



Trusted by Generations

SUNSHINE HOLDINGS PLC
Annual Report 2025/26



Trusted by Generations

For nearly six decades, Sunshine Holdings has earned the trust of generations of Sri Lankans through its unwavering commitment to improving lives and creating lasting value. As a home-grown conglomerate with a proud 59-year legacy, the Group has purposefully diversified its presence across the pharmaceutical, consumer, and agri business sectors representing industries that are fundamental to the nation's health, well-being, and economic progress.

Through a portfolio of market-leading brands and pharmaceutical products that touch millions of lives every day, Sunshine Holdings has become intrinsically linked with the aspirations of customers and the development of Sri Lanka. Its enduring relevance is built on a deep understanding of local needs, a culture of innovation, and a commitment to delivering trusted products and services that contribute meaningfully to the nation's growth. Today, the Group stands as a testament to the strength of Sri Lankan enterprise, continuing to evolve while remaining firmly rooted in the trust it has cultivated across generations.



Contents

About Us

- 4 Responsibility for the Report
- 7 About the Report
- 10 Vision, Mission and Values
- 12 About Sunshine Holdings
- 18 Key Milestones
- 20 Group Financial Performance and Outlook

Leadership

- 24 Chairman's Message
- 26 Group Chief Executive Officer's Message
- 30 Board of Directors
- 35 Management Team

Stakeholder-centric Progress

- 37 Materiality
- 40 Stakeholder Engagement

Value Creation

- 47 Healthcare
 - 47 Pharmaceuticals Segment
 - 51 Medical Devices Segment
 - 55 Healthguard Distribution
 - 58 Retail Segment
 - 62 Pharma Manufacturing Segment
- 66 Consumer Goods
 - 66 Tea
 - 69 Confectionery Segment
 - 72 Export Market Segment
- 75 Agri business
 - 76 Palm oil Sector
 - 77 Dairy Sector
- 80 Value Creation at Sunshine Holdings PLC
- 82 Financial Capital
- 92 Human Capital
- 105 Manufactured Capital
- 109 Intellectual Capital
- 119 Social and Relationship Capital
- 126 Natural Capital
- 134 SLFRS S1 and S2 Sustainability Related Financial Disclosures

Stewardship

- 158 Corporate Governance**
- 177 Risk Management**
- 180 Directors' Statement on Internal Controls**
- 182 Board Audit Committee Report**
- 185 Related Party Transactions Review Committee Report**
- 187 Remuneration Committee Report**
- 188 Report of the Nomination and Governance Committee**
- 190 Report of the Risk and ESG Committee**

Financial Statements

- 194 Statement of Directors' Responsibility for Financial Reporting**
- 195 Group Chief Executive Officer's and Group Chief Financial Officer's Responsibility Statement**
- 196 Independent Auditors' Report**
- 201 Statement of Profit or Loss and Other Comprehensive Income**
- 202 Statement of Financial Position**
- 204 Statement of Changes in Equity**
- 207 Statement of Cash Flows**
- 209 Notes to the Financial Statements**

Supplementary Information

- 308 Decade at a Glance**
- 310 Investor Information**
- 313 Corporate Information**
- 314 Notice of Meeting**
- 317 Circular to Shareholders**
- 319 Form of Proxy**

Responsibility for the Report

Annual Report of the Board of Directors on the Affairs of the Company

The Directors are pleased to present this 53rd Annual Report of your Company together with the Audited Financial Statements of Sunshine Holdings PLC (the “Company”), and the Audited Consolidated Financial Statements of the Group for the year ended 31 March 2026 and the Independent Auditors’ Report on page 196 conforming to all relevant statutory requirements.

The details set out herein provide information required by Section 168 of the Companies Act No. 07 of 2007 (‘Companies Act’) to be set out in the Annual Report of the Board of Directors on the Affairs of the Company and are guided by the Code of Best Practice on Corporate Governance 2023.

REVIEW OF BUSINESS

[Section 168 (1) (a)]

The nature of the business of the Company and its subsidiaries together with any change thereof during the accounting period.

– Vision, Mission and Corporate Conduct

The Company’s vision and mission are provided on page 10. The Company’s business activities have been carried out within the framework of the vision and mission statement, which reflects our commitment to the highest ethical standards and integrity as set out in the Code of Business Conduct and Ethics, and in conformity with the corporate culture and the values of the Company stated on page 10 of this Report.

– Principal business activities

The Principal activities of the Group are categorised into different business sectors. i.e. Healthcare, Agriculture and Consumer. The main activities of the sectors are described in the Portfolio Review pages on 46 to 78 of this Report.

There were no material changes in the nature of the business of the Company and the Group during the financial year. The Directors to the best of their knowledge and belief, confirm that the Company and the Group has not engaged in any activity that contravene laws and regulations.

– Group structure

The details of the Group structure have been given on page 17 of this Annual Report.

– Review of operations of the Company and the Group

The Group’s businesses and their performance during the year, with comments on financial results, as well as future business developments are appraised in the Reflection from the Chairman (pages 24 to 25) and Portfolio Review (pages 46 to 78) of this Report. Those also provide an overall assessment of the state of affairs of the Group and the Company with details of important events that took place during the period.

– Future developments

An overview of the future developments of the Company is presented in the Value Creation Section (pages 46 to 78) and Reflections from our Group Chief Executive Officer (pages 26 to 29) and Performance and Value Creation (pages 46 to 81).

FINANCIAL STATEMENTS

[Section 168 (1) (b)]

The Financial Statements of the Company and the Group for the year ended 31 March 2026 have been prepared in accordance with the requirements of the Sri Lanka Accounting Standards (SLFRSs and LKASs) and comply with the requirements of the Companies Act No. 07 of 2007 and were duly certified by the Group Chief Financial Officer (the person responsible for the preparation of the financial statements) and were approved

by two members of the Board as appearing on page 203. form an integral part of this Report.

– Directors’ responsibility for financial reporting

In terms of Sections 150 (1), 151, 152 and 153 (1) and (2) of the Companies Act, the Board of Directors is responsible for the preparation of the Financial Statements of the Company and the Group, which reflect a true and fair view of the financial position and performance of the Company and the Group. In this regard, the Board of Directors wishes to confirm that the Consolidated Financial Statements appearing on pages 201 to 306 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards as mandated by the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Companies Act. There were no changes to the accounting policies adopted in the previous year for the Company and the Group, other than those stated.

The Financial Statements of the Company and the Group for the year ended 31 March 2026, including comparatives for 2024/25, were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 May 2026. The appropriate number of copies of the Annual Report will be submitted to the CSE and to the Sri Lanka Accounting and Auditing Standards Monitoring Board within the statutory deadlines.

EXTERNAL AUDITORS AND THEIR INDEPENDENCE

[Section 168 (1) (c)(i) and (j)]

Auditors report on Financial Statements of the Company with a separate disclosure on amounts payable by the Company to Auditors as audit fees and fees for other services rendered during the accounting period and Auditors’ relationship or any interest with the Company. The External Auditors,

Messrs KPMG, who were appointed in accordance with a resolution passed at the 52nd AGM, have expressed their opinion on pages 196 to 200. Details of their remuneration are given in Note 12 on page 222 to the Financial Statements. As far as the Directors are aware, the Auditors do not have any other relationship or any interest in contracts with the Company or the Group.

BOARD OF DIRECTORS

[Sections 168 (1) (e), (f), (h)]

The Directors of the Company, as at 31 March 2026, and their brief profiles are given on pages 30 to 34. The names of all the Directors who held office anytime during the reporting year are given on page 159. The names of Directors who will retire and those who will seek reappointment at the forthcoming Annual General Meeting (AGM) are given in the Notice of Meeting on page 314.

- Appraisal of Board performance

The method used to appraise the performance of the Board of Directors is presented in the "Corporate Governance" section on page 158 and Performance Evaluations were obtained from the Board.

- Directors' interests in contracts and proposed contracts

Except as stated in Note 41.1 to the Financial Statements, during and at the end of the financial year 2025/26, none of the Directors were directly or indirectly interested in contracts or proposed contracts connected with the Company or the Group's business.

- Directors' shareholdings

Information of other directorships/ significant positions of the present Directors of the Company are given in their profiles presented on pages 30 to 34.

- Directors' interests and the Interests Register

The relevant interests of each Director in the share capital of the Company have been notified by the Directors to the CSE in accordance with Section 7.8 of the Listing Rules and, accordingly, the relevant entries have been made in the Company's Interests Register which has been maintained as required by the Companies Act. This Annual Report also contains particulars of entries made in the Interests Registers of subsidiaries which are public companies or private companies that have not dispensed with the requirement to maintain an Interests Register as permitted by Section 30 of the Companies Act.

Particulars of entries in the Interests Register include interests in contracts. The Directors have all made a general disclosure to the Board as required by Section 192 (2) of the Companies Act and no additional interests have been disclosed by any Director.

- Loans to Directors

The Company has not granted any loans to the Directors.

- Remuneration to Directors

The details of Directors' fees and Directors' emoluments paid during the year are given on page 303.

- Directors' meetings

Details of Directors' meetings are presented on page 160.

DONATIONS AND CSR

[Section 168 (1) (g)]

During the year under review, the Company made donations and CSR amounting to Rs. 10.1 Mn. (2025 – Rs. 11.1 Mn.) in terms of the Resolution passed at the last Annual General Meeting. The Corporate Social Responsibility initiatives of the Company are presented in 'Social and Relationship Capital' on pages 119 to 125.

CORPORATE GOVERNANCE

Code of Best Practice

D.1, D.1.1, D.1.4, D.4], [G.1, G.2, G.3]

The Board of Directors have placed emphasis on conforming to the best corporate governance practices and procedures. Accordingly, the Board has provided the necessary resources and installed appropriate processes and procedures in compliance with the relevant codes of best practice issued by the regulatory and professional bodies. The Board has ensured that the Company complied with the Code of Best Practice on Corporate Governance (2023). The measures taken in this regard and information to fulfil disclosure requirements of the above code, Directions and the Listing Rules of the Colombo Stock Exchange ('CSE') are set out on pages 173 to 176 of this Annual Report.

Further, the Directors declare that:

- The Company has not engaged in any activity which contravenes laws and regulations.
- All material interests in contracts involving the Company have been declared by the Directors and they have refrained from voting on matters in which they were materially interested.
- The Company has made all endeavours to ensure the equitable treatment of shareholders.
- The business is a going concern.
- A review, of internal controls covering Financial, Operational and Compliance Controls and Risk Management, has been conducted and the Directors have obtained reasonable assurance of their effectiveness and successful adherence.

INTERNET OF THINGS

Group IT policies by which the Company is governed, comprehensively covers the process to identify connections to the

Responsibility for the Report

Company's network, Cyber Security Risk Identification and effectiveness of Cyber Security Risk Management. Related information is set out in the Corporate Governance Section on page 171.

DIVIDEND

The Directors recommend that a final cash dividend of Rs. 1,180.7 Mn. equivalent to Rs. 0.60 per ordinary share and Interim dividend of Rs. 2,361.4 Mn. equivalent to Rs. 1.20 per ordinary share for the financial year 2025/26 (FY 2024/25 interim dividend of Rs. 739.9Mn equivalent to Rs. 1.50 per share – pre split ordinary share and final dividend Rs. 1,967.8Mn equivalent to Rs. 0.60 per share – post split ordinary share), be paid to those on the register of shareholders at the close of business on the ex-dividend date. Prior to recommending the dividend and in accordance with Sections 56 (2) and (3) of the Companies Act, the Board signed a certificate stating that, in their opinion, based on available information, the Company will satisfy the solvency test immediately after the distribution is made and have obtained a certificate from the Auditors in terms of Section 57 of the Companies Act. Shareholder approval will be sought on the day of the AGM to declare and pay the final dividend as recommended.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments to the Government, other regulatory institutions, and related to employees have been made on time or have been provided for.

GOING CONCERN BASIS

The Board of Directors reviewed the business plans of the Company and the Group and is satisfied with the adequacy of resources to continue operations in the foreseeable future. Accordingly, the Financial Statements of the Company and the Group have been prepared on a going concern basis.

RELATED PARTY TRANSACTIONS

The Company's transactions with related parties in respect of the Company and the Group, for the financial year ended 31 March 2026, are given in Note 41.2 to the Financial Statements on page 304 of the Annual Report and have complied with Rule 9.3.2 of the Listing Rules and the Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987.

INTERNAL CONTROL

The Board, through the involvement of the Group Executive Committee, takes steps to gain assurances on the effectiveness of control systems in place. The Audit Committee receives regular reports on the adequacy and effectiveness of internal controls in the Group, compliance with laws and regulations, and established policies and procedures of the Group. The Board has direct access to the Chairman of the Audit Committee. This Committee reviews reports of the Internal Auditors too.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company has not engaged in any activity which is harmful to the environment and society. The Company has complied with statutory requirements and law of Sri Lanka in carrying out business operations.

SUSTAINABILITY

The Group pursues its business goals under a stakeholder model of business governance. As per this model, the Group has taken specific steps, particularly in ensuring the conservation of its natural resources and the environment as well as addressing material issues highlighted by stakeholders.

EMPLOYMENT

The Group has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status, or physical disability.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting date that require disclosure other than those disclosed in Note 44 to the Financial Statements.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at Sunshine Holdings PLC via audio and visual technology, on 25 June 2026 at 3.30 p.m. The Notice of the Meeting relating to the 53rd Annual General Meeting is given on page 316.

ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

[Section 168 (1) (k)]

The Board of Directors do hereby acknowledge the contents of this Annual Report.



Shyam Sathasivam
Executive Director/
Group Chief Executive Officer



Aruna Deepthikumara
Executive Director/
Group Chief Financial Officer

Corporate Services (Private) Limited
Secretaries and Registrars

29 May 2026

About the Report



Welcome to the Integrated Annual Report of Sunshine Holdings PLC, themed ‘Trusted for Generations’- a comprehensive account of how the Group creates, sustains, and grows value across its diversified portfolio of businesses.

As a trusted Sri Lankan conglomerate with a legacy spanning six decades, Sunshine Holdings operates at the intersection of sectors fundamental to national progress and everyday life, from healthcare and consumer essentials to agri business and strategic investments. In this context, our reporting responsibility extends beyond statutory disclosure. It is an opportunity to communicate with clarity how our strategy, governance, operating model, and stewardship collectively translate into sustainable value creation.

This Report has therefore been developed as an integrated narrative that brings together financial performance, strategic progress, governance oversight, stakeholder priorities, sustainability considerations, and long-term value creation into a single connected account. It reflects not merely what we achieved during the year, but how those outcomes were shaped, the risks and opportunities that influenced decision-making, and the foundations being laid for enduring future growth.

At its core, this Report reflects our commitment to transparency, accountability, disciplined governance, and integrated thinking.

About the Report

OUR REPORTING PERSPECTIVE

At Sunshine Holdings, reporting is not viewed as a retrospective compliance exercise, but as a strategic expression of accountability.

As a diversified enterprise operating across multiple sectors, value creation is shaped by a complex interplay of market dynamics, operational decisions, stakeholder relationships, governance disciplines, innovation, and capital allocation. Our reporting approach seeks to bring clarity to this complexity by demonstrating how these moving parts connect to form a coherent value creation story.

This integrated perspective enables stakeholders to understand not only business performance in isolation, but the broader strategic ecosystem within which Sunshine operates—how synergies across sectors are unlocked, how resilience is strengthened, and how enterprise value is sustained through changing business cycles.

The result is a report designed to be both informative and decision-useful, balancing strategic insight with disciplined disclosure.

REPORTING BOUNDARY AND SCOPE

This Integrated Annual Report presents the performance and activities of Sunshine Holdings PLC and its subsidiaries for the financial year under review, covering the Group's core operating sectors:



These businesses collectively represent a diversified platform of value creation that spans essential industries serving consumers, institutions, industries, and communities across Sri Lanka and beyond.

Unless otherwise stated, disclosures contained within this Report reflect entities under the Group's operational and reporting control. Where metrics or commentary relate specifically to particular business segments or subsidiaries, such distinctions have been clearly identified to preserve transparency and contextual relevance.

INTEGRATED THINKING IN PRACTICE

The preparation of this Report reflects the principles of integrated thinking, recognising that long-term enterprise performance is shaped not by isolated decisions, but by the interconnected management of strategy, governance, risk, capital, people, relationships, and sustainability priorities.

Accordingly, this Report has been structured to demonstrate the connectivity between:

- strategic ambition and operational execution
- governance oversight and responsible stewardship
- stakeholder expectations and material priorities
- business model resilience and value creation
- sustainability commitments and long-term competitiveness
- risk management and strategic preparedness
- financial performance and non-financial impact

This approach provides stakeholders with a clearer and more holistic understanding of how Sunshine Holdings creates sustainable value across multiple time horizons.

MATERIALITY AS A STRATEGIC LENS

Meaningful reporting begins with relevance.

The content and structure of this Report have therefore been informed by the matters most material to Sunshine Holdings and its stakeholders—those issues with the greatest capacity to influence enterprise value, stakeholder trust, operational resilience, and long-term strategic success.

Our materiality assessment considers a broad range of internal and external factors, including:

- strategic priorities
- industry and macroeconomic developments
- stakeholder engagement outcomes
- regulatory and governance expectations
- enterprise risks
- environmental and social considerations
- emerging market and sustainability trends

By focusing disclosure around these priority matters, the Report remains aligned with the issues that truly matter to both business continuity and sustainable growth.

STAKEHOLDER-CENTRED DISCLOSURE

As a publicly listed conglomerate with a diverse operating footprint, Sunshine Holdings engages with a wide range of stakeholders whose perspectives shape our strategy and accountability.

This Report has been developed with these audiences in mind, including:

- shareholders and the investment community
- regulators and policymakers
- customers and consumers
- employees and leadership teams
- suppliers and strategic partners
- lenders and financial institutions
- communities and society at large
- ESG and sustainability stakeholders

Through balanced disclosure and strategic transparency, the Report aims to foster informed engagement, strengthen trust, and reinforce confidence in our stewardship.

RELIABILITY, GOVERNANCE, AND ASSURANCE

Trust in reporting begins with trust in the underlying information.

The preparation of this Report involved close collaboration across Group leadership, finance teams, operational management, governance functions, and subject matter specialists to ensure disclosures are accurate, balanced, and reflective of the Group's performance and strategic context.

Reported information has been compiled through structured internal reporting mechanisms, enterprise systems, governance review processes, and management oversight disciplines.

Financial statements contained within this Report have been independently audited, while broader narrative and performance disclosures have been subject to internal validation and executive review to support consistency and integrity.

This disciplined governance approach reinforces the reliability of the disclosures presented.

LOOKING AHEAD RESPONSIBLY

This Report includes forward-looking commentary relating to strategic direction, market expectations, growth priorities, and business outlook.

Such statements reflect management perspectives based on information available at the time of reporting and are inherently influenced by evolving conditions including economic developments, regulatory change, geopolitical uncertainty, supply chain disruptions, technological shifts, and climate-related factors.

Accordingly, actual outcomes may differ from current expectations.

Nonetheless, we believe that transparent communication around future direction remains an important element of responsible stakeholder engagement.

BEYOND REPORTING

This Integrated Annual Report is more than a record of annual performance.

It is a reflection of Sunshine Holdings' enterprise philosophy – one grounded in resilience, strategic discipline, responsible stewardship, and a commitment to creating enduring value across businesses that touch lives every day.

It captures a Group that continues to evolve with purpose, strengthening operational excellence, embracing transformation, navigating complexity, and positioning itself for sustainable long-term relevance.

As Sunshine Holdings advances its next chapter of growth, this Report offers stakeholders a transparent window into the foundations, priorities, and ambitions shaping that journey.

Vision

To be the most admired
conglomerate in Sri Lanka



Mission

Growing our enterprises
to be industry leaders



Values



Integrity

Do the right thing



Trust

Walk the talk



Innovation

Think out of the box



Perseverance

Never give up



Responsibility

Accountable to all stakeholders

About Sunshine Holdings

About Us

Homegrown ingenuity trusted across generations

Sunshine Holdings PLC is one of Sri Lanka's most respected diversified conglomerates, with a legacy that spans nearly six decades of entrepreneurial excellence, strategic transformation, and enduring stakeholder trust. What began in 1967 as a single retail pharmacy in Gampola has evolved into a dynamic multi-sector enterprise with leadership positions across healthcare, consumer goods, and agri business sectors that are integral to the nation's health, wellbeing, and economic resilience.

From its earliest days, Sunshine demonstrated an instinct for identifying emerging opportunities and transforming them into scalable business ventures. This entrepreneurial spirit, combined with disciplined execution and a strong people-centric culture, has enabled the Group to continuously reinvent itself while remaining grounded in the values that shaped its foundation.

Today, Sunshine Holdings stands as a proudly Sri Lankan enterprise with a diversified portfolio of trusted brands, strategic partnerships, and sector-leading businesses that collectively create value for customers, communities, shareholders, and the nation at large.

At its core, Sunshine Holdings represents the strength of Sri Lankan ingenuity identifying opportunities ahead of the curve, transforming industries through bold thinking, and building businesses with long-term relevance. What began as a pharmaceutical retail venture steadily expanded into healthcare distribution, consumer brand development, plantation agriculture, and retail healthcare, guided by a philosophy of responsible entrepreneurship and a relentless drive to create value.

Our Sector Footprint

Trusted Brands that Resonate Across Generations

A defining strength of Sunshine Holdings lies in the enduring equity of its brands. Sunshine Holdings commands a distinctive presence across sectors that are fundamental to national wellbeing and economic resilience. The Group's ability to sustain both institutional trust in Healthcare and emotional consumer trust in FMCG creates a uniquely balanced competitive advantage.



Sri Lanka's Most Integrated Healthcare Company

- Only Healthcare Group spanning across the entire value chain
- Scalable and Integrated Healthcare platform
- Integrated platform driving operational synergies
- Presence across imports, last-mile distribution, retail, R&D and manufacturing



Sri Lanka's leading consumer brands company in tea and confectionery

- Market leader in the Tea category with 50% market share in the branded tea.
- Present across local and international markets in Asia, Africa, the middle east, Europe and North America
- End to end value chain capabilities from manufacturing to point of sale availability



Agri business

- Established plantation heritage
- Single largest RSPO certified oil palm business
- Contributed for local production while saving foreign exchange (USD) for Sri Lanka



About Sunshine Holdings




Healthcare Segment

In healthcare, the Group has established itself as a major force in Sri Lanka's private healthcare ecosystem, leveraging decades of expertise in pharmaceutical distribution, medical devices, wellness retail pharmacy and manufacturing. Through strategic partnerships with leading international healthcare brands and its pioneering Healthguard retail chain, Sunshine has helped redefine healthcare accessibility and consumer experience in Sri Lanka.

Product Service Mix

Pharmaceutical distribution, medical diagnostics, surgical products, wellness, and retail pharmacy.

Performance

14.9% Revenue 

(13.0%) Profit Before Tax 

9.7% Assets 

Composition



● Profit Before Tax	-	49.6%
● Revenue	-	56.8%
● Employees	-	39.7%
● CAPEX	-	46.2%




Consumer Segment

In the consumer space, Sunshine has built some of Sri Lanka's most beloved household brands, particularly in beverages and FMCG. Through its flagship tea brands including Zesta, Watawala Tea, and Ran Kahata the Group has transformed from plantation producer to value-added consumer brand owner, demonstrating strategic foresight through vertical integration and brand-led growth. These brands have earned enduring consumer trust and market leadership, while extending Sri Lankan excellence to international markets.

Product Service Mix

Iconic tea brands such as Zesta, Watawala Tea, and Ran Kahata.
Confectionery brands such as Daintee

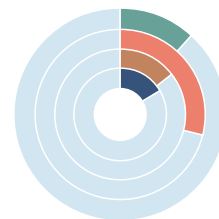
Performance

1.6% Revenue 

23.1% Profit Before Tax 

56.9% Assets 

Composition



● Profit Before Tax	-	11.7%
● Revenue	-	28.9%
● Employees	-	14.5%
● CAPEX	-	16.6%




Agri business

The Group's agri business operations reflect Sunshine's deep-rooted commitment to productive enterprise and sustainable growth. From revitalising plantation assets into market-leading operations to modernising tea manufacturing and introducing technology-led efficiencies, the Group has consistently demonstrated operational excellence and long-term investment discipline. Its agri business portfolio reflects both heritage and innovation combining agricultural stewardship with modern commercial capability.

Product Service Mix

Palm Oil and Dairy products.

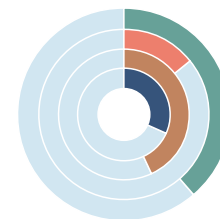
Performance

18.9% Revenue 

25.2% Profit Before Tax 

(1.3%) Assets 

Composition



● Profit Before Tax	-	38.7%
● Revenue	-	14.3%
● Employees	-	43.2%
● CAPEX	-	31.7%

What truly distinguishes Sunshine Holdings is its ability to combine entrepreneurial agility with institutional strength. While deeply rooted in strong family values and a people-centric culture, the Group has continuously evolved with changing market dynamics, consumer expectations, and technological disruption. Innovation has long been embedded in its DNA from pioneering modern pharmacy retail concepts to digitising operations early and reimagining traditional business models.

Equally, Sunshine's success has been built on people. A culture that values commitment, empowerment, and long-term relationships has enabled the Group to attract and retain exceptional talent across its businesses. This human-centric ethos has remained a defining characteristic throughout its growth journey, reinforcing resilience and organisational continuity across generations.

As a proudly Sri Lankan conglomerate, Sunshine Holdings continues to evolve with a clear long-term vision strengthening leadership in its chosen sectors, expanding innovation-led opportunities, and creating sustainable value for all stakeholders. With a portfolio of trusted brands, diversified business strengths, and a legacy spanning nearly six decades, Sunshine remains uniquely positioned to shape the future while staying true to the values that built its success.

OUR JOURNEY OF STRATEGIC EVOLUTION

Sunshine's growth story has been defined by bold strategic moves, timely diversification, and a willingness to challenge convention.

The Group's origins in pharmaceutical retail laid the foundation for what would become one of Sri Lanka's most formidable healthcare platforms. Recognising the country's evolving healthcare needs, Sunshine expanded from retail into pharmaceutical distribution, building strong partnerships with leading international and regional principals while developing deep expertise across the healthcare value chain.

Its diversification journey accelerated through entry into agri business, where the acquisition and transformation of plantation assets demonstrated the Group's ability to unlock latent value through strategic investment, modernisation, and operational discipline. What was once a traditional plantation operation evolved into a high-performing agri business platform supported by modern processing capabilities, strong consumer-facing brands, and strategic international collaborations.

The Group's move into consumer branding marked another defining milestone. By shifting from commodity participation to brand ownership, Sunshine transformed its market position—creating differentiated products that resonated deeply with Sri Lankan consumers and strengthened long-term value creation.

This journey reflects a consistent strategic philosophy: to build category leadership in sectors where the Group can create meaningful, sustainable impact.

DISTINCTIVE CHARACTERISTICS

What Differentiates Sunshine



About Sunshine Holdings

1 Operating Landscape

Sunshine's distinctly Sri Lankan heritage gives it a nuanced understanding of local consumer behaviour, policy environments, distribution realities, and economic shifts.

This proximity enables sharper decision-making, faster adaptation, and stronger relevance.

2 Strategic Agility and Innovation

One of Sunshine's defining competitive strengths is agility.

As a diversified Group operating in dynamic sectors, Sunshine has demonstrated the ability to rapidly recalibrate strategy, optimise portfolios, respond to disruptions, and capture emerging opportunities.

This agility is increasingly critical in an environment shaped by inflationary pressures, supply chain complexity, regulatory evolution, and accelerating consumer change. From pioneering one of Sri Lanka's first modern healthcare retail concepts to introducing digital capabilities across operations and investing in technologically advanced manufacturing infrastructure, the Group has consistently embraced transformation as a competitive differentiator.

Rather than viewing innovation as isolated initiatives, Sunshine has embedded it into its broader operating philosophy continually adapting business models, enhancing customer experiences, and improving operational efficiency to remain relevant in changing markets.

This culture of innovation has strengthened resilience while enabling the Group to stay ahead of shifting consumer expectations and industry disruption.

3 Diversification with Strategic Logic

Sunshine's portfolio is not diversification for scale alone.

Its businesses are anchored in sectors with structural relevance, resilience, and growth potential, enabling risk balancing while preserving strategic focus.

4 Strong Distribution and Market Reach

Across healthcare, consumer, and agriculture-linked businesses, Sunshine benefits from extensive reach, robust supply chain capabilities, and strong market connectivity.

This operating backbone supports resilience, speed, and customer responsiveness.

5 Digital Transformation and Modernisation

Sunshine's investments in digital infrastructure, analytics, enterprise systems, and transformation capabilities are strengthening operational excellence and decision-making agility across the Group.

6 Brand Trust as Strategic Capital

Trust remains one of the Group's most valuable intangible assets.

Built over decades, this trust underpins customer loyalty, stakeholder confidence, business continuity, and long-term resilience.

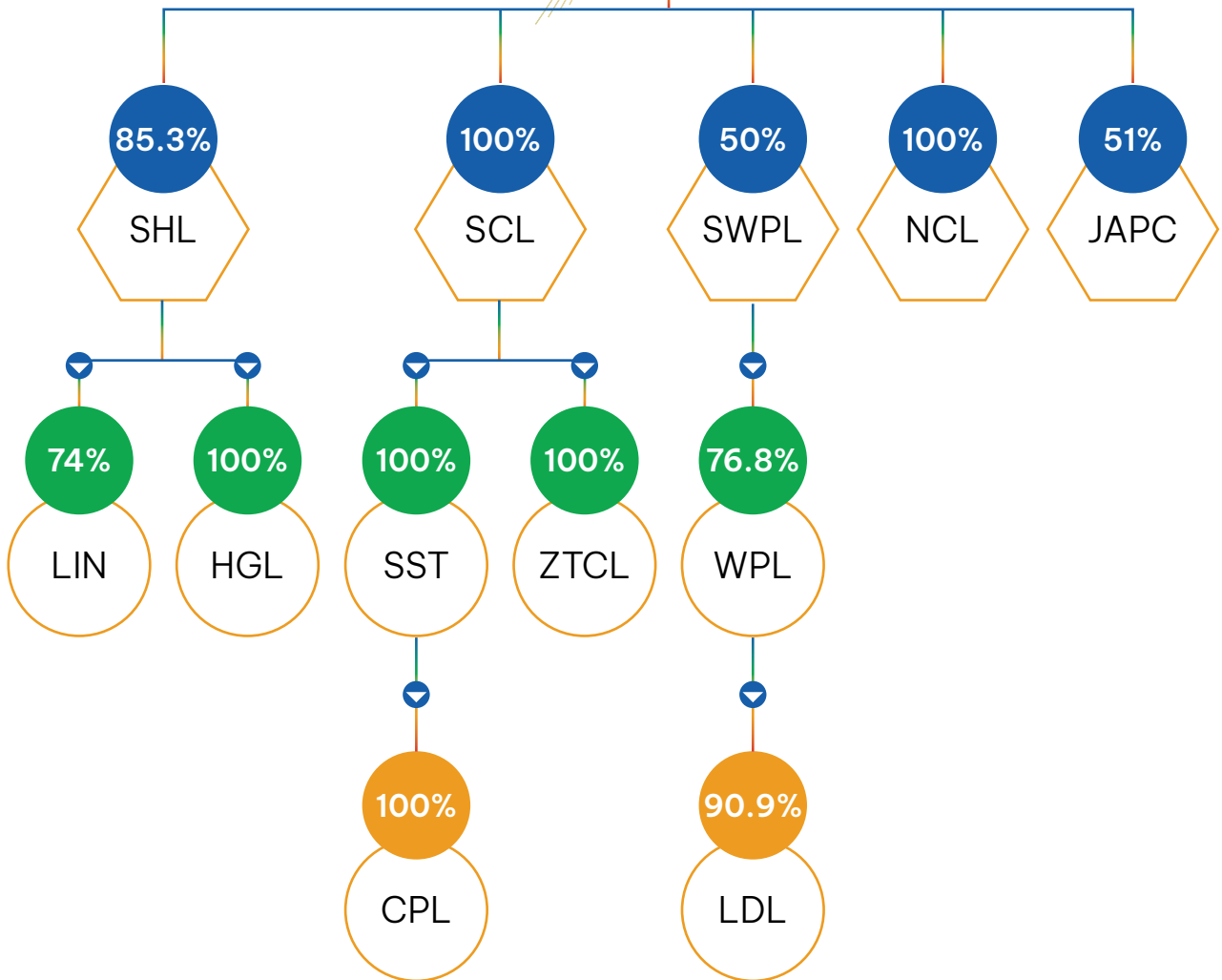
A Purposeful Future

As Sunshine Holdings looks to the future, its strategic direction remains clear: to strengthen leadership in essential sectors, accelerate innovation-led growth, deepen customer relevance, and create sustainable long-term value for all stakeholders.

With a legacy of resilience, a portfolio of trusted brands, strong institutional capability, and a continued commitment to responsible growth, Sunshine Holdings remains well positioned to shape the future of Sri Lanka's healthcare, consumer, and agri business sectors.

Rooted in heritage yet driven by progress, Sunshine continues its journey as a purpose-led enterprise committed to enriching lives and building enduring value.

Our Group Structure



Abbreviation

SUN - Sunshine Holdings PLC
 SHL - Sunshine Healthcare Lanka Ltd.
 HGL - Healthguard Pharmacy Ltd.
 SCL - Sunshine Consumer Lanka Ltd.
 SST - Sunshine Tea (Pvt) Ltd.
 LIN - Lina Manufacturing (Pvt) Ltd.
 SWPL - Sunshine Wilmar (Pvt) Ltd.

WPL - Watawala Plantations PLC
 LDL - Lonach Dairy Ltd.
 CPL - Century Properties Ltd.
 ZTCL - Zesta Tea Ceylon (Shenzhen) Co. Ltd.
 NCL - Norris Canal Properties (Pvt) Ltd.
 JAPC - Joint Agri Products Ceylon (Pvt) Ltd.

Key Milestones

A Decade of Growth, Innovation & Leadership. 2017 – 2025

Sunshine Holdings PLC is one of Sri Lanka's leading diversified conglomerates, operating across three core sectors: Healthcare, Consumer Brands, and Agri business. Listed on the Colombo Stock Exchange (CSE: SUN.N0000), the Group has undergone a transformative decade of expansion, strategic acquisitions, sustainability leadership, and financial growth. The following timeline captures the defining milestones from 2017 to 2025.

CATEGORY LEGEND

Healthcare

Agri business

Consumer

Corporate

Financial

Recognition

2017

Corporate

50th Anniversary

Celebrated 50 years since founding in 1967, and welcomed Japan's SBI Ven Capital as a strategic investor – acquiring an 11% stake valued at USD 4.77 Mn. This marked the Group's first major foreign institutional investment.

SBI Ven Holdings Investment

Sunshine Holdings entered into a private placement with SBI Ven Holdings Pte. Limited, the overseas private equity arm of Japan's SBI Group, raising Rs. 775 Mn.

Corporate

2018

2020

Consumer

Acquisition of Daintee Ltd for LKR 1.7 Billion

Sunshine acquired leading Sri Lankan confectionery manufacturer Daintee, which held a 40% market share in the toffees and sweets category. This landmark deal expanded consumer operations beyond tea into packaged foods and snacks.

Wilmar JV Restructure – Full Control of Plantation Management

Completed the acquisition of the remaining 40% stake in Estate Management Services from Pyramid Wilmar for LKR 3.3 Bn. A new joint venture, Sunshine Wilmar (Pvt) Ltd, was established to manage the plantation business on a 60:40 basis.

Agri business

2021

Dec 2020

Healthcare

Landmark Merger – Sri Lanka's First Fully Integrated Healthcare Company

Merged Sunshine Healthcare Lanka and Healthguard Pharmacy with Akbar Pharmaceuticals, Lina Manufacturing, and Lina Spiro – creating Sri Lanka's first fully integrated healthcare company covering all five supply chain segments: R&D, manufacturing, importation, distribution, and retail.



2021

Recognition

Gold Medal – CFA Capital Market Awards (Investor Relations)

Conferred the Gold Award for Best Investor Relations team at the CFA Capital Market Awards – completing a remarkable progression from Bronze (2018) to Silver (2019) to Gold, reflecting consistent excellence in stakeholder communications and transparency.

RSPO Certification – First Plantation Company in South Asia

Watawala Plantations PLC received the Roundtable on Sustainable Palm Oil (RSPO) certification for its palm oil mill and Galle District concessions – becoming the first plantation company in all of South Asia to achieve this globally recognised sustainability standard.

Agri business

2021

2022

Corporate

Fitch Ratings AA+(lka) – Stable Outlook

Sunshine Holdings received a credit rating of AA+(lka) from Fitch Ratings on 9 May 2022 with a stable outlook – reflecting the Group's strong financial position despite the broader Sri Lankan economic crisis. Group revenue reached LKR 32.2 Bn, a 32.2% year-on-year increase.

USD 11 Million IFC Equity Investment into Healthcare Division

The International Finance Corporation (IFC), a member of the World Bank Group, made a USD 11 Mn equity investment into Sunshine's Healthcare business – reaffirming the Group's credibility on the global stage and its commitment to healthcare access for all Sri Lankans. Lina Manufacturing also expanded its MDI respiratory product portfolio.

Healthcare

2024/25

2026

Consumer

Acquisition of Joint Agri Products Ceylon (Pvt) Ltd (JAPC)

Sunshine Holdings PLC acquired the majority stake in Joint Agri Products Ceylon (Pvt) Ltd (JAPC), a leading export-oriented company. JAPC specializes in the processing and export of spices, coconut products, and teas, primarily to the EU and US markets.

Group Financial Performance and Outlook

Revenue & Growth

Group Revenue	LKR 65.9 Bn (+11.2% YoY)
Gross Profit	LKR 19.0 Bn (+6.7% YoY)
Gross Margin	28.9 % (down from 30.1%)
EBIT	LKR 9.3 Bn (flat YoY)
EBIT Margin	14.1 % (FY25: 15.7%)
PAT	LKR 5.0 Bn (-2.5% YoY)

Capital Structure

Total Debt	LKR 10.0 Bn (increase YoY)
Gearing	26.8 % (FY25: 21.9%)

Liquidity

Current Ratio	1.73x
Quick Ratio	1.02x

Segment Contribution

Healthcare	56.8 % +14.9% growth
Consumer	28.9 % +1.6% growth
Agri business	14.3 % +18.9% growth

The financial year ended 31 March 2026 was characterised by continued economic recovery, evolving consumer confidence, regulatory interventions, and shifting market dynamics across several industries. Against this backdrop, Sunshine Holdings PLC delivered a resilient performance, underpinned by the strength of its diversified business portfolio, disciplined execution, and the ability of its operating sectors to adapt to changing market conditions.

The Group recorded revenue of LKR 65.9 Bn, reflecting a robust year-on-year growth of 11.2%, supported by positive contributions from all three business sectors. This performance underscores the effectiveness of the Group's diversified business model, which continues to provide stability and growth opportunities across varying economic cycles. The Healthcare sector remained the largest contributor to Group revenue, while the Consumer and Agri business sectors demonstrated encouraging momentum through market expansion initiatives, operational improvements, and favourable industry dynamics.

Shareholder Returns

DPS	LKR 1.80
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Market Performance

Market Cap	LKR 57.9 Bn
ROE	15.18 %

While revenue growth remained strong, profitability was influenced by sector, specific challenges, particularly within Healthcare. Gross profit increased to LKR 19.0 Bn, while gross profit margins moderated to 28.9% as regulatory pricing interventions impacted margins across pharmaceutical operations. Consequently, Group EBIT remained largely stable at LKR 9.3 Bn, whilst profit after tax stood at LKR 5.0 Bn. Despite margin pressures, the Group demonstrated considerable earnings resilience, highlighting the effectiveness of its cost management initiatives, portfolio diversification strategy, and operational discipline.

A notable feature of the year was the continued strengthening of the Group's strategic positioning. Sunshine maintained its leadership across key healthcare segments, reinforced the resilience of its consumer brands, and capitalised on favourable conditions within Agri business. Furthermore, the acquisition of a majority stake in Joint Agri Products Ceylon (Pvt) Ltd represented a significant milestone in advancing the Group's long-term growth agenda. This investment not only broadens Sunshine's consumer sector footprint but also creates a platform for accelerating export-oriented growth and enhancing exposure to value-added international markets.

STRATEGIC OUTLOOK

Looking ahead, Sunshine Holdings is entering a period of significant opportunity supported by improving macroeconomic conditions, strengthening consumer demand, increasing healthcare needs, and expanding export potential. While the operating environment remains subject to regulatory, geopolitical, and market uncertainties, the Group is well positioned to leverage its diversified portfolio to drive sustainable growth and long-term value creation.

ACCELERATING HEALTHCARE LEADERSHIP

Healthcare will continue to serve as the Group's primary growth engine and strategic cornerstone. Demand fundamentals remain compelling, supported by an ageing population, rising healthcare awareness, increasing prevalence of chronic diseases, and growing expectations for accessible and high-quality healthcare solutions.

The Group's strategic priorities within Healthcare will focus on strengthening its presence across the entire healthcare value chain through investments in pharmaceutical manufacturing, expansion of retail pharmacy networks, enhancement of distribution capabilities, and the development of specialised healthcare solutions. Increasing localisation of pharmaceutical production is expected to enhance supply chain resilience while reducing dependency on imports and supporting national healthcare priorities.

At the same time, Sunshine will continue to pursue operational efficiencies and portfolio optimisation initiatives to mitigate the impact of regulatory pricing mechanisms. Greater emphasis will be placed on higher-value therapeutic segments, specialist products, diagnostics, and selective

inorganic growth opportunities that complement the Group's existing healthcare platform. These initiatives are expected to strengthen profitability while preserving the Group's leadership position within Sri Lanka's healthcare sector.

EXPANDING CONSUMER SECTOR GROWTH PLATFORMS

Within the Consumer sector, Sunshine remains focused on strengthening its portfolio of trusted brands while capitalising on changing consumer preferences and emerging export opportunities.

The integration of Joint Agri Products Ceylon (Pvt) Ltd represents a transformative opportunity to diversify revenue streams and increase exposure to global markets. Through this platform, the Group intends to expand its presence in value-added spices, food ingredients, and export-oriented consumer products, creating a stronger foreign currency earnings base and enhancing portfolio resilience.

Continued investments in brand equity, product innovation, route-to-market capabilities, digital engagement, and category development are expected to support sustainable growth across the consumer portfolio. The Group also anticipates benefiting from improving household consumption trends as economic conditions continue to stabilise.

ENHANCING AGRI BUSINESS COMPETITIVENESS

The outlook for Agri business remains favourable, supported by resilient demand fundamentals and increasing focus on food security and sustainable agricultural practices.

The Group will continue to enhance plantation productivity through improved agronomic practices, technology adoption, mechanisation, and resource optimisation initiatives.

Palm oil operations are expected to remain a significant contributor to earnings, supported by favourable demand conditions and ongoing efficiency improvements.

Within the dairy business, management is focused on improving herd productivity, strengthening farm management practices, optimising cost structures, and deploying technology-driven solutions to improve operational performance. These initiatives are expected to gradually enhance profitability while supporting the long-term sustainability of the operation.

DRIVING OPERATIONAL EXCELLENCE AND DIGITAL TRANSFORMATION

Across all sectors, Sunshine is accelerating efforts to build a more agile, efficient, and future-ready organisation. Digitalisation, process optimisation, data-driven decision-making, and technology-enabled productivity improvements will remain key priorities.

The Group will continue to focus on enhancing supply chain efficiencies, improving inventory management, optimising procurement strategies, and strengthening working capital management. These initiatives are expected to improve margins, strengthen cash generation capabilities, and enhance resilience against external disruptions.

Capital allocation will remain disciplined, with investments directed towards high-return growth opportunities, strategic acquisitions, capacity expansion initiatives, and technology transformation programmes that support long-term competitiveness.

Group Financial Performance and Outlook

SUSTAINABILITY-LED VALUE CREATION

As environmental, social, and governance considerations become increasingly important to long-term business success, Sunshine continues to integrate sustainability into strategic decision-making across the Group.

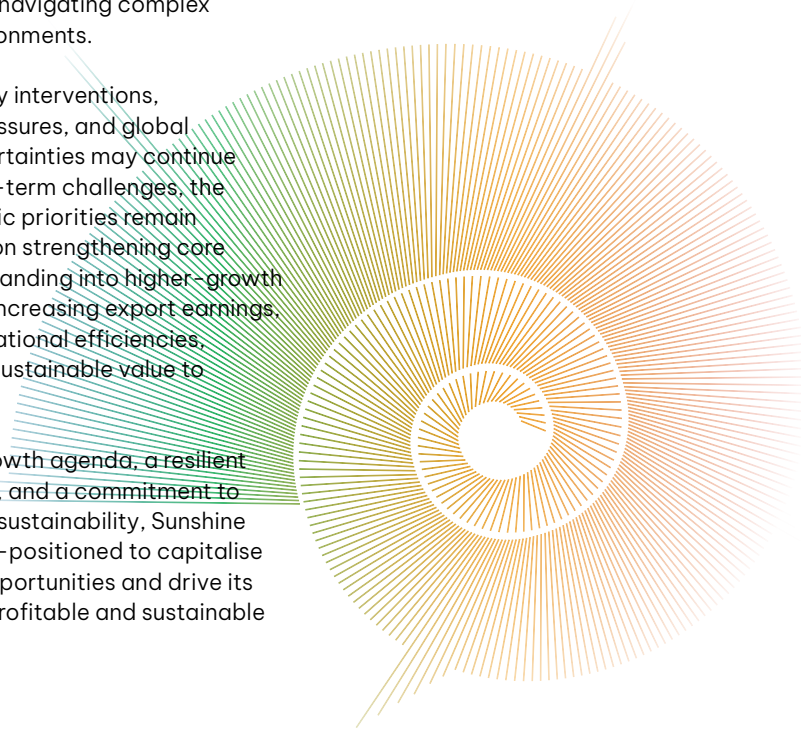
Future investments will focus on strengthening climate resilience, improving resource efficiency, advancing responsible sourcing practices, enhancing human capital capabilities, and promoting innovation-led sustainable growth. Sustainability is viewed not only as a governance imperative but also as a strategic differentiator capable of creating competitive advantage, reducing risk exposure, and strengthening stakeholder trust.

OUTLOOK

The Board remains confident in the Group's long-term prospects. Sunshine Holdings enters the new financial year from a position of strength, supported by leading market positions, a diversified portfolio of businesses, strong brands, disciplined management, and a proven track record of navigating complex operating environments.

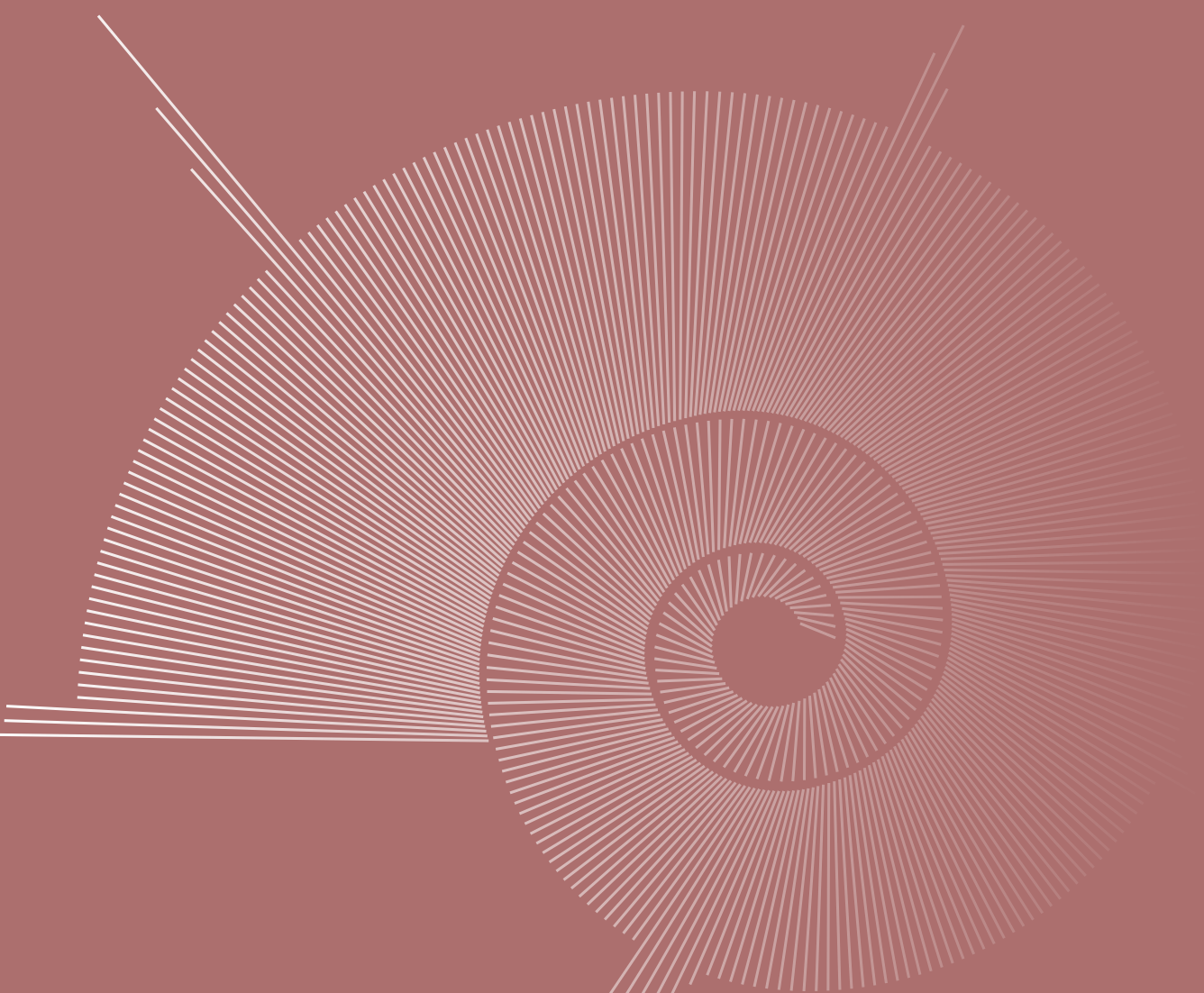
While regulatory interventions, inflationary pressures, and global economic uncertainties may continue to create short-term challenges, the Group's strategic priorities remain firmly focused on strengthening core businesses, expanding into higher-growth opportunities, increasing export earnings, improving operational efficiencies, and delivering sustainable value to shareholders.

With a clear growth agenda, a resilient business model, and a commitment to innovation and sustainability, Sunshine Holdings is well-positioned to capitalise on emerging opportunities and drive its next phase of profitable and sustainable growth



Leadership

Leading with
Purpose and Responsibility



Guided by experience and driven by purpose, our leadership remains committed to creating sustainable value while navigating evolving opportunities and challenges. Their stewardship ensures that trust is translated into meaningful progress for all stakeholders.

Chairman's Message



Our theme, “Trusted by Generations,” reflects a 59-year legacy built on enduring trust, meaningful relationships, and purposeful growth

Dear Shareholders,

It is with great pride that I present the Integrated Annual Report of Sunshine Holdings PLC for 2025/26. Our theme, “Trusted by Generations,” reflects a 59 year legacy built on enduring trust, meaningful relationships, and purposeful growth. Sunshine has always been a business anchored in values, strengthened by local ingenuity, and committed to creating lasting value for Sri Lanka.

The year unfolded amid continued global uncertainty, shaped by geopolitical tensions, commodity volatility, elevated financing costs, and shifting trade dynamics. While inflation moderated in some markets, volatility persisted. Sri Lanka, meanwhile, showed early signs of recovery following an unprecedented period of disruption. Macroeconomic stabilisation, improving confidence, and

renewed business momentum offered encouragement, though the path ahead remains measured, particularly in light of recent developments in the Middle East. These conditions reinforce the importance of disciplined stewardship –ensuring resilience today while positioning the institution for long term relevance.

Despite this complex backdrop, Sunshine Holdings delivered a resilient performance, reflecting the strength of its diversified portfolio and disciplined execution. Group revenue grew 11.2% to LKR 65.9 Bn, supported by the scale of Healthcare, the enduring strength of Consumer brands, and the stabilising contribution of Agri business. EBIT reached LKR 9.3 Bn, with profit after tax of LKR 5.0 Bn, despite regulatory pricing pressures in healthcare. A

significant milestone during the year was the acquisition of Joint Agri Products Ceylon (Pvt) Ltd (JAPC), which strengthens our export footprint and reinforces our long term growth ambitions.

Our portfolio remains aligned to sectors of enduring national relevance. Healthcare continues to be a cornerstone of our long term ambition, with a clear emphasis on improving accessibility, strengthening integration, expanding manufacturing capability, and reinforcing category leadership. In the Consumer sector, our focus remains on deepening brand leadership, enhancing market penetration, driving innovation, and building stronger international growth platforms. Meanwhile, in Agri business, we are steadily repositioning the segment toward higher value, export oriented opportunities that can deliver more sustainable and strategically aligned growth. The acquisition of JAPC exemplifies our disciplined approach to portfolio evolution, strengthening export capabilities, enhancing our Consumer footprint, and unlocking access to premium global markets.

Strong governance continues to underpin sustainable value creation. Throughout the year, the Board maintained close oversight of financial resilience, strategic execution, risk management, capital allocation, and organisational capability. As a diversified Group, we balanced sector level agility with Group wide discipline, ensuring decisions remained aligned with long term shareholder value. Strengthening enterprise wide governance structures and shared capabilities remained a priority, enhancing scalability and resilience across the organisation.

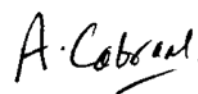
Despite this complex backdrop, Sunshine Holdings delivered a resilient performance, reflecting the strength of its diversified portfolio and disciplined execution.

Sustainability remains integral to our stewardship philosophy. Our businesses directly influence economic progress, community wellbeing, public health, and environmental responsibility. We continue to focus on improving access to healthcare, strengthening local manufacturing, creating trusted consumer products, supporting agricultural productivity, and expanding export competitiveness. Long term value must be both commercially sustainable and socially relevant, and this principle continues to guide our decisions.

Looking ahead, while external conditions may remain fluid, Sunshine enters the future with increasing strength and clarity of purpose. Our priorities include reinforcing leadership in healthcare, expanding the reach and relevance of our consumer platforms, accelerating international growth, enhancing operational excellence, and advancing the strategic evolution of agri business. Prudent capital stewardship, governance discipline, talent development, and sustainability integration will continue to guide our progress. The future will reward organisations that combine resilience with adaptability, discipline with innovation, and ambition with sound stewardship – qualities that define Sunshine Holdings.

I extend my sincere appreciation to our Group Chief Executive Officer, the senior leadership team, and all employees across the Group for their commitment and professionalism. I also thank my fellow Board members for their guidance and stewardship. To our shareholders, customers, principals, business partners, regulators, and wider stakeholders, thank you for your continued trust and confidence.

Sunshine Holdings today represents more than a diversified enterprise, it is a legacy of trust built across generations, and a platform poised to shape the future with confidence and purpose.



Amal Cabraal
Chairman

29 May 2026

Group Chief Executive Officer's Message



In a year marked by economic transition, evolving consumer behaviour, and shifting market dynamics, Sunshine Holdings remained focused on executing its strategy with discipline—strengthening our core businesses, investing in future growth platforms, and reinforcing our position as a resilient Sri Lankan enterprise with enduring relevance.

Dear Shareholders,

Enduring businesses are not defined by the challenges they face, but by the choices they make in response to them. In a year marked by economic transition, evolving consumer behaviour, and shifting market dynamics, Sunshine Holdings remained focused on executing its strategy with discipline—strengthening our core businesses, investing in future growth platforms, and reinforcing our position as a resilient Sri Lankan enterprise with enduring relevance.

Against this backdrop, I am pleased to present a review of Sunshine Holdings' performance for the financial year 2025/26, a year that once again demonstrated the strength of our diversified portfolio, the resilience of our operating model, and our continued ability to create sustainable value for all stakeholders.

A PORTFOLIO BUILT FOR RESILIENCE AND LONG-TERM GROWTH

The strength of Sunshine Holdings lies not simply in diversification, but in owning businesses positioned at the intersection of essential human needs and long-term economic development. Our Healthcare, Consumer, and Agri business sectors each provide distinct growth opportunities while collectively creating a portfolio that is both resilient and capable of compounding value across economic cycles.

Healthcare remains the cornerstone of our portfolio and is underpinned by powerful long-term demand drivers, including an ageing population, the growing prevalence of chronic diseases, increasing health awareness, and the continued need for accessible, high-quality healthcare solutions. These structural trends provide a strong foundation for sustained growth and reinforce our conviction in the sector's long-term potential.

Our Consumer business continues to benefit from the enduring strength of trusted brands and deep consumer affinity. In an increasingly competitive and value-conscious environment, the ability to maintain relevance, command trust, and innovate meaningfully has become a critical source of competitive advantage.

Agri business remains an important strategic pillar within the Group, providing portfolio balance, cash generation, and long-term transformation opportunities. As we continue to reshape the portfolio, our focus remains on building higher-value, export-oriented, and sustainability-led growth platforms capable of generating stronger long-term returns.

FINANCIAL PERFORMANCE WITH DISCIPLINE AND STRATEGIC INTENT

Our FY 2025/26 performance reflects the strength of our diversified operating model, the resilience of our market-leading businesses, and our commitment to investing for sustainable long-term growth despite near-term operating pressures.

Beyond financial performance, our continued investments in pharmaceutical manufacturing, distribution infrastructure, retail healthcare, and medical technologies reflect our long-term conviction that Sunshine can play an increasingly important role in strengthening Sri Lanka's healthcare resilience and self-sufficiency.

Similarly, within our Consumer business, we remain focused on building brands that command trust, relevance, and pricing power while expanding into adjacent categories and export-oriented opportunities capable of creating new growth engines for the future.

Agri business remains a business in transition. While recent performance benefited from the strength of our palm oil operations, our broader objective is to reshape the portfolio toward higher-value, export-oriented, and sustainability-led opportunities capable of delivering stronger and more sustainable returns over the long term.

Across the Group, we remained disciplined in how we deployed capital, prioritising investments that strengthen competitive advantage, enhance scalability, improve productivity, and create sustainable long-term value.

FINANCIAL DISCIPLINE AND CAPITAL STEWARDSHIP

One of Sunshine's enduring strengths has been its disciplined approach to capital stewardship. In uncertain operating environments, resilience is built not merely through diversification, but through prudent decision-making and consistent execution.

Throughout the year, we maintained a strong focus on liquidity management, operational efficiency, capital productivity, and balance sheet strength. Investment decisions continued to be guided by long-term strategic relevance, scalability, and sustainable return potential.

Our increasingly integrated operating model continues to unlock efficiencies across governance, shared services, technology platforms, and enterprise-wide resource allocation, creating a stronger foundation for future growth.

DIGITAL ENABLEMENT AND ORGANISATIONAL TRANSFORMATION

Transformation remains central to how Sunshine creates future value.

Across the Group, we continue to strengthen digital infrastructure, improve decision-making capabilities, and enhance operational agility through technology enablement and integrated business systems.

However, transformation at Sunshine extends beyond technology. Our ambition is to build an organisation that combines entrepreneurial agility with institutional capability—one that can scale with discipline while remaining close to customers, responsive to market dynamics, and adaptive to change.

This evolution is critical as we position Sunshine not simply for growth, but for enduring competitiveness.

Group Chief Executive Officer's Message

OUR PEOPLE: THE DRIVING FORCE BEHIND PERFORMANCE

Culture remains one of Sunshine's most important competitive advantages.

During periods of change and uncertainty, our people continued to demonstrate resilience, accountability, and an unwavering commitment to delivering results. Across our businesses, teams navigated complex operating conditions with agility while maintaining a strong focus on customers, operational excellence, and long-term value creation.

The trust, commitment, and entrepreneurial spirit embedded across the Group have been instrumental in translating strategy into performance. What differentiates Sunshine is not only the quality of the businesses we operate, but the calibre of the people who lead them and bring our purpose to life every day.

As we look ahead, strengthening leadership capability, building future-ready talent, and sustaining a high-performance culture will remain critical priorities. Our ability to attract, develop, and retain exceptional people will continue to be a defining factor in Sunshine's long-term success.

SUSTAINABILITY AND RESPONSIBLE GROWTH

We increasingly view sustainability as a driver of resilience, competitiveness, and long-term value creation. As stakeholder expectations evolve and climate-related risks become more material, integrating sustainability into decision-making is becoming a business imperative rather than a compliance exercise.

The strength of Sunshine Holdings lies not simply in diversification, but in owning businesses positioned at the intersection of essential human needs and long-term economic development.

FY2025/26 represented an important milestone in this journey, marking our first year of structured sustainability integration at Group level. During the year, we established a dedicated Group Sustainability function, strengthened governance through a comprehensive EHS framework, standardised sustainability reporting mechanisms, and commenced alignment with SLFRS S2, laying the foundation for more robust climate-related governance and disclosure.

Our environmental focus extends beyond compliance toward enhancing operational resilience, improving resource efficiency, and managing long-term risk. Key initiatives included the transition of selected furnace oil-based boilers to biomass energy, strengthening emissions monitoring and environmental controls, improving water stewardship and wastewater management, advancing waste circularity initiatives, and reinforcing environmental risk management across our operations.

Beyond our own footprint, sustainability is reflected in the wider value we create through strengthening local pharmaceutical manufacturing capability, supporting agricultural productivity and export competitiveness, and improving community access to safe drinking water through targeted initiatives.

As we move forward, we remain committed to embedding sustainability more deeply into strategic decision-making, ensuring that the value we create is not only economically enduring, but increasingly responsible, resilient, and aligned with the broader progress of the nation.

LOOKING AHEAD: THE NEXT PHASE OF GROWTH

While economic conditions have stabilised relative to recent years, the operating environment remains dynamic. Consumer expectations continue to evolve, technology is reshaping industries, and competitive boundaries are increasingly being redefined. Against this backdrop, our focus is not simply on navigating change, but on positioning Sunshine to lead through it.

Our strategic direction remains anchored in clarity, discipline, and long-term conviction. We will continue to deepen leadership in sectors where we possess strong competitive advantage and enduring strategic relevance.

In Healthcare, we will continue to expand access, strengthen integration across our ecosystem, and build greater local capability in response to Sri Lanka's growing healthcare needs.

In Consumer, our focus will remain on reinforcing brand leadership, driving innovation, and expanding our reach both within Sri Lanka and across international markets.

Within Agri business, we will continue to reshape the portfolio toward higher-value, export-oriented, and sustainability-led growth platforms capable of generating stronger long-term returns.

Underlying all of these priorities is a commitment to disciplined capital allocation, operational excellence, organisational capability building, and the pursuit of sustainable value creation.

APPRECIATION

I wish to extend my sincere appreciation to the Chairman and the Board of Directors for their guidance, oversight, and strategic stewardship throughout the year.

My heartfelt thanks also go to our leadership teams and employees across the Group, whose resilience, dedication, and commitment continue to translate strategy into performance.

I also extend my gratitude to our shareholders, customers, principals, business partners, and wider stakeholders for the trust and confidence they continue to place in Sunshine Holdings.

Sunshine has been built over decades through entrepreneurship, trust, resilience, and disciplined execution. As we look to the future, we remain confident in the strength of our businesses, the quality of our people, and the opportunities ahead.

Our ambition extends beyond growth alone. We are building institutions that can endure, adapt, and create meaningful value for generations to come.



Shyam Sathasivam
Group Chief Executive Officer

29 May 2026

Board of Directors

01 Amal Cabraal | Chairman | Independent Non-Executive Director

Mr. Amal Cabraal is an Independent Non-Executive Director of Sunshine Holdings PLC since 2017. He was appointed Vice Chairman of the Company in February 2020 and took over as Group Chairman in June 2021.

Mr. Cabraal is an accomplished business leader with over four decades of management experience in both local and international markets. He currently serves as the Chairman of Lion Brewery (Ceylon) PLC, Ceylon Beverage Holdings PLC, Silvermill Investment Holdings and CIC Feeds Group of Companies. He was recently appointed as a member of the Colombo Port City Economic Commission. In addition to his numerous leadership roles, he also serves as a Non-Executive Director of John Keells Holdings PLC and is a business advisor to several other companies.

Previously, Mr. Cabraal served as the Chairman and Chief Executive Officer of Unilever Sri Lanka, where he gained extensive knowledge and expertise in the consumer goods industry. He has also completed the stipulated maximum nine-year tenure as a Non-Executive Director of Hatton National Bank PLC.

Mr. Cabraal is a member of the Board of the Ceylon Chamber of Commerce, and also serves on the Management Committee of the Mercantile Services Provident Society. As a marketer by profession and a Fellow of the Chartered Institute of Marketing-UK, he brings a wealth of marketing and branding expertise to his leadership roles. Cabraal holds an MBA from the University of Colombo, and is an executive education alumnus of INSEAD, France.

02 V Govindasamy | Deputy Chairman | Non-Executive Director

Mr. Vish Govindasamy holds an MBA and a Bachelor of Science in Electrical Engineering from the University of Hartford, USA, and is a Fellow of the Institute of Certified Professional Managers of Sri Lanka. He is the former Group Managing Director and current Deputy Chairman of Sunshine Holdings PLC.

Mr. Govindasamy also serves as an appointed Member of the Governing Board and Monetary Policy Board of the Central Bank of Sri Lanka. He is the former Chairman of the Ceylon Chamber of Commerce and the Employers' Federation of Ceylon. He serves as an Independent Non-Executive Director of Softlogic Life Insurance PLC, Dialog Axiata PLC, Colombo Dockyard PLC, United Motors PLC, Lanka Island Resort Ltd, Ceylon Business Development Limited and Saga Consultants (Pvt) Limited.

03 Shyam Sathasivam | Director / Group Chief Executive Officer | Executive Director

Mr. Shyam Sathasivam brings over two decades of leadership experience in the corporate sector, with a proven track record in strategic transformation, operational excellence, and long-term value creation across the healthcare and consumer goods industries. Since joining Sunshine Holdings in 2005, he has played a pivotal role in shaping the Group's long-term growth strategy, leading business restructuring initiatives, strategic acquisitions, and market expansion efforts.

His leadership has been instrumental in transforming Sunshine Holdings from a family-founded enterprise into a professionally managed, performance-driven organization anchored in strong governance and people-centric values. Under his stewardship, the Group has strengthened its market leadership across healthcare and consumer sectors while enhancing profitability, innovation, and brand equity.

Mr. Sathasivam holds a degree from the London School of Economics and Political Science and an MBA from the Kellogg School of Management at Northwestern University. He has also completed the Owner/President Management Program at Harvard Business School.

In addition to his corporate responsibilities, he contributes to national industry development as a Committee Member of the Ceylon Chamber of Commerce and serves as Chairperson of the Healthcare Sector Steering Committee.

04 **Tyeabally Akbarally** | **Director** | **Non-Executive Director**

Mr Tyeabally Akbarally has been a Director of Akbar Brothers Group of Companies since 1979, and presently holds the position of Managing Director. He is actively engaged in the Tea and Commodity Export Trade.

He was a former Chairman of The Colombo Tea Traders Association and the Spices & Allied Products Producers' and Traders' Association. He was also a Deputy Chairman of Amana Bank and the Chairman of Amana Takaful PLC, and is on the Boards of several other companies. Mr Akbarally is a Trustee of the MH Kanji Charitable Trust.

05 **Sivakrishnarajah Renganathan** | **Director** | **Independent Non-Executive Director**

Mr. Sivakrishnarajah Renganathan completed his more than four-decade banking career at the Commercial Bank of Ceylon PLC, where he held several key positions. He retired as the Bank's Managing Director/Chief Executive Officer after serving on the Board as an Executive Director for nearly eight years.

He led the team to acquire the banking operations of Credit Agricole Indosuez in Bangladesh in July 2003 as the first Country Manager and successfully established the Bank's operations with a high rating during the first five years of his tenure. He was the first Chief Risk Officer who led the establishment of integrated Risk Management within the Commercial Bank.

Mr Renganathan served as Managing Director and Board Member of the Commercial Development Company PLC, and Commercial Bank of Maldives Private Limited as Deputy Chairman. He is a Member of the Sri Lanka Institute of Directors and serves as a Non-Executive Independent Director on multiple boards including Lanka IOC PLC, Janashakthi Insurance PLC and Ceylon Hospitals PLC.

He is a Fellow of the Chartered Institute of Management Accountants, UK (FCMA), Chartered Global Management Accountant (CGMA), Fellow of the London Institute of Banking & Finance, UK (FLIBF) and a Fellow of the Institute of Bankers Sri Lanka (FIB). He is a whole island Justice of the Peace.

06 **Reyaz Mihular** | **Director** | **Independent Non-Executive Director**

Mr. Reyaz Mihular served as the Managing Partner of KPMG Sri Lanka & Maldives from 1 April 2012 to 31 March 2022, and was the Chairman of KPMG's Middle East & South Asia (MESA) Regional Cluster from 1 October 2018 to 30 September 2021. He also served on KPMG's Europe Middle East & Africa (EMA) Board and on the Global Council of KPMG International.

He is a Past President and Fellow Member of The Institute of Chartered Accountants of Sri Lanka and is a Fellow Member of the Chartered Institute of Management Accountants (CIMA) UK. He served as Chairman of the CIMA Sri Lanka Division in 2013. Reyaz has completed executive education programmes at INSEAD, France, Harvard Business School and London Business School.

Mr Reyaz served as a Board Member of the International Accounting Standards Committee (IASC) for a 5-year term and on the IFRS Advisory Council of the International Accounting Standards Board for a 5-year period. He also served on the International Ethics Standards Board for Accountants (IESBA) for six years.

Mr Reyaz presently serves as Chairman of Bairaha Farms PLC and as an Independent Non-Executive Director of Melstacorp PLC, Watawala Plantations PLC, and other companies. He also serves on the Colombo Port City Economic Commission as a Commissioner.

Board of Directors

07 G Sathasivam | Director | Non-Executive Director

Mr. G. Sathasivam is the Founder of Sunshine Holdings PLC and a pioneering entrepreneur in Sri Lanka's pharmaceutical industry. Beginning his career in the pharmaceutical sector, he built Sunshine Healthcare Lanka Limited into one of the country's leading healthcare enterprises through nearly six decades of vision, innovation, and leadership.

Driven by an entrepreneurial spirit and a commitment to growth, Mr. Sathasivam spearheaded the diversification of the Group into multiple sectors, transforming Sunshine Holdings into one of Sri Lanka's most respected and admired conglomerates. Under his stewardship, the Group expanded beyond healthcare into agri business in partnership with the Tata Group with the acquisition of Watawala Plantations PLC.

Widely respected for his business acumen and contribution to corporate Sri Lanka, Mr. Sathasivam has received recognition for his role in building one of the country's most admired homegrown enterprises and contributing significantly to the nation's economic development.

08 Aruna Deepthikumara | Director / Group Chief Financial Officer | Executive Director

Mr. Aruna Deepthikumara is a finance expert with over 20 years of experience in reputed business entities. He is currently an Executive Committee Member and Group Chief Financial Officer at Sunshine Holdings PLC since August 2017.

Aruna previously served in BASF Lanka (Pvt) Limited, a fully owned subsidiary of BASF SE, Germany, as a Board Member and Chief Executive Officer from January 2016 to July 2017, and prior to that as Finance Director since 2013.

He served his career journey as Accountant, Management Accountant and Finance Manager in the Property Sector at John Keells Holdings PLC between 2004 and 2013, and is an alumnus of Ernst & Young, Colombo.

Aruna is a Fellow Member/FCA of The Institute of Chartered Accountants of Sri Lanka and an Associate Member/ACMA of the Institute of Certified Management Accountants of Sri Lanka. He holds a B.Sc. in Marketing Management from the University of Sri Jayewardenepura and is also CIM (UK) qualified.

09 Sanjeev Shishoo | Director | Non-Executive Director

Mr. Sanjeev Shishoo is a qualified healthcare management professional holding a B.Pharm, M.Pharm and MBA from the Indian Institute of Management, Calcutta, a leading business school in India.

He was the Corporate Vice President, Global Shared Services, at Novo Nordisk, a global healthcare company with over 90 years of innovation and leadership in diabetes care. He has held several senior positions at Novo Nordisk including Vice President, Business Area Oceania & South East Asia, based in Kuala Lumpur, Vice President, Regional Officer Far East based in Bangalore, and Vice President of the Regional Office in India.

Mr. Shishoo has a track record of creating high-performing teams that deliver ambitious targets and is skilled in marketing strategy and implementation. He was responsible for making Novo Nordisk's insulin, Mixtard, the number one pharma brand in India.

10**Sudarshan Jain****Director****Non-Executive Director**

Mr. Sudarshan has a strong passion for business, healthcare policy and the education sector. He is currently the Secretary General of the Indian Pharmaceutical Alliance (IPA) and the Chairman of the Indian Institute of Health Management and Research (IIHMR), Jaipur. He also serves as a Board Member of Abbott India, Sunshine Holdings PLC and various educational institutions, and is a Senior Advisor with EQT (Private equity firm).

Sudarshan is on the Advisory Committee of the Biotechnology Ignition Grant, Government of India, Member of Drugs Technical Advisory Board (DTAB) and a Visiting Faculty at the Indian Institute of Management Ahmedabad (IIM A). He is a Certified Executive Coach from the Coaching Foundation of India.

Sudarshan has a rich healthcare business experience of over 45 years and has contributed to shaping healthcare policy and improving access to healthcare in India. He has held several leadership positions in Abbott, J&J, Boots and leading Indian companies and last served as the Managing Director at Abbott Healthcare Solutions. His experience spans across Pharmaceutical, OTC, Hospital, Diagnostic and Nutrition businesses. He has been associated with over 30 brands which are among the top 300 in the Indian pharmaceutical market. He also served as Chairman of the Life Sciences Skill Sector Development Council (LSSSDC) of India under the Ministry of Skill Development & Entrepreneurship. He has been the Chair of International Generic and Biosimilar Medicines Association (IGBA) 2021. Till recently, he was associated with APAX partners as Seniors Advisor and also the board member of Healthium.

Sudarshan is the first Indian recipient of the Global Chairman's Award at Abbott. More recently, IPA has been recognized as "Maverick Effect Pioneer Award 2024" at the Indian Merchant Chambers' (IMC) and honored with the "Best Association Excellence Award" at the India Association Congress 2024.

Sudarshan is an alumnus of St. Stephens College, Delhi and Indian Institute of Management, Ahmedabad (IIM A).

11**Aruni Goonetilleke****Director****Independent Non-Executive Director (Resigned w.e.f 31st May 2026)**

Mrs. Aruni Goonetilleke is a financial services expert with over 25 years of experience in regional financial markets. She has extensive experience in risk management, credit, audit, and business origination, having held leadership positions in local and international banks.

Her last role was Head of Corporate Banking at People's Bank, where she was responsible for a large portfolio of public and private sector clients. Immediately before that, she was the Head of Credit for Commercial Banking at Standard Chartered Bank, Singapore. She has also held the positions of Chief Risk Officer at Standard Chartered Bank, Sri Lanka, and global audit roles in wholesale and retail banking. She is a former Chairperson of Hatton National Bank PLC.

She holds a Master's in Law from Harvard Law School, Harvard University, USA, and a Bachelor's in Law (Honours) from the Faculty of Law, University of Colombo. She was a visiting lecturer in law at the University of Colombo.

Board of Directors

12

Prasad Gopalan

Director

Independent Non-Executive Director (Appointed w.e.f 01st April 2026)

Mr. Prasad Gopalan is a seasoned international finance and investment professional with over 25 years of experience at the International Finance Corporation (IFC), a member of the World Bank Group. He most recently, prior to his retirement, served as Global Sector Manager for Agri business and Forestry at IFC, where he was responsible for a global investment program of USD 1.5 - 2 Bn per annum and an overall portfolio of USD 4.5 Bn, leading a senior global team of 20 investment and advisory professionals.

During his career at IFC, Mr. Gopalan held progressively senior roles across Washington D.C., Hong Kong, Singapore, and Chennai, with expertise spanning investment origination, portfolio management, and strategic advisory across agri business, forestry, manufacturing, healthcare and financial institutions. He has served on multiple boards and investment committees, including as a Board Member of Agrivision in Zambia, Observer on the Board of Suguna Foods in India, and as a Steering Committee member of the Global Agriculture and Food Security Program (GAFSP) Private Sector Window. He currently serves as a Director on the Board of Sunshine Healthcare Lanka Limited, a subsidiary of Sunshine Holdings PLC.

Mr. Gopalan holds a Master of Public Policy with a concentration in Finance from Harvard University's Kennedy School of Government, a Master of Environmental Engineering from Pennsylvania State University, a Master of Chemical Engineering from the University of Toledo, and a Bachelor of Engineering (Honours) in Chemical Engineering from the Birla Institute of Technology and Science, Pilani.

Management Team



Shyam Sathasivam

Group Chief Executive Officer -
Executive Director



Aruna Deepthikumara

Group Chief Financial Officer -
Executive Director



Michelle Senanayake

Group Chief People and
Corporate Communications Officer



Infiyaz Ali

Group Chief Transformation Officer



Hiran Samarasinghe

Group Chief Growth Officer



Shantha Bandara

Chief Executive Officer -
Sunshine Pharmaceuticals
and Healthguard Distribution



T Sayandhan

Chief Executive Officer -
Sunshine Medical Devices and
Lina Manufacturing



Anuruddha Aluvihare

Chief Executive Officer -
Sunshine Consumer Lanka

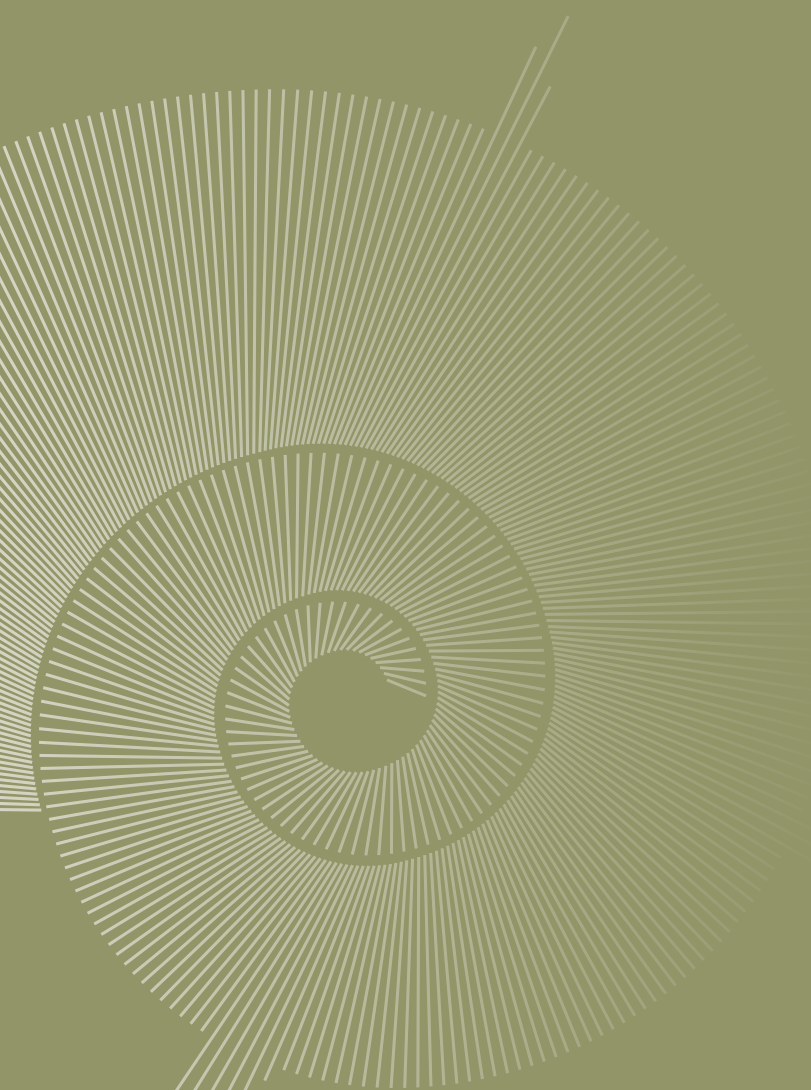


Sanjeeva Saranapala

Chief Executive Officer -
Sunshine Tea

Stakeholder-centric Progress

Leading with
Purpose and Responsibility



Our stakeholder-centric approach enables us to understand what matters most to those we serve, ensuring that stakeholder perspectives remain integral to our strategy, decision-making, and long-term value creation journey.

