



THE EPITOME OF RESILIENCE

THE BEGINNING OF A NEW CHAPTER IN EXCELLENCE



ANNUAL REPORT 2025/26

THE EPITOME OF RESILIENCE

THE BEGINNING OF A NEW CHAPTER IN EXCELLENCE

From the depths of challenge to the height of renewal,
The Fortress Resorts PLC stands unbroken.

This past year, we turned uncertainty into strength,
heritage into reinvention, and promise into performance.

Through strategic refurbishment, operational rigor,
and an unwavering commitment to timeless luxury,
we have not merely recovered we have risen.

Welcome to a new chapter.
Welcome to The Fortress, redefined.



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About Us



The Fortress Resort & Spa is an iconic luxury boutique property located along Sri Lanka’s southern coastline, originally established as one of the country’s pioneering expressions of contemporary, design-led coastal hospitality. From its inception, the property has been distinguished by its striking architecture, intimate scale, and understated elegance, positioning it firmly within a niche segment of the luxury travel market that prioritises exclusivity and individuality over conventional resort experiences.

For the past 54 years, The Fortress Resort & Spa has stood as a distinctive destination in its own right. While the property has continued to evolve in line with changing traveller expectations, this journey has been one of thoughtful refinement rather than transformation, with continuous enhancements to guest experience, culinary offerings, and wellness experiences carefully layered onto its original foundation.

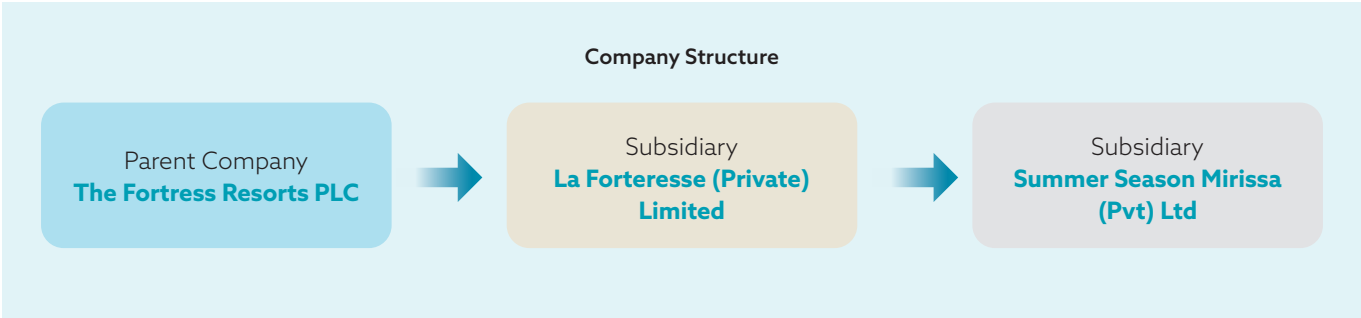
Today, The Fortress Resort & Spa continues to occupy a unique position within Sri Lanka’s luxury hospitality landscape, appealing to discerning global travellers who seek authenticity, and curated experiences that represent exclusivity and effortless elegance.

Vision

Our passion is within our belief that we make a **DIFFERENCE**

Mission

We **EMPOWER** each other with confidence and freedom, always striving to attain the ultimate experience for each of our guests.




About This Report

INTRODUCING OUR FIRST INTEGRATED ANNUAL REPORT

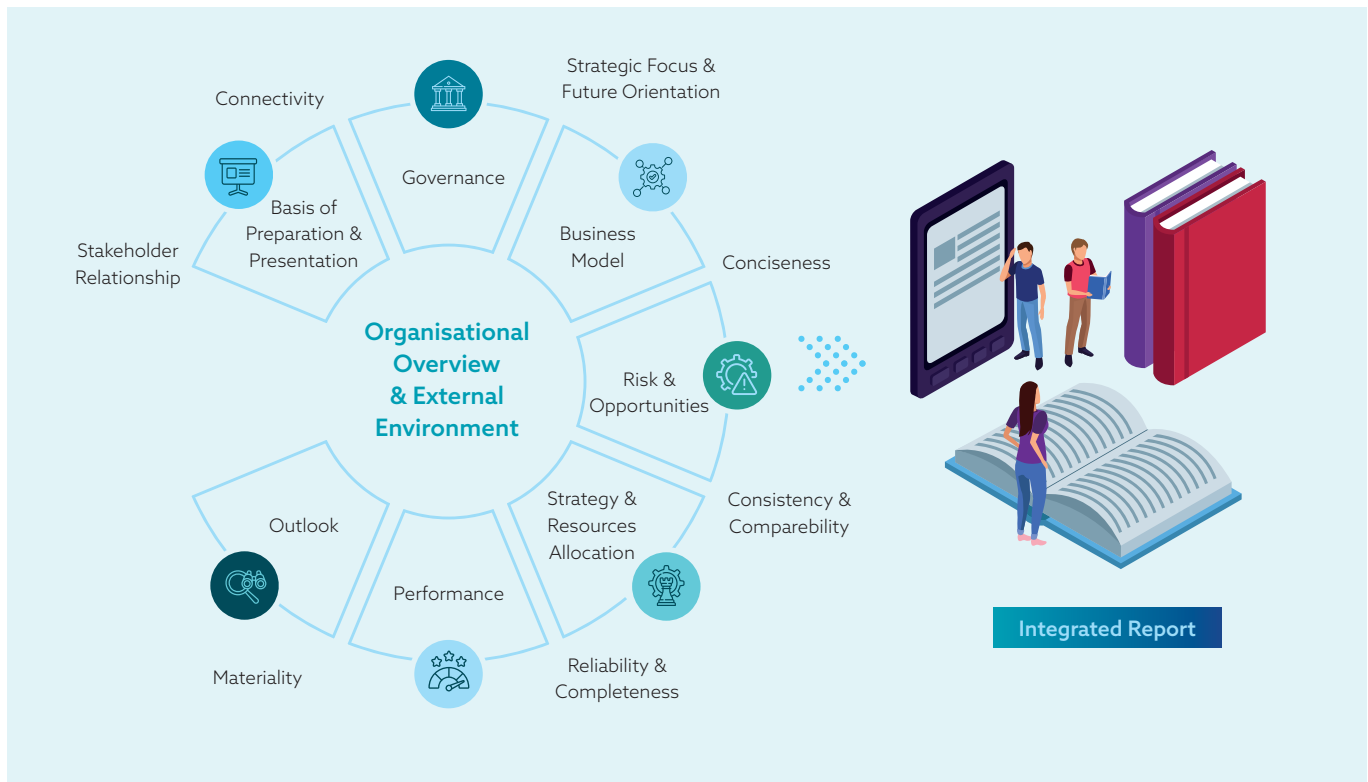
Welcome to the first Integrated Annual Report of The Fortress Resorts PLC developed to provide stakeholders with a clear and holistic view of our operations and how they collectively contribute to the creation of sustainable long-term value, underscoring our ongoing commitment to strengthening transparency and enhancing the quality of our public disclosures.

Previous Annual Reports published by The Fortress Resorts PLC for the past several years, including the most recent past report for FY 2024/25 has been made available for viewing and download on the corporate website



INTEGRATED REPORTING

Reporting Principles



SCOPE AND BOUNDARY

This Integrated Annual Report covers the period from 1st April 2025 to 31st March 2026 and provides shareholders and other stakeholders with an overview of the progress made in creating sustainable long-term value. In addition to the audited Financial Statements, the report sets out in detail the Company's value creation process, underpinned by its business model and the effective allocation of capital resources across key strategic priorities.

The report further provides an assessment of the principal risks faced by the Company within the prevailing operating environment, along with the mitigation measures in place to manage these exposures. This is complemented by a comprehensive overview of the governance frameworks that underpin decision-making, accountability, and control across the organisation.

Reporting Frameworks	
Financial Reporting	The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 y Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka Companies Act no. 7 of 2007 (Amended) Independent Auditors' Report by Messrs. Ernst and Young
Governance and Risk Reporting	Listing Rules of the Colombo Stock Exchange Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka Code of Best Practices on Related Party Transactions issued by The Securities & Exchange Commission of Sri Lanka
Integrated Reporting	Integrated Reporting Framework <IR> by the International Integrated Reporting Council (IIRC)
Sustainability Reporting	SLFRS S1 and S2 Sustainability and Climate Related Financial Disclosures Global Reporting Initiative (GRI) Standards "In Accordance" Standards Board (Hotels & Lodging – Sustainability Disclosure topics and accounting metrics) United Nations Sustainable Development Goals (SDG's)

FORWARD LOOKING STATEMENTS

This report contains certain forward-looking statements that may include projections, expectations, or assumptions regarding future events and performance. Such statements are inherently subject to known and unknown risks, uncertainties, and other factors that could cause actual results, performance, or achievements of The Fortress Resorts PLC to differ materially from those expressed or implied.

Accordingly, the Company assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future developments, or otherwise, following the date of this document. On this basis, The Fortress Resorts PLC declares that there are no restatements regarding information presented in previous annual reports published by the Company.

ASSURANCE

We have adopted a combined assurance approach to ensure the integrity and reliability of this report. Internally, all report content has been subject to a structured review process and was first examined by the Board Audit Committee prior to obtaining final approval from the Board of Directors.

In addition, the Company's external auditors, Messers Ernst & Young Chartered Accountants, have independently audited and certified the Financial Statements, including the related notes and disclosures presented in this report. The Independent Auditor's Report can be found on page 106.

BOARD RESPONSIBILITY STATEMENT

The Board of Directors of The Fortress Resorts PLC acknowledges its responsibility for ensuring the integrity of this Integrated Annual Report. The Board confirms that it has collectively reviewed the contents of the report, supported by the assurance processes and recommendations of the Board Audit Committee.

Based on this review, the Board is satisfied that the report presents a fair, balanced, and accurate representation of the Company's financial and non-financial performance for the year ended 31st March 2026.

The report was unanimously approved by the Board on 25th May 2026.






