
- Historical operational disruptions and incident records; and
- Short-, medium- and long-term climate risk time horizons.

The likelihood rating is considered together with the magnitude of potential impact to determine the overall significance and prioritisation of climate-related risks. Where appropriate, the Company may use both qualitative assessments and quantitative information to support the likelihood assessment.

### 3.4.2 Magnitude of the Effects

Kegalle Plantations PLC assesses the magnitude of the effects of climate-related risks by considering the potential severity and scale of their impacts on operations, agricultural productivity, assets, financial performance and long-term business prospects. The assessment considers both qualitative and quantitative factors, where reliable data are available.

**Key factors considered include:**

- Potential impact on tea and rubber yields and quality;
- Potential financial impact, including revenue loss and increased operating costs;
- Damage to estates, factories, infrastructure and other assets;
- Duration and scale of operational disruptions;
- Impact on water availability and essential resources;
- Potential supply chain and market disruptions;
- Capital expenditure required for adaptation and resilience;
- Regulatory, reputational and stakeholder impacts; and
- Effectiveness of existing mitigation and adaptation measures.

### 3.5 Risk Prioritisation and Integration

Process to prioritise climate-related risks relative to other types of risk- Climate-related and sustainability-related risks are prioritised using a risk score (Likelihood × Magnitude, scale 1–25). Risks scoring ≥15 is Critical (Board-level attention); 10–14 is High (senior management action; quarterly Board reporting). This prioritisation is consistent with KPPLC's Enterprise Risk Matrix, ensuring that climate-related risks are evaluated alongside and integrated with the full portfolio of strategic, financial, operational, and compliance risks.

Integration with overall risk management process- Climate- and sustainability-related risks are completely incorporated into KPPLC's Enterprise Risk Management (ERM) framework, which uses the same likelihood and magnitude scales, enterprise risk registry, and governance forums as other business risks. Climate risks such as extreme weather, the impact of climate change, and pest and disease outbreaks are listed in the Company's Risk Register and Risk Matrix (refer to the page no 130-141). Capital investment decisions (Rain Guard and replanting) are explicitly linked to identified climate risks, demonstrating integration of climate risk management into strategic and capital planning decisions.

### 3.6 Monitoring of Climate-Related Risks

Kegalle Plantations PLC monitors climate-related risks through its established risk management, sustainability, environmental and operational monitoring processes. The Company periodically reviews relevant climate indicators, operational performance and emerging external developments to identify changes in the likelihood or magnitude of climate-related risks and to assess the effectiveness of mitigation and adaptation measures.

**Key monitoring activities include:**

- Monitoring rainfall, temperature, drought conditions and extreme weather events;
- Tracking water availability, water consumption and potential water stress;

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

- Monitoring tea and rubber crop yields, productivity and quality trends;
- Assessing climate-related impacts on estate, factory and supporting infrastructure;
- Monitoring energy consumption, fuel use, GHG emissions and renewable energy utilisation;
- Reviewing operational disruptions and climate-related incidents;
- Monitoring changes in climate-related laws, regulations and disclosure requirements;
- Reviewing market, customer and stakeholder expectations relating to climate change;
- Tracking progress of climate adaptation, mitigation and resilience initiatives; and
- Periodically reviewing climate-related risks through management risk assessments and relevant governance and reporting processes.

The results of monitoring are used to update risk assessments, reassess risk priorities and inform management actions, strategic planning and the development of appropriate adaptation and resilience measures.

### 3.7 Changes to Climate-Related Risk Management Processes

During the current reporting period, Kegalle Plantations PLC has continued to strengthen and formalise the processes used to identify, assess, prioritise and monitor climate-related risks. Compared with the previous reporting period, the Company has enhanced the integration of climate-related considerations into its broader risk management and sustainability processes, with increased focus on the potential impacts of climate change on its tea and rubber operations, processing facilities, supply chain and long-term business prospects.

**Key enhancements and areas of increased focus include**:

- Greater consideration of physical and transition climate-related risks;
- Increased monitoring of rainfall, temperature variability and extreme weather events;
- Enhanced consideration of water availability and water-related risks;
- Greater assessment of climate impacts on tea and rubber productivity and operational continuity;
- Increased focus on GHG emissions, energy efficiency and renewable energy utilisation;
- Consideration of emerging climate-related regulatory and disclosure requirements;
- Greater integration of climate-related risks into operational and strategic risk assessments;
- Increased consideration of climate resilience and adaptation measures; and
- Progressive development of climate-related data collection, scenario analysis and risk monitoring capabilities.

The Company continues to review and enhance these processes to ensure that climate-related risks are appropriately identified and assessed as the Company's understanding of climate impacts and the availability of reliable data improve. The enhanced processes are intended to support more effective prioritisation of climate-related risks, strengthen resilience across the Company's tea and rubber operations and inform future strategic planning and investment decisions.

## 4. STRATEGY

GRI: 2-22

This section describes the sustainability and climate-related risks and opportunities that could reasonably be expected to impact KPPLC business model, value chain, strategy, and financial position, performance, and cash flows in the short, medium, and long term, as well as the Company's strategy's resilience to these risks.

### 4.1 Business Model and Value Chain

KPPLC cultivates, processes, manufactures, and sells rubber, tea, coconut, oil palm, and other agricultural crops on 17 estates spanning 9,757 hectares in Sri Lanka's Kegalle, Kurunegala, and Badulla districts, supplemented by bought-leaf and bought-crop from smallholder suppliers.

**Value Chain**

- Upstream: land and estate management, nursery and replanting, agri-input suppliers, smallholder suppliers, and an estate workforce of 4,273 employees.
- Own operations: cultivation, tapping/plucking, and on-estate primary processing (rubber factories producing RSS/crepe/latex; tea factories producing made tea; coconut and oil palm cultivation).
- Downstream: sale through the Colombo Tea Auction and rubber auctions/private sales, direct export contracts, and domestic buyers.

Because KPPLC's revenue is almost entirely derived from perennial tree crops grown on fixed estate land, the business model is structurally dependent on land productivity, rainfall, temperature, and estate labour; the primary channel through which climate and broader sustainability risks are communicated to strategy and financials.

### KEGALLE PLANTATIONS PLC'S VALUE CHAIN

Delivering sustainable plantation value across our integrated operations.




## 4.2 Climate-Related and Sustainability-Related Risks and Opportunities (CRROs / SRROs)

This section presents the Company's four most important Climate-Related Risks and Opportunities (CRROs) and Sustainability-Related Risks and Opportunities (SRROs), each addressed against the full set of disclosure elements required by IFRS S1/S2: description of the risk, effects on the business model and value chain, effects on strategy and decision-making, financial effects (current and anticipated), resilience of the Company's strategy and business model.

### 4.2.1 Basis of Preparation of Entity-Developed Metrics

The Company uses certain entity-developed metrics to monitor sustainability-related risks and opportunities. These metrics are developed from internal operational, financial, estate and management records and are not prescribed metrics under the SLFRS Sustainability Disclosure Standards. They are presented as absolute measures or ratios/intensity measures, as appropriate.

Metrics are calculated using relevant underlying data such as production, expenditure, payroll, workforce, rainfall, disease incidence, financial and budget information. Where estimates are required, reasonable and supportable assumptions available at the reporting date are applied. The metrics are not subject to separate third-party validation unless specifically stated otherwise.

Limitations may arise from the availability, consistency and granularity of historical data and from the difficulty of separately attributing financial or operational effects to a specific sustainability-related or climate-related factor. At present, the Company is unable to reliably quantify and separately attribute certain financial effects arising from individual Sustainability-Related Risks and Opportunities (SRROs) and Climate-Related Risks and Opportunities (CRROs), particularly where such effects are interdependent with broader operational, market or economic factors.

Where a reliable financial impact cannot be separately quantified, the Company provides a qualitative assessment of the nature and potential significance of the impact rather than presenting an unsupported quantitative estimate. The Company continues to strengthen its data collection, measurement and assessment processes to improve the reliability and granularity of quantitative financial impact assessments in future reporting periods.

### 4.2.2 Integration of SRRO and CRRO Considerations into Major Transactions

Kegalle Plantations PLC incorporates material Sustainability-Related Risks and Opportunities (SRROs) and Climate-Related Risks and Opportunities (CRROs) into the evaluation and decision-making processes for major transactions and significant capital expenditure. These considerations are assessed, where relevant, when evaluating acquisitions, major capital expenditure, replanting programmes, factory upgrades and land development activities.

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The assessment considers relevant environmental, climate, operational, regulatory and financial factors, including potential exposure to climate-related physical risks, resource availability, environmental impacts, regulatory requirements and the resilience of the proposed investment over its expected useful life. Material risks and opportunities identified through these assessments are considered in investment proposals and are subject to the Company's established approval and governance processes, including Board oversight where applicable.

## CLIMATE-RELATED RISKS AND OPPORTUNITIES (CRRO-01) — PHYSICAL
## Extreme Weather Events

### Description of Risk

KPPLC's estates in the Kegalle, Kurunegala and Badulla districts are exposed to increasingly intense monsoonal rainfall and prolonged dry spells. Extreme rainfall events raise landslide risk on hill-country slopes and can damage estate roads, staff housing and factory infrastructure, while prolonged dry spells reduce rubber tapping days and disrupt tea flush cycles. This is classified as an acute and chronic physical climate risk.

### Effects on Business Model and Value Chain

Extreme weather events, including excessive rainfall, drought conditions, floods, landslides and associated disruptions, may affect the Company's plantation operations, infrastructure and value chain. The Company considers both the current effects observed during the reporting period and the anticipated effects over the short, medium and long term.

| Area of the Business Model / Value Chain | Current Effects | Anticipated Effects |
|---|---|---|
| **Rubber production** | Extreme rainfall and rainfall variability can disrupt tapping schedules and affect rubber yield and quality. | Increased frequency or severity of extreme rainfall and drought conditions could result in greater production volatility, affecting future revenue and operating margins. |
| **Tea production** | Excessive rainfall and weather disruptions can affect plucking schedules, crop volumes and tea quality. | Continued changes in rainfall patterns and extreme weather may increase yield and quality volatility and require adaptation of estate management practices. |
| **Coconut and Oil Palm** | Weather variability may affect crop growth, harvesting activities and productivity. | Prolonged droughts, excessive rainfall and extreme temperatures may affect long-term productivity and require additional adaptation measures. |
| **Estate infrastructure** | Extreme rainfall may increase damage and maintenance requirements for estate roads, drainage systems, housing and other infrastructure. | More frequent or severe events may require increased capital expenditure on resilient roads, drainage, buildings and other infrastructure. |
| **Factory operations** | Crop supply disruptions may result in temporary reductions in factory utilisation and changes in production schedules. | Persistent crop-volume volatility could increase the risk of factory underutilisation and affect production efficiency and operating costs. |
| **Water availability** | Variability in rainfall can affect water availability for agricultural and operational requirements. | Increased drought and rainfall variability may require additional investment in water storage, conservation and efficient water-management systems. |
| **Supply chain / bought crop** | Extreme weather can affect the availability and quality of bought-leaf and bought-crop supplies from external suppliers and out-growers. | Increasing weather variability may create greater supply uncertainty, requiring stronger supplier engagement and sourcing resilience. |
| **Employees and field activities** | Extreme rainfall can disrupt field activities and affect employee safety, attendance and productivity. | Increased exposure to extreme weather may require enhanced occupational health and safety measures, work planning and employee welfare arrangements. |
| **Financial performance** | Weather-related production fluctuations and infrastructure maintenance can affect revenue, operating costs and cash flows. | Over the medium and long term, recurring extreme weather events could increase operating and capital expenditure and contribute to greater volatility in revenue and profitability. |
| **Value chain continuity** | Disruptions to estate access and transportation may affect the movement of crops, inputs and finished products. | More severe weather events may require strengthened business continuity planning, infrastructure resilience and alternative logistics arrangements. |

### Overall Assessment

During the reporting period, extreme weather events primarily affected the Company's business model through crop yield and quality variability, disruption to field activities, infrastructure maintenance requirements, water availability and potential supply-chain disruptions.

These effects may influence production volumes, factory utilisation, operating expenditure, revenue and short-term cash flows.
Anticipated effects: Over the short, medium and long term, increasing variability and potential intensification of extreme weather events may result in greater crop production volatility, infrastructure damage, water-management requirements, supply-chain disruption and capital expenditure for climate-resilience measures. The Company expects adaptation measures such as climate-resilient planting material, improved drainage, soil and water conservation, infrastructure maintenance, crop diversification and strengthened climate monitoring to support resilience.

Where quantitative financial impacts cannot yet be reliably determined, the Company has assessed the effects qualitatively and will progressively strengthen its ability to quantify the financial implications of physical climate risks through improved estate-level climate data, scenario analysis and financial impact assessment.

### Effects on Strategy and Decision-Making

- Prioritisation of drought- and disease-tolerant clones/cultivars in the replanting programme.
- Continued investment in water harvesting, contour drains and slope stabilisation on higher-risk estates.
- Review of business continuity and disaster-response protocols for landslide-prone locations.
- Insurance coverage reviews for weather-related infrastructure damage.

### Financial Effects (Current Period)

During the reporting period, extreme weather events and variability in rainfall affected plantation activities, crop production, infrastructure and operational continuity. The principal financial effects arose through changes in crop volumes and quality, additional maintenance requirements and potential disruption to estate and factory operations.

| Financial Effect / Area | Current-Period Financial Effect |
|---|---|
| Crop production and revenue | Extreme rainfall and unsafe field conditions, particularly during 27–30 November 2025, disrupted tapping, plucking and harvesting activities. Estimated production losses included 11,300 kg of Made Tea and 30,400 kg of Rubber. Based on estimated average profit margins of Rs. 175/kg for Made Tea and Rs. 200/kg for Rubber, the estimated financial impact was approximately Rs. 8.06 million. |
| Estate infrastructure | Damage to internal roads, bridges, residential facilities, drainage systems and other estate infrastructure resulted in additional repair, restoration and maintenance requirements. The financial impact of these works is recognised based on the nature of expenditure and applicable accounting requirements. |
| Employee and community support | 340 resident families across Doteloya, Udapola, Etana, Parambe and Pallegama Estates were affected. Temporary relocation, restoration of affected housing and related community support created additional financial requirements for the Company. Government-supported reconstruction and resettlement measures are also being implemented for affected families. |
| Plantation assets | Damage to cultivated areas and rubber trees reduced the productive capacity of certain affected blocks. At Etana Estate, approximately 300 immature and 200 mature rubber trees were destroyed, with a further 75 trees damaged, while approximately 2.00 hectares of immature rubber were affected at Pallegama Estate and 6.00 hectares of cultivated fields were affected at Doteloya Estate. |
| Operating cash flows | Crop production losses and additional expenditure associated with repairs, restoration, community support and operational disruption affected operating cash flows during the reporting period. |
| Capital expenditure / restoration | Expenditure required to restore or enhance damaged infrastructure and improve resilience may result in additional capital expenditure, where the relevant recognition criteria are met. |

The Company acknowledges that the financial consequences of bad weather cannot always be completely separated from other variables influencing plantation performance. Accordingly, the estimated crop loss above is separately identified based on the affected period and available operational information, while broader changes in production, revenue, and operating costs are not attributed solely to climate-related events, where other contributing factors, including agronomic conditions, labour availability, pests and diseases, and market conditions, are also relevant.

### Processes, Controls and Policies to Manage Extreme Weather Risk and Opportunities

- Estate-level weather monitoring and early-warning arrangements ahead of monsoon periods.
- Ongoing soil and water conservation works (contour drains, water harvesting) reviewed by Estate Operations.
- Insurance coverage for weather-related property/infrastructure damage.
- Board Risk/Sustainability Committee oversight of climate-related capital allocation.
- Replanting programme governance prioritising resilient clones/cultivars.

5.

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

## 5. METRICS AND TARGETS

The Company monitors metrics relevant to its identified sustainability-related risks and opportunities (SRROs) and climate-related risks and opportunities (CRROs). The selected metrics support the assessment of the Company's exposure to identified risks, the actual effects arising during the reporting period, and the effectiveness of its management responses across its operations and value chain. Where formal quantitative targets have not been established and approved, the Company discloses relevant performance metrics without presenting them as targets.

**For the Climate-Related Risk – Physical: Extreme Weather Events, the Company monitors the following indicators:**

| Metric | Unit | FY 2025/26 |
|---|---|---|
| Crop volume affected/lost due to extreme weather events | kg | 41,700 |
| Estimated revenue impact from weather-related crop losses | Rs. Mn | 8.06 |
| Number of operational locations affected by significant weather events | No. | 5 |

These metrics are monitored to assess the effects of extreme weather events on crop production, infrastructure, operational continuity and financial performance. The Company's climate-related metrics are considered together with its greenhouse gas (GHG) emissions and energy performance to assess the relationship between climate-related risks, operational activities and emissions. Scope 1 and Scope 2 GHG emissions, together with relevant emissions intensity indicators, are disclosed below.

KPPLC measures and discloses GHG emissions in alignment with the GHG Protocol, and SLFRS S2. Disclosures cover all consolidated operations under the operational control boundary, including Scope 1, Scope 2 (location-based) and relevant Scope 3 categories. Reporting period: 1 April 2025 to 31 March 2026. Full GHG inventory at page 124

**Summary of Greenhouse Gas (GHG) Emissions (absolute gross measurement basis)**

| GHG Emissions Summary | |
|---|---|
| Scope | $tCO_2e$ |
| Scope 1 | 1,899.91 |
| Scope 2 | 854.24 |
| Scope 3 | 49,060.67 |
| Total | 51,814.82 |

**Extended GHG Scope 1 and 2 Emissions Profile**

| Descriptions | Scope 1 $tCO_2e$ | Scope 2 $tCO_2e$ | Total $tCO_2e$ |
|---|---|---|---|
| Consolidated accounting group (Note 01) | 1,889.91 | 854.24 | 2,744.15 |
| Other investee – associates | | IPCC AR6 | |
| Arpico Insurance PLC – 40% owned associate | 258.84 | 219.36 | 478.20 |
| Richard Pieris Natural Foams Ltd. - 35% owned associate | 577.65 | 1,339.02 | 1,916.66 |
| Total (Operational Control approach) | 2,726.4 | 2,412.62 | 5,139.01 |

Note 01 - Hamefa Kegalle (Pvt) Ltd is not in operation, hence not included in the above summary.

**Key Assumptions and sources of GHG Measurement:**

| Scope | GHG Protocol Category | Examples for KPPLC | Data Source | Emission Factor (EF) Source | GWP values |
|---|---|---|---|---|---|
| Scope 1 | Stationary Combustion(503.41 $tCO_2e$) | Diesel, Petrol use for generators, Biomass, LPG | Fuel Inventory, Estate-level Purchasing Bills. | 2006 IPCC AR5 V2_2_Ch2_ Stationary Combustion; SLSEA/ DEFRA | IPCC (AR6) 2021 |
| Scope 1 | Mobile Combustion (614.65 $tCO_2e$) | Diesel and petrol used in company vehicles, tractors, forklifts and other mobile machinery (Road / Off-Road) | Fuel Inventory | 2006 IPCC AR5 V2_3_Ch3_Mobile_ Combustion, DEFRA factors | IPCC (AR6) 2021 |
| Scope 1 | Fugitive Emissions (9.01 $tCO_2e$) | Leakage of refrigerants from air conditioners and $CO_2$ extinguishers, wastewater treatment | Estate-level Factory records | 2006 IPCC AR5 V3_Ch7_ Refrigerant, V3_Ch8_ $CO_2$ Fire Extinguishers, V5_Ch6_Wastewater Treatment_$CH_4$ & $N_2O$ | IPCC (AR6) 2021 |

| Scope | GHG Protocol Category | Examples for KPPLC | Data Source | Emission Factor (EF) Source | GWP values |
|---|---|---|---|---|---|
| Scope 1 | Agricultural Land Management Emissions (772.84 $tCO_2e$) | Fertilizer applications | Estate-level Fertilizer Inventory | 2006 IPCC AR5 V4_11_ Ch11_ N2O&CO2 | IPCC (AR6) 2021 |
| Scope 2 | Indirect Emissions from Purchased Energy (854.24 $tCO_2e$) | Purchased electricity for estates, factories, all offices, bungalows, and other facilities/ accommodations | Monthly CEB bills | Energy Balance 2022 SLSEA 2022 EF; location-based only | IPCC (AR5) 2014 |
| Scope 3 | (Category 1) Purchased goods and services (890.69 $tCO_2e$) | Fertilizer, agrochemicals, packaging, PPE, office supplies, and other materials | Purchase orders Register | EEIO Emission Factors 2024 | PCC (AR5) 2014 |
| Scope 3 | (Category 2) Capital goods (46.24 $tCO_2e$) | Vehicles, machinery, factory equipment, buildings and infrastructure | Fixed asset register, CapEx | EEIO Emission Factors 2024 | IPCC (AR5) 2014 |
| Scope 3 | (Category 3) Fuel- and energy-related activities (492.58 $tCO_2e$) | Extraction, refining and transportation of diesel, petrol and other fuels; electricity transmission and distribution losses | Fuel inventory, CEB bills | DEFRA 2025, SLSEA 2022 EF | IPCC (AR5) 2014 |
| Scope 3 | (Category 4) Upstream transportation & distribution (5.88 $tCO_2e$) | Transport of fertilizer, chemicals, machinery and packaging to estates and factories | Purchase Orders | 2006 IPCC AR5 V2_3_Ch3_Mobile_ Combustion, DEFRA factors | IPCC (AR5) 2014 |
| Scope 3 | (Category 5) Waste generated in operations (0.01 $tCo_2e$) | Factory waste, hazardous waste, office waste and other disposed materials | Estate-level waste recordings | Ecoinvent database, SimaPro software | IPCC (AR5) 2014 |
| Scope 3 | (Category 6) Business travel (0.00) | Air travel, train travel, taxis and hired vehicles | Air Tickets and Visitor records | ICEC, IPCC AR6, Indian GHG Program 2005 | IPCC (AR5) 2014 |
| Scope 3 | (Category 7) Employee commuting (135.03 $tCO_2e$) | Employee travel by motorcycle, bus, car or other transport | Employee Informations | India Specific Rail Transport Emission Factors for Passenger Travel and Material Transport | IPCC (AR5) 2014 |
| Scope 3 | (Category 9) Downstream transportation & distribution (42.10 $tCO_2e$) | Transport of tea, rubber, latex or other products to buyer warehouse | Dispatched Record Books, Sales Invoices | DEFRA 2025 | IPCC (AR5) 2014 |
| Scope 3 | (Category 10) Processing of sold products (16,948.86 $tCO_2e$) | Further processing of rubber or other intermediate products by buyers/customers | Sales Records | Ecoinvent database, SimaPro software | IPCC (AR5) 2014 |
| Scope 3 | (Category 11) Use of sold products (23,034.90 tCO2e) | Applicable where the use of the product generates GHG emissions | Sales Records | Ecoinvent database, SimaPro software | IPCC (AR5) 2014 |
| Scope 3 | (Category 12) End-of-life treatment of sold products (7,464.38 $tCO_2e$) | Disposal or recycling of product packaging | Sales Records | Ecoinvent database, SimaPro software | IPCC (AR5) 2014 |

The Company does not currently use contractual instruments, such as renewable energy certificates, power purchase agreements or other contractual arrangements specifying the emissions attributes of purchased electricity, for determining its Scope 2 emissions. Accordingly, no market-based Scope 2 emissions figure is separately reported.

### Scope 3 - Measurement Approach and Uncertainty

Scope 3 GHG emissions are measured in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Standard, using available activity data for relevant sources, including employee commuting, business air travel, waste disposal, municipal water consumption and transmission and distribution losses.

Activity data are primarily obtained from Company records. Where actual data are unavailable, reasonable estimates and secondary data are used based on available operational information and relevant assumptions. The level of uncertainty varies by emission source, with low to medium uncertainty in activity data and methodology, and generally low to medium uncertainty in emission factors and other constants. Relevant emission factors are sourced from recognised references, including the GHG Protocol, IPCC and applicable national or sector-specific factors. Scope 3 emissions are consolidated using the Company's Operational Control Approach, while avoiding double counting with Scope 1 and Scope 2 emissions.

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

The Company recognises limitations arising from data availability and the use of estimates and will continue to improve data quality and source-specific information for future reporting.

The Company has not established formal quantitative targets for the above physical climate-risk metrics for the reporting period. Accordingly, no targets or target milestones are presented. The Company will continue to monitor these indicators and evaluate the need for formal targets as its climate-risk management and measurement capabilities develop.

## CLIMATE-RELATED RISKS AND OPPORTUNITIES (CRRO-02) — PHYSICAL: Impact from Pests and Diseases / Soil Health

### Description of Risk

Warmer, wetter conditions associated with climate change are expected to increase the incidence of rubber leaf disease and tea pest pressure across KPPLC's estates. In parallel, more intense rainfall events increase soil erosion risk on cultivated slopes, while shifting rainfall patterns can degrade soil organic matter and long-term soil fertility. These are classified as chronic physical climate risks.

### Effects on Business Model and Value Chain

| Area of the Business Model / Value Chain | Current Effects | Anticipated Effects |
|---|---|---|
| Plantation Operations | Increased crop protection costs; yield impacts in affected plantation blocks. | Potential increase in crop protection and soil management costs; greater yield variability and potential premature replanting. |
| Natural Capital / Land Productivity | Soil health conditions may affect current plantation productivity. | Potential reduction in long-term land productivity and productive value of the land bank if soil health is not effectively managed. |
| Capital Investment | Existing expenditure on crop protection and plantation maintenance. | Increased investment may be required for soil conservation, integrated pest management and climate-resilient agricultural practices. |

### Effects on Strategy and Decision-Making

- Adoption of integrated pest management (IPM) practices to reduce reliance on and cost of agrochemical inputs.
- Selection of disease-resistant clones/cultivars in replanting decisions.
- Investment in soil conservation works and soil testing/monitoring programmes.
- Agronomic surveillance to enable early detection and containment of outbreaks.

### Financial Effects (Current Period)

Pestalotiopsis Leaf Fall Disease (PLFD), also referred to as Circular Leaf Spot Disease (CLSD), represents a significant biological and climate-related risk to the Company's rubber operations. The disease can cause repeated defoliation of Hevea brasiliensis trees, reducing canopy density and physiological condition and potentially affecting latex productivity. The risk is particularly relevant to the Company's rubber estates located in high-rainfall areas, including Yataderiya Estate, where annual rainfall has exceeded 7,000 mm.

During the reporting period, the Company managed the risk through plantation monitoring, disease management, field interventions and other agronomic practices. The financial effects arise primarily through potential reductions in rubber productivity, additional disease-management expenditure and the effect of lower production volumes on the Company's cost structure and cash flows.

| Financial Area | Current-Period Financial Effect |
|---|---|
| Rubber revenue and production | Disease-related defoliation affected rubber productivity and production during the reporting period. However, the financial effect attributable specifically to CLSD-related production losses could not be reliably isolated from the broader effects of weather conditions, agronomic factors, market conditions and other operational factors. |
| Disease-management expenditure | Certain financial effects and expenditure associated specifically with CLSD could not be separately identified from the Company's existing accounting and operational records. Accordingly, no separate financial amount has been disclosed where reliable attribution could not be established. |
| Production cost | Lower production volumes may result in fixed estate costs being absorbed over a smaller output base, potentially increasing the cost per kilogram of rubber. |
| Labour productivity | Reduced crop availability may affect output per tapping day and labour productivity in affected blocks. |
| Plantation assets and replanting | Where repeated or severe disease impacts the productive condition of rubber trees, additional replanting or rehabilitation requirements may arise. Expenditure meeting the relevant recognition criteria is accounted for in accordance with the Company's applicable accounting policies. |
| Cash flows | Reduced rubber receipts, together with additional disease-management and plantation-maintenance expenditure, may affect operating cash flows. |

The financial effects of CLSD are not always separately identifiable from other factors affecting rubber production, including rainfall, other weather conditions, agronomic practices, labour availability, age profile of plantations and market conditions. Accordingly, the Company quantifies CLSD-related financial effects only where a reasonable and supportable basis for attribution is available

### Climate Exposure and Risk Context

The Company's rubber operations are exposed to high-rainfall conditions, with annual rainfall of approximately 6,073 mm recorded across the Company's operations and rainfall exceeding 7,000 mm at Yataderiya Estate. These conditions increase exposure to fungal leaf diseases and may contribute to the recurrence and severity of CLSD.

The Company therefore considers the interaction between rainfall conditions, CLSD incidence and rubber productivity when assessing the potential implications for its plantation assets, production volumes, operating costs and future cash flows.

### Anticipated Financial Effects

Over the medium to long term, increasing rainfall variability and persistent wet conditions may increase the frequency or severity of CLSD and other biological pressures affecting rubber plantations. Potential financial effects include reduced rubber yields and revenue, higher disease-management and monitoring costs, increased cost of production per kilogram, reduced labour productivity and additional investment requirements for rehabilitation, replanting and climate-resilient plantation management.

The Company's five-year financial plan provides a baseline against which potential climate- and disease-related impacts can be monitored. For example, rubber turnover is budgeted to increase from approximately Rs. 2.54 billion in 2026/27 to Rs. 3.04 billion by 2030/31, while rubber production is expected to increase from approximately 2.79 million kg to 3.02 million kg over the same period. Rubber cost of production is projected to increase from Rs. 769.30 per kg to Rs. 818.23 per kg. These amounts represent the Company's underlying business plan and are not separately attributed to CLSD.

At present, the financial plan does not separately identify the portion of future revenue, production costs, field development expenditure or capital expenditure attributable specifically to CLSD. The Company will continue to strengthen estate-level monitoring of rainfall, disease incidence, affected area, yield and disease-management expenditure to improve its ability to quantify disease-related financial effects and incorporate these into future financial planning, scenario analysis and risk management.

### Processes, Controls and Policies to Manage Pest, Disease and Soil Health Risk and Opportunities

- Routine agronomic surveillance and pest/disease monitoring across estates.
- Integrated pest management policy.
- Soil testing and soil organic matter sampling programme.
- Replanting policy prioritising resistant clones/cultivars.

### Metrics and Targets

The Company is developing estate-level monitoring of climate and disease indicators to strengthen its assessment of the relationship between rainfall, disease incidence and rubber productivity:

| Metric | Unit | FY 2025/26 |
|---|---|---|
| Annual rainfall – Company operations | mm | 6,073 |
| Annual rainfall – Yataderiya Estate | mm | >7,000 |

These indicators support the Company's assessment of the relationship between climatic conditions, CLSD incidence and rubber productivity and provide a basis for monitoring the operational and financial effectiveness of disease-management and climate-resilience measures.

## SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES (SRRO - 01): Labour Risk — Wages

### Description of Risk

KPPLC's estate operations depend on a resident/registered plantation workforce of 4,273 employees whose wages are governed by sector-wide Collective Agreements between the Regional Plantation Companies and plantation trade unions. Wage risk arises from periodic statutory/negotiated wage increases, cost-of-living pressure amid Sri Lanka's broader macroeconomic environment, and competition for labour from urban and overseas employment, which affects both wage cost and workforce availability.

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

### Effects on Business Model and Value Chain

| Area of the Business Model / Value Chain | Current Effects | Anticipated Effects |
|---|---|---|
| Plantation Operations | Labour costs represent a significant component of Rubber and Tea production costs. Labour availability affects tapping and plucking capacity. | Potential wage increases may continue to place pressure on production costs. Persistent labour shortages may constrain harvesting capacity and production volumes. |
| Human Capital | Labour turnover and availability influence operational continuity and productivity. | Increased investment may be required in employee welfare, retention, productivity enhancement and mechanisation. |
| Estate Infrastructure / Value Chain | Resident estate labour arrangements, including housing and welfare provisions, contribute to the Company's cost structure. | Changes in workforce expectations and employment conditions may influence the Company's long-term workforce model and cost structure. |

### Effects on Strategy and Decision-Making

- Participation in sector-wide wage negotiation processes (Collective Agreement).
- Continued investment in mechanisation and productivity improvement to help offset wage cost inflation.
- Investment in worker welfare, housing and estate facilities to support recruitment and retention.
- Monitoring of workforce demographics and succession/recruitment planning.

### Financial Effects (Current Period)

Labour represents a significant component of the Company's plantation operating model. Changes in statutory wages, collective bargaining arrangements and employee remuneration therefore have a direct effect on the Company's operating costs, profitability and cash flows.

During FY 2025/26, the Company implemented changes to remuneration for both daily-paid plantation workers and estate staff. The revised remuneration arrangements increased employee-related costs during the reporting period.

Plantation worker wages: With effect from 1 January 2026, the daily wage structure for daily-paid manual plantation workers was revised through the implementation of the Daily Attendance Allowance and revised wage structure. The applicable rate per worker increased from Rs. 1,350 to Rs. 1,550 per man-day, representing an increase of Rs. 200 per man-day (14.8%). In addition, a Rs. 200 daily attendance allowance was applicable from the same date, resulting in an applicable daily rate of Rs. 1,952.50. The financial impact of the revised wage structure for the period from 1 January 2026 to 31 March 2026 was approximately Rs. 48.27 million.

Estate staff remuneration: A 20% salary increment for estate staff was implemented with effect from October 2025. The increment applied to 262 estate staff members and resulted in an estimated six-month financial impact of approximately Rs. 17.9 million during FY 2025/26.

Cost of sales and operating expenditure: The above wage and salary revisions increased employee-related operating expenditure and the cost of plantation operations, including cultivation, tapping, plucking, harvesting, processing and estate maintenance. The quantified impact during FY 2025/26 from the identified wage and salary revisions was approximately Rs. 66.17 million.

Financial position: Employee-related obligations, including wages, salaries, statutory contributions and other employee benefits, are recognised in the Company's financial statements in accordance with the applicable accounting requirements.

Cash flows: The revised remuneration arrangements resulted in additional operating cash outflows during the reporting period. The financial impact of the plantation worker wage revision and estate staff salary increment was approximately Rs. 66.17 million for FY 2025/26, based on the applicable periods of implementation.

The Company has 100% of its employees covered by collective bargaining arrangements. Wage and remuneration matters are managed in accordance with applicable legislation, collective bargaining arrangements and established employment practices. Future changes in statutory wages, collective agreements, labour-market conditions and employee expectations may continue to influence the Company's operating costs, profitability and cash flows.

### Anticipated Financial Effects

Wage costs are expected to remain a significant cost driver for the Company's plantation operations. Following the revision of plantation worker remuneration to Rs. 1,750 per day with effect from 1 January 2026, labour costs are expected to increase, with the plantation companies bearing Rs. 200 per worker per day of the Rs. 400 increases, while the balance is supported by the Government.

Over the medium to long term, continued labour force ageing and urban and overseas migration may increase recruitment, retention and workforce-management costs and, if unaddressed, constrain crop volumes and productivity. Potential financial effects include higher cost of production, increased recruitment and training expenditure, reduced labour productivity and potential reductions in production and revenue arising from labour shortages.

The Company will continue to monitor wage developments, labour availability, productivity and crop volumes and incorporate these factors into its financial planning and risk management processes.

Processes, Controls and Policies to Manage Labour Risk and Opportunities

- Compliance with the Wages Boards Ordinance and applicable Collective Agreements.
- Estate-level worker welfare committees and grievance mechanisms.
- Investment in worker housing, health and welfare facilities.
- Occupational health and safety programmes.
- Engagement with plantation trade unions and industry bodies on wage and labour matters.
- Training and skills development programmes to support productivity and retention.

### Metrics and Targets

The Company monitors wage and remuneration indicators to assess the financial implications of changes in employee compensation, labour-market conditions and collective bargaining arrangements.

| Metric | Unit | FY 2025/26 |
|---|---|---|
| Plantation worker daily wage – before revision | Rs. / man-day | 1,350 |
| Plantation worker daily wage – revised | Rs. / man-day | 1,550 |
| Increase in plantation worker daily wage | Rs. / man-day | 200 |
| Increase in plantation worker daily wage | % | 14.8% |
| Daily attendance allowance | Rs. /Day | 200 |
| Applicable daily rate including attendance allowance | Rs. /Day | 1,750 |
| Financial impact of plantation worker wage revision | Rs. Mn | 48.27 |
| Estate staff covered by 20% salary increment | No. | 262 |
| Estate staff salary increment | % | 20% |
| Financial impact of estate staff salary increment | Rs. Mn | 17.9 |
| Combined financial impact of identified wage and salary revisions | Rs. Mn | 66.17 |
| Percentage of employees covered by collective bargaining arrangements | % | 100% |
| Employee turnover rate | % | 24% |

These indicators enable the Company to monitor the effect of wage and remuneration changes on its operating cost base, labour productivity, employee retention, labour relations and operating cash flows.

## SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES (SRRO-02): Global Economic Environment

### Description of Risk

KPPLC's revenue is exposed to global commodity price cycles for rubber and tea (set via the Colombo Auction and international/export markets), currency fluctuation, and shifts in demand from international buyers, as well as broader macroeconomic conditions including input cost inflation linked to global fertiliser, fuel and shipping markets.

### Effects on Business Model and Value Chain

| Area of the Business Model / Value Chain | Current Effects | Anticipated Effects |
|---|---|---|
| Revenue / Market | Revenue is exposed to global Rubber and Tea price movements. | Continued commodity price volatility may create uncertainty in future revenue and cash flows. |
| Procurement / Inputs | Fertiliser, agrochemical and fuel costs are affected by global commodity and energy prices. | Further price volatility may increase input and operating costs and place pressure on margins. |
| Finance / Foreign Exchange | Export contracts and receivables are exposed to currency fluctuations; domestic interest rates affect financing costs. | Foreign exchange and interest rate movements may continue to affect cash flows, financing requirements and investment decisions. |
| Operations / Supply Chain | Inflation and input availability affect operating costs and continuity. | Prolonged macroeconomic uncertainty may require adjustments to procurement, pricing, cost management and capital allocation strategies. |

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

### Effects on Strategy and Decision-Making

- Diversification across four commodities (Rubber, Tea, Coconut, Oil Palm) with different demand drivers, to reduce single-commodity price exposure.
- Diversification of export markets and buyers where possible.
- Cost management and productivity initiatives to remain competitive across commodity price cycles.
- Treasury monitoring of currency exposure.

### Financial Effects (Current Period)

The Company's financial performance is exposed to the broader global economic environment through changes in commodity prices, exchange rates, inflation, interest rates, input costs and international demand for plantation products. These factors influence the Company's revenue, production costs, financing costs, working capital requirements and operating cash flows.

**Revenue and financial performance:** During FY 2025/26, the Company's revenue amounted to Rs. 3,720 million, compared with Rs. 3,924 million in the previous year. Rubber revenue amounted to approximately Rs. 2,024 million, while Tea revenue amounted to approximately Rs. 1,397 million. Changes in commodity prices and crop volumes affected the Company's revenue and margins during the reporting period.

The average net selling price of Rubber increased to Rs. 857.95 per kg, compared with Rs. 846.46 per kg in the previous year. The average selling price of Tea was Rs. 1,048.48 per kg. Based on the Company's assessment, the estimated financial effect attributable to changes in Tea commodity prices was approximately Rs. 44.4 million, where separately attributable.

**Operating costs:** Inflation, agricultural input prices, energy costs and other macroeconomic conditions affected the Company's operating cost base. The financial effect of changes in major input costs during the reporting period is estimated at Rs. 56.34 million.

**Finance costs:** Changes in interest rates and financing conditions affected the Company's financing costs. Finance costs for FY 2025/26 amounted to Rs. 169.1 million, compared with Rs. 190.6 million in the previous year. The Company's average borrowing/interest rate during the year was approximately 10.26%. In addition, annual lease rental costs increased by approximately Rs. 3.3 million, reflecting changes applicable to the Company's lease arrangements.

**Financial position:** Foreign exchange movements, commodity prices, interest rates and working-capital requirements may affect trade receivables, inventories, cash balances, borrowings and other financial assets and liabilities. As at 31 March 2026, the Company's total assets amounted to Rs. 8.55 billion, while shareholders' funds amounted to approximately Rs. 4.06 billion. Foreign exchange exposure during the reporting period was approximately Rs. 5.8 million.

**Cash flows:** Changes in selling prices, input costs, working-capital requirements and financing costs affected the Company's cash flows during the reporting period. Net cash generated from operating activities amounted to Rs. 889.9 million. Financing activities resulted in a net cash outflow of approximately Rs. 232.8 million, mainly attributable to the repayment of term loans.

The financial effects of individual economic variables cannot always be isolated with precision because several factors simultaneously influence the Company's financial performance. Accordingly, the Company has quantified specific financial effects only where a reasonable and supportable basis for attribution was available.

### Anticipated Financial Effects

The Company's revenue, profitability and cash flows are expected to remain sensitive to global commodity price cycles, exchange-rate movements, inflation, interest rates and input-cost volatility over the short-to-medium term. The Company's financial plan incorporates commodity price assumptions for its principal crops, including a 6% increase in the expected rubber price and a 7% increase in the expected tea price for 2026/27, followed by more moderate annual price growth thereafter. Changes in commodity prices may therefore affect future sales revenue, margins and operating cash flows.

Input-cost inflation and changes in labour and other operating costs may place further pressure on margins. The financial plan projects rubber cost of production at approximately Rs. 769 per kg in 2026/27, increasing to approximately Rs. 818 per kg by 2030/31, while tea cost of production is projected to increase from approximately Rs. 1,109 per kg to Rs. 1,173 per kg over the same period.

Financing conditions may also influence the Company's future financial performance and cash flows. The Company's financial planning incorporates a 10% WACC/AWPLR assumption from 2026/27 onwards, together with projected finance costs over the planning period.

The Company manages these exposures through cost discipline, operational efficiency, product-mix diversification, working-capital management and ongoing monitoring of commodity, foreign exchange and financing conditions. However, the actual magnitude and timing of future financial effects will depend on market conditions and other factors beyond the Company's direct control.

### Processes, Controls and Policies to Manage Global Economic Environment Risk and Opportunities

- Treasury policy on foreign exchange risk management.
- Board-level monitoring of global rubber/tea price trends and macroeconomic conditions.
- Diversified buyer and export-market strategy.
- Regular budget review and revision processes in response to changing market conditions.

### Metrics And Targets

The Company's financial performance is exposed to changes in global commodity prices, exchange rates, inflation, interest rates, input costs and international demand for plantation products. The Company monitors:

| Metric | Unit | FY 2025/26 |
|---|---|---|
| Revenue | Rs. Mn | 3,720 |
| Estimated financial effect of Tea commodity-price movement | Rs. Mn | 44.4 |
| Finance costs | Rs. Mn | 169.1 |
| Average borrowing/interest rate | % | 10.26 |
| Foreign exchange exposure | Rs. Mn | 5.8 |
| Input cost variance | Rs. Mn / % | -3.14 |

These indicators support the Company's monitoring of exposure to global economic conditions and their potential effects on revenue, production costs, financing costs, profitability, financial position and cash flows.

### 5.1 Capital Deployment

During FY 2025/26, the Company allocated resources towards climate adaptation, soil and natural capital management, environmental protection and transition-related initiatives. The following table presents expenditure identified as directly supporting the management of material sustainability- and climate-related risks and opportunities. Classification is based on the primary purpose of each expenditure and its linkage to the Company's identified SRROs and CRROs.

| Capital Deployment Category | Classification | FY 2025/26 Rs. Mn | % of Total Capex | Linked SRRO |
|---|---|---|---|---|
| Rain Guard infrastructure- rubber estate climate adaptation | Climate Adaptation | 6.85 | 1.75% | Extreme Weather, Physical Climate Risk |
| Replanting / multiplication nursery and climate-resilient planting material | Climate Adaptation | 0.86 | 0.22% | Chronic Physical Climate Risk / Crop Productivity |
| Terracing and soil conservation | Climate Adaptation | 0.03 | 0.01% | Extreme Weather / Soil Health |
| Green manure and soil health management | Climate Adaptation / Natural Capital | 4.59 | 1.17% | Soil Health / Physical Climate Risk |
| Estate road development and access infrastructure | Climate Resilience / Adaptation | 2.58 | 0.66% | Extreme Weather / Physical Climate Risk |
| Effluent treatment | Environmental Management / Climate Resilience | 0.70 | 0.18% | Water / Environmental Risk |
| Bio-Latex organic Rubber programme | Climate-Related Opportunity | 48.50 | 12.40% | Market Transition Opportunity / Sustainable Production |
| TOTAL Climate-Related Capital Deployment | | 64.11 | 16.39% | |

### 5.2 Internal Carbon Price and Cross-Industry Metrics

Kegalle Plantations PLC does not currently apply an internal carbon price in investment decisions, capital allocation, transfer pricing or scenario analysis. Accordingly, no internal carbon price per tonne of $CO_2e$ was applied during FY 2025/26. The Company is evaluating the potential introduction of a shadow carbon price to support the consideration of carbon-related costs in future capital expenditure and investment decisions.

The Company has assessed the applicability of the cross-industry climate-related metrics required under SLFRS S2 paragraph 29(b)-(f). The metric relating to the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities under paragraph 29(b) is not currently applicable to the Company's reporting practices.

The Company has identified climate-related physical risks and opportunities relevant to its operations. However, the amount and percentage of assets or business activities vulnerable to climate-related physical risks [29(c)] and the amount and percentage of assets or business activities aligned with climate-related opportunities [29(d)] cannot currently be reliably quantified separately due to limitations in data availability, assessment methodologies and the attribution of financial values to individual climate-related factors. The Company therefore provides qualitative information on these matters and continues to strengthen its data collection and assessment processes to enable more robust quantitative disclosure in future reporting periods.

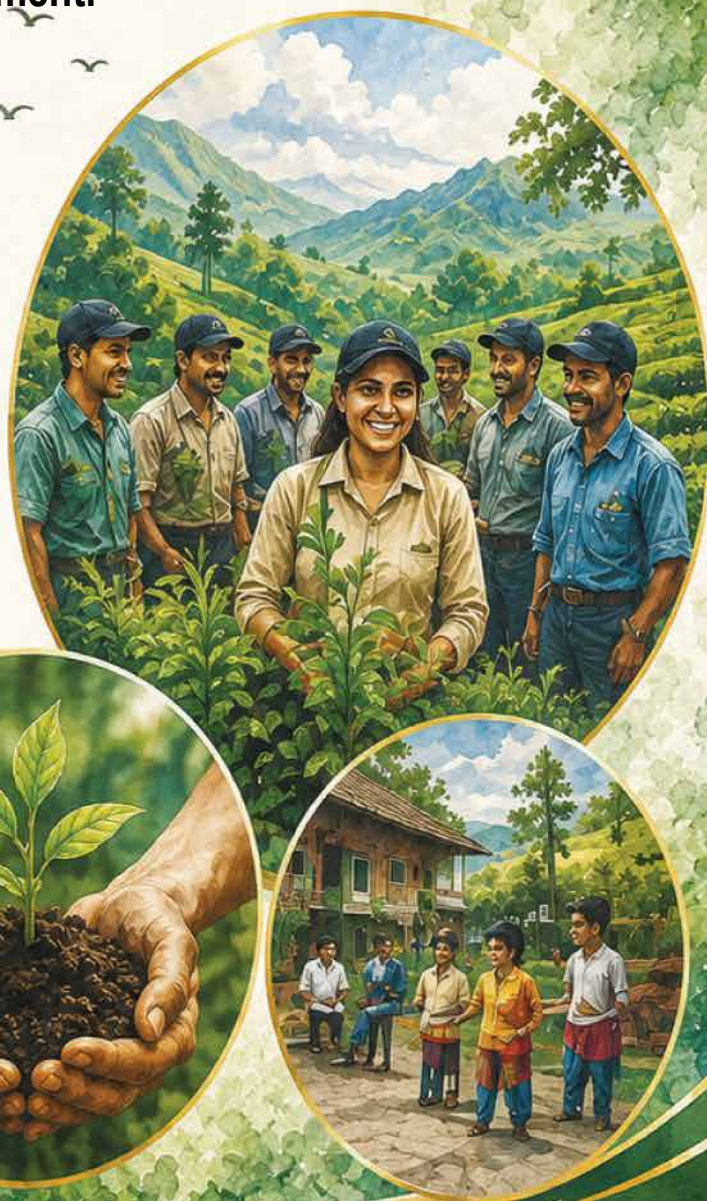
### 5.3 Remuneration Linked to Climate-Related Considerations

During FY 2025/26, executive remuneration was not formally linked to specific climate-related or sustainability-related performance targets or Key Performance Indicators (KPIs). Accordingly, no specific portion of executive remuneration was determined based on the achievement of climate-related targets during the reporting period. The Company continues to evaluate the integration of appropriate sustainability and climate-related performance considerations into its remuneration framework as its climate-risk management, measurement and target-setting processes develop.

# 03

# NURTURING VALUE

**Strengthening every capital that sustains our business, people, communities and environment.**







**SUSTAINABILITY DISCLOSURES**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# OUR VALUE CHAIN

GRI: 2- 6

From responsible stewardship of our resources to the delivery of quality products, our integrated value chain creates sustainable value for all the stakeholders.

## OUR PURPOSE

**Creating value for better tomorrow through responsible plantation management.**

## GUIDED BY OUR PRINCIPLES

- **Responsibility** — We do what is right
- **Integrity** — We act with honesty
- **We care** — We value people and the environment
- **Excellence** — We strive for quality
- **Growth** — We create long-term value

## OUR CAPITALS (WHAT WE USE)

**Financial Capital**
- Equity: Rs. 4,061 Mn
- Debt: Rs. 423 Mn

**Manufactured Capital**
- 17 Estates & 12 factories
- Land of 9,757 hectares
- Rs. 458 mn Property, plant & equipment
- 5,457 Buildings
- Rs. 239 mn worth Machineries

**Intellectual Capital**
- 06 Certifications
- Brand Value
- Expertise
- Data & information

**Human Capital**
- Workforce: 4,273
- Knowledge and skills
- Average training hours per employee
- Health & wellbeing: Rs. 24 mn

**Social and Relationship Capital**
- 06 No. of Brokers
- 39% Bought Leaf
- Investment in Community Development Rs. 56 Mn

**Natural Capital**
- Rs. 6 Mn Environmental Investment
- 153,615 Gj Energy consumption
- Replanted Area : 90.66 Ha.

## HOW WE CREATE VALUE

### 1. RESPONSIBLE SOURCING & INPUTS
- Responsible procurement of inputs and services .
- Royalty, land and lease from the state .
- Quality inputs for sustainable cultivation.

### 2. ESTATE MANGEMENT
- Land preparations and cultivation
- Soil & nutrient management
- Pest and disease management
- Water & energy management

### 3. HARVESTING
- Skilled harvesting at the right time
- Ensuring quality & yield

### 4. PROCESSING
- Tea ,rubber and other crop processing
- Quality control
- Efficient use of resources

### 5. STORAGE AND PACKAGING
- Proper storage to maintain quality
- Standardized packaging

### 6. DISTRIBUTION & MARKETING
- Local sales & exports
- Direct delivery & inter-company sales
- Timely delivery to customers

## OUR ENABLERS

- Good Governance
- Risk Management
- Compliance & Ethics
- Innovation & Digital Solutions
- People Development
- Sustainability Mindset

# WHAT WE DELIVER

## OUR PRODUCTS


Sole Crepe
Centrifuged Latex


Latex Crepe


Skim & Scrap


Black Tea


Coconuts


Minor Crops


Sale of Rubber Trees

## OUR IMPACT (ESG OUTPUTS)

### Environmental Care
- Efficient resource use
- Reduced emissions
- Biodiversity conservations

### Social Impact
- Safe & fair workplace
- Employee wellbeing
- Community investment

### Economic Value
- Profitability
- Stable returns
- Contribution to the economy

## VALUE CREATED FOR STAKEHOLDERS

**INVESTORS & SHAREHOLDERS**
Sustainable returns and long term growth

**EMPLOYEES**
Safe workplace, Carrer growth and wellbeing

**CUSTOMERS**
Consistent quality and reliable supply

**COMMUNITIES**
Development initiatives and shared prosperity

**SUPPLIERS & PARTNERS**
Fair relationship and mutual growth

**GOVERNMENT**
Tax contribution and regulatory compliance

**ENVIRONMENT**
Protection of natural resources for the future

# WHAT WE DELIVER

### Financial Capital
- Profitability: 126 mn
- Tax payments: 302 mn
- Wages: 1379 mn
- Dividend payments: 75 mn
- Market capitalization: 3.22 Bn

### Manufactured Capital
- Productivity
- Quality products
- Energy-efficient processes
- Waste management systems

### Intellectual Capital
- Innovation
- Knowledge transfer
- Awards won

### Human Capital
- Employee productivity
- Employee satisfaction and retention
- Job creation

### Social and Relationship Capital
- Community development
- Customer trust
- Brand reputation

### Natural Capital
- Minimum negative impact to the environment
- Energy consumption decreased by 0.02%

## VALUE WE CRAETE OVER TIME

### SHORT TERM ( 1-2 YEAR)
- Improved yields & productivity.
- Operational efficiency
- Cost management
- Enhanced cash flows

### MEDIUM TERM (3-5 YEARS)
- Diversified product portfolio
- Efficient operation
- Accretive growth
- Climate adoptions

### LONG TERM (5+ YEARS)
- Sustainable stakeholder value
- Healthy ecosystems
- Continued value creations
- Lasting legacy for generations

## OUR COMMITMENT

We are committed to responsible plantation management today, creating a sustainable future for our people, our communities and our planet.

# OUR APPROACH TO INTEGRATED THINKING AND VALUE CREATION

Kegalle Plantations PLC is able to comprehend the interdependencies between our operational environment, stakeholder expectations, and the possibilities and risks that affect our long-term success thanks to integrated thinking. We make sure that decision-making takes into account the interdependence of the financial and non-financial elements that propel sustainable value creation by integrating integrated thinking into our strategy, governance, and operational procedures.

## Integrated Thinking

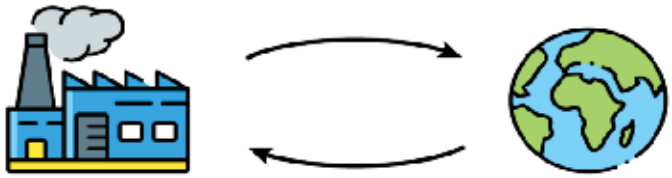
### Understanding Our Business Purpose

Integrated thinking connects strategy, stakeholders, and sustainability to create long term value.

- Operating Context
- Stakeholders
- Risks & Opportunities

### Identifying What Matters Most – Double Materiality

**Double Materiality**



### Integrated Strategy & Resource Allocation



**Financial Capital**



**Manufactured Capital**



**Intellectual Capital**



**Human Capital**



**Social and Relationship Capital**



**Natural Capital**

### Business Activities

- Cultivation
- Processing
- Distribution

### Corporate Governance Through Risk Management

Strong governance and risk management ensure accountability, resilience, and sustainable growth.

### Sustainable Value Creation



Shareholders



Employees



Community



Environment

# SUMMARY OF SIX CAPITALS

| Capital Performance Indicator | | FY 2025/26 | FY 2024/25 | Movement | Approach to manage capital |
|---|---|---|---|---|---|
| Financial Capital | Total Equity (Rs. Mn) | 4,061 | 3,995 | ▲ 1.65 % | Maintain a prudent capital structure, optimize cash flows, strengthen profitability, ensure disciplined capital allocation, and deliver sustainable returns to shareholders while maintaining financial resilience. |
| | Total debt (Rs. Mn) | 4,492 | 4,452 | ▲ 0.90 % | |
| | Earnings per share (Rs.) | 5.04 | 20.67 | ▼ -75.62% | |
| | Return on Equity (ROE)% | 12.94% | 3.1% | ▲ 3.17% | |
| | Dividend per Share (Rs.) | 3.00 | 3.50 | ▼ -14.29% | |
| Manufactured Capital | Number of operating estates | 17 | 17 | - | Invest in estate infrastructure, factories and machinery, enhance operational efficiency through timely maintenance, and optimize the utilization of property, plant and equipment. |
| | Total Replanting Area (Ha.) | 90.06 | 54.45 | ▲ 65.40% | |
| | Number of operating factories | 12 | 12 | - | |
| | Property plant and Equipment | 456.6 | 411.3 | ▲ 11.01% | |
| | Bearer Biological Assets (Rs. Mn) | 3,937 | 4,079 | ▼ -3.61% | |
| Intellectual Capital | Tea Selling Marks | 5 | 5 | - | Preserve product quality through certifications, strengthen technical expertise, improve agricultural practices, and promote continuous innovation and knowledge sharing across estates. |
| | Certifications Maintained | 6 | 6 | - | |
| | Tea Grades Manufactured | 26 | 26 | - | |
| Social & Relationship Capital | Customer Retention Rate % | 75% | 75% | - | Build long-term relationships with customers, suppliers, communities and regulators through ethical business practices, responsible stakeholder engagement and transparent communication |
| | Total Tax Contribution (Rs. Mn) | 302 | 71 | ▲ 325.40% | |
| | Membership Organizations | 20 | 19 | ▲ 0.05% | |
| Human Capital | Number of Employees | 4,237 | 4,235 | ▲ 0.05% | Develop a skilled, safe and engaged workforce through training, employee wellbeing initiatives, leadership development, fair employment practices and performance management. |
| | Number of Male Employees | 2,455 | 2,425 | ▲ 1.24% | |
| | Number of Female Employees | 1,818 | 1,810 | ▲ 0.44% | |
| | Number of Casual Employees | 849 | 1,095 | ▼ -22.47% | |
| Natural Capital | Total Energy Consumed for Rubber (GJ) | 34,819 | 28,673 | ▲ 21.43% | Promote sustainable land management, improve energy efficiency, conserve biodiversity and water resources, reduce greenhouse gas emissions, and strengthen climate resilience across operations. |
| | Total Energy Consumed for Tea (GJ) | 118,797 | 124,966 | ▼ -4.94% | |
| | Total non-renewable material usage (t) | 13,620 | 15,166 | ▼ -10.2% | |
| | Scope 1 emission ($tCO_2e$) | 1,899.91 | 712.26 | ▲ 166.74% | |
| | Scope 2 emission ($tCO_2e$) | 854.24 | 1,397.82 | ▼ -38.89% | |

**Financial Capital** — Strong financial resources enable strategic investments for long-term value creation. → **Funds Replanting & Factory Automation** — Investments in replanting programs and factory automation enhance operational efficiency and resilience.

**Natural Capital** — Healthy ecosystems and responsible resource management form the foundation of our operations. → **Yield Improvement & Sustainability** — Sustainable practices and innovation drive higher yields while preserving biodiversity and natural resources.

**Human Capital** — A skilled, motivated and engaged workforce is at the heart of our success. → **Drives Productivity & Community Well-being** — Empowered people drive productivity gains and foster inclusive growth, strengthening community well-being.

# FINANCIAL CAPITAL



Financial Capital represents the financial resources available to Kegalle Plantations PLC to sustain operations, fund strategic investments, manage risks, and create long-term value for shareholders and other stakeholders. The Company's approach to financial capital management focuses on maintaining a sound capital structure, preserving liquidity, enhancing operational efficiency, and allocating resources prudently to support sustainable growth while ensuring resilience against market volatility and external economic pressures..

## Financial Performance

| | | | | |
|---|---|---|---|---|
| Revenue<br>Rs. 3,719 Mn<br>(2024/25: Rs. 3,924 Mn) | EBITA<br>Rs. 80 Mn<br>(2024/25: 447 Mn) | Profit After Tax<br>Rs. 126 Mn<br>(2024/25: Rs.517 Mn) | Total Assets<br>Rs. 8,553 Mn<br>(2024/25: Rs. 8,447 Mn) | Total Equity<br>Rs. 4,061 Mn<br>(2024/25: 3,995 Mn) |
| ROCE<br>9.33%<br>(2024/25: 1752%) | Earnings Per Share<br>Rs. 5.04<br>(2024/25: Rs. 20.67) | Dividend Per Share<br>Rs. 3.00<br>(2024/25: Rs. 3.50) | Dividend Payout Ratio<br>59.51%<br>(2024/25: 16.93%) | Gearing Ratio<br>9.43%<br>(2024/25: 15.54%) |
| Interest Cover<br>2.47 Times<br>(2024/25: 4.35 Times) | Current Ratio<br>0.93 Times<br>(2024/25: 0.96 Times) | Quick Assets Ratio<br>0.68 Times<br>(2024/25: 0.67 Times) | Debtor Collection Period<br>98 Days<br>(2024/25: 86 Days) | Inventory Holding Period<br>52 Days<br>(2024/25: 61 Days) | Creditor Settlement Period<br>46 Days<br>(2024/25: 51 Days) |

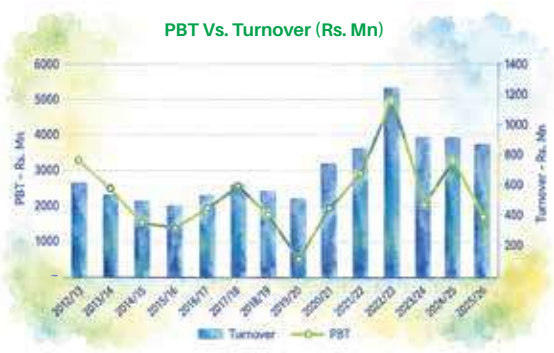
GRI: 201-2

The financial year 2025/26 was characterized by a challenging operating environment shaped by adverse weather conditions, rising production costs, labour-related pressures, and fluctuations in commodity markets. Despite these constraints, the Company continued to demonstrate resilience through disciplined financial management and the strength derived from its diversified plantation portfolio.

Revenue for the year amounted to Rs. 3.72 billion, compared to Rs. 3.92 billion in the previous financial year, representing a decline of 5%. The reduction was primarily attributable to lower contributions from the Rubber and Tea segments, which were affected by unfavourable weather conditions and reduced crop volumes. Nevertheless, the continued growth of the Coconut and Oil Palm segments partially mitigated the impact of lower earnings from the Company's traditional crops.

Profit After Tax for the year amounted to Rs. 126 million, compared to Rs. 517 million recorded in 2024/25. While profitability was impacted by lower production volumes and increasing operational costs, the Company maintained its focus on cost optimization, productivity enhancement, and prudent resource allocation to safeguard long-term financial sustainability.

The Company's operating performance continued to be supported by a diversified agricultural portfolio comprising rubber, tea, coconut, oil palm, and other ancillary income streams. This diversification remains a key strategic advantage, reducing exposure to commodity-specific risks and supporting revenue stability over the long term.



## Segmental Contribution

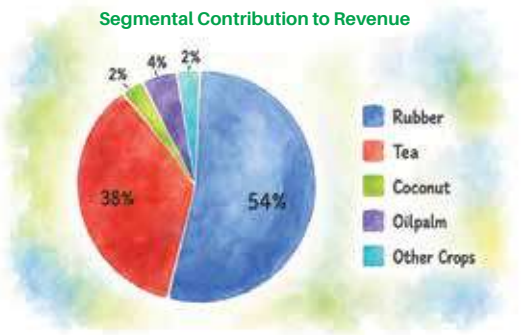
The Rubber segment continued to be the principal contributor to the Company's revenue during the year under review. However, segment performance was adversely affected by lower production volumes resulting from prolonged adverse weather conditions. Revenue from the Rubber segment declined to Rs. 2.0 billion, while gross profit reduced to Rs. 181 million compared to Rs. 458 million recorded in the previous year. Despite the decline in production, market prices remained relatively stable, with the Net Sales Average increasing marginally during the year.

The Tea segment also experienced operational challenges arising from lower crop volumes and rising production costs. Revenue declined to Rs. 1,397 million, while higher production costs significantly impacted profitability. Although favourable market prices contributed positively to revenue realization, the increase in the Cost of Production offset these gains and resulted in reduced segment performance. In contrast, the Coconut segment delivered a strong performance during the year. Supported by increased production volumes, favourable market prices, and improved cost efficiencies, revenue increased to Rs. 82 million while gross profit improved significantly to Rs. 53 million. Similarly, the Oil Palm segment recorded substantial growth, generating revenue of Rs. 141 million and an operating profit of Rs. 91 million, reflecting the growing contribution of diversified crops to the Company's overall financial performance.

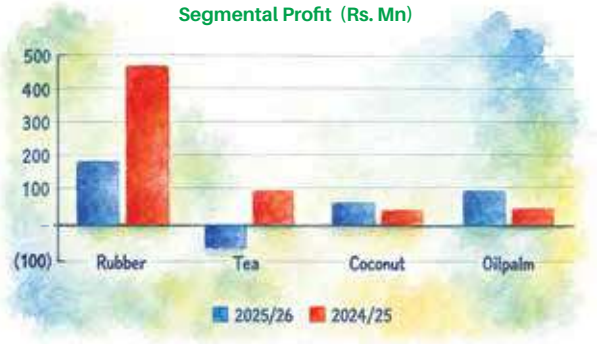
Sales Volume by Segment




Segmental Contribution to Revenue




Segmental Profit (Rs. Mn)

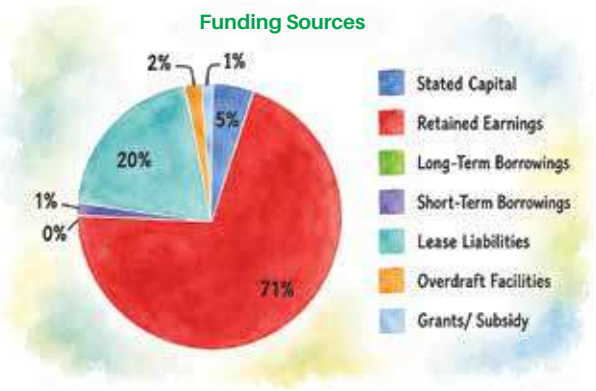



## Asset Base and Capital Structure

The Company maintained a strong asset base during the financial year, providing a solid platform for operational continuity and future growth. Total assets stood at Rs. 8.55 billion as at 31 March 2026, while shareholders' funds amounted to Rs. 4.06 billion. The strength of the Company's balance sheet continues to support its ability to withstand industry challenges, pursue strategic investments, and capitalize on emerging opportunities within the plantation sector.

The Company's capital structure remains focused on maintaining an appropriate balance between debt and equity financing. Financial leverage is managed prudently to ensure that funding requirements are met at an optimal cost while preserving long-term financial flexibility. Management continues to review financing arrangements regularly to ensure that capital resources remain aligned with operational requirements, strategic investments, and future growth objectives.

Funding Sources




In addition to typical short-term and long-term bank borrowings, our capital structure includes SLFRS 16 Lease Liabilities resulting from state land leases. To reduce duration mismatches, management aggressively restructures loan facilities into longer-term securities. Our interest coverage ratio is constantly evaluated to ensure that operating profits provide a solid buffer against interest rate volatility.

## Liquidity and Working Capital Management

Given the cyclical nature of commodities auctions and agricultural harvests, active working capital management is a critical component of our financial stability. The Company ensures optimal Debtor Collection and Inventory Holding durations by strictly monitoring credit and streamlining inventory management. Short-term overdraft arrangements are used solely to cover brief seasonal cash flow gaps, guaranteeing uninterrupted operational continuity while maintaining overall solvency.

# FINANCIAL CAPITAL

## Cash Flow Performance

The Company remained focused on effective cash flow management throughout the financial year. Operating cash flows continued to provide the primary source of funding for operational requirements, capital investments, debt servicing obligations, and shareholder distributions.

Net cash generated from operating activities amounted to Rs. 633 million, reflecting the Company's ability to generate cash from core business operations despite challenging market conditions. Cash outflows relating to investing activities amounted Rs. 320 million primarily comprised expenditure on field development, infrastructure improvements, machinery, and other productivity enhancement initiatives. Financing cash outflows of Rs. 233 million reflected debt repayments, interest servicing obligations, and dividend distributions during the year.

## Cash Flow Trends

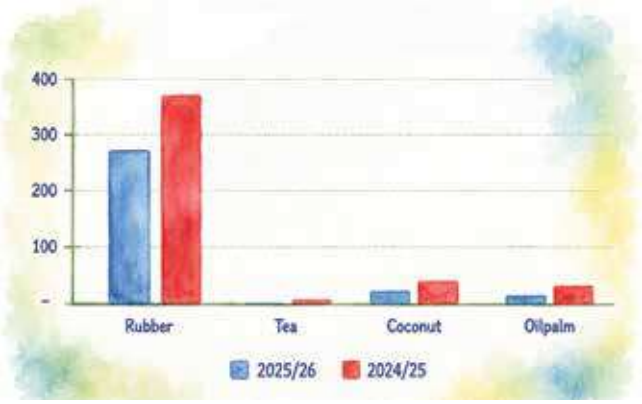
| Category | 2026 (Rs. million) | 2025 (Rs. million) | Change / Trend |
|---|---|---|---|
| Operating Activities | 633.3 | 945.3 | ▼ Lower operating profitability and working capital movements |
| Investing Activities | (320.7) | (371.9) | ▲ Lower outflows, moderation in capital expenditure and investment activities |
| Financing Activities | (232.8) | (437.8) | ▲ Lower outflows due to debt and dividend payments |
| Net Cash Flow | 79.8 | 135.6 | ■ Positive cash generation maintained despite a lower net increase |

Management remains committed to maintaining disciplined cash flow management practices to support business continuity, improve financial resilience, and facilitate long-term growth.

## Capital Investments

The Company continued to invest strategically in its productive asset base with a view to enhancing operational efficiency, strengthening long-term sustainability, and improving future profitability.

Capital expenditure during the financial year amounted to Rs. 391 million, primarily directed towards field development, estate infrastructure, replanting activities, mechanization initiatives, and productivity enhancement projects. Investments in field development included expenditure of Rs. 271 million on rubber cultivation, Rs. 20 million on coconut development, and Rs. 10 million on oil palm cultivation, with the balance allocated to other strategic agricultural development initiatives. To balance risk and return, this capital investment was supported using a prudent combination of domestically produced operational cash flows and long-term financing facilities. Reinvesting organic earnings in long-term field development strengthens our equity foundation, whilst targeted borrowing enables us to speed processing plant renovations without depleting short-term working cash.