Materiality

In a dynamic operating environment shaped by economic shifts, technological disruption, evolving stakeholder expectations, and increasing sustainability imperatives, disciplined prioritisation is essential to effective decision-making.

At Sunshine Holdings, materiality serves as a strategic lens through which we identify, assess, and respond to the issues that most significantly influence our ability to create sustainable value. It ensures that our strategic focus remains aligned with stakeholder priorities, emerging risks, business opportunities, and long-term corporate aspirations.

As a diversified conglomerate spanning Healthcare, Consumer, and Agri business sectors, our materiality assessment reflects the breadth of our operating landscape while maintaining a consistent enterprise-wide approach to value creation, resilience, and responsible governance.

Materiality informs our strategy formulation, risk management, ESG priorities, stakeholder engagement agenda, and integrated reporting disclosures, ensuring that management attention and capital are directed toward matters of greatest significance.

IDENTIFYING WHAT MATTERS MOST

In an increasingly complex business environment, materiality assessment is no longer a compliance exercise it is a strategic discipline that enables the organisation to focus on the issues that have the greatest influence on long-term value creation, resilience, and stakeholder trust. Our materiality assessment process is designed to systematically identify, evaluate, and prioritise the environmental, social, governance, and economic matters that are most significant to both the business and its stakeholders.

This process begins with a robust understanding of the operating landscape. We continuously monitor macroeconomic conditions, industry trends, regulatory developments, stakeholder expectations, and emerging sustainability imperatives to ensure our strategic priorities remain relevant and future-focused. Simultaneously, internal perspectives are integrated to align material priorities with the Group's strategy, enterprise risks, operational realities, and growth ambitions.

Stakeholder engagement forms a critical pillar of this approach. By actively engaging investors, customers, employees, suppliers, regulators, and community stakeholders, we gain valuable insight into evolving expectations and areas of strategic importance. These perspectives are then balanced against internal assessments of business impact, enabling a structured prioritisation of issues that influence both enterprise performance and stakeholder confidence.

The resulting material topics serve as strategic guideposts for decision-making, capital allocation, risk oversight, sustainability initiatives, and performance management. This ensures that resources are directed toward areas where the Group can create the most meaningful and enduring impact.

ENVIRONMENTAL SCAN

- Economic trends
- Regulatory changes
- ESG expectations
- Industry disruption
- Strategic priorities

1

STAKEHOLDER ENGAGEMENT

- Investors
- Customers
- Employees
- Regulators
- Suppliers
- Communities

2

PRIORITISATION

- Business impact
- Stakeholder importance
- Risk relevance
- Opportunity potential

3

VALIDATION & GOVERNANCE OVERSIGHT

- Management review
- Leadership validation
- Board oversight

4

5

STRATEGIC INTEGRATION

- Strategy
- Risk management
- ESG roadmap
- Capital allocation

6

REVIEW & REFRESH

- Annual reassessment
- Dynamic reprioritising
- Continuous monitoring

Materiality

KEY MATERIAL PRIORITIES

A materiality matrix is a strategic visual tool used to identify, prioritise, and communicate the environmental, social, governance (ESG), economic, and operational issues that matter most to an organisation and its stakeholders. It serves as the bridge between stakeholder expectations and business strategy, helping organisations focus on the issues that have the greatest influence on long-term value creation, resilience, and sustainable performance.

For integrated reporting, sustainability reporting, and ESG disclosures, the materiality matrix has evolved from being a compliance exercise into a strategic management instrument.

The most significant material matters identified during the reporting period include:

Growth and financial resilience

Maintaining strong profitability and disciplined capital allocation amid changing market conditions.

Customer trust and service excellence

Protecting brand confidence through quality, accessibility, and superior stakeholder experiences.

Governance and compliance leadership

Strengthening governance systems amid increasing regulatory expectations.

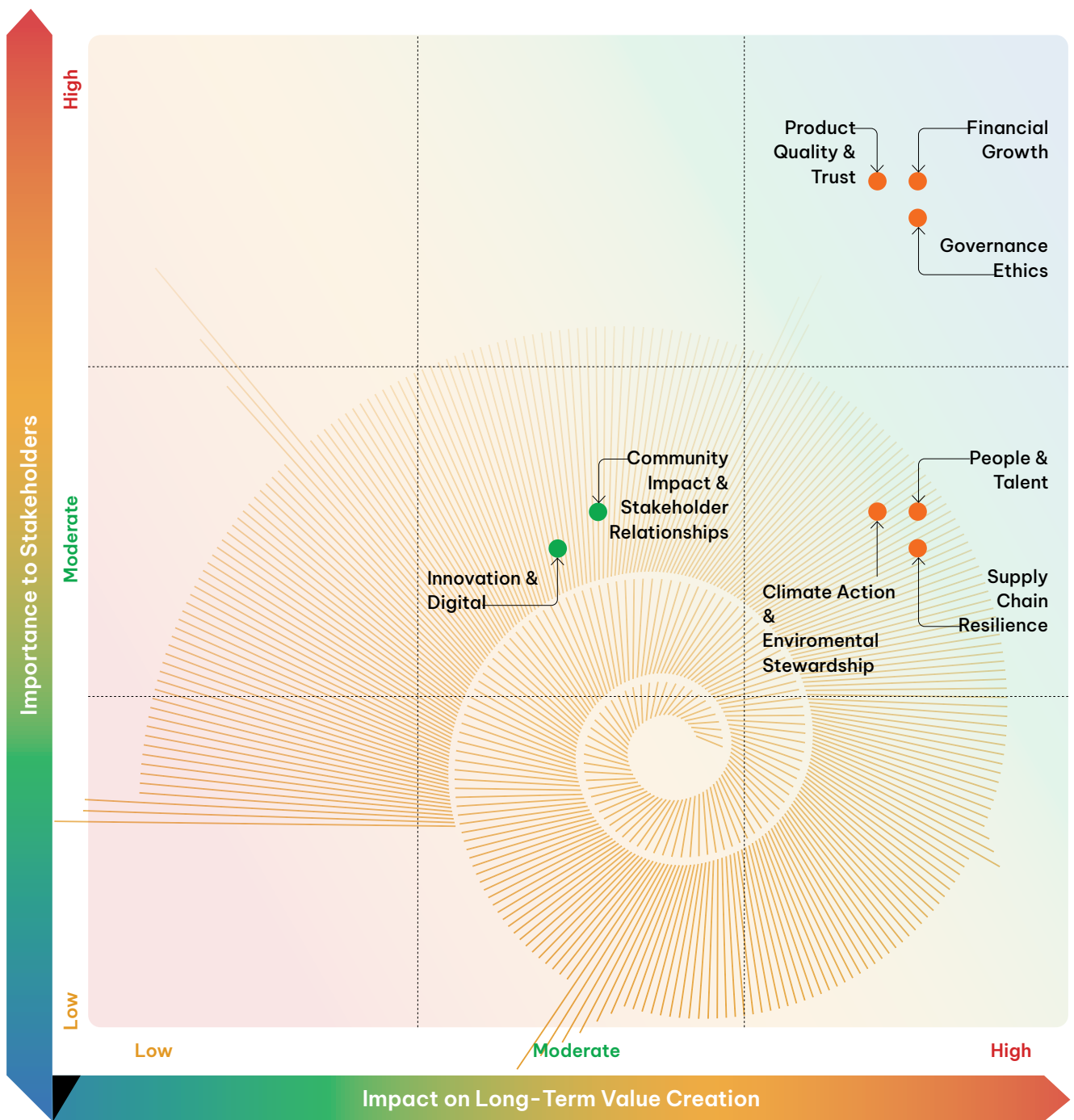
Talent and organisational capability

Investing in people, leadership, and culture to sustain execution excellence.

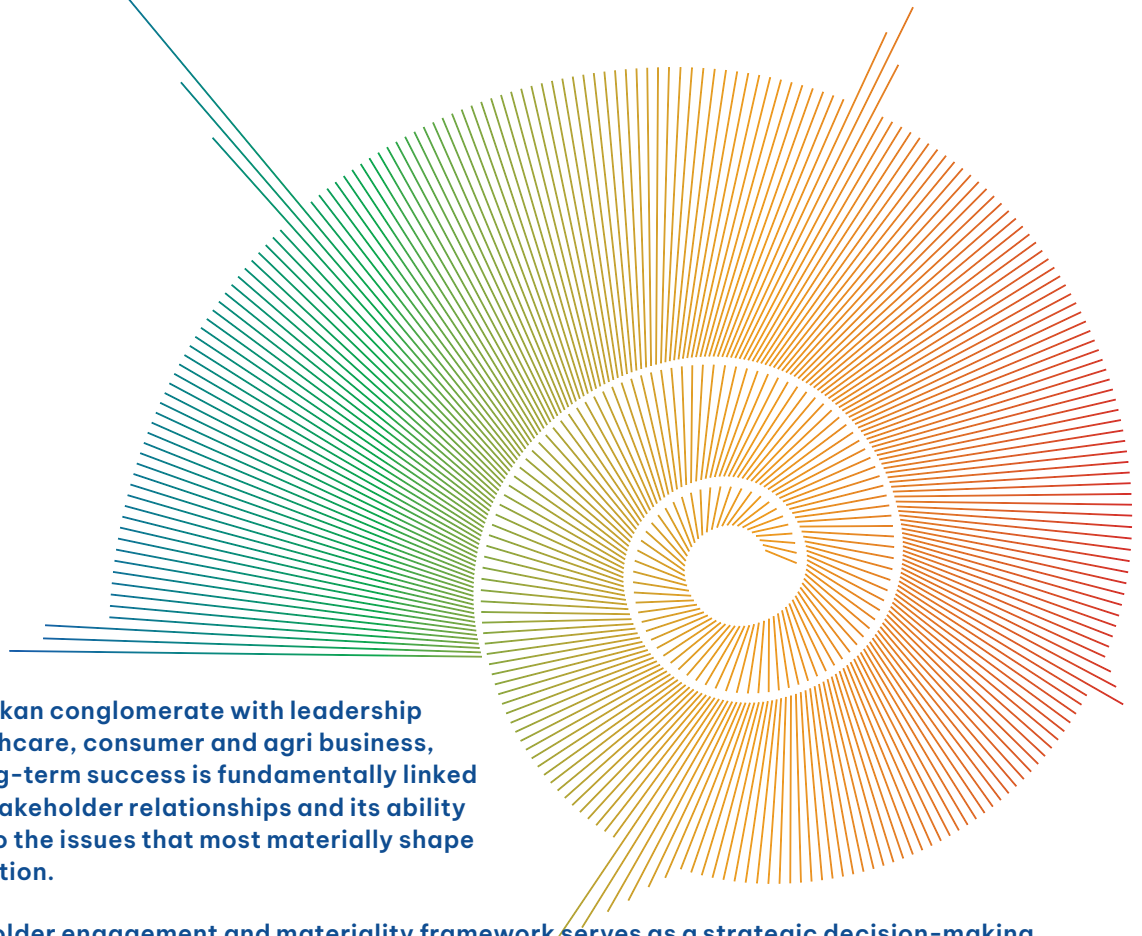
Climate and environmental stewardship

Embedding responsible environmental management into long-term business resilience.

Material Topic	Strategic Scope	Key Stakeholders	Capitals Impacted
Sustainable Financial Growth & Value Creation	Profitability, portfolio performance, capital allocation, shareholder returns, long-term resilience	Shareholders and Investors, Financial Institutions	Financial Social and Relationship Capital
Governance, Ethics & Regulatory Compliance	Corporate governance, ethical conduct, risk oversight, anti-corruption, regulatory adherence	Regulators and policymakers, Shareholders and investors, Suppliers and service partners	
Product Quality, Safety & Customer Trust	Healthcare safety, pharmaceutical integrity, consumer product quality, customer satisfaction, brand trust	Customers, Regulators and policymakers	Social and Relationship Capital, Intellectual Capital
Innovation, Digital Transformation & Operational Excellence	Technology adoption, digital systems, analytics, productivity, business agility, transformation	Customers, employees, Shareholders and investors	Intellectual Capital
People, Talent & Workplace Wellbeing	Talent attraction, employee engagement, leadership development, DEI, workplace health & safety	Employees	Human Capital
Supply Chain Resilience & Responsible Sourcing	Procurement continuity, supplier partnerships, ethical sourcing, supply chain efficiency	Suppliers and service partners, customers	Social and Relationship Capital Natural Capital
Climate Action & Environmental Stewardship	Energy, emissions, water, waste, sustainable agriculture, circular practices	Communities, regulators and policy makers	Natural Capital
Community Impact & Stakeholder Relationships	Social investment, livelihoods, national development contribution, stakeholder engagement, corporate reputation	Communities, ESG and Sustainability Stakeholders	Social and Relationship Capital



Stakeholder Engagement



As a diversified Sri Lankan conglomerate with leadership positions across healthcare, consumer and agri business, Sunshine Holdings' long-term success is fundamentally linked to the strength of its stakeholder relationships and its ability to remain responsive to the issues that most materially shape sustainable value creation.

Our integrated stakeholder engagement and materiality framework serves as a strategic decision-making mechanism that enables the Group to understand evolving expectations, anticipate emerging risks, identify growth opportunities, and align enterprise priorities with the interests of those who influence and are impacted by our operations.

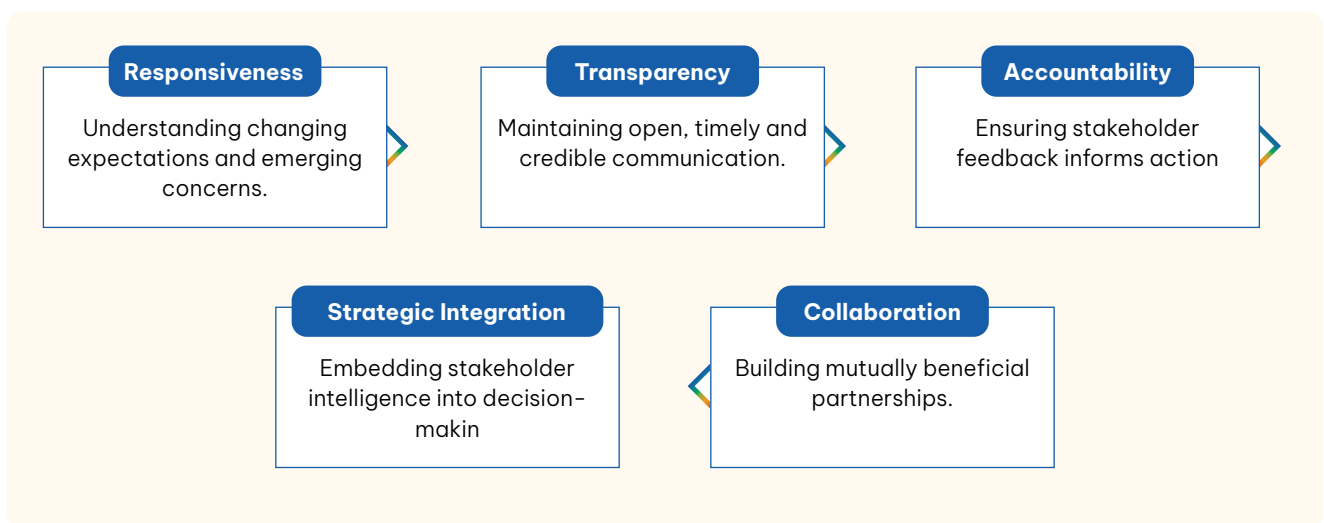
Operating in sectors that directly touch lives from improving healthcare access and consumer wellbeing to strengthening food security and agricultural productivity our responsibility extends beyond business performance. It requires active dialogue, transparent engagement, disciplined governance, and the agility to respond to a rapidly changing operating environment.





OUR APPROACH TO STAKEHOLDER ENGAGEMENT

Rather than viewing stakeholder engagement as a periodic reporting exercise, Sunshine Holdings adopts a continuous and structured approach to stakeholder relationship management.



Stakeholder Engagement

STAKEHOLDER ENGAGEMENT MATRIX

1 CUSTOMERS / PATIENTS / CONSUMERS

Why They Matter

Customers are central to Sunshine’s value creation model. Across healthcare, consumer and agri business operations, trust, accessibility, product quality and service excellence underpin sustained relevance and growth.

Key Expectations

- High-quality products and services
- Affordable healthcare access
- Reliable pharmaceutical availability
- Safe consumer products
- Product innovation
- Ethical marketing
- Responsive customer service
- Digital convenience

Engagement Channels

- Customer care platforms
- Retail touchpoints
- Pharmacy interactions
- Consumer campaigns
- Brand engagement programmes
- Customer satisfaction surveys
- Digital engagement channels
- Complaint resolution mechanisms

Strategic Response

- Strengthening customer experience architecture
- Enhancing product accessibility
- Accelerating digital service innovation
- Maintaining robust quality assurance
- Driving brand trust initiatives

Frequency

Continuous

2 MEDICAL PROFESSIONALS

Why They Matter

Healthcare professionals are critical ecosystem partners whose trust, clinical confidence and engagement influence healthcare delivery outcomes.

Key Expectations

- Product efficacy and quality
- Ethical engagement
- Scientific transparency
- Reliable supply continuity
- Medical education support
- Innovation access

Engagement Channels

- Medical detailing
- Clinical interactions
- Professional forums
- Scientific briefings
- Advisory engagements
- Continuing education initiatives

Strategic Response

- Strengthened clinical engagement
- Ethical promotional governance
- Improved therapeutic portfolio support
- Enhanced service responsiveness

Frequency

Ongoing



3 EMPLOYEES

Why They Matter

People are a core enabler of Sunshine's growth, innovation and operational resilience.

Key Expectations

- Career progression
- Fair rewards
- Leadership access
- Learning opportunities
- Inclusion
- Wellbeing
- Safe workplaces
- Meaningful culture

Engagement Channels

- Performance management
- Employee surveys
- Learning platforms
- Leadership forums
- Internal communication channels
- Grievance mechanisms
- Engagement programmes

Strategic Response

- Talent development
- Leadership pipeline strengthening
- Employee wellbeing enhancement
- Culture transformation
- Capability building

Frequency

Continuous / Periodic



4 PRINCIPALS & STRATEGIC PARTNERS

Why They Matter

Global principals and strategic partners enable innovation, portfolio expansion and competitive differentiation.

Key Expectations

- Commercial excellence
- Governance discipline
- Brand stewardship
- Market execution capability
- Strategic alignment
- Regulatory reliability

Engagement Channels

- Strategic reviews
- Business performance meetings
- Joint planning sessions
- Governance forums
- Commercial reviews

Strategic Response

- Deepened collaboration models
- Strengthened execution excellence
- Enhanced partnership governance


Frequency

Ongoing

Stakeholder Engagement

5

SUPPLIERS & SERVICE PARTNERS



Why They Matter

Operational continuity depends on reliable, ethical and resilient supply relationships.

Key Expectations

- Fair commercial terms
- Timely payments
- Forecast visibility
- Ethical conduct
- Long-term partnerships

Engagement Channels

- Supplier evaluations
- Procurement engagement
- Operational reviews
- Contract management forums

Strategic Response


- Supply chain resilience strengthening
- Supplier governance improvements
- Responsible sourcing initiatives

Frequency

Continuous

6

SHAREHOLDERS & INVESTORS



Why They Matter

Providers of capital and long-term strategic confidence.

Key Expectations

- Sustainable profitability
- Governance excellence
- Transparency
- Strategic clarity
- Disciplined capital allocation
- Growth resilience

Engagement Channels

- AGM
- Annual report
- Investor briefings
- Disclosures
- Corporate communications

Strategic Response

- Enhanced transparency
- Clearer strategic communication
- Improved performance accountability

Frequency

Periodic

7

REGULATORS & POLICYMAKERS



Why They Matter

Regulatory trust is fundamental in healthcare, consumer and agricultural operations.

Key Expectations

- Compliance
- Product safety
- Ethical conduct
- Governance discipline
- Timely reporting

Engagement Channels

- Regulatory submissions
- Compliance engagement
- Industry consultations
- Formal correspondence

Strategic Response

- Stronger governance oversight
- Enhanced compliance systems
- Proactive regulatory engagement

Frequency

Periodic/ Ongoing

8

COMMUNITIES



Why They Matter

As a homegrown enterprise, Sunshine’s social licence depends on positive societal impact.

Key Expectations

- Responsible citizenship
- Community development
- Environmental stewardship
- Ethical conduct
- Inclusive value creation

Engagement Channels

- CSR programmes
- Community consultations
- Outreach initiatives
- Sustainability programmes

Strategic Response

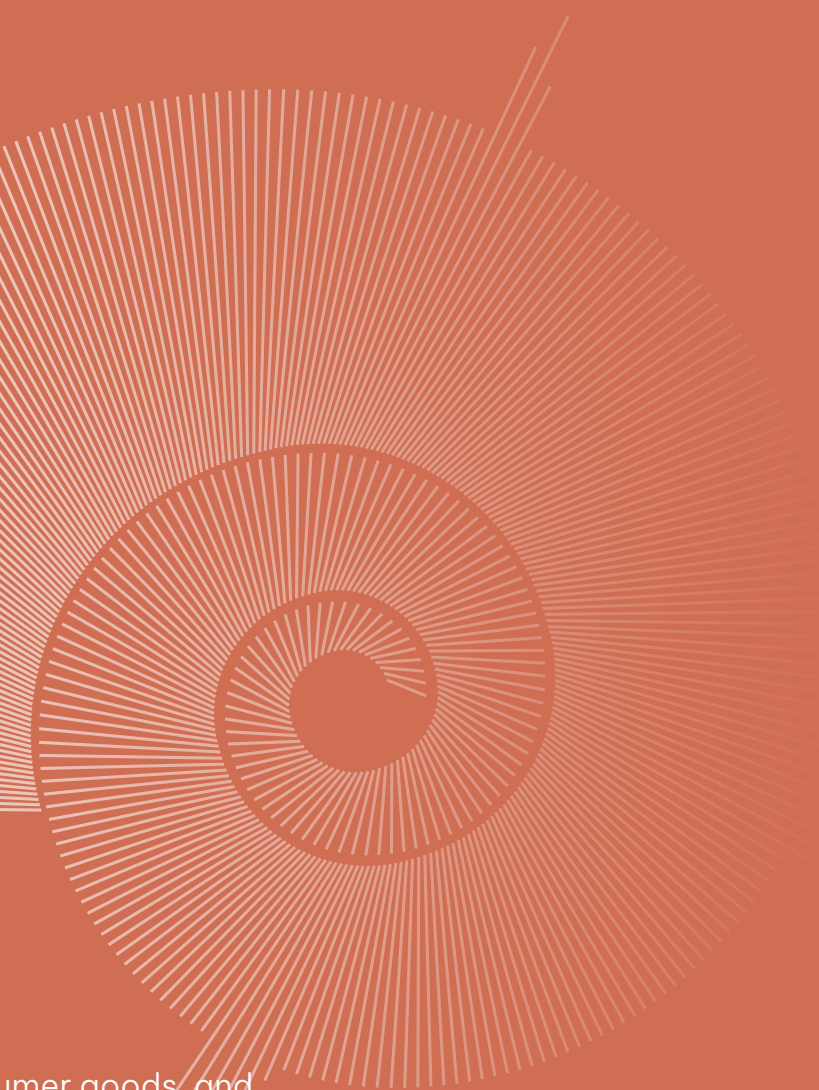
- Strengthened impact programmes
- Community investment prioritisation
- Social trust building

Frequency

Ongoing

Value Creation

Transforming Trust
into Value



Across healthcare, consumer goods, and agri business, trust serves as the foundation of our operations. Trust is more than a legacy it is a catalyst for value creation. Through the effective stewardship of our capitals, we create sustainable outcomes that benefit stakeholders today and into the future.

Pharmaceuticals Segment

Sunshine Healthcare's pharmaceutical business remained the cornerstone of the Healthcare sector during 2025/26, contributing significantly to the Group's growth, profitability and long-term value creation. Operating within a healthcare system that remains predominantly import-driven, the business plays a critical role in ensuring Sri Lanka's continued access to safe, effective and affordable medicines.

As one of Sri Lanka's leading pharmaceutical importers and agency houses, Sunshine Pharmaceuticals serves as the bridge between global healthcare innovators and the local healthcare ecosystem. Leveraging more than five decades of industry expertise, strong regulatory capabilities and enduring relationships with leading pharmaceutical manufacturers, the business continues to deliver trusted healthcare solutions that improve patient outcomes while supporting the country's healthcare needs.



Sector Analysis

PHARMACEUTICAL BUSINESS AT A GLANCE

Key Highlights ▶ FY 2025/26

Core Business ▶	Product registration, importation and marketing of pharmaceuticals and wellness solutions
Market Focus ▶	Retail pharmacies, private hospitals, government institutions and healthcare professionals
Therapeutic Coverage ▶	Diabetes, cardiology, respiratory, gastroenterology, dermatology, pain management and critical care
Quality Standards ▶	NMRA compliant, ISO 9001:2015 certified, WHO GDP compliant
Strategic Strength ▶	Long-standing partnerships with leading global pharmaceutical manufacturers
Value Proposition ▶	Delivering quality, accessibility and affordability in healthcare

A key differentiator of the business is its portfolio of long-standing principal relationships, many of which have been nurtured over several decades. These partnerships reflect Sunshine Pharmaceuticals' reputation as a trusted market enabler capable of navigating complex regulatory environments while delivering strong market access, distribution reach and brand stewardship.

TRUSTED GLOBAL PARTNERSHIPS

Principal	Strategic Implication	Relationship Strength
Zydus Lifesciences	Branded generics and specialty pharmaceuticals	Long-term strategic partner
Novo Nordisk	Insulin and diabetes care solutions	Over 30 years
Cadila Pharmaceuticals	Prescription pharmaceuticals	Established partnership
Glenmark	Prescription pharmaceuticals	Over 30 years
Hilton Pharma	Prescription medicines	Strategic healthcare partner
Galderma	Cetaphil and dermatology solutions	Leading skincare portfolio

Complementing these agency relationships are strategic distribution partnerships that further broaden Sunshine Healthcare's reach across the healthcare spectrum.

BROAD-BASED THERAPEUTIC PORTFOLIO

Therapeutic Segment	Representative Solutions
Diabetes Care	Insulin and diabetes management products
Cardiology	Cardiovascular therapies
Respiratory Care	Asthma and respiratory treatments
Dermatology	Prescription dermatology and skincare solutions
Gastroenterology	Gastroenterology is a medical specialty that focuses on the digestive system and its disorders.
Pain Management	Acute and chronic pain therapies
Critical Care	Hospital and specialist care products
Wellness	Preventive healthcare and consumer wellness products

During the year, the business continued to strengthen its portfolio through new product introductions, expansion of existing agency relationships and active pursuit of new principal partnerships. Particular emphasis was placed on expanding the branded generics segment, which continues to offer an attractive combination of quality, affordability and accessibility amid ongoing industry pricing pressures. Simultaneously, the business

focused on accelerating registration approvals and preparing the market for the launch of innovative therapies that address emerging healthcare trends.

Regulatory excellence remained a defining characteristic of operations. The pharmaceutical business maintained strict adherence to National Medicines Regulatory Authority (NMRA) requirements while continuing to uphold

internationally recognized standards including ISO 9001:2015 Quality Management Systems and WHO Good Distribution Practices (GDP). Robust quality assurance processes, pharmacovigilance systems and governance frameworks ensured that every product distributed met the highest standards of safety, efficacy and quality.

The division's integrated operating model spans the entire pharmaceutical value chain, including regulatory affairs, procurement, importation, inventory planning, supply chain management, tender management, business development, quality assurance, pharmacovigilance and compliance. This end-to-end capability enhances operational agility while strengthening governance and customer responsiveness.

Supply chain resilience remained a strategic priority throughout the year. In response to ongoing geopolitical uncertainties, foreign exchange fluctuations and global logistics disruptions, the business continued to diversify sourcing channels and strengthen relationships across multiple manufacturing markets. This proactive approach enhanced business continuity and ensured the consistent availability of essential medicines to healthcare providers and patients.

The pharmaceutical business also benefited from synergies within the broader Sunshine Healthcare ecosystem. Through close collaboration with Healthguard Distribution (HGD) the pharmaceutical distribution arm of the group, maintains advanced warehousing facilities and island wide distribution capabilities. HGD's robust cold-chain infrastructure, real-time temperature monitoring and stringent storage standards facilitates the standards required for specialized pharmaceutical products. These capabilities continue to reinforce the confidence of global principals while ensuring the integrity of products throughout the distribution network.

STRATEGIC PRIORITIES EXECUTED DURING FY 2025/26

Strategic Priority	Focus Area
Portfolio Expansion	Delays in new product registrations and launches
Principal Development	Pressure on profitability and pricing flexibility
Regulatory Excellence	Increased import and procurement costs
Supply Chain Resilience	Higher operating expenses
Distribution Strengthening	Product availability and lead-time challenges
Quality Leadership	Maintaining world-class compliance and pharmacovigilance standards

KEY CHALLENGES

Despite a stronger operating environment, several industry-specific challenges continued to influence performance.

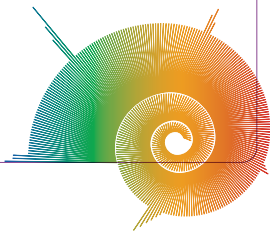
Challenge	Impact
Product registration approval timelines	Delays in new product registrations and launches
Pricing regulations	Pressure on profitability and pricing flexibility
Foreign exchange volatility	Increased import and procurement costs
Rising fuel and logistics costs	Higher operating expenses
Global supply chain disruptions	Product availability and lead-time challenges

FUTURE OUTLOOK

Looking ahead, Sunshine Pharmaceuticals is well positioned to capitalise on emerging opportunities within Sri Lanka's healthcare sector. The business will continue to expand its portfolio, deepen strategic partnerships and strengthen supply chain agility while maintaining uncompromising standards of quality, compliance and patient safety.

Future growth initiatives will focus on entering the oncology segment to address the growing incidence of cancer and increasing demand for specialised therapies. The business also plans to establish a dedicated wellness and preventive healthcare portfolio, reflecting rising consumer interest in proactive health management and disease prevention. In parallel, efforts will continue to accelerate the growth of the dermatology and derma-cosmetic segments while further strengthening nationwide distribution capabilities.

By combining trusted global partnerships, regulatory excellence, operational resilience and a patient-centric approach, Sunshine Pharmaceuticals remains well positioned to reinforce its leadership position while supporting Sri Lanka's evolving healthcare needs and Sunshine Holdings' long-term growth ambitions



Medical Devices Segment



Sector Analysis

SCOPE AND STRUCTURE

KEY ACTIVITIES

The Medical Devices segment operates as a specialized healthcare solutions business focused on the importation, distribution, and technical support of diagnostic & surgical technologies across Sri Lanka's healthcare sector. The segment provides medical technologies and equipment to government hospitals and healthcare institutions, private hospitals and laboratories, diagnostic and clinical care providers, and specialized healthcare facilities.

Its portfolio spans a broad range of healthcare technologies and devices, including:

- Diagnostic and laboratory equipment
- Critical care and hospital equipment
- Consumables and healthcare support products
- Specialized medical technologies for institutional healthcare settings

In addition to equipment supply, the segment provides:

- Installation and commissioning support
- Technical maintenance and after-sales service
- Clinical application support and customer training
- Equipment lifecycle management services

The segment operates through strategic partnerships with international medical technology manufacturers such as Siemens Healthineers, 3M Healthcare (Solventum), GE Healthcare, Johnson & Johnson Med tech etc etc, enabling access to advanced healthcare technologies while supporting the modernization of Sri Lanka's healthcare infrastructure.

Enhancing the nation's healthcare infrastructure by providing cutting-edge medical and diagnostic technologies that enable early detection, precision care, and improved patient outcomes across the healthcare continuum.

DETAILS OF STRUCTURE

The Medical Devices segment functions as a specialized business platform within Sunshine Healthcare, combining product distribution, technical expertise, and service support capabilities.

Its operating model integrates:

- Supplier and principal relationship management
- Healthcare equipment distribution
- Technical engineering and maintenance services
- Institutional sales and project support

The business serves both public and private healthcare sectors, supporting hospitals, laboratories, and healthcare institutions through long-term equipment partnerships and service agreements.

The segment's technical support infrastructure enables it to provide ongoing operational and maintenance support for installed medical equipment, strengthening customer relationships while supporting the continuity of healthcare services.

As part of Sunshine Healthcare's broader healthcare ecosystem, the segment benefits from the Group's established industry relationships, operational infrastructure, and healthcare market presence.

OPERATING LANDSCAPE

CONTEXT TO PERFORMANCE

The Medical Devices segment operated within an evolving healthcare environment shaped by increasing demand for advanced medical technologies, healthcare infrastructure development, and continued modernization across both public and private healthcare sectors.

Demand for diagnostic and clinical technologies remained supported by:

- Expansion of private healthcare services
- Increasing investment in healthcare infrastructure
- Rising focus on diagnostic accuracy and patient care standards
- Growing demand for technologically advanced healthcare solutions

Within this environment, the segment continued to strengthen its presence across institutional healthcare channels while supporting healthcare providers with both equipment and technical expertise.

MARKET CHALLENGES

The segment operated amidst several industry and operational challenges during the year under review:

– Foreign Exchange and Import Cost Pressures

Currency fluctuations and rising import costs continued to affect medical equipment procurement and pricing structures

– Capital-Intensive Procurement Environment

Healthcare institutions remained cautious in capital expenditure decisions due to broader economic conditions

– Extended Procurement and Tender Cycles

Government and institutional procurement processes continued to require long lead times and complex approval structures

– Technical Service Requirements

Increasing technological sophistication of medical equipment required ongoing investment in technical expertise and support capabilities

– Supply Chain Constraints

Global supply chain disruptions and extended lead times affected equipment availability and delivery timelines across certain categories

Despite these challenges, demand for essential healthcare technologies and diagnostic equipment remained resilient.

OPPORTUNITIES IN THE MARKET

The evolving healthcare landscape continues to create long-term opportunities for the segment:

– **Healthcare Infrastructure Expansion**

Ongoing investment in hospitals, laboratories, and diagnostic facilities continues to support demand for medical technologies

– **Increasing Demand for Advanced Diagnostics**

Growing emphasis on early diagnosis and clinical efficiency is driving demand for modern diagnostic equipment

– **Technology Upgrades within Healthcare Institutions**

Both public and private healthcare providers continue to modernize healthcare infrastructure and replace aging equipment

– **After-Sales Service and Maintenance Opportunities**

Increasing installed equipment bases create recurring opportunities for technical service and maintenance support

– **Growth in Specialized Healthcare Services**

Expansion of specialized healthcare and laboratory services supports demand for higher-value medical technologies

These trends position the segment to strengthen its role as a healthcare technology solutions provider within Sri Lanka's healthcare sector.

OPERATIONAL HIGHLIGHTS

- Continued expansion of partnerships with international medical technology providers
- Strengthened presence across institutional healthcare and diagnostic sectors
- Maintained continuity of technical support and maintenance services across installed equipment bases
- Supported healthcare providers through equipment supply, installation, and after-sales service capabilities
- Enhanced technical and operational capabilities to support evolving healthcare technology requirements

STRATEGIES

KEY STRATEGIES

The segment's strategic focus during the year centered on strengthening technology partnerships, expanding institutional reach, and enhancing service capabilities.

Key strategic priorities included:

- Expanding relationships with global medical technology principals
- Strengthening penetration across private and government healthcare institutions
- Enhancing technical service and maintenance capabilities
- Supporting healthcare providers through integrated equipment and service solutions
- Expanding presence in diagnostic and specialized healthcare categories
- Improving operational responsiveness and project execution capabilities

These initiatives support the segment's long-term objective of strengthening its role within Sri Lanka's evolving healthcare infrastructure ecosystem.



KEY STRENGTHS

MARKET POSITIONING / COMPETITIVE EDGE

The segment's market position is supported by several core strengths:

- Established relationships with international medical technology manufacturers
- Strong presence across institutional healthcare channels
- Integrated technical support and after-sales service capabilities
- Specialized expertise in healthcare equipment and diagnostics
- Ability to support healthcare providers through end-to-end equipment solutions
- Long-standing operational presence within Sri Lanka's healthcare sector

FUTURE OUTLOOK

Going forward, the segment will continue to focus on strengthening its position as a healthcare technology and solutions provider through:

- Expansion of healthcare technology partnerships
- Increased focus on advanced diagnostics and specialized healthcare equipment
- Strengthening technical service infrastructure and engineering capabilities
- Enhancing institutional healthcare penetration across public and private sectors
- Expanding recurring service and maintenance revenue streams
- Supporting healthcare modernization initiatives across Sri Lanka

The long-term outlook for the Medical Devices segment remains positive, supported by continued healthcare infrastructure development, increasing demand for advanced diagnostics, and ongoing modernization across Sri Lanka's healthcare sector.

As healthcare providers continue to invest in technology-enabled patient care and diagnostic capabilities, the segment is well-positioned to support evolving institutional healthcare requirements through its combination of equipment expertise, technical support capabilities, and strategic supplier partnerships.

Future growth is expected to be driven by the increasing adoption of advanced medical technologies, the expansion of healthcare infrastructure, and the strengthening of long-term institutional relationships across both public and private healthcare sectors.

Healthguard Distribution



SCOPE AND STRUCTURE

KEY ACTIVITIES

Healthguard Distribution operates as the Group's dedicated healthcare distribution platform, delivering integrated logistics, sales, and market access solutions across Sri Lanka's pharmaceutical & wellness sector. The segment ensures the seamless movement of pharmaceutical and healthcare products from importation to retail availability.

Core activities include:

- Nationwide pharmaceutical sales and distribution
- Warehousing and inventory management
- Last-mile delivery to pharmacies, hospitals, and healthcare retailers
- Distribution for Group entities and third-party principals
- Supply chain coordination and execution support

A defining feature is the "Port-to-Pharmacy"(P2P) integrated model, enabling seamless end-to-end healthcare logistics solutions covering port clearance, warehousing, sales order fulfilment, and nationwide distribution.

DETAILS OF STRUCTURE

Component	Description
Operating Role	Distribution backbone of Sunshine Healthcare
Business Model	Hybrid – Internal support + Third-party distribution
Logistics	Centralized warehousing with nationwide delivery
Sales Infrastructure	Dedicated sales and channel execution teams
Coverage	Island-wide pharmacy and healthcare network
Technology	Integrated reporting and data visibility systems
Client Base	Group companies + external principals

Enabling better healthcare delivery through innovative medical technology that enhance patient care and clinical excellence.

OPERATING LANDSCAPE

CONTEXT TO PERFORMANCE

The sector operated in a cost-sensitive and regulated environment, with pricing controls and rising logistics costs compressing margins. Despite these pressures, demand remained resilient due to the essential nature of pharmaceutical distribution.

The segment continued to strengthen its role as a centralized, scalable distribution partner for both established and emerging pharmaceutical principals.

MARKET CHALLENGES

Challenge	Impact
Pricing Adjustments	Reduced value of distributed products, impacting margins
Rising Logistics Costs	Increased fuel, transport, and warehousing expenses
Cost Sensitivity	High operational leverage affecting profitability
Macroeconomic Pressures	Inflation driving overall operating expenditure

MARKET OPPORTUNITIES

Opportunity	Strategic Implication
Integrated Distribution Demand	Shift from fragmented to centralized models
Third-Party Expansion	New revenue streams via external principals
Data & Visibility Needs	Value-added reporting capabilities
Adjacent Channel Growth	Entry into wellness and cosmetic distribution

OPERATIONAL HIGHLIGHTS

- Established the foundation for the “Port-to-Pharmacy” (P2P) model, enhancing the capability to deliver seamless end-to-end healthcare logistics solutions to pharmaceutical and wellness importers and manufacturers.
- Expanded the client portfolio through onboarding of Micro Healthcare (Pvt) Ltd and Pharma Associates.
- Launched the GT Cosmetics channel supported by a dedicated sales team led by a National GTM & Channel Manager and On-the-Spot Delivery (OTSD) capability.
- Relocation of the Western Regional Distribution Centre to a fully compliant warehouse facility in Mattakkuliya with 2,200 CBM capacity.
- Achieved ISO 9001:2015 and Good Distribution Practices (GDP) certification across all Regional Distribution Centres.
- Received multiple industry accolades during FY26, including recognition as the Best Supply Chain Practicing Organization by the Institute of Supply and Material Management (ISMM) and awards for Customer Service and Digital Transformation at the Chartered Institute of Logistics and Transport (CILT) Awards 2025.

STRATEGIES

KEY STRATEGIES

Strategic Focus Area	▶ Key Actions
Revenue Diversification	▶ Expand third-party principal portfolio
Differentiation	▶ Strengthen integrated distribution model
Operational Efficiency	▶ Optimize logistics and warehousing
Data & Analytics	▶ Enhance reporting and visibility tools
Market Expansion	▶ Enter wellness and cosmetic channels

KEY STRENGTHS

MARKET POSITIONING / COMPETITIVE EDGE

- End-to-end integrated distribution capabilities
- Established nationwide logistics network
- Scalable platform serving both internal and external clients
- Strong execution across pharmacy and healthcare channels
- Advanced reporting and transparency systems
- Deep sector expertise and long-standing market presence

FUTURE STRATEGY

Focus Area	▶ Forward Actions
Client Expansion	▶ Grow third-party partnerships
Model Penetration	▶ Deepen integrated distribution adoption
Channel Diversification	▶ Expand into wellness and cosmetics
Technology Enhancement	▶ Strengthen digital reporting platforms
Cost Optimization	▶ Improve efficiency across operations

OUTLOOK

The healthcare distribution landscape is expected to remain operationally demanding, with continued pressure from rising logistics and supply chain costs. However, increasing demand for centralized and integrated distribution solutions is expected to support long-term growth opportunities within the sector. With its established infrastructure, nationwide reach, and scalable operating model, Healthguard Distribution remains well-positioned to strengthen its role within Sri Lanka's healthcare supply chain ecosystem. The segment will continue to focus on expanding strategic partnerships, improving operational efficiencies, and enhancing service capabilities to support sustainable growth and long-term value creation for the Group.

Retail Segment



Sector Analysis

SCOPE AND STRUCTURE

KEY ACTIVITIES

The Retail segment operates as Sunshine Healthcare's consumer-facing healthcare platform, providing pharmaceutical, wellness, personal care and other healthcare products directly to consumers through its retail pharmacy network.

The segment's operations are centered around:

- Retail pharmacy operations
- Dispensing of prescription medication
- Consumer healthcare and wellness retailing
- Personal care and beauty product sales
- Customer engagement and loyalty-driven retail initiatives

The retail portfolio spans a broad range of healthcare and consumer categories, including:

- Prescription pharmaceuticals
- Over-the-counter medication
- Vitamins and nutritional supplements
- Wellness and preventive healthcare products
- Personal care and cosmetic products
- Medical and healthcare consumables

The segment operates through the Healthguard Pharmacy network, which serves as a key healthcare access point for consumers while supporting Sunshine Healthcare's broader integrated healthcare ecosystem.

Beyond traditional pharmacy retailing, the segment continues to strengthen its positioning as a broader health and wellness destination by integrating convenience, accessibility, and customer-centric healthcare services into its retail model.

Redefining the modern pharmacy experience through an integrated health and wellness platform that combines trusted healthcare products, professional guidance, digital convenience, and personalised customer care to meet the evolving needs of consumers.

DETAILS OF STRUCTURE

The Retail segment operates through a network of pharmacies strategically located across urban and high-footfall locations in Colombo district, Sri Lanka. The business combines retail operations, pharmacy services and healthcare product accessibility within a centralized operating framework.

Its structure integrates:

- Retail pharmacy operations
- Product sourcing and merchandising
- Inventory and supply chain coordination
- Customer engagement and loyalty management
- Healthcare advisory and pharmacy support services

The segment benefits from operational integration with Sunshine Healthcare's pharmaceutical and distribution businesses, enabling stronger supply continuity, portfolio access, and responsiveness to changing consumer demand patterns.

This integrated model supports:

- Improved product availability
- Faster market responsiveness
- Greater operational coordination across the healthcare value chain
- Enhanced consumer access to healthcare and wellness products

The segment continues to expand its retail proposition beyond conventional pharmacy retail by increasing its focus on wellness, beauty, preventive healthcare, and consumer healthcare categories.

OPERATING LANDSCAPE

CONTEXT TO PERFORMANCE

The Retail segment operated within a dynamic consumer and healthcare environment during the year under review. Consumer demand remained supported by continued healthcare needs, increasing awareness of wellness and preventive healthcare, and growing preference for organized pharmacy retail channels.

At the same time, the operating environment continued to be influenced by inflationary pressures, changing consumer spending patterns, and increasing competition within the retail healthcare landscape.

Despite these challenges, the segment continued to strengthen customer engagement and maintain its position within Sri Lanka's organized healthcare retail sector.

MARKET CHALLENGES

The segment faced several operational and market-related challenges during the year:

– Pressure on Consumer Spending

Inflationary conditions and rising living costs continued to influence purchasing behavior across discretionary retail categories

– Margin Pressure

Competitive pricing environments and cost increases across retail operations affected profitability

– Rising Operating Costs

Rental, utility, staffing, and logistics-related expenses continued to increase across the retail network

– Changing Consumer Preferences

Consumers increasingly sought convenience, product accessibility, and value-driven purchasing experiences

– Inventory and Supply Chain Pressures

Ensuring product availability across pharmaceutical and wellness categories remained critical within a fluctuating supply environment

– Uneven Competitive Dynamics in a Regulated Market

Healthguard has built a strong reputation for trust, integrity, and regulatory compliance among its customers, healthcare professionals, and regulatory authorities over many years. As a responsible corporate citizen, the Company maintains the highest standards of adherence to applicable regulations and industry requirements.

While this commitment reinforces stakeholder confidence and strengthens the sustainability of our business, it also presents challenges in navigating an increasingly stringent regulatory environment. Requirements such as the 250-metre proximity restriction for pharmacy locations and regulations governing the home delivery of medicines by qualified pharmacists etc. can limit the pace of expansion and the implementation of certain growth initiatives.

Nevertheless, Healthguard remains committed to operating responsibly and in full compliance while continuing to explore opportunities to enhance healthcare accessibility and service excellence.

Notwithstanding these challenges, Healthguard demonstrated remarkable resilience during the year, leveraging its trusted market position, operational strengths, and commitment to responsible business practices to sustain growth and reinforce its leadership in the healthcare retail sector.

OPPORTUNITIES IN THE MARKET

The evolving healthcare and consumer landscape continues to create long-term growth opportunities for the segment:

– Growth in Preventive Healthcare and Wellness

Rising consumer focus on wellness, nutrition, and preventive care continues to expand demand beyond traditional pharmaceuticals

– Expansion of Organized Pharmacy Retail

Increasing consumer preference for trusted and professionally managed pharmacy chains supports sector growth

– Cross-Selling Opportunities

Broader healthcare, wellness, and beauty categories provide opportunities to increase basket size and customer engagement

– Customer Loyalty and Engagement

Stronger customer relationship initiatives and personalized healthcare experiences support repeat visitation and long-term retention

– Healthcare Accessibility

Retail pharmacies continue to play an increasingly important role as accessible healthcare touchpoints for consumers

These trends support the segment's transition toward a more integrated health and wellness retail model.

OPERATIONAL HIGHLIGHTS

- Continued strengthening of the Healthguard retail pharmacy network
- Expanded focus on wellness, personal care, and consumer healthcare categories
- Maintained product accessibility and supply continuity across retail locations
- Enhanced customer engagement through improved retail experience and service delivery
- Strengthened positioning within Sri Lanka's organized healthcare retail sector

STRATEGIES

KEY STRATEGIES

The segment's strategic priorities during the year focused on strengthening retail efficiency, enhancing customer experience, and expanding wellness-driven growth opportunities.

Key strategic initiatives included:

- Driving growth by expanding our preventive healthcare, wellness, and personal care portfolio, with a strategic focus on high-potential market segments
- Enhancing customer experience across retail touchpoints
- Improving operational efficiency and inventory management
- Strengthening pharmacy-led healthcare positioning
- Leveraging integrated supply chain capabilities across the Sunshine Healthcare ecosystem

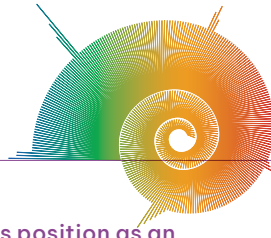
The segment also continued to strengthen its retail proposition by balancing healthcare accessibility with evolving consumer lifestyle and wellness preferences.

KEY STRENGTHS

MARKET POSITIONING / COMPETITIVE EDGE

The segment's competitive position is supported by several core strengths:

- Established retail pharmacy brand presence
- Integrated access to Sunshine Healthcare's pharmaceutical and distribution network
- Strong positioning within healthcare and wellness retail categories
- Broad consumer product portfolio spanning healthcare, wellness, and personal care
- Trusted pharmacy and healthcare service capabilities
- Strategic retail footprint across key consumer locations



FUTURE OUTLOOK

The segment will continue to strengthen its position as an integrated healthcare and wellness retail platform through:

- Expansion of wellness and preventive healthcare offerings
- Strengthening customer engagement and loyalty initiatives
- Enhancing pharmacy-led healthcare services
- Improving retail operational efficiencies
- Expanding higher-margin personal care and wellness categories
- Leveraging data and consumer insights to strengthen retail responsiveness

The segment will also continue adapting its retail model to evolving consumer healthcare preferences and lifestyle trends.

The long-term outlook for the Retail segment remains positive, supported by increasing healthcare awareness, growing demand for wellness products, and continued consumer preference for organized pharmacy retail formats.

As healthcare and wellness continue to converge, the segment is well-positioned to strengthen its role as a trusted consumer healthcare platform through its integrated healthcare ecosystem, established retail presence, and expanding wellness proposition.

Future growth is expected to be supported by stronger customer engagement, category expansion, and the continued evolution toward a broader health and wellness retail model.

Pharma Manufacturing Segment

A vital pillar of the nation's healthcare ecosystem, our pharmaceutical manufacturing business strengthens healthcare security through the local production of high-quality medicines, reducing reliance on imports, enhancing accessibility, and supporting the health and well-being of communities across Sri Lanka.



Sector Analysis

SCOPE AND STRUCTURE

KEY ACTIVITIES

The Pharma Manufacturing segment represents the Group's strategic entry into local pharmaceutical manufacturing, strengthening Sunshine Healthcare's position as an integrated healthcare solutions provider across the value chain.

Operating under Lina Manufacturing, the segment is primarily engaged in the:

- Research and development of pharmaceutical formulations
- Local manufacturing of respiratory and pharmaceutical products
- Contract development and manufacturing for third-party pharmaceutical companies
- Supply of pharmaceutical products to both government and private healthcare sectors
- Production scaling and formulation optimization to support national healthcare demand

The business has established a strong presence in the respiratory therapeutics category, with specific strength in inhalation-based therapies. Lina Manufacturing is currently the only metered-dose inhaler (MDI) manufacturer in Sri Lanka, positioning the segment within a strategically important and highly specialized pharmaceutical category.

In addition to inhalation therapies, the segment's manufacturing capabilities extend across:

- Metered dose inhaler products
- Dry powder inhalation products
- Inhalation device
- Tablet formulations
- Nasal sprays
- Cream and topical formulations

The segment also expanded its role as a contract manufacturing partner, supporting regional and local pharmaceutical companies through outsourced manufacturing arrangements.

DETAILS OF STRUCTURE

Lina Manufacturing was originally established in 2011 with a vision to commercialize locally developed pharmaceutical research, particularly in respiratory care. The business became part of Sunshine Healthcare following the Group's merger with Akbar Brothers in 2021, enabling Sunshine to strengthen its presence across the healthcare supply chain.

The acquisition addressed a key strategic gap within the Group by adding:

- Local pharmaceutical manufacturing capability
- Research and formulation development capacity
- Greater integration across sourcing, manufacturing, distribution, and retail

With the inclusion of manufacturing operations, Sunshine Healthcare now operates across multiple stages of the healthcare value chain, including imports, sales, distribution, retail, and manufacturing.

The segment currently operates as a fully integrated manufacturing platform serving:

- Government healthcare procurement programs
- Private healthcare institutions
- Contract manufacturing partners
- Retail pharmaceutical channels

OPERATING LANDSCAPE

CONTEXT TO PERFORMANCE

The local pharmaceutical manufacturing industry continued to gain strategic importance during the year under review, supported by increasing national focus on import substitution, healthcare security, and local production capabilities.

Government policy direction remained favorable toward domestic manufacturers, particularly for essential medicines supplied through the public healthcare system. This created a supportive operating environment for established local manufacturers with proven manufacturing capabilities and scalable production infrastructure.

Within this context, the segment continued its strong growth trajectory while strengthening operational scale and improving supply fulfillment capabilities.

MARKET CHALLENGES

Despite favorable industry dynamics, the segment operated within a challenging environment influenced by several factors:

– Dependence on Government Procurement Cycles

A significant portion of industry demand continued to be linked to annual government procurement programs and purchasing decisions

– Production Scale Requirements

Meeting increasing national demand required rapid scaling of manufacturing capacity and operational throughput

– Operational and Cost Pressures

Manufacturing operations continued to experience pressure from rising input, utility, and operational costs

– Need for Portfolio Diversification

Historically, the business maintained a stronger concentration within government-linked demand channels, creating the need to strengthen private sector participation.

The segment responded to these challenges through capacity enhancements, operational improvements, and market diversification initiatives.

OPPORTUNITIES IN THE MARKET

The segment identified several long-term opportunities within Sri Lanka's evolving pharmaceutical landscape:

– Growing National Focus on Local Manufacturing

Increased government emphasis on domestically manufactured pharmaceuticals continues to support long-term sector growth

– Import Substitution Potential

Expanding local production capabilities provides opportunities to reduce dependency on imported pharmaceutical products

– Private Sector Expansion

Increasing penetration into private healthcare and retail channels creates opportunities for revenue diversification

– Contract Manufacturing Growth

Rising demand from regional and local pharmaceutical companies for outsourced manufacturing support strengthens the segment's contract manufacturing potential

– Specialized Respiratory Product Leadership

The segment's position as the country's only MDI manufacturer provides a differentiated competitive advantage within respiratory therapeutics

These opportunities support the segment's long-term strategy of scaling operations while strengthening market diversification.

OPERATIONAL HIGHLIGHTS

- Continued strong revenue growth, scaling from approximately LKR 500 Mn at the acquisition stage to a business exceeding LKR 4 Bn at present.
- Secured full-year government purchase orders during the year under review
- Achieved 100% fulfillment of government supply requirements for the first time since integration into Sunshine Healthcare
- Expanded manufacturing throughput through operational scaling initiatives, including round-the-clock production for key respiratory products
- Expanded private sector contribution through contract manufacturing partnerships with regional and local pharmaceutical companies

The segment also strengthened its contract manufacturing portfolio through partnerships with companies including:

- Kalbe Pharma, Indonesia
- Zydus Cadila, India
- Local pharmaceutical partners within Sri Lanka

STRATEGIES

KEY STRATEGIES

The segment's strategic focus during the year centered on scaling manufacturing capabilities, diversifying revenue streams, and strengthening market presence beyond government procurement channels.

Key strategic priorities included:

- Enhancing production capacity to meet increasing healthcare demand
- Expanding private sector and retail market penetration
- Strengthening contract manufacturing operations through regional and local partnerships
- Improving manufacturing efficiency and throughput across core production lines
- Reducing concentration risk by diversifying revenue contribution across customer segments
- Strengthening the respiratory therapeutics portfolio while expanding broader formulation capabilities

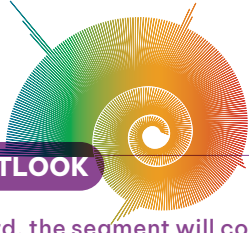
The segment also continued to invest in operational scalability to support future growth opportunities within local pharmaceutical manufacturing.

KEY STRENGTHS

MARKET POSITIONING / COMPETITIVE EDGE

Several key strengths support the segment's competitive positioning:

- Established position within Sri Lanka's growing pharmaceutical manufacturing sector
- Only local manufacturer of metered-dose inhalers in the country
- Integrated manufacturing capabilities across multiple dosage formats
- Strong relationships within the government healthcare procurement ecosystem
- Expanding contract manufacturing platform serving regional and local pharmaceutical companies
- Integration within Sunshine Healthcare's broader healthcare value chain, including distribution and retail access
- Proven ability to scale production capacity in response to market demand



FUTURE OUTLOOK

Going forward, the segment will continue to focus on strengthening its position as a leading local pharmaceutical manufacturer through:

- Expansion of manufacturing capacity and operational scale
- Growth of contract manufacturing partnerships
- Increased penetration into private healthcare and retail channels
- Diversification of the product portfolio beyond respiratory therapies
- Strengthening formulation development and manufacturing capabilities
- Enhancing operational efficiency and production reliability

The segment also aims to further reduce dependence on single-channel revenue streams by building a more balanced presence across government, private, and export-oriented opportunities.

Sri Lanka's pharmaceutical manufacturing industry is expected to continue evolving as healthcare systems place greater emphasis on local production, supply continuity, and cost efficiency. Against this backdrop, Pharma Manufacturing remains strategically positioned to benefit from increasing demand for domestically manufactured pharmaceutical products.

With its specialized respiratory manufacturing capabilities, expanding production scale, and integrated healthcare ecosystem, the segment is well-positioned to strengthen its contribution to both Sunshine Healthcare and the broader national healthcare sector.

Future growth is expected to be supported by manufacturing expansion, increasing private sector participation, and the continued development of strategic contract manufacturing partnerships.

Tea Segment



Sector Analysis

SCOPE AND STRUCTURE

KEY ACTIVITIES

The Tea business operates as Sunshine Holdings' domestic branded tea operation, focused on product development, brand management, marketing, distribution, and consumer engagement across Sri Lanka.

The business caters to multiple consumer segments through a diversified portfolio comprising Zesta, Watawala, and Ran Kahata, enabling the business to address premium, mass-market, and value-oriented consumer preferences respectively. Its activities include brand-building, channel management, retail execution, category development, and maintaining consistent product quality across the portfolio.

During the year under review, the business continued to strengthen its market presence through sustained brand investment, broad retail penetration, and focused execution across general trade and modern trade channels. The business maintained strong consumer traction amidst changing shopping behaviours and evolving consumption patterns, supported by consistent product availability and trusted brand positioning.

The business also continued to focus on enhancing product presentation, strengthening quality assurance processes, and improving operational coordination to support long-term brand equity and customer retention within the highly competitive branded tea category.

Leveraging Sri Lanka's rich tea heritage to create premium products that resonate with consumers globally, while driving value through brand strength, market diversification, innovation, and sustainable sourcing practices.

STRUCTURE OVERVIEW

The Tea business operates under Sunshine Consumer Brands and is responsible for managing the Group's domestic branded tea portfolio across Sri Lanka. The business oversees sales, marketing, distribution management, channel execution, and consumer engagement activities related to the tea category.

Operations are supported by an extensive islandwide distribution network comprising 98 distributors and channel management teams servicing general trade, standalone supermarkets, and modern trade channels.

Its brand portfolio is strategically positioned across multiple Price tiers, enabling broad market coverage and strong household penetration across diverse consumer segments. Zesta serves the premium tea segment, Watawala addresses the mass-market category, while Ran Kahata caters to value-conscious consumers.

The business also maintains a strong presence across modern trade channels through dedicated account management and retail execution strategies aimed at strengthening visibility, availability, and weighted distribution across key retail touchpoints.

OPERATING LANDSCAPE

CONTEXT TO PERFORMANCE

The domestic tea market continued to operate within a dynamic consumer environment shaped by changing purchasing behaviour, channel shifts, and evolving value expectations. Despite broader economic pressures, tea remained an essential household staple within Sri Lanka, supporting relatively stable consumption patterns across consumer segments.

The Tea business sustained its leadership position within the branded tea category through strong market visibility, extensive retail presence, and a differentiated multi-brand portfolio catering to varying price points and consumer preferences. Continued focus on product quality, affordability, and availability enabled the business to sustain consumer confidence and market relevance throughout the year.

The business also benefited from the growing importance of modern trade and organised retail channels, where consumers increasingly prioritised convenience, product variety, and trusted brands. In parallel, the business continued strengthening weighted distribution and outlet-level execution to maintain high levels of household penetration across the country.

MARKET CHALLENGES

The domestic tea category continued to experience pricing pressures arising from input cost volatility, packaging material cost increases, and broader inflationary conditions affecting consumer purchasing power. Maintaining affordability while preserving product quality, remained a key operational and commercial priority throughout the year.

The business also operated within an increasingly competitive branded tea landscape where sustaining market leadership required continued investment

in visibility, retail execution, and consumer engagement. As consumer preferences evolved, the business also needed to continuously strengthen product presentation and maintain clear brand differentiation across multiple consumer tiers.

Changing retail dynamics, including the increasing influence of modern trade and evolving shopper expectations around convenience and value, further required the business to adapt channel strategies and strengthen in-store execution capabilities.

OPPORTUNITIES IN THE MARKET

The Tea business continues to see opportunities through deeper household penetration, strengthened weighted distribution, and continued growth within modern trade and organised retail channels.

The increasing consumer preference for trusted, quality-assured brands presents opportunities for sustained branded tea growth, particularly across premium and convenience-led formats. The business also sees potential in strengthening consumer engagement through improved packaging, enhanced visibility, and targeted category-building initiatives across retail channels.

Its multi-tiered brand portfolio provides opportunities to cater to a broad spectrum of consumer segments while adopting to evolving affordability dynamics and purchasing behaviour within the domestic market.

Supported by strong brand recognition, extensive distribution reach, and established market positioning, the Tea business remains well positioned to sustain long-term category leadership within Sri Lanka's branded tea market.



OPERATIONAL HIGHLIGHTS

- The Tea category strengthened its leadership, reaching a 48% branded market share.
- Growth was driven by stronger brand equity, effective distribution, and continued investment in innovation and consumer engagement.
- Watawala sustained its momentum with a third consecutive year of growth, reinforcing its position as Sri Lanka's leading branded tea.
- Zesta delivered a strong turnaround, returning to growth after three years through focused brand revitalization.
- A nationwide distribution network covering over 75,000+ outlets ensured unmatched product availability and visibility.
- The Consumer Brands portfolio won 52 marketing awards, becoming Sri Lanka's most awarded private sector company and top F&B company of the year.
- These accolades highlight the strength of the brand portfolio, effective marketing strategies, and enduring consumer appeal.

STRATEGIES

KEY STRATEGIES

- Strengthened market leadership across premium, mass-market, and value-oriented tea segments through differentiated brand positioning
- Enhanced weighted distribution and outlet-level execution to improve retail visibility and household penetration
- Continued to strengthen its modern trade presence through focused account management and in-store execution initiatives
- Maintained emphasis on product quality, affordability, and consistency to support long-term consumer trust and retention
- Improved product presentation and packaging formats to strengthen consumer appeal and shelf visibility
- Focused on disciplined cost management and operational coordination to maintain competitiveness within the domestic tea category
- Continued investment in consumer engagement and brand-building initiatives to reinforce market positioning

KEY STRENGTHS

MARKET POSITIONING / COMPETITIVE EDGE

- Strong leadership position within Sri Lanka's branded tea category
- Diversified brand portfolio catering to premium, mass-market, and value-oriented consumer segments
- Extensive islandwide distribution reach across general trade, standalone supermarkets, and modern trade channels
- Strong household penetration and established consumer trust across core brands
- Well-established retail execution capabilities supporting visibility and availability across key touchpoints
- Ability to maintain relevance across multiple consumer segments through strategic portfolio positioning
- Consistent focus on product quality, accessibility, and consumer-centric brand development

FUTURE OUTLOOK

The Tea business will continue focusing on strengthening its domestic category leadership through sustained brand-building, enhanced retail execution, and continued consumer engagement initiatives.

The business aims to further improve weighted distribution, strengthen visibility across modern trade channels, and deepen household penetration through targeted channel strategies and outlet-level execution. Continued emphasis will also be placed on maintaining affordability and product quality amidst evolving market conditions and consumer expectations.

The business will continue investing in packaging enhancements, product presentation, and portfolio optimisation to strengthen shelf presence and reinforce brand differentiation across multiple consumer tiers. In parallel, the business will continue improving operational coordination and cost efficiencies to support sustainable profitability within a competitive market environment.

Supported by its strong brand equity, broad retail reach, and established market presence, the Tea segment remains well positioned to sustain long-term growth and maintain its leadership position within Sri Lanka's branded tea market.

CONSUMER

Confectionery Segment

Building enduring consumer connections through a portfolio of trusted confectionery brands that combine quality, innovation, and market insight to deliver differentiated products and sustainable growth in evolving consumer markets.



Sector Analysis

SCOPE AND STRUCTURE

KEY ACTIVITIES

The Confectionery business operates as Sunshine Holdings' confectionery manufacturing and brand management operation, focused on delivering affordable confectionery products to consumers across Sri Lanka through a portfolio of established brands.

Its portfolio comprises of Daintee, Milady, and X-tra, serving multiple confectionery categories and consumer segments within the local market. Core activities include product development, manufacturing, sales and distribution management, retail execution, and category-building initiatives across traditional retail channels.

During the year under review, the business continued to strengthen its market presence through focused execution and portfolio expansion initiatives. Product innovation remained a key focus area, with several new product introductions supporting category relevance and consumer engagement within an increasingly competitive market environment.

The business also continued improving manufacturing processes, packaging formats, and retail presentation to enhance operational efficiency and strengthen consumer appeal across key product categories.

STRUCTURE OVERVIEW

The Confectionery business operates under Sunshine Consumer Brands and manages the Group's confectionery portfolio across Sri Lanka. The business oversees product development, manufacturing, marketing, sales operations, retail execution, and distribution activities related to confectionery products.

Manufacturing operations are supported through the production facility located in Ratmalana, which supports islandwide product supply and operational requirements.

Distribution is carried out through an extensive network servicing general trade outlets across the country, supported by distributors, sales representatives, and field execution teams. Traditional trade continues to remain the primary route-to-market for the business, supporting broad product accessibility and retail penetration.

The business also maintains a selective modern trade presence for strategically relevant product categories and retail formats.

OPERATING LANDSCAPE

CONTEXT TO PERFORMANCE

The confectionery market operated within a highly price-sensitive environment during the year under review, shaped by changing affordability levels, inflationary pressures, and rising operating costs across the value chain. Despite these conditions, confectionery products continued to maintain steady consumer demand as accessible everyday indulgence categories.

The business maintained strong market visibility through broad retail penetration and continued execution across traditional trade channels. Consumer purchasing behaviour remained largely value-driven, increasing the importance of balancing affordability, product quality, and pack-price competitiveness across the portfolio.

The operating environment was also influenced by rising raw material prices, higher freight and logistics costs, and fluctuations in imported input costs, requiring continued operational discipline and procurement optimisation throughout the year.

MARKET CHALLENGES

The business continued to face cost pressures arising from imported raw materials, packaging inputs, freight charges, and exchange rate fluctuations. Maintaining accessible price points while managing margin pressures remained a key priority within the operating environment.

The confectionery category also remained highly competitive, requiring continued focus on in-store visibility, retail execution, and product differentiation to sustain market presence across key channels. Regulatory restrictions on above-the-line advertising within confectionery categories further increased the importance of point-of-sale visibility and packaging-led brand engagement.

In addition, evolving retail dynamics and changing shopper behaviour required the business to continuously adapt product formats and execution strategies to maintain category relevance and competitiveness.

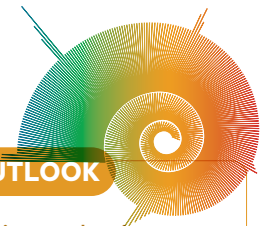
OPPORTUNITIES IN THE MARKET

The business continues to see opportunities through category expansion, product innovation, and deeper retail penetration across high-frequency trade channels.

Ongoing investment in new product development creates opportunities to strengthen consumer engagement and respond to changing taste preferences within the confectionery category. The business also sees potential in improving packaging design and product formats to enhance shelf visibility and support purchasing decisions at the point of sale.

The widespread reach of traditional trade channels, combined with increasing exposure within organised retail environments, continues to support opportunities for broader market visibility and strengthened consumer accessibility.

Supported by established brands, extensive retail coverage, and strong market familiarity, the business remains well positioned to strengthen its presence within Sri Lanka's confectionery market.



OPERATIONAL HIGHLIGHTS

- New product launches, including gum and lollipop variants, helped capture emerging consumer segments and usage occasions.
- Continued focus on innovation strengthened market presence across diverse consumption moments.
- Investments in manufacturing excellence enhanced operational scalability through automation and quality improvements.
- Upgrades in quality assurance systems supported consistent product standards and efficiency.
- Sustainability initiatives, including the introduction of a biomass boiler, improved energy efficiency and reduced environmental impact.

STRATEGIES

KEY STRATEGIES

- Expanded product portfolio through focused new product development initiatives
- Strengthened retail execution and outlet-level visibility across traditional trade channels
- Continued emphasis on affordability and pack-price competitiveness across core product categories
- Enhanced packaging formats and product presentation to improve consumer appeal and shelf differentiation
- Implemented procurement optimisation and operational efficiency initiatives to manage rising input costs
- Improved manufacturing processes and wastage management to strengthen operational performance
- Maintained focus on strengthening brand visibility through point-of-sale execution and retail activation initiatives

KEY STRENGTHS

MARKET POSITIONING / COMPETITIVE EDGE

- Established portfolio of recognised confectionery brands with strong consumer familiarity
- Strong market presence within key confectionery categories including hard-boiled candy products
- Extensive distribution reach across traditional retail channels
- Broad accessibility and visibility across high-frequency retail outlets
- Strong understanding of local consumer preferences and purchasing behaviour
- Ability to maintain affordability across multiple product categories
- Agile operational and procurement capabilities supporting responsiveness to market fluctuations

FUTURE OUTLOOK

The Confectionery business will continue focusing on strengthening market presence through product innovation, retail execution, and operational improvement initiatives.

The business aims to further expand its portfolio through targeted product developments aligned with evolving consumer preferences and category trends. Continued emphasis will also be placed on maintaining affordability and strengthening product accessibility across key retail channels.

Operational priorities will remain centered on improving manufacturing efficiencies, managing input cost pressures, and strengthening procurement effectiveness to support sustainable profitability. The business will also continue enhancing packaging design and in-store visibility to improve consumer engagement and reinforce brand presence within competitive retail environments.

Supported by its established brands, broad retail penetration, and strong market understanding, the Confectionery business remains well positioned to navigate evolving consumer dynamics and sustain long-term growth.

Export Market Segment

Bringing the finest Ceylon Tea to consumers across the globe through a diversified portfolio of premium tea products and value-added offerings. Backed by deep industry expertise, robust sourcing networks, stringent quality standards, and strong international partnerships, the segment creates sustainable value while strengthening Sri Lanka's reputation as a world-renowned tea origin. Through continuous innovation, market diversification, and a commitment to excellence, the business continues to expand its global footprint and contribute meaningfully to the nation's export earning.



Sector Analysis

SCOPE AND STRUCTURE

KEY ACTIVITIES

The Export Markets business manages Sunshine Holdings' international tea export operations, supplying tea products across multiple overseas markets through branded tea, private label and bulk tea offerings.

Its activities include export sales management, international customer engagement, market development, product customisation, quality coordination, and export logistics management across a diverse portfolio of global markets. The business serves international distributors, importers, private label customers, and specialty beverage operators across Asia, Africa, the Middle East, Europe, and North America.

During the year under review, the business continued expanding its global footprint through geographic diversification and strengthened customer relationships across strategic export territories. Demand growth was primarily supported by increasing specialty tea consumption within Asian beverage markets and continued expansion of branded tea distribution within selected African markets.

The business also continued enhancing responsiveness to customer requirements through customised tea solutions, strengthened quality processes, and improved operational coordination across export activities.

STRUCTURE OVERVIEW

The Export Markets business operates through Sunshine Tea's export operations and is responsible for managing the Group's international tea business across overseas markets. The business oversees export sales, international market development, customer relationship management and overseas distribution coordination.

Export operations are supported by integrated blending, packaging, warehousing, and quality assurance capabilities located within the Group's tea manufacturing facilities in Kelaniya. The facility supports export-grade processing requirements while maintaining compliance with international food safety and quality standards.

The business maintains internationally recognised certifications including ISO, HACCP, Fair Trade, and USDA certifications, supporting access to regulated export markets and reinforcing customer confidence across international channels.

Its export network is supported by established relationships with overseas distributors, importers, and private label customers across multiple geographic regions, enabling diversified market exposure and reduced dependency on individual territories.

OPERATING LANDSCAPE

CONTEXT TO PERFORMANCE

The global tea export environment remained dynamic, influenced by shifting consumption patterns, supply chain adjustments, and regional demand variations. Within this context, the business sustained performance through its diversified market presence and ability to cater to varying customer requirements.

Demand growth was particularly evident in Asian markets, where tea is increasingly used within specialty beverage formats requiring specific blend profiles. In parallel, African markets continued to present opportunities for branded tea expansion, supported by increasing urban consumption and distribution network development.

Across markets, customers placed greater emphasis on consistency, traceability, and compliance, requiring tighter operational alignment between sourcing, production, and export execution. The business responded by maintaining strict quality controls and aligning processes to meet varying international requirements.

MARKET CHALLENGES

Export operations were affected by fluctuations in freight rates, extended shipping timelines, and cost volatility across packaging and logistics inputs. These factors required ongoing adjustments to pricing, planning, and delivery coordination.

Currency movements and changing trade conditions across regions also influenced demand patterns and margin stability. In addition, evolving regulatory requirements across markets required continuous monitoring to ensure uninterrupted market access.

The business also operated within a competitive global landscape, where differentiation is driven by reliability, product consistency, and the ability to meet customised specifications at scale.

OPPORTUNITIES IN THE MARKET

The business continues to benefit from increasing demand for customised tea solutions aligned with emerging beverage formats. This trend supports higher-value product offerings and deeper customer engagement through tailored blends.

Expansion potential remains across underpenetrated regions where tea consumption is growing alongside retail and distribution infrastructure. Strengthening market presence through distributor partnerships and direct customer relationships continues to support this growth.

The ability to serve multiple product designs/configurations branded tea, private label and bulk tea also enables the business to effectively cater to diverse customer requirements across multiple market segments, supporting resilience and diversification within the export portfolio.

STRATEGIES

KEY STRATEGIES

- Expanded customer base across priority markets through targeted business development initiatives
- Strengthened capability in customised product offerings to meet specific customer requirements
- Maintained focus on product consistency and quality assurance to support long-term customer retention
- Improved coordination across production and export functions to enhance delivery reliability
- Monitored cost drivers across logistics and packaging to sustain competitiveness
- Strengthened distributor and partner relationships to support market penetration

KEY STRENGTHS

MARKET POSITIONING / COMPETITIVE EDGE

- Diversified presence across multiple international markets reducing geographic concentration risk
- Ability to serve varied customer segments through branded tea, private label and bulk tea offerings
- Strong capability in customised tea blending aligned with customer specifications
- Established relationships with international buyers and distribution partners
- Integrated operational support ensuring consistency in quality and supply
- Compliance with international standards enabling participation in regulated markets

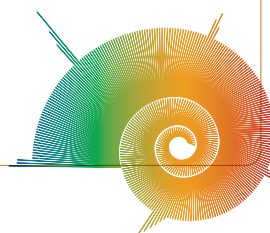
FUTURE OUTLOOK

The Export Markets business will continue to focus on expanding its international footprint through targeted market development and strengthened customer relationships.

Growth efforts will prioritise markets demonstrating consistent demand and scalability, while continuing to build capability in customised product offerings aligned with evolving consumption formats.

Operational focus will remain on improving supply reliability, managing cost pressures, and maintaining compliance with international standards. Enhancing coordination across sourcing, production, and export execution will further support service consistency.

With a diversified customer base, flexible product capabilities, and established global presence, the business is positioned to sustain growth while adapting to changing international market conditions.



Agri business Sector Review

The Agri business Sector harnesses the synergies of Sunshine Holdings' palm oil and dairy operations to create sustainable value across the agricultural value chain. Through responsible plantation management, integrated farming practices, operational excellence, and a commitment to sustainability, the sector contributes to food security, supports rural livelihoods, and strengthens the Group's diversified business portfolio. By continuously enhancing productivity, quality, and resource efficiency, the sector remains well-positioned to meet evolving consumer needs while delivering long-term economic, social, and environmental value.



AGRI BUSINESS SECTOR REVIEW

Sri Lanka's agri business sector continued to operate within a complex and evolving landscape during 2025/26. While the broader economy showed encouraging signs of recovery, agriculture remained exposed to a range of structural challenges including elevated production costs, climate variability, labour shortages, policy uncertainties, and continued reliance on imports for several strategically important commodities. At the same time, increasing national focus on food security, import substitution, rural economic development, and sustainable resource management has elevated the importance of modern, technology-enabled agricultural enterprises capable of delivering both commercial returns and national value.

Within this context, the edible oil and dairy sectors have emerged as two of the most critical agricultural segments requiring accelerated domestic production. Sri Lanka continues to import the majority of its edible oil requirements, exposing the country to foreign exchange pressures, global commodity price volatility, and supply chain disruptions. Similarly, domestic milk production remains insufficient to meet growing consumer demand, necessitating substantial dairy imports each year. These structural production gaps represent significant economic challenges while simultaneously presenting compelling opportunities for local producers with the scale, expertise, and operational capabilities to expand production sustainably.

As Sri Lanka's leading palm oil producer and a growing dairy operator, Watawala Plantations occupies a strategically important position within the national agri business landscape. The Company's operations are directly aligned with national priorities of reducing import dependency, strengthening food security, and enhancing domestic agricultural productivity. Through a fully integrated model spanning cultivation, production, processing, and value addition, Watawala continues to create value while supporting broader economic resilience.

PALM OIL SECTOR

The palm oil industry remains one of the most strategically important yet closely scrutinised agricultural sectors in Sri Lanka. Globally, palm oil is recognised as the most efficient oil-bearing crop, producing significantly higher yields per hectare than soybean, sunflower, or rapeseed. This superior land productivity makes palm oil a critical solution for countries seeking to improve edible oil self-sufficiency while minimising pressure on land resources.

Despite its proven economic and agronomic benefits, the local industry continues to operate within a restrictive policy environment. Nevertheless, growing recognition of Sri Lanka's substantial edible oil deficit and the economic cost of imports has renewed discussion around the future role of palm oil cultivation within the national agricultural framework. Increasingly, policymakers and industry stakeholders are acknowledging the importance of evidence-based approaches that balance environmental considerations with food security, rural development, and economic realities.

Against this backdrop, Watawala continued to focus on maximising productivity from its existing plantations. The Company's estate strategy remains anchored on two fundamental drivers of value creation land productivity and labour productivity. Throughout the year, significant emphasis was placed on implementing agronomic best practices, including precision nutrient management, soil and leaf analysis, vacancy infilling, rehabilitation of

underperforming blocks, mechanised fertiliser application, and enhanced harvesting discipline. These interventions are designed to close yield gaps, improve crop recovery, and maximise output from existing land resources.

Operational efficiencies were further strengthened through investments in plantation infrastructure, road networks, drainage systems, mechanised transport solutions, and digital monitoring platforms. The increasing use of GIS mapping, drone technology, field-level digital reporting, and traceability systems is enabling more informed decision-making while enhancing sustainability compliance and operational transparency.

The Company's palm oil mill at Nakiyadeniya continues to serve as a critical value-addition asset within the integrated supply chain. Continuous investments in automation, process optimisation, extraction efficiency improvements, and environmental management systems have strengthened the facility's ability to maximise oil recovery while minimising processing losses. Strategic investments completed during the year, including

the automated crop unloading and feeding system, enhanced power generation capabilities, and upgraded employee facilities, have further improved throughput, operational reliability, and workforce productivity. Future investments in biogas generation, methane capture, advanced laboratory capabilities, and enhanced utility infrastructure will continue to strengthen the competitiveness and sustainability of the operation.