FEEDBACK

We welcome your questions regarding this report and your suggestions to help us improve the next edition and request that you direct your feedback to;

Melvin Wijenayake
Finance Manager,
Level 29, West Tower, World Trade Center, Colombo 01.
email: fm@thefortress.lk

Value Creation Highlights

For the financial year ended 31st March	FY 2026	FY 2025	Change
Financial Capital Rs. '000			
Revenue	988,968	1,006,142	(2%)
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	258,933	306,958	(16%)
Results from Operating Activities	160,844	236,429	(32%)
Profit/ (Loss) Before Tax	198,464	305,123	(36%)
Profit/ (Loss) After Tax	150,979	236,108	(36%)
Profitability Ratios			
Gross Profit Margin	66%	71%	(8%)
Operating Profit/ (Loss) Margin	16%	23%	(30%)
Net Profit/ (Loss) Margin	15%	23%	(35%)
Return on Assets (ROA)	6%	10%	(40%)
Return on Capital Employed (ROCE)	7%	11%	(36%)
Financial Position Rs. '000			
Total Assets	2,617,000	2,410,463	9%
Total Debts	109,421	77,231	42%
Equity attributable to equity holders of the parent	2,194,128	2,044,843	7%
Balance Sheet Performance Ratios			
Gearing	6%	7%	(14%)
Debt/ Equity (Times)	0.05	0.04	(25%)
Equity Asset Ratio	0.84	0.85	(1%)
Current Ratio (Times)	3.14	5.43	(42%)
Quick Asset Ratio (Times)	2.99	5.29	(43%)
Interest Cover (Times)	19.97	30.77	(35%)
Market /Shareholders Information			
No of shares in issue	110,886,684	110,886,684	-
Market Value per share - Rs	21.60	24.50	(12%)
Market capitalization Rs'000	2,528,224	2,716,732	(7%)
Net Asset per share Rs	19.79	18.44	7%
Earning per share (basic) Rs	1.36	2.13	(36%)
Price Earning Ratio (times)	15.86	11.51	38%

For the financial year ended 31st March		FY 2026	FY 2025	Change
	Manufactured Capital			
	Property Plant and Equipment Rs '000	1,680,093	1,149,993	46%
	No of rooms	55	53	4%
	Capital Expenditure Rs'000	634,068	88,500	616%
	Human Capital			
	Total Employees	177	215	(18%)
	Economic value added per employee Rs '000	5,587	4,680	19%
	Intellectual Capital			
	Brand Rating (Trip Advisor)	4.7	4.7	-
	GRI	94.9%	94.6%	0%
	Social and Relationship Capital			
	Investments in CSR activites Rs	79,425	160,253	(50%)
	No of Beneficiaries	372	220	69%
	Supplier Size	343	321	7%
	Payment to suppliers (Rs. "000")	1,255,645	418,758	200%
	Natural Capital			
	LP gas consumption (Kg)	18,145	21,828	(17%)
	Consumption of wood as renewable energy (Kg)	352,944	237,703	48%
	Electricity consumption (Kwh)	1,609,863	1,708,995	6%

Chairman's Message



Dear Shareholder,

It is my pleasure to present the First Integrated Annual Report and Audited Financial Statements of The Fortress Resorts PLC for the year ending 31st March 2026. The theme for this year's report serves as an ode to the resilience of the Fortress brand, representing its ability to evolve and adapt for over five decades, whilst also signalling its readiness for the next phase of growth following the refurbishment undertaken during the year.

In the year under review, The Fortress Resorts PLC recorded revenue of Rs. 989 million and profit before tax of Rs. 198 million, both remarkable achievements given the property was closed for refurbishment for three months.

The year also saw The Fortress Resorts PLC come under the management of the Hayleys Leisure Group, which brings several synergies, including enhanced professionalism and strengthened marketing expertise that can be leveraged to further reinforce the strategic positioning of the property going forward.

“ There is a deep sense of pride in what The Fortress Resorts PLC has achieved. Our results demonstrate resilience in the face of planned operational disruption. Moreover, our structural uplift has served as an inflection point to affirm that The Fortress Resort & Spa is now firmly positioned within the premium segment of Sri Lanka's luxury hospitality market, and is well placed to capture the next phase of growth in global leisure travel.



Sri Lanka's Tourism Stages a Strong Comeback

Sri Lanka's tourism industry demonstrated a strong rebound in 2025, supported by greater visibility for Sri Lanka as a 'must-visit' destination alongside improved air connectivity and greater economic stability within the country. The recovery momentum was particularly evident in the second half of the year, as Sri Lanka consolidated its position as one of the region's preferred leisure destinations attracting travellers from key source markets across Asia and Europe.

Arrival patterns continued to reflect Sri Lanka's traditional seasonality trends. The peak travel season from November to March was largely driven by European and long-haul travellers heading to the tropics to escape the winter, resulting in strong demand for coastal and leisure properties, particularly along the southern coastline. Meanwhile, regional markets such as India contributed more consistently throughout the year, supporting occupancy during shoulder periods and shorter travel windows.

Against this backdrop, Sri Lanka recorded over 2.36 million tourist arrivals in 2025, representing growth of approximately 15% compared to 2024 and surpassing the previous pre-pandemic record of 2.33 million arrivals achieved in 2018. India remained the single largest source market with over 531,000 arrivals, followed by the UK, Russia, Germany, and China. Monthly arrivals strengthened significantly during the latter part of the year, with December 2025 recording one of the highest monthly arrival figures in the country's history.

Tourism earnings for 2025 exceeded USD 3.22 billion, recording a marginal increase compared to USD 3.17 billion in 2024. The comparatively slower growth in earnings reflected evolving traveller profiles, shorter stays, and lower average spend per visitor, particularly from certain price-sensitive source markets. Nonetheless, the continued recovery in visitor volumes, improved occupancy trends, and strengthening global visibility collectively reinforced confidence in the long-term growth trajectory of Sri Lanka's tourism and hospitality sector.

Reimagining Luxury

The Fortress Resort & Spa underwent a strategic refurbishment during the year under review. Conceived as a comprehensive reinvention rather than merely a physical upgrade, the initiative was aimed at repositioning the resort to attract discerning, high-value travellers seeking sophisticated, experience-led luxury hospitality. The

property was temporarily closed from early May to mid July 2025, during which approximately Rs. 572 million was invested in comprehensively upgrading guest rooms and suites, introducing two new premium room categories, Ocean Premium and Beach Premium, alongside careful enhancements to public spaces, pool and leisure areas.

The refurbishment elevated the culinary proposition through two distinctive fine dining experiences, Japanese and Italian, curated to deliver refined gastronomic journeys that reinforce The Fortress Resort & Spa's elegant boutique coastal identity. In parallel, we invested significantly in staff retraining and digital enhancements to ensure service delivery and guest communications aligned with the elevated brand proposition.

The impact of these investments became evident immediately following the reopening, with operating momentum strengthening significantly during the winter season culminating in average occupancy levels of 75% during the peak winter season months from December 2025 to February 2026. This I believe clearly validates the strategic rationale for undertaking such an ambitious refurbishment.

Empowering the Team

In pursuit of our dedication to delivering refined, intuitive, and deeply personalised luxury experiences, we place deliberate emphasis on shaping a workforce that authentically embodies the essence of The Fortress brand. Throughout the year we focused on empowering our teams through targeted training in behavioural excellence, guest engagement standards, and service culture alignment, ensuring consistency across all guest touchpoints. These efforts were complemented by a strong focus on coaching and on-the-job learning experiences, enabling our teams to develop the skills and mindset to translate the Fortress experience into meaningful and memorable interactions.

Sustainability Highlights

At The Fortress Resort & Spa, exceptional luxury and responsible stewardship go hand in hand. Guided by the Vallibel Group's integrated ESG framework, we strengthened our sustainability agenda during the year and commenced preparations to align our reporting with Scope 1 and Scope 2 GHG emission guidelines, enhancing transparency and accountability across operations.

Chairman's Message contd.

Our environmental priorities focus on the most material impacts of luxury hospitality- energy management and emissions reduction. We continue to monitor energy consumption and assess intensity relative to occupancy, enabling us to identify efficiency opportunities and optimise resource utilisation in support of our sustainability objectives.

We also enhanced our climate risk management approach during the year. A structured assessment identified extreme weather events and rising temperatures as material risks with potential impact on operations and our value chain. Climate considerations are now embedded into risk management and strategic planning, strengthening organisational resilience. Through these efforts, we remain committed to delivering meaningful guest experiences whilst creating long-term value for our stakeholders, communities, and the environment.

Strengthening Governance

The Fortress Resorts PLC is guided by a strong and well-balanced Board, comprising respected professionals with diverse expertise spanning hospitality, finance, strategy, and governance.

Bringing fresh perspectives to Board composition plays an important role in improving Board balance in line with evolving industry and regulatory expectations. In this context, I am pleased to welcome Mr. Rohan Karr, who was appointed to The Fortress Resorts PLC Board as a Non-Executive Director with effect from August 2025. His appointment brings valuable strategic insight and industry expertise that will enhance the quality of Board oversight and decision-making.

Outlook and Prospects

Reflecting on the year, there is a deep sense of pride in what The Fortress Resorts PLC has achieved. Our results demonstrate resilience in the face of planned operational disruption. Moreover, our structural uplift has served as an inflection point to affirm that The Fortress Resort & Spa is now firmly positioned within the premium segment of Sri Lanka's luxury hospitality market, and is well placed to capture the next phase of growth in global leisure travel.

That said, it is important to remain cognisant of emerging downside risks in the near term, specifically the geopolitical uncertainties in the Middle East region, which have the potential to impact global air connectivity and travel flows.

Given Sri Lanka's relatively high dependence on Middle Eastern hubs for international connectivity, any disruption in this region creates short-term challenges in routing, travel convenience, and overall visitor arrivals, particularly from long-haul source markets in the UK and Europe.

However, within this context, the implications for The Fortress Resort & Spa as a luxury boutique brand may be comparatively more contained. Our core guest profile, predominantly high-end, experience-driven travellers, particularly Free Independent Travellers (FITs), tend to demonstrate greater flexibility in travel planning and are typically less sensitive to routing constraints than mass-market, package-driven segments. Accordingly, whilst external volatility in travel corridors remains a factor to monitor, The Fortress Resort & Spa position within the luxury segment, combined with its appeal to resilient, high-value traveller segments, provides a strong foundation to navigate near-term uncertainties and capitalise on long-term growth opportunities.

Appreciations

I would like to express my deep appreciation to Mr. Rohan Karr, Managing Director of Hayleys Leisure PLC, for his strategic direction and steadfast dedication to excellence. My gratitude extends to the Board of Directors for their continued guidance, strategic oversight, and active engagement in all Board matters.

I must also recognise the staff of The Fortress Resort & Spa for their unwavering commitment, resilience, and relentless pursuit of quality throughout the year. To our valued stakeholders, thank you for your continued trust, confidence, and support.

Looking ahead, we remain firmly focused on consolidating the gains achieved through our recent transformation. Whilst we remain mindful of external uncertainties, we are confident in our ability to navigate these challenges and capitalise on emerging opportunities in global leisure travel, supported by a strong brand foundation and a clearly defined strategic direction for the coming year.



Mr J R Gunaratne
Chairman

04th June 2026

Board of Directors Profiles

MR. JITENDRA ROMESH GUNARATNE

(Chairman/Independent Non-Executive Director)

Mr. Jitendra R Gunaratne possesses over 40 years of corporate leadership experience at John Keells Holdings PLC, where he led teams across the Consumer Foods, Plantations and Leisure sectors of the Group.

