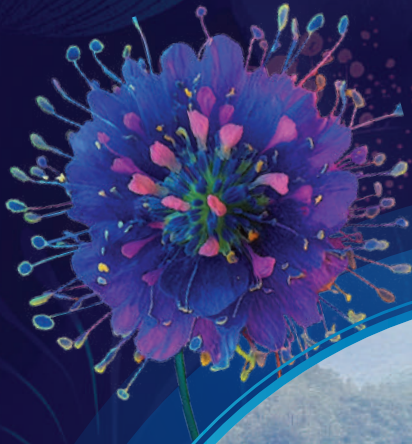


Devil's-bit Scabious

Devil's Bit Scabious is a bioluminescent wildflower that flourishes in vibrant ecosystems – designed to nurture sustainable growth.



PLANTATIONS

The Group's Plantations Sector is represented by the country's three leading regional plantation companies (RPCs) which are widely recognised as the most sustainable, innovative and profitable RPCs in Sri Lanka.



Insights from Sector
Managing Director
Scan to view

Plantations

HIGHLIGHTS OF 2024/25



Revenue
Rs. 19.18 bn
(+6%)



Profit Before Tax
Rs. 2.91 bn
(-18%)



Profit After Tax
Rs. 1.91 bn
(-15%)



Assets
Rs. 27.28 bn
(+8%)



Liabilities
Rs. 13.30 bn
(+8%)



Employees
15,775
(3%)

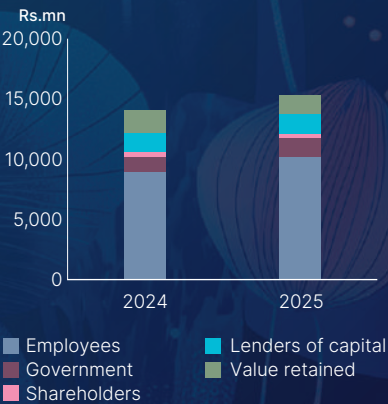


Carbon Footprint
(Scope 1,2,3)*
38,420 tCO2e

INTEGRATED PERFORMANCE



STAKEHOLDER VALUE CREATION



*The carbon footprint for 2024/25 represents an expanded coverage of Scope 3 emissions compared to the previous year

KEY DEVELOPMENTS IN 2024/25

Maintained position as top performers in the Colombo Tea Auction

Commissioning of state-of-the-art Kiruwanaganga Tea Factory

Emissions targets of KVPL and TTE verified by the Science Based Target Initiative (SBTi)

Expansion of revenue share model to cover 40% of total volume of green leaf

Guiding the plantation industry into a new era, the Hayleys Plantation Sector draws inspiration from the natural brilliance of bioluminescence and biofluorescence—symbols of transformation and renewal—as it champions sustainability, equitable value creation, and the reimagining of a traditional sector into one that illuminates with innovation and shared growth.

TRANSFORMATION THROUGH INNOVATION

- Use of technology and selective mechanisation to transform processes
- Data-driven decision making
- Regenerative agriculture practices

INDUSTRY LEADER IN SUSTAINABILITY

- Multitude of environmental and social certifications
- Several industry firsts including SBTi verification and regenagri® certification

SOCIO-ECONOMIC VALUE GENERATION

Employee value creation through payments of **Rs. 10.20 bn** to workforce including around 14,000 estate workers

140,000 residents of estate communities supported through multi-faceted community initiatives

Rs. 4.78 bn payments to suppliers including tea smallholders

Plantations



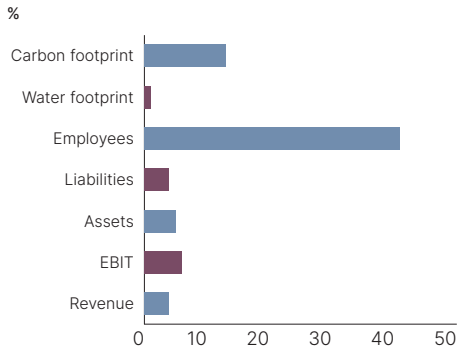
SECTOR OVERVIEW

As one of the country’s largest plantation groups, the three RPCs under Hayleys, collectively cultivate over 13,000 hectares of tea and rubber across 55 estates. The Hayleys Plantation companies have played a key role in driving Sri Lanka’s tea sector forward, redefining industry standards in sustainability, innovation and quality. At a time when the long-term viability of Sri Lanka’s tea sector is being threatened by rising costs, shortage of labour and implications of climate change, the Hayleys Plantation Companies are at the forefront of driving industry transformation through technology, nature-positive agriculture and equitable remuneration models.