Importantly, Watawala remains at the forefront of sustainable palm oil production. As Sri Lanka's only RSPO-certified producer, the Company continues to demonstrate that commercial-scale palm oil cultivation can coexist with robust environmental stewardship, responsible resource management, and international sustainability standards.



DAIRY SECTOR

The dairy sector remains one of Sri Lanka's most strategically important agricultural industries due to the significant gap between domestic milk production and national consumption requirements. Despite ongoing efforts to increase local production, the country remains heavily dependent on imported dairy products, creating substantial pressure on foreign exchange reserves while limiting opportunities for rural agricultural development.

The sector continues to face several structural challenges, including high feed costs, fluctuating input prices, limited availability of quality breeding stock, climate-related productivity constraints, and increasing environmental compliance requirements. However, growing demand for fresh milk and heightened national focus on self-sufficiency continue to create attractive long-term growth opportunities for efficient dairy operators.

Watawala's dairy business continues to evolve as a strategically important component of its diversified agri business portfolio. During the year, the Company maintained its focus on herd optimisation, genetic improvement, animal welfare, feed efficiency, and operational productivity. Investments in breeding programmes, enhanced livestock management practices, improved nutrition strategies, and better housing infrastructure are supporting gradual improvements in milk yields while strengthening long-term herd quality.

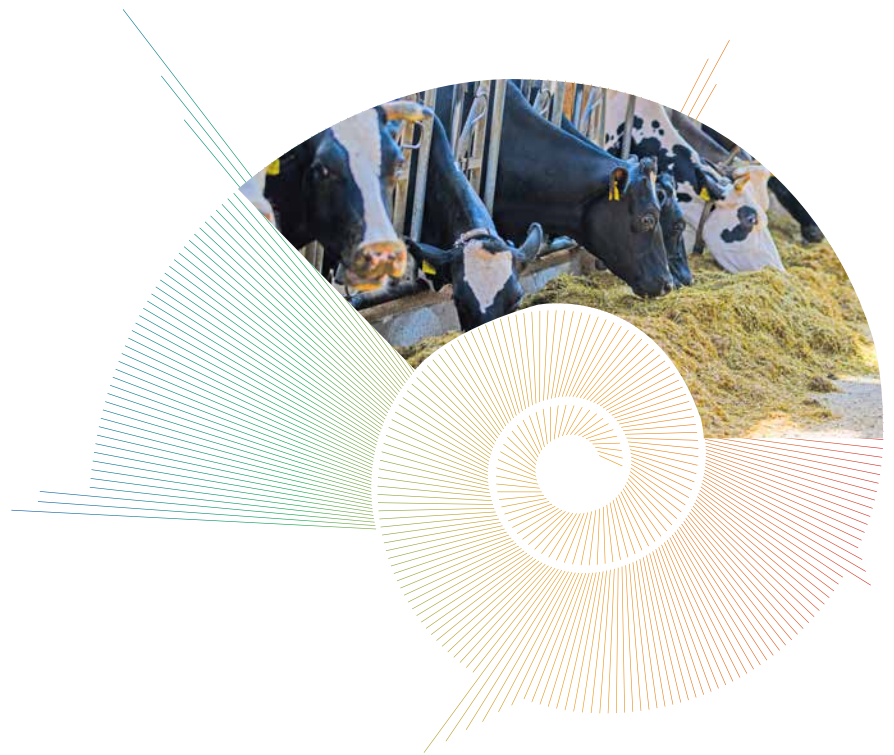
Feed management remains a central component of the Company's dairy strategy. Recognising that feed represents one of the largest cost drivers in milk production, significant attention has been directed towards strengthening feed sourcing, improving ration formulation, increasing forage utilisation, and enhancing feed conversion efficiency. These initiatives are critical to improving productivity while mitigating exposure to commodity price volatility.

Environmental sustainability is becoming increasingly important within the dairy sector, particularly in relation to waste management and resource utilisation. During the year, Watawala continued to invest in modern slurry management and effluent treatment systems, supporting a transition towards a more circular production model where waste streams are repurposed into valuable agricultural inputs. These initiatives not only strengthen environmental performance but also contribute to long-term operational sustainability.

DIVERSIFIED AGRICULTURAL PORTFOLIO

Beyond palm oil and dairy, Watawala maintains a diversified portfolio of plantation crops including tea, cinnamon, rubber, and compost production. While smaller in scale relative to the Company's core businesses, these operations provide important diversification benefits, optimise land utilisation, and create additional avenues for future growth.

Particularly within cinnamon, continued expansion reflects growing confidence in the long-term potential of high-value export-oriented agricultural products. Together, these businesses enhance portfolio resilience while reinforcing Watawala's position as a diversified agri business enterprise capable of navigating changing market conditions.



FUTURE OUTLOOK

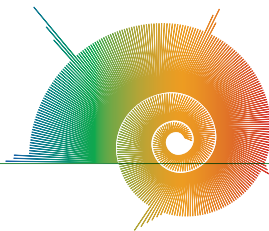
The future of Sri Lanka's agri business sector will increasingly be shaped by productivity, technology adoption, sustainability, and food security imperatives. Traditional agricultural models will be insufficient to meet future demand, requiring greater emphasis on precision agriculture, mechanisation, digitalisation, and integrated value-chain development.

For the palm oil sector, future growth will largely depend on the evolution of policy frameworks that recognise the crop's strategic contribution to edible oil security, rural employment, and import substitution. Watawala remains well positioned to support the responsible expansion of the industry through its proven expertise, sustainability credentials, and integrated operating model.

Within dairy, significant opportunities remain to increase domestic production and reduce reliance on imports. The Company's continued focus on herd development, productivity enhancement, feed optimisation, sustainable slurry management program and technology adoption will support future growth while contributing to national food security objectives.

Across all agricultural segments, Watawala will continue investing in operational excellence, smart agriculture technologies, sustainable infrastructure, renewable energy, and circular economy initiatives. These investments will strengthen resilience, improve competitiveness, and enhance long-term value creation.

As Sri Lanka seeks to build a more productive, self-sufficient, and sustainable agricultural economy, Watawala Plantations remains uniquely positioned to play a leading role in transforming the edible oil and dairy sectors while advancing the broader evolution of modern agri business in the country. Through innovation, sustainability, and disciplined execution, the Company will continue contributing to national food security, import substitution, rural development, and long-term economic resilience.



Creating Value for Sri Lanka, Sustaining Value for Generations



At Sunshine Holdings, value creation extends beyond business performance. Through our diversified presence across Healthcare, Consumer Goods and Agribusiness, we contribute to strengthening Sri Lanka's healthcare ecosystem, enhancing consumer wellbeing, supporting food security and generating economic opportunity across the nation.

Leveraging the collective strength of our six capitals, we transform resources, expertise, infrastructure and relationships into products and services that create lasting value for stakeholders. From advancing local pharmaceutical manufacturing and improving access to quality healthcare, to generating export earnings through premium Ceylon Tea and supporting agricultural resilience through sustainable palm oil and dairy operations, our businesses create impact that extends well beyond financial returns.

Guided by strong governance, innovation and sustainability, we create value across interconnected ecosystems supporting livelihoods, strengthening industries, contributing to national development and delivering sustainable outcomes for shareholders, customers, employees, communities and the environment.

Our value creation model illustrates how Sunshine Holdings harnesses its diversified capabilities to generate enduring value and contribute to a healthier, more prosperous and resilient Sri Lanka.

Value Creation at Sunshine Holdings PLC

INPUTS



FINANCIAL CAPITAL

Our financial strength in the form of equity and debt. It enables us to conduct sustainable operations and helps us to meet client expectations.

- Equity
- Debt



INTELLECTUAL CAPITAL

Relates to assets of an intangible nature including, but not limited to, our brand reputation, innovations, knowledge and six decades of heritage

- Brand strength



HUMAN CAPITAL

The heart and soul of our operations. Our team of skilled, committed individuals execute their roles in a highly professional manner creating value for all stakeholders.

- A diverse and talented team of 1,805 employees
- Remuneration and performance-based rewards
- Learning and development opportunities



MANUFACTURED CAPITAL

Our physical and digital assets that provide the framework to carry out our core business functions.

- Our physical infrastructure
- IT capabilities and digital channels



SOCIAL AND RELATIONSHIP CAPITAL

Our relationships with key stakeholders, such as the communities in which we operate, that enable us to create value.

- Relationships with customers and brand loyalty
- Social sustainability initiatives



NATURAL CAPITAL

Consciously conducting our business activities to sustain and protect the natural resources available to us.

- Agricultural land and plantation resources
- Water resources
- Climate and renewable energy

PROCESS

OUR PURPOSE

Bringing good things to life

OUR VISION

To be the most admired conglomerate in Sri Lanka

OUR MISSION

Growing our enterprises to be industry leaders

PRIMARY ACTIVITIES



HEALTHCARE SEGMENT



AGRI BUSINESS SEGMENT



CONSUMER SEGMENT



ENABLED BY

- Human resource management
- Risk management
- Financial accounting
- Marketing and sales
- Product management
- Other ancillary services
- Technology development

OUTPUTS AND OUTCOMES



Healthcare Segment

- Distribution of pharmaceuticals, medical devices, and healthcare solutions across Sri Lanka.
- Expansion of local pharmaceutical manufacturing capabilities, including respiratory care products.
- Strengthening of healthcare access through retail pharmacy networks and agency partnerships.



Consumer Segment

- Production and distribution of leading Sri Lankan brands including Zesta, Watawala, Ran Kahata and Daintee.
- Market-leading tea exports and local tea products.
- Expanded confectionery product portfolio and distribution reach.
- Enhanced brand visibility and consumer engagement through innovation and market expansion.



Agri Business Segment

- Sustainable cultivation of tea, palm oil, and dairy operations.
- South Asia's first RSPO-certified palm oil operations.
- Improved agricultural productivity through technology and sustainable farming practices.
- Strengthened domestic food security through agricultural production



SHAREHOLDERS AND INVESTORS

- Sustainable growth
- NAV per share
- Gross dividends



CUSTOMERS

- Operational efficiency
- Customer satisfaction



EMPLOYEES

- Diverse and inclusive organizational culture
- Safe working environment
- Career progression
- Empowerment
- Equal opportunity
- Structured and targeted training



REGULATORS AND POLICYMAKERS

- All types of Taxes paid FY26 LKR 5,915 Mn
- Compliance with regulatory requirements



PRINCIPLES AND STRATEGIC PARTNERS

- Long term relationships
- Transparency



FUNDING AND NETWORK PARTNERS

- Long term relationships



COMMUNITIES

- Building sustainable livelihoods
- Greater community reach
- Contribution to SDGs
- Resource stewardship
- Mitigating global warming

Financial Capital

Financial resilience powered by diversification



Financial Capital represents the financial resources and funding capacity that enable Sunshine Holdings to sustain operations, pursue strategic growth opportunities, and deliver long-term value creation. As a diversified conglomerate with interests spanning Healthcare, Consumer Goods, Agri business, and Investments, the Group relies on a strong financial foundation to support business expansion, enhance operational resilience, and navigate evolving market conditions.

Our Financial Capital is centred on maintaining a robust balance sheet, generating sustainable cash flows, optimising capital allocation, and ensuring prudent risk management. This disciplined approach enables the Group to invest in high-potential opportunities, strengthen existing businesses, pursue strategic acquisitions, and drive innovation while safeguarding financial stability.

STRATEGIC PRIORITIES



Maintain a diversified portfolio and resilient earnings base



Optimise capital allocation and investment decisions



Strengthen liquidity and financial resilience



Drive operational efficiency and profitability



Maintain robust governance and risk management practices



Support innovation, digitalisation, and sustainable growth practices



Create sustainable value for shareholders and stakeholders

VALUE DELIVERED

- Reduced exposure to sector-specific volatility while creating multiple growth avenues across Healthcare, Consumer, Agri business, and Investments.
- Directed capital towards high-growth opportunities, strategic acquisitions, capacity expansion, and value-enhancing initiatives to maximise long-term returns.
- Maintained a strong balance sheet, healthy cash flows, and funding flexibility to support growth while navigating economic uncertainties.
- Improved resource utilisation, enhanced productivity, and strengthened profitability across the Group's business segments.
- Protected stakeholder interests through prudent financial stewardship, effective risk management, regulatory compliance, and transparent reporting.
- Leveraged financial resources to fund technology adoption, business transformation, and future-ready growth initiatives.
- Delivered long-term value creation through sustainable growth, employment generation, economic contribution, and responsible capital management.

SDGs ALIGNED



MANAGEMENT APPROACH

In a year defined by an evolving macroeconomic landscape and distinct sector headwinds, Sunshine Holdings PLC anchored its financial performance in the operational resilience and long-term stability that has made us trusted for generations. Our financial capital strategy during the period focused on safeguarding the Group's core earnings power while driving deliberate, meaningful progress across our diversified portfolio. By balancing strict operational discipline with forward-looking capital deployment most notably through strategic acquisitions that expand our export-oriented consumer footprint we successfully enhanced our top-line momentum. While industry-specific cost pressures naturally impacted margins, our underlying fiscal foundation remained firm. This financial fortitude ensures that as we navigate shifting market dynamics, our capital structure continues to provide a dependable, risk-managed anchor, protecting stakeholder value today while funding sustainable growth for the future.

Financial Capital

GROUP FINANCIAL PERFORMANCE OVERVIEW

Navigating a complex macroeconomic landscape and distinct sector-specific headwinds, the Group delivered a robust top-line performance. Total revenue expanded by 11.2% (YoY) to LKR 65.9 Bn, a trajectory continuously spearheaded by our Healthcare sector. This core driver was underpinned by sharp operational execution across the importations of pharmaceuticals, medical devices, local distribution and retail. Concurrently, our Consumer and Agri business sectors maintained positive growth trajectories, capitalising on improving commodity dynamics and a deeply ingrained culture of operational discipline.

While gross profit rose by 6.7% (YoY) to LKR 19.0 Bn, intense margin pressures within the Healthcare space caused the Group's gross profit margin to moderate slightly to 28.9%, down from 30.1% in the prior year. This sector-specific profitability impact trickled down to earnings before interest and taxes (EBIT), which held broadly flat at LKR 9.3 Bn, compressing the EBIT margin to 14.1% from 15.7% in FY25. Consequently, Profit After Tax (PAT) closed at LKR 5.0 Bn, reflecting a minor, well-managed decline of 2.5% YoY. Lower Healthcare segment contribution, stemming from Pharma MRP reductions due to NMRA pricing formula update and price reductions in government orders in the manufacturing business, resulted in a 107bps decline in PAT margin to 7.6%.

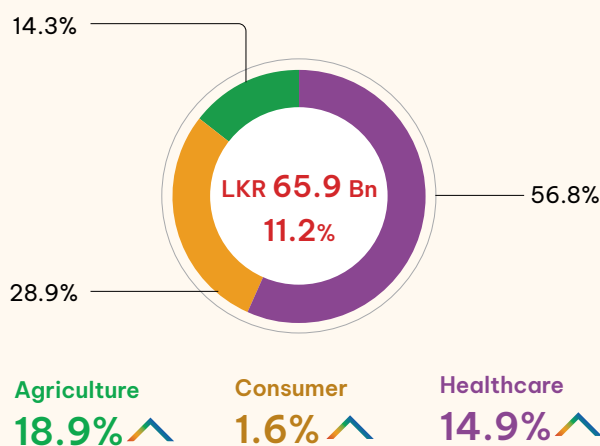
Beyond immediate fiscal stewardship, the year was marked by a defining strategic milestone: the acquisition of a majority stake in Joint Agri Products Ceylon (Pvt) Limited (JAPC). Specialising in the processing and export of organic spices, coconut products, and premium teas to the European Union and the United States, JAPC significantly broadens our Consumer footprint. By integration of this export-oriented platform, we are actively expanding our value-added consumer capabilities and diversifying our cash flows. This strategic deployment of financial capital not only strengthens our defensive positioning against domestic volatility but reinforces the sustainable, long-term foundation that has made us trusted for generations.

GROUP PERFORMANCE HIGHLIGHTS

LKR Mn	FY26	FY25*	Growth %
Revenue	65,925	59,282	11.2%
EBIT	9,283	9,278	0.1%
EBIT margin	14.1%	15.7%	
PAT	5,036	5,165	(2.5%)
PAT margin	7.6%	8.7%	
PATMI	3,053	3,490	(12.5%)
EPS (LKR)	1.55	1.77	

*Group PAT has been restated for Withholding Tax on subsidiary dividends in FY25.

Revenue Composition - FY26



Sector	Growth	Contribution to the Group Revenue
Healthcare	14.9%	56.8%
Consumer	1.6%	28.9%
Agri	18.9%	14.3%

Net Finance Income/(Cost)

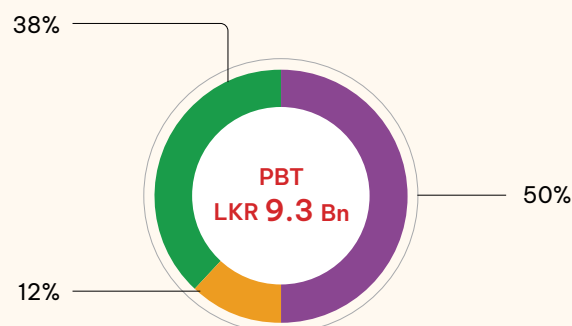
LKR Mn	FY26	FY25*
Healthcare	175.9	(189.3)
Consumer	(174.0)	(254.6)
Agri	(120.5)	24.6
Other	189.3	111.7
SUN Group	70.7	(307.6)

Dividends

Year	Dividend Per Share
2025/26	1.80
2024/25 *	0.98
2023/24 *	0.50

* Dividend per share in all reporting periods were adjusted based on post sub-division of 4 shares for every one ordinary share.

Profit Before Tax - Group Composition (%)



Agriculture **25%** ▲ Consumer **23%** ▲ Healthcare **-13%** ▼

PBT	Growth	Contribution to the Group
Healthcare	-13%	50%
Consumer	23%	12%
Agri	25%	38%

Profitability Metrics



GP Margin

FY26	28.9%
FY25	30.1%



EBIT Margin

FY26	14.1%
FY25	15.7%



PAT Margin

FY26	7.6%
FY25	8.7%

Financial Capital

GROUP FINANCIAL POSITION

Asset Composition

Total Assets	Value	Contribution to the Group
Healthcare	27,483,876	49%
Consumer	15,252,048	27%
Agri	8,600,045	15%
Other	4,404,121	9%
Total	55,740,090	

Group Cash Flows

	2026	2025
Net cash generated from operating activities	7,763,248	5,781,945
Net cash used in investing activities	(2,605,143)	(2,959,280)
Net cash used in financing activities	(4,177,981)	(274,652)

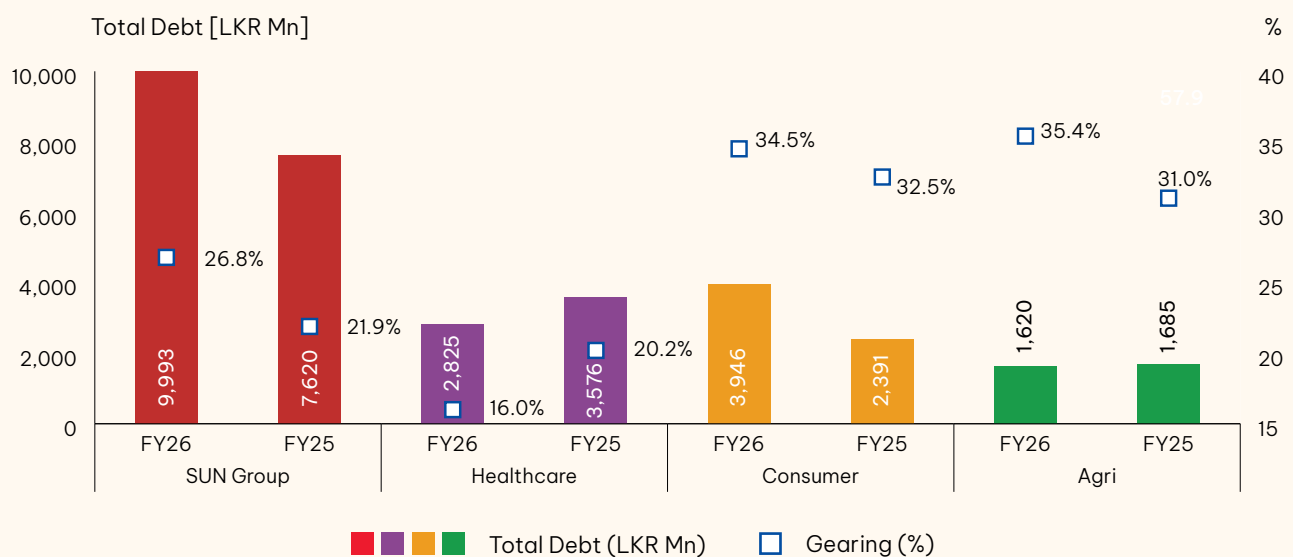
LEVERAGE AND CAPITAL STRUCTURE

The Group's capital structure shifted dynamically to fund long-term growth, with total debt increasing to LKR 9,993 Mn (after adjusting for ROU liabilities) from LKR 7,620 Mn in FY25. This strategic deployment of capital raised the Group's overall gearing ratio from 21.9% to 26.8%. Across the sectors, the Consumer division recorded a larger debt portion of LKR 3,946 Mn (34.5% gearing) with the inclusion of JAPC. Conversely, Healthcare optimized its capital utilization, lowering its debt to LKR 2,825 Mn and reducing gearing to 16.0%, while Agri business maintained a stable debt base of LKR 1,620 Mn with a gearing of 35.4%.

The composition of our LKR 10.0 Bn total debt portfolio is optimized for liquidity, with short-term loans and bank overdrafts making up 62% and 13% of the mix respectively, providing the operational agility to navigate changing market dynamics. Long-term facilities, consisting of long-term loans (23% of the mix) and leases (2% of the mix), anchor our fixed asset investments in a stable maturity profile. From a corporate distribution perspective, the Consumer segment holds the largest share of Group debt at 40%, followed by Healthcare at 28%, with the Agri business segment and the Sunshine holding company accounting for 16% each. This prudent funding mix ensures our leverage remains flexible, risk-managed, and supportive of sustainable stakeholder value.

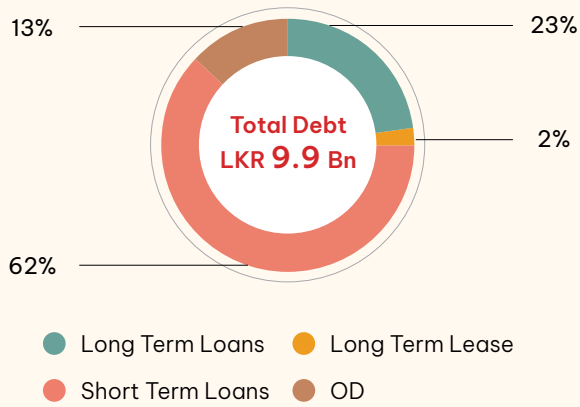
Total debt consist of interest bearing bank borrowings and financial leases of the Group, this number excludes ROU liabilities.

Breakdown of Debt - Loan Category (%)

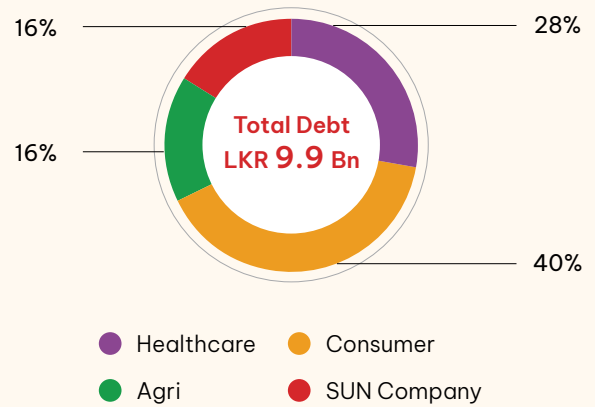


SUN Group and Sunshine Consumer sector FY26 Financial Position is inclusive of JAPC.

Breakdown of Debt - Loan Category (%)



Breakdown of Debt - Sector Breakdown (%)



SUN Group and Sunshine Consumer sector FY26 Financial Position is inclusive of JAPC.

Market Valuation Ratios



Market Capitalization

FY26	LKR 57.9 Bn	Market Capitalization as at 31.03.2026
FY25	LKR 42.3 Bn	Market Capitalization as at 31.03.2025



ROE

FY26	15.2%
FY25	17.8%



PER

FY26	19.0x
FY25	12.1x



NAV

FY26	LKR 10.1 Bn
FY25	LKR 10.3 Bn



PBV

FY26	2.9x
FY25	2.1x

Financial Capital

GROUP LIQUIDITY AND WORKING CAPITAL MANAGEMENT

Year	Current Assets (LKR Mn)	Current Liabilities (LKR Mn)	Working Capital (LKR Mn)
FY26	38,295	22,159	16,137
FY25	34,528	16,291	18,237

During the FY26 reporting period, the Group transitioned toward a more optimized and aggressive working capital management posture, balancing operational agility with strategic growth funding. Total working capital stood at LKR 16,137 Mn. reflecting a planned compression from the LKR 18,237 Mn. recorded in FY25. This movement was primarily driven by a faster growth trajectory in current liabilities (up by LKR 5,868 Mn.) relative to current assets (up by LKR 3,767 Mn.). This contraction heavily reflects the consolidation and structural integration of JAPC, which altered the Group's short-term liability profile through increased short-term trade payables and working capital bank borrowings. While

these obligations were strategically utilized to fund expanded operations, the simultaneous capital tie-up in inventory and a marginal elongation in receivable cycles temporarily constrained immediate cash velocity, necessitating a higher reliance on external, short-term funding lines to support the Group's broadened corporate footprint.

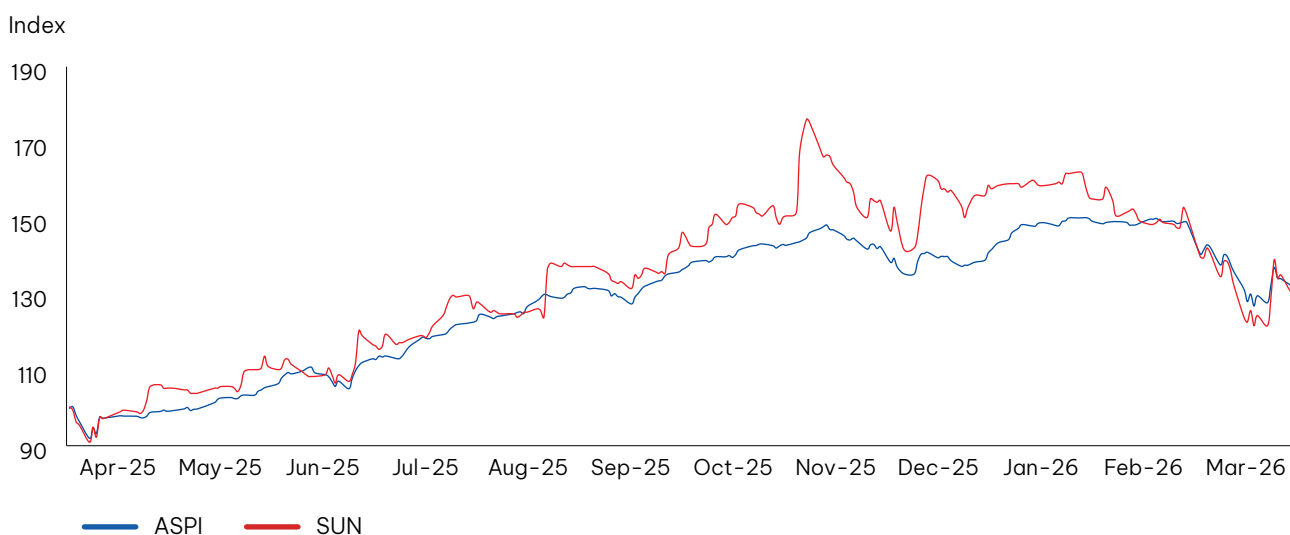
Consequently, key short-term liquidity buffers experienced a calibrated moderation while remaining comfortably above regulatory and prudent internal thresholds. The current ratio retracted from 2.12x in FY25 to 1.73x in FY26, signaling a leaner liquidity runway but confirming that the Group retains a solid 1.73x asset cover over

its immediate obligations. Mirroring this trend, the quick ratio adjusted from 1.27x to 1.02x, indicating a tightening cash-and-near-cash buffer and highlighting an increased operational reliance on inventory liquidations. Management continues to rigorously monitor trade credit terms, optimize inventory turnover rates, and implement defensive cash-conversion strategies to mitigate heightened financial risks while sustaining robust commercial momentum across all business segments.

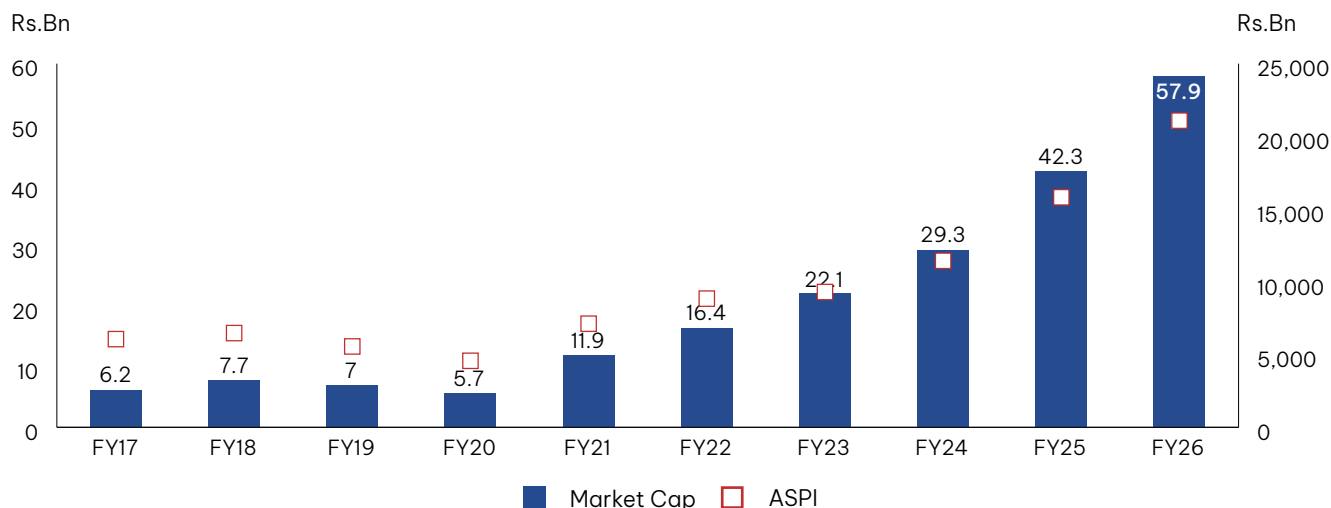
SHARE PRICE PERFORMANCE AND MARKET CAPITALISATION

During the FY26, Sunshine Holdings PLC (SUN) demonstrated resilient market performance, consistently outperforming the benchmark All Share Price Index (ASPI) for the majority of the reporting period. Using April 2025 as the baseline (indexed to 100), the share price mapped a steady upward trajectory, driven by robust underlying fundamentals, strategic business expansions, and resilient investor confidence.

Daily Share Price Performance Vs. ASPI - FY26



Market Cap Vs ASPI 2017 to 2026



SEGMENT PERFORMANCE

HEALTHCARE SEGMENT

REVENUE

The Healthcare sector delivered a robust financial performance in FY26, reinforcing its standing as the primary growth engine of the Group. Total revenue for the segment rose by 14.9% YoY to LKR 37.4 Bn, firmly maintaining its position as our largest segment and accounting for 56.8% of consolidated Group revenue. This top-line expansion reflects deeply entrenched operational foundations and aggressive market penetration strategies implemented within the segment. Growth was broad-based across our primary business lines:

- Pharmaceuticals achieved a stellar 24.4% YoY revenue increase through strong volume expansion and a sharp surge in export sales
- Healthguard Distribution posted an impressive 25.2% top-line improvement, capitalising on the onboarding of five new distribution clients and the realization of benefits of its recent operational model transition.

- Sunshine Medical Devices (SMD) delivered a standout year with a 12.3% YoY revenue growth, buoyed by highly stable institutional & private market demand across core clinical categories.
- Healthguard Pharmacy expanded its revenue by 11.3% YoY, driven by balanced volume and value gains across both pharmaceuticals and wellness categories.
- Lina Manufacturing experienced a 5.1% YoY revenue contraction to LKR 4.0 Bn, a direct result of lower pricing structures applied to government purchase orders within FY 2026.

PROFITABILITY

The Healthcare segment's profitability faced notable margin compression during the latter half of the financial year due to a revised pricing formula update by the National Medicines Regulatory Authority (NMRA). This regulatory mechanism mandated maximum retail price (MRP) reductions across core pharmaceutical product lines, which, against a fixed operating cost base, directly impacted sector yields. Consequently, the EBIT margin dropped to 11.9% from the 16.9% reported in the prior year. To counter these headwinds and mitigate negative operating leverage, management is driving structural cost-containment strategies to protect the segment's long-term earnings power.

Financial Capital

SEGMENT PERFORMANCE

CONSUMER SEGMENT



REVENUE

The Consumer sector, contributing 28.9% to consolidated Group revenue, demonstrated strong market resilience and agility in FY26, delivering an overall revenue growth of 2.8% year-on-year (YoY). This top-line expansion was driven by a stable domestic tea portfolio and a steady recovery in the confectionery segment.

- Within the domestic retail market, branded tea revenue grew by 7.6% YoY, supported by an 8.7% volume expansion as flagship brands—Watawala, Zesta, and Ran Kahata—performed strongly across all consumer segments due to targeted channel optimization in modern trade.
- The confectionery division recorded a sharp turnaround, with revenue growing 8.5% YoY in value and 8.9% in volume, driven by targeted promotional campaigns and wider retail coverage for the high-growth Gums and Wafers categories.
- Conversely, the export operation under Sunshine Tea (Pvt) Ltd encountered a distinct product mix shift that impacted top-line realizations despite robust global demand. Export volumes grew by an impressive 8.1% year-on-year, validating the underlying strength and global reach of our trade relationships. However, export revenue in LKR terms experienced a contraction of 4.8% year-on-year. This variance was primarily a consequence of a shifting product mix, marked by a significant increase in high-volume bulk tea orders—particularly to support growing global ready-to-drink (RTD) and supply chain pipelines—which carry a lower per-kilogram price point than our traditional value-added, branded export ranges

PROFITABILITY

Operating margins within the domestic business strengthened throughout the period, primarily driven by lower raw tea material costs during the first half of the FY26. The volume-driven recovery in confectionery business successfully turned around segment's profitability.

By managing this volume-to-value dynamic, our financial capital remains strategically deployed to defend market share globally while optimizing domestic returns to ensure sustainable, long-term stakeholder value.

AGRI BUSINESS



REVENUE

The Agri business sector, represented by Watawala Plantations PLC (CSE: WATA), delivered an improved performance in FY26, accounting for 14.3% of total Group revenue. Capitalizing on strong market dynamics and targeted asset optimization, the sector achieved an impressive 18.9% YoY revenue growth. This upward trajectory was structurally underpinned by a standout performance within our core oil palm business, which successfully offset persistent operational hurdles in our dairy operations.

Our palm oil operations experienced an exceptional year, with revenue surging by 23.6% YoY to LKR 8.4 Bn. This robust growth was driven by a powerful dual combination of a steady 10.7% expansion in sales volumes and highly favorable market pricing, with average selling prices for Crude Palm Oil (CPO) and Kernel Palm Oil (KPO) climbing by 17% and 12% respectively.

Conversely, our fresh milk operation under Lonach Dairy faced a more restrictive operating environment, with revenue contracting by 8.2% YoY to LKR 1.1 Bn. This decline was primarily a reflection of a 6% decrease in milk sales volumes alongside a 7% reduction in animal yields, compounded by lower average market selling prices.

PROFITABILITY

The Palm oil business encountered sharp cost pressures during the final quarter—stemming from escalated Fresh Fruit Bunch (FFB) purchase costs, the national plantation wage increase effective from January 2026, and inflated global fertilizer prices—the buoyed selling prices and rigorous field efficiencies drove the sector's overall gross profit margin to 57.5%, up from 53.9% in FY25. Consequently, the palm oil segment maximized its capital returns, delivering a remarkable Profit After Tax (PAT) of LKR 2.6 Bn, representing a highly lucrative net profit margin of 30.8%.

The dairy segment exercised tight fiscal control, lowering its cost of sales by 8.5% YoY through the optimization of cattle feed procurement, which successfully defended and marginally improved gross profit of the segment. Despite this cost-containment effort, the dairy business continued to navigate structural capital demands, including compressed herd productivity and heightened expenditure allocated toward sustainable effluent and environmental management systems.

OUTLOOK

HEALTHCARE SEGMENT

Healthcare remains a core pillar of the Group's long-term growth strategy, supported by continued investments in local pharmaceutical manufacturing, diagnostic capabilities, and the expansion of both retail and distribution channels. Strengthening domestic manufacturing capabilities remains central to our approach, enhancing supply chain resilience while supporting national healthcare priorities. While the sector is expected to navigate ongoing pricing and regulatory headwinds, the Group remains focused on managing these pressures through portfolio diversification and operational efficiencies. Healthcare will continue to be supported by a combination of organic initiatives and selective inorganic opportunities as the Group deepens its presence across the healthcare value chain.

CONSUMER

The Consumer sector continues to demonstrate resilient momentum, supported by sustained brand investment across Zesta, Watawala, and Ran Kahata, alongside disciplined execution across both General Trade and Modern Trade channels. The Group remains focused on protecting and expanding market share through targeted promotional activity, strengthened route-to-market capabilities, and continuing operational discipline. The confectionery business is expected to continue its recovery trajectory as growth momentum builds across key categories. In export tea, the Group will continue to focus on improving the value-added product mix, while advancing its broader export diversification strategy, including through the integration and expansion of the newly acquired spice export business.

AGRI BUSINESS

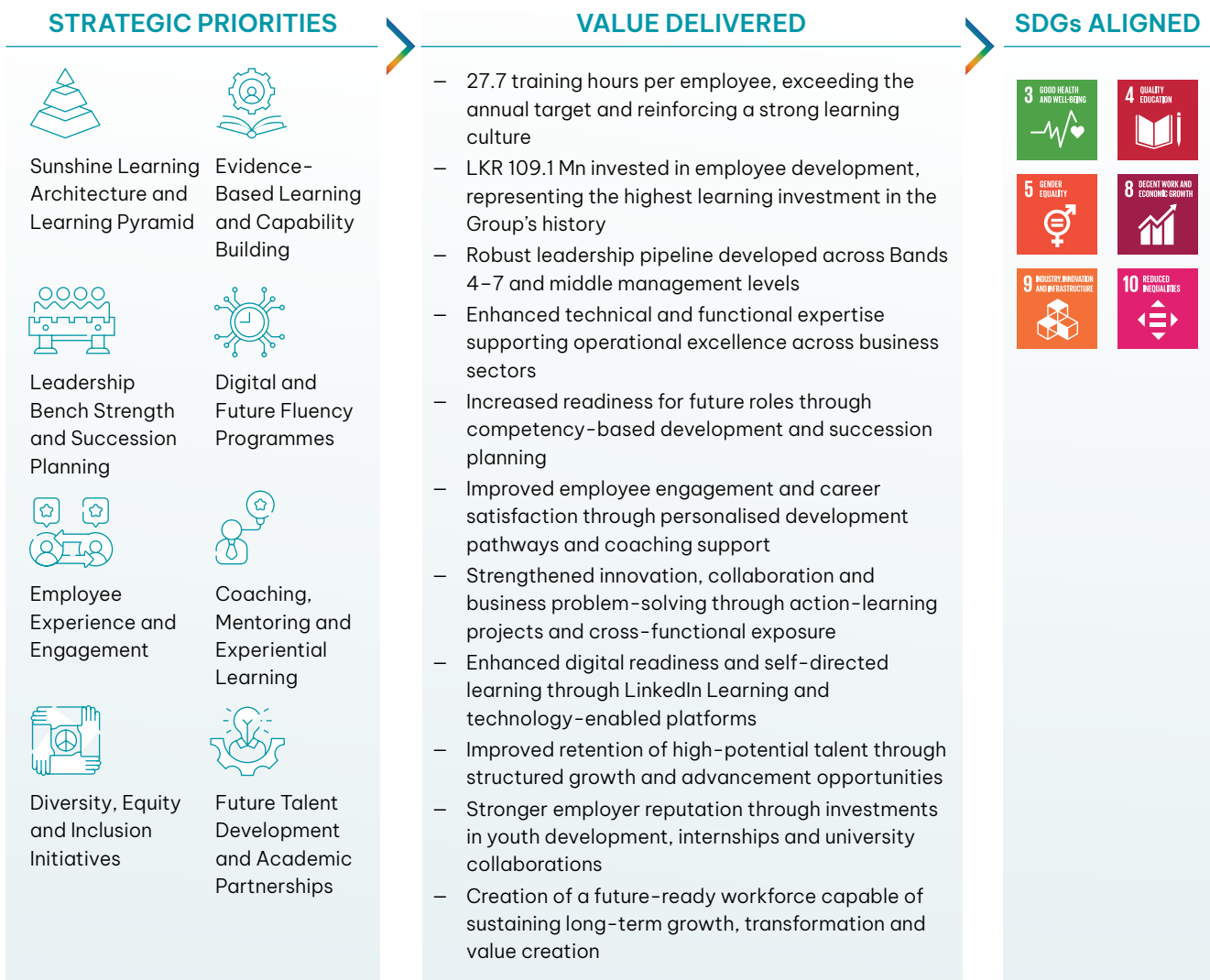
Global palm oil prices remained firm during the latter part of the financial year, supported by strong demand, biofuel consumption, and supply-side constraints in key producing regions. The Company expects demand conditions to remain favorable in the near term, supported by stable domestic consumption and global market dynamics. The Group will continue to focus on operational efficiencies, disciplined cost management, and sustainable agricultural practices across both business segments. In the dairy business, management remains focused on improving herd productivity and operational efficiencies, while the new effluent treatment initiatives are expected to support long-term sustainability and operational stability.

Human Capital

Nurturing potential across every business dimension



Our employees bring together a rich blend of skills, experiences, and perspectives that enable the Group to respond effectively to dynamic and evolving market conditions while creating enduring value for stakeholders. We are committed to fostering a high-performance culture that empowers our people to learn, lead, and thrive. By investing in talent development, leadership succession, employee wellbeing, workplace safety, and meaningful engagement, we continue to build a resilient and future-ready workforce capable of supporting the Group's strategic ambitions. Through these efforts, we strengthen not only our organisational capabilities but also our ability to create sustainable value across the communities and industries we serve.



MANAGEMENT APPROACH

Our people are fundamental to the Group's ability to deliver sustainable value and maintain its competitive advantage. Accordingly, we are committed to fostering a workplace culture founded on integrity, respect, inclusivity, accountability, and equal opportunity. Our approach to human capital management is designed to attract, develop, engage, and retain talented individuals while ensuring that all employees operate within a safe, ethical, and supportive environment.

The Group maintains a comprehensive framework of policies, procedures, and governance mechanisms that guide employee conduct, promote professional development, safeguard employee rights, and reinforce organisational values. These frameworks are regularly reviewed to ensure alignment with evolving regulatory requirements, industry best practices, and stakeholder expectations.

A key focus of our management approach is creating a workplace where employees are empowered to perform at their best and realise their full potential. Merit-based career advancement is supported through a Group-wide Promotion Policy that ensures transparency, consistency, and equal access to development opportunities. Employee concerns and grievances are addressed through formal channels that facilitate fair, confidential, and timely resolution, strengthening trust and accountability across the organisation.

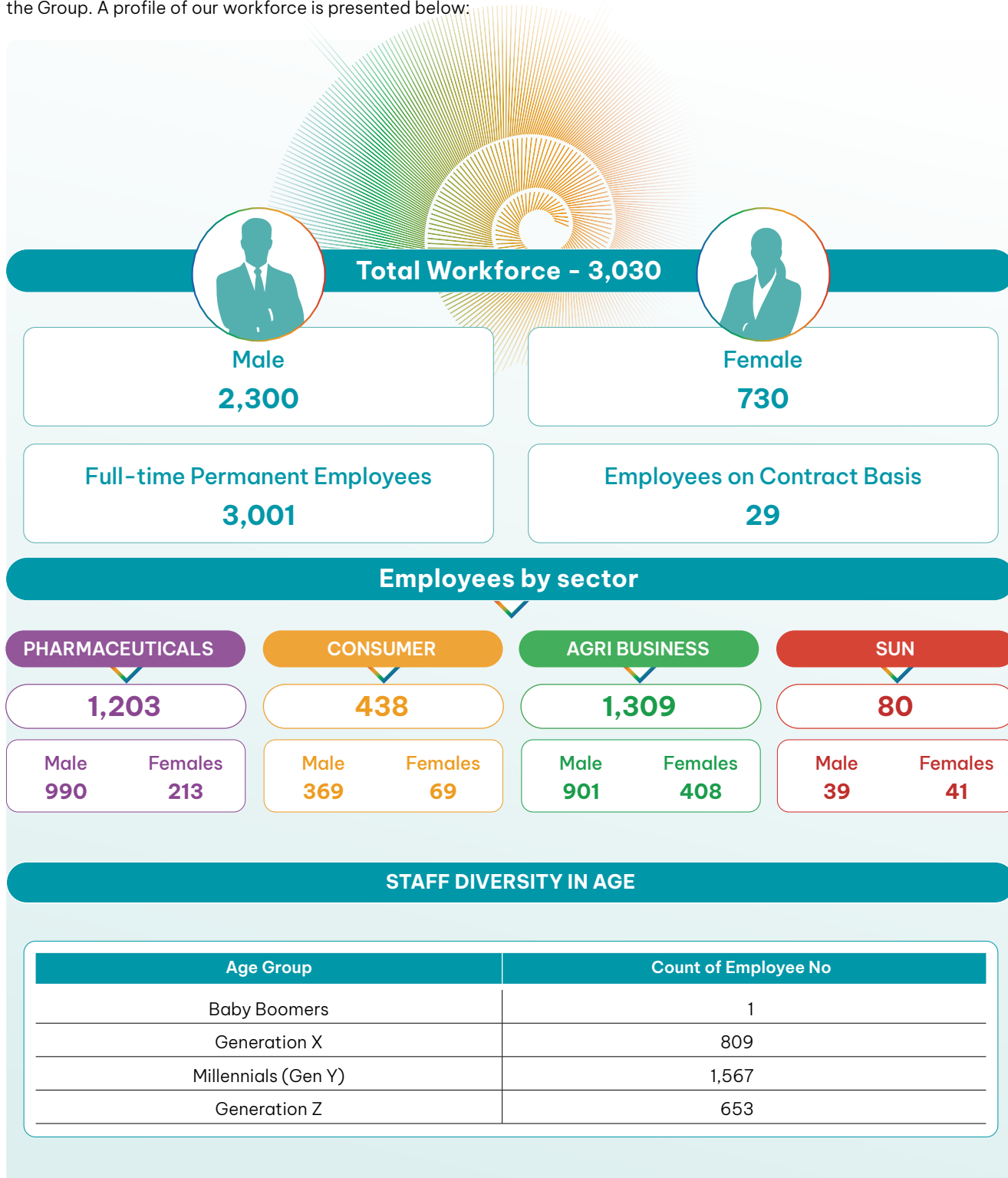
Beyond compliance, we seek to cultivate an engaging and supportive employee experience through continuous dialogue, leadership accessibility, employee well-being initiatives, and opportunities for professional growth. By fostering a culture where individuals feel valued, respected, and empowered, we strengthen employee engagement, enhance organisational resilience, and support the long-term sustainability of the Group.

Through these efforts, we continue to build a workplace that not only upholds the highest standards of governance and ethical conduct but also enables our people to contribute meaningfully to the achievement of our strategic objectives and the creation of enduring stakeholder value.

Human Capital

TEAM PROFILE

Sunshine Holdings is powered by a multigenerational team of 3,030 employees who contribute to advancing our strategic priorities and delivering value across our diversified business portfolio. As an equal opportunity employer, we are committed to fostering a workplace free from discrimination based on gender, age, religion, or race. Through inclusive people practices and structured talent development initiatives, we continue to attract, nurture, and retain talent across the Group. A profile of our workforce is presented below:



MOVEMENTS IN OUR TEAM

We continue to attract and develop talent through a comprehensive employee value proposition centered on competitive rewards, structured learning, leadership development, and opportunities for career growth across the Group.

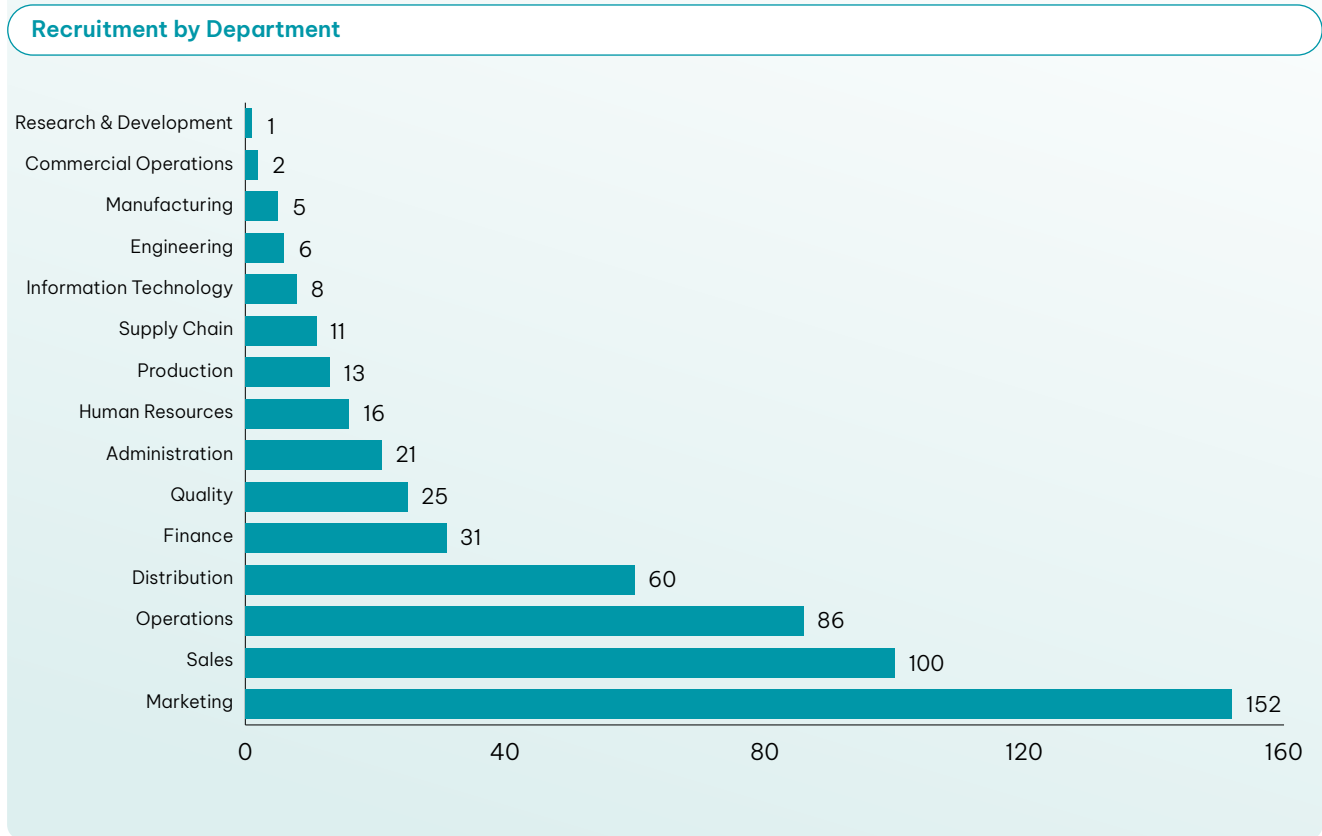
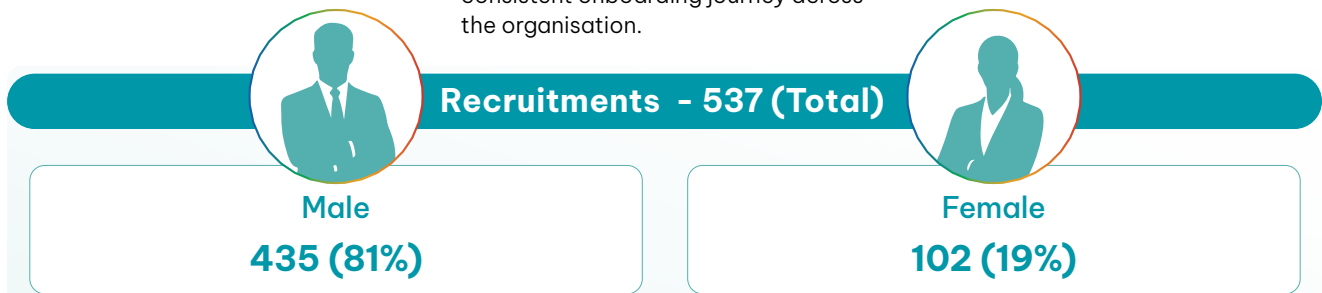
Key talent movement metrics for the year included 537 total recruitments (435 male and 102 female) balanced against 469 total resignations (389 male and 80 female), representing an annual staff turnover rate of 15%.

During the year, Sunshine Holdings further strengthened its talent pipeline through strategic university partnerships, employer branding initiatives, and internal mobility programmes.

All new recruits undergo a structured induction programme designed to provide an immersive introduction to the Sunshine Way, including the Group's values, culture, policies, code of conduct, and workplace practices. The programme was redesigned during the year into a recurring monthly experience to ensure a consistent onboarding journey across the organisation.

Against a dynamic operating environment and evolving workforce expectations, the Group remained focused on enhancing employee engagement, retention, and succession readiness through continuous capability building, leadership development frameworks, and inclusive people practices.

The profile of new recruitments is illustrated below:



Human Capital

Resignations by Age

Total Resignations: 469 employees (15% Turnover Rate)

< 20 Years	1 resignation
21Y – 30Y	157 resignations
31Y – 40Y	180 resignations (Highest)
41Y – 50Y	82 resignations
51Y – 60Y	47 resignations
60+ Years	2 resignations



Male
389 (83%)

Turnover (469 Total):



Female
80 (17%)

REMUNERATION, RECOGNITION AND REWARDS

We provide employees across the Group with competitive remuneration packages that are performance-driven and benchmarked against industry best practices.

Total staff costs for the year amounted to Rs. 5,995 Mn, and the Group recorded no penalties relating to non-compliance with labour laws or regulations. We also ensured appropriate notice periods were maintained ahead of any significant operational changes. Beyond remuneration, employees are offered a comprehensive range of fixed and variable benefits and reward mechanisms aimed at motivating, recognising, and retaining talent across the organisation.

Our balanced framework comprises fixed pay, performance-linked variable pay, and long-term incentives for senior leadership. We provide medical and hospitalization insurance cover, outpatient care support, professional membership sponsorships, educational assistance,

concessionary loan schemes, conveyance-related benefits, communication facilities, as well as paternity leave.

At Sunshine Holdings, our employees are regarded as an extended family, and we remain steadfast in supporting them during times of personal hardship and unforeseen challenges. Guided by a culture of compassion and care, the Group extends financial assistance and welfare support to employees affected by adverse circumstances, helping to ease their burden and provide stability when it is needed most. These initiatives reflect our commitment to fostering an empathetic workplace where employees feel valued, supported, and reassured that the organisation stands beside them through both professional and personal journeys. By extending timely assistance to affected employees and their families, we reinforce a culture built on trust, solidarity, and genuine concern for the wellbeing of our

people. The Company contributed a sum of LKR 8.125 Mn for internal employees affected by the Ditwah cyclone in order to rebuild their homes.

PERFORMANCE MANAGEMENT

Performance management at Sunshine Holdings is anchored on a structured and continuous performance evaluation framework designed to align individual contributions with business and strategic priorities. Employee performance is assessed through a Balanced Scorecard (BSC) methodology and Continuous Performance Management (CPM) processes supported by clearly defined goals, competency frameworks, and regular feedback mechanisms.

Employees who demonstrate strong performance are recognised and rewarded through salary increments, incentive schemes, and leadership development opportunities. The Group also continued to strengthen

its feedback culture during the year through the introduction of real-time feedback practices and the SBI feedback model, ensuring employees receive continuous guidance, development support, and equitable opportunities for career progression across all levels of the organisation.

TRAINING AND DEVELOPMENT

At Sunshine Holdings, learning is viewed as a strategic enabler of long-term value creation, organisational resilience, and leadership sustainability. During FY2025/26, the Group achieved a significant milestone in its people development journey, transitioning from a traditional training-focused approach to a comprehensive capability-building ecosystem that is closely aligned with business strategy, future workforce requirements, and individual growth aspirations. This transformation reflects our belief that effective learning is measured not by participation alone, but by its ability to strengthen competencies, improve decision-making, enhance performance, and create a culture of continuous improvement.

A cornerstone of this evolution was the introduction of the Sunshine Capability Architecture, underpinned by a structured Learning Pyramid that maps critical competencies, skills, and behaviours across all organisational levels from Band 1 to Band 9. This framework established a clear pathway for career progression and capability enhancement while ensuring consistency in development across the Group. Complementing this architecture, a Competency-Based Training Needs Analysis (TNA) process covering 20 core competencies was operationalised, enabling development interventions to be directly linked to assessed capability gaps and Individual Development Plans (IDPs). As a result, learning investments became more targeted, measurable, and aligned with both organisational priorities and employee growth needs.

The Group recorded its highest-ever investment in learning and development during FY2025/26, allocating LKR 109.1 Mn towards capability development, representing 98.8% utilisation of the approved training budget. The momentum is expected to accelerate further with planned investments of LKR 153 Mn in FY2026/27, reflecting a 39% increase over the previous year.

Training delivery during the year surpassed all key performance targets and marked the strongest year of learning activity in the Group's history. Training hours per employee reached 27.7 hours, significantly exceeding the annual target of 20 hours. The training portfolio was carefully curated to support operational excellence, leadership effectiveness, innovation, and employee engagement. Job-specific technical training accounted for 40% of total learning hours, strengthening functional expertise and operational capabilities across business sectors. Soft skills development represented 26% of training hours, enhancing communication, collaboration, adaptability, and customer-centricity. Leadership development contributed 17% of total hours, while Health and Safety and Digital Skills training accounted for 11% and 6% respectively, ensuring employees remained equipped to operate effectively in increasingly dynamic and technology-driven environments.

Leadership development remained a key priority throughout the year. The Sunshine Leadership Pyramid continued to serve as the Group's flagship leadership framework, providing structured development pathways for employees at different stages of their careers. Programmes such as Sunshine Forward & Beyond (FB), Sunshine AA, and the Supervisor Development Programme (SDP) delivered outstanding outcomes, achieving exceptional participant satisfaction scores and reinforcing the effectiveness of the Group's

leadership development approach. The Executive Development Programme (EDP) also commenced its second cohort, supporting the development of 41 middle-management professionals and strengthening the leadership pipeline required to drive future growth.

Recognising that meaningful development extends beyond formal classroom learning, Sunshine Holdings expanded experiential learning opportunities across the Group. High-potential employees participated in job rotation and job shadowing initiatives, while acting-role assignments provided practical leadership exposure and stretch opportunities. Action learning projects enabled participants to address real business challenges while developing critical problem-solving and collaboration skills. Coaching and mentoring were further institutionalised through the GIVE and RECEIVE coaching frameworks, facilitating knowledge transfer, leadership guidance, and cross-functional learning. Additionally, business retreats involving approximately 20% of the Group workforce provided opportunities for strategic dialogue, collaboration, and organisational alignment.

The Group also strengthened its digital learning ecosystem through the provision of LinkedIn Learning licences, granting employees access to thousands of self-directed learning resources tailored to their individual development needs. Interactive learning platforms such as Kahoot were integrated across business units to enhance engagement and knowledge retention, further embedding a culture of continuous learning and innovation.

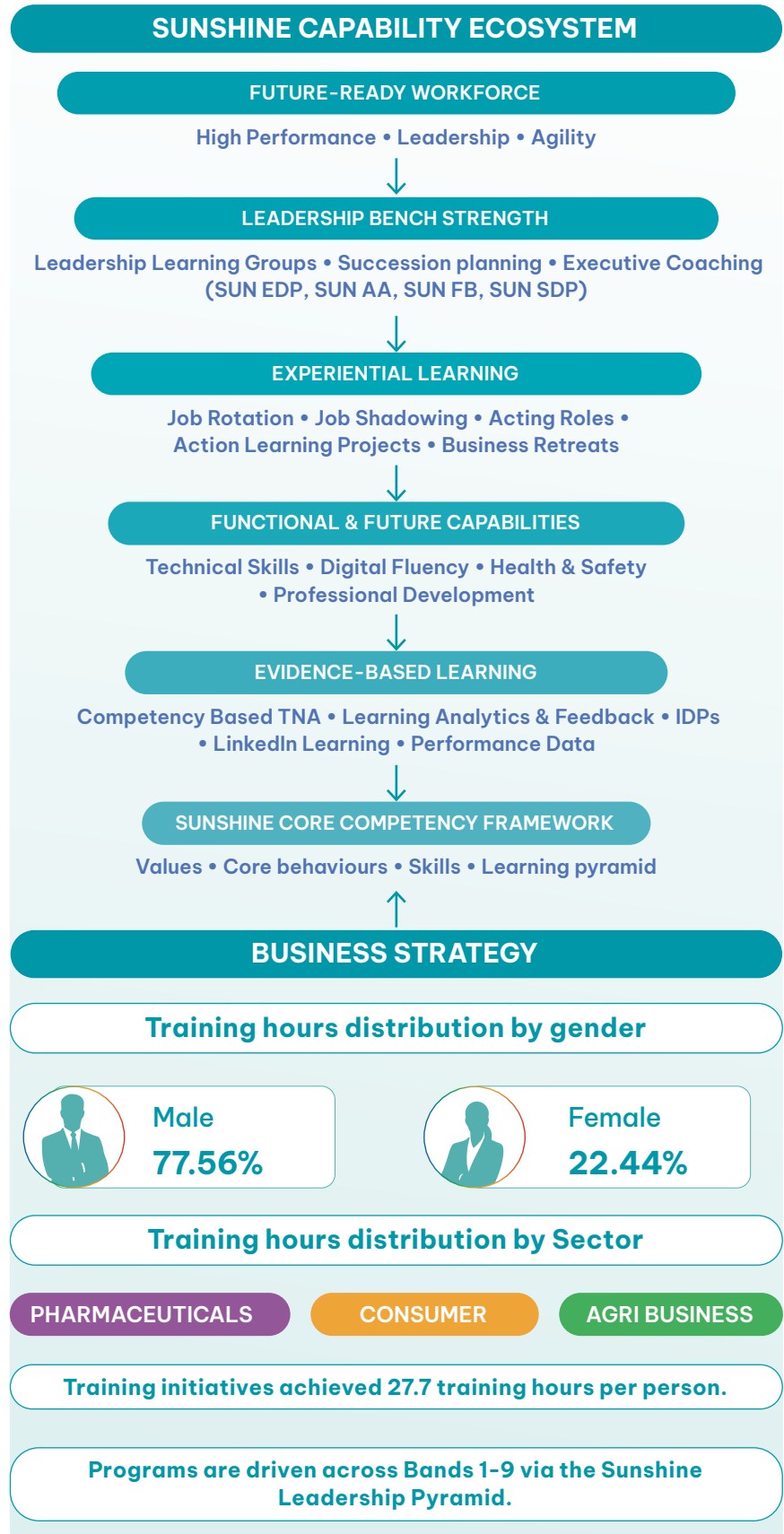
A redesigned induction programme was introduced during the year to create a more immersive and engaging onboarding experience for new employees. Delivered monthly, the programme provides a consistent

Human Capital

introduction to the Sunshine Way, enabling new recruits to understand the Group's purpose, values, culture, policies, and operating principles while fostering early engagement and organisational alignment.

Sunshine Holdings also continued to strengthen its contribution to developing future talent through a range of industry-academia initiatives. The Emerging SUN Exposure Training Programme 2026 provided students with valuable workplace exposure, mentorship, and career readiness skills through a structured 20-day programme. Meanwhile, the Sunshine Step Up initiative welcomed students from leading higher education institutions including CINEC, the University of Colombo, Ocean University, NSBM, and the University of Kelaniya, offering practical industry experience that complemented academic learning. Further strengthening these efforts, the Group entered into a strategic partnership with CINEC through a Memorandum of Understanding aimed at expanding learning and development opportunities for undergraduates and fostering stronger industry-academia collaboration.

Supported by strategic partnerships with globally recognised institutions such as Mercer, SHL, Pearson, the University of Putra Malaysia, PIM, and IFC, Sunshine Holdings continues to elevate the quality, relevance, and global benchmarking of its learning interventions. Through its integrated approach encompassing capability architecture, evidence-based learning, leadership development, digital fluency, and future talent cultivation, the Group is building a resilient, agile, and high-performing workforce capable of sustaining long-term success in an increasingly complex business environment.



EMPLOYEE ENGAGEMENT AND CULTURE

At Sunshine Holdings, organisational culture serves as a cornerstone of sustainable value creation, shaping how employees collaborate, innovate, and contribute to the Group's long-term success. As a diversified conglomerate operating across multiple sectors, we recognise that a strong culture is essential to fostering alignment, enhancing employee engagement, and enabling consistent performance across our businesses.

Our approach to culture is centred on creating an environment where employees feel valued, empowered, and connected to a shared purpose. Guided by our corporate values and leadership principles, we strive to cultivate a workplace that encourages accountability, collaboration, continuous learning, and innovation. This commitment enables us to attract and retain talent while building a resilient organisation capable of adapting to evolving business dynamics.

Strategic Priority	Value Delivered
Embedding Corporate Values	Aligns employee behaviours with organisational purpose and strategic objectives
Strengthening Employee Engagement	Enhances motivation, productivity, and retention
Fostering Open Communication	Promotes transparency, trust, and collaboration across all levels
Enhancing Leadership Effectiveness	Builds a culture of accountability, empowerment, and performance
Supporting Employee Wellbeing	Improves engagement, resilience, and overall workforce satisfaction
Recognising and Rewarding Excellence	Reinforces desired behaviours and drives high performance
Promoting Ethical Conduct and Compliance	Strengthens integrity, governance, and stakeholder confidence

– Embedding a Shared Purpose and Values

During the year, the Group continued to reinforce its organisational identity by embedding its purpose, values, and expected behaviours throughout the workforce. What was initially introduced as a one-time induction initiative evolved into a recurring monthly programme, ensuring that every new employee gains a comprehensive understanding of the Group's culture, values, policies, and ways of working from the outset.

The revitalisation of the Group induction programme played a pivotal role in strengthening cultural alignment, helping employees establish meaningful connections with the organisation and appreciate their contribution towards the Group's broader ambitions. This initiative contributed to high levels of employee participation and engagement, creating a stronger sense of belonging and shared responsibility.

– Enhancing Employee Engagement and Communication

A culture of engagement is sustained through continuous dialogue and meaningful interactions. The Group maintains multiple communication channels that facilitate the flow of information and encourage employee participation. These include town hall meetings, leadership forums, departmental interactions, digital communication platforms, social media channels, and video-based communications that keep employees informed and connected.

Regular communication initiatives provide employees with visibility into business performance, strategic priorities, and organisational developments while creating opportunities for feedback and discussion. This transparent approach fosters trust and strengthens alignment between employees and leadership.

To further encourage engagement, the Group facilitates various employee-centric activities and initiatives designed to promote collaboration, teamwork, and a positive workplace experience. These initiatives contribute to a culture where employees feel heard, appreciated, and empowered to contribute their best.

– Creating a Speak-Up Culture

The Group remains committed to maintaining an environment where employees can express concerns and provide feedback without fear of reprisal. Formal grievance mechanisms, whistleblowing channels, and confidential reporting platforms are available to all employees, enabling them to raise workplace concerns in a safe and responsible manner.

Policies governing ethics, workplace conduct, and employee rights are regularly communicated and reinforced to ensure that employees

Human Capital

understand their responsibilities and have confidence in the integrity of organisational processes. These mechanisms support a culture founded on transparency, accountability, and mutual respect.

– Continuous Performance and Development Conversations

Recognising that culture is shaped by everyday interactions, Sunshine Holdings promotes regular performance and development discussions between managers and employees. The Group's performance management framework encourages ongoing dialogue, enabling employees to receive timely feedback, identify growth opportunities, and align individual aspirations with organisational objectives.

Periodic reviews, leadership interactions, and business performance discussions ensure that employees remain connected to strategic priorities while fostering a culture of accountability and continuous improvement. These initiatives also help strengthen manager-employee relationships and support career development across the organisation.

– Leadership as a Driver of Culture

Leadership plays a critical role in shaping organisational culture. The Group continues to invest in leadership development initiatives that equip managers with the skills needed to inspire teams, manage change, and foster inclusive and high-performing work environments.

Through structured leadership programmes, coaching interventions, and capability-building initiatives, leaders are empowered to model the values and behaviours expected throughout the organisation. This leadership-led approach ensures that culture is reinforced consistently across business units and functions.

EMPLOYEE RECOGNITION

Recognising and celebrating employee contributions remains a cornerstone of our people strategy, reinforcing a high-performance culture that values excellence, collaboration, innovation, and shared success. We believe that meaningful recognition not only acknowledges achievements but also strengthens employee engagement, fosters a sense of belonging, and motivates individuals to contribute towards the Group's long-term aspirations.

The Sunshine Awards continued to serve as the Group's flagship recognition platform, honouring individuals and teams who exemplify our values while delivering exceptional contributions across business units and functions. During the year, the programme was further enhanced through refined evaluation criteria, strengthened governance processes, and a more engaging recognition experience, ensuring greater transparency, inclusivity, and employee participation.



Beyond formal recognition programmes, we continued to celebrate professional achievements, service milestones, and collective successes across the organisation. Through town hall meetings, employee engagement events, leadership interactions, and business-wide appreciation initiatives, we reinforced a culture where contributions at every level are acknowledged and valued. These platforms provide opportunities to showcase achievements, share success stories, and inspire best practices across the Group.



Our recognition philosophy extends beyond rewarding outcomes to recognising behaviours that embody our organisational values and contribute to a positive workplace culture. Employees who demonstrate teamwork, customer-centricity, innovation, leadership, and continuous improvement are regularly acknowledged through various engagement and recognition channels.

By embedding recognition into the employee experience, we continue to strengthen motivation, improve engagement, enhance retention, and cultivate a workplace culture where employees feel valued, empowered, and inspired to achieve their full potential. As we move forward, we remain committed to evolving our recognition practices to ensure they continue to support employee well-being, performance excellence, and sustainable organisational success.

HEALTH AND SAFETY IN THE WORKPLACE

Ensuring the health, safety, and wellbeing of employees remained a key priority at Sunshine Holdings during the year. The Group continued to strengthen its zero-harm culture through structured occupational health and safety governance aligned with IFC standards, ISO 45001:2018, and relevant regulatory requirements. Dedicated EHS Committees across manufacturing facilities, regular audits, incident reporting mechanisms, emergency response teams, and ongoing safety training programmes supported the effective management of workplace risks.



Employee wellbeing initiatives were also expanded through medical support services, mental health programmes, wellness campaigns, fitness initiatives, and periodic health screenings aimed at fostering a safe, healthy, and supportive work environment across the Group.



Human Capital



CRITICAL METRIC

ZERO Work-Related Fatalities

- ZERO Work-Related Fatalities
- Maintained a safe and healthy work environment



SYSTEM ENHANCEMENTS

Standardised OHS Data Recording

- Formal health and safety monitoring processes.
- Corrective action tracking



WELLBEING PROGRAMS

Holistic Employee Wellness Expanded

- Medical & mental health support
- Screening & fitness



For our operations, the Lost Time Frequency Rate (LTIFR) was 6.68, the First Aid Case Rate was 48.52, and the Total Recordable Injury Rate (TRIR) was 2.97. We recorded 12 reportable accidents, 196 first aid accidents, and 27 lost time accidents. There were zero work-related fatalities, occupational diseases, or permanent/partial disabilities. Incidents are recorded by a dedicated HSE Officer, reviewed monthly, and escalated to factory-level EHS Committees for root cause analysis.

MATERNITY, PATERNITY AND ADOPTION LEAVE

At Sunshine Holdings, we are committed to supporting employees through key life milestones. Our maternity leave benefits provide expectant mothers with the time and support needed to prioritise their wellbeing and family, reflecting our commitment to an inclusive and caring workplace.

During the period, 14 employees took maternity leave with 12 returning to work, while 26 employees successfully utilised paternity leave benefits.

Our Adoption Leave policy supports employees adopting children up to five years of age, providing adoptive parents with leave entitlements equivalent to maternity and paternity leave benefits for children below one year of age, and proportionate leave benefits for older children, ensuring equitable support for all paths to parenthood.

PRIORITISING EMPLOYEE WELLBEING

The Group recognises that employee wellbeing is fundamental to organisational success. A range of wellbeing initiatives are implemented to support employees' physical, mental, emotional, and social wellbeing.

During the year, the Mental Health Awareness Programme reached over 300 participants across multiple sessions, reflecting the Group's commitment to fostering psychological wellbeing and reducing stigma surrounding mental health. Complementing these efforts were various wellness initiatives focused on building resilience, promoting healthy lifestyles, and supporting work-life balance.

By creating an environment where employees can thrive both personally and professionally, the Group strengthens engagement, productivity, and long-term workforce sustainability.

STRENGTHENING GOVERNANCE AND CULTURAL INTEGRITY

The Group continued to uphold the highest standards of ethical conduct and compliance throughout the year. Independent audits and reviews conducted by external assurance providers confirmed strong adherence to policies, procedures, and regulatory requirements, reinforcing the effectiveness of the Group's governance and cultural frameworks.

These outcomes demonstrate the maturity of the Group's internal control environment and reflect a culture where integrity, accountability, and responsible business practices are embedded in day-to-day operations.

EMPLOYEE ENGAGEMENT AND INCLUSION

At Sunshine Holdings, employee engagement is viewed as a strategic enabler of performance, innovation, and long-term sustainability. Anchored in a culture of trust, recognition, inclusion, and shared purpose, our engagement approach seeks to foster meaningful connections between employees and the organisation while creating an environment where every individual feels valued, heard, and empowered to contribute.

Recognising that an engaged workforce is fundamental to organisational success, the Group cultivates open and transparent communication across all business sectors through structured leadership interactions and continuous feedback mechanisms. Employees are encouraged to share ideas,

perspectives, and concerns, enabling management to make informed decisions and drive improvements that enhance both employee experience and organisational effectiveness.

Engagement is supported through a comprehensive framework that includes quarterly town halls, business review forums, regular engagement sessions, and multiple employee listening channels. These include the Great Place to Work (GPTW) survey, the Sunshine Voice anonymous feedback platform, grievance and whistleblowing mechanisms, and ongoing performance and development discussions. Together, these channels provide valuable insights into employee sentiment while strengthening transparency, trust, and accountability across the Group.

Our commitment to recognising and celebrating employee contributions remains a key pillar of engagement. The Sunshine Awards programme acknowledges outstanding performance, collaboration, innovation, and leadership, reinforcing behaviours that support our values and strategic aspirations. Complementing this is the Sunshine WE platform, which promotes inclusion, wellbeing, and employee support across diverse demographics and life stages, helping create a workplace where individuals can thrive both professionally and personally.

Through these initiatives, Sunshine Holdings continues to embed employee voice into day-to-day operations and leadership decision-making processes. By fostering a culture of openness, recognition, and continuous improvement, we strengthen employee commitment, enhance organisational resilience, and create a workplace that attracts, develops, and retains high-performing talent across the Group.

DIVERSITY, EQUITY AND INCLUSION

Diversity, equity and inclusion are deeply embedded within Sunshine Holdings' people philosophy, reflecting our commitment to creating a workplace where every individual is respected, valued, and empowered to succeed. We believe that diverse perspectives strengthen innovation, enhance decision-making, and contribute to sustainable business success across our diversified portfolio.

With a workforce of over 3,030 employees spanning multiple sectors, functions, and geographies, we continue to foster an inclusive culture that promotes equitable opportunities in recruitment, development, career progression, and leadership. Our approach focuses on creating an environment where employees can bring their authentic selves to work while feeling supported in achieving their professional aspirations.

The Group continued to strengthen its inclusion agenda through the Sunshine WE platform, which champions employee wellbeing, gender inclusion, awareness building, and personal development. Targeted initiatives aimed at empowering women, supporting work-life integration, and enhancing leadership capabilities further reinforced our commitment to cultivating a workplace that embraces diversity in all its forms.

Recognising that inclusion must be supported by strong governance and awareness, Sunshine partnered with the International Finance Corporation (IFC) to deliver Respectful Workplace training to over 240 managers across the Group. This initiative strengthened leadership capabilities in fostering inclusive workplaces while supporting the development of a formal Respectful Workplace Policy to institutionalise best practices across the organisation.

Human Capital

Our efforts were further complemented through participation in the Parent-Friendly Workplace Certification programme, active engagement with the Parenthood Global member circle, and continued investments in policies and practices that support employees at different stages of life and career. These initiatives reflect our broader aspiration of building a workplace culture founded on respect, fairness, belonging, and equal opportunity.

The effectiveness of these efforts is reflected in external recognition received during the year, including Watawala Plantations PLC being recognised as a Great Place to Work® and receiving the Best Workplace for Women distinction. Such achievements underscore the Group's ongoing commitment to fostering an inclusive and empowering work environment where people can thrive, contribute meaningfully, and realise their full potential.

OUTLOOK

Looking ahead, Sunshine Holdings remains confident in its ability to create sustainable value by leveraging the strength of its diversified business portfolio, resilient operating model, and people-centric culture. While the operating environment may continue to present evolving economic, regulatory, and market challenges, the Group is well-positioned to capitalise on emerging opportunities across its healthcare, consumer, agri business, and mobility sectors.

Our focus will remain on driving operational excellence, accelerating digital transformation, enhancing customer-centricity, and strengthening synergies across the Group's businesses. Equally, we will continue to invest in our people, recognising that a skilled, engaged, and empowered workforce is fundamental to sustaining long-term growth and innovation. Efforts to enhance leadership capabilities, employee wellbeing, learning and development, diversity and inclusion, and organisational culture will remain key priorities as we build a future-ready workforce.

As sustainability becomes increasingly integral to business success, the Group will further strengthen its environmental, social, and governance practices, embedding responsible business principles across operations while creating meaningful value for stakeholders. Through disciplined execution, innovation, and a steadfast commitment to its values, Sunshine Holdings is poised to strengthen its market leadership, enhance stakeholder trust, and deliver sustainable growth in the years ahead.



Manufactured Capital

Strengthening foundations for long-term success



Manufactured Capital represents the physical infrastructure, production facilities, machinery, technology platforms, utilities, and operational systems that enable Sunshine Holdings to deliver products and services efficiently across its diversified business sectors. As a Group operating across healthcare, consumer goods, and agri business sectors, maintaining resilient, technologically advanced, and sustainable operational infrastructure remains fundamental to ensuring operational continuity, product quality, customer satisfaction, and long-term value creation.

STRATEGIC PRIORITIES



Manufacturing modernisation



Process automation



Sustainable energy initiatives



Quality and food safety enhancement



Technology integration



Infrastructure and asset upgrades

VALUE DELIVERED

- Improved production efficiency
- Enhanced operational agility
- Reduced operational costs and emissions
- Improved product quality and reliability
- Strengthened operational resilience
- Long-term sustainable value creation

SDGs ALIGNED



Manufactured Capital

MANAGEMENT APPROACH

Sunshine Holdings adopts a disciplined and forward-looking approach toward managing its manufactured capital by continuously enhancing operational infrastructure, improving production efficiencies, integrating advanced technologies, and investing in environmentally responsible systems. The Group remains focused on building agile, scalable, and future-ready operations capable of responding to evolving consumer expectations, regulatory requirements, and market dynamics. Throughout the year under review, the Group continued to strengthen its manufacturing and operational capabilities through strategic investments in automation, sustainability-focused infrastructure, process optimization, and facility modernization. These initiatives were carefully aligned with the Group's long-term growth ambitions, operational excellence agenda, and commitment toward responsible manufacturing practices

STRENGTHENING MANUFACTURING INFRASTRUCTURE

The Group's operations are supported by modern manufacturing plants, automated production systems, utility infrastructure, environmental control systems, steam generation facilities, and ISO-compliant manufacturing processes that collectively enable efficient and reliable operations across business sectors.