## Retirement and Pension Obligations

GRI: 201-3

The Company provides retirement benefits to qualified employees in compliance with applicable legislative requirements and established employee benefit plans. Retirement benefit liabilities, including defined benefit obligations where applicable, are recorded and measured in line with the Company's statutory financial reporting standards, and they are subject to periodic actuarial assessment.

As of March 31, 2026, the Company's expected defined benefit obligation for retirement benefits totalled Rs. 650 million and no physical assets are held to finance the gratuity benefits. The liability is the projected present value of future retirement benefit liabilities and is based on an actuarial assessment completed as of March 31, 2026, with the assumptions and methodology provided in the Company's Financial Statements.

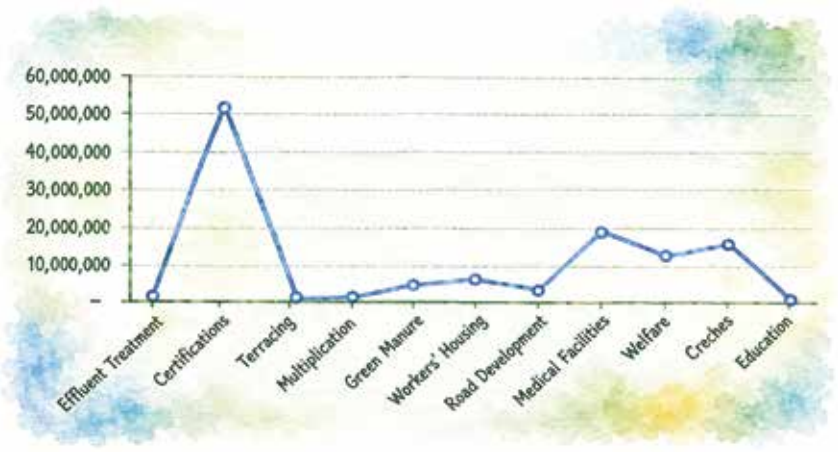
Where relevant, the Company has developed a strategy to manage and solve any funding deficits through ongoing financing in compliance with applicable regulations and frequent monitoring of the retirement benefit obligation. The Company anticipates addressing any identified financing requirements over a period to be determined based on future actuarial valuations.

Employees and the Company contribute to required statutory retirement plans, such as the Employes' Provident Fund (EPF) and Employes' Trust Fund (ETF), at the rates specified by applicable legislation. The employee's contribution to the EPF is 8% of the eligible pay, while the company contributes 12%. The company contributes 3% to the ETF, which is sponsored by the employer. Employees engage in these mandated retirement plans as required by law. Where voluntary retirement or pension plans exist, participation is subject to the terms and circumstances of those arrangements.

The Company monitors its retirement benefit responsibilities and statutory contribution requirements to ensure that employee retirement benefits are properly accounted for and that needed payments are made within the statutory deadlines.

## Sustainability Investments and Long-Term Value Creation

During the year under review, the Company continued to allocate financial resources towards initiatives that support long-term sustainability, operational resilience, and stakeholder value creation. An amount of Rs. 117 million was invested in environmental and social sustainability programs across the plantation network. These investments encompassed community development initiatives aimed at improving local infrastructure, supporting educational programs, and enhancing the livelihoods of surrounding communities and smallholder farmers. In addition, the Company continued to invest in obtaining and maintaining internationally recognized sustainability certifications, including Rainforest Alliance certification, which strengthen market access, support responsible production practices, and enhance the competitiveness of KPPLC's products in both local and international markets.




As at 31 March 2026, the Company maintained 9,757 hectares of organically certified tea and rubber plantations across 17 estates. Organic cultivation and certification form an integral part of the Company's long-term sustainability strategy, enabling access to premium markets while supporting environmental stewardship and biodiversity conservation objectives.

Looking ahead, KPPLC intends to further expand its organically certified cultivation footprint, subject to market demand, commercial viability, and emerging opportunities within the sustainable agriculture sector. These investments are expected to strengthen the Company's long-term value proposition by enhancing operational resilience, supporting sustainable revenue streams, and meeting evolving stakeholder expectations regarding responsible agricultural practices.

## Shareholder Returns

The Company remains committed to delivering sustainable returns to shareholders while maintaining sufficient capital to support future growth initiatives. Despite the challenging operating environment experienced during the year, the Board of Directors recommended a dividend of Rs. 3.00 per share, reflecting confidence in the Company's long-term prospects and commitment to rewarding shareholders.

Earnings Per Share (EPS) for the year amounted to Rs. 5.04, compared to Rs. 20.67 recorded in the previous financial year. Market capitalization as at year-end stood at Rs. 3.2 billion, while the market price per share was Rs.128.75. The Company's long-standing dividend policy seeks to achieve an appropriate balance between shareholder distributions and the retention of earnings required to finance future growth, strengthen the balance sheet, and support strategic investments.

*"Since 2003/04 up to 2025/26, KPPLC has paid dividend payment to shareholders during all the financial years other than only 2012/13 and 2019/20."*

## Outlook

Looking ahead, the Company's principal goal is to maintain an ideal Weighted Average Cost of Capital (WACC) that strikes a balance between lower-cost debt and equity stability. Kegalle Plantations PLC remains focused on strengthening its financial position through productivity improvements, cost optimization initiatives, diversification of revenue streams, and disciplined capital allocation. Strategic investments in plantation development, sustainable agricultural practices, climate resilience initiatives, and value-added processing are expected to enhance operational performance and support long-term profitability.

While uncertainties relating to climate conditions, commodity price volatility, labour availability, and global economic developments are expected to remain, the Company's diversified business model, strong asset base, prudent financial management practices, and commitment to sustainability provide a solid foundation for future growth and value creation.

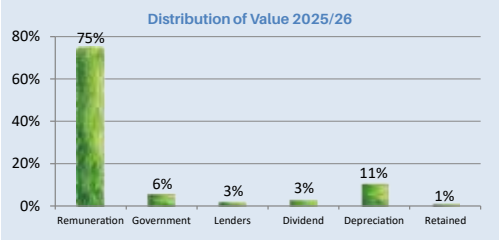
# FINANCIAL CAPITAL

## Statement of Value Added

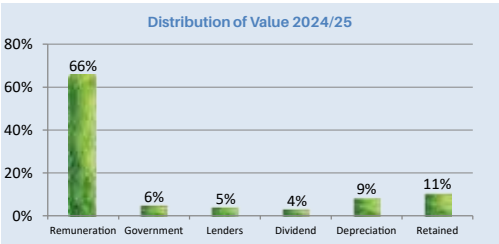
This Statement of Value Added demonstrates how the company generates value for its stakeholders. It sheds light on how the company's wealth is distributed, revealing contributions to employees, owners, creditors, and other stakeholders. This statement informs stakeholders on how the company's economic success is distributed and how much value is created in various sectors.

**Rupees in millions**

| Value Added | 2025/26 | 2024/25 |
|---|---|---|
| Turnover | 3,719 | 3,924 |
| Other income | 227 | 224 |
| | 3,946 | 4,148 |
| Cost of material & services | (1,735) | (1,791) |
| Value added | 2,211 | 2,357 |

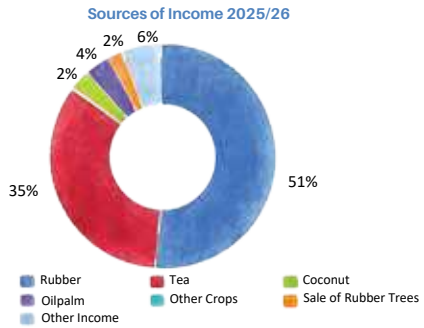



| Distribution of Value Added | 2025/26 | % | 2024/25 | % |
|---|---|---|---|---|
| To employees as remuneration | 1,659 | 75% | 1,548 | 66% |
| To government as taxes and lease rent | 138 | 6% | 133 | 6% |
| To lenders of capital as interest | 60 | 3% | 113 | 5% |
| To shareholders as dividend | 75 | 3% | 88 | 4% |
| **Retained in the business as;** | | | | |
| Provision for depreciation | 250 | 11% | 212 | 9% |
| Profit retained / (utilized) | 30 | 1% | 264 | 11% |
| | 2,211 | 100% | 2,357 | 100% |

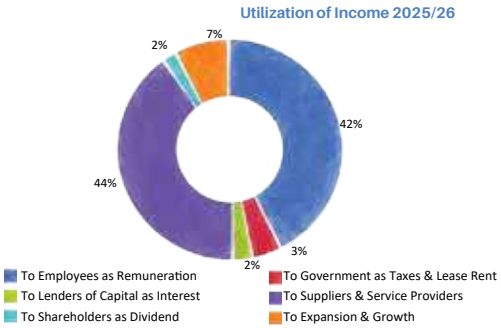



**Sources and Utilisation of Income (Rupees in millions)**

| Sources of Income | 2025/26 | % | 2024/25 | % |
|---|---|---|---|---|
| Rubber | 2,024 | 51% | 2,222 | 54% |
| Tea | 1,397 | 35% | 1,472 | 35% |
| Coconut | 82 | 2% | 73 | 2% |
| Oilpalm | 141 | 4% | 74 | 2% |
| Other crops | 0 | 0% | 0 | 0% |
| Sale of rubber trees | 75 | 2% | 83 | 2% |
| Other income | 227 | 6% | 224 | 5% |
| | 3,946 | 100% | 4,148 | 100% |




| Utilization of Income | 2025/26 | % | 2024/25 | % |
|---|---|---|---|---|
| To employees as remuneration | 1,659 | 42% | 1,548 | 37% |
| To government as taxes & lease rent | 138 | 3% | 133 | 3% |
| To lenders of capital as interest | 60 | 2% | 113 | 3% |
| To suppliers & service providers | 1,735 | 44% | 1,791 | 43% |
| To shareholders as dividend | 75 | 2% | 88 | 2% |
| To expansion & growth | 280 | 7% | 476 | 11% |
| | 3,946 | 100% | 4,148 | 100% |




GRI: 201-1,204-1

99.6% of the total procurement value was spent on local suppliers during the reporting period, supporting local economic development.

# MANUFACTURED CAPITAL

Our manufactured capital comprises the tangible assets that support the efficient execution of our plantation and processing operations. Spanning estate infrastructure, production facilities, equipment, transport networks, and utility systems, these resources provide the foundation for operational excellence and sustainable growth. Ongoing enhancements to infrastructure and technology ensure improved efficiency, product quality, resource optimization, and resilience across our operations, contributing to long-term stakeholder value.

| | | |
|---|---|---|
| **Estates** 17 | **Factories** 12 | **Buildings** 5,457 |
| **Land** 9,757 Ha | **Replanting** 90.06 Ha | **Property Plant & Equipment** Rs. 457 Mn |

## Physical Infrastructure

As of the reporting period, the Company operated 17 estates covering a total land extent of 9,757 hectares. These estates are supported by six tea manufacturing facilities and six rubber processing factories, strategically positioned within favorable agro-ecological regions to maximize productivity and efficiency. The processing facilities are designed to handle both estate-grown and smallholder produce, ensuring a steady and reliable supply chain. A well-developed network of internal roads, storage facilities, and irrigation systems supports seamless plantation operations and enhances resilience across the estates. Furthermore, several factories hold internationally recognized ISO certifications and are equipped with modern, energy-efficient technologies that promote high-quality production while reducing environmental impact and supporting sustainable business practices.

| Property Plant & Equipment (PPE) | 3/31/2026 (Rs. Mn) | 3/31/2025 (Rs. Mn) | % Change |
|---|---|---|---|
| Buildings | 54.6 | 53 | 3% |
| Motor Vehicles | 68.7 | 5.9 | 1075% |
| Furniture & Fittings | 2.3 | 2.2 | 1% |
| Equipment | 18.6 | 18.7 | -1% |
| Water Sanitation | 1.2 | 0.1 | 1416% |
| Computers & Computer Software | 6.8 | 6.2 | 10% |
| Plant & Machinery | 239.2 | 253.9 | -6% |
| Other Assets on Grants | 65.2 | 71.3 | -9% |
| Total | 456.6 | 411.3 | 10% |



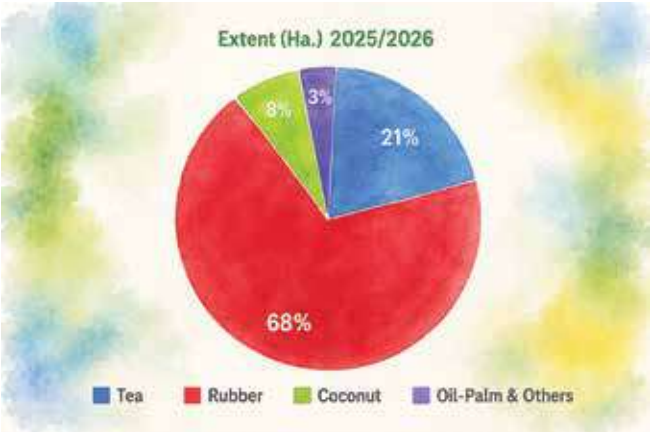
## Bearer Biological Assets (2025/2026)

| Type of Crop | Extent (Ha.) | Bearer Biological Assets (Rs. Mn) |
|---|---|---|
| Tea | 1,408 | 243.6 |
| Rubber | 4,491 | 3,159.7 |
| Coconut | 496 | 200.1 |
| Oil-Palm & Others | 181 | 475.8 |
| | 6,576 | 4,079.3 |

# MANUFACTURED CAPITAL

The table presents the extent and value of bearer biological assets for the 2025/2026 period. The total cultivated extent amounts to 6,576 hectares, with a total asset value of Rs. 4.08 billion.

- Rubber represents the largest plantation category, covering 4,491 hectares (about 68% of the total extent) and accounting for Rs. 3.16 billion, which is approximately 77% of the total biological asset value.
- Tea occupies 1,408 hectares and is valued at Rs. 243.6 million.
- Coconut plantations extend over 496 hectares, with a carrying value of Rs. 200.1 million.
- Oil Palm and Other Crops have the smallest land extent at 181 hectares, but contribute a significant value of Rs. 475.8 million, indicating a relatively high value per hectare compared to the other crop categories.




Overall, rubber remains the dominant bearer biological asset both in terms of land utilization and asset value, while oil palm and other crops generate a comparatively higher value relative to their cultivated area.

## Estate Infrastructure

KPPLC's estate infrastructure includes essential residential, operational, and welfare facilities such as staff and worker housing, estate offices, factories, dispensaries, crèches, and cooperative stores. Additional facilities like smoke houses, drying towers, garages, staff clubs, religious sites, and rest areas support both operational needs and community wellbeing.

| | |
|---|---|
| Residential Facilities | 4486 |
| Administrative & Operational Buildings | 230 |
| Health & Welfare Facilities | 63 |
| Community & Support Services | 11 |
| Religious & Cultural Sites | 11 |



*Tea Factory Roof Renovation*

## Strategic Alignment & Capacity Enhancement

Our Manufactured Capital approach prioritizes modernizing processing infrastructure, ensuring asset integrity, and improving factory operating efficiency. Throughout the year, continuing capital expenditures were made in processing plant updates and field equipment to improve cost efficiencies and processing throughput. Factory capacity utilization in our tea and rubber manufacturing plants was dynamically regulated in response to green leaf and latex intake patterns. We are continuing to enhance production yields, maintain high-quality output ratios, and reduce operational downtime by modernizing key machinery and using energy-efficient technologies.

## Capital Investments and Upgrades

GRI: 203-1

In support of its long-term growth strategy and commitment to sustainable value creation, Kegalle Plantations PLC invested Rs. 391 million in capital development during the year under review. Of this amount, Rs. 301 million was directed towards field development activities, including land preparation, replanting programs, and improvements to field infrastructure aimed at enhancing agricultural productivity and operational efficiency.

An additional Rs. 90 million was spent in Property, Plant, and Equipment (PPE) to improve estate and manufacturing operations. These expenditures included the purchase and replacement of machinery and equipment, rehabilitation of processing facilities, and enhancements to estate infrastructure, such as internal roadways and staff welfare facilities.

The Company's capital spending program was designed to increase processing efficiency, expand operational capabilities, improve worker safety and well-being, and promote sustainable land management practices. These investments help to strengthen the company's long-term resilience and competitiveness while also encouraging appropriate resource utilisation and continual operational development. The infrastructure and development initiatives undertaken during the year are aligned with the principles of SDG 9 – Industry, Innovation and Infrastructure and SDG 12 – Responsible Consumption and Production, reflecting the Company's commitment to sustainable development and responsible business practices.

## Operational Efficiency, Product Quality and Sustainable Infrastructure

Despite challenging climatic conditions and market volatility, Kegalle Plantations PLC recorded improvements in operational efficiency across its key crop segments during the year under review. These gains were driven by disciplined field management practices, targeted resource allocation, and ongoing investments in estate and factory infrastructure. Improvements in productivity indicators reflect the effectiveness of the Company's operational enhancement initiatives and its continued focus on optimizing resource utilization.

| Metric | 2025/26 | 2024/25 | Change |
|---|---|---|---|
| **Total Production (Kg/Nuts '000)** | | | |
| ➢ Rubber | 2,310 | 2,681 | -14% |
| ➢ Tea | 1,290 | 1,361 | -5% |
| ➢ Coconut (nuts'000) | 780 | 683 | 14% |
| ➢ Oil Palm | 1395 | 878 | 59% |
| Intake per Tapper (Kg) | 6.64 | 6.87 | -3% |
| Intake per Plucker (Kg) | 25.86 | 24.75 | 4% |
| Intake per Harvester (Kg) | 913.65 | 656.10 | 39% |
| Factory Capacity Utilization-Tea | 81% | 69% | -100% |
| Factory Capacity Utilization-Rubber | 88% | 84% | 5% |



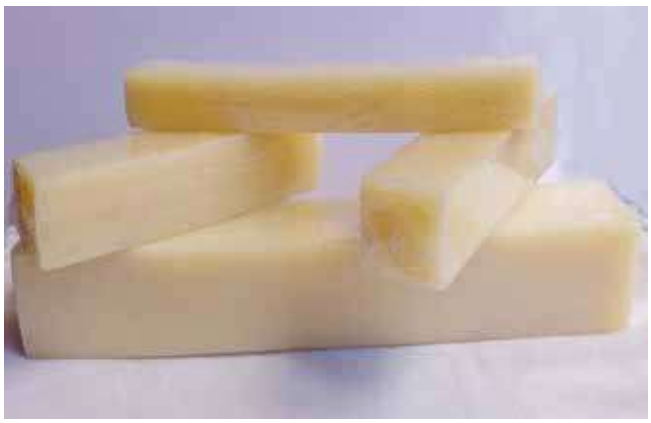
Factory capacity utilization remained strong at 81% for Tea and 88% for Rubber, supported by process standardization, improved workflow management, and investments in machinery and equipment. The introduction of new technology and equipment contributed to improved operational reliability, enhanced energy efficiency, and reduced maintenance requirements. Preventive maintenance programs were systematically implemented across all processing facilities, minimizing equipment downtime and supporting uninterrupted production.

The Company continued to maintain high standards of product quality, enabling several estates to secure premium market prices during the year. Estates including Atale, Pallegama, and Parambe achieved notable price premiums for rubber, while Gampaha, Luckyland, and Kirklees recorded strong performance in tea markets. The Company marketed 26 distinct tea grades, demonstrating its ability to meet diverse customer requirements through consistent quality assurance and specialized manufacturing processes.

In line with its commitment to sustainable infrastructure development, KPPLC continued to integrate environmentally responsible practices into estate operations. Rainwater harvesting systems were installed, energy-efficient machinery was used, and land management procedures were improved with the goal of increasing long-term production and environmental sustainability. Infrastructure development initiatives also included steps to improve climate resilience, promote efficient water use, and encourage responsible resource management.

Looking ahead, the Company is committed to further strengthening its operational capabilities through digitalization of field and factory operations, expansion of automation initiatives, increased adoption of renewable energy solutions, and the continuation of replanting and land development programs across select estates. These activities are meant to boost production, increase resource efficiency, and ensure the business's long-term viability.





# INTELLECTUAL CAPITAL

Our Intellectual Capital comprises the knowledge, expertise, technologies, systems, certifications, and innovative practices that enable us to optimize agricultural productivity, maintain product quality, manage sustainability risks, and create long-term value. Through continuous improvement, digital transformation, operational excellence, and agronomic expertise, we strengthen our ability to respond to evolving market, environmental, and stakeholder expectations.

| Tea Selling Marks | Certifications Maintained | Capital Investment | Factory Capacity Utilization |
|---|---|---|---|
| 05 | 06 | Rs. 391 Mn | Tea 81%<br>Rubber 88% |

Kegalle Plantations PLC's intellectual capital is based on decades of plantation management experience, collected technical knowledge, operational systems, manufacturing skills, and ongoing innovation. KPPLC, a diverse plantation firm that manages tea, rubber, coconut, oil palm, and other commercial crops, relies on its organisational expertise and specialist competencies to efficiently adjust to changing climatic circumstances, shifting market demands, and operational issues.

The Company's intellectual capital goes beyond physical assets to include its workers' experience, estate management methods, cultivation techniques, quality systems, research-based enhancements, digital capabilities, and sustainability understanding. These intangible assets enable KPPLC to maximise resource utilisation, increase productivity, maintain product quality, and boost operational resilience.

Through continuous improvement, knowledge sharing, technology adoption, and sustainability integration, KPPLC continues to enhance its intellectual capabilities to support long-term value creation for shareholders, employees, customers, communities, and the environment.

## Agronomic Knowledge and Plantation Expertise

Agronomic expertise remains one of KPPLC's most valuable intellectual assets. The Company's plantation operations are supported by extensive knowledge in crop cultivation, soil management, plant nutrition, pest and disease management, harvesting practices, and climate-resilient agricultural techniques.

The experience accumulated across generations of plantation management enables KPPLC to make informed decisions regarding crop selection, field rehabilitation, productivity improvement, and sustainable land management. Estate teams continuously apply technical knowledge to optimise field performance while maintaining environmental responsibility.

The Company continues to strengthen its agricultural knowledge through:

- Crop Management → Improving productivity through scientific cultivation practices
- Soil Management → Maintaining soil health and fertility
- Climate Adaptation → Developing resilience against changing weather patterns
- Pest Management → Promoting responsible crop protection practices
- Field Development → Enhancing underperforming areas through rehabilitation and replanting

### TAGS Bronze Award - Recognition for Reporting Excellence

The Company was honoured with the TAGS Bronze Award in the Plantation Companies category for Group Turnover up to LKR 5 billion, recognising the quality, transparency and overall effectiveness of its annual reporting. This achievement reflects our continued commitment to communicating financial, operational and sustainability performance in a clear, structured and meaningful manner, strengthening our Intellectual Capital through knowledge, reporting practices and continuous improvement.







### Excellence in Social Development Award - 2025

Best Estate Worker Housing Co-operative Society - Yataderiya Estate

Yataderiya Estate, operated by Kegalle Plantations PLC, was recognised with the Excellence in Social Development Award 2025 – Best Estate Worker Housing Co-operative Society, awarded by the Plantation Human Development Trust (PHDT). The award recognises the Estate's contribution to improving worker housing, community wellbeing and social development within the estate community.






## Manufacturing Knowledge and Product Excellence

KPPLC's manufacturing expertise enables the Company to convert agricultural output into high-quality products that meet market expectations. The Company's processing capabilities are supported by technical knowledge, experienced factory teams, quality control systems, and continuous process improvement initiatives.

| Indicator | Performance |
|---|---|
| Tea factory capacity utilisation | 81% |
| Rubber factory capacity utilisation | 88% |
| Tea grades manufactured | 26 |

The Company continues to enhance manufacturing efficiency through:

- Process standardisation
- Preventive maintenance programmes
- Machinery upgrades
- Quality monitoring systems
- Energy efficiency improvements



*Rubber Manufacturing*

Several estates achieved premium market prices during the year, reflecting the effectiveness of KPPLC's manufacturing expertise and quality management practices.

**Tea Premium Performance**

| Crop | Estates achieving notable prices |
|---|---|
| Rubber | Atale, Pallegama, Parambe |
| Tea | Gampaha, Luckyland, Kirklees |

## Quality Management and Market Intelligence

GRI: 416-1, 416-2

Product quality is a key differentiator in KPPLC's competitive landscape. The Company's intellectual capital includes specialised knowledge in tea grading, manufacturing techniques, quality evaluation, and market requirements. Through established quality control procedures, factory expertise, and customer-focused production practices, KPPLC continues to maintain consistency and reliability in its products. The Company's ability to produce diverse tea grades allows it to respond effectively to varying customer preferences and market opportunities.



*Quality Inspection of Sole Crepe rubber*

The Company examines all of its key product categories using agricultural commodity-specific quality assurance and regulatory compliance methods. As the Company provides bulk plantation commodities rather than completed consumer products, health and safety evaluations are generally focused on processing controls, product quality standards, and compliance with client requirements.

During the reporting period, the Company assessed the health and safety impacts of 100% of its significant product categories as part of its quality control, regulatory compliance and operational monitoring processes. The assessment covered the Company's principal product categories, including tea and rubber products. These assessments are undertaken to identify potential health and safety impacts and to ensure that products meet applicable quality, regulatory and customer requirements. No significant incidents of non-compliance relating to product health and safety were identified during the reporting period.

## Digital Transformation and Data-Driven Decision Making

Technology and digitalisation are becoming increasingly important components of KPPLC's intellectual capital. The Company is progressively strengthening its digital capabilities to improve operational visibility, enhance data accuracy, and support timely decision-making.

# INTELLECTUAL CAPITAL

Current and planned digital initiatives include:

| Initiative | Purpose |
|---|---|
| Digital data collection | Improve accuracy and efficiency of reporting |
| Estate monitoring systems | Strengthen operational visibility |
| Sustainability data management | Improve ESG reporting capabilities |
| Factory process monitoring | Enhance productivity analysis |



*Best Tapper Awarding Ceremony- Higgoda Estate*

## Knowledge Sharing and Capability Development

KPPLC recognises that organisational knowledge must be continuously developed and transferred to sustain long-term competitiveness. The Company promotes knowledge sharing among estate teams, factory personnel, and corporate functions through training, operational reviews, and technical discussions.

Knowledge development initiatives include:

- Technical training programmes
- Operational improvement discussions
- Best practice sharing across estates
- Leadership development initiatives

These efforts ensure that valuable institutional knowledge is preserved while preparing the organisation for future challenges.

# CERTIFICATIONS

## USDA National Organic Program (NOP) Certification

Our USDA National Organic Program (NOP) Organic Certification encompasses rubber operations across Ambadeniya, Eadella, Etana, Hathbawa, Madeniya, Udapola and Weniwella, together with the Udapola Centrifuged Latex Project.

The certification demonstrates our commitment to maintaining organic production practices across the certified rubber plantations and preserving the integrity and traceability of organic natural rubber throughout the production process. Certified operations are managed in accordance with applicable organic requirements relating to cultivation practices, input management, environmental stewardship, record keeping and the prevention of contamination or commingling with non-organic materials.

As a result of obtaining this globally recognised certification, KPPLC benefits from:

- Receive premium prices for their products
- Access fast-growing local, regional, and international markets
- Support local economies
- Access additional funding and technical assistance
- Market products to consumers

## Global Organic Latex Standard (GOLS) Certification

During the financial year 2025/26, Kegalle Plantations PLC (KPPLC) achieved certification under the Global Organic Latex Standard (GOLS) – Version 3.0, reinforcing the Company's commitment to responsible and sustainable rubber production and internationally recognized standards. The certification was granted by Control Union Certifications B.V. following inspection and verification of the relevant operations against GOLS requirements, with the certification dated 26 December 2025 and valid until 25 December 2026.

The scope of certification covers centrifuging, export and administration activities and specifically includes centrifuged latex. Under the certified scope, KPPLC's Head Office at Nawinna, Maharagama is recognized for export and administration, while the Centrifuge Latex Project at Udapola Estate, Polgahawela is certified for centrifuging operations. This certification represents an important milestone in strengthening KPPLC's sustainable natural rubber value chain and provides independent assurance that the certified operations and product scope conform to the applicable GOLS requirements.

## ISO 9001:2015 Quality Management Systems Certification

ISO 9001's goal is to establish a practical and usable Quality Management System for improving and monitoring all aspects of business. KPPLC will end up with a system that will improve all aspects of the company with the correct support and employee understanding. It is a tremendous honor and pride to emphasize that Kegalle Plantations PLC was the first regional plantations company to receive ISO 9001: 2015 Certification in 2017.

## ISO 22000:2018 Food Safety Management Systems Certification

In order to achieve our goals about customer comfort, health and safety and well-being, KPPLC got ISO 22000: 2018 System Certification - Food Safety Management System Certification for all Tea Manufacturing Factories of the Company, Scope[1]Manufacturing of Black Tea. Food Sector (Dried Goods).

## Ethical Tea Partnership

As a member of Ethical Tea Partnership (ETP), KPPLC has committed to the long-term sustainability of its employees in the plantation business. As an ethical producer, KPPLC adheres to worldwide social and environmental norms such as health and safety, agrochemical and environmental management, and worker fairness and equality. KPPLC established the Ethical Tea Partnership to keep up with the world's expanding tea obsession in a socially just and environmentally sustainable manner. Finally, we increase tea sustainability, our workers' and farmers' lives and livelihoods, and the environment in which tea is grown.

Ethicla Tea Partnership

## Rainforest Alliance Sustainable Agriculture Certification

Landowners benefit from Rainforest Alliance accreditation by producing better crops, adapting to climate change, increasing output, and lowering expenses. The objective of Rainforest Alliance certification is to make responsible business the new normal in order to build a better future for people and nature.

This indicates adherence to stringent worldwide standards, while also considering the well-being of its employees, families, and the environment. As a result, the Rainforest Alliance certification confirms that KPPLC meets the requirements of the Sustainable Agriculture Network (SAN), a global standard for organizations that meet stringent environmental conditions (ecosystems, wildlife, soil, and water), community relationships, and economic aspects such as integrated plant and waste management.

## FSC® Forest Management Certification (FM) & FSC® Chain of Custody (CoC) Certification

The Atale and Pallegama rubber plantations are managed under the principles of responsible and sustainable forest management and are covered by Forest Stewardship Council® (FSC®) Certification.

The Certification reflects our commitment to managing rubber plantation resources in an environmentally responsible, socially beneficial and economically viable manner. Sustainable management practices adopted across these estates support the conservation of biodiversity, protection of soil and water resources, responsible use of natural resources, employee and community well-being, and long-term productivity of the plantations.

FSC® Certification at Atale and Pallegama further strengthens our approach to responsible rubber production by providing an internationally recognised framework for good plantation management, environmental stewardship and continuous improvement.

Together with FSC® Chain of Custody (CoC) Certification, this enables greater traceability of certified rubber from the plantation through the relevant stages of the value chain, supporting our commitment to supplying responsibly produced and traceable natural rubber.

FSC www.fsc.org FSC® C198414

We hold FSC certification

| Certifications | Estates Certified |
|---|---|
| USDA National Organic Program (NOP) | Ambadeniya, Eadella, Etana, Hathbawe, Madeniya, Udapola, Weniwella , Udapola Centrifuged Latex Project |
| Global Organic Latex Standard (GOLS) | Udapola Centrifuge Latex Project |
| ISO 9001:2015 Quality Management Systems | Atale, Pallegama, Parambe, Udapola Centrifuged Latex Project |
| ISO 22000:2018 Food Safety Management Systems | Doteloya, Gampaha, Kirklees, Luckyland, Yataderiya |
| Rainforest Alliance Sustainable Agriculture (RA) | Allagolla, Doteloya, Gampaha, Kirklees, Luckyland, Yataderiya |
| FSC® Forest Management (FM) & FSC® Chain of Custody (CoC) | Atale, Pallegama |

To ensure that we continue to be a responsible corporate entity in the agricultural and larger business sectors, we conduct ongoing research, gather data, and work with environmental organizations to support efforts to lower our carbon footprint, conserve biodiversity, and increase resource efficiency.

As we go, we will keep enhancing our intellectual capital by giving innovation, sustainability, and teamwork top priority in order to make sure that our business stays at the pioneer of the plantation sector, continues to provide value to our stakeholders, and advances global sustainability objectives.

# HUMAN CAPITAL

GRI: 3-3

At Kegalle Plantations PLC, we believe that sustainable growth begins with our people. As a labor-intensive plantation enterprise, our workforce is not simply an operational resource—it is the foundation upon which our productivity, resilience, relationships with communities and long-term value creation are built. Across our estates, thousands of employees contribute their knowledge, skills, experience and dedication to nurturing our plantations and delivering the quality products on which our business depends. We therefore place the well-being, development, safety and dignity of our people at the center of our approach to responsible business. By creating opportunities for meaningful employment, strengthening capabilities, promoting safe and healthy workplaces, supporting employee welfare and maintaining constructive labor relations, we seek to build a workforce that is skilled, engaged and resilient. Our commitment extends beyond meeting employment obligations; we aim to create an environment where our people can develop their potential, feel valued and contribute to the continued growth and sustainability of Kegalle Plantations PLC.

**Total Number of Employees**
**4,273 ↑**
(2024/25: 4,235)

**Number of Male Employees**
**2,455 ↑**
(2024/25: 2,425)

**Number of Female Employees**
**1,818 ↑**
(2024/25: 1,810)

**Total Training Hours**
**10,053 h**

**Number of Trainees**
**3,986**

**Number of New Recruitments**
**810**

Kegalle Plantations PLC's human capital management approach is guided by our Human Rights Policy, Occupational Health and Safety Policy, Code of Business Conduct and other applicable employment policies and regulations. The Board and Management provide oversight of workforce-related matters, supported by the Human Resources function and estate management teams in implementing relevant programmes and initiatives.

Our investments in employee training and development, occupational health and safety, welfare, employee engagement and workplace improvements are intended to strengthen productivity, retention and employee well-being. We continuously monitor workforce-related indicators, including workforce composition, recruitment and turnover, training, occupational health and safety performance and employee engagement, to assess progress and identify areas for improvement.

Our objective is to foster a capable, healthy, engaged and resilient workforce while continuously improving working conditions and contributing to the well-being of the communities in which we operate. Through regular performance monitoring and stakeholder feedback, we seek to strengthen our human capital practices and ensure that our people remain a key driver of sustainable value creation.

## Workforce Profile and Employment Practices

As of 31st March 2026, the company had 4,273 personnel working in administrative, factory processing, and estate activities. The plantation industry's operating needs are reflected in the personnel structure, which consists of contract and permanent workers. The company continues to contribute significantly to local livelihoods and regional socioeconomic development by offering steady work opportunities, especially in rural regions.

## Workforce Composition

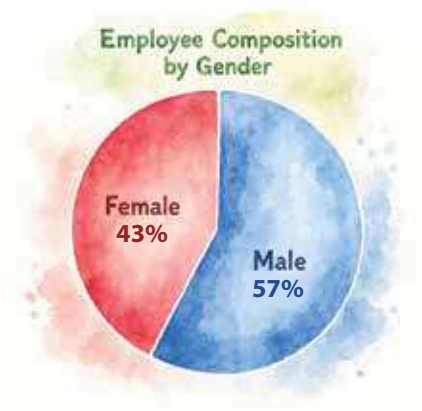
GRI: 2-7,401-1,405-1

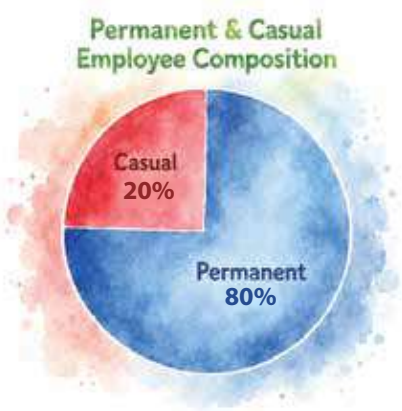
| Total Employees | By Category | | | By Employment Type | | By Region | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Executive & Above | Non Executive | Labours | Permanent | Casual | Kurunegala | Kegalle | Badulla | Head Office | |
| Male | 50 | 213 | 2192 | 1934 | 521 | 282 | 1677 | 475 | 21 | 2455 |
| Female | 12 | 59 | 1747 | 1490 | 328 | 181 | 1178 | 445 | 14 | 1818 |
| **Total** | **62** | **272** | **3939** | **3424** | **849** | **463** | **2855** | **920** | **35** | **4273** |

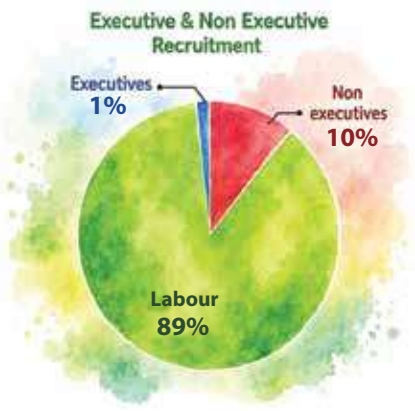
| New Employees Hired | By Gender | | By Region | | | | Total |
|---|---|---|---|---|---|---|---|
| | Male | Female | Kurunegala | Kegalle | Badulla | Head Office | |
| Number | 479 | 331 | 62 | 673 | 69 | 6 | 810 |
| Rate (%) | 59% | 41% | 8% | 83% | 9% | 1% | |

| Employee Turnover | By Gender | | Total |
|---|---|---|---|
| | Male | Female | |
| Number | 583 | 458 | 1041 |
| Rate (%) | 56% | 44% | |

During the year, recruitment and workforce planning were undertaken in line with operational needs and seasonal demand patterns. Employee turnover for the year was recorded at 23.7%. Management continues to monitor attrition trends closely, supported by internal feedback mechanisms and exit review processes, to identify underlying causes and strengthen retention strategies where required. During FY 2025/26, the Company maintained records of employee recruitment and turnover. However, age-wise analysis of new employee hires and employee resignations was not separately calculated for the reporting period. Accordingly, the Company has not disclosed age-wise recruitment and resignation rates. The Company continues to enhance its human resources data collection and reporting processes to enable more comprehensive workforce analysis, including age-wise recruitment and turnover, in future reporting periods.



# HUMAN CAPITAL

## Employee Development and Training

GRI: 404-1,404-2,404-3

The company prioritises personnel training and development as a way to improve long-term capability building, operational discipline, and productivity. Structured training interventions spanning both technical and non-technical abilities were implemented throughout estate and industrial operations, as well as administrative and supervisory duties, throughout the fiscal year 2025–2026.

Total training investment during the year amounted to Rs. 1.4 Mn, while employees collectively received 10,053 hours of structured training. On average, employees received approximately 2.4 hours of training per person, reflecting the Company's commitment to continuous learning and workforce development.

| Average hours of training per year per employee | | | |
|---|---|---|---|
| Employee Category | Total Training Hours | Average Employees | Average Training Hours / Employee |
| Executives | 430 | 56 | 7.74 |
| Staff | 792 | 292 | 2.72 |
| Labour | 8,831 | 3,776 | 2.34 |
| **Total** | **10,053** | **4,123** | **12.79** |

| Training hours by gender | | | |
|---|---|---|---|
| Gender | Training Hours | Average Employees | Average Hours / Employee |
| Male | 6,711 | 2,369 | 2.83 |
| Female | 3,342 | 1,754 | 1.91 |

Training and development programs were implemented throughout the year to improve staff capabilities, reinforce operational excellence, and promote workforce well-being. Training activities covered workplace health and safety, Good Agricultural Practices (GAP), manufacturing operations and machinery handling, labour laws and ethical behaviour, leadership, communication, and digital literacy.

In addition, estate supervisors and manufacturing managers received specific training to improve their technical and management skills. Employees also took part in health, hygiene, and safety awareness programs, communication and supervisory skill development efforts, financial literacy courses, and pre-retirement awareness programs. Reskilling and capacity-building workshops were offered when needed to assist staff in moving to new positions and responsibilities within the business.

The company performs quarterly performance assessments using established evaluation methodologies to analyse employee performance, identify skill gaps, and promote continuing career growth. During the reporting period, all permanent workers received regular performance and career development evaluations, accounting for 75% of the overall workforce. The results of these studies are used to determine training needs, identify growth possibilities, and boost succession planning efforts.



*Fire Drill Training*

## Occupational Health and Safety

GRI: 403-1,403-2,403-3,403-4,403-5,403-6,403-7,403-8,403-9,403-10

The company is steadfast in its commitment to protecting the health and safety of every worker at all of its locations. Formal policies, estate-level safety committees, risk assessments, and ongoing workplace condition monitoring all complement the established framework for occupational health and safety. This framework is intended to promote a proactive safety culture at all organisational levels while guaranteeing adherence to relevant regulatory obligations.

The Company employs occupational health and safety systems to detect workplace hazards and assess risks, including frequent inspections, risk assessments, safety audits, incident investigations, and evaluations of normal and non-routine operations. Employees can report risks and hazardous circumstances through established procedures, and they have the right to leave situations that pose a serious risk without fear of retaliation.

The company takes a systematic strategy to detect workplace hazards and address occupational health and safety concerns across its activities. Hazards are discovered through regular workplace inspections, risk assessments, safety audits, incident investigations, employee observations, and evaluations of both normal and non-routine tasks. Risks are identified and analysed based on their likelihood and possible impact, and



*Dental clinic at Pallegama Estate*

then suitable control measures are adopted in line with the control hierarchy. Employees are encouraged to report unsafe conditions, hazards, near misses, and incidents as soon as possible via established reporting channels, and they have the authority to remove themselves from situations that they reasonably believe pose an imminent and serious threat without fear of retaliation or disciplinary action. All reported events, occupational injuries, and near misses are evaluated to identify fundamental causes, implement remedial and preventive measures, and avoid recurrence. The effectiveness of these measures is regularly monitored through safety inspections, performance reviews, trend analyses, management reviews, and feedback from employees and safety committees, which all contribute to the continuous improvement of the Company's occupational health and safety management practices.



*Eye clinic*

Workers actively engage in safety governance through estate-level safety committees and management-worker forums, which help to identify hazards, analyse risks, and implement preventative actions. All work-related events and near misses are reviewed to identify fundamental causes, take remedial action, and prevent recurrences. The efficacy of the occupational health and safety management system is assessed using safety performance evaluations, incident trend analysis, inspections, and worker input to enable continuous improvement.

During the year under review, the Company recorded a Lost Time Injury Frequency Rate (LTIFR) of 1.72 injuries per million hours worked, alongside 20 reportable incidents and no fatalities have been recorded. These indicators are continuously reviewed by Management and the Board to identify risk areas and strengthen preventive measures.



*Ayurvedic Program*

As all the employees are covered through this health and safety management system, the employees, including new hires, are required to complete occupational health and safety training offered by the company. Formal safety training including danger identification, safe work practices, emergency response, and the use of personal protective equipment was given to all the workers throughout the year. These initiatives aim to lower workplace occurrences at all operational sites and establish a robust safety culture.

Kegalle Plantations PLC encourages employee health by providing access to medical facilities, conducting regular health checks, and promoting occupational and general health awareness. Throughout the year, 103 medical camps and health awareness events were held across estate divisions. Employees have direct access to basic healthcare services or through Company-sponsored medical arrangements, which helps to promote workforce well-being and productivity. The Company's occupational health and safety management practices are evaluated on a regular basis using health and safety performance indicators, workplace inspections, safety audits, incident and injury trend analyses, compliance reviews, and employee and safety committee feedback. Findings from these evaluations are reviewed by management to identify improvement opportunities, implement corrective actions, and strengthen the overall effectiveness of occupational health and safety programs across the Company's operations.

## Diversity, Equal Opportunity and Inclusion

GRI: 405-2,202-1,202-2,406-1

Kegalle Plantations PLC is dedicated to creating a workplace that is egalitarian, inclusive, and diverse. Merit, abilities, and job-related competences are taken into consideration while making hiring decisions at all organisational levels, guaranteeing equal opportunity for all workers without discrimination.



*Annual Pirith Ceremony held at Etana factory*

Employees in a variety of operational and management jobs make up the Company's workforce, comprising 57% male employees and 43% female employees. Although the plantation industry has historically been dominated by males in several sectors, the company nevertheless promotes more female involvement, especially in administrative and managerial positions where progressive increases in representation have been seen.

Kegalle Plantations PLC recognises the value of developing local talent and promoting economic development in the areas in which it works. During the reporting period, local residents occupied senior management roles, accounting for 34% of senior management. The company continues to support internal talent development, succession planning, and career progression opportunities in order to build leadership competencies, while also ensuring that selections are based on applicable credentials, experience, and competency criteria.

The Company is committed to ensuring equitable remuneration practices across all gender groups complying with minimum wage rate rules. In order to ensure equal pay for equal effort, compensation structures are established based on employment positions, experience, credentials, and performance. During the year, the ratio of basic salary and remuneration of women to men for comparable roles was 1:1, reflecting the Company's commitment to fairness and non-discrimination in remuneration practices.

# HUMAN CAPITAL

During the financial year 2025/26, there were zero reported incidents of discrimination within the Company. All reported cases were investigated in accordance with internal grievance procedures and applicable labour regulations, and appropriate corrective actions were taken where necessary. In order to eliminate prejudice, the company has a stringent zero-tolerance policy and keeps increasing awareness and training.

There are no significant instances of prejudice documented throughout the year. Through equitable hiring procedures, well-organised performance review systems, and clear promotion procedures, the company continues to uphold its dedication to equal opportunity.



*Emergency relief for Ditwah affected workers*

## Labour Relations and Employee Engagement

GRI: 402-1,409-1,408-1,2-25,2-30

KPPLC maintains constructive interaction with employees and registered trade unions in order to develop excellent labour relations and protect workers' rights. Employee representation is well-established throughout the Company's activities, with collective bargaining agreements covering all the estate workers. Regular discussions with employee representatives are held to address operational issues, working conditions, occupational health and safety, employee welfare, and other workplace problems. These interactions promote industrial harmony, ease the quick settlement of grievances, and help to maintain stable labour relations across the company.

Employee grievances are resolved through official and informal channels accessible at the estate and corporate levels, ensuring that problems are handled equitably, confidentially, and in a timely manner. Employees and worker representatives participate in the continual monitoring and enhancement of these mechanisms through frequent discussions, engagement forums, and feedback channels, ensuring that grievance processes are accessible, trustworthy, and sensitive to stakeholder demands. The effectiveness of grievance handling processes is assessed by tracking grievance resolution rates, response times, reoccurring issues, and employee feedback. During the reporting period, no material industrial disputes, strikes, lockouts, or work stoppages were reported, demonstrating the Company's dedication to preserving positive employee relations and cultivating a respected, collaborative working environment.

KPPLC is dedicated to supporting internationally acknowledged human rights standards and has a zero-tolerance policy for child labour, forced work, bonded labour, trafficking labour, and any other kind of involuntary employment in its operations and supply chain. The Company operates solely in Sri Lanka and has determined that its plantation operations, which include tea, rubber, forestry, and related support activities, pose a low risk of child labour and forced or compulsory labour due to established labour management systems, regulatory oversight, collective bargaining arrangements, and compliance with applicable labour legislation.

When considering labour-related risks, the Company also takes into account suppliers and contractors that work in labour-intensive industries such as agriculture, transportation, security, construction, and outsourced support services. During the reporting period, no operations, suppliers, geographic areas, or business activities were identified as having significant risks relating to child labour, young workers exposed to hazardous work, or forced or compulsory labour.

To support the effective abolition of child labour and the elimination of forced labour, KPPLC implemented the following measures during the reporting period:

- Compliance with national labour laws and regulations governing minimum employment age, working conditions, wages, working hours, and worker welfare.
- Verification of employee age and employment documentation during recruitment processes.
- Monitoring of labour practices within Company operations and contractor-managed activities.
- Supplier selection and engagement processes that incorporate compliance with labour, human rights, and ethical business requirements.
- Maintenance of grievance mechanisms that enable employees and other stakeholders to report concerns without fear of retaliation.
- Ongoing engagement with employees, trade unions, contractors, and worker representatives to promote fair labour practices and safeguard workers' rights.

Through these measures, KPPLC continues to uphold internationally recognised labour standards and remains committed to protecting the rights, dignity, safety, and well-being of all workers across its operations and value chain.

**Minimum Notice Periods Regarding Operational Changes**- Kegalle Plantations PLC is committed to maintaining open communication and constructive engagement with employees regarding significant operational changes that may affect their employment. Where material operational changes are anticipated, employees and their representatives are informed 30 days in accordance with applicable labor legislation, collective bargaining agreements, and the Company's internal policies.

During the reporting period, there were no significant operational changes requiring advance notification to employees. Where applicable, the Company will continue to provide appropriate notice periods and engage in consultation with employees and recognized trade unions in compliance with legal and contractual requirements.

## Employee Welfare and Benefits

GRI: 401-2,401-3,2-21

The company offers a wide range of employee welfare and benefit programs with the goals of raising living standards, guaranteeing worker wellbeing, and promoting long-term retention. In accordance with relevant labour laws and business practices, these benefits include access to housing facilities, healthcare services, educational assistance for dependents, and statutory retirement benefits.

### Benefit Schemes

| Benefits | Head Office | | Estates | | |
|---|---|---|---|---|---|
| | Executives | Staff | Executives | Staff | Associates |
| Tea Allowance | √ | √ | √ | √ | √ |
| Insurance | √ | √ | | | |
| Free Drugs | | √ | | | |
| Medical Facilities | √ | √ | √ | √ | √ |
| Fuel/Travelling | √ | √ | √ | | √ |
| Mobile Allowance | | √ | √ | | |
| Accommodation/Billet Facilities | | | √ | √ | √ |
| Electricity/Water | | | √ | √ | √ |
| Scholarships for Children | √ | √ | √ | √ | √ |
| Child Care Facilities | | | | | √ |
| Free Clinics | | | | | √ |
| Death Donation | | | | | √ |
| Wheat Flour | | | | | √ |

The Company spent around Rs. 56 Mn on welfare-related expenses throughout the year, including housing and estate infrastructure upgrades, healthcare support, and other employee assistance programs. These expenditures demonstrate the company's continuous dedication to raising the standard of living for workers and their families, especially in estate communities.



*Yataderiya Estate, 7th Annual Cricket Tournament 2026- Champions*

**Parental Leave**- Kegalle Plantations PLC offered parental leave benefits in compliance with applicable labour laws and corporate HR rules for the fiscal year 2025–2026. Maternity leave were available to all female employees for 84 working days, and 19 female workers used these benefits throughout the year. Among them 17 workers were returned to work after parental leave, representing a return-to-work rate of 89.47%. All 17 employees who returned remained employed during the reporting period, resulting in a retention rate of 100%. No male employees took parental leave during the reporting period. In order to promote work-life balance and employee wellbeing, the company continues to provide employment protection and non-discriminatory treatment for workers returning from maternity leave.

The Company pays its employees in compliance with labor laws, collective bargaining agreements, industry wage decisions, and internal payment policies. Compensation is designed to reflect employees' roles, responsibilities, experience, performance, and market circumstances, while adhering to all legislative obligations. During the reporting period, no substantial changes occurred in the regulations, salary structures, or remuneration systems that control employee compensation. As a result, the yearly total compensation ratio between the highest-paid individual and the median total pay of employees remained consistent with the compensation principles and legal standards that were implemented throughout the workforce.

## Remuneration Policy and Process for Determining Remuneration

GRI: 2-19, 2-20

The Company aims to maintain a compensation structure that is fair, competitive, transparent, and in line with its long-term vision. The Remuneration Committee oversees the remuneration framework for members of the highest governance body and senior executives, which is intended to attract, motivate, and retain appropriately qualified personnel while taking into account the responsibilities, experience, performance, and contribution associated with each role.

The compensation system includes both fixed and variable or performance-based remuneration, if applicable. Fixed pay is decided based on the responsibilities and scope of the position, qualifications, experience and prevailing market conditions. Variable pay, if available, is linked to relevant individual and organizational performance metrics. No sign-on bonuses or recruitment incentive payments are currently offered, while termination payments are made in accordance with applicable contractual, statutory and Company requirements, and no formal claw back arrangements are in place. Retirement benefits are provided in line with regulatory obligations and the Company's employee benefit plans.

# HUMAN CAPITAL

The Remuneration Committee considers a variety of factors when determining remuneration, including industry and market remuneration benchmarks, the responsibilities and complexity of each position, individual qualifications and experience, inflation, labour market conditions, the Company's financial and operational performance, risk considerations, and long-term strategic goals. Where applicable, relevant external market information or salary benchmarking may be used to support the Committee's recommendations.

The Committee analyses pay arrangements on a regular basis to ensure that they are competitive, equitable, and appropriate for the Company's operating environment. Recommendations for remuneration are made according to the established governance process and must be approved by the relevant governing authority in accordance with the Company's remuneration policy, applicable regulatory requirements, the Colombo Stock Exchange Listing Rules, and the corporate governance framework. Members of the highest governing body and top executives do not vote on their own salary.

The remuneration system aims to promote prudent decision-making and long-term value development. When reviewing performance-related pay, the Committee takes into account relevant financial, operational, risk, compliance, and sustainability performance indicators, as well as aspects relevant to the Company's management of its economic, environmental, and human consequences. This strategy aims to discourage an overemphasis on short-term financial success while encouraging actions that promote the Company's long-term resilience, ethical business practices, and stakeholder interests.

The Committee is satisfied that the Company's remuneration practices during the reporting period were in accordance with its remuneration policy, applicable provisions of the Colombo Stock Exchange Listing Rules, the Code of Best Practice on Corporate Governance (2023), and the Company's goal of promoting long-term value creation while recognising employee performance and contributions.

The Company continues to review its remuneration framework to ensure that the process for determining remuneration and the resulting remuneration arrangements remain appropriate, transparent, competitive and aligned with evolving governance expectations, sustainability considerations and the Company's strategic objectives.

## Human Capital Risks and Future Focus

The company acknowledges that a variety of operational and strategic risks, such as labour shortages in critical operational areas, an ageing workforce, occupational health and safety risks inherent in field operations, and changing expectations regarding employee welfare and working conditions, can affect human capital management. Additionally, it is anticipated that mechanisation trends and climate-related issues would eventually affect labour needs.

As a result, the company keeps concentrating on bolstering workforce planning, expanding training and upskilling initiatives, boosting safety performance, and encouraging more diversity and inclusion at all job levels. In order to guarantee long-term operational sustainability, future projects will also place a strong focus on succession planning, the development of future-ready skills, and the integration of technology and mechanisation.

For Kegalle Plantations PLC to succeed in the long run, human capital is still essential. Through organised training, increased welfare programs, better safety systems, and inclusive hiring processes, the company keeps investing in its employees. The goal of these initiatives is to develop a workforce that is competent, driven, and resilient enough to enable value creation and sustained development in an increasingly complex operating environment.

# SOCIAL AND RELATIONSHIP CAPITAL

Social and Relationship Capital refers to the connections, trust, social networks, and stakeholder partnerships that underpin Kegalle Plantations PLC's long-term viability. As an agricultural firm profoundly rooted in rural communities, the Company understands that its capacity to produce long-term value is inextricably related to the well-being of its employees, estate communities, business partners, consumers, regulators, and investors.

The Company strengthened stakeholder engagement mechanisms, promoted employee wellness, supported community development programs, and fostered responsible business connections across its value chain throughout the financial year 2025/26. Through ongoing discussion and cooperation, we aim to understand stakeholder expectations, solve growing problems, and generate shared value for all parties involved in our operations.

| Community Investment | Beneficiaries of Community Programs | Medical Camps Conducted | Customer Retention Rate |
|---|---|---|---|
| Rs. 56 Mn | 4,968 | 103 | 75% |

## Community Development and Social Wellbeing

GRI: 203-1,203-2,413-1,413-2

Kegalle Plantations PLC assists in regional economic development by creating employment opportunities, sourcing locally, investing in communities, and developing rural economies in the areas where its estates operate. Beyond direct employment, the Company's activities generate indirect economic benefits by providing possibilities for local suppliers, contractors, service providers, and small companies that support the plantation value chain. The company also contributes to community well-being through projects in healthcare, education, infrastructure development, and employee welfare, which help estate communities enhance their living conditions.

During the year, the Company implemented a range of programmes focusing on:

- Housing improvement and rehabilitation.
- Access to clean drinking water and sanitation facilities.
- Healthcare and medical outreach programmes.
- Educational infrastructure and learning support initiatives.
- Community empowerment and livelihood development projects.
- Infrastructure improvements benefiting local communities.




The Company invested approximately Rs. 56 million in community development activities during the reporting period, benefiting approximately all the individuals across its operational regions.

Our community engagement and development programs are integrated across the Company's operations, with 100% of operational locations implementing local community engagement, impact assessment, and development initiatives. The Company frequently consults with local communities, employee representatives, community leaders, government officials, and other stakeholders to identify community needs and evaluate the social and environmental implications of its activities. These discussions and assessments inform the design and implementation of community development projects, which focus on health, education, infrastructure, livelihood enhancement, and social welfare. Worker representative bodies and estate-level committees are also active in identifying and addressing community issues as needed. Furthermore, official grievance processes are maintained to allow community members and other stakeholders to express their concerns, which are assessed and resolved in accordance with established protocols to create healthy and long-term partnerships with neighbouring communities.

## Operations with Significant Actual and Potential Negative Impacts on Local Communities

The Company evaluates the possible social and environmental implications of its activities through continuous stakeholder engagement, operational monitoring, environmental assessments, grievance procedures, and community consultation processes. These studies take into account factors such as environmental implications, access to natural resources, community health and safety, infrastructural challenges, and possible socioeconomic effects on neighbouring communities.

# SOCIAL AND RELATIONSHIP CAPITAL

During the reporting period, Kegalle Plantations PLC did not identify any operations that had a significant actual negative impact on local communities, nor were there any significant potential negative impacts that would necessitate additional mitigation measures beyond the Company's existing environmental and social management practices. During the year, no substantial community concerns about the harmful effects of activities were registered.

Accordingly, there were no operational locations requiring disclosure under GRI 413-2 for significant actual or potential negative impacts on local communities.

## Customer Relationships and Product Stewardship

The Company has long-standing partnerships with both domestic and foreign clients based on quality, dependability, and responsible manufacturing processes. Kegalle Plantations PLC seeks to continually fulfil customer expectations and market needs by using strong quality management systems and continuous process improvement.

Customer feedback systems help to improve goods and services over time, while adhering to industry standards and certification criteria boosts market confidence and promotes the Company's position as a reliable supplier of high-quality tea and rubber products.

## Responsible Supply Chain Management

Strong partnerships with suppliers, contractors, and service providers are critical for ensuring operational continuity and long-term value generation. Throughout its supply chain, the company supports ethical business practices, transparency, and accountability, and encourages suppliers to follow all applicable legal, environmental, and labour regulations.

Throughout the year, supplier engagement efforts included performance assessments, compliance monitoring, and frequent contact with the goal of developing responsible sourcing processes and creating long-term business partnerships.

## Regulatory and Industry Engagement

To assist the plantation industry's long-term development, the company actively collaborates with government authorities, regulatory agencies, industry groups, and sector stakeholders. Compliance with applicable rules and regulations remains critical to sustaining stakeholder trust and protecting the Company's operating license.

## Membership organizations

GRI: 2-28

Our membership organizations provide several benefits, including enhanced networking possibilities, industry information, professional development, advocacy, and corporate growth. These linkages improve KPPLC's performance by providing resources, help, and credibility, ultimately contributing in the achievement of strategic goals and preserving an industry competitive advantage.

As an industry leader and ethical corporate citizen, we have consistently maintained and deepened connections with key membership organizations. Our long-standing contacts have enabled us to broaden our professional network and achieve our strategic objectives. Over the years, we've created a well-balanced and mutually beneficial relationship with several notable organizations, including:

- The Colombo Tea Traders Association (CTTA)
- The Planters Association of Ceylon (PA)
- The Employer's Federation of Ceylon (EFC)
- The Colombo Rubber Traders Association (CRTA)
- Plantation Human Development Trust (PHDT)
- The Rubber Research Institute of Sri Lanka (RRISL)
- Rubber Development Department (RDD)
- Sri Lanka Tea Board (SLTB)
- Spices & Allied Products Producers' & Traders' Association (SAPPTA)
- Sri Lanka Export Development Board (EDB)
- National Agribusiness Council
- Coconut Growers Association of Sri Lanka (CGASL)
- Palm Oil Industry Association of Sri Lanka (POIASL)
- The Ceylon Chamber of Commerce (CCC)
- SGS Lanka (Pvt) Ltd
- Central Environmental Authority (CEA)
- Control Union Inspections (Pvt) Ltd
- Tea Research Institute (TRI)
- Coconut Research Institute (CRI)
- Coconut Development Authority (CDA)




*Medical camp for detection of non-communicable diseases conducted by Kurunegala and Polgahawela MOH in August 2025 at CLP Factory*



*Mega Health Camp conducted on 26th March 2026- Higgoda Estate*

## Contribution to National Development

GRI: 201-4

Kegalle Plantations PLC, as a good corporate citizen, helps to drive Sri Lanka's economic and social growth by paying and collecting taxes, generating employment, supporting local suppliers, and investing in rural communities. The Company's taxes contribute to funding public services, infrastructure development, healthcare, education, and other national goals that benefit the communities in which it works.

During the financial year 2025/26, the Company's contribution to Government revenue comprised the following:

| Tax Type | Tax Paid (Rs.'000) |
|---|---|
| Value Added Tax (VAT) | 294,413 |
| Withholding Tax (WHT) | 1,662 |
| APIT/PAYE Remitted on Behalf of Employees | 5,559 |
| Corporate Income Tax (CIT) | 0 |
| Stamp Duty | 764 |
| **Total Tax Contribution** | **302,398** |




In addition to tax contributions, the Company generated economic value through employment opportunities, procurement from local suppliers and investments in community development initiatives across its areas of operation.

During the reporting period, the Company received government financial assistance in the form of rubber replanting grants amounting to Rs. 22 million. The grants were received in Sri Lanka to support the replanting and development of rubber plantations. Other than these grants, the Company did not receive any material government subsidies, tax relief, export credit support, awards, or incentives during the reporting period.

The Government of Sri Lanka holds one Golden Share in the Company, which provides certain special rights as defined in the Company's constitutional and privatization arrangements. However, this does not constitute a material equity ownership interest in the Company's issued ordinary share capital.

## Collective Bargaining

GRI: 2-30,407-1

The Company preserves and promotes each employee's right to free association and collective bargaining in compliance with national and international labour standards. There is trade union representation in the industries and estates, and employee representatives participate in talks on welfare, pay, and working conditions. During the reporting period, 100% of the Company's employees were covered by collective bargaining agreements or arrangements. Although the company does not get involved in union problems, we keep open and amicable lines of communication with union officials to guarantee a cooperative approach to labour relations. Throughout the reporting period, no suppliers or operations that might risk these rights were found.

During the reporting period, no operations or suppliers were identified where employees' rights to freedom of association or collective bargaining were considered to be at significant risk. The Company continues to monitor labor practices through employee engagement, grievance mechanisms, and management reviews to identify and address any potential concerns.

# SOCIAL AND RELATIONSHIP CAPITAL

## Anti-corruption

GRI: 205-1,205-2,205-3

Kegalle Plantations PLC is dedicated to upholding high standards of integrity, ethics, and responsible business practices. During the reporting period, the Company evaluated 100% of operations (100%) for corruption-related risks using internal controls, internal audit, compliance reviews, and risk management processes that covered important areas such as procurement, contracting, sales, and financial transactions. No serious corruption threats were detected.

The Company's anti-corruption policies and procedures were communicated to all governance body members (100%), all employees of all the categories (100%), and all relevant business partners (100%) via Board and management meetings, employee induction and awareness activities, internal circulars and notices, staff meetings, procurement documentation, contractual requirements, and direct communications with suppliers and contractors. The Company also communicates its ethical business requirements to relevant consultants, service suppliers, and other third parties as needed.

During the reporting period, no formal anti-corruption training was provided. Formal training is distinguished from policy communication and awareness initiatives for reporting reasons.

During the reporting period, no confirmed incidents of corruption were detected, and no employees were fired or penalised, nor were business partner contracts terminated or not extended as a result of confirmed incidents of corruption. Furthermore, no public legal complaints alleging corruption were filed against the Company or its employees throughout the reporting period. The Company is working to enhance its anti-corruption system through internal controls, monitoring, compliance assessments, and established reporting procedures.

## Social Responsibility, Human Rights and Stakeholder Engagement

GRI: 414-1,414-2

Kegalle Plantations PLC is dedicated to preserving responsible connections with its workers, estate communities, suppliers, customers, and other stakeholders via ethical business practices, human rights protection, and sustainable social development. The Company incorporates social concerns into its operations through stakeholder involvement, community development program, ethical procurement procedures, and product quality control.

Responsible supply chain management is a key component of KPPLC's sustainability strategy. In its supplier selection and engagement procedures, the company takes into account social factors such as labour standards compliance, ethical corporate behaviour, and responsible business practices. During the reporting period, all new suppliers were vetted using social criteria, accounting for 100% of total new supplier engagement. During the reporting period, no substantial negative social consequences on the supply chain were detected. Where issues are discovered, appropriate remedial actions and supplier engagement methods are implemented.



*School Supplies Donation*



*Providing healthy meals for CDC children*



*Emergency relief for Ditwa affected children*

# NATURAL CAPITAL

Natural capital is the foundation upon which Kegalle Plantations PLC (KPPLC) creates and sustains value. Our operations across 9,757 hectares of estate land spanning the Kegalle, Kurunegala, and Badulla districts are inseparable from the natural systems such as soils, water, climate, biodiversity, and forests that support them. The quality, productivity, and long-term viability of our rubber, tea, and coconut cultivation depend directly on the health of these natural systems.

**Total Energy Consumed**
**153,615 GJ**
(2024/25 – 65,572 GJ)

**Renewable Energy Share**
**94 %**
(2024/25 - 93%)

**Total Waste Generated**
**3,855 Kg**
(2024/25 – 3,909 kg)

**Scope 1 & 2 Emissions**
**2,754 $tCO_2e$**
(2024/25 – 2,766 $tCO_2e$)

**Full value-chain GHG Emissions**
**51,815 $tCO_2$**
(2024/25 – 52,500 $tCO_2e$)

**Total Waste Consumed**
**97,329 $m^3$**
(2024/25 – 97,851 $m^3$)

In the 2025/26 financial year, KPPLC deepened its commitment to measuring, managing, and disclosing its impacts and dependencies on natural capital. This section reports our performance against the material environmental topics identified in our materiality assessment, in accordance with the GRI Standards. It encompasses energy consumption and management, water stewardship, biodiversity conservation, greenhouse gas (GHG) emissions, and waste management across our estate and factory operations. The above information shows the comparison of the financial year 2024/25 and 2025/26.

## Biodiversity & Environmental Stewardship

GRI: 101-1, 101-2, 101-3, 101-4, 101-7, 101-8

KPPLC recognizes biodiversity as an important component of natural capital and is dedicated to preserving and improving the ecosystems inside and around its plantation landscapes. As a responsible plantation firm, we recognize that healthy ecosystems boost agricultural production, climate resilience, water security, soil health, and the well-being of nearby people.

The Company's estates have a wide variety of habitats, including plantation landscapes, conservation forests, wetlands, streams, riparian zones, marshy regions, and other ecologically sensitive ecosystems that sustain a diversified flora and fauna. Biodiversity assessments conducted during the year within selected estates confirmed the presence of many endemic, threatened, and critically endangered species, highlighting the ecological significance of KPPLC-managed lands and the important role they play in supporting biodiversity conservation in Sri Lanka.


*Western Purple-faced Langur*

Our estates support a diverse range of species, including many of Sri Lanka's recorded species, many of which are indigenous, according to biodiversity studies. Nonetheless, the presence of species that are extremely threatened and endangered, such as the Bandula Barb, Cuming 's Barb (*Pethia cumingii*), Sri Lanka Purple-faced Langur, Sri Lanka Tiger Loach, and Fishing Cat, Kitulgala Danio, and Aranayake Danio, highlights the importance of taking specific conservation action to protect their fragile habitat within KPPLC managed estates. These places are critical for the resilience and operation of surrounding ecosystems, as well as providing crucial refuges for fragile species, especially those that are endemic or endangered.

# NATURAL CAPITAL

The Company evaluates biodiversity-related impacts through environmental monitoring, estate inspections, sustainability evaluations, and compliance assessments. As part of this process, the Company identifies significant sites with potential biodiversity impacts by assessing factors such as the location's ecological sensitivity, proximity to environmentally significant areas, presence of natural habitats, land-use characteristics, estate operational activities, and potential impacts on flora and fauna. These evaluations are based on estate-level observations, environmental risk assessments, regulatory requirements, and stakeholder inputs.



*Common Hawk-cuckoo (Cuculus varius)*



*Pothos hookeri*

The Company assesses biodiversity-related impacts through environmental monitoring, estate inspections, sustainability assessments, and compliance assessments. As part of this process, the Company identifies significant sites with potential biodiversity impacts by evaluating factors such as ecological sensitivity, proximity to environmentally significant areas, natural habitat presence, land-use characteristics, estate operational activities, and potential flora and fauna impacts. These evaluations are based on estate-level observations, environmental risk assessments, regulatory requirements, and stakeholder feedback.

The assessments highlighted ecosystems of high conservation significance that sustain a varied range of flora and fauna, such as endemic plants, vulnerable animals, pollinators, freshwater species, amphibians, reptiles, mammals, and avifauna. These findings reaffirm KPPLC's commitment to preserving ecologically significant places and incorporating biodiversity concerns into estate planning and management choices.