SECTOR OPERATIONS

Sub-Sector	Contribution to Sector (%)	
	Revenue	PBT
Kelani Valley Plantations PLC Producer of tea, and rubber in 25 estates	42	32
Talawakelle Tea Estates PLC Produces tea in 16 estates	39	59
Horana Plantations PLC Produces, tea, rubber, oil palm and coffee in 14 estates	19	10

RELEVANCE TO GROUP



Strength and impact	Competitive position	Quality benchmark	World-leader in industry sustainability
One of Sri Lanka’s largest plantation sector groups, collectively accounting for 4.6% and 3.9% of the country’s tea and rubber cultivation	Consistently ranking among the top price takers in the Colombo Tea Auction, with TTE and KVPL ranking 1st and 2nd, and HPL ranking 4th respectively	Benchmark of quality as the most certified plantation companies in Sri Lanka, which includes 52 certifications and 20 management systems across all three RPCs	World’s first plantation company to obtain verification of SBTi targets (TTE) World’s first regenagri® certified plantation company (KVPL) Sri Lanka’s first EUDR certified plantation company (HPL)

OPERATING ENVIRONMENT

Sri Lanka’s tea production increased marginally by 2% to 262 mn kg in 2024, driven by growth in both the low and medium grown elevations while high-grown tea recorded a decline. The industry is at crossroads, plagued by detrimental policy decisions, acute labour shortages and worsening implications of climate change. Following the policy decision to increase the daily wages of plantation sector workers to a base wage of Rs. 1,350 and a special allowance of Rs. 350 the RPCs have seen considerable increase in the cost of production further crippling an already challenging landscape. While auction prices remained elevated for most part of 2024, the last quarter of the financial year 2024/25 saw a decline in global prices. Sri Lanka’s rubber production increased for the first time in recent years, expanding by 7% to 69 mn KGs in 2024, although the last quarter of the financial year saw a sharp decline in production due to unfavourable weather. Auction prices increased by a near 28% during 2024, although a parallel increase in cost of production led to relatively unchanged profitability.

	COST OF PRODUCTION +9% Increase in cost of production	TEA PRICES AT COLOMBO AUCTION +5% Increase in 2024 8% Decline in 4Q FY 24/25	ESCALATING IMPLICATIONS OF CLIMATE CHANGE	LABOUR SHORTAGES Relatively less workforce in relation to cultivated extent
Description	The near 35% increase in wages, coupled with low labour productivity and elevated fertilize prices have inserted significant pressure on manufacturers	The decline in tea prices during 4Q FY 24/25 represents the most significant short-term risk, reflecting subdued demand conditions and an increase in global supply	Increased variability of rainfall and temperature continue to impact the country's tea production, underscoring the critical importance of climate adaptation	Changing aspirations of the younger generations continue to drive increased labour migration from the estate sector, resulting in critical labour shortages
Impact	H	H	M	H
Implications	<ul style="list-style-type: none"> - Reduced competitiveness in the global market - Impact on profitability margins 	<ul style="list-style-type: none"> - Adverse implications on Revenue and profitability 	<ul style="list-style-type: none"> - Adverse impact on quality, yield and crop - Increased costs associated with climate adaptation 	<ul style="list-style-type: none"> - Impacts on the continuity of production - Impacts on labour productivity

H-High, **M**-Medium, **L**-Low / Blue circle represents adverse effect while green circle represents positive effect

RISK LANDSCAPE

Market risks

Labour shortages driven by changing aspirations of the younger demographics resulting insufficient pluckers

Ⓢ Strategic response

- Increase the coverage of remuneration share models in creating more equitable value

Operational risks

Limited investments in replanting and infilling have led to long-term decline in productivity of Sri Lanka's tea lands, resulting in relatively lower yields

Ⓢ Strategic response

- Regenerative agriculture practices to improve soil health and yields and operations