During the year, the Group successfully completed key operational restructuring initiatives, including the relocation and commissioning of Lollipop Manufacturing operations at the Anura Mawatha Factory. This initiative, undertaken in collaboration with the Kandawala and Anura Mawatha operational teams, significantly enhanced manufacturing flexibility, strengthened production capabilities, and improved product quality standards.

Lina Manufacturing further strengthened its manufacturing infrastructure within its primary revenue generating segments of Metered Dose Inhaler (MDI) and tablet production. Key initiatives during the year included the automation of MDI operations and the installation of a tablet strip packing machine, enhancing production efficiency, capacity utilization, and operational consistency

These operational enhancements enabled the Group to better align production capacity with evolving market demand while improving manufacturing integration across facilities.

Tea Processing & Consumer Goods Operations

The manufactured capital of the consumer segment represents a vertically integrated platform supporting efficient tea production, packaging, and distribution across premium and mass-market segments. Core operations include modern processing and blending facilities in Kelaniya, featuring advanced packaging, warehousing, and quality assurance systems aligned with international standards. These facilities support flagship brands – Zesta, Watawala Tea, and Ran Kahata – and value-added export offerings. A strong islandwide distribution network and export channels enhance market reach. In parallel, the Group continued to invest in its Tea Manufacturing operations, focusing on upgrading machinery to improve output efficiency. Notably, the blending machinery was enhanced, driving a 600 basis point increase in efficiency from 58% to 64%. Additionally, the team undertook a value-accretive initiative to construct a mezzanine floor by optimizing the vertical space within the factory, thereby increasing storage capacity by 2,600 sq. ft., further supporting operational efficiency and scalability.

Total investment of
LKR 24.5 Mn

Expected annual savings of
LKR 5.2 Mn

STRATEGIC CAPITAL INVESTMENTS

Biomass Boiler Project

As part of its sustainability and energy optimization agenda, the Group initiated a Biomass Boiler Project aimed at enhancing energy efficiency while reducing operational costs and environmental impact.

Key highlights of the project included:

Capital investment of approximately
LKR 54 Mn

Expected annual savings of
LKR 35.7 Mn

Estimated payback period of
1.5 years

Annual greenhouse gas reduction of approximately
661 tons

Estimated
48% reduction in emissions

Major project activities completed during the year included boiler installation, gas tank relocation, boiler house construction, steam piping development, and insulation enhancements. The project is expected to further strengthen the Group's long-term operational sustainability while reducing dependency on conventional energy sources.

Hard Boiled Candy Automation Project

The Group also commenced a large-scale automation initiative focused on enhancing operational efficiency within its Hard-Boiled Candy manufacturing operations.

The project involved:

- Continuous cooker implementation
- Automated packing systems
- Multihead weigher integration
- Installation of advanced packing machinery

The initiative represented a with



These investments are expected to significantly improve process consistency, throughput capacity, operational stability, and manufacturing efficiency while strengthening the Group’s ability to scale operations sustainably.

Metered Dose Inhalers (MDI) Line Automation

Lina Manufacturing, the sole producer of Metered Dose Inhalers (MDIs) in Sri Lanka, enhanced its manufacturing capability through an investment of approximately LKR 90 Mn during the year. This enabled the commissioning of an additional filling line alongside the full automation of the filling process, resulting in a 45% increase in production capacity and a 45% optimization in manpower. These improvements strengthened On-Time-In-Full (OTIF) delivery performance for Government supply commitments, while positioning the facility as a scalable, future-ready platform for both own-brand manufacturing and contract manufacturing operations.

TECHNOLOGY AND OPERATIONAL EXCELLENCE

Technology integration continued to play a critical role in driving operational efficiency and manufacturing excellence across the Group. The continued adoption of automation technologies, environmental controls, and advanced processing systems contributed toward improving operational reliability and reducing process inefficiencies.

Key technology-driven improvements implemented during the year included:

- Automated MDI filling line to improve efficiency and capacity
- Implementation of BMS for AHUs to ensure automated temperature and RH control
- Introduction of continuous cooking technology
- Automated packing systems with multihead weighers
- Stainless-steel kneader implementation for improved product consistency
- Enhanced RH and temperature controls
- Improved rope sizing controls to minimize product variation

These initiatives strengthened manufacturing precision, enhanced throughput, reduced manual intervention, and improved operational consistency across production lines.

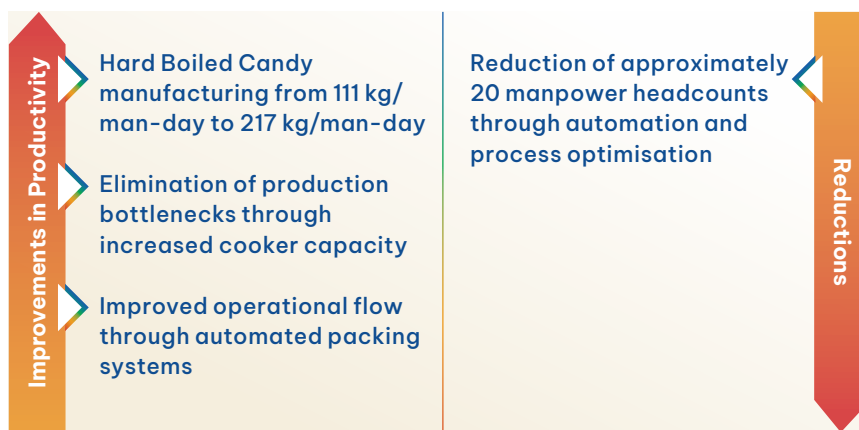
PRODUCTIVITY AND PROCESS IMPROVEMENTS

The Group maintained a strong focus on improving productivity and minimizing operational downtime through process optimization, automation initiatives, infrastructure upgrades, and strengthened maintenance practices.

Significant achievements during the year included:

Tablet Strip Packing Capability Expansion

During the year, Lina Manufacturing strengthened its tablet manufacturing capabilities through the installation of a strip packing machine, supported by an investment of approximately LKR 17 Mn. The tablet manufacturing line, which previously accommodated both blister and bottle filling operations, is now fully equipped with comprehensive packaging solutions, including strip packing. This enhancement enables greater flexibility to cater to diverse market requirements, supports expansion of the product portfolio, and delivers cost efficiencies through the adoption of more economical packaging technology.



These initiatives enabled the Group to enhance operational efficiency while creating a more agile and cost-effective manufacturing environment.

Manufactured Capital

QUALITY ASSURANCE AND OPERATIONAL RELIABILITY

Maintaining product quality, operational reliability, and food safety standards remained a core operational priority throughout the year. The Group continued strengthening manufacturing controls, facility standards, and process consistency across operational locations.

Key quality-related achievements included:

- Achieving ISO 22000 compliance for Lollipop SKU manufacturing
- Ongoing initiatives to extend ISO 22000 compliance across all toffee products manufactured at Kandawala
- Improved product consistency through process enhancements
- Enhanced environmental controls to improve product stability and reliability

These initiatives significantly enhanced food safety assurance, operational reliability, and customer confidence across the Group's manufacturing operations.

One of the major initiatives taken in Lina Manufacturing in its pharmaceutical manufacturing Quality system improvement was the review and revision of the cleaning validation program by incorporating Health-Based Exposure Limits (HBEL), aligning the system with the latest risk management concepts and current regulatory expectations in pharmaceutical manufacturing. This scientifically justified approach improved the effectiveness of contamination control strategies and strengthened product quality assurance.



With MDI filling line automation, a series of process validation was proceeded as to adhere with mandatory GMP requirement and improvement initiatives such as reduction of API overages, filling weight consistency improvement, blending time reduction was validated along with these exercises.

SUSTAINABILITY AND LONG-TERM ASSET STEWARDSHIP

The Group remains committed to ensuring the long-term sustainability and reliability of its operational assets through structured infrastructure development, preventive maintenance practices, equipment modernisation, and utility optimisation initiatives.

Investments in sustainable utility systems, process automation, and facility upgrades continue to support improved asset lifecycles, enhanced manufacturing efficiency, and reduced environmental impact across operations. The Biomass Boiler initiative further reinforces the Group's commitment toward environmentally responsible manufacturing and long-term operational resilience.

OUTLOOK

As Sunshine Holdings continues its growth journey, the Group remains focused on strengthening its manufactured capital base through strategic infrastructure investments, automation, sustainability initiatives, and operational innovation. Future investments will continue to prioritize manufacturing modernization, technology integration, operational resilience, and environmentally responsible production systems that support long-term value creation across all business sectors.

By continuously enhancing operational capabilities and maintaining disciplined asset stewardship, Sunshine Holdings is well-positioned to sustain operational excellence, improve competitiveness, and support the evolving needs of customers and stakeholders in an increasingly dynamic business environment.

Intellectual Capital

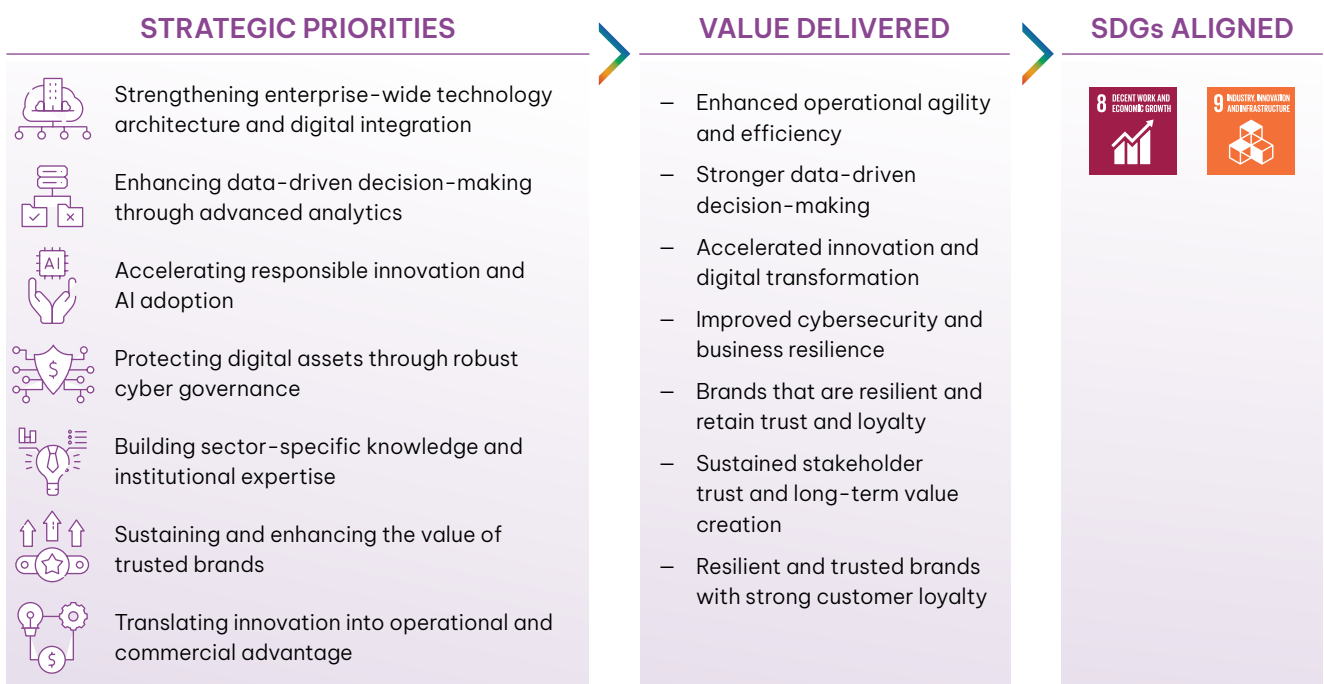
Advancing enterprise intelligence, innovation, and enduring brand strength



Intellectual capital serves as a critical enabler of Sunshine Holdings’ long-term value creation. As a diversified conglomerate our ability to compete effectively depends not only on physical infrastructure and financial strength, but also on the systems, expertise, institutional knowledge, innovation capabilities, and brand equity that power enterprise performance.

Our intellectual capital reflects the collective strength of our digital ecosystem, proprietary business intelligence, sector-specific know-how, innovation frameworks, and trusted market brands. Together, these capabilities enable us to improve operational agility, strengthen decision-making, deepen stakeholder engagement, and unlock scalable growth opportunities across the Group.

By continuously investing in technology, analytics, governance, and innovation, we are building a smarter, more connected enterprise capable of responding decisively to evolving market dynamics.



Intellectual Capital

MANAGEMENT APPROACH

Sunshine Holdings adopts a structured enterprise-wide approach to strengthening intellectual capital by integrating digital transformation, data governance, operational intelligence, and innovation into the Group's strategic agenda.

As a multi-sector business, our approach is centred on creating shared digital capability while preserving the specialised expertise required within each business vertical. This ensures consistency in governance and enterprise visibility, while enabling agility and tailored execution at the business unit level. This disciplined approach ensures that intellectual capital remains a living strategic asset rather than a passive support function.

BRAND EQUITY AND MARKET LEADERSHIP

The strength of Sunshine Holdings' intellectual capital is also reflected in the enduring value of its brands.

Within the consumer business, **Zesta, Watawala Tea, Ran Kahata, Daintee** represent some of Sri Lanka's most established and trusted household names. Built over generations through consistent quality, strong market presence, and consumer relevance, these brands carry significant intangible value that supports pricing power, customer loyalty, and competitive resilience.

Within Healthcare, the Group's pharmaceutical presence similarly reflects strong intellectual capital through trusted partnerships, market credibility, and deep industry expertise. Brand equity remains a strategic asset that strengthens stakeholder trust while reinforcing long-term commercial sustainability.

STRENGTHENING OUR DIGITAL AND KNOWLEDGE INFRASTRUCTURE

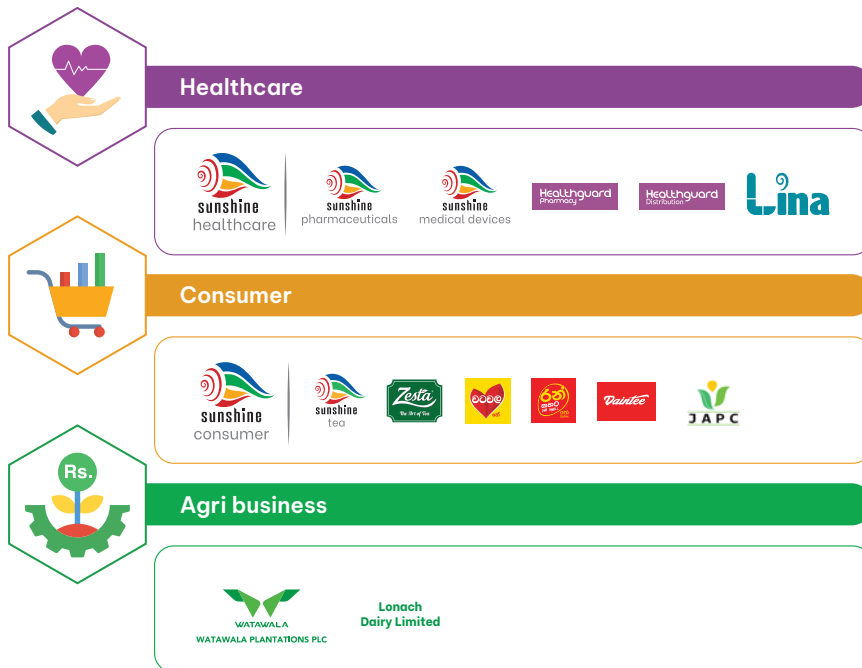
A robust digital backbone underpins Sunshine Holdings' intellectual capital, enabling seamless integration, stronger governance, and operational visibility across diverse business operations.

Enterprise systems play a foundational role in this architecture. IFS ERP platforms support Healthcare and Consumer operations, delivering integrated workflow management, stronger control environments, and improved enterprise transparency. Across the Agri business segment, including tea and plantation operations, SAP Business One provides operational oversight and process discipline tailored to sector-specific requirements.

These enterprise systems are complemented by specialised digital platforms that enhance functional effectiveness and operational intelligence, including:

- Retail POS systems supporting pharmacy operations and customer responsiveness
- Sales Force Automation (SFA) platforms enhancing field execution across distribution and healthcare businesses
- Field Harvest technology enabling real-time monitoring and digitisation of plantation field operations
- Transportation management and demand planning tools improving supply chain coordination and logistics efficiency

Together, these systems form an integrated enterprise knowledge ecosystem that supports consistency, agility, and informed execution.



DATA, ANALYTICS, AND DECISION INTELLIGENCE

As business complexity increases, access to timely, reliable intelligence becomes essential for effective decision-making. Sunshine Holdings continues to strengthen its analytical capabilities to transition toward a more data-led operating model.

A significant milestone during the year was the implementation of Microsoft Fabric as the Group's unified data and analytics platform, enabling data integration across all nine business units. By consolidating information from enterprise systems including IFS, SAP B1, SFA, and operational applications, this platform creates a central intelligence layer that enhances enterprise visibility and accelerates decision-making.

To strengthen data integrity and reliability, the Group is progressing a master data governance initiative, aimed at standardising data structures and improving consistency across business operations.

Dedicated Business Relationship Management (BRM) teams further support this transformation by ensuring digital capability remains aligned with business priorities, translating technology investments into measurable strategic outcomes.

This growing analytical maturity is strengthening forecasting, operational responsiveness, and executive decision confidence across the Group.

INNOVATION AND EMERGING TECHNOLOGY ENABLEMENT

Innovation remains central to sustaining competitive differentiation and future readiness.

During the year, Sunshine Holdings accelerated its digital transformation agenda through the introduction of new technologies designed to enhance productivity, decision support, and operational resilience.

A key development was the structured adoption of artificial intelligence through three strategic capability pillars:

- Efficiency AI to improve productivity and operational effectiveness
- Decision AI to strengthen business intelligence and management insight
- Risk AI to support proactive monitoring and enhanced risk awareness

These initiatives reflect a measured and responsible approach to AI adoption, focused on practical enterprise application and sustainable value creation.

Additional technology enhancements introduced during the year included:

- Microsoft Intune Mobile Device Management (MDM) to centralise device governance and automate IT administration
- Privileged Access Management (PAM) solutions to strengthen cybersecurity oversight and protect sensitive digital environments

Collectively, these initiatives reinforce Sunshine's ability to innovate securely, responsibly, and at scale.

SECTOR EXPERTISE AND INSTITUTIONAL KNOWLEDGE

Beyond digital capability, Sunshine's intellectual capital is deeply rooted in specialised sector knowledge built over decades of operating excellence.

Within Healthcare, the Group has developed strong institutional expertise across pharmaceutical distribution, healthcare retail, medical engagement, and patient access solutions. These capabilities are reinforced by trusted relationships, regulatory understanding, and operational know-how that create significant competitive barriers to entry.

Within Consumer, deep market insight, product stewardship, and route-to-market execution capabilities continue to support sustained commercial strength.

Across Agri business, accumulated expertise in plantation management, tea production, and operational optimisation supports resilience and productivity in complex agricultural operating environments.

This combination of digital intelligence and sector-specific expertise forms a powerful foundation for sustainable competitive advantage.

Intellectual Capital

AWARDS AND RECOGNITION

External recognition serves as an important validation of Sunshine Holdings' operational excellence, innovation capability, governance discipline, and market leadership.

Awards and accolades received across the Group reflect the effectiveness of our strategic execution, the strength of our brands, and our commitment to maintaining high standards across diverse sectors.



Team Sunshine Holdings PLC won the Bronze Award at TAGS Awards 2025 (Below 100Bn Revenue Category)



Sunshine Holdings PLC won the Gold Award for the 5th time at CFA Society Sri Lanka Capital Market Awards



Healthguard Pharmacy Limited won The Commendation Award (Extra large - services) for Best Strategic Insights in National Supply Chain Excellence Awards



Sunshine Medical Devices was the Winner of the Annual Breakthrough Awards at World Health Expo 2025

Intellectual Capital



Lina Manufacturing (Pvt) Ltd won the Silver award for Management Excellence in Healthcare Service at National Management Excellence Awards 2025



Sunshine Medical Devices honored with Excellence in Customer Support Award at the CORDIS Channel Partners Meet 2025



Team Sunshine Holdings has been recognised at SLIM NSA 2025, for the continuous dedication of excellence and outstanding performance



Healthguard Distribution received the ISO9001 2015 and “Good Distribution Practices” certification



Healthguard Distribution was recognition in CILT Awards Night 2025

Intellectual Capital



Sunshine Consumer Lanka Ltd won Two golds at National Convention of Quality and Productivity 2025





Sunshine Consumer Lanka Ltd won bronze for the best supply Chain Practising Organisation at National Supply Chain Excellence Awards

RANKINGS

1. Sunshine Holdings PLC recognised among the Top 40 Companies in Business Today
2. LMD Brand Annual 2025 Rankings.
 - Healthguard Pharmacy "Most Loved Pharmacy Brand"
 - Watawala Tea and Zesta were listed among the Most Loved Product Brands for 2025.
3. LMD 2025 "Most Awarded" rankings
 - Sunshine Consumer Lanka is ranked 1st in both the Private Sector and the Food & Beverage Sector, advancing to 7th place from 75th.
 - Sunshine Holdings PLC and Sunshine Healthcare Lanka Limited were also recognised among the top companies

Intellectual Capital

MANAGING INTELLECTUAL CAPITAL FOR SUSTAINABLE VALUE CREATION

Our continued investment in intellectual capital strengthens Sunshine Holdings' ability to remain agile, innovative, and strategically resilient in an evolving business environment.

By integrating enterprise technology, data intelligence, innovation capability, sector expertise, and trusted brand leadership, we are creating an ecosystem where knowledge becomes a measurable strategic advantage.

As we continue to deepen digital maturity and unlock new capabilities, intellectual capital will remain a vital driver of competitiveness, transformation, and sustainable long-term growth.

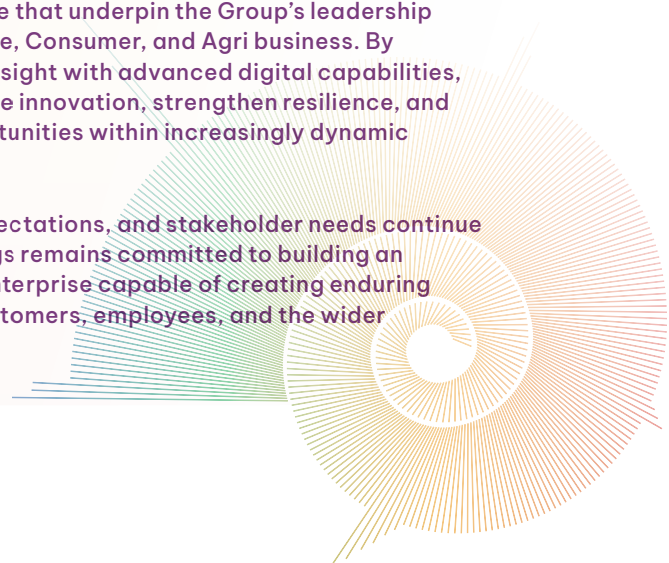
OUTLOOK

As Sunshine Holdings advances its growth agenda, the Group remains focused on transforming its intellectual capital into a sustainable source of competitive advantage. The next phase of this journey will centre on deepening data-driven decision-making, scaling the application of artificial intelligence across business functions, and strengthening enterprise-wide digital integration to unlock greater agility, efficiency, and value creation.

The continued evolution of Microsoft Fabric and the Group's data governance framework will enhance predictive capabilities, strengthen operational visibility, and enable faster, more informed responses to emerging market dynamics. Simultaneously, Sunshine will continue to explore practical applications of AI to improve productivity, elevate customer experiences, optimise resource allocation, and strengthen risk management across its diversified portfolio.

Equally important will be the continued cultivation of sector expertise and institutional knowledge that underpin the Group's leadership positions across Healthcare, Consumer, and Agri business. By combining deep industry insight with advanced digital capabilities, Sunshine aims to accelerate innovation, strengthen resilience, and capture new growth opportunities within increasingly dynamic operating environments.

As technology, market expectations, and stakeholder needs continue to evolve, Sunshine Holdings remains committed to building an intelligent, future-ready enterprise capable of creating enduring value for shareholders, customers, employees, and the wider communities it serves.



Social and Relationship Capital

Building trusted relationships that create shared value



At Sunshine Holdings, the strength of our relationships is fundamental to how we create sustainable long-term value. As a diversified group with leadership positions across healthcare, consumer, and agri business sectors, our success depends not only on operational excellence, but equally on the trust, confidence, and goodwill we build with the stakeholders who enable our continued growth.

We recognise social and relationship capital as a strategic asset, one that strengthens brand equity, enhances stakeholder confidence, reinforces our licence to operate, and supports long-term resilience in an increasingly interconnected operating environment.

STRATEGIC PRIORITIES



Strengthen Customer Trust and Brand Reputation



Build Strategic Partnerships and Collaborative Ecosystems



Strengthen Supplier and Value Chain Relationships



Create Meaningful Community Impact



Encourage Employee Participation and Shared Purpose



Promote Ethical Conduct and Stakeholder Confidence

VALUE DELIVERED

- Enhanced customer loyalty, stronger brand equity, improved stakeholder confidence, and sustained market leadership through trusted products.
- Expanded reach, improved execution capability and collective impact through multi-stakeholder collaboration.
- Improved operational resilience, supply continuity, ethical procurement practices, and long-term value chain sustainability.
- Improved community wellbeing through structured social investment initiatives.
- Strengthened organisational culture, volunteerism, and community connections through employee-led social initiatives.
- Sustained credibility, enhanced transparency, and long-term licence to operate.

SDGs ALIGNED



Social and Relationship Capital

CSR Component	Strategic Focus	Business Alignment
Sunshine Foundation for Good	Institutional CSR hub with governance and continuity	Linked to business purpose and brand
Education	Scholarships, school support, career guidance	Supports nation-building objective
Healthcare	Awareness, testing, disease prevention	Directly aligned with healthcare business
Diyasarana RO Plants	Safe water access for rural populations	Supports health outcomes and community wellbeing
Employee Participation	Volunteer roles, internal health sessions, recognition	Strengthens culture & shared purpose

OUR MANAGEMENT APPROACH

Guided by our purpose of *Bringing good things to life*, we seek to foster relationships built on transparency, trust, ethical conduct, responsiveness, and meaningful shared value creation. Our engagement spans customers, strategic partners, suppliers, communities, regulators, institutions, and employees, each playing a distinct but interconnected role in our value creation ecosystem.

Our approach goes beyond stakeholder engagement as a governance requirement. We view relationship-building as an active strategic process that enables us to deepen customer loyalty, expand collaborative capabilities, strengthen operational continuity, and deliver measurable positive social outcomes.

- This commitment is reinforced through responsible business practices, active stakeholder engagement, purpose-led social investment, and structured community programmes delivered through the Sunshine Foundation for Good (SFG), our dedicated social impact platform established in 2017.

By integrating commercial trust, partnership collaboration, ethical conduct, and social impact into our business model, Sunshine Holdings continues to create shared value while strengthening its position as a trusted corporate citizen and responsible growth partner.

Our approach to managing social and relationship capital is built around a structured framework focused on strengthening trust, responsiveness, and long-term stakeholder alignment.

This includes:

- Building enduring customer trust through product quality, service reliability, and purpose-led engagement
- Strengthening strategic partnerships that enhance execution capability and social impact
- Maintaining ethical, transparent, and resilient supplier and business relationships
- Investing in communities through structured and measurable social development initiatives
- Encouraging employee participation in social value creation
- Embedding integrity, governance, and accountability into all stakeholder interactions

This integrated approach ensures that relationship capital is actively cultivated as a driver of resilience, trust, and sustainable growth.

CUSTOMER RELATIONSHIPS AND BRAND TRUST

Building Confidence Through Purpose, Performance, and Trust

Customers remain central to Sunshine Holdings' long-term success. Across our healthcare, consumer, and agri business businesses, our brands serve millions of consumers whose trust is built not only on the quality and reliability of our products and services, but also on the values and purpose we represent.

We recognise that modern customer relationships extend beyond transactional interactions. Stakeholders increasingly expect organisations to demonstrate responsibility, social relevance, transparency, and authenticity. Accordingly, our customer engagement approach combines operational excellence with meaningful societal contribution to create stronger and more enduring trust.

Our approach focuses on:

- Delivering high-quality, trusted products and services
- Maintaining responsive customer engagement practices
- Supporting healthier lifestyles and community wellbeing
- Strengthening trust through responsible corporate conduct
- Reinforcing brand credibility through visible social impact initiatives



Our healthcare outreach programmes, preventive wellness campaigns, community medical initiatives, educational interventions, and emergency support efforts contribute meaningfully to public goodwill and reinforce emotional brand affinity.

Initiatives such as diabetes awareness campaigns, World Diabetes Day outreach, International Women's Day health screenings, Suwa Diviya health programmes, and pharmacy support initiatives have strengthened public trust while reinforcing Sunshine Holdings' reputation as a purpose-driven organisation committed to societal wellbeing.

By aligning commercial performance with meaningful social contribution, we continue to deepen customer loyalty, strengthen brand equity, and enhance long-term stakeholder confidence.



BUSINESS PARTNERSHIPS AND STRATEGIC COLLABORATION

Expanding Impact Through Shared Capability and Collective Action

Strong partnerships remain essential to extending our reach, strengthening execution, and amplifying impact.

As a diversified organisation operating across multiple sectors, collaboration enables us to leverage shared expertise, improve implementation effectiveness, and create broader stakeholder value than could be achieved independently.

We actively collaborate with a broad ecosystem of institutions and strategic stakeholders including:

- Healthcare providers and medical institutions
- Educational establishments and schools
- Government bodies and regulatory institutions
- Industry associations
- Community organisations
- Development and implementation partners
- Corporate collaborators and sector stakeholders

These partnerships support both business continuity and social impact.

Social and Relationship Capital

Healthcare collaborations have enabled awareness programmes, preventive screenings, medical outreach initiatives, and targeted healthcare support interventions.

Educational partnerships have supported school assistance programmes, educational donations,

Collaborations with community organisations and public institutions have strengthened implementation effectiveness in safe water access projects, social development interventions, and crisis response efforts.

During periods of national hardship and emergency situations, including flooding and broader crisis conditions, partnerships with public institutions and sector stakeholders enabled coordinated and impactful responses.

Notably:

- Contributions through the Sri Lanka Chamber of Pharmaceutical Industry supported broader national healthcare-related crisis response efforts post-Ditwah cyclone
- Institutional partnerships strengthened emergency relief mobilisation
- Collaborative healthcare initiatives improved community outreach effectiveness
- These partnerships reinforce Sunshine Holdings' reputation as a collaborative and trusted development partner while strengthening our ability to create scalable impact.



SUPPLIER AND VALUE CHAIN RELATIONSHIPS

Strengthening Reliability Through Ethical and Collaborative Partnerships

Resilient and trusted business relationships remain fundamental to our operational continuity and long-term success.

As a diversified Group operating across multiple sectors, our ability to consistently deliver value depends on strong engagement with suppliers, distributors, healthcare stakeholders, channel partners, and operational collaborators.

We therefore prioritise long-term relationships built on transparency, respect, ethical conduct, fairness, mutual accountability, and collaborative problem-solving.

Our supplier and business relationship framework focuses on:

- Transparent and responsible engagement practices
- Ethical business conduct and procurement discipline
- Long-term relationship development
- Mutual respect, trust and accountability
- Operational collaboration and knowledge sharing
- Reliability and continuity of service delivery

We recognise that supplier relationships are not purely transactional; they form an essential part of our wider value creation ecosystem.

Strong collaboration with suppliers and operational partners supports business agility, improves execution reliability, mitigates supply-related disruptions, and enhances responsiveness to changing market conditions.

This becomes particularly important in sectors such as healthcare and consumer distribution, where operational continuity directly influences service delivery, customer trust, and broader stakeholder outcomes.

By maintaining strong and ethically governed value chain relationships, we strengthen resilience while supporting responsible and sustainable business growth.

COMMUNITY ENGAGEMENT AND SOCIAL IMPACT

Creating Lasting Positive Change Beyond Business

At Sunshine Holdings, creating value extends beyond commercial performance.

We believe sustainable business success must be accompanied by meaningful societal contribution and measurable community impact.

Our social investment philosophy focuses on structured, long-term interventions designed to address critical social challenges while supporting national development priorities.

These initiatives are led through the Sunshine Foundation for Good (SFG), established in 2017 as the Group's dedicated platform for social impact and community development.

Through SFG, we focus on four key intervention areas:

- Healthcare access and preventive wellness
- Safe drinking water access
- Education and youth development
- Community resilience and disaster response

HEALTHCARE AND PREVENTIVE WELLNESS

Healthcare remains a natural and strategically aligned pillar of our community engagement efforts.

Leveraging our healthcare sector expertise, we continue to support initiatives that improve access to care, strengthen preventive awareness, and promote healthier lifestyles.

Key initiatives included: Here it is necessary to divide projects under Suwa Diviya and others

- Suwa Diviya medical outreach programmes
- Preventive health awareness campaigns [Suwa Diviya]
- Diabetes awareness and screening programmes [Suwa Diviya]
- World Diabetes Day outreach initiatives [Suwa Diviya]
- International Women's Day health screening programmes
- Healthcare equipment donations
- Targeted healthcare support initiatives

These programmes enabled us to extend care beyond our core business operations while deepening trust and strengthening community wellbeing.



SAFE DRINKING WATER ACCESS

Access to safe drinking water remains a critical public health and social issue in several vulnerable regions across Sri Lanka that has led to growing CKDu cases.

Through our Diyasarana initiative, we continued to address this challenge by supporting long-term access to safe drinking water in communities affected by water insecurity and CKDu.

Key interventions included:

- Support for 23 Reverse Osmosis plants
- School drinking water access initiatives
- Expansion of safe and clean water access to vulnerable communities

These efforts contribute directly to improved public health outcomes while supporting long-term resilience and quality of life.

Total social investments exceeded **LKR 33 Mn**

More than **37,000** individuals benefited from our initiatives



Social and Relationship Capital



EDUCATION ASSISTANCE

Education remains one of the most important drivers of long-term social mobility and human capital development.

Accordingly, Sunshine Holdings continues to support initiatives that improve educational access to students from underserved communities, residing closer to our operational units.

During the year, interventions included:

These initiatives support underserved communities while contributing to future talent development and broader societal progress.

- Educational vouchers benefiting **746 students**
- School assistance and donation programmes
- Educational infrastructure support

These initiatives support underserved communities while contributing to future talent development and broader societal progress.

DISASTER RELIEF AND NATIONAL SUPPORT

We recognise our responsibility to support communities and employees during times of crisis.

During the year, Sunshine Holdings responded proactively to national and local emergencies through targeted interventions.

These included:

- LKR 15 Mn contributed for national crisis response support
- LKR 8.1 Mn in flood relief assistance for employees and affected communities
- Emergency healthcare and pharmacy support initiatives

These actions reflect our commitment to resilience, compassion, and national well-being.

- **LKR 15 Mn** contributed for national crisis response support
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These actions reflect our commitment to resilience, compassion, and national well-being.

EMPLOYEE PARTICIPATION AND SHARED PURPOSE

Bringing Our Purpose to Life Through People

Our people play an essential role in strengthening our stakeholder relationships.

Employee participation enhances authenticity, strengthens community engagement, and reinforces our culture of shared responsibility.

During the year, employees actively supported:

- Health outreach initiatives
- Educational donation programmes
- Safe water access projects
- Disaster response efforts
- Community volunteering initiatives

This participation strengthens internal engagement while reinforcing Sunshine Holdings' purpose-led culture.

ETHICAL CONDUCT AND STAKEHOLDER TRUST

Sustaining Confidence Through Integrity and Governance

Trust is built through responsible conduct.

Our stakeholder relationships are underpinned by strong governance frameworks that promote:

- Ethical and respectful business conduct
- Transparency and accountability
- Responsible stakeholder engagement
- Regulatory compliance
- Integrity-led decision-making

These foundations strengthen long-term institutional credibility and stakeholder confidence.

OUTLOOK

Looking ahead, Sunshine Holdings will continue to deepen customer trust, strengthen collaborative partnerships, enhance value chain resilience, and expand the reach and effectiveness of its community initiatives.

As stakeholder expectations continue to evolve, our focus will remain on creating shared value through responsible growth, ethical engagement, and meaningful societal contribution.

Through these efforts, we will continue strengthening Sunshine Holdings' role as a trusted business leader and purpose-driven corporate citizen who's committed to

*Bringing **good things** to life*



Natural Capital

Stewarding natural capital for long-term resilience



At Sunshine Holdings, natural capital represents the environmental resources and ecological systems that underpin our ability to create sustained value energy, water, land, biodiversity-linked ecosystems, atmospheric resources, and the broader environmental infrastructure that supports our healthcare, consumer, and agri-business operations. As a diversified Group operating across manufacturing, processing, distribution, and agriculture-linked value chains, our dependence on natural resources is both direct and material. Equally, we recognise our responsibility to manage our environmental footprint with discipline, foresight, and accountability.

Our sustainability agenda is therefore not viewed purely through a compliance lens, but as a strategic business imperative one that strengthens operational efficiency, mitigates future risk exposure, supports stakeholder confidence, and positions the Group for sustainable long-term growth.



STRATEGIC PRIORITIES



Climate resilience and decarbonisation



Resource efficiency and operational optimisation



Cleaner energy transition



Water stewardship and responsible water management



Circular economy and waste transformation



Environmental governance and compliance excellence



Climate disclosure and sustainability reporting readiness



Sustainability capability building and cultural integration



Strengthening climate risk management and resilience planning



Embedding sustainability into strategic decision-making

VALUE DELIVERED

- Established Group-wide sustainability governance and oversight
- Built foundational environmental management systems and controls
- Enhanced SLFRS S1 and S2 climate disclosure readiness
- Improved environmental data visibility and reporting consistency
- Reduced fossil fuel dependency through cleaner energy initiatives
- Strengthened emissions monitoring and climate response mechanisms
- Improved water monitoring, stewardship, and wastewater oversight
- Advanced waste segregation, recycling, and circularity initiatives
- Strengthened environmental compliance and operational accountability
- Enhanced employee awareness and internal sustainability capability
- Supported community resilience through clean water access initiatives
- Positioned the Group for long-term environmental resilience and sustainable growth

SDGs ALIGNED



Natural Capital

MANAGEMENT APPROACH

The FY 2025/26 marked a defining milestone in sustainability journey of Sunshine Holdings. The Company transitioned from fragmented environmental management practices toward a more structured, enterprise-wide sustainability framework. During the year, we focused on establishing the governance architecture, management systems, reporting disciplines, and internal capabilities necessary to integrate environmental stewardship into strategic and operational decision-making.

This foundational year was particularly significant as we commenced alignment with emerging climate disclosure expectations, including SLFRS S1 and S2, while building the organisational maturity required to manage environmental risks, improve resource productivity, and enhance long-term business resilience.

The increasing materiality of climate change, resource scarcity, environmental regulation, supply chain expectations, and stakeholder scrutiny demands a disciplined and forward-looking approach to environmental management.

In response, Sunshine Holdings established a more coordinated and strategic approach to natural capital stewardship during the year, with clear oversight, governance structures, internal accountability mechanisms, and environmental performance monitoring systems being progressively embedded across the Group.



1 Governance and Accountability



Strong governance is fundamental to effective natural capital stewardship. During the year, Sunshine Holdings established a dedicated Group Sustainability function, creating a central governance platform to drive sustainability strategy, implementation oversight, disclosure readiness, and performance monitoring across business sectors. To further mainstream sustainability across the organisation and strengthen Board oversight of ESG priorities, the Group established a dedicated Board-level ESG Committee during the year. This reflects our commitment to embedding environmental, social, and governance considerations into strategic decision-making, risk management, and long-term value creation.

This structure provides leadership on:

- Environmental governance
- Sustainability policy implementation
- Cross-functional coordination
- Environmental risk oversight
- Regulatory readiness
- Climate disclosure preparedness
- Performance monitoring and reporting consistency

Environmental stewardship responsibilities were progressively extended across operational entities through formal reporting lines, accountability structures, and sustainability coordination mechanisms.

To further institutionalise environmental governance, the Group developed a comprehensive Environment, Health and Safety (EHS) framework, comprising:



These frameworks provide operational guidance for environmental risk management, compliance oversight, workplace environmental controls, and performance accountability.

2 Data, Measurement, and Disclosure Readiness



Effective natural capital management requires credible data visibility. Historically, environmental reporting across diversified businesses often evolves unevenly. Recognising this, during the year under review we focused heavily on building the foundational measurement infrastructure necessary to support informed decision-making and credible disclosure.

Key interventions included:

- Standardisation of environmental data collection methodologies
- Development of Group-wide sustainability reporting templates
- Introduction of internal environmental reporting processes
- Establishment of baseline monitoring systems for key environmental metrics
- Strengthening operational performance visibility across business units
- Improving consistency in environmental disclosure practices

These investments represent an important foundational step in transitioning toward more data-driven environmental management.

3 Climate Governance and Risk Management



Climate-related risks are increasingly material to Sunshine Holdings, with potential implications across operations, supply chains, energy costs, regulation, and market expectations.

Accordingly, the Group commenced alignment with **SLFRS S1 and S2**, representing the first structured step toward integrating climate-related financial disclosure disciplines into our governance architecture.

The first year of implementation focused on foundational readiness, including:

- Identification of climate-related risks and opportunities (CRROs)
- Establishment of baseline environmental performance visibility
- Introduction of emissions monitoring practices
- Development of internal governance mechanisms for climate oversight
- Strengthening reporting capabilities aligned with emerging disclosure expectations

As climate governance matures, future phases will focus on deeper risk quantification, scenario analysis, resilience modelling, and strategic climate integration.

4 Capability Building and Cultural Integration



Sustainability transformation cannot be achieved through systems alone; it requires organisational ownership.

Accordingly, Sunshine Holdings invested in building internal awareness, technical capability, and environmental accountability across teams.

Key initiatives included:

- Sustainability awareness programmes
- SLFRS Sustainability Disclosure Standards familiarisation sessions
- EHS capability development initiatives
- Environmental engagement campaigns
- EHS Week awareness programmes
- World Environment Day engagement initiatives

These efforts are intended to progressively strengthen environmental ownership across operational teams while embedding sustainability into everyday decision-making.

Natural Capital

STRATEGIC PRIORITIES

Our natural capital strategy is centred on the following long-term priorities:



Climate Resilience and Decarbonisation

Reducing operational emissions, managing climate-related risks, and improving long-term resilience against environmental disruption.



Resource Efficiency

Improving the productivity of energy, water, materials, and operational inputs to reduce waste and strengthen efficiency.



Energy Transition

Reducing reliance on carbon-intensive energy sources through cleaner energy adoption and operational optimisation.



Water Stewardship

Managing water responsibly across operations while strengthening long-term water resilience.



Circular Economy Integration

Reducing waste generation, improving recovery rates, and embedding responsible consumption practices.



Environmental Compliance and Risk Governance

Strengthening operational controls, regulatory compliance, and environmental accountability.



Climate Disclosure Readiness

Progressively aligning with evolving reporting expectations and stakeholder transparency requirements.

STRATEGIC INITIATIVES AND PERFORMANCE

With governance structures in place, the Group directed parallel effort toward building environmental performance across our four most material natural capital areas: energy, water, waste, and climate emissions. Below, we outline what we did, why it mattered, and where we are headed.

Building the foundations for sustainability integration

As this represented the Group's first structured year of sustainability integration, significant effort was directed toward building enabling systems rather than pursuing isolated interventions.

Key achievements included:

- Establishment of a dedicated Group Sustainability team
- Development of governance structures for environmental oversight
- Standardisation of sustainability reporting frameworks
- Creation of Group-wide EHS architecture
- Environmental monitoring system development
- Capability-building and internal engagement initiatives
- Climate governance readiness enhancements

These foundational interventions materially strengthen the Group's long-term ability to manage environmental performance.

Energy management and decarbonisation

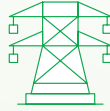


Performance Highlight



Total energy consumption
224.36 TJ

Energy is one of our most material natural capital considerations. Pharmaceutical manufacturing, consumer good production, cold-chain logistics, and agri-processing are all energy-intensive – creating both cost exposure and carbon risk. During the year, we established structured energy management practices across major facilities, strengthening electricity and fuel consumption monitoring and conducting preliminary energy optimisation reviews.



Electricity consumption
10,657,839.36 kWh

The most strategically significant initiative was the transition of selected furnace oil-based boilers to biomass boilers. This step reduces fossil fuel dependence, lowers associated operational emissions, and improves resilience against conventional fuel price volatility. It marks an early but meaningful step in our broader cleaner energy transition.

Going forward, our priority will be to move from baseline visibility to active optimisation – setting energy intensity targets, expanding metering, and building a pipeline of efficiency and renewable energy

Water Stewardship



Performance Highlight



Total water withdrawn
98,511.58 m³

Water is a strategically important resource across Sunshine Holdings, particularly in manufacturing and agri-linked operations. Growing climate variability, regulatory scrutiny, and community expectations heighten the importance of responsible stewardship – both within our operations and across the communities in which we operate. Strengthen the importance of responsible stewardship – both within our operations and across the communities in which we operate.

During the year, we established water consumption monitoring mechanisms, identified high-consumption operational activities, and promoted responsible water use through awareness initiatives. These are foundational steps; the next phase will focus on active reduction targets, improved wastewater treatment, and water recovery opportunities.

Beyond our operational boundary, Sunshine Holdings extended its environmental contribution through Reverse Osmosis (RO) water plant initiatives in CKDu-affected communities – demonstrating the broader interface between natural capital stewardship and social value creation. Access to safe drinking water for vulnerable populations is both a community responsibility and a reflection of our values as a Group.

Natural Capital

Waste and Circular Resource Management



Performance Highlight



Total waste generated:
25,362,289.36 kg

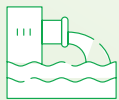
Responsible waste management is a significant environmental priority across our manufacturing, consumer good packaging, pharmaceutical, and agri-related value chains. The Group's strategic direction is shifting from disposal-led waste management toward circular resource stewardship – minimising generation at source, maximising recovery, and returning materials to productive use.

Key actions during the year included establishing baseline waste data monitoring, strengthening waste segregation practices, exploring Extended Producer Responsibility (EPR) initiatives, assessing plastic credit opportunities, and integrating recyclable waste streams back into operations where feasible. Packaging-related waste – particularly plastics and cardboard – remains a priority given its material relevance across business sectors

Wastewater Management



Performance Highlight



Total wastewater generated
29,074,351.44 m³

Wastewater management is particularly material within manufacturing and agri-processing environments, where process water and effluent carry both environmental and regulatory significance. During the year, the Group strengthened operational oversight by identifying wastewater generation sources, monitoring discharge volumes, and improving regulatory alignment.

Future focus will include investment in improved treatment infrastructure, more sophisticated monitoring, and water recovery opportunities to reduce net water consumption across operations.

Climate Risk and Emissions Management



Performance Highlight



Total Carbon Footprint
89,556.16 tCO₂e



Scope 1 Emissions
(excluding livestock emissions)
79,723.05 tCO₂e



Scope 1 Emissions -
Livestock Emissions
5,270 tCO₂e



Scope 2 Emissions
4,563.10 tCO₂e

Climate-related risks increasingly intersect with our operational continuity, cost structures, supply chain resilience, and regulatory environment. FY 2025/26 therefore marked Sunshine Holdings' first structured effort to build climate governance capability – moving from ad hoc awareness to systematic identification and management.

During the year, we identified climate-related risks and opportunities across the Group, established preliminary emissions visibility, and integrated climate considerations into management processes. Practical emissions reduction measures included the biomass boiler transition referenced above, resource efficiency improvements, and the introduction of enhanced handling and disposal procedures for Hydrofluoroalkane (HFA)-related emissions within pharmaceutical operations. Improved operational controls, storage protocols, and disposal practices were implemented to prevent the direct release of HFA gases into the atmosphere. These initiatives have significantly contributed to reducing Scope 1 greenhouse gas emissions while strengthening environmental compliance and operational sustainability standards.

OUTLOOK

During the year the Company established the institutional foundations for more mature natural capital stewardship.

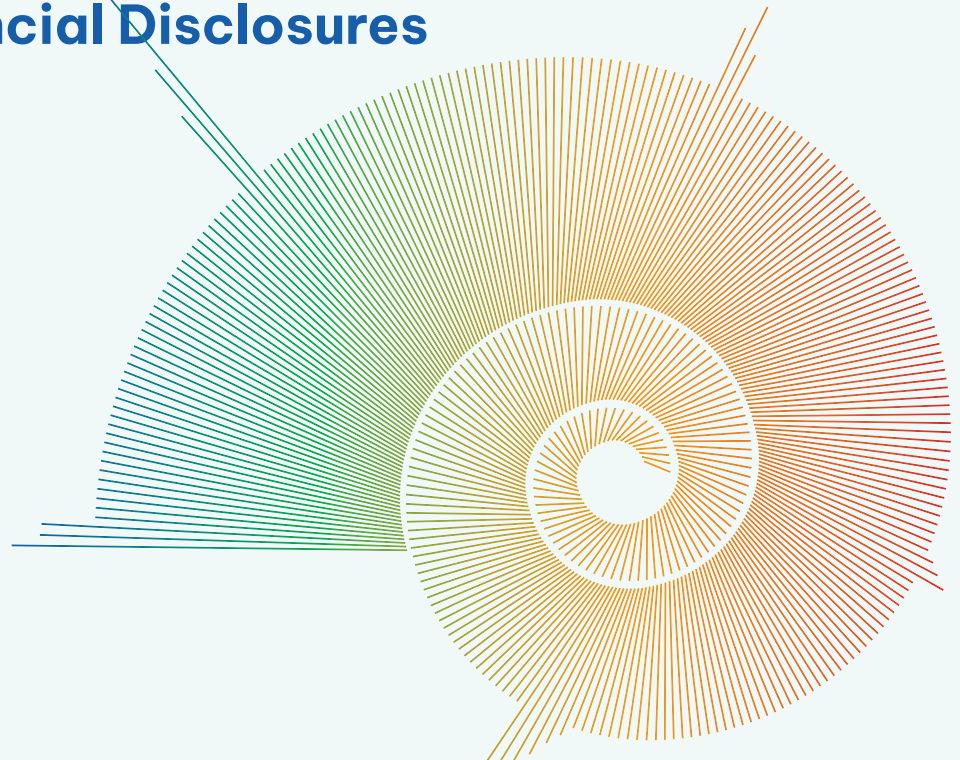
The next phase of our journey will focus on transitioning from foundational system-building toward measurable environmental performance acceleration.

Strategic priorities for the years ahead include:

- Establishing measurable environmental targets and KPIs
- Accelerating energy efficiency programmes
- Expanding renewable and cleaner energy adoption
- Deepening water stewardship initiatives
- Strengthening wastewater treatment and reuse capabilities
- Advancing circular economy integration
- Improving waste diversion and recycling performance
- Enhancing emissions quantification methodologies
- Developing climate scenario analysis capability
- Improving sustainability data automation and assurance readiness
- Strengthening integration of environmental considerations into capital allocation and strategic planning
- Progressive alignment with SLFRS S1, SLFRS S2, and evolving global sustainability expectations

As environmental expectations continue to evolve, Sunshine Holdings remains committed to strengthening its stewardship of natural capital not merely as a reporting requirement, but as a strategic enabler of resilience, efficiency, responsible growth, and enduring stakeholder value

SLFRS S1 and S2 Sustainability Related Financial Disclosures



1

BASIS OF PREPARATION

The sustainability-related financial disclosures of Sunshine Holdings PLC have been prepared in accordance with SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures, issued by the Institute of Chartered Accountants of Sri Lanka.

These disclosures are intended to provide decision-useful information to primary users regarding climate-related risks and opportunities that could reasonably be expected to affect the Group's cash flows, access to finance, or cost of capital over the short, medium, and long term.

The disclosures are presented alongside the Group's audited financial statements to ensure connectivity, consistency, and integration between financial and sustainability-related information.

1.1 Reporting entity, organizational boundary, and value chain

Sunshine Holdings PLC is a diversified conglomerate operating in Sri Lanka, with a strong presence across the Healthcare, Consumer, and Agri business sectors. The Group is committed to delivering high quality products and services while creating long term value through responsible business practices and sustainable growth.

Healthcare Sector

The Healthcare sector comprises a comprehensive and integrated portfolio spanning pharmaceuticals, medical devices, manufacturing, and pharmacy operations.

This sector includes:

- **Sunshine Healthcare Pharmaceutical Division and Healthcare Distribution Division** which operates both retail and distribution channels, enhancing accessibility to healthcare products
- **Sunshine Medical Devices Division**, delivering essential healthcare solutions
- **Lina Manufacturing Limited**, strengthening the Group's manufacturing capabilities within the healthcare value chain

Consumer

The Consumer sector focuses on developing and marketing high quality branded products with a strong market presence.

Key subsidiaries include:

- **Sunshine Tea (Pvt) Ltd**, operating within the tea industry
- **Sunshine Consumer Lanka Ltd**, responsible for managing and expanding the Group's consumer brand portfolio

Agri business Sector

The Agri business sector encompasses plantation and dairy operations, contributing to both domestic and export markets.

This includes:

- **Watawala Plantations PLC**, a leading plantation company
- **Lonach Dairy Ltd**, which operates across the dairy value chain

Organizational Boundary

This report encompasses the operations of Sunshine Holdings PLC and its business lines within Sri Lanka. Sunshine Holdings PLC is the parent entity of a diversified Group comprising nine business lines:

1. Healthguard Pharmacy Ltd – Distribution
2. Healthguard Pharmacy Ltd – Retail
3. Lina Manufacturing Ltd
4. Sunshine Consumer Lanka Ltd
5. Sunshine Healthcare Lanka Ltd – Pharmaceuticals
6. Sunshine Healthcare Lanka Ltd – Medical Devices
7. Watawala Plantations PLC
8. Lonach Dairy Ltd

Climate-related disclosures are presented at the Group level to provide a consistent, comprehensive, and decision-useful view of climate-related matters across the organization. Accordingly, Climate-Related Risks and Opportunities (CRROs) identified at the individual business line level are consolidated and reported at the Group (PLC) level. This approach enables a holistic assessment of the Group's overall exposure to climate-related risks and opportunities and supports integrated strategic and financial decision-making.

The assessment and reporting approach is aligned with the principles of SLFRS S2, ensuring that climate-related considerations are systematically incorporated into the Group's governance, strategy, risk management and financial planning processes.

Each business line across the Group has undertaken a structured process to:

Identify Climate-Related Risks and Opportunities (CRROs) relevant to their operations

Assess exposure across operational, regulatory, and market dimensions

Prioritize material risks and opportunities based on potential impact

After identification and prioritization, a financial impact assessment has been conducted to evaluate the potential implications of these risks and opportunities on the Group's financial performance and position. This supports alignment with SLFRS S2 requirements for integrating climate-related considerations into financial disclosures and forward-looking financial planning.

Value Chain

Sunshine Holdings PLC's value chain spans sourcing, manufacturing, processing, warehousing, distribution, retail operations, logistics, customer engagement, and end-consumer delivery across its three main business verticals: Healthcare, Consumer Goods, and Agri business.

The Group's value chain is mapped across three key stages: upstream activities, covering supplier engagement, sourcing, procurement, inbound logistics, and material handling; own operations, covering manufacturing, processing, warehousing, quality control, energy and water use, inventory management, sales operations, and distribution management; and downstream activities, covering customer delivery, retail operations, distributor relationships, export channels, consumer access, product use, and end-user engagement.

This value chain mapping supports the Group's identification and assessment of sustainability-related and climate-related risks and opportunities across its business model. It also enables Sunshine to better understand key dependencies on natural resources, energy, water, imported materials, agricultural inputs, packaging, logistics networks, regulatory approvals, and customer expectations, while strengthening the Group's ability to manage operational resilience, resource efficiency, product quality, environmental impacts, and long-term stakeholder value creation.

SLFRS S1 and S2 Sustainability Related Financial Disclosures

Agri business

The Agri business value chain begins upstream with the sourcing of fertilisers, agrochemicals, estate inputs, animal feed, maize fodder sourced from local farming communities, and other materials required for plantation and dairy operations. These inputs are supported by inbound transportation to estate, farm, and processing locations. The segment's upstream activities are linked to key sustainability dependencies, including agricultural input availability, soil health, water availability, supplier practices, and climate-sensitive sourcing conditions.

At the own operations stage, the segment includes cultivation and harvesting across approximately 4,800 hectares of oil palm, rubber, and cinnamon estates in the southern region of Sri Lanka. Operations also include fresh fruit bunch collection, crude palm oil milling through an ISO 45001-certified palm oil mill, tea leaf and rubber processing through the factory network, estate management services delivered through a joint venture arrangement, and dairy farming operations managing a herd of over 1,600 dairy cows through a fully computerised milking system producing more than 6 Mn litres of fresh milk annually.

The Agri business segment is directly dependent on land, water, soil quality, rainfall patterns, and climatic conditions. Potential value-chain exposures include rainfall variability, water stress, changes in crop productivity, heat stress impacts on dairy operations, fertiliser and agrochemical dependency, biodiversity and land-use considerations, wastewater and slurry management, and methane/manure-related environmental impacts. At the same time, natural fertiliser use, sustainable land management practices, estate-level resource efficiency, and reforestation initiatives provide opportunities to strengthen climate resilience and improve environmental performance.

Downstream, the segment distributes crude palm oil, palm kernel oil, and palm kernel expeller to commodity buyers and refineries, while fresh milk is supplied primarily to leading domestic milk food manufacturers. The segment's downstream value chain is influenced by buyer expectations on sustainable agriculture, product quality, traceability, responsible sourcing, and environmental stewardship. The segment also holds the distinction of being the only plantation management company in South Asia certified by the Roundtable on Sustainable Palm Oil, supporting responsible production and market credibility.

Healthcare Segment

The Healthcare value chain begins upstream with the procurement of active pharmaceutical ingredients, finished pharmaceutical products, medical diagnostic equipment, surgical consumables, packaging materials, and ancillary materials from international manufacturers, principals, and local suppliers. These inputs are received through local seaports and are subject to quality inspection and regulatory controls prior to entering the segment's operations.

The upstream value chain is influenced by international supplier reliability, imported material availability, foreign exchange exposure, regulatory approvals, global logistics, product quality requirements, and supply continuity. As a result, supplier qualification, regulatory compliance, product traceability, and inventory resilience are key considerations in maintaining uninterrupted access to essential healthcare products.

At the own operations stage, the segment manufactures pharmaceutical and nutraceutical products, including respiratory medicines and metered dose inhalers, through a dedicated research and development-backed manufacturing facility. These operations are supported by temperature-controlled warehousing, GDP and ISO 9001:2015-certified quality assurance processes, inventory management aligned with regulatory requirements, and an integrated ERP system that provides real-time visibility across product, sales, and inventory data.

Key sustainability and operational exposures within the Healthcare value chain include energy use in manufacturing and warehousing, temperature-controlled storage requirements, cold chain reliability, refrigerant and electricity dependency, pharmaceutical and hazardous waste management, packaging materials, occupational health and safety, emergency preparedness, and product quality assurance. Maintaining medicine quality, traceability, and safe distribution is central to the segment's contribution to public health and customer trust.

Healthcare Segment (Contd.)

Downstream, the Healthcare segment serves retail pharmacies, modern trade outlets, private hospitals, stocking doctors, and government institutions across prescription, over-the-counter, surgical, diagnostic, and medical equipment channels. Wholesale and retail distribution operations are managed through seven regional distribution centres, reaching over 4,500 healthcare retailers, hospitals, and government institutions across more than 150 principal towns island-wide, with a 24-hour delivery commitment. The retail pharmacy chain, spanning 16 outlets in the Western Province, serves as a key consumer-facing touchpoint for health, wellness, and beauty products.

The Downstream value chain is shaped by customer access, product availability, regulatory expectations, safe handling, quality assurance, and continuity of healthcare supply, all of which are important to the Group's social value creation and business resilience.

Consumer Goods

The Consumer Goods value chain begins upstream with the sourcing of key agricultural ingredients, principally tea leaf, sugar, corn, and other food inputs, from the Group's Agri business segment and third-party domestic and international suppliers. The segment also procures packaging materials, including flexible packaging, PET, BOPP, wrappers, bottles, preforms, lids, cartons, and other materials from internal and external suppliers.

The upstream value chain is exposed to agricultural input availability, commodity price movements, supplier practices, packaging material dependency, imported raw material availability, plastic-related regulation, and evolving customer and regulatory expectations on responsible sourcing and packaging. These areas are increasingly relevant in the context of resource efficiency, circular economy expectations, and emerging Extended Producer Responsibility requirements.

At the own operations stage, the segment manufactures and packages a portfolio of branded beverages and confectionery products, including hard-boiled candies, chocolates, jellies, wafers, gums, lollipops, and snacks. Tea blending and packaging operations process over 11 Mn kilos of tea per annum through a dedicated export manufacturing facility equipped with tea cleaning, blending, and packing capabilities. Finished products are managed through outbound warehousing facilities before entering the distribution network.

Key sustainability and climate-related considerations within own operations include energy and thermal energy use, biomass and boiler operations, fire and process safety, food safety, water use, wastewater management, packaging efficiency, waste management, occupational health and safety, and operational continuity. The segment's manufacturing and warehousing footprint also creates opportunities to improve energy efficiency, renewable energy use, waste reduction, packaging optimisation, and emergency preparedness.

Downstream, the segment reaches consumers through modern trade outlets, general trade retailers, institutional channels, and export markets. In Sri Lanka, the segment commands over 50% of the branded tea market, while its export channels span over 40 countries across the US, Far East, Europe, Middle East, and Asian markets, serving over 80 international clients. The segment's consumer touchpoints are anchored by an established portfolio of beverage brands holding the number one, two, and five positions in the domestic branded tea market, alongside a multi-generational confectionery portfolio with over four decades of market presence.

The downstream value chain is influenced by consumer preferences, food safety expectations, product quality, packaging end-of-life impacts, plastic waste concerns, export market requirements, and distributor and retailer relationships. These factors create both risks and opportunities for the Group in areas such as responsible packaging, product innovation, circularity, brand reputation, and sustainable market access.

SLFRS S1 and S2 Sustainability Related Financial Disclosures

1.2 Basis of materiality

The Group's climate-related materiality assessment during the reporting period was primarily based on quantitative assessment criteria, considering the potential operational and financial impacts of identified climate-related risks and opportunities across its operating sectors. The assessment considered factors including potential impacts on operational continuity, cost structures, supply chain disruptions, and overall business resilience.

The materiality assessment process supported the identification and prioritization of climate-related risks and opportunities considered most relevant to the Group's operations and long-term value creation. As the Group continues to strengthen its climate-related assessment methodologies and reporting processes, the incorporation of additional qualitative considerations and broader stakeholder perspectives may be further evaluated in future reporting periods.

Quantitative Materiality Thresholds

Climate related risks and opportunities are evaluated based on their potential financial impact on key metrics such as revenue, operating costs, assets, and liabilities. Items exceeding defined thresholds are considered material, particularly where they could significantly affect cash flows, profitability, or capital allocation decisions over the short, medium, or long term.

	Metrics	Materiality Threshold	Rationale for selection
Impact to Statement of Comprehensive Income	Profit before tax	5%	Average Profit Before Tax (5 years)
Impact to Statement of Financial Position	Total assets	1%	Average Total Assets (5 years)

The Company will consider revising its selected materiality determination methodology if an alternative approach is identified that provides a more accurate and meaningful basis for assessing materiality.

1.3 Functional Currency

The Financial Statements of the Group are presented in Sri Lankan Rupees (Rs), which is the currency of the primary economic environment in which the Company operates. Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand unless indicated otherwise. There was no change in the Group's presentation and functional currency during the year under review.

1.4 Sources of Guidance

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

- SLFRS S1 – General Requirements for Disclosure of Sustainability related Financial Information
- SLFRS S2 – Climate-related Financial Disclosure Standard
- Sustainability Accounting Board Standards (SASB)

1.5 Reporting Period

The reporting period covers the financial year from 1 April 2025 to 31 March 2026, consistent with the Group's audited financial statements.

1.6 Time Horizon

We assess material CRROs across short, medium and long-term to support informed decision making and strategic planning. The current reporting year is identified as financial year 2025/26.

Description	Time Horizon	Definition
Short term	1 year	Short term refers to the year 2026
Medium term	2 to 3 years	Year 2027-2028
Long term	Over 3 years	2029 onwards

1.7 Connected Information

SLFRS S1 and S2 section	Primary location of disclosures	Location of connected information
Governance	SLFRS S1 & S2 disclosures – pages 134 to 156	– Corporate Governance at Sunshine Holdings PLC – pages 158 to 176
Strategy		– Board Risk and ESG Committee Report – pages 190 to 191
Risk Management		– Risk Management Report – pages 177 to 179
Metrics & Targets		– Natural Capital Report – pages 126 to 133

1.8 Transitional Relief

The Sunshine Holdings PLC has elected to utilize the transitional provisions available under SLFRS S1 and S2, as promulgated by CA Sri Lanka, in the preparation of its SLFRS sustainability-related financial disclosures for the current reporting year.

SLFRS S1 - Disclosure of information on only climate-related risks and opportunities

In the first annual reporting period in which an entity applies this standard, the entity is permitted to disclose information on only climate-related risks and opportunities (in accordance with SLFRS S2) and consequently apply the requirements in this standard only in so far as they relate to the disclosure of information on climate-related risks and opportunities.

SLFRS S1 - Disclosure of comparative information

In the first annual reporting period in which the entity applies this Standard, it is not required to disclose comparative information about its climate-related risks and opportunities; and in the second annual reporting period in which the entity applies this Standard, it is not

required to disclose comparative information about its sustainability-related risks and opportunities, other than its climate-related risks and opportunities.

SLFRS S2 - Disclosure of Scope 3 greenhouse gas emissions

Entities must initially report only Scope 1 and Scope 2 emissions. Full compliance with Scope 3 emissions becomes mandatory two years after the initial application date

SLFRS S2 - Disclosure of qualitative information regarding anticipated financial effects of climate-related risks and opportunities

Entities are permitted to defer the disclosure of qualitative information regarding anticipated financial effects for a period of two years following the mandatory application of the standard

SLFRS S2 - Disclosures on climate resilience

Relief period of two years is granted to apply the requirements from the date of mandatory application to fully comply with climate resilience disclosure requirement.

1.9 Professional Judgements, Uncertainties and Proportionality

The Company's climate-related financial disclosures involve professional judgement and estimation due to the future-oriented and evolving nature of relevant risks and opportunities. The Company applies reasonable and supportable information available at the reporting date, without incurring undue cost or effort. Further, the Company has used the skills, capabilities and resources available at the reporting date wherever quantifying the impact of identified CRRs. The key areas involving professional judgement, measurement uncertainty and forward-looking assumptions are listed below.

Key Areas of Professional Judgement and Uncertainties

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

SLFRS S1 and S2 Sustainability Related Financial Disclosures

Key Areas include

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

Key Areas of Measurement Uncertainty

- GHG Emission Quantification
- GHG Emission Factors
- Physical Climate Risk Projection
- Likelihood of Occurrence of CRROs

Key Areas of Forward-Looking Statements and Limitations

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

Commitment Going Forward

- Improve the data collection system
- Evaluate the risks and opportunities based on the climate scenarios

1.10 Statement of Compliance

These disclosures represent Sunshine Holdings PLC's first-year sustainability-related financial disclosures prepared in accordance with SLFRS S1 and SLFRS S2, applying the available transitional reliefs. For the current reporting period, the Group has applied the climate-first transitional relief and has therefore focused its disclosures on climate-related risks in accordance with SLFRS S2, while applying SLFRS S1 only insofar as it relates to climate-related disclosures.

2

GOVERNANCE

2.1 Board Oversight Role

The Company's governance and risk management framework enables effective oversight and constructive challenge of strategies and business plans, while also providing appropriate supervision of how sustainability related information is monitored and reported. The following is the current reporting structure, and the Company is in the process of further developing it.



Ultimate Responsibility

The Board of Directors of the Company assumes ultimate responsibility for oversight of SRROs and CRROs for ensuring their integration into strategy, risk appetite, capital allocation, and performance management.

Delegation to Committees

To ensure effective governance of SRROs & CRROs, the Board delegates oversight responsibilities to its sub-committee, the Risk & ESG Committee, with clearly defined accountabilities to strengthen governance. The roles and responsibilities as per the Terms of Reference for the committee are as follows:

- Oversee the process and integrity of disclosures made under SLFRS S1 and SLFRS S2, including monitoring of internal control systems and assurance processes supporting sustainability data.
- Oversee the development, approval, and monitoring of sustainability targets and transition plans.
- Review and recommend for Board approval the annual sustainability and climate disclosures, including assumptions, metrics and transition plans.
- Oversee how the Company engages stakeholders in the identification and management of sustainability risks and opportunities, and ensure such engagement is considered in decision-making and reporting.
- The establishment and implementation of a risk management framework for the identification of financial and non-financial risks of the Group. Monitoring, assessment and development of strategies to manage and mitigate identified risks.

- Periodically reviewing the Group's risk management policy and disclosing, in relation to each reporting period, whether such a review has taken place.
- Carrying out any processes or procedures required by the Group's Risk Management Policy as amended from time to time.
- Review of compliance with the approved risk management Policy.
- Monitoring the organisation's risk profile - its ongoing and potential exposure to risks of various types.
- Ensure sustainability risks and opportunities are embedded in strategic planning, risk management and capital allocation.

The Committee consists exclusively of Non-Executive Directors, and the Minimum number of members is two (2). The Chairman of the Committee is an Independent Non-Executive Director appointed by the Board. The Committee regularly assesses whether its members possess the skills necessary to oversee sustainability-related risks and opportunities. Where gaps are identified, appropriate training or external expertise is sought to build capability.

Quarterly Committee Meetings

The Committee convenes on a quarterly basis, and the attendance of the Committee is as follows.

Member	Mr. R Mihular (Committee Chair)	Mr S Ranganathan	Ms. A Goonetilleke
Attendance	4/4	4/4	4/4

2.2 Management Role

Senior management is responsible for the development, implementation, and oversight of the Group's sustainability strategy and related disclosures in the Annual Report. The Group Chief People and Corporate Communication Officer, in collaboration with the Group Chief Financial Officer, provides executive oversight of sustainability reporting, ensuring alignment with the Group's strategy, risk management framework, and stakeholder expectations.

Management is accountable for:

- Translating Board and Risk and ESG Committee guidance into sustainability priorities, targets, and action plans.
- Ensuring sustainability matters, including environmental, social, and governance risks and opportunities, are integrated into business planning and decision making.
- Reviewing sustainability related disclosures for accuracy, consistency, and completeness prior to submission to the Risk and ESG Committee and the Board.
- Ensuring sustainability information is prepared in line with applicable reporting frameworks and regulatory requirements.

The Manager – Environmental, Health and Safety (EHS) plays a key role in managing environmental and social performance, including monitoring operational sustainability initiatives and coordinating non-financial data relevant to the sustainability report.

SLFRS S1 and S2 Sustainability Related Financial Disclosures

Consideration of Climate-Related Trade-offs

The Board and management integrate climate-related risks and opportunities into the Group's strategic decision-making, including the evaluation of major investments and risk management processes. In instances where trade-offs arise between financial performance and sustainability objectives, the Group adopts a long-term value creation approach by prioritising environmentally and socially responsible outcomes. Such decisions reflect the Group's commitment to sustainable business practices, even where this may result in higher upfront costs or a short-term impact on profitability.

Responsibilities of the Supporting Teams

Supporting Team Role – Sustainability Data and Reporting

The Sustainability Reporting Team, supported by the Finance Team and Sector Financial Controllers, is responsible for the collection, consolidation, and preparation of sustainability related data and disclosures.

Key responsibilities include:

- Gathering sustainability data from business units and operational functions, including environmental, safety, and social metrics.
- Ensuring data quality through defined controls, documentation, and internal review processes.
- Supporting the integration of sustainability information with financial and risk reporting, where relevant.
- Preparing sustainability disclosures for management review, including narrative content, metrics, and progress against targets.

- Maintaining reporting processes, methodologies, and definitions to support consistency and comparability year-on-year.

The supporting teams work closely with management to ensure sustainability reporting is robust, transparent, and aligned with the Group's governance and risk management framework.

Board and Management Skills and Training

The members of the Risk and ESG Committee bring a diverse and complementary set of skills in corporate finance, risk management, audit, compliance, and ESG integration. Their broad exposure across multiple sectors and geographies enhances the Company's ability to oversee CRRO. (Refer to the Board of Directors and Profiles on pages 30 to 34 for more information)

With the purpose of enhancing awareness of SLFRS S2 and as a part of the Company's ongoing ESG and sustainability journey, Business Risk Management teams across all sectors participated in a training session with guidance from Deloitte.

The session focused on value chain mapping and the identification and financial quantification of Climate Related Risks and Opportunities (CRROs) to support alignment with SLFRS S2.

Remuneration linked to Sustainability Performance Metrics

As the Group is currently in the process of integrating climate-related targets into its overall strategy, executive and Board remuneration for the financial year under review was not formally linked to performance against sustainability-related metrics. The Company intends to incorporate

sustainability-linked performance measures into its remuneration frameworks in forthcoming financial years, in alignment with its evolving corporate sustainability strategy.

Controls, Policies and Procedures

The Terms of Reference of the Risk and ESG Committee currently govern the Group's sustainability-related reporting and oversight. As the Group continues to develop its sustainability governance capabilities, related policies, controls and procedures will be further enhanced to streamline implementation, strengthen data collection processes, and support compliance with evolving reporting standards.

At present, Sunshine Holdings PLC has identified climate-related risks as more immediate and material to the Group's operations and financial performance, particularly in relation to regulatory developments, supply chain disruptions, resource availability, and physical climate impacts. Accordingly, the current SLFRS sustainability-related disclosures primarily focus on climate-related risks. Climate-related opportunities have not been specifically assessed or disclosed at this stage due to the evolving nature of the Group's sustainability strategy, the absence of sufficiently mature evaluation frameworks and reliable data, as well as considerations relating to commercially sensitive information associated with potential strategic initiatives and investments. The assessment of climate-related opportunities will continue to evolve as the Group further strengthens its sustainability and climate governance processes.

CRR 1	Extreme Weather Events	
CRR impact on Prospects	Description	<p>Sri Lanka is increasingly experiencing the impacts of climate change, with a noticeable rise in the frequency and intensity of extreme weather events such as floods, droughts, landslides, storms, and temperature rising and cyclones. Paris Agreement indicates that global temperatures have already increased by more than 1°C compared to pre-industrial levels, amplifying the likelihood of severe climate disruptions.</p> <p>As a diversified conglomerate operating across multiple sectors, Sunshine Holdings PLC recognizes that these climate-driven events present material risks to our operations, supply chains, assets, employees, customers and communities.</p>
	Physical Risk or Transition Risk	Physical Risk
	Time Horizon	Short, Medium and Long Term
	Define time horizon	Refer 1.6 Time Horizon
Business Model and Value Chain	Current Effects on Business Model and Value Chain	<p>Agri business</p> <ul style="list-style-type: none"> – Diverse weather conditions disrupted transport from field to processing facilities and reduced Fresh Fruit Bunch (FFB) quality, affecting yields and overall product standards. – Adverse weather conditions may reduce tea leaf quality and smallholder farmer productivity, leading to supply chain disruptions and reduced agricultural output. – Long-term climatic changes could significantly reduce crop levels, impacting processing volumes and revenue generation. <p>Healthcare</p> <ul style="list-style-type: none"> – Potential disruptions to logistics, warehousing, and operational continuity due to flooding, storms, and power interruptions may affect manufacturing and distribution activities. – Workforce accessibility and operational continuity may also be affected during extreme weather events. <p>Consumer Goods</p> <ul style="list-style-type: none"> – Severe weather events caused disruptions across retail premises, distributor warehouses, storage facilities, and road networks, resulting in prolonged supply disruptions and intermittent power outages. – Approximately 25%–30% of general trade outlets nationwide were estimated to be fully or partially affected. – Sunshine Consumer Brands (SCB), which services approximately 75,000 outlets nationwide, experienced operational disruptions across Wholesale, SMMT, Large Grocery, Small Grocery, and OOH channels. – Tea and confectionery products were exposed to moisture and flood-related damage, resulting in product returns and supply interruptions. – Sugar and corn suppliers experienced reduced agricultural yields, increasing supply volatility and cost pressures across the value chain.

SLFRS S1 and S2 Sustainability Related Financial Disclosures

CRR 1	Extreme Weather Events	
<p>Business Model and Value Chain (Contd.)</p>	<p>Anticipated Effects on Business Model and Value Chain</p>	<p>Increased logistics costs due to rerouting, emergency freight and storage requirements.</p> <p>Increased maintenance and capital expenditure for climate-resilient infrastructure upgrades due to potential damage to warehouses, factories, plantations and retail outlets from flooding, landslides and high winds.</p> <p>Long-term climatic changes could significantly reduce crop levels and impact volumes and potential revenue losses from sustained climatic changes.</p>
	<p>Where is it Concentrated?</p>	<p>Agri business</p> <ul style="list-style-type: none"> – Exposure to changing rainfall patterns, flooding, and extreme heat may reduce agricultural productivity and increase crop variability. – Increased dependency on climate-resilient sourcing strategies due to supply shortages and reduced processing volumes. <p>Healthcare</p> <ul style="list-style-type: none"> – Operational disruption risks associated with damage to infrastructure, supply chain interruptions, and increased operational complexity. – Potential impacts on workforce productivity, employee safety, and access to operational sites during severe weather events. <p>Consumer Goods</p> <ul style="list-style-type: none"> – Route-to-market disruption risks arising from flooding, landslides, and damage to transport infrastructure. – Challenges in verifying claims, collecting damaged goods, and maintaining uninterrupted market coverage. – Reputational risks linked to inadequate support during national disasters and trade return management. – Trade and distributor relationship risks due to potential rejection of disaster-related claims. – Fraud and abuse risks relating to inflated or non-genuine claims during recovery periods.
<p>Strategy and Decision Making</p>	<p>Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets</p>	<p>Agri business</p> <ul style="list-style-type: none"> – Evaluation of long-term climate resilience measures relating to sourcing strategies, infrastructure vulnerability, and operational continuity. – Continuous employee awareness and preparedness programmes for field staff. <p>Healthcare</p> <ul style="list-style-type: none"> – Implementation of energy-efficiency initiatives at Lina Manufacturing, including: <ul style="list-style-type: none"> – Installation of energy-efficient desiccant wheels. – Optimisation of compressed air systems. – Installation of VFD air compressors. – Exploration of sustainable healthcare products and resource-efficient manufacturing processes. <p>Consumer Goods</p> <ul style="list-style-type: none"> – Activation of alternative warehouse facilities during flood events to maintain supply continuity. – Exploration of environmentally responsible packaging solutions and sustainable sourcing initiatives. – Consumer awareness initiatives relating to sustainable and environmentally responsible products.