The Company's Environmental Policy and Sustainability Framework promote responsible land management, conservation of natural habitats, protection of water resources, and the preservation of ecosystem services. These commitments support compliance with applicable environmental regulations and contribute to the long-term sustainability of plantation operations. The Company aggressively seeks for, preserves, and maintains High Conservation Value (HCV) places such as conservation forests, water catchments, streams, wetlands, culturally significant sites, and other ecologically sensitive locales. These sites are protected to conserve ecosystem integrity, animal populations, water supplies, and landscape-level ecological linkages.



*Cinnamomum verum*

The Board of Directors is responsible for biodiversity affairs, with assistance from the Chief Executive Officer and operational management staff. Biodiversity management is part of the Company's environmental management practices and sustainability governance framework. Estate management teams are in charge of executing biodiversity conservation programs and communicating success through defined management and reporting mechanisms. The Company complies with all applicable legislation and standards governing the sustainable use of biological resources, and it promotes the fair and equitable distribution of benefits resulting from their usage. In addition, the company engages in volunteer projects such as biodiversity conservation programs, habitat protection measures, and awareness campaigns to encourage responsible resource management and contribute to the preservation of neighbouring ecosystems.

The conservation areas identified at Atale and Pallegama represent existing natural ecosystems within the respective regions. These areas have been clearly demarcated with signboards to indicate their conservation status. Awareness of these designated conservation areas has also been raised among local communities through stakeholder meetings and among estate workers through muster meetings. Atale Estate has a total extent of 1,142.0 hectares, of which 136.6 hectares are designated for conservation, while Pallegama Estate covers 863.9 hectares, with 71.6 hectares allocated for conservation.

GRI: 101-5,101-7

| List of High Conservation Values (HCV) Sites and Locations | | | | | |
|---|---|---|---|---|---|
| **Estate Name** | **Division** | **Field** | **Extent (Ha)** | **Category** | **Value** |
| Atale | Atale | 2008 | 8 | HCV 4.1 / HCV 6 | Cross church & Water Spring, Natural Forest |
| Pallegama | Dunumala | 1986 | 2.5 | HCV 4.2 | Slope land- risk of rock-falling |
| Pallegama | Narangoda | 1996 | 2.1 | HCV 6 | Historic ruins |

| Total Flora and Fauna Recorded | | | | | Conservation Status | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Estate** | **Taxa** | **Total Species** | **Endemic Species** | **Exotic Species** | **CR** | **EN** | **VU** | **NT** | **DD** |
| Atale | Flora | 149 | 9 | 58 | - | - | 4 | 6 | - |
| | Fauna | 151 | 36 | 7 | 2 | 2 | 10 | 17 | - |
| Doteloya | Flora | 8 | 6 | - | - | 8 | - | - | - |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Fauna | 22 | 18 | - | 4 | 18 | - | - | - |
| Ambadeniya | Flora | 213 | 16 | 79 | - | 3 | 8 | 10 | 1 |
| | Fauna | 178 | 35 | 10 | - | 1 | 11 | 17 | - |
| Etana | Flora | 181 | 11 | 65 | - | 2 | 7 | 7 | - |
| | Fauna | 176 | 32 | 7 | - | 4 | 10 | 12 | - |
| Madeniya | Flora | 158 | 7 | 64 | - | 1 | 8 | 2 | 1 |
| | Fauna | 166 | 35 | 5 | 1 | 5 | 8 | 13 | - |
| Higgoda | Flora | 114 | 15 | 38 | - | 3 | 6 | 5 | 1 |
| | Fauna | 126 | 33 | 8 | - | 2 | 9 | 12 | - |
| Parambe | Flora | 171 | 6 | 71 | - | 1 | 4 | 7 | - |
| | Fauna | 150 | 29 | 7 | - | 1 | 6 | 15 | - |
| Yataderiya | Flora | 197 | 15 | 75 | - | 3 | 7 | 9 | 2 |
| | Fauna | 178 | 41 | 10 | - | 4 | 10 | 17 | - |
| **Total** | | **2,338** | **344** | **504** | **7** | **58** | **108** | **149** | **5** |

To safeguard vulnerable ecosystems, KPPLC establishes buffer zones around streams, reservoirs, marshes, and other environmentally significant locations. These zones rigorously regulate activities such as indiscriminate tree felling, rubbish dumping, excessive soil disturbance, infrastructure building, and the use of agrochemicals. Such approaches assist to conserve water quality, prevent habitat fragmentation, and ensure the long-term viability of ecosystem services.

Some invasive plant species are identified in commercial fields and conservation areas of Atale and Pallegama estates, especially *Alstonia macrophylla* (hawari nuga/ ginikuru) and Nylon Bowitia (*Clidemia hirta also known as Miconia crenata*). Their growth and regeneration are controlled and monitored by the field staff under the supervision of the management.



*Taruga longinasus*

## Significant Impacts on Biodiversity

GRI: 101-6

KPPLC has identified the following as its most significant actual and potential impacts on biodiversity, based on its estate-level environmental impact assessments:

- Monoculture cultivation: Rubber and tea monocultures replace more structurally complex natural vegetation, reducing the habitat quality for native fauna. KPPLC mitigates this through maintenance of shade trees (*Gliricidia sepium, Grevillea robusta*) within tea and young rubber blocks, and preservation of natural forest patches within estate boundaries.
- Agrochemical runoff: Application of herbicides, fungicides, and fertilisers near watercourses poses a risk to aquatic biodiversity. KPPLC maintains minimum 10-metre chemical-free buffer strips along all perennial streams and rivers traversing estate land.
- Wildlife-human conflict: Estates adjacent to forest reserves experience periodic encroachment by wild elephants (*Elephas maximus maximus*) and leopards (*Panthera pardus kotiya*). KPPLC operates an established protocol for reporting and responding to wildlife incidents without lethal control, in collaboration with the Department of Wildlife Conservation.
- Invasive species: *Lantana camara* and other invasive plants have encroached into forest margin areas within several estates.



*Conservation Forest in Boyagoda Division*

KPPLC's environmental management plan aims to reduce impact on natural ecosystems through sustainable agriculture methods. The company advocates responsible pesticide management, natural habitat conservation, water resource preservation, soil health improvement, and the use of biodiversity-friendly agricultural techniques. Chemical-free buffer zones, integrated pest control approaches, organic matter enrichment, and sustainable land-use planning are some of the strategies used to reduce environmental damage and enhance ecological balance.

The company continues to extend and enhance its sustainable agriculture efforts, such as the Bio Latex program, which encourages ecologically responsible rubber farming by decreasing the use of synthetic chemicals, stimulants, and artificial fertilisers. KPPLC's activities strive to strike a balance between environmental stewardship and long-term economic viability.



*Planting program held on National Day- Weniwella*

# NATURAL CAPITAL

Reforestation and forestry management are still essential components of KPPLC's biodiversity protection efforts. Tree planting projects help to improve habitats, sequester carbon, stabilise soils, and protect watersheds. Reforestation initiatives target species with ecological and commercial value while also promoting landscape restoration. *Eucalyptus grandis*, Lunumidella, Mahogany, and *Grevillea robusta* are still employed when suitable as part of the Company's sustainable forestry policy.

KPPLC oversees conservation forests, general forestry areas, and wood plantations in compliance with relevant environmental rules and sustainable forest management principles. Forestry activities are meticulously designed to reduce environmental effect, avoid soil erosion, safeguard water supplies, and protect ecologically sensitive places. Clear felling is prohibited in catchment areas, steep slopes, and other environmentally vulnerable locations, while harvested areas are replanted during subsequent planting seasons to maintain long-term sustainability.

Several estates continue to use globally acknowledged sustainability standards and responsible land management methods to help conserve biodiversity, preserve the environment, and promote sustainable agricultural output. These activities help to promote environmental governance and increase the resilience of natural ecosystems within the Company's operating landscape.

KPPLC understands that biodiversity protection is a shared duty that necessitates collaboration between employees, local communities, government agencies, researchers, and other stakeholders. As a result, awareness campaigns, training programs, and community engagement activities are implemented to promote sustainable land-use practices and foster environmental stewardship. The Company's initiatives aim to develop a conservation culture while also helping to safeguard Sri Lanka's natural heritage.

As climate-related hazards continue to impact plantation agriculture, biodiversity protection is an important component of KPPLC's climate adaptation and resilience strategy. Healthy ecosystems improve landscapes' ability to endure extreme weather events, control water resources, preserve soils, and promote sustainable agricultural output. As a result, the company is dedicated to improving biodiversity monitoring, maintaining crucial ecosystems, conserving vulnerable and endemic species, and incorporating environmental factors into long-term business planning and decision-making.

## Soil Conservation

KPPLC understands that good soil is essential for agricultural production, biodiversity conservation, climate resilience, and long-term ecosystem sustainability. Soil conservation methods are a vital aspect of the Company's environmental management strategy, and they are practiced on all estates.

To reduce erosion and preserve soil fertility, estates use a variety of conservation practices including as contour planting, terracing, living terraces, drainage systems, cover cropping, organic matter enrichment, and mulching. Leguminous cover crops, such as *Pueraria*, are commonly used to improve soil structure, increase nitrogen fixation, minimise runoff, and protect exposed soil from erosion.

Composting, integrated weed control, and prudent mechanisation methods are also encouraged by the company to reduce soil disturbance while enhancing nutrient retention and moisture conservation. These strategies promote long-term soil productivity and reduce reliance on synthetic inputs.

KPPLC continues to enhance climate resilience through replanting programs, biodiversity-friendly field practices, and soil conservation initiatives that contribute to environmental sustainability and alignment with Sustainable Development Goals (SDGs) 13 and 15.

## Materials

GRI: 301-1,301-2,301-3

KPPLC's primary material inputs include fertilizers (nitrogenous, phosphate, and potassic), agrochemicals (herbicides, fungicides, pesticides), polythene mulch, and processing materials (formic acid and ammonia for rubber preservation; fuel wood in tea factories). Responsible management of these inputs is critical both to operational efficiency and to reducing environmental impacts on soils, waterways, and biodiversity.

The following table presents the key material inputs used across KPPLC's estate and factory operations during the financial year.

| Material | FY 2025/26 (t) | | | FY 2024/25 (t) | | |
|---|---|---|---|---|---|---|
| | Renewable | Non-renewable | % Share | Renewable | Non-renewable | % Share |
| Biomass | 8,828.55 | - | 35.99% | 6,163.00 | - | 26.99% |
| Natural Rubber Latex | 7,699.00 | - | 31.39% | 8,938.00 | - | 39.15% |
| Green Leaf | 5,920.71 | - | 24.14% | 6,228.00 | - | 27.28% |
| Packaging Materials | 19.56 | - | 0.08% | 262.42 | - | 1.15% |
| Fertilizers (without Dolomite) | | 594.27 | 2.42% | - | 521.34 | 2.28% |
| Dolomite | | 433.09 | 1.77% | | 478.66 | 2.10% |
| Weedicide | | 9.47 | 0.04% | | 7.55 | 0.03% |
| Chemicals (Factory Operations) | | 1,024.88 | 4.18% | - | 232.00 | 1.01% |
| **Total** | **22,467.82** | **2,061.71** | **100.00%** | **21,591.00** | **1,239.55** | **100.00%** |

KPPLC uses compost produced from factory waste (tea dust, withered leaf residue) and rubber effluent sludge as an organic fertilizer input, partially offsetting the use of synthetic fertilizers. Composted organic materials applied to estates during the year totaled 13,620 metric tons, representing 56% of total input by weight.

## Energy

GRI: 302-1,302-2,302-3,302-4

Energy is a significant operational input and cost driver for KPPLC, primarily consumed in rubber factory processing (drying and milling), tea factory operations (withering, rolling, firing), and estate management activities (vehicles and machinery). The Company's energy management framework focuses on four priorities: monitoring and reducing energy intensity; transitioning factory fuel sources toward renewables; improving the energy efficiency of processing equipment; and promoting renewable self-generation where technically feasible.

KPPLC has commenced work to estimate energy consumption within its upstream value chain, including the embedded energy in purchased fertilizers and agrochemicals. Full Scope 3 energy reporting will be progressively phased in as data collection capabilities mature, consistent with SLFRS S2 transition timelines.

Energy consumption calculations are prepared using internationally recognized methodologies and relevant conversion factors. The Company applies standard conversion factors obtained from recognized sources, including IPCC Guidelines for National Greenhouse Gas Inventories and GHG Protocol Emission Factors. The calculations are based on available operational data, including quantities of fuel, electricity, biomass, and other energy sources consumed during the reporting period. Where primary data is unavailable, reasonable assumptions and industry-based estimates are applied, with the methodology and assumptions documented for future refinement.

Every aspect of our plantation operations is regularly assessed and optimized for energy efficiency. This entails upgrading our existing equipment to more energy-efficient versions and replacing it with energy-efficient models, resulting in significant reductions in our energy use. To optimize electricity usage in factory motors, we employ VFD motor controllers that drive electric motors by adjusting the frequency and voltage of their power supply.

We constantly include our employees in energy-saving projects because we believe that everyone has a responsibility to be energy efficient. We promote energy-conscious practices among our personnel through training programs and awareness campaigns, ranging from field-saving measures to reducing energy use in our offices and facilities.

| Energy consumption by scope (Gj) | 2025/26 | | % | 2024/25 | | % | % Change |
|---|---|---|---|---|---|---|---|
| | Rubber | Tea | | Rubber | Tea | | |
| Within the organization | | | | | | | |
| **Renewable Energy** | | | | | | | |
| Biomass | 26,208.00 | 111,517.38 | 93.87% | 20,865.62 | 116,480.52 | 93.21% | 0.28% |
| **Non-Renewable** | | | | | | | |
| Diesel | 5,229.99 | 2,321.01 | 1.95% | 5,298.32 | 3,001.53 | 2.40% | -9.02% |
| Petrol | 563.83 | 259.99 | 0.22% | 578.05 | 327.47 | 0.26% | -9.02% |
| Grid Electricity usage | 2,671.18 | 4,698.23 | 3.95% | 1,931.18 | 5,156.37 | 4.13% | 3.98% |
| Total Energy consumed within the organization | 34,672.99 | 118,796.61 | - | 28,673.17 | 124,965.88 | - | -0.11% |
| Outside the organization | | | | | | | |
| Fuel usage for upstream Transport | 79.20 | - | - | - | - | - | - |
| Fuel usage for downstream Transport | 66.70 | - | - | - | - | - | - |
| Energy consumed outside the organization | 145.89 | - | - | - | - | - | - |
| **Total energy consumed** | **34,818.88** | **118,796.61** | **100.00%** | **28,673.17** | **124,965.88** | **100.00%** | **-0.02%** |
| Production (kg) | 2,309,640.00 | 1,289,741.00 | - | 2,681,292.30 | 1,360,722.75 | - | -10.95% |
| AVG energy consumed per unit of production inside the organization (Gj/kg) | 0.0150 | 0.0921 | - | 0.0107 | 0.0918 | - | 4.48% |
| AVG energy consumed per unit of production outside the organization (Gj/kg) | 0.0001 | - | - | - | - | - | 0.00% |

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We are continuously studying and planning to incorporate renewable energy choices, such as solar power, into our operations to help minimize dependency on nonrenewable energy and reinforce our commitment to sustainability by minimizing our carbon footprint. These activities also assist us reach our goal of reducing energy-related costs.



*"The implementation of Variable Frequency Drives (VFDs) in our tea factories optimizes motor speeds according to actual processing demand, significantly improving energy efficiency. This initiative reduces electricity consumption and operating costs while supporting lower carbon emissions and more sustainable tea manufacturing."*

## Water and Effluents

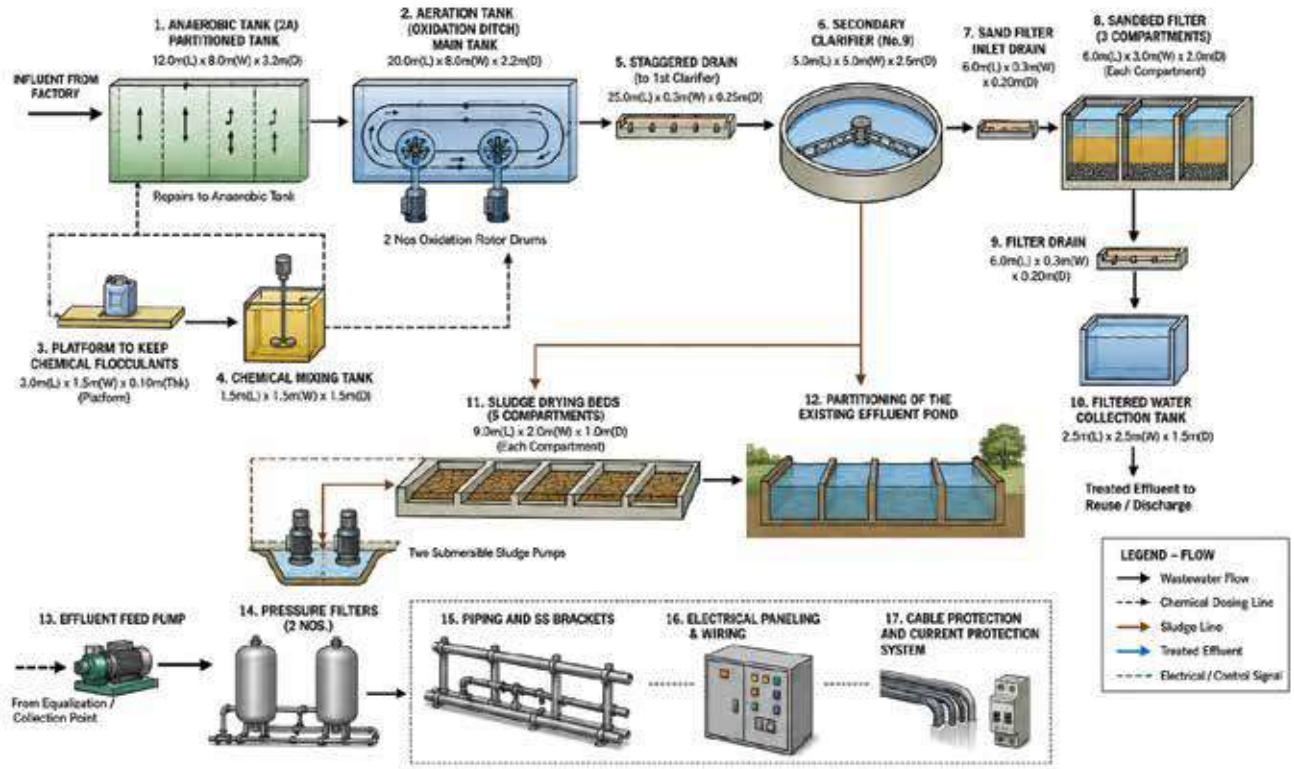
GRI: 303-1

Water is one of the most important natural inputs for KPPLC's activities. Rubber latex coagulation, tea processing (washing, chilling), estate irrigation, and worker domestic supplies all require consistent, high-quality water. At the same time, manufacturing effluent, particularly from rubber processing, is one of KPPLC's most serious environmental consequences if not adequately controlled, due to its high biological oxygen demand (BOD) and propensity to harm downstream streams and aquatic ecosystems.

KPPLC's primary water dependency is on surface water and rainwater harvesting. The Company's main water interaction categories are:

- Surface water abstraction from estate streams and rivers for factory processing and cooling.
- Rainwater harvesting from estate infrastructure for irrigation supplementation.
- Groundwater (wells) for estate worker domestic supply at selected estates.
- Discharge of treated factory effluent to land (rubber effluent treatment plants) and surface water (where quality standards are met).

## Effluent Treatment Plant for Centrifuged Latex Factory (Waste Water Treatment Plant)




Wastewater generated from the latex centrifuging process is directed to the Effluent Treatment Plant (ETP) for progressive biological, chemical and physical treatment. The effluent initially enters the anaerobic treatment stage, where the organic pollution load is reduced, before passing to the oxidation-ditch aeration system, where continuous aeration promotes further biological degradation of organic matter. Chemical flocculants are subsequently introduced and mixed to aggregate fine suspended particles into settleable flocs. The wastewater then passes through the staggered drain and secondary clarifier, allowing suspended solids and biological sludge to settle

and be separated from the clarified water. The clarified effluent undergoes further polishing through the sand-bed/pressure filtration system, after which the treated water is collected in the filtered-water collection tank for controlled discharge or appropriate reuse, subject to compliance with applicable environmental standards. Separated sludge is transferred to the sludge drying beds for dewatering and subsequent responsible disposal or beneficial use where environmentally appropriate. Based on an illustrative influent flow of approximately 250 m3/day, the plant may produce approximately 230 m3/day of treated water, subject to actual operating conditions; these estimated figures should be replaced or validated using current flow-meter readings and laboratory analysis before being reported as verified environmental performance data.

## Management of Water Discharge-Related Impacts

GRI: 303-2,303-3,303-4,303-5

Water is a valuable resource for the Company's planting and processing activities. Water is typically obtained from wells, rivers, and streams situated within or near operational regions and is used for manufacturing processing and cleaning.

Water is largely utilised for washing and cleaning in the tea processing process. Because this water is not included into the finished product and is discarded after usage, the Company does not presently quantify water consumption related to tea processing. As a result, water withdrawals for these activities are not deemed to result in considerable water consumption.

Water is primarily withdrawn for machinery chilling and cleaning purposes in the rubber manufacturing process. Water consumption is assessed using predetermined assumptions based on the quantity of water required per kilogram of rubber produced, which includes water associated with machinery chilling and cleaning activities as well as the generation of latex serum. As water is not incorporated into the final products, such as sole crepe, latex crepe or centrifuged latex, direct water consumption in the final product is minimal. However, the manufacturing process generates latex serum containing water originally present in the raw latex. This serum, together with water used for chilling and cleaning operations, is collected and discharged as wastewater. Therefore, the total wastewater generated may exceed the volume of water withdrawn by the factory due to the additional water content released from the processed latex. During the reporting period, the estimated wastewater production from rubber manufacturing was 97,328,989 litres.

To reduce environmental effect, wastewater generated during industrial activities is treated in wastewater treatment facilities before release. Following treatment, wastewater is discharged into receiving surface water bodies, such as rivers and streams, in line with relevant legal and operational norms. The company is still monitoring its water consumption and wastewater management methods to ensure responsible water stewardship and compliance with environmental regulations.

| Surface Water | FY 2025/26 | FY 2024 /25 | Change |
|---|---|---|---|
| Withdrawal for processing units (L) | 79,236,102 | 79,661,157 | - 0.53% |
| Third-party purchased water for drinking (L) | 5,366 | 6052 | - 11.34% |
| Water discharged from Processing units (cleaning + latex serum) (L) | 97,328,989 | 97, 851, 102 | - 0.53% |
| No. of non-compliance incidents for water discharged | 0 | 0 | |

## Emissions

GRI: 102-(1-10), 305-(1-7)

Climate change remains one of the most significant risks facing Kegalle Plantations PLC (KPPLC). Rising temperatures, changing rainfall patterns, prolonged droughts, intense precipitation events, and increasing climatic variability have the potential to adversely affect agricultural productivity, estate infrastructure, water availability, biodiversity, and the wellbeing of employees and estate communities.

The Company continues to strengthen its climate governance, risk management, and disclosure practices in line with the requirements of SLFRS S2 and applicable GRI Standards.

KPPLC is progressively integrating climate change mitigation considerations into its business strategy and operational planning processes. The Company seeks to improve resource efficiency, optimise energy consumption, strengthen sustainable agricultural practices, and identify opportunities to reduce greenhouse gas (GHG) emissions across its operations.

The Company's transition approach includes:

- Improving energy efficiency across estates and factories.
- Promoting sustainable agricultural and land management practices.
- Evaluating opportunities for renewable energy adoption where operationally and economically feasible.
- Enhancing climate-related data collection and reporting capabilities.
- Gradually expanding measurement and reporting of value-chain emissions in line with evolving regulatory requirements and organisational capacity.

The Company continues to assess climate-related risks and opportunities and will further develop its climate transition planning framework as data availability and climate scenario analysis capabilities mature.
KPPLC recognises that adaptation is critical to maintaining agricultural productivity and operational resilience. Climate adaptation

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measures currently implemented or under consideration include:

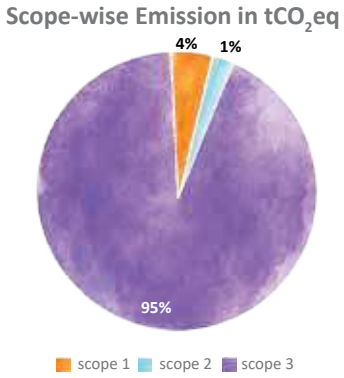
- Climate-resilient crop and field management practices.
- Soil conservation and moisture retention initiatives.
- Water resource management and conservation programmes.
- Improved drainage systems and erosion control measures.
- Monitoring and management of climate-related pest and disease risks.
- Protection and restoration of natural ecosystems that support climate resilience.
- Estate infrastructure improvements to withstand extreme weather events.

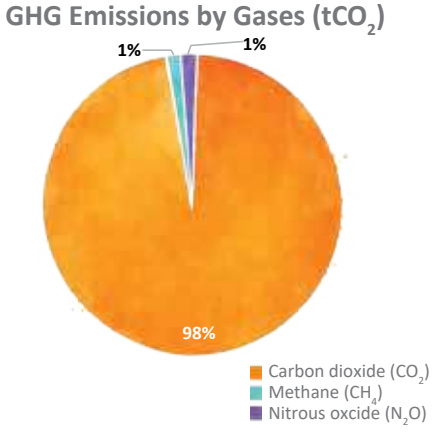
The Company periodically reviews climate-related risks and incorporates adaptation measures into operational and capital investment planning processes To advance its commitment to environmental stewardship, the Company has established several key climate-related objectives. Specifically, it aims to improve energy efficiency across all operational activities and reduce greenhouse gas emissions intensity over time. Additionally, the Company is focused on enhancing accountability and transparency by increasing the availability and quality of climate-related performance data and expanding the measurement and reporting of Scope 3 emissions.

| Emission Source | FY 2025/26 | | | | FY 2024/25 | | | | Change % |
|---|---|---|---|---|---|---|---|---|---|
| | CO2-e Total (Tonnes p.a) | Carbon dioxide (CO2) | Methane (CH4) | Nitrous oxcide (N2O) | CO2-e Total (Tonnes p.a) | Carbon dioxide (CO2) | Methane (CH4) | Nitrous oxcide (N2O) | |
| Direct (Scope 1) GHG Emissions | | | | | | | | | |
| 1.1 Direct Emissions from Stationary Combustion | 503.41 | 60.02 | 390.65 | 52.74 | 505.02 | 60.21 | 391.9 | 52.91 | -0.32% |
| 1.2 Direct Emissions from Mobile Combustion | 614.65 | 580.9 | 2.25 | 31.5 | 616.89 | 583.02 | 2.26 | 31.61 | -0.36% |
| 1.3 Direct fugitive emissions from the release of GHGs in anthropogenic systems (with FLAG). | 9.01 | 0.17 | 8.84 | - | 9 | 0.19 | 9.92 | 0 | 0.11% |
| 1.4 Agricultural Land Management Emissions | 772.84 | 227.57 | - | 545.27 | 781.56 | 230.14 | 0 | 551.42 | -1.12% |
| **Total Scope 1 GHG Emissions** | **1,899.91** | **868.66** | **401.74** | **629.51** | **1,912.47** | **873.56** | **404.08** | **635.94** | **-0.66%** |
| Energy-Indirect (Scope 2) GHG Emissions | | | | | | | | | |
| 2.1 Indirect emissions from imported electricity (National Grid) | 854.24 | | | | 853.22 | | | | 0.12% |
| **Total Scope 2 GHG Emissions** | **854.24** | - | - | - | **853.22** | - | - | - | **0.12%** |
| Other Indirect (Scope 3) GHG Emissions | | | | | | | | | |
| (Category 1) Purchased goods and services | 890.69 | | | | 901.57 | | | | -1.21% |
| (Category 2) Capital goods | 46.24 | | | | 40.33 | | | | 14.65% |
| (Category 3) Fuel- and energy-related activities | 492.58 | | | | 511.74 | | | | -3.74% |
| (Category 4) Upstream transportation & distribution | 5.88 | | | | 6.37 | | | | -7.69% |
| (Category 5) Waste generated in operations | 0.01 | | | | 0.01 | | | | 0.00% |
| (Category 6) Business travel | - | | | | 0.01 | | | | 0.00% |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (Category 7) Employee commuting | 135.03 | | | | 140.2 | | | | -3.69% |
| (Category 9) Downstream transportation & distribution | 42.1 | | | | 44.85 | | | | -6.13% |
| (Category 10) Processing of sold products | 16,948.86 | | | | 17,523.74 | | | | -3.28% |
| (Category 11) Use of sold products | 23,034.90 | | | | 22,987.12 | | | | 0.21% |
| (Category 12) End of life treatment of sold products | 7,464.38 | | | | 7,578.23 | | | | -1.50% |
| **Total Scope 3 GHG Emissions** | **49,060.67** | | | | 49,734.17 | | | | -1.35% |
| **Total GHG emissions (Direct + Indirect)** | **51,814.82** | | | | 52,499.86 | | | | -1.30% |
| **Biogenic Emissions** | **5,398.84** | | | | 5,475.55 | | | | -1.40% |

| GHG Emissions Intensity | | |
|---|---|---|
| **Intensity Metric** | **Unit** | **FY 2025/26** |
| Scope 1 + 2 per tonne of rubber produced | $tCO_2e$ / tonne | 1.19 |
| Scope 1 + 2 per tonne of made tea produced | $tCO_2e$ / tonne | 2.14 |
| Scope 1 + 2 per hectare under cultivation | $tCO_2e$ / ha | 0.39 |






GREENHOUSE GAS VERIFICATION OPINION

Certificate Code: C820566CU-GHG-01.2026

GHG statement in the reporting year 2025/2026 of

Kegalle Plantations PLC

310, High Level Road, Nawinna, Maharagama, Sri Lanka

has been verified in accordance with ISO 14064-3:2019 as meeting the requirements of

GHG Protocol - Corporate Accounting & Reporting Standard

Control Union Certifications has inspected and verified the unit(s) of the above-mentioned client, in accordance with the standards mentioned and declares that

| | | |
|---|---|---|
| 01 | Scope 1 Emission | 1,899.91 tonnes of $CO_2e$ |
| 02 | Scope 2 Emission | 854.24 tonnes of $CO_2e$ |
| 03 | Scope 3 Emission | 49,060.67 tonnes of $CO_2e$ |
| 04 | Biogenic Emission | 5,398.84 tonnes of $CO_2e$ |

Total Verified Greenhouse Gas Emissions: 51,814.82 tonnes of $CO_2e$

GHG statement covers the operations of twelve (12) months from April 01, 2025, to March 31, 2026

Date of Verification
26 June 2026
Place and Date of Issue:
Colombo 07, 24 August 2026

Declared by

On behalf of the Managing Director

Gayan Ranasinghe
Reviewer
Control Union Inspections (Pvt) Ltd
2nd Floor, BAM Musee Tower,
52 Sir Marcus Fernando Mawatha,
Colombo 07, Sri Lanka

CONTROLUNION ASSURANCE SERVICES

KPPLC covers all GHG emission scopes and relevant subcategories, with the exception of Scope 3 Categories 8, 13, 14, and 15. Emissions are consolidated using the operational control approach and calculated in alignment with the GHG Protocol and ISO 14064-1:2018, utilizing emission factors from the IPCC, national grid, DEFRA, and verified sector-specific sources.

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Following an assessment of operational activities, no material ozone-depleting substance emissions, nitrogen oxides (NOX), sulfur oxides (SOX), or other significant air emissions were identified during the reporting period. Consequently, these disclosures are considered not material to the Company's operations.

The Company recognises the importance of carbon sequestration in its plantation environment, which includes forests, conservation areas, tree cover, and other natural ecosystems. KPPLC has not yet completed a detailed quantification of greenhouse gas removals within its activities or value chain in line with established carbon accounting methodology.

During the reporting period, KPPLC did not acquire, retire, create, or sell carbon credits. If the Company participates in carbon markets or carbon offset projects in future reporting periods, the necessary disclosures will be made in compliance with applicable reporting requirements.

## Waste

GRI: 306-1,306-2,306-3,306-4,306-5

KPPLC's waste management strategy adheres to the waste hierarchy: prevention, reduction, reuse, recycling, recovery, and as a last resort disposal. The Company's key waste streams are from rubber and tea factory processing, estate upkeep, and worker welfare facilities. Rubber plant effluent is handled as a wastewater stream under GRI 303, but it also produces solid sludge, which is used to estate land as a soil conditioner.

KPPLC's most significant waste streams are:

- Rubber effluent sludge (from anaerobic lagoon treatment): applied to estate land as organic fertiliser — a beneficial reuse that reduces synthetic fertiliser demand.
- Tea dust and floor sweepings: composted for estate application or, where of insufficient quality, disposed of at designated solid waste sites.
- Used agrochemical containers: collected under the National Agrochemical Container Management Programme and returned to licensed collectors.
- Used lubricating oil (machinery maintenance): sold to licensed oil recyclers.
- Domestic solid waste from estate worker facilities: managed through local authority waste collection and, where available, on-site composting of organic fraction.
- Polythene and plastic waste (mulch, bags): collected and transferred to licensed recyclers; KPPLC is progressively substituting biodegradable alternatives where technically feasible.

Waste-related data is gathered using estate- and factory-level waste registers, as well as records from waste collectors, recyclers, permitted disposal service providers, and internal operating records. The quantities and disposal or diversion routes of significant waste streams are monitored and consolidated on a regular basis by relevant estate and factory management teams to ensure accurate tracking, appropriate classification, and consistent reporting of waste generated and diverted for disposal.

| Hazardous / Non-Hazardous | Waste Generated | | | Waste Diverted from Disposal | | |
|---|---|---|---|---|---|---|
| | Waste Stream | FY 2024/25 (Kg) | FY 2025/26 (Kg) | Diversion Route | FY 2025/26 (Kg) | % of Total |
| Non-hazardous | Food | 255.02 | 232.75 | Composting | 232.75 | 6.04% |
| | Metal | 43.00 | 45.00 | Recycling | 45.00 | 1.17% |
| | Glass | 5.50 | 5.00 | Recycling | 5.00 | 0.13% |
| | Sludge | 3,045.12 | 3,013.00 | Landfilling | 3,013.00 | 78.15% |
| | Paper & cardboard | 241.45 | 239.85 | Recycling | 239.85 | 6.22% |
| Hazardous (contaminated) | Plastics | 100.78 | 101.40 | Recycling | 101.40 | 2.63% |
| | Polythene | 137.97 | 135.75 | Recycling | 135.75 | 3.52% |
| Hazardous | E-waste | 80.45 | 82.50 | Reuse/ recycling | 82.50 | 2.14% |
| **Total** | | **3,909.29** | **3,855.25** | | **3,855.25** | **100.00%** |

## 5-S Concept Adaptation

We always support and value our estates' adoption of the 5S quality management system as a guiding principle. The quality of our administration and production processes depicts by,

- Significant and continuous Investments in Centrifuged Latex Project (CLP) including obtaining new Centrifuged Latex machines and expanding the factory capacity etc.
- Repairs to the Gantry Crane switch at Udapola Estate, Avery weighbridge at Udapola Estate.
- An Elevator was installed at Atale Sole Crepe Factory discontinuing the 90 years old strenuous practice of carrying the wet rubber bales up to the drying chambers.
- In time Repair & Maintenance of Estate Machinery & Equipment.

## Sustainable Procurement Practices

GRI: 308-1,308-2

Kegalle Plantations PLC recognizes the importance of responsible supply chain management in minimizing environmental impacts beyond its direct operations. The Company considers environmental aspects in its supplier selection and procurement processes, particularly for key inputs such as fertilizers, agrochemicals, fuel, and other operational materials. New suppliers are evaluated through the Company's established supplier selection and approval processes, which consider relevant environmental requirements, regulatory compliance, and responsible handling of materials.

During the reporting period, 29 new suppliers were vetted using environmental criteria, accounting for 100 % of total new supplier engagement. During the reporting period, there were no substantial negative environmental consequences found among suppliers. Supplier environmental performance is tracked through procurement reviews, compliance assessments, and continuing supplier interaction. When issues are found, suitable remedial activities, such as supplier conversations, improvement initiatives, or reconsideration of supplier relationships, are implemented.

KPPLC is continually improving its supplier sustainability evaluation methods in order to encourage responsible procurement and improve environmental performance throughout its value chain.

## Product Labelling and Consumer Responsibility

The Company remains committed to ensuring compliance with all applicable product labelling and packaging requirements. Product labelling and packaging activities are carried out in accordance with the standards and guidelines issued by the Colombo Tea Auction and the Ceylon Tea Traders Association, ensuring transparency, quality assurance, and consumer confidence in KPPLC products.

## Climate Adaptation and Sustainable Agricultural Practices

KPPLC continues to execute programs targeted at minimizing environmental impact and increasing resilience to climate-related threats. These initiatives continue to prioritize the sustainable management of water, energy, waste, forests, and biodiversity.

Rain-guarding schemes continue to play an important role in increasing rubber output during periods of heavy rainfall while safeguarding employee incomes and livelihood. The company also continues to invest in sustainable agriculture technology and practices that increase operational resilience while reducing environmental impact.

KPPLC continues to be devoted to producing long-term environmental value while promoting sustainable economic growth and community well-being by integrating biodiversity protection, sustainable forestry, responsible agriculture, climate adaptation, and stakeholder engagement.

## Biodiversity Targets and Continuous Improvement

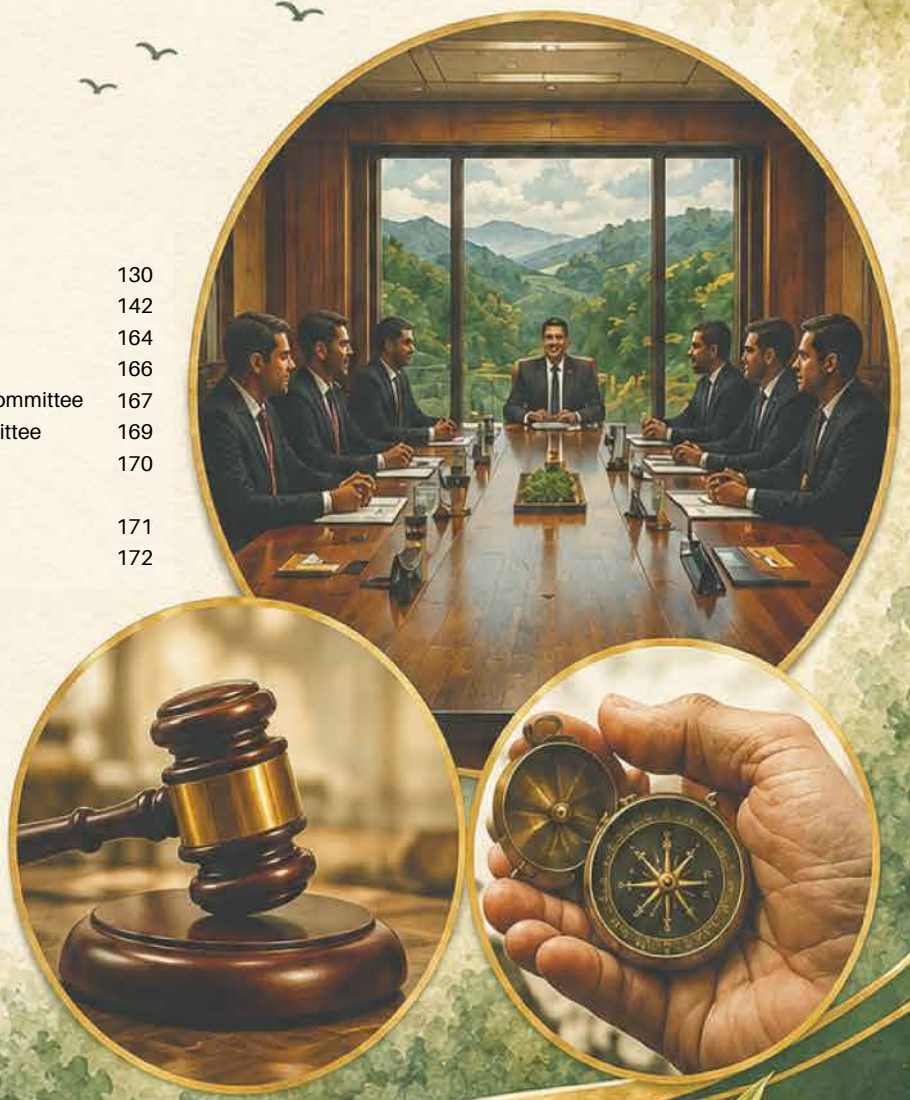
The Company continues to strengthen its biodiversity management approach by establishing measurable objectives and monitoring progress through defined indicators. Key indicators include conservation area coverage, ecosystem restoration activities, water management performance, responsible agrochemical usage, and biodiversity monitoring outcomes.

Future biodiversity priorities include biodiversity assessments, habitat enhancement programmes, reduction of environmental impacts. Results from monitoring activities and stakeholder engagements are incorporated into the Company's sustainability planning to support continuous improvement and responsible stewardship of natural ecosystems.

# 04

# GUIDING PROGRESS

**Strong governance, accountability and foresight protect the value we create..**



**GOVERNANCE OVERVIEW**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# RISK MANAGEMENT

*Kegalle Plantations PLC adopts a balanced approach to risk management, recognizing that prudent risk-taking is necessary to achieve strategic objectives and create sustainable stakeholder value. The Company maintains a low appetite for risks relating to employee health and safety, regulatory compliance, environmental stewardship, ethical conduct, and corporate reputation, while accepting measured levels of strategic and operational risk in pursuit of growth opportunities.*

Risk management is an essential component of the strategy framework of Kegalle Plantations PLC, ensuring the company's resilience, sustainability, and long-term value development in an ever-changing operating environment. KPPLC works in an industry that is subject to shifting stakeholder expectations, market instability, labour issues, regulatory changes, and climate variability. In order to recognize, evaluate, control, and keep an eye on risks at all organizational levels, the company has created a thorough and integrated risk management framework.

The Board of Directors oversees the risk management framework to make sure that risks are handled proactively and in a way that aligns with KPPLC's dedication to moral behaviour, legal compliance, and long-term value creation. By addressing strategic, operational, financial, environmental, social, and reputational risks, the framework helps the company protect stakeholder interests while successfully responding to new threats and opportunities.

Throughout the year, KPPLC strengthened its risk management approach to align with the disclosure requirements of SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 - Climate-related Disclosures, ensuring consistency between sustainability-related risks, climate-related risks, and the Company's enterprise risk management processes.

### Risk Management Framework

KPPLC uses a systematic and ongoing risk management framework based on internationally recognized principles and the Three Lines of Defence approach, which ensures clear responsibility and effective risk supervision.

- First Line of defence: Operational management, which includes department heads and estate superintendents, is in charge of recognizing, evaluating, and controlling hazards within their purview.
- The second line of defence is provided by corporate management and risk oversight functions, which also set rules, monitor risk exposures, and make sure they are in line with the company's risk appetite.
- Third Line of defence: Internal Audit offers impartial confirmation of the efficiency of internal controls, governance procedures, and risk management.

This framework, which is made to be flexible in response to changing internal and external risk variables, combines top-down strategic risk assessment with bottom-up operational risk reviews.

## Risk Management Process




### Risk Identification and Assessment

KPPLC takes a methodical approach to identifying and evaluating risks, taking into account both internal and external elements that might affect the accomplishment of strategic goals. Strategic, operational, financial, regulatory, environmental, social, climate-related, and reputational risks are the different types of hazards.

Risks are evaluated according to how likely they are to occur and how they could affect long-term sustainability, reputation, operational continuity, and financial performance. Management reviews, estate-level risk reporting, internal audits, and evaluation of external factors including economic circumstances, regulatory changes, and trends connected to climate change are all part of the assessment process.

### Risk Monitoring and Reporting

Key Risk Indicators (KRIs) and recurring risk reporting systems are used to continuously monitor risks. Senior Management, the Audit Committee, the Sustainability Committee, and the Board get regular risk reports, which provide prompt visibility of new hazards and modifications to the company's risk profile.

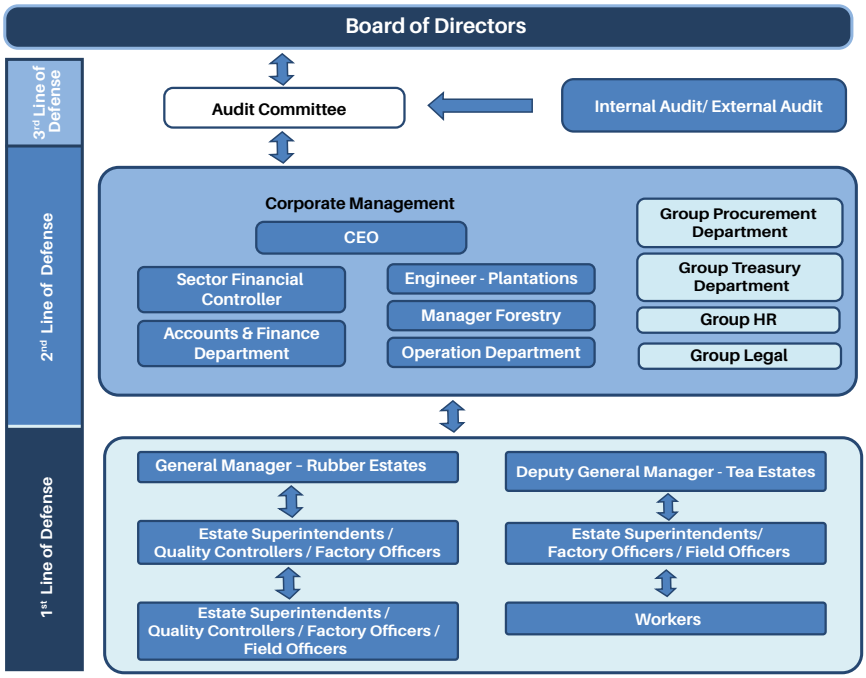
### Risk Mitigation

Risk response techniques, such as avoidance, reduction, transfer, or acceptance, are tailored to each risk's type and severity, as well as the company's risk appetite. Operational controls, diversification tactics, insurance coverage, compliance monitoring, and backup plans are examples of mitigation techniques. Periodically, the efficacy of mitigating measures is assessed and modified as needed.

### *Internal Controls*

To facilitate efficient risk management, KPPLC keeps up a thorough internal control environment. Evaluating the efficacy and sufficiency of internal controls across estates and head office activities is a major responsibility of the Internal Audit Department. The Audit Committee and Senior Management are informed of audit results, and remedial measures are tracked until they are finished.

## Risk Governance




The Board of Directors is ultimately accountable for the efficacy of KPPLC's risk management system. The Board establishes the overall risk appetite, authorizes risk management procedures, and makes sure that major risks are properly recognized, evaluated, and controlled in accordance with the company's strategic goals.

A Sustainability Committee, headed by the CEO, was established to improve governance over risks associated to climate change and sustainability. Environmental, social, and governance (ESG) risks and opportunities, particularly climate-related hazards recognized under SLFRS S2, are closely monitored by the Sustainability Committee.

Senior Management is in charge of reporting the risks, putting the Board-approved risk management framework into practice, and making sure that the proper mitigation measures are carried out. Through operational-level risk assessment, monitoring, and escalation, estate management teams assist this process.

## Board Responsibilities

The Board of Directors of Kegalle Plantations PLC ("KPPLC") is ultimately responsible for the governance and efficacy of the Company's risk management structure. In order to guarantee that significant risks, such as those pertaining to sustainability and climate change, are recognized, evaluated, managed, and tracked in a way that is in line with the company's long-term goals and risk tolerance, the Board offers strategic guidance and supervision.

In addition to ensuring that risk factors are suitably incorporated into strategic planning, capital allocation, and operational decision-making, the Board is in charge of approving the Risk Management Framework and Risk Appetite Statement. Both internal and external risks that might have an impact on KPPLC's long-term viability, operational continuity, financial performance, and regulatory compliance are covered by oversight.

Regular risk reporting by management, together with assurance from Internal Audit and comments from External Auditors, allows the Board to evaluate the sufficiency and effectiveness of risk responses and internal controls. In order to guarantee organizational resilience in the case of operational interruptions, the Board also supervises the creation and execution of business continuity and disaster preparation plans.

Through designated Board Committees, the Board oversees climate-related and sustainability-related risks and opportunities in accordance with SLFRS S1 and SLFRS S2, making sure that governance structures promote open disclosure and well-informed decision-making. By carrying out these duties, the Board hopes to protect stakeholder interests and promote the development of long-term, sustainable value.

### Sustainability Committee

The company's long-term resilience and value generation may be impacted by sustainability-related risks and opportunities, which are monitored by the Sustainability Committee. In order to ensure that these risks are properly identified, evaluated, and managed, the Committee reviews emerging environmental, social, and governance (ESG) risks, such as those related to climate change, resource management, biodiversity, employee wellbeing, community impacts, and regulatory developments. Working closely with management and other Board Committees, the Sustainability Committee monitors the implementation of sustainability initiatives, reviews performance against established targets and key performance indicators, and oversees the integrity of sustainability-related disclosures, including GRI and SLFRS S1 and S2 reporting.

# RISK MANAGEMENT

## Audit Committee

The Audit Committee helps the Board carry out its oversight duties concerning assurance, internal controls, and risk management. The Committee monitors the Internal Audit Programme to ensure that it is risk-based and appropriately tackles the Group's core operational, financial, and compliance concerns.

The Head of Group Internal Audit Attends Audit Committee meetings to deliver major audit findings, observations, and recommendations. The Committee oversees the prompt execution of agreed-upon remedial actions and evaluates management replies. Issues are forwarded to the Board for review as needed.

The Audit Committee also assesses turnaround plans and corrective measures suggested by management as well as the performance of underperforming or losing estates. The Committee also evaluates the efficacy of management-implemented mitigation measures and evaluates the suitability of risk response methods.

The Committee examines risk reports from Senior Management, Estate Management, Internal Audit, and External Auditors in order to facilitate thorough monitoring. It keeps the Board up to date on important and new risks and makes suggestions for risk management policies and procedures that are in line with the company's risk appetite and operational environment.

### *Internal Audit*

The Internal Audit function offers impartial, independent assurance of the efficiency of internal control, governance, and risk management procedures KPPLC. Internal Audit assesses financial reporting procedures, operational controls, and adherence to relevant laws, rules, and internal policies throughout estates and head office activities following a risk-based audit plan authorized by the Audit Committee.

Internal Audit supports ongoing control environment improvement by reporting its conclusions and suggestions to Senior Management and the Audit Committee. Through its efforts, Internal Audit strengthens the company's entire risk management framework, improves operational efficiency, and protects assets.

### *External Audit*

The External Auditors give independent assurance that financial statements of KPPLC are fair and accurate, in line with relevant accounting standards and regulatory requirements. External auditors evaluate important financial reporting risks and pertinent internal controls as part of the audit process.

The audit results, including identified control flaws and opportunities for improvement, are presented to management via the Management Letter. Together with management and external auditors, the Audit Committee examines these concerns and keeps an eye on how agreed-upon measures to resolve difficulties are being carried out.

## Corporate Management Team

The Board-approved Risk Management Framework and Risk Appetite Statement must be implemented by the Corporate Management Team. Management creates division-specific risk appetite levels, rules, processes, and controls that align with the overall risk governance framework.

Department heads analyse and evaluate operational risks and report serious or new hazards to the Corporate Management after consulting with operational managers and estate superintendents. The Committee examines hazards that have been identified, assesses their possible effects, and makes sure that suitable mitigation strategies are put into place and closely watched.

The Corporate Management convenes on a regular basis to discuss operational performance, risks at the estate level, audit results, and compliance issues. Additionally, it develops and suggests risk response plans to the Board and encourages an organization-wide culture of risk awareness.

## Operational level Risk Management Process

Operational-level risk management is overseen by the General Manager– Rubber Estates and the Deputy General Manager– Tea, in alignment with the Board-approved Risk Management Framework and risk appetite. Estate superintendents are in charge of recognizing, controlling, and disclosing hazards resulting from daily operations.

Senior management reviews the risk reports that estate management submits on a regular basis, provides prompt response, and elevates important issues for additional assessment. Because of the nature of plantation operations, KPPLC is aware of the operational risks it faces, including labor availability, industrial action, accidents involving occupational health and safety, land encroachments, climate variability, and environmental difficulties. As a result, risk management is integrated into standard estate management procedures to promote resilience and operational continuity.

### Climate-Related and Sustainability-Related Risks (SLFRS S1 & S2)

In line with SLFRS S2, KPPLC evaluated and analysed climate-related risks and opportunities for the short, medium, and long term. Climate-related risks are classified as physical (acute and chronic) or transitional hazards, and they are included into the company's Enterprise Risk Management (ERM) framework, risk registers, and operational planning procedures.

Extreme weather events, shifting rainfall patterns, increasing temperatures, soil degradation, and pest and disease outbreaks are all examples of physical hazards that can have a negative impact on crop yields, estate infrastructure, worker productivity, operational efficiency, and production costs. Transition risks develop as a result of changing legislative requirements, shifting market preferences for sustainably produced commodities, growing sustainability standards and certifications, technical breakthroughs, and larger transitions toward a low-carbon economy.

SLFRS S1 requires the Company to identify and manage larger sustainability-related risks and opportunities that may impact its strategy, business model, financial performance, and long-term value generation. These include hazards related to human capital, labour supply, community relations, biodiversity, resource management, technological development, and macroeconomic situations. Mitigation strategies are put in place to mitigate these risks while also supporting the company's long-term sustainability goals.

KPPLC assesses sustainability and climate-related risks using both quantitative and qualitative methodologies. Quantitative measures are used when trustworthy data is available, whereas qualitative judgements are based on managerial skills, previous performance, operational experience, and relevant external information.

The Board of Directors, along with its authorised Board Committees, oversees sustainability and climate-related risks and opportunities. Management is in charge of discovering, analysing, monitoring, and managing these risks, as well as measuring performance against predetermined objectives and key performance indicators. Sustainability-Related Risks and Opportunities (SRRO) and Climate-Related Risks and Opportunities (CRRO) are integrated into the Company's risk management and reporting procedures to guarantee consistency, transparency, and compliance with SLFRS S1 and SLFRS S2.

The Company frequently analyses and provides material sustainability and climate-related KPIs to the Board and other stakeholders, allowing for more informed decision-making, boosting organisational resilience, and increasing responsibility. This integrated approach complements KPPLC's long-term strategy, strengthens effective risk governance, and helps to long-term value development for all stakeholders.



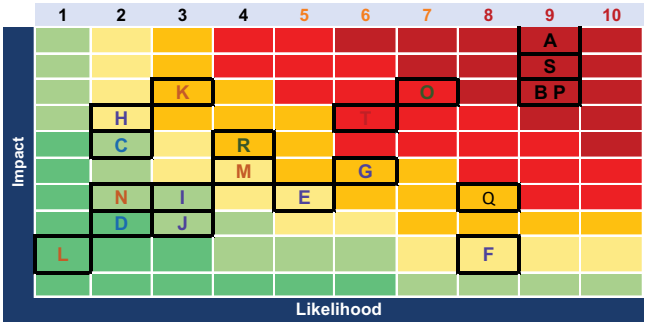

### Risk Ownership Framework

| Risk Category | Risk Owner |
|---|---|
| Strategic Risks | Board of Directors and Senior Management |
| Financial Risks | Sector Financial Controller and Finance Department |
| Operational Risks | Estate Management and Operational Teams |
| Sustainability and climate related Risks | Sustainability Committee and Estate Management |

### Risk Matrix

The Risk Matrix is a key component of KPPLC's risk management process and provides a structured framework for assessing and prioritizing risks according to their likelihood of occurrence and potential impact on the Company's strategic objectives. Risks are evaluated using a standardized methodology that considers financial, operational, environmental, social, regulatory, reputational, climate-related, and sustainability-related factors. The assessment enables management to focus resources on material risks while supporting effective decision-making and strategic planning. Risks are reviewed regularly to ensure emerging challenges and opportunities are appropriately reflected within the Company's risk profile.

# RISK MANAGEMENT







| Risk/Risk Assessment | Potential Impact | Risk Mitigation Strategies | Outlook |
|---|---|---|---|
| **Strategic Risk** | | | |
| **Economic Crisis**<br><br>Likelihood : High<br>Impact : High | ◈ Reduced revenue arising from lower agricultural yields due to shortages of essential resources.<br>◈ Disruptions to operational continuity caused by the limited availability of key production inputs. | ◈ Regular monitoring of economic trends and their potential impact on the business.<br>◈ Reduce reliance on imported fertilizers and agrochemicals by increasing the use of organic alternatives and optimizing existing input inventories.<br>◈ Implement cost optimization and operational efficiency initiatives across all business units.<br>◈ Develop a diversified supplier network for critical materials and services.<br>◈ Establish contingency funding arrangements and emergency liquidity plans with financial institutions | Maintain effective day-to-day operational management to ensure business continuity.<br><br>Maximize the efficient use of available inputs to reduce the impact of resource shortages on productivity. |
| **Fiscal Policy Changing Risk**<br><br>Likelihood : High<br>Impact : High | ◈ The company may be directly impacted by modifications to environmental legislation, land use restrictions, or export tariffs.<br>◈ The operational viability of the business might be threatened by any government action to nationalize plantation estates or redistribute land.<br>◈ Company's profitability may be impacted by international trade agreements and legislation | ◈ Make sure that all operations adhere to the rules and regulations in order to prevent fines and other consequences.<br>◈ Maintain contacts with legislators, labor unions and government officials to keep up with any upcoming regulatory changes and to influence employment laws and business policies.<br>◈ Make sure that leases and land titles are properly documented and legally sound to prevent disagreements over property ownership. | Continuous regulatory monitoring and proactive strategic adaptation to strengthen resilience against policy uncertainties |

| Risk/Risk Assessment | Potential Impact | Risk Mitigation Strategies | Outlook |
|---|---|---|---|
| **Reputation Risk**<br><br>Likelihood : Low<br>Impact: High | ◈ Reputational harm and loss of access to global markets can result from noncompliance with sustainability criteria, Rainforest Alliance certification.<br>◈ Failure to meet stakeholder expectations regarding sustainability, product quality, labor practices, or environmental performance may damage corporate reputation, reduce customer confidence, and limit access to premium export markets. | ◈ Obtain global certifications for sustainability, such as Rainforest Alliance.<br>◈ Put in place traceability mechanisms that let stakeholders and customers confirm the origin of plantation goods.<br>◈ Create and carry out CSR initiatives that help the neighborhood, such offering financial aid for schooling, constructing infrastructure, or assisting small companies. | Strong governance and transparent stakeholder engagement will continue to protect and enhance the Company's reputation. |
| **Corruption Risk**<br><br>Likelihood : Low<br>Impact : Low | ◈ Fraudulent activities, unethical procurement practices, bribery, or regulatory violations may result in financial losses, legal action, operational disruption, and reputational damage. | ◈ Enforce a strict anti-corruption policy, supported by regular internal audits.<br>◈ Employee awareness programs.<br>◈ Confidential whistleblower mechanism.<br>◈ Maintain transparent procurement procedures.<br>◈ Ensure compliance with all relevant regulations. | Continuous enhancement of ethical governance and internal controls to minimize corruption-related risks. |
| **Financial Risk** | | | |
| **Currency Risk**<br><br>Likelihood: High<br>Impact: High | ◈ Productivity and operating expenses may be impacted by changes in worker availability, pay, and union demands.<br>◈ Revenues may be impacted by changes in the value of the Sri Lankan Rupee relative to other major currencies, such as the US dollar, particularly if the local currency depreciates.<br>◈ Profit margins may be squeezed by increases in the price of inputs like gasoline, fertilizer, and insecticides, particularly when inflation is high. | ◈ Lock in commodity prices by using hedging tools or entering into forward contracts.<br>◈ Concentrate on increasing operational efficiency through automation, technology, and cost-cutting strategies for things like labor, fuel, and inputs.<br>◈ Reducing reliance on a single commodity or market by diversifying crop varieties. | Prudent foreign exchange management and diversified revenue sources help reduce currency exposure. |
| **Interest Rate Risk & Gearing Risk**<br><br>Likelihood : Moderate<br>Impact : Low | ◈ Changes in interest rates can affect the cost of borrowing.<br>◈ Over-leveraging can lead to financial distress if the company is unable to generate sufficient revenue to meet debt obligations. | ◈ Choose fixed-rate bonds or loans to lock in borrowing costs and protect the business from changes in interest rates.<br>◈ Evaluate the company's debt load on a regular basis and control leverage levels to prevent taking on too much debt.<br>◈ Maintain a healthy debt-to-equity ratio to balance leverage and equity funding.<br>◈ Create a long-term budget and financial strategy to make sure the business can pay off its debts without sacrificing its ability to run efficiently. | Balanced capital management to enhance financial stability despite changing interest rate conditions. |

# RISK MANAGEMENT

| Risk/Risk Assessment | Potential Impact | Risk Mitigation Strategies | Outlook |
|---|---|---|---|
| **Liquidity & Cash Management Risk**<br><br>Likelihood : Moderate<br>Impact: High | ◈ Due to long crop cycles, company may face cash flow challenges during off-seasons or when crops are not ready for harvest.<br>◈ Shortage of liquidity to cover short-term expenses like wages, operating costs, or loan repayments. | ◈ Implement a robust cash flow forecasting system to predict cash inflows and outflows and manage liquidity needs effectively.<br>◈ Set up a financial reserve or emergency fund during busy times in order to supply liquidity during lean times.<br>◈ Consider diversifying the revenue base through agro-tourism or value-added product investments to mitigate seasonal cash flow fluctuations. | Improved cash flow planning and disciplined working capital management will strengthen financial resilience. |
| **Capital Investments Risk**<br><br>Likelihood: Moderate<br>Impact: Moderate | ◈ Poor investment decisions or project delays may reduce returns, increase capital costs, and negatively affect shareholder value. | ◈ Adopting a stringent approval procedure for Capital expenditure.<br>◈ In depth analysis of investment in both long term and short-term capital employments.<br>◈ Use various approaches for systematically analyze the feasibility of capital budgeting including NPV, Payback, Profitability ratio etc. | Disciplined capital allocation will improve long-term shareholder value. |
| **Credit Risk**<br><br>Likelihood : Moderate<br>Impact : Moderate | ◈ Financial losses occur when customers, suppliers, or financial institutions default on their financial obligations. | ◈ Before granting credit, do comprehensive credit evaluations of counterparties and consumers.<br>◈ To reduce the chance of late or non-payment, provide advantageous arrangements for payments.<br>◈ Not depending too much on a select few clients. | Enhanced credit monitoring and diversified customer relationships will reduce default risks. |
| **Operational Risk** | | | |
| **Inventory & Asset Risk**<br><br>Likelihood: Moderate<br>Impact: High | ◈ Stock obsolescence, fire and theft risks, stock holding expenses, and machinery and equipment malfunction. | ◈ Frequent physical check and adapting to a monthly declaration policy.<br>◈ Identify slow moving stocks and effectively laying out a channel for these to be sold off.<br>◈ Obtaining comprehensive insurance covers for all tangible assets.<br>◈ Carrying out mandatory preventive maintenance programs.<br>◈ Carrying out frequent employee training programs in areas such as fire prevention. | Enhanced asset management practices will improve operational efficiency and safeguard company resources. |
| **Product Risk & Risk of Competition**<br><br>Likelihood : Low<br>Impact : Moderate | ◈ Challenges and uncertainties related to the company's core product.<br>◈ Challenges posed by both direct competitors and market forces that may reduce a company's market share or profitability. | ◈ Ensure high standards of quality of Products through obtaining local and global Certificates and recognition such as ISO certificates.<br>◈ Increasing productivity and efficiency in order to ensure an adequate margin despite increasing wage, energy and transportation cost.<br>◈ Carrying out Research & Development activities to meet the competition.<br>◈ Regular attention towards competitor behavior to secure and improve the market. | Innovation and product differentiation will support sustainable market competitiveness. |

| Risk/Risk Assessment | Potential Impact | Risk Mitigation Strategies | Outlook |
|---|---|---|---|
| **Procurement Risk**<br><br>Likelihood : Low<br>Impact : Low | ◈ Supply chain disruptions, supplier concentration, price volatility, and delayed deliveries may interrupt production activities. | ◈ Continuous replanting activities of all crops to meet the increasing demand.<br>◈ Ensure the availability of all required materials through regular investigation of Procurement.<br>◈ Establishing relationships with many suppliers for latex and bought leaf in order to reduce over-dependency on a single supplier.<br>◈ Entering into forward contracts for purchases of certain raw material items. | Supplier diversification and resilient procurement practices to improve supply chain stability. |
| **Industrial Accident Risk**<br><br>Likelihood: Low<br>Impact: High | ◈ Workplace accidents may result in injuries, production interruptions, legal liabilities, compensation claims, and reputational damage. | ◈ Implementing safety measures in the factories and estates.<br>◈ Improving the awareness of the employees on the possible accidents.<br>◈ Facilitating the employee education on first aid treatment.<br>◈ Aligning the production processes with relevant safety standards and providing workers with necessary PPE.<br>◈ Ensure workers are covered by insurance policies. | Continuous investment in workplace safety will reduce accident frequency and improve employee wellbeing. |
| **Climate Related Risks (CRR)** | | | |
| **Extreme weather (Acute Physical Risk)**<br><br>Likelihood: High<br>Impact: High | ◈ Intense rainfall, floods, prolonged droughts and strong winds may damage plantations, factories and infrastructure, reduce crop yields, interrupt harvesting operations and increase operating costs. | ◈ Implement climate-resilient agricultural practices, improve drainage and irrigation systems.<br>◈ Early warning systems, resilient infrastructure, Making fire gaps among trees, contingency stockpiling, crop diversity & staggered planting.<br>◈ Educating community on Fire prevention.<br>◈ Financial Preparedness. | Continued investment in climate resilience and adaptive estate management to reduce vulnerability to extreme weather events. |
| **Pest and Disease Outbreaks (Acute Physical Risk)**<br><br>Likelihood: High<br>Impact: High | ◈ Increased temperatures and changing rainfall patterns may increase pest infestations and plant diseases, reduce crop quality and productivity while increase control costs. | ◈ Integrated Pest Management, daily monitoring & early detection, resistant crop varieties/clones, biological control agents, climate-smart agriculture. | Enhanced monitoring and climate-smart crop protection will strengthen plantation resilience against biological threats. |
| **Impact of Climate Change (Chronic Physical Risk)**<br><br>Likelihood : High<br>Impact : High | ◈ Rising temperatures, unpredictable rainfall and changing climatic conditions may reduce long-term productivity, increase water stress, lower crop quality and affect labor productivity. | ◈ Climate Resilient Crop Varieties/clones that are more tolerant to heat, drought, or altered rainfall patterns.<br>◈ Implement shade management for tea estates, windbreaks, and improved irrigation to mitigate temperature extremes and moisture stress.<br>◈ Water Resource Development.<br>◈ Diversification: Introduce more resilient or high-value crops suitable for changing conditions.<br>◈ Worker Welfare Programs: Provide adequate shade, hydration, flexible working hours, and health monitoring during hot periods | Long-term climate adaptation initiatives will improve operational resilience and support sustainable productivity. |

# RISK MANAGEMENT

| Risk/Risk Assessment | Potential Impact | Risk Mitigation Strategies | Outlook |
|---|---|---|---|
| **Soil health (Chronic Physical Risk)**<br><br>Likelihood : High<br>Impact : High | ◈ Soil erosion, declining fertility and nutrient depletion may reduce agricultural productivity, increase fertilizer requirements and adversely affect long-term estate sustainability. | ◈ Agroforestry & Shade Management. Integrate diverse nitrogen-fixing trees species such as "Gliricidia" trees within plantations to improve soil structure, reduce erosion, and add organic matter.<br>◈ Cover Cropping & Mulching plant ground cover crops and use organic mulches to protect soil from direct rain impact, reduce evaporation.<br>◈ Terracing & Contour Planting: Implement physical barriers on slopes to slow water runoff and prevent erosion.<br>◈ Optimize fertilizer use based on soil testing, incorporate organic fertilizers. | Continuous investment in sustainable land management will preserve soil productivity and strengthen environmental sustainability. |
| **Sustainability Related Risks (SRR)** | | | |
| **Human Capital & Labour Risk**<br><br>Likelihood : High<br>Impact : High | ◈ Significant decline in the productive labor force due to over-aged labor retirement and a pervasive issue of younger generations not entering the plantation industry, leading to a critical shortage for key tasks like plucking and tapping.<br>◈ Loss of Traditional Skills & Knowledge: The aging workforce means crucial, specialized agricultural skills are not being passed on.<br>◈ Operations can be disrupted and productivity impacted by labor strikes or unrest.<br>◈ Land rights and resource usage disputes with local communities might result in legal issues and harm to one's image.<br>◈ Companies' reputations can be harmed by unfavorable press on human rights abuses, such as subpar living and working circumstances for plantation workers, particularly on estates that have not undergone modernization. | ◈ Improved Worker Welfare & Invest in upgrading housing, sanitation, healthcare, and educational facilities; implement competitive productivity-based incentive structures.<br>◈ Providing decent working conditions, and communicating with labor unions, to cultivate strong, enduring connections with employees.<br>◈ Launch targeted programs to attract young talent, providing training in modern agricultural techniques such as machine plucking in Udupussellawa region.<br>◈ Chemical spraying labors ensuring the safe working conditions and conduct frequent healthcare programs with the estates providing Personal Protective Equipment. | Strategic workforce development and improved employee welfare will enhance labor sustainability and operational efficiency. |

| Risk/Risk Assessment | Potential Impact | Risk Mitigation Strategies | Outlook |
|---|---|---|---|
| **Global Economic Risk**<br><br>Likelihood : High<br>Impact : High | ◈ Price Volatility: Fluctuations for commodities impacting revenue.<br>◈ Changing Consumer Preferences for ethically sourced, organic, or certified products.<br>◈ Trade Barriers & Tariffs: Reducing competitiveness and market access. | ◈ Market Diversification, including European Nations: Explore and penetrate new export markets, with a strategic focus on finding export markets in European nations to broaden reach and reduce reliance on traditional markets.<br>◈ KPPLC actively work on improving product mixture (Organic rubber, Sole crape).<br>◈ Sustainability Certifications such as Rainforest Alliance, Ethical Tea Partnership, FSC (Forest Stewardship Council).<br>◈ Analyzing global financial trends and entering into negotiations with foreign buyers. | Market diversification and operational flexibility will strengthen resilience against global economic uncertainty. |
| **Technological Risk**<br><br>Likelihood : High<br>Impact : Moderate | ◈ Obsolete Practices are leading to lower efficiency and competitiveness.<br>◈ Inability to use real-time data for optimized decision making.<br>◈ High Investment Costs is a Barrier to adoption.<br>◈ Lack of skilled workforce for new tech.<br>◈ Cybersecurity Risks. | ◈ Optimization of Existing Systems to maximize the efficiency, KPPLC Variable Frequency Drive (VFD) for motors to reduce the electricity cost while increasing the efficiency.<br>◈ Invest in training current staff on advanced features of existing systems and prepare them for future technological shifts.<br>◈ Make certain that employees receive instruction in contemporary farming methods, agricultural technology, and digital tools.<br>◈ Implement new technologies on a small scale to demonstrate value and build internal buy-in before larger investments.<br>◈ Collaborate with research institutions or tech providers for tailored solutions.<br>◈ Cybersecurity Reinforcement will Proactively identify and address vulnerabilities in existing systems and build a robust framework for new integrations. | Acknowledged Current Management, but Future Strategic Investment is Imperative to Avoid Growing Disadvantage |

## Climate-Related Opportunities (CROs)

| Opportunity | Value Creation Potential | Strategic Response |
|---|---|---|
| **Diversification of Crops** | ◈ Increased revenue streams from new high-value crops.<br>◈ Enhanced climate resilience by reducing reliance on single crops vulnerable to specific climate impacts.<br>◈ Meeting demand for diverse and sustainable products. | ◈ KPPLC aims to increase revenue and enhance climate resilience by reducing reliance on single crops. The company has already invested in expanding its cultivation of Coconut, Coffee, Agarwood, Vanilla and Spices. |
| **On-site Energy Production & Cost Reduction** | ◈ Significant cost savings: reduced reliance on grid electricity and fossil fuels.<br>◈ New revenue streams, selling excess energy to the national grid.<br>◈ Reduced GHG emissions, lowering operational carbon footprint.<br>◈ Independence from external energy supply fluctuations. | ◈ Initiative taken to achieve significant cost savings by reducing dependence on grid electricity and fossil fuels, thereby lowering the operational carbon footprint and enhancing energy security. KPPLC's plan includes cultivating fuel wood for Boilers/Driers and currently doing feasibility studies on installing solar panels on factory rooftops. |

# RISK MANAGEMENT

| | | |
|---|---|---|
| **Reforestation Projects** | ◈ Enhanced biodiversity & ecosystem services, improved soil health, water retention, and natural pest control.<br>◈ Long-term timber/diversified products, potential for future timber harvesting or other forest products.<br>◈ Improved climate resilience, through enhanced microclimates and reduced erosion.<br>◈ Carbon sequestration & credits, potential for new revenue streams from carbon markets. | ◈ Implement reforestation programs to generate new revenue streams through carbon sequestration and credits, improve biodiversity and ecosystem services (soil health, water retention, natural pest control), and potentially offer long-term timber or diversified products. Reforestation also enhances climate resilience by improving microclimates and reducing erosion. The strategic plan involves selecting native tree species appropriate for local ecosystems and climate. |

## Sustainability-Related Opportunities (SROs)

| Opportunity | Value Creation Potential | Strategic Response |
|---|---|---|
| **Waste-to-Energy/ Value Creation** | ◈ Reduced operational costs, lowering reliance on purchased fossil fuels and waste disposal costs.<br>◈ New revenue streams, from selling fuelwood.<br>◈ Environmental benefits, reducing GHG emissions and landfill burden.<br>◈ Resource efficiency, optimizing use of all plantation resources. | ◈ Utilization of roots of uprooted rubber trees as a sustainable fuel source for boiler operations, greatly reducing the reliance on conventional energy. Furthermore, converting organic waste and "Gliricidia" trees into nutrient-rich natural fertilizers for estates, will enhance soil health and minimizing chemical inputs. Our dedication to innovation extends to exploring various pioneering uses for other waste by-products, seeking to maximize value from all our operational outputs. |
| **Sustainable Water Management** | ◈ Cost savings & operational efficiency and reduce water consumption and pumping costs.<br>◈ Ensuring water availability during droughts.<br>◈ Reduced environmental impact by minimizing water pollution and over-extraction.<br>◈ Improved community relations, by benefiting local communities sharing water resources. | ◈ Implementation of efficient irrigation technologies, including advanced sprinkler and precision systems, ensuring optimal water delivery and minimizing waste.<br>◈ Enhancing the efficiency of our Effluent Treatment Plants (ETPs), guaranteeing responsible water discharge that meets or exceeds regulatory. |
| **Biodiversity Conservation & Ecosystem Services** | ◈ Enhanced ecosystem resilience: Leading to natural pest control, improved pollination, and better soil health.<br>◈ Increased brand value & market access: Attracting eco-conscious consumers and premium markets.<br>◈ Regulatory compliance & reduced risk, proactive conservation reduces non-compliance risk. | ◈ Implementation of agroforestry and intercropping, integrating native species and diverse crops to enhance ecological resilience.<br>◈ Protection of natural habitats like forest patches and wetlands, alongside minimizing chemical use through IPM and organic farming.<br>◈ Establish wildlife corridors and conduct regular biodiversity monitoring to safeguard and enhance the natural ecosystems within and around our estates. |

### Geopolitical and Macroeconomic Risk

Additionally, the Company continues to operate in an environment shaped by geopolitical tensions, regional conflicts, inflationary pressures, and volatility in global commodity and freight markets. Such developments can affect export demand, shipping costs, foreign exchange rates, and the availability and cost of imported inputs such as fertilizer, fuel, and machinery parts.