Operational risks

Sri Lanka's cost of production continues to be higher than competing producers due to low labour productivity and declining yields

Ⓢ Strategic response

- Focus on efficiencies, yield improvements and automation

Sustainability-related risks

CRRO 1,2

Physical risks of climate change including erratic weather patterns, volatile rainfall and fluctuating temperatures can impact yield and quality (SLFRS icon 2)

Ⓢ Strategic response

- Climate adaptation and mitigation plans including crop diversification



Plantations

Sustainability opportunities

Global customers are increasingly demanding responsible social and environmental practices along the entire value chain, necessitating higher supply chain visibility and traceability

Ⓢ Strategic response

→ Leverage the Sector’s strong sustainability practices to sharpen competitive edge

OPPORTUNITIES

Market opportunities

Consumers are increasingly tilting towards products that contribute to their health and well-being, giving rise to the convergence of sustainability and wellness in beverages

Ⓢ Strategic response

→ Strategic focus on ensuring superior quality of produce through certifications and adopting global best practices



STRATEGY AND RESOURCE ALLOCATION

The Sector’s long-term strategy has centred on driving a reset in its plantation management approach with a view to transforming the industry to a modern, dynamic and sophisticated one. Accordingly, strategic focus has been placed on creating social business enterprises through more equitable remuneration models, regenerative agriculture and data-driven decision making. The Sector has also sought to increasingly diversify its earnings profile, in response to the growing volatility and influence of uncontrollable factors affecting traditional export crops.

Strategic KPIs/ Pre-financials

<h3>CROP AND BUSINESS DIVERSIFICATION</h3> <p>How we performed: The Sector is pursuing conscious efforts to reduce reliance on labour intensive crops and increase contributions from export agriculture crops and other business avenues</p> <div><h4>New products developed</h4><table><tr><td>2025</td><td><div></div></td><td>122</td></tr><tr><td>2024</td><td><div></div></td><td>87</td></tr></table></div> <p>About this KPI and why we use it: This KPI demonstrates the effectiveness of the Sector’s diversification strategy and its efforts to reduce reliance on traditional crops</p> <p>Resource allocation Investments in new crop: Rs. 233 mn</p>	2025	<div></div>	122	2024	<div></div>	87	<h3>TRANSFORMING LABOUR DYNAMICS</h3> <p>How we performed: The Sector’s unique Revenue-share model provides an opportunity to workers to increase their earnings while enhancing the dignity of labour through an entrepreneurial, productivity-linked model.</p> <div><div>40%</div><p>Crop is produced through the Revenue-share model</p></div> <p>About this KPI and why we use it: This KPI demonstrates the effectiveness of the Sector’s product strategy and optimum product mix</p> <p>Resource allocation Payments made through Revenue share model: Rs. 790 mn</p>	<h3>REGENERATIVE AGRICULTURE</h3> <p>How we performed: The Sector aims to revitalise relationships with ecosystems, soil, human and crops through the use of organic fertilizer, biodiversity assessments and preservation of natural resources</p> <div><h4>Organic fertilizer applied(MT)</h4><table><tr><td>2025</td><td><div></div></td><td>321</td></tr><tr><td>2024</td><td><div></div></td><td>300</td></tr><tr><td>2023</td><td><div></div></td><td>343</td></tr></table></div> <p>About this KPI and why we use it: This KPI demonstrates reduced dependence on chemical fertilizer and the extent to which the Sector is committed to sustainable agriculture methods</p> <p>Resource allocation Investments in regenerative agriculture: Rs. 744 mn</p>	2025	<div></div>	321	2024	<div></div>	300	2023	<div></div>	343
2025	<div></div>	122															
2024	<div></div>	87															
2025	<div></div>	321															
2024	<div></div>	300															
2023	<div></div>	343															

INTEGRATED PERFORMANCE REVIEW

Resilience amidst challenges: Despite the multitude of challenges that prevailed during the year, the Sector generated a resilient performance attesting to its strategic foresight in pursuing crop diversification, new remuneration models and ongoing emphasis on efficiencies. Revenue increased by 6% to Rs. 19.18 bn supported by volume growth of 2% and 3% in tea and rubber, and strong pricing during the year. However, EBIT declined by 11% to Rs. 2.70 bn, reflecting the sharp increase in wages and other costs during the year. Overall, the Sector's Profit Before Tax decreased by 18% to Rs. 2,91 bn during the year, while Profit After Tax clocked in at Rs. 1,91 bn, compared to Rs. 2.25 bn the previous year.