CRR 1	Extreme Weather Events	
Strategy and Decision Making (Contd.)	How the Group is Resourcing and Plan to Resource Activities	<p>Human Capital Development and Training</p> <p>The Group places strong emphasis on continuously enhancing employee knowledge and capabilities in climate-related and sustainability areas across its operations. Training and awareness programmes are conducted to strengthen internal competencies in areas such as climate risk management, energy efficiency, resource optimisation, environmental stewardship, and broader sustainability practices.</p> <p>In addition, the Group regularly engages external subject matter experts and industry specialists to support capacity building and provide technical guidance on sustainability, ESG practices, climate-related disclosures, and emerging regulatory and reporting requirements. These initiatives are intended to strengthen the Group's ability to identify, assess, and respond to climate-related risks and opportunities across its business operations.</p> <p>Financial Investment and Resource Allocation</p> <p>The Group continues to allocate financial resources towards initiatives that support climate resilience, operational efficiency, and environmental performance improvements. This includes investments in energy-efficient technologies, process optimisation initiatives, renewable energy solutions, and operational improvements aimed at reducing energy consumption and greenhouse gas emissions.</p> <p>The Group also supports employee training and capability-building programmes, while collaborating with external organisations and technical partners to strengthen sustainability-related initiatives and implementation capacity.</p> <p>As climate-related priorities continue to evolve, the Group intends to further assess opportunities for dedicated investments and sustainable financing mechanisms that support climate risk mitigation, adaptation measures, and long-term sustainability objectives.</p>
	Progress (qualitative and quantitative)	<p>Agri business</p> <ul style="list-style-type: none"> – Continued focus on operational resilience and adaptation measures relating to agricultural supply chain disruptions and climate variability. <p>Healthcare</p> <ul style="list-style-type: none"> – Annual energy savings of approximately 172,800 kWh achieved through operational efficiency initiatives at Lina Manufacturing. – Estimated annual cost savings exceeding LKR 4 Mn. <p>Consumer Goods</p> <ul style="list-style-type: none"> – Business continuity measures implemented during flood events strengthened operational resilience across distribution channels. – Enhanced climate-related governance, disclosure readiness, and sustainability awareness programmes.

SLFRS S1 and S2 Sustainability Related Financial Disclosures

CRR 1	Extreme Weather Events	
Financial Effects	Current year financial effects to PL, BS and CF and Cost of Capital	<p>Agri business</p> <ul style="list-style-type: none"> – No material impacts were identified during the reporting period in relation to the current year financial effects on the Profit & Loss Statement, Balance Sheet, Cash Flows, or Cost of Capital arising from Cyclone Ditwah. <p>Consumer Goods</p> <ul style="list-style-type: none"> – Cyclone Ditwah and associated flooding disrupted Trade and Distributor operations, affecting approximately 8,200 outlets serviced by the Group. – Five distributor warehouses experienced operational disruptions. – Estimated financial impact amounted to approximately LKR 129 Mn. <p>Healthcare</p> <ul style="list-style-type: none"> – Cyclone Ditwah has affected the operation of the Healthcare businesses, mainly in the distribution. The estimated financial impact amounted to approximately LKR 130 Mn. <p>Group Level Assessment</p> <ul style="list-style-type: none"> – Despite these disruptions, the overall financial effects were not considered material to the Group’s financial performance and position for the reporting period. – Furthermore, climate-related matters did not have a material impact on the Group’s cost of capital, access to financing, or funding arrangements during the reporting period.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	<p>Based on the assessments performed during the reporting period, the Group has not identified any significant risk of material adjustments to the carrying value of assets and liabilities arising from climate-related matters in the next financial year.</p> <p>However, the absence of sufficient historical loss data, other than impacts experienced during the Cyclone Ditwah event, together with the limited availability of reliable forward-looking climate-related information for the next 12 months, has constrained the Group’s ability to quantitatively assess potential future impacts on the carrying values of assets and liabilities.</p> <p>The Group will continue to monitor climate-related developments and enhance its climate risk assessment processes as additional data and more robust forward-looking information become available.</p>
	Anticipated financial effect over short, medium and long term to PL, BS, CF and cost of capital	<p>Refer page 139 Transitional Relief</p>

CRR 1	Extreme Weather Events	
Judgements and Uncertainties	Judgements	<p>The preparation of climate-related disclosures requires the application of management judgement in determining the identification, assessment, and prioritisation of climate-related risks and opportunities that may reasonably be expected to affect the Group's business model, strategy, operations, and financial performance.</p> <p>Key judgements applied during the reporting period included the determination of material climate-related risks and opportunities relevant to the Group's operating sectors, the assessment of operational exposure to physical and transition climate risks, and the evaluation of the potential financial and operational impacts of climate-related events on the Group's activities.</p> <p>Management judgement was also applied in assessing the relevance of climate-related metrics, the scope of disclosures, and the extent to which climate-related considerations should be incorporated into governance, risk management, and strategic planning processes.</p>
	Uncertainties	<p>Climate-related disclosures involve inherent uncertainties due to evolving regulatory requirements, changing market conditions, the long-term nature of climate-related impacts, and limitations in the availability of reliable historical and forward-looking climate data. These factors may affect the Group's ability to quantitatively assess potential future financial and operational impacts arising from climate-related risks and opportunities. The Group will continue to enhance its climate-related assessment and reporting processes as methodologies, data availability, and industry practices evolve.</p>

4 RISK MANAGEMENT

4.1 Processes and Policies Relating to Climate-related Risks

Within Sunshine Holdings PLC, climate-related risk considerations are integrated into existing internal governance structures, including the Group Risk Committee, approved risk management policies, and applicable IFC Performance Standards where relevant. These processes and policies collectively support the identification, assessment, prioritization, monitoring, and management of climate-related risks and opportunities in line with SLFRS S2 requirements.

Identification

The Group's climate-related risk identification process is designed to capture risks and opportunities arising from changing climate patterns, regulatory developments, market transitions, technological advancements, and evolving stakeholder expectations.

At Sunshine Holdings, climate risk identification is not treated as a stand-alone exercise but is embedded within existing internal processes. During the reporting

period, the Group's approach was informed through benchmarking against peer and industry practices, review of relevant national climate-related frameworks and guidance, including Sri Lanka's disaster management, climate adaptation, and resilience-related initiatives, as well as alignment with applicable sustainability and risk management expectations.

Building on this foundation, sector exposure assessments and stakeholder engagement discussions were conducted across relevant

business functions to identify and consolidate a broad range of potential climate-related risks across the Group's value chain and operating sectors, including both physical and transition risks.

The identified risks were further assessed using qualitative assessments and consideration of potential operational and financial impacts, enabling classification into high, medium, and low-risk categories across defined short-, medium-, and long-term time horizons. This prioritization process

SLFRS S1 and S2 Sustainability Related Financial Disclosures

supported the identification of material climate-related risks and opportunities for focused management attention and integration into broader enterprise risk management considerations.

While climate-related scenario analysis has not yet been conducted during the current reporting period, the Group has established a structured climate-related risk identification and prioritization process that informs ongoing risk management activities and provides a foundation for future enhancement in line with evolving SLFRS S2 expectations.

During the reporting period, extreme weather events were identified as the primary material climate-related risk and opportunity driver impacting the Group's operations and value chain.

Inputs and Parameters the Company Uses

1. Operational and Environmental Inputs

The Group utilizes internally generated data to assess climate-related risks across its operations:

- Energy consumption and greenhouse gas emissions arising from manufacturing, healthcare, and distribution activities
- Production volumes and resource use (water, raw materials etc..)
- Operational exposure across facilities, supply chains, and logistics networks

2. External and Market Drivers

Climate-related risks are further assessed considering external developments and market expectations, including:

- National environmental regulations and climate-related policies in Sri Lanka, including waste management and plastic-related regulations

- Climate hazard trends affecting operating locations, including flooding, extreme rainfall, and temperature increases
- Industry transition trends and evolving stakeholder expectations relating to sustainability and climate resilience

3. Financial and Strategic Parameters

The Group evaluates the potential operational, financial, and strategic implications of climate-related risks using the following considerations:

- Sensitivity of operating costs to energy and raw material price fluctuations
- Capital investment requirements for energy efficiency, renewable energy adoption, and sustainable packaging solutions
- Potential financial impacts from operational disruptions due to extreme weather events
- Effects on profitability, cost structures, and long-term business resilience

Assessment

The Group assesses climate-related risks using three key dimensions: nature, likelihood, and magnitude/exposure. These dimensions support the prioritization of identified risks and opportunities and facilitate targeted risk management responses.

Nature

Climate-related risks are categorized into physical and transition risks:

- Physical risks include both acute events, such as floods, extreme rainfall, and heatwaves, as well as chronic climatic changes, including rising temperatures and water stress. These may affect manufacturing processes, storage conditions, agricultural activities, supply chains, and distribution networks.

- Transition risks arise from the transition towards a lower-carbon economy and include regulatory developments, changing energy costs, evolving customer preferences for sustainable products, and advancements in operational and packaging technologies.

Likelihood

The likelihood of climate-related risks is assessed using a combination of:

- Observed climate trends and weather-related events in Sri Lanka
- Emerging regulatory and market developments
- Operational exposure across manufacturing locations, supply chains, and distribution networks

These assessments are applied across short, medium, and long term horizons and are documented to ensure consistency and transparency. Climate-sensitive operations and supply chains are assigned higher likelihood ratings where exposure to physical or transition drivers is more pronounced.

Magnitude/Exposure

Magnitude is assessed by evaluating the potential impact of climate-related risks on the Group's operational and financial performance, including:

- Disruptions to manufacturing operations and production continuity
- Impacts on supply chain reliability and availability of raw materials and packaging inputs
- Increases in energy, raw material, and compliance-related costs
- Capital expenditure requirements for energy efficiency, renewable energy, and sustainable packaging solutions
- Impacts on product demand, market competitiveness, and brand reputation

Prioritization

The Group considers the following factors when prioritizing CRROs:

1. Operational criticality

Risks affecting core manufacturing operations, healthcare product integrity, agricultural activities, and distribution continuity are prioritized.

2. Financial impact

Exposure to increases in energy costs, raw material price volatility, operational disruptions, and potential capital investment requirements are considered in assessing financial significance.

3. Regulatory exposure

The Group considers sensitivity to evolving environmental and climate-related regulations, including waste management, packaging, and sustainability-related compliance requirements.

Monitoring

Climate-related risks and opportunities are monitored on an ongoing basis through a combination of operational, sustainability, and risk management processes, including:

- Regular monitoring of energy consumption, greenhouse gas emissions, and resource utilization across relevant operations
- Structured sustainability data collection and internal reporting processes across business units
- Monitoring of climate-related indicators, including energy intensity, emissions trends, and resource consumption patterns where applicable
- Oversight of key suppliers and critical inputs to identify potential operational disruptions and emerging transition-related risks
- Periodic review of climate-related risks and opportunities as part of sustainability and enterprise risk management reporting processes

- Reporting of significant risks and emerging trends to senior management to support timely decision-making and risk response actions

Changes in the Process

There were no significant changes to the Group's climate-related risk identification, assessment, prioritization, or monitoring processes during the reporting period.

Processes for Climate-Related Opportunities SLFRS S1

The entity uses the same processes that apply to climate related risks to identify climate related opportunities, ensuring consistency and alignment across the framework. Potential opportunities are identified through monitoring market developments, emerging regulatory requirements, technological advancements, and shifts in stakeholder expectations. These opportunities are then evaluated for viability and commercial potential by the relevant governance bodies, including Risk and ESG Committee and the Board of Directors, with consideration given to any new risks or dependencies they may introduce. Relevant opportunities are incorporated into the Group's sustainability strategy and embedded within the broader business planning cycle.

As part of this process, the Group evaluates sustainability related opportunities that enhance long term value creation and support resilience across its business segments. These include opportunities in sustainable finance and investment, resource efficient and circular economy initiatives, renewable energy integration, and nature based solutions, all of which can contribute to lower operating costs, improved environmental performance, and strengthened stakeholder confidence.

The identification of these opportunities is informed by inputs such as the Group's sustainability information such as environmental performance data across operational sites, waste and resource efficiency indicators, and water use metrics. These insights support the Group's approach to integrating sustainability considerations into capital allocation, procurement decisions, operational planning, and product or service innovation in line with evolving regulatory expectations and stakeholder priorities.

Integration to Overall ERM

The extent to which, and the manner in which, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into the entity's overall risk management framework, and how these processes inform strategic planning, decision-making, risk mitigation and ongoing performance monitoring across the organisation.

5 METRICS AND TARGETS

Cross Industry Metrics

Sunshine Holdings PLC is committed to transparent and comprehensive disclosure of its climate-related metrics and targets. This section has been prepared in alignment with SLFRS S1 and SLFRS S2 requirements and outlines the Company's approach to measuring, monitoring, and managing greenhouse gas (GHG) emissions, together with the targets established to mitigate climate-related risks.

1) Greenhouse Gas Emissions (GHG)

Basis of Determination of Organizational Boundary and Operational Boundary

In line with Sunshine Holdings PLC's climate-related commitments, the Group measures and reports

SLFRS S1 and S2 Sustainability Related Financial Disclosures

greenhouse gas (GHG) emissions arising from its operational activities. The organisational boundary for GHG accounting has been determined based on entities and operations under the operational control of the Group and is aligned with the reporting boundary applied in the consolidated financial statements.

The operational boundary includes the assessment and reporting of Scope 1 and Scope 2 emissions generated from the Group's operations during the reporting period. In accordance with the transitional relief provisions permitted under the SLFRS Sustainability-Related Financial Disclosure Standards, Scope 3 emissions have not been included within the reporting boundary for the current reporting period.

During the reporting period, Sunshine Holdings PLC measured its absolute gross greenhouse gas (GHG) emissions, expressed in metric tonnes of carbon dioxide equivalent (tCO₂e), across the following categories:

- **Scope 1 Emissions:** Direct GHG emissions arising from sources owned or controlled by the Group, including fuel consumption and other operational emission sources.
- **Scope 2 Emissions:** Indirect GHG emissions associated with the generation of purchased electricity consumed within the Group's operations.

Methodology used for the measurement and disclosure of GHG Emissions

The Group's greenhouse gas (GHG) emissions were measured and reported in accordance with internationally recognised greenhouse gas accounting principles and methodologies, including Greenhouse Gas Protocol.

GHG emissions were calculated using activity-based data collected from operational entities within the defined reporting boundary and applying relevant emission factors from nationally and internationally recognised sources, where applicable. Emissions are reported in tonnes of carbon dioxide equivalent (tCO₂e).

Where required, assumptions, estimates, and management judgement were applied in the measurement and calculation of emissions due to data availability and operational limitations.

Summary of GHG Emissions

Scope	2025/26 (tCO ₂ e)
Scope 1 (excluding Livestock emission)	79,723.05
Scope 2	4,563.10
Scope 3 (Note: Refer Transitional Relief)	-
Livestock emission (Enteric Fermentation + Manure Management)	5,270
Total	89,556.16

GHG Scope 1 and Scope 2 Emissions

Description	Greenhouse gas emissions 2025/26 (tCO ₂ e)		
	Scope 1	Scope 2	Total
Consolidated accounting group	84,993.05	4,563.10	89,556.16
Other investee (investment in associate, joint ventures)	N/A	N/A	N/A
Total (Operational control approach)	84,993.05	4,563.10	89,556.16

Key Assumptions and Sources of GHG Measurement

Scope	Emission Sub-category	Activity	Data Source	Emission Factor	Source of GWP Values
Scope 1	Stationary combustion	Diesel, Petrol, LP Gas, Furnace Oil, Acetylene used in operation	Excel / Manual Log Books	Diesel- 74,100 Kg/TJ Petrol-69,300 Kg/TJ LP Gas- 63,100 Kg/TJ Acetylene- 70,410 Kg/TJ	IPCC AR 6
	Fugitive Emissions	Leakages or releases of refrigerants (from refrigeration and air conditioning equipment) and CO ₂ from fire extinguishers	Refilling Bills/Service Invoices	HFC-32 / R32- 771 kg CO ₂ -eq / kg HCFC-22 / R22 (CHClF ₂)-1,960 kg CO ₂ -eq / kg HFC-410A / R410A- 2,256 kg CO ₂ -eq / kg HFC-134A(=HFA-134a)- 1,530 kg CO ₂ -eq / kg R404A (Mix of R125, R143a, and R134a)- kg CO ₂ -eq / kg	IPCC AR 6
	Livestock Emission	Cows and calves Fermentation and Manure Management	Excel	Emissions per kg FPCM: 2.05 kgCo ₂ e	IPCC Tier 2-Cool Farm Tool
Scope 2	Electricity Consumption	Electricity Used	Monthly Electricity Bills	0.42 kg CO ₂ / kWh (Sri Lanka Energy Balance 2024 by Sri Lanka Sustainable Energy Authority)	IPCC AR 6

2) Climate-related Physical Risks

The Group is currently in the process of assessing and quantifying the amount and percentage of assets and business activities vulnerable to climate-related physical risks across its operating sectors. As the Group continues to enhance its climate risk assessment methodologies, data collection processes, and internal capabilities, the relevant quantitative information will be disclosed in future reporting periods.

3) Climate-related Transition Risks

The Group is currently in the process of assessing and quantifying the amount and percentage of assets and business activities vulnerable to climate-related transition risks across its operating sectors. As the Group continues to strengthen its climate risk assessment methodologies, data collection processes, and internal

capabilities, the relevant quantitative information will be disclosed in future reporting periods.

4) Climate-related Opportunities

The Group is currently in the process of assessing and quantifying the amount and percentage of assets and business activities aligned with climate-related opportunities across its operating sectors. As the Group continues to enhance its climate-related assessment methodologies, data collection processes, and internal capabilities, the relevant quantitative information will be disclosed in future reporting periods.

5) Capital Expenditure

The Group is currently in the process of assessing and quantifying the amount of capital expenditure deployed towards climate-related risks and opportunities across its operating sectors. As the Group

continues to strengthen its climate-related assessment methodologies, internal processes, and data collection capabilities, the relevant quantitative information will be disclosed in future reporting periods.

6) Internal Carbon Pricing

The Group has not yet implemented an internal carbon pricing mechanism within its operations. However, the Group recognises the growing importance of carbon pricing as a strategic tool for managing climate-related risks and aligning with evolving sustainability practices and regulatory expectations.

Accordingly, the Group does not currently apply an internal carbon price in decision-making processes, and no internal carbon price per metric tonne of greenhouse gas emissions has been established during the reporting period.

SLFRS S1 and S2 Sustainability Related Financial Disclosures

7) Remuneration

The Group does not yet have a dedicated ESG-linked remuneration framework for the Board and Executive Management. However, the Group recognises the importance of aligning remuneration structures with sustainability-related objectives and is actively assessing the potential introduction of ESG-linked remuneration considerations in future reporting periods.

Industry Specific Metrics

Sustainability Accounting Standards Board (SASB) Index

Given the diversified nature of the Group's operations, industry-specific metrics have been identified based on the principal activities and material business segments of the Group. The applicable SASB Standards were assessed with reference to the Group's operating sectors, including Agri business, Healthcare, and Consumer Goods. Disclosures have been provided for metrics considered material and relevant to the Group's operations during the reporting period.

A. Agri business

Agricultural Products Sustainability Accounting Standard (Version 2023-12).

Sustainability Disclosure Topics & Metrics

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	Metric tonnes (t) CO ₂ -e	FB-AG-110a.1	Scope 1 emission of WPL is 30,368.12 tCO ₂ e
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	FB-AG-110a.2	Initiated
	Fleet fuel consumed, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-110a.3	Refer to natural capital, consolidated figure is shown
Energy Management	(1) Operational energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-130a.1	Refer to natural capital, consolidated figure is shown
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m ³), Percentage (%)	FB-AG-140a.1	
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	FB-AG-140a.2	
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	FB-AG-140a.3	None
Food Safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rates and (2) associated corrective action rates for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-AG-250a.1	Not applicable
Food Safety (Contd.)	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme	Quantitative	Percentage	FB-AG-250a.2	Not applicable

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
	(1) Number of recalls issued and (2) total amount of food product recalled	Quantitative	Number, Metric tonnes (t)	FB-AG-250a.3	Not applicable
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	Quantitative	Rate	FB-AG-320a.1	Refer Human Capital
Environmental & Social Impacts of Ingredient Supply Chain	(1) Percentage of agricultural products sourced that are certified to a third-party environmental or social standard, and (2) percentages by standard	Quantitative	Percentage (%) by cost	FB-AG-430a.1	Own Supply Base 100% certified by third party RSPO Standards
	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-AG-430a.2	Supplier Social Environmental Audit Own Crop - 100% Corrective Action Required Rate - 2%
	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing	Discussion and Analysis	n/a	FB-AG-430a.3	Refer Group Business Portfolio
GMO Management	Discussion of strategies to manage the use of genetically modified organisms (GMOs)	Discussion and Analysis	n/a	FB-AG-430b.1	Not applicable
Ingredient Sourcing	Identification of principal crops and description of risks and opportunities presented by climate change	Discussion and Analysis	n/a	FB-AG-440a.1	Refer Group Business Portfolio
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cost	FB-AG-440a.2	Not applicable

Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Production by principal crop ²	Quantitative	Metric tonnes (t)	FB-AG-000.A	Not disclosed
Number of processing facilities ³	Quantitative	Number	FB-AG-000.B	Not disclosed
Total land area under active production	Quantitative	Hectares	FB-AG-000.C	Not disclosed
Cost of agricultural products sourced externally ⁴	Quantitative	Presentation currency	FB-AG-000.D	Not disclosed

SLFRS S1 and S2 Sustainability Related Financial Disclosures

B. Healthcare

Drug Retailers Sustainability Accounting Standard (Version 2023-12).

Sustainability Disclosure Topics & Metrics

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Energy Management in Retail	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	HC-DR-130a.1	Refer to natural capital, consolidated figure is shown
	Description of policies and practices to secure customers' personal health data records and other personal data	Discussion and Analysis	n/a	HC-DR-230a.1	Not applicable
Data Security & Privacy	(1) Number of data breaches, (2) percentage involving (a) personal data only and (b) personal health data, (3) number of customers affected in each category, (a) personal data only and (b) personal health data ¹	Quantitative	Number, Percentage (%)	HC-DR-230a.2	None
	Total amount of monetary losses as a result of legal proceedings associated with data security and privacy ²	Quantitative	Presentation currency	HC-DR-230a.3	None
Drug Supply Chain Integrity	Description of efforts to reduce the occurrence of compromised drugs within the supply chain	Discussion and Analysis	n/a	HC-DR-250a.1	Not disclosed
	(1) Number of drug recalls issued, (2) total units recalled and (3) percentage for private-label products	Quantitative	Number, Percentage (%)	HC-DR-250a.2	Not disclosed
Management of Controlled Substances	Total amount of monetary losses as a result of legal proceedings associated with controlled substances ³	Quantitative	Presentation currency	HC-DR-260a.2	None
	First fill adherence rate ⁴	Quantitative	Percentage (%)	HC-DR-260b.1	None
Patient Health Outcomes	Description of policies and practices to prevent prescription dispensing errors	Discussion and Analysis	n/a	HC-DR-260b.2	None
	Total amount of monetary losses as a result of legal proceedings associated with prescription dispensing errors ⁵	Quantitative	Presentation currency	HC-DR-260b.3	None

Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Number of pharmacy locations	Quantitative	Number	HC-DR-000.A	Not disclosed
Total area of retail space	Quantitative	Square meters (m ³)	HC-DR-000.B	Not disclosed
Number of prescriptions filled, percentage for controlled substances	Quantitative	Number, Percentage (%)	HC-DR-000.C	Not disclosed
Number of pharmacists	Quantitative	Number	HC-DR-000.D	Not disclosed

C. Consumer Goods

Non-Alcoholic Beverages Sustainability Accounting Standard (Version 2023-12).

Sustainability Disclosure Topics & Metrics

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Fleet Fuel Management	Fleet fuel consumed, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-NB-110a.1	Refer to natural capital, consolidated figure is shown
Energy Management	(1) Operational energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-NB-130a.1	
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m ³), Percentage (%)	FB-NB-140a.1	
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a		Refer to Natural Capital
Health & Nutrition	Revenue from (1) zero- and low-calorie or energy-free and low-energy, (2) no-added-sugar, and (3) artificially sweetened beverages	Quantitative	Presentation currency	FB-NB-260a.1	Refer to Group Business Portfolio
	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	Discussion and Analysis	n/a	FB-NB-260a.2	
Product Labelling & Marketing	Percentage of advertising impressions (1) made on children and (2) made on children promoting products that meet dietary guidelines ¹	Quantitative	Percentage (%)	FB-NB-270a.1	Not disclosed
	Revenue from products labelled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	Quantitative	Presentation currency	FB-NB-270a.2	Not Applicable
	Number of incidents of non-compliance with industry or regulatory labelling or marketing codes	Quantitative	Number	FB-NB-270a.3	None
	Total amount of monetary losses as a result of legal proceedings associated with marketing or labelling practices	Quantitative	Presentation currency	FB-NB-270a.4	None
Packaging Lifecycle Management	(1) Total weight of packaging, (2) percentage made from recycled or renewable materials, and (3) percentage that is recyclable, reusable, or compostable	Quantitative	Metric tonnes (t), Percentage (%)	FB-NB-410a.1	Not disclosed
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Discussion and Analysis	n/a	FB-NB-410a.2	Not Applicable

SLFRS S1 and S2 Sustainability Related Financial Disclosures

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Environmental & Social Impacts of Ingredient Supply Chain	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-NB-430a.1	Not disclosed
Ingredient Sourcing	Percentage of beverage ingredients sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cost	FB-NB-440a.1	Not applicable
	List of priority beverage ingredients and discussion of sourcing risks related to environmental and social considerations	Discussion and Analysis	n/a	FB-NB-440a.2	Refer to Group Business Portfolio

Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Volume of products sold	Quantitative	Millions of hectoliters (Mhl)	FB-NB-000.A	Not disclosed
Number of production facilities	Quantitative	Number	FB-NB-000.B	Not disclosed
Total fleet road kilometers travelled	Quantitative	Kilometers (km)	FB-NB-000.C	Not disclosed

Climate-related Targets

Given the evolving nature of the Group's climate-related assessment and reporting processes, formal climate-related targets have not been established for the current reporting period. The Group intends to further strengthen its climate-related data, governance, and assessment capabilities to support future target-setting initiatives.

Stewardship

Safeguarding
Our Legacy



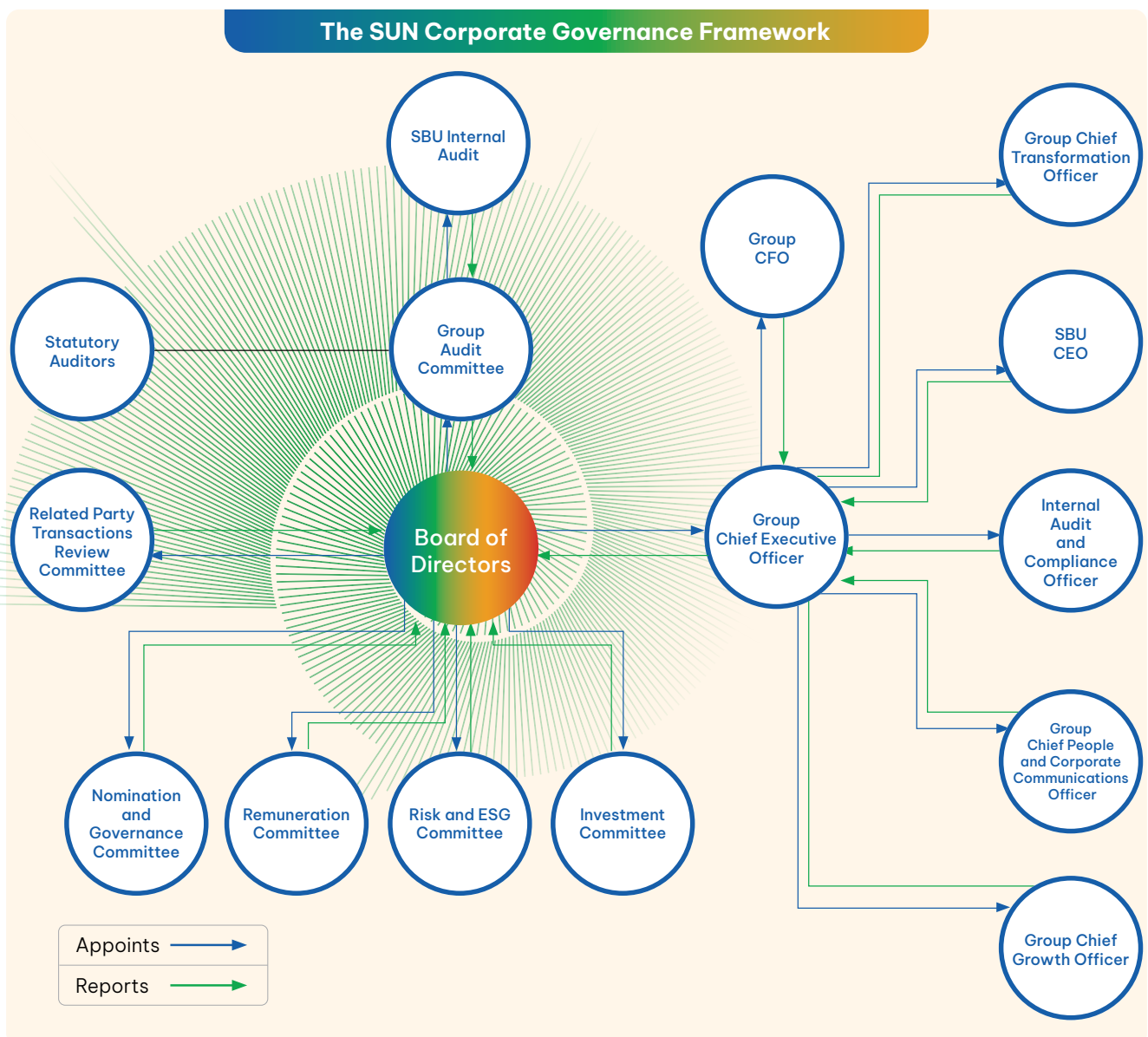
Strong governance practices preserve the trust placed in us by generations of stakeholders. Through accountability, transparency, ethical conduct, and effective oversight, we ensure the resilience and sustainability of the Group for years to come.

Corporate Governance

Sunshine Holdings PLC (SUN) is the holding company of four subsidiaries namely Sunshine Healthcare Lanka Limited, Sunshine Consumer Lanka Limited, Sunshine Wilmar (Pvt) Limited, Joint Agri Products Ceylon (Pvt) Limited representing the business sectors, Healthcare, Consumer and Agriculture.

SUN believes that an important aspect of communication with stakeholders and other interested parties, is in compliance with best practice on corporate governance issued by the Institute of Chartered Accountants of Sri Lanka in 2023, the rules set out in Section 07 of the Listing Rules of the Colombo Stock Exchange and compliance with the Country's Legislative and Regulatory requirements relevant to the Group.

The Group's corporate governance framework provides the directors and the corporate management guidance on their responsibilities and duties. It defines the matters which requires Board approval, delegate to management and requiring review by the Board sub-committee.



THE BOARD OF DIRECTORS

Sunshine Holdings PLC The Company's business and operations are managed under the supervision of the Board, which consists of members with experience and knowledge in the areas of business, in which the Company is engaged, with specific acumen in terms of commercial, financial and or technical expertise.



Strategic Direction

The Board provides vision, strategic direction and stewardship to the business entities whilst transparency and accountability is maintained. The Board also reviews and monitors the Company's activities.

Business Performance

Reviews business results on a regular basis and guides the management by giving appropriate direction in achieving its goals.

Management of Risks

With the consultation of the Audit Committee and Risk Review Committee, a risk management system was developed and periodically reviewed. Risk review committee report is depicted in Pages 190 to 191. of this report. Further, the Board Audit Committee report is also given in Pages 182 to 184.

Code of Conduct and Ethics

The Company communicates its code of conduct and ethics to all levels of the employees including its Board of Directors.

Financial Performance of the Company

The Board meets at a minimum, once in three months to review the financial performance of the Company. The Quarterly Financial Statements are reviewed by the Audit Committee before recommending to the Board of Directors for adoption and release to the public. Final dividends and interim dividends are considered and recommended by the Board of Directors.

Investor Rights and Relations

The Company communicates periodically with its shareholders through the quarterly reports. The Annual Report provides a comprehensive assessment of the Company's performance during the year.

Audit

An independent statutory audit is carried out annually and the appointment of auditors for the ensuing year is recommended to the shareholders at the Annual General Meeting.

Budget

The Board is responsible for approval of annual budgets, capital budgets and new projects. The performances are monitored and reviewed against budgets quarterly.

Corporate Governance

Monitoring and reviewing Corporate Governance in accordance with the best practice framework issued by the Institute of Chartered Accountants of Sri Lanka.

Board Balance

The Company maintains a Board balance of executive, non-executive and independent Directors as required under Listing Rules of the Colombo Stock Exchange. Together, the Directors with their wide experience in both the public and private sectors and diverse academic backgrounds provide a collective range of skills, expertise and experience, which is vital for the successful direction of the Group.

Composition of the Board

Board induction and training During the FY25/26 the Board consists of twelve (12) members. Ten (10) members are Non-Executive Directors (including the Chairman) and two (2) are Executive Directors. Seven (7) Non-Executive Directors are independent as defined under the Listing Rules of the Colombo Stock Exchange.

The Non-Executive Independent Directors are;

Mr A Cabraal
Mr R Mihular
Mr S Renganathan
Mr S Shishoo
Mr S Jain
Ms A Goonethilleke
Mr P Gopalan

There is a distinct and clear division of responsibility between the Chairman and the Group Chief Executive Officer to ensure that there is a balance of power and authority. The roles of the Chairman and the Group Chief Executive Officer are separated and clearly defined. The Chairman is responsible for ensuing Board effectiveness and conduct whilst the Group Chief Executive Officer has overall responsibilities over the operating units, organisational effectiveness and implementation of Board policies and decisions.

Corporate Governance

FIT AND PROPER ASSESSMENT

The Group's fit and proper assessment for Directors is in line with the guidelines set out in the Listing Rules and include criteria on honesty, integrity and reputation, competence and capability and financial soundness. The Chairman and Directors satisfied the fit and proper assessment criteria stipulated in the Listing Rules of the CSE.

BOARD INDUCTION AND TRAINING

Directors are kept updated on relevant developments through formal sessions, distributing of reading materials and deep dives into specific aspects. Directors are also encouraged to attend sessions conducted by the Sri Lanka Institute of Directors. Many of the Directors also conform to the Continuing Professional Development requirements of the respective professional organisations.

BOARD APPRAISAL

The Board evaluates its performance and that of its committees on an annual basis. Areas of assessment include appropriateness of the Board composition, mix of skills and ability to deliver strategic aspirations. The Chairman and Remuneration Committee are responsible for evaluating the performance of the Executive Directors and Committees through an annual self-evaluation of its own performance. The responses are submitted to the Chairman for discussion at a Board Meeting.

STRATEGY AND PERFORMANCE MONITORING

The Board formulates and steers the Group's strategic direction, ensuring that specific areas of governance oversight are identified and addressed. The Board also approves policies and material processes which support the delivery of the Group's strategy while overseeing and monitoring management's implementation and execution of strategy.

Information shared with Board on a regular basis	Board deliberations in 2025/26
<ul style="list-style-type: none"> – Matters relating to the external environment including political, macro-economic and social matters. – Updates on the delivery of key projects. – Performance against financial and operational targets and metrics. – People-related developments including changes in headcount, health and safety and engagement initiatives. – Key risk exposures. – Developments in the competitive landscape. – Legal, regulatory and compliance matters across the Group. 	<ul style="list-style-type: none"> – Overseeing the Group's strategic direction and approval of the annual corporate plan and budgets. – Approving the annual, interim and quarterly financial results and stakeholder communications. – Approval of major CAPEX projects and acquisitions. – Reviewing and evaluating the Group's risk exposures and scorings. – Ensuring that appropriate governance structures, policies and procedures are in place.

COMPOSITION AND ATTENDANCE AT MEETINGS

The Board met quarterly to discharge its duties effectively. In addition, special Board Meetings are also held whenever necessary. A total of Six (6) meetings including the Annual General Meeting was held in the financial year ended 31 March 2026. The attendances of Directors at these Meetings were as follows;

Name of Director	No.	%
Mr A Cabraal	6	100
Mr V Govindasamy	6	100
Mr S Sathasivam	6	100
Mr R Mihular	6	100
Mr S Renganathan	6	100
Mr T Akbarally	5	83
Mr G Sathasivam	5	83
Mr S Shishoo	6	100
Mr S Jain	4	66
Ms A Goonetilleke	6	100
Mr A Deepthikumara	6	100
Mr P Gopalan (Joined w.e.f. 01.04.2026)	-	-

RE-ELECTION OF DIRECTORS

The provisions of the Company's Articles require a Director appointed by the Board to hold office until the next annual general meeting and seek re-appointment by the shareholders at that meeting. The Articles call for one third of the Directors in office to retire at each Annual General Meeting. The Directors who retire are those who have served for the longest period after their appointment/re-appointment. Retiring Directors are generally eligible for re-election. In addition, a newly appointed Director is required to submit himself for retirement and re-election at the Annual General Meeting immediately following his appointment.

DIRECTORS REMUNERATION

Sunshine Holdings PLC The objectives of the Company's policy on Directors remuneration is to attract and retain Directors of the caliber needed to direct the group successfully. In the case of the Executive Director, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance. Performance is measured against profits and other targets set from the Company's annual budget and plans, and from returns provided to shareholders. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Director concerned.

The Remuneration Committee recommends to the Board the frameworks of the Executive Director's remuneration and the remuneration package for the Executive Director and Senior Management team. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of the Executive Directors. The Director's remuneration is disclosed in Note No. 12 of the Financial Statements.

DELEGATION OF BOARD AUTHORITY – BOARD COMMITTEES

The Board in discharging its duties, establishes various Board Committees. The function and terms of reference of the Board Committee are clearly defined and where applicable, comply with the recommendations of the code of best practice on corporate governance.

The group has five Board sub committees,

- Audit Committee
- Related Party Transactions Review Committee
- Nomination and Governance Committee
- Remuneration Committee
- Investment Committee
- Risk and ESG Committee

However, the Board of Directors are collectively responsible for the decisions taken on the recommendation by Board Sub Committees.

AUDIT COMMITTEE

The Audit Committee provides an oversight on the Financial Statements and other related information prepared for presentation for external financial reporting, review the work of the internal audit function and ensures that the external auditor carry out their statutory duties in an independent and objective manner. It also assists the Board in ensuring a sound system of internal control. The Committee has full access to the auditors both internal and external who, in turn, have access at all times to the Chairman of the Committee. The Committee meets with the external auditors without any executives present except for the Group Secretaries, at least once a year. The report on the Audit Committee is presented on page 182 and the duties of the Audit Committee are included therein.

NOMINATION AND GOVERNANCE COMMITTEE

The Nomination and Governance Committee reviews the Board composition to ensure Board balance and adequacy of skills and experiences among the members of the Board. It recommends any new appointments to the Board. The report on the Nomination and Governance Committee is presented on page 188 and the duties of the Nomination and Governance Committee are included therein.

REMUNERATION COMMITTEE

The Remuneration Committee recommends to the Board, the remuneration policy and the remuneration to be paid to each executive director. The Remuneration Committee reviews the Group's remuneration policy and the remuneration packages of executive employees of the Group. The report on the Remuneration Committee is presented on page 187 and the duties of the Remuneration Committee are included therein.

RISK AND ESG COMMITTEE

The Risk and ESG Committee is responsible for overseeing the Group's risk management and sustainability governance framework, ensuring that key risks, both financial and non financial are identified, assessed, and effectively mitigated. The Committee monitors the adequacy and effectiveness of internal controls and ensures compliance with applicable laws, regulations, internal policies, and emerging sustainability related requirements.

In addition to risk oversight, the Committee provides strategic guidance on environmental, social, and governance (ESG) matters, including climate related risks and opportunities, stakeholder expectations, and sustainability disclosures. It reviews ESG related reports and ensures the integrity of data and processes supporting sustainability and climate related reporting.

Corporate Governance

The Committee actively supports the Board in fostering a culture of risk awareness, responsible business conduct, and sustainability integration across the Group. It meets regularly to evaluate the Group's risk appetite, emerging risks including ESG driven impacts, internal control effectiveness, and the maturity of the compliance and sustainability governance programs.

The report on the Risk and ESG Committee is presented on page 190, and the duties of the Committee are detailed therein.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Committee exercises oversight on behalf of the Board, that all Related Party Transactions (RPTs, other than those exempted by the CSE listing rules on the RPTs) are carried out and disclosed in a manner consistent with the CSE Listing Rules.

Membership of Sub Board Committees are listed below.

	Appointment to The Board	Nomination and Governance Committee	Remuneration Committee	Audit Committee	Investment Committee	Related Party Transactions Committee	Risk and ESG Committee
Executive							
Mr S Sathasivam	13.06.2006				<input checked="" type="checkbox"/>		
Mr A Deepthikumara	18.01.2024						
Non Independent Non Executive							
Mr V Govindasamy	08.02.2000	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		
Mr G Sathasivam	09.08.2000						
Mr T Akbarally	17.08.2022				<input checked="" type="checkbox"/>		
Independent Non Executive							
Mr A Cabraal	31.05.2017	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Mr S Shishoo	18.12.2017						
Mr S Jain	02.02.2022						
Mr S Renganathan	27.05.2022	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr M Mihular	06.04.2023		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ms A Goonetilleke	15.11.2023						<input checked="" type="checkbox"/>
Mr P Gopalan	01.04.2026						

FINANCIAL ACUMEN

The Board comprises of a Senior Chartered Accountant and he serves as members of the Audit Committee and Related Party Transaction Review Committee.

SUPPLY OF INFORMATION

Directors are provided with quarterly reports on performance, minutes of quarterly meetings and such other reports and documents as necessary. The Chairman ensures all Directors are adequately briefed on issues arising at Meetings.

DIGITAL TRANSFORMATION AND IT GOVERNANCE

Technology-driven transformation is a key medium-to-long priority of the Group and key areas of focus included evaluating the potential opportunities and risks of disruption presented by technology and building effective, secure and agile infrastructure. The Board holds apex responsibility for governing technology and information and during the year, continued emphasis was placed on embedding ICT governance standards across the Group. The Group IT Services, supported by specialised resources across the Group supports the Board in discharging its IT-related duties and providing oversight on the management of technology assets.

COMPANY SECRETARIES

The services and advice of the Company secretaries are made available to Directors as necessary. The Company secretaries keep the Board informed of new laws, regulations and requirements coming into effect which are relevant to them as individual Directors and collectively to the Board. Corporate Services (Private) Limited having their registered office at No, 216, De Saram Place, Colombo 10 are the Company secretaries since 1 April 2016.

GOING CONCERN

The Directors after making necessary inquiries and reviews including reviews of the Group's budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and borrowings facilities, have a reasonable expectation of the Company's existence in the foreseeable future. Therefore, the going concern basis is adopted in the preparation of the Financial Statements.

INTERNAL CONTROL

The Board is responsible for the Company's internal controls and for reviewing their effectiveness. Internal control is established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision making. It covers all controls, including financial, operational and compliance control and risk management. It is important to state, however that any system can ensure only reasonable and not absolute, assurance that errors and irregularities are prevented or detected within a reasonable time.

COMMUNICATION WITH STAKEHOLDERS

Shareholders are provided with quarterly Financial Statements and the Annual Report which the Group considers as its principal communication with them and other stakeholders. These reports are provided to the Colombo Stock Exchange and also published in media. Shareholders may bring up concerns they have, either with the Chairman or the Group Chief Executive Officer as appropriate. Sunshine Holdings PLC's website www.sunshineholdings.lk and websites of listed companies within the Group serve to provide a wide range of information on the Group. The Company has reported a fair assessment of its position via the published audited Financial Statements and quarterly accounts. In preparation of these documents, the Company has complied with the requirements of the Companies Act No. 07 of 2007 and in accordance with the Sri Lanka Financial Reporting Standards.

Corporate Governance

CORPORATE GOVERNANCE DISCLOSURE

The Company has published quarterly financial statements with the necessary explanatory notes as required by the rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka to all stakeholders. Any other financial and non-financial information, which is price sensitive or warrants the shareholders and stakeholders' attention and consideration is promptly disclosed to the public.

COMPLIANCE WITH CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE – 2023

Subject	Rule/ Code No.	Compliance Requirement	Compliance Status	Section	Page No.
The Board of Directors	A 1	Company to be headed by an effective Board to direct and control the company.	Complied	Profile of the Board	30
	A 1.1	Regular Board meetings and process of submitting information	Complied	Composition & attendance	158 to 163
	A 1.2	Roles & Responsibilities of the Board	Complied	Board Responsibility	158 to 163
	A 1.3	Act in accordance with the laws of the country and obtain professional advice as and when required	Complied	Annual Report of the Board of Directors	4 to 6
	A 1.4	Access to advise and services of Company Secretary	Complied	Communication with stakeholders	40
	A 1.5	Bring Independent judgment on various business issues and standards of business conduct	Complied	The Directors are permitted to get professional advice when necessary and the Directors of SUN group has obtained professional advice for certain matters during the year and coordinated through company secretaries.	158 to 163
	A 1.6	Dedicate adequate time and effort to matters of the Board and the Company	Complied	Dates of regular Board meetings and Board Sub-Committee meetings are scheduled at the beginning of the year and the relevant papers are circulated a week prior to the meeting giving sufficient time for review. There is provision to circulate papers closer to the meeting on an exceptional basis.	158 to 163

Subject	Rule/ Code No.	Compliance Requirement	Compliance Status	Section	Page No.
	A.1.7	Calls for resolutions	Complied	Any Director can call for a resolution to be presented to the Board if deemed necessary.	-
	A.1.8	Board Induction and Training	Complied	<p>Directors recognise the need for continuous training and expansion of their knowledge and skills to effectively discharge their duties and are encouraged to attend sessions of the Sri Lanka Institute of Directors and other corporate forums on relevant matters. As independent professionals, many of the Directors also conform to Continuing Professional Development requirements of their respective professional organisations. Board members are also given insights in to regulatory changes that may impact the industry at Board meetings.</p> <p>Audit Committee members receive updates on regulatory and compliance changes relating to matters entrusted to the Committee on a quarterly basis to ensure that they are updated on regulatory requirements impacting reporting and risk management processes. They are also given insights in to organisation wide initiatives to strengthen internal controls, risk management and financial reporting processes at the same meetings.</p>	158 to 163
Chairman and Group Chief Executive Officer (GCEO)	A.2	Chairman and Group Chief Executive Officer's division of responsibilities to ensure a balance of power and authority	Complied	The Chairman does not involve himself in day-to-day operations of the Group and acts as an independent Non-Executive Director. The GCEO executes powers given by the Chairman and the Board to run the operation.	195

Corporate Governance

Subject	Rule/ Code No.	Compliance Requirement	Compliance Status	Section	Page No.
Chairman's Role	A 3	Facilitate the effective discharge of Board functions	Complied	The Chairman is responsible for conducting meetings effectively and he preserves order and implements board decisions taken.	4 to 6
	A 3.1	Ensure Board proceedings are conducted in a proper manner	Complied	<p>The Chairman is responsible for following;</p> <ul style="list-style-type: none"> – Development of an appropriate agenda for Board meetings with the Company Secretaries – Sufficiency of information in Board papers and timely availability of the same – Induction programmes for newly appointed Directors to acquaint them with their duties and responsibilities and Corporate Governance structure of the Group – Effective participation of Executive and Non-Executive Directors – Directors are encouraged to seek additional information necessary to engage in discussion of agenda items and to request inclusion of matters of concern on the agenda – Sufficient balance of power between Executive and Non-Executive Directors – Views of directors are obtained and the minutes reflect the deliberations of the Board – Board's control of the affairs of the company and its obligations to shareholders and stakeholders 	4 to 6
Financial Acumen	A 4	Availability of financial acumen within the Board	Complied	Refer Corporate Governance Report.	158 to 163

Subject	Rule/ Code No.	Compliance Requirement	Compliance Status	Section	Page No.
Board Balance	A 5 & A 5.1	Non-Executive Directors	Complied	Ten (10) out of Twelve (12) are Non-Executive Directors	158 to 163
	A 5.2	Independent Non- Executive Directors	Complied	Seven (7) out of Ten (10) Non-Executive Directors are independent	158 to 163
	A 5.3	Independent Non- Executive Directors	Complied	All independent Non-Executive Directors are in fact free of any business with the group and are not involved in any activity that would affect to their independence.	158 to 163
	A 5.4	Annual Declaration	Complied	Submitted the declarations as prescribed	4 to 6
	A 5.5	Determination of independence of the Directors	Complied	The independence of Directors is determined based on declarations submitted by the Non-Executive Directors.	158 to 163
Supply of Information	A 6.1	Provide appropriate & timely information to the Board	Complied	Directors are provided quarterly performance reports, minutes of review meetings and other relevant documents in advance to the board meeting	158 to 163
	A 6.2	Adequate time for effective conduct of Board meeting	Complied	The minutes, agenda and reports for the board meeting are provided well before the meeting date.	158 to 163
Appointments to the Board	A 7	Formal and transparent procedure for Board appointments	Complied	Nomination and Governance Committee makes recommendations to the Board on new Board appointments	188 to 189
	A 7.1	Nomination and Governance Committee to make recommendations on new Board appointments	Complied	Nomination and Governance Committee makes recommendations to the Board on new Board appointments	188 to 189
	A 7.2	Assessment of the capability of the Board to meet strategic demands of the company	Complied	Profile of the Board	30 to 35
	A 7.3	Disclosure of New Board member profile and interests	Complied	Profile of the Board	30 to 35
Re election	A 8 – 8.2	Board members should be subject to election, and re-election by shareholders	Complied	Re-election of Directors	158 to 163

Corporate Governance

Subject	Rule/ Code No.	Compliance Requirement	Compliance Status	Section	Page No.
Appraisal of Board performance	A 9 – 9.3	Existence of Board evaluation methods and execution	Complied	The Chairman & Remuneration committee evaluates the performance of the Executive Directors. In addition Board self evaluation/ survey are conducted annually	158 to 163
Disclosure of information in respect of Directors	A 10 – 10.1	<ul style="list-style-type: none"> – Profiles of Directors – Directors’ interests – Board meeting attendance – Board committee memberships 	Complied	<ul style="list-style-type: none"> – Profile of the Board Members – Membership of sub-committees and attendance at Board and Subcommittee meetings – Remuneration paid to directors – Board seats held by each Director in listed and unlisted companies – Names of listed and non listed companies in Sri Lanka in which they serve as directors – names of board committees in which the director serves as chairman or a member – number of board meetings and committee meetings of the company attended during the year 	30 to 35 158 to 163
Appraisal of GCEO	A 11 – 11.2	Appraisal of the Group Chief Executive Officer against the set strategic targets	Complied	Evaluation is done by the Chairman & Remuneration committee based on the financial & non-financial targets set with the discussion of the committee.	187
Directors’ Remuneration	B 1	Establishment of the Nomination & Governance Committee and Remuneration Committee	Complied	Nomination & Governance Committee and Remuneration Committee reports	188 to 189
	B 1 – 1.3	Membership of the Nomination & Governance Committee to be disclosed and should only comprise of Non-Executive Directors	Complied	Discussed under sub committees	188 to 189
Disclosure of Remuneration	B 3.1	Disclose the remuneration policy and aggregate remuneration	Complied	Discussed under sub committees	188 to 189

Subject	Rule/ Code No.	Compliance Requirement	Compliance Status	Section	Page No.
Relations with Shareholders	C 1 – C 1.1	Constructive Use of the Annual General Meeting (AGM) and Conduct of General Meetings	Complied	A Form of Proxy accompanies the Annual Report, when they are dispatched to the shareholders and made all efforts to encourage the shareholders to participate for the AGM.	4 to 6
	C 1.2	Separate resolution to be proposed for each item	Complied	The Company propose a separate resolution at the AGM on each significant issue.	4 to 6
	C 1.3	All valid proxy appointments received for general meetings are properly recorded and counted.	Complied	The Chairman makes and announcement of the proxies received at the commencement of the General Meeting.	-
	C 1.4	Heads of Board subcommittees to be available to answer queries	Complied	Sub-committee Chairman's are present at the AGM	-
	C 1.5	Notice of Annual General Meeting to be sent to shareholders with other papers as per statute	Complied	A copy of Annual Report including financials, Notice of Meeting and the form of Proxy are sent to shareholders 15 working days prior to the date of the AGM.	-
Communication with Shareholders	C 2.1 - C 2.7	The board implement effective communication with shareholders	Complied	<ul style="list-style-type: none"> – Circulated through Notice of the Annual General Meeting – Investor relation officer are appointed and all contacts details are disclose in the annual report, notice of the annual general meeting and the company website. 	-
Major Transactions	C 3 - 3.3	Disclosure of all material facts involving any proposed acquisition, sale or disposal of assets	Complied	Major transactions of the Group were disclosed to all stakeholders through the Colombo Stock Exchange, print media, and the Company website	-
Accountability & Audit	D 1.1	Accountability & audit	Complied	The Board recognises its responsibility to present a balanced and understandable assessment of the Group's financial position, performance and prospects in accordance with the requirements of the Companies Act No 07 of 2007. The Financial Statements included in this Annual Report are prepared and presented in accordance with Sri Lanka Financial Reporting Standards.	178

Corporate Governance

Subject	Rule/ Code No.	Compliance Requirement	Compliance Status	Section	Page No.
Accountability & Audit (Contd.)	D 1.2	Disclosure of interim and other price-sensitive and statutorily mandated reports to Regulators	Complied	Annual Report of the Board of Directors	4 to 6
	D 1.3	Declaration by CEO and CFO	Complied	The Group Chief Executive Officer's and the Group Chief Financial Officer's Responsibility Statement	195
	D 1.4	Declaration by the Directors that the company has not engaged in any activities, which contravene laws and regulations, declaration of all material interests in contracts, equitable treatment of shareholders and going concern with supporting assumptions or qualifications as necessary	Complied	Annual Report of the Board of Directors	4 to 6
	D 1.3 5	Statement of Directors' responsibility	Complied	– Directors' Responsibility report – Annual Report of the Board of Directors	4 to 6
	D 1.6	Management Review & Preview	Complied	The Leadership Reports	24 to 29
	D 1.7	Serious loss of capital	Complied	– Annual Report of the Board of Directors – Statement of Directors Responsibility	-
	D 1.8	Disclose the related party transactions	Complied	Report of the Related Party Transactions Review Committee	185 to 186
	Risk Management and Internal Control	D 2.1 D 2.2	Process of risk management and a system of internal control to safeguard shareholders' investments and the company's assets.	Complied	– Report of the Risk and ESG Committee – Report of the Audit Committee
Audit Committee		D 3.1	Audit Committee composition	Complied	Composition of Audit Committee

Subject	Rule/ Code No.	Compliance Requirement	Compliance Status	Section	Page No.
Audit Committee (Contd.)	D 3.2	Terms of reference, duties and responsibilities	Complied	Clearly documented to Audit Committee charter	182 to 184
	D 3.3	Audit Committee disclosures	Complied	Report of the Audit Committee	182 to 184
Risk Committee	D 4.1 - D 4.5	Risk Committee establishment, and their duties and responsibilities	Complied	Report of the Risk & ESG Committee	190 to 192
Related Party Transactions Review Committee	D 5.1 - D 5.3	Related Party Transactions Review Committee establishment, and their duties and responsibilities	Complied	Report of the Related Party Transactions Review Committee	185 to 186
Institutional Investors	E 1	Shareholder Voting	Complied	The Company makes every effort to maintain a regular and structured dialogue with institutional investors in order to improve their understanding of Company's operations.	-
	E 2	Evaluation of Governance Disclosure	Complied	Institutional investors are kept apprised of the Company's governance practices through the Annual Report and new initiatives are highlighted at regular meetings to ensure that due weightage is given to good Corporate Governance.	158 to 163
Other Investors	F1	Investing/Divesting decisions	Complied	Individual investors who directly invest on the shares of the Company are encouraged to obtain independent professional advice when investing on the shares of the Company.	-
	F2	Shareholder voting	Complied	Individual investors also are encouraged to get adequate analysis or seek advice on investing/divesting decisions. Also, they are summoned to exercise their voting rights at the AGM.	-
Internet of Things and Cyber Security	G	Internet of Things and Cyber Security	Complied	Group IT policies by which the Company is governed, comprehensively covers the process to identify connections to the Company's network, Cyber Security Risk Identification and effectiveness of Cyber Security Risk Management.	4 to 6

Corporate Governance

Subject	Rule/ Code No.	Compliance Requirement	Compliance Status	Section	Page No.
Sustainability: Risk and ESG Opportunities	H	Sustainability: Risk and ESG Opportunities	Complied	The board regularly evaluate the strengths and weaknesses created by the ESG factors and opportunities in the company's business model, operations, short- and medium-term planning and in its long-term strategy to ensure that the company remains resilient and able to deliver durable and sustainable value over the short, medium and long term in order to maintain the confidence and continued engagement of shareholders and all significant stakeholders.	134 to 156
Special Considerations for Listed Entities	I	Establishment and Maintenance of Policies	Complied	<p>Company has implemented the below mentioned policies and disclosed its existence and details of implementation on the Company website</p> <ul style="list-style-type: none"> – Policy on the matters relating to the Board of Directors – Policy on Board Committees – Policy on Corporate Governance, Nominations and Re-election – Policy on Remuneration – Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Bank's listed securities – Policy on Risk management and Internal Controls – Policy on Relations with Shareholders and Investors – Policy on Environmental, Social and Governance Sustainability – Policy on Control and Management of Company Assets and Shareholder Investments – Policy on Corporate Disclosures – Policy on Whistle blowing – Policy on Anti-Bribery and Corruption 	-

COMPLIANCE WITH CSE CONTINUING LISTING RULES – SECTION 7.6

Rule No.	Applicable Requirement	Compliance Status	Details	Page No
7.6 (i), (ii)	Names of persons who during the financial year were Directors and principal activities during the year	Complied	Report of the Board of Directors	-
7.6 a (iii), (iv)	Twenty largest Shareholders, float adjusted market capitalization, public holding percentage, no. of public shareholders and minimum required public shareholding	Complied	Share Information	310 to 312
7.6 (v)	Directors' and CEO's holding in shares	Complied	Report of the Board of Directors	310 to 312
7.6.(vi)	Material foreseeable risk factors of the entity	Complied	Risk Management Framework	178 to 179
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Complied	Human Capital	92 to 114
7.6 (viii)	Extents, locations, valuations, number of buildings	Complied	Notes to the Financials Note - 19 Property, plant and equipment Note - 23 Investment property	233 239
7.6 (ix)	Number of shares representing the Entity's stated capital	Complied	Report of the Board of Directors	-
7.6 (x)	Shareholder Distribution Schedule including percentage of total holding in given categories	Complied	Share Information	310 to 312
7.6 (xi)	Ratios and Market Price Information	Complied	Investor Information	310 to 312
7.6(xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	Complied	Notes to the Financials Note - 19 Property, plant and equipment Note - 23 Investment property	233 239
7.6 (xiii)	If during the financial year the entity has raised funds either through a public issue, rights issue or private placement.	N/A	N/A	-
7.6(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	N/A	N/A	-
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Complied	Corporate Governance Report	158 to 163
7.6 (xvi)	Related party transactions exceeding 10% of Equity or 5% of total assets of the Entity as per audited financial statements, whichever is lower.	Complied	Refer Related party transaction Note - 41.2 Transaction with group entities	303

Corporate Governance

COMPLIANCE WITH CSE CORPORATE GOVERNANCE PRINCIPLES – REVISED SECTION 9 OF THE LISTING RULES

Rule No.	Applicable Requirement	Compliance Status	Details	Page No
9.2.1	Policies	Complied	The Company website contains policies.	-
9.3	Establishment of Board Committees (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	Complied	Corporate Governance Report	158 to 163
9.3.2	Composition and disclosures	Complied	Refer Board Committees reports	182 to 193
9.3.3	Chairperson of Board Committees	Complied	Refer Board Committees Reports	182 to 193
9.4.1	Meeting Procedures	Complied	Refer Board Committees Reports	182 to 193
9.4.2	Communication and Relations with shareholders	Complied	Annual Report of Board of Directors	4 to 6
9.5	Policy on matters relating to the Board of Directors	Complied	Annual Report of Board of Directors	
9.6.2	Chairperson and CEO	N/A	N/A	-
9.6.3	Senior Independent Director	N/A	N/A	-
9.6.4	Rationale for appointing a SID	N/A	N/A	-
9.7.1 – 9.7.3	Fitness of Directors and CEO	Complied	Annual Report of Board of Directors	4 to 6
9.7.4	Annual declaration – Fit and Proper – Directors and CEO	Complied	Annual Report of Board of Directors	
9.7.5	Disclosures in the Annual Report	Complied	Annual Report of Board of Directors	
9.8.1	Minimum number of Directors	Complied	Annual Report of Board of Directors	
9.8.2	Independent Directors ('IDs')	Complied	Nomination and Governance Committee Report	188 to 189
9.8.3	Determination of Independence	Complied	Annual Report of Board of Directors	4 to 6
9.8.5	Disclosure relating to Directors	Complied	Annual Report of Board of Directors	4 to 6
9.9	Alternate Directors	N/A	N/A	-
9.10.1	Disclosure relating to Directors	Complied	Annual Report of Board of Directors Directors Profiles	4 to 6 30 to 34
9.10.2	Market announcement of appointing new directors	Complied	Annual Report of Board of Directors	4 to 6
9.10.3	Market announcement for changing composition of Board of Directors and Board committees	Complied	Annual Report of Board of Directors	4 to 6

Rule No.	Applicable Requirement	Compliance Status	Details	Page No
9.10.4	Disclosure relating to Directors profile	Complied	Directors Profiles	30 to 34
9.11.1-9.11.3	Nominations and Governance Committee (NGC)	Complied	NGC Report	188 to 189
9.11.4	Composition of the Nominations and Governance Committee	Complied	NGC Report	188 to 189
9.11.5	Function of the Nomination and Governance Committee	Complied	NGC Report	188 to 189
9.11.6	Annual report disclosure	Complied	NGC Report	188 to 189
9.12.1 – 9.12.5	Remuneration Committee	Complied	Remuneration Committee Report	187
9.12.6	Composition of Remuneration Committee	Complied	Remuneration Committee Report	187
9.12.7	Function of the Remuneration Committee	Complied	Remuneration Committee Report	187
9.12.8	Annual report disclosure	Complied	Remuneration Committee Report	187
9.13.1 – 9.13.2	Audit Committee and TOR	Complied	Audit Committee Report	182 to 184
9.13.3	Audit Committee Composition	Complied	Audit Committee Report	182 to 184
9.13.4	Audit Committee Functions	Complied	Audit Committee Report	182 to 184
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Complied	Audit Committee Report	182 to 184
9.14.1 and 9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	Complied	RPTRC Report	185 to 186
9.14.3	Functions of RPTRC	Complied	RPTRC Report	185 to 186
9.14.4	RPTRC Meetings	Complied	RPTRC Report	185 to 186
9.14.5	RPTRC duties and actions	Complied	RPTRC Report	185 to 186
9.14.6	Shareholder approvals	Complied	There were no proposed transactions which required to obtain shareholder approvals.	-
9.14.7	Immediate Disclosures	Complied	There were no transactions which required for immediate disclosure.	-
9.14.8	The Report by the Related Party Transaction Review Committee and Annual report disclosures	Complied	RPTRC Report	185 to 186
9.14.8 (4)	An affirmative declaration by the Board of Directors	Complied	RPTRC Report	185 to 186
9.17	Additional disclosure	Complied	RPTRC Report	185 to 186

Corporate Governance

CONTENT OF THE ANNUAL REPORT AS PER SECTION 168 OF THE COMPANIES ACT NO. 7 OF 2007 (AMENDED IN 2025)

Rule No.	Applicable Requirement	Compliance Status	Page No
168 (1) (a)	The nature of the business together with any change thereof	Complied	313
168 (1) (b)	Signed Financial Statements of the Company	Complied	201 to 209
168 (1) (c)	Auditors' Report on Financial Statements	Complied	196 to 200
168 (1) (d)	Accounting policies and any changes therein	Complied	201 to 306
168 (1) (e)	Particulars of the entries made in the Interest Register	Complied	-
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Complied	303
168 (1) (g)	Corporate donations made by the Company	Complied	-
168 (1) (h)	Information on Directorate of the Company at the end of the accounting period	Complied	30 to 34
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Complied	222
168 (1) (j)	Auditors' relationship or any interest with the Company	Complied	196 to 200
168 (1) (k)	Acknowledgment of the contents of this Report and signatures on behalf of the Board	Complied	6

Risk Management

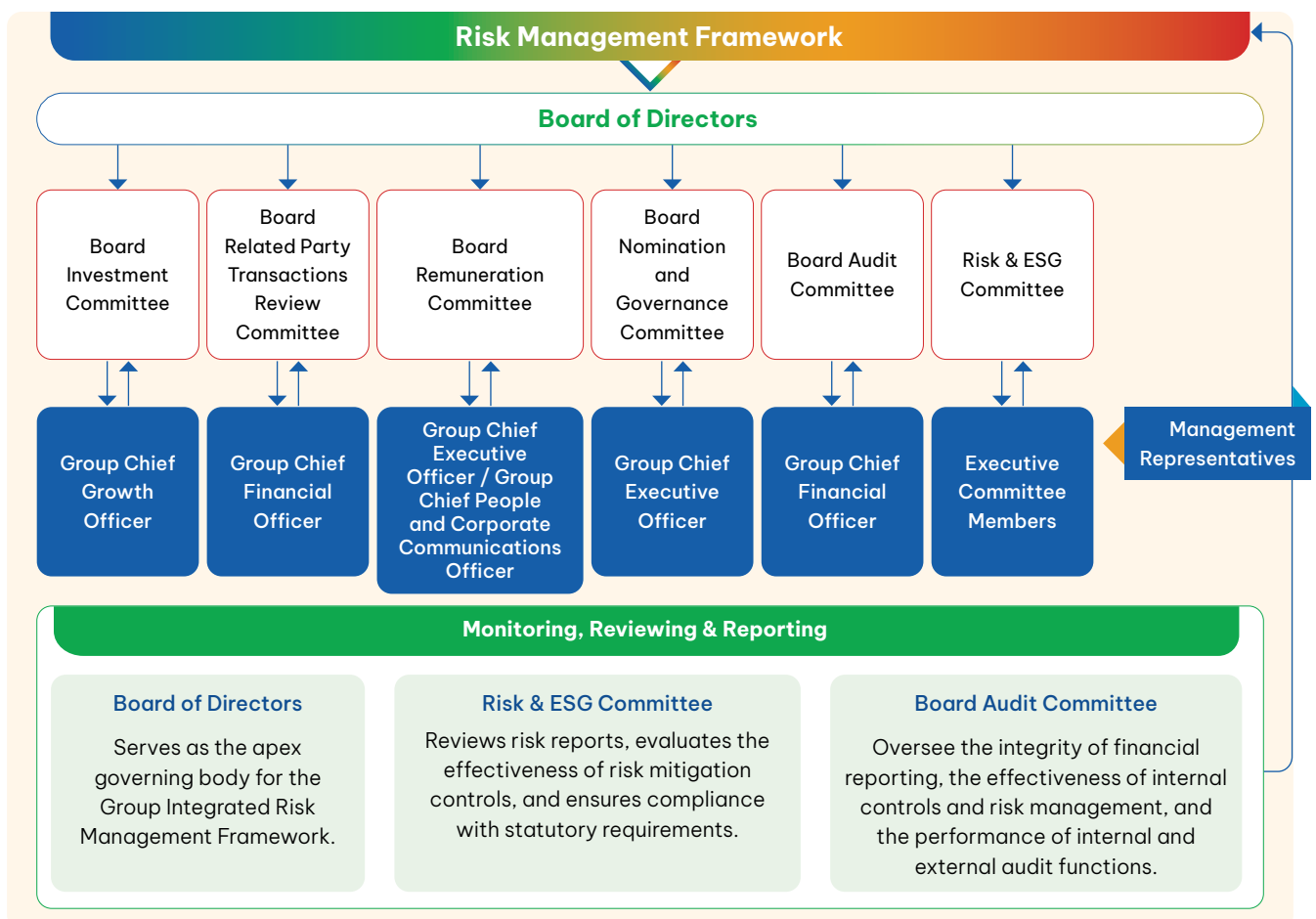
SUN Risk Management Policy serves as an overarching mandate for the effective management of risks within the Group. The Risk Management Policy was implemented in line with section 9 of the new CSE listing rules on Corporate Governance.

OVERVIEW

Given the highly dynamic nature of its operations, SUN Group risk universe is constantly evolving, influenced by changes in the regulatory landscape, economic conditions, technological advancements, and emerging market trend, making effective management of risks imperative to achieving the Group’s business objectives, over the short medium and long term. As risks become increasingly interconnected, SUN has discovered that multiple risks can converge to impact a single business objective, requiring careful coordination and mitigation strategies. On the other hand, a single risk may have far-reaching consequences across several objectives, underscoring the importance of early identification, continuous monitoring, and proactive responses. Acknowledging the complexity of its risk universe, SUN adopts a holistic and forward-looking approach to risk management to strike a balance between resilience and sustainable value creation.

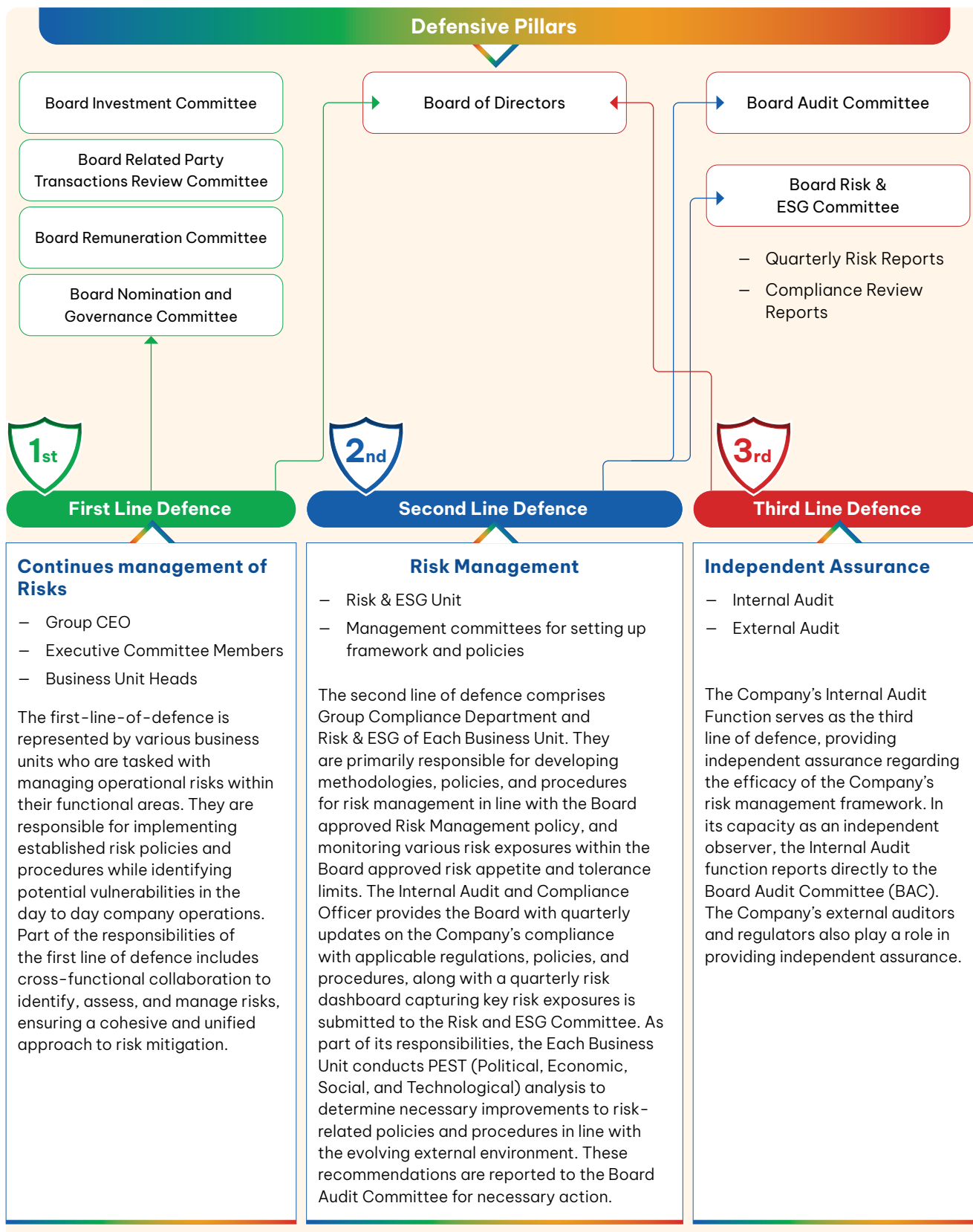
APPROACH TO RISK MANAGEMENT

SUN’s Risk Management Policy serves as an overarching mandate for the effective management of risks within the Group. The Risk Management Policy was implemented in line with section 9 of the new CSE listing rules on Corporate Governance. The Board approved Policy formalises the Integrated Risk Management Framework to support effective decision-making in order to mitigate potential threats, while leverage opportunities for sustained business growth. To that end the framework establishes a comprehensive system of policies, procedures and protocols for identifying, assessing, and mitigating all financial and non-financial risks as well as emerging risks, ensuring all significant risks are considered, and every potential threat is evaluated within the context of its possible impact on the Group.



Risk Management

RISK MONITORING



MANAGING SUNSHINE HOLDINGS PLC KEY RISKS

Serial Number	Headline Risk	Related Risk	Risk	Risk Control Measure/Mitigation Action
1	Political/ Regulatory	Changes in Government policies	<p>The government regulates the prices of pharmaceutical and medical device products to ensure they remain affordable and accessible.</p> <p>The government's policy supporting local manufacturing may impact procurement practices, potentially prioritizing domestically produced goods.</p>	<p>a) Ongoing negotiations with principals for pricing.</p> <p>b) Lobbying and discussions with regulators to increase product MRP to mitigate currency devaluation risks.</p> <p>c) Advocacy through industry associations/memberships for pricing formula for pharmaceuticals and healthcare products.</p>
2	Currency	Exchange rate movements and limited foreign currency reserves	Potential loss due to adverse exchange rate fluctuations	<p>a) Negotiating with principals to establish fixed exchange rates in contracts.</p> <p>b) Settling bills prematurely at favorable exchange rates or making advance payments to suppliers.</p>
3	Strategic	Government policy on oil palm expansion / cultivation	Challenges to expanding palm oil production include new regulations banning replanting and increasing social pressure. These regulations restrict the ability to renew plantations, limiting growth opportunities	<p>a) Diversifying into other crops.</p> <p>b) Engaging with government agencies and Planter Association for constructive discussions on cultivation best practices and environmental protection.</p> <p>c) Continuing with RSPO certification.</p> <p>d) Implementing public awareness programs.</p>
4	Operational	Disruption to global supply chains	Disruption to the supply chain for critical inputs such as fertilizer, fuel, and shipping services due to geopolitical tensions, trade restrictions, and global logistical constraints may impact production continuity and delivery timelines.	<p>a) Diversifying supplier base across multiple geographies.</p> <p>b) Maintaining strategic buffer stocks of critical inputs.</p> <p>c) Entering into long-term contracts with key suppliers and logistics providers.</p> <p>d) Continuous monitoring of global geopolitical developments and contingency planning.</p>
5	Financial / Operational	Increasing business running costs	Rising input costs including energy, fertilizer, logistics, labor, and overheads may adversely impact margins and profitability.	<p>a) Cost optimization and efficiency improvement initiatives across operations.</p> <p>b) Increased focus on productivity enhancement and automation.</p> <p>c) Periodic review of pricing strategies where market conditions permit.</p> <p>d) Energy conservation initiatives and alternative energy investments.</p>
6	Market / Strategic	Tea price volatility and intense competitive actions	Volatility in global and domestic tea prices coupled with aggressive pricing, promotional strategies, and market expansion by competitors may exert pressure on revenue and market share.	<p>a) Strengthening brand positioning and product differentiation.</p> <p>b) Expanding value-added and specialty tea offerings.</p> <p>c) Improving cost competitiveness through operational efficiencies.</p> <p>d) Enhancing market intelligence and responsive pricing strategies.</p>

Directors' Statement on Internal Controls

The following statement is presented by the Board of Directors to be in line with Section 9.16 (ii) – Corporate governance requirements of Listing rules issued by Colombo stock exchange section D1.5 of the Code of Best Practices on Corporate Governance 2023 issued by The Institute of Chartered Accountants of Sri Lanka.

RESPONSIBILITY

The Board of Directors (Board) is responsible for the adequacy and effectiveness of the Internal Control system and sound risk management practices within the Company and Group in order to safeguard the shareholder's investment and the Company's assets. Internal controls over financial reporting are primarily designed to identify and highlight any deviations in the control environment including information systems, operational processes, control activities and monitoring. However, due to the inherent nature of the internal control mechanism, systems of internal control are intended to manage, rather than to eliminate the risk of failure to achieve business objectives. In view of this, the system of internal controls can only provide reasonable, but not absolute assurance against material misstatements of financial information or losses and frauds. The system of internal controls referred to in this Statement was in place and operating throughout the financial year under review and up to the date of approval of the financial statements.

The Board of Directors acknowledges its overall responsibility for the Group's system of internal control and risk management. The Board has established an ongoing and structured process for identifying, evaluating, and managing the significant risks faced by the Group within an acceptable risk appetite. This process is designed to provide reasonable assurance regarding the reliability and integrity of financial

reporting, safeguarding of assets, compliance with applicable laws and regulations, and the effectiveness and efficiency of operations.

The adequacy and effectiveness of the system of internal control are reviewed on a continuous basis by the Board through the Board Audit Committee, with the assistance of the Internal Audit function. In this regard, the Board has reviewed the internal control deficiencies and improvement opportunities identified through internal audit reviews, management assessments, and reports submitted by the Board Audit Committee and other Board sub committees, and has directed management to take appropriate corrective actions to strengthen the internal control environment. In particular, the Board has reviewed the adequacy and effectiveness of internal controls over financial reporting (ICFR), including controls over the recording, processing, summarisation, and reporting of financial information, and is satisfied that such controls were appropriately designed and operating effectively during the year under review.

Management is responsible for implementing Board approved policies and procedures relating to risk management and internal control, including the identification and assessment of risks, the design and operation of suitable control activities, and the ongoing monitoring of such controls. The Board is of the view that, based on the reviews conducted during the year, the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the preparation of financial statements in accordance with Sri Lanka Accounting Standards and relevant regulatory requirements, while recognising that no system of internal control can provide absolute assurance against material misstatement or loss.

The Board has implemented the following measures to obtain reasonable assurance that a sound and effective system of internal control is maintained across the Group:

– Board and Sub Committee Oversight

Several Board appointed Sub Committees, including those mandated under the revised Listing Rules of the Colombo Stock Exchange, are in place to assist the Board in ensuring that the Group's operations are conducted in accordance with approved corporate objectives, strategies, annual budgets, and overall business direction. The proceedings and key observations of these Committees are regularly reported to the Board.

– Policies, Procedures and Governance Framework

Board approved policies and procedures covering key functional, operational, financial, risk management, compliance, and information security areas have been established and implemented across the Group. This includes controls over information systems, data integrity, access management, change management, and cybersecurity, which support the reliability of operational and financial information. These policies are reviewed periodically to address emerging risks, align with evolving regulatory requirements, and reflect industry best practices. During the year, the Board reviewed key functional areas and strengthened the corporate governance, risk management, and information security policy framework in line with the requirements of Section 9.2 of the Listing Rules of the Colombo Stock Exchange.

– Internal Audit Function

The Internal Audit & Compliance Officer is responsible for coordinating and monitoring the internal audit function of the Group, while the

execution of internal audits is outsourced to M/s Ernst & Young, an independent professional firm. This arrangement ensures independence, objectivity, and adherence to professional internal auditing standards.

The Internal Audit & Compliance function conducts independent and objective reviews of the adequacy and effectiveness of the Group's internal control systems, risk management processes, and compliance with policies and procedures. Internal audits are carried out on significant processes and subsidiaries based on a risk-based annual audit plan approved by the Board Audit Committee, using a combination of sample testing and rotational audit techniques. Significant audit findings and instances of non-compliance are reported to management and submitted to Board Risk & ESG Committee and to the Board Audit Committee for review and direction at its periodic meetings.