During the year, adverse weather conditions, including the impact of Cyclone Ditwah, also posed operational challenges by affecting field access, crop recovery, and maintenance activities in certain estates. In addition, war-related disruptions and broader geopolitical uncertainty contributed to uncertainty in international markets and supply chains. The Company responded by strengthening contingency planning, prioritizing field rehabilitation, and closely monitoring supply chain and logistics arrangements to minimize disruption.

Management continues to monitor these external risks closely and has adopted measures to preserve operational continuity, manage costs prudently, and maintain flexibility in procurement and market planning. The Company remains focused on diversification, efficiency improvements, and timely response mechanisms to mitigate the effects of future geopolitical, macroeconomic, and climate-related shocks.

The Company is exposed to geopolitical developments including international conflicts, trade restrictions, sanctions, and disruptions to global shipping routes. Such events may adversely affect export demand, commodity prices, freight costs, availability of imported inputs, and foreign exchange markets.

*Potential Impacts:*

- Increased transportation and logistics costs.
- Delays in export shipments and procurement of agricultural inputs.
- Volatility in global tea and rubber prices.
- Fluctuations in exchange rates and inflationary pressures.
- Reduced demand in key export markets.

*Risk is an inherent part of operating in an evolving business environment. At KPPLC, we recognise that our ability to anticipate, assess and respond to risks is fundamental to protecting stakeholder interests and sustaining long-term value.*

*Our risk management approach continues to evolve in response to changing economic, environmental, social and operational conditions. By embedding risk considerations into strategic decision-making and fostering a culture of accountability across the organisation, we strengthen our ability to navigate uncertainty while remaining responsive to emerging opportunities.*

*As we look ahead, we remain committed to enhancing our risk management practices, integrating sustainability and climate-related considerations into our assessment processes, and strengthening organisational resilience. Through continued vigilance, collaboration and responsible decision-making, KPPLC aims to safeguard its operations while creating sustainable value for shareholders, employees, communities and the environment.*

# CORPORATE GOVERNANCE

Kegalle Plantations PLC remains firmly committed to maintaining the highest standards of corporate governance as a fundamental principle guiding the Company's operations and long-term value creation. The Board of Directors recognizes that strong governance practices are essential to promoting transparency, accountability, ethical conduct, and responsible decision-making across the organization.

The Company's governance practices are aligned with the Listing Rules of the Colombo Stock Exchange (CSE), the Companies Act No. 7 of 2007, and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (2023). In addition, KPPLC integrates sustainability governance in line with Global Reporting Initiative (GRI) Standards 2021 and the emerging disclosure expectations under SLFRS S1 and SLFRS S2.

During the year under review, the Company continued to enhance its governance framework through ongoing reviews of Board policies, committee charters, and governance procedures to ensure alignment with evolving regulatory requirements and best practices. The Board also maintained oversight over sustainability matters, including environmental, social, and governance (ESG) risks and opportunities that may impact the long-term resilience of the business.

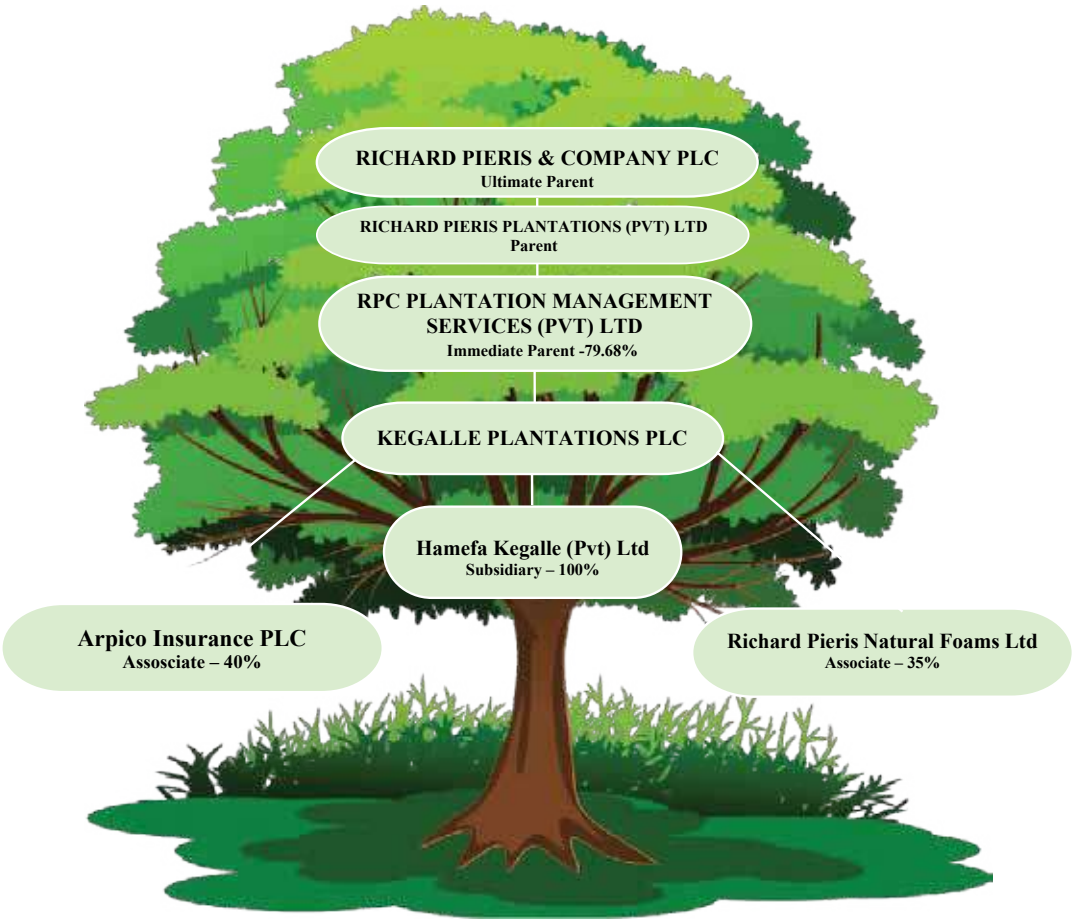
The Board periodically evaluates the effectiveness of the governance structure to ensure that it remains responsive to regulatory developments, stakeholder expectations, and the strategic priorities of the Company. Through this framework, KPPLC remains committed to maintaining high standards of transparency, accountability, and responsible corporate conduct.

## Changes in the Board & Corporate Management during the F/Y 2025/2026

| Name | Event | Effective Date |
|---|---|---|
| Dr. Lakshman Rodrigo<br>(Independent Non Executive Director) | New Appointments | 16th April 2025 |
| Mr. L. Dinusha T. Perera<br>(Non Independent Non Executive Director) | New Appointments | 15th October 2025 |

## Group Structure

GRI: 2-9



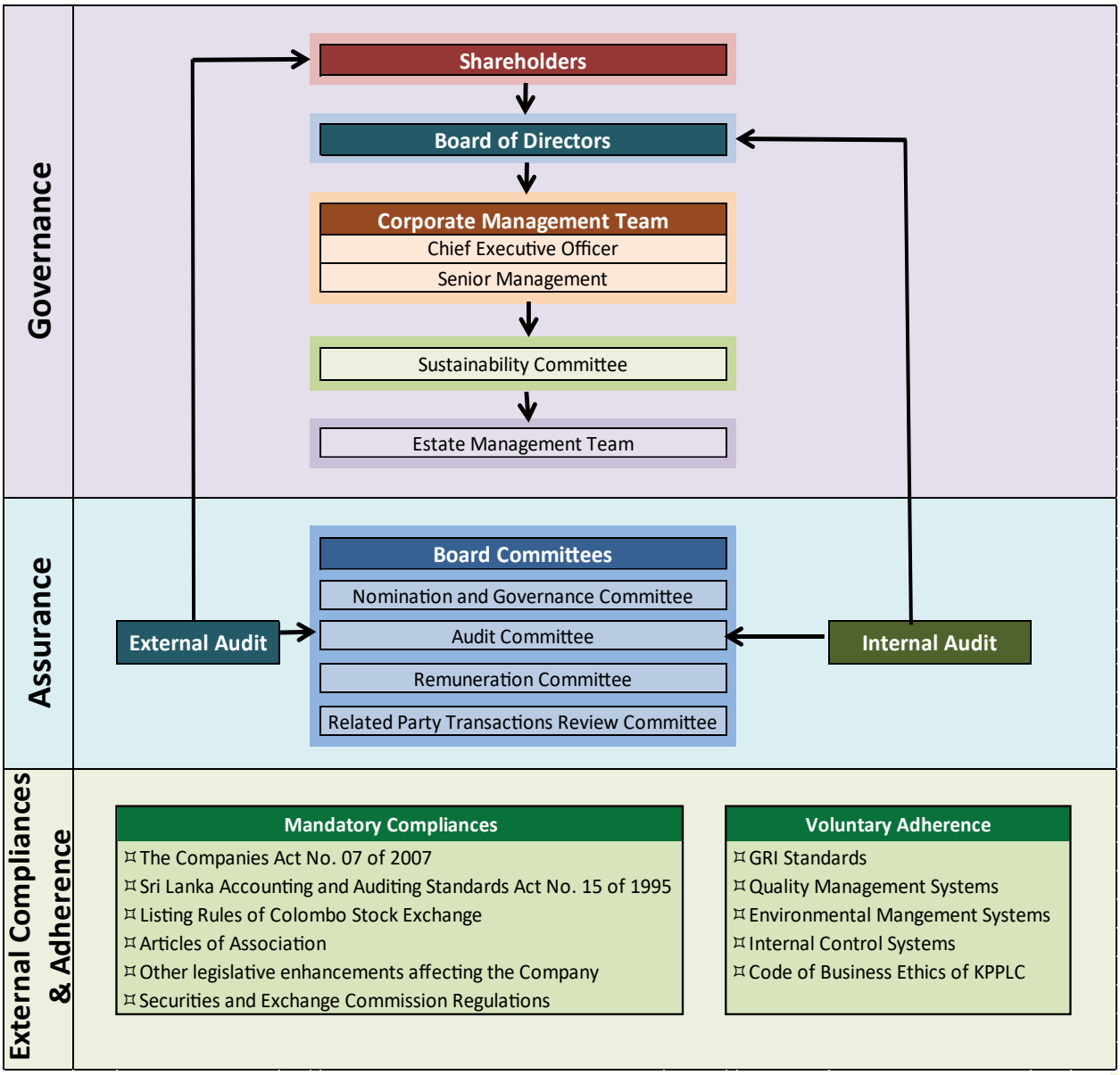
## Governance Structure

Governance structure of Kegalle Plantations PLC (KPPLC) is intended to provide efficient supervision, responsibility, and responsible management of the business's operations and sustainability effects. As the company's highest governing body, the Board of Directors is in charge of establishing strategic direction, monitoring management effectiveness, and guaranteeing the efficient handling of opportunities and risks in the social, environmental, and economic spheres.

The Board functions under a well-defined governance structure that is bolstered by established internal control systems, rules, and procedures. Decision-making procedures are transparent, informed, and in line with the long-term interests of shareholders and other stakeholders thanks to this framework.

To strengthen governance oversight and ensure focused supervision of key areas, the Board is supported by four Board Sub Committees namely the Audit Committee, Remuneration Committee, Related Party Transactions Review Committee, and the Nominations and Governance Committee. These Committees operate under clearly defined Terms of Reference approved by the Board and assist the Board in discharging its responsibilities more effectively.

The governance framework also incorporates the Internal Audit Function, External Audit oversight, and Corporate Management, ensuring appropriate checks and balances within the organization. Through this structured governance hierarchy, KPPLC maintains a clear separation of oversight and management responsibilities while ensuring effective monitoring of performance, compliance, and sustainability commitments.

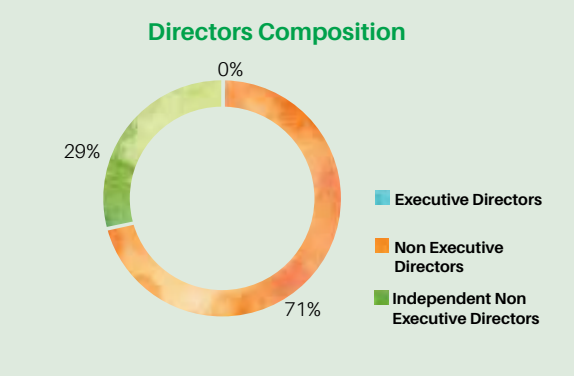


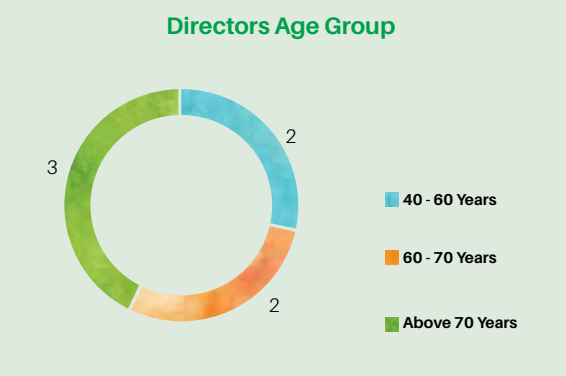
# CORPORATE GOVERNANCE

## Board Composition and Diversity

GRI: 2-17

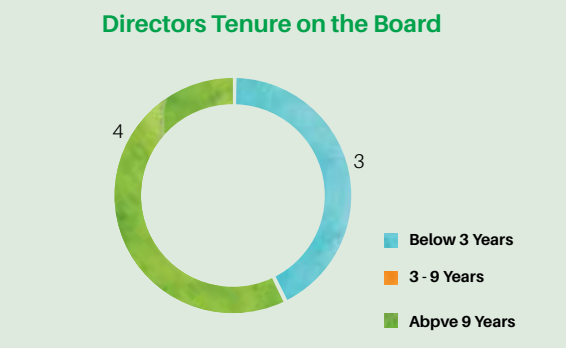
| Committee Chairman/ Member | Audit Committee | Remuneration Committee | Related Party Transactions Committee | Nominations and Governance Committee |
|---|---|---|---|---|
| Mr. Lakshman Abeysekera | Chairman | Chairman | Chairman | Chairman |
| Dr. S S B D G Jayawardena | Member | Member | - | Member |
| Dr. Lakshman Rodrigo | Member | Member | Member | Member |
| Prof. R C W M R A Nugawela | - | - | Member | - |










To further strengthen the Board's effectiveness in overseeing sustainability-related matters, KPPLC is committed to continuously enhancing the collective knowledge, skills, and experience of the Board of Directors on sustainable development. Throughout the year, Directors received regular updates, briefings, and training on emerging sustainability trends, climate-related risks and opportunities, changing regulatory requirements, corporate governance developments, and environmental, social, and governance (ESG) reporting frameworks, such as the Global Reporting Initiative (GRI) Standards and sustainability disclosure requirements. The Board also benefited from management presentations and expert views on important sustainability subjects pertinent to the plantation industry, which allowed for informed decision-making and effective monitoring of the Company's sustainability strategy, material effects, risks, and opportunities. These activities help the Board to include sustainability issues into strategic planning, risk management, and long-term value development.

### Compliance with Laws, Regulations and Best Practices

GRI: 2-27

Kegalle Plantations PLC is dedicated to operating in accordance with all relevant legal and regulatory obligations while upholding accepted corporate governance and ethical business practices. In order to guarantee that all legal and regulatory requirements are fulfilled promptly and openly, the Board of Directors is in charge of the company's compliance structure.

The company uses staff awareness campaigns, continuous monitoring systems, and structured governance procedures to incorporate regulatory compliance into its daily operations.

The company had a solid record of regulatory compliance for the fiscal year that concluded on March 31, 2026, and there were no significant incidents of non-compliance with relevant laws and regulations. During the reporting period, the company was not subject to any major monetary penalties or non-monetary punishments.

The Board makes sure that the proper systems and controls are in place to recognize, track, and handle possible regulatory risks by routinely reviewing compliance reports. The company's dedication to upholding the highest standards of moral behavior and corporate governance is strengthened by this proactive strategy.

### Mandatory Compliance

In carrying out its operations, the Company complies with the following key legislative and regulatory requirements, among others:

- The Companies Act No. 7 of 2007
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Listing Rules of the Colombo Stock Exchange (CSE) Regulation
- Inland Revenue Act No. 24 of 2017
- Employees Provident Fund Act
- Employees Trust Fund Act
- Payment of Gratuity Act
- Plantation Staff/Workers Collective Agreements between the RPCs and Trade Unions
- Maternity Benefit Ordinance
- Wages Board ordinance
- Shop and Office Employees Act
- Securities and Exchange Commission

Compliance with these requirements is monitored through internal control systems, compliance reviews, and regular reporting mechanisms implemented across the Company.

### Voluntary Compliances and Best Practices

In addition to statutory compliance, the Company voluntarily adopts several internationally and locally recognized frameworks to strengthen its governance practices and sustainability commitments. These include:

- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka – 2023
- Global Reporting Initiative's (GRI) Universal Standards 2021
- Sri Lanka Financial Reporting Standards (SLFRS), including SLFRS S1 and SLFRS S2
- Social and Environmental Certification Requirements
- Quality Management Systems

The voluntary adoption of these frameworks reflects the Company's commitment to responsible business conduct, long-term value creation, and sustainable development, while meeting the expectations of stakeholders.

### Nomination and Selection of the Board and Board Sub Committees

GRI: 2-10

In compliance with the company's policy on corporate governance, nominations, and reelection, the Nominations and Governance Committee is in charge of the nomination and appointment of directors to the Board and its Subcommittees.

Potential candidates are assessed by the Committee on the basis of their credentials, leadership experience, professional knowledge, integrity, and capacity to support the company's strategic direction. In order to guarantee efficient governance and decision-making, consideration is also given to preserving a suitable balance of expertise, experience, and diversity within the Board.

Appointment recommendations are sent to the Board for approval. According to the Colombo Stock Exchange's Listing Rules and the Company's Articles of Association, directors may be re-elected at the Annual General Meeting.

The Board also performs periodic performance reviews of Directors to verify their ongoing effectiveness and conformity with the Company's governance requirements. In order to improve accountability and transparency, shareholders are still able to vote on the nomination and reelection of directors at the annual general meeting.

### The Board of Directors

GRI: 2-12,2-14

The Board of Directors of Kegalle Plantations PLC serves as the highest governing body responsible for providing strategic leadership and oversight of the Company's operations.

# CORPORATE GOVERNANCE

The Board's primary responsibilities include:

- Setting the Company's strategic direction and long-term objectives
- Overseeing management performance and operational execution
- Ensuring the integrity of financial and non-financial reporting
- Monitoring the effectiveness of internal control and risk management systems
- Overseeing the Company's sustainability strategy and ESG performance
- Reviewing and monitoring material sustainability-related risks, opportunities, impacts, and dependencies that may affect the Company and its stakeholders

The Board is in charge of the Company's due diligence processes for detecting, analysing, preventing, mitigating, and monitoring actual and prospective economic, environmental, and social consequences resulting from its operations and value chain activities. This oversight is carried out through regular reviews of risk assessments, sustainability performance reports, compliance monitoring processes, internal audit findings, and management reports on environmental stewardship, employee welfare, community engagement, occupational health and safety, and corporate governance issues. The Board is expected to devote sufficient time and attention to Board and Committee responsibilities and to adequately prepare for meetings and matters requiring their consideration.

At least one-third of the Directors are able to call for a resolution where they consider such action to be in the best interests of the Company. Directors are entitled to seek independent professional advice, where necessary, to assist them in fulfilling their duties and responsibilities and in making informed and independent decisions in the best interests of the Company.

The Board also guarantees that stakeholder viewpoints are addressed during decision-making processes. The Company discovers significant concerns, expectations, and developing issues via organized stakeholder engagement procedures, which include discussions with shareholders, workers, estate communities, consumers, suppliers, regulators, industry groups, and local communities.

The results of these engagement efforts, as well as the findings of risk assessments and due diligence processes, are frequently presented to the Board and used to inform strategic planning, policy creation, resource allocation, and risk management decisions.

To support effective supervision, the Board's Sub-Committees and Corporate Management provide extensive studies and recommendations on governance, risk, compliance, financial performance, and sustainability. This governance framework allows the Board to assess the efficacy of measures taken to manage the Company's effects and ensure that sustainability concerns are factored into business decisions and long-term value development.

The Chairman of the Board serves in a non-executive capacity, ensuring an appropriate balance of authority between the Board and management while promoting independent judgment and effective governance.

## The Chairman

GRI: 2-11

The Chairman of the Board is essential to the Board's leadership and to the efficient operation of the governance structure. The Chairman is in charge of encouraging productive communication among Directors, supporting efficient decision-making, and making sure the Board follows accepted governance guidelines.

The Chairman, in close collaboration with the Company Secretary, guarantees that Directors obtain timely and accurate information that is essential for making well-informed decisions. Additionally, the Chairman fosters a culture of open communication, responsibility, and moral behavior among Board members.

In addition, the Chairman makes sure that the Board stays committed to the organization's long-term performance and strategic initiatives while representing the Company in important stakeholder interactions.

As the Chairman is an Independent Non-Executive Director, the appointment of a Senior Independent Director is not considered necessary.

## Statement of Compliance on Fit and Proper Assessment Criteria

The Board of Directors certifies that Kegalle Plantations PLC's Chief Executive Officer and other Directors meet the Fit and Proper Assessment Criteria outlined in the Colombo Stock Exchange's Listing Rules.

Integrity, professional competence, financial stability, regulatory compliance, and ethical behavior are all taken into account in this evaluation. The Board affirms that neither the Chief Executive Officer nor any of the Directors have experienced any disqualification or regulatory violation that would limit their capacity to perform their respective duties.

The Board further certifies that every Director has filed the required statements attesting to their adherence to these standards during the fiscal year in question.

## Board Performance Evaluation

GRI: 2-18

The Board conducts regular reviews to see how well it is carrying out its duties and exercising strategic supervision. The assessment procedure examines the efficacy of each Director and Board Subcommittee in addition to the Board's overall performance.

The evaluation takes into account elements including the caliber of board debates, the efficiency of decision-making procedures, the sufficiency of information given to directors, and the Board's overall contribution to the company's strategic direction.

## Individual Director Evaluations

Each Director completes a self-evaluation process to reflect on their contributions and effectiveness. In addition, the Chairperson and the Remuneration Committee evaluate individual directors. These evaluations take into account attendance, participation, the quality of contributions to Board and Committee discussions, peer criticism, proven leadership, and relevant skills and knowledge. Evaluations are undertaken using established criteria that are consistent with the Board Charter and the Directors' obligations, such as their commitment to sustainability supervision, risk management, governance effectiveness, and long-term value generation.

The results of these assessments are examined by the Board and relevant Board Committees to identify areas for continual improvement in governance procedures and Board performance. Where appropriate, efforts are taken to close identified gaps and increase the Board's overall capabilities. These steps may include targeted training and professional development programs, succession planning efforts, improvements to Board procedures and governance practices, and a review of Board Committee structures and duties.

As a result of the evaluation process conducted during the year, the composition of the Board changed during the year with the appointment of a new Director, the re-election of the existing Directors, and the resignation of one Director.

The Board is satisfied that the evaluation process contributes to enhancing its effectiveness, ensuring accountability, and supporting the continuous improvement of governance practices across the Company.

### Board Composition

Board of Directors of Kegalle Plantations PLC is composed of a well-balanced combination of Executive, Non-Executive, and Independent Non-Executive Directors, guaranteeing a suitable degree of independence, variety of experience, and efficient management supervision. In order to make decisions that are in the best interests of the company and its stakeholders, the Board's makeup allows for impartial judgement.

The Board maintains the necessary percentage of Independent Non-Executive Directors in compliance with the Colombo Stock Exchange's Listing Rules. Every year, non-executive directors' independence is evaluated using standards outlined in the Listing Rules and other governance recommendations. Declarations from directors attest to their independence and the lack of any connections that would seriously impair their capacity to make independent decisions.

Plantation management, finance, corporate governance, sustainability, strategy, and risk management are just a few of the areas in which the Board as a whole has substantial experience. The Board's capacity to oversee the company's strategic direction while guaranteeing good governance standards is strengthened by this mix of expertise and professional experience.

A detailed profile of each Director, including their professional background and areas of expertise, is presented in the Board of Directors' Profiles section of this Annual Report.

| Name of the Director | Position | Executive | Non-Executive | Independent | Appointment to the Board | Board Meeting Attendence |
|---|---|---|---|---|---|---|
| Dr. Sena Yaddehige | Chairman | - | √ | - | January - 2003 | 1 / 2 |
| Prof. R C W M R A Nugawela | Non-Executive Director | - | √ | - | May - 2008 | 2 / 2 |
| Dr. S S B D G Jayawardena | Non-Executive Director | - | √ | - | August - 2010 | 2 / 2 |
| Mr. Shaminda Yaddehige | Non-Executive Director | - | √ | - | March - 2016 | 1 / 2 |
| Mr. Lakshman Abeysekera | Independent Non-Executive Director | - | √ | √ | February - 2021 | 1 / 2 |
| Dr. Lakshman Rodrigo | Independent Non-Executive Director | - | √ | √ | March - 2025 | 2 / 2 |
| Mr. L Dinusha T Perera | Non-Executive Director | - | √ | - | October - 2025 | 2 / 2 |

### Independence of Non-Executive Directors

Independent non-executive directors play an important role in maintaining effective supervision and objective decision-making on the Board. Because they are not involved in the day-to-day operation of the company and do not establish contacts that may jeopardise their neutrality, they are able to exercise independent judgement. Their wealth of professional knowledge and experience improves the calibre of Board discussions and makes a substantial contribution to fair and knowledgeable decision-making.

Every year, the Board evaluates each Non-Executive Director's independence based on the Directors' declarations. This evaluation complies fully with the independence standards outlined in the Colombo Stock Exchange's (CSE) Listing Rules and is in line with the Institute of Chartered Accountants of Sri Lanka's Code of Best Practice on Corporate Governance.

Six Non-Executive Directors as of the reporting date satisfy the CSE Listing Rules' independence requirements. These Independent Non-Executive Directors have no commercial or other ties that would significantly impede their ability to use their independent judgement. The Board has officially decided that Mr. Lakshman Abeysekara and Dr. Lakshman Rodrigo are eligible to serve as Independent Non-Executive Directors. On pages 18 and 21, there are brief biographies of the directors.

# CORPORATE GOVERNANCE

### Board Meetings

The Board of Directors convenes on a regular basis to assess the company's financial performance, operational performance, strategic direction, and major risk exposures. Directors can assess management performance, discuss important issues, and make sure the company is operating in accordance with its strategic goals and governance requirements in an organised setting at these meetings.

The Board met on a regular basis throughout the fiscal year that concluded on March 31, 2026, to examine financial performance, track operational advancement, evaluate the efficacy of risk management frameworks, and discuss issues pertaining to sustainability, governance, and regulatory compliance. Directors received timely, pertinent, and thorough information to support well-informed conversations and efficient decision-making.

The Company Secretary works with the Chairman to create the agenda for Board meetings, making sure that all important issues are properly covered. In order to provide Directors with sufficient time to prepare for discussions, Board papers and supporting documents are circulated to Directors at least seven days prior to meetings, and minutes are circulated within two weeks following each meeting.

Furthermore, any concerns raised by Directors regarding matters before the Board that cannot be unanimously resolved, together with the related deliberations, are duly recorded in the minutes of Board meetings.

Additionally, the Company Secretary makes sure that the Company continues to comply with relevant governance standards and that all Board processes are carried out in compliance with legal and regulatory requirements.

## Sub Committees of the Board

The Board has created a number of Sub Committees with well-defined duties in order to guarantee improved governance efficiency and provide more targeted scrutiny of particular areas. These Committees report to the Board on issues within their respective mandates on a regular basis and function under authorized Terms of Reference.

The following Board Sub Committees were in operation during the year under review:

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

Each Committee is composed primarily of Independent Non-Executive Directors, ensuring objectivity and independence in their deliberations. The Committees assist the Board in discharging its responsibilities relating to financial reporting, risk management, remuneration policies, governance oversight, and the review of related party transactions.

### Audit Committee

In order for the Board to carry out its oversight duties concerning financial reporting, internal controls, risk management, and audit procedures, the Audit Committee is essential.

The Committee's independence in reviewing financial and governance issues is ensured by the presence of Independent Non-Executive Directors. The Committee Chairman has the requisite financial knowledge and experience to manage the Company's financial reporting procedures.

The responsibilities of the Audit Committee include:

- Reviewing the integrity of financial statements prior to submission to the Board
- Monitoring the effectiveness of the Company's internal control and risk management systems
- Overseeing the performance and independence of the External Auditors
- Reviewing the scope and findings of internal audit activities
- Ensuring compliance with regulatory and statutory requirements relating to financial reporting

The Audit Committee meets periodically during the year and reports its findings and recommendations to the Board. Further details of the Committee's activities during the year are provided in the Audit Committee Report contained in this Annual Report.

### Remuneration Committee

The Remuneration Committee is in charge of creating and evaluating the compensation guidelines that apply to senior management and executive directors. The Committee makes sure that compensation plans are created to draw in, keep, and inspire competent workers while coordinating pay with the company's long-term strategic goals.

The Committee's objective scrutiny of compensation concerns is ensured by the fact that all of its members are non-executive directors, the majority of whom are independent.

The key responsibilities of the Remuneration Committee include:

- Reviewing and recommending remuneration policies for Executive Directors
- Ensuring that remuneration structures promote performance-driven outcomes
- Reviewing compensation packages of senior management
- Ensuring that remuneration practices are fair, transparent, and aligned with shareholder interests

Performance-based remuneration, where applicable, is linked to predetermined financial and non-financial performance criteria and the achievement of agreed performance targets. Furthermore, termination benefits for Directors and remuneration arrangements for Non-Executive Directors are determined in accordance with the Company's approved remuneration policy and applicable terms of appointment. In addition, termination benefits for Directors and remuneration arrangements for Non-Executive Directors are determined in accordance with the Company's approved remuneration policy and applicable terms of appointment.

The number of senior management personnel reporting directly to the Chief Executive Officer is 48, and their aggregate remuneration for the year amounted to Rs. 63.71 Mn.

The Committee submits its recommendations to the Board for approval.

### Nominations and Governance Committee

Assisting the Board in maintaining proper governance structures and Board

composition is the Nominations and Governance Committee. The Committee is in charge of selecting qualified applicants to be appointed to the Board and its Subcommittees.

Potential candidates are assessed by the Committee based on their credentials, work history, capacity for leadership, and moral character. Maintaining a suitable mix of diversity and skill sets within the Board is also taken into account.
Along with reviewing governance rules, the Committee makes ensuring that the company keeps its procedures in line with accepted governance standards and changing regulatory needs.

The Nominations and Governance Committee oversees succession planning for the Chief Executive Officer and Key Management Personnel and identifies appropriate development requirements to support continuity of leadership. In addition, any Director resigning from the Board is required to communicate the reasons for such resignation to the Board.

### Related Party Transactions Review Committee

The Related Party Transactions Review Committee is in charge of examining and keeping an eye on all related party transactions to make sure they are carried out on an arm's length basis and in compliance with the Colombo Stock Exchange's Listing Rules.

Before the Board approves proposed related party transactions, the Committee examines them and makes sure the company's financial statements and annual report contain the necessary disclosures.

The Committee also makes sure that the interests of minority shareholders are sufficiently protected and keeps an eye on how related party transaction laws are being implemented.

### Key Governance Policies

GRI: 2-23,2-24,2-25

Kegalle Plantations PLC maintains a comprehensive framework of governance policies covering the areas required to support effective corporate governance, including the Code of Business Conduct and Ethics, related party transactions, securities trading, whistleblowing, risk management and other relevant governance matters. The Company's governance policies are reviewed and updated as necessary. Any waivers or exemptions granted in respect of the Code of Business Conduct and Ethics are appropriately disclosed. The key governance policies are available to shareholders upon written request.

The Company maintains a formal Board policy addressing Board composition, the roles and responsibilities of the Chairman and Chief Executive Officer, Board diversity, Board meetings and attendance, securities trading and limits on external directorships. The Board reviews these arrangements periodically to ensure that they remain appropriate and aligned with applicable corporate governance requirements.

To support its governance framework, the Company has established a number of policies and procedures that guide ethical conduct, risk management, and regulatory compliance across the organization.

Key governance policies adopted by the Company include:

- Code of Business Conduct and Ethics
- Policy on Corporate Governance, Nominations and Re-election
- Related Party Transactions Policy
- Whistleblowing Policy
- Risk Management Policy
- Sustainability and Environmental Policies

These policies are periodically reviewed and updated to ensure alignment with regulatory developments and evolving governance expectations.

| Policy Name | Purpose and Scope |
|---|---|
| Policy on Matters Relating to the Board of Directors | Defines the roles, responsibilities, and operational guidelines for the Board, ensuring effective oversight and decision-making. |
| Policy on Corporate Governance, Nominations and Re-election | Governs the principles of corporate governance, including the nomination, selection, and re-election processes for directors. |
| Policy on Remuneration | Defines the principles and framework for executive and non-executive director remuneration, ensuring fairness, transparency, and performance alignment. |
| Policy on Internal Code of Business Conduct and Ethics for all Directors and employees | Establishes the expected standards of conduct and ethical behavior for all personnel, fostering a culture of integrity. |

# CORPORATE GOVERNANCE

| | |
|---|---|
| Policy on Risk management and Internal controls | Establishes the framework for identifying, assessing, mitigating, and monitoring significant risks, and ensuring the effectiveness of internal control systems. |
| Policy on Relations with Shareholders and Investors | Outlines the company's approach to fostering strong, trust-based relationships with shareholders through effective communication and engagement. |
| Policy on Environmental, Social and Governance Sustainability | Defines the company's strategy and commitment to environmental stewardship, social responsibility, and robust governance practices. |
| Policy on Control and Management of Company Assets and Shareholder Investments | Sets clear guidelines for the utilization, safeguarding & risk mitigation of company assets & shareholder investments. |
| Policy on Corporate Disclosures | Ensures timely, accurate, and transparent communication of financial and operational information to all stakeholders and the market. |
| Policy on Whistleblowing | Provides a safe, confidential, and structured channel for employees & stakeholders to report concerns about unethical behavior or misconduct without fear of retaliation. |
| Policy on Anti-Bribery and Corruption | Establishes a zero-tolerance stance against bribery and corruption, providing guidelines for ethical conduct in all business dealings. |

These policy commitments are approved and periodically reviewed by the Board of Directors or the relevant Board Committees acting under delegated authority, ensuring alignment with the Company's strategic objectives, governance framework, and sustainability commitments. The policies apply across all Company operations and, where relevant, extend to business relationships, including employees, contractors, suppliers, service providers, and other stakeholders engaged in the Company's value chain.

Kegalle Plantations PLC has processes in place to promptly identify and disclose material and price-sensitive information to the Colombo Stock Exchange and shareholders in accordance with applicable regulatory requirements. The Company also maintains a policy governing the trading of the Company's shares by Directors, Key Management Personnel and relevant employees in accordance with applicable regulatory requirements.

Employee induction programs, periodic training and awareness activities, internal communications, management briefings, and operational processes all serve to communicate the Company's policy commitments. Relevant policies are made available to workers via internal communication channels and integrated into day-to-day company processes. Key policy commitments and governance-related disclosures are also disclosed to shareholders, regulators, business partners, and other stakeholders via the Annual Report, corporate disclosures, supplier engagement processes, and other stakeholder communication channels. Certain internal policies are meant for operational and governance objectives and hence are not publicly revealed owing to confidentiality, competition, or administrative concerns. However, the Company's public disclosures and stakeholder engagements reflect the concepts and obligations outlined in these policies.

The Company promotes awareness of its Code of Business Conduct and Ethics through appropriate communication and training initiatives. Directors, Key Management Personnel and relevant employees are required to comply with the Code and provide annual confirmation of their adherence. Compliance with the Code is monitored, and significant matters arising from the Code are reported to the Board as appropriate.

The Chairman affirms that the Company's Code of Business Conduct and Ethics has been implemented and is subject to appropriate monitoring. No significant violations of the Code were reported during the year.

Kegalle Plantations PLC is committed to identifying and resolving negative consequences from its activities through defined grievance management, stakeholder involvement, and corrective action procedures. Employees, estate communities, suppliers, and other stakeholders can express issues through the Company's official grievance procedures and Whistleblowing Mechanism.

Identified concerns are examined and rectified using suitable corrective methods, such as operational improvements, policy changes, training, and stakeholder engagements as needed. Management reviews, internal audits, compliance assessments, and Board-level monitoring all serve to evaluate the success of these procedures. Feedback, grievance patterns, and settlement results are all examined in order to improve current methods and avoid negative consequences from occurring again.

### Delegation of Responsibility for Managing Impacts

GRI: 2-13,2-26

The CEO and the Corporate Management Team are responsible for carrying out the Board of Directors' overall monitoring of sustainability-related consequences. Senior management ensures that environmental, social, and economic factors are successfully incorporated into the Company's activities using defined policies, processes, and management systems.

A standardized reporting process has been implemented to assist effective oversight. Operational teams give top management with performance updates and impact-related information, which are then analyzed and reported to the appropriate Board Subcommittee. The Board gets monthly briefings on the performance of impact management systems and provides strategic assistance as needed. This strategy encourages continual development and responsibility in the management of sustainability impacts throughout the company.

In accordance with its commitment to responsible business behavior, the Company has developed procedures that allow workers and other relevant stakeholders to seek direction on the

execution of its policies and practices, as well as to express concerns about business conduct. An open-door policy enables employees to raise issues directly with supervisors, management, and appropriate officers, removing needless obstacles. Furthermore, official grievance management systems and the Whistleblowing Policy provide organized avenues for raising concerns about ethical behavior, workplace difficulties, regulatory compliance, and other business-related topics. These tools enable rapid evaluation, suitable resolution, and ongoing development of the Company's governance and sustainability processes.

### Chief Executive Officer

The Chief Executive Officer (CEO) is in charge of overseeing the day-to-day operations of the company and making sure that they are in line with the Board of Directors' strategic direction. In order to support efficient decision-making, this entails putting Board-approved initiatives into practice, keeping an eye on performance, and delivering timely, accurate, and transparent information. The Board sets appropriate financial and non-financial performance targets for the Chief Executive Officer and annually evaluates the CEO's performance against the targets.

By assuring adherence to internal rules, regulatory standards, and maintaining strong internal control systems, the CEO also plays a crucial role in promoting a culture of compliance and ethical conduct throughout the firm. Effective communication and the seamless operation of governance procedures are guaranteed by close collaboration with the Board and the Company Secretary.

Mr. Saman Doranegama was appointed as the Chief Executive Officer with effect from 12 March 2025. As at the reporting date, he does not hold shares in the Company. Supported by the Corporate Management Team, the CEO is responsible for executing strategy and managing operations, while the Board retains authority over matters reserved for its decision and those delegated to Board Subcommittees.

### Conflicts of Interest

GRI: 2-15

The Board of Directors is committed to maintaining the highest standards of integrity, transparency, and ethical conduct in all decision-making processes. The Company has implemented policies and processes to detect, avoid, and manage real, prospective, and perceived conflicts of interest affecting Board members, Key Management Personnel, and employees. Directors must declare any personal, financial, or business interests that may create a conflict of interest and refrain from participating in discussions or decisions when such conflicts exist. Conflict of interest declarations are received and evaluated on a regular basis, and related party transactions are carried out in compliance with the Company's Related Party Transactions Policy and any regulatory requirements. The Board, assisted by the Audit Committee, monitors compliance with these criteria to ensure that decisions are made in the best interests of the company and its stakeholders.

### Communication of Critical Concerns

GRI: 2-16

Kegalle Plantations PLC fosters transparency and accountability through clear mechanisms for raising critical concerns regarding ethics, integrity, and impacts (economic, environmental, social). These include internal reporting lines, a formal Whistle-blowing Policy, direct access to Non-Executive Directors, and escalation through relevant Board subcommittees and the Internal Audit Function.

For the financial year ended March 31, 2025, no critical concerns were communicated to the Board or senior executives regarding organizational integrity or its impacts. Consequently, details on types, status, resolution, or any resulting fines, penalties, or non-monetary sanctions are not applicable for this reporting period.

### Company Secretary

Richard Pieris Group Services (Pvt) Ltd continues to function as the Company Secretary of Kegalle Plantations PLC and attends all meetings of the Board and its Committees. The Company Secretary plays a pivotal role in strengthening the Company's corporate governance framework in line with the Code of Best Practice on Corporate Governance, the Listing Rules of the Colombo Stock Exchange (CSE), and other applicable statutory and regulatory requirements during the financial year 2025/26.

By organizing the timely distribution of agenda items and pertinent information, facilitating Board and Committee meetings, and helping Directors fulfil their fiduciary and governance duties, the Company Secretary promotes the efficient operation of the Board. In order to guarantee that the company upholds high standards of accountability, transparency, and moral corporate behavior, the Company Secretary also counsels the Board on governance issues, regulatory changes, and compliance requirements.

Organizing and maintaining statutory records, accurately documenting Board and Committee proceedings, keeping an eye on adherence to legal and regulatory requirements, and making timely disclosures to shareholders and regulatory authorities are among the Company Secretary's primary duties. Additionally, the Company Secretary supports solid corporate governance practices and well-informed decision-making throughout the firm by facilitating efficient communication between the Board, Management, shareholders, and other stakeholders.

During the year under review, the Company Secretary continued to support the Board and its Committees in improving governance procedures and upholding compliance with changing reporting and regulatory requirements, all of which contributed to the Company's long-term viability and integrity.

### Shareholder Meetings and Proxies

General Meeting notices are accompanied by clear voting procedures, including instructions on voting by shareholders and validly appointed proxies. Valid proxies received for General Meetings are duly recorded, and significant dissenting views expressed by shareholders are appropriately considered by the Board. No material or major transactions were undertaken during the year that required disclosure to or approval by shareholders.

The Chairs of the Board Committees are available at the Annual General Meeting to respond to questions raised by shareholders relating to matters within their respective areas of responsibility.

### Internal Controls

Kegalle Plantations PLC maintained a comprehensive system of internal controls throughout the fiscal year 2025/26 to support effective operations, ensure

compliance with applicable legal and regulatory requirements, protect Company assets, and improve the reliability and integrity of financial reporting. These controls are intended to give a reasonable level of assurance that the organization's operational, financial, and compliance goals will be met.

By encouraging responsibility, openness, moral behavior, and disciplined decision-making within the company, the internal control structure is essential to bolstering corporate governance. The framework supports the accomplishment of the company's strategic goals and safeguards stakeholder interests while helping to mitigate risks related to operational inefficiencies, financial misstatements, fraud, and non-compliance.

In response to changing corporate, economic, regulatory, and environmental difficulties encountered during the year under review, the Board of Directors and Management continued to assess and improve the efficacy of the company's internal control and risk management procedures. Financial restraint, operational effectiveness, sustainability-related governance, and compliance monitoring were all given special consideration across the company's manufacturing and plantation activities.

Through regular reviews, quarterly management reports, internal audit results, and conversations with external auditors, the Board evaluated the efficacy and sufficiency of the internal control and risk management systems. In compliance with applicable accounting standards and legal requirements, the Chief Executive Officer and Chief Financial Officer assured the Board that proper accounting records were kept and that the financial statements give a true and fair picture of the company's financial position and performance.

Additionally, management and the external auditors verified that sufficient internal control and risk management systems were in place to support the smooth functioning of the company and protect stakeholder interests. The Risk Management part of this Annual Report on pages 72 to76 provides a thorough summary of the company's risk management strategy and important risk mitigation techniques.

### Cybersecurity Risk Management

Kegalle Plantations PLC identifies and monitors risks arising from information technology systems, network connectivity and cybersecurity, including risks associated with connected systems and devices. The Board oversees cybersecurity risk management and regularly discusses significant cybersecurity risks and related matters. The Company has appropriate cybersecurity risk management policies and processes in place to manage and monitor such risks.

Cybersecurity risk management is subject to periodic independent review and assurance in accordance with the Company's governance and risk management framework. The Company maintains processes for identifying, assessing, managing and monitoring cybersecurity risks, and the effectiveness of these processes is periodically reviewed and reported to the Board as appropriate.

### ESG Integration and Strategic Oversight

Kegalle Plantations PLC incorporates material environmental, social and governance (ESG) risks and opportunities into its business model, business plans and long-term strategy, which are regularly considered by the Board. The Company identifies its key capitals and resources and establishes appropriate financial and non-financial measures to monitor their utilisation, performance and impacts, including material matters relating to stakeholders, the environment and society.

Sustainability reporting is overseen by the Board and is formalised within the Company's governance framework and integrated with its business strategy. The Company has processes in place to identify, assess and manage material ESG risks and opportunities and to monitor and report their relevance, impacts and management through its sustainability reporting.

### Internal Audit Function

During the fiscal year 2025/26, Kegalle Plantations PLC's internal audit function continued to play an important role in strengthening the company's corporate governance framework by providing independent and objective assurance on the adequacy and effectiveness of the company's internal control, risk management, and governance processes.

The Board and Management are assisted by the internal audit process in making sure that operational controls, policies, and procedures are properly created, successfully implemented, and consistently followed throughout the company. The Internal Audit Function promotes a culture of accountability, transparency, and continuous improvement while reducing the risk of errors, fraud, inefficiencies, and regulatory non-compliance through routine reviews and evaluations of operational, financial, and compliance activities.

Additionally, the Internal Audit Function helps Management discover new operational and financial risks and evaluate the efficacy of risk mitigation strategies. The internal audit process continued to support the company's efforts to maintain operational resilience and governance integrity in an increasingly dynamic business environment marked by economic uncertainty, shifting regulatory requirements, climate-related challenges, and cost pressures within the plantation sector.

The Richard Pieris Group's Internal Audit Division, which functions independently of the company's corporate and operational management structures, conducts internal audits. The division maintains its independence and objectivity by conducting audits in compliance with established professional standards, regulations, and audit techniques and reporting functionally to the Chairman.

The Audit Committee reviews audit results, observations, and suggestions on a regular basis. Important issues are forwarded to the Board for evaluation and necessary action. The Board was confident that the proper systems and processes were in place during the year under review as it continued to assess the efficacy and sufficiency of the company's internal control environment with the help of the Audit Committee.

As a result, the Board acknowledges the Internal Audit Function as a crucial part of the Company's governance framework, supporting good decision-making, operational efficiency, financial integrity, and the company's long-term viability.

## Going Concern

The Directors of Kegalle Plantations PLC have adopted the going concern basis in the preparation of the financial statements for the year ended 31 March 2026, after carefully assessing the Company's financial position, operating performance, cash flows, available funding facilities, and future business prospects.

Management took into account the current state of the economy, industry-specific difficulties, market volatility, cost pressures, and operational risks impacting the plantation sector for the fiscal year 2025–2026 while assessing the suitability of the going concern assumption. A evaluation of the company's cash situation, working capital needs, debt servicing capabilities, and continuous risk management strategies put in place to maintain financial stability and operational continuity were also included in the assessment.

The Board is confident that the Company has the resources and financial ability to go on with its activities and fulfil its obligations as they become due for the foreseeable future, based on these evaluations. As a result, the directors believe that continuing to prepare the financial statements on the going concern premise is acceptable.

To support the company's long-term resilience and value development goals, management is still dedicated to upholding sound financial management procedures, boosting operational effectiveness, and improving sustainability activities.

## Disclosures required by the Companies Act No. 07 of 2007;

| Section Reference | Requirement | Reference within the Annual Report | Ref. Page/s |
|---|---|---|---|
| 168 (1) (a) | The nature of the business together with any change thereof during the accounting period | Notes to the financial statements | 188 |
| 168 (1) (b) | Signed Financial Statements for the accounting period completed | Financial Reports | 182-186 |
| 168 (1) (c) | Auditors' Report on Financial Statements | Independent Auditor's Report | 179-181 |
| 168 (1) (d) | Accounting Policies and any changes therein | Notes to the financial Statements | 189-202 |
| 168 (1) (e) | Particulars of the entries made in the Interests Register during the accounting period | Annual Report of the Board of Directors | 174 |
| 168 (1) (f) | Remuneration and other benefits paid to Directors of the Company during the accounting period | Notes to the financial Statements | 207 |
| 168 (1) (g) | Corporate donations made by the Company during the accounting period | Annual Report of the Board of Directors | 173 |
| 168 (1) (h) | Information on the Directorate of the Company and its Subsidiaries during and at the end of the accounting period | Notes to the financial Statements | 188 |
| 168 (1) (i) | Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period | Notes to the financial Statements | 175, 207 |
| 168 (1) (j) | Auditors' relationship or any interest with the Company and its Subsidiaries | Annual Report of the Board of Directors | 175 |
| 168 (1) (k) | Acknowledgement of the contents of this Report and Signatures on behalf of the Board (Annual Report of the Board of Directors) | Annual Report of the Board of Directors | 172-175 |

# CORPORATE GOVERNANCE

## Corporate Governance Requirements listed under Section 7 of the Listing Rules issued by the Colombo Stock Exchange (CSE);

| CSE Section Reference | Requirement | Extent of Compliance | Reference |
|---|---|---|---|
| 7.6 (i), (ii) | Names of persons who during the financial year were Directors and principal activities during the year | Complied | Annual Report of the Board of Directors |
| 7.6 (iii), (iv) | Twenty largest Shareholders, float adjusted market capitalization, public holding percentage, no. of public shareholders and minimum required public shareholding | Complied | Shareholder & Investor Information |
| 7.6 (v) | Directors' and CEO's holding in shares | Complied | Annual Report of Board of Directors |
| 7.6.(vi) | Material foreseeable risk factors of the entity | Complied | Risk Management |
| 7.6 (vii) | Details of material issues pertaining to employees and industrial relations of the Entity | Complied | Human Capital |
| 7.6 (viii) | Extents, locations, valuations and the number of buildings of the Entity's land holdings and Investment Properties | Complied | Our Plantations, Manufactured Capital & Notes to Financial Statements |
| 7.6 (ix) | Number of shares representing the Entity's stated capital | Complied | Stated Capital, Shareholder & Investor Information |
| 7.6 (x) | Shareholder Distribution Schedule including percentage of total holding in given categories | Complied | Shareholder & Investor Information |
| 7.6 (xi) | Ratios and Market Price Information | Complied | Ten-Year Summary, Shareholder & Investor Information |
| 7.6 (xii) | Changes in the Entity's and its subsidiary's Fixed assets and the market value of land | Complied | Notes to Financial Statements, Note 14 |
| 7.6 (xv) | Disclosures pertaining to Corporate Governance<br>7.10.3 Disclosures relating to Directors<br>7.10.5 Remuneration Committee<br>7.10.6 Audit Committee | <br>Complied<br>Complied<br>Complied | Corporate Governance Report |
| 7.6 (xvi) | Related party transactions exceeding 10% of Equity or 5% of total assets | Complied | Notes to Financial Statements, Note 37, Report of the RPT Review committee |
| 7.10.1 (a) to (c) | Non-Executive Directors | Complied | Corporate Governance Report |
| 7.10.2 (a) to (b) | Independent Directors | Complied | Corporate Governance Report |
| 7.10.4 | Criteria for defining "Independence" | Complied | Corporate Governance Report |
| 7.13 | Rules on Minimum Public Holding | Complied | Shareholder & Investor Information |

## Corporate Governance Requirements under Section 9 of the Listing Rules issued by the Colombo Stock Exchange

The corporate governance requirements applicable to listed entities were revised during the FY 2023/24 with effect from 01st October 2024. The status of compliance for the salient amendments of revised requirements is as follows,

| Code Ref. | Requirement | Extent of Compliance and Comments | Complied |
|---|---|---|---|
| 9.1.3 | A statement confirming compliance with Corporate Governance Rules. | The statement has included in report of Annual Report of Board of Directors | Complied |

| Code Ref. | Requirement | Extent of Compliance and Comments | Complied |
|---|---|---|---|
| **9.2** | **Policies** | | |
| 9.2.1 | Policies | The following policies which are mandated by the revised CSE listing rules are currently in place;<br>◈ Policy on the matters relating to the Board of Directors<br>◈ Policy on Board Committees<br>◈ Policy on Corporate Governance, Nominations & Re-election<br>◈ Policy on Remuneration<br>◈ Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities<br>◈ Policy on Risk Management and Internal Controls<br>◈ Policy on Relations with Shareholders and Investors<br>◈ Policy on Environmental, Social and Governance Sustainability<br>◈ Policy on Corporate Disclosures<br>◈ Policy on Whistle Blowing<br>◈ Policy on Anti-Bribery and Corruption<br><br>Aforementioned polices includes in the company website. | Complied |
| 9.2.2 | Waivers and Exemptions | At present there are no waivers and exemptions applicable to the Company. | N/A |
| 9.2.3 | Disclosures in the Annual Report | Please refer section 9.2.1. | Complied |
| 9.2.4 | Availability of Policies to Shareholders | The Company will provide any of the above policies to its shareholders, upon a written request (Please scan QR as in the page 149 for detailed Policies). | Complied |
| **9.3** | **Board Committees** | | |
| 9.3.1 | Establishment of Board Committees | The Remuneration Committee, Audit Committee, Related Party Transactions Review Committee and Nominations and Governance Committee are in place. | Complied |
| 9.3.2 | Board Composition, Responsibilities and Disclosures | The composition of existing Committees is in line with the revised CSE listing rules. The Responsibilities of these committees are in line with the rule set out and required disclosures have been made. | Complied |
| 9.3.3 | Chairperson of Board Committees | The Chairperson of the Board is not the Chairperson for any of the Sub Committees. | Complied |
| **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 | Records maintain | The Company Secretary maintains records of all resolutions and the following information of General Meetings. (The number of Shares in respect of which proxy appointments, number of votes in favor against and number of shares in respect of vote was directed to be abstained). | Complied |
| 9.4.2 | Communication and relation with Shareholders and Investors | The company has a policy on effective communication and relations with shareholders and investors. | Complied |
| **9.5** | **Policy on matters relating to the Board of Directors** | | |
| 9.5.1 | Availability of policy on governing matters relating to Board of Directors | The Company maintains a Policy on Matters relating to the Board of Directors | Complied |
| 9.5.2 | Disclosures in the Annual Report | The Company confirms the existence of policies governing the matters relating to Board of Directors | Complied |
| **9.6** | **Chairperson and CEO** | | |
| 9.6.1 | Chairperson and CEO | The Chairman and the Chief Executive Officer of the Company are separate individuals and not related by family. Additionally, the Chairman is not an Executive Director. | Complied |
| 9.6.3 | Senior Independent Director | The Company does not have a Senior Independent Director (SID). | Complied |
| 9.6.3. (b) | Senior Independent Director | Not Applicable | Complied |
| 9.6.3. ( C) | Senior Independent Director | Not Applicable | Complied |

# CORPORATE GOVERNANCE

| Code Ref. | Requirement | Extent of Compliance and Comments | Complied |
|---|---|---|---|
| 9.6.3 (e) | Senior Independent Director | Not Applicable | Complied |
| **9.7** | **Fitness of Directors and CEOs** | | |
| 9.7.1<br>9.7.2<br>9.7.3 | Appointment of "Fit and Proper" Persons | The Company ensures that the Directors and CEO at all times fulfill the fit and proper assessment criteria set out in the Listing Rules | Complied |
| 9.7.4 | Annual Declarations from Directors and CEO | The Company ensures annual declarations from directors and CEO before effective date | Complied |
| 9.7.5 | Disclosures in the Annual Report | Annual Report of the Board of Directors from Page 172 to 175 provides the relevant disclosure. | Complied |
| **9.8** | **Board Composition** | | |
| 9.8.1 | Board at minimum to consist of Five (5) Directors | The Board of Directors of the Company consists of Six (6) Directors as of 31st March 2026. | Complied |
| 9.8.2 | Minimum number of independent Directors (Minimum 2 or 1/3 of total number, whichever is higher) | The Company is complied with the minimum number of Independent Directors.<br>The Board of Directors of the Company consists of two (2) Independent Directors as of 31st March 2026. | Complied |
| 9.8.3<br>9.8.4<br>9.8.5 | Criteria for determining independence & Declarations | Company assesses the independence of directors according new revised rules. | Complied |
| **9.9** | **Alternate Directors** | | |
| 9.9 | Appointment of Alternate Directors | No Alternate Directors were appointed to represent Non-Executive Directors. | N/A |
| **9.10** | **Disclosures relating to Directors** | | |
| 9.10.1 | Policy on the maximum number of Directorships | Policy on maximum number of Directorships which a director can hold in listed companies is 07. | Complied |
| 9.10.2 | Appointment of new Director | Disclose the appointments of new Directors to the Colombo Stock Exchange, including a brief resume, their directorship capacity, and any relevant interest in shares of the Listed Entity.<br>Please refer pages 18 to 21 for the brief resume of each Director. | Complied |
| 9.10.3 | Changes to the Composition | The Company will make an immediate announcement regarding any changes to the composition of the Board Committees referred to Rule 9.3. | Complied |
| 9.10.4 | Disclosures in the Annual Report | Please refer page pages 18 to 21 for profiles of Directors, names of Companies in which the Director serves in Directorships, names of committees in which the Director serves as Chairperson, the nature of Director's expertise.<br>The Company does not have a Senior Independent Director.<br>Please refer pages 164 to 169 for details of meeting attendance. | Complied |
| **9.11** | **Nominations & Governance Committee** | | |
| 9.11.1 | Nominations & Governance Committee | The company has the Nominations & Governance Committee. | Complied |
| 9.11.2 | Formal Procedures | Company has a formal procedure for the appointment of new directors and re-election of Directors to the Board. | Complied |
| 9.11.3 | Terms of Reference | The Committee has adopted a Terms of Reference which define the scope, authority and duties in compliance with the revised CSE listing rules. | Complied |
| 9.11.4 | Composition | The Committee comprises of 02 Independent Non-Executive Directors. | Complied |
| 9.11.5 | Functions | The Company has documented the functions of the Committee in Terms of Reference. All functions are effectively discharged by the Committee. | Complied |
| 9.11.6 | Disclosures in the Annual Report | Disclosure requirements are covered in the Nominations & Governance Committee Report given on page 169. | Complied |
| **9.12** | **Remuneration Committee** | | |
| 9.12.1 | Definition of Remuneration | The Company has established a formal and transparent policy on remuneration.<br>The remuneration is defined in terms of cash and non-cash benefits. | Complied |
| 9.12.2 | Remuneration Committee | The Company's has Remuneration Committee which determines the remuneration for Executive and Non - Executive Directors. | Complied |

| Code Ref. | Requirement | Extent of Compliance and Comments | Complied |
|---|---|---|---|
| 9.12.3<br>9.12.4 | Remuneration Policy - Executive Directors/ Non- Executive Directors | The Committee has adopted a Terms of Reference which define the scope, authority and duties in compliance with the revised CSE listing rules. | Complied |
| 9.12.5 | Terms of Reference | The Committee has adopted a Terms of Reference which define the scope, authority and duties in compliance with the revised CSE listing rules. | Complied |
| 9.12.6 | Composition | The Committee comprises of two (2) Independent Non-Executive Directors. | Complied |
| 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. | Complied |
| 9.12.8 | Disclosures in the Annual Report | Disclosure requirements are covered in the Remuneration Committee Report given on page 166. | Complied |
| **9.13** | **Audit Committee** | | |
| **9.13.1** | Audit and Risk Committees | The Company has established Audit Committee to perform the Audit and Risk Functions. | Complied |
| 9.13.2 | Terms of Reference | The Committee has adopted a Terms of Reference which define the scope, authority and duties. | Complied |
| 9.13.3 | Composition | The Audit Committee comprises of 02 Independent Non-Executive Directors. The Audit Committee met 06 times during the year. The Head of Finance and Group Internal Audit Manager of the Company attend the Committee meeting by invitation. The Chairman of the Audit Committee is a Senior Chartered Accountant. | Complied |
| 9.13.4 | Functions | The Functions of the Committee are effectively summarized in the Audit Committee Report on page 164 to 165. | Complied |
| 9.13.5 | Disclosures in the Annual Report | Please refer to the Audit Committee in page given 164 to 165. | Complied |
| **9.14** | **Related Party Transactions Review Committee** | | |
| 9.14.1 | Availability of Related Party Transactions Review Committee | The Company has Related Party Transactions Review Committee. | Complied |
| 9.14.2(1) & (2) | Composition | The Committee comprises of 02 Independent Non-Executive Directors. | Complied |
| 9.14.3 | Functions | The Functions of the Committee are effectively summarized in the Related Party Committee Report on page 167 to 168 . | Complied |
| 9.14.4 | General requirements | The Related Party Transaction Committee met 05 times during the year. | Complied |
| 9.14.5 | Review of Related Party Transactions by the Related Party Transactions Review Committee | The Committee takes into account the provision of the said CSE listing rules when reviewing related party transactions. | Complied |
| 9.14.6 | Shareholder Approval | A situation to obtain the shareholder approval as per revised CSE listing rules has not arisen during the year. | Complied |
| 9.14.7 | Immediate Disclosures | A situation has not arisen where immediate disclosure is required to be made as per revised CSE listing rules. | Complied |
| 9.14.8 | Disclosures in the Annual Report | The Related Party Transactions are disclosed in note no. 37 of the Pages from 235 to 236.<br>Disclosure requirements are covered in the Related Party Transactions Review Committee Report given on Pages from 167 to 168. | Complied |
| 9.14.9 | Acquisition and Disposal of assets from/to related parties | There were no such transactions that required shareholder approval. | Complied |
| 9.14.10 | Exempted Related Party Transactions | The provisions of the sections are considered when evaluating the Related Party Transactions by the Committee. | Complied |
| **9.16** | **Additional Disclosures** | | |
| 9.16 | (i) Declaration of all material interest<br>(ii) Review of internal controls and compliance controls<br>(iii) Compliance with laws, rules and regulations<br>(iv) Material non-compliances | Disclosure requirements are covered in the Annual Report of the Board of Directors given on Pages from 172 to 175.<br>Material non-compliance with any Law or Regulation has not arisen during the year 2025/26. | Complied |