Sharp increase in labour costs: The Sector's labour costs increased during the year, inserting significant pressure on an already elevated cost structure. Sri Lanka's labour productivity remains relatively much lower than other producing countries while acute labour shortages continue to hinder continuity of plucking. In addressing this issue, the Hayleys Plantations have sought to dismantle the archaic daily-wage based system through introducing an innovative revenue share model, aimed at creating social business enterprises within the estates. Offering increased flexibility in working hours and directly linked to productivity, the new model enables workers to multiply their earnings through an entrepreneurial model. The sector maintains that equitable, productivity-linked remuneration models are undoubtedly the path forward.

Technology and capacity drive: During the year, the Sector marked a major milestone with the commissioning of a new state-of-the-art Kiruwanaganga Tea Factory. Constructed at an investment of Rs.780 mn, with a manufacturing capacity of 14,000 kg of tea per day, the factory features advanced machinery including advanced rollers, dryers and precision colour sorters. Meanwhile, the Sector continues to strive for industry

modernisation through technology and data-driven decision making.

Uplifting plantation communities: In addition to our workforce, the Sector supports the livelihoods of a population of over 140,000 residing across our estates, through a womb-to-tomb proposition offering maternity care, nutrition, education, health and other services. During the year, investments of Rs. 344 mn was directed to the unique and holistic 'Home for Every Plantation Worker' programme, benefitting over 500,000 individuals.

Forefront of quality and sustainability:

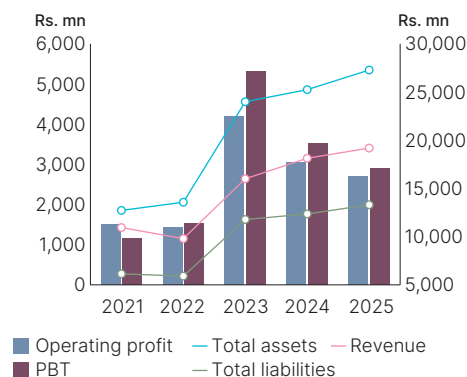
The Hayleys Plantation companies continue to lead the industry in quality, sustainability and innovation. During the reviewed period, the Sector marked several landmark achievements; KVPL obtained verification of its near-term, FLAG (Forests, Land, and Agriculture Guidance) and net-zero emission targets from SBTi, and emerged as the first plantation company in the world to obtain the regenagri® certification. Meanwhile in addition to the near-term targets which were verified previously, TTE obtained verification of its FLAT and net-zero SBTi targets and obtained Asia's first ecosystem verification certification from Preferred by Nature, while HPL was certified as Sri Lanka's first EUDR compliant RPC.

Exposure to climate-related risks:

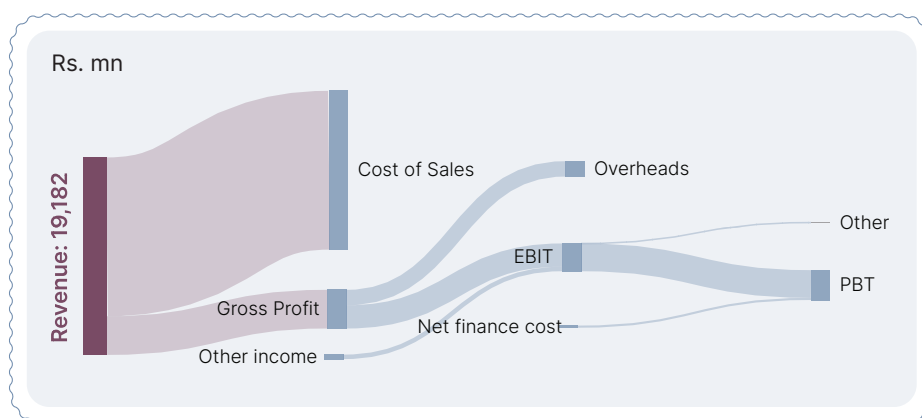
As an industry that is highly exposed to climate-related risks, the Sector