- Board Audit Committee Review

The Board Audit Committee reviews the outcomes of internal audits, external audits, and regulatory reviews, and evaluates the adequacy and effectiveness of the Group's risk management, compliance and internal control systems. The Committee also monitors the implementation of corrective actions taken by management in response to identified control weaknesses. Particular emphasis is placed on the scope, quality, and independence of the internal audit function. Summary reports of the Audit Committee meetings are tabled at Board meetings for consideration.

- Risk Monitoring and Reporting

Key Risk Indicators (KRIs) have been identified for major operations and are consolidated into a Risk Dashboard, which is reviewed by

the Board Risk & ESG Committee and the Board on a quarterly basis. This enables the Board to monitor emerging risks and assess the effectiveness of mitigation actions on an ongoing basis. The risk management framework also includes the identification and monitoring of fraud risk indicators. Controls and mitigating actions relating to fraud prevention, detection, and response are periodically reviewed by Management and the Board Audit Committee.

- Financial Reporting and Accounting Standards

The Group has implemented processes and controls to ensure compliance with Sri Lanka Accounting Standards (LKAS/SLFRS), including the adoption of new and amended standards. During the year, processes required to comply with the recognition, measurement, presentation, and disclosure requirements of SLFRS were reviewed and enhanced. The Group has also implemented the necessary risk monitoring and reporting processes to support compliance with SLFRS S1 and S2 and will continue to strengthen these processes to ensure full adoption within the prescribed timelines.

- Compliance Management

A structured compliance framework is in place, including a compliance checklist covering applicable laws, regulations, and regulatory directives. This checklist is signed off by the relevant Heads of Department, based on which the Compliance Officer presents periodic compliance status reports to the Board Risk and ESG Committee and to the Board. This process supports proactive identification and management of compliance risks across the Group.

- External Audit and Continuous Improvement

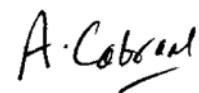
Observations and recommendations made by the External Auditors in relation to the system of internal

control are reviewed by management and the Board Audit Committee, and appropriate corrective actions are implemented where necessary. The Board recognises that the system of internal control is a dynamic process and continues to enhance and refine controls in response to changes in the business environment, regulatory landscape, and risk profile of the Group.

CONCLUSION

The Board having implemented the above is aware that such systems are designed to manage rather than eliminate the risk of failure to achieve business objective and can only provide reasonable and not absolute assurance against material misstatements of loss.

The Board of Directors confirm that the financial reporting system of Sunshine Holdings PLC has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards, requirements of the Company's Act No 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.



Amal Cabraal
Chairman



Shyam Sathasivam
Director,
Group Chief Executive Officer



Reyaz Mihular
Chairman, Audit Committee

29 May 2026

Board Audit Committee Report

The Audit Committee comprised three (3) members during the financial year.

COMPOSITION

Mr R Mihular (Chairman) – Independent Non-Executive

Mr A Cabraal (Member) – Independent Non-Executive

Mr S Renganathan (Member) – Independent Non-Executive

The Board is satisfied that the Committee members collectively possess the necessary financial literacy, skills, and experience in accounting and financial management, and that at least one member has recent and relevant financial expertise as required under the Listing Rules of the Colombo Stock Exchange. During the year under review, all members of the Audit Committee were Independent Non Executive Directors, and the Committee operated with full independence from executive management.

MEETINGS

The Audit Committee met Four (4) times during the year. Attendance of the Committee members at each of these meetings is as follows.

ATTENDANCE

Mr R Mihular (Chairman) – Independent Non-Executive
4 of 4 meetings

Mr A Cabraal (Member) – Independent Non-Executive
4 of 4 meetings

Mr S Renganathan (Member) – Independent Non-Executive
4 of 4 meetings

In addition, Sector-level Audit Committee meetings were conducted ahead of the Sunshine Holdings Audit Committee meeting. Key matters and significant observations arising from

these meetings were presented to the Sunshine Holdings Audit Committee, ensuring effective Group-wide oversight and governance.

SECRETARY TO THE COMMITTEE

Corporate Services (Private) Limited (the Company Secretary) functions as the Secretary to the Audit Committee and directly reports to the Board audit committee.

CHARTER OF THE COMMITTEE

The terms of reference of the Board Audit Committee are clearly defined in the Charter. The Charter of the Board Audit Committee approved by the Board is revisited and revised annually with the concurrence of the Board of Directors to ensure that new developments relating to the functions of the Committee are addressed and updated. The Audit committee charter was revised aligning with the newly introduced listing rules of CSE on Corporate governance, which became effective in phases since 1 October 2023. The updated charter was approved by the board in February 2026.

The Committee is accountable to the Board and reports on its activities regularly to the Board of Directors. The Committee has unrestricted access to information, cooperation from Management and discretion to invite any Director or Executive Officers to attend its meetings. The functions of the Committee are geared to assist the Board of Directors in its general oversight responsibilities in relation to financial reporting, internal controls, risk management, compliance, internal and external audit. The Composition, roles and functions of the Committee are in accordance with the Listing Rules on Corporate Governance of the Colombo Stock Exchange and the Code of Best practices on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka. The composition, authority, roles, and responsibilities of the Audit Committee are in compliance with

the requirements of Section 9.16 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

AUTHORITY

The Committee has the explicit authority to investigate into any matter, full access to information and to obtain external professional advice at the Company's expense and discretion to invite management and directors to attend its meetings.

RESPONSIBILITIES OF THE AUDIT COMMITTEE

The primary objectives of the Audit Committee include:

- Reviewing of the financial information of the Company to ensure the Integrity of the Financial Reporting and compliance with reporting requirements stipulated under the Sri Lanka Accounting Standards, Companies act and other related regulations.
- Ensuring the Company's Financial Statements present a true and fair view.
- Review and evaluate company's risk management framework including the Risk policies adopted and direct on prompt corrective actions to mitigate the effects of specific risks in case such risks are at a point beyond the prudent levels decided by the committee on the basis of the Listed Entity's policies and regulatory requirements.
- Ensure that the Company adopts and guided with corporate governance requirements, promote ethical practices and establish confidential reporting procedures for whistleblowing in the best interest of all stakeholders.
- Company's ability to continue as going concern in the foreseeable future.

- Monitoring Independence and Performance of the External Auditor and Review non-audit services provided by the external auditor. Follow-up with the management on external audit findings and ensure that proper remedial actions taken as recommended.
- Review the internal audit and investigation reports and ensure the independence of the Internal Audit functions and that it is performed with impartiality, proficiency and due professional care.
- Review the adequacy and effectiveness of the Company's internal controls, including internal controls over financial reporting (ICFR), risk management systems, and governance processes, and assess controls in place to prevent misstatement, fraud, and unauthorised access to information.

MEETINGS

The proceedings of the Committee meetings are conducted in accordance with the terms of the Board Audit Committee. The Group Chief Executive Officer, Group Chief Financial Officer, Sector Financial Controllers and Internal Audit and Compliance Officer are regular attendees to the meetings by invitation. The External Auditors attend meetings on invitation to brief the Committee on external audit related and other specific matters.

During the year 2025/26, the Committee held four (4) meetings. Attendance of the members at meetings is set out in the table on page 182 of the Annual Report.

FINANCIAL REPORTING SYSTEM

In order for the Board to assure the integrity of the Financial Statements of the Company in the lines of significant financial reporting, disclosures, and judgments contained

therein, the committee assisted the Board in its oversight responsibility. In carrying out this responsibility, the Committee reviewed the financial reporting processes, internal controls, and related assurances in place throughout the financial year under review and up to the date of approval of the Financial Statements. The assurance is assumed through an independent review of risks, controls and governance processes as well as the Committee has received assurance from the Group Chief Executive Officer and Group Chief Financial Officer of the Company that financial records have been properly maintained, and the financial statements give a true and fair view of the Company's operations and finances. The Committee quarterly reviews the financial statements and annual financial statements are reviewed in consultation with the external and internal auditors prior to making recommendation to the Board for approval.

Further special emphasise was given on following aspect when reviewing the financial statements;

- Adequacy and effectiveness of the internal control system including information system controls and financial reporting process in place to provide reasonable assurance on accuracy and reliability of information reported.
- Consistency of the adopted accounting policies and practices and underlying assumptions for estimates and judgments.
- Compliance with Sri Lanka Accounting standards (SLFRS/ LKAS) as well as new accounting standards that came into effect during the year.
- Significant accounting decisions, disclosure of complex or unusual transactions and reporting issues together with management actions taken to resolve them.

- Tax advisory reviews, assessments and compliance with other regulatory requirements.

THE REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS OF SUNSHINE HOLDINGS PLC

The management of Sunshine Holdings PLC is responsible for internal control and financial reporting, including the preparation of consolidated Financial Statements. Independent auditors are responsible for auditing these statements in accordance with auditing standards to ensure they fairly represent the Company's operations and financial position. The Audit Committee oversees and monitors these processes, and annually recommends to the Board an independent accounting firm to serve as the Company's external auditors.

To fulfill its obligations the Audit Committee carried out the following activities;

- Reviewed and discussed the consolidated Financial Statements for the financial year ended 31 March 2026 with management and the independent auditors
- Ensured the consolidated Financial Statements comply with Sri Lanka Financial Reporting Standards and accurately represent the Company's operations and financial position
- Coordinated with the Risk Committee to review procedures for identifying and managing business risks
- Assessed the operational effectiveness of internal controls
- Discussed and reviewed information system security measures implemented by management
- Reviewed compliance reports from Senior Management to monitor adherence to laws and regulations

Board Audit Committee Report

- Evaluated the Company’s ability to continue as a going concern based on the audited Financial Statements
- Reviewed and discussed annual and quarterly Financial Statements prior to their release, ensuring compliance with Sri Lanka Financial Reporting Standards and the Companies Act, No. 7 of 2007
- Examined internal audit reports and external audit findings to support the integrity of reported results
- Reviewed procedures established by management for regulatory compliance
- Recommended to the Board the approval of non-audit services to be granted to the external auditors
- Obtained a confirmation of independence from the external auditors and recommended KPMG Chartered Accountants as the independent auditors to audit and report on the annual consolidated Financial Statements

EXTERNAL AUDITOR

The Committee is satisfied that the independence of the external auditors, KPMG, has not been compromised by any events or services that could create a conflict of interest. The nature of services provided by the auditors and the level of audit and non-audit fees from Sunshine Holdings PLC and its subsidiaries were carefully considered. The Committee reviewed the arrangements made by the auditors to maintain their independence, receiving confirmation of compliance with the independence guidelines outlined in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka, the Companies Act No. 7 of 2007 and amended CSE listing rules. The Committee considered the audit partner rotation requirements and was satisfied that these were

complied with during the year in accordance with regulatory and professional standards. The Committee also met with the external auditors without management present prior to the finalisation of the Financial Statements. The Committee maintains its independence from both the external and internal auditors of the Company and the Group.

INTERNAL AUDIT

The Committee monitors the effectiveness of internal audit function by reviewing the adequacy of the audit coverage, functions and resources of the internal audit department and ensures that the department has necessary authority to carry out its audits. It also ensures the independence of the Audit Function by appraising the activities it audited and that those were performed with impartiality, proficiency and due professional care.

The Committee approves the audit plan and methodology formulated by the Outsourced Internal Auditor (M/s. Ernst & Young) and reviews its progress of implementation regularly. In addition to the outsourced internal audit function, the Committee also oversees the activities of the in-house Internal Audit and Compliance Officer, ensuring alignment with the overall audit strategy, monitoring compliance with internal policies and regulatory requirements, and facilitating coordination between internal and external audit efforts. Performance of the internal audit function is quarterly appraised by the Committee against the Audit Plan and set key performance indicators. During the year special emphasis was given to enhance the scope of internal audit work in the areas of governance, emerging risks and controls, and information systems security. Committee reviewed several information security policies for implementation and reviewed application system with the assistance of external

consultants and presentations were made by the respective audit firm in this regard. Significant findings of Internal Audits and other Assignments with recommendations to the management are considered and appropriate directions and recommendations have been issued by the Committee. Further the progress of follow-up actions on internal and external audit recommendations are monitored on a regular basis.

CONCLUSION

Based on the work performed during the year and the information presented to the Committee, the Audit Committee believes that adequate internal controls, including controls over financial reporting, were in place and operating effectively to provide reasonable assurance that the Company’s assets are safeguarded and that the financial results present a true and fair view. The Audit Committee concurs that the adoption of the going concern premise in the preparation of the Financial Statements is appropriate. The Audit Committee recommended to the Board of Directors that the Financial Statements as submitted be approved. An independent evaluation of the effectiveness of the Committee was carried out by the Board during the year. Considering the overall conduct of the Committee and its contribution to the overall performance of the Company, the Committee has been rated as effective.



Reyaz Mihular
Chairman
Audit Committee

29 May 2026

Related Party Transactions Review Committee Report

The Board's Related Party Transactions Review Committee (the "Committee") was established in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Related Party Transactions issued by the Institute of Chartered Accountants of Sri Lanka. The Committee comprised three (3) members during the financial year. The Committee was chaired by Mr R Mihular and Corporate Services (Private) Limited (the Company Secretaries) serving as the Secretaries to the Committee.

COMPOSITION

Mr R Mihular (Chairman) – Independent Non-Executive

Mr A Cabraal (Member) – Independent Non-Executive

Mr S Renganathan (Member) – Independent Non-Executive

This composition adheres to the requirements set forth by the Code and the Rules and the Code of Best Practice on Related Party Transactions issued by CA Sri Lanka. Brief profiles of the members can be found on pages 30 to 33 of this Annual Report.

During the financial year under review, all members of the Committee were Independent Non Executive Directors, and the Committee functioned with full independence from executive management.

MEETINGS

The Related Party Transactions Review Committee met Four (4) times during the year. Attendance of the Committee members at each of these meetings is as follows.

ATTENDANCE

Mr R Mihular (Chairman) – Independent Non-Executive
4 of 4 meetings

Mr A Cabraal (Member) – Independent Non-Executive
4 of 4 meetings

Mr S Renganathan (Member) – Independent Non-Executive
4 of 4 meetings

In addition, Sector-level Related Party Transaction Review Committee meetings were conducted ahead of the Sunshine Holdings Related Party Transaction Review Committee meeting. Key matters and significant observations arising from these meetings were presented to the Sunshine Holdings Related Party Transaction Review Committee, ensuring effective Group-wide oversight and governance.

TERMS OF REFERENCE

The Committee's roles and functions are governed by Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Related Party Transactions issued by the Institute of Chartered Accountants of Sri Lanka, as approved by the Board of Directors.

FUNCTIONS OF THE COMMITTEE

The primary function of the Committee is to review all proposed related party transactions, other than those transactions explicitly exempted under Rule 9.5 of the Code, prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

The Committee carried out its responsibilities in respect of related party transactions entered into during the financial year under review and up to the date of approval of the Annual Report.

METHODOLOGY ADOPTED BY THE COMMITTEE

The Committee adopts a structured and transparent methodology in reviewing related party transactions in line with the Code of Best Practice on Related Party Transactions issued by CA Sri Lanka, ensuring that such transactions are conducted at arm's length, on normal commercial terms, and in the best interests of the Company and its shareholders. As such, the mandate of the Committee consists of inter alia the following:

- Adopt policies and procedures to review related party transactions of the Group.
- Review in advance all proposed related party transactions of the Group except those explicitly exempted in the Code. Any material changes to previously reviewed Related Party Transactions should also be reviewed by the Committee before completion.
- Determine whether such related party transactions require the approval of the Board and if necessary forward the same for their approval. In such instances Board approval must be obtained prior to entering into the transaction.
- If related party transactions are recurrent, the Committee shall establish guidelines for senior management to follow in its ongoing dealings with the relevant related party. Thereafter, the Committee on quarterly basis shall review and assess ongoing relationships with the related party to see that they are in compliance with the Committee's guidelines and that the related party transactions remain appropriate.
- Ensure that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by

Related Party Transactions Review Committee Report

- the Committee for the express purpose of providing information concerning the related party transaction to the Committee.
- The Committee ensures that all conflicts of interest are appropriately identified, disclosed, and managed, and that related party transactions are reviewed objectively and independently.
 - If a transaction requires shareholder approval, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction. When applying the Rules, the Committee should prioritise the economic substance of transactions over their legal form and technicality.
 - Ensure that immediate market disclosures and disclosures in the Annual Report as required by the Listing Rules are made in a timely and detailed manner.

ACTIVITIES OF THE COMMITTEE IN 2025/2026

- The proceedings of the Committee meetings which mainly include activities under its mandate are reported to the Board of Directors. The Committee had four meetings during the year 2025/26 and details of attendance of the Committee members are set out above. The Group Chief Financial Officer, Sector Financial Controllers and Internal Audit and Compliance Officer of the Group are invited to attend meetings as and when required.
- Committee has been reported with all the related party transactions carried out for all four quarters and ensured all the transactions have been carried out at arm's length. The summary of the quarterly committee meetings were submitted and approved by the Board.

- An annual review of the Group Related Party Transactions Policy was carried out during the financial year under review to ensure continued compliance with regulatory requirements and best practices.
- There were no recurrent or non recurrent related party transactions during the year that exceeded the applicable thresholds specified in the Listing Rules of the Colombo Stock Exchange.

COMPLIANCE WITH THE CODE OF BEST PRACTICE ON RELATED PARTY TRANSACTIONS

The Committee confirms that during the financial year under review, the Company has complied with the principles and provisions of the Code of Best Practice on Related Party Transactions issued by the Institute of Chartered Accountants of Sri Lanka.

The Committee ensured that all related party transactions were reviewed in a timely manner, assessed for arm's length pricing, transparency, and fairness, and that appropriate approvals and disclosures were made in compliance with both regulatory and best practice requirements.

Accordingly, the Committee is satisfied that adequate processes and controls were in place to identify, review, approve, and disclose related party transactions in compliance with applicable regulatory requirements.

PROFESSIONAL ADVICE

The Committee is authorised to seek external professional advice on matters within its scope. The RPTs are audited by the Group's external auditors, Messrs. KPMG, as part of the annual audit process.

DISCLOSURES

A detailed disclosure of all the related party transactions including recurrent and non-recurrent related party

transactions which are required to be disclosed under section 9.14.8 of the Listing Rules of the Colombo Stock Exchange has been made in pages 174 to 175, to the financial statements given in page 201 to 208 to this Annual Report.

DECLARATION

Related party transactions that took place during the year in terms of the Sri Lanka Accounting Standards were reviewed and approved by the Related Party Transactions Review Committee and the Board of Directors, and were carried out in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Related Party Transactions issued by CA Sri Lanka. It may also be noted that there were no related party transactions that occurred during the financial year under review which required approval of the shareholders of the Company as determined in Rule 9.14.6 of the Listing Rules. Please refer the Annual Report of the Board of Directors on the Affairs of the Company, pages 4 to 6 for the declaration made by the Board of Directors, confirming that no related party transaction falling within the ambit of the Listing Rules which required an immediate market disclosure was entered into by the Company during year ended 31 March 2026.



Reyaz Mihular

Chairman

Related Party Transactions Review Committee

29 May 2026

Remuneration Committee Report

The Remuneration Committee comprises Three (3) members. The Committee is chaired by Mr R Mihular. The Group Chief Executive Officer attend meetings by invitation. The Committee's Charter adheres to international best practices and undergoes an annual review to incorporate current developments and other necessary considerations.

The Committee operates in accordance with the Board approved Remuneration Policy of the Group, which sets out the guiding principles on remuneration for Directors and Senior Management. The Remuneration Policy is aligned with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance and is made available on the Company's website.

MEETINGS

The Committee met Three (3) times for the financial year 2025/26. The attendance of the Committee members at each of these meetings is as follows;

ATTENDANCE

Mr R Mihular (Chairman) – Independent Non-Executive
03 of 03 meetings

Mr A Cabraal (Member) – Independent Non-Executive
03 of 03 meetings

Mr S Renganathan – (Member) – Independent Non-Executive
03 of 03 meetings

KEY AREAS OF FOCUS

- Remuneration policy for Key Management Personnel – Review and approve the overall remuneration policy, strategy, and practices of the Group.
- Remuneration structure – Set and review all components of the remuneration and other benefits of the Chief Executive Officers, Chief Operating

Officers, Executive Directors and such other Senior Management as the Board may determine whilst ensuring the integrity of the Group's compensation and benefits programme is maintained.

- Performance evaluation – Review and approve the performance appraisal for the Chief Executive Officers, Executive Directors, and Senior Management.
- Succession Planning – The committee reviewed succession plans for all Key Management Personnels and enquired from Management to ensure that a process of succession planning is in place for key executive positions.

PURPOSE/OBJECTIVES OF THE COMMITTEE

The objective of the Remuneration Committee ("the Committee") is to ensure that a consistent remuneration framework is adopted and practiced for Directors and Senior Management in the Group.

The Committee ensures that the Remuneration Policy of the Group is fair, transparent and competitive, and linked to business strategy to drive sustainable performance and entrepreneurship. The Committee appraises the performance of the senior management against the set goals and targets, to determine increments, bonuses, and other performance-based incentives.

EVALUATION OF THE COMMITTEE

The Committee carries out an annual self evaluation of its performance and effectiveness. The evaluation covers the adequacy of its oversight, effectiveness in discharging responsibilities under its Charter, quality of deliberations, and compliance with applicable governance requirements.

REPORT OF COMMITTEE

The Remuneration Committee forms a key part of the governance framework of the Group and carries the mandate to oversee the compensation and benefits policies adopted by the Group, and in doing so, review and recommend overall remuneration strategy, policies and performance-based pay plans. Furthermore, it reviews performance, compensation and benefits of the Directors, Group Chief Executive Officer, Chief Executive Officers, and Key Management Personnel who support and implement decisions at an apex level. In carrying out its responsibilities, the Committee ensured that no Director or Key Management Personnel participated in any discussion or decision relating to his or her own remuneration.

The Group is able to attract, motivate, and retain key talent with the Group's compensation and benefits policy which is complied with applicable laws and regulations. The evaluation of performance of Directors, Chief Executive Officers, and Key Management Personnel was considered in determining remuneration whilst also using market comparators for similar positions and in accordance with the Company's Compensation and Benefits policy. The Committee ensured that the remuneration structures promote sustainable long term value creation while supporting sound and responsible risk management practices.

The Chairperson of the Committee reports on the developments which have taken place since the last Board meeting, if any, and updates the Board on various matters, as relevant and requested.

On behalf of the Remuneration Committee.



Reyaz Mihular
Chairman

29 May 2026

Report of the Nomination and Governance Committee

The Nomination and Governance Committee (the Committee) was established to ensure the Board's oversight and control over the selection of Directors, Chief Executive Officer and Key Management Personnel and the overall governance framework of the Company.

The Committee was appointed by the Board and consists of three (3) Directors and the scope of work of the Committee is in line with the Terms of Reference of Committee. The Committee is chaired by Mr S. Renganathan, an Independent Director with Corporate Services (Private) Limited serving as the Secretaries to the Committee. The Group Chief Executive Officer attend meetings by invitation. The Committee operates in compliance with the applicable provisions of the Listing Rules of the Colombo Stock Exchange, including Appendix 9A, and the Code of Best Practices on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

COMPOSITION OF THE COMMITTEE

Mr S Renganathan –
(Chairman) –
Independent Non-Executive

Mr A Cabraal (Member) –
Independent Non-Executive

Mr V Govindasamy (Member) –
Non-Independent Non-Executive

With effect from 09th April 2026 (2026/27 financial Year) following members were appointed to the Committee

Mr. M Mihular (Member) –
Independent Non-Executive

Mr. S Shishoo (Member) –
Independent Non-Executive

The composition of the Committee ensures an appropriate balance of independence and experience, with the majority of members being Independent Non Executive Directors, enabling objective and unbiased decision making in accordance with corporate governance requirements. The Board is satisfied that the members of the Committee collectively possess the necessary skills, experience, governance expertise, and regulatory knowledge required to effectively discharge the Committee's responsibilities.

MEETINGS

The Committee met one (01) time for the financial year 2025/26. The attendance of the Committee members at each of these meetings is as follows;

ATTENDANCE

Mr S Renganathan (Chairman) –
Independent Non-Executive
01 of 01 meetings

Mr A Cabraal (Member) –
Independent Non-Executive
01 of 01 meetings

Mr V Govindasamy – (Member) –
Non- Independent Non-Executive
01 of 01 meetings

PURPOSE/OBJECTIVES OF THE COMMITTEE

The Committee will assist the Board of Directors to fulfil its responsibility by overseeing that:

1. The Board of Sunshine Holdings PLC and its subsidiaries are composed of individuals who possess the qualifications, experience, and integrity necessary to effectively discharge their duties as Directors; and
2. The Group corporate governance framework is robust, forward looking, and aligned with both regulatory requirements and the Board's commitment to achieving the highest standards of governance excellence.

KEY AREAS OF FOCUS

- The Committee evaluates and recommends the appointment and re-appointment of Directors to the Board and its Committees, considering their contributions, qualifications, and external commitments.
- It establishes transparent procedures for the selection, evaluation, and appointment/re-appointment of Directors, ensuring gender diversity and industry-specific qualifications.
- The Committee advises the Board or the Chairperson on appointments, including the selection of a Chairperson in case of a vacancy, and develops succession plans for Board and Key Management Personnel.
- It oversees the annual evaluation of the performance and effectiveness of the Board, Board Committees, and Individual Directors, and reviews the Board and Committee structures to ensure their continued effectiveness and alignment with best practices.
- The Committee reviews and recommends the Corporate Governance Statement, ensures compliance with governance policies, and advises on indemnity and insurance cover for directors and key management personnel, with members abstaining from decisions about their own appointments.
- The Committee establishes and regularly updates robust succession plans for the Board and Key Management Personnel, identifying and nurturing internal talent pipelines while aligning leadership development with the organization's long-term strategic goals.

- Succession planning activities during the year under review focused on both Board level and Key Management Personnel roles, taking into account future business needs, leadership gaps, and long term strategic objectives of the Group.

EVALUATION OF THE COMMITTEE

The Committee carries out a self-evaluation of the performance and effectiveness of the Committee.

ACTIVITIES 2025/26

- Reviewed the composition of the Board and Board Committees and recommended changes where appropriate
- Evaluated the independence of Non Executive Directors in accordance with Appendix 9A of the Listing Rules
- Reviewed the Corporate Governance framework and related policies to ensure compliance with revised regulatory requirements

DECLARATION

The Committee diligently adheres to the corporate governance standards outlined in the Listing Rules of the CSE, ensuring full compliance with each provision. Independence assessments were carried out during the financial year in accordance with the criteria set out in Section Appendix 9A of the Listing Rules of the Colombo Stock Exchange, based on declarations submitted by Directors and other relevant information.

As per the Declarations submitted by Board Members under the Appendix 9A of the Listing Rules section 9 and the review carried out, it was ascertained that the Independent Directors of the Board, namely Mr D A Cabraal, Mr S Shishoo, Mr S Jain, Mrs Aruni Goonethilleke, Mr S Renganathan and Mr R Mihular, effectively met the criteria for assessing independence.

CONCLUSION

During the financial year under review, the Nomination and Governance Committee assisted the Board in discharging its responsibilities relating to Board composition, corporate governance, succession planning, and compliance with applicable corporate governance requirements. The Committee remains committed to supporting the Board in identifying and recommending individuals who possess the requisite skills, experience, and competencies necessary to meet the strategic objectives of the Company and the Group. The Committee also strives to ensure that the Board and the Group continue to reflect appropriate diversity and promote equal opportunities in the best interests of all stakeholders.



S Renganathan

Chairman

Nominations and Governance
Committee

29 May 2026

Report of the Risk and ESG Committee

The Risk and ESG Committee consists of Three (3) independent non-executive Board Directors. The Committee was chaired by Mr Reyaz Mihular and Corporate Services (Private) Limited, the Secretaries of the Company function as the Secretaries to the Risk & ESG Committee. The Group Chief Executive Officer has a standing invitation to meetings and the Group Chief Financial Officer, Internal Audit and Compliance Officer, Sector Business Heads, Sector Financial Controllers and Heads of Finance attend meetings on request. The Charter for the Risk and ESG Committee is in line with the best practice framework and was set up in November 2020. The Charter will be reviewed annually and updated to reflect current developments and to include other matters considered necessary by the Committee.

MEETINGS

The Committee met four (4) times for the financial year 2025/26. The attendance of the Committee members at each of these meetings is as follows;

ATTENDANCE

Mr R Mihular (Chairman) – Independent Non-Executive
04 of 04 meetings

Ms A Goonetilleke (Member) – Independent Non-Executive
04 of 04 meetings

Mr S Renganathan (Member) – Independent Non-Executive
04 of 04 meetings

THE RISK AND ESG COMMITTEE

The Risk and ESG Committee is appointed by the Board as per section D4 of the Code of Best Practice on Corporate Governance 2023. The Purpose of the Committee is to establish a Risk Management Policy and Framework to safeguard shareholders' investments and the

Company's assets and to oversee and approve the Company wide risk management practices to assist the Board in:

- Overseeing that the executive team has identified and assessed all the key risks that the organisation faces and has established a risk management infrastructure and mitigation plan capable of addressing those risks.
 - Monitoring compliance with applicable laws, regulations, and internal policies.
 - Overseeing the monitoring of applicable risks such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks.
 - Overseeing the division of risk-related responsibilities and performing a gap analysis to determine that the oversight of any risks is not missed.
 - Ensuring that risk and compliance considerations are integrated into strategic decision-making.
 - In conjunction with the full board, approving the Company's enterprise wide risk management policy and framework.
 - Assisting the Board in providing strategic oversight, governance, and accountability on matters relating to sustainability and climate-related financial disclosures, in accordance with SLFRS S1 and S2, as well as broader sustainability expectations from stakeholders.
- Periodically reviewing the Group's Risk Management Policy and disclosing, in relation to each reporting period, whether such a review has taken place
 - Ensure compliance with financial/nonfinancial laws and regulations which can have a bearing on the reported results of the Company.
 - Review the compliance statements of each business unit within the Group and report the compliance status to the Board of Directors periodically
 - Carrying out any processes or procedures required by the Group's Risk Management Policy as amended from time to time
 - Review of compliance with approved Risk Management Policy
 - Monitor the organisation's Risk Profile Matrix, its ongoing and potential exposure to risks of various types
 - Oversee the process and integrity of disclosures made under SLFRS S1 and SLFRS S2, including monitoring of internal control systems and assurance processes supporting sustainability data
 - Review and recommend for Board approval the annual sustainability and climate disclosures including assumptions, metrics and transition plans

The Committee discharges its responsibilities independently, with management providing information and insights as required, without participating in decision making on matters under the Committee's oversight.

THE RESPONSIBILITY OF THE COMMITTEE

The establishment and implementation of a risk management and compliance framework for identification of financial and non-financial risks of the Group, monitor, assess and the development of strategies to manage and mitigate those risks and regulatory non-compliances

CONCLUSION

The Risk and ESG Committee has periodically evaluated the risk identification and assessment process of risks in the business units/ sectors and mitigation actions taken to control or eliminate the potential business risks. In addition,

the Committee carried out a self assessment of its effectiveness during the year, including the adequacy of its oversight, governance processes, and compliance with its Charter. The evaluation is based on the risk matrix given the probability of occurrence of the event and the potential impact to the business.

The Committee is confident that the Company has maintained a robust risk and compliance framework throughout the year. The Committee remains committed to continuous improvement and will continue to support the Board in ensuring that risk and compliance considerations remain central to the Group's operations and strategic direction.

In addition to its oversight of risk and compliance, the Committee also continued to strengthen the Group's sustainability governance practices during the year. The Committee ensured that environmental, social, and governance (ESG) considerations, including climate related financial disclosures under SLFRS S1 and SLFRS S2 were effectively embedded into the Group's strategic decision making, reporting processes, and internal control mechanisms. By overseeing the integrity of sustainability related disclosures, monitoring progress against transition plans, and guiding the development of robust ESG data assurance processes, the Committee remains committed to supporting the Board in enhancing transparency, accountability, and long term value creation for all stakeholders.

On behalf of the Risk and ESG Committee.



Reyaz Mihular
Chairman

29 May 2026

Financial Statements

Performance that
Sustains Confidence



A detailed review of the Group's operating and financial performance, providing insights into the strategic decisions, market dynamics, risks, opportunities, and operational achievements that underpin stakeholder confidence and long-term growth.



Statement of Directors' Responsibility for Financial Reporting

This Statement of Directors' Responsibility is made to distinguish the respective responsibilities of the Directors and the External Auditors in relation to the Financial Statements of the Company and the Group and should be read in conjunction with the Independent Auditors' Report.

The Directors are responsible for the preparation and presentation of the Financial Statements of the Company and the Group in accordance with the requirements of Sections 150, 151, 152, 153 and other relevant provisions of the Companies Act No. 07 of 2007, so as to give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the financial performance and cash flows for the year then ended.

In fulfilling these responsibilities, the Directors are required to ensure that proper accounting records are maintained in accordance with Section 148 of the Companies Act, which accurately record and explain the transactions of the Company and the Group and enable the determination of the financial position with reasonable accuracy at any time.

The Directors accept responsibility for the integrity, objectivity, and reliability of the Financial Statements presented in this Annual Report. In preparing the Financial Statements, the Directors confirm that appropriate accounting policies have been selected and applied consistently, and that reasonable and prudent judgements and estimates have been made so that the substance of transactions is properly reflected.

The Directors further confirm that the Financial Statements have been prepared and presented in compliance with:

- Sri Lanka Accounting Standards (SLFRS/LKAS);
- Companies Act No. 07 of 2007; and
- Listing Rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the Company, its key operations, and specific inquiries made, that the Company and the Group have adequate resources to continue operations as a going concern for the foreseeable future. Accordingly, the Financial Statements have been prepared on a going concern basis.

The Directors have taken proper and sufficient steps to safeguard the assets of the Company and the Group and, in this regard, have established appropriate systems of internal control and accounting procedures to prevent and detect fraud, error, and other irregularities. These systems are reviewed and evaluated on an ongoing basis to ensure their continued effectiveness.

The Directors confirm that the Company satisfied the solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 in respect of all dividends declared and paid during the year, and that the necessary solvency certificates have been obtained where required.

The External Auditors, Messrs. KPMG, Chartered Accountants, were provided with unrestricted access to all accounting records, books, documentation, and information necessary to enable them to carry out their audit and to express an independent opinion on the Financial Statements. The responsibilities of the Auditors are set out in the Independent Auditors' Report appearing on pages 196 to 200 of this Annual Report.

COMPLIANCE REPORT

The Directors confirm that, to the best of their knowledge and belief, all statutory payments relating to employees, the Government, and other relevant statutory authorities that were due as at the reporting date have been paid or, where applicable, adequately provided for in the Financial Statements.

By Order of the Board,

Corporate Services (Private) Limited
Secretaries and Registrars

29th May 2026

Group Chief Executive Officer's and Group Chief Financial Officer's Responsibility Statement

The Consolidated Financial Statements of Sunshine Holdings PLC have been prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka, the Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, and the Listing Rules of the Colombo Stock Exchange. The accounting policies applied in preparing the Consolidated Financial Statements are appropriate and consistently followed by the Company. Any material departures are disclosed and explained in the notes to the Consolidated Financial Statements. There are no deviations from the prescribed accounting standards. Comparative information has been reclassified as necessary to align with the current presentation.

Significant accounting policies and estimates, which involve substantial judgment and complexity, have been discussed with our External Auditors and the Audit Committee. The Board of Directors, the Audit Committee, and the Group Chief Financial Officer take responsibility for the integrity and objectivity of these Consolidated Financial Statements. Estimates and judgments were made prudently and reasonably to ensure that the Consolidated Financial Statements accurately reflect the transactions and present the Company's financial position fairly. To support this, the Company has implemented a robust internal control system and maintains thorough accounting records to safeguard assets and prevent fraud and other irregularities, which are continuously reviewed and updated.

Our Subsidiaries' Internal Auditors conduct periodic audits to provide reasonable assurance that the Company's policies and procedures are consistently followed. Nonetheless, inherent limitations exist in any system of internal controls and accounting.

Messrs. KPMG, Chartered Accountants, audited the Company's Consolidated Financial Statements, and their report can be found on page 196 of this Annual Report. The Audit Committee regularly meets with the internal audit team and the External Auditors to review audit plans, evaluate their performance, and discuss reports on internal controls and financial reporting issues. To maintain complete independence, the External Auditors and Internal Auditors have unrestricted access to the Audit Committee for discussing significant matters.

The Audit Committee pre-approves all audit and non-audit services provided by our External Auditors, KPMG, to ensure their independence is not compromised. We confirm that the Company complies with all applicable laws, regulations, and guidelines and that there are no material litigations pending against the Company, other than those disclosed in the Financial Statements within this Annual Report.



Shyam Sathasivam
Executive Director/
Group Chief Executive Officer



Aruna Deepthikumara
Executive Director/
Group Chief Financial Officer

29 May 2026

Independent Auditors' Report



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
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TO THE SHAREHOLDERS OF SUNSHINE HOLDINGS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sunshine Holdings PLC (“the Company”) and the consolidated financial statements of the Company and its subsidiaries (“the Group”), which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies as set out on pages 201 to 306 of this Annual Report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statement 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 Company’s financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company’s financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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T.J.S. Rajakarier FCA
W.K.D.C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA,

W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

Principals: S.R.L. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad ACA, FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D. Cora Dharmaratne

Impairment assessment of goodwill

Refer to Note 25.1 to the financial statements and the accounting policies on page 258.

As at 31 March 2026 the carrying value of the goodwill reported by the Group resulted from the acquisition of Joint Agri Products (Private) Limited and subsidiaries in Health sector and Consumer sector amounting to Rs. 2,592 Mn.

Risks Description	Our responses
<p>The majority of goodwill of the Group has been allocated to the Health sector, manufacturing and distribution cash-generating unit CGU, and Company has been allocated to the Consumer sector cash-generating unit CGU</p> <p>The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgment required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGUs, which is based on the higher of the value in use or fair value less costs of disposal, has been derived from discounted forecast cash flow models.</p> <p>These approaches and models use several key assumptions, including estimates of future sales volumes and prices, operating costs, terminal value, growth rates and the weighted - average cost of capital (discount rate).</p> <p>Judgment has to be applied by the management as a result of the uncertainties associated with the prevailing economic environment. Estimation uncertainty has resulted in increased judgment in forecasting cash flows and the underlying assumptions used in the discounted cash flow models.</p>	<p>Our audit procedures to assess the potential impairment of goodwill included the following:</p> <ul style="list-style-type: none"> – Evaluating the appropriateness of the assumptions applied by the management to key inputs such as sales volumes and prices, operating costs, inflation, and long-term growth rates, which included comparing these inputs with our own assessments based on our knowledge of the Group and the industry. – Performing our own sensitivity analysis which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom for the Health sector manufacturing and distribution and Consumer sector cash-generating units CGUs. – Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgments and sensitivities.

Measurement of Biological Assets

Refer to Note 22 to the financial statements and the accounting policies on page 244.

The Group reported bearer biological assets of Rs. 2,093 million and biological assets livestock carried at fair value less cost to sell amounting to Rs. 603 million. as at 31 March 2026.

Risks Description	Our responses
<p>Bearer biological assets mainly include mature and immature oil palm, tea, rubber and other trees in identified plantation fields. Inappropriate transfer from immature to mature plantations has a significant impact on the carrying value of the bearer plants and the reported profits as capitalization of costs will cease from the point of transfer and the mature plantations are depreciated over the useful lives of the plants. As per the industry practice, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting. The actual point at which commercial harvesting could start depends on the soil condition, weather patterns and plant breed.</p>	<p>Our audit procedures to assess the measurement of biological assets included the following:</p> <p>Bearer biological assets</p> <ul style="list-style-type: none"> – Obtaining an understanding of the process of immature to mature transfer and testing the design, implementation and operating effectiveness of management key internal controls in relation to bearer biological assets. – Obtaining schedules of costs incurred and capitalized under immature plantations as well as cost transferred to mature plantations by each estate and reconciling those balances to the general ledger on sample basis, verifying the reconciling items and obtaining explanations from management for any significant variances identified.

Independent Auditors' Report



Measurement of Biological Assets (Contd.)

Risks Description	Our responses
<p>The biological assets livestock include cattle, which are measured at fair value less cost to sell. The management has used internally developed discounted cash flow method to calculate the fair value of the Group's biological assets as at the reporting date. The calculation of the fair value of biological assets involves significant degree of judgments, particularly in respect of expected production, market prices of raw milk, expected costs and discount factor.</p> <p>Estimating the fair value is a complex process involving a number of judgements and estimates regarding various inputs. Considering the nature the assets, valuation techniques include discounted cashflow models that used a number of inputs from internal sources due to lack of relevant reliable observable inputs. Consequently, we have considered the biological assets to be a key audit matter.</p>	<p>Bearer biological assets Contd.</p> <ul style="list-style-type: none"> – Physical verification of fields on a sample basis and cross checking with the classification of immature and mature plantations. – Testing immature to mature cost transfer worksheet for selected estates to check whether the amounts transferred during the year were consistent with the Group accounting policy and industry norms. <p>Livestock Biological Assets</p> <ul style="list-style-type: none"> – Obtaining and understanding of the process of valuation and testing the design, implementation and operating effectiveness of management key controls relation to the valuation of livestock. – Assessing the methodologies adopted in the valuation of livestock with reference to the requirements of the prevailing accounting standards. – Assessing the key assumptions and methodology used in the valuation, in particular the discount rate, average milk production, selling price of milk, average cost per cow, weight and selling price of the cattle in evaluating the appropriateness of the valuation methodology and discount rate use. – Evaluating the accuracy, completeness and reasonableness of the data and inputs used for the valuation of livestock and evidence for physical verification of cattle during the year. – Comparing the discount rate, normal life cycle of a milking cow, milking yield per lactation with available industry data. – Assessing the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements and sensitivities.

Valuation of unquoted Equity Instruments at Fair Value Through Other Comprehensive Income (FVOCI)

Refer to Note 26.2 to the financial statements and the accounting policies on page 262.

The Group's portfolio of Investments comprised of financial assets classified at FVOCI as at 31 March 2026 which comprises investment in unquoted shares of Rs. 634 Mn. which have been valued using discounted cash flows.

Risks Description	Our responses
<p>The fair value of the Company and Group's unquoted (Level 3) financial instruments is determined by the Group through the application of valuation techniques which often involve the exercise of judgment and the use of assumptions and estimates.</p> <p>We focused on this area because of the degree of complexity associated with the valuation methodology and model increase in subjectivity and estimate uncertainty. In particular, the determination of the valuation of these unquoted investments is more subjective given the lack of available market-based observable data of the unquoted equity instruments.</p>	<p>Our audit procedures to assess the valuation of unquoted equity instruments the following:</p> <ul style="list-style-type: none"> – Evaluating the key assumptions used and discount factors applied by the management to develop the cash flow projections and assessing whether the estimate reflected the uncertainties associated with the prevailing economic conditions. – Comparing key underlying financial data inputs used in the valuation with the external sources such as investee company audited financial statements. – Assessing the adequacy of disclosures in the financial statements and inherent degree of subjectivity and key assumptions in the estimates as required by the applicable accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we 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 Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

Independent Auditors' Report



- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2618.

A handwritten signature in black ink, appearing to be 'K. P. M. G.', written over a faint grid background.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

3 June 2026

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March	Note	Group		Company	
		2026 Rs. '000	2025 (Restated*) Rs. '000	2026 Rs. '000	2025 Rs. '000
Revenue	10	65,925,260	59,282,247	939,638	749,840
Cost of sales		(46,878,617)	(41,434,404)	(899,824)	(730,870)
Gross profit		19,046,643	17,847,843	39,814	18,970
Other income	11	498,489	589,893	53,160	129,410
Dividend income		22,150	61,303	3,555,836	2,395,266
Loss on changes in fair value of biological assets		(372,974)	(321,221)	-	-
Selling and distribution expenses		(5,970,121)	(5,326,353)	-	-
Administrative expenses		(3,870,467)	(3,497,910)	(301,122)	(424,765)
Impairment reversal on trade receivables		48,614	1,280	-	-
Impairment loss on goodwill		(119,067)	(76,373)	-	-
Operating profit	12	9,283,267	9,278,462	3,347,688	2,118,881
Finance income	13	787,883	501,611	170,718	96,212
Finance costs	13	(717,169)	(809,228)	(4,081)	(4,321)
Net finance income / (costs)		70,714	(307,617)	166,637	91,891
Profit before tax		9,353,981	8,970,845	3,514,325	2,210,772
Income tax (expenses) / benefits	14.1	(4,318,231)	(3,806,017)	(14,108)	32,923
Profit for the year		5,035,750	5,164,828	3,500,217	2,243,695
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of retirement benefit liability	35.1	(15,310)	(136,998)	29,392	10,176
Equity investments at FVOCI – net change in fair value	26.2.1	165,251	(216,354)	165,251	(216,354)
Related tax	14.2	(47,182)	104,980	(58,393)	61,853
		102,759	(248,372)	136,250	(144,325)
Items that are or may be reclassified subsequently to profit or loss					
Foreign operations – foreign currency translation differences		1,645	(410)	-	-
		1,645	(410)	-	-
Other comprehensive income / (expense) for the year, net of tax		104,404	(248,782)	136,250	(144,325)
Total comprehensive income for the year		5,140,154	4,916,046	3,636,467	2,099,370
Profit attributable to:					
Owners of the company		3,052,657	3,490,235	3,500,217	2,243,695
Non-controlling interests		1,983,093	1,674,593	-	-
		5,035,750	5,164,828	3,500,217	2,243,695
Total comprehensive income attributable to:					
Owners of the company		3,173,824	3,288,983	3,636,467	2,099,370
Non-controlling interest		1,966,330	1,627,063	-	-
Total comprehensive income for the year		5,140,154	4,916,046	3,636,467	2,099,370
Earnings per share					
Basic earnings per share (Rs.)	16.1	1.55	1.77	1.78	1.14
Diluted earnings per share (Rs.)	16.1	1.55	1.77	1.78	1.14

*The comparative information is restated on account of reclassifying withholding taxes on subsidiary dividend from the statement of changes in equity to income tax expenses in Statement of Profit or Loss and Other Comprehensive income (Refer note 45).

Figures in brackets indicate deductions.

The notes to the financial statements on pages 209 to 306 are an integral part of these financial statements.

Statement of Financial Position

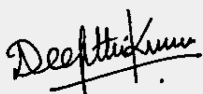
As at 31 March	Note	Group		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets					
Property, plant and equipment	19	8,894,433	6,828,564	32,817	61,714
Intangible assets	20	259,112	235,132	11,013	9,796
Leasehold land	21	405,961	409,805	-	-
Biological assets	22	2,852,897	3,317,573	-	-
Investment property	23	570,200	570,200	901,730	901,730
Investments in subsidiaries	24	-	-	10,007,471	7,325,815
Goodwill on Acquisition	25	2,592,380	1,310,733	-	-
Other investments	26	1,376,536	578,045	634,000	572,918
Deferred tax assets	27	471,717	374,924	-	14,689
Refundable Deposits		21,638	-	-	-
Non-current assets		17,444,874	13,624,976	11,587,031	8,886,662
Biological assets	22	33,080	36,510	-	-
Inventories	28	15,592,618	13,860,452	-	-
Other investments	26	2,179,422	4,489,534	350,635	1,890,123
Current tax assets	29	115,401	143,552	97,617	97,667
Trade and other receivables	30	12,626,603	9,796,632	47,855	18,193
Amounts due from related parties	31	319,359	326,356	228	9,459
Cash and cash equivalents	32	7,428,736	5,875,414	1,056,042	288,928
Current assets		38,295,219	34,528,450	1,552,377	2,304,370
Total assets		55,740,093	48,153,426	13,139,408	11,191,032
Equity					
Stated capital	33	4,240,394	4,240,394	4,240,394	4,240,394
Reserves	33	210,254	92,933	401,940	286,264
Retained earnings		15,479,991	15,965,699	6,189,679	6,211,099
Equity attributable to owners of the company		19,930,639	20,299,026	10,832,013	10,737,757
Non-controlling interests	33	7,450,423	6,748,189	-	-
Total equity		27,381,062	27,047,215	10,832,013	10,737,757

As at 31 March	Note	Group		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Liabilities					
Loans and borrowings	34	3,103,775	1,948,938	1,280,000	-
Employee benefits	35	1,399,828	1,221,861	191,414	229,653
Deferred income and capital grants	36	31,816	34,173	-	-
Deferred tax liabilities	27	1,665,060	1,610,069	57,812	-
Non-current liabilities		6,200,479	4,815,041	1,529,226	229,653
Trade and other payables	37	12,365,093	9,209,949	421,689	193,856
Amounts due to related parties	38	2,455	-	-	2
Current tax liabilities	29	1,987,160	1,410,124	-	-
Loans and borrowings	34	6,421,802	4,921,953	321,973	29,764
Employee benefits	35	54,024	-	34,507	-
Bank overdraft	32	1,328,018	749,144	-	-
Current liabilities		22,158,552	16,291,170	778,169	223,622
Total liabilities		28,359,031	21,106,211	2,307,395	453,275
Total equity and liabilities		55,740,093	48,153,426	13,139,408	11,191,032
Net assets per share		10.13	10.32	5.50	5.46

Figures in brackets indicate deductions.

The notes to the financial statements on pages 209 to 306 are an integral part of these financial statements.

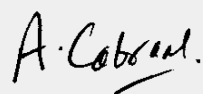
It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



Aruna Deepthikumara
Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board,



Amal Cabraal
Chairman



Shyam Sathasivam
Group Chief Executive Officer

29 May 2026
Colombo

Statement of Changes in Equity

Group	Attributable to owners of the company					Total	Non-controlling shareholders interest	Total equity
	Stated capital	General reserve	Reserve on exchange gain/ (loss)	Fair value reserve	Retained earnings			
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 April 2024	4,240,394	1,258	1,600	427,615	14,233,958	18,904,825	3,767,868	22,672,693
Profit for the year (Restated)	-	-	-	-	3,490,235	3,490,235	1,674,593	5,164,828
Total other comprehensive expense for the year	-	-	(410)	(200,842)	-	(201,252)	(47,530)	(248,782)
Total comprehensive income for the year	-	-	(410)	(200,842)	3,490,235	3,288,983	1,627,063	4,916,046
Adjustment for investment property	-	-	-	(136,288)	-	(136,288)	-	(136,288)
Share issue	-	-	-	-	-	-	3,270,000	3,270,000
Share issue cost	-	-	-	-	(60,658)	(60,658)	-	(60,658)
Share issued by Lina Manufacturing to NCI	-	-	-	-	-	-	256,827	256,827
Equity adjustment on changes in holding	-	-	-	-	16,390	16,390	(16,390)	-
Dividend set-off during the year	-	-	-	-	7,681	7,681	-	7,681
Dividend paid to non controlling interest	-	-	-	-	-	-	(2,157,179)	(2,157,179)
Dividend paid to owners for 2023/24	-	-	-	-	(983,947)	(983,947)	-	(983,947)
Dividend paid to owners for 2024/25	-	-	-	-	(737,960)	(737,960)	-	(737,960)
Total contributions and distributions recognised directly in equity	-	-	-	(136,288)	(1,758,494)	(1,894,782)	1,353,258	(541,524)
Balance as at 31 March 2025	4,240,394	1,258	1,190	90,485	15,965,699	20,299,026	6,748,189	27,047,215

Group	Attributable to owners of the company					Total	Non-controlling shareholders interest	Total equity
	Stated capital	General reserve	Reserve on exchange gain/ (loss)	Fair value reserve	Retained earnings			
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 April 2025	4,240,394	1,258	1,190	90,485	15,965,699	20,299,026	6,748,189	27,047,215
Profit for the year	-	-	-	-	3,052,657	3,052,657	1,983,093	5,035,750
Total other comprehensive income for the year	-	-	1,645	115,676	3,846	121,167	(16,763)	104,404
Total comprehensive income for the year	-	-	1,645	115,676	3,056,503	3,173,824	1,966,330	5,140,154
Acquisition of subsidiary with NCI	-	-	-	-	-	-	1,230,710	1,230,710
Dividend paid to non controlling interest	-	-	-	-	-	-	(2,494,806)	(2,494,806)
Dividend paid to owners for 2024/25	-	-	-	-	(1,180,737)	(1,180,737)	-	(1,180,737)
Dividend paid to owners for 2025/26	-	-	-	-	(1,180,737)	(1,180,737)	-	(1,180,737)
Dividend paid to owners for 2025/26	-	-	-	-	(1,180,737)	(1,180,737)	-	(1,180,737)
Total contributions and distributions recognised directly in equity	-	-	-	-	(3,542,211)	(3,542,211)	(1,264,096)	(4,806,307)
Balance as at 31 March 2026	4,240,394	1,258	2,835	206,161	15,479,991	19,930,639	7,450,423	27,381,062

Figures in brackets indicate deductions.

The notes to the financial statements on pages 209 to 306 are an integral part of these financial statements.

Statement of Changes in Equity

Company	Stated capital Rs. '000	General reserve Rs. '000	Fair value reserve Rs. '000	Retained Profit Rs. '000	Total Rs. '000
Balance as at 1 April 2024	4,240,394	1,258	429,331	5,689,311	10,360,294
Profit for the year	-	-	-	2,243,695	2,243,695
Total other comprehensive expense for the year	-	-	(144,325)	-	(144,325)
Total comprehensive income for the year	-	-	(144,325)	2,243,695	2,099,370
Dividend Paid for 2023/24	-	-	-	(983,947)	(983,947)
Dividend Paid for 2024/25	-	-	-	(737,960)	(737,960)
Total contributions and distributions recognised directly in equity	-	-	-	(1,721,907)	(1,721,907)
Balance as at 31 March 2025	4,240,394	1,258	285,006	6,211,099	10,737,757
Balance as at 1 April 2025	4,240,394	1,258	285,006	6,211,099	10,737,757
Profit for the year	-	-	-	3,500,217	3,500,217
Total other comprehensive income for the year	-	-	115,676	20,574	136,250
Total comprehensive income for the year	-	-	115,676	3,520,791	3,636,467
Dividend Paid for 2024/25	-	-	-	(1,180,737)	(1,180,737)
Dividend Paid for 2025/26	-	-	-	(1,180,737)	(1,180,737)
Dividend Paid for 2025/26	-	-	-	(1,180,737)	(1,180,737)
Total contributions and distributions recognised directly in equity	-	-	-	(3,542,211)	(3,542,211)
Balance as at 31 March 2026	4,240,394	1,258	400,682	6,189,679	10,832,013

Figures in brackets indicate deductions.

The notes to the financial statements on pages 209 to 306 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 March	Note	Group		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
			(Restated)		
Cash flows from operating activities					
Profit before tax for the year		9,353,981	8,970,845	3,514,325	2,210,772
Adjustments for:					
Interest income	13	(527,815)	(390,506)	(170,718)	(92,212)
Profit on disposal of property, plant and equipment	11	(97,752)	(80,746)	(5,888)	-
Loss on changes in fair value of biological assets		372,974	321,221	-	-
Gain from unit trust	11	(176,568)	(159,114)	(44,703)	(66,442)
Interest expense	13	717,169	809,228	4,081	4,321
Depreciation of property, plant and equipment	19	956,006	746,069	61,526	33,548
Amortisation of intangible assets	20	80,173	75,536	5,948	5,304
Amortisation of leasehold land right	21	21,770	20,876	-	-
Depreciation of mature plantations	22	165,423	176,424	-	-
Impairment reversal on trade receivables		(48,614)	(1,280)	-	-
Impairment reversal on inventories	28.1	(12,699)	(8,718)	-	-
Amortisation of deferred income	36	(2,357)	(2,553)	-	-
Fair value gain on investment properties	23	-	(49,464)	-	(52,378)
Impairment of goodwill	25.1	119,067	76,373	-	-
Provision for gratuity excluding actuarial gain/(loss)	35.1	260,202	214,769	35,506	36,544
Provision for other long term employee benefits	35.5	152,902	-	97,611	-
Re-measurement of lease liability		-	(431,871)	-	-
Operating profit before working capital changes		11,333,862	10,287,089	3,497,688	2,079,457
Changes in:					
(Increase)/decrease in inventories		88,164	(1,788,446)	-	-
(Increase)/decrease in trade and other receivables		(1,587,808)	(12,832)	(29,613)	50,246
(Increase)/decrease in amounts due from related parties		9,628	(294,607)	9,313	296
Increase/(decrease) in trade and other payables		2,085,004	559,772	103,053	71,520
Increase/(decrease) in amounts due to related parties		153	-	(2)	(280)
Cash generated from operations		11,929,003	8,750,976	3,580,439	2,201,239
Interest paid		(565,294)	(501,602)	(2,108)	(10,933)
Income tax paid	29	(3,370,108)	(2,326,874)	-	-
Other long term employee benefits paid	35.5	(24,280)	-	(15,179)	-
Employee benefits paid	35.1	(206,073)	(140,555)	(92,360)	(523)
Net cash generated from operating activities		7,763,248	5,781,945	3,470,792	2,189,783

Statement of Cash Flows

For the year ended 31 March	Note	Group		Company	
		2026	2025	2026	2025
		Rs. '000	(Restated) Rs. '000	Rs. '000	Rs. '000
Cash flows from investing activities					
Interest received		527,815	390,130	170,718	100,473
Disposal / (Investments) in unit trusts		2,560,530	(2,559,895)	1,134,256	(425,068)
Disposal of quoted shares		-	7,549	-	7,549
Investments in unquoted shares		-	(14,634)	-	(14,634)
(Investments)/disposal in short term investments		(706,002)	64,092	554,104	(526,708)
Withdrawal of fund		5,127	50,000	-	-
Additions to bearer plants	22.1	(4,400)	(34,077)	-	-
Additions of live stock	22.3	(203,764)	(186,813)	-	-
Acquisition of PPE		(2,148,484)	(1,010,352)	(32,629)	(34,706)
Acquisition of intangible assets	20.1	(104,031)	(32,764)	(7,165)	(610)
Acquisition of subsidiary, net of cash acquired		(2,992,876)	-	(2,556,876)	-
Proceeds from disposal of PPE		344,707	177,961	5,888	737
Proceeds from disposal of bearer plants		26,616	-	-	-
Proceeds from sales of livestock		111,257	98,682	-	-
Payment made for refundable deposits		(21,638)	-	-	-
Disposal of investment property		-	94,534	-	-
Acquisition of investment property		-	(3,693)	-	-
Net cash used in investing activities		(2,605,143)	(2,959,280)	(731,704)	(892,967)
Cash flows from financing activities					
Receipts of interest bearing borrowings		12,466,814	20,009,180	1,600,000	-
Proceeds from shares issued by subsidiary to NCI		-	3,209,342	-	-
Repayments of interest bearing borrowings		(10,479,757)	(19,629,452)	-	-
Payment to lease creditor	34.3.3	(128,021)	(139,804)	(29,763)	(20,551)
Dividend paid		(6,037,017)	(3,723,918)	(3,542,211)	(1,721,908)
Net cash used in financing activities		(4,177,981)	(274,652)	(1,971,974)	(1,742,459)
Net increase / (decrease) in cash and cash equivalents					
		980,124	2,548,013	767,114	(445,643)
Cash and cash equivalents at 1 April		5,126,270	2,714,544	288,928	734,571
Effect of exchange rate changes on cash and cash equivalents		(5,676)	(136,287)	-	-
Cash and cash equivalents at 31 March	32	6,100,718	5,126,270	1,056,042	288,928
Cash and cash equivalents					
Cash in hand and bank		7,428,736	5,875,414	1,056,042	288,928
Bank overdraft		(1,328,018)	(749,144)	-	-
	32	6,100,718	5,126,270	1,056,042	288,928

Figures in brackets indicate deductions.

The notes to the financial statements on pages 209 to 306 are an integral part of these financial statements.

Notes to the Financial Statements

1. REPORTING ENTITY

1.1 Domicile and legal form

Sunshine Holdings PLC (the “Company”) is a public limited liability Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The registered office and principal place of business of the Company is located at No. 60, Dharmapala Mawatha, Colombo 3.

Total staff strength of the Company and the Group (excluding associates) on 31 March 2026 was as follow:

Group	1,884 (31 March 2025 - 1,909)
Company	80 (31 March 2025 - 73)

1.2 Consolidated and separate financial statements

The consolidated financial statements of Sunshine Holdings PLC as at and for the year ended 31 March 2026 comprise the financial information of Company and its subsidiaries (together referred to as “the Group” and encompass the Company and its subsidiaries (together referred to as the “Group”)). The subsidiaries are listed in Note 1.4.

The financial statements of all Companies in the Group are prepared for a common financial year, which ends on 31 March.

1.3 Parent Entity and Ultimate Parent Entity

The Ultimate parent of Sunshine Holdings PLC is Lamurep Investments Limited. The Company is the parent of the Group companies.

1.4 Principal business activities, nature of operations of the Group

The Group structure is given on Page 17.

Entity	Principal Business Activity
Sunshine Holdings PLC	Managing a portfolio of businesses through shared services.
Subsidiaries	
Sunshine Healthcare Lanka Ltd	Importation and sale of pharmaceutical products.
Healthguard Pharmacy Ltd	Retail of pharmaceutical and healthcare products through a chain of pharmacies, and the distribution of pharmaceutical products.
Lina Manufacturing (Pvt) Ltd	Manufacturing of pharmaceutical and medicinal products.
Watawala Plantations PLC	Cultivation, production, and sale of crude oil palm.
Lonach Dairy Limited	Dairy farming and related operations.
Sunshine Consumer Lanka Ltd	Tea value-addition for local and export markets, and manufacturing and sale of confectionery products.
Zesta Tea Ceylon (Shenzhen) Co. Limited	Wholesale, retail, import, and export of tea leaves, tea sets, raw materials, and accessories.
Norris Canal Properties (Pvt) Ltd	Renting out premises and earning rental income.
Sunshine Tea (Pvt) Ltd	Tea packaging and export operations.
Joint Agri Products (Pvt) Ltd	Exports of certified organic spices, coconut products, tea, and botanicals.

There were no significant changes in the nature of the principal activities of the Group during the financial year under review.

Refer Note 24.3 for the changes in the group structure during the year.

2. BASIS OF ACCOUNTING

2.1 Statement of compliance

Financial Statements of the Company and the Group have been prepared in accordance with the Sri Lanka Financial Reporting Standards (the “Accounting Standards”), as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Accounting Standards comprise:

- Sri Lanka Financial Reporting Standards (SLFRS);
- Sri Lanka Accounting Standards (LKAS);
- Statements of Recommended Practices (SoRPs);
- Statement of Alternate Treatment (SoATs); and
- Financial Reporting Guidelines issued by the CA Sri Lanka.

The Accounting Standards along with FAQs issued are available at the website of CA Sri Lanka www.casrilanka.com.

These Financial Statements, except for information on cash flows and items measured at fair value as described in note 4 have been prepared following the accrual basis of accounting.

Notes to the Financial Statements

The Group did not adopt any inappropriate accounting treatment, which is not in compliance with the requirements of the SLFRSs and LKASs and regulations governing the preparation and presentation of the Financial Statements.

2.2 Statement of presentation

The Financial Statements of the Group have been presented in compliance with the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange.

2.3 Responsibility for Financial statements

The Board of Directors acknowledges this responsibility as set out in the 'Statement of Directors' Responsibility for Financial Statements', 'Annual Report of the Board of Directors' and in the statement appearing with the Statement of Financial Position of this Annual Report on pages 194, 4 to 6, 202 and 203 respectively.

2.4 Approval of Financial Statements by Directors

The Financial Statements of the Group and the Company were authorised for issue by the Board of Directors in accordance with the resolution of the directors on 29 May 2026.

These Financial Statements include the following components:

- Statement of Profit or Loss and Other Comprehensive Income providing information on the financial performance of the Group and the Company for the year under review; (Refer page 201).
- Statement of Financial Position providing information on the financial position of the Group and the Company as at the year end; (Refer pages 202 and 203 respectively).

- Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and Company; (Refer pages 204 and 206).
- Statement of Cash Flows providing information to the users, on the ability of the Group and Company to generate cash and cash equivalents and the needs of the entity to utilise those cash flows; (Refer pages 207 to 208).
- Notes to the financial statements comprising material accounting policies and other explanatory information. (Refer pages 209 to 306)

2.5 Materiality and Aggregation

Each item which is similar in nature is presented separately if material. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard LKAS 1 - Presentation of financial statements.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statements is not compromised by obscuring material information or by aggregating material items that have different natures or functions.

2.6 Going concern

The Group's Financial Statements have been prepared under the assumption of a going concern, as the Board of Directors is confident that the Group possesses sufficient resources to continue its operations into the foreseeable future. This confidence is based on the directors' comprehensive assessment, which takes into account the uncertainties associated with the prevailing economic conditions, and their possible effects on the Group's business operations, profitability, liquidity and capital.

3. FUNCTIONAL AND PRESENTATION CURRENCY

The Financial Statements are presented in Sri Lankan Rupees which is the currency of the primary economic environment in which the Group and the Company operates (the functional currency). All financial information presented in Rupees has been rounded to the nearest thousand except where otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements'.

There were no changes in the presentation or functional currency of the Group companies during the year under review.

4. BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis, except for the following material items stated in the Statement of Financial Position.

Items	Basis of measurement
Financial assets at fair value through profit or loss (FVTPL)	Measured at fair Value
Financial assets at fair value through other comprehensive income (FVOCI)	Measured at fair Value
Biological assets measured at fair value	Measured at Fair value less costs to sell
Investment Properties measured at fair value	Measured at fair Value
Defined benefit obligations	Measured at the present value of the defined benefit obligation
Lease liabilities	Measured at amortised cost using effective interest method

5. USE OF ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements of the Group and the Company in conformity with Sri Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported values of assets, liabilities, income, expenses and accompanying disclosures including contingent liabilities. Estimates and judgements which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statement line items. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making a judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future

developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Items that have a significant effect on estimation uncertainty and assumptions and the respective notes that they are included in are as follows,

- Note 22 - determining the fair value of biological assets on the basis of significant unobservable inputs;
- Note 23 - determining the fair value of investment properties on the basis of significant unobservable inputs;
- Note 25 - impairment test of goodwill – key assumptions underlying recoverable amounts;
- Note 26.2 - determining the fair value of unquoted share investment on the basis of significant unobservable inputs;
- Note 27 - recognition of deferred tax assets – availability of future taxable profit against which deductible temporary differences
- Note 35 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 40.2 - measurement of ECL allowance for trade receivables – key assumptions in determining the weighted-average loss rate;
- Note 43 - recognition and measurement of provisions and contingencies

6. MATERIAL ACCOUNTING POLICIES

Application of accounting policies

The Group has consistently applied the accounting policies for all periods presented in the financial statements, unless otherwise indicated.

Apart from the general accounting policies set out below, the specific accounting policies pertaining to each item in the financial statements have been presented within the respective notes to the financial statements. These material accounting policies have been applied consistently to all periods presented in the financial statements of the Group, unless otherwise indicated. The accounting policies have been consistently applied by the Group entities, where applicable, and any deviations, if any, have been disclosed accordingly.

The Group did not have any changes to its accounting policies from those applied in the consolidated financial statements as at and for the year ended 31 March 2026.

6.1 Basis of consolidation

Business combinations

The Group accounts for business combinations under the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill

Notes to the Financial Statements

that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non - controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Reporting date

The financial statements of all entities in the Group have a common financial year which ends on 31 March.

Consolidated Financial Statements / Separate Financial Statements

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. The assets and liabilities of the acquired entity or business should be recorded at the book values as stated in the financial statements of the controlling party.

No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party or parties' interests; and

Comparative amounts in the financial statements are presented using the principles as set out above as if the entities or businesses had been combined at the previous balance sheet date unless the combining entities or businesses first came under common control at a later date.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented (i.e. including the comparative period) or since the date when the combining entities or businesses first came under the control of the controlling party or parties, where this is a shorter period, regardless of the date of the common control combination. The consolidated income statement also takes into account the profit or loss attributable to the minority interest recorded in the consolidated financial statements of the controlling party.

Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognized as an expense in the period in which it is incurred. Such expenditure includes professional fees, registration fees, costs of furnishing information to shareholders, and salaries and other expenses involved in achieving the common control combination.

Consolidation is performed in accordance with LKAS 27 and SLFRS 10. The principal consolidation entries are as follows:

- (a) the effects of all transactions between the combining entities or businesses, whether occurring before or after the common control combination, are eliminated; and
- (b) since the combined entity will present one set of consolidated financial statements, a uniform set of accounting policies is adopted which may result in adjustments to the assets, liabilities and equity of the combining entities or businesses.

6.2 Foreign currency

Foreign currency transactions

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 into the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the reporting currency at the exchange rate that prevailed at the date the fair value was determined.

Foreign currency differences arising on re-translation are recognised in the statement of Profit or Loss, except for differences arising on the re-translation of FVOCI equity investments, which are recognised in other comprehensive income.

Foreign currency gains and losses are reported on a net basis in the statement of Profit or Loss.

6.3 Impairment of assets

6.3.1 Financial instruments and contract assets

The Group and the Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

Loss allowances for trade receivables is always measured at an amount equal to lifetime Expected Credit Loss (ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company considers a financial asset to be in default when:

- the debtors is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any held); or
- the financial asset is more than 90 days past due.
- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with

the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group/ Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

For individual customers, the Group has a policy of writing off the gross carrying amount as approved by the Board of Directors based on historical experience of recoveries of similar assets. For corporate customers, the Group 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 Group 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 Group's procedures for recovery of

Notes to the Financial Statements

amounts due. Evidence of impairment included a significant or prolonged decline in its fair value below its cost.

6.3.2 Non - financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's

carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

7. CASH FLOW

The Statement of Cash Flow has been prepared by using the 'Indirect Method' of preparing cash flows in accordance with the Sri Lanka Accounting Standard - LKAS 7 on 'Statement of Cash Flow', whereby operating activities, investing activities and financing activities are separately recognised.

8. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Institute of Chartered Accountants of Sri Lanka has issued a number of new amendments to Sri Lanka Accounting Standards (SLFRSs/ LKASs) that are effective for annual periods beginning after the current financial year. Accordingly, the Group has not early adopted them in preparing these financial statements.

a. IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

b. Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Group's consolidated financial statements:

- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7); and
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7).

9. OPERATING SEGMENTS

Accounting policy

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 relating to transactions with any of the Group's other components, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO (being the CODM) include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

9.1 Basis for segmentation

The Group has the following five strategic divisions, three of which are reportable segments. These divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure.

The following summary describes the operations of each segment.

Healthcare	Manufacturing, importing and Marketing pharmaceuticals, nutraceuticals, medical diagnostic equipment and surgical products.
Agribusiness	Cultivate, manufacture and sale of crude oil palm and dairy farming.
Consumer goods	Sale and export of value-added teas, as well as the manufacturing and distribution of confectionery products, export of tea and organic spices.
Management Services	Providing expert management services.
Rental business	Renting out of premises.

The Group's Management Committee reviews internal management reports from each division at least monthly.

Other operations include the Management services and Rental business. None of these segments met the quantitative thresholds for reportable segments in 2026 or 2025.

Segment performance is evaluated based on operating profits or losses which are measured differently from operating profits or losses in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Notes to the Financial Statements

9.2 Information about reportable segments

Information related to each reportable segment is set out below. Segment profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

2026	Reportable segments			All other segments	Total
	Healthcare	Agribusiness	Consumer goods		
	Rs. '000	Rs. '000	Rs. '000		
External revenues	37,437,867	9,442,172	19,038,569	6,652	65,925,260
Inter-segment revenue	-	-	-	2,929,293	2,929,293
Segment revenue	37,437,867	9,442,172	19,038,569	2,935,945	68,854,553
Segment profit before tax	4,635,493	3,628,105	1,102,620	5,526,714	14,892,932
Interest income	435,656	78,947	86,553	186,727	787,883
Interest expense	(259,689)	(199,444)	(261,208)	(4,192)	(724,533)
Depreciation and amortisation	(459,843)	(397,908)	(361,803)	(68,902)	(1,288,456)
Other material items of income and expense and non-cash items					
- Change in fair value of biological assets	-	(372,974)	-	-	(372,974)
- Impairment (charge)/ reversal on trade receivables	84,190	(25,226)	(10,350)	-	48,614
- Impairment loss on goodwill	-	-	(119,067)	-	(119,067)
Segment assets	27,436,466	8,600,045	15,252,048	16,997,108	68,285,667
Capital expenditure	873,954	894,943	179,652	18,136	1,966,685
Segment liabilities	12,646,960	5,589,604	7,750,013	2,433,425	28,420,002
2025					
2025	Reportable segments			All other segments	Total
	Healthcare	Agribusiness	Consumer goods		
	Rs. '000	Rs. '000	Rs. '000		
External revenues	32,586,050	7,944,206	18,746,678	5,313	59,282,247
Inter-segment revenue	-	-	-	3,669,470	3,669,470
Segment revenue	32,586,050	7,944,206	18,746,678	3,674,783	62,951,717
Segment profit before tax	5,328,952	2,898,522	895,859	5,171,734	14,295,067
Interest income	193,145	151,348	49,610	109,150	503,253
Interest expense	(382,495)	(126,769)	(304,200)	(4,652)	(818,116)
Depreciation and amortisation	(324,000)	(483,050)	(877,673)	(40,281)	(1,725,004)
Other material items of income and expense and non-cash items					
- Change in fair value of biological assets	-	(321,221)	-	-	(321,221)
- Impairment (charge)/ reversal on trade receivables	21,515	(6,853)	(13,336)	(46)	1,280
- Impairment loss on goodwill	-	-	(76,373)	-	(76,373)
Segment assets	25,004,337	8,713,149	9,719,932	15,956,260	59,393,678
Capital expenditure	746,295	511,161	268,650	88,489	1,614,595
Segment liabilities	10,918,298	4,965,911	4,753,118	519,181	21,156,508

9.3 Reconciliations of information on reportable segments to the amounts reported in the financial statements

	2026 Rs. '000	2025 Rs. '000
Revenue		
Total revenue for reportable and other segments	68,854,553	62,951,717
Elimination of inter-segment revenue	(2,929,293)	(3,669,470)
Consolidated revenue	65,925,260	59,282,247
Profit before tax		
Total profit before tax for reportable and other segments	14,892,932	14,295,067
Elimination of inter-segment profit	(5,538,951)	(5,324,222)
Consolidated profit before tax	9,353,981	8,970,845
Assets		
Total assets for reportable and other segments	68,285,667	59,393,678
Elimination of inter-segment assets	(12,545,574)	(11,240,252)
Consolidated total assets	55,740,093	48,153,426
Liabilities		
Total liabilities for reportable and other segments	28,420,002	21,156,508
Elimination of inter-segment liabilities	(60,971)	(50,297)
Consolidated total liabilities	28,359,031	21,106,211

2026	Reportable segment totals	Adjustments	Consolidated totals
Other material items	Rs. '000	Rs. '000	Rs. '000
Finance income	787,883	-	787,883
Finance cost	(724,533)	7,364	(717,169)
Capital expenditure	(1,966,685)	-	(1,966,685)
Depreciation and amortisation	(1,288,456)	65,084	(1,223,372)
Change in fair value of biological assets	(372,974)	-	(372,974)
Impairment (charge)/ reversal on trade receivables	48,614	-	48,614

2025	Reportable segment totals	Adjustments	Consolidated totals
Other material items	Rs. '000	Rs. '000	Rs. '000
Finance income	503,253	(1,642)	501,611
Finance cost	(818,116)	8,888	(809,228)
Capital expenditure	1,614,595	-	1,614,595
Depreciation and amortisation	(1,725,004)	-	(1,725,004)
Change in fair value of biological assets	(321,221)	-	(321,221)
Impairment (charge)/ reversal on trade receivables	1,280	-	1,280

Notes to the Financial Statements

9.4 Geographic information

Consumer Goods segment is managed on a worldwide basis, but operate manufacturing facilities and sales offices primarily in Sri Lanka.

The geographic information analyses the Group's revenue and assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

	2026	2025
	Rs. '000	Rs. '000
Revenue		
Sri Lanka	60,899,210	54,862,952
China	1,923,106	1,364,488
Singapore	33,300	-
Japan	320,098	211,762
Other countries	5,678,839	6,512,515
	68,854,553	62,951,717
Segment assets		
Sri Lanka	68,285,667	59,383,678
Other countries	-	-
	68,285,667	59,383,678

10. REVENUE

Accounting policy

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a good or service to a customer, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Group Revenue is presented net of value added tax (VAT), rebates and discounts and after eliminating intra group sales.

a. Revenue streams

The Group generates revenue primarily from investment, healthcare, plantation, consumer goods and other sectors.

	Group		Company	
	2026	2025	2026	2025
For the year ended 31 March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue from contracts with customers	65,918,608	59,276,934	911,382	723,383
Other revenue				
- Rentals from investment property	6,652	5,313	28,256	26,457
Total revenue	65,925,260	59,282,247	939,638	749,840

b. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

For the year ended 31 March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Primary geographical markets				
Local	57,963,265	51,188,169	911,382	723,383
Exports	7,955,343	8,088,765	-	-
	65,918,608	59,276,934	911,382	723,383
Major products/service lines				
Healthcare	37,437,867	32,586,050	-	-
Plantation	9,442,172	7,944,206	-	-
Consumer goods	19,038,569	18,746,678	-	-
Management service income	-	-	911,382	723,383
	65,918,608	59,276,934	911,382	723,383
Timing of revenue recognition				
Products transferred at a point in time	65,918,608	59,276,934	-	-
Services transferred over time	-	-	911,382	723,383
Revenue from contracts with customers	65,918,608	59,276,934	911,382	723,383
Other revenue	6,652	5,313	28,256	26,457
External revenue as reported in Note 9	65,925,260	59,282,247	939,638	749,840

c. Contract balances

These refer to the Group's rights to consideration for work completed but not billed at the reporting date. There were no contract balances as at the reporting date.

Notes to the Financial Statements

d. Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers, including significant payment terms and related revenue recognition policies.

Type of product/ service	Nature of timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Management service income	Revenue from management services is recognised over time, based on the services rendered. Payment terms are generally based on time-based invoicing.	Revenue is recognised over time as the services are rendered, reflecting the transfer of services to the customer. Presently, the Company's primary business activity is providing shared services to the Group.
Healthcare	Customers obtain control of the goods sold when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time.	Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control is at a point in time.
Plantation	Customers obtain the control of the produce after the customer acknowledgement at the dispatch point.	Revenue is recognised point in time, at the time of dispatch after the customer acknowledgement.
Consumer goods	Customers obtain control of the goods sold when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time.	Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control is at a point in time.
Rent income	This includes rental income earned from renting out investment property owned by the Company and its subsidiaries.	Revenue is recognised over time as the rent income is recognised on a straight line basis over the term of the agreement.

11. OTHER INCOME

Accounting policy

Gain on sale of property, plant and equipment

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment are accounted in the Statement of profit or loss, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Grants

Grants are recognised initially as deferred income when there is a reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in Statement of Profit or Loss on a systematic basis in the periods in which the expenses are recognised. Recognised in the Statement of Profit or Loss on a systematic basis over the useful life of the asset.

Dividend income

Dividend income is recognised in the statement of profit or loss on the date on which the Group's right to receive payment is established, which is generally when the dividend is declared.

Other income

All other categories of other income are recognised on an accrual basis.

For the year ended 31 March	Notes	Group		Company	
		2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Gain on sale of property, plant and equipment		97,752	80,746	5,888	-
Rebates from telecommunication service providers		-	10,440	-	10,440
Profit on sale of green leaf	11.1	6,609	30,348	-	-
Loss on disposal of investment		-	-	-	(2,441)
Increase in fair value of investment property	23	-	49,464	-	52,378
Gain on disposal of investment properties		-	29,086	-	-
Gain from Unit Trust		176,568	159,114	44,703	66,442
Sundry income		142,857	167,114	2,569	-
Tender commission income	11.2	74,703	60,990	-	-
Change in fair value of investment in quoted shares		-	2,591	-	2,591
		498,489	589,893	53,160	129,410

11.1 The gain / (loss) on tea leaf sale arising from the tea estates owned by Watawala Plantations PLC.

11.2 Tender commission income mainly includes commission income received from foreign suppliers for securing contracts with the government to Sunshine Healthcare Lanka Limited amounting to Rs 74.7 million (2024/2025 - Rs. 60.9 million).