# COMPLIANCE WITH THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA IN 2023

## Code of Best Practice on Corporate Governance 2023 – Compliance Summary;

| Code Ref. | Requirement | Complied or Not | Reference within the Annual Report | Page No. of Annual Report |
|---|---|---|---|---|
| | | | | |
| **A** | **DIRECTORS** | | | |
| A.1.1 | Board should meet regularly and at least once every quarter; structured information should be provided regularly. | Partially Complied | Corporate Governance – The Board of Directors, Internal Controls | 146, 164 |
| A.1.2 | Board should provide entrepreneurial leadership, formulate strategy, approve budgets/capex, oversee risk, internal control, compliance, ESG and reporting. | Complied | The Board of Directors – Primary responsibilities | 146-147 |
| A.1.3 | Directors should act in accordance with applicable laws and have access to independent professional advice where necessary. | Complied | Compliance with Laws, Regulations and Best Practices / Fit and Proper Assessment, The Board of Directors | 144-146 |
| A.1.4 | Directors should have access to advice/ services of Company Secretary. | Complied | Company Secretary | 151 |
| A.1.5 | Directors should exercise independent judgement on strategy, performance, resources, risk, compliance and conduct. | Complied | Board Composition / Independence of NEDs | 147 |
| A.1.6 | Directors should devote adequate time and effort to Board and Company matters. | Complied | The Board of Directors Individual Director Evaluations | 146-147 |
| A.1.7 | One-third of Directors should be able to call for a resolution where considered in Company's best interest. | Complied | The Board of Directors | 145-146 |
| A.1.8 | Directors should receive induction and continuing training. | Complied | Board Composition and Diversity – updates, briefings and training, Individual Director Evaluations | 144-146 |
| A.2.1 | Chairman and CEO roles should preferably be separate; combination must be justified and disclosed. | Complied | The Chairman / Chief Executive Officer | 146, 151 |
| A.3.1 | Chairman should ensure effective conduct of Board proceedings, participation, timely information and proper governance. | Complied | The Chairman | 146 |
| A.4 | Board should have sufficient financial acumen and knowledge. | Complied | Board Composition and Diversity / Board Expertise | 144-147 |
| A.5.1 | Appropriate balance of Executive and Non-Executive Directors (NEDs). | Complied | Board Composition | 147 |
| A.5.2 | Required proportion of Non-Executive Directors should be independent. | Complied | Board Composition / Independence of NEDs | 147, 172-175 |
| A.5.3 | Independent Directors should be independent of management/material relationships. | Complied | Independence of NEDs / Directors' declarations | 147, 172-175 |
| A.5.4 | NEDs should submit annual declarations of independence/non-independence. | Complied | Independence of NEDs / Directors' declarations | 147, 172-175 |
| A.5.5 | Board should annually determine Directors' independence and disclose names/status. | Complied | Independence of NEDs / Directors' declarations | 147, 172-175 |
| A.5.6 | Alternate Directors, where appointed, should meet applicable independence requirements. | N/A | - | - |
| A.5.7 | SID should be appointed where Chairman is not independent/other specified circumstances. | Not Applicable | Chairman disclosed as non-executive; no SID disclosed | 147 |
| A.5.8 | SID should be available for confidential discussions and provide an Annual Report. | N/A subject to A.5.7 assessment | | |

| Code Ref. | Requirement | Complied or Not | Reference within the Annual Report | Page No. of Annual Report |
|---|---|---|---|---|
| A.5.9 | Chairman should meet NEDs without Executive Directors at least annually. | N/A | All Board Directors are Non-Executive Directors; therefore, there are no Executive Directors to exclude from such a meeting. | - |
| A.5.10 | Unresolved Director concerns should be recorded in Board minutes. | Complied | Board Meetings | 148 |
| A.6.1 | Management should provide appropriate and timely information to Board. | Complied | Board Meetings / Chairman / Company Secretary | 148-150, 151 |
| A.6.2 | Board agenda/papers should normally be provided at least seven days before meeting and minutes within two weeks. | Complied | Board Meetings | 148 |
| A.7.1 | Nomination Committee should be established with appropriate NED/ Independent composition. | Complied | Nomination and Governance Committee Report | 169 |
| A.7.2 | Committee should assess Board skills, knowledge, diversity and fit-and-proper criteria. | Complied | Nomination and Selection of Board / Fit and Proper Assessment | 145,146 |
| A.7.3 | Committee should ensure succession planning for CEO/KMP and related development requirements. | Complied | Nominations and Governance Committee | 169 |
| A.7.4 | New Director appointments should be disclosed with resume, expertise, directorships and independence. | Complied | Board Of Directors-profiles, Board Composition / New Appointments | 18-21, 147,174 |
| A.7.5 | Chairman/members and work of Nomination Committee should be disclosed. | Complied | Nominations and Governance Committee, Committee Composition | 148-149, 169 |
| A.8.1-A.8.2 | Directors should be subject to election/re-election at least every three years. | Complied | Appointment, Re-election and Resignation | 173 |
| A.8.3 | Resigning Director should communicate reasons to Board. | Complied | Nominations and Governance Committee | 148-149 |
| A.9.1-A.9.4 | Formal annual evaluation of Board, Committees, Chairman and individual Directors, with process disclosed. | Complied | Evaluation of Performance / Individual Director Evaluations | 146 |
| A.10.1 | Annual Report should disclose Director profiles, expertise, status, directorships, attendance and committee memberships. | Complied | Board Of Directors-profiles, Board Composition / Board Committee membership | 18-21, 147,164 |
| A.11.1-A.11.2 | Board should set CEO financial/non-financial targets and evaluate performance annually. | Complied | Chief Executive Officer | 141 |
| **B** | **DIRECTORS REMUNERATION** | | | |
| B.1 | Formal and transparent procedure for determining Directors' remuneration; no Director decides own remuneration. | Complied | Remuneration Committee / Remuneration Policy | 166 |
| B.2.1 | Remuneration Committee should recommend remuneration framework for CEO, Directors and senior management. | Complied | Remuneration Committee - Role and Responsibilities, Governance | 166 |
| B.2.2 | Committee should comprise required NEDs/Independent Directors and independent Chair. | Complied | Remuneration Committee - Committee Composition | 166 |
| B.2.3-B.2.8 | Committee should establish competitive, fair and performance-linked remuneration arrangements. | Complied | Remuneration Policy | 166 |
| B.2.9-B.2.10 | Share options/performance remuneration should follow Code requirements including clawback arrangements. | Complied | Remuneration Committee, Remuneration Policy | 148,116 |

# CORPORATE GOVERNANCE

| Code Ref. | Requirement | Complied or Not | Reference within the Annual Report | Page No. of Annual Report |
|---|---|---|---|---|
| B.2.11-B.2.14 | Termination compensation and NED remuneration should be appropriately governed. | Complied | Remuneration Committee, Remuneration Policy | 148,116 |
| B.2.15 | Chairman and members of Remuneration Committee should be disclosed. | Complied | Remuneration Committee - Committee Composition | 166 |
| B.3.1 | Annual Report should disclose Committee membership, meetings, policy and aggregate Directors' remuneration. | Complied | Report of Remuneration Committee, Note 8-Financial Statement | 166, 207 |
| B.3.2 | Number and aggregate remuneration of senior management reporting directly to CEO, including CEO if not Executive Director, should be disclosed. | Further disclosure recommended | Remuneration disclosures, | 166 |
| **C** | **RELATION WITH SHAREHOLDERS** | | | |
| C.1.1 | AGM notice and papers should be sent to shareholders within statutory period. | Complied | Notice of Meeting | 268 |
| C.1.2 | Separate resolution should be proposed for each substantially separate AGM matter and proxy options provided. | Complied | Notice of Meeting and Form of Proxy. | 268-269 |
| C.1.3 | Valid proxies should be recorded/counts disclosed; significant dissent should be considered. | Complied | Shareholder Meetings and Proxies | 151 |
| C.1.4 | Committee Chairs/SID should be available at AGM to answer questions. | Complied | Shareholder Meetings and Proxies | 151 |
| C.1.5 | Voting procedures should accompany General Meeting notices. | Complied | Shareholder Meetings and Proxies , Notice of Meeting | 151, 268 |
| C.2.1-C.2.7 | Effective shareholder communication channel, policy, implementation, contact person and response process. | Complied | Stakeholder Engagement, Material Stakeholder Concerns and Management Response, Policy on Relations with Shareholders and Investors / Company Secretary/ | 49-52, 149-150 |
| C.3.1-C.3.3 | Material/major transactions should be disclosed and shareholder approval obtained where required. | Complied | Shareholder Meetings and Proxies | 151 |
| **D** | **ACCOUNTABILITY AND AUDIT** | | | |
| D.1.1-D.1.2 | Board should present fair, balanced and understandable financial/business reporting. | Complied | Board's primary responsibilities, Financial Statements and Independent Auditor's Report. | 146, 179-240 |
| D.1.3 | CEO/CFO should confirm proper financial records, compliance and effective risk/ internal control systems. | Complied | Internal Controls / CEO & CFO confirmation | 152 |
| D.1.4 | Directors' Report should contain specified declarations including compliance, interests, controls and going concern. | Complied | Going Concern, Directors' Interest in Contracts | 153, 174 |
| D.1.5 | Annual Report should contain Board and Auditor responsibilities and risk/internal control statement. | Complied | Board Committees, Auditor's responsibilities for the audit of the financial statements, Statement of Directors' Responsibility | 170, 172, 181 |
| D.1.6 | Annual Report should include Management Discussion & Analysis covering business, industry, risk, governance, stakeholders, ESG, financial performance and prospects. | Complied | Management Discussion & Analysis / Integrated Annual Report | 40-58, 143-152 |
| D.1.7 | EGM required if net assets fall below prescribed threshold. | N/A | - | - |

| Code Ref. | Requirement | Complied or Not | Reference within the Annual Report | Page No. of Annual Report |
|---|---|---|---|---|
| D.1.8 | Related party transactions should be properly identified, recorded, monitored and disclosed. | Complied | Related Party Transactions during the year 2025/26, Financial Statements- Trade Receivables From Related Companies & amounts due from related companies. | 168, 224-225 |
| D.2.1–D.2.1.2 | Board should adopt risk management framework, robustly assess principal risks and disclose management/mitigation. | Complied | Risk Management / Board responsibilities | 130-141, 146 |
| D.2.1.3–D.2.1.4 | Board should establish Risk Committee or allocate risk oversight appropriately, including potentially combining Audit/ Risk. | Complied through Audit Committee | Audit Committee, Purpose of the Audit Committee | 148, 164 |
| D.2.1.5–D.2.1.8 | Where separate Risk Committee exists, composition/TOR/reporting requirements apply. | N/A – Risk function allocated to Audit Committee | - | - |
| D.2.2–D.2.2.4 | Effective internal controls and internal audit function; annual review and disclosure. | Complied | Internal Audit Function | 152-153 |
| D.3.1 | Audit Committee composition should satisfy independence, NED and financial expertise requirements. | Complied | Audit Committee | 164 |
| D.3.2 | Audit Committee should have written TOR covering reporting, internal controls, risk, internal/external audit and compliance. | Complied | Report of Audit Committee | 164-165 |
| D.3.3 | Annual Report should describe Audit Committee membership, attendance, work, significant matters and auditor independence. | Complied | Report of Audit Committee | 164 |
| D.4.1–D.4.5 | Risk Committee requirements including composition, TOR, meetings and annual report. | N/A – The functions of the Risk Committee are currently performed by the Audit Committee. | Report of Audit Committee | 164-165 |
| D.5.1 | Related parties/RPTs should be determined consistently with LKAS 24. | Complied | Related Party Transactions Review Committee / Financial Statements- Trade Receivables From Related Companies & Amounts Due from Related Companies. | 167-168, 224-225 |
| D.5.2 | RPT Review Committee should comprise NEDs with majority independence and meet quarterly. | Partially Complied | Repot of the Related Party Transactions Review Committee | 167-168 |
| D.5.3 | RPT Committee should have Board-approved TOR covering identification, review, approval and disclosure. | Complied | Repot of the Related Party Transactions Review Committee | 167-168 |
| D.6.1 | Company should have Code of Business Conduct & Ethics and disclose compliance. | Complied | Key Governance Policies | 149-150 |
| D.6.2 | Process should exist to promptly identify and disclose material/price-sensitive information. | Complied | Key Governance Policies | 149-150 |
| D.6.3 | Policy/process should govern trading in shares by Directors/KMP/relevant employees. | Complied | Key Governance Policies | 149-150 |
| D.6.4 | Whistle-blower complaints procedure should be established. | Complied | Key Governance Policies | 149-150 |
| D.6.5–D.6.6 | Ethics training, annual confirmation, dissemination and reporting to Board. | Complied | Key Governance Policies | 149-150 |

# CORPORATE GOVERNANCE

| Code Ref. | Requirement | Complied or Not | Reference within the Annual Report | Page No. of Annual Report |
|---|---|---|---|---|
| D.6.7 | Chairman should affirm implementation/ monitoring of Code and disclose significant violations. | Complied | Key Governance Policies | 149-150 |
| D.7.1 | Annual Report should include Corporate Governance Report explaining manner and extent of compliance with the Code. | Complied | Governance Structure | 143-153 |
| **E** | **SHAREHOLDERS** | | | |
| E.1.1 | Listed company should maintain structured dialogue with shareholders and communicate views to Board. | Complied | Statement of Compliance on Fit and Proper Assessment Criteria | 146 |
| E.2 | Institutional investors should evaluate governance arrangements considering all relevant factors. | N/A | - | - |
| **F** | **INDIVIDUAL INVESTORS** | | | |
| F.1 | Individual investors should undertake adequate analysis/seek advice when investing or divesting. | N/A | - | - |
| F.2 | Individual shareholders should participate in meetings and exercise voting rights. | Complied | Nomination and Selection of the Board and Board Sub Committees | 169 |
| **G** | **INTERNET OF THINGS (IoT) & CYBERSECURITY** | | | |
| G.1 | Board should identify IoT/network connectivity and resulting cybersecurity risks. | Complied | Cybersecurity Risk Management | 152 |
| G.2 | Board should appoint CISO and approve comprehensive cybersecurity risk management policy. | Partially complied | - | - |
| G.3 | Board should regularly discuss cyber-risk management. | Complied | Cybersecurity Risk Management | 152 |
| G.4 | Cybersecurity risk management should undergo independent periodic review/ assurance. | Complied | Cybersecurity Risk Management | 152 |
| G.5 | Annual Report should disclose process for identifying/managing cybersecurity risks. | Complied | Cybersecurity Risk Management | 152 |
| **H** | **ESG/SUSTAINABILITY** | | | |
| H.1 / H.1.1 | ESG risks/opportunities should be incorporated into business model, plans and long-term strategy and regularly considered by Board. | Complied | Governance Structure, Board Performance Evaluation, ESG Integration and Strategic Oversight | 143, 146 |
| H.2 / H.2.1 | Continuous stakeholder engagement and identification of significant stakeholders/ material matters. | Complied | Board Performance Evaluation | 146 |
| H.3 / H.3.1 | Governance framework should integrate environmental and social governance. | Complied | Governance Structure | 143 |
| H.3.1.1 | Environmental governance should address health/safety, climate, pollution, resources, renewable energy and biodiversity. | Complied | Sustainability-Related Opportunities Natural Capital – Biodiversity Conservation, , Board Performance Evaluation, ESG Integration and Strategic Oversight | 140, 146,152 |

| Code Ref. | Requirement | Complied or Not | Reference within the Annual Report | Page No. of Annual Report |
|---|---|---|---|---|
| H.3.1.2 | Social governance should cover community, customers, employees, suppliers and labour practices. | Complied | Board Performance Evaluation, ESG Integration and Strategic Oversight | 146,152 |
| H.4.1 | Identify key capitals/resources and establish financial/non-financial measures. | Complied | Strategy & Focus – Six Capitals / Value Creation , Biodiversity Conservation , Natural Capital, ESG Integration and Strategic Oversight | 55, 117-127, 152 |
| H.4.2 | Process should exist to identify, assess and manage material ESG factors. | Complied | Board Performance Evaluation | 146 |
| H.4.3 | Financial and non-financial measures should be established for material stakeholder/environmental/social matters. | Complied | Board Performance Evaluation, ESG Integration and Strategic Oversight | 146, 152 |
| H.5.1–H.5.3 | Annual Report should explain relevance, impacts and management of ESG risks/ opportunities and governance supporting sustainability. | Complied | Governance Structure | 143 |
| H.5.4 | Sustainability reporting is Board responsibility and should be formalized and linked to strategy. | Complied | Governance Structure , ESG Integration and Strategic Oversight | 143, 152 |
| **I** | **GOVERNANCE POLICIES** | | | |
| I.1.1 | Listed entity should maintain specified governance policies. | Complied | Key Governance Policies | 149-150 |
| I.1.2 | Waivers/exemptions from Code of Conduct should be disclosed. | Complied | Key Governance Policies | 149-150 |
| I.1.3 | Annual Report should list governance policies, website reference and changes to policies. | Complied | Key Governance Policies | 149-150 |
| I.1.4 | Policies should be made available to shareholders upon written request. | Complied | Key Governance Policies | 149-150 |
| I.2.1 | Formal Board policy should address composition, Chairman/CEO roles, diversity, meetings, attendance, securities trading and directorship limits. | Complied | Governance Structure; Board Composition and Diversity; Key Governance Policies | 143-149 |

# REPORT OF THE AUDIT COMMITTEE

The Board of Directors is pleased to present the Audit Committee Report for the financial year ended 31 March 2026.

## Introduction

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities relating to the integrity of the Company's financial reporting, the effectiveness of internal controls and risk management systems, compliance with applicable laws and regulations, and the independence and performance of the external and internal audit functions. The Committee plays a vital role in promoting transparency, accountability, and sound corporate governance across the Company's operations.

Until 30 September 2024, the Audit Committee of the Ultimate Parent Company functioned as the Audit Committee of Kegalle Plantations PLC. In line with the Company's commitment to strengthening its governance framework and complying with the Colombo Stock Exchange Listing Rules, the Company established a separate Audit Committee with effect from 30 September 2024, comprising members who are independent of the Ultimate Parent Company. The establishment of a dedicated Audit Committee further enhances the Board's oversight of financial reporting, risk management, internal controls, and assurance processes.

## Committee Composition

During the year under review, the Committee comprised the following Independent Non-Executive Directors:

| Name of Committee Member | Position |
|---|---|
| Mr. Lakshman Abeysekera | Chairman |
| Dr. S S B D G Jayawardena | Member |
| Dr. Lakshman Rodrigo | Member (Appointed on 16 April 2025) |

Dr. Lakshman Rodrigo was appointed to the Audit Committee following the retirement of Dr. (Mrs.) Nayanie Samantha Aratchige as an Independent Non-Executive Director on 31 March 2025, with effect from 16th April 2025, in compliance with Rule No. 9.13.3(1) of the Colombo Stock Exchange Listing Rules.

## Meetings

The Audit Committee held six meetings during the year under review and reviewed the process to assess the effectiveness of the internal control system to provide reasonable assurance that assets are safeguarded, and financial reporting system can be relied upon.

| Name of Committee Member | 27-May-2025 | 5-August-2025 | 22-August-2025 | 4-November-2025 | 16-December-2025 | 10-February-2026 |
|---|---|---|---|---|---|---|
| Mr. Lakshman Abeysekera | √ | √ | √ | √ | √ | √ |
| Dr. S S B D G Jayawardena | √ | √ | √ | √ | √ | √ |
| Dr. Lakshman Rodrigo | √ | √ | √ | √ | √ | √ |

The Group Head of Finance, Chief Executive Officer and Finance Manager of the Company, and Group Internal Audit Manager were invited if deemed necessary for audit committee meetings. Meetings were held with the external auditors regarding the scope and the conduct of the annual audits.

## Purpose

The purpose of the Audit Committee is to:

- Assist the Board of Directors in fulfilling its overall responsibilities for the financial reporting process.
- Review the system of internal controls and risk management.
- Monitor and evaluate the effectiveness of the internal audit function.
- Review the Company's process for monitoring compliance with laws and regulations.
- Review the independence and performance of the external auditors.
- To make recommendations to the Board on the appointment of external auditors and recommend their remuneration and terms of engagement.

## Internal Audit and Risk Management

The Committee examined the Internal Audit Program to make sure it addressed the main operational facets of the business.

All Audit Committee discussions were to be attended by the Group Internal Audit Manager. He gave an overview of the key conclusions drawn from every internal audit and inquiry his department conducted during that time. The company's chief executive officer's reactions to the internal audit findings were examined, and when required, remedial action was suggested and its execution tracked. The Committee was also tasked with reviewing the Company's loss-making estates, coming up with plans to turn them around, and suggesting appropriate remedial measures.

The Committee also examined updates on important operational, financial, and compliance risks, evaluated the suitability of mitigation techniques, and tracked the efficacy of the enterprise risk management framework. The Committee is confident that the internal audit function is still functional and that the risk management procedures are strong enough to handle the difficulties in the present operating environment based on its oversight efforts.

### Internal Controls

The Committee examined the Company's approach to its exposure to commercial and financial risks, as well as the efficacy and sufficiency of the internal control systems, during its sessions. Procedures are in place to protect the company's assets and guarantee that the financial reporting system is dependable for the creation and display of financial statements. Every month, the Senior Management reviews the full Management Report and Accounts that emphasize all important performance metrics related to Kegalle Plantations PLC and its subsidiary.

The Board of Directors evaluates performance every three months or more frequently if necessary.

### Financial Statements

Prior to publication, the Committee examined the Company's Quarterly Financial Statements, Annual Report, and Accounts for accuracy, consistency, and adherence to Sri Lanka Financial Reporting Standards and other legal obligations, such as the Companies Act, No. 7 of 2007. The suitability of information in the released Financial Statements was also examined.

### External Auditors

The audit committee has examined the additional services the external auditors have rendered to the company to make sure their impartiality as auditors has not been affected.

In addition to reviewing the External Auditors' Management Letters and the Management's response, the Committee also examined issues that were explicitly directed at them. The Audit Committee was continuously updated on any significant issues by the external auditors. When the Committee met with the auditors, they talked about the audit's problems and any necessary remedial measures.

Subject to shareholder approval at the next Annual General Meeting, the Audit Committee has recommended to the Board of Directors that Messrs. Ernst & Young be reappointed as auditors for the fiscal year ending 31st March 2026.

### Conclusion

The Audit Committee is confident that the organization's control environment offers a fair level of confidence about the accuracy of the company's financial reporting, that the assets are protected, and that the Colombo Stock Exchange's Listing Rules have been followed.

On behalf of the Audit Committee



**Mr. Lakshman Abeysekera**
**Chairman of the Audit Committee**

25 August 2026

# REPORT OF THE REMUNERATION COMMITTEE

The Board of Directors is pleased to present the Report of the Remuneration Committee for the financial year ended 31 March 2026.

## Introduction

The Remuneration Committee assists the Board in establishing and maintaining an equitable, transparent, and performance-oriented remuneration framework that supports the Company's strategic objectives while promoting long-term value creation for shareholders.

Until 30 September 2024, the Remuneration Committee of the Ultimate Parent Company functioned as the Remuneration Committee of Kegalle Plantations PLC. In line with the Company's commitment to strengthening its governance framework and complying with the Colombo Stock Exchange Listing Rules, the Company established a separate Remuneration Committee with effect from 30 September 2024, comprising members who are independent of the Ultimate Parent Company.

## Committee Composition

During the year under review, the Committee comprised the following Independent Non-Executive Directors:

| Name of Committee Member | Position |
|---|---|
| Mr. Lakshman Abeysekera | Chairman |
| Dr. S.S.B.D.G. Jayawardena | Member |
| Dr. Lakshman Rodrigo | Member (Appointed on 16 April 2025) |

Dr. Lakshman Rodrigo was appointed to the Committee with effect from 16 April 2025, following the retirement of Dr. (Mrs.) Nayanie Samantha Aratchige as an Independent Non-Executive Director on 31 March 2025, thereby ensuring continued compliance with Rule 9.12.6(1) of the Colombo Stock Exchange Listing Rules.

## Meetings

The Committee met on one occasion during the financial year ended 31 March 2026 to discharge its responsibilities effectively. All members attended the meetings held during the year, demonstrating their continued commitment to the governance responsibilities entrusted to the Committee.

| Name of Committee Member | 27-August-2025 |
|---|---|
| Mr. Lakshman Abeysekera | √ |
| Dr. S S B D G Jayawardena | √ |
| Dr. Lakshman Rodrigo | √ |

The Company Secretary acted as Secretary to the Committee and ensured that all meetings were properly convened, documented, and conducted in accordance with the Committee Charter.

## Role and Responsibilities

The principal responsibilities of the Remuneration Committee include:

- Reviewing and recommending to the Board the remuneration policy applicable to Executive Directors and Senior Management.
- Establishing a remuneration framework that aligns executive remuneration with the Company's strategic objectives and long-term performance.
- Reviewing the remuneration packages of Executive Directors and Senior Management, including fixed remuneration, variable incentives, benefits, and other employment terms.
- Reviewing annual salary revisions, performance incentives, bonuses, and other employee reward mechanisms.
- Ensuring that remuneration practices support the attraction, retention, and motivation of competent management personnel.
- Reviewing succession planning and talent retention initiatives from a remuneration perspective.
- Ensuring compliance with applicable regulatory requirements and recognized corporate governance practices.

On behalf of the Remuneration Committee



**Mr. Lakshman Abeysekera**
**Chairman - Remuneration Committee**
25 August 2026

# REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Board of Directors is pleased to present the Report of the Related Party Transactions Review Committee for the financial year ended 31 March 2026.

## Introduction

The Related Party Transactions Review Committee assists the Board in ensuring that all related party transactions are conducted in a manner that is fair, transparent, and in the best interests of the Company and its stakeholders. The Committee reviews and monitors related party transactions to ensure compliance with applicable regulatory requirements, corporate governance best practices, and the Company's policies and procedures.

Until 30 September 2024, the Related Party Transactions Review Committee of the Ultimate Parent Company acted as the Related Party Transactions Review Committee of Kegalle Plantations PLC. In line with the Company's commitment to strengthening its governance framework and complying with the Colombo Stock Exchange Listing Rules, a separate Related Party Transactions Review Committee was established with effect from 30 September 2024, comprising members who are not directors of the Ultimate Parent Company.

## Committee Composition

During the year under review, the Committee comprised the following Independent Non-Executive Directors:

| Name of Committee Member | Position |
|---|---|
| Mr. Lakshman Abeysekera | Chairman of the Committee |
| Dr. Lakshman Rodrigo | Member of the Committee |
| Prof. R C W M R A Nugawela | Member of the Committee |

Dr. Lakshman Rodrigo, Independent Non-Executive Director, was appointed to the Committee with effect from 16th April 2025, in compliance with Rule No. 9.14.2 (1) of the CSE Listing Rules, following the cessation of Dr. (Mrs.) Nayanie Samantha Aratchige from the Board as an Independent Non-Executive Director, effective 31st March 2025.

## Purpose

The Objectives of the Committee,

- To exercise oversight on behalf of the Board, that all Related Party Transactions ("RPTs", other than those exempted by the CSE listing rules on the Related Party Transactions) of Kegalle Plantations PLC is carried out and disclosed in a manner consistent with the CSE listing rules.
- To advise and update the Board of Directors on the related party transactions of the Company on a quarterly basis.
- To ensure compliance with the CSE listing rules on the Related Party Transactions.
- To review policies and procedures of Related Party Transactions of Company.
- To ensure shareholder interests are protected and that fairness and transparency are maintained.

The Committee developed and suggested a framework of policies for the Company to implement regarding Related Party Transactions. The committee took into consideration Related Party Transactions that need Board of Directors permission, as well as different thresholds established by the Colombo Stock Exchange's listing regulations and disclosure obligations, among other things.

Additionally, procedures for obtaining yearly disclosures from all KMPs were implemented throughout the Richard Pieris Group.

## Meetings

The Committee held five meetings during the period under review on following days,

| Name of Committee Member | 27-May-2025 | 5-August-2025 | 18-August-2025 | 4-November-2025 | 10-February-2026 |
|---|---|---|---|---|---|
| Mr. Lakshman Abeysekera | √ | √ | √ | √ | √ |
| Dr. Lakshman Rodrigo | √ | √ | √ | √ | √ |
| Prof. R C W M R A Nugawela | √ | x | √ | √ | √ |

Meetings were attended by invitation only by the Chief Executive Officer, Financial Manager, and Group Head of Finance. The Secretary of the Company, Richard Pieris Group Services (Private) Limited serves as the Committee's secretary.

Through verbal briefings and the tabulation of Committee meeting minutes, the Board of Directors has been informed of the Committee's actions and opinions.

# REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

### Task of the Committee

The Committee reviewed the related party transactions for compliance with applicable requirements and reported its findings to the Board. In the course of its review, the Committee acknowledged the adequacy and quality of the information provided by management, which facilitated an effective evaluation of the transactions.

### Related Party Transactions during the year 2025/26

Details of the related party transactions entered into by the Company/Group are disclosed on page 235 to 236.

### Declaration

Refer to the Board of Directors' Annual Report on the Company's Affairs, pages 172 to 175, for the Board of Directors' declaration that, aside from the information provided in note no. 37, the Company did not engage in any related party transactions that fall under the purview of the Listing Rules in 2025/26.

### Disclosures

A detailed disclosure of all the related party transactions including Recurrent and Non-Recurrent related party transactions which are required to be disclosed under section 9.14.2 of the Listing Rules of the Colombo Stock Exchange has been made in note no. 37 to the Financial Statements given in Pages 235 to 236 to this report.



**Mr. Lakshman Abeysekera**
Chairman of the Related Party Transaction Review Committee

25 August 2026

# REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The Board of Directors is pleased to present the Report of the Nominations and Governance Committee for the financial year ended 31 March 2026.

## Introduction

The Nominations and Governance Committee assists the Board in maintaining effective corporate governance practices and ensuring an appropriate balance of skills, experience, and independence within the Board and its Committees.

The Committee was established by the Company in September 2024 pursuant to Section 09.11.4 of the Colombo Stock Exchange Listing Rules, to support the Board in matters relating to governance, Board composition, and succession planning.

## Committee Composition

Dr. Lakshman Rodrigo, Independent Non-Executive Director, was appointed to the Committee with effect from 16th April 2025, in compliance with Rule No. 9.11.4 (1) of the CSE Listing Rules, following the cessation of Dr. (Mrs.) Nayanie Samantha Aratchige from the Board as an Independent Non-Executive Director, effective 31st March 2025.

| Name of Committee Member | Position |
|---|---|
| Mr. Lakshman Abeysekera | Chairman of the Committee |
| Dr. S S B D G Jayawardena | Member of the Committee |
| Dr. Lakshman Rodrigo | Member of the Committee |

## Meetings of the Committee

The Committee held one meeting during the period under review on following day,

| Name of Committee Member | 14-October-2025 |
|---|---|
| Mr. Lakshman Abeysekera | √ |
| Dr. S S B D G Jayawardena | √ |
| Dr. Lakshman Rodrigo | √ |

## Purpose

- To describe the process by which the Committee assesses and suggests directors be appointed or reappointed to the Board and its Committees, making sure that applicants have the necessary training, expertise, and independence.
- To record the Committee's function in upholding a formal and open nomination procedure in accordance with corporate governance guidelines and legal specifications, such as those set out by the Colombo Stock Exchange (CSE).
- To provide a yearly assessment of the Board's and each Director's performance, along with any suggestions for enhancements or succession planning.
- To illustrate the Committee's duty to create and oversee governance procedures and policies that support openness, accountability, and conformity to industry best practices.
- To guarantee adherence to pertinent legal and regulatory frameworks, especially with regard to the independence of directors and modifications to the Board's composition.

## Disclosure of Activities

The Committee undertook the following key activities:

- Reviewed the Board and Committees to ensure proper independence, expertise, and compliance with governance standards.
- Evaluated Independent Directors per CSE rules.
- Recommended restructuring Board Committees to maintain effectiveness and regulatory compliance.
- Proposed appointment of Mr. L. Dinusha T. Perera as Non-Executive Director from 15 October 2025.
- Reviewed governance policies to ensure ongoing compliance with legal requirements.
- Monitored adherence to CSE Listing Rules, reaffirming the Company's commitment to strong and transparent governance.

Through these endeavors, the Committee maintained its support for the Board's efficient operation and helped to strengthen the Company's good governance procedures.

## Conclusion

The Committee remains dedicated to maintaining good governance standards and making sure that the Company and its stakeholders are served by board appointments and procedures.

On behalf of the Nominations and Governance Committee



**Mr. Lakshman Abeysekera**
**Chairman - Nominations and Governance Committee**

25 August 2026

# STATEMENT OF THE DIRECTORS' RESPONSIBILITY

The Directors of Kegalle Plantations PLC acknowledge their responsibility for the preparation and presentation of the Annual Report, including the Financial Statements of the Company and its subsidiary and the Sustainability-related Financial Disclosures, in accordance with the provisions of the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange, the Sri Lanka Financial Reporting Standards (SLFRS) and other applicable laws and regulations.

The Directors are responsible for ensuring that the Financial Statements are prepared in accordance with Sri Lanka Accounting Standards and provide a true and fair view of the Company's and Group's financial position as of 31 March 2026, as well as their financial performance and cash flows for the fiscal year then ended. The Directors affirm that suitable accounting policies were established and consistently used, that reasonable and prudent judgements and estimates were made, and that all applicable accounting standards were followed. Any significant deviations from such norms, when relevant, have been properly stated and explained.

The Directors also confirm their duty for maintaining proper accounting records and procedures required to compile valid financial and sustainability data. These records are intended to reflect the Company's and the Group's financial positions with acceptable accuracy, as well as to facilitate the measuring, monitoring, and reporting of important sustainability-related metrics, objectives, and performance indicators.

The Directors are also responsible for developing and maintaining adequate internal control and risk management systems for financial reporting and sustainability disclosures. While no internal control system can provide absolute assurance against material misstatement, error, fraud, or omission, the Directors have put in place appropriate policies, procedures, controls, and review mechanisms to provide reasonable assurance that assets are protected, transactions are properly authorised and recorded, and financial and sustainability-related information is reliable and complete.

The Directors have examined the Company's and Group's capacity to continue as going concerns and are satisfied that enough resources exist to sustain operations for the foreseeable future. Accordingly, the Directors have continued to use the going-concern basis in the preparation of these Financial Statements.

The Directors have taken reasonable steps to ensure the accuracy of the information in the Annual Report and confirm that, to the best of their knowledge, the report presents a fair and understandable assessment of the Company's financial position, performance, strategy, governance, sustainability-related risks and opportunities, and future prospects.

The Directors have supplied the external auditors, Messrs. Ernst & Young, Chartered Accountants, with all information, explanations, and access to documents required to carry out their audit and other assurance processes. The external auditors' obligations in regard to the audit of the Financial Statements are outlined in the Independent Auditor's Report, which appears on pages 179 to 180 of this Annual Report.

By order of the Board,



**Mrs. R J Siriweera**
Company Secretary

Richard Pieris Group Services (Pvt) Ltd
Secretaries
No. 310, High Level Road
Nawinna
Maharagama.

25 August 2026

# CHIEF EXECUTIVE OFFICER'S AND SECTOR FINANCIAL CONTROLLER'S RESPONSIBILITY STATEMENT

The Chief Executive Officer and the Sector Financial Controller acknowledge their responsibility for the financial reporting of Kegalle Plantations PLC ("the Company") and its subsidiaries ("the Group") and for ensuring that the financial reporting processes support the preparation and presentation of reliable Financial Statements in accordance with applicable statutory, regulatory and financial reporting requirements.

The Consolidated Financial Statements of the Group and the Financial Statements of the Company for the year ended 31 March 2026 have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs) issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, where applicable. The Company has also complied with the applicable Listing Rules of the Colombo Stock Exchange (CSE) and has considered the applicable principles and recommendations of the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka.

The Board of Directors is responsible for the preparation and presentation of Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Group and the Company. Management, under the oversight of the Board, is responsible for maintaining appropriate accounting records, financial reporting processes and systems of internal control to facilitate the preparation of reliable Financial Statements and to safeguard the assets of the Group and the Company.

In preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently, except where changes have been appropriately disclosed, and reasonable and prudent judgements and estimates have been made based on information available at the reporting date.

The Group maintains systems of internal control, risk management and financial reporting controls designed to provide reasonable assurance regarding the reliability of financial reporting, safeguarding of assets, maintenance of proper accounting records and prevention and detection of material fraud, error and other irregularities. The effectiveness of these systems is reviewed periodically by Management, the internal auditors and the Audit Committee. Such systems provide reasonable, but not absolute, assurance against material misstatement or loss.

The Directors have assessed the ability of the Group and the Company to continue as going concerns, having considered their financial position, forecasts, commitments and the operating environment, and are satisfied that adequate resources are available to continue operations for the foreseeable future. Accordingly, the Financial Statements have been prepared on the going concern basis, unless otherwise disclosed therein.

The Audit Committee assists the Board in overseeing financial reporting, internal controls, risk management, internal audit and the external audit process. The internal auditors and Independent Auditors have direct access to the Audit Committee, supporting the independence and effectiveness of the assurance functions. The Financial Statements for the year ended 31 March 2026 have been audited by Messrs. Ernst & Young, Chartered Accountants, Independent Auditors, who have been provided with all information and explanations considered necessary for the performance of their audit.

Accordingly, the Chief Executive Officer and the Sector Financial Controller confirm, to the best of their knowledge and belief, that appropriate accounting records and financial reporting controls have been maintained and that the Financial Statements have been prepared in compliance with the applicable requirements of:

- Sri Lanka Accounting Standards (SLFRSs/LKASs) issued by CA Sri Lanka;
- Companies Act No. 07 of 2007;
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
- Applicable Listing Rules of the Colombo Stock Exchange; and
- Applicable principles and recommendations of the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka.

The Chief Executive Officer and the Sector Financial Controller further confirm that the Group and the Company have maintained appropriate systems and procedures to support the integrity of financial reporting and that, to the best of their knowledge, there are no material departures from the applicable financial reporting, statutory and regulatory requirements other than matters, if any, appropriately disclosed in the Financial Statements and the Annual Report.



**Saman Doranegama**
Chief Executive Officer



**Dhammika Laksiri**
Sector Financial Controller

25 August 2026

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors of Kegalle Plantations PLC have pleasure in presenting to the Members, their report together with the Audited Financial Statements of the Company and its subsidiary for the year ended 31 March 2026 and the Auditor's Report thereon.

The Board of Directors approved this report at the Board meeting held on 25 August 2026.

The details set out herein provide pertinent information required by the Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange, Securities and Exchange Commission and are guided by recommended best Accounting Practices. The Company's new registration number is PQ 135.

## Principal Activities and Operational Review

The principal activity of Kegalle Plantations PLC is cultivation and processing of Rubber, Tea, Coconut and other crops and remains unchanged from the previous year. The number of estates manage remained the same as last year - 17 estates with a total extent cultivated being 6,985 hectares (7,321 hectares in 2024/25).

The Company continues to be managed by RPC Plantation Management Services (Pvt) Ltd. The basis of computation of Management Fees was same as that of the previous year and was in accordance with the Agreement signed between both parties.

## Future Development

Profound changes take place in the global commodity market. In order to stay ahead of its competitors, the strategic direction of the Company is regularly monitored by the Board of Directors in the key areas of operations and financial management, in pursuit of improving yields, value addition, diversification and product differentiation to reduce price sensitivity, to improve quality and get the best return on investment.

## Review of the Company Performance

The Chairman's Review, Management Discussion & Analysis and other reports attached, briefly describe the performance of the Company and the Group in the current financial year. These Reports together with the Financial Statements reflect results and the state of affairs of the Company and its subsidiary.

## Turnover

The Turnover of the Company was Rs. 3,719,136,803/- (2024/25 - Rs. 3,923,701,892/-) which is a 5.21% reduction from last year, Composition of the Revenue is given in Note 6 to the Accounts.

## Results and Appropriations

Summary of the results and appropriations are given below.

| Year ended 31 March | 2025/26<br>Rs.'000 | 2024/25<br>Rs.'000 |
|---|---|---|
| Profit from operations after deducting all expenses, depreciation and all known liabilities | 249,275 | 637,903 |
| ( - ) Taxation | (123,254) | (121,033) |
| Profit After Tax | 126,021 | 516,871 |
| ( + ) Other Comprehensive Income/(Loss) | 15,507 | (82,014) |
| Total Comprehensive Income | 141,528 | 434,855 |
| ( + ) Un-appropriated profit brought forward | 3,319,356 | 3,055,680 |
| Profit available for Distribution | 3,460,881 | 3,490,536 |
| Appropriation; | | |
| Dividends paid | (75,000) | (87,500) |
| Timber Reserve | (36,954) | (83,681) |
| Un-appropriated profit carried forward | 3,348,930 | 3,319,356 |

Details to the Company's profits are given in pages185.

## Investments

Information relating to the movement of investments is given in Notes 17 and 18 to the Accounts.

## Property, Plant and Equipment

The total capital expenditure incurred on the acquisition of fixed assets during the year amounted to Rs. 391,281,951/- (2024/25 - Rs. 474,123,621/-), out of which expenditure on Biological Assets amounts to Rs. 301,476,448/- (2024/25 - Rs. 437,626,947/-). Further information relating to the movement of Fixed Assets is given in Notes 14 to 16 of the Accounts. Capital expenditure has been financed by either long or short-term borrowings depending on the pay- back period and or internally generated funds.

## Loans & Borrowings

The total loans outstanding breakdown as at the Statement of Financial Position date is given in Note 25 to the Accounts.

## Stated Capital

The Stated Capital of the Company as at 31 March 2026 was Rs. 250,000,010/-. A detail of the Stated Capital is given in Note 24 to the Financial Statements.

## Reserves

The Reserves of the Company as at 31 March 2026 was Rs. 3,811,412,845/- (2024/25 - Rs. 3,744,887,001/-). The details are given in the Statement of Changes in Equity on Page 185 to the Financial Statements.

## Corporate Donations

During the year under review the Company has not made any donations. (2024/25 – Nil).

## Taxation

According to the New Inland Revenue Act No. 24 of 2017 (i.e. effective from 1 April 2018), the Company was liable to pay income tax at the rate of 14% on its agricultural business for the year of assessment 2019/20 and as per the Inland Revenue (Amendment) Act was passed in Parliament on 4 May 2021, The sale of produce from agro farming is exempt for a period of 5 years from 1 April 2019. Agro processing is taxed at a concessionary rate of 14% and all the other sources taxed at the standard rate of 24% from 1 January 2020 onwards.

The Company has used the new tax rate introduced in the Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19 December 2022, (with retrospective effect from 1 October 2022) for income taxation. The following rates have been used for income tax calculation.

| Source of Taxable income | Description | Effective tax rate (%) | |
|---|---|---|---|
| | | 2025/26 | 2024/25 |
| Agro farming | Tax on taxable income | 30% | 30% |
| Agro processing | Tax on taxable income | 30% | 30% |
| Dividend income | Tax on dividend | 15% | 15% |
| Other investment income | Tax on balance taxable income | 30% | 30% |

Accordingly, deferred taxes of the company have been computed at 30% (2024/25 - 30%).

Further details of Taxation are given in Note 12 to the Financial Statements.

## Share Information

Information on Earnings, Dividend, Net Assets and Market Value per share is given on Pages 243 of this report.

## Major Shareholders

The twenty-five largest shareholders of the Company as at 31 March 2026 together with percentages held are given under the caption "Shareholder & Investor Information" on Page 244.

## Directorate

The Names of the Directors who held Office during the year are given below. Their brief profile appears on Pages 18 to 21.

| Name of the Director | |
|---|---|
| Dr. Sena Yaddehige | Chairman |
| Prof. R C W M R A Nugawela | Director |
| Dr. S S B D G Jayawardena | Director |
| Shaminda Yaddehige | Director |
| Mr. Lakshman Abeysekera | Director |
| Dr. Lakshman Rodrigo | Director |
| L Dinusha T Perera (appointed w.e.f 15th October 2025) | Director |

## Appointment, Re-election and Resignation

1. To approve the appointment of Dr. Sena Yaddehige as a Director

   Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from RPC Plantation Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

   "That Dr. Sena Yaddehige of Le Neuf, Chemin, St. Saviours, Guernsey, United Kingdom who is 80 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Dr. Sena Yaddehige"

2. To approve the appointment of Dr. S S B D G Jayawardena as a Director

   Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from RPC Plantation Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

   "That Dr. S S B D G Jayawardena of No. 134, Batagama (North) Ja -Ela, who is 84 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Dr. S S B D G Jayawardena"

3. To approve the appointment of Prof. R C W M R A Nugawela as a Director

   Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from RPC Plantation Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

"That Prof. R C W M R A Nugawela of No. 58/7A, Lewella, Kandy who is 73 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Prof. R C W M R A Nugawela"

4. To re-elect Mr. Shaminda Yaddehige who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director

5. To re-elect Mr. Lakshman Abeysekera who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director

6. To elect Mr. L. Dinusha T. Perera who retires in terms of Article 98 at the Annual General Meeting, a Director

### Directors' Interest in Contracts

Directors' interest in contracts in relation to transactions with related entities, transactions with Key Management Personnel and other related disclosures are stated in Note 37 (Related Party Disclosures) to the Financial Statements.

### Interest Register

The Company maintains an interest register as required by the Companies' Act No. 07 of 2007. Information pertaining to directors' interest in contracts, their remuneration and their share ownership are disclosed in the interest register.

### Directors'/CEO's Interest in Shares

Shareholding of Directors/CEO who held office during the financial year is as follows: -

| Directors' and CEO's Shareholding | | |
|---|---|---|
| Name of Director/CEO | As at 31/03/2026 | As at 31/03/2025 |
| Dr. Sena Yaddehige, Chairman | - | - |
| Prof. R C W M R A Nugawela, Director | - | - |
| Dr. S S B D G Jayawardena, Director | - | - |
| Mr. Shaminda Yaddehige, Director | - | - |
| Mr. Lakshman Abeysekera, Director | - | - |
| Mr. Lakshman Rodrigo, Director (appointed w.e.f 16th April 2025) | - | - |
| Mr. L Dinusha T Perera (appointed w.e.f 15th October 2025) | - | - |
| Mr. I S Doranegama, Chief Executive Officer | - | - |

### Directors' Remuneration and Other Benefits

The Remuneration of the Directors for the year ended 31 March 2026 is given in Note 8 of the Financial Statements.

### Vision, Mission & Objectives

The Company's Vision, Mission and Long-Term Objectives are given page 15 of this report..

### Environmental Protection

The Companies activities can have both direct and indirect effects on the environment. It is the policy of the Company to minimize any adverse effects by recycling resources as much as possible and creating awareness among staff on current global environmental threats.

### Employment Policy

The Company's recruitment and employment policy is non discriminatory. Appraisals of individual employees are carried out by the respective departmental heads in order to evaluate their performances and realize their potential and through this process to benefit the Company and themselves.

### Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments have been made up to date.

### Events after the Reporting Date

No circumstances have arisen since the Statement of Financial Position date, which would require adjustment or disclosure in the Accounts.

### Health and Safety

The Company considers its human resource as the greatest asset and therefore stringent measures have been adopted among employees in Tea Centers, Factories and fields to control the outbreak of Corona Virus. The Company will continue its policy of Human Resources development to meet the future challenges that will arise in skill and competency levels.

In this context, ensuring health and safety of our employees is of paramount important and we have facilitated work from home for head office employees, sanitization and other safety measures have been implemented at all our estates and manufacturing facilities. Several welfare measures such as providing dry rations, cash advances to maintain livelihood of our estate employees during this period were undertaken.

### Board Committees

The Board has delegated responsibilities to four Board Sub Committees which operate within clearly defined terms of reference. Their compositions and functions are given in Pages 164 to 169 of this report.

### Related Party Transactions

There are no non recurrent related party transactions which exceed 10 percent of the Equity or 5 percent of the total assets whichever is lower and the Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions. However, the Directors have disclosed the transactions that could be classified as related party transactions which are adopted in the presentation of the Financial Statements and accordingly given in note 37 on Pages 235 to 236.

## Corporate Governance and Internal Control

The policies adopted by the Company in relation to Best Practices and Good Corporate Governance are given on Pages 142 to 163.

The Board has overall responsibility for the Group's system of Internal Financial Control. Although no system of Internal Control can provide absolute assurance against material misstatement or loss the Group's internal control system has been designed to provide the Directors with reasonable assurance that assets are safeguarded, transactions authorized and properly recorded and material errors and irregularities either prevented or detected within a reasonable period of time.

## Directors' Responsibility for Financial Reporting

The Statement of Directors' Responsibility for financial reporting of the Company and the Group is set out in Page 170 of this report.

## Compliance with Laws and Regulations

The Directors, to the best of their knowledge and belief, confirm that the Company has not engaged in any activities that contravene the Laws and the regulations applicable in Sri Lanka. Financial Statements are published quarterly in line with the Listing Rules of the Colombo Stock Exchange.

The Company is in compliance with the CSE rules on related party transactions which was made mandatory with effect from 01 October 2023.

## Auditors

The Financial Statements for the year ended 31 March 2026 have been audited by Messrs. Ernst & Young, Chartered Accountants. The Auditor's Report is given on Pages 179 to 181.

In accordance with the Companies Act No. 7 of 2007, a resolution proposing their re-appointment as Auditors to the Company and authorizing the Directors of the Company to fix their remuneration will be proposed at the Annual General Meeting.

The Audit Fee of Messrs. Ernst & Young for the current year was Rs. 5,601,347/- (2024/25 Rs. 5,092,134/-). In addition, Rs. 1,452,407/- (2024/25 Rs. 1,066,737/-) was paid by the Company for non-audit related work which consists mainly of certifications issued to the Department of Inland Revenue and Tax related work. As far as the Directors were aware the Auditors do not have any relationship other than that of an Auditor with the Company.

## Annual General Meeting

The Date of the Annual General Meeting will be held on 25 September 2026 at the registered office of the Company at 310, High Level Road, Nawinna, Maharagama. The notice of the Annual General Meeting is on Page 268 of the report.

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

**Dr. S S B D G Jayawardena**
Director

**Prof. R C W M R A Nugawela**
Director

Company Secretary

Richard Pieris Group Services (Pvt) Ltd
Secretaries
No. 310, High Level Road,
Nawinna,
Maharagama,
Sri Lanka.

25 August 2026

# 05

# MEASURING GROWTH

**Translating performance, discipline and resilience into transparent financial value.**



**FINANCIAL REPORTS**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Submission of Unaudited Condensed Interim Financial Statements to the CSE within 45 days from the end of each of the first three quarters and within 60 days from the end of the final quarter, in accordance with CSE Listing Rule 7.4(a)(i)(1).

## AUDITED FINANCIAL STATEMENTS RELEASED TO CSE & AGM SCHEDULE

Submission of Audited Financial Statements to the CSE within five months from the end of the financial year, in accordance with CSE Listing Rule 7.5(a).

| Annual Report | Date of released | AGM | AGM Date |
|---|---|---|---|
| 2016/17 | 31 May 2017 | 24th Annual General Meeting | 30 June 2017 |
| 2017/18 | 30 May 2018 | 25th Annual General Meeting | 29 June 2018 |
| 2018/19 | 12-Jun-2019 | 26th Annual General Meeting | 26 July 2019 |
| 2019/20 | 28-Sep-2020 | 27th Annual General Meeting | 12 February 2021 |
| 2020/21 | 31-Aug-2021 | 28th Annual General Meeting | 11 January 2022 |
| 2021/22 | 31-Aug-2022 | 29th Annual General Meeting | 29 September 2022 |
| 2022/23 | 31-Aug-2023 | 30th Annual General Meeting | 27 September 2023 |
| 2023/24 | 31-Aug-2024 | 31st Annual General Meeting | 25 September 2024 |
| 2024/25 | 29-Aug-2025 | 32nd Annual General Meeting | 26 September 2025 |
| **2025/26** | **31-Aug-2026** | **33rd Annual General Meeting** | **25 September 2026** |

# INDEPENDENT AUDITORS' REPORT

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

Tel : +94 11 246 3500
Fax : +94 11 768 7869
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ey.com

## INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDERS OF KEGALLE PLANTATIONS PLC

### Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Kegalle Plantations 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 March 31, 2026, and 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 March 31, 2026, and of their financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We are independent of the 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 the auditor's 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 |
|---|---|
| **Measurement of Bearer Biological Assets** | |
| As of 31 March 2026, the Group's bearer biological assets amounted to Rs. 4,079 Mn and represented 48% of the Group's total assets. Bearer Biological Assets comprise of Rs. 2,089 Mn Immature Plantations and<br><br>Rs. 1,990 Mn of Mature plantations (Written down value), as disclosed in Note 16.1. to the consolidated financial statements. Measurement of Bearer Biological assets in the consolidated financial statements was a key audit matter due to following<br><br>This was a key audit matter due to:<br>◈ The materiality of the reported bearer biological asset balance; and | Our audit procedures included the following key procedures:<br>◈ Obtained an understanding of management's expense allocation process and the identification of expenses to be capitalized in relation to immature plantations.<br>◈ Tested the significant expenses incurred by capital expenditure authorisations and other corroborative evidence.<br>◈ Assessed the reasonableness of depreciation provided on the matured plantations by performing independent computations. |

Partners: G G S Manatunga FCA, Y A De Silva FCA, W K B S R Fernando FCA FCMA (UK) FCCA, B F 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 Paranavitane 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 Rubesh FCMA (UK) FCCA MBA, G B Goodian ACMA (UK), D L B Kanandhiraka ACMA (UK), W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

# INDEPENDENT AUDITORS' REPORT

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| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **Measurement of Bearer Biological Assets (Contd.)** | |
| ◈ Identification of costs to be capitalized as immature plantations, the degree of management's judgement involved in, point at which transfers are to be made from immature plantations to mature plantations and identification of possible indicators of impairment, as disclosed in Note 16.1 to the Financial Statements. | ◈ Inspected the ageing profile of the immature biological assets as of the reporting date to ensure that possible indicators of impairment have been identified, assessed for probable impairment charges/ losses accounted for in the financial statements.<br><br>We also assessed the adequacy of the disclosures made in note 16.1 to the financial statements. |
| **Measurement of Retirement Benefit Obligation** | |
| As disclosed in Note 26 to the consolidated financial statements, the Group's retirement benefit obligation amounted to Rs. 650 Mn and represented 14% of the Group's total liabilities as of 31 March 2026. The value of the retirement benefit obligation was based on the actuarial valuation carried out by an external actuary engaged by the Group.<br><br>This was a key audit matter due to:<br>◈ The materiality of the reported retirement benefit obligation balance; and<br>◈ Changes in key assumptions could result material movements in the recognized liability<br>Key areas of significant assumptions, judgements and estimates used in assessing the value of the retirement benefit obligation included judgements involved in ascertaining the discount rate and future salary / wage growth rate as disclosed in Note 26 to the financial statements. | Our audit procedures included the following key procedures:<br><br>◈ Assessed the competence, capability and objectivity of the external actuary engaged by the Group.<br>◈ Tested the data used in the valuation of Retirement Benefit Obligations by agreeing key information to source documents and accounting records.<br>◈ Read the external actuary's report and identified the key estimates made and the approach taken by the actuary in determining the value of the retirement benefit obligation.<br>◈ Assessed the reasonableness of the significant judgements, assumptions and estimates made by the external actuary such as discount rate and future salary/ wage growth rate in measuring the value of the retirement benefit obligation.<br><br>We also assessed the adequacy of the disclosures made in note 26 to the financial statements. |

## Other information included in The Group's 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 consolidated 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 Group's financial reporting process.

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### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 SLAuS's 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 SLAuS's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the company & 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance 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 Group.
CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4169.

**Ernst & Young**



Chartered Accountants

25 August 2026
Colombo

# STATEMENT OF PROFIT OR LOSS

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | 2025 |
| Year ended 31 March | Notes | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Revenue | 6 | 3,719,134 | 3,923,700 | 3,719,134 | 3,923,700 |
| Cost of Sale | | (3,375,297) | (3,223,684) | (3,375,297) | (3,223,684) |
| Gross Profit | | 343,837 | 700,016 | 343,837 | 700,016 |
| Gain on fair value of Biological Assets | 16.4 | 33,794 | 86,829 | 33,794 | 86,829 |
| Other Income | 7 | 196,820 | 225,007 | 194,112 | 222,427 |
| Administrative Expenses | | (123,411) | (77,993) | (119,203) | (74,365) |
| Management Fee | | (67,377) | (108,336) | (67,377) | (108,336) |
| **Profit from Operations** | 8 | 383,663 | 825,523 | 385,163 | 826,571 |
| Finance Income | 9 | 33,198 | 1,926 | 33,198 | 1,926 |
| Finance Cost | 10 | (169,086) | (190,594) | (169,086) | (190,594) |
| Share of Result of Equity Accounted Investees | 11 | (72,816) | (160,648) | - | - |
| **Profit Before Taxation** | | 174,959 | 476,207 | 249,275 | 637,903 |
| Tax Expenses | 12.1 | (71,238) | (32,166) | (123,254) | (121,032) |
| Profit After Taxation | | 103,721 | 444,041 | 126,021 | 516,871 |
| **Attributable to:** | | | | | |
| **Equity holders of the Parent** | | 103,721 | 444,041 | 126,021 | 516,871 |
| Non-controlling interest | | - | - | - | - |
| Profit for the year | | 103,721 | 444,041 | 126,021 | 516,871 |
| **Basic Earnings Per Share - Rs.** | 13 | 4.15 | 17.76 | 5.04 | 20.67 |
| Dividend Per Share - Rs. | 13.3 | 3.50 | 3.50 | 3.50 | 3.50 |

The accounting policies and notes on Pages 188 through 240 form an integral part of the Financial Statements.

# STATEMENT OF COMPREHENSIVE INCOME

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | 2025 |
| Year ended 31 March | Notes | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Profit for the year | | 103,721 | 444,041 | 126,021 | 516,871 |
| Other Comprehensive Income | | | | | |
| Other Comprehensive income that will not be reclassified to profit or loss in Subsequent periods (net of tax) | | | | | |
| Actuarial Losses on Defined Benefit Plans | 26 | (26,507) | (130,355) | (26,507) | (130,355) |
| Income tax effect | 12.2 | 7,952 | 39,107 | 7,952 | 39,107 |
| Other Comprehensive Loss that will not be reclassified to profit or loss in Subsequent periods (net of tax) | | (18,555) | (91,249) | (18,555) | (91,249) |
| Share of Other Comprehensive Income of Equity Accounted Investees | | | | | |
| Other Comprehensive income that will not be reclassified to profit or loss in Subsequent periods | | | | | |
| Actuarial Losses on Defined Benefit Plans | 11.2 | (1,925) | (1,637) | - | - |
| Income tax effect | 11.2 | 45 | 570 | - | - |
| | | (1,880) | (1,067) | - | - |
| Net Gain/(Loss) on Fair Value Through Other Comprehensive Income Financial Assets | 11.2 & 17.1 | (6,456) | 65,063 | 48,660 | 13,192 |
| Income tax effect | 12.2 | (14,598) | (3,958) | (14,598) | (3,958) |
| | | (21,054) | 61,106 | 34,062 | 9,235 |
| Net Other Comprehensive income/(Loss) that will not be reclassified to profit or loss in Subsequent periods | | (22,934) | 60,039 | 34,062 | 9,235 |
| Other Comprehensive income to be reclassified to profit or loss in Subsequent periods | | - | - | - | - |
| Other Comprehensive Income/(Loss) for the year, net of tax | | (41,489) | (31,210) | 15,507 | (82,015) |
| Total Comprehensive Income for the year, net of tax | | 62,233 | 412,831 | 141,528 | 434,856 |
| Attributable to: | | | | | |
| Equity holders of the Parent | | 62,233 | 412,831 | 141,528 | 434,855 |
| Non-controlling Interest | | - | - | - | - |
| Total Comprehensive Income for the year | | 62,233 | 412,831 | 141,528 | 434,855 |

The accounting policies and notes on Pages 188 through 240 form an integral part of the Financial Statements.

# STATEMENT OF FINANCIAL POSITION

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | 2025 |
| As at 31 March | Notes | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| **ASSETS** | | | | | |
| **Non Current Assets** | | | | | |
| Right of Use Assets | 14 | 806,159 | 815,039 | 806,159 | 815,039 |
| Free hold Property, Plant and Equipment | 15 | 461,969 | 420,219 | 457,947 | 412,650 |
| Bearer Biological Assets | 16.1 | 4,079,257 | 3,937,291 | 4,079,257 | 3,937,291 |
| Consumable Biological Assets | 16.2 | 383,366 | 339,824 | 383,366 | 339,824 |
| Investment Properties | 16.5 | 441,000 | 450,000 | 441,000 | 450,000 |
| Financial Assets | 17 | 250,134 | 189,511 | 250,134 | 189,511 |
| Long Term Investments | 18.2 | 1,629,162 | 1,706,958 | 491,850 | 491,850 |
| **Total Non Current Assets** | | 8,051,048 | 7,858,842 | 6,909,713 | 6,636,165 |
| **Current Assets** | | | | | |
| Produce on Bearer Biological Asset | 16.3 | 10,737 | 13,897 | 10,737 | 13,897 |
| Inventories | 19 | 437,497 | 532,854 | 437,384 | 532,741 |
| Trade and Other Receivables | 20 | 984,486 | 1,018,477 | 982,862 | 1,016,838 |
| VAT Recoverable | | 28,758 | 28,792 | 28,758 | 28,792 |
| Income Tax Recoverable | | 28,130 | 16,130 | 28,130 | 16,130 |
| Amounts due from Related Companies | 21 | 11,536 | 11,468 | 29,878 | 32,038 |
| Short Term Investments | 22 | 91,044 | 163,217 | 91,044 | 163,217 |
| Cash and Bank Balances | 23 | 34,948 | 7,383 | 34,948 | 7,383 |
| **Total Current Assets** | | 1,627,136 | 1,792,218 | 1,643,741 | 1,811,036 |
| **TOTAL ASSETS** | | 9,678,183 | 9,651,060 | 8,553,454 | 8,447,200 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Stated Capital | 24 | 250,000 | 250,000 | 250,000 | 250,000 |
| General Reserve | 24.1 | 225,000 | 225,000 | 225,000 | 225,000 |
| Timber Reserve | 24.2 | 188,885 | 151,931 | 188,885 | 151,931 |
| Fair Value Through Other Comprehensive Income Reserve | 24.3 | 48,588 | 48,588 | 48,600 | 48,600 |
| Retained Earnings | | 4,463,380 | 4,513,102 | 3,348,930 | 3,319,356 |
| **Total Equity** | | 5,175,853 | 5,188,621 | 4,061,415 | 3,994,887 |
| **Non Current Liabilities** | | | | | |
| Interest-bearing Loans & Borrowings | 25 | - | 66,636 | - | 66,636 |
| Retiring Benefit Obligations | 26 | 650,446 | 591,315 | 650,446 | 591,315 |
| Deferred Income | 27 | 249,203 | 241,837 | 249,203 | 241,837 |
| Deferred Tax Liability | 28 | 875,926 | 746,026 | 875,926 | 746,026 |
| Lease Creditor | 29.3 | 942,305 | 920,824 | 942,305 | 920,824 |
| **Total Non Current Liabilities** | | 2,717,880 | 2,566,638 | 2,717,880 | 2,566,638 |
| **Current Liabilities** | | | | | |
| Trade and Other Payables | 30 | 348,241 | 507,285 | 343,129 | 502,301 |
| Interest-bearing Loans & Borrowings | 25 | 422,995 | 668,322 | 422,995 | 668,322 |
| Lease Creditor | 29.3 | 16,484 | 14,259 | 16,484 | 14,259 |
| Dividend Payable | 31 | 93,160 | 51,491 | 93,160 | 51,491 |
| Amounts due to Related Companies | 32 | 903,569 | 654,443 | 898,391 | 649,303 |
| **Total Current Liabilities** | | 1,784,449 | 1,895,800 | 1,774,159 | 1,885,676 |
| **TOTAL EQUITY AND LIABILITIES** | | 9,678,183 | 9,651,060 | 8,553,454 | 8,447,200 |

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

**Dhammika Laksiri**
Sector Financial Controller

The Board of Directors is responsible for these Financial Statements.

Approved and signed for and on behalf of the Board of Directors of Kegalle Plantations PLC.

**Dr. S S B D G Jayawardena**
Director

**Prof. R C W M R A Nugawela**
Director

The accounting policies and notes on Pages 188 through 240 form an integral part of the Financial Statements.

25 August 2026
Colombo

# STATEMENT OF CHANGES IN EQUITY

Year ended 31 March

| Group | Stated Capital | General Reserve | Retained Earnings | FVTOCI Reserve | Timber Reserve | Total |
|---|---|---|---|---|---|---|
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| As at 01 April 2024 | 250,000 | 225,000 | 4,271,452 | 48,588 | 68,250 | 4,863,290 |
| Profit for the year | - | - | 444,041 | - | - | 444,041 |
| **Other Comprehensive Income** | | | | | | |
| Actuarial Losses on Defined Benefit Plans | - | - | (91,249) | - | - | (91,249) |
| **Share of Other Comprehensive Income of Equity Accounted Investees** | | | | | | |
| Net Gain on FVTOCI Financial Assets | - | - | 61,106 | - | - | 61,106 |
| Actuarial Losses on Defined Benefit Plans | - | - | (1,067) | - | - | (1,067) |
| Timber Reserve | - | - | (83,681) | - | 83,681 | - |
| Dividend Paid | - | - | (87,500) | - | - | (87,500) |
| **Balance as at 31 March 2025** | 250,000 | 225,000 | 4,513,102 | 48,588 | 151,931 | 5,188,621 |
| Profit for the year | - | - | 103,721 | - | - | 103,721 |
| Other Comprehensive Income | | | | | | |
| Actuarial Losses on Defined Benefit Plans | - | - | (18,555) | - | - | (18,555) |
| Share of Other Comprehensive Income of Equity Accounted Investees | | | | | | |
| Net Loss on Fair Value Through Other Comprehensive Income Financial Assets | - | - | (21,054) | - | - | (21,054) |
| Actuarial Losses on Defined Benefit Plans | - | - | (1,880) | - | - | (1,880) |
| Timber Reserve | - | - | (36,954) | - | 36,954 | - |
| Dividend Paid | - | - | (75,000) | - | - | (75,000) |
| **Balance as at 31 March 2026** | 250,000 | 225,000 | 4,463,380 | 48,588 | 188,885 | 5,175,853 |

| Company | Stated Capital | General Reserve | Retained Earnings | FVTOCI Reserve | Timber Reserve | Total |
|---|---|---|---|---|---|---|
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| As at 01 April 2024 | 250,000 | 225,000 | 3,055,680 | 48,600 | 68,250 | 3,647,530 |
| Profit for the year | - | - | 516,871 | - | - | 516,871 |
| Other Comprehensive Loss | - | - | (82,014) | - | - | (82,014) |
| Timber Reserve | - | - | (83,681) | - | 83,681 | - |
| Dividend Paid | - | - | (87,500) | - | - | (87,500) |
| **Balance as at 31 March 2025** | 250,000 | 225,000 | 3,319,356 | 48,600 | 151,931 | 3,994,887 |
| Profit/(Loss) for the year | - | - | 126,021 | - | - | 126,021 |
| Other Comprehensive Income | - | - | 15,507 | - | - | 15,507 |
| Timber Reserve | - | - | (36,954) | - | 36,954 | - |
| Dividend Paid | - | - | (75,000) | - | - | (75,000) |
| **Balance as at 31 March 2026** | 250,000 | 225,000 | 3,348,930 | 48,600 | 188,885 | 4,061,415 |

The accounting policies and notes on Pages 188 through 240 form an integral part of the Financial Statements.

# STATEMENT OF CASH FLOW

| Year ended 31 March | Notes | Group 2026 Rs.'000 | Group 2025 Rs.'000 | Company 2026 Rs.'000 | Company 2025 Rs.'000 |
|---|---|---|---|---|---|
| CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES | | | | | |
| Net Profit before Taxation | | 174,959 | 476,207 | 249,275 | 637,903 |
| ADJUSTMENTS FOR | | | | | |
| Interest Income | 9 | (33,198) | (1,926) | (33,198) | (1,926) |
| Depreciation/Amortisation | 8 | 250,291 | 212,085 | 250,291 | 212,085 |
| Provision for Defined Benefit Plan Costs | 26 | 120,186 | 104,212 | 120,186 | 104,212 |
| Amortisation of Grants | 27 | (14,938) | (14,396) | (14,938) | (14,396) |
| Finance Costs | 10 | 43,276 | 68,065 | 43,276 | 68,065 |
| Interest on Government Finance Lease | 29 | 125,810 | 122,529 | 125,810 | 122,529 |
| Impairment of Property, Plant & Equipment | | 3,547 | 3,082 | - | - |
| Reassessment on Lease Liability | | 232 | 232 | 232 | 232 |
| (Gains) / Losses on Fair Value of Biological Assets | 16 | (33,794) | (86,829) | (33,794) | (86,829) |
| (Gains) / Losses on Sales of Biological Assets | | (26,632) | (89,759) | (26,632) | (89,759) |
| Share of result of Associates | 11 | 72,816 | 160,648 | - | - |
| **Operating Profit before Working Capital Changes** | | 682,555 | 954,150 | 680,508 | 952,116 |
| (Increase)/Decrease in Inventories | | 95,357 | 13,067 | 95,357 | 13,067 |
| (Increase)/Decrease in Trade and Other Receivables | | 22,025 | (186,114) | 22,010 | (186,113) |
| Increase/(Decrease) in Trade and Other Payables | | (159,044) | 110,585 | (159,172) | 110,501 |
| (Increase)/Decrease in Amounts Due from Related Companies | | (68) | 2,053 | 2,160 | 4,180 |
| Increase/(Decrease) in Amounts Due to Related Companies | | 249,126 | 344,650 | 249,088 | 344,636 |
| **Cash Generated from / (used in) Operations** | | 889,951 | 1,238,391 | 889,951 | 1,238,387 |
| Interest on Government Finance Lease | 29 | (125,810) | (122,529) | (125,810) | (122,529) |
| Finance Costs Paid | 10 | (43,276) | (68,065) | (43,276) | (68,065) |
| Defined Benefit Plan Costs Paid | 26 | (87,562) | (102,524) | (87,562) | (102,524) |
| **Net Cash from / (used in) Operating Activities** | | **633,303** | **945,273** | **633,303** | **945,269** |
| CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES | | | | | |
| Investments in Projects | 15.(a). | (11,963) | (18,318) | (11,963) | (18,318) |
| Interest Income | 9 | 33,198 | 1,926 | 33,198 | 1,926 |
| Grant/Subsidies Received | 27 | 22,304 | 23,257 | 22,304 | 23,257 |
| Proceeds from Disposal of Biological Assets | | 27,074 | 95,316 | 27,074 | 95,316 |
| Field Development Expenditure | Note A | (301,474) | (437,626) | (301,474) | (437,626) |
| Purchase of Property, Plant & Equipment | Note B | (89,802) | (36,495) | (89,802) | (36,495) |
| **Net Cash from / (used in) Investing Activities** | | (320,663) | (371,940) | (320,663) | (371,940) |
| CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES | | | | | |
| Dividend Paid | | (33,331) | (152,562) | (33,331) | (152,562) |
| Payment of Government Lease Rentals - Capital | 29 | (11,955) | (10,192) | (11,955) | (10,192) |
| Repayment of Loans | 25 | (187,507) | (275,007) | (187,507) | (275,007) |
| **Net Cash from / (used in) Financing Activities** | | **(232,793)** | **(437,761)** | **(232,793)** | **(437,761)** |
| Net Increase / (Decrease) in Cash & Cash Equivalents | | 79,847 | 135,572 | 79,847 | 135,568 |
| Cash & Cash Equivalents at the beginning of the year | Note C | (310,214) | (445,780) | (310,214) | (445,780) |
| Cash & Cash Equivalents at the end of the year | Note D | (230,367) | (310,214) | (230,367) | (310,214) |

The accounting policies and notes on Pages 188 through 240 form an integral part of the Financial Statements.