has prioritised climate mitigation and adaptation in its strategic agenda. The exposure of principal crops to climate are discussed in further detail on page 130 of this Report. The Sector's decarbonisation agenda is aligned to SBTi and centres on increasing reliance on renewable energy and reducing fertilizer-based emissions. The Sector's crops are mainly rainfed and water is used primarily for employees' consumption and cleaning purposes. Water sources include surface water and harvested rainwater. All three RPCs have comprehensive water management systems to conserve all water sources/ bodies within the estates which includes vegetative barriers, chemical free buffer zones and grass buffer zones.

SECTOR FINANCIAL PERFORMANCE

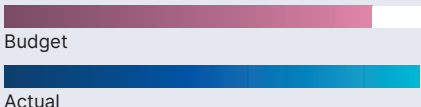
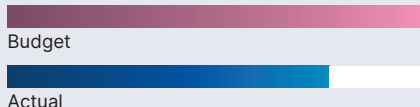
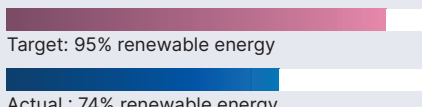
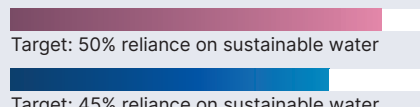


	Revenue (y-o-y) %	PBT (y-o-y) %
KVPL	10	(30)
TTE	0	(15)
Horana	9	33

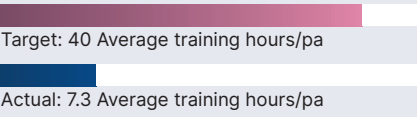
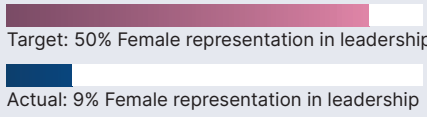


Plantations

PERFORMANCE HIGHLIGHTS

FINANCIAL METRICS		2025	2024	%	2023
Revenue		19,182	18,128	6	15,998
Earnings before interest and tax		2,702	3,052	(11)	4,186
Net finance income/(cost)		210	473	(56)	762
Profit before tax		2,906	3,525	(18)	5,318
Profit after tax		1,909	2,254	(15)	3,767
Assets		27,279	25,244	8	23,991
Liabilities		13,304	12,354	8	11,777
Operating cash flow		4,176	2,415	73	4,183
OPERATIONAL HIGHLIGHTS					
Production volumes (MT)					
-Tea		12,043	11,774	+2	11,444
-Rubber		2,712	2,639	+3	3,361
Average pricing of tea (Rs/KG)					
-TTE		1,342	1,230	+9	1,517
-KVPL		1,278	1,167	+10	1,501
-HPL		1,161	1,066	+9	1,310
No. of processing facilities		50	50	-	32
Total area under active production(ha)		17,025	16,738	+2	10,251
PERFORMANCE AGAINST TARGETS					
Revenue			Profit before tax		
					
Budget			Budget		
Actual			Actual		
ENVIRONMENTAL METRICS		2025	2024	%	2023
ESG commitment areas	Energy consumption (GJ)	547,811	590,180	-7	237,195
	Energy intensity (GJ/Revenue USD mn)	8,499	10,306	-18	5,340
	Carbon footprint (tCO ₂ e)-Scope 1&2	23,119	23,180	-	16,610
	Emission intensity (tCO ₂ e/Revenue USD mn)	359	405	+47	374
	Water withdrawn (m3)	99,145	220,806	-55	90,910
	Water intensity (m3/Revenue USD mn)	1,538	3,856	-60	2,047
Relevant SASB metrics	Energy consumption				
	-% grid electricity	17	29	-12	3
	-% renewable	77	84		83
	Water withdrawal				
	-% from high/extremely high stress**	100	100	N/A	Nil
No. of incidents of non-compliance relating to water		Nil	Nil		Nil
PERFORMANCE AGAINST TARGETS					
Emission reduction		Renewable energy		Sustainable water sourcing	
Target: 42% reduction in Scope 1 & 2 emissions by 2030 2024/25: Unchanged from the previous year					
		Target: 95% renewable energy		Target: 50% reliance on sustainable water	
		Actual : 74% renewable energy		Target: 45% reliance on sustainable water	