Mr. Gunaratne previously served as a Member of the Food Advisory Council of the Ministry of Health, Sri Lanka (2016–2018), Founder Chairman of the Beverage Association of Sri Lanka (2012–2018), and a Member of the Council for Hotel & Tourism of the Employer's Federation of Ceylon (2018–2020). He has also held directorships in several listed and private companies within the JKH Group.

Mr. Gunaratne currently serves as the Non-Executive Chairman of Delmage Limited and as an Independent Non-Executive Director of Royal Ceramics Lanka PLC, C I C Holdings PLC and Lanka Tiles PLC. In addition, he serves as the Non-Executive Deputy Chairman of Link Natural Products (Private) Limited and CISCO Specialty Packaging (Pvt) Ltd, and as a Non-Executive Director of C I C Feeds (Private) Limited and C I C Poultry Farms Limited.

MR. SUMITH ADHIHETTY

(Non-Executive Director)

Mr. Sumith Adhietty is a highly accomplished marketing professional with over 45 years of experience in the finance sector. During his career he has held several senior leadership positions, including serving as Managing Director of LB Finance PLC & Deputy Managing Director of Mercantile Investments Limited.

Mr. Adhietty has also served as Director of Nuwara Eliya Hotels Company Limited, Grand Hotel (Private) Limited, Royal Palm Beach Hotels Limited, Tangerine Tours Limited, Security Ceylon (Private) Limited, Vallibel Finance PLC and Pan Asia Banking Corporation PLC, gaining valuable exposure across both financial services and hospitality sectors.

Mr. Adhietty holds directorships in several companies including Vallibel One PLC, La Forteresse (Private) Limited, Greener Water Ltd, Summer Season Ltd, Summer Season Mirissa (Pvt) Ltd, Summer Season Residencies Ltd, Ferrutti (Pvt) Ltd, and LAUGFS Holdings Ltd.

MR. JAN PETER VAN TWEST

(Non-Executive Director)

Mr. Jan Van Twest counts over 45 years of experience in the hospitality industry in Senior Management positions in Sri Lanka, Europe, Australasia and the South Pacific.

Mr. Van Twest graduated from the Ceylon Hotel School, Sri Lanka, in Hotel & Catering Operations and Advanced Hotel and Catering Operations from the Carl Duisburg Centre in Munich, Germany. He is a certified Hotel Trainer with the Chamber of Commerce for Munich and Upper Bavaria. He is also a graduate of the Technical University of Munich.

Mr. Van Twest is presently a Non-Executive Director of Summer Seasons Limited.

MS. DEVIKA WEERASINGHE

(Independent Non-Executive Director)

Ms. Devika Weerasinghe is a senior finance professional with over 30 years of experience in finance and management. She has worked with leading organisations including PricewaterhouseCoopers and the John Keells Group, gaining extensive experience in financial management and governance across sectors such as transportation, plantations and information technology.

Ms. Weerasinghe is an Associate Member of the Chartered Institute of Management Accountants in the United Kingdom and holds a Bachelor's Degree in Business Administration from the University of Sri Jayewardenepura. Prior to retiring in June 2024, she served as Chief Financial Officer of the Transportation, Plantations and Information Technology Sectors in the John Keells Group.

Ms. Weerasinghe serves as Director of Printcare PLC, Vallibel Power Erathna PLC, Lanka Ceramics PLC and Vallibel One PLC.

Board of Directors Profiles contd.

MR. CHATHURA VISHVAJIT CABRAAL

(Non-Executive Director)

Mr. Chatura V. Cabraal holds a Bachelor of Science (BSc.) degree in Mechanical Engineering with Honours, specialising in manufacturing and design, from the Missouri University of Science and Technology, USA.

Mr. Cabraal began his career in 2010 as a Management Trainee at John Keells Hotel Management Services and subsequently held the role of Sustainability Engineer at Brandix Lanka (Pvt) Ltd from 2011 to 2014, within the Energy and Environment Department. He served as the Senior Manager – Estate Management at CHEC Port City Colombo (Pvt) Ltd until October 2023.

Mr. Cabraal previously served on the Board of the Export Development Board of Sri Lanka and holds directorships at Hayleys Consumer Products Limited as a Non-Executive Director and Renuka City Hotels PLC as an Independent Non-Executive Director. He previously served on the boards of Kelani Valley Plantations PLC and Vallibel Power Erathna PLC.

MR. CHETHIYA MINENDRA UMAGILIYA WEERAWARDENA

(Independent Non-Executive Director)

Mr. Chethiya Weerawardena is a visionary leader with extensive experience in corporate management and entrepreneurship. He holds a Doctorate in Business Administration from the University of Azteca, North America, and an MBA from the University of Suffolk, United Kingdom. Furthermore he is also conferred with a Master of Law from University of Buckinghamshire.

Weerawardena is the Chairman of Uni Dil Packaging Limited and Uni Dil Packaging Solutions Limited and serves as a Non-Executive Director of DHT Cement Pvt Ltd, Swisstek Aluminium Limited and Swisstek Ceylon PLC. Renowned for his contributions to both listed and non-listed entities, Mr. Umagiliya has driven growth and innovation across diverse industries.

A Fellow of the Institute of Chartered Professional Managers Sri Lanka, he is also a member of the Chartered Institute of Marketing (UK), the Chartered Management Institute (UK), and the Financial Management Association (USA).

Mr. Umagiliya's leadership continues to inspire excellence and progress in Sri Lanka's corporate landscape.

MS. KAWSHI AMARASINGHE

(Non-Executive Director)

Ms. Kawshi Amarasinghe serves as an Executive Director of Vallibel One PLC and Group Director – International Business Development and CSR. She plays a key role in driving enterprise-wide transformation, market expansion and long-term value creation across the Group's diversified portfolio.

With over a decade of leadership experience, she has led initiatives across manufacturing, hospitality, retail and financial services. Her expertise spans market intelligence, brand positioning, digital transformation and cross-border business development. She holds a Bachelor's Degree in International Studies from the University of Queensland and has completed the Management Acceleration Programme at INSEAD in France as well as Hotel Revenue Management at Cornell University in the United States. In addition, she is also the driving force in transforming DP Education into Sri Lanka's largest free digital learning platform, impacting over 1.8 million learners nationwide.

Ms. Amarasinghe was recognised as the Top Female Leader - Conglomerate at the 15th Top50 Professional & Career Women Global Awards hosted by Women in Management, underscoring her influence as a transformative business leader.

Ms. Amarasinghe serves as Director of Singer (Sri Lanka) PLC, Pan Asia Banking Corporation PLC, Vallibel One PLC, Greener Water Ltd, Hayleys Leisure PLC, Biscuit and Chocolate Company Limited and Hayleys Retail Holdings Ltd. She also serves as Chief Executive Officer of DP Education of Dhammika & Priscilla Perera Foundation.

MR. VASANTHA LEELANANDA*(Independent Non-Executive Director)*

Mr Vasantha Leelananda counts over 40 years of experience in the hospitality industry in Senior Management positions in Sri Lanka with the John Keells Group. He served as the Executive Vice President of the Destination Management sector of the John Keells Group from 2005-2018 and Managing Director of Walkers Tours from 1997-2005.

Mr. Leelananda holds an MBA from the University of Leicester. He was a past president of Sri Lanka Association of Inbound Tour Operators (SLAITO) for four years, a Board Member of the Sri Lanka Convention Bureau (SLCB) from 2003-2007, Sri Lanka Institute of Tourism and Hotel Management (SLITHM) from 2007- 2010, and American Chamber of Commerce (AMCHAM) from 2012-2014. He was also a Board Member of the Responsible Tourism partnership affiliated to the travel foundation UK, a Board Member of Sri Lanka Tourism Promotion Bureau (SLTPB) from 2015-2018 and a Director of Sri Lanka Business and Bio Diversity platform.

MS. BRINDHIINI PERERA*(Non-Executive Director)*

Ms. Brindhiini Perera holds a Master's degree in Mechanical Engineering from Imperial College London. She brings several years of experience across both publicly listed and privately held companies, serving in director-level positions and contributing to strategic oversight and business growth initiatives.

Ms. Perera serves as Director of Haycarb PLC, Hayleys Fabric PLC, Dipped Products PLC, The Kingsbury PLC, Hayleys Leisure PLC, Singer (Sri Lanka) PLC, Royal Ceramics Lanka PLC, Lanka Tiles PLC, Lanka Walltiles PLC, Vallibel One PLC, Delmege Limited, Otwo Biscuit (Private) Limited, The Canbury Biscuit Company Limited, Manatee Clothing Company (Pvt) Ltd, Eurocarb Products Ltd - UK and Dhammika & Priscilla Perera Foundation.

MR. AMRIT MERRILL JOSEPH FERNANDO*(Non-Executive Director)*

Mr. Amrit Fernando represents the third generation of the Fernando family, founders of Dilmah Tea. He is the grandson of Merrill J. Fernando, the visionary behind the creation of Dilmah in 1988 as a single-origin, pure Ceylon tea brand. Mr. Fernando holds a B.Sc. (Hons) in Marketing and Management from the University of Exeter, United Kingdom.

Mr. Fernando currently serves as a Brand Marketing Specialist at Dilmah Tea, becoming the first member of the third generation to join the family business. He is also a Director at Suwa Arana, Sri Lanka's first Paediatric Palliative Care Centre, representing the MJF Foundation. In addition, he serves as Chair of the Agriculture & Food Security Committee of the International Chamber of Commerce, Sri Lanka.

Mr. Fernando is a Non-Executive Director of Talawakelle Tea Estates PLC and The Ceylon Spice Company (Private) Limited.

MS. ROSHIKA NISHANI PALLEGAMA*(Non-Executive Director)*

Mrs. Roshika Pallegama is a seasoned finance professional with over 25 years of experience, specialising in the hospitality, waterparks, and facility management sectors. Nearly 20 years of her career were spent with the renowned Jumeirah Group in Dubai, including a tenure at the iconic Burj Al Arab.

Mrs. Pallegama currently serves as Vice President – Finance at Resplendent Ceylon, where she oversees financial operations across five luxury boutique properties, including Cape Weligama, Wild Coast Tented Lodge, and Ceylon Tea Trails, including The Resplendent Traveler & Resplendent Retail.

Mrs. Pallegama holds an MBA from the University of Sunderland and a Certificate in Asset Management & Owner Relations from Cornell University.

Prior to joining Resplendent Ceylon, she served as Director of Finance at Mövenpick Hotel Colombo, a non-listed entity owned by Softlogic City Hotels (Pvt) Ltd.

Board of Directors Profiles contd.

MR. ASHEN JOSEPH

(Independent Non-Executive Director)

Mr. Ashen Joseph is a seasoned business professional and academic with expertise in customer experience management, organisational psychology, data analytics and artificial intelligence. Currently serving as an Academic in Business & Management at the University of Buckingham, England, Ashen has extensive experience in business development, higher education, and service excellence across diverse industries. He is pursuing a DPhil in Business by Research, with a focus on service well-being in the luxury hospitality sector at the University of Buckingham. Additionally, he holds an MSc in Customer Service Management (Distinction) and a BSc in Psychology (Hons) from the University of Buckingham.