# NOTES TO THE CASH FLOW STATEMENT

| NOTE A | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Investment in Field Development Expenditure | | | | |
| Investment in Immature Plantations | | | | |
| Rubber | 271,415 | 367,459 | 271,415 | 367,459 |
| Tea | 25 | 2,795 | 25 | 2,795 |
| Coconut | 19,915 | 36,955 | 19,915 | 36,955 |
| Unallocated | 10,119 | 30,417 | 10,119 | 30,417 |
| **Total** | 301,474 | 437,626 | 301,474 | 437,626 |

| NOTE B | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Investment in Property, Plant & Equipment | | | | |
| Rubber | 33,810 | 25,671 | 33,810 | 25,671 |
| Tea | 32,547 | 9,637 | 32,547 | 9,637 |
| Unallocated | 23,445 | 1,187 | 23,445 | 1,187 |
| **Total** | 89,802 | 36,495 | 89,802 | 36,495 |

| NOTE C | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Cash & Cash Equivalents at the beginning of the year | | | | |
| Cash & Bank Balances | 7,383 | 19,633 | 7,383 | 19,633 |
| Bank Overdrafts | (480,814) | (699,765) | (480,814) | (699,765) |
| Short Term Investments | 163,217 | 234,352 | 163,217 | 234,352 |
| **Total** | (310,214) | (445,780) | (310,214) | (445,780) |

| NOTE D | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Cash & Cash Equivalents at the end of the year | | | | |
| Cash & Bank Balances | 34,948 | 7,383 | 34,948 | 7,383 |
| Bank Overdrafts | (356,359) | (480,814) | (356,359) | (480,814) |
| Short Term Investments | 91,044 | 163,217 | 91,044 | 163,217 |
| **Total** | (230,367) | (310,214) | (230,367) | (310,214) |

The accounting policies and notes on Pages 188 through 240 form an integral part of the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

### 1.1 Domicile and Legal Form

Kegalle Plantations PLC was incorporated on 22nd June 1992 under the Companies Act No. 17 of 1982 (The Company was re-registered under the Companies Act No. 07 of 2007) in terms of the provisions of the Conversion of Public Corporation and Government-Owned Business Undertakings into Public Companies under Public Companies Act No. 23 of 1987.

The registered office of the Company is located at No 310, High Level Road, Nawinna, Maharagama and Plantations are situated in the planting districts of Kegalle, Kurunegala and Badulla.

The Ordinary Shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

All Companies in the Group are Limited Liability Companies incorporated and domiciled in Sri Lanka.

The Consolidated Financial Statements of Kegalle Plantations PLC, as at and for the year ended 31 March 2026 comprise the Company, its Subsidiary and Associates namely, Hamefa Kegalle (Pvt) Ltd, Richard Pieris Natural Foams Ltd, and Arpico Insurance PLC respectively.

The Financial Statements of all Companies in the Group are prepared for a common financial year, which ends on 31st March.

### 1.2 Principal Activities and the Nature of the Operations

During the year, the principal activities of the Company were the producing and processing of Rubber, Tea, Coconut, and other produce.

Principal activities of other Companies in the Group are as follows.

| Company | Relationship of Business | Nature of the Business | Principal Place of the Business |
|---|---|---|---|
| Hamefa Kegalle (Pvt) Ltd | Subsidiary | Currently no business operation other than Rent Income. | Serapis Division, Eadella Estate. Polgahawela. |
| Richard Pieris Natural Foams Ltd | Associate | Manufacture of latex foam products. | Zone I, Export Processing Zone, Biyagama, Malwana, 11670. |
| Arpico Insurance PLC | Associate | Providing life insurance services. | No. 55/20, Vauxhall Lane, Colombo 02. |

### 1.3 Holding Company

The Company is a subsidiary of RPC Plantation Management Services (Pvt) Ltd., which is a wholly owned subsidiary of Richard Peiris Plantations (Pvt) Ltd whose ultimate parent enterprise is Richard Peiris & Co. PLC.

### 1.4 Date of Authorization for Issue

The Financial Statements of Kegalle Plantations PLC for the year ended 31 March 2026 were authorized for issue in accordance with a resolution of the board of directors on 25 August 2026.

### 1.5 Responsibility for Financial Statements

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

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The Financial Statements of the Company and the Group which comprise the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows together with Accounting Policies and Notes to the Financial Statements ("the Consolidated Financial Statements") have been prepared in accordance with Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards promulgated by The Institute of Chartered Accountants of Sri Lanka (CASL), and with the requirements of the Companies Act No. 07 of 2007.

### 2.2 Basis of Measurement

These Consolidated Financial Statements have been prepared in accordance with the historical cost convention other than the following material items in the Financial Statements, which are measured at fair value less cost to sell.

- Managed Consumable biological assets are measured at fair value.
- Harvestable Agricultural Produce growing on bearer biological assets are measured at fair value.
- Equity Financial Assets at fair value through other comprehensive income.
- Defined Benefit Obligation is measured using projected unit credit method.

Where appropriate, the specific policies are explained in the succeeding Notes.

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

### 2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs.) which is the Group's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest rupee, unless stated otherwise.

### 2.4 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

## 3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Except the changes mentioned, all the accounting policies set out below have been applied consistently to all the periods presented in the Financial Statements.

### 3.1 New Accounting Standards, Interpretations and amendments adopted by the Company.

The following amendments and improvements do not have a significant impact on the Company's Financial Statements during the year ended 31st March 2026.

- SLFRS 17 Insurance Contract.
- Amendments to LKAS 21 Lack of Exchangeability

### 3.2 Going Concern

The Consolidated Financial Statements have been prepared on the assumption that the Group is a going concern. The Directors have assessed the Group's ability to continue as a going concern in the foreseeable future. Furthermore, board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as going concern and they do not intend either to liquidate or to cease operations of Group. Therefore, the Consolidated Financial Statements continue to be prepared on the going concern basis.

### 3.3 Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31 March 2026.

Subsidiaries are those entities controlled by the group. 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
- The ability to use its power over the investee to affect its returns.

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 derecognizes the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Company level investments in subsidiaries are recognized at cost.

#### 3.3.1 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, measured at acquisition date fair value and the amount of any Non-Controlling Interest in the acquiree. For each business combination, the Group elects whether it measures the Non-Controlling Interest in the acquiree either 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.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or other comprehensive income, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

# NOTES TO THE FINANCIAL STATEMENTS

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

**3.3.2 Equity Accounted Investees (Investment in Associates)**

Equity accounted investees are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Equity accounted investees are accounted for using the equity method.

Under the equity method, the investment in the equity accounted investee is carried on the Statement of Financial Position at cost plus post-acquisition changes in the Group 's share of net assets of the equity accounted investee. Goodwill relating to the equity accounted investee is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the equity accounted investee. Any change in OCI of those investees is presented as part of the Group's OCI. When there has been a change recognized directly in the equity of the equity accounted investee, the Group recognizes its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity. Unrealized gains and losses resulting from transactions between the Group and the equity accounted investee are eliminated to the extent of the interest in the equity accounted investee.

The consolidated Financial Statements include the Group's share of profit net of tax and equity movements of equity accounted investees from the date that significant influence commences until the date significant influence ceases. When the Group's share of losses exceeds its investment in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred obligations or has made payments on behalf of the investee.

The Financial Statements of the equity accounted investees are prepared for the same reporting period as the Group. After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on its investment in its equity accounted investee. The Group determines at each reporting date whether there is any objective evidence that the investment in the equity accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amounts of the equity accounted investee and its carrying value and recognizes the amount in the share of profit of an equity accounted investee, in the Statement of Profit or Loss.

Upon loss of significant influence over the equity accounted investee, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the equity accounted investee upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

In the Company level, investments in subsidiaries and associates are recognized at cost.

### 3.4 Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized 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.

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

- It does not have a right at the reporting date to defer the settlement of the liability for at least twelve months after the reporting date.

The Group classifies all other liabilities as non-current.

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

### 3.5 Fair Value Measurement

The Group measures Financial Instruments and non-Financial Assets at fair value at each Statement of Financial Position date. Fair value related disclosures for financial instruments and non-Financial Assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Managed Consumable Biological Assets - Note 16.2.1
- Produce Growing on Bearer Biological Assets - Note 16.3
- Equity investment at fair value through OCI, which are financial instruments – Note 17

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as managed biological assets. Involvement of external valuers is decided upon annually by the Management Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management Committee decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### 3.6 Foreign Currencies

The Group's consolidated Financial Statements are presented in Sri Lankan Rupees, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the Financial Statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or statement of profit or loss are also recognized in OCI or statement of profit or loss, respectively).

### 3.7 Cash Dividend and Non-cash Distribution to Equity Holders of the Parent

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized, and the distribution is no longer at the discretion of the Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the statement of profit or loss.

### 3.8 Property, Plant & Equipment

The Group applies the requirements of LKAS 16 on 'Property, Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services, for rental to other or for administration purpose and are expected to be used for more than one year.

#### 3.8.1 Basis of Recognition

Property, Plant and Equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

#### 3.8.2 Measurement

Items of Property, Plant & Equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

# NOTES TO THE FINANCIAL STATEMENTS

### 3.8.3 Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction, or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale are capitalized as a part of the asset.

Borrowing costs that are not capitalized are recognized as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss.

The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with the in LKAS 23 - Borrowing Costs.

Borrowing costs incurred in respect of specific loans that are utilized for field development activities have been capitalized as a part of the cost of the relevant immature plantation. The capitalization will cease when the crops are ready for commercial harvest.

The amount so capitalized and the capitalization rates are disclosed in Notes 16.1.2 to the Financial Statements.

### 3.8.4 Cost of Owned Assets

The cost of Property, Plant & Equipment includes expenditures that are directly attributable to the acquisition of the asset. Such costs include the cost of replacing part of the property, plant and equipment and borrowing costs for long terms construction projects if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognises such parts as individual assets (major components) with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Profit or Loss Statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work-in-progress is transferred to the respective asset accounts at the time of first utilisation or at the time the asset is commissioned.

### 3.8.5 Leases

The Group assesses at the 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.

**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 liability to make lease payments and right to use of assets representing the right to use the underlying assets.

#### 3.8.5.1 Right of Use Assets

The Group recognises right to use of assets at the commencement date of a 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 re-measurement of lease liabilities. The cost of right to use of assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentive received.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transferred to the Group at the end of the lease period or the cost reflect the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### 3.8.5.2 Lease Liabilities

At the commencement date of the lease, the Group recognises lease liability measured at the present value of lease payment to be made over the lease term. The lease payment includes fixed payments (including in-substance fixed payments) less any lease incentive receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payment also includes the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are 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 of the interest rate implicit in the lease is not readily determinable. After the commencement date, amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

### 3.8.6 Derecognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on 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 when the asset is derecognized.

### 3.8.7 Land Development Cost

Permanent land development costs are those costs incurred in making major infrastructure development and building new access roads on leasehold lands.

These costs have been capitalised and amortised over the remaining lease period.

Permanent impairments to land development costs are charged to the profit and loss Statement in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

### 3.8.8 Biological Assets

Biological assets are classified in to mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea, rubber, other plantations, and nurseries are classified as biological assets.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological asset includes tea and rubber trees, those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce from such biological assets. Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

The entity recognizes the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

#### 3.8.8.1 Bearer Biological Assets

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property, Plant & Equipment.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilising, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations.

These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets (Tea, Rubber) which comes into bearing during the year, is transferred to mature plantations.

#### 3.8.8.2 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalised to the relevant mature field, only where the number of plants per hectare exceeded 3,000 plants and, also if it increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

Infilling costs that are not capitalised have been charged to the Statement of Profit or Loss in the year in which they are incurred.

#### 3.8.8.3 Consumable Biological Asset

Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets. Expenditure incurred on consumable biological assets (managed timber trees) is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. All other assumptions and sensitivity analysis are given in Note 16.2.

The main variables in DCF model concerns.

| Variable | Comment |
|---|---|
| Timber Content | Estimate based on physical verification of girth, height and considering the growth of each species in different geographical regions. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company. |
| Economic Useful Life | Estimated based on the normal life span of each species by factoring the forestry plan of the Company. |
| Selling Price | Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfil in bringing the trees in to saleable condition. |
| Planting Cost | Estimated costs for the further development of immature areas are deducted. |

The gain or loss arising on initial recognition of consumable biological assets at fair value less cost to sell and from a change in fair value less cost to sell of consumable biological assets are included in profit or loss for the period in which it arises.

Permanent impairments to Biological Assets are charged to the Profit or Loss Statement in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

#### 3.8.8.4 Nursery Plants

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

### 3.8.9 Depreciation and Amortisation

#### a) Depreciation

Depreciation is recognized in Income Statement on a straight-line basis over the estimated useful economic lives of each part of an item of Property, Plant & Equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Lease

# NOTES TO THE FINANCIAL STATEMENTS

period of land acquired from JEDB/SLSPC will be expired in year 2045. The estimated useful lives for the current and comparative periods are as follows:

| Asset Categories | No. of Years | Rate (%) |
|---|---|---|
| Buildings & Roads | 40 | 2.5 |
| Plant & Machinery | 12 | 8 |
| Furniture & Fittings | 10 | 10 |
| Motor Vehicles | 5 | 20 |
| Equipments | 8 | 12.5 |
| Computer Accessories | 8 | 12.5 |
| Right of Use Buildings | 2 | 50 |

**Mature Plantations (Replanting and New Planting)**

| | | No. of Years | Rate (%) |
|---|---|---|---|
| Mature Plantations | - Tea | 33 | 3.33 |
| | - Rubber | 20 | 5.00 |
| | - Coconut | 50 | 2.00 |
| | - Oil Palm | 20 | 5.00 |

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date on which the asset is classified as held for sale or is derecognised. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate. Mature plantations are depreciated over their useful lives or unexpired lease period, whichever is less.

No depreciation is provided for immature plantations.

**b) Amortisation**

The leasehold rights of assets taken over from JEDB/SLSPC are amortized in equal amounts over the shorter of the remaining lease periods and the useful lives as follows:

| Asset Category | No. of Years | Rate (%) |
|---|---|---|
| Right of Use Land | 19 | 5.26 (Over the remaining lease period) |
| Improvements to land | 30 | 3.33 |
| Mature Plantations (Tea & Rubber) | 30 | 3.33 |
| Machinery | 15 | 6.67 |

**3.8.10 Investment Properties**

Investment properties are measured initially at cost, including transaction costs and subsequently measured at cost less accumulated depreciation and impairment.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit or Loss in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**3.8.11. 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 statement of 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 live 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.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

**3.8.11.1 Research and Development**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits?
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

### 3.9 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 3.9.1 Financial Assets

##### 3.9.1.1 Initial Recognition and Measurement

Financial Assets 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.

The classification of Financial Assets at initial recognition depends on the Financial Assets' contractual cash flow characteristics and the group's business model for managing them.

Purchases or sales of Financial Assets that require delivery of assets within a time frame established by Regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Group's Financial Assets include cash & bank, trade and other receivable and amount due from related parties.

##### 3.9.1.2 Subsequent Measurement

For the purpose of subsequent measurement, Financial Assets are classified in four categories.

- Financial Assets at amortized cost (debt instruments)
- Financial Assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial Assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial Assets at fair value through profit or loss

**a) Financial Assets at amortized cost (Debt Instruments)**

The Group measures Financial Assets at amortized 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 Receivables and Amounts Due from Related Parties, Deposits, Advances, and Other Receivables.

**b) Financial Assets at fair value through OCI (Debt Instruments)**

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.

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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for Financial Assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not have any debt instruments at fair value through OCI.

**c) Financial Assets at fair value through OCI**

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. The Group has opted to classify investment in shares Richard Pieris Finance Ltd under Financial Assets at fair value through OCI.

**d) Financial Assets at fair value through profit or loss**

Financial Assets at fair value through profit or loss include Financial Assets held for trading, Financial Assets designated upon initial recognition at fair value through profit or loss, or Financial Assets mandatorily required to be measured at fair value. Financial Assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial Assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified

# NOTES TO THE FINANCIAL STATEMENTS

at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial Assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

**3.9.1.3 Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar Financial Assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- 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.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**3.9.1.4 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-months 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).

**3.9.2 Financial Liabilities**

**3.9.2.1 Initial Recognition and Measurement**

Financial Liabilities are classified, at initial recognition, as Financial Liabilities at fair value through profit or loss. Loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All Financial Liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's Financial Liabilities include Trade and Other Payables, Bank overdrafts, Loans and Borrowings.

**3.9.2.2 Subsequent Measurement**

The subsequent measurement of Financial Liabilities depends on their classification as described below:

**a) Financial Liabilities at fair value through profit or loss**

Financial Liabilities at fair value through profit or loss include Financial Liabilities held for trading and Financial Liabilities designated upon initial recognition as at fair value through profit or loss.

Financial Liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

**b) Financial Liabilities at amortized cost**

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.

Financial Liabilities comprise interest bearing loans and borrowings, trade payables, other payables, income tax payable and amounts due to related parties.

**3.9.2.3 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 Profit or loss.

**3.9.3 Offsetting of Financial Instruments**

Financial Assets and Financial Liabilities are offset if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### 3.10 Harvestable Agricultural Produce Growing on Bearer Biological Assets

In accordance with LKAS 41, Company recognise agricultural produce growing on bearer plants at fair value less cost to sell. Change in the fair value of such agricultural produce recognized in profit or loss at the end of each reporting period.

For this purpose, quantities of harvestable agricultural produce ascertained based on harvesting cycle of each crop category by limiting to one harvesting cycle based on last day of the harvest in the immediately preceding cycle. Further 50% of the crop in that harvesting cycle considered for the valuation.

For the valuation of the harvestable agricultural produce, the company uses the following price formulas.

- Tea – Bought leaf rate (current month) less cost of harvesting & transport.
- Rubber – Latex price (95% of current RSS1 Price) less cost of tapping & transport.
- Oil Palm – Bought Mill NSA less cost of harvesting & transport.
- Coconut - Farm Gate rate (current month) less cost of harvesting & transport.

### 3.11 Inventories

**Agricultural Produce Harvested from Biological Assets**

Agricultural produce harvested from biological assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agricultural produce are valued by adding the cost of conversion to the fair value of agricultural produce.

**Finish Goods Manufactured from Agricultural Produce of Biological Assets**

These are valued at the lower of cost and estimated net realisable value, after making due allowance for obsolete and slow-moving items. Net realisable value is the estimated selling price at which stocks can be sold in the ordinary course of business after allowing for cost of realisation and/or cost of conversion from their existing state to saleable condition.

**Input Material, Spares and Consumables**

At actual cost on weighted average basis.

### 3.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

### 3.13 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 Company 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 of disposal 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 calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs 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, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised 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. When the recoverable amount of the CGU is less than its 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 at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

# NOTES TO THE FINANCIAL STATEMENTS

### 3.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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 recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Profit or Loss Statement net of any reimbursement.

### 3.15 Employees Benefits

**(a) Defined Contribution Plans - Provident Funds and Trust Fund**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an expense in profit and loss in the periods during which services are rendered by employees.

The Company contributes 12% on consolidated salary of the employees to Ceylon Planters' Provident Society (CPPS)/ Estate Staff Provident Society (ESPS)/ Employees' Provident Fund (EPF).

All the employees of the Company are members of the Employees' Trust Fund, to which the Company contributes 3% on the consolidated salary of such employees.

**(b) Defined Benefit Plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the "Projected Unit Credit" method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised as in retained earnings through other comprehensive income. Past service costs are recognised immediately in the statement of profit or loss.

The provision has been made for retirement gratuities from the first year of service for all employees, in conformity with "LKAS 19 - Employee Benefits". However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The Liability is not externally funded.

The key assumptions used in determining the Retirement Benefit Obligations are given in Note 26.

### 3.16 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the Group have been disclosed in the respective Notes to the Financial Statements.

### 3.17 Events occurring after the date of Financial Position

All material post events occurring after the date of financial position have been considered where appropriate; either adjustments have been made or adequately disclosed in the Financial Statements.

### 3.18 Earnings per Share

The Group presents basic and diluted Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### 3.19 Deferred Income

#### 3.19.1 Grants and Subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the Statement of Profit or Loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

Grants related to Property, Plant & Equipment other than grants received for forestry are initially deferred and allocated to income on a systematic basis over the useful life of the related Property, Plant & Equipment as follows:

Assets are amortised over their useful lives or unexpired lease period, whichever is less.

| | |
|---|---|
| Buildings | 40 years |

Grants received for forestry are initially deferred and credited to income once when the related blocks of trees are harvested.

### 3.20 Statement of Profit or Loss

For the purpose of presentation of Statement of Profit or Loss, the function of expenses method is adopted, as it represents fairly the elements of the Group's performance.

### 3.20.1 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Revenue is recognised upon satisfaction of performance obligation.

The Group is in the business of cultivation, manufacture and sale of black tea, rubber, and other crops (Plantation Produce). Revenue from contracts with customers is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

#### 3.20.1.1 Revenue from contracts with customers

**Sale of Plantation produce**

Revenue from sale of plantation produce is recognized at the point in time when the control of the goods are transferred to the customer. Black tea and Rubber produce are sold at the Colombo Tea/Rubber Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer. Revenue from sale of other crops are recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.

There is no element of financing present as the Group's sale of plantation produce are either on cash terms (Immediate payment or advance payment not exceeding 30 days) or on credit terms ranging from 7 to 15 days.

#### 3.20.1.2 Other Source of Income

Revenue recognition criteria for the other sources of income as follows.

a) Rental Income

Rental income is recognized on an accrual basis in accordance with the substance of the relevant agreement.

b) Dividend Income

Dividend income is recognized when the right to receive payment is established.

c) Interest Income

Interest income is recognized based on effective interest method.

Interest income on Financial Assets at FVTPL is recognized as part of net gains or losses on these financial instruments.

Interest income of Financial Assets at amortized cost is calculated by using the effective interest method and is recognized as other income

### 3.20.2 Expenses

All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency is charged to revenue in arriving at the profit or loss for the period.

#### 3.20.2.1 Financing Income and Finance Cost

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of Financial Assets at fair value through profit or loss, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Foreign currency gains and losses are reported on a net basis.

### 3.20.3 Taxes

#### 3.20.3.1 Current Income Tax

Current income tax assets and liabilities 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, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### 3.20.3.2 Deferred Tax

Deferred tax is provided using the liability method on temporary differences 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 tax liability arises from the initial recognition of goodwill or 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 taxable temporary differences associated with investments in subsidiaries, associates 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 credits and any 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:

# NOTES TO THE FINANCIAL STATEMENTS

- 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, associates and interests in joint ventures, deferred tax assets are recognized 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 utilized.

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 re-assessed 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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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.

### 3.21 Statement of Cash Flows

The Statement of Cash Flow has been prepared using the 'indirect method'. Interest paid is classified as operating cash flows, interest and dividends received are classified as investing cash flows while dividends paid and Government grants received are classified as financing cash flows, for the purpose of presenting the Statement of Cash Flow.

### 3.22 Segment Reporting

Segmental information is provided for the different business segments of the Company Business segmentation has been determined based on the nature of goods provided by the Company after considering the risk and rewards Segmental information is provided for the different business segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Company is primarily engaged in the production of tea, rubber and coconuts which are multiple business segment.

The Company evaluates the performance of its geographical segments. Therefore, geographical segments have been presented.

The activities of the segments are described in Note 06 in the Notes to the Financial Statements. The group transfers products from one industry segment for use in another. Inter-segment transfers are based on fair market prices.

Revenue and expenses directly attributable to each segment are allocated to the respective segments. Revenue and expenses not directly attributable to a segment are allocated on the basis of their resource utilisation, wherever possible.

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis wherever possible. Unallocated items comprise mainly interest-bearing loans, borrowings, and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one accounting period.

All operating segments' operating results are reviewed regularly to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

## 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Group's Consolidated Financial Statements in conformity with SLFRS/LKAS requires management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgments and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period and any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

### 4.1 Taxation

**Current Tax**

Current income tax assets and liabilities 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, at the reporting date in the countries where the Company operates and generates taxable income.

The prevailing tax rate is 30%.

**Deferred Tax**

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.

The details of deferred tax computation are given in Note 28 to the Financial Statements.

### 4.2 Retirement Benefit Obligations

The present value of the retirement benefit obligation determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka government bonds with maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rate and expected future salary increase rates of the Company.

Further details about Retirement Benefit Obligations are provided in Note 26.

### 4.3 Fair Valuation of Consumable Biological Asset

The fair value of managed timber depends on number of factors that are determined on a discounted method using various financial and non-financial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact to the fair value of biological assets. Key assumptions and sensitivity analysis of the biological assets are given in the Note 16.2.1.

#### 4.3.1 Impairment of Non-Financial Assets - Intangible 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 of disposal 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 company 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 calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

### 4.4 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex environment, it assessed whether the Interpretation had an impact on its Financial Statements. The Company determined that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the Financial Statements of the Company.

### 4.5 Bearer Biological Assets

A mature plantation is an area of land developed with crops such as tea, rubber, oil palm and other crops which has been brought into bearing ready for commercial harvesting. Hence, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting which depends on growth of plants, weather patterns and soil condition. Therefore, immature to mature transfer require significant management judgment in determining the point at which a plant is deemed ready for commercial harvesting.

### 4.6 Leases - Estimating the Incremental Borrowing Rate

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 or when they need to be adjusted to reflect the terms and conditions of the lease. 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 company's stand-alone credit rating.)

## 5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's Financial Statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

# NOTES TO THE FINANCIAL STATEMENTS

### 5.1 SLFRS 17 - Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted; provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

The amendments are not expected to have a material impact on the Group.

### 5.2 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.

### 5.3 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.

The entity is not eligible to apply SLFRS 19.

### 5.4 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.

## 6. REVENUE

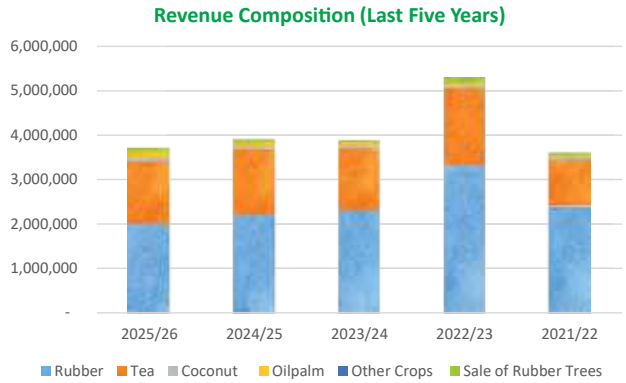
### 6.1 Summary

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Sale of Goods | | | | |
| Rubber | 2,024,336 | 2,222,455 | 2,024,336 | 2,222,455 |
| Tea | 1,396,857 | 1,471,799 | 1,396,857 | 1,471,799 |
| Coconut | 82,401 | 72,728 | 82,401 | 72,728 |
| Oilpalm | 140,520 | 73,576 | 140,520 | 73,576 |
| Other Crops | 6 | 371 | 6 | 371 |
| Sale of Rubber Trees | 75,014 | 82,771 | 75,014 | 82,771 |
| Total Revenue | 3,719,134 | 3,923,700 | 3,719,134 | 3,923,700 |

### 6.2 Operating Segments

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Geographical Segments - Revenue | | | | |
| Local Revenue | 3,466,792 | 3,703,200 | 3,466,792 | 3,703,200 |
| Export Revenue | 252,342 | 220,500 | 252,342 | 220,500 |
| Total Revenue | 3,719,134 | 3,923,700 | 3,719,134 | 3,923,700 |



# NOTES TO THE FINANCIAL STATEMENTS

## 6.3 Business Segments

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| **Rubber** | | | | |
| Revenue | 2,024,336 | 2,222,455 | 2,024,336 | 2,222,455 |
| Revenue Expenditure | (1,586,610) | (1,550,776) | (1,586,610) | (1,550,776) |
| Depreciation & Amortisation | (185,132) | (159,092) | (185,132) | (159,092) |
| Other Non Cash Expenditure - Gratuity | (71,876) | (54,964) | (71,876) | (54,964) |
| Segment Result - Gross Profit | 180,718 | 457,623 | 180,718 | 457,623 |
| **Tea** | | | | |
| Revenue | 1,396,857 | 1,471,799 | 1,396,857 | 1,471,799 |
| Revenue Expenditure | (1,350,973) | (1,275,642) | (1,350,973) | (1,275,642) |
| Depreciation & Amortisation | (53,789) | (52,706) | (53,789) | (52,706) |
| Other Non Cash Expenditure - Gratuity | (48,310) | (49,248) | (48,310) | (49,248) |
| Segment Result - Gross Profit /(Loss) | (56,215) | 94,203 | (56,215) | 94,203 |
| **Coconut** | | | | |
| Revenue | 82,401 | 72,728 | 82,401 | 72,728 |
| Revenue Expenditure | (28,994) | (41,131) | (28,994) | (41,131) |
| Segment Result - Gross Profit | 53,407 | 31,597 | 53,407 | 31,597 |
| **Oil Palm** | | | | |
| Revenue | 140,520 | 73,576 | 140,520 | 73,576 |
| Revenue Expenditure | (49,608) | (40,021) | (49,608) | (40,021) |
| Segment Result - Gross Profit | 90,912 | 33,555 | 90,912 | 33,555 |
| **Other Crops** | | | | |
| Revenue | 6 | 371 | 6 | 371 |
| Revenue Expenditure | - | (66) | - | (66) |
| Segment Result - Gross Profit | 6 | 305 | 6 | 305 |
| **Sale of Rubber Trees** | | | | |
| Revenue | 75,014 | 82,771 | 75,014 | 82,771 |
| Revenue Expenditure | (5) | (38) | (5) | (38) |
| Segment Result - Gross Profit | 75,009 | 82,733 | 75,009 | 82,733 |
| **Total Segments** | | | | |
| Revenue | 3,719,134 | 3,923,700 | 3,719,134 | 3,923,700 |
| Revenue Expenditure | (3,016,190) | (2,907,674) | (3,016,190) | (2,907,674) |
| Depreciation & Amortisation | (238,921) | (211,798) | (238,921) | (211,798) |
| Other Non Cash Expenditure - Gratuity | (120,186) | (104,212) | (120,186) | (104,212) |
| Total Segment Results - Gross Profit | 343,837 | 700,016 | 343,837 | 700,016 |

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| **Total Segment Results - Gross Profit** | 343,837 | 700,016 | 343,837 | 700,016 |
| Gain on Fair Value of Biological Assets | 33,794 | 86,829 | 33,794 | 86,829 |
| Other Income | 196,820 | 225,008 | 194,112 | 222,428 |
| Administrative Expenses | (119,863) | (74,911) | (119,203) | (74,361) |
| Impairement Loss | (3,548) | (3,082) | - | - |
| Management Fee | (67,377) | (108,336) | (67,377) | (108,336) |
| Finance Income | 33,198 | 1,926 | 33,198 | 1,926 |
| Finance Cost | (169,086) | (190,595) | (169,086) | (190,595) |
| Share of Result of Associates | (72,816) | (160,648) | - | - |
| **Profit Before Tax** | **174,959** | **476,207** | **249,275** | **637,907** |
| Tax Expense | | | | |
| Income Tax | 52,016 | 88,866 | - | - |
| Deferred Tax | (123,254) | (121,032) | (123,254) | (121,032) |
| **Profit After Tax** | **103,721** | **444,041** | **126,021** | **516,875** |

## 6.4 Business Segments - Assets

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| **Non Current Assets** | | | | |
| Rubber | 3,111,581 | 2,966,664 | 3,111,581 | 2,966,664 |
| Tea | 955,917 | 955,360 | 955,917 | 955,360 |
| Other Crops | 716,319 | 711,876 | 716,319 | 711,876 |
| Unallocated | 3,267,231 | 3,224,942 | (4,776,908) | 2,002,265 |
| Total Non Current Assets | 8,051,048 | 7,858,842 | 6,909 | 6,636,165 |
| **Current Assets** | | | | |
| Rubber | 1,157,851 | 1,243,032 | 1,157,851 | 1,243,032 |
| Tea | 309,827 | 323,484 | 309,827 | 323,484 |
| Other Crops | 39,055 | 35,998 | 39,055 | 35,998 |
| Unallocated | 120,403 | 189,704 | 137,008 | 208,522 |
| Total Current Assets | 1,627,136 | 1,792,218 | 1,643,741 | 1,811,036 |

## 6.5 Business Segments - Liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| **Non Current Liabilities** | | | | |
| Rubber | 181,575 | 124,021 | 181,575 | 124,021 |
| Tea | 396,121 | 371,068 | 396,121 | 371,068 |
| Other Crops | 268,527 | 269,233 | 268,527 | 269,233 |
| Unallocated | 1,871,657 | 1,802,316 | 1,871,657 | 1,802,316 |
| Total Non Current Liabilities | 2,717,880 | 2,566,638 | 2,717,880 | 2,566,638 |
| **Current Liabilities** | | | | |
| Rubber | 230,276 | 207,042 | 230,276 | 207,042 |
| Tea | 168,578 | 173,767 | 168,578 | 173,767 |
| Other Crops | 24,638 | 22,718 | 24,638 | 22,718 |
| Unallocated | 1,360,957 | 1,492,273 | 1,350,667 | 1,482,149 |
| Total Current Liabilities | 1,784,449 | 1,895,800 | 1,774,159 | 1,885,676 |

# NOTES TO THE FINANCIAL STATEMENTS

### 6.6 Segment Capital Expenditure

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Rubber | 305,225 | 393,130 | 305,225 | 393,130 |
| Tea | 32,572 | 12,432 | 32,572 | 12,432 |
| Coconut | 19,915 | 36,955 | 19,915 | 36,955 |
| Unallocated | 33,564 | 31,604 | 33,564 | 31,604 |
| Total Capital Expenditure | 391,276 | 474,121 | 391,276 | 474,121 |

### 6.7 Segement Cash Flow Activities

#### 6.7. a) Group

| | Rubber | | Tea | | Other Crops | | Unallocated | | Total Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2026 Rs. '000 | 2025 Rs. '000 | 2026 Rs. '000 | 2025 Rs. '000 | 2026 Rs. '000 | 2025 Rs. '000 | 2026 Rs. '000 | 2025 Rs. '000 | 2026 Rs. '000 | 2025 Rs. '000 |
| Operating Activities | 332,859 | 617,955 | (103,541) | 127,208 | 265,828 | 88,390 | 138,157 | 111,719 | 633,303 | 945,273 |
| Investing Activities | (282,921) | 369,873) | (32,572) | (12,432) | (19,915) | (36,955) | 14,745 | 47,320 | (320,663) | (371,940) |
| Financing Activities | (21,295) | (32,477) | (29,198) | (53,448) | (15,158) | (28,640) | (167,142) | (323,196) | (232,793) | (437,761) |
| Net Increase/ (Decrease) in Cash & Cash Equivalents | 28,643 | 215,605 | 165,311) | 61,328 | 230,755 | 22,795 | (14,240) | (164,157) | 79,847 | 135,572 |

#### 6.7. b) Company

| | Rubber | | Tea | | Other Crops | | Unallocated | | Total Company | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Operating Activities | 332,859 | 617,953 | (103,541) | 127,207 | 265,828 | 88,390 | 138,157 | 111,719 | 633,303 | 945,269 |
| Investing Activities | (282,921) | (369,873) | (32,572) | (12,432) | (19,915) | (36,955) | 14,745 | 47,320 | (320,663) | (371,940) |
| Financing Activities | (21,344) | (32,551) | (29,265) | (53,569) | (15,193) | (28,705) | (166,992) | (322,936) | (232,793) | (437,761) |
| Net Increase/ (Decrease) in Cash & Cash Equivalents | 28,595 | 215,529 | (165,377) | 61,206 | 230,720 | 22,730 | (14,090) | (163,897) | 79,847 | 135,568 |

## 7. OTHER INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Amortisation of Capital Grants/Subsidy | 14,938 | 14,396 | 14,938 | 14,396 |
| Rentel income derived from Investment Properties | 60,000 | 60,000 | 60,000 | 60,000 |
| Sundry Income | 121,882 | 150,611 | 119,174 | 148,031 |
| Total Other Income | 196,820 | 225,007 | 194,112 | 222,427 |

There are no unfulfilled conditions or contingencies attached to the grants.

## 8. PROFIT BEFORE TAXATION IS STATED AFTER CHARGING FOLLOWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Auditors' Remuneration | 7,070 | 5,830 | 7,070 | 5,830 |
| Depreciation & Amortization | 250,291 | 212,085 | 250,291 | 212,085 |
| Directors' Remuneration | 2,446 | 1,340 | 2,446 | 1,340 |
| Defined Benefit Plan Cost | 120,186 | 104,212 | 120,186 | 104,212 |
| Defined Contribution Plans - EPF & ETF | 217,141 | 193,048 | 217,141 | 193,048 |
| Others - Staff Cost | 1,319,132 | 1,248,931 | 1,319,132 | 1,248,931 |

## 9. FINANCE INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Exchange Gain/(Loss) | 2,996 | (3,343) | 2,996 | (3,343) |
| Interest Income from USD Reserves | 2,813 | 2,528 | 2,813 | 2,528 |
| Interest Income from Inter Company/RPNF | 18,867 | - | 18,867 | - |
| Interest Income from Other Sources | 8,522 | 2,741 | 8,522 | 2,741 |
| Total Finance Income | 33,198 | 1,926 | 33,198 | 1,926 |

## 10. FINANCE COST

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Overdraft Interest | 35,264 | 66,288 | 35,264 | 66,288 |
| Lease interest on JEDB lease | 125,810 | 122,529 | 125,810 | 122,529 |
| Interest on lease liabilities (right-of-use assets) - SLFRS 16 | 399 | 399 | 399 | 399 |
| Term Loan Interest | 24,092 | 46,362 | 24,092 | 46,362 |
| | 185,565 | 235,578 | 185,565 | 235,578 |
| Less: Interest Capitalised | (16,479) | (44,984) | (16,479) | (44,984) |
| Total Finance Cost | 169,086 | 190,594 | 169,086 | 190,594 |

# NOTES TO THE FINANCIAL STATEMENTS

## 11. SHARE OF RESULT OF ASSOCIATES

The Group can influence upto 35.11% of the voting rights of the Richard Pieris Natural Foams Ltd and upto 40.29% of the voting rights of the Arpico Insurance PLC.

The Group's share of the income of the entities for the years ending 31 March 2026 and 2025, which are accounted under the Equity Method are as follows.

### 11.1 Statement of Profit or Loss

| | Group | |
|---|---|---|
| | 2026 | 2025 |
| | Rs.'000 | Rs.'000 |
| **Richard Pieris Natural Foams Ltd** | | |
| Group's Share of Loss Before Tax | (33,263) | (201,372) |
| Tax on Associate Results | 10,628 | 48,890 |
| Group Share of Loss After Tax | (22,635) | (152,482) |
| **Arpico Insurance PLC** | | |
| Group's Share of Profit/(Loss) Before Tax | (39,553) | 40,724 |
| Tax on Associate Results | 41,388 | 39,976 |
| Group Share of Profit After Tax | 1,835 | 80,700 |
| **Total Group Share of Result** | | |
| Group's Share of Loss Before Tax | (72,816) | (160,648) |
| Tax on Associate Results | 52,016 | 88,866 |
| Group Share of Loss After Tax | (20,800) | (71,782) |

### 11.2 Statement of Other Comprehensive Income (OCI)

| | Group | |
|---|---|---|
| | 2026 | 2025 |
| | Rs.'000 | Rs.'000 |
| **Richard Pieris Natural Foams Ltd** | | |
| Loss on Acturial Valuation | (153) | (1,902) |
| Income Tax Effect | 45 | 570 |
| Group Share of Other Comprehensive Loss | (108) | (1,332) |
| **Arpico Insurance PLC** | | |
| Gain/(Loss) on Acturial Valuation | (1,772) | 265 |
| Net Gain/(Loss) on FVTOCI Financial Assets | (55,116) | 51,871 |
| Group Share of Other Comprehensive Income/ (Loss) | (56,888) | 52,136 |
| **Total Group Share of Result** | | |
| Loss on Acturial Valuation | (1,925) | (1,637) |
| Net Gain/(Loss) on FVTOCI Financial Assets | (55,116) | 51,871 |
| Income Tax Effect | 45 | 570 |
| Total | (56,996) | 50,804 |

## 12. CURRENT TAX EXPENSES

### 12.1 Statement of Profit or Loss

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| **(I) Current Income Tax:** | | | | |
| Current income tax charge/(reversal) | (52,016) | (88,866) | - | - |
| Tax on dividend paid by Group Companies | - | - | - | - |
| **(II) Deferred Tax (Note 28.1):** | | | | |
| Relating to origination and (reversal) of temporary differences | 123,254 | 121,032 | 123,254 | 121,032 |
| Deffered Tax Adjustment for prior year | - | - | - | - |
| Income Tax charge/(reversal) reported in Statement of Profit or Loss | 71,238 | 32,166 | 123,254 | 121,032 |

### 12.2 Statement of Other Comprehensive Income (OCI)

Deferred tax relating to items (charges)/credited directly to OCI during the year:

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Net Gain on actuarial gains and losses on defined Benefit Plans (Note 28.1) | 7,952 | 39,107 | 7,952 | 39,107 |
| Net Loss on fair value through OCI Financial Assets (Note 28.1) | (14,598) | (3,958) | (14,598) | (3,958) |
| Income Tax charge directly to Other Comprehensive Income | (6,646) | 35,149 | (6,646) | 35,149 |

# NOTES TO THE FINANCIAL STATEMENTS

### 12.3 Reconciliation between Current Tax Expense and Accounting Profit/(Loss)

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Accounting Profit Before Tax | 174,959 | 476,203 | 249,275 | 637,903 |
| Aggregate Disallowed Items | 524,395 | 450,099 | 524,395 | 450,099 |
| Aggregate Allowable Items | (761,805) | (626,593) | (761,805) | (626,593) |
| Total Statutory Income/(Loss) | (62,451) | 299,709 | 11,865 | 461,409 |
| | | | | |
| Statutory Income from Agro Farming | 11,865 | 59,689 | 11,865 | 59,689 |
| Statutory Income from Agro Processing | | 401,719 | | 401,719 |
| | 11,865 | 461,408 | 11,865 | 461,408 |
| | | | | |
| Tax exempt income from Agro Farming/Interest | 87,396 | 440,771 | 87,396 | 440,771 |
| Dividend Income | - | - | - | - |
| Interest Income | - | 2,741 | - | 2,741 |
| **Total tax exempt income** | **(87,396)** | **(440,771)** | **(87,396)** | **(440,771)** |
| Tax refund claimed during the year | - | (2,741) | - | (2,741) |
| Total Assessable Income/Taxable Income | - | - | - | - |
| Income Tax @ 10.5% | - | - | - | - |
| Income Tax @ 14% | - | - | - | - |
| Income Tax @ 15% | - | - | - | - |
| Income Tax @ 22.5% | - | - | - | - |
| Income Tax @ 24% | - | - | - | - |
| Income Tax @ 30% | - | - | - | - |
| Income Tax on Current Year Profits | - | - | - | - |
| ESC write off | - | - | - | - |
| | - | - | - | - |
| Share of Equity Accounted Investees' Income Tax Expenses/(Reversal) | (52,016) | (88,866) | - | - |
| Current Income Tax Expenses/(Reversal) | (52,016) | (88,866) | - | - |
| | | | | |
| Details of Business Losses Carried Forward | | | | |
| Loss Brought Forward | 1,162,531 | 1,385,748 | 1,162,531 | 1,385,748 |
| Loss incurred during the year | (98,834) | (401,719) | (98,834) | (401,719) |
| Loss Appropriate during the year | - | - | - | - |
| Loss Carried Forward | 1,063,697 | 984,029 | 1,063,697 | 984,029 |

## 13. EARNINGS PER SHARE

13.1 The calculation of the basic earnings per share is based on after tax profit for the year divided by the weighted average number of ordinary shares outstanding during the period.

13.2 The following reflects the income and share data used in the basic earnings per share computations.

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| **Amounts used as the Numerator :** | | | | |
| Net profit applicable to Ordinary Shareholders for basic earnings per share | 103,721 | 444,041 | 126,021 | 516,871 |
| | 103,721 | 444,041 | 126,021 | 516,871 |
| **Amounts used as the Denominator :** | | | | |
| Weighted average number of Ordinary Shares in issue applicable to basic earnings per share | 25,000 | 25,000 | 25,000 | 25,000 |
| | 25,000 | 25,000 | 25,000 | 25,000 |
| Earnings Per Share (EPS) - Rs. | 4.15 | 17.76 | 5.04 | 20.67 |

### 13.3 Dividend Per Share

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Interim Dividend - Rs. 3/- per share (Rs. 3.50 for the year 2024/25) | 75,000 | 87,500 | 75,000 | 87,500 |
| Dividend Per Share (DPS) - Rs. | 3.00 | 3.50 | 3.00 | 3.50 |

Interim dividend of Rs. 3/- per share for the financial year ended 31 March 2026 was declared on 30th March 2026 and was paid on 30th April 2026.

## 14. RIGHT OF USE ASSESTS

| | | Group | | Company | |
|---|---|---|---|---|---|
| As at 31 March | Notes | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Right of use of land | 14.1 | 803,367 | 810,221 | 803,367 | 810,221 |
| Right of use asset - Building | 14.2 | 1,936 | 1,936 | 1,936 | 1,936 |
| Right of use Immovable leased bearer biological assets | 14.3 | 851 | 2,877 | 851 | 2,877 |
| Right of use Immovable Leased assets (other than right of use land and bearer biological assets) | 14.4 | 5 | 5 | 5 | 5 |
| | | 806,159 | 815,039 | 806,159 | 815,039 |

### 14.1 Right Of Use of Land (Revalued)

"Right Of Use of Land on Lease" was previously accounted under Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka dated 21 August 2013. However, SLFRS 16 was applicable with effect from 01 January 2019, and therefore, above "Right-To-Use of Land " has accounted in accordance with SLFRS 16 with effect from 01 April 2019. "Right Of Use of Land" have been executed for all estates for a period of 53 years. The Unexpired period of the lease as at the statement of Financial Position date is 19 years.

The effect to the Statement of Financial Position and amortization of the right to use of land up to 31 March 2026 are as follows:

# NOTES TO THE FINANCIAL STATEMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| **Capitalised Value** | | | | |
| As at 01 April 2025 | 964,500 | 824,123 | 964,500 | 824,123 |
| Adjustment on Reassessment of lease Liability at 01st April | 35,428 | 140,377 | 35,428 | 140,377 |
| As at 31 March 2026 | 999,928 | 964,500 | 999,928 | 964,500 |
| **Amortisation** | | | | |
| As at 01 April 2025 | 154,279 | 113,768 | 154,279 | 113,768 |
| Amortization charge for the year | 42,282 | 40,511 | 42,282 | 40,511 |
| As at 31 March 2026 | 196,561 | 154,279 | 196,561 | 154,279 |
| **Carrying amount** | **803,367** | **810,221** | **803,367** | **810,221** |

### 14.2. Right of Use Asset - Building

Kegalle Plantation PLC (Head Office) as a tenant, occupying a building which belongs to Richard Pieris & Company PLC (Ultimate Parent). The effect to the Statement of Financial Position and depreciation of building to 31 March 2026 are as follows:

| | Group / Company | |
|---|---|---|
| | 2026 | 2025 |
| | Rs.'000 | Rs.'000 |
| **Capitalised Value** | | |
| As at 01 April 2025 | 12,780 | 10,753 |
| Additions | 2,027 | 2,027 |
| As at 31 March 2026 | 14,807 | 12,780 |
| **Amortisation** | | |
| As at 01 April 2025 | 10,844 | 8,817 |
| Amortization charge for the year | 2,027 | 2,027 |
| As at 31 March 2026 | 12,871 | 10,844 |
| Carrying amount | 1,936 | 1,936 |

### 14.3. Right of Use Immovable Leased Bearer Biological Assets

In terms of the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka which prevailed at the time of privatisation of Plantation Estates, all immovable assets in these estates under finance leases have been taken into the books of the Company retroactive to 22 June 1992. For this purpose the Board decided at its meeting on March 8, 1995 that these assets would be taken at their book values as they appear in the books of the Sri Lanka State Plantation Corporation (SLSPC), on the day immediately preceding the date of formation of the Company. These assets are taken into the 22 June 1992 Statements of Financial Position and the amortisation of immovable estate assets to 31 March 2026 are as follows.

| | Group | | Company | |
|---|---|---|---|---|
| | Mature Plantations | | Mature Plantations | |
| | 2026 | 2025 | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Capitalised Value as at 22nd June, 1992 | 262,680 | 262,680 | 262,680 | 262,680 |
| **Accumulated Amortisation** | | | | |
| As at 01 April 2025 | 259,803 | 253,643 | 259,803 | 253,643 |
| Amortisation for the year | 2,026 | 6,160 | 2,026 | 6,160 |
| As at 31 March 2026 | 261,829 | 259,803 | 261,829 | 259,803 |
| Carrying amount | 851 | 2,877 | 851 | 2,877 |

Investment in Immature Plantations at the time of handing over to the Company as at 22 June, 1992 by way of estate leases were shown under Immature Plantations.

However, since then all such investments in Immature Plantations attributable to JEDB/SLSPC period have been transferred to Mature Plantations. These mature tea and rubber were classified as bearer biological assets in terms of LKAS 16 - Property,Plant & Equipment. The carrying value of the bearer biological assets leased from JEDB/SLSPC is recognised at cost less amortisation. Further investments in such plantations to bring them to maturity are shown in Note 16.1

### 14.4. Right-of-use Immovable Leased Assets (other than right-to-use of land and bearer biological assets)

| | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Improvement to Land Rs.'000 | Buildings Rs.'000 | Plant & Machinery Rs.'000 | Total Rs.'000 | Improvement to Land Rs.'000 | Buildings Rs.'000 | Plant & Machinery Rs.'000 | Total Rs.'000 |
| Capitalised Value as at 22.06.1992 | 191 | 53,935 | 24,288 | 78,414 | 191 | 53,935 | 24,288 | 78,414 |
| **Amortisation** | | | | | | | | |
| Accumulated Amortisation as at 01.04.2024 | 186 | 53,935 | 24,288 | 78,409 | 186 | 53,935 | 24,288 | 78,409 |
| Amortisation for the year | - | - | - | - | - | - | - | - |
| Accumulated Amortisation as at 31.03.2025 | 186 | 53,935 | 24,288 | 78,409 | 186 | 53,935 | 24,288 | 78,409 |
| **Written down value as at 31.03.2026** | 5 | - | - | 5 | 5 | - | - | 5 |
| **Written down value as at 31.03.2025** | 5 | - | - | 5 | 5 | - | - | 5 |

**Note:**
The Useful Lives as follows;

| | |
|---|---|
| Mature Plantations/Improvement to Land | 30 years |
| Buildings | 25 years |
| Machinery | 15 years |

## 15. FREEHOLD PROPERTY, PLANT AND EQUIPMENT

| | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Balance as at 01.04.2025 Rs.'000 | Additions for the year Rs.'000 | Disposals / Adjustment during the year Rs.'000 | Balance as at 31.03.2026 Rs.'000 | Balance as at 01.04.2025 Rs.'000 | Additions for the year Rs.'000 | Disposals / Adjustment during the year Rs.'000 | Balance as at 31.03.2026 Rs.'000 |
| **Cost/Valuation** | | | | | | | | |
| Buildings | 129,976 | 3,783 | - | 133,759 | 89,426 | 3,783 | - | 93,209 |
| Motor Vehicles | 159,174 | 68,085 | - | 227,259 | 159,174 | 68,085 | - | 227,259 |
| Furniture & Fittings | 6,428 | 80 | - | 6,508 | 6,351 | 80 | - | 6,431 |
| Equipment | 82,143 | 1,795 | - | 83,938 | 81,470 | 1,795 | - | 83,265 |
| Water Sanitation | 2,472 | 1,185 | - | 3,657 | 2,472 | 1,185 | - | 3,657 |
| Computers & Computer Software | 28,586 | 3,272 | - | 31,858 | 28,209 | 3,272 | - | 31,481 |
| Plant & Machinery | 680,925 | 11,602 | - | 692,527 | 611,894 | 11,602 | - | 623,496 |
| Other Assets on Grants | 214,646 | - | - | 214,646 | 214,646 | - | - | 214,646 |
| | 1,304,350 | 89,802 | - | 1,394,152 | 1,193,642 | 89,802 | - | 1,283,444 |

# NOTES TO THE FINANCIAL STATEMENTS

## 15. FREEHOLD PROPERTY, PLANT AND EQUIPMENT CONTD.

| | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Balance as at 01.04.2025 | Charge for the Year | Disposal/ Impairment Loss during the year | Balance as at 31.03.2026 | Balance as at 01.04.2025 | Charge for the Year | Accumulated depreciation on disposal | Balance as at 31.03.2026 |
| | Rs.'000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| **Depreciation** | | | | | | | | |
| Buildings | 73,888 | 2,246 | 1,602 | 77,736 | 36,380 | 2,246 | - | 38,626 |
| Motor Vehicles | 153,322 | 5,193 | - | 158,515 | 153,322 | 5,193 | - | 158,515 |
| Furniture & Fittings | 4,156 | 61 | - | 4,217 | 4,104 | 61 | - | 4,165 |
| Equipment | 63,036 | 1,944 | - | 64,980 | 62,743 | 1,944 | - | 64,687 |
| Water Sanitation | 2,391 | 42 | - | 2,433 | 2,391 | 42 | - | 2,433 |
| Computers & Computer Software | 22,530 | 2,640 | - | 25,170 | 22,022 | 2,640 | - | 24,662 |
| Plant & Machinery | 422,817 | 26,216 | 1,946 | 450,978 | 358,039 | 26,216 | - | 384,255 |
| Other Assets on Grants | 143,304 | 6,163 | - | 149,467 | 143,304 | 6,163 | - | 149,467 |
| | 885,444 | 44,505 | 3,548 | 933,496 | 782,305 | 44,505 | - | 826,810 |
| Written Down Value | 418,906 | | | 460,656 | 411,337 | | | 456,634 |

The group has been recognized Rs. 3,548,000/- impairment loss for the 2025/26 financial year (Rs. 3,082,000/-, 2024/25) which was allocated Rs. 1,946,000/- to Plant & Machinery and Rs. 1,602,000/- to Building. The valuation for the Property, Plant & Equipments has been carried out by the Company.

| | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Balance as at 01.04.2025 | Additions for the year | Capitalised/ Transfer during the Year | Balance as at 31.03.2026 | Balance as at 01.04.2025 | Additions for the year | Capitalised/ Transfer during the Year | Balance as at 31.03.2026 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| **Capital Work-in-Progress** | | | | | | | | |
| Work-in-Progress | 1,313 | - | - | 1,313 | 1,313 | - | - | 1,313 |
| | | | | | | | | |
| Total Written Down Value | 420,219 | | | 461,969 | 412,650 | | | 457,947 |

The assets shown above are those movable assets vested in the Company by Gazette Notification at the date of formation of the Company (22 June 1992) and all investments in tangible assets by the Company since its formation. The assets taken over by way of estate leases are set out in Notes 14.

Further, the valuation of immovable JEDB estate assets on finance lease (other than leasehold land) and tangible assets other than immature/mature plantations taken over as at June 22, 1992 is based on net book value as at such date. These values were not available to Company by individual asset.

No borrowing costs have been capitalised into Capital Work-in-Progress.

Depreciation expense amounts to Rs. 44,510,339/- (2024/25 - Rs. 40,848,510/-) has been charged in cost of sales and Rs. 11,377,362/- (2024/25 - Rs. 285,958/-) in administrative expenses.

## 16. BIOLOGICAL ASSETS - GROUP/COMPANY

### 16.1 Bearer Biological Assets- Group/Company

| 16.1.1 Immature Plantations | Tea | Rubber | Coconut | Oil-Palm & Others | Total |
|---|---|---|---|---|---|
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| **Cost** | | | | | |
| At the beginning of the year 01.04.2025 | 77,247 | 1,738,328 | 130,607 | 116,230 | 2,062,412 |
| Additions | 25 | 271,415 | 19,915 | 3,089 | 294,444 |
| Transfers | - | (266,341) | - | (1,418) | (267,759) |
| At the end of the year 31.03.2026 | 77,272 | 1,743,402 | 150,522 | 117,901 | 2,089,097 |
| Cost as at 31.03.2026 | 77,272 | 1,743,402 | 150,522 | 117,901 | 2,089,097 |
| Cost as at 01.04.2025 | 77,247 | 1,738,328 | 130,607 | 116,230 | 2,062,412 |

| 16.1.2 Mature Plantations | Tea | Rubber | Coconut | Oil-Palm & Others | Total |
|---|---|---|---|---|---|
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| **Cost** | | | | | |
| At the beginning of the year 01.04.2025 | 364,563 | 2,282,521 | 62,294 | 414,219 | 3,123,597 |
| Additions | - | 266,341 | - | 1,418 | 267,759 |
| Transfers | - | - | - | - | - |
| At the end of the year 31.03.2026 | 364,563 | 2,548,862 | 62,294 | 415,637 | 3,391,356 |
| **Depreciation** | | | | | |
| At the beginning of the year 01.04.2025 | 181,278 | 1,016,570 | 11,249 | 39,621 | 1,248,718 |
| Charge for the year | 16,932 | 116,020 | 1,436 | 18,090 | 152,478 |
| At the end of the year 31.03.2026 | 198,210 | 1,132,590 | 12,685 | 57,711 | 1,401,196 |
| Written down value as at 31.03.2026 | 166,353 | 1,416,272 | 49,609 | 357,926 | 1,990,160 |
| Written down value as at 31.03.2025 | 183,285 | 1,265,951 | 51,045 | 374,598 | 1,874,879 |
| Bearer Biological Assets as at 31.03.2026 | 243,625 | 3,159,674 | 200,131 | 475,827 | 4,079,257 |
| Bearer Biological Assets as at 31.03.2025 | 260,532 | 3,004,279 | 181,652 | 490,828 | 3,937,291 |

# NOTES TO THE FINANCIAL STATEMENTS

These are investments in immature/mature plantations since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are set out in Notes 14. Further investment in immature plantations taken over by way of these leases are shown in the above note. When such plantations become mature, the additional investments, since initial investment to bring them to maturity, will be moved from immature to mature under this note.

The Company has elected to measure the bearer biological assets at cost using LKAS 16 - Property, Plant & Equipment.

Specific borrowings have been obtained to finance the planting expenditure. Hence, borrowing costs Rs. 16,479,948/- (2024/25 - Rs. 44,984,334/-) were capitalized during the year under Immature Plantations, at an average borrowing rate of 10.27% (2024/25 - 11.49%).

### 16.2. Consumable Biological Assets - Timber Plantations

| | Group/Company | |
|---|---|---|
| | 2026 | 2025 |
| | Rs.'000 | Rs.'000 |
| As at 01 April | 339,824 | 245,605 |
| Increase due to development | 7,030 | 16,094 |
| Decrease due to harvest | (442) | (5,556) |
| Gain/(Loss) fair value of Biological Assets | 36,954 | 83,681 |
| As at 31 March | 383,366 | 339,824 |

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees is treated as approximate fair value particularly on the grounds that little biological transformation has taken place and impact of the biological transformation on price is not material. When such plantations become mature, the additional investments since taken over to bring them to maturity are transferred from Immature to Mature.

The fair value of managed trees was ascertained since the LKAS 41 is only applicable for managed agricultural activity in terms of the ruling issued by the Institute of Chartered Accountants of Sri Lanka. The valuation was carried by Mr. W. M. Chandrasena , Chartered Valuation Surveyor, using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber a physical verification was carried covering all the estates.

The future cash flows are determined by reference to current timber prices without considering the future increase of timber price.

Following associated factors are taken into consideration in determining the present value of timber prices.

## 16.2. Consumable Biological Assets - Timber Plantations CONTD.

### 16.2.1 Information about Fair Value Measurements using Significant Unobservable Inputs (Level 3)

| Non Financial Asset | Valuation Technique | Unobservable Inputs | Range of Unobservable Inputs (Probability weighted average) | | Relationship of Unobservable Inputs to Fair Value |
|---|---|---|---|---|---|
| | | | 2025/26 | 2024/25 | |
| Consumable Managed Biological Assets | DCF Method | Discounting Rate | 15.0% | 16.0% | The higher the discount rate, the lesser the fair value |
| | | Optimum rotation (Maturity) | 20-25 Years | 20-25 Years | Lower the rotation period, the higher the fair value |
| | | Price per Cu.Ft. | Rs. 300/- to Rs. 900/- per Cu.Ft | Rs. 300/- to Rs. 900/- per Cu.Ft | The higher the price, the higher the fair value |

Other key assumptions used in valuation;

1. The harvesting is approved by the Plantation Management Monitoring Division (PMMD) and Forest Department based on the forestry development plan.

2. The prices adopted are net of expenditure.

3. Though the replanting is a condition precedent for harvesting, yet the cost are not taken into consideration.

The valuations, as presented in the external valuation models based on net present values, take into account the long term exploitation of the timber plantations. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisable value. Hence, the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the LKAS 41 against their own assumptions.

**Sensitivity Analysis**

**Sensitivity variation on sales price**

Values as appearing in the Statement of Financial Position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that an increase or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

| Company | Rs. '000 | Rs. '000 |
|---|---|---|
| Managed Timber | -10% | +10% |
| **As at 31 March 2026** | (38,337) | 38,337 |
| **As at 31 March 2025** | (33,982) | 33,982 |

**Sensitivity variation on discount rate**

Values as appearing in the Statement of Financial Position are very sensitive to changes of the discount rate applied. Simulations made for timber trees show that an increase or decrease by 1.5% of the discount rate has the following effect on the net present value of biological assets:

| Company | Rs. '000 | Rs. '000 |
|---|---|---|
| Managed Timber | -1.5% | +1.5% |
| **As at 31 March 2026** | 13,691 | (15,085) |
| **As at 31 March 2025** | 14,968 | (18,456) |

# NOTES TO THE FINANCIAL STATEMENTS

### 16.3 Produce on Bearer Biological Assets

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| As at 01April - as previously reported | 13,897 | 10,749 | 13,897 | 10,749 |
| Change in fair value less cost to sell | (3,160) | 3,148 | (3,160) | 3,148 |
| At the end of the year | 10,737 | 13,897 | 10,737 | 13,897 |

### 16.4 Gain/(Loss) on fair value of Biological Assets

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Consumable Biological Assets Gain/(loss) arising from change in fair value less cost to sell (Note 16.2) | 36,954 | 83,681 | 36,954 | 83,681 |
| Produce on Bearer Biological Assets Gain/(loss) arising from change in fair value less cost to sell (Note 16.3) | (3,160) | 3,148 | (3,160) | 3,148 |
| Total change in fair value of Biologcal Assets | 33,794 | 86,829 | 33,794 | 86,829 |

### 16.5 Investment Properties

#### Group/ Company

| | As at 01.04.2025 | Additions | Transfers | As at 31.03.2026 |
|---|---|---|---|---|
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| **Gross carrying amount** | | | | |
| Buildings | 450,000 | - | - | 450,000 |
| | 450,000 | - | - | 450,000 |
| **Depreciation** | | | | |
| Buildings | - | 9,000 | - | 9,000 |
| | - | 9,000 | - | 9,000 |
| Net Book Values | 450,000 | (9,000) | - | 441,000 |

| | 2026 | 2025 |
|---|---|---|
| | Rs. '000 | Rs. '000 |
| Rental income derived from investment properties | 60,000 | 60,000 |
| Direct operating expenses incurred (Insurance) | (551) | (575) |

The Group measures its Investment properties at cost method and depreciation calculated based on straight-line basis over the usefull life for 50 years of the asset.

During the financial year, the Company transferred investment properties to the aggregate value of Rs. 60.0 Mn (2024/25 - Rs. 60.0 Mn) for cash considerations.

The company has constructed a building and renting out the floor area & other production related services to Arpitech (Pvt) Ltd for its manufacturing of latex & polyurethane foam mattresses for a conversion fee. Arpitech (Pvt) Ltd is a subsidiary Company of Richard Pieris and Company PLC and under Arpico Group of Companies.

## 17. FINANCIAL ASSETS

### 17.1 Unquoted Investment

Fair Value Through Other Comprehensive Income Financial Assets (FVTOCIFA).

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | 2025 |
| Non-Quoted Equity Shares held by the Company | | | | | |
| Non-Quoted Ordinary Shares of Richard Pieris Finance Ltd | | | | | |
| No of Shares | Nos' 000 | 15,801 | 14,804 | 15,801 | 14,804 |
| % Holding | % | 5.98 | 5.98 | 5.98 | 5.98 |
| Face Value Per Share | Rs. | 10.00 | 10.00 | 10.00 | 10.00 |
| Carrying Value as at 31 March | Rs.'000 | 189,511 | 176,319 | 189,511 | 176,319 |
| Invested During the year | Rs.'000 | 11,963 | - | 11,963 | - |
| Carrying Value as at 01 April | Rs.'000 | 201,474 | 176,319 | 201,474 | 176,319 |
| Equity Value Per Share as at 31 March | Rs. | 15.83 | 12.80 | 15.83 | 12.80 |
| Gain on FVTOCI Financial Asset | Rs.'000 | 48,660 | 13,192 | 48,660 | 13,192 |
| Carrying Value as at 31 March | Rs.'000 | 250,134 | 189,511 | 250,134 | 189,511 |

### 17.2 Information about Fair Value Measurements using Significant Unobservable Inputs (Level 3)

| Financial Asset | Valuation methodology | Unobservable inputs | Range of unobservable inputs 2026 |
|---|---|---|---|
| Investment in non-quoted Ordinary Shares of Richard Pieris Finance Ltd | Market Approach (trading multiples) - Primary methodology | Price to Book Value multiple | Price to Book multiple range of 1.71 - 1.80 |

**Key Assumptions Used in Valuation ;**

1. Screening was conducted on similar companies listed on the Colombo Stock Exchange based on similiarities in Net Asset Value and total Revenue.

2. Results of screening based on publicly available information as at the latest practicable date.

3. Valuation exercise was concluded on Price to Book Value multiples of identified similar Companies.

The fair value of the retained interest of the Richard Pieris Finance Ltd on initial recognition identified in profit or loss statement and Gain or Loss on subsequent fair valuation recognised in Other Comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

### 17.3 Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

**Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

**Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

**Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**NON FINANCIAL ASSETS - CONSUMABLE BIOLOGICAL ASSETS**

| As at 31 March | Date of Valuation | Level 1 | | Level 2 | | Level 3 | |
|---|---|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | 2025 | 2026 | 2025 |
| | | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Assets measured at fair value | | | | | | | |
| Fair Value Through OCI Financial Assets | 31 March | - | - | 250,134 | 189,511 | - | - |
| Consumable Biological Assets - Timber | 31 March | - | - | - | - | 383,366 | 339,824 |
| Produce on Bearer Biological Assets | 31 March | - | - | 10,737 | 13,897 | - | - |

### 17.4 Unquoted Investment - Others

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| No of Shares | Nos | Nos | Nos | Nos |
| Maskeliya Tea Garden Ceylon Ltd | 1 | 1 | 1 | 1 |
| Exotic Horticulture (Pvt) Ltd | 1 | 1 | 1 | 1 |
| Total Investment | 2 | 2 | 2 | 2 |
| **Value** | **Rs.** | **Rs.** | **Rs.** | **Rs.** |
| Maskeliya Tea Garden Ceylon Ltd | 10 | 10 | 10 | 10 |
| Exotic Horticulture (Pvt) Ltd | 10 | 10 | 10 | 10 |
| **Total Unquoted Investments - Others** | 20 | 20 | 20 | 20 |
| | **Rs.'000** | Rs.'000 | **Rs.'000** | Rs.'000 |
| **Financial Assets - Total** | 250,134 | 189,511 | 250,134 | 189,511 |

## 18. LONG TERM INVESTMENTS

### 18.1 Investments in Subsidiaries

**Company**
**Unquoted Investment**
**Hamefa Kegalle (Pvt) Ltd**
IInitial Investment in Hamefa Kegalle (Pvt) Ltd stated at cost of Rs. 14.0 Mn. Since it was provided for diminishing in value of Rs. 14.0 Mn upto 2008, the carrying amount of investment shows no balance at the end of the year.