SOCIAL METRICS		2025	2024	%	2023
ESG commitment areas	No. of employees	15,775	15,360	+3	12,451
	Revenue per employee (Rs. mn)	1.22	1.18	+3	1.28
	Remuneration per employee (Rs.mn)	0.65	0.61	+6	0.62
	Investment in CSR (Rs.mn)	347	314	+11	360
	No. of CSR beneficiaries	520,078	573,942	-9	766,902
SASB metrics	Total recordable incident rate	Nil	10		N/A
	Fatality rate	Nil	Nil		Nil

PERFORMANCE AGAINST TARGETS		
Training hours  <p>Target: 40 Average training hours/pa Actual: 7.3 Average training hours/pa</p>	Female representation  <p>Target: 50% Female representation in leadership Actual: 9% Female representation in leadership</p>	Health and Safety <p>Target: Zero significant workplace injuries</p> <p>Actual: Zero significant workplace injuries</p>

*The Environmental and Social metrics disclosed above represent the Sector's most material impact areas, long-term ESG commitments and topics prescribed by the SASB Standard- Agricultural Products

** The Aqueduct Water Risk Atlas places Sri Lanka in the medium to high risk category for water stress

Long-term ESG commitments

Accelerate climate action

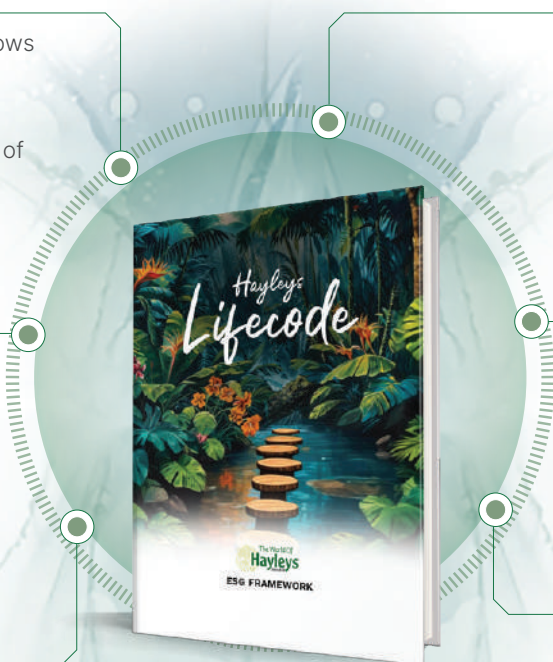
- 2 processing centres and 10 bungalows installed with solar
- 77% reliance on renewable energy
- Expansion of Scope 3 measurement of GHG emissions
- Emission targets of KVPL and TTE verified by SBTi

Restore and regenerate nature

- Surakimu Ganga initiative through which KVPL champions the protection of habitats connected to the Kelani River We-oya area
- Leopard conservation along Elbadda Ridge Corridor
- Reforestation programmes in partnership with WNPS

Optimise resource footprint

- Rainwater harvesting across all three RPCs
- Reuse of single use plastics to construct wasp attack sheds (HPL)



Responsible work place

- Her Lead- unique empowerment programme encouraging female employees females to progress to field supervisor level through a defined career progression plan (TTE)
- Total investment of Rs. 22 mn in training and development

Partner progress

- Home for Every Plantation Worker programme (refer page 307)
- She-Essentia by HPL to tackle period poverty through a women-led facility to manufacture reusable sanitary pads