Notes to the Financial Statements

12. OPERATING PROFIT

Accounting policy

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

Expenses

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year. Repairs and renewals are charged to Statement of Profit or Loss in the year in which the expenditure is incurred.

For the year ended 31 March	Notes	Group		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Director fees		56,400	59,815	20,400	24,750
Statutory audit fees - KPMG		17,318	15,934	2,921	2,656
Audit related - KPMG		323	1,700	323	295
Non audit - KPMG		4,656	325	-	-
- Other auditors		2,241	6,418	-	1,062
Legal fees		8,099	17,785	32	63
CSR expenses		32,946	48,894	10,100	11,100
Depreciation					
- Property plant and equipment	19	956,006	746,069	61,526	33,548
- Biological assets - Bearer	22	165,423	176,264	-	-
Amortisation of intangible assets	20	80,173	75,536	5,948	5,304
Amortisation of leasehold land	21	21,770	20,876	-	-
Staff costs	12.1	5,994,996	5,117,541	831,253	871,312
12.1 Staff costs					
Salaries, wages & other staff cost		5,296,354	4,454,977	744,058	777,175
Defined contribution EPF & ETF		438,440	447,795	51,689	57,593
Defined benefit plan (Gratuity)	35.1	260,202	214,769	35,506	36,544
		5,994,996	5,117,541	831,253	871,312

13. NET FINANCE INCOME / (COST)

Accounting policy

The Group's finance income and finance costs include:

- interest income
- interest expenses
- the foreign currency gain or losses on financial assets and financial liabilities
- Interest income or expenses is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial assets; or
- the amortized cost of the financial liability.

In calculating interest income and expenses, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial assets. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Net foreign exchange gain /(loss)

Foreign currency differences arising on re-translation of foreign currency monetary items are recognised in the statement of profit or loss on a net basis.

For the year ended 31 March	Group		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest income under the effective interest method on:				
– Interest Income from other deposits	527,815	390,506	170,718	96,212
Net foreign exchange gain	260,068	111,105	-	-
Finance income	787,883	501,611	170,718	96,212
Interest expense on bank overdrafts & loans	576,993	659,737	2,608	35
Finance expense on lease liabilities	140,176	149,491	1,473	4,286
Finance cost	717,169	809,228	4,081	4,321
Net finance income /(costs) recognised in profit or loss	70,714	(307,617)	166,637	91,891

Notes to the Financial Statements

14. INCOME TAX EXPENSE

Accounting policy

Income tax expense comprises of current and deferred taxes. The income tax expense is recognised in the statement of profit or loss except to the extent that it relates to the items recognised directly in the statement of other comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

The Group applies IFRIC 23 “Uncertainty Over Income Tax Treatment” (IFRIC 23) in determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over the income tax treatment. However, the application of IFRIC 23 did not have any significant impact on the financial statements of the Group to provide additional disclosures in the financial statements.

The Group has determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the taxation authorities in respect of current year as well as any adjustment to the tax payable or receivable in respect of previous years. The tax rates and tax laws used to compute the amount of current tax assets and liabilities are those that are enacted or substantively enacted on the reporting date. Current income tax relating to items recognised directly in equity, is recognised in equity and not in the income statement.

Current tax assets and liabilities are offset only if certain criteria are met.

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.

Management has used its judgement on the application of tax law including transfer pricing regulations involving identification of associated undertaking, estimation of respective arm’s length prices and selection of appropriate pricing mechanism.

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. Refer Note 27 for detail accounting policy.

Withholding tax on dividends

Withholding tax on dividend income from subsidiaries is recognised as an expense in the Statement of Profit or Loss at the same time as the liability to pay the related dividend is recognised.

Accounting judgement, Estimates and Assumptions

IFRIC 23 “Uncertainty over income tax treatments” provides guidance on determining taxable profits, tax bases, unused tax losses, unused tax credits and tax rates, when there is an uncertainty over the income tax treatment. The Group has applied significant judgement in identifying uncertainties over income tax treatments for the year and the Group has determined that there were no uncertainties in tax treatments that has an impact on the income tax expense or warrants any disclosure.

14.1 Amount recognised in profit or loss

For the year ended 31 March	Notes	Group		Company	
		2026 Rs. '000	2025 (Restated) Rs. '000	2026 Rs. '000	2025 Rs. '000
Current tax expense					
Current income tax expense	14.4	3,684,671	2,957,941	-	-
Changes in estimates relating to prior years		11,434	24,397	-	-
Write-off of tax receivable		3,013	870	-	-
Withholding tax on dividends paid by subsidiaries		712,856	749,297	-	-
		4,411,974	3,732,505	-	-
Deferred tax expenses					
Origination and reversal of temporary differences on					
- Deferred tax assets	27.2	(347,608)	50,454	61,468	(61,833)
- Deferred tax liabilities	27.3	253,865	23,058	(47,360)	28,910
		(93,743)	73,512	14,108	(32,923)
Tax expenses / (benefits)		4,318,231	3,806,017	14,108	(32,923)

a. Current taxes

The income tax provision for Sunshine Holdings PLC and its subsidiaries which are resident in Sri Lanka is calculated in accordance with the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

	Tax Rate	
	2026 1 Apr 2025 to 31 March 2026	2025 1 Apr 2024 to 31 March 2025
Sunshine Holdings PLC	30%	30%
Sunshine Healthcare Lanka Limited	30%	30%
Watawala Plantations PLC	30%	30%
Healthguard Pharmacy Limited	30%	30%
Sunshine Consumer Lanka Limited	30%	30%
Norris Canal Properties (Private) Limited	30%	30%
Lina Manufacturing (Private) Limited	30%	30%
Sunshine Wilmar (Private) Limited	30%	30%
Sunshine Tea (Private) Limited	30%	30%
Lonach Dairy Limited	20%	20%

Notes to the Financial Statements

Lonach Dairy Ltd

Lonach Dairy Limited enjoys a tax exemption period of five years from the year in which the Company commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operations whichever is earlier, under Section 17 (2) of the Board of Investment of Sri Lanka, Law No. 4 of 1978 and in accordance with the provision of the Inland Revenue Act No. 24 of 2017.

After the expiration of the tax exemption period, the profit and income of the Company shall be charged at the rate of twenty percent (20%) for any year of assessment immediately succeeding the last date of the tax exemption period during which the profit and income of the entity is exempted from income tax.

14.2 Amount recognised in OCI

For the year ended 31 March	Notes	Group		Company	
		2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit liability	27.2	2,393	40,074	(8,818)	(3,053)
Equity investments at FVOCI - net change in fair value	27.3	(49,575)	64,906	(49,575)	64,906
		(47,182)	104,980	(58,393)	61,853

14.3 Amounts recognised directly in equity

There were no items recognised directly in equity during the year ended 31 March 2026.

14.4 Reconciliation between accounting profit and taxable profit

Group		2026		2025	
		%	Rs. '000	%	Rs. '000
Profit before tax			9,353,981		8,970,845
Intra-group adjustments			6,582,322		4,708,949
Adjusted Profit before tax		30%	15,936,303	30%	13,679,794
Disallowable expenses		7%	3,470,223	12%	5,482,020
Tax deductible expenses		-4%	(1,967,694)	-11%	(4,815,785)
Other income and exempt income		-11%	(5,630,702)	-12%	(4,712,440)
Statutory income from business		22%	11,808,130	21%	9,633,589
Other income / Investment income			406,859	1%	627,959
Tax loss incurred during the year by subsidiaries		1%	429,570		202,154
Statutory income from business		24%	12,644,559	23%	10,463,703
Less tax loss utilized during the year		-1%	(362,323)	-1%	(603,898)
Total Taxable Income			12,282,236		9,859,805
Income tax @ 30%			3,684,671		2,957,941
Income tax on current year profit		23%	3,684,671	22%	2,957,941

14.4 Reconciliation between accounting profit and taxable profit (Contd.)

Company	2026		2025	
	%	Rs. '000	%	Rs. '000
Profit before tax	30%	3,514,325	30%	2,210,772
Disallowable expenses	2%	228,532	2%	111,864
Tax deductible expenses	-1%	(138,053)	-4%	(273,231)
Other income and exempt income	-32%	(3,796,653)	-33%	(2,395,266)
Statutory income from business	-2%	(191,849)	-5%	(345,861)
Tax loss for the year of assessment	2%	191,849	5%	345,861
Other income / Investment income	2%	243,678	2%	118,645
Losses transferred from Business to Investment	-2%	(243,678)	-2%	(118,645)
Total Taxable Income		-		-
Income tax @ 30%		-		-
Income tax on current year profit		-		-

14.5 Tax losses carried forward

For the year ended 31 March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Tax loss brought forward	624,254	1,660,068	259,670	60,660
Reassessment of previous year tax losses	194,578	(634,070)	(47,188)	(28,206)
Tax loss for the year of assessment	429,570	202,154	191,849	345,861
Loss transferred from business income to investment income	(362,323)	(603,898)	(243,678)	(118,645)
Tax loss carried forward	886,079	624,254	160,653	259,670

Notes to the Financial Statements

15. ADJUSTED EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (ADJUSTED EBITDA)

Management has presented the performance measure adjusted EBITDA because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net finance costs, depreciation, amortization.

Adjusted EBITDA is not a defined performance measure in SLFRS. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

Reconciliation of adjusted EBITDA to profit from continuing operations - Group

For the year ended 31 March	2026 Rs. '000	2025 Rs. '000
Profit from continuing operations	5,035,750	5,164,828
Income tax expense	4,318,231	3,806,017
Profit before tax	9,353,981	8,970,845
Adjustment for:		
- Net finance costs / (income)	(70,714)	307,617
- Depreciation - Property plant and equipment and Right of use assets	977,776	766,945
- Depreciation - Biological assets - Bearer	165,423	176,264
- Amortisation	80,173	75,536
Adjusted EBITDA	10,506,639	10,297,207

16. EARNINGS PER SHARE

Accounting policy

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.

16.1 Basic Earnings Per Share

The Basic earnings per share is computed on the profit attributable to ordinary shareholders after tax and Non controlling interest divided by the weighted average number of ordinary shares during the year.

For the year ended 31 March	Notes	Group		Company	
		2026	2025 (Restated)	2026	2025
Profit for the year, attributable to the owners of the Company (Rs'000)		3,052,657	3,490,235	3,500,217	2,243,695
Weighted-average number of ordinary shares (basic) ('000)	16.1.1	1,967,895	1,967,895	1,967,895	1,967,895
Basic earnings per share (Rs.)		1.55	1.77	1.78	1.14

16.1.1. Weighted Average No of Shares

	2026	2025
Issued ordinary shares as at 1 April	1,967,895	491,974
Effect subdivision	-	1,475,921
Number of shares*	1,967,895	1,967,895

* The denominator, for the purposes of calculating basic earnings per share, has been adjusted to reflect the share split made in 2025 as disclosed in Note 33.1.

There were no potentially dilutive ordinary shares outstanding at any time during the year, hence diluted earnings per share is equal to the basic earnings per share.

17. DIVIDEND PER SHARE

Accounting policy

Dividend declared by the Board of Directors after the reporting date is not recognised as a liability and is disclosed as a note to the financial statements.

The Board of Directors of the Company has declared a final dividend of Rs 0.60 per share (2025 - final dividend of Rs. 0.60 per share) for the financial year ended 31 March 2026.

	2025/26 (Final)	2025/26 (1st Interim)	2025/26 (2nd Interim)	2024/25 (Final)
Dividend declared -Final and Interim (Rs. '000)	1,180,737	1,180,737	1,180,737	1,180,737
Number of ordinary shares '000	1,967,895	1,967,895	1,967,895	1,967,895
Dividend per share (Rs.)	0.60	0.60	0.60	0.60

Compliance with section 56 and 57 of Companies Act No. 7 of 2007

As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the company satisfied the solvency test in accordance with Section 57, prior to declaring the final dividend. A statement of solvency duly completed and signed by the Directors on May 29, 2026 has been audited by Messrs. KPMG.

17.1 Dividend paid during the year

For the year ended 31 March	2026 Rs. '000	2025 Rs. '000
Final dividend of Rs.2.00 per share out of 2023/24 profit	-	983,947
Interim dividend of Rs.1.50 per share out of 2024/25 profit	-	737,960
Final dividend of Rs.0.60 per share out of 2024/25 profit	1,180,737	-
First Interim dividend of Rs.0.60 per share out of 2025/26 profit	1,180,737	-
Second Interim dividend of Rs.0.60 per share out of 2025/26 profit	1,180,737	-
	3,542,211	1,721,907

Notes to the Financial Statements

18. FINANCIAL ASSETS AND LIABILITIES

Accounting policy

Financial Assets

Recognition and initial measurement

Financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument with the exception of "Trade Receivables". The Group initially recognises trade receivables when they are originated.

Financial assets other than trade receivables that do not contain a significant financing component are initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition on issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement of financial assets

On initial recognition, the Group classifies a financial asset as measured at amortised cost; Fair Value Through Other Comprehensive Income (FVOCI); or Fair Value Through Profit or Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the financial assets are managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Group considers:

- events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- repayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

If the Group enters into transaction whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets, such transferred assets are not derecognised.

Financial Liabilities

Recognition and initial measurement

The Group initially recognises financial liabilities other than debt securities when it becomes a party to the contractual provisions of the instrument. The Group recognises debt securities issued when they are originated.

All financial liabilities are initially measured at fair value and, for an item not at Fair Value Through Profit or Loss (FVTPL), are measured net of transaction costs that are directly attributable to its issue.

Notes to the Financial Statements

Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortised cost.

Other Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition of other financial liabilities are recognised in profit or loss.

Derecognition

The Group derecognised a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognised a financial liability when its terms are modified and the cash flows of the modified liability were substantially different, in which case a new financial liability based on the modified terms was recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) was recognised in profit or loss.

Financial instruments - accounting classifications

The following tables summarises the carrying values of financial assets and financial liabilities of the Group and the Company.

31 March 2026 Amounts in (Rs.'000)	Group				Company			
	Mandatorily at FVTPL	FVOCI - equity instruments	Amortised cost	Total carrying value	Mandatorily at FVTPL	FVOCI - equity instruments	Amortised cost	Total carrying value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets								
Investment in Unquoted Shares	-	634,000	-	634,000	-	634,000	-	634,000
Investment in Unit Trust	939,305	-	-	939,305	-	-	-	-
Investment in Debentures	-	-	104,170	104,170	-	-	104,170	104,170
Trade and other receivables	-	-	11,642,378	11,642,378	-	-	775	775
Amounts due from related parties	-	-	319,359	319,359	-	-	228	228
Short term Investements	-	-	1,878,483	1,878,483	-	-	246,465	246,465
Cash & cash equivalents	-	-	7,428,736	7,428,736	-	-	1,056,042	1,056,042
Total financial assets	939,305	634,000	21,373,126	22,946,431	-	634,000	1,407,680	2,041,680
Financial liability								
Loans and borrowings	-	-	8,445,960	8,445,960	-	-	1,601,973	1,601,973
Lease Liability	-	-	1,079,617	1,079,617	-	-	-	-
Bank overdraft	-	-	1,328,018	1,328,018	-	-	-	-
Trade and other payables	-	-	8,377,659	8,377,659	-	-	124,780	124,780
Amounts due to related parties	-	-	2,455	2,455	-	-	-	-
Total Financial liabilities	-	-	19,233,709	19,233,709	-	-	1,726,753	1,726,753

31 March 2025 Amounts in (Rs'000)	Group				Company			
	Mandatorily at FVTPL	FVOCI - equity instruments	Amortised cost	Total carrying value	Mandatorily at FVTPL	FVOCI - equity instruments	Amortised cost	Total carrying value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets								
Investment in Unquoted Shares	-	468,749	-	468,749	-	468,749	-	468,749
Investment in Unit Trust	3,322,179	-	-	3,322,179	1,089,553	-	-	1,089,553
Investment in Debentures	-	-	104,170	104,170	-	-	104,170	104,170
Trade and other receivables	-	-	9,246,799	9,246,799	-	-	887	887
Amounts due from related parties	-	-	326,356	326,356	-	-	9,459	9,459
Short term Investments	-	-	1,172,481	1,172,481	-	-	800,569	800,569
Cash & cash equivalents	-	-	5,875,414	5,875,414	-	-	288,928	288,928
Total financial assets	3,322,179	468,749	16,725,220	20,516,148	1,089,553	468,749	1,204,013	2,762,315
Financial liability								
Loans and borrowings	-	-	5,885,535	5,885,535	-	-	-	-
Lease Liability	-	-	985,356	985,356	-	-	29,764	29,764
Bank overdraft	-	-	749,144	749,144	-	-	-	-
Trade and other payables	-	-	6,228,948	6,228,948	-	-	-	-
Amounts due to related parties	-	-	-	-	-	-	2	2
Total Financial liabilities	-	-	13,848,983	13,848,983	-	-	29,766	29,766

19. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Recognition and measurement

Property, Plant and Equipment are recorded at cost less accumulated depreciation and accumulated impairment losses if any.

The cost of Property, Plant and Equipment is the cost of purchase or construction together with any expenses incurred in bringing the asset to its working condition for its intended use.

Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business has been treated as capital expenditure. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items or major components of property, plant & equipment.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Notes to the Financial Statements

Restoration costs

Repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Capital work-in-progress

Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for the intended use. These are expenses of a capital nature directly incurred in the construction of buildings, major plants/ machineries and system developments awaiting capitalization. Capital work-in-progress is stated at cost less any accumulated impairment loss.

Leasehold assets

The determination of whether an arrangement is, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit or Loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The cost of improvements on leased hold property is capitalised and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is lower.

Subsequent costs

The cost of replacing a component of an item of property, plant & equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

De-recognition

The carrying amount of an item of property, plant & equipment is de-recognised on disposal; or when no future economic benefits are expected from its use. Gains and losses on de-recognition are recognised in Statement of Profit or Loss and gains are not classified as revenue.

Depreciation

Depreciation is recognised in Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

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. Expected useful life of lease assets are determined by reference to comparable owned assets or over the term of lease, which is shorter. As no finite useful life can be determined related carrying value of freehold land is not depreciated though it is subject to impairment testing.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is de-recognised.

The estimated useful lives for the current and comparative periods are as follows:

Freehold Assets

Buildings	15 - 40 Years
Roads & Bridges	40 Years
Sanitation, water & electricity	20 Years
Plant & Machinery	7-13 Years
Furniture & Fittings	05 - 10 Years
Equipment	05 - 08 Years
Computer Equipment	03 - 05 Years
Computer Software	04 - 06 Years
Motor Vehicles	04 - 05 Years
Electrical Equipment	02 Years
Diagnostics and Analyser Equipment	04 Years
Medical Equipment	04 Years
Hydro Power plant	20 Years
Fence and Security Lights	03 Years
ROU Assets	Lease term

Leasehold Assets

Bare Land	53 Years
Roads & Bridges	23 Years / Lease period
Improvements to Land	30 Years
Vested Other Assets	30 Years
Buildings	23 Years/ Lease period
Plant & Machinery	13 Years
Sanitation, water & electricity	20 Years
Water Supply System	20 Years
Mini-Hydro Power Plant	10 Years
Motor Vehicles	04 - 05 Years

Depreciation methods, useful life and residual values are re-assessed at the reporting date.

Impairment of financial assets

The carrying amount to groups non-financial assets are reviewed at each reporting date to determine if there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently, if events or changes in circumstances indicate that they might be impaired.

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, 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 there risks specific to the asset. A cash generating unit is the smallest identifiable assets group that generate cash flows that are largely independent from other assets and groups.

Provision for / reversal of impairment

The carrying value of property plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognized in the statement of comprehensive income unless it reverses a previous revaluation surplus for the same asset.

Notes to the Financial Statements

19.1 Reconciliation of carrying amount

a. Group

Cost

	Balance as at 1 April 2024	Additions	Disposals	Transfers	Balance as at 31 March 2025	Balance as at 1 April 2025	Additions	Acquisition through business combination	Disposals	Transfers	Balance as at 31 March 2026
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Freehold assets											
Land	1,017,580	64,636	-	(83,820)	998,396	998,396	-	153,474	(166,043)	-	985,827
Buildings	4,064,433	-	(6,470)	3,648	4,061,611	4,061,611	118,968	440,566	(15,948)	99,140	4,704,337
Plant and machinery	2,947,153	253,932	(15,562)	-	3,185,523	3,185,523	66,977	336,999	(21,347)	255,143	3,823,295
Furniture and fittings	353,827	54,934	(1,837)	-	406,924	406,924	62,467	13,237	(18,454)	7,311	471,485
Equipment	280,699	40,079	(7,608)	-	313,170	313,170	39,597	103,151	(5,218)	2,840	453,540
Computer equipment	237,729	51,154	(1,993)	-	286,890	286,890	26,611	12,076	(9,100)	-	316,477
Motor vehicles	829,108	60,881	(56,999)	-	832,990	832,990	289,978	73,761	(111,881)	-	1,084,848
Electrical equipment	187,827	12,158	(502)	528	200,011	200,011	20,247	-	(15,036)	-	205,222
Medical equipment	367,966	107,396	-	1,561	476,923	476,923	195,318	-	(7,530)	-	664,711
Other	347,157	28,039	-	1,954	377,150	377,150	21,261	274	(16,968)	-	381,717
ROUA (Note 34)	1,057,301	371,446	(125,644)	-	1,303,103	1,303,103	539,730	57,304	(110,965)	-	1,789,172
Capital work in progress	85,817	231,576	(2,430)	(112,697)	202,266	202,266	1,013,818	277,557	(11)	(364,434)	1,129,196
	11,776,597	1,276,231	(219,045)	(188,826)	12,644,957	12,644,957	2,394,972	1,468,399	(498,501)	-	16,009,827
Leasehold assets											
Roads and bridges	5	-	-	-	5	5	-	-	-	-	5
Improvements to land	1,135	-	-	-	1,135	1,135	-	-	-	-	1,135
Vested other assets	1,201	-	-	-	1,201	1,201	-	-	-	-	1,201
Buildings	35,894	-	-	-	35,894	35,894	-	-	-	-	35,894
Water supply system	89	-	-	-	89	89	-	-	-	-	89
Machinery	23,208	-	-	-	23,208	23,208	-	-	-	-	23,208
Mini-hydro power plant	1,042	-	-	-	1,042	1,042	-	-	-	-	1,042
	62,574	-	-	-	62,574	62,574	-	-	-	-	62,574
Total cost	11,839,171	1,276,231	(219,045)	(188,826)	12,707,531	12,707,531	2,394,972	1,468,399	(498,501)	-	16,072,401

19.1 Reconciliation of carrying amount (Contd.)

a. Group

Accumulated depreciation

	Balance as at 1 April 2024	Charge for the year	Disposals	Transfers	Balance as at 31 March 2025	Balance as at 1 April 2025	Charge for the year	Acquisition through business combination	Disposals	Transfers	Balance as at 31 March 2026
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Freehold assets											
Buildings	896,477	154,443	-	-	1,050,920	1,050,920	177,351	153,725	(4,432)	-	1,377,564
Plant and machinery	1,695,818	245,628	(15,562)	15,910	1,941,794	1,941,794	281,349	207,827	(8,022)	-	2,422,948
Furniture and fittings	219,753	33,014	(1,790)	-	250,977	250,977	41,511	9,062	(14,285)	-	287,265
Equipment	162,762	38,296	(7,608)	-	193,450	193,450	64,299	33,643	(5,221)	-	286,171
Computer equipment	183,331	24,639	(1,256)	-	206,714	206,714	29,452	8,784	(8,601)	-	236,349
Motor vehicles	673,996	68,394	(37,926)	(15,633)	688,831	688,831	80,028	45,258	(108,619)	-	705,498
Electrical equipment	160,190	23,671	(502)	-	183,359	183,359	11,974	272	(14,909)	-	180,696
Medical equipment	293,454	46,702	-	-	340,156	340,156	51,283	-	-	-	391,439
Other	147,700	13,564	-	-	161,264	161,264	11,460	53,727	(12,154)	-	214,297
ROUA (Note 34)	701,255	97,718	-	-	798,973	798,973	207,253	6,941	-	-	1,013,167
	5,134,736	746,069	(64,644)	277	5,816,438	5,816,438	955,960	519,239	(176,243)	-	7,115,394
Leasehold assets											
Roads and bridges	5	-	-	-	5	5	-	-	-	-	5
Improvements to land	1,135	-	-	-	1,135	1,135	-	-	-	-	1,135
Vested other assets	1,155	-	-	-	1,155	1,155	46	-	-	-	1,201
Buildings	35,894	-	-	-	35,894	35,894	-	-	-	-	35,894
Water supply system	89	-	-	-	89	89	-	-	-	-	89
Machinery	23,208	-	-	-	23,208	23,208	-	-	-	-	23,208
Mini-hydro power plant	1,042	-	-	-	1,042	1,042	-	-	-	-	1,042
	62,528	-	-	-	62,528	62,528	46	-	-	-	62,574
Total accumulated depreciation	5,197,264	746,069	(64,644)	277	5,878,966	5,878,966	956,006	519,239	(176,243)	-	7,177,968

Notes to the Financial Statements

Carrying value

	Balance as at 31 March 2026 Rs. '000	Balance as at 31 March 2025 Rs. '000
Freehold assets		
Land	985,827	998,396
Buildings	3,326,773	3,010,691
Plant and machinery	1,400,347	1,243,729
Furniture and fittings	184,220	155,947
Equipment	167,369	119,720
Computer equipment	80,128	80,176
Motor vehicles	379,350	144,159
Electrical equipment	24,526	16,652
Medical equipment	273,272	136,767
Other	167,420	215,886
ROUA (Note 34)	776,005	504,130
Capital work in progress	1,129,196	202,266
	8,894,433	6,828,519
Leasehold assets		
Vested other assets	-	45
	-	45
Total carrying value	8,894,433	6,828,564

- * Assets in estates that are held under leasehold right to use have been taken into books of the Group retrospective from 18 June 1992. For this purpose, the Board of Directors of Watawala Plantation PLC is decided at its meeting on 8 March 1995 that those assets would be taken at their book value as they appeared in the books of the JEDB/ SLSPC, on the date immediately preceding the date of formation of Watawala Plantation PLC.
- * The assets shown above includes assets vested in the Watawala Plantation PLC by Gazette notification on the date of formation of the subsidiary (18 June 1992) and all the investments made in the fixed assets by the subsidiary since its formation.

19.1 Reconciliation of carrying amount (Contd.)

b. Company

Cost

	Balance as at 1 April 2024	Additions	Disposals	Balance as at 31 March 2025	Balance as at 1 April 2025	Additions	Disposals	Balance as at 31 March 2026
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Freehold assets								
Building Improvements	-	-	-	-	-	3,317	-	3,317
Furniture and fittings	8,632	8,526	-	17,158	17,158	1,977	-	19,135
Equipment	6,617	339	-	6,956	6,956	532	-	7,488
Computer equipment	19,129	8,141	(1,993)	25,277	25,277	5,135	-	30,412
Motor vehicles	17,370	17,700	-	35,070	35,070	-	(17,370)	17,700
ROUA	82,445	52,641	-	135,086	135,086	21,668	-	156,754
	134,193	87,347	(1,993)	219,547	219,547	32,629	(17,370)	234,806

Accumulated depreciation

	Balance as at 1 April 2024	Charge for the year	Disposals	Balance as at 31 March 2025	Balance as at 1 April 2025	Charge for the year	Disposals	Balance as at 31 March 2026
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Freehold assets								
Building Improvements	-	-	-	-	-	54	-	54
Furniture and fittings	7,314	1,703	-	9,017	9,017	2,206	-	11,223
Equipment	6,207	747	-	6,954	6,954	318	-	7,273
Computer equipment	12,205	3,906	(1,256)	14,855	14,855	5,093	-	19,948
Motor vehicles	17,370	3,197	-	20,567	20,567	3,540	(17,370)	6,737
ROUA	82,445	23,994	-	106,439	106,439	50,315	-	156,754
	125,541	33,548	(1,256)	157,833	157,833	61,526	(17,370)	201,989

Carrying Value

	Balance as at 31 March 2026	Balance as at 31 March 2025
	Rs. '000	Rs. '000
Freehold assets		
Building Improvements	3,263	-
Furniture and fittings	7,912	8,141
Equipment	215	1
Computer equipment	10,464	10,422
Motor vehicles	10,963	14,503
ROUA	-	28,647
Total Carrying Value	32,817	61,714

Notes to the Financial Statements

19.2 Title restriction on property, plant and equipment

There are no restrictions that existed on the title of the property, plant and equipment of the Group as at the reporting date.

19.3 Acquisition of property, plant and equipment during the year

During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 2,395 million (2024/2025- Rs. 1,276 million).

19.4 Capitalisation of borrowing costs

There is no capitalisation of borrowing cost relating to the acquisition of property, plant and equipment by the Group during the year (2024/2025 - Nil).

19.5 Property, plant and equipment pledged as security

Assets pledged as at 31 March 2026 are disclosed in note No 34.5.

19.6 Temporarily idle property, plant and equipment

There are no temporarily idle property, plant and equipment as at the reporting date.

19.7 Fully depreciated assets

Fully depreciated assets value of Rs. 2,100 million (2024/2025 - Rs. 2,107 million.) is still in use.

20. INTANGIBLE ASSETS

Accounting policy

Recognition and measurement

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 as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

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 recognized in the Statement of Profit or Loss when the asset is de-recognised.

Intangible assets recognised by the Group

Research and development costs

The costs on research activities undertaken with the prospect of gaining new scientific or technical knowledge is expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- a. the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- b. its intention to complete the intangible asset and use or sell it.
- c. its ability to use or sell the intangible asset.
- d. how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- f. its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization 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.

Brand name

Brands acquired as part of a business combination, are capitalised as part of a Brand Name if the Brand meets the definition of an intangible asset and the recognition criteria are satisfied. Brand Names are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Computer software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives and carried at its cost less accumulated amortisation and accumulated impairment losses. Costs associated with maintaining computer software programs are recognised as expense incurred.

Development costs that are directly attributable to the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets and amortized over the useful lives.

Directly attributable costs, capitalised as part of the software product include the software development employee cost and an appropriate portion of relevant overheads. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. When the computer software is an integral part of the related hardware which cannot operate without the specific software is treated as property, plant and equipment.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in Statement of Profit or Loss as incurred.

Amortisation

Intangible assets with finite lives are amortised over the useful economic life of the asset and assessed for impairment. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting date. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss.

Software license	02 - 06 Years
Software development cost	02 - 05 Years
Brand	20 years
Development cost	10 years

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.

Notes to the Financial Statements

20.1 Reconciliation of carrying amount - Group

	Software	Brand	Development Cost	Capital work in progress	Total
Cost	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 April 2024	443,449	167,150	92,101	300	703,000
Addition during the year	26,177	-	665	5,923	32,765
Balance at 31 March 2025	469,626	167,150	92,766	6,223	735,765
Balance as at 1 April 2025	469,626	167,150	92,766	6,223	735,765
Acquisition through business combination	1,757	-	-	-	1,757
Addition during the year	89,142	-	-	14,889	104,031
Transfer during the year	13,793	-	-	(13,793)	-
Balance at 31 March 2026	574,318	167,150	92,766	7,319	841,553
Accumulated amortisation	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 April 2024	273,966	130,277	20,854	-	425,097
Amortisation for the year	60,822	5,825	8,889	-	75,536
Balance at 31 March 2025	334,788	136,102	29,743	-	500,633
Balance as at 1 April 2025	334,788	136,102	29,743	-	500,633
Acquisition through business combination	1,635	-	-	-	1,635
Amortisation for the year	61,145	10,139	8,889	-	80,173
Balance at 31 March 2026	397,568	146,241	38,632	-	582,441
Carrying value as at 31 March 2025	134,838	31,048	63,023	6,223	235,132
Carrying value as at 31 March 2026	176,750	20,909	54,134	7,319	259,112

20.1.1 Brand acquisition

The Group has recognised the brand "HEALTHGUARD" upon the acquisition of Healthguard Pharmacy Limited, on 19 December 2010 and the brand has been valued by an independent valuer, Quasar Capital Advisors (Pvt) Ltd. The value of the brand is tested for impairment on every reporting date. The Board of Directors has decided to amortize the brand for 20 years beginning from the year 2014/15.

20.2 Reconciliation of Carrying amount - Company

	Software Rs. '000	2026 Rs. '000	2025 Rs. '000
Cost			
Balance as at 1 April	29,968	29,968	29,358
Addition during the year	7,165	7,165	610
Balance at 31 March	37,133	37,133	29,968
Accumulated amortisation			
Balance as at 1 April	20,172	20,172	14,868
Amortisation for the year	5,948	5,948	5,304
Balance at 31 March	26,120	26,120	20,172
Carrying value as at 31 March	11,013	11,013	9,796

Title restriction on intangible assets

There are no restrictions that existed on the title of the intangible assets of the Company/ Group as at the reporting date.

Intangible assets pledged as security

None of the Intangible assets have been pledged as security as at the reporting date.

Acquisition of intangible assets during the year

During the financial year, the Group acquired intangible assets to the aggregate value of Rs.104 million (2024/2025- Rs.33 million).

21. LEASEHOLD LAND

	Group	
	2026 Rs. '000	2025 Rs. '000
Leasehold right to land of JEDB / SLSPC estates		
Cost/Revaluation		
Balance as at 1 April	571,290	500,460
Remeasurement of lease liabilities	17,926	70,830
Balance at 31 March	589,216	571,290
Accumulated amortisation		
Balance as at 1 April	161,485	140,609
Amortisation during the year	21,770	20,876
Balance at 31 March	183,255	161,485
Carrying amount	405,961	409,805

Notes to the Financial Statements

The lease of JEDB/SLSPC estates handed over to the subsidiary, Watawala Plantation PLC for the period of 53 years are all executed. The leasehold rights to the land on all these estates are taken in to the books of the subsidiary as at 18 June 1992 immediately after formation of the subsidiary Watawala Plantation PLC in terms of a ruling obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. The bare land are revalued at the value established for this land by valuation specialists, DR Wickramasinghe, just prior to the formation of the subsidiary.

The leasehold rights to land is recorded in accordance with the Statement of Recommended Practice for the Right-to-Use of land on lease which was approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19 December 2012. Corresponding liability is shown as a lease payable to JEDB/SLSPC.

22. BIOLOGICAL ASSETS

Accounting policy

Biological assets shall be qualified for recognition if the Group controls the assets as a result of past event. It is probable that future economic benefits associated with the assets will flow to the Group and fair value or cost of the asset can be measured reliably.

Livestock

A biological asset is a living animal or plant. Livestock are measured at their fair value less estimated costs to sell with any change therein recognised in Statement of Profit or Loss. Estimated cost to sell includes all costs that would be necessary to sell the assets such as transport cost, commission etc.

The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit. The fair value represent the estimated amount for which cattle could be sold on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing where in the parties had each acted knowledgeably, prudently and without compulsion.

Mature and immature plantations

The costs directly attributable to re-planting and new planting are classified as immature plantations up to the time of harvesting the crop.

Since the market determined prices or values are not available and for which alternative estimates of fair value are determined to be clearly unreliable, the Group measures immature and mature plantations of bearer biological assets such as tea, rubber, oil palm etc. at its cost less any accumulated depreciation and any accumulated impairment losses on initial recognition in line with the ruling given by the Institute of Chartered Accountants of Sri Lanka to measure bearer biological assets under LKAS 16, Property, Plant and Equipment.

All expenses incurred in land preparation, planting and development of crops up to maturity or up to the harvesting of the crop are capitalized as biological assets. All expenses subsequent to maturity are recognised directly in Statement of Profit or Loss. General charges incurred on the re-plantation and new plantations are apportioned based on the labour days spent on respective re-planting and new planting and capitalized on immature areas. The remaining portion of the general charges is expensed in the accounting period in which it is incurred.

Where infilling results in an increase in the economic life of a relevant field beyond its previously assessed standard of performance, the costs are capitalized and depreciated over the remaining useful life at rates applicable to mature plantations. Infilling costs that are not capitalized are charged to the Statement of Profit or Loss in the year in which they are incurred.

Accounting policy (Contd.)

The cost of areas coming into bearing are transferred to mature plantations and depreciated over their useful lives as follows:

	Freehold Years	Leasehold Years
Tea	33 Years	30 Years
Rubber	20 Years	20 Years
Oil Palm	20 Years	20 Years
Cinnamon	30 Years	10 Years
Caliandra	15 Years	-
Grass	5 Years	-
Coconut	33 Years	-

Timber plantation

Timber plantation is measured at fair value on initial recognition and at the end of each reporting period at fair value less cost to sell which includes all the cost that would be necessary to sell the assets including transportation costs.

Gain or loss arising on initial recognition of timber plantations at fair value less costs to sell and from the change in fair values less costs of plantations at each reporting date are included in the Statement of Profit or Loss for the period in which they arise. All costs incurred in maintaining the assets are included in Statement of Profit or Loss in the year in which they are incurred.

As at 31 March	Notes	Group	
		2026 Rs. '000	2025 Rs. '000
Biological assets - Bearer	22.1	2,092,993	2,280,632
Biological assets - Consumables	22.2	156,580	149,506
Biological assets - Live stock	22.3	603,324	887,435
		2,852,897	3,317,573
Non current - Biological assets consumable		2,852,897	3,317,573
Current - Biological assets produce on bearer plant	22.4	33,080	36,510
		2,885,977	3,354,083

Notes to the Financial Statements

22.1 Biological assets - Bearer

	Immature plantations Rs. '000	Mature plantations Rs. '000	Total 2026 Rs. '000	Total 2025 Rs. '000
Cost				
Balance as at 1 April	90,932	4,195,805	4,286,737	4,252,820
Additions during the year	4,400	-	4,400	33,917
Transfer during the year	(18,859)	18,859	-	-
Disposal during the year	(17,991)	(9,696)	(27,687)	-
Balance as at 31 March	58,482	4,204,968	4,263,450	4,286,737
Accumulated depreciation				
Balance as at 1 April	-	2,006,105	2,006,105	1,829,841
Charged for the year	-	165,423	165,423	176,264
Disposals for the year	-	(1,071)	(1,071)	-
Balance as at 31 March	-	2,170,457	2,170,457	2,006,105
As at 31 March 2026	58,482	2,034,511	2,092,993	-
As at 31 March 2025	90,932	2,189,700	-	2,280,632

Investments in biological assets - plantations since the formation of the Company have been classified as shown above and includes bearer biological assets comprising mainly tea and oil palm plantations. Bearer biological assets together with any unmanaged biological assets are stated at cost.

The requirement of recognition of bearer biological assets at its fair value less cost to sell under LKAS 41 was superseded by the ruling issued on 2 March 2012, by the Institute of Chartered Accountants of Sri Lanka. Accordingly, Watawala Plantations PLC, a subsidiary of the Company has elected to measure the bearer biological assets at cost using LKAS 16 - "Property, Plant and Equipment".

22.2 Biological assets - Consumables

	Mature plantations	Total 2026	Total 2025
	Rs. '000	Rs. '000	Rs. '000
Cost			
Balance as at 1 April	149,506	149,506	70,086
Gain arising from changes in fair value less costs to sell	7,074	7,074	79,420
Balance as at 31 March	156,580	156,580	149,506

Immature consumer biological assets comprising trees under 5 years old are carried at cost less accumulated impairment losses.

22.2.1. Measurement of fair values

The valuation of consumable biological assets was carried by Mr Weerasinghe Chadraserena, an independent Incorporated Valuation Surveyor, using Discounted Cash Flows (DCF) methods. The Valuation Report dated 31 March 2026 has been prepared based on the physically verified timber statistics provided by the Group.

The future cash flows are determined by reference to current timber prices

- a) The fair value measurements for the timber have been categorised as Level 3 fair values based on the inputs to the valuation techniques used. The fair value measurements of livestock have been categorised as Level 2 fair values based on observable market sales data.

b) Level 3 fair values

The following table shows a breakdown of the total gains recognised in respect of Level 3 fair values (Timber).

	Group	
	2026	2025
	Rs. '000	Rs. '000
Gain included in 'Profit or Loss'		
Change in fair value (unrealised)	7,074	79,420

Notes to the Financial Statements

c) Valuation techniques and significant unobservable inputs

Following table shows the valuation techniques used in measuring Level 3 fair value of consumable biological assets as well as the significant unobservable inputs used for the valuation as at 31 March 2026.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Standing timber Standing timber older than 4 years	<p>Discounted cash flows</p> <p>The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per-tree basis .</p> <p>Expected cash flows are discounted using a risk-adjusted discount rate of 16.25% (2024/2025: 17.50%). Following factors have been considered in determining the risk premium;</p> <ul style="list-style-type: none"> – The illiquid nature of The plantations prior to maturity – A lack of market evidence as to the value of biological assets through their life cycle – Risk relations to diseases and fire affecting the biological assets – Adoption of conservative valuation approach 	<p>Determination of timber content</p> <p>Timber trees in inter-crop areas and pure crop areas have been identified field-wise and species were identified and harvestable trees were separated, according to their average girth and estimated age.</p> <p>Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size.</p> <p>Determination of price of timber</p> <p>Trees have been valued as per the current timber prices per cubic metre based on the industry average prices logs sawn timber at the popular timber traders in Sri Lanka.</p> <p>In this exercise, following factors have been taken into consideration</p> <ol style="list-style-type: none"> a. Cost of obtaining approval of felling. b. Cost of felling and cutting into logs. c. Cost of transportation. d. Sawing cost. e. Cost of sale. f. Exclusion of trees located in restricted area specialized in the circular No. 2019/01 price range per cu.ft. is Rs. 350/- to Rs. 1000/- (2024/2025-Rs. 350/- to Rs. 1000/-). <p>Risk-adjusted discount rate.</p> <p>2025/2026 - 16.25% (2024/2025 - 17.5%).</p>	<p>The estimated fair value at the time of harvesting each specific species is sensitive to the following variables:</p> <ul style="list-style-type: none"> – the estimated timber content (The higher the volume, the higher the fair value) – the estimated selling related costs (Lower the selling related costs, the higher the fair value) – the estimated maturity age (Lower the rotation period, the higher the fair value) – the estimated maturity age – the risk-adjusted discount rate. (The higher the discount rate, the lesser the fair value)

22.2.2 Sensitivity analysis

The financial impact on the value appearing in the Statement of Financial Position due to change of selling price and variation of discount rate is given below.

Sensitivity variation sales price (using 10% estimated variation)

Simulations made for the timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

	2026	2025
	Rs. '000	Rs. '000
Value stand as now	156,580	149,506
Value stand as at 10% positive variance	172,238	164,457
Value stand as at 10% negative variance	140,922	134,555

Sensitivity variation discount rate (using 1.0% variation)

Simulations made for the timber trees show that a rise or decrease by 1.0% of the discount rate has the following effect on the net present value of biological assets:

	2026	2025
	Rs. '000	Rs. '000
Value stand as now	156,580	149,506
Value stand as at 1% positive variance	143,499	139,275
Value stand as at 1% negative variance	171,252	160,688

22.3 Biological assets - Livestock

	Group	
	2026	2025
	Rs. '000	Rs. '000
Balance as at 1 April	887,435	1,165,584
Additions during the year	203,764	186,818
Disposals during the year	(111,257)	(98,682)
Loss arising from changes in fair value less costs to sell	(376,618)	(366,285)
Balance as at 31 March	603,324	887,435

Notes to the Financial Statements

22.3.1 Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Livestock Livestock comprises cattle	Discounted cash flows The valuation model considers present value of future net cash flows expected to be generated by the cattle based on lactation-wise annual milking averages and costs incurred. Expected cash flows are discounted using a risk-adjusted discount rate of 17.49% (2024/2025: 17.6%).	<p>Determination of selling price Selling price has been determined based on the market prices</p> <p>Determination of cost per cow Cost per cow has been determined based on the adjusted cost during the year.</p> <p>Determination of discount factor Risk adjusted discount rate of 17.49% (2024/2025-17.6%) has been used for the valuation.</p> <p>Determination of yield Yield has been determined based on the actual milk production in each lactation.</p> <p>Risk-adjusted discount rate. 2025/2026 - 17.49% (2024/2025 - 17.6%).</p>	<p>The estimated fair value would increase/(decrease):</p> <ul style="list-style-type: none"> - the estimated milking prices were higher/(lower) - the estimated yield per cow were higher/(lower) - the risk-adjusted discount rate were higher/(lower)

22.3.2. Sensitivity analysis

The fair value measurements of livestock have been categorised as Level 3 fair value based on assumptions used.

Sensitivity variation sales price (using 10% estimated variation)

Simulations made for livestock show that an increase or decrease by 10% of the estimated future selling price has the following effect on the fair value of biological assets:

	2026	2025
	Rs. '000	Rs. '000
Value stand as now	603,324	887,435
Value stand as at 10% positive variance	639,810	1,169,363
Value stand as at 10% negative variance	567,124	605,506

Sensitivity variation Cost (using 10% variation)

Simulations made for livestock show that an increase or decrease by 10% of the estimated future cost has the following effect on the fair value of biological assets:

	2026	2025
	Rs. '000	Rs. '000
Value stand as now	603,324	887,435
Value stand as at 10% positive variance	589,408	466,600
Value stand as at 10% negative variance	617,193	1,308,269

Sensitivity variation discount rate (using 1.0% variation)

Simulations made for livestock show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the fair value of biological assets:

	2026	2025
	Rs. '000	Rs. '000
Value stand as now	603,324	887,435
Value stand as at 1% positive variance	631,486	868,760
Value stand as at 1% negative variance	577,031	906,792

Sensitivity Variation on yield (using 1.0% variation)

	2026	2025
	Rs. '000	Rs. '000
Value stand as now	603,324	887,435
Value stand as at 1% positive variance	675,340	968,453
Value stand as at 1% negative variance	531,751	807,038

22.4 Biological assets – Produce on bearer plants

	Group	
	2026	2025
	Rs. '000	Rs. '000
As at 31 March		
Balance as at 1 April	36,510	70,867
Change during the year	(3,430)	(34,357)
Balance as at 31 March	33,080	36,510

The volume of produce growing on bearer plants are measured considering the estimated crop of the last harvesting cycle of the year as follows,

- Tea - Three days crop (50% of 6 days cycle),
- Oil palm - Five days crop (50% of 10 days cycle)

Produce that grows on mature bearer plantations are measured at fair value less cost to sell. The value of the unharvested green leaves is measured using the Tea commissioner's formula for bought leaf and the value of unharvested fresh fruit bunches (FFB) of Oil Palm is measured using the actual price used to purchase FFB from out growers.

Risk management strategy related to agricultural activities

Regulatory and environmental risks

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Notes to the Financial Statements

Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume. When possible, the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing.

Climate and other risks

The Group's plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

23. INVESTMENT PROPERTY

Accounting policy

Recognition and measurement

A property that is held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business, by the Group are accounted for as investment properties.

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in Statement of profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognised as other revenue on a straight-line basis over the term of the lease.

Changes in fair values are recognised as gains in profit or loss and included in 'other income'. All gains are unrealised.

23.1 Reconciliation of carrying amount - Group

	Land Rs. '000	Building Rs. '000	Total Rs. '000
Balance as at 1 April 2024	611,694	19,518	631,212
Transfer to Property, plant and equipment	(19,637)	(19,518)	(39,155)
Additions during the year	3,693	-	3,693
Change in fair value	49,464	-	49,464
Disposal during the year	(75,014)	-	(75,014)
Balance as at 31 March 2025	570,200	-	570,200
Balance as at 1 April 2025	570,200	-	570,200
Balance as at 31 March 2026	570,200	-	570,200

23.2 Reconciliation of carrying amount - Company

	Land Rs. '000	Building Rs. '000	Total Rs. '000
Balance as at 1 April 2024	607,004	238,655	845,659
Additions during the year	3,693	-	3,693
Change in fair value	44,028	8,350	52,378
Balance as at 31 March 2025	654,725	247,005	901,730
Balance as at 1 April 2025	654,725	247,005	901,730
Balance as at 31 March 2026	654,725	247,005	901,730

23.3 Details of land and building under Investment Property

Location	Group/ Company	Extent		Fair valued amount		Carrying Value after revaluation in 2026 Rs. '000	Carrying Value if carried at cost Rs. '000
		Land (Perches)	Building (Square feet)	Land Rs. '000	Building Rs. '000		
75A, Kandawala Road, Rathmalana	Company	195.50	42,367.5	237,925	140,075	378,000	327,205
No130/6, Sri Wickrema Mawatha	Company	117.00	31,105.0	140,400	106,930	247,330	71,616
60/46, Sri Wickrama Road, Colombo 15	Group & Company	25.60	-	33,800	-	33,800	11,980
No 107/11, Pasbatel Road, Mattakkuliya	Group & Company	246.29	-	242,600	-	242,600	171,674
No 75, Norris Canel Road, Colombo 10	Group	28.25	-	293,800	-	293,800	226,000

Lands and buildings were revalued as at 31 March 2026, by Mr Lochana I Silva, a fellow member of the Royal Institute of chartered surveyors (UK), a professional valuer in Sri Lanka. The fair value is determined based on an open market value using existing use basis.

The Group policy is to revalue all the Investment Properties by an independent professional valuer every year. The investment property were independently valued on 31 March 2026 and it was concluded that there is no significant change in the market value and no adjustment were made to the financial statements.

23.4 Measurement of fair values

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement of all of the investment properties has been categorized as a Level 3 fair value based on the inputs to the valuation techniques used.

Notes to the Financial Statements

Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Method of valuation

Valued using income approach

The following investment properties have been valued using the income approach, in accordance with SLFRS 13 – Fair Value Measurement and LKAS 40 – Investment Property, as they are currently rented out and generate regular rental income. The income approach involves discounting the estimated future net cash flows to their present value using market-derived discount rates.

Location and address of the property	Method of valuation	Period Considered	Rent Range	Discount Factor
No 75A, Kandawala Road, Rathmalana.	Income Approach	Two (2) years	Rs. 1,057,875 – Rs. 3,139,894	-
No. 130/6, Sri Wickrama Mawatha, Mattakkuliya	Income Approach	Four (4) years	Rs. 14,880,000 – Rs. 17,223,600	10%

Valued Using Direct Comparison Approach

When the rental value of a specific property is unavailable, but there is evidence of the sale price for comparable properties in the area, this approach can be applied. In such instances, the capitalized value of the property is determined by directly comparing it to the capitalized value of similar properties in the vicinity.

Location and address of the property	Method of valuation	Significant unobservable inputs	Range of estimates for unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
No 60/46, Sri Wickrama Mawatha, Mattakkuliya	Direct Comparison Approach	Land - Price per perch	Rs. 1,320,000 – Rs. 2,000,000	The estimated fair value would increase (decrease) if: Price per perch for land were higher (lower);
No 60/52, Sri Wickrema Mawatha, Mattakkuliya	Direct Comparison Approach	Land - Price per perch	Rs. 985,000 – Rs. 2,000,000	The estimated fair value would increase (decrease) if: Price per perch for land were higher (lower);
No 75, Norris Canal Road, Colombo 10	Direct Comparison Approach	Land - Price per perch	Rs. 10,000,000 – Rs. 14,000,000	The estimated fair value would increase (decrease) if: Price per perch for land were higher (lower);

23.5 Amounts recognised in profit or loss

For the year ended 31 March	Notes	Group		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Rent income from investment property	10	6,652	5,313	28,255	26,457
Direct operating expenses (including maintenance) generating rent income		(2,264)	(3,685)	(2,264)	(3,685)
Net Profit from investment property carried at fair value		4,388	1,628	25,991	22,772

24. INVESTMENT IN SUBSIDIARIES

Accounting policy

Recognition and measurement

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commenced until the date on which control ceases.

Investments in subsidiaries are recognised at cost of acquisition and thereafter it is carried at cost less any impairment losses in the separate financial statements of the Company. The net assets of each subsidiary are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the investment is estimated and the impairment loss is recognised to the extent of its net assets loss.

Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the Group's interest in the net fair value of identifiable assets and liabilities of acquired entity.

The excess of the purchase price over the carrying amount of non-controlling interest, when the Group increases its interest in an existing subsidiary, is recognized in equity.

Goodwill is tested annually for impairment, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups that are expected to benefit from the business combination which the goodwill arose.

24.1 Carrying amount of investments in subsidiaries

	2026				2025			
	Holding %	No. of Shares	Cost Rs. '000	Carrying value Rs. '000	Holding %	No. of Shares	Cost Rs. '000	Carrying value Rs. '000
Unquoted								
Sunshine Healthcare Lanka Limited	85.27	11,033	3,027,470	3,027,470	85.27	11,033	3,027,470	3,027,470
Sunshine Consumer Lanka Limited	100.0	66,720	2,681,595	2,681,595	100.0	66,720	2,681,595	2,681,595
Norris Canel Properties Ltd	100.0	9,600	96,000	96,000	100.0	9,600	96,000	96,000
Sunshine Wilmar (Pvt) Ltd	50.0	197,000	1,520,750	1,520,750	50.0	197,000	1,520,750	1,520,750
Joint Agri Products Ceylon (Pvt) Ltd	51.0	577,320	2,681,656	2,681,656	-	-	-	-
			10,007,471	10,007,471			7,325,815	7,325,815

Notes to the Financial Statements

24.2 Group holding

	2026	2025
	%	%
Watawala Plantations PLC	38.42%	38.42%
Sunshine Consumer Lanka (Pvt) Ltd	100.00%	100.00%
Lonach Dairy Ltd	34.90%	34.54%
Zesta Tea Ceylon (Shenzhen) Co. Limited	100.00%	100.00%
Sunshine Healthcare Lanka (Pvt) Ltd	85.27%	85.27%
Healthguard Pharmacy Limited	85.27%	85.27%
Norris Canal Properties (Pvt) Ltd	100.00%	100.00%
Sunshine Wilmar (Pvt) Ltd	50.00%	50.00%
Lina Manufacturing (Pvt) Ltd	63.10%	63.10%
Lina Spiro (Pvt) Ltd	-	63.10%
Sunshine Tea (Pvt) Ltd	100.00%	100.00%
Joint Agri Products Ceylon (Pvt) Ltd	51.00%	-

24.3 Changes to the group structure during the year

24.3.1 Investment in Subsidiaries

a. Investment in a subsidiary during FY 2025/26

Sunshine Holdings PLC (“the Company”) acquired a controlling interest in Joint Agri Products Ceylon (Private) Limited (“JAPC”), a Sri Lanka-incorporated company engaged in the processing and export of spices, coconut products, and teas, primarily to the European Union and the United States. On 21 January 2026, the Company entered into a Share Sale and Purchase Agreement with the existing shareholders of JAPC, pursuant to which it acquired 577,320 ordinary shares, representing a 51% equity stake, for a total consideration of Rs. 2,698,875,228.40 on 30 March 2026. Following a post-acquisition restructuring, the Company’s investment represents an effective equity interest of 75% of the issued share capital of JAPC.

b. Investment in a Subsidiary during FY 2024/25

On February 6, 2025, Sunshine Healthcare Lanka Ltd purchased 12,500,000 shares of Healthguard Pharmacy Ltd for Rs. 400 million. Healthguard Pharmacy Ltd is a fully owned subsidiary of Sunshine Healthcare Lanka Ltd.

24.3.2 Change in NCI

a. Change in NCI during FY 2024/25

Capital Infusion of International Finance Corporation (IFC)

On May 6, 2024, International Finance Corporation (IFC) invested a total of Rs. 3,269,999,800 in SHL. In consideration of this investment, SHL issued 1,905,239 ordinary voting shares to IFC on October 3, 2024. Following this transaction, SUN now holds 85.27% of the shareholding in SHL, while IFC holds the remaining 14.73%.

Changes in holding in Lina Manufacturing (Pvt) Ltd

On February 6, 2025, Sunshine Healthcare Lanka Ltd purchased 34,253,355 shares of Lina Manufacturing (Pvt) Ltd for Rs. 875 million, while Celegon Lanka (Pvt) Ltd acquired 10,051,929 shares for Rs. 257 million. As a result of this transaction, Sunshine Healthcare Lanka Ltd's effective shareholding in LMPL increased from 71.6% to 74%.

Accordingly, SHL holding in Lina has increased by 2.4% . The carrying amount of Lina Manufacturing Ltd Net assets in the Group's consolidated financial statements on the date of the acquisition was Rs. 3,361,300,507.

	Rs.'000
SHL interest after acquisition date	2,487,342
SHL interest before the acquisition	(1,595,778)
	891,564
New investment value	(875,173)
Increase in SHL ownership interest	16,390
Decrease in NCI ownership interest	(16,390)

The increase in equity attributable to owners of the company comprised of Rs. 16.4 mn increase in retained earnings.

24.3.3 Amalgamation of a Subsidiary

a. Amalgamation of subsidiary during FY 2025/26

In accordance with the applicable legal provisions, Lina Spiro (Private) Limited was amalgamated with Lina Manufacturing (Private) Limited, with effect from 1 April 2025, as evidenced by the official certificates issued in this regard. Upon amalgamation, the book value of Lina Spiro (Private) Limited as at 1 April 2025 was incorporated into the financial statements of Lina Manufacturing (Private) Limited. Subsequent to the amalgamation, all business operations previously undertaken by Lina Spiro (Private) Limited are carried on by Lina Manufacturing (Private) Limited, which continues as the surviving entity following the amalgamation.

b. Amalgamation of Subsidiary during FY 2024/25

SUN has amalgamated with SPL, a fully owned subsidiary of SUN effective from 1 October 2024. Accordingly, the book value of SPL was amalgamated with SUN, and SUN continues as the surviving entity.

24.3.4 Group restructuring during FY 2024/25

On 31 December 2024, the Board of Directors of SUN resolved to approve the transfer of its entire shareholding in SST, a wholly-owned subsidiary, to SCL, a wholly-owned subsidiary of the company. The transaction involves the transfer of 4,716,545 shares in SST, valued at a total consideration of Rs. 1,940,000,000. As consideration for the transfer, SCL issued 31,219,826 new ordinary shares amounting to Rs. 1,940,000,000 to SUN.

24.4 Assessment of impairment of subsidiary

The Company did not have to provide for impairment after assessing the performance and the net asset position of its subsidiary companies as at the year ended 31 March 2026. The Board of Directors will review the performance of the subsidiary on an ongoing basis and make provisions for impairment when necessary.

Notes to the Financial Statements

25. GOODWILL

25.1. Net carrying value of goodwill

Goodwill arising on business combinations have been allocated to the following cash generating units (CGU's),

	Sunshine Healthcare Lanka Limited Rs. '000	Sunshine consumer Lanka Limited Rs. '000	Sunshine Tea (Pvt) Ltd Rs. '000	Joint Agri Products Ceylon (Pvt) Ltd Rs. '000	Total 2026 Rs. '000	Total 2025 Rs. '000
Balance as at 1 April	976,913	119,067	214,753	-	1,310,733	1,387,106
Acquisition through business combination (Note 25.4)	-	-	-	1,400,714	1,400,714	-
Impairment during the year	-	(119,067)	-	-	(119,067)	(76,373)
Balance as at 31 March	976,913	-	214,753	1,400,714	2,592,380	1,310,733

25.2 Impairment of goodwill

Impairment during the year

The recoverable amount of the Sunshine consumer Lanka Limited (Daintee business operation) CGU was determined based on its value in use calculation, established by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was identified to be higher than its recoverable amount of Rs. 1,481 million. Hence an impairment loss of Rs. 119 million has been recognised during the financial year 2025/2026 (2024/2025 - 76.3 million).

Total of above impairment losses was allocated to goodwill and recognised in the statement of profit or loss as an impairment loss on goodwill.

Impairment assessment

On annual testing of impairment of goodwill the recoverable amount is determined based on value-in-use calculations. The key assumptions used in this calculation are given below;

Goodwill applicable for	Sunshine Healthcare Lanka Ltd		Sunshine Consumer Lanka Ltd		Sunshine Consumer Lanka Ltd	
	Lina Manufacturing (Pvt) Ltd 2026	2025	Daintee Ltd 2026	2025	Sunshine Tea (Pvt) Ltd 2026	2025
Discount rate	12.2%	10.9%	12.4%	15.0%	11.5%	10.9%
Terminal value growth rate	2.0%	2.0%	2.0%	2.0%	3.0%	2.0%
Budgeted EBITDA growth rate (average of next five years)	11.2%	9.8%	5.4%	6.1%	9.9%	9.5%

These value-in-use calculations use cash flow projections based on financial budgets approved by management. Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth.

Pre-tax rate that reflects current market assessments of the time value of money specific to the country and the risks specific to the CGU have been used in the discounted cash flow calculations.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Sensitivity to changes in key assumptions

Management has identified that a reasonable possible change in the two key assumptions namely, Budgeted EBITDA growth rate and discount rate could cause the carrying amount to exceed the recoverable amount. Given below is the change required individually for each key assumptions, for the carrying amount to equate the recoverable amount.

	Sunshine Healthcare Lanka Ltd		Sunshine Consumer Lanka Ltd		Sunshine Consumer Lanka Ltd	
	Lina Manufacturing (Pvt) Ltd		Daintee Ltd*		Sunshine Tea (Pvt) Ltd	
	2026	2025	2026	2025	2026	2025
Discount rate	3.02%	4.80%	N/A	N/A	1.31%	2.02%
Budgeted EBITDA growth rate	-6.97%	-7.31%	N/A	N/A	-1.90%	-2.10%

* Following the impairment loss recognised in the Goodwill, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in key assumptions could lead to further impairment.

25.3 Acquisition of Subsidiary

Sunshine Holdings PLC (“the Company”) acquired a controlling interest in Joint Agri Products Ceylon (Private) Limited (“JAPC”), a Sri Lanka-incorporated company engaged in the processing and export of spices, coconut products, and teas, primarily to the European Union and the United States. On 21 January 2026, the Company entered into a Share Sale and Purchase Agreement with the existing shareholders of JAPC, pursuant to which it acquired 577,320 ordinary shares, representing a 51% equity stake, for a total consideration of Rs. 2,698,875,228/-, 30 March 2026.

a. Consideration transferred

	Joint Agri Products Ceylon Pvt Ltd
	Rs. '000
Purchase consideration paid in cash	2,556,876
Deferred consideration	124,780
Fair value of total consideration	2,681,656

The consideration transferred includes a deferred consideration component amounting to Rs. 142,000,000, payable to the former owners of the acquiree.

The deferred consideration is contingent upon the satisfaction of conditions specified in the purchase agreement. The payment is subject to the condition that no tax liability, claim, or demand is raised by the Inland Revenue Department (IRD) or any other third party within one year from the acquisition date.

Where a liability or claim is raised by the IRD or any third party within the specified period, the deferred consideration will be reduced or may cease to be payable in full, depending on the nature and amount of such liability.

Notes to the Financial Statements

b. Identifiable assets acquired and Liabilities assumed

The amounts recognised in respect of the identifiable net assets acquired and liabilities assumed are as set out below:

Joint Agri Products Ceylon Pvt Ltd	
Rs. '000	
Property, plant and equipment	949,282
Other investment	742,536
Inventory	1,807,631
Trade and other receivables	1,199,892
Amount due from related parties	20
Cash and cash equivalents	88,355
Total assets	4,787,716
Interest bearing borrowings	(461,986)
Employee benefit	(31,320)
Deferred taxation	(4,759)
Amount due to related parties	(2,302)
Trade and other payable	(968,822)
Current tax payable	(282,520)
Bank overdraft	(524,355)
Total liabilities	(2,276,064)
Total identifiable net assets acquired	2,511,652

The trade receivables comprise gross contractual amounts due of Rs. 1,199 million and there is no material uncollectable balance at the date of acquisition.

The Group incurred acquisition-related costs of Rs. 38 million on legal fees and due diligence costs. These costs have been included in 'administrative expenses'.

There are no contributions to the Group's results from JAPC since the acquisition was completed on 30 March 2026. If the acquisition had occurred on 1 April 2025, management estimates that consolidated revenue would have been Rs. 72 million and consolidated profit for the year would have been Rs. 5.5 million.

c. Goodwill

Goodwill on acquisition is recognised as a result of the acquisitions as follows.

Joint Agri Products Ceylon Pvt Ltd	
Rs. '000	
Fair value of the total consideration	2,681,656
Less: Identifiable Net Assets	(2,511,652)
Add: NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of JAPC	1,230,710
Goodwill arises on acquisition	1,400,714

The goodwill arising on the acquisition is primarily attributable to the established customer base and market share of Joint Agri Products Ceylon (Pvt) Ltd and the synergies expected to be achieved from integrating JAPC into the Group's existing Agribusiness segment.

26. OTHER INVESTMENTS

Accounting policy

Refer accounting policies in Note 18.

	Notes	Group		Company	
		2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Financial assets at fair value through profit or loss - FVTPL	26.1	939,305	3,322,179	-	1,089,553
Financial assets at fair value Through other comprehensive income - FVOCI	26.2	634,000	468,749	634,000	468,749
Financial assets at amortised cost	26.3	1,982,653	1,276,651	350,635	904,739
		3,555,958	5,067,579	984,635	2,463,041
Non-current investments		1,376,536	578,045	634,000	572,918
Current investments		2,179,422	4,489,534	350,635	1,890,123
		3,555,958	5,067,579	984,635	2,463,041

Information about the Group's exposure to credit and market risk, and fair value measurement, is included in Note 40 & 39.

26.1 Financial assets at Fair Value through Profit or Loss - FVTPL

	Notes	Group		Company	
		2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Investment in unit trust	26.1.1	939,305	3,317,052	-	1,089,553
Investment fund	26.1.2	-	5,127	-	-
		939,305	3,322,179	-	1,089,553
Current investments		939,305	3,322,179	-	1,089,553
		939,305	3,322,179	-	1,089,553

26.1.1 Investment in unit trusts

	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Balance as at 1 April	3,317,052	598,043	1,089,553	598,043
Investments / (disposals) made during the year	(2,560,530)	2,559,895	(1,134,256)	425,068
Acquisition through Business combination	6,215	-	-	-
Gain on increase in net asset value during the year	176,568	159,114	44,703	66,442
Carrying value as of 31 March	939,305	3,317,052	-	1,089,553

Notes to the Financial Statements

The Investment in Unit Trusts comprises investments made in Capital Alliance Investments Limited. The average annual yield of the two investment are as follows;

Institution	Fund	Yield Rate
Capital Alliance Investments Limited	Investment Grade Fund	9.57%

26.1.2 Investment fund

	Group	
	2026 Rs. '000	2025 Rs. '000
Balance as at 1 April	5,127	51,393
Funds transferred to short term deposit	(5,127)	(50,000)
Gain on increase in net asset value during the year	-	3,734
Carrying value as of 31 March	-	5,127

26.2 Financial assets at Fair Value through Other Comprehensive Income - FVOCI

For the year ended 31 March	Notes	Group		Company	
		2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Investment in unquoted shares	26.2.1	634,000	468,749	634,000	468,749
		634,000	468,749	634,000	468,749
Non-current investments		634,000	468,749	634,000	468,749
		634,000	468,749	634,000	468,749

26.2.1 Investment in unquoted shares

	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
TATA Communication Lanka Limited	108,200	92,059	108,200	92,059
Lanka Commodity Brokers Limited	525,800	376,690	525,800	376,690
	634,000	468,749	634,000	468,749

Group/ Company	Lanka Commodity Brokers Limited	TATA Communication Lanka Limited	Total
	Rs. '000	Rs. '000	Rs. '000
Cost			
Balance as at 1 April 2024	117,693	75,000	192,693
Investments made during the year	14,634	-	14,634
Balance as at 31 March 2025	132,327	75,000	207,327
Balance as at 31 March 2026	132,327	75,000	207,327
Fair Value			
Balance as at 1 April 2024	350,612	319,857	670,469
Investments made during the year	14,634	-	14,634
Change in fair value	11,444	(227,798)	(216,354)
Balance as at 31 March 2025	376,690	92,059	468,749
Change in fair value	149,110	16,141	165,251
Balance as at 31 March 2026	525,800	108,200	634,000

Equity securities designated as at FVOCI

The Group designated the investments shown below as equity securities at FVOCI because these equity securities represent investments that the Group intends to hold for the long term for strategic purposes.

	% Holding	2026		% Holding	2025	
		Fair value	Dividend income		Fair value	Dividend income
		Rs. '000	Rs. '000		Rs. '000	Rs. '000
TATA Communication Lanka Limited	17.35	108,200	-	17.35	92,059	23,002
Lanka Commodity Brokers Limited	10.00	525,800	22,150	10.00	376,690	38,301
		634,000	22,150		468,749	61,303

No Strategic investments were disposed during 2025/26, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

26.2.2 Basis of computation and Unobservable input

The Free Cash flow to Firm method was used to determine the fair value of the unquoted share investments. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The key assumptions used in the estimation of the fair value are set out below. Key assumptions are determined based on management experience, expectation of future outcome taking into account past experience adjusted for anticipated growth, historical data and industry norms.

	Tata Communication Lanka Ltd	Lanka Commodity Brokers Ltd
Terminal Growth	3.0%	3.0%
EBIT Growth rate	5.0%	3.5%
Discount rate	17.9%	14.7%

Notes to the Financial Statements

26.2.3 Sensitivity to changes in key assumptions

	2025/26		2024/25	
	Tata Communication Lanka Ltd	Lanka Commodity Brokers Ltd	Tata Communication Lanka Ltd	Lanka Commodity Brokers Ltd
Terminal Growth				
1% increase	109.52	536.32	94.32	413.26
1% decrease	106.63	483.74	90.13	347.53
EBIT Growth				
1% increase	119.02	578.38	93.97	394.55
1% decrease	97.38	473.22	90.20	359.30
Discount rate				
1% increase	101.78	499.67	88.84	355.79
1% decrease	130.50	598.90	95.81	400.01

26.3 Financial assets at amortised cost

	Notes	Group		Company	
		2026	2025	2026	2025
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Investment in debentures	26.3.1	104,170	104,170	104,170	104,170
Investments in deposits and repo investment		1,878,483	1,172,481	246,465	800,569
		1,982,653	1,276,651	350,635	904,739
Non-current investments		742,536	104,170	-	104,170
Current investments		1,240,117	1,172,481	350,635	800,569
		1,982,653	1,276,651	350,635	904,739

26.3.1 Investment in debentures

The Group and the Company has invested Rs. 100 million in listed rated unsecured redeemable Type A -5 years debentures issued by National Development Bank with fixed Interest Rate of 11.9% per annum payable semi- annually.

Group / Company	2026	2025
	Rs. '000	Rs. '000
Balance as at 1 April	104,170	104,170
Interest accrued during the year	11,900	11,900
Interest received during the year	(11,900)	(11,900)
Balance as at 31 March	104,170	104,170

For the year ended 31 March 2026	Credit Rating	Maturity date	No. of debentures	Investment value Rs. '000	Interest %
National Development Bank	A+	27-Nov-26	1,000,000	100,000	11.9%
For the year ended 31 March 2025	Credit Rating	Maturity date	No. of debentures	Investment value Rs. '000	Interest %
National Development Bank	A+	27-Nov-25	1,000,000	100,000	11.9%

27. DEFERRED TAXATION

Accounting policy

Deferred tax is recognised in respect of temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes

Deferred tax liabilities

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, 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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The Group applied deferred tax related to assets and liabilities arising from a Single Transaction where a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets has been recognised.

Deferred tax relating to items recognised directly in equity are also recognised in equity, through other comprehensive income and not in the Statement of Profit or Loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted or announced by the reporting date. Deferred tax expense on companies resident in Sri Lanka are calculated based on the tax rates specified in Inland Revenue Act No. 24 of 2017 and its amendments thereto.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Notes to the Financial Statements

27.1 Composition of net and gross deferred tax asset / (liability)

As at 31 March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Composition of net deferred tax asset/(liability)				
Net deferred tax asset	471,717	374,924	-	14,689
Net deferred tax liability	(1,665,060)	(1,610,069)	(57,812)	-
	(1,193,343)	(1,235,145)	(57,812)	14,689

As at 31 March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Composition of gross deferred tax asset/(liability)				
Gross deferred tax asset	950,759	600,758	47,877	118,163
Gross deferred tax liability	(2,144,102)	(1,835,903)	(105,689)	(103,474)
	(1,193,343)	(1,235,145)	(57,812)	14,689

27.2 Deferred tax asset (gross)

As at 31 March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Balance as at 1 April	600,758	611,138	118,163	59,382
Origination / (reversal) of temporary differences				
- Recognised in profit / (loss)	347,608	(50,454)	(61,468)	61,833
- Recognised in other comprehensive income	2,393	40,074	(8,818)	(3,053)
Balance as at 31 March	950,759	600,758	47,877	118,163

27.3 Deferred tax liability (gross)

As at 31 March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Balance as at 1 April	(1,835,903)	(1,877,751)	(103,474)	(139,470)
Origination / (reversal) of temporary differences				
- Recognised in profit / (loss)	(253,865)	(23,058)	47,360	(28,910)
- Recognised in other comprehensive income	(49,575)	64,906	(49,575)	64,906
Acquisition through business combination (Note 25.3)	(4,759)	-	-	-
Balance as at 31 March	(2,144,102)	(1,835,903)	(105,689)	(103,474)
Net deferred tax asset / (liability) - Note 27.1	(1,193,343)	(1,235,145)	(57,812)	14,689

27.4 Reconciliation of Deferred tax liabilities and Deferred tax assets

Group	2026		2025	
	Temporary Difference	Tax effect	Temporary Difference	Tax effect
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Property, plant & equipment	(3,037,292)	(836,853)	(2,488,329)	(746,493)
Intangible assets	16,102	4,830	11,825	3,548
Right-of-use assets	(1,236,220)	(370,412)	(504,129)	(151,239)
Biological assets - Bearer	(2,088,979)	(622,687)	(3,164,052)	(856,212)
Biological assets - Livestock	(603,317)	(120,663)	-	-
Biological assets - Consumable	(156,580)	(31,317)	(162,359)	(32,471)
Fair value gain on Investment property	(499,070)	(149,720)	(499,070)	(149,720)
Retirement benefit obligation	1,424,620	420,218	1,221,861	360,090
Debtors provision	385,780	115,734	304,673	90,918
Inventory provision	167,686	47,579	159,259	45,052
Capital grants	31,816	9,545	34,173	10,253
Lease liabilities	1,176,175	352,853	513,346	154,004
Fair value gain on Investments at FVOCI	(41,500)	(12,450)	123,751	37,125
	(4,460,779)	(1,193,343)	(4,449,051)	(1,235,145)

Company	2026		2025	
	Temporary Difference	Tax effect	Temporary Difference	Tax effect
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Property, plant & equipment	(11,179)	(3,352)	(15,526)	(4,658)
Intangible assets	16,102	4,830	11,825	3,548
Right-of-use assets	-	-	(29,763)	(8,929)
Fair value gain on Investment property	(299,623)	(89,887)	(299,623)	(89,887)
Lease liabilities	-	-	28,647	8,594
Retirement benefit obligation	143,489	43,047	229,653	68,896
Fair value gain on investments at FVOCI	(41,500)	(12,450)	123,751	37,125
	(192,711)	(57,812)	48,964	14,689

Notes to the Financial Statements

27.5 Tax losses carried forward

The Inland Revenue Act No. 24 of 2017 and its amendments thereto specifies that any unclaimed tax losses incurred during the year from business or investment could be carried forward for further six years under Section 19.

Companies in the Group have evaluated the recoverability of unclaimed losses through taxable profit forecasts and deferred tax assets have been recognised accordingly. Deferred tax assets recognised on tax losses would be reviewed at each reporting date based on the taxable profit forecasts and would be reduced to the extent of recoverable amount.

As specified in note 14.5, some companies in the Group have carried forward tax losses which are available to be set off against the future tax profits of those companies. Deferred tax assets not accounted in respect of these losses amounted to Rs. 886 million (2024/2025 - Rs. 624 million) since utilization against future taxable profits are not probable. For Sunshine Holdings PLC, deferred tax assets unaccounted on losses as at 31.03.2026 amounted to Rs. 160.6 million (2024/2025 - Rs. 259.7 million).

Tax losses for which no deferred tax asset was recognised expire as follows.

	2025/2026	Expiry date	2024/2025	Expiry date
	Rs. '000		Rs. '000	
Group	886,079	2028 - 2032	624,254	2028 - 2031
Company	160,653	2030 - 2032	259,670	2030 - 2032

27.6 Movement in tax effect of temporary differences

Group	Balance as at 1 April 2024 Rs.'000	Recognised in Profit or loss 2024/2025 Rs.'000	Recognised in OCI 2024/2025 Rs.'000	Balance as at 31 March 2025 Rs.'000	Recognised in Profit or loss 2025/2026 Rs.'000	Recognised in OCI 2025/2026 Rs.'000	Balance as at 31 March 2026 Rs.'000
Property, plant & equipment	(687,355)	(59,138)	-	(746,493)	(85,601)	-	(836,853)
Intangible assets	-	3,548	-	3,548	1,282	-	4,830
Right-of-use assets	(92,053)	(59,186)	-	(151,239)	(219,173)	-	(370,412)
Biological assets - Bearer	(968,379)	112,167	-	(856,212)	233,525	-	(622,687)
Biological assets - Livestock	-	-	-	-	(120,663)	-	(120,663)
Biological assets - Consumable	-	(32,471)	-	(32,471)	1,154	-	(31,317)
Fair value gain on Investment property	(72,826)	(76,894)	-	(149,720)	-	-	(149,720)
Retirement benefit obligation	297,402	62,688	-	360,090	57,735	2,393	420,218
Debtors provision	91,721	(40,877)	40,074	90,918	24,816	-	115,734
Inventory provision	5,646	39,406	-	45,052	2,527	-	47,579
Capital grants	119,313	(109,060)	-	10,253	(708)	-	9,545
Lease liabilities	(27,781)	181,785	-	154,004	198,849	-	352,853
Fair value gain on Investments at FVOCI	(27,781)	-	64,906	37,125	-	(49,575)	(12,450)
Tax losses carried forward	95,480	(95,480)	-	-	-	-	-
Net deferred tax liabilities	(1,266,613)	(73,512)	104,980	(1,235,145)	93,743	(47,182)	(1,193,343)

Notes to the Financial Statements

27.6 Movement in tax effect of temporary differences (Contd.)

Company	Balance as at 01 April 2024 Rs.'000	Recognised in Profit or loss 2024/2025 Rs.'000	Recognised in OCI 2024/2025 Rs.'000	Balance as at 31 March 2025 Rs.'000	Recognised in Profit or loss 2025/2026 Rs.'000	Recognised in OCI 2025/2026 Rs.'000	Balance as at 31 March 2026 Rs.'000
Property, plant & equipment	(35,409)	30,751	-	(4,658)	1,306	-	(3,352)
Intangible assets	-	3,548	-	3,548	1,282	-	4,830
Right-of-use assets	-	(8,929)	-	(8,929)	8,929	-	-
Fair value gain on Investment property	(74,174)	(15,713)	-	(89,887)	-	-	(89,887)
Lease liabilities		8,594	-	8,594	(8,594)	-	-
Retirement benefit obligation	57,277	14,672	(3,053)	68,896	(17,031)	(8,818)	43,047
Fair value gain on investments at FVOCI	(27,781)	-	64,906	37,125	-	(49,575)	(12,450)
Net deferred tax assets / (liabilities)	(80,087)	32,923	61,853	14,689	(14,108)	(58,393)	(57,812)

The deferred tax assets and liabilities are arrived by applying the relevant tax rate applicable for the sources of income of the Company and its subsidiaries.

28. INVENTORIES

Accounting policy

Recognition and measurement

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is valued based on a weighted average cost and FIFO. The cost includes expenditure incurred in acquiring the inventory and bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of factory overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses based on normal operating capacity.

As at 31 March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Medical items	843,458	955,252	-	-
Harvested crop	48,816	35,535	-	-
Input materials and consumables	4,303,808	4,032,814	-	-
Finished goods	8,815,857	7,999,317	-	-
Work in progress	720,356	138,451	-	-
Goods in transit	931,462	838,208	-	-
Machinery spares	106,876	56,925	-	-
	15,770,633	14,056,502	-	-
Provision for impairment of inventories (Note 28.1)	(178,015)	(196,050)	-	-
	15,592,618	13,860,452	-	-

28.1 Provision for impairment of inventories

As at 31 March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Balance as at 1 April	196,050	354,225	-	-
Charge during the year	9,767	17,579	-	-
Reversal during the year	(22,466)	(50,825)	-	-
written-off during the year	(5,336)	(124,929)	-	-
Balance as at 31 March	178,015	196,050	-	-

During the year the Group decrease its provision made against the inventory by Rs. 12.7 million after re-assessing the net realisable value of the inventory as at 31 March 2026. The above reversal is recognised in the statement of profit or loss under "cost of sales".