Directors of the Subsidiary,

| |
|---|
| - Dr. Sena Yaddehige, Chairman |
| - Mr. Lalith Wijesinghe, Director |
| - Mr. Viville Perera, Director |

## 18.2 Investments in Associates

| Quoted Investment - Arpico Insurance PLC | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | % | % | % | % |
| % Holding | 40.29 | 40.29 | 40.29 | 40.29 |
| | Nos '000 | Nos '000 | Nos '000 | Nos '000 |
| No of Shares | 26,685 | 26,685 | 26,685 | 26,685 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Carrying Value | 676,304 | 731,357 | 266,850 | 266,850 |

| Movement of the Investment - Arpico Insurance PLC | Group | |
|---|---|---|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| At the beginning of the year | 731,354 | 598,518 |
| Share of Profit, net of tax | 1,835 | 80,700 |
| Share of Other Comprehensive Income/(loss), net of tax | (56,888) | 52,136 |
| Gross Dividends Received | - | - |
| At the end of the year | 676,301 | 731,354 |

| Unquoted Investment - Richard Pieris Natural Foams Ltd | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | % | % | % | % |
| % Holding | 35.11 | 35.11 | 35.11 | 35.11 |
| | Nos '000 | Nos '000 | Nos '000 | Nos '000 |
| No of Shares | 22,500 | 22,500 | 22,500 | 22,500 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Carrying Value | 952,858 | 975,601 | 225,000 | 225,000 |

| Movement of the Investment - Richard Pieris Natural Foams Ltd | Group | |
|---|---|---|
| | 2026 | 2025 |
| | Rs. '000 | Rs. '000 |
| At the beginning of the year | 975,601 | 1,129,415 |
| Share of Profit, net of tax | (22,635) | (152,482) |
| Share of Other Comprehensive Income/(loss), net of tax | (108) | (1,332) |
| Gross Dividends Received | - | - |
| At the end of the year | 952,858 | 975,601 |

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| Total Investments in Associates | 1,629,162 | 1,706,958 | 491,850 | 491,850 |

# NOTES TO THE FINANCIAL STATEMENTS

## 18.3 Summarised Financial Information of Associates

| Richard Pieris Natural Foams Ltd | Group 2026 Rs.'000 | 2025 Rs.'000 |
|---|---|---|
| Revenue | 4,577,066 | 5,040,346 |
| | | |
| Profit Before Tax | (94,739) | (573,547) |
| Profit After Tax | (64,465) | (434,297) |
| Other Comprehentive Loss | (305) | (3,792) |
| Total Comprehentive Income | (64,771) | (438,089) |
| Group's Share of Profit Before Tax | (33,263) | (201,372) |
| Group's Share of Other Comprehensive Loss | (107) | (1,331) |
| Group's Share of Total Comprehentive Income | (33,370) | (202,704) |
| Dividends Received, net of tax | - | - |
| Current Assets | 3,433,839 | 3,649,849 |
| Non Current Assets | 3,907,766 | 3,690,799 |
| Total Assets | 7,341,605 | 7,340,648 |
| Current Liabilities | 5,140,145 | 5,093,582 |
| Non Current Liabilities | 200,021 | 180,856 |
| Total Liabilities | 5,340,166 | 5,274,438 |

The Group can influence upto 35.11% of the voting rights of the Richard Pieris Natural Foams Ltd with effective date from 31 March 2010.

### 18.3 Summarised Financial Information of Associates CONTD.

| Arpico Insurance PLC | Group 2026 Rs.'000 | 2025 Rs.'000 |
|---|---|---|
| Revenue | 1,691,870 | 1,848,005 |
| | | |
| Profit Before Tax | (98,170) | 101,077 |
| Profit After Tax | 4,555 | 200,299 |
| Other Comprehentive Income/(Loss) | (141,200) | 129,406 |
| Total Comprehentive Income | (136,645) | 329,705 |
| Group's Share of Profit Before Tax | (39,553) | 40,724 |
| Group's Share of Other Comprehensive Income/(Loss) | (56,889) | 52,138 |
| Group's Share of Total Comprehentive Income | (96,442) | 92,862 |
| Current Assets | 1,453,162 | 1,124,307 |
| Non Current Assets | 3,794,292 | 3,873,780 |
| Total Assets | 5,247,454 | 4,998,087 |
| Current Liabilities | 379,448 | 209,353 |
| Non Current Liabilities | 3,174,453 | 2,976,503 |
| Total Liabilities | 3,553,901 | 3,185,856 |
| Market Price Per Share - Close (Rs.) | 29.70 | 17.10 |

The Group can influence upto 40.29% of the voting rights of the Arpico Insurance PLC with effective date from 01 April 2015.

### 18.4 Summarised Financial Information of Associates

| | Richard Pieris Natural Foams Ltd | | Arpico Insurance PLC | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Cash and cash equivalents | (1,532,220) | (1,433,274) | 3,519 | 204,438 |
| Trade & Other Payables | 458,519 | 373,207 | 281,858 | 205,608 |
| Amounts due to related Parties | 2,016,045 | 1,967,958 | 7,196 | - |
| Interest Bearing Borrowings | 942,519 | 1,054,280 | - | - |
| Liability to make lease payments | 177,656 | 172,255 | 92,998 | 188,785 |
| Income Tax Payable | - | 26,776 | - | 56,946 |
| Retirement Benefit Obligation | 40,220 | 34,057 | 18,192 | 17,526 |
| Deferred Tax Liability | - | 155,675 | - | - |
| Depreciation | 104,119 | 119,340 | 126,799 | 142,515 |
| Interest Income | 30,065 | 1,182 | 699,057 | 535,804 |

# NOTES TO THE FINANCIAL STATEMENTS

## 19. INVENTORIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Input Materials | 95,646 | 81,243 | 95,533 | 73,373 |
| Growing Crop - Nurseries | 30,120 | 36,645 | 30,120 | 36,645 |
| Produce Stock | 284,234 | 402,861 | 284,234 | 402,861 |
| Spares and Consumables | 27,497 | 19,862 | 27,497 | 19,862 |
| | 437,497 | 540,611 | 437,384 | 532,741 |
| ( - ) Provision for slow moving stocks | - | (7,757) | - | - |
| | 437,497 | 532,854 | 437,384 | 532,741 |

## 20. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Produce Debtors (Related Companies- Note. 20.1) | 802,520 | 730,952 | 802,520 | 730,952 |
| Produce Debtors (Others) | 113,056 | 41,712 | 113,056 | 41,712 |
| Total Produce Debtors | 915,576 | 772,664 | 915,576 | 772,664 |
| Advances & Prepayments | 42,011 | 38,732 | 42,011 | 38,732 |
| Other Debtors | 26,899 | 207,081 | 25,275 | 205,442 |
| | 984,486 | 1,018,477 | 982,862 | 1,016,838 |

The age analysis of produce debtors is as follows;

| | Neither past due nor impaired | | | | | |
|---|---|---|---|---|---|---|
| Balance as at 31 March 2026 | 0 - 7 days Rs. '000 | 8 - 30 days Rs. '000 | 31 - 90 days Rs. '000 | 91-364 days Rs. '000 | > 365 days Rs. '000 | Total Rs. '000 |
| Group - Produced Debtor (Related Company) | - | 802,520 | - | - | - | 802,520 |
| - Produce Debtor (Other) | 113,056 | - | - | - | - | 113,056 |
| Company - Produced Debtor (Related Company) | | 802,520 | - | - | - | 802,520 |
| - Produce Debtor (Other) | 113,056 | - | - | - | - | 113,056 |

### 20.1 Trade Receivables From Related Companies

| | Relationship | Group | | Company | |
|---|---|---|---|---|---|
| | | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Richard Pieris Natural Foams Ltd | Associate Company | 746,798 | 712,017 | 746,798 | 712,017 |
| Arpico Natural Latex Foam (Pvt) Ltd | Related Company | 32,054 | 32,054 | 32,054 | 32,054 |
| Richard Pieris Exports PLC | Related Company | 41,779 | 5,330 | 41,779 | 5,330 |
| Richard Pieris Distributors Ltd | Related Company | 2,036 | 6,035 | 2,036 | 6,035 |
| Maskeliya Tea Garden Ceylon (Pvt) Ltd | Related Company | 2,644 | 2,644 | 2,644 | 2,644 |
| Arpitech (Pvt) Ltd | Related Company | 9,263 | 4,926 | 9,263 | 4,926 |
| | | 834,574 | 763,006 | 834,574 | 763,006 |
| ( - ) Provision for doubtful receivables | | (32,054) | (32,054) | (32,054) | (32,054) |
| | | 802,520 | 730,952 | 802,520 | 730,952 |

## 21. AMOUNTS DUE FROM RELATED COMPANIES

| | Relationship | Group | | Company | |
|---|---|---|---|---|---|
| | | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Hamefa Kegalle (Pvt) Ltd | Subsidiary Company | - | - | 73,232 | 75,460 |
| Arpitech (Pvt) Ltd | Related Company | 11,209 | 11,468 | 11,209 | 11,468 |
| Exotic Horticulture (Pvt) Ltd | Related Company | 327 | - | 327 | - |
| | | 11,536 | 11,468 | 84,768 | 86,928 |
| ( - ) Provision for doubtful receivables | | - | - | (54,890) | (54,890) |
| | | 11,536 | 11,468 | 29,878 | 32,038 |

## 22. SHORT TERM INVESTMENT

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Investment in REPO, USD Deposits & Others | 91,044 | 163,217 | 91,044 | 163,217 |
| | 91,044 | 163,217 | 91,044 | 163,217 |

## 23. CASH & CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Cash & Bank Balances | 34,948 | 7,383 | 34,948 | 7,383 |
| Bank Overdrafts (Note 25) | (356,359) | (480,814) | (356,359) | (480,814) |
| Short term Investments (Note 22) | 91,044 | 163,217 | 91,044 | 163,217 |
| Total cash & cash equivalants for the purpose of cash flows | (230,367) | (310,214) | (230,367) | (310,214) |

# NOTES TO THE FINANCIAL STATEMENTS

## 24. STATED CAPITAL

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | 2025 |
| **Issued and Fully Paid Ordinary Shares** | | | | | |
| Number of Ordinary Shares including one golden share held by the Treasury which has special rights | Nos '000 | 25,000 | 25,000 | 25,000 | 25,000 |
| Number of Ordinary Shares including one golden share held by the Treasury which has special rights | Rs. '000 | 250,000 | 250,000 | 250,000 | 250,000 |

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Special rights of the Golden Share are given in the Annual Report under the caption "Shareholder & Investor Information".

### 24.1 General Reserve

General Reserve represents amounts set-aside from time to time by the Directors of the Company for purpose of general application. These have been appropriated by the Board in compliance with the Articles, which provides for such amounts being set-aside for future and utilized after appropriate Board Approvals.

### 24.2 Timber Reserve

Timber reserve represents the fair value changes in the carrying value of managed timber plantations of the Company since 1st April 2011.

### 24.3 Fair Value Through Other Comprehensive Income Reserve

Fair Value Through Other Comprehensive Income Reserve represents the change in fair value of Financial Assets with Richard Pieris Finance Limited from the Financial Year 2015/16.

## 25. LOANS AND BORROWINGS

| Group/ Company | Repayable within 1 year Rs. '000 | Repayable after one year less than five years Rs. '000 | Total as at 31.03.2026 Rs. '000 | Total as at 31.03.2025 Rs. '000 |
|---|---|---|---|---|
| **Long Term Loans (Note: 25.1)** | | | | |
| Seylan Bank PLC | 66,636 | - | 66,636 | 166,644 |
| Commercial Bank of Ceylon PLC | - | - | - | 87,500 |
| | 66,636 | - | 66,636 | 254,144 |
| Short Term Loans | 75,000 | - | 75,000 | 100,000 |
| Bank Overdrafts | 281,359 | - | 281,359 | 380,814 |
| | 422,995 | - | 422,995 | 734,958 |

### 25.1 Long Term Loans (Secured)

| Group/Company | 2026 | | | 2025 | | |
|---|---|---|---|---|---|---|
| | Repayable within 1 year Rs. '000 | Repayable after one year less than five years Rs. '000 | Total as at 31.03.2026 Rs. '000 | Total as at 31.03.2025 Rs. '000 | Rate of Interest | Terms of Repayment |
| Commercial Bank of Ceylon PLC Rs. 700 Mn - Term Loan Facility | - | - | - | 87,500 | Fixed Rate 09% | 1 Month Installment @ Rs.14,583,302 and zero Reamining Installments |
| Seylan Bank PLC Rs. 450 Mn - Term Loan Facility | 66,636 | - | 66,636 | 166,644 | Monthly AWPLR + 2.0 % | 1 Month Installment @ Rs. 8,334,000 and 8 Remaining Installments |
| | 66,636 | - | 66,636 | 254,144 | | |
| Short Term Loans | 75,000 | - | 75,000 | 100,000 | | |
| Bank Overdrafts | 281,359 | - | 281,359 | 380,814 | | |
| | 422,995 | - | 422,995 | 734,958 | | |

# NOTES TO THE FINANCIAL STATEMENTS

## 26. RETIRING BENEFIT OBLIGATIONS

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| **Provision for Retiring Gratuity** | | | | |
| At the beginning of the year | 591,315 | 459,272 | 591,315 | 459,272 |
| Interest Cost | 70,958 | 59,705 | 70,958 | 59,705 |
| Current Service Cost | 49,228 | 44,507 | 49,228 | 44,507 |
| Gratuity Payments for the year | (87,562) | (102,524) | (87,562) | (102,524) |
| Actuarial (Gain) / Loss arising from Changes in financial assumptions | 42,829 | 37,655 | 42,829 | 37,655 |
| Actuarial (Gain) / Loss arising from Experience Adjustments | (16,322) | 92,700 | (16,322) | 92,700 |
| At the end of the year | 650,446 | 591,315 | 650,446 | 591,315 |

LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current and prior periods using the Projected Unit Credit Method and discount that benefit in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure.

**Use of Discount Rate under the uncertain economic conditions**

The Company uses market yields for the year ended 31 March 2026 on treasury bonds issued by the Government of Sri Lanka (T-bonds) to determine the discount rate, as disclosed in its accounting policy. However, due to the economic conditions prevailing in the country as at the period end, the exceptionally high T-bond market yields would not be a reasonable reflection of the time value of money. Therefore, period end T-bond market yields have been adjusted for the credit risk spread to derive the rate used to discount the defined benefit obligation. The based disclosures of methods , Input used and assumptions are as follows,

**Adopting Method :**

Company used Projected Unit Credit Method (PUC) as the method of valuation. The PUC is the benchmark method recommended by Sri Lanka Accounting Standard as per LKAS 19.

**Input used for the Valuation**

Basic input data used for the retirement benefit obligation is employee date who were expected to be in service as at 31st March 2026. Such as retirement Age , Wage Rate etc. This input data mainly used to conduct the valuation.

**Assumptions used for valuation**

In order to carry out the valuation, there are two main assumptions regarding the future experience and trends of two groups of elements.

**i. Demographic Assumptions** -

This assumptions covers item such as mortality rates, ill health retirement rate and staff turnover rate and these are generally referred to as the demographic assumptions. Sudden Changes in these are rare and the past experience can provide a reasonable guide to the future.

**ii. Financial Assumptions** -

This assumption covers the financial elements such as the rate of increase in salaries / Wages, the rate of discount ( i.e. the rate of interest used to discount future cash flows in order to determine the present value). The assumptions regarding the financial elements , of necessity, have to be based on more general considerations of long-term economic trends and outlook.

According to the actuarial valuation report issued by the Messrs. Actuarial & Management Consultants (Pvt) Ltd as at 31 March 2026, the actuarial present value of promised retirement benefits amounted to Rs. 650,448,597/-. If the Company had provided for gratuity on the basis of 14 days wages & half months salary for each completed year of service, the liability would have been Rs. 884,680,938/-.

The Present Value of Retirement Benefit Obligation is carried on annual basis.

The following payments are expected from the defined benefit plan obligation in future years.

| | Group | | Company | |
|---|---|---|---|---|
| **Future Working Life Time** | **2026** | **2025** | **2026** | **2025** |
| | **Rs.'000** | **Rs.'000** | **Rs.'000** | **Rs.'000** |
| Within the next 12 months | 128,004 | 119,042 | 128,004 | 119,042 |
| Between 2 and 5 years | 180,247 | 171,769 | 180,247 | 171,769 |
| Beyond 5 years | 342,197 | 300,504 | 342,197 | 300,504 |
| Total Retiring Benefit Obligation | 650,448 | 591,315 | 650,448 | 591,315 |

The weigted average duration of the Defind Benefit plan obligation at the end of the reporting period is as follows.

| **Weigted Average Duration** | **2026** | **2025** |
|---|---|---|
| Workers | 8 years | 8 years |
| Staff | 7.7 years | 7 years |

The key assumptions used by Messrs. Actuarial & Management Consultants (Pvt) Ltd when determining the Retirement Benefit Obligations are as follows.

| **Key Assumptions** | | **2026** | **2025** |
|---|---|---|---|
| i) | Rate of Discount | 11.00% (per annum)) | 12.00 % (per annum) |
| ii) | Rate of Salary Increase | | |
| | Workers | 08% (every year) | 08% (every year) |
| | Staff | 08% (per annum) | 08% (per annum) |
| iii) | Retirement Age | | |
| | Workers | 60 years | 60 years |
| | Staff | 60 years | 60 years |
| | Executives & Head Office Staff | 60 years | 60 years |
| iV) | The Company will continue as a going concern. | | |

The Retirement Benefit Plan of the Company was amended due to the increase in retirement age enacted by the Minimum Retirement Age of Workers Act No. 28 of 2021.

**Sensitivity Analysis - Salary/Wage Escalation Rate**

Values appearing in the financial statements are very sensitive to the changes in financial and non-financial assumptions used. A sensitivity was carried out as follows:

| **Company** | **Workers** | | **Staff** | |
|---|---|---|---|---|
| **A one percentage point change in the discount rate** | **+1%** | **-1%** | **+1%** | **-1%** |
| | **Rs.'000** | **Rs.'000** | **Rs.'000** | **Rs.'000** |
| As at 31 March 2026 | (36,691) | 41,638 | (6,139) | 7,002 |
| As at 31 March 2025 | (33,080) | 37,493 | (4,576) | 5,200 |
| **A one percentage point change in the salary/wage increment rate** | **+1%** | **-1%** | **+1%** | **-1%** |
| | **Rs.'000** | **Rs.'000** | **Rs.'000** | **Rs.'000** |
| As at 31 March 2026 | 41,402 | (37,052) | 7,509 | (6,671) |
| As at 31 March 2025 | 37,604 | (33,653) | 5,642 | (5,026) |

# NOTES TO THE FINANCIAL STATEMENTS

## 27. DEFERRED INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| **Deferred Grants and Subsidies** | | | | |
| Balance at the beginning of the year | 241,837 | 232,976 | 241,837 | 232,976 |
| Add : Grants/Subsidy received during the year | 22,304 | 23,257 | 22,304 | 23,257 |
| Less : Amortisation for the year | (14,938) | (14,396) | (14,938) | (14,396) |
| Balance at the end of the year | 249,203 | 241,837 | 249,203 | 241,837 |

The Company has received funding from the Plantation Human Development Trust and Asian Development Bank for the development of worker facilities such as re-roofing of line rooms, latrines, water supply and sanitation etc. The amounts spent are included under the relevant classification of Property, Plant & Equipment and the grant component is reflected under Deferred Grants and Subsidies.

## 28. DEFERRED TAX ASSETS AND LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| **Temporary Differences,** | | | | |
| At the beginning of the year | 2,486,751 | 2,200,473 | 2,486,753 | 2,200,473 |
| Amount originating / (Reversal) during the year | 433,000 | 286,278 | 433,000 | 286,278 |
| At the end of the year | 2,919,751 | 2,486,751 | 2,919,753 | 2,486,753 |
| **Temporary Differences of,** | | | | |
| Property, Plant & Equipment (including Biological Assets) | 4,808,831 | 4,552,255 | 4,808,831 | 4,552,255 |
| Retirement Benefit Obligations | (650,448) | (591,317) | (650,448) | (591,317) |
| Right of Use Assets | 806,159 | 815,039 | 806,159 | 815,039 |
| Lease Creditor | (958,788) | (935,082) | (958,788) | (935,082) |
| Deferred Income | (22,304) | (6,584) | (22,304) | (6,584) |
| Carried forward Tax Losses | (1,063,697) | (1,347,558) | (1,063,697) | (1,347,558) |
| At the end of the year | 2,919,753 | 2,486,753 | 2,919,753 | 2,486,753 |
| **Tax Effect,** | | | | |
| At the beginning of the year | 746,026 | 660,142 | 746,026 | 660,142 |
| Transfer from/ (to) Income Statement | 129,900 | 85,884 | 129,900 | 85,884 |
| At the end of the year | 875,926 | 746,026 | 875,926 | 746,026 |
| **Deferred Tax Liabilities** | | | | |
| Property, Plant & Equipment (including Biological Assets) | 1,442,649 | 1,365,676 | 1,442,649 | 1,365,676 |
| Right of Use Assets | 241,848 | 244,511 | 241,848 | 244,511 |
| | 1,684,497 | 1,610,187 | 1,684,497 | 1,610,187 |
| **Deferred Tax Assets** | | | | |
| Retirement Benefit Obligations | (195,134) | (177,395) | (195,134) | (177,395) |
| Carried Forward Tax Losses | (319,109) | (404,267) | (319,109) | (404,267) |
| Lease Creditor | (287,636) | (280,524) | (287,636) | (280,524) |
| Deferred Income | (6,691) | (1,975) | (6,691) | (1,975) |
| | (808,571) | (864,161) | (808,571) | (864,161) |
| Deferred Tax (Asset)/ Liability | 875,926 | 746,026 | 875,926 | 746,026 |

A deferred tax asset has been recognized in the financial statements for carried forward tax losses to the extent that the Company has assessed that it will generate sufficient taxable profits in future. Accordingly, a deferred tax asset for tax losses of Rs. 1,063,697,933/- (2025 - Rs. 1,347,558,459/-) has been recognized. Further unutilized tax losses are given below.

### 28.1 Reconciliation of Deferred tax charge/(reversal)

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| At the beginning of the year | 746,026 | 660,142 | 746,026 | 660,142 |
| Tax reversal during the year recognised in Statement of profit or loss. | 123,254 | 121,033 | 123,254 | 121,033 |
| Tax (charge)/ reversal during the year recognised in Statement of Other Comprehensive Income | 6,646 | (35,149) | 6,646 | (35,149) |
| Tax (charge)/ reversal during the year recognised in other Comprehensive Income. | - | - | - | - |
| At the end of the year | 875,926 | 746,026 | 875,926 | 746,026 |

The effective tax rate used to calculate deferred tax liability for all the temporary differences as at 31 March 2026 is 30% (2024/25 - 30%) for the Company.

## 29. LEASE LIABILITY

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Lease liability on Right-of-Use asset - land | 955,814 | 932,341 | 955,814 | 932,341 |
| Lease liability on Right-of-Use asset - building | 2,974 | 2,741 | 2,974 | 2,741 |
| | 958,788 | 935,082 | 958,788 | 935,082 |

### 29.1 Lease Liability on Right of Use asset - Land

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| As at 1 April 2025 | 932,341 | 802,156 | 932,341 | 802,156 |
| Reassessment Adjustment | 35,428 | 140,377 | 35,428 | 140,377 |
| Accretion of interest | 125,810 | 122,529 | 125,810 | 122,529 |
| Payment | (137,765) | (132,721) | (137,765) | (132,721) |
| As at 31 March 2026 | 955,814 | 932,341 | 955,814 | 932,341 |
| Current | 13,510 | 11,518 | 13,510 | 11,518 |
| Non Current | 942,305 | 920,824 | 942,305 | 920,824 |
| | 955,815 | 932,342 | 955,815 | 932,342 |

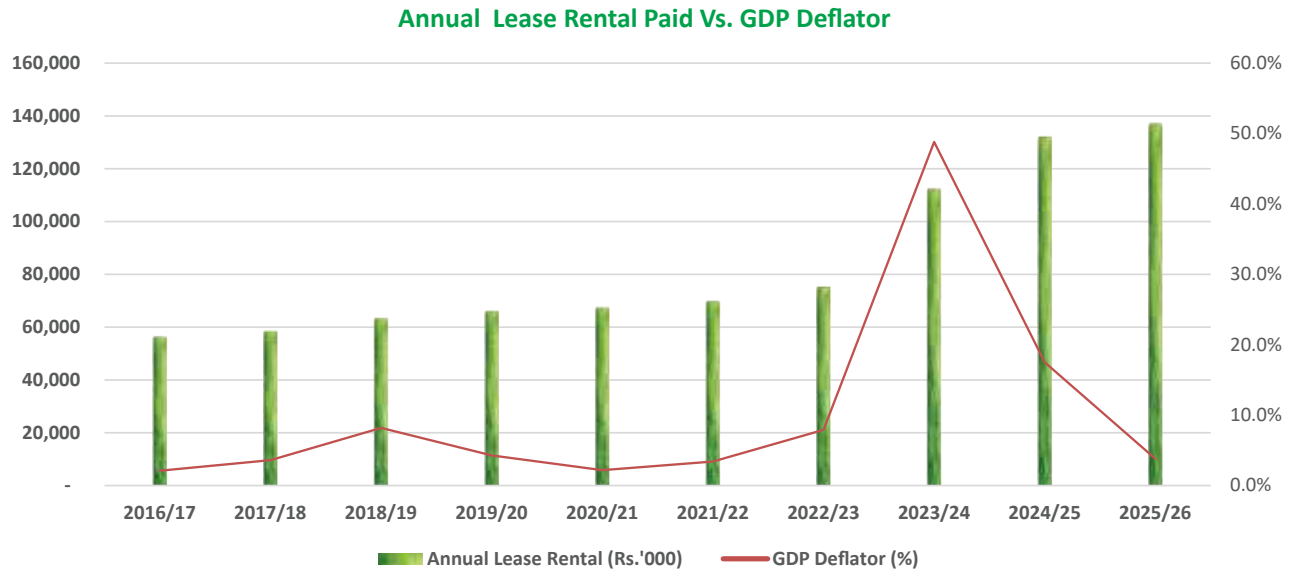
#### 9.1.2 Maturity analysis of lease liabilities are as follows

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| **Payable within one year** | | | | |
| Gross liability | 137,765 | 132,722 | 137,765 | 132,722 |
| Finance cost allocated to future periods | (124,255) | (121,204) | (124,255) | (121,204) |
| Net liability transferred to current liabilities | 13,510 | 11,518 | 13,510 | 11,518 |
| **Payable within two to five years** | | | | |
| Gross liability | 688,829 | 530,889 | 688,829 | 530,889 |
| Finance cost allocated to future periods | (589,900) | (467,767) | (589,900) | (467,767) |
| Net liability | 98,929 | 63,122 | 98,929 | 63,122 |
| **Payable after five years** | | | | |
| Gross liability | 1,790,955 | 1,990,835 | 1,790,955 | 1,990,835 |
| Finance cost allocated to future periods | (947,579) | (1,133,133) | (947,579) | (1,133,133) |
| Net liability | 843,376 | 857,702 | 843,376 | 857,702 |
| Net liability payable after one year | 942,305 | 920,824 | 942,305 | 920,824 |

The base rental payable per year Rs. 137,765,800/-.
The lease rental during the current year charged to the Income Statement is based on GDP deflator of 3.8% (2025 - 17.5%).

# NOTES TO THE FINANCIAL STATEMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Lease Interest for the Year | 125,810 | 122,529 | 125,810 | 122,529 |
| Capital for the Year | 11,955 | 10,192 | 11,955 | 10,192 |
| Lease Rental Paid for the year | 137,765 | 132,721 | 137,765 | 132,721 |




## 29.2 Lease liability on Right-of-Use asset - Building

| | Group / Company | |
|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 |
| **As at 31 March 2025** | 2,741 | 2,508 |
| Effect of adoption SLFRS 16 | | |
| **As at 01 April 2025** | 2,741 | 2,508 |
| Additions | 2,027 | 2,027 |
| Accretion of Interest | 399 | 399 |
| Payments during the year | (2,193) | (2,193) |
| Balance as at 31 March 2026 | 2,974 | 2,741 |
| | | |
| Current Liability | 2,974 | 2,741 |
| Non Current Liability | - | - |
| Total Lease Liability as at 31 March 2026 | 2,974 | 2,741 |

## 29.3 Current & Non-Current Classification of Lease Liability

| | Group / Company | |
|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 |
| Current Liability | 16,484 | 14,259 |
| Non Current Liability | 942,305 | 920,824 |
| Total Lease Liability as at 31 March 2026 | 958,789 | 935,083 |

## 30. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Trade Creditors | 314,576 | 456,466 | 313,022 | 454,749 |
| Other Creditors | 33,665 | 50,819 | 30,107 | 47,564 |
| | 348,241 | 507,285 | 343,129 | 502,301 |

## 31. DIVIDEND PAYABLE

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Dividends for 2025/26 - Rs. 3/- per Share (Paid on 30th April 2026) | 75,000 | 87,500 | 75,000 | 87,500 |
| Dividend Payable | 18,160 | (36,009) | 18,160 | (36,009) |
| | 93,160 | 51,491 | 93,160 | 51,491 |

## 32. AMOUNTS DUE TO RELATED COMPANIES

| | Relationship | Group | | Company | |
|---|---|---|---|---|---|
| | | 2026 Rs.'000 | 2025 Rs.'000 | 2026 Rs.'000 | 2025 Rs.'000 |
| Maskeliya Plantations PLC | Related Company | 8,927 | 3,901 | 8,927 | 3,901 |
| Namunukula Plantations PLC | Related Company | 403,210 | 306,653 | 403,210 | 306,653 |
| Arpico Interiors (Pvt) Ltd | Related Company | - | 4 | - | 4 |
| RPC Logistics (Pvt) Ltd | Related Company | 213 | 107 | 213 | 107 |
| Richard Pieris & Company PLC | Ultimate Parent Company | 275,843 | 186,955 | 270,665 | 181,815 |
| RPC Plantation Management Services (Pvt) Ltd | Parent Company | 211,996 | 156,666 | 211,996 | 156,666 |
| Richard Pieris Distributors Ltd | Related Company | 1,455 | 35 | 1,455 | 35 |
| Richard Pieris Tyre Company Ltd | Related Company | 1,793 | - | 1,793 | - |
| Maskeliya Tea Garden Ceylon Ltd | Related Company | 132 | 122 | 132 | 122 |
| | | 903,569 | 654,443 | 898,391 | 649,303 |

## 33. ASSETS PLEDGED AS SECURITIES

The following assets have been pledged as securities for liabilities.

| Name of Bank | Loan Facility | Security |
|---|---|---|
| Bank of Ceylon | Rs 35.0 Mn | Primary mortgage over leasehold rights of Gampaha Estate. |
| Hatton National Bank PLC | Rs 50.0 Mn | Primary mortgage over leasehold rights of Luckyland Estate. |
| Commercial Bank of Ceylon PLC | USD 0.50 Mn<br>Rs 25.0 Mn<br>Rs 700 Mn | Primary and secondary mortgage over leasehold rights of Etana and Kirklees Estates and a negative pledge over leasehold rights of Allagolla, Eadella and Doteloya Estates. |
| Nations Trust Bank PLC | Rs 150 Mn | Primary mortgage over Produce Stocks (Rubber, Tea and Coconut). |
| Seylan Bank PLC | Rs 450 Mn | Primary mortgage over leasehold rights of Pallegama Estate. |

# NOTES TO THE FINANCIAL STATEMENTS

Carrying values of the assets pledged are as follows.

| Name of Bank | Nature of Liability | Outstanding Rs. Mn | Carring Amount Pledged 2026 Rs. '000 | 2025 Rs. '000 |
|---|---|---|---|---|
| Bank of Ceylon | Overdraft | - | 156,089 | 164,424 |
| Hatton National Bank PLC | Overdraft | Rs. 28.85 Mn | 216,733 | 222,340 |
| Commercial Bank of Ceylon PLC | Term Loan | - | 870,741 | 863,605 |
| Seylan Bank PLC | Term Loan | Rs. 66.64 Mn | 534,756 | 513,631 |

**Note:** Corporate guarantee dated 29 January 2013 has been given to Hongkong & Shanghai Banking Corporation (HSBC) for USD 450,000/- from the Company together with supporting board resolution on behalf of Richard Peiris Natural Foams Limited.

## 34. CAPITAL COMMITMENTS

Followings are the capital commitments as at the Statement of Financial Position date;

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs. '000 | 2025 Rs. '000 | 2026 Rs. '000 | 2025 Rs. '000 |
| Approved by the Board & Contracted for | Nil | Nil | Nil | Nil |
| Approved by the Board & not Contracted for | 515,256 | 582,756 | 515,256 | 582,756 |
| | 515,256 | 582,756 | 515,256 | 582,756 |

## 35. COMMITMENTS AND CONTINGENCIES

No known contingent liabilities exist as at the date of financial position other than the matters disclosed below in the notes to the Financial Statements.

**35.1** Two assessments for Value Added Tax (VAT) under the Value Added Tax Act No. 14 of 2002 and its amendments thereto in relation to the taxable period from 1st April 2006 to 31st March 2011 were issued by the Commissioner General of Inland Revenue. The Tax Appeals Commission hearing the appeal made by us, has determined the VAT assessment in favour of the Department of Inland Revenue. The Company has also appealed against the determination to the Court of Appeal to the Supreme Court and the case is currently pending before the Supreme Court.

The estimated contingent liability to the Company is Rs. 21.1 mn exclusive of any penalties that may arise for said period. Based on the Expert advice, the Directors are of the opinion that the ultimate determination of the case will not have a material impact on the financial position of the Company.

## 36. EVENTS AFTER REPORTING PERIOD

No circumstances have arisen since the Statement of Financial Position date, which would require adjustment or disclosure in the Financial Statements.

## 37. RELATED PARTY DISCLOSURES

### 37.1 Transactions with related entities

| Nature of Transaction | Group | | Company | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| ***37.1.1 Parent Company*** | | | | |
| **Amount Payable/Recoverable as at 31 March** | (211,996) | (156,667) | (211,996) | (156,667) |
| Managing Agent's Fee | (67,378) | (108,337) | (67,378) | (108,337) |
| Settlement of Management Fee | 57,466 | 59,815 | 57,466 | 59,815 |
| Recovery of expenses | (45,418) | (68,245) | (45,418) | (68,245) |
| | | | | |
| ***37.1.2 Subsidiaries*** | | | | |
| **Amount Receivable as at 31 March** | - | - | 73,232 | 75,461 |
| Building Rental | | | (2,431) | (2,517) |
| Administration Expenses | - | - | 203 | 389 |
| | | | | |
| ***37.1.3 Associates*** | | | | |
| **Amount Receivable as at 31 March** | 2,375,962 | 2,418,977 | 1,238,648 | 1,203,868 |
| **Amount Payable as at 31 March** | - | - | - | - |
| Sale of Latex | 423,427 | 870,375 | 423,427 | 870,375 |
| Settlement Amount | (423,638) | (628,941) | (423,638) | (628,941) |
| Share of Result of Equity Accounted Investees | (77,796) | (20,978) | - | - |
| Insurance Premium | (1,702) | (1,672) | (1,702) | (1,672) |
| Insurance Premium Settlements | 1,702 | 1,672 | 1,702 | 1,672 |
| Bio Latex Project | 6,208 | 4,172 | 6,208 | 4,172 |
| Interest Settlement | (9,428) | - | (9,428) | - |
| Accrued Interest | 38,211 | - | 38,211 | - |
| | | | | |
| ***37.1.4 Related Companies*** | | | | |
| **Amount Receivable as at 31 March** | 264,342 | 178,826 | 264,342 | 178,826 |
| **Amount Payable as at 31 March** | (686,395) | (496,865) | (686,395) | (496,865) |
| Salaries, Rent, Vehicle repairs & other Expenses | (117,686) | (114,072) | (117,686) | (114,072) |
| Purchase of Goods | (116,034) | (156,490) | (116,034) | (156,490) |
| Settlement of Dues | 27,860 | 31,647 | 27,860 | 31,647 |
| Sale of Goods | 394,220 | 446,086 | 394,220 | 446,086 |
| Sales Cash Receipts | (362,045) | (507,371) | (362,045) | (507,371) |
| Freight Charges | (2,811) | (1,452) | (2,811) | (1,452) |
| Dividend/Repo/Debenture Interest Receivable | 53,367 | 51,811 | 53,367 | 51,811 |
| Dividend/Repo/Debenture Interest Settlement | (18,843) | (43,136) | (18,843) | (43,136) |
| Deemed Disposal Gain - Subsequent Recognition | 48,660 | 13,191 | 48,660 | 13,191 |

# NOTES TO THE FINANCIAL STATEMENTS

## 37. RELATED PARTY DISCLOSURES CONTD.

### *37.1.5 Terms and Conditions*

Transactions with related parties are carried out in the ordinary course of business on an arm's length basis. Outstanding balances at the year end are unsecured and net settlement occurs in cash.

**Non recurrent related party transactions**

There were no non recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets which ever is lower of the Company as per 31 March 2026 audited Financial Statements, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange listing rule 9.3.2 and code of best practices on related party transactions under the security exchange commission directive issued under section 13(c) of the Security Exchange Commission Act.

**Recurrent related party transactions**

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2026 audited Financial Statements, which required additional disclosures in 2025/26 Annual Report under Colombo Stock Exchange listing rule 9.3.2 and code of best practices on related party transactions under the security exchange commission directive issued under section 13(c) of the Security Exchange Commission Act, except following related party transactions exceeds 10% of the gross revenue/income as required.

| | Group | | Company | |
|---|---|---|---|---|
| **Recurrent Related Party Transactions** | **2026** | **2025** | **2026** | **2025** |
| | **Rs. '000** | **Rs. '000** | **Rs. '000** | **Rs. '000** |
| **Disclosures** | | | | |
| a. Name of the related party, Richard Pieris Natural Foams Ltd | | | | |
| b. Relationship, Associate Company | | | | |
| c. Nature of transaction, Sale of Centrifuged Latex | | | | |
| d. Aggregate value of related party transactions entered into during the financial year | 423,427 | 870,375 | 423,427 | 870,375 |
| Consolidated revenue as per latest audited financial statements | 3,719,134 | 3,923,700 | 3,719,134 | 3,923,700 |
| e. Aggregate value of related party transactions as a % of net revenue/income | 11.4% | 22.2% | 11.4% | 22.2% |
| f. Terms and conditions of the related party transactions | | | | |
| Transactions with related parties are carried out in the ordinary course of business on an arm's length basis. | | | | |

### *37.1.6 Management Fees*

As per the agreememt is made and entered into at Colombo as of 10 September 2023, the Managing Agent shall be paid for each fiscal year fifteen percent (15%) of the earnings of the Company before interest received/paid, corporate tax, depreciation and amortization of land and managment fees (EBITDA) applicable in that fiscal year.

### 37.2 Transactions with key management personnel of the Company

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

The Company Key Management Personnel include members of the Board of Director of Kegalle Plantations PLC and members of Board of Director of Richard Pieris and Company PLC.

There were no transactions with the key management personnel of the Company and its parent for the year ended 31 March 2026. Further there were no key management compensation paid during the year other than those disclosed in Note 8.

### 37.3 Related Party Transactions

There are no related party transactions other than those disclosed in Notes 11, 17.1, 18, 20.1, 21, 32, 33 & 37 to the Financial Statements.

### 37.4 Details of material issues pertaining to employees and Industrial relations of the Company.

There were no material issues pertaining to employees and industrial relations pertaining to the Company that occurred during the year under review.

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal Financial Liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these Financial Liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group also holds available-for-sale investments and held to maturity investment.

Accordingly, the Group has exposure to namely Credit Risk, Liquidity Risk, Currency Risk and Market Risks from its use of financial instruments.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

### 38.1 Financial Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's financial risk management framework which includes developing and monitoring the Group's financial risk management policies.

### 38.2 Credit Risk

Credit Risk is the risk of financial loss to the Group's if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Group's receivable from customers.

#### 38.2.1 Trade and Other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and the country in which the customers operate, as these factors may have an influence on credit risk.

The Group reviews external ratings and bank references of the customer when available. Purchase limits are established for each customer, which are reviewed quarterly. In monitoring credit risk, customers are categorised according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale or retail customer, geographical location, industry, aging profile, maturity and existence of previous financial difficulties. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs. 984 Mn (2024/25 – Rs. 1,018 Mn).

Kegalle Plantations PLC has a minimal credit risk of its trade receivables as the repayment is guaranteed within seven days by the Tea and Rubber Auction Systems.

The Company's main customers (Brokers) have been transacting with the Company more than 10 years, and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry, trading history with the Company and existence of previous financial difficulties.

**The Company considers a financial asset to be in default when:**

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held);

  Or

- The financial asset is more than 21 days past due.

**Trade & Other Receivables Write-off**

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, Financial Assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

# NOTES TO THE FINANCIAL STATEMENTS

The Movement of in the allowance for the impairment for trade and other receivables during the year was,

| | 2026<br>Rs. '000 | 2025<br>Rs. '000 |
|---|---|---|
| Balance as at 01 April | 86,944 | 86,944 |
| Charge for the year | - | - |
| Write-off | - | - |
| Recoveries | - | - |
| Balance as at 31 March | 86,944 | 86,944 |

***38.2.2 Investments***

Credit risks from invested balance with the financial institutions are managed by the Board of Directors. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to them. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

The Group held short term investments of Rs. 91 Mn as at 31 March 2026 (2025.03.31 – Rs. 163 Mn) which represents the maximum credit exposure on these assets.

***38.2.3 Cash and Cash Equivalents***

The Group held cash at bank and in hand of Rs. 35 Mn as at 31 March 2025 (2025.03.31 – Rs. 7 Mn) which represents its maximum credit exposure on these assets.

## 38.3 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group does not concentrate on a single financial institution, thereby minimizing the exposure to liquidity risk through diversification of funding sources. The Group aims to fund investment activities of the individual and Group level by funding the long-term investment with long term financial sources and short term investment with short term financing. Where necessary the Group consults the Treasury Department and Strategic Business Development Unit of the Parent Company for scrutinizing the funding decisions.

The Table below summarizes the maturity profile of the Group Financial Liabilities based on contractual undiscounted payments.

| As at 31 March 2026 | On Demand<br>Rs. '000 | Less than 3 Months<br>Rs. '000 | 3 to 12 Months<br>Rs. '000 | 2 to 5 years<br>Rs. '000 | >5 years<br>Rs. '000 | Total<br>Rs. '000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Interest bearing loans & borrowing | 359,171 | 17,053 | 53,527 | - | - | 429,751 |
| | 359,171 | 17,053 | 53,527 | - | - | 429,751 |
| **Company** | | | | | | |
| Interest bearing loans & borrowing | 359,171 | 17,053 | 53,527 | - | - | 429,751 |
| | 359,171 | 17,053 | 53,527 | - | - | 429,751 |

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD.

| As at 31 March 2025 | On Demand | Less than 3 Months | 3 to 12 Months | 2 to 5 years | >5 years | Total |
|---|---|---|---|---|---|---|
| | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| **Group** | | | | | | |
| Interest bearing loans & borrowing | 484,609 | 47,986 | 150,619 | 91,877 | - | 775,093 |
| | 484,609 | 47,986 | 150,619 | 91,877 | - | 775,093 |
| **Company** | | | | | | |
| Interest bearing loans & borrowing | 484,609 | 47,986 | 150,619 | 91,877 | - | 775,093 |
| | 484,609 | 47,986 | 150,619 | 91,877 | - | 775,093 |

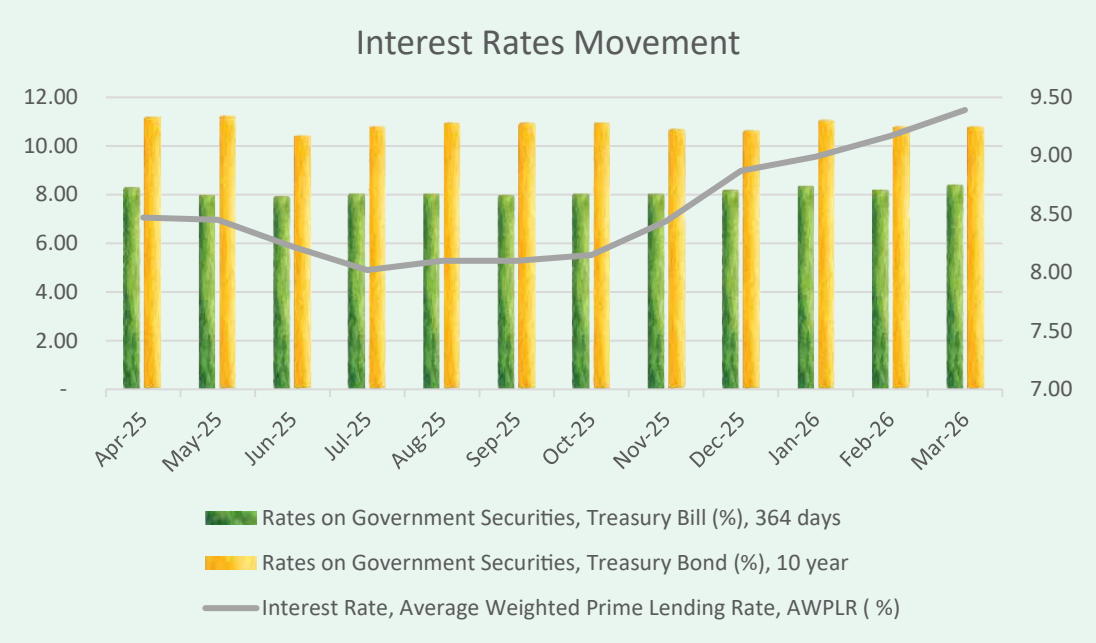
### 38.4 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk & other price risk such as equity price risk. Financial instrument affected by market risk include loans & borrowings, deposits & derivative financial instruments.

#### *38.4.1 Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's'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. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.The Group has not engaged in any interest rate swap agreements.

The Group held long term borrowings with floating interest rates of Rs. 67 Mn (2024/25 – Rs. 254 Mn) which represents its maximum credit exposure on these liabilities.



# NOTES TO THE FINANCIAL STATEMENTS

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD.

### *38.4.2 Equity Price Risk*

The Group's listed & unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Management of the Group monitors the mix of debt & equity securities in its investment portfolio based on market indices. Material investment within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. Equity price risk is not material to the Financial Statements.

### *38.4.3 Capital Management*

The Group's policy is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of share capital, reserves and retained earnings. The Group manages its capital structure and re-structures the capital base time to time in light of changes in economic conditions as per the directives given by the Board of Directors. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital through share buy backs or infuse capital through new share issuance.

The Group monitors capital using indicative leverage ratios preferably through gearing ratio, which is net debt as a percentage of total equity and net debt. The Group includes within net debt, interest bearing loans & borrowings, short term borrowings less Cash & Cash Equivalents, excluding discontinued operations.

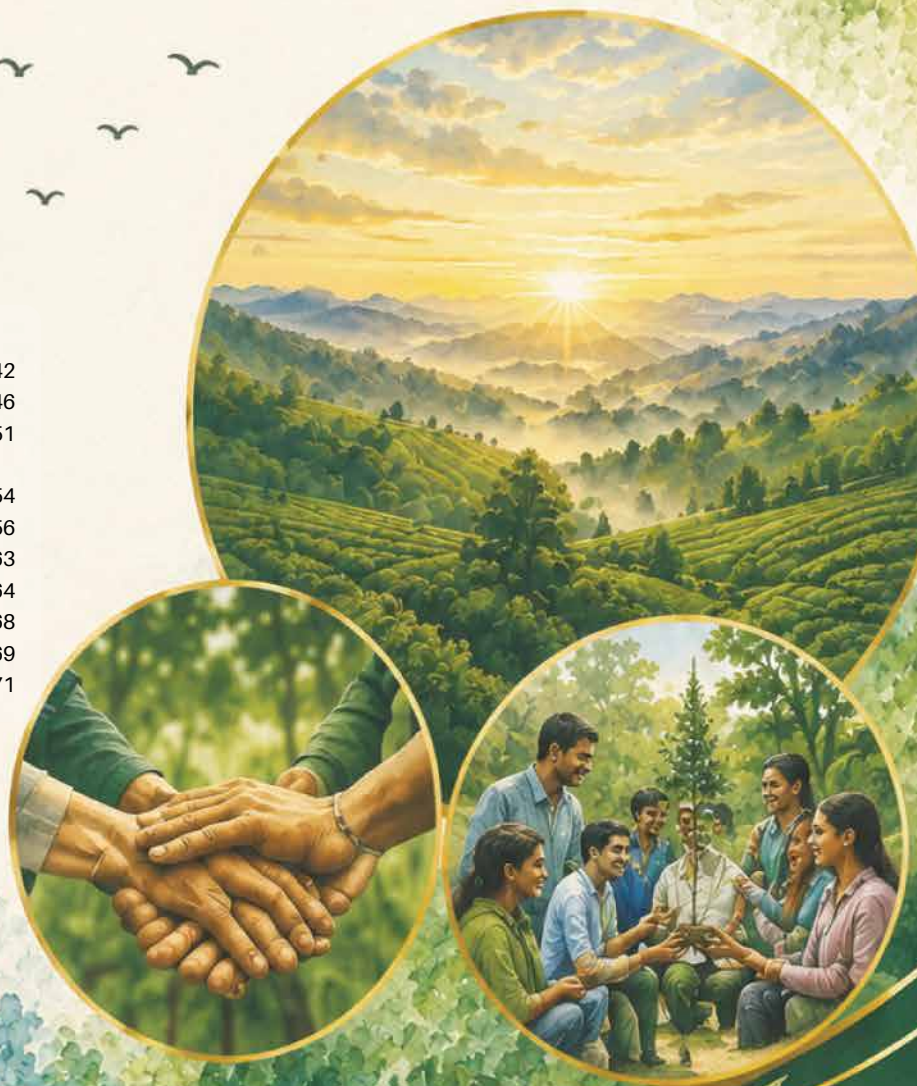
The gearing ratio at the reporting date is as follows.

| | As at 31.03.2026 Rs. '000 | As at 31.03.2025 Rs. '000 |
|---|---|---|
| Interest Bearing Borrowings | | |
| Current portion of long term interest bearing borrowings | 422,995 | 668,322 |
| Payable after one year | - | 66,636 |
| Total Debts | 422,995 | 734,958 |
| Equity | 4,061,415 | 3,994,887 |
| Total Equity & Debts | 4,484,410 | 4,729,845 |
| Gearing Ratio | 9% | 16% |

# 06

# SHARING OUR PROGRESS

**Connecting performance with transparency, accountability and stakeholder confidence.**



**SUPPLEMENTARY INFORMATION**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# SHAREHOLDER & INVESTOR INFORMATION

## 1. Stock Exchange Listing

The issued Ordinary Share of Kegalle Plantations PLC, are listed with Colombo Stock Exchange (CSE) of Sri Lanka (Quoted 1996.01.08).

## 2. Distribution of Shareholders

| As at 31 March | 2025/26 | | | 2024/25 | | |
|---|---|---|---|---|---|---|
| | No of Share Holders | No of Shares | % Holdings | No of Share Holders | No of Shares | % Holdings |
| **Range of** | | | | | | |
| 1 - 1,000 | 8,738 | 1,835,354 | 7.34% | 8,709 | 1,833,566 | 7.33% |
| 1,001 - 10,000 | 334 | 1,129,753 | 4.52% | 322 | 1,083,913 | 4.34% |
| 10,001 - 100,000 | 55 | 1,374,177 | 5.50% | 59 | 1,421,805 | 5.69% |
| 100,001 - 1,000,000 | 4 | 740,472 | 2.96% | 4 | 740,472 | 2.96% |
| 1,000,001 - & above | 1 | 19,920,245 | 79.68% | 1 | 19,920,245 | 79.68% |
| **Total** | **9,132** | **25,000,001** | **100.00%** | **9,095** | **25,000,001** | **100.00%** |

## 3. Composition of Shareholders

| As at 31 March | 2025/26 | | | 2024/25 | | |
|---|---|---|---|---|---|---|
| | No of Share Holders | No of Shares | % Holdings | No of Share Holders | No of Shares | % Holdings |
| **Resident & Non-Resident** | | | | | | |
| Resident Investors | 9,107 | 24,450,363 | 97.80% | 9,067 | 24,389,478 | 97.56% |
| Non-Resident Investors | 25 | 549,638 | 2.20% | 28 | 610,523 | 2.44% |
| **Total** | **9,132** | **25,000,001** | **100.00%** | **9,095** | **25,000,001** | **100.00%** |
| **Individual & Institutional** | | | | | | |
| Individual Investors | 9,003 | 3,642,697 | 14.57% | 8,961 | 3,625,374 | 14.50% |
| Institutional Investors | 129 | 21,357,304 | 85.43% | 134 | 21,374,627 | 85.50% |
| **Total** | **9,132** | **25,000,001** | **100.00%** | **9,095** | **25,000,001** | **100.00%** |
| **Public & Other Shareholding** | | | | | | |
| Related Company | 3 | 19,933,645 | 79.73% | 3 | 19,933,645 | 79.73% |
| Company Directors Holding | - | - | 0.00% | - | - | 0.00% |
| General Public including Employees | 9,129 | 5,066,356 | 20.27% | 9,092 | 5,066,356 | 20.27% |
| **Total** | **9,132** | **25,000,001** | **100.00%** | **9,095** | **25,000,001** | **100.00%** |

## 4. Minimum Public Holding

The percentage of shares held by the public is 20.27% of the issued Share Capital of the Company as at 31 March 2026 (31 March 2025 – 20.27%).

The Company complies with Option 5 of the Listing Rules 7.13.1 (a) - Less than Rs. 2.5 Bn, Float Adjusted Market Capitalization which requires 20% minimum Public Holding.

| | | Year Ended 31 March 2026 | Year Ended 31 March 2025 |
|---|---|---|---|
| Market Capitalization | Rs.'000 | 3,218,750 | 3,500,000 |
| Price Earning Ratio | Times | 25.54 | 6.77 |
| Public Holding Percentage | % | 20.27% | 20.27% |
| Total number of Shareholders representing the Public Holding | Nos | 9,129 | 9,092 |
| Float Adjusted Market Capitalization | Rs.'000 | 652,293 | 709,290 |

## 5. The Golden Shareholder

The Golden Share of Rs. 10/- is currently held by the Secretary to the Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned Public Company. In addition to the rights of the normal ordinary shareholder, the Golden Shareholder has the following rights;

1) The concurrence of the Golden Shareholder will be required for the Company to sublease any of the estate land leased/to be leased to the Company by the Janatha Estate Development Board/Sri Lanka State Plantations.

2) The concurrence of the Golden Shareholder will be required to amend any clause in the article of association of the Company which grants special rights to the Golden Shareholder.

3) The Golden Shareholder or his nominee will have the right to examine the books and accounts of the Company at any time with two weeks of written notice.

4) The Company will be required to be submitted a detailed quarterly accounts report to the Golden Shareholder in a specified format within 60 days of the end of each quarter. Additional information relating to the Company in a specified format must be submitted to the Golden Shareholder within 90 days of the end of each financial year.

5) The Golden Shareholder can request the Board of Directors of the Company to meet with him/his Nominee, once in every quarter to discuss issues related to the Company's operation of interest to the Government.

## 6. Share Information

| Market Value | | 2025/26 | | 2024/25 | |
|---|---|---|---|---|---|
| Highest Price | Rs. | 163.00 | (12 November 2025) | 159.00 | (22 January 2025) |
| Lowest Price | Rs. | 116.75 | (16 March 2026) | 108.00 | (12 September 2024) |
| Closing Price | Rs. | 128.75 | (31 March 2026) | 140.00 | (28 March 2025) |

| Share Trading | | 2025/26 | 2024/25 |
|---|---|---|---|
| No. of Shares Traded | | 1,117,070 | 1,102,320 |
| No. of Trades | | 4,450 | 3,846 |
| Value of Shares Traded | Rs. | 154,714,506 | 148,810,653 |

| Key Ratios | | 2025/26 | 2024/25 |
|---|---|---|---|
| Earnings per Share | Rs. | 5.04 | 20.67 |
| Net Assets per Share | Rs. | 162.46 | 159.80 |
| Dividends per Share | Rs. | 3.00 | 3.50 |
| Dividend pay out | % | 59.51% | 16.93% |

# SHAREHOLDER & INVESTOR INFORMATION

**Twenty-Five largest shareholders of the Company are as follows ;**

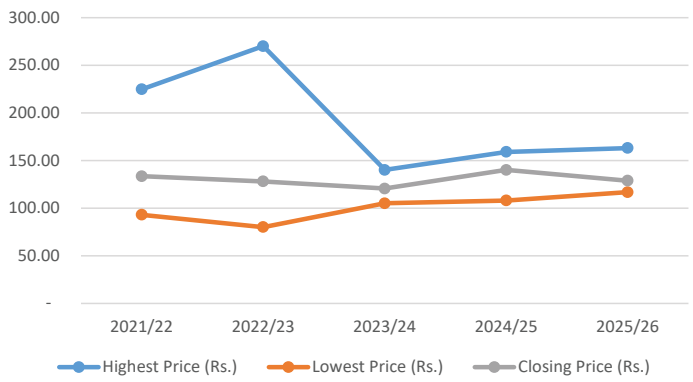
| | Name of the Shareholder | As at 31 March 2026 Number of Shares | % of the Holding | 31 March 2025 Number of Shares | % of the Holding |
|---|---|---|---|---|---|
| 1 | RPC Plantation Management Services (Pvt) Ltd | 19,920,245 | 79.68% | 19,920,245 | 79.68% |
| 2 | Dhanasiri Recreation (Pvt) Ltd | 319,305 | 1.28% | 319,305 | 1.28% |
| 3 | Tranz Dominion, L.L.C | 185,000 | 0.74% | 185,000 | 0.74% |
| 4 | Deutsche Bank AG Singapore A/c 02 (DCS CLT ACC) | 120,000 | 0.48% | 120,000 | 0.48% |
| 5 | Hatton National Bank PLC/Arunasalam | 116,167 | 0.46% | 116,167 | 0.46% |
| 6 | Mr. D. M. Kodikara | 87,000 | 0.35% | 87,000 | 0.35% |
| 7 | Sezeka Limited | 63,658 | 0.25% | 63,658 | 0.25% |
| 8 | Sampath Bank PLC/Aruna Enterprises (Pvt) Ltd | 55,912 | 0.22% | 55,912 | 0.22% |
| 9 | Mrs. H. M. A. R. K. Kaluhendiwela | 52,984 | 0.21% | 50,703 | 0.20% |
| 10 | Mr. N. Balasingam | 50,600 | 0.20% | 50,600 | 0.20% |
| 11 | Mr. G. D. M. Ranasinghe | 50,000 | 0.20% | 45,000 | 0.18% |
| 12 | Mr. H. A. Cabraal | 45,000 | 0.18% | 42,500 | 0.17% |
| 13 | Peoples Leasing & Finance PLC/Mr. J. M. S. Brito & Mrs. B. S. Brito | 45,000 | 0.18% | 42,107 | 0.17% |
| 14 | Mr. P. F. Nandasiri | 42,500 | 0.17% | 40,000 | 0.16% |
| 15 | Mr. S. S. Sithambaranathan | 40,699 | 0.16% | 40,000 | 0.16% |
| 16 | Mr. D. A. Cabraal | 40,000 | 0.16% | 40,000 | 0.16% |
| 17 | Mr. E. J. Gnanam | 30,000 | 0.12% | 39,100 | 0.16% |
| 18 | Sampath Bank PLC/Mr. V. Gajanayake | 30,000 | 0.12% | 35,000 | 0.14% |
| 19 | Mr. U. D. Wickremesooriya | 30,000 | 0.12% | 30,000 | 0.12% |
| 20 | Peoples Leasing & Finance PLC/Hi Line Trading (Pvt) Ltd | 28,926 | 0.12% | 30,000 | 0.12% |
| 21 | Mr. R. Gautam | 26,900 | 0.11% | 30,000 | 0.11% |
| 22 | Northstar Holdings (Pvt) Ltd | 25,000 | 0.10% | 25,000 | 0.10% |
| 23 | Sampath Bank PLC/Arumapurage Peter Lasantha | 25,000 | 0.10% | 25,000 | 0.10% |
| 24 | Mr. L. L. P. De S. Karunasekera | 24,950 | 0.10% | 24,950 | 0.10% |
| 25 | Mr. K. D. S. De Silva | 24,000 | 0.10% | 24,688 | 0.10% |
| | **Sub Total** | **21,481,935** | **85.93%** | **21,481,935** | **85.93%** |
| | Balance held by 9,107 Shareholders (31 March 2025 - 9,070 Shareholders) | 3,518,066 | 14.07% | 3,518,066 | 14.07% |
| | **Total Shares** | **25,000,001** | **100.00%** | **25,000,001** | **100.00%** |

There were no non-voting shares as at 31 March 2026.

## 8. Exchange Rates - US $

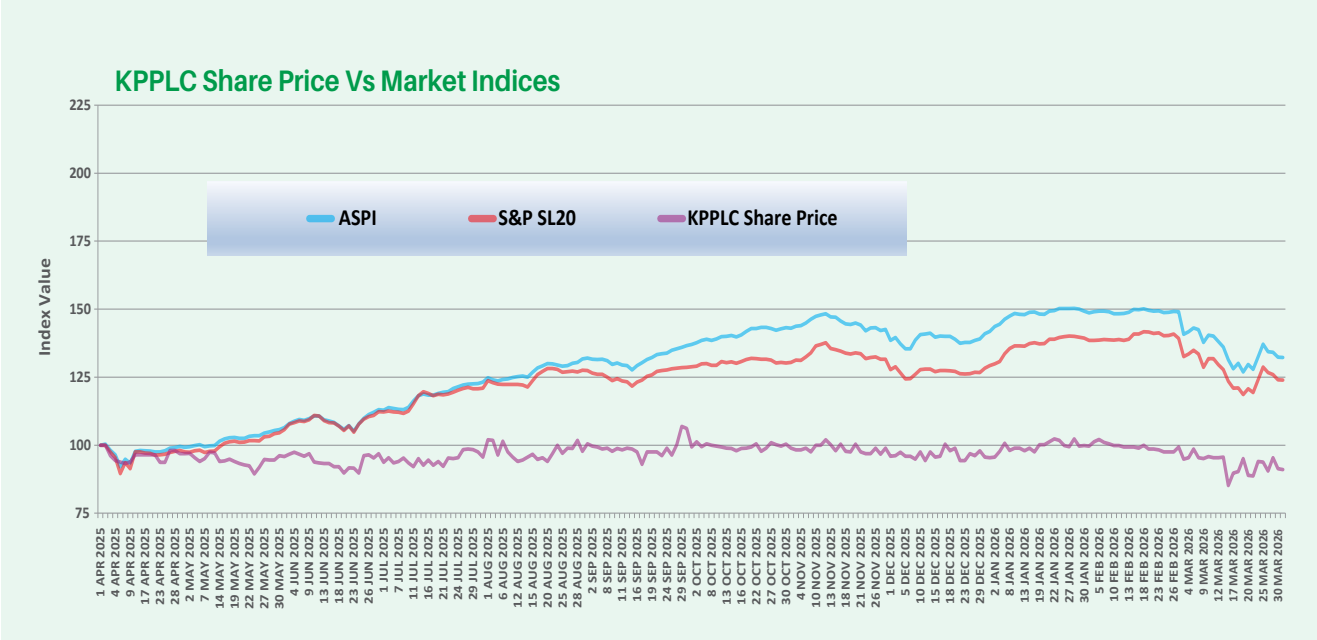
| | 2026 | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|---|
| United States (Buying US$) | 311.77 | 292.07 | 295.54 | 318.27 | 288.74 |
| United States (Selling US$) | 319.31 | 300.58 | 305.33 | 336.01 | 298.99 |

**Share Price Movement (Last Five Years), Company**



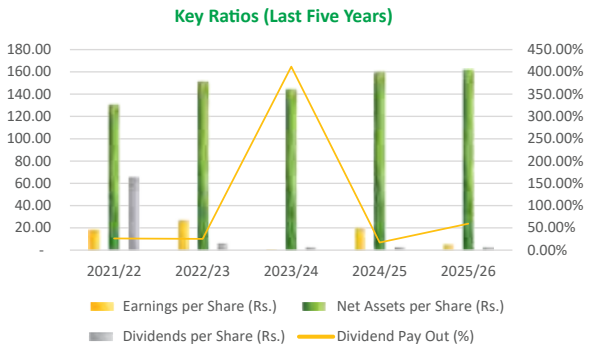
## 9. Other Share Information

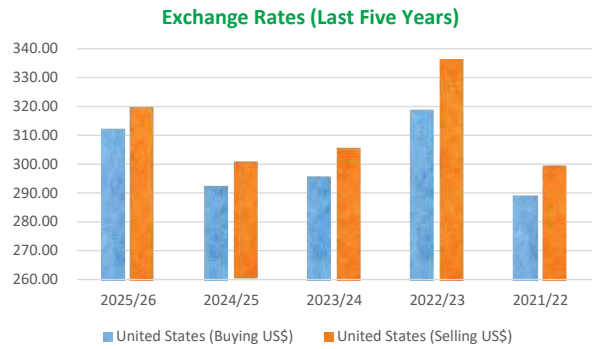
The performance of Kegalle Plantations PLC's share is as follows compared to the performances of All Share Price Index (ASPI), and Standard & Poor's Sri Lanka 20 Index (S&P SL20) in the Share Market during the year 2025/26.

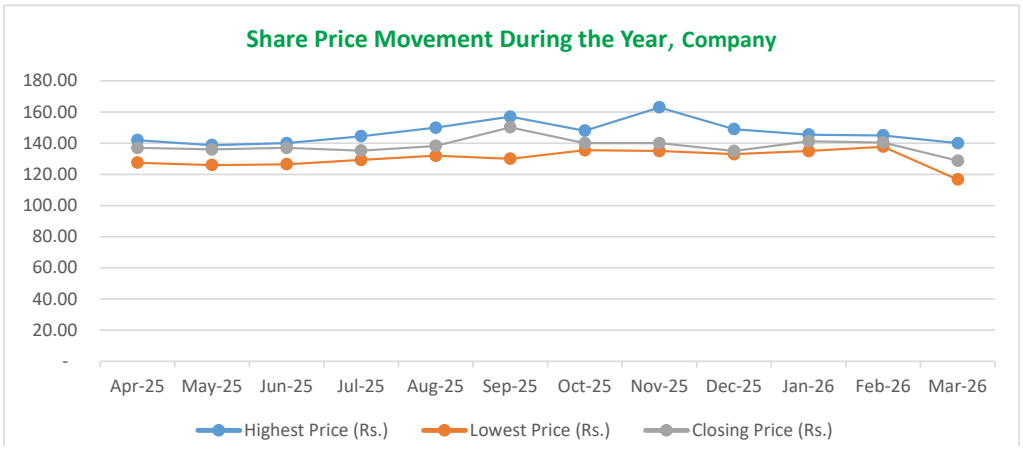



Kegalle Plantations PLC's share information from Colombo Stock Exchange (CSE) website:

- Log on to Colombo Stock Exchange - website: www.cse.lk
- Enter Company Code (KGAL.N000) in the search box at the top right hand corner of CSE home page and go to the Company description.