Mr. Joseph currently serves as a Non-Executive Director at NJ Consultants (Pvt) Ltd.

MR. ROHAN KARUNARAJAH (KARR)

(Non-Executive Director)

Mr. Rohan joined Hayleys PLC in 2019 as an Executive Director on the Board and Managing Director of the Hayleys Leisure Sector, which includes The Kingsbury Colombo, the Amaya Resorts portfolio, and several managed properties including The Fortress Resort & Spa, Koggala.

Mr. Karr has a distinguished career in the hospitality sector with core expertise in hotel operations, brand development, strategic leadership, and international hospitality management. Having served for over 16 years with John Keells Holdings PLC in senior leadership roles, including Chief Executive Officer, Executive Vice President, Sector Head, and General Manager of Cinnamon Hotels & Resorts, Mr. Karr oversaw both city hotel and resort operations and played a key role in shaping the strategic direction of the portfolio. As Head of Brand Development at Cinnamon Hotels & Resorts, he also led the launch of the "Cinnamon" brand in 2005 which significantly strengthened its positioning within Sri Lanka's hospitality industry. He holds a Master's Degree in Hospitality and Business Studies from the United Kingdom and brings over 40 years of extensive experience in the international hospitality industry, in Sri Lanka and the United Kingdom.

During his two decades in the United Kingdom hospitality industry, Mr. Karr served in several senior leadership positions, ending his stint as General Manager of Bristol Marriott and Marriott Marble Arch, London.

Mr. Karr also serves on the Boards of Hayleys Leisure PLC, The Kingsbury PLC, Hayleys PLC as well as Summer Seasons Ltd. and Greener Water Ltd. under the Vallibel Group.



Resilient





Rise

From challenge emerged strength, positioning
The Fortress for a renewed era of growth and distinction.

Value Creation Model

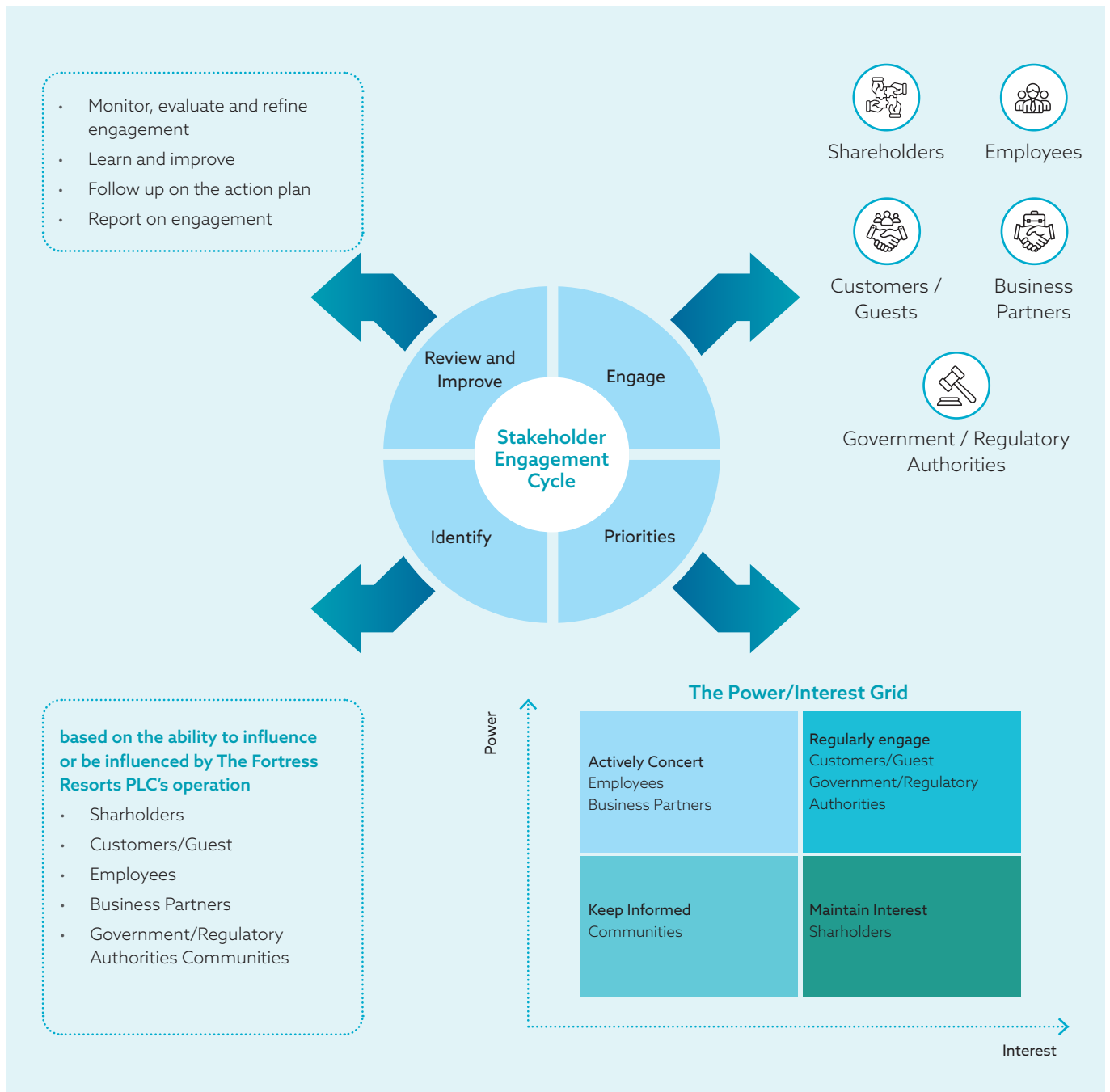
The Value Creation Model illustrates how the Company uses its resources and relationships to generate stakeholder value, guided by the six capitals of the Integrated Reporting Framework and supported by its core strategic priorities and operations into positive stakeholder outcomes.



Outputs	Outcomes	Stakeholders impacted
<p>Total revenue Rs. 989 Mn</p> <p>EBITDA Rs. 258.9 Mn</p>	<p>Earnings per share Rs. 1.36</p> <p>Share price movement (12%)</p>	<p> Shareholders</p> <p> Employees</p>
<p>Investments in upgrades to the properties Rs. 634 Mn</p>	<p>Value of property assets Rs. 1.68 Bn</p>	<p> Customers</p> <p> Employees</p>
<p>Investment in training & development Rs. 954,500</p>	<p>Salaries and benefits to employees Rs. 298.5 Mn</p> <p>Attrition rate 42%</p>	<p> Employees</p>
<p>Increase in brand rating in Trip Advisor No. 1</p>	<p>Average length of service of employees 4.7 years</p>	<p> Shareholders</p> <p> Employees</p> <p> Customers</p>
<p>Beneficiaries of CSR initiatives 372</p>	<p>Customer satisfaction as per Trip Advisor rating 4.7/5</p> <p>Investment in community empowerment initiatives Rs. 8.2 Mn</p>	<p> Customers</p> <p> Communities</p>
<p>Carbon footprint 1,044.46 tCO₂e</p>	<p>Wood consumption as renewable energy increased by 48%</p>	<p> Communities</p>

Stakeholder Dynamics

Stakeholder engagement is a core pillar of The Fortress Resorts PLC’s approach to long-term value creation. In seeking to remain closely attuned to evolving expectations and the interests of stakeholders, the Company adopts a multi-channel engagement approach encompassing direct dialogue, day-to-day operational interactions, guest feedback mechanisms, supplier collaboration, employee engagement platforms, and broader market and industry intelligence to gain a holistic understanding of stakeholder needs and expectations. Insights derived from these engagements are actively used to inform decision-making, refine operational practices



Shareholders		
Method and Frequency of Engagement	Stakeholder Concerns and Expectations	Identified Material Topics
<ul style="list-style-type: none"> Annual General Meeting Annual Report Extraordinary General Meetings (as needed) Interim Financial Statements (quarterly) CSE Announcements (as needed) Press Conferences / Press Releases (as needed) Corporate Website (continuous and ongoing) Social media platforms (continuous and ongoing) 	<ul style="list-style-type: none"> The impact of economic, political, and social challenges on business operations Generating shareholder returns amid rising taxes and inflation Strengthening corporate governance and risk management practices Ensuring the effectiveness and competency of the Board and management team Embedding ESG principles into business operations 	<ul style="list-style-type: none"> Economic performance Operational efficiency and productivity Market presence Regulations and compliance Fraud, ethics and anti-corruption Tax Foreign exchange impacts
Value Creation Scorecard FY 2025/26	Further Information	SDG's
<ul style="list-style-type: none"> Earnings per Share (EPS) - Rs. 1.36 (2024/25 -Rs. 2.13) Share Price Rs. 21.60 (2024/25 -Rs. 24.50) 	Financial Capital - page 34	8, 12, 17

Customers / Guests		
Method and Frequency of Engagement	Stakeholder Concerns and Expectations	Identified Material Topics
<ul style="list-style-type: none"> Direct customer interactions and relationship building (continuous and ongoing) Gathering feedback through social media and channel partners (continuous and ongoing) Corporate Website (continuous and ongoing) Social media platforms (continuous and ongoing) 	<ul style="list-style-type: none"> High service and product quality amidst economic challenges Guest safety and protecting personal data Integration of sustainability and ESG principles 	<ul style="list-style-type: none"> Product Quality Customer satisfaction Emissions & Air quality Regulations and compliance Fraud, ethics and anti-corruption Customer health and safety Customer requirements on sustainability
Value Creation Scorecard FY 2025/26	Further Information	SDG's
<ul style="list-style-type: none"> Overall GRI Score - 95% 4.7 rating on Trip Advisor ZERO complaints concerning breaches of customer privacy 	Social and Relationship Capital - page 49	8, 9, 12,

Stakeholder Dynamics contd.