Notes to the Financial Statements

29. CURRENT TAX ASSETS / (LIABILITIES)

	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Current tax assets	115,401	143,552	97,617	97,667
Current tax liabilities	(1,987,160)	(1,410,124)	-	-
	(1,871,759)	(1,266,572)	97,617	97,667
Balance as at 1 April	(1,266,572)	(646,550)	97,667	75,566
Acquisition through business combinations (Note 25.3)	(282,520)	-	-	-
Current income tax expense (Note 14.1)	(3,684,671)	(2,957,941)	-	-
Changes in estimate relating to prior years (Note 14.1)	(11,434)	(24,397)	-	-
Set off against WHT receivables	3,330	35,442	(50)	22,101
Payment during the year	3,370,108	2,326,874	-	-
Balance as at 31 March	(1,871,759)	(1,266,572)	97,617	97,667

30. TRADE AND OTHER RECEIVABLES

Accounting policy

Refer accounting policies in Note 18.

	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
As at 31 March				
Trade receivables	10,899,802	8,453,077	529	343
Provision for impairment (Note 30.1)	(291,822)	(306,685)	-	-
	10,607,980	8,146,392	529	343
Staff loan recoverable	56,799	64,596	220	-
Receivable from principals	876,813	646,304	-	-
Other receivables	271,959	604,192	246	544
Withholding tax recoverable	20,068	5,771	-	1,367
VAT recoverable	384,154	43,021	-	7,398
Other taxes	41,010	-	-	-
Advances and Deposits	482,194	436,445	46,860	8,541
	2,132,997	1,800,329	47,326	17,850
Provision for impairment (Note 30.2)	(114,374)	(150,089)	-	-
	2,018,623	1,650,240	47,326	17,850
	12,626,603	9,796,632	47,855	18,193

30.1 Provision for impairment of trade receivables

As at 31 March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Balance as at 1 April	306,685	318,629	-	(46)
Reversal during the year	(12,899)	(1,124)	-	46
Written-off during the year *	(1,964)	(10,820)	-	-
Balance as at 31 March	291,822	306,685	-	-

30.2 Provision for impairment of receivable from principals

As at 31 March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Balance as at 1 April	150,089	150,245	-	-
Reversal during the year	(35,715)	(156)	-	-
Balance as at 31 March	114,374	150,089	-	-

* Trade receivables with the contractual amount of Rs. 1.96 million (2024/2025 -Rs. 10.8 million) written off during 2025/2026 are still subject to enforcement activity.

Credit and market risks, and impairment losses

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 40.

Notes to the Financial Statements

31. AMOUNTS DUE FROM RELATED PARTIES

Accounting policy

Refer accounting policies in Note 18.

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sunshine Consumer Lanka Ltd	-	-	-	113
Sunshine Healthcare Lanka Limited	-	-	228	-
Pyramid Lanka (Private) Limited	114,174	131,819	-	-
Pyramid Wilmar (Pvt) Ltd	48,244	129,681	-	-
Pyramid Wilmar Oils & Fats (Pvt) Ltd	156,921	64,856	-	-
PCV Investment (PVT) Ltd	20	-	-	-
Lina Manufacturing (Pvt) Ltd	-	-	-	9,346
	319,359	326,356	228	9,459

All outstanding balances are short term in nature and there were no special terms and conditions pertaining to the outstanding balances.

Credit and market risks, and impairment losses

Information about the Group's exposure to credit and market risks, and impairment losses for amount due from related parties is included in Note 40.

32. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and short-term deposits comprise of cash in hand and short-term, highly liquid investments that are readily convertible to a known amounts of cash with an original maturity of less than or equivalent to three months. Cash and short-term deposits are subject to insignificant risk of change in value.

Cash and short-term deposits together with bank overdrafts form an integral part of the Group's cash management activities and are included as a component of cash and cash equivalents for the purpose of preparing the statement of cash flows.

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash at bank	2,471,633	3,140,603	188,512	151,901
Short-term deposits	4,932,395	2,694,835	867,454	137,000
Cash in hand	24,708	39,976	76	27
	7,428,736	5,875,414	1,056,042	288,928
Bank overdraft (Note 32.1)	(1,328,018)	(749,144)	-	-
Cash and cash equivalents in the statement of cash flows	6,100,718	5,126,270	1,056,042	288,928

32.1 BANK OVERDRAFTS

As at 31 March	31 March 2026 Rs. '000	31 March 2025 Rs. '000	Security Rs. '000
Watawala Plantations PLC			
Hatton National Bank PLC	35,666	40,787	Corporate Guarantee of Rs. 35 million
Standard Chartered Bank	5,196	31,359	Unsecured
DFCC Bank PLC	149,965	150,366	Corporate Guarantee
Peoples bank	245,908	92,421	Unsecured
Nations Trust Bank PLC	49,426	-	Unsecured
	486,161	314,933	
Sunshine Healthcare Lanka Limited			
Nations Trust Bank PLC	5,406	321,905	Unsecured
Nations Development Bank	-	39,151	Unsecured
Sampath Bank PLC	197,054	-	Unsecured
Standard Chartered Bank	20,812	28,272	Unsecured
Cargills Bank PLC	-	23,571	Unsecured
	223,272	412,899	
Sunshine Tea Limited			
Hatton National Bank PLC	10,849	-	Unsecured
Sampath Bank PLC	82,434	19,665	Unsecured
Standard Chartered Bank	674	-	Unsecured
National Development Bank	273	509	Unsecured
Nations Trust Bank PLC	-	1,138	Unsecured
	94,230	21,312	
Joint Agri Products Ceylon Ltd			
Commercial Bank of Ceylon	381,313	-	Unsecured
DFCC Bank PLC	45,953	-	Unsecured
NDB Bank Plc	97,089	-	Unsecured
	524,355	-	
	1,328,018	749,144	

Notes to the Financial Statements

33. CAPITAL AND RESERVES

Accounting policy

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with LKAS 12.

33.1 Stated capital

	Number of shares 2026 Rs. '000	Value 2026 Rs. '000	Number of shares 2025 Rs. '000	Value 2025 Rs. '000
As at 31 March				
Balance at the beginning	1,967,895	4,240,394	491,974	4,240,394
Share subdivision	-	-	1,475,921	-
Balance at the end of the year	1,967,895	4,240,394	1,967,895	4,240,394

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the share holders or one vote per share in the case of a poll.

During the financial year 2024/25, Board of Directors of SUN has resolved to subdivide the ordinary shares of the Company currently amounting to four hundred and ninety one million nine hundred and seventy three thousand six hundred and twenty nine (491,973,629) ("Pre-Subdivision Shares") into one billion nine hundred and sixty seven million eight hundred and ninety four thousand five hundred and sixteen (1,967,894,516) ordinary shares ("Post-Subdivision Shares") on the basis of one (01) Pre-Subdivision share held by each shareholder into four (4) ordinary shares.

33.2 Nature and purpose of reserves

Reserve on exchange gain or loss

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value reserve

The fair value reserve comprises:

- the cumulative net change in the fair value of equity securities designated at FVOCI

General reserve

This reserve has been allocated for the purpose of future distribution.

33.3 Non-controlling interests

Accounting policy

Refer accounting policies in Note 6.1.

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

31 March 2026	Sunshine Healthcare Lanka Limited	Lina Manufacturing (Pvt) Ltd	Healthguard Pharmacy Limited	Watawala Plantations PLC	Lonach Dairy Ltd	Sunshine Wilmar (Pvt) Ltd	Joint Agri Products Ceylon Ltd	Inter group elimination	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
NCI percentage	14.73%	36.90%	14.73%	61.58%	65.10%	50.00%	49.00%		
Non-current assets	3,868,154	938,115	712,738	5,996,769	2,095,441	3,480,521	1,691,818		
Current assets	14,272,108	4,030,353	12,540,058	1,592,493	480,638	5,524	3,095,898		
Non-current liabilities	(296,753)	(309,728)	(310,741)	(2,072,951)	(361,473)	-	(186,397)		
Current liabilities	(6,103,217)	(542,524)	(10,209,962)	(2,520,852)	(653,491)	(2,948)	(2,089,667)		
Net assets	11,740,292	4,116,216	2,732,093	2,995,459	1,561,115	3,483,097	2,511,652		
Net assets attributable to NCI	1,729,345	1,518,884	402,437	1,844,604	1,016,286	1,741,549	1,230,710	(2,033,392)	7,450,423
Revenue	27,906,505	3,906,673	26,967,248	8,354,713	1,087,460	1,991,640	6,145,144		
Profit	2,646,666	711,265	725,351	2,569,594	(576,687)	2,000,222	507,806		
OCI	(8,548)	882	(5,349)	(22,941)	5,323	-	77,243		
Total comprehensive income	2,638,118	712,147	720,002	2,546,653	(571,364)	2,000,222	585,049		
Profit allocated to NCI	389,854	262,457	106,844	1,582,356	(375,423)	1,000,111	-	(983,106)	1,983,093
OCI allocated to NCI	(1,259)	325	(788)	(14,127)	3,465	-	-	(4,379)	(16,763)
Cash flows from operating activities	5,511,985	613,346	(1,910,352)	3,613,014	(258,262)	(5,153)	273,660	-	-
Cash flows from investment activities	504,571	(35,534)	(245,638)	(872,089)	(113,975)	15,649	(378,355)	-	-
Cash flows from financing activities	(4,205,485)	(32,173)	1,926,181	(3,071,735)	396,778	(981,110)	28,947	-	-
Net increase/ (decrease) in cash and cash equivalents	1,811,071	545,639	(229,809)	(330,810)	24,541	(970,614)	(75,748)	-	-

Notes to the Financial Statements

33.3 Non-controlling interests (Contd.)

31 March 2025	Sunshine Healthcare Lanka Limited Rs. '000	Lina Manufacturing (Pvt) Ltd Rs. '000	Healthguard Pharmacy Limited Rs. '000	Lina Spiro (Pvt) Ltd Rs. '000	Watawala Plantations PLC Rs. '000	Lonach Dairy Ltd Rs. '000	Sunshine Wilmar (Pvt) Ltd Rs. '000	Inter group elimination Rs. '000	Total Rs. '000
NCI percentage	14.73%	36.9%	14.73%	36.9%	61.6%	64.5%	50%		
Non-current assets	3,463,183	1,035,093	527,864	473,870	5,387,634	2,433,863	3,481,951		
Current assets	15,248,314	2,282,347	7,267,064	1,132,253	2,298,960	351,499	977,089		
Non-current liabilities	(246,077)	(152,812)	(262,278)	(124,476)	(2,089,738)	(411,500)	-		
Current liabilities	(7,308,246)	(360,678)	(5,520,560)	(274,546)	(2,098,420)	(6,413,823)	(5,065)		
Net assets	11,157,174	2,803,950	2,012,090	1,207,101	3,498,436	(4,039,961)	4,453,975		
Net assets attributable to NCI	1,643,452	1,034,663	296,381	445,423	2,154,512	(2,644,447)	2,226,989	1,591,216	6,748,189
Revenue	22,893,619	4,079,753	21,926,036	2,452,909	6,760,119	1,184,087	2,921,072		
Profit	2,045,232	371,935	625,463	717,040	1,518,270	(327,038)	2,926,739		
OCI	(26,262)	(1,830)	517	28	(61,676)	(8,204)	-		
Total comprehensive income	2,018,970	370,105	625,980	717,068	1,456,594	(335,242)	2,926,739		
Profit allocated to NCI	301,263	137,245	92,131	264,589	935,026	(214,070)	1,463,370	(1,304,961)	1,674,593
OCI allocated to NCI	(3,868)	(675)	13,571	10	(37,983)	(5,370)	-	(13,215)	(47,530)
Cash flows from operating activities	1,217,756	1,315,845	536,239	575,811	3,152,886	27,066	(5,639)		
Cash flows from investment activities	(3,502,715)	(720)	313,790	(122,900)	648,721	(122,196)	12,511		
Cash flows from financing activities	1,746,374	564,674	(357,149)	(154,290)	(3,730,027)	(89,394)	901,422		
Net increase/ (decrease) in cash and cash equivalents	(538,585)	1,879,799	492,880	298,621	71,580	(184,524)	908,294		

34. LOANS AND BORROWINGS

Accounting policy

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessary take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Capitalisation of borrowing costs commences when it incurs expenditure for the asset, it incurs borrowing costs and it undertake activities that are necessary to prepare the asset for their intended use or sell. It ceases capitalization when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed. Capitalization of borrowing costs shall be suspended, if it suspends active development of a qualifying asset.

All other borrowing costs are recognised in Statement of Profit or Loss in the period in which they are incurred. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

a. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Notes to the Financial Statements

34. LOANS AND BORROWINGS (CONTD.)

Accounting policy

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

b. As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SLFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of 'other revenue'.

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Amount repayable after one year				
Loans (Note 34.1)	2,264,234	1,215,633	1,280,000	-
SLSPC / JEDB Lease Creditors (Note 34.2)	538,654	467,192	-	-
Lease liabilities (Note 34.3)	300,887	266,113	-	-
	3,103,775	1,948,938	1,280,000	-
Amount repayable within one year				
Loans (Note 34.1)	6,181,726	4,669,902	321,973	-
SLSPC / JEDB Lease Creditors (Note 34.2)	36,211	4,818	-	-
Lease liabilities (Note 34.3)	203,865	247,233	-	29,764
	6,421,802	4,921,953	321,973	29,764
	9,525,577	6,870,891	1,601,973	29,764

34.1 Loans

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 April	5,885,534	6,192,555	-	-
Loans obtained during the year	12,466,814	19,166,876	1,600,000	-
Acquisition through Business Combination (Note 25.3)	428,815	-	-	-
Exchange difference	(7,321)	6,439	-	-
Accrued interest	151,875	149,117	1,973	-
Repayment during the year	(10,479,757)	(19,629,452)	-	-
Balance as at 31 March	8,445,960	5,885,535	1,601,973	-
Amount repayable within one year	6,181,726	4,669,902	321,973	-
Amount repayable after one year	2,264,234	1,215,633	1,280,000	-
	8,445,960	5,885,535	1,601,973	-

Notes to the Financial Statements

34.2 SLSPC / JEDB Lease Creditors

As at 31 March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Balance as at 1 April	472,010	404,762	-	-
Remeasurement during the year	17,926	72,342	-	-
Additions during the year	93,705	-	-	-
Interest charges	71,560	69,434	-	-
Repayment during the year	(80,336)	(74,528)	-	-
Balance as at 31 March	574,865	472,010	-	-
Amount repayable within one year	36,211	4,818	-	-
Amount repayable after one year	538,654	467,192	-	-
	574,865	472,010	-	-

34.3 Lease liabilities

As at 31 March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Balance as at 1 April	513,346	390,692	29,763	-
Acquisition through Business Combination (Note 25.3)	33,171	-	-	-
New leases obtained	152,783	257,364	-	50,314
De-recognised during the year	(75,303)	-	-	-
Interest charges	68,616	80,057	1,473	4,286
Repayment during the year	(187,861)	(214,767)	(31,236)	(24,837)
Balance as at 31 March	504,752	513,346	-	29,763
Amount repayable within one year	203,865	247,233	-	29,763
Amount repayable after one year	300,887	266,113	-	-
	504,752	513,346	-	29,763

Leases as lessee

The Company had a lease agreement for the registered office premises for the two years period starting from 01 April 2024 to 31 March 2026.

The Group leases warehouses, office building and outlets. The leases typically run for a period of 5-10 years, with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The warehouse and factory leases were entered into many years ago as combined leases of land and buildings.

34.3.1 Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment.

	Group		Company	
	Land and buildings		Building	
	2026	2025	2026	2025
As at 31 March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at 1 April	913,935	715,897	28,647	-
Additions to right-of-use assets during the year (Note 19.1)	539,730	371,446	21,668	52,641
Remeasurement of leasehold right to land (Note 21)	17,926	70,830	-	-
Transfer to assets held for sale	-	(50,717)	-	-
Acquisition through Business Combination	50,363	-	-	-
Derecognition of right-of-use assets	(110,965)	(74,928)	-	-
Depreciation and amortisation for the year' (Note 19.1 and Note 21)	(229,023)	(118,594)	(50,315)	(23,994)
Balance at 31 March	1,181,966	913,935	-	28,647

34.3.2 Amounts recognised in profit or loss

	Group		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
For the year ended 31 March				
Interest on lease liabilities	68,616	80,057	1,473	4,286
Interest charges on SLSPC / JEDB lease creditors	71,560	69,434	-	-
Depreciation of right-of-use assets	207,253	-	50,315	23,994
Amortization of leasehold right to land of JEDB / SLSPC estates	21,770	20,876	-	-
	369,199	268,085	51,788	28,280

34.3.3 Amounts recognised in statement of cash flows

The Group and the Company/ has classified:

- cash payments for the principal portion of lease payments as financing activities;
- cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Group and the Company.
- short-term lease payments and payments for leases of low-value assets as operating activities.

	Group		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
For the year ended 31 March				
Interest repayment of lease	140,176	149,491	1,473	4,286
Capital repayment of lease	128,021	139,804	29,763	20,551
Total cash outflow for leases	268,197	289,295	31,236	24,837

34.3.4 Leases as lessor

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 23 sets out information about the operating leases of investment property.

Notes to the Financial Statements

34.4 Term loans

Company/Lender	Year	2026		2025		Purpose	Repayment terms	Security	
		Repayable within one year Rs. '000	Repayable after one year Rs. '000	Balance as at 31 March 2026 Rs. '000	Repayable after one year Rs. '000				Balance as at 31 March 2025 Rs. '000
Watawala Plantations PLC									
Standard Chartered Bank Ltd	2024/25	-	-	-	-	300,000	For Working Capital purpose	Will be settled within 3 Months	N/A
Nations Trust Bank PLC	2024/25	-	-	-	-	45,000	-	To be repaid within 6 months	Unsecured
Commercial Bank of Ceylon	2025/26	500,000	-	500,000	-	-	- Working capital purposes	To be repaid within 6 months	
Sampath Bank PLC	2025/26	133,767	375,000	508,767	-	-	- To finance the palm oil mill ramp expansion	To be repaid in 8 equal bi-annual instalments	
Peoples Bank	2023/24	5,556	-	5,556	33,333	5,556	For Working Capital Purpose	36 equal monthly Instalments commencing from May 2023	Primary Document (Application, Pro note & Letter of acceptance)
DFCC Bank PLC	2023/24	-	-	-	-	514,178	-	-	-
DFCC Bank PLC	2025/26	25,000	-	25,000	-	-	For Working Capital Purposes	Each loan to be repaid within 6 months from the date granted	
DFCC Bank PLC	2025/26	5,430	-	5,430	-	-	For import	Payments within 6 months from the date of the loan granted.	
		669,753	375,000	1,044,753	378,333	519,734			898,067
Sunshine Healthcare Lanka Limited									
Hatton National Bank PLC	2024/25	-	-	-	-	750,000	-	-	750,000
Seylan Bank PLC	2024/25	-	-	-	-	350,000	-	-	350,000
Nations Trust Bank	2024/25	-	-	-	-	500,000	Working Capital Requirement	120 days	Unsecured
Sampath Bank PLC	2024/25	-	-	-	-	500,000	-	-	500,000
		-	-	-	-	2,100,000	-	-	2,100,000

34.4 Term loans (Contd.)

Company/Lender	Year	2026		2025		Balance as at 31 March 2025	Purpose	Repayment terms	Security
		Repayable within one year Rs. '000	Repayable after one year Rs. '000	Repayable within one year Rs. '000	Repayable after one year Rs. '000				
Healthguard Pharmacy Ltd									
Nations Trust Bank	2024/25	-	-	300,000	-	300,000	Working Capital Financing	Within 3 months	Unsecured
Hatton National Bank PLC	2024/25	-	-	250,000	-	250,000	-	-	Unsecured
National Development Bank	2025/26	500,000	-	-	-	500,000	Working Capital	90 Days	-
Sampath Bank PLC	2025/26	1,552,229	-	-	-	1,552,229	Working Capital	90 Days	-
Commercial Bank of Ceylon	2025/26	500,719	-	-	-	500,719	Working Capital	90 Days	-
		2,552,948	-	550,000	-	2,552,948	550,000	-	-
Lina Spiro (Pvt) Ltd									
Commercial Bank of Ceylon PLC	2023/24	-	-	2,810	-	2,810	Working Capital Requirement	29 equal instalments	Unsecured
		-	-	2,810	-	2,810	-	-	-
Sunshine Consumer Lanka Ltd									
International Finance Corporation	2020/21	-	-	188,601	562,565	751,166	Acquisition of Daintee Limited	11 equal capital instalments starting from December 2023	As per the loan agreement
Standard Chartered Bank Ltd	2025/26	250,000	-	-	-	250,000	Working Capital Requirements	30 Days	-
Bank of China	2025/26	201,117	400,000	-	-	601,117	Acquisition of Daintee Ltd	3 Years	-
		451,117	400,000	188,601	562,565	851,117	751,166	-	-
Sunshine Tea (Pvt) Ltd									
Hatton National Bank PLC	2024/25	-	-	875,000	-	-	Working Capital	On demand	Mortgage over Stocks in Trade and Book debits for USD 3 million.
Hatton National Bank PLC	2025/26	840,503	-	-	-	840,503	Purchase tea for exports and retire LC bills	within 150 days	-
Seylan Bank PLC	2021/22	-	-	50,000	133,333	183,333	Working Capital	within 90 days	-
Seylan Bank PLC	2024/25	-	-	300,000	-	-	Working Capital	On demand	-
Seylan Bank PLC	2025/26	100,000	-	-	-	100,000	Working Capital	within 90 days	-
Indian Overseas Bank	2022/23	-	-	25,158	-	-	Purchase of Machinery	USD 9,433.33 Instatement every Month	Unsecured

Notes to the Financial Statements

Company/Lender	Year	2026		2025		Balance as at 31 March 2025	Purpose	Repayment terms	Security
		Repayable within one year	Repayable after one year	Repayable within one year	Repayable after one year				
		Rs. '000	Rs. '000	Rs. '000	Rs. '000				
Indian Bank	2022/23	-	-	50,000	-	50,000	Expansion of its factory and warehousing complex	50,000,000 Every Year -04 Years	
National Development Bank PLC	2025/26	120,000	-	-	-	120,000	Working Capital Requirements	within 90 days	
National Development bank	2025/26	-	-	150,000	-	150,000	Working Capital	On demand	Primary Concurrent Mortgage Bond
Sampath Bank PLC	2025/26	390,000	-	-	-	390,000	Working Capital Requirements	within 120 days	
DFCC Bank PLC	2025/26	382,516	-	-	-	382,516	Purchase tea for exports	within 90 days	
Seylan Bank	2025/26	50,000	83,333	133,333	-	133,333	Expansion of and warehousing complex	4,166,667 per installment for eighty four month	
		1,883,018	83,333	1,966,352	1,450,158	133,333	1,583,491		
Joint Agri Products Ceylon Pvt Ltd									
Commercial Bank of Ceylon	2025/2026	105,001	-	105,001	-	-	Working Capital	12 Months	
Commercial Bank of Ceylon	2025/2026	65,720	-	65,720	-	-	Working Capital	12 Months	
National Development Bank	2025/2026	94,425	-	94,425	-	-	Working Capital	120 Days	
DFCC Bank PLC	2025/2026	37,770	125,900	163,670	-	-	Project Finance Loan	5 Years / Equal Capital	
		302,915	125,900	428,815	-	-	-		
Sunshine Holdings PLC									
Bank of China	2025/2026	321,973	1,280,000	1,601,973	-	-	Acquisition of JAPC	5 Years	
TOTAL		6,181,726	2,264,234	8,445,960	4,669,902	1,215,633	5,885,535		

34. LOANS AND BORROWINGS (CONTD.)

34.5 Asset pledge as securities

Immovable property

The Group's assets pledged as security as at 31 March 2026 are as follows;

Name of the owner	Location	Description of the property
Joint Agri Products Ceylon Pvt Ltd	No. 11/1, Nadungamuwa, Weliweriya	The land depicted as Lot A1 in plan No.6662A dated 10.03.2024 made by A P Wickremasinghe Licensed Surveyor situated at Uruwala Village in the District of Gampaha, Western Province and containing in extent of 02 Acre 00 Roods and 28.78 perches .
	No.333 B, Webada Road, Udupilta Delgoda	The land depicted as Lot A & Lot 1 in plan No.2170 dated 30.11.2012 made by D Upali D Ranasinghe Licensed Surveyor situated at Udupila Village in the District of Gampaha, Western Province and containing in extent of 0 Acre 02 Roods and 06.70 perches .

Notes to the Financial Statements

35. EMPLOYEE BENEFITS

Accounting policy

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Employees' Provident Fund and Employees' Trust Fund is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.

All the employees who are eligible for Employees' Provident Fund and Employees' Trust Fund are covered by relevant contribution funds in line with the respective statutes. Employer's contribution to the defined contribution plans are recognised as an expense in the Statement of Comprehensive Income when incurred.

The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively. All employees of the Group are members of the Employees' Provident Fund, Estate Staff Provident Society or Ceylon Planters' Provident Fund.

Defined benefit plans

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date. The calculation of defined benefit obligations is performed annually by a qualified actuary under the projected unit credit method.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that related to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Provision has been made in the financial statements for retiring gratuities from the first year of service for all employees. However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued service.

The liability is not externally funded.

Actuarial gains and losses

The Group recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income as they occur.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

For the year ended 31 March	Group		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Employees' Provident Fund				
Employers' contribution	346,824	366,734	41,474	46,670
Employees' contribution	244,018	234,687	27,649	30,840
Employees' Trust Fund	91,616	81,061	10,215	10,923

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Present value of defined benefit obligations (Note 35.1)	1,325,231	1,221,861	143,489	229,653
Non-current portion of other long term employee benefits (Note 35.5)	74,597	-	47,925	-
	1,399,828	1,221,861	191,414	229,653

35.1 Defined Benefit Obligations (PVDBO)

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at 1 April	1,221,861	1,009,377	229,653	190,924
Staff transfers during the year	2,611	1,272	82	12,884
Acquisition through business combination (Note 25.3)	31,320	-	-	-
	1,255,792	1,010,649	229,735	203,808
Included in profit or loss				
Current service cost and Interest cost	260,202	214,769	35,506	36,544
	260,202	214,769	35,506	36,544
Included in OCI				
Actuarial (gain) / loss for the year	15,310	136,998	(29,392)	(10,176)
	15,310	136,998	(29,392)	(10,176)
Benefits paid	(206,073)	(140,555)	(92,360)	(523)
Balance at 31 March	1,325,231	1,221,861	143,489	229,653

The details of the actuaries involved in carrying out the valuation as at 31 March 2026 are as follows:

Details of the actuary	Data of valuation	Valuation method	Rate
Mr. M. Pooplanathan, Messrs. Actuarial and Management Consultants (Private) Limited	31 - Mar - 26	Projected Unit Credit Method	

Notes to the Financial Statements

35.2. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

	Discount rate		Salary increment rate		Staff turnover rate	
	2026 %	2025 %	2026 %	2025 %	2026 %	2025 %
Sunshine Holdings PLC - Company	10.00	10.00	11.00	14.00	11.00	13.00
Watawala Plantations PLC						
- estate workers (every 3 years)	10.00	11.00	12.2	15.00	8.00	6.00
- estate staff (every 3 years)	10.00	11.00	12.2	15.00	8.00	6.00
- estate management and head office staff (every year)	10.00	11.00	12.2	11.50	8.00	6.00
Sunshine Consumer Lanka Ltd	9.00	10.00	12.00	13.00	20.00	21.00
Sunshine Healthcare Lanka Limited	9.00-10.00	11.00	12.00	14.00	18.00-19.00	15.00
Healthguard Pharmacy Ltd	9.00-10.00	11.00	11.00	14.00	14.00-23.00	11.00
Lina Manufacturing (Pvt) Ltd	10.00	10.00	14.00	16.50	17.00	22.00
Lina Spiro (Pvt) Ltd	-	11.00	-	16.50	-	22.00
Sunshine Tea (Pvt) Ltd	10.00	11.00	12.00	12.00	12.00	14.00

The retirement age for the group is 60 years. The weighted average duration of the defined benefit obligation of the group vary in the range of 2.5 - 8.2 Years.

A long term treasury bond rate 9% - 10 % p.a. (2024/25 - 10.0% -11.0% p.a.) was used to discount future liabilities taking in to consideration the remaining working life of employees.

A 1967/70 mortality table, issued by the Institute of Actuaries, London.

It is also assumed that the company will continue in business as a going concern.

35.3 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, the defined benefit obligation shown below.

As at 31 March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
1% increase in discount rate	1,222,212	1,161,055	135,288	221,494
1% decrease in discount rate	1,363,517	1,285,073	152,559	238,598
1% increase in salary increment rate	1,368,197	1,289,248	153,359	239,116
1% decrease in salary increment rate	1,216,804	1,156,262	134,440	220,886

35.4 Maturity analysis of the payments

The following payments are expected on retirement benefit obligations in future years.

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Within next 12 months	188,983	243,568	17,311	112,296
Between 1 - 2 years	281,756	184,901	14,631	16,263
Between 2 - 5 years	363,588	283,751	29,920	32,018
Beyond 5 years	490,904	509,641	81,627	69,076
	1,325,231	1,221,861	143,489	229,653

35.5 Other long term employee benefits

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at 1 April				
Provision made during the year	152,902	-	97,611	-
Benefits paid during the year	(24,280)	-	(15,179)	-
Balance at 31 March	128,622	-	82,432	-
Current portion of other long term employee benefits	54,025	-	34,507	-
Non-current portion of other long term employee benefits	74,597	-	47,925	-

36. DEFERRED INCOME AND CAPITAL GRANTS

Accounting policy

Government grants

The Government grants relating to the purchase of property, plant and equipment and biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses, are recognised initially as deferred income at fair value when there is a reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in Statement of Profit or Loss as other income on a straight line basis over the expected lives of the related assets.

The grants that compensate the Group expenses or losses already incurred are recognised in Statement of Profit or Loss as other income of the period in which it becomes receivable and when the expenses are recognised.

As at 31 March	Group	
	2026	2025
	Rs. '000	Rs. '000
Balance as at 1 April	34,173	36,726
Amortised during the year	(2,357)	(2,553)
Balance as at 31 March	31,816	34,173

Funds had been received by Watawala Plantations PLC from the Plantation Human Development Trust (PHDT) and Ministry of Estate Infrastructure for Workers' welfare facilities including re-roofing of line rooms, latrines, water supply, sanitation, etc. The Grants received from the ministry of Estate Infrastructure for construction of crèches, farm roads and community centres, are also included above. The amounts spent have been included under the relevant classification of tangible fixed assets and the grant received is shown above. The Capital Grants are amortized on a straight line basis over the useful life of the respective asset.

Notes to the Financial Statements

37. TRADE AND OTHER PAYABLES

Accounting policy

Refer accounting policies in Note 18.

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 Statement of Profit or Loss net of any reimbursement.

Provisions are not recognised for future operating losses. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation and the provision is reviewed at end of each reporting period and adjusted to reflect the current best estimate.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of possible outcomes against their associated probabilities.

As at 31 March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Trade payables	8,247,755	6,228,948	-	-
Sales Representatives Security Deposits	5,124	-	-	-
Advance for customers	18,106	74,740	-	-
Deferred Consideration	124,780	-	124,780	-
Tax and other statutory payables	117,018	22,628	56,872	11,252
Accrued expenses and other payables	3,852,310	2,883,633	240,037	182,604
	12,365,093	9,209,949	421,689	193,856

38. AMOUNTS DUE TO RELATED PARTIES

Accounting policy

Refer accounting policies in Note 18.

As at 31 March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Sunshine Consumer Lanka Ltd	-	-	-	2
Lamurep Properties Ltd.	153	-	-	-
Mr. D J V Abeyrathne	2,302	-	-	-
	2,455	-	-	2

All outstanding balances are short term in nature and there were no special terms and conditions pertaining to the outstanding balances.

39. FAIR VALUE MEASUREMENT

Accounting policy

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short position at an ask price.

The best evidence of the fair value of a financial instrument or initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability not based on a valuation techniques for which any unobservable inputs are judged to be insufficient in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement. An analysis of the fair value measurement of financial and non-financial assets and liabilities are provided below:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

When available, the Group measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an ask price), without any deduction for transaction costs. A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

This category includes instruments valued using;

- (a) quoted prices in active markets for similar instruments,
- (b) quoted prices for identical or similar instruments in markets that are considered to be less active, or
- (c) other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

Notes to the Financial Statements

39.1 Fair value measurement hierarchy

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

31 March 2026		Group				Company				
Classification	Carrying amount	Fair value			Total	Carrying amount	Fair value			
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets measured at Fair value										
Investment in Unquoted shares	Fair value through OCI	634,000	-	-	634,000	634,000	-	-	634,000	634,000
Investment in Unit trust	Fair value through P&L	939,305	939,305	-	-	939,305	-	-	-	-
		1,573,305	939,305	-	634,000	1,573,305	634,000	-	-	634,000
Financial Assets not measured at Fair value										
Investment in Debentures*	Amortized cost	104,170	-	-	104,170	104,170	-	-	-	104,170
Trade and other receivables*	Amortized cost	11,642,378	-	-	11,642,378	775	-	-	-	775
Amounts due from related parties*	Amortized cost	319,359	-	-	319,359	228	-	-	-	228
Short term Investements*	Amortized cost	1,878,483	-	-	1,878,483	246,465	-	-	-	246,465
Cash & cash equivalents*	Amortized cost	7,428,736	-	-	7,428,736	1,056,042	-	-	-	1,056,042
		21,373,126	-	-	21,373,126	1,407,680	-	-	-	1,407,680
Financial Liabilities not measured at Fair value										
Loans and borrowings*	Other financial liabilities	8,445,960	-	-	-	8,445,960	1,601,973	-	-	-
Lease Liability*	Other financial liabilities	1,079,617	-	-	-	1,079,617	-	-	-	-
Bank overdraft*	Other financial liabilities	1,328,018	-	-	-	1,328,018	-	-	-	-
Trade and other payables*	Other financial liabilities	8,377,659	-	-	-	8,377,659	124,780	-	-	-
Amounts due to related parties*	Other financial liabilities	2,455	-	-	-	2,455	-	-	-	-
		19,233,709	-	-	-	19,233,709	1,726,753	-	-	-

31 March 2025		Group					Company				
		Classification	Carrying amount	Fair value			Carrying amount	Fair value			
				Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Fair value through OCI											
Fair value through P&L	Fair value through OCI	468,749	-	-	468,749	468,749	468,749	-	-	468,749	468,749
Investment Fund	Fair value through P&L	3,322,179	3,322,179	-	-	3,322,179	1,089,553	1,089,553	-	-	1,089,553
		3,790,928	3,322,179	-	468,749	3,790,928	1,558,302	1,089,553	-	468,749	1,558,302
Financial Assets not measured at Fair value											
Investment in Debentures*	Amortized cost	104,170	-	-	-	104,170	104,170	-	-	-	104,170
Trade and other receivables*	Amortized cost	9,246,799	-	-	-	9,246,799	887	-	-	-	887
Amounts due from related parties*	Amortized cost	326,356	-	-	-	326,356	9,459	-	-	-	9,459
Short term Investments*	Amortized cost	1,172,481	-	-	-	1,172,481	800,569	-	-	-	800,569
Cash & cash equivalents*	Amortized cost	5,875,414	-	-	-	5,875,414	288,928	-	-	-	288,928
		16,725,220	-	-	-	16,725,220	1,204,013	-	-	-	1,204,013
Financial Liabilities not measured at Fair value											
Loans and borrowings*	Other financial liabilities	5,885,535	-	-	-	5,885,535	-	-	-	-	-
Lease Liability*	Other financial liabilities	985,356	-	-	-	985,356	29,764	-	-	-	29,764
Bank overdraft*	Other financial liabilities	749,144	-	-	-	749,144	-	-	-	-	-
Trade and other payables*	Other financial liabilities	6,228,948	-	-	-	6,228,948	-	-	-	-	-
Amounts due to related parties*	Other financial liabilities	-	-	-	-	-	2	-	-	-	2
		13,848,983	-	-	-	13,848,983	29,766	-	-	-	29,766

* Classes of financial instruments that are not carried at fair value and of which carrying amounts are a reasonable approximation of fair value. This includes trade receivables, cash and cash equivalents, trade payable, other payables, amounts due to and due from related parties and bank overdraft. The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values due to their short term nature.

Notes to the Financial Statements

40. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

- a. Credit risk (Note 40.2)
- b. Liquidity risk (Note 40.3)
- c. Market risk (Note 40.4)
- d. Operational risk (Note 40.5)

40.1 Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

40.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in securities.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows.

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Impairment loss on trade receivables arising from contracts with customers	291,822	306,685	-	-
	291,822	306,685	-	-

Expected credit loss assessment for individual customers

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers.

As at 31 March 2026	Group			
	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
	%	Rs. '000	Rs. '000	
Current (not past due)	0.1%	5,941,893	6,981	No
1-30 days past due	0.4%	2,527,362	10,191	No
31-90 days past due	0.6%	768,878	4,399	No
More than 90 days past due	16.3%	1,661,669	270,251	Yes
		10,899,802	291,822	

As at 31 March 2025	Group			
	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
	%	Rs. '000	Rs. '000	
Current (not past due)	0.1%	4,286,892	5,450	No
1-30 days past due	0.4%	1,739,214	6,435	No
31-90 days past due	0.6%	688,173	4,318	No
More than 90 days past due	16.7%	1,738,798	290,482	Yes
		8,453,077	306,685	

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures and contractual agreements made for every high-value transactions. In addition, receivable balances are monitored on an ongoing basis with the results that the Group's exposure to bad debts is not significant.

The Group takes out Bank Guarantees to limit of risk of credit losses on trade receivables and contract assets.

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to the credit risk as at 31 March 2026 is as follow:

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Other investments	3,555,958	5,067,579	984,635	2,463,041
Trade and other receivables	12,626,603	9,796,632	47,855	18,193
Amount due from related parties	319,359	326,356	228	9,459
Cash and cash equivalents	7,428,736	5,875,414	1,056,042	288,928
	23,930,656	21,065,981	2,088,760	2,779,621

Notes to the Financial Statements

Cash and cash equivalents

The Group held cash and cash equivalents of Rs. 7,429 million at 31 March 2026 (2024/2025: Rs.5,875 million). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+, based on the ratings given by the rating agencies.

40.3 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 objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

As at 31 March 2026	Contractual cash flows				
	Carrying amount	6 months or less	6- 12 months	More than 12 months	Total
Group	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Bank overdrafts	1,328,018	1,328,018	-	-	1,328,018
Loans and borrowings	9,525,577	3,350,896	3,350,896	3,374,424	10,076,216
Trade and other payables	12,365,093	12,365,093	-	-	12,365,093
Amount due to related parties	2,455	2,455	-	-	2,455
	23,221,143	17,046,462	3,350,896	3,374,424	23,771,782

As at 31 March 2026	Contractual cash flows				
	Carrying amount	6 months or less	6- 12 months	More than 12 months	Total
Company	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Loans and borrowings	1,601,973	-	336,011	1,726,464	2,062,475
Trade and other payables	421,689	421,689	-	-	421,689
	2,023,662	421,689	336,011	1,726,464	2,484,164

As at 31 March 2025	Contractual cash flows				
	Carrying amount	6 months or less	6- 12 months	More than 12 months	Total
Group	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Bank overdrafts	749,144	749,144	-	-	749,144
Loans and borrowings	6,870,892	2,564,830	2,564,830	2,113,428	7,243,087
Trade and other payables	9,209,949	9,209,949	-	-	9,209,949
	16,829,985	12,523,923	2,564,830	2,113,428	17,202,180

As at 31 March 2025	Contractual cash flows				
	Carrying amount	6 months or less	6- 12 months	More than 12 months	Total
Company	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade and other payables	193,856	193,856	-	-	193,856
Amount due to related parties	2	2	-	-	2
	193,858	193,858	-	-	193,858

Notes to the Financial Statements

40.4 Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currency of Group companies are primarily LKR. The currencies in which these transactions are primarily denominated are US dollars.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows.

As at 31 March 2026	Group		Total	Company	
	USD	LKR		LKR	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets					
Other investments	-	3,555,958	3,555,958	984,635	984,635
Trade and other receivables	1,593,266	11,033,337	12,626,603	47,855	47,855
Amount due from related parties	-	319,359	319,359	228	228
Cash and cash equivalents	1,887,109	5,541,627	7,428,736	1,056,042	1,056,042
	3,480,375	20,450,281	23,930,656	2,088,760	2,088,760
Financial liabilities					
Loans and borrowings	26,789	9,498,788	9,525,577	1,601,973	1,601,973
Trade and other payables	3,393,494	8,971,599	12,365,093	421,689	421,689
Amount due to related parties	-	2,455	2,455	-	-
Bank overdrafts	-	1,328,018	1,328,018	-	-
	3,420,283	19,800,860	23,221,143	2,023,662	2,023,662
Net exposure	60,092	649,421	709,513	65,098	65,098

As at 31 March 2025	Group		Total	Company	
	USD	LKR		LKR	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets					
Other investments	-	5,067,579	5,067,579	2,463,041	2,463,041
Trade and other receivables	4,870,308	4,926,324	9,796,632	18,193	18,193
Amount due from related parties	-	326,356	326,356	9,459	9,459
Cash and cash equivalents	824,544	5,050,870	5,875,414	288,928	288,928
	5,694,852	15,371,129	21,065,981	2,779,621	2,779,621
Financial liabilities					
Loans and borrowings	84,900	6,785,991	6,870,891	-	-
Trade and other payables	3,373,838	5,836,111	9,209,949	193,856	193,856
Amount due to related parties	-	-	-	2	2
Bank overdrafts	-	749,144	749,144	-	-
	3,458,738	13,371,246	16,829,984	193,858	193,858
Net exposure	2,236,114	1,999,883	4,235,997	2,585,763	2,585,763

The following exchange rates have been applied.

	Average rate		Year-end spot rate	
	2026	2025	2026	2025
USD	304.21	297.80	315.19	296.35

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar against LKR at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Group			
	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31 March 2026				
USD (1% movement)	601	(601)	421	(421)
As at 31 March 2025				
USD (1% movement)	22,361	(22,361)	15,653	(15,653)

Notes to the Financial Statements

Interest rate risk

Interest rate risk is a key constitute of the market risk exposure of the Group due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits and issuing debt instruments.

Due to the nature of operations of the Group, the impact of interest rate risk is mainly on the earnings of the Group rather than the market value of portfolios. Several factors give rise to interest rate risk; among these are term structure risk, which arises due to the mismatches in the maturities of assets and liabilities; basis risk which is the threat to income arises due to differences in the bases of interest rates.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Fixed-rate instruments				
Financial liabilities				
Loans and borrowings	3,797,032	2,525,733	1,601,973	-
	3,797,032	2,525,733	1,601,973	-
Variable-rate instruments				
Financial liabilities				
Loans and borrowings	5,728,545	4,345,158	-	-
Bank overdrafts	1,328,018	749,144	-	-
	7,056,563	5,094,302	-	-

40.5 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks – e.g. those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and innovation. In all cases, Group policy requires compliance with all applicable legal and regulatory requirements.

The Board of Directors has established Board Integrated Risk Management Committee, which is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- information technology and cyber risks; and
- risk mitigation, including insurance where this is cost-effective.

Compliance with Company standards is supported by a programmed of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the Company Operational Risk Committee, with summaries submitted to the Audit Committee and senior management of the Company.

40.6 CAPITAL MANAGEMENT

Overall Group target was to maintain healthier capital base to ensure the sustainability of the Holdings company and its subsidiaries. In order to achieve above target, management monitors the return on capital and dividend payout ratio. Board of Directors ensure the optimum capital structure ensuring the best balance between equity and debt. The Group leverage will be monitored quarterly to ensure the optimum liquidity ratio. The Group leverage ratio will be maintain below 40% , while obtaining borrowing facilities ensuring the optimal returns to the shareholders.

41. RELATED PARTY TRANSACTIONS

The Group carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 – “Related Party Disclosures”, the details of which are reported below. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Group and is comparable with what is applied to transactions between the Group and its unrelated customers.

41.1. Key Management Personnel (KMP)

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

KMP of the Company

The Board of Directors of the Company has been classified as KMP of the Company

KMP of the Group

As the Company is the ultimate parent of the subsidiaries listed out on page 209, the Board of Directors of the Company has the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

Accordingly, the Board of Directors of the Company is also KMP of the Group. Therefore, officers who are only Directors of the subsidiaries and not of the Company have been classified as KMP only for that respective subsidiary.

41.1.a. Compensation of key management personnel

For the year ended 31 March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Director fee	56,400	59,815	20,400	22,965
Short-term employee benefits	601,708	568,349	276,626	376,078
Post-employment benefits	157,306	241,706	96,686	189,737
	815,414	869,870	393,712	588,780

Compensation of the Group’s key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan.

Accordingly, the Directors (including Executive and Non-Executive Directors) of the Group have been classified as Key Management Personnel of the Group. In Addition, the Group Chief Executive Officer, Chief Executive Officers of the Group, Group Chief Financial Officer, Group Chief People and Corporate Communication Officer and Group Chief Digital Officer have also been classified as Key Management Personnel of the Group.

No loans have been granted to the directors of the Company.

Transactions, arrangements and agreements involving KMP and their Close Family Members (CFM)

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the entity. They may include KMP’s domestic partner and children, children of the KMP’s domestic partner and dependents of the KMP or the KMP’s domestic partner. CFM are related parties to the Group/Company.

There were no transactions, arrangements or agreements involving CFM during the year ended 31 March 2026.

Notes to the Financial Statements

41.2 Transactions with group entities

The Group entities include the subsidiaries of the Company.

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 whichever is lower of the Company as per 31 March 2025 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 Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and 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 2025 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 Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Transactions with subsidiaries

Company name	Nature of transaction	Transaction amount	Transaction amount	Amount (payable)/receivable	Amount payable/receivable
		2026 Rs.'000	2025 Rs.'000	2026 Rs.'000	2025 Rs.'000
Sunshine Healthcare Lanka Ltd	Service income	306,994	152,413	-	-
	Rent Income	7,812	7,440	-	-
	Expenses re-charged	2,010	-	228	-
Healthguard Pharmacy Ltd	Service income	161,032	67,556	-	-
	Rent Income	7,812	-	-	-
	Expenses re-charged	2,585	-	-	-
Watawala Plantations PLC	Service income	157,534	141,923	-	-
Sunshine Consumer Lanka Ltd	Service income	124,379	117,335	-	-
	Rent Income	10,647	5,132	-	113
	Expenses re-charged	2,502	-	-	-
	Purchases	238	-	-	-
Lina Manufacturing (Pvt) Ltd	Service income	109,482	42,721	-	9,346
	Expenses re-charged	38	-	-	-
Sunshine Tea (Pvt) Ltd	Purchases	304	-	-	-
	Service income	51,960	29,659	-	-
	Expenses re-charged	29	-	-	-
		945,360	564,179	228	9,459

Transactions with other related entities

Other related entities include significant investors (either entities or individuals) that have control, joint control or significant influence.

Company name	Relationship	Nature of transaction	Transaction amount	Transaction amount	Amount (payable)/receivable	Amount payable/receivable
			2026	2025	2026	2025
			Rs.'000	Rs.'000	Rs.'000	Rs.'000
Lamurep Properties Limited	Affiliate	Rent	35,930	27,163	-	-
			35,930	27,163	-	-

42. COMMITMENTS

There were no material commitments as at the reporting date except for disclosures made.

43. CONTINGENCIES

Accounting policy

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in profit or loss.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

Use of Judgments and Estimates

Provisions and Contingencies

The Company receives legal claims against it in the normal course of business. Management has made judgment as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in the respective legal jurisdictions.

Company

Bank Guarantees:

The Company has not given any bank guarantee to a third part as of 31 March 2026.

Pending Litigation and claims:

There are no litigations and claims as at the reporting date.

Group

Bank Guarantees:

Lonach Dairy Limited, a subsidiary of the Company, has given a bank guarantee amounting Rs.5 million to Serendib Flour Mills (Pvt) Ltd.

Watawala Plantations PLC has given a bank guarantee amounting Rs.13.7 million to Sri Lanka Customs.

Notes to the Financial Statements

44. EVENTS AFTER THE REPORTING PERIOD

Accounting policy

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the financial statements.

Company/ Group

There have been no events subsequent to the reporting date, which would have any material effect on the company/ group, other than the following:

44.1. Dividend Declaration

The Board of Directors of the Company has approved an final ordinary dividend of Rs. 0.60 per share for the year 2025/2026. Details of the dividend is disclosed in note 17 to the financial statements.

As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with Section 57, prior to declaring the final dividend. A statement of solvency duly completed and signed by the Directors on 29 May 2026 has been audited by Messrs. KPMG.

In accordance with the LKAS 10, Events after the reporting period, the final dividend has not been recognised as a liability in the financial statements as at 31 March 2026.

45. COMPARATIVE RESTATEMENT

- During 2024/2025, the Group identified that Withholding tax on dividends paid by subsidiaries amounting to Rs. 749 million had been recorded directly in the statement of changes in equity under the Retained earnings. As a consequence, Profit for the year (Group) have been overstated by amounting Rs. 749 million. This has been reclassified through the restatement of the income tax expense line item in the prior year's statement of profit or loss and other comprehensive income.

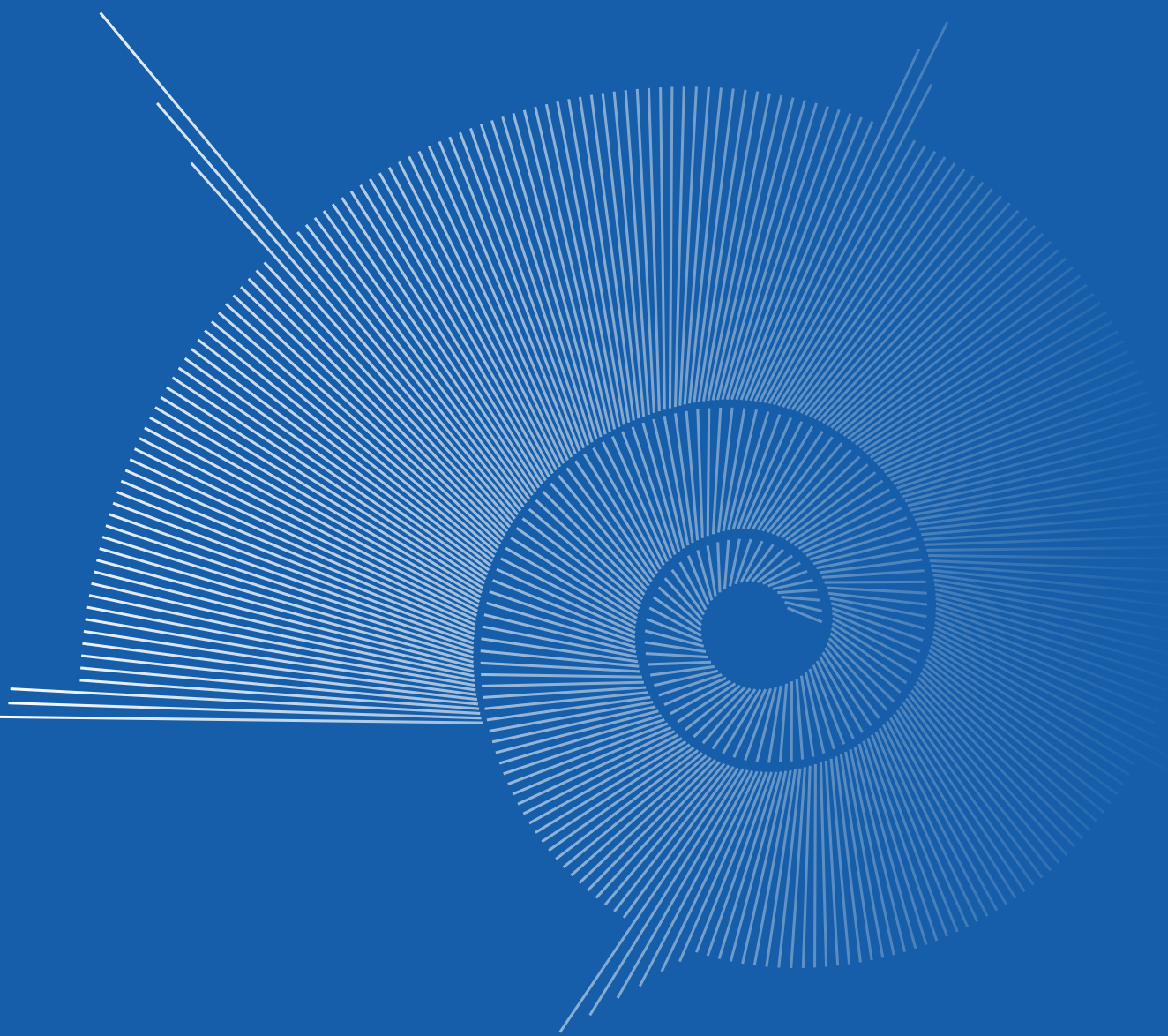
Consequently, the Group's basic / diluted earnings per share (EPS) have been restated from the previously reported Rs. 2.15 per share to Rs. 1.77 per share to reflect the correction of the prior-period error.

- During 2024/2025, the Group discovered that proceeds from shares issued by a subsidiary to NCI, amounting to Rs. 3,209 million, had been erroneously classified under cash flows from investing activities in the statement of cash flows. The error has been corrected by restating the prior-year comparative statement of cash flows. Accordingly, the proceeds from shares issued by the subsidiary to NCI amounting to Rs. 3,209 million have been reclassified from cash flows from investing activities to cash flows from financing activities.

46. DIRECTOR'S RESPONSIBILITY

The Board of Directors is responsible for the preparation and presentation of the financial statements in accordance with Sri Lanka Accounting Standards and in compliance with the requirements of the Companies Act No 7 of 2007.

Supplementary Information



Decade at a Glance

	2026		2025		2024		2023	
	Group	Company	Group	Company	Group	Company	Group	Company
	Rs.'000	Rs.'000	*Restated Rs.'000	Rs.'000	*Restated Rs.'000	Rs.'000	*Restated Rs.'000	Rs.'000
Revenue	65,925,260	939,638	59,282,247	749,840	55,533,886	2,070,290	51,886,754	1,381,728
Gross profit	19,046,643	39,814	17,847,843	18,970	17,240,243	2,070,290	13,506,233	1,381,728
Profit Before interest & tax	9,283,267	3,347,688	9,278,462	2,118,881	8,223,668	1,816,341	7,000,928	1,156,628
Profit before tax	9,353,981	3,500,217	3,514,325	2,210,772	7,633,162	1,992,029	5,660,638	1,251,075
Income tax	(4,318,231)	(14,108)	(3,806,017)	32,923	(2,491,363)	17,289	(2,141,286)	(738)
Profit for the year	5,035,750	3,500,217	5,164,828	2,243,695	5,141,799	1,992,029	3,519,351	1,250,336
Profit or (loss) on discontinued operations, net of tax	-	-	-	-	-	-	-	-
Other comprehensive income	104,404	136,250	(248,782)	(144,325)	231,885	246,320	(174,312)	(81,987)
Total comprehensive income	5,140,154	3,636,467	4,916,046	2,099,370	5,373,684	2,238,349	3,345,039	1,168,349
Profit Attributable to owners of parent company	3,052,657	3,500,217	3,490,235	2,243,695	3,819,280	1,992,029	2,202,900	1,250,336
Equity & liabilities								
Stated capital	4,240,394	4,240,394	4,240,394	4,240,394	4,240,394	4,240,394	4,240,394	4,240,394
Other reserves	210,254	401,940	92,933	286,264	430,473	430,590	191,803	184,270
Retained profit	15,479,991	6,189,679	15,965,699	6,211,099	14,233,958	5,572,519	11,356,303	4,638,236
Shareholders' fund	19,930,639	10,832,013	20,299,026	10,737,757	18,904,825	10,243,503	15,788,500	9,062,901
Non-controlling interest	7,450,423	-	6,748,189	-	3,767,868	-	3,448,610	-
Total equity	27,381,062	10,832,013	27,047,215	10,737,757	22,672,693	10,243,503	19,237,110	9,062,901
Non current liabilities	6,200,479	1,529,226	4,815,041	229,653	4,408,856	190,922	4,240,426	144,726
Current liabilities	22,158,552	778,169	16,291,170	223,622	16,390,430	97,627	12,530,545	50,476
Total equity & liabilities	55,740,093	13,139,408	48,153,426	11,191,032	43,471,979	10,532,052	36,008,081	9,258,103
Assets								
Property, plant & equipments	8,894,433	32,817	6,828,565	61,714	6,641,907	8,652	6,735,559	25,523
Leasehold right to bare land	405,961	-	409,805	-	359,851	-	243,876	-
Biological assets	2,852,897	-	3,317,573	-	3,658,653	-	3,503,610	-
Investment property	570,200	901,730	570,199	901,730	631,212	-	627,529	-
Intangible assets	259,112	11,013	235,132	9,796	277,903	14,490	349,109	19,759
Investments in subsidiaries	-	10,007,471	-	7,325,815	-	7,747,698	-	7,248,733
Other investments	1,376,536	634,000	578,045	572,918	833,617	782,224	519,017	465,734
Deferred tax	471,717	47,877	374,924	14,689	420,127	31,602	320,099	121,249
Current assets	38,295,219	1,552,377	34,528,451	2,304,369	29,261,603	1,947,386	22,322,177	74,195
Total assets	55,740,093	13,139,408	48,153,426	11,191,032	43,471,979	10,532,052	36,008,081	9,258,103
Key indicators								
Earnings per share *	1.55	1.78	1.77	1.14	7.76	4.05	4.54	2.79
Dividends per share - cash *	1.80	1.80	0.98	0.98	2.00	2.00	1.15	1.15
Dividends per share - scrip	-	-	-	-	-	-	-	-
Net assets per share	10.13	5.50	10.32	5.46	38.43	20.82	32.08	18.42
Return on equity (ROE)	19.33%	33.72%	19.1%	20.9%	22.7%	19.4%	18.3%	13.8%
Current ratio	1.73	2.38	1.99x	10.30x	1.79x	19.95x	1.78x	1.47x
Dividend payout ratio	-	-	54.97%	-	25.77%	-	25.33%	-

* Share split executed 1 to 4 in 2025.

2022		2021		2020		2019		2018		2017	
Group	Company	Group	Company	Group	Company	Group	Company	Group	Company	Group	Company
*Restated											
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
32,166,209	1,075,338	24,339,446	850,202	20,874,637	655,897	22,641,988	514,908	21,235,736	395,125	18,890,754	414,780
10,239,036	1,075,338	7,737,717	850,202	6,177,984	655,897	5,699,291	514,908	5,385,359	340,600	4,763,049	260,872
5,632,248	945,840	3,525,378	3,025,600	2,909,048	1,976,429	2,213,170	303,937	2,580,028	122,913	2,072,983	107,405
5,646,675	1,038,285	3,309,139	3,024,029	2,563,377	1,987,767	1,881,577	240,636	2,422,815	148,558	2,042,854	190,801
(650,001)	(15,453)	(771,611)	(117,953)	(730,739)	(12,232)	(735,942)	19,250	(618,292)	-	(430,089)	(343)
4,996,672	1,022,832	2,537,528	2,906,076	1,832,638	1,975,536	1,145,634	259,886	1,804,523	148,558	1,612,765	190,458
-	-	-	-	-	-	-	-	(210,825)	-	8,456	-
70,378	(39,642)	(37,970)	(15,382)	(36,539)	(27,415)	(224,827)	14,449	68,903	35,763	94,713	6,969
5,067,051	28,890,694	2,499,558	983,190	1,797,282	1,948,121	920,807	274,335	1,662,601	184,321	1,715,934	197,427
2,720,743	2,906,076	1,522,207	1,022,832	1,147,046	1,975,536	646,984	259,886	829,363	184,321	563,802	197,427
-	-	-	-	-	-	-	-	-	-	-	-
1,641,715	1,641,715	1,641,715	1,641,715	1,641,715	1,641,715	1,641,715	1,641,715	798,504	798,504	730,940	730,940
274,561	266,257	339,686	331,383	357,607	351,106	386,181	380,154	390,894	364,012	331,838	329,139
11,061,418	3,694,810	8,551,562	3,495,157	6,414,107	3,398,264	5,488,287	1,781,111	5,185,526	1,767,356	5,186,947	1,854,405
12,977,694	5,602,783	10,532,963	5,468,255	8,414,140	5,391,086	7,516,184	3,802,980	6,374,925	2,929,873	6,249,725	2,914,484
5,450,236	-	4,808,856	-	4,035,566	-	3,476,651	-	3,427,199	-	5,340,766	-
18,427,931	5,602,783	15,341,819	5,468,255	12,449,706	5,391,086	10,992,835	3,802,980	9,802,123	2,929,873	11,590,491	2,914,484
2,826,317	113,136	3,484,909	106,078	3,547,763	1,035,713	5,632,267	1,322,862	5,462,718	1,221,729	2,839,327	51,881
7,899,275	66,021	8,056,277	1,099,331	6,836,994	2,083,662	5,435,280	455,936	5,029,412	281,796	3,502,376	15,817
29,153,523	5,781,940	26,883,005	6,673,665	22,834,463	8,510,461	22,060,381	5,581,779	20,294,253	4,433,397	17,932,194	2,982,182
4,787,020	13,664	4,794,111	33,067	4,719,959	45,406	5,800,455	16,334	5,451,893	3,291	4,952,871	5,901
235,995	-	238,853	-	241,439	-	183,963	-	190,997	-	-	-
3,675,946	-	3,492,193	-	3,449,345	-	4,694,037	-	4,379,456	-	3,629,026	-
1,030,094	3,210,054	769,499	-	709,499	-	327,205	-	327,205	-	-	-
385,928	25,028	249,057	7,556	165,943	5	192,415	27	215,179	780	168,765	1,533
-	3,210,054	-	3,399,509	-	3,232,076	-	3,313,402	-	3,017,901	-	1,376,748
741,513	669,200	1,004,331	647,178	1,070,904	727,179	976,129	647,625	653,396	642,633	636,733	625,970
259,034	59,507	42,612	43,064	65,788	32,018	57,496	17,997	73,662	-	75,591	-
16,710,797	1,804,487	14,714,409	2,541,999	12,410,202	4,472,425	9,825,883	1,577,394	8,705,910	759,792	8,210,888	972,029
29,153,523	5,781,940	26,883,005	6,673,665	22,834,463	8,510,461	22,060,381	5,581,779	20,294,253	4,433,397	17,932,194	2,982,182
6.06	2.28	3.39	6.48	2.56	4.40	4.43	1.78	6.08	1.09	4.13	1.40
0.96	0.96	0.83	0.83	0.75	0.75	1.25	1.25	1.00	1.00	1.50	1.50
-	-	-	-	-	-	-	-	0.50	0.50	0.50	0.50
26.77	12.49	23.48	12.19	56.26	36.05	50.26	25.43	46.33	21.47	46.25	21.57
27.1%	18.3%	16.5%	53.1%	14.7%	36.6%	10.4%	6.8%	16.90%		15.0%	6.77%
2.12x	27.33x	1.83x	2.31x	1.82x	2.15x	1.81x	3.46x	1.73x	2.70x	2.34x	66.71x
15.84%	-	24.48%	-	29.30%	-	28.22%	-	137.61%	-	141.84%	-

Investor Information

TOP 20 SHAREHOLDERS LIST AS AT 31 MARCH 2026

Name	No. of shares	%
1 Lamurep Investments Limited	1,085,816,556	55.18
2 Akbar Brothers Pvt Ltd	196,967,420	10.01
3 Deepcar Limited	185,056,304	9.40
4 Ceylon Business Development Limited	43,663,504	2.22
5 Thread Capital (Private) Limited	36,293,189	1.84
6 Mr. David Percival Pieris	26,541,043	1.35
7 Perera and Sons Bakers Pvt Limited	25,000,000	1.27
8 Mr. Visvanathamoorthy Govindasamy	24,318,000	1.24
9 Hatton National Bank PLC - Capital Alliance Quantitative Equity Fund	24,201,164	1.23
10 Seylan Bank Plc/Phantom Investments (Pvt) Ltd	22,319,751	1.13
11 DFCC Bank PLC	10,889,803	0.55
12 Ceylon Guardian Investment Trust PLC	9,117,108	0.46
13 Ranavav Holdings (Pvt) Ltd	8,429,441	0.43
14 Mr. Hanif Yusoof & NDB Wealth Management	7,830,595	0.40
15 CB LDN S/A Eq Frontier Markets Fund	7,344,000	0.37
16 AFC Umbrella Fund - AFC Asia Frontier Fund	5,996,044	0.30
17 Ceylon Investment PLC	5,661,117	0.29
18 Amaliya Private Limited	4,593,568	0.23
19 Miss Meenambigai Priyadarshini Radhakrishnan	4,582,926	0.23
20 Miss Andal Radhakrishnan	4,582,926	0.23

DIRECTOR'S SHAREHOLDING

Name	No. of shares	%
Visvanathamoorthy Govindasamy	24,318,000	1.24
Govindasamy Sathasivam	36,660	0.00
Shyam Govind Sathasivam	12,216	0.00
Sanjeev Shishoo	-	-
Damian Amal Cabraal	-	-
Sudarshan Jain	-	-
Sivakrishnarajah Renganathan	-	-
Tyeabally Akbarally	-	-
Mohamed Reyaz Mihular	-	-
Aruni Goonetilleke	-	-
Aruna Deepthikumara	-	-
Prasad Gopalan	-	-
	24,366,876	1.24

SHARES NOT TAKEN INTO ACCOUNT TO COMPUTE PUBLIC HOLDING

	No. of shares	%
Lamurep Investments Limited	1,085,816,556	55.18
Ceylon Business Development Limited	43,663,504	2.22
Akbar Brothers Pvt Ltd	196,967,420	10.01
Director's Shareholding	24,366,876	1.24
	1,350,814,356	68.65

Percentage of public holding as at 31.03.2026 was 31.35%	
Total No of Shareholders	12,444
Total No. of shareholders who hold the Public Holding %	12,436
Total No of shares issued	1,967,894,516
Market capitalisation of LKR	57,856,098,770.40
Float adjusted market capitalisation of LKR	18,137,886,964.52

In terms of the rule 7.13.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange, the Company Qualifies under option One of the minimum public holding requirement.

SHARES NOT TAKEN INTO ACCOUNT TO COMPUTE PUBLIC HOLDING

Number of Shares held	Residents			Non- Residents			Total		
	No. of Share holders	No. of Shares	%	No. of Share holders	No. of Shares	%	No. of Share holders	No. of Shares	%
1 - 1,000	6,300	1,957,756	0.10	16	5,685	0.00	6,316	1,963,441	0.10
1,001 - 10,000	4,009	15,676,364	0.80	15	77,302	0.00	4,024	15,753,666	0.80
10,001 - 100,000	1,737	48,739,220	2.48	19	832,814	0.04	1,756	49,572,034	2.52
100,001 - 1,000,000	270	73,802,242	3.75	7	3,060,192	0.16	277	76,862,434	3.91
1,000,001 & Over	65	1,618,289,444	82.23	6	205,453,497	10.44	71	1,823,742,941	92.67
Total	12,381	1,758,465,026	89.36	63	209,429,490	10.64	12,444	1,967,894,516	100.00

Categories of Shareholders	No. of Shares	%	No. of Share holders	%
Individuals	12,077	97.05	197,788,870	10.05
Institutions	367	2.95	1,770,105,646	89.95
Total	12,444	100.00	1,967,894,516	100.00

Investor Information

01.01.2026 TO 31.03.2026 (4QFY26)

Period	Date High	High (Rs.)	Date Low (Rs.)	Low (Rs.)	Close (Rs.)	Trade Vol	Share Vol	Turnover (Rs.)	Last Traded Date	Days Traded
2026-1	22 Jan 2026	37.4	16 Mar 2026	26.2	29.4	18,984	49,095,840	1,588,820,175	31 Mar 2026	59

01.04.2025 TO 31.03.2026 (GROUPED YEARLY)

Period	Date High	High (Rs.)	Date Low (Rs.)	Low (Rs.)	Close (Rs.)	Trade Vol	Share Vol	Turnover (Rs.)	Last Traded Date	Days Traded
2026	22 Jan 2026	37.4	16 Mar 2026	26.2	29.4	18,984	49,095,840	1,588,820,175	31 Mar 2026	59
2025	6 Nov 2025	39.6	7 Apr 2025	19.2	35.1	74,575	487,726,147	13,966,813,287	31 Dec 2025	182

Corporate Information

NAME OF COMPANY

Sunshine Holdings PLC

LEGAL FORM

Public Limited Liability Company
(Incorporated in 1973 and listed in the Colombo Stock Exchange)

DATE OF INCORPORATION

16th June 1973

COMPANY REGISTRATION NUMBER

PQ13

ACCOUNTING YEAR END

31st March

PRINCIPAL ACTIVITIES

Managing Portfolio of Businesses through Management Services

REGISTERED OFFICE

No. 60, Dharmapala Mawatha, Colombo 03

DIRECTORS

Mr. D. A. Cabraal
Mr. V. Govindasamy
Mr. S.G. Sathasivam
Mr. G. Sathasivam
Mr. S. Shishoo
Mr. Sudarshan Jain
Mr. S. Renganathan
Mr. Tyeabally Akbarally
Mr. Reyaz Mihular
Ms. Aruni Goonetilleke (Resigned)
Mr. Aruna Deepthikumara
Mr. Prasad Gopalan

SECRETARIES

Corporate Services (Private) Limited
No. 216, De Seram Place,
Colombo 10
Tel: 011 4 605 100

AUDITORS

KPMG

CHARTERED ACCOUNTANTS

32A, Sri Mohamed Macan Marker
Mawatha,
Colombo 03

LAWYERS

F J & G de Saram (Attorney-at-Law)
No.216, de Saram Place
Colombo 10

Nithya Partners
Attorneys-at-Law
No. 97/A, Galle Road
Colombo 03

BANKERS

Hatton National Bank PLC
National Development Bank PLC
MCB Bank Limited
Standard Chartered Bank Ltd.
Seylan Bank PLC
Nations Trust Bank PLC
Commercial Bank PLC
Indian Overseas Bank
Hongkong and Shanghai Banking Corporation Limited
DFCC Bank PLC
Sampath Bank PLC
Peoples Bank
Bank of Ceylon
Bank of China

CREDIT RATINGS

The Company has been assigned a national long-term rating of 'AA+(lka)'; outlook stable by Fitch Ratings Lanka Limited

WEBSITE

www.sunshineholdings.lk

Notice of Meeting

Notice is hereby given that the Fifty Third (53rd) Annual General Meeting (“AGM”) of Sunshine Holdings PLC (the “Company”) will be held online via a virtual platform on Thursday, the 25th day of June 2026 at 3.30 p.m. and the business to be brought before the meeting will be:

1. To receive and consider the Annual Report of the Board of Directors, together with the audited financial statements of the Company and Group, for the financial year ended 31st March 2026 and the report of the Auditors thereon.
2. To declare a final cash dividend of LKR 0.60 per share as recommended by the Board of Directors.
3. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. Mohamed Reyaz Mihular as a Director who has attained the age of seventy (70) years: in terms of Section 211(1) of the Companies Act No. 7 of 2007:

“Ordinary Resolution

IT IS HEREBY RESOLVED THAT the age limit referred to in section 210 of the Companies’ Act No. 7 of 2007 (“Companies’ Act”) shall not apply to Mr. Mohamed Reyaz Mihular, Director of the Company, who has attained the age of seventy (70) years and that he be re-appointed as a director of the Company.”

4. To propose the following resolution as an ordinary resolution in accordance with sub clause (c) of Section 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange, to approve Mr. Mohamed Reyaz Mihular as nevertheless independent upon him attaining the age of seventy years:

“Ordinary Resolution

WHEREAS in keeping with sub clause (a) to Section 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange, the Nominations and Governance Committee along with the justification and rationale had recommended to the board of directors of the Company (“the Board”) to consider Mr. Mohamed Reyaz Mihular as nevertheless independent upon him attaining the age of seventy years on 18th June 2026;

WHEREAS the Board having duly considered the said justification and rationale has confirmed the recommendation of the Nominations and Governance Committee to consider Mr. Mohamed Reyaz Mihular as nevertheless independent upon him attaining the age of seventy years;

Accordingly IT IS HEREBY RESOLVED THAT the recommendation of the Nominations and Governance Committee along with the justification and rationale and the confirmation of the board of directors of the Company to consider Mr. Mohamed Reyaz Mihular as nevertheless independent upon him attaining the age of seventy years, be approved.

5. To re-appoint Mr. Prasad Gopalan, Director of the Company, who retires in terms of article 110 of the articles of association of the Company.
6. To re-appoint Ms. Roshani Kobbekaduwa, Director of the Company, who retires in terms of Article 110 of the Articles of Association of the Company.
7. To re-appoint Mr. Tyeabally Akbarally, Director of the Company, who retires by rotation in terms of article 104 of the articles of association of the Company.
8. To re-appoint M/s KPMG Chartered Accountants as Auditors of the Company until the conclusion of the next Annual General Meeting to audit the financial statements of the Company for the year ending 31st March 2027 and to authorise the Directors to determine their remuneration therefor.
9. To authorise the Directors to determine the contributions to charities.

By order of the Board

Corporate Services (Private) Limited
Secretaries

03rd June 2026
Colombo.

Note:

Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote/speak in his/her stead and a form of proxy is sent herewith for this purpose. A proxy need not be a shareholder of the Company. A completed form of proxy must be deposited at the registered office of the Company, at No.60, Dharmapala Mawatha, Colombo 03 or e-mailed to kirana.jayawardena@sunshineholdings.lk or corporateservices@corporateservices.lk **not less than 48 hours before the time appointed for the holding of the meeting**

Meeting Guidelines

The meeting is to be held in line with the guidelines given by the Colombo Stock Exchange.

- (i) The shareholders who wish to participate at the meeting will be able to join the meeting through audio or audio and visual means via Zoom. In order for us to forward the access information necessary for participation at the meeting, which shall include the meeting identification number, access password, and access telephone number, please forward the duly completed registration form including your e-mail address and contact telephone number to the registered address of the Company **not less than 48 hours before** the time appointed for the holding of the meeting, so that the login information could be forwarded to the e-mail addresses so provided.
- (ii) If the Company is unable to post this Notice due to any situation beyond its control, then this Notice will be published in one issue of a daily newspaper in the Sinhala, Tamil and English languages and if the circumstances permit, in one issue of the Gazette. The Notice of Meeting, Form of Proxy and Registration Form will also be published on the website of the Colombo Stock Exchange (<https://www.cse.lk/company-profile?symbol=SUN.N0000>) and the website of the Company (<https://www.sunshineholdings.lk/>).
- (iii) Proxy forms are forwarded to the shareholders together with the Notice of Meeting and Registration form. Proxy forms have been uploaded to the Company's website (<https://www.sunshineholdings.lk/>) and should be duly completed as per the instructions given therein and sent to the registered address of the Company or e-mailed to kirana.jayawardena@sunshineholdings.lk or corporateservices@corporateservices.lk **not less than 48 hours** before the time appointed for the holding of the meeting and the proxy so appointed shall participate at the meeting through audio or audio visual means only.
- (iv) The shareholders who are unable to participate at the AGM via Zoom could send their queries, if any, to email address kirana.jayawardena@sunshineholdings.lk or corporateservices@corporateservices.lk at any time before the meeting time and the responses to the same will be included in the minutes of the meeting.
- (v) Voting in respect of the items specified in the agenda to be passed will be registered by using the audio or audio and visual means (Zoom) or a designated ancillary online application. All of such procedures will be explained to the shareholders prior to the commencement of the meeting.
- (vi) For any questions please contact Mr. Kirana Jayawardena of Sunshine Holdings PLC on 0114702400 during office hours.

Circular to Shareholders

CIRCULAR TO THE SHAREHOLDERS OF SUNSHINE HOLDINGS PLC (“Company”) PQ 13

Dear Shareholder,

CIRCULATION OF ANNUAL REPORT TO SHAREHOLDERS

Rule No. 7.5 of the Listing Rules of the Colombo Stock Exchange (“CSE”) permits a listed company to forward its Annual Report to its shareholders in a mode other than in printed form.

Accordingly, the Annual Report for the financial year ended 31st March 2026 of the Company can be downloaded from the CSE website on (<https://www.cse.lk/company-profile?symbol=SUN.N0000>).

If you wish to receive a printed copy of the Annual Report for the year ended 31st March 2026, you may complete and forward the attached Form of Request to us on or before 12th June 2026. The Company will furnish a printed copy of the Annual Report to the shareholders requesting such printed copy within eight (8) market days from the date of receipt of the written request.

If you have any queries on this matter, please contact the following officer:

Name : Kirana Jayawardena

Email ID : kirana.jayawardena@sunshineholdings.lk

Telephone: 0114 70 2400

Yours faithfully,
By order of the Board of Sunshine Holdings PLC

CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries and Registrars

03rd June 2026

Form of Proxy

*I/We..... of
being a shareholder/shareholders of SUNSHINE HOLDINGS PLC
 do hereby appoint

1. Mr. D.A. Cabraal or failing him,
2. Mr. V. Govindasamy or failing him,
3. Mr. G. Sathasivam or failing him,
4. Mr. S.G. Sathasivam or failing him,
5. Mr. S. Shishoo or failing him,
6. Mr. S. Jain or failing him,
7. Mr. S. Renganathan or failing him,
8. Mr. T. Akbarally or failing him,
9. Mr. M.R. Mihular or failing him,
10. Mr. A. Deepthikumara or failing him,
11. Mr. P. Gopalan or failing him,
12. Ms. R. Kobbekaduwa or failing her,

..... of
as my/our proxy to represent me/
 us and to speak and to vote on my/our behalf at the annual general meeting of the Company to be held on the Twenty Fifth (25th) day of June 2026 at 3.30 p.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against	Abstain
1. To receive and consider the annual report of the board of Directors together with the audited financial statements of the Company and the Group for the year ended 31st March 2026 and the report of the auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a final cash dividend of Rs. 0.60 per share as recommended by the Board of Directors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint Mr. M.R. Mihular as a Director who has attained the age of seventy (70) years	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To approve Mr. M.R. Mihular as nevertheless independent upon him attaining the age of seventy (70) years	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Mr. P. Gopalan as a Director who retires by in terms of article 110 of the articles of association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Ms. R. Kobbekaduwa as a Director who retires by in terms of article 110 of the articles of association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint Mr. T. Akbarally as a Director who retires by rotation in terms of article 104 of the articles of association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To re-appoint KPMG (Chartered Accountants) until the conclusion of the next AGM of the Company to audit the financial statements of the Company for the year ending 31st March 2027 and to authorise the Directors to determine their remuneration therefor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. To authorise the Directors to determine the contributions to charities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of..... Two Thousand and Twenty Six

.....
 *Signature/s

Note: Please delete the inappropriate words.

INSTRUCTIONS AS TO COMPLETION

1. Kindly complete the form of proxy after filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy who need not be a shareholder, to attend and vote instead of him.
3. In the case of a corporation, the form must be completed under its common seal, which should be affixed and attested in the manner prescribed by the articles of association.
4. If the form of proxy is signed by an Attorney, the relevant Power of Attorney should also accompany to the completed form of proxy, in the manner prescribed by the articles of association.
5. The completed form of proxy should be deposited at the registered office of the Company, No.60, Dharmapala Mawatha, Colombo 03 or e-mailed to kirana.jayawardena@sunshineholdings.lk or corporateservices@corporateservices.lk **not less than 48 hours** before the time appointed for the holding of the meeting.

This Annual Report is conceptualised, designed and produced by Redworks.



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sunshine

*Bringing **good things** to life*

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