# TEN YEAR SUMMARY

STATEMENT OF FINANCIAL POSITION

| Year Ended 31 March | | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | | | |
| **Non Current Assets** | | | | | | | | | | | |
| Right of Use Assets | Rs.'000 | 806,159 | 815,039 | 721,334 | 498,113 | 488,107 | 499,896 | 516,908 | 180,798 | 194,319 | 208,326 |
| Free hold Property, Plant and Equipment | Rs.'000 | 457,947 | 412,650 | 848,685 | 768,288 | 610,681 | 258,759 | 247,266 | 270,466 | 288,412 | 284,038 |
| Bearer Biological Assets | Rs.'000 | 4,079,257 | 3,937,291 | 3,640,326 | 3,260,126 | 2,952,415 | 2,736,500 | 2,601,029 | 2,431,448 | 2,258,161 | 2,022,742 |
| Consumable Biological Assets | Rs.'000 | 383,366 | 339,824 | 245,605 | 212,354 | 190,705 | 160,028 | 147,163 | 135,878 | 125,818 | 107,220 |
| Investment Properties | Rs.'000 | 441,000 | 450,000 | - | - | - | - | - | - | - | - |
| Financial Assets | Rs.'000 | 250,134 | 189,511 | 176,320 | 219,144 | 199,080 | 167,040 | 153,720 | 243,960 | 246,600 | 1,200,880 |
| Long Term Investments | Rs.'000 | 491,850 | 491,850 | 491,850 | 491,850 | 491,850 | 491,850 | 491,850 | 491,850 | 491,850 | 491,850 |
| **Total Non Current Assets** | Rs.'000 | 6,909,713 | 6,636,165 | 6,124,120 | 5,449,875 | 4,932,838 | 4,314,074 | 4,157,936 | 3,754,400 | 3,605,162 | 4,315,057 |
| **Current Assets** | | | | | | | | | | | |
| Produce on Bearer Biological Asset | Rs.'000 | 10,737 | 13,897 | 10,750 | 8,794 | 7,784 | 6,395 | 4,490 | 3,758 | 5,815 | 4,191 |
| Inventories | Rs.'000 | 437,384 | 532,741 | 545,811 | 663,554 | 445,352 | 329,184 | 371,421 | 350,538 | 330,092 | 268,121 |
| Trade and Other Receivables | Rs.'000 | 982,862 | 1,016,838 | 832,758 | 664,166 | 454,166 | 365,254 | 357,933 | 348,286 | 239,057 | 287,946 |
| ESC Recoverable | Rs.'000 | - | - | - | - | 8,846 | 21,066 | 23,066 | 24,294 | 23,272 | 23,652 |
| VAT Recoverable | Rs.'000 | 28,758 | 28,792 | 26,767 | 21,066 | 21,066 | 21,100 | 33,809 | 34,408 | 25,543 | 17,703 |
| Income Tax Recoverable | Rs.'000 | 28,130 | 16,130 | 16,131 | 16,131 | 16,131 | 16,131 | 16,131 | 16,131 | 12,688 | 11,255 |
| Amounts due from Related Companies | Rs.'000 | 29,878 | 32,038 | 36,219 | 49,348 | 38,508 | 40,351 | 42,202 | 43,570 | 48,025 | 38,271 |
| Short Term Investments | Rs.'000 | 91,044 | 163,217 | 234,352 | 281,822 | 776,496 | 865,467 | 527,513 | 1,611,090 | 1,594,809 | 1,420,892 |
| Financial Assets | Rs.'000 | - | - | - | - | - | - | - | 1,000,000 | 1,000,000 | - |
| Cash and Bank Balances | Rs.'000 | 34,948 | 7,383 | 19,634 | 21,273 | 15,841 | 18,181 | 10,448 | 16,970 | 18,649 | 17,293 |
| **Total Current Assets** | Rs.'000 | 1,643,741 | 1,811,036 | 1,722,422 | 1,726,154 | 1,784,190 | 1,683,129 | 1,387,012 | 3,449,044 | 3,297,949 | 2,089,323 |
| **TOTAL ASSETS** | Rs.'000 | 8,553,454 | 8,447,201 | 7,846,542 | 7,176,029 | 6,717,028 | 5,997,202 | 5,544,948 | 7,203,444 | 6,903,111 | 6,404,381 |
| **EQUITY AND LIABILITIES** | | | | | | | | | | | |
| Equity | | | | | | | | | | | |
| Stated Capital | Rs.'000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| General Reserve | Rs.'000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 |
| Timber Reserve | Rs.'000 | 188,885 | 151,931 | 68,251 | 53,932 | 49,815 | 35,583 | 33,021 | 31,521 | 30,008 | 13,521 |
| Fair Value Through Other Comprehensive Income Reserve | Rs.'000 | 48,600 | 48,600 | 48,600 | 48,600 | 48,600 | 48,600 | 48,600 | 48,600 | 48,600 | 48,600 |
| Retained Earnings | Rs.'000 | 3,348,930 | 3,319,356 | 3,055,681 | 3,210,922 | 2,717,302 | 2,339,042 | 2,070,272 | 2,063,962 | 2,113,775 | 2,084,575 |
| **Total Equity** | Rs.'000 | 4,061,415 | 3,994,887 | 3,647,532 | 3,788,454 | 3,290,717 | 2,898,226 | 2,626,893 | 2,619,083 | 2,667,383 | 2,621,695 |
| **Non Current Liabilities** | | | | | | | | | | | |
| Interest-bearing Loans & Borrowings | Rs.'000 | - | 66,636 | 254,144 | 529,152 | 804,160 | 677,619 | 179,060 | 524,661 | 1,051,147 | 1,021,294 |
| Retiring Benefit Obligations | Rs.'000 | 650,446 | 591,315 | 459,272 | 447,967 | 443,213 | 446,116 | 469,070 | 488,424 | 440,074 | 380,800 |
| Deferred Income | Rs.'000 | 249,203 | 241,837 | 232,976 | 213,503 | 211,001 | 208,443 | 204,206 | 212,753 | 211,831 | 196,178 |
| Deferred Tax Liability | Rs.'000 | 875,926 | 746,026 | 660,142 | 561,604 | 247,402 | 167,634 | 116,648 | 145,319 | 150,262 | 46,861 |

| Year Ended 31 March | | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Lease Creditor | Rs.'000 | 942,305 | 920,824 | 793,482 | 539,084 | 504,396 | 491,903 | 484,857 | 247,242 | 252,872 | 258,284 |
| **Total Non Current Liabilities** | Rs.'000 | 2,717,880 | 2,566,638 | 2,400,016 | 2,291,310 | 2,210,172 | 1,991,714 | 1,453,841 | 1,618,399 | 2,106,186 | 1,903,418 |
| | | | | | | | | | | | |
| **Current Liabilities** | | | | | | | | | | | |
| Trade and Other Payables | Rs.'000 | 343,129 | 502,301 | 391,813 | 376,074 | 359,114 | 339,301 | 250,540 | 243,625 | 231,142 | 251,111 |
| Interest-bearing Loans & Borrowings | Rs.'000 | 422,995 | 668,322 | 974,774 | 453,866 | 441,548 | 485,159 | 1,083,417 | 2,606,429 | 1,850,513 | 1,555,202 |
| Lease Creditor | Rs.'000 | 16,484 | 14,259 | 11,183 | 7,550 | 6,304 | 5,587 | 4,834 | 5,630 | 5,413 | 5,205 |
| Dividend Payable | Rs.'000 | 93,160 | 51,491 | 116,552 | 42,488 | 162,553 | 133,308 | 33,320 | 29,484 | 23,963 | 26,576 |
| Amounts due to Related Companies | Rs.'000 | 898,391 | 649,303 | 304,671 | 216,287 | 246,621 | 143,908 | 92,103 | 80,796 | 18,511 | 41,174 |
| **Total Current Liabilities** | Rs.'000 | 1,774,159 | 1,885,676 | 1,798,993 | 1,096,265 | 1,216,140 | 1,107,263 | 1,464,214 | 2,965,963 | 2,129,542 | 1,879,268 |
| **TOTAL EQUITY AND LIABILITIES** | Rs.'000 | 8,553,455 | 8,447,201 | 7,846,542 | 7,176,029 | 6,717,028 | 5,997,202 | 5,544,948 | 7,203,444 | 6,903,111 | 6,404,381 |

**STATEMENT OF PROFIT OR LOSS**

| Year Ended | | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | Rs.'000 | 3,719,134 | 3,923,700 | 3,907,108 | 5,294,937 | 3,627,751 | 3,148,122 | 2,185,537 | 2,421,797 | 2,508,167 | 2,287,161 |
| Cost of Sale | Rs.'000 | (3,375,297) | (3,223,684) | (3,572,996) | (4,176,516) | (3,095,130) | (2,826,535) | (2,221,995) | (2,309,743) | (2,141,969) | (2,059,967) |
| Gross Profit | Rs.'000 | 343,837 | 700,016 | 334,112 | 1,118,421 | 532,621 | 321,587 | (36,458) | 112,054 | 366,198 | 227,194 |
| Gain on fair value of Biological Assets | Rs.'000 | 33,794 | 86,829 | 16,275 | 5,126 | 15,621 | 4,467 | 2,232 | (543) | 18,111 | 5,914 |
| Other Income | Rs.'000 | 194,112 | 222,427 | 140,171 | 104,357 | 90,251 | 220,583 | 135,614 | 163,680 | 180,757 | 116,408 |
| Administrative Expenses | Rs.'000 | (119,203) | (74,365) | (63,976) | (72,172) | (56,375) | (48,749) | (50,504) | (52,907) | (53,358) | (46,712) |
| Management Fee | Rs.'000 | (67,377) | (108,336) | (53,266) | (168,911) | (94,629) | (58,942) | (4,399) | (25,510) | (66,239) | (44,660) |
| Profit from Operations | Rs.'000 | 385,163 | 826,571 | 373,316 | 986,821 | 487,489 | 438,946 | 46,485 | 196,773 | 445,469 | 258,144 |
| Finance Income | Rs.'000 | 33,198 | 1,926 | (6,208) | 259,854 | 181,044 | 56,345 | 61,069 | 188,899 | 180,030 | 199,131 |
| Finance Cost | Rs.'000 | (169,086) | (190,594) | (231,488) | (228,905) | (103,561) | (125,000) | (189,955) | (284,575) | (280,235) | (258,101) |
| Profit Before Taxation | Rs.'000 | 249,275 | 637,903 | 135,620 | 1,017,770 | 564,972 | 370,291 | (82,402) | 101,097 | 345,264 | 199,174 |
| Tax Expenses | Rs.'000 | (123,254) | (121,032) | (114,385) | (327,912) | (87,068) | (55,165) | 15,400 | 941 | (109,405) | 18,088 |
| Profit After Taxation | Rs.'000 | 126,021 | 516,871 | 21,235 | 689,858 | 477,904 | 315,126 | (67,001) | 102,038 | 235,859 | 217,263 |
| **Other Comprehensive Income** | | | | | | | | | | | |
| Actuarial Gains / (Losses) on Defined Benefit Plans | Rs.'000 | (26,507) | (130,355) | (33,983) | (13,785) | 12,501 | 51,417 | 37,123 | (26,699) | (50,953) | 43,381 |
| Income tax effect | Rs.'000 | 7,952 | 39,107 | 10,195 | 4,136 | (1,750) | (7,198) | (5,197) | 3,738 | 7,133 | (6,837) |
| | Rs.'000 | (18,555) | (91,249) | (23,788) | (9,650) | 10,751 | 44,219 | 31,926 | (22,962) | (43,819) | 36,544 |
| Net Gain / (Loss) on Fair Value Through Other Comprehensive Income Financial Assets | Rs.'000 | 48,660 | 13,192 | (56,519) | (7,327) | 32,040 | 13,320 | (90,240) | (2,640) | 45,720 | 56,580 |
| Income tax effect | Rs.'000 | (14,598) | (3,958) | 5,652 | 733 | (3,204) | (1,332) | 9,024 | 264 | (4,572) | - |
| Total | Rs.'000 | 34,062 | 9,235 | (50,867) | (6,594) | 28,836 | 11,988 | (81,216) | (2,376) | 41,148 | 56,580 |
| | | | | | | | | | | | |
| Other Comprehensive Income/(Loss) for the year, net of tax | Rs.'000 | 15,507 | (82,014) | (74,655) | (16,244) | 39,587 | 56,207 | (49,290) | (25,338) | (2,671) | 93,124 |
| Total Comprehensive Income/(Loss) for the year, net of tax | Rs.'000 | 141,528 | 434,857 | (53,420) | 673,614 | 517,491 | 371,333 | (116,292) | 76,701 | 233,187 | 310,387 |

# TEN YEAR SUMMARY

| | | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating Results** | | | | | | | | | | | |
| Operating Profit before Mgt Fee | Rs.'000 | 452,540 | 934,907 | 426,582 | 1,155,732 | 582,118 | 497,887 | 50,884 | 222,284 | 511,708 | 302,804 |
| Profit before Interest and Tax | Rs.'000 | 418,361 | 828,497 | 367,108 | 1,246,675 | 668,533 | 495,290 | 107,554 | 385,673 | 625,499 | 457,275 |
| Dividends Distributed | Rs.'000 | 75,000 | 87,500 | 87,500 | 175,000 | 125,000 | 100,000 | - | 125,000 | 187,500 | 125,000 |

**CASH FLOWS**

| | | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash Flows from/ (Used in) Operating Activities | Rs.'000 | 633,303 | 945,269 | 286,297 | 448,877 | 440,645 | 558,044 | (46,144) | (78,703) | 82,211 | (64,119) |
| Cash Flows from/ (Used in) Investing Activities | Rs.'000 | (320,663) | (371,940) | (560,193) | (375,802) | (515,386) | (44,607) | 887,396 | 47,187 | 17,002 | 31,565 |
| Cash Flows from/ (Used in) Financing Activities | Rs.'000 | (232,793) | (437,761) | (296,121) | (641,176) | 15,047 | 392,421 | (666,425) | (801,641) | (19,687) | (706,663) |
| Net Increase/ (Decrease) in Cash & Cash Equivalents | Rs.'000 | 79,847 | 135,568 | (570,017) | (568,101) | (59,694) | 905,859 | 174,827 | (833,158) | 79,527 | (739,216) |

**KEY FINANCIAL INDICATORS**

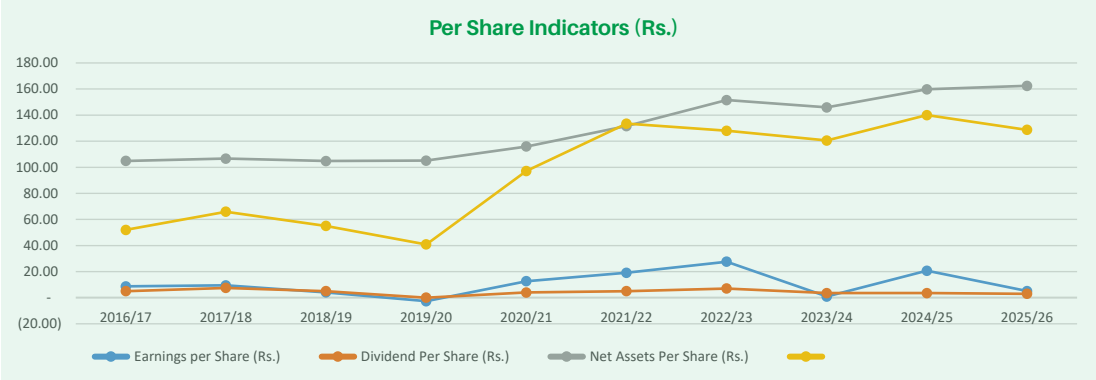
| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Current Ratio | Times | 0.93 | 0.96 | 0.96 | 1.57 | 1.47 | 1.52 | 0.95 | 1.16 | 1.55 | 1.11 |
| Quick Asset Ratio | Times | 0.68 | 0.68 | 0.65 | 0.97 | 1.10 | 1.22 | 0.69 | 1.04 | 1.39 | 0.97 |
| Debt Equity Ratio | Times | 0.09 | 0.16 | 0.25 | 0.21 | 0.27 | 0.29 | 0.32 | 0.54 | 0.52 | 0.50 |
| Interest Cover | Times | 2.47 | 4.35 | 1.59 | 5.45 | 6.46 | 3.96 | 0.57 | 1.36 | 2.23 | 1.77 |
| Equity /Asset Ratio | Times | 0.47 | 0.47 | 0.46 | 0.53 | 0.49 | 0.48 | 0.47 | 0.36 | 0.39 | 0.41 |
| Earnings per Share | Rs. | 5.04 | 20.67 | 0.85 | 27.59 | 19.12 | 12.61 | (2.68) | 4.08 | 9.43 | 8.69 |
| Dividend Per Share | Rs. | 3.00 | 3.50 | 3.50 | 7.00 | 5.00 | 4.00 | - | 5.00 | 7.50 | 5.00 |
| Net Assets Per Share | Rs. | 162.46 | 159.80 | 145.90 | 151.54 | 131.63 | 115.93 | 105.08 | 104.76 | 106.70 | 104.87 |
| Market Price of a Share | Rs. | 128.75 | 140.00 | 120.50 | 128.00 | 133.50 | 97.20 | 40.80 | 55.00 | 65.90 | 52.00 |
| Market Capitalization | Rs.'000 | 3,218,750 | 3,500,000 | 3,012,500 | 3,200,000 | 3,337,500 | 2,430,000 | 1,020,000 | 1,375,000 | 1,647,500 | 1,300,000 |
| Return On Capital Employed | % | 9.33 | 17.52 | 7.53 | 26.13 | 14.74 | 12.20 | 2.77 | 6.71 | 11.23 | 8.80 |
| Price Earnings Ratio | Times | 25.54 | 6.77 | 141.76 | 4.64 | 6.98 | 7.71 | (15.22) | 13.48 | 6.99 | 5.98 |
| Dividend Cover | Times | 1.68 | 5.91 | 0.24 | 3.94 | 3.82 | 3.15 | - | 0.82 | 1.26 | 1.74 |
| Dividend Pay Out Ratio | % | 59.51 | 16.93 | 412.06 | 25.37 | 26.16 | 31.73 | - | 122.50 | 79.50 | 57.53 |

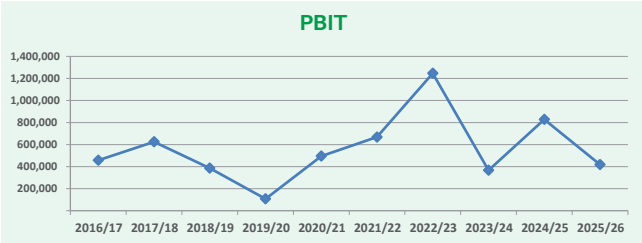
**ANNUAL PRODUCTION**

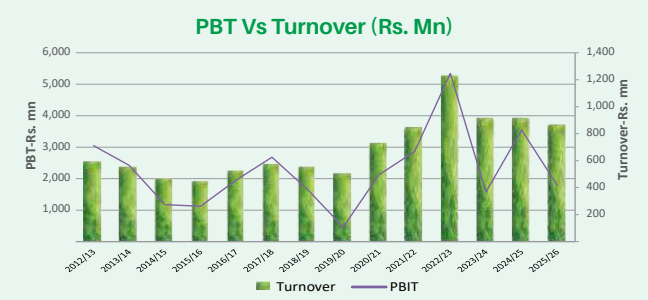
| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Rubber | kg '000 | 2,310 | 2,681 | 3,295 | 4,278 | 4,598 | 4,589 | 3,666 | 4,080 | 3,495 | 3,742 |
| Tea | kg '000 | 1,290 | 1,361 | 1,398 | 1,464 | 1,808 | 1,869 | 1,784 | 1,923 | 1,962 | 2,165 |
| Coconut | nuts '000 | 780 | 683 | 993 | 1,020 | 1,151 | 918 | 1,318 | 1,295 | 1,117 | 1,471 |

**CAPITAL EXPENDITURE**

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Field Development | Rs '000 | 301,474 | 437,627 | 522,718 | 438,807 | 331,736 | 237,085 | 262,615 | 260,837 | 300,895 | 172,757 |
| Purchase of PPE | Rs '000 | 89,802 | 36,497 | 107,808 | 126,600 | 6,770 | 37,761 | 4,246 | 21,915 | 33,844 | 3,168 |
| Total Capex | Rs '000 | 391,276 | 474,124 | 630,526 | 565,407 | 338,506 | 274,846 | 266,861 | 282,752 | 334,739 | 175,925 |

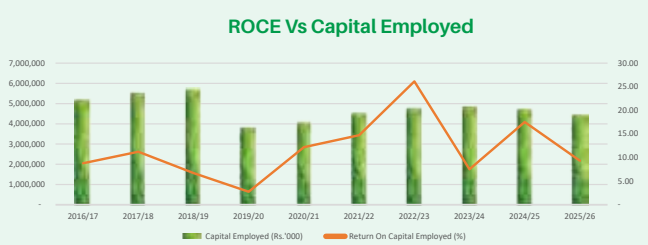









## RUBBER

| | | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Production | Kg'000 | 2,310 | 2,681 | 3,295 | 4,278 | 4,598 | 4,589 | 3,666 | 4,080 | 3,495 | 3,742 |
| NSA | Rs./kg | 857.95 | 846.46 | 661.65 | 799.50 | 541.44 | 387.74 | 320.98 | 293.36 | 343.86 | 276.34 |
| COP | Rs./kg | 702.90 | 611.57 | 561.18 | 626.03 | 417.29 | 328.50 | 302.12 | 281.90 | 289.45 | 248.13 |
| Yield | kg/ha | 801.85 | 791.13 | 750 | 811 | 916 | 986 | 913 | 990 | 911 | 998 |
| Revenue Extent | ha | 2,543 | 2,622 | 2,676 | 2,748 | 2,715 | 2,714 | 2,714 | 2,771 | 3,008 | 3,224 |

## TEA

| | | | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **PRODUCTION** | | | | | | | | | | | | |
| Uva | Elevation | Kg '000 | 643 | 716 | 719 | 855 | 1,143 | 1,188 | 1,025 | 1,151 | 1,117 | 1,191 |
| Medium | Elevation | Kg '000 | 154 | 163 | 228 | 260 | 321 | 316 | 340 | 434 | 463 | 542 |
| Low | Elevation | Kg '000 | 493 | 482 | 451 | 349 | 345 | 366 | 420 | 339 | 382 | 431 |

# TEN YEAR SUMMARY

## TEA

| NSA | | | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Uva | Elevation | Rs./Kg | 1,038.66 | 1,064.09 | 927.95 | 1,188.47 | 550.22 | 563.10 | 486.56 | 520.32 | 582.30 | 461 |
| Medium | | Rs./Kg | 880.47 | 934.54 | 938.96 | 1,084.50 | 569.00 | 559.38 | 422.83 | 469.35 | 586.58 | 468 |
| Low | | Rs./Kg | 1,112.72 | 1,158.37 | 1,123.01 | 1,240.06 | 589.81 | 604.04 | 495.38 | 529.41 | 578.84 | 482 |

| COP | | | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Uva | Elevation | Rs./Kg | 1,071.15 | 943.98 | 893.62 | 877.25 | 562.33 | 556.23 | 552.51 | 542.11 | 545.17 | 457 |
| Medium | | Rs./Kg | 870.22 | 889.59 | 908.98 | 926.42 | 567.32 | 575.22 | 537.95 | 499.04 | 508.33 | 409 |
| Low | | Rs./Kg | 1,077.73 | 1,046.86 | 1,036.06 | 976.20 | 564.02 | 577.62 | 509.42 | 537.79 | 536.65 | 441 |

| YIELD | | | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Uva | Elevation | Kg/ha | 560 | 627 | 579 | 679 | 789 | 771 | 686 | 726 | 730 | 677 |
| Medium | | Kg/ha | 924 | 946 | 1,025 | 813 | 1,153 | 1,203 | 1,054 | 1,225 | 1,311 | 1,356 |
| Low | | Kg/ha | 908 | 911 | 861 | 959 | 1,001 | 962 | 953 | 967 | 1,020 | 1,001 |

| REVENUE EXTENT | | | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Uva | Elevation | ha | 983 | 983 | 983 | 945 | 983 | 984 | 984 | 974 | 967 | 967 |
| Medium | | ha | 155 | 160 | 160 | 174 | 176 | 179 | 179 | 178 | 179 | 178 |
| Low | | ha | 133 | 133 | 135 | 135 | 140 | 140 | 142 | 143 | 143 | 148 |

## COCONUT

| | | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Production | Nut'000 | 780 | 683 | 993 | 1,020 | 1,151 | 918 | 1,318 | 1,295 | 1,117 | 1,471 |
| NSA | Rs./nut | 124.04 | 99.20 | 66.31 | 60.55 | 58.92 | 51.98 | 31.03 | 43.00 | 51.79 | 24.11 |
| COP | Rs./nut | 43.64 | 56.10 | 49.68 | 37.09 | 21.59 | 31.37 | 20.65 | 21.44 | 27.74 | 16.57 |
| Yield | Nut/ha | 1,887 | 1,644 | 2,348 | 2,429 | 2,787 | 2,123 | 3,032 | 2,978 | 2,463 | 3,241 |
| Revenue Extent | ha | 413 | 416 | 423 | 420 | 413 | 432 | 435 | 435 | 453 | 454 |

# HISTORICAL NOTE

## MADENIYA ESTATE, Warakapola, Kegalle.

Madeniya Estate is situated in the Kegalle District within the Sabaragamuwa Province of Sri Lanka, falling under the Warakapola electorate. The estate is located at an elevation of approximately 733 feet above sea level and enjoys a favorable agro-climatic environment suitable for plantation cultivation. It is located approximately 28 kilometers from Kegalle town and 6 kilometers from Warakapola town, while the nearest railway station is situated at Ambepussa, approximately 12 kilometers away from the estate.

### Historical Background

Madeniya Estate was originally established as a tea plantation in 1926, and the first Superintendent of the estate was Mr. Hermon. During its early years, the estate was managed by Messrs. Gordon Frazer & Company until 1962. In the same year, the estate was acquired by Mr. H. N. Fernando, under whose management the estate continued operations until 1974.



With the implementation of the Government's Land Reform policies, the estate was taken over by the Land Reform Commission (LRC) in 1974. Subsequently, under the Government policy of nationalization, the ownership and management of the estate were vested with the Janatha Estates Development Board (JEDB), which administered the estate from 1977 to 1992.

As part of the Government of Sri Lanka's restructuring program for the plantation industry, the plantation sector was privatized in June 1992. Accordingly, twenty-two Regional Plantation Companies (RPCs) were incorporated, and estates were vested with these companies on a leasehold basis.

Kegalle Plantations PLC was one such Regional Plantation Company, and a total of 18 estates, including Madeniya Estate, were allocated to the company. At present, Madeniya Estate has rubber as its major crop, while oil palm is cultivated as a minor crop. RPC Plantation Management Services (Pvt) Ltd functions as the managing agent of Kegalle Plantations PLC, while Richard Pieris & Company PLC serves as the ultimate parent company.

| | |
|---|---|
| Estate | Madeniya Z 164 (Comprising Ambagala, Hapugalboda & Madeniya & Rubber Divns.) |
| Proprietor or Lessee | Janatha Estates Development Board |
| Agent or Correspondent | J. E. D. B., IV Regional Office, Kegalle |
| Resident Manager and Assistant Superintendent | E. M. Illangakoon (Supdt.), K. B. E. Ettipola |
| Hectares | |
| Total | 257.3 |
| Cultivated | 175.5 |
| Tea | 149.2 |
| Rubber | 20.6 |
| Coconut | 1.6 |
| Other Prdts. | 4 |
| Post Town and Further Information | Warakapola 3.2 km Ambepussa R. S. 7km. Hosp. at Warakapola. |

*Source:* Ferguson's Ceylon Directory 1979-81(120th Edition), The Associated Newspapers of Ceylon Ltd.

### Current Status of the Estate

At present, Madeniya Estate operates as a diversified plantation estate with rubber latex serving as the principal crop and source of revenue. The estate has successfully adapted to changing market conditions and agricultural trends by gradually shifting from traditional tea cultivation towards rubber cultivation, which has proven to be highly suitable for the agro-climatic conditions of the region.



In addition to rubber cultivation, the estate embarked on oil palm planting in 2017 as part of its diversification and long-term sustainability program. The introduction of oil palm reflects the estate's commitment towards improving land productivity, strengthening financial stability, and ensuring sustainable agricultural development for the future.

# HISTORICAL NOTE

The estate is managed through five operational divisions namely Panana Division, Tea Division, Rubber Division, Upper Division, and Hapugalboda Division. Each division contributes to the estate's cultivation, field operations, and overall productivity. Through continuous improvements in estate management practices, field maintenance, and crop diversification, Madeniya Estate continues to maintain its importance within the plantation sector of Sri Lanka.

Today, the estate stands as a well-established plantation property that combines nearly a century of plantation heritage with modern agricultural management practices, contributing both economically and socially to the surrounding communities.

## Land Extent of Hathbawe Estate - Hectares

Madeniya Estate comprises a total land extent of 551.92 hectares, out of which 427.24 hectares are presently under cultivation. The estate is divided into five main operational divisions with varying extents based on cultivation and administrative requirements.

The land distribution of the estate is as follows,

| Cultivation | Extent - ha |
|---|---|
| Panana Division | 210.34 |
| Tea Division | 87.78 |
| Rubber Division | 83.16 |
| Hapugalboda Division | 35.59 |
| Upper Division | 135.05 |
| **Total Land Extent** | **551.92** |



## Crop wise Extent- Hectares

| Cultivation | Extent - ha |
|---|---|
| Rubber | 390.91 |
| Oil Palm | 27.43 |
| Timber and Fuelwood | 9.50 |
| Other Lands, Buildings/Jungle/Roads & Bridges/ Line Gardens/Rock etc. | 124.08 |
| **Total Land Extent** | **551.92** |

## Key Indicators of the Estate

Rubber Crop

| Indicator | 2025/26 | 2024/25 |
|---|---|---|
| Production -Estate (Kg'000) | 129,680 | 131,013 |
| Yield (Kg/Ha) | 811.67 | 820.01 |
| NSA per (Rs./Kg) | 903.29 | 889.42 |
| COP (Rs./Kg) | 604.47 | 550.76 |
| **Profit per (Rs./Kg)** | **298.82** | **338.66** |

Oil Palm Crop

| Indicator | 2025/26 | 2024/25 |
|---|---|---|
| Production -Estate (Kg'000) | 231,745 | 149,592 |
| Yield (Kg/Ha) | 11,067 | 7,144 |
| NSA per (Rs./Kg) | 101.02 | 83.77 |
| COP (Rs./Kg) | 29.88 | 41.00 |
| **Profit per (Rs./Kg)** | **71.14** | **42.77** |

## Past Superintendents

The progress and development of Madeniya Estate over the decades have been guided by a succession of dedicated Superintendents whose leadership and commitment contributed significantly to the growth and management of the estate during different periods of its history.

The following officers have served as Superintendents of Madeniya Estate.

| # | Name of the Superintendent | From - To |
|---|---|---|
| 1 | Mr. Ilangasekara | 1983 - 1988 |
| 2 | Mr. S Perera | 1988 - 1990 |
| 3 | Mr. Kalyanarathna | 1990 - 1995 |
| 4 | Mr. R Gunarathne | 1995 - 2000 |

| | | |
|---|---|---|
| 5 | Mr. R Dharmarathne | 2000 -2003 |
| 6 | Mr. S D Munasinghe | 2003 - 2008 |
| 7 | Mr. U D Liyanage | 2008 - 2010 |
| 8 | Mr. D V M De Runn | 2010 - 2014 |
| 9 | Mr. B P D S M Cooray | 2014 - 2018 |
| 10 | Mr. N A O M Nawarathne | 2018 - 2020 |
| 11 | Mr. J R Amunupura | 2020 - 2023 |
| 12 | Mr. A A M D V Mediwaka | 2023 - 2024 |
| 13 | Mr. N R B Senaratne | 2024-present |

## Madeniya Estate Staff

The management of Madeniya Estate is led by Mr. N R B Senaratne, the Superintendent.



Seated from L to R Mr. H R A R Premanath (F/O), Mr. N R B Senaratne (Acting Superintendent), Mrs. R P G K Rajapaksha (Senior Clerk), Mr. R A K B Rajapaksha (F/O)

Standing from L to R –Mr. K A C C Bandara (F/O), Mr. N G M N Priyankara (J/A F/O), Mrs. R Niroshini (J/A Clerk), Mrs. I W Nadeeka (Welfare Officer)



# INDEPENDENT ASSURANCE REPORT ON DISCLOSURES OF GRI STANDARDS

Deloitte.

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Colombo 2
Sri Lanka

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+94 11 771 9838
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www.deloitte.com

INDEPENDENT ASSURANCE REPORT TO THE BOARD OF THE DIRECTORS OF KEGALLE PLANTATIONS PLC ON THE INFORMATION PRESENTED WITH REFERENCE TO THE GRI STANDARDS IN THE INTERGRATED ANNUAL REPORT – 2025/26

## Scope

We have been engaged by the management of Kegalle Plantations PLC ("the Company") to perform an independent limited assurance engagement, as defined by the Sri Lanka Standards on Assurance Engagements, on the information presented with reference to the GRI (Global Reporting Initiative) ("Information") in its Integrated Annual Report for the year ended 31 March 2026 (the "Report").

## Management's Responsibility

Management of the Company is responsible for preparation and presentation of the information with reference to the GRI Standards. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the information that is free from material misstatement, whether due to fraud or error.

## Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. The firm applies Sri Lanka Standards on Quality Management and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

## Our Responsibility

Our responsibility is to express a conclusion on the information presented in Report with reference to the GRI. We conducted our limited assurance engagement in accordance with the Sri Lanka Standard on Assurance Engagements 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information ("SLSAE 3000") issued by the Institute of Chartered Accountants of Sri Lanka. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the information is free from material misstatement.

A limited assurance engagement undertaken in accordance with SLSAE 3000 involves assessing the risks of material misstatement of the information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the information.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

C S Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekara FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, L A C Tillekeratne ACA, D C A J Yapa ACA

Deloitte.

The procedures we performed were based on our professional judgment and were included,

- Comparing of the content of the Report against the GRI Standards.
- Inquiring relevant organization's personnel to understand the process for collection, analysis, aggregation, and presentation of data.
- Cross checking the non-financial data /information presented in the Report with the supporting documents and schedules maintained by the Company.
- Checking the calculations performed by the organization on a sample basis through recalculation.

## Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the information, as defined above, for the year ended 31 March 2026, is not presented, in all material respects, with reference to the GRI Standards.

## Disclosures covered by our Limited Assurance engagement

The selected Sustainability Related Disclosures pertaining to sustainability standards (Notwithstanding the <IR> Framework) covered by our Limited assurance engagement are:

| Sustainability Related Disclosures | Kegalle Plantations PLC's sections | Page Number |
|---|---|---|
| GRI Standards | GRI Content Index | 256 to 262 |

## Other Matter

Our assurance is not extending to the prospective/comparative information, or any other information presented in the Report other than based on the GRI Standards. Further, we do not provide any assurance on the assumptions and achievability of prospective information presented in the Report including forward-looking statements and growth-related projections.

Deloitte Partners.

**Deloitte Partners Sri Lanka**

*Chartered Accountants*

Colombo

25th August 2026

# GRI CONTENT INDEX

| | |
|---|---|
| Statement of use | Kegalle Plantations PLC has reported in accordance with the GRI Standards for the period 01 April 2025 to 31 March 2026. |
| GRI 1 used | GRI 1: Foundation 2021 |
| Applicable GRI Sector Standard | GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022 |

| GRI STANDARD / OTHER SOURCE | DISCLOSURE | LOCATION | OMISSION | | | GRI SECTOR STANDARD REF. NO. | Relevant SDG Goals we aim to achieve |
|---|---|---|---|---|---|---|---|
| | | | REQUIREMENT(S) OMITTED | REASON | EXPLANATION | | |
| **General disclosures** | | | | | | | |
| GRI 2: General Disclosures 2021 | 2-1 Organizational details | 10-15 | | | | | |
| | 2-2 Entities included in the organization's sustainability reporting | | | | | | |
| | 2-3 Reporting period, frequency and contact point | | | | | | |
| | 2-4 Restatements of information | | | | | | |
| | 2-5 External assurance | | | | | | |
| | 2-6 Activities, value chain and other business relationships | 90-94 | | | | | |
| | 2-7 Employees | 107 | | | | | |
| | 2-8 Workers who are not employees | N/A | 2-8 | N/A | All workers are occupied as employees | | |
| | 2-9 Governance structure and composition | 142-163 | | | | | |
| | 2-10 Nomination and selection of the highest governance body | | | | | | |
| | 2-11 Chair of the highest governance body | | | | | | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | | | | | | |
| | 2-13 Delegation of responsibility for managing impacts | | | | | | |
| | 2-14 Role of the highest governance body in sustainability reporting | | | | | | |
| | 2-15 Conflicts of interest | | | | | | |
| | 2-16 Communication of critical concerns | | | | | | |
| | 2-17 Collective knowledge of the highest governance body | | | | | | |
| | 2-18 Evaluation of the performance of the highest governance body | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2-19 Remuneration policies | 111 & 112 | | | | | |
| | 2-20 Process to determine remuneration | | | | | | |
| | 2-21 Annual total compensation ratio | 111 | | | | | |
| | 2-22 Statement on sustainable development strategy | 16-18 | | | | | |
| | 2-23 Policy commitments | 142-163 | | | | | |
| | 2-24 Embedding policy commitments | | | | | | |
| | 2-25 Processes to remediate negative impacts | | | | | | |
| | 2-26 Mechanisms for seeking advice and raising concerns | | | | | | |
| | 2-27 Compliance with laws and regulations | | | | | | |
| | 2-28 Membership associations | 114 & 115 | | | | | |
| | 2-29 Approach to stakeholder engagement | 49-51 | | | | | |
| | 2-30 Collective bargaining agreements | 115 | | | | | |
| **Material topics** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | 51-55 | | | | | |
| | 3-2 List of material topics | | | | | | |
| | 3-3 Management of material topics | | | | | | |
| **Biodiversity** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of the material topics | 117-128 | | | | | |
| GRI 101: Biodiversity 2024 | 101-1 Policies to halt and reverse biodiversity loss | | | | | | |
| | 101-2 Management of biodiversity impacts | | | | | | |
| | 101-3 Access and benefit-sharing | | | | | | |
| | 101-4 Identification of biodiversity impacts | | | | | | |
| | 101-5 Locations with biodiversity impacts | | | | | | |
| | 101-6 Direct drivers of biodiversity loss | | | | | | |
| | 101-7 Changes to the state of biodiversity | | | | | | |
| | 101-8 Ecosystem services | | | | | | |
| **Climate Change** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of the material topics | 117-128 | | | | | |
| GRI 102: Climate Change 2025 | 102-1 Transition plan for climate change mitigation | | | | | | |
| | 102-2 Climate change adaptation plan | | | | | | |
| | 102-3 Just transition | | | | | | |

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|---|---|---|---|---|---|---|---|
| | 102-4 GHG emissions reduction targets and progress | 117-128 | | | | | |
| | 102-5 Scope 1 GHG emissions | | | | | | |
| | 102-6 Scope 2 GHG emissions | | | | | | |
| | 102-7 Scope 3 GHG emissions | | | | | | |
| | 102-8 GHG emissions intensity | | | | | | |
| | 102-9 GHG removals in the value chain | | | | | | |
| | 102-10 Carbon credits | | | | | | |
| **Economic Performance** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of the material topics | 51 | | | | 13.2.1 | |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 94-99 | | | | | |
| | 201-2 Financial implications and other risks and opportunities due to climate change | 94-95 | | | | 13.2.2 | |
| | 201-3 Defined benefit plan obligations and other retirement plans | 94-99 | | | | 13.2.3 | |
| | 201-4 Financial assistance received from government | 115 | | | | 13.2.4 | |
| Market Presence | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of the material topics | 109 & 110 | | | | | |
| GRI 202: Market Presence 2016 | 202-1 Ratios of standard entry level wage by gender compared to local minimum wage | | | | | | |
| | 202-2 Proportion of senior management hired from the local community | | | | | | |
| **Indirect Economic Impacts** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of the material topics | 113 & 114 | | | | | |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | | | | | | |
| | 203-2 Significant indirect economic impacts | | | | | | |
| **Procurement Practices** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of the material topics | 98-99 | | | | | |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | | | | | | |

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| **Anti-corruption** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 51 | | | | | |
| GRI 205: Anticorruption 2016 | 205-1 Operations assessed for risks related to corruption | 113-117 | | | | | |
| | 205-2 Communication and training about anti-corruption policies and procedures | | | | | | |
| | 205-3 Confirmed incidents of corruption and actions taken | | | | | | |
| **Materials** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of the material topics | 120 & 121 | | | | | |
| GRI 301: Materials 2016 | 301-1 Materials used by weight or volume | | | | | | |
| | 301-2 Recycled input materials used | | | | | | |
| | 301-3 Reclaimed products and their packaging materials | | | | | | |
| **Energy** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of the material topics | 121 & 122 | | | | | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | | | | | | |
| | 302-2 Energy consumption outside of the organization | | | | | | |
| | 302-3 Energy intensity | | | | | | |
| | 302-4 Reduction of energy consumption | | | | | | |
| | 302-5 Reductions in energy requirements of products and services | N/A | | | | | |
| **Water and effluents** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 122 & 123 | | | | 13.7.1 | |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | | | | | 13.7.2 | |
| | 303-2 Management of water discharge-related impacts | | | | | 13.7.3 | |
| | 303-3 Water withdrawal | | | | | 13.7.4 | |
| | 303-4 Water discharge | | | | | 13.7.5 | |
| | 303-5 Water consumption | | | | | 13.7.6 | |
| **Emissions** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of the material topics | 123 | | | | 13.2.1 | |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | | | | | 13.2.2 | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | | | | | 13.2.3 | |
| | 305-3 Other indirect (Scope 3) GHG emissions | | | | | 13.2.4 | |

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| | 305-4 GHG emissions intensity | 123 | | | | 13.2.5 | |
| | 305-5 Reduction of GHG emissions | | | | | 13.2.6 | |
| | 305-6 Emissions of ozone-depleting substances (ODS) | | | | No emission of ODS | 13.2.7 | |
| | 305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | | | | | 13.2.8 | |
| **Waste** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 126 | | | | 13.8.1 | |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | | | | | 13.8.2 | |
| | 306-2 Management of significant waste-related impacts | | | | | 13.8.3 | |
| | 306-3 Waste generated | | | | | 13.8.4 | |
| | 306-4 Waste diverted from disposal | | | | | 13.8.5 | |
| | 306-5 Waste directed to disposal | | | | | 13.8.6 | |
| **Supplier Environmental Assessment** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 127 | | | | | |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | | | | | | |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | | | | | | |
| **Employment** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 108 | | | | | |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | | | | | | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | | | | | | |
| | 401-3 Parental leave | | | | | | |
| **Labor Management** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 51 | | | | | |
| GRI 402: Labor/ Management Relations 2016 | 402-1 Minimum notice periods regarding operational changes | 110 | | | | | |
| **Occupational health and safety** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 108-109 | | | | 13.19.1 | |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | | | | | 13.19.2 | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 403-2 Hazard identification, risk assessment, and incident investigation | 108-109 | | | | 13.19.3 | |
| | 403-3 Occupational health services | | | | | 13.19.4 | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | | | | | 13.19.5 | |
| | 403-5 Worker training on occupational health and safety | | | | | 13.19.6 |  |
| | 403-6 Promotion of worker health | | | | | 13.19.7 | |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | | | | | 13.19.8 | |
| | 403-8 Workers covered by an occupational health and safety management system | | | | | 13.19.9 | |
| | 403-9 Work-related injuries | | | | | 13.19.10 | |
| | 403-10 Work-related ill health | | | | | 13.19.11 | |
| **Training and Education** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 108 | | | | | |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | | | | | |  |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | | | | | | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | | | | | | |
| **Diversity and Equal Opportunity** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 107-110 | | | | 13.15.1 | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | | | | | 13.15.2 |  |
| | 405-2 Ratio of basic salary and remuneration of women to men | | | | | 13.15.3 |  |
| **Non discrimination** | | | | | | | |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | 109-110 | | | | 13.15.4 |  |
| **Freedom of association and collective bargaining** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 51 & 54 | | | | 13.18.1 | |

# GRI CONTENT INDEX

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 115 | | | | 13.18.2 |  |
| **Child labor** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 110 | | | | 13.17.1 | |
| GRI 408: Child Labor 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labor | | | | | 13.17.2 |  |
| **Forced or compulsory labor** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 110 | | | | 13.16.1 | |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | | | | | 13.16.2 |  |
| **Local Communities** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 113 | | | | 13.24.1 | |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | | | | | 13.24.2 |  |
| | 413-2 Operations with significant actual and potential negative impacts on local communities | | | | | | |
| **Supplier Social Assessment** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 113 | | | | 13.24.1 | |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | | | | | 13.24.2 |  |
| | 414-2 Negative social impacts in the supply chain and actions taken | | | | | | |
| **Customer Health and Safety** | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 103 | | | | 13.24.1 | |
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the health and safety impacts of product and service categories | | | | | 13.24.2 |  |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | | | | | | |

| Topics in the applicable GRI Sector Standards determined as not material | |
|---|---|
| - | - |
| [Title of GRI Sector Standard] | |
| - | - |

# SASB INDEX

| SASB Disclosure Topic | SASB Code | Metric | FY 2025/26 Disclosure | Reference (Page No.) |
|---|---|---|---|---|
| Greenhouse Gas Emissions | FB-AG-110a.1 | Gross global Scope 1 emissions | 51,814.82 $tCO_2e$ | 125 |
| | FB-AG-110a.2 | Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and performance against those targets | KPPLC measures and monitors Scope 1 emissions in accordance with the GHG Protocol. Climate-related risks, mitigation measures and the Company's transition approach are discussed under SLFRS S2. | 124-125 |
| | FB-AG-110a.3 | Fleet fuel consumed; percentage renewable | Fuel consumption is disclosed under the Natural Capital section. | 121 |
| Energy Management | FB-AG-130a.1 | (1) Operational energy consumed, (2) percentage grid electricity and (3) percentage renewable | Energy consumption is disclosed by major energy source, including biomass, diesel, petrol and grid electricity in Natural Capital section. | 121 |
| Water Management | FB-AG-140a.1 | (1) Total water withdrawn, (2) total water consumed, and percentage of each in regions with High or Extremely High Baseline Water Stress | Water consumption: 97,329 $m^3$. Water-stress exposure is being assessed at operational/estate level. | 123 |
| | FB-AG-140a.2 | Description of water-management risks and strategies and practices to mitigate those risks | KPPLC monitors water consumption and manages water resources through operational controls and conservation practices. | 123 |
| | FB-AG-140a.3 | Number of incidents of non-compliance associated with water-quality permits, standards and regulations | Nil, subject to final management confirmation. | - |
| Food Safety | FB-AG-250a.1 | GFSI audit non-conformance rates and associated corrective-action rates for major and minor non-conformances | Not currently disclosed / not applicable to the Company's relevant operations, subject to confirmation. | - |
| | FB-AG-250a.2 | Percentage of agricultural products sourced from suppliers certified to a GFSI-recognised food-safety certification programme | Not currently disclosed. | - |
| | FB-AG-250a.3 | (1) Number of recalls issued and (2) total amount of food product recalled | Nil, subject to final management confirmation. | - |
| Workforce Health & Safety | FB-AG-320a.1 | (1) Total recordable incident rate, (2) fatality rate and (3) near-miss frequency rate for direct and contract employees | Occupational health and safety performance is disclosed under GRI 403. | 108 |
| Environmental & Social Impacts of Ingredient Supply Chain | FB-AG-430a.1 | (1) Percentage of agricultural products sourced that are certified to a third-party environmental or social standard and (2) percentages by standard | Certification information is disclosed where applicable. | 105-106 |
| | FB-AG-430a.2 | Suppliers' social and environmental responsibility audit: non-conformance and corrective-action rates | Supplier screening and sustainability assessment practices are disclosed. | 116 |
| | FB-AG-430a.3 | Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing | KPPLC manages risks associated with externally sourced agricultural produce through supplier management, procurement controls and monitoring of sustainability-related risks. | - |
| GMO Management | FB-AG-430b.1 | Discussion of strategies to manage the use of genetically modified organisms (GMOs) | KPPLC does not currently identify GMO management as a material issue within its principal plantation operations. | - |
| Ingredient Sourcing | FB-AG-440a.1 | Identification of principal crops and description of risks and opportunities presented by climate change | Principal crops include rubber, tea, coconut and oil palm. Climate-related risks include rainfall variability, changing weather patterns, disease incidence, temperature changes and extreme weather events. | - |
| | FB-AG-440a.2 | Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress | Not currently quantified. KPPLC is strengthening estate-level water-risk assessment. | - |

# GLOSSARY

| Financial Terms | | |
|---|---|---|
| # | Term | Definition |
| A | ACCOUNTING POLICIES | The specific principles, bases, conventions, rules, and practices adopted by an enterprise in preparing and presenting Financial Statement. |
| | ACCRUAL BASIS | Recording revenues & expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period. |
| | AGRICULTURAL ACTIVITY | Agricultural activity is the management by an entity of the biological transformation and harvest of biological assets for sale or for conversion into agricultural biological assets. |
| | AGRICULTURAL PRODUCE | Agricultural produce is the harvested product of the entity's biological assets. |
| | AMORTISATION | The systematic allocation of the depreciable amount of an intangible asset over its useful life. |
| | ASSOCIATE | An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. |
| | AWPLR | Average Weighted Prime Lending Rate |
| B | BEARER BIOLOGICAL ASSETS | Biological assets those are not to be harvested as agricultural produce or sold as biological assets. The biological assets other than the consumable biological assets. |
| | BIOLOGICAL ASSETS | Is a living animal or plant. |
| | BIOLOGICAL TRANSFORMATION | Biological transformation comprises the process of growth, degeneration, production, and procreation that cause qualitative or quantitative change in a biological asset. |
| | BORROWING COSTS | Borrowing Costs are interest and other costs incurred by an enterprise in connection with borrowing of funds. |
| C | CAPITAL EMPLOYED | The sum of Shareholders' Funds, Long Term & Short-Term Interest-bearing Borrowings. |
| | CASH EQUIVALENTS | Abbreviation for liquid investments with original maturity periods of three months or less. |
| | CONSUMABLE BIOLOGICAL ASSETS | The biological assets those that are to be harvested as agricultural produce or sold as biological assets. |
| | CONTINGENT LIABILITIES | A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise. |
| | CURRENT RATIO | Current Assets divided by Current liabilities. |
| | CURRENT SERVICE COST | Current Service Cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period. |
| | CSE | Abbreviation for Colombo Stock Exchange. |
| D | DEBT TO EQUITY RATIO | Borrowings divided by equity. |
| | DEFERRED TAXATION | The Tax effect of timing differences deferred to/ from other periods, which would only qualify for inclusion on a tax return at a future date. |
| | DCF METHOD | A method of valuing project, Company or asset using the concepts of the time value of money. All future cash flows are estimated and discounted by using cost of capital to give their present value(PVs). |
| | DIVIDEND COVER | Profit attributable to Ordinary Shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit. |
| | DIVIDEND PAYOUT | Dividend per share as a percentage of the earnings per share. |
| | DIVIDEND YIELD | Dividend per share as a percentage of the market price. A measure of return on investment. |
| | DIVIDENDS | Distribution of profits to holders of equity investments. |
| E | EARNINGS PER SHARE | Profit after Tax divided by weighted average number of Ordinary Shares outstanding during the period. |
| | EBIT | Earnings Before Interest and Tax. |
| | EBITDA | Abbreviation for Earnings before Interest, Tax, Depreciation, and Amortization. |
| | EFFECTIVE TAX RATE | Income tax expenses divided by profit from ordinary activities before tax. |
| | ENTERPRISE VALUE | Market Capitalization plus net debt. |
| | EQUITY | Shareholders' fund. |
| | EQUITY INSTRUMENTS | Equity Instruments is any contract that evidences a residual interest in the assets of a entity after deducting all of its liabilities. |
| E | EQUITY METHOD | The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post acquisition changes in the investor's share of net assets of the investee. The rofit or loss of the investor includes the investor's share of the profit or loss of the investee. |
| | EQUITY/ASSETS RATIO | Shareholders' Funds divided by Long Term Assets plus Current Assets. |
| | EU | European Union. |
| | EVA | Economic Value Addition. The return earned beyond the cost of capital (Weighted Average Cost of Capita into Capital Invested minus Net Operating Profit). |

| Financial Terms | | |
|---|---|---|
| # | Term | Definition |
| F | FAIR VALUE | Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buying and a knowledgeable willing seller in arm's length transaction. |
| | FAIR VALUE THROUGH PROFIT AND LOSS | A financial asset/liability acquired/incurred principally for the purpose of selling or repurchasing it in the near term, part of a portfolio of identified financial instruments that are managed together and for which here is evidence of a recent actual pattern of short term profit taking, or a derivative (except for a derivative that is a financial guarantee contract). |
| | FINANCIAL ASSET | Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity. |
| | FINANCIAL INSTRUMENT | Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity. |
| | FINANCIAL LIABILITY | Any liability that is a contractual obligation to deliver cash or another financial asset to another entity. |
| | FVTOCI | Abbreviation for Fair Value Through Other Comprehensive Income. |
| G | GEARING (D/E RATIO) | Long-Term Interest-bearing Borrowings/Liabilities as a percentage of Shareholders' Funds plus Long-Term Interest-bearing Borrowings/Liabilities. |
| | GENERAL RESERVE | Reserve available for distribution and investment. |
| H | Ha | Hectares. |
| | HARVEST | Detachment of produce from a biological asset or the cessation of biological assets life processes. |
| I | IFRS | International Financial Reporting Standards. |
| | INTEREST COVER | Profit before Tax plus Interest Charges divided by Interest Charges, including Interest Capitalized. |
| J | JEDB | Janatha Estates Development Board. |
| K | KGAL | CSE identification code for the Company. |
| L | LIBOR | London Inter- Bank Offered Rate. |
| | LIQUIDITY | The availability of liquid assets to a market or Company. |
| M | MARKET CAPITALIZATION | Number of shares in issue, multiplied by the market value of each shares at the year end. |
| | MVA | The difference of market capitalisation and book value of share capital. |
| N | NET ASSETS | Sum of Fixed Assets and Current Assets less Total Liabilities. |
| | NET ASSETS PER SHARE | Shareholders' funds divided by the number of Ordinary Shares. |
| | NET PRICE PER SHARE | Net Assets at the end of period divided by the number of Ordinary Shares issued. |
| O | OBLIGATION | The present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods. |
| | OCI | Other comprehensive income comprises the items of income and expenses that are not recognised in profit or loss as required or permitted by other SLFRS's. |
| P | PBT | Profit before tax. |
| | PRICE EARNINGS RATIO | Market price of a share divided by Earnings per Share. |
| R | RELATED PARTIES | Parties who could control or significantly influence the financial and operating policies of the Company. |
| | RETURN ON AVERAGE EQUITY | Net income expressed as a percentage of Average Shareholders' Funds. |
| | RETURN ON CAPITAL EMPLOYED (ROCE) | Profit before Tax plus Interest on Loans divided by the Equity Funds, Long Term Loans and Short-Term Loans. |
| | REVENUE RESERVES | Reserves considered as being available for distributions and investments. |
| | RSS-1 | Ribbed Smoked Sheet - Grade 1 |
| S | SEGMENT | Constituent business units grouped in terms of nature and similarity of operations. |
| | SHAREHOLDERS' FUNDS | Funds attributable to Shareholders which consist of Share Capital, Reserves and Retained Profit. |
| | SLA | Sri Lanka Accounting Standards. |
| | SLFRS/LKAS | Sri Lanka Financial Reporting Standards. |
| | SOAT | Statement of Alternative Treatment issued by the Institute of Chartered Accountants of Sri Lanka. |
| | SORP | Statement of Recommended Practices issued by the Institute of Chartered Accountants of Sri Lanka. |
| | SUBSIDIARY | A subsidiary is an entity, including in unincorporated entity such as a partnership, that is controlled by another entity. |

# GLOSSARY

| | | |
|---|---|---|
| T | TURNOVER PER EMPLOYEE | Consolidated turnover of the Company for the year divided by the number of employees at the year end. |
| U | UITF | Urgent Issues Task Force of the Institute of The Chartered Accountants of Sri Lanka. |
| V | VALUE ADDITION | The quantum of wealth generated by the activities of the Company and its application. |
| W | WORKING CAPITAL | Current assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities and non-interest bearing provisions. |

**Non - Financial Terms**

| # | Term | Definition |
|---|---|---|
| A | AGM | Annual General Meeting. |
| B | BASELINE YEAR | A reference year against which sustainability and climate-related performance is measured. |
| | BIODIVERSITY | The variability among living organisms from all sources including, among others, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems. |
| | BOI | Board of Investments of Sri Lanka. |
| C | CARBON FOOTPRINT | Total greenhouse gas emissions caused directly or indirectly. |
| | CARBON NEUTRALITY | Achieving a balance between greenhouse gas emissions produced and emissions removed from the atmosphere. |
| | CDA | Coconut Development Authority. |
| | COP | Cost of Production. Generally, refers to the cost of producing one kilo of produce (Tea/ Rubber). |
| | CROP | The total produce harvested during a financial year. |
| D | CLIMATE OPPORTUNITIES | Potential positive impacts arising from climate change, including resource efficiency, renewable energy adoption, and new markets. |
| | CLIMATE RISK | The potential financial and operational impact of climate change on a company's assets and operations. |
| | DOUBLE MATERIALITY | Assessment of sustainability matters based on both their financial impact on the company and the company's impact on society and the environment. |
| | EMDEs | Abbreviation for emerging market and developing economies. |
| E | EMISSIONS INTENSITY | Greenhouse gas emissions per unit of production, revenue, or other relevant business metric. |
| | ENERGY CONSUMPTION | Total amount of energy used by the organisation from renewable and non-renewable sources. |
| | ENERGY INTENSITY | The amount of energy consumed per unit of output or revenue. |
| | ETP | Ethical Tea Partnership is a non competitive alliance of 20 international tea packers who share a vision for a thriving industry that is socially just and environmentally sustainable. |
| | EXTENT IN BEARING | The extent of a land from which crop is being harvested. Also see "Immature Plantation". |
| F | FIELD | A unit extent of land. Estates are divided into fields in order to facilitate management. |
| G | GAP | Good Agriculture Practices. |
| | GDP | Gross Domestic Production. |
| | GSA | Gross Sale Average. Average sale price obtained (over a period of time, for a kilo of produce) before any deductions such as brokerage, etc. |
| | GRI | Global Reporting Initiatives. |
| | GREENHOUSE GAS (GHG) EMISSIONS | Emissions from operations that contribute to climate change. Categorized into Scope 1 (direct), Scope 2 (indirect from electricity), and Scope 3 (other indirect). |
| | GHG PROTOCOL | The globally recognised framework for measuring and managing greenhouse gas emissions. |
| | GRIEVANCE MECHANISM | A formal system through which employees or community members can raise concerns or complaints. |
| H | HACCP | Hazard Analysis and Critical Control Point System, Internationally accepted food safety standard. |

| Non - Financial Terms | | |
|---|---|---|
| # | Term | Definition |
| I | IMMATURE PLANTATION | The extent of plantation that is under development and is not being harvested. |
| | INFILLING | A method of field development whereby planting of individual plants is done in order to fill the vacancies of existing revenue fields. |
| | ISO | International Standards Organization. |
| | ISO 22000 | International standard for food safety management system (FSMS) released by ISO in June 2018. |
| K | KEY MANAGEMENT PERSONNEL | Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity. |
| L | LFPR | Abbreviation for Labour Force Participation Rate. |
| M | MATURE PLANTATION | The extent of plantation from which crop is being harvested. |
| | MATERIALITY ASSESSMENT | Process used to identify and prioritise sustainability-related matters that could reasonably affect enterprise value. |
| | MATERIAL TOPICS | Issues that reflect significant economic, environmental, and social impacts. |
| N | NSA | Net Sales Average per kilo. |
| | NET ZERO | Achieving a balance between greenhouse gas emissions generated and emissions removed over a specified period. |
| O | OHS | Occupational Health & Safety. |
| P | PHDT | Plantation Human Development Trust. |
| | PHYSICAL CLIMATE RISK | Risk arising from acute events such as floods and droughts or chronic changes such as rising temperatures. |
| R | REPLANTING | A method of field development where an entire unit of land is taken out of "bearing" and developed by way of uprooting the existing trees/bushes and replanting with new trees/ bushes. |
| | RENEWABLE ENERGY | Energy generated from naturally replenishing sources such as solar, wind, hydro, and biomass. |
| | RAINFOREST ALLIANCE (RA) | The Rainforest Alliance certification scheme; RA works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behaviors. |
| | RETENTION RATE | Proportion of employees who stay. |
| S | SEEDLING TEA | Tea grown from a seed. |
| | SCENARIO ANALYSIS | A process for assessing potential future outcomes under different climate-related assumptions and conditions. |
| | SDGS (SUSTAINABLE DEVELOPMENT GOALS) | A set of 17 global goals set by the United Nations to end poverty, protect the planet, and ensure prosperity for all. |
| | STAKEHOLDER ENGAGEMENT | Process of involving parties affected by company activities. |
| T | TRI | Tea Research Institution. |
| | TRANSITION RISK | Risks arising from the transition to a low-carbon economy, including policy, legal, technology, market and reputational risks. |
| | TURNOVER RATE | Rate at which employees leave the company. |
| V | VP TEA | Vegetatively propagated tea. i.e. tea grown from a cutting of a branch of tea plant. |
| W | WATER EFFICIENCY | The optimization of water use in operations to reduce waste and environmental impact. |
| | WHISTLEBLOWER POLICY | A policy that allows employees or stakeholders to report unethical or illegal conduct confidentially. |
| Y | YIELD (YPH) | Average yearly output of produce from a hectare of plantation. |
| | YOY | Year on Year. |

# NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty Third (33rd) Annual General Meeting of Kegalle Plantations PLC will be held at the Auditorium of the Registered Office, 310, High Level Road, Nawinna, Maharagama, Sri Lanka on Friday, 25th September, 2026 at 11.00 a.m. and the business to be brought before the meeting will be as follows;

1. To consider the Report of the Directors and the Statement of Accounts for the year ended 31st March 2026 with the Report of the Auditors thereon.

2. To approve the appointment of Dr. Sena Yaddehige as a Director

   Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from RPC Plantation Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

   "That Dr. Sena Yaddehige of Le Neuf, Chemin, St. Saviours, Guernsey, United Kingdom who is 80 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Dr. Sena Yaddehige"

3. To approve the appointment of Dr. S S B D G Jayawardena as a Director

   Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from RPC Plantation Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

   "That Dr. S S B D G Jayawardena of No. 134, Batagama (North) Ja -Ela, who is 84 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Dr. S S B D G Jayawardena"

4. To approve the appointment of Prof. R C W M R A Nugawela as a Director

   Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from RPC Plantation Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

   "That Prof. R C W M R A Nugawela of No. 58/7A, Lewella, Kandy who is 73 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Prof. R C W M R A Nugawela"

5. To re-elect Mr. Shaminda Yaddehige who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director.

6. To re-elect Mr. Lakshman Abeysekera who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director.

7. To elect Mr. L Dinusha T Perera who retires in terms of Article 98 at the Annual General Meeting, a Director.

8. To re-appoint Messrs. Ernst & Young, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.

9. To authorize the Directors to determine contributions to charities .

10. To consider any other business of which due notice has been given.

By Order of the Board

(Sgd.)
**Richard Pieris Group Services (Private) Limited**
Secretaries
No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.

25th August 2026

Notes:
a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.

b) A proxy need not be a member of the Company. The form of proxy will be found inserted in the Annual Report.

c) The completed form of proxy should be deposited at No. 310, High Level Road, Nawinna, Maharagama., not less than 48 hours before the time appointed for the holding of the meeting.

# FORM OF PROXY

I/We* (in block letters) ..... of

..... being a member /members of the

KEGALLE PLANTATIONS PLC, hereby appoint ..... of

.....

whom failing DR. SENA YADDEHIGE whom failing PROF. R C W M R A NUGAWELA whom failing DR. S S B D G JAYAWARDENA whom failing SHAMINDA YADDEHIGE whom failing LAKSHMAN ABEYSEKERA whom failing DR. LAKSHMAN RODRIGO whom failing L. DINUSHA T. PERERA * as my/our proxy to represent me/us and to vote on my/our behalf at the 33RD ANNUAL GENERAL MEETING of the Company to be held on 25th September 2026 and any adjournment thereof, and at every poll which may be taken in consequence thereof to vote: -

| | | In favour | Against |
|---|---|---|---|
| 1. | To consider the Report of the Directors and the Statement of Accounts for the year ended 31st March 2026 with the Report of the Auditors thereon. | | |
| 2. | To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Dr. Sena Yaddehige at this Annual General Meeting, a Director. | | |
| 3. | To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Dr. S S B D G Jayawardena at this Annual General Meeting, a Director. | | |
| 4. | To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Prof. R C W M R A Nugawela at this Annual General Meeting, a Director. | | |
| 5. | To re-elect Mr. Shaminda Yaddehige who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director. | | |
| 6. | To re- elect Mr. Lakshman Abeysekera who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director. | | |
| 7. | To elect Mr. L Dinusha T Perera who retires in terms of Article 98 at the Annual General Meeting, a Director. | | |
| 8. | To re-appoint Messrs. Ernst & Young, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration. | | |
| 9. | To authorize the Directors to determine contributions to charities. | | |
| 10. | To consider any other business of which due notice has been given. | | |

Dated this ..... day of ..... 2026

.....

Signature of Shareholder

Notes:

(i) Please delete the inappropriate words.
(ii) A proxy need not be a member of the Company.
(iii) Instruction as to completion appear on the reverse of this form.

## INSTRUCTIONS AS TO COMPLETION OF PROXY FORM

- To be valid, this Form of Proxy must be deposited at 310, High Level Road, Nawinna, Maharagama, Sri Lanka., not later than 11.00 a.m. on Wednesday, 23rd September 2026.
- In perfecting the Form of Proxy, please ensure that all details are legible.
- In the case of a Company/Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
- Please indicate with an 'X' in the space provided how your proxy is to vote on each resolution. If no indication is given the proxy at his/her discretion will vote as he/she thinks fit.
- This Form of Proxy shall in the case of an individual be signed by the appointor or his/her Attorney. Where the Form of Proxy is signed under a Power of Attorney, which has not been registered with the Company, the original Power of Attorney together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company, along with the Form of Proxy.

# STAKEHOLDER FEEDBACK FORM

## YOUR VOICE MATTERS

Your feedback helps us strengthen stakeholder engagement, sustainability performance, governance and corporate reporting. Please share your views on our Annual Report 2025/26 and the matters most important to you.

### 01 | YOUR RELATIONSHIP WITH KEGALLE PLANTATIONS PLC (KPPLC)

Please tick (✓) all applicable categories.

- ☐ Shareholder / Investor
- ☐ Estate Employee / Worker
- ☐ Customer / Buyer / Broker
- ☐ Government / Regulator
- ☐ Local Community
- ☐ Smallholder / Outgrower
- ☐ Business Partner
- ☐ Employee – Executive / Staff
- ☐ Trade Union / Representative
- ☐ Supplier / Contractor
- ☐ Financial Institution
- ☐ Industry Institution
- ☐ Certification / Assurance Body
- ☐ Other: _____

### 02 | RATE OUR ANNUAL REPORT

| Assessment Area | E | G | A | NI |
|---|---|---|---|---|
| Theme & visual presentation | ☐ | ☐ | ☐ | ☐ |
| Content & completeness | ☐ | ☐ | ☐ | ☐ |
| Clarity & user-friendliness | ☐ | ☐ | ☐ | ☐ |
| Openness & transparency | ☐ | ☐ | ☐ | ☐ |
| Financial information | ☐ | ☐ | ☐ | ☐ |
| Sustainability / ESG reporting | ☐ | ☐ | ☐ | ☐ |
| Governance & risk reporting | ☐ | ☐ | ☐ | ☐ |
| Strategy & future outlook | ☐ | ☐ | ☐ | ☐ |

**E** – Excellent | **G** – Good | **A** – Average | **NI** – Needs Improvement

### 03 | DOES THE REPORT MEET YOUR EXPECTATIONS ?

☐ Exceeded ☐ Fully Met ☐ Partially Met ☐ Not Met

### 04 | WHAT MATTERS MOST TO YOU ?

Please tick (✓) up to FIVE priority areas.

- ☐ Sustainable crop productivity
- ☐ Tea quality & value addition
- ☐ Worker wellbeing
- ☐ Talent & skills development
- ☐ Biodiversity conservation
- ☐ Waste & circular resources
- ☐ Responsible supply chain
- ☐ Governance & ethics
- ☐ Rubber replanting
- ☐ Product innovation
- ☐ Health & safety
- ☐ Climate resilience
- ☐ Water & soil management
- ☐ Community development
- ☐ Digitalisation
- ☐ Financial sustainability

### 05 | YOUR FEEDBACK

What did you value most in this Annual Report?

.....

.....

.....

What should we improve or disclose more clearly?

.....

.....

.....

What should KPPLC prioritise for its future sustainable growth?

.....

.....

.....

### 06 | ABOUT YOU — OPTIONAL

Name: .....

.....

.....

Organization / Designation: .....

Email / Contact No.: .....

### SHARE YOUR FEEDBACK

Kegalle Plantations PLC

310, High Level Road,

Nawinna, Maharagama,

Sri Lanka.

Email: kpl.rpk@arpico.com

Tel: +(94) 11 4310500

Thank You for Helping Us Grow Responsibly

THE ESSENCE OF GROWTH

Nurturing Nature. Enabling Progress.

# CORPORATE INFORMATION

### NAME OF THE COMPANY
Kegalle Plantations PLC

### LEGAL FORM
A Quoted Public Company with limited liability,
Incorporated in Sri Lanka under the Companies Act No. 07 of 2007.

### DATE OF INCORPORATION
22 June 1992

### COMPANY REGISTRATION NUMBER
P Q 135

### REGISTERED OFFICE/HEAD OFFICE
No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.
Telephone:+ (94) 11 4310500
Fax: + (94) 11 4310799
E-mail: kpl.rpk@arpico.com
Website: www.arpico.com

### ACCOUNTING YEAR END
31 March

### PRINCIPAL BUSINESS ACTIVITIES
Cultivation, Manufacture and Sale of Rubber, Tea,
Coconut & other agricultural Produce.

### MANAGING AGENT
RPC Plantation Management Services (Pvt) Ltd
No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.

### ULTIMATE PARENT ENTERPRISE
Richard Pieris & Company PLC
No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.

### BOARD OF DIRECTORS
Dr. Sena Yaddehige, Chairman
Prof. R C W M R A Nugawela
Dr. S S B D G Jayawardena
Mr. Shaminda Yaddehige
Mr. Lakshman Abeysekera
Dr. Lakshman Rodrigo
Mr. L Dinusha T Perera (Appointed w.e.f 15th October 2025)

### STOCK EXCHANGE LISTING
The Ordinary Shares of the Company are listed with the
Colombo Stock Exchange of Sri Lanka.

### MANAGEMENT
Mr. I S Doranegama, Chief Executive Officer
Mr. Dhammika Laksiri, Sector Financial Controller
Mr. W M R R K Wijekoon, General Manager
Mr. S R Aluwihare, Deputy General Manager - Tea / Superintendent
Mr. T I Kodithuwakku, Finance Manager
Mr. R M S S Herath, Manager - Information Systems
Mr. L P Tennakoon, Manager - Plantations
Mr. M P Bandara, Manager - Forestry
Mr. S P Wijedasa, Engineer - Plantation Sector
Mr. Janaka Gallappaththi, Manager - Coffee Planting

### SECRETARIES
Richard Pieris Group Services (Pvt) Limited
No. 310, High Level Road,
Nawinna, Maharagama, Sri Lanka.
Telephone: + (94) 11 4310500

### AUDITORS
Messrs. Ernst & Young,
Chartered Accountants,
Rotunda Towers
109, Galle Road,
Colombo 03, Sri Lanka.

### BANKERS
National Development Bank PLC
Bank of Ceylon - Corporate Branch & Regional Branches
Hatton National Bank PLC
Peoples Bank
Seylan Bank PLC
Commercial Bank of Ceylon PLC
Indian Overseas Bank/Indian Bank/State Bank of India
Nations Trust Bank PLC
DFCC Bank PLC
Pan Asia Banking Corporation PLC

### TAX ADVISORS
Messrs. Ernst & Young,
Chartered Accountants,
Rotunda Towers,
No. 109, Galle Road,
Colombo 03, Sri Lanka.

Messrs. Amerasekera & Company,
Chartered Accountants,
No. 55 1/5, & 55 1/3,
Galle Road,
Colombo 03, Sri Lanka.



**Kegalle Plantations PLC**
**No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.**
**Telephone: +(94) 11 4310500, Fax:+(94) 11 4310799**
**Web: www.arpico.com, E-mail: kpl.rpk@arpico.com**