Employees		
Method and Frequency of Engagement	Stakeholder Concerns and Expectations	Identified Material Topics
<ul style="list-style-type: none"> • Briefings / Team Meetings (continuous and ongoing) • Management Meetings (as scheduled) • Performance Appraisals (bi-annual) • Internal Communications (continuous and ongoing) • Intranet (continuous and ongoing) • Training Activities (continuous and ongoing) • Awards Ceremonies (as scheduled) • Other employee engagement events (as scheduled) 	<ul style="list-style-type: none"> • Job security and financial stability • Access to training and career development opportunities • Workplace diversity and equal opportunities • Work-life balance and well-being initiatives 	<ul style="list-style-type: none"> • Employee well-being • Training and education • Diversity, non discrimination and equal opportunity
Value Creation Scorecard FY 2025/26	Further Information	SDG's
<ul style="list-style-type: none"> • Rs. 112,312,435 distributed as monetary benefits to employees (Rs. 111,271,412 - 2024/25) • 21 employees promoted • 11,555 hours of training • 10:1 (Male to Female) Overall Gender Ratio • 8% women in leadership (as a % of total leadership cadre) 	Human Capital - page 38	3, 4, 5, 8, 10

Business Partners		
Method and Frequency of Engagement	Stakeholder Concerns and Expectations	Identified Material Topics
<ul style="list-style-type: none"> • Direct collaboration and open communication (continuous and ongoing) • Supplier selection process (as needed) • Meetings (as needed) • Site visits to suppliers and business partners (Periodic) • Well-defined contractual agreements (As needed) • Industry forums to discuss opportunities and challenges for employees (Periodic) • Corporate Website (continuous and ongoing) • Social media platforms (continuous and ongoing) 	<ul style="list-style-type: none"> • Stability and reliability in partnerships • Payment flexibility to support financial sustainability Competitive and transparent pricing models • Adjustments to contractual terms based on external market conditions 	<ul style="list-style-type: none"> • Economic performance • Regulations and compliance • Fraud, ethics and anti-corruption • Environmental and social issues along supply chain • Principal relationships • Environmental impacts in supply chain
Value Creation Scorecard FY 2025/26	Further Information	SDG's
<ul style="list-style-type: none"> • Rs. 1,255,645,126 paid to suppliers (Rs. 418,758,712 - 2024/25) • 343 Business partner network (321 - 2024/25) • 23 new suppliers screened on environmental and social criteria (2025/2026) 	Social and Relationship Capital - page 49	8,12,17

Stakeholder Dynamics contd.

Government / Regulatory Authorities		
Method and Frequency of Engagement	Stakeholder Concerns and Expectations	Identified Material Topics
<ul style="list-style-type: none"> Directives and circulars (continuous and ongoing) Interim Financials (quarterly) Annual Report (annual) CSE / SEC filings (as mandated) Other regulatory submissions (as mandated) Other meetings (as mandated) 	<ul style="list-style-type: none"> Economic growth through boosting tourism revenue and job creation Ensuring tax compliance to contribute to fiscal revenue Enhancing community well-being through corporate engagement 	<ul style="list-style-type: none"> Economic performance Market presence Regulations and compliance Fraud, ethics and anti-corruption Tax Foreign exchange impacts
Value Creation Scorecard FY 2025/26	Further Information	SDG's
<ul style="list-style-type: none"> Rs. 161,373,110 paid as taxes (Rs. 244,766,614 - 2024/25) 100% compliance with regulatory requirements 	Financial Capital - page 34	16

Communities		
Method and Frequency of Engagement	Stakeholder Concerns and Expectations	Identified Material Topics
<ul style="list-style-type: none"> Press Conferences / Press Releases (as needed) Corporate Website (Ongoing) Social Media Platforms (Ongoing) Annual Report CSR initiatives (as needed) 	<ul style="list-style-type: none"> Engaging with beneficiaries of our corporate social responsibility (CSR) project leads and communities Creating job opportunities and supporting community-based sourcing Offering training programmes to enhance skill development Providing economic relief and support to vulnerable communities Promoting biodiversity conservation and ecosystem sustainability 	<ul style="list-style-type: none"> Waste Biodiversity Emissions & Air quality Water discharge and effluents Regulations and compliance Community and livelihood development
Value Creation Scorecard FY 2025/26	Further Information	SDG's
<ul style="list-style-type: none"> Rs. 79,425 Spent on CSR (Rs. 160,253 - 2024/25) 372 direct beneficiaries from CSR activities (220 - 2024/25) 	Social and Relationship Capital - page 49	8,11,12

Operating Environment

GLOBAL ECONOMY

The global economy experienced a notable moderation in growth momentum, with global GDP estimated to have slowed to approximately 2.7% in 2025, reflecting a decline from the levels recorded in 2024. The slowdown was more pronounced, while emerging economies demonstrated greater resilience.

Advanced economies recorded subdued performance, constrained by weaker consumer demand, tighter financial conditions, and continued investment hesitancy. While emerging and developing economies remained the primary drivers of global growth in 2025, their expansion also moderated compared to historical trends, reflecting spillovers from weaker global demand and heightened external uncertainties. Advanced economies expanded by around 1.7%, while emerging market and developing economies grew by about 4.2%.

Global inflationary pressures continued to gradually ease during the year, with headline inflation estimated at around 3.2%, though the trend remained mixed across regions. Many emerging markets and developing economies experienced a continued easing of inflation, supported by softer demand conditions, stabilising supply chains, and the unwinding of earlier inventory pressures.

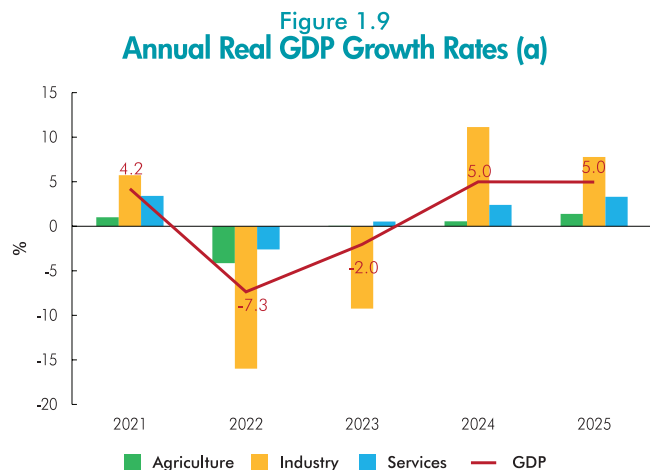
Commodity markets experienced an overall easing during the year, with prices of key inputs such as oil, coal, and food commodities trending downward. While this contributed to moderating inflationary pressures in several economies, it simultaneously created headwinds for resource-dependent countries, impacting export revenues and fiscal stability.

Global trade also lost momentum in 2025, as elevated policy uncertainty, trade restrictions, and shifting regulatory landscapes weighed on cross-border flows and investment activity. Heightened geopolitical tensions and tariff-related developments further contributed to a fragmented global trading environment, dampening business confidence and resulting in more cautious investment and expansion decisions across key markets.

SRI LANKA'S ECONOMIC PERFORMANCE

Sri Lanka's economy recorded a stronger performance in 2025, expanding by 5.0% year-on-year, driven by improvements across major sectors. Growth was led by the rebound in industrial activity, which expanded by 7.8%, while the services sector grew by 3.3%, supported by improved domestic consumption and increased activity in tourism and related service industries following stronger visitor arrivals.

Moderating inflation, easing interest rates, improved foreign exchange availability, and strengthening conditions within the financial system also contributed towards ensuring greater stability across the broader economic landscape. This progress was further reinforced by continued implementation of the IMF Extended Fund Facility (EFF) programme, alongside ongoing structural reforms and advances in sovereign debt restructuring, all of which contributed to restoring confidence and anchoring Sri Lanka's recovery path.

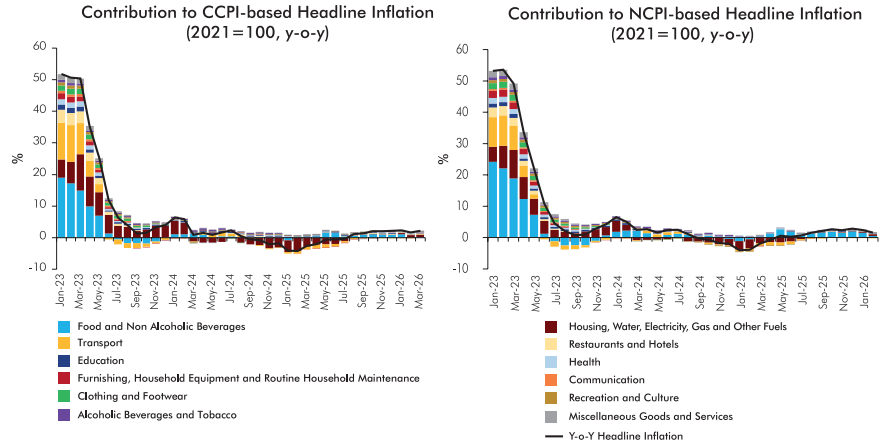


Operating Environment contd.

INFLATION

After a prolonged phase of price contractions lasting nearly a year, Sri Lanka's inflation environment began to stabilise during 2025. From August onwards, price levels moved back into positive growth territory, signalling a normalisation of underlying demand conditions within the economy which helped restore balance between demand and supply conditions to support, the return to more normalised pricing dynamics across key sectors. Although intermittent disruptions to supply chains were

observed following Cyclone Ditwah, overall price pressures remained contained. By December 2025, CCPI-based inflation had settled at 2.1%, reflecting a broadly stable inflation environment despite short-term volatility.



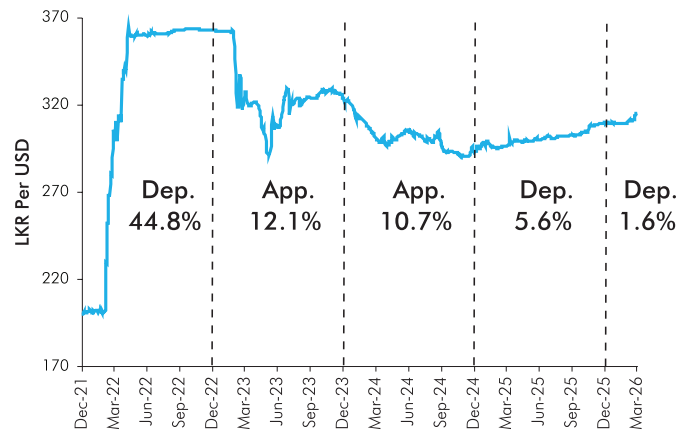
Sources: Department of Census and Statistics
Central Bank Staff Calculations

EXCHANGE RATE

After two years of relative strength, the Sri Lankan Rupee experienced a gradual softening during 2025, reflecting adjustments in external market conditions and evolving macroeconomic dynamics. The currency moved from Rs. 292.58 per US Dollar at the end of December 2024 to Rs. 309.99 by December 2025, representing a depreciation of approximately 5.6% over the year.

A similar pattern of mild weakening was observed against a range of other major currencies, driven by global foreign exchange volatility, shifting investor sentiment, and fluctuations in international capital flows. Overall, currency movements during the period reflected a more balanced adjustment phase following earlier periods of stability.

Figure 1.28
Daily Exchange Rate Movements



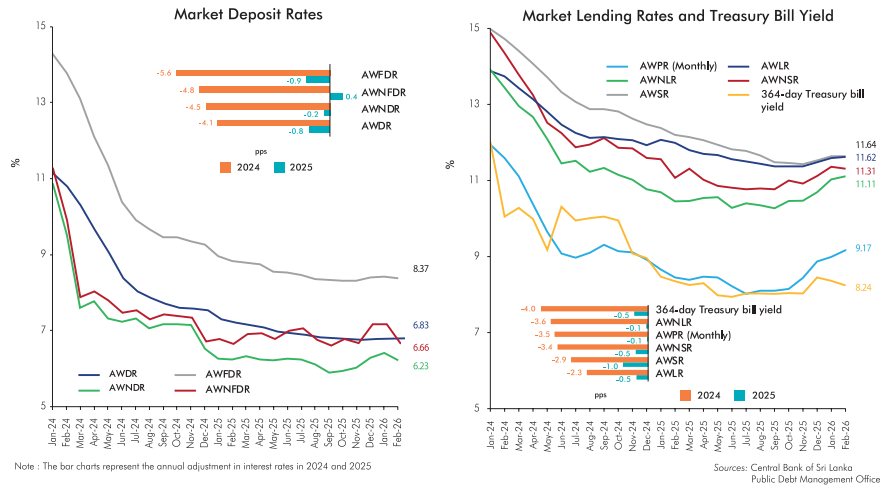
Source: Central Bank of Sri Lanka

INTEREST RATE

Interest rate conditions in Sri Lanka eased over the course of 2025, reflecting the Central Bank's continued accommodative monetary policy stance aimed at sustaining economic recovery while preserving inflation stability. In line with this approach, the Overnight Policy Rate (OPR) was reduced by 25 basis points to 7.75% in May 2025, signalling a further relaxation of monetary conditions.

While some short-term rates experienced a modest firming towards the end of the year in response to liquidity and market adjustments, the overall interest rate environment remained relatively benign. Borrowing costs stayed contained, supporting credit growth, improving access to financing, and contributing positively to both business activity and broader investment sentiment.

Figure 1.12
Movements of Selected Market Interest Rates



SRI LANKA TOURISM INDUSTRY PERFORMANCE

Sri Lanka's tourism industry delivered a strong performance in 2025, supported by improved economic conditions, greater travel confidence, and the gradual normalisation of global mobility patterns. Against this backdrop, tourist arrivals to the Country rose to 2.36 million, exceeding the previous peak achieved in 2018. India remained the leading source market, underpinned by strong regional connectivity and sustained demand for short-haul travel. The United Kingdom, Russia, China, and Germany continued to contribute meaningfully, while increasing inflows from markets such as Australia, France, and Japan highlighted the widening geographic spread and strengthening global profile of Sri Lanka as a travel destination.

Towards the latter part of the period, emerging geopolitical and routing disruptions affecting certain international transit corridors began to influence travel patterns, particularly within selected long-haul markets. Notwithstanding these near-term challenges, the medium-term outlook for the sector remains favourable especially given Sri Lanka's strong destination appeal, improving infrastructure, and its growing positioning as a versatile location for leisure, experiential, and events-based tourism.

Earnings from Tourism and Tourist Arrivals



Operating Environment contd.

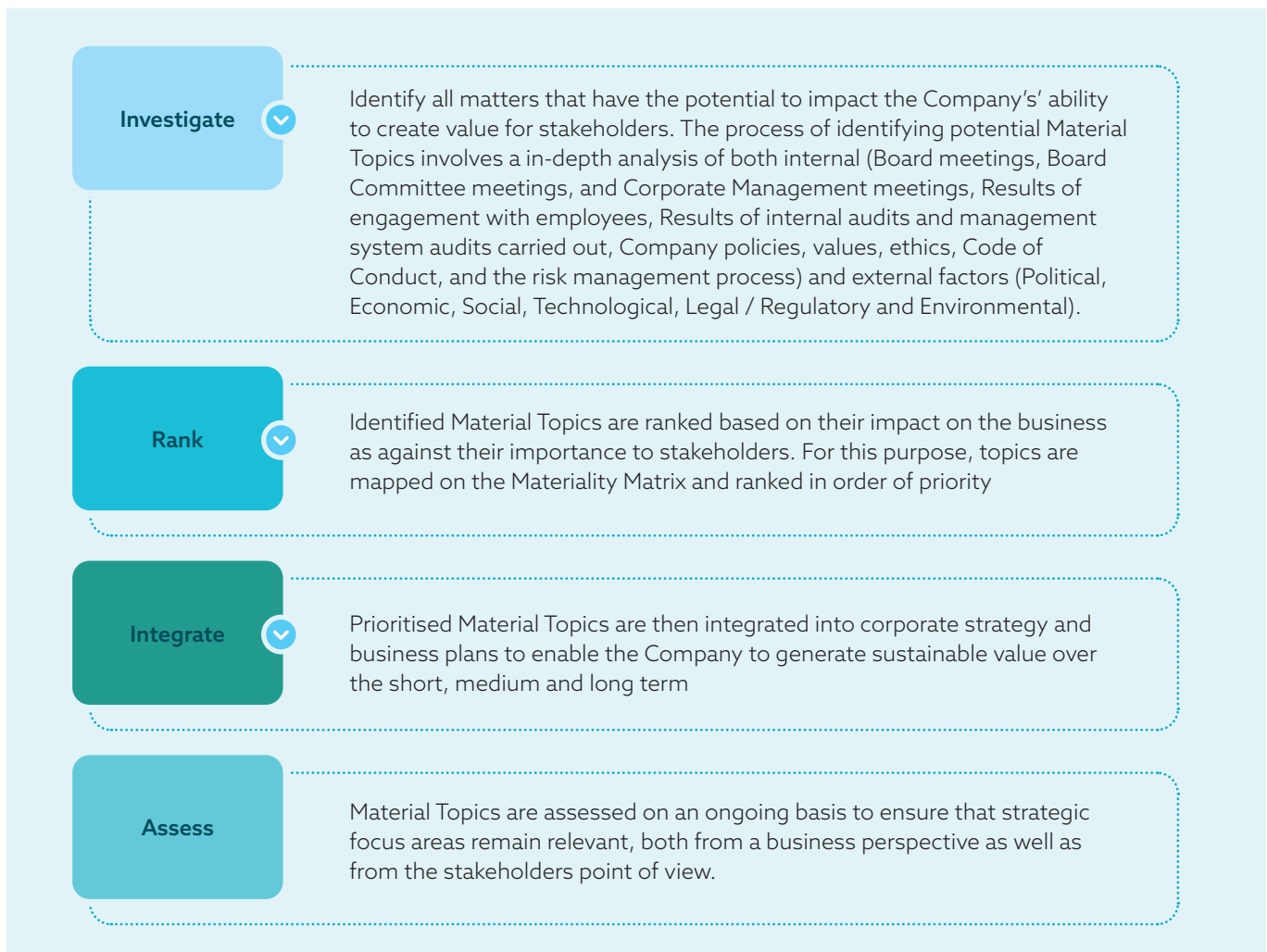
Impact to The Fortress Resorts PLC	
Challenges	Opportunities
Geopolitical tensions and routing disruptions affecting international transit corridors, particularly long-haul travel flows	Strong overall recovery in Sri Lanka’s tourism sector, with arrivals surpassing the 2018 peak at 2.36 million
Uncertainty in global travel patterns impacting forward booking visibility	Diversification of source markets including growth from Australia, France, and Japan, reducing market concentration risk
Competitive regional tourism landscape requiring stronger differentiation	Strengthening positioning of Sri Lanka as a leisure, experiential, and events-based destination Rising global visibility of Sri Lanka enhancing appeal for boutique luxury operators like Fortress

Material Matters

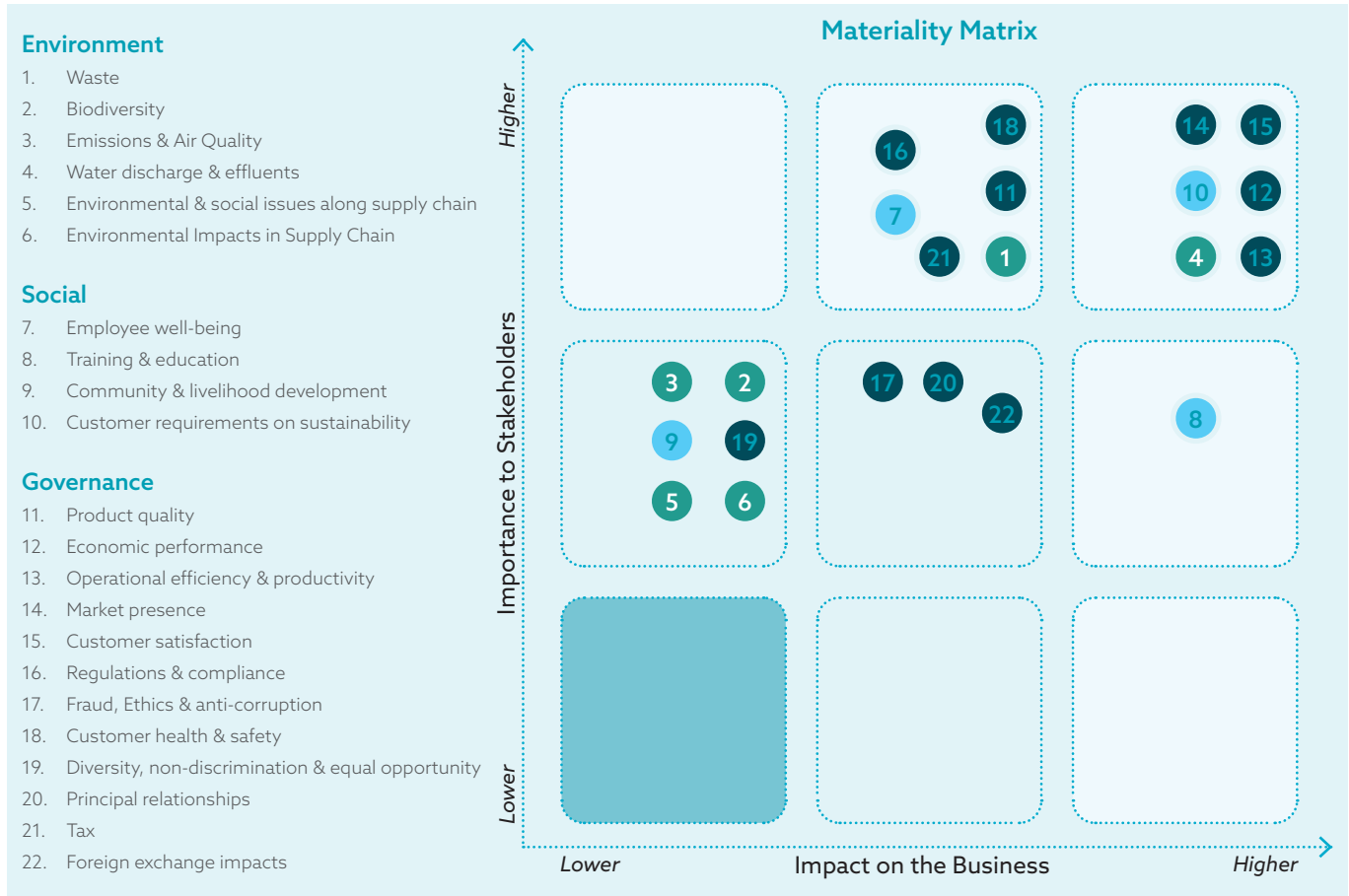
Material topics form a critical component of how The Fortress Resorts PLC understands, prioritises, and responds to the issues that matter most to the business and its stakeholders. These topics help shape strategic decision-making, strengthen accountability, and ensure that the Company remains responsive to the evolving opportunities, risks, and stakeholder expectations.

The process of determining material topics is guided by the broader framework established by the Hayleys PLC Group, while being tailored specifically to reflect the operational realities and strategic priorities of the leisure sector. In identifying material matters, the Company considers globally recognised reporting frameworks including the GRI Standards and relevant SASB Standards, together with factors linked to its value creation model, operating environment, stakeholder expectations, and long-term strategic direction.

Beyond these standard approaches, the Company has recently adopted the double materiality assessment (DMA) approach, applying a dual lens to evaluate not only the financial implications of material matters on the business, but also the extent of the Company's economic, environmental, and social impacts on its stakeholders and the broader operating environment. This approach enables a more holistic understanding of material issues to enhance Company ability to align strategic priorities with sustainability commitments and risk management practices in order to achieve long-term value creation objectives.





















Material Matters contd.



Material Topic		Topic Boundary	Management Approach	Strategy Integration				Related Capitals
				Business Growth	Guest Experience	Team Empowerment	Sustainability	
1	Waste	Resort operational waste management	Reduce, segregate, recycle, responsibly dispose operational waste	✓	✓		✓	
2	Biodiversity	Coastal ecosystem and habitat protection	Protect surrounding ecosystems through conservation-oriented operational practices		✓		✓	
3	Emissions & Air Quality	Operational carbon and air emissions	Monitor emissions and improve energy-efficient operational practices	✓			✓	
4	Water Discharge & Effluents	Wastewater discharge and water quality	Manage effluents responsibly through monitoring and treatment controls		✓		✓	
5	Environmental & Social Issues Along Supply Chain	Supplier ESG and labour practices	Engage responsible suppliers aligned with sustainability expectations	✓			✓	
6	Environmental Impacts in Supply Chain	Supply chain environmental footprint	Promote sustainable sourcing and environmentally responsible procurement practices	✓			✓	
7	Employee well-being	Workforce health and well-being	Foster safe, supportive, engaging employee working environments		✓	✓		
8	Training & Education	Employee learning and capability development	Strengthen service excellence through continuous employee development	✓	✓	✓		
9	Community & Livelihood Development	Local economic and social development	Support local livelihoods through community engagement initiatives				✓	
10	Customer Requirements on Sustainability	Guest sustainability expectations and preferences	Integrate sustainability into luxury hospitality guest experiences	✓	✓		✓	
11	Product Quality	Hospitality service and product standards	Maintain premium standards across all guest service touchpoints	✓	✓	✓		
12	Economic Performance	Financial growth and profitability	Drive sustainable profitability through disciplined financial management	✓				
13	Operational Efficiency & Productivity	Operational resource and process optimisation	Improve efficiency through disciplined operational performance management	✓	✓	✓	✓	

Material Matters contd.

Material Topic	Topic Boundary	Management Approach	Strategy Integration				Related Capitals	
			Business Growth	Guest Experience	Team Empowerment	Sustainability		
14	Market Presence	Brand positioning and market visibility	Strengthen luxury brand positioning across target travel markets	✓	✓			 
15	Customer Satisfaction	Guest satisfaction and loyalty	Deliver personalised experiences exceeding evolving guest expectations	✓	✓	✓		  
16	Regulations & Compliance	Legal and regulatory compliance obligations	Ensure strict compliance with applicable regulatory requirements	✓	✓	✓	✓	 
17	Fraud, Ethics & Anti-Corruption	Ethical conduct and governance practices	Promote integrity through strong governance and ethical standards	✓		✓	✓	 
18	Customer Health & Safety	Guest safety and food hygiene	Maintain world-class guest safety and hygiene standards	✓	✓	✓		  
19	Diversity, Non-Discrimination & Equal Opportunity	Inclusive and equitable workplace practices	Foster inclusive culture based on equal opportunity principles			✓	✓	 
20	Principal Relationships	Strategic stakeholder and business relationships	Build trusted relationships supporting long-term business resilience	✓	✓	✓	✓	 
21	Tax	Tax compliance and fiscal responsibility	Ensure transparent and compliant tax management practices	✓			✓	
22	Foreign Exchange Impacts	Currency fluctuations affecting operations	Mitigate foreign exchange risks through prudent financial oversight	✓				

Strategy and Resource Allocation

The strategic direction of The Fortress Resorts PLC is established under the leadership and oversight of the Board of Directors. The strategy development process is a comprehensive annual exercise undertaken by the Board based to develop the Company’s strategy considering performance objectives, competitive landscape, inherent risks, and emerging opportunities.

At the core of this strategic framework are four interconnected pillars: Business Growth, Guest Experience, Team Empowerment, and Sustainability, which function as mutually reinforcing drivers that support the Company’s long-term value creation agenda.



Resource Allocation in 2025/26

focuses on strengthening the long-term commercial viability and market positioning of The Fortress Resorts PLC within the luxury boutique hospitality segment. Key priorities under this pillar include driving sustainable revenue growth through enhanced occupancy, improved rate realisation, diversification of revenue streams, and targeted positioning towards high-value traveller segments such as discerning Free Independent Travellers (FITs). Strategic investments in property enhancements, brand repositioning, digital visibility, and curated guest experiences also form a critical part of this pillar, enabling the Company to strengthen competitiveness while improving operational efficiency and financial resilience

Resource Allocation in 2025/26	Rs. 634,068,055 capital investment for the extensive refurbishment of the property to reinforce the unique identity and positioning of The Fortress Resort and Spa.
<i>Financial Capital</i>	
<i>Manufactured Capital</i>	

Strategy and Resource Allocation contd.



focuses on delivering refined, intuitive, and deeply personalised luxury hospitality experiences that differentiate The Fortress Resort and Spa. The aim is to elevate every stage of the guest journey, from reservations and arrivals to accommodation, dining, wellness, and curated destination experiences to ensure each interaction reflects understated elegance, authenticity, and exceptional service standards. Curating guest experiences also encompasses continuous innovation in culinary offerings, wellness concepts, and digital engagement platforms to meet the evolving expectations of sophisticated global travellers.

Resource Allocation in 2025/26

Financial Capital

Social and Relationship Capital

- Comprehensive refurbishment of guest rooms and suites offering focused on exclusivity and personalised luxury
- Introduction of new Ocean Premium and Beach Premium room categories
- Reimagined public spaces with elevated boutique aesthetics
- Upgraded pool and leisure areas creating immersive luxury environments
- Enhanced ambience delivering greater sophistication and sensory appeal
- Introduction of two new fine dining concepts specialising in Japanese and Italian cuisine
- Curated culinary experiences blending authenticity, artistry, and contemporary sophistication



focuses on cultivating a highly engaged, service-oriented, and professionally developed workforce aligned with the Fortress brand ethos. The Company places strong emphasis on continuous learning and development, behavioural excellence, leadership capability building, employee well-being, and fostering a culture of accountability and collaboration.

Resource Allocation in 2025/26

Financial Capital

Human Capital

- 74 new recruits
- 21 employee promotions
- Rs. 954,500 invested in external training resources
- Rs. 112,312,434 distributed as monetary benefits to employees



reflects the commitment to responsible hospitality and long-term value creation through environmentally and socially conscious business practices. Given the nature of its operations, the Company places strong emphasis on energy efficiency, emissions management, waste minimisation, responsible sourcing, and the preservation of surrounding natural ecosystems. Sustainability also extends to supporting local suppliers and communities

Resource Allocation in 2025/26

Financial Capital

Social and Relationship Capital

Natural Capital

- Rs. 1,255,645,126 paid to suppliers
- 10% increase in treated wastewater reuse
- 372 number of CSR beneficiaries
- 48% increase in wood consumption as renewable energy (kg)



Future

Positioning

A stronger foundation. A redefined identity. Ready for sustained growth ahead.

Financial Capital



Financial Capital comprises a combination of equity, debt, and internally generated cash flows that support day-to-day operations as well as long-term strategic growth initiatives.

Management Approach

Our approach to managing financial capital is anchored in the prudent stewardship of financial resources, including building reserves, disciplined capital allocation, efficient working capital management, and a balanced approach to reinvestment that supports long-term value creation without compromising financial stability or operational flexibility.



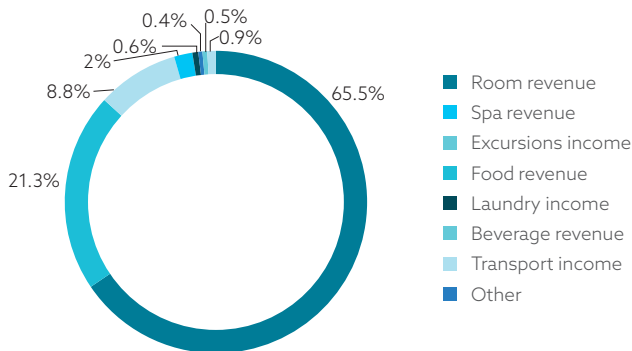
Revenue

The Fortress Resorts PLC reported revenue of Rs. 989 Mn for FY 2025/26, reflecting a marginal decline of 2% compared to the Rs. 1.0 Bn recorded in the previous year. However, YoY comparisons are not entirely

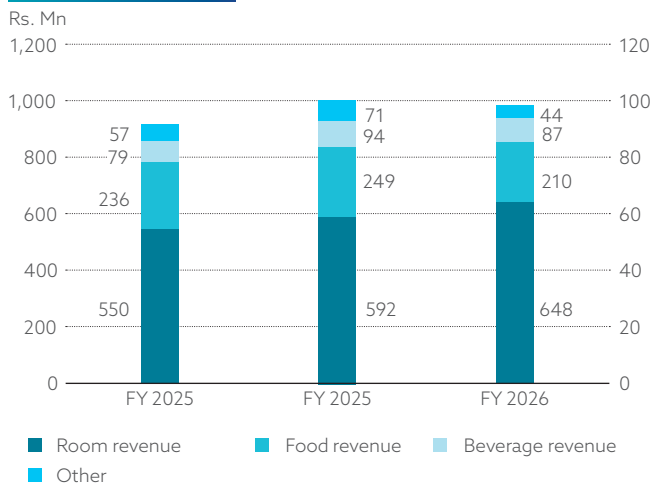
comparable, as the current year’s performance should be viewed in the context of the temporary three-month closure of the property from early May to mid-July 2025 to facilitate an extensive refurbishment and renovation programme aimed at further elevating The Fortress Resort & Spa’s premium positioning within Sri Lanka’s luxury boutique hospitality segment.

As a result, occupancy levels during the period from April to August 2025 remained significantly below the corresponding period of the previous year. Nevertheless, following the reopening, the property recorded a notable improvement in operating performance, with occupancy levels during the period from September to March recovering strongly to 56%. The enhanced guest offering following the refurbishment programme also supported an improvement in average room rates, contributing to stronger revenue momentum and improved operating traction during the latter part of the financial year.

Revenue Composition

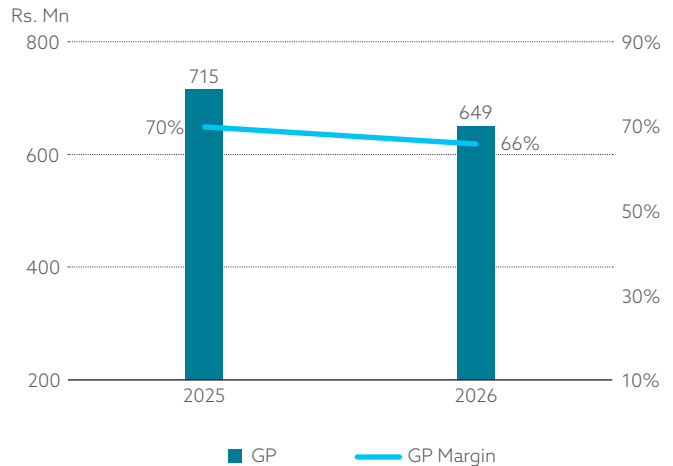


Segmental Revenue



Gross Profit

Gross Profit and Gross Profit Margin



Gross profit declined from Rs. 715 Mn in the previous year to Rs. 649 Mn in the current year, representing a decrease of approximately 8%, attributed to the combined impact of lower revenue generation during the refurbishment period and an increase in cost of sales arising from elevated operating costs post-refurbishment.

The increase in cost of sales was largely driven by higher employee-related expenses following workforce expansions and salary adjustments, alongside increased expenditure on guest amenities and upkeep associated with maintaining the enhanced service and quality standards introduced following the refurbishment programme to reinforce The Fortress Resort & Spa’s premium positioning and elevate the overall guest experience in line with luxury boutique hospitality expectations.

The gross profit margin declined from approximately 71% in the previous year to 66% in the current year.

Financial Capital contd.

Operating Expenses

Total operating expenses remained broadly on par with the previous year, increasing marginally to Rs. 854 Mn in the current year from Rs. 790 Mn recorded in the previous year, a testament to the Company's strong overall cost containment measures and disciplined approach to operational efficiency, particularly in the context of ongoing refurbishment-related adjustments during the period.

	2024/25	2025/26	YoY
	Rs.'000	Rs.'000	Change
Cost of sales	291,446	339,833	17%
Selling and marketing expenses	64,944	64,655	0%
Administrative expense	434,485	449,981	4%
Finance cost	7,683	8,054	5%

Finance Income and Finance Costs

Finance income declined significantly from Rs. 76.38 Mn in the previous year to Rs. 45.67 Mn in the current year, reflecting a reduction of approximately 40%. This decrease was primarily driven by the strategic utilisation of fixed deposits amounting to around Rs. 500 Mn during the year to fund the property refurbishment and renovation programme, resulting in a lower base of interest-earning financial assets.

In contrast, finance costs increased marginally from Rs. 7.68 Mn to Rs. 8.05 Mn, reflecting a slight uptick in borrowing-related costs during the period.

Total Assets

The Company's total assets increased from Rs. 2.41 Bn in the previous year to Rs. 2.62 Bn in the current year, indicating a strengthening of the balance sheet position. Asset expansion was driven by an addition of approximately Rs. 634 Mn in Property, Plant and Equipment (PPE) linked to the refurbishment and renovation programme undertaken during the year to further enhance the quality, positioning, and long-term value of The Fortress Resort & Spa.

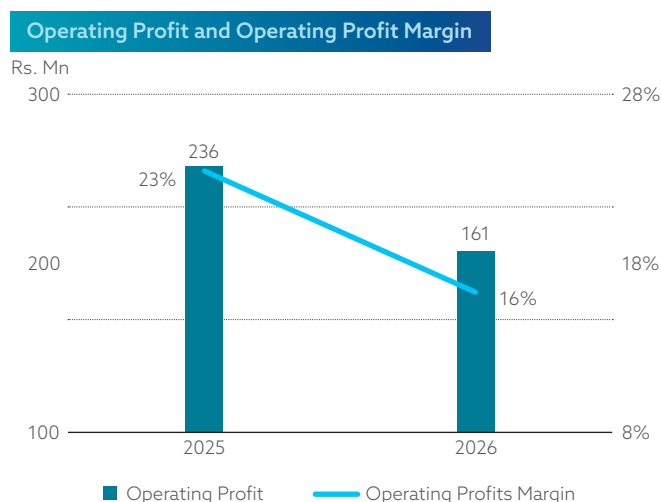
This increase in asset base underscores the Company's continued focus on reinvestment in its physical infrastructure, reinforcing its capacity to deliver elevated guest experiences while strengthening the underlying asset foundation for sustainable future growth.

Profitability

Profit before tax (PBT) decreased from Rs. 305.12 Mn in the previous year to Rs. 198.45 Mn in the current year, reflecting a decline of approximately 35%. Margin compression in the current year was on account of the shortened operating period due to the temporary closure of the property for refurbishment.

Mirroring the decline in PBT, Profit After Tax (PAT) declined from Rs. 236.11 Mn in the previous year to Rs. 150.98 Mn in the current year, representing a decrease of approximately 36%.

Overall, the year-on-year decline in profitability should be viewed in the context of the strategic refurbishment programme undertaken to strengthen the long-term positioning and revenue-generating potential of The Fortress Resort & Spa, rather than any deterioration in underlying business fundamentals.



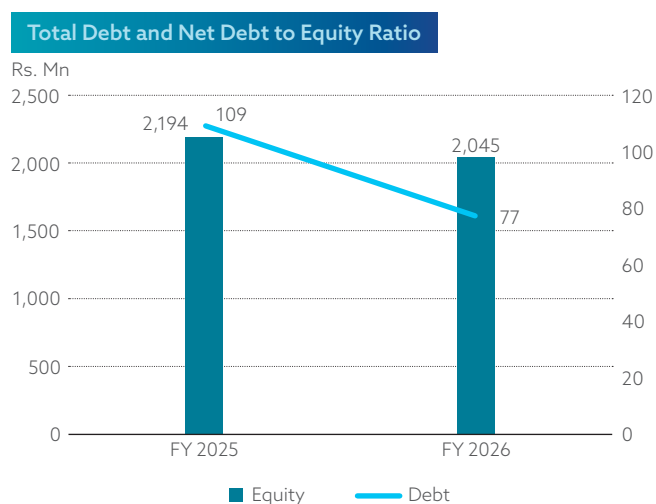
	2024/25	2025/26	YoY Change
	Rs.'000	Rs.'000	
Total Assets	2,410,462	2,617,000	9%
Non-Current Assets	1,190,585	1,718,052	44%
Property, Plant and Equipment	1,149,993	1,680,092	46%
Right of use assets	37,529	35,617	(5%)
Intangible assets	3,063	2,343	(24%)
Current Assets	1,219,877	898,948	(26%)
Inventories	31,967	42,192	32%
Trade and other receivables	53,781	46,609	(13%)
Short term investment	1,029,645	655,364	(36%)
Other current assets	104,484	154,783	48%

	2024/25	2025/26	YoY Change
Return of shareholders's fund (%)	12%	7%	(42%)
Basic earnings/(loss) per share (Rs.)	2.13	1.36	(36%)
Net assets value per share (Rs.)	18.44	19.79	7%
Share price (Rs.)	24.50	21.60	(12%)
ROCE (%)	11%	7%	(36%)

Total Equity

Despite the decline in profitability during the current year, the Company continued to demonstrate a strong commitment to building incremental retained earnings, reflecting disciplined financial management and a long-term value creation focus.

Retained earnings increased from Rs. 935.98 Mn in the previous year to Rs. 1.09 Bn in the current year, an improvement of Rs. 149.29 Mn which saw total equity strengthening from Rs. 2.04 Bn in the previous year to Rs. 2.19 Bn for FY 2025/26



Total Liabilities

Total current liabilities increased from Rs. 224.75 Mn in the previous year to Rs. 286.59 Mn in the current year, amidst higher trade and other payables arising from working capital movements associated with supporting the expanded level of business activity in FY 2025/26.

The overall movement reflects normal operational fluctuations aligned with the scale and timing of business activities during the year, particularly in relation to procurement and refurbishment-related expenditures.

Human Capital

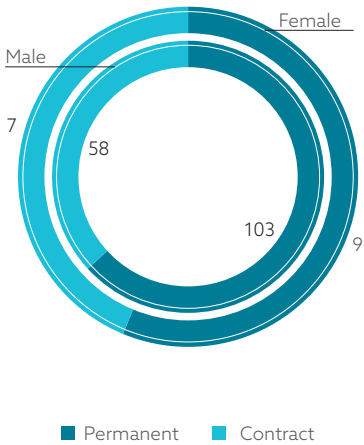


Human Capital, which represents the skills, knowledge and expertise of The Fortress Resorts PLC's 177 employees, forms the backbone of the operational model and also serves as one of the most distinctive characteristics of our unique brand of hospitality.

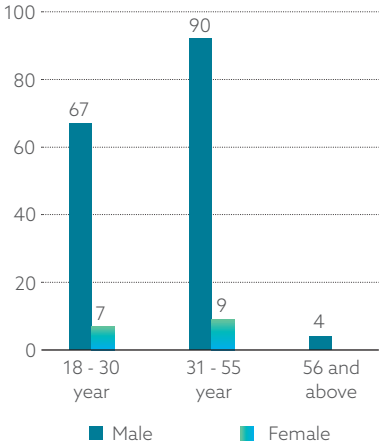
Management Approach

Our approach to developing Human Capital stems from our positioning as a luxury boutique beach-front hotel, where the delivery of highly personalised and intuitive guest experiences is central to our value proposition. In this context, we are firmly committed to complying with all applicable labour laws in Sri Lanka. Beyond this we also align with internationally recognised standards of human rights and labour practices, including the principles of the UN Global Compact and the provisions of the International Labour organisation (ILO) conventions to ensure the protection of fundamental rights at work, the promotion of fair and safe working conditions, and the upholding of dignity, equality, and non-discrimination across our workforce. As part of our approach, we place special emphasis on improving female representation in our workforce, especially given that female participation in Sri Lanka's leisure sector remains limited. Our goal is to build a highly competent and committed workforce that embodies the promise of luxury and refined hospitality that remain the hallmark of the Fortress brand.