Responsible and responsive corporate citizenry

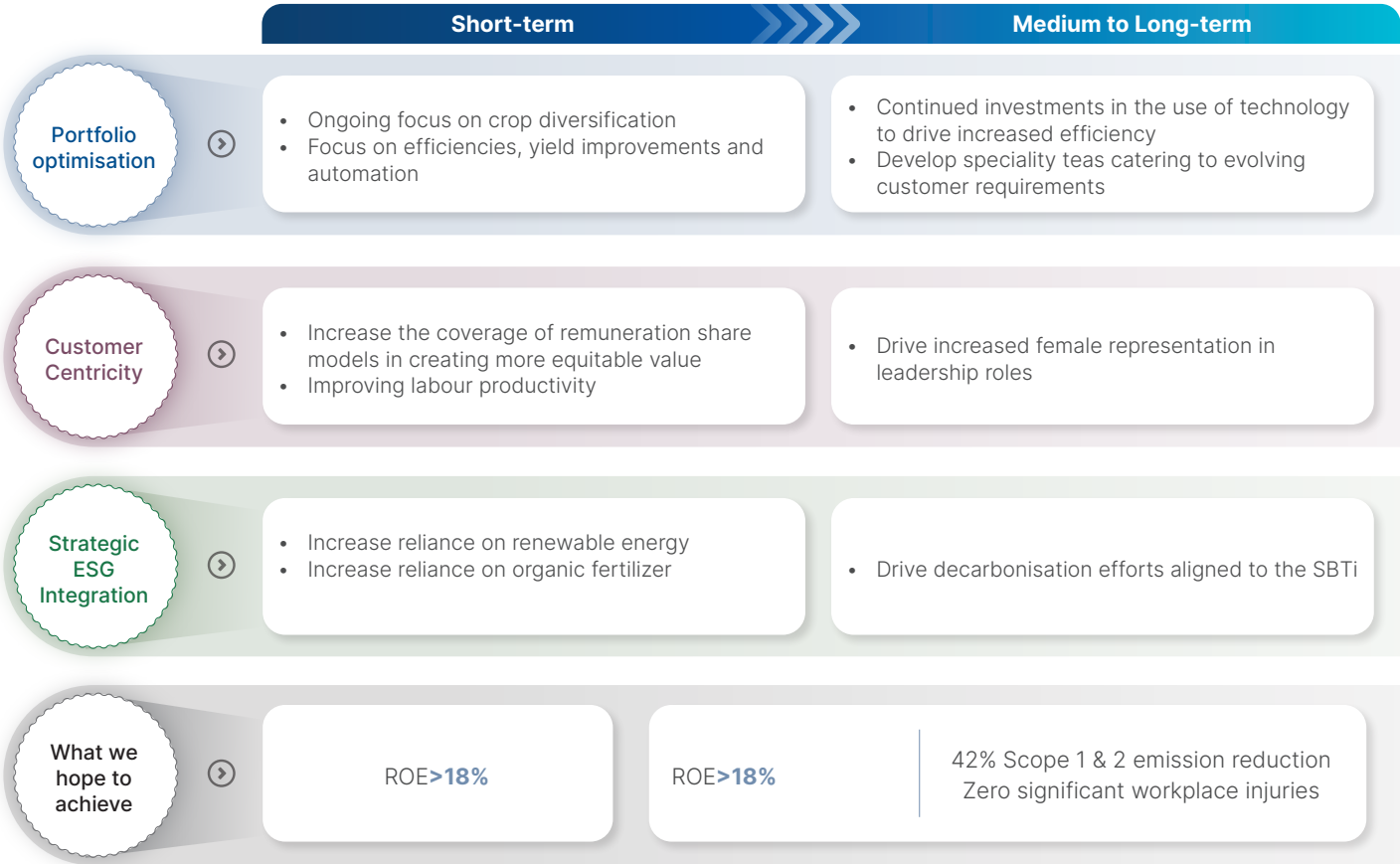
- KVPL and TTE obtained Patron Status of the UNGC showcasing benchmark practices in emission management and water stewardship

Plantations

PROSPECTS AND PLANS

While recent geopolitical trade dynamics have led to increasing global uncertainty, the long-term prospects for the industry remaining promising, presenting niche opportunities for manufacturers. Key trends shaping the industry landscape will include increasing popularity of e-commerce platforms in fashion, value-driven and price sensitive customer behaviour, demographic shifts and emergence of sustainability as a competitive edge. Against this backdrop, the Sector will continue to leverage its strengths in innovation and sustainability to sharpen its competitive edge, access new markets and create long-term value.

Alignment to Group strategy



Opportunities and levers	Risks to strategy
→ Customers' increasing sustainability consciousness	→ Escalating implications of climate change
→ Opportunities presented by digitalisation	→ Labour shortages and relatively low productivity
	→ Declining productivity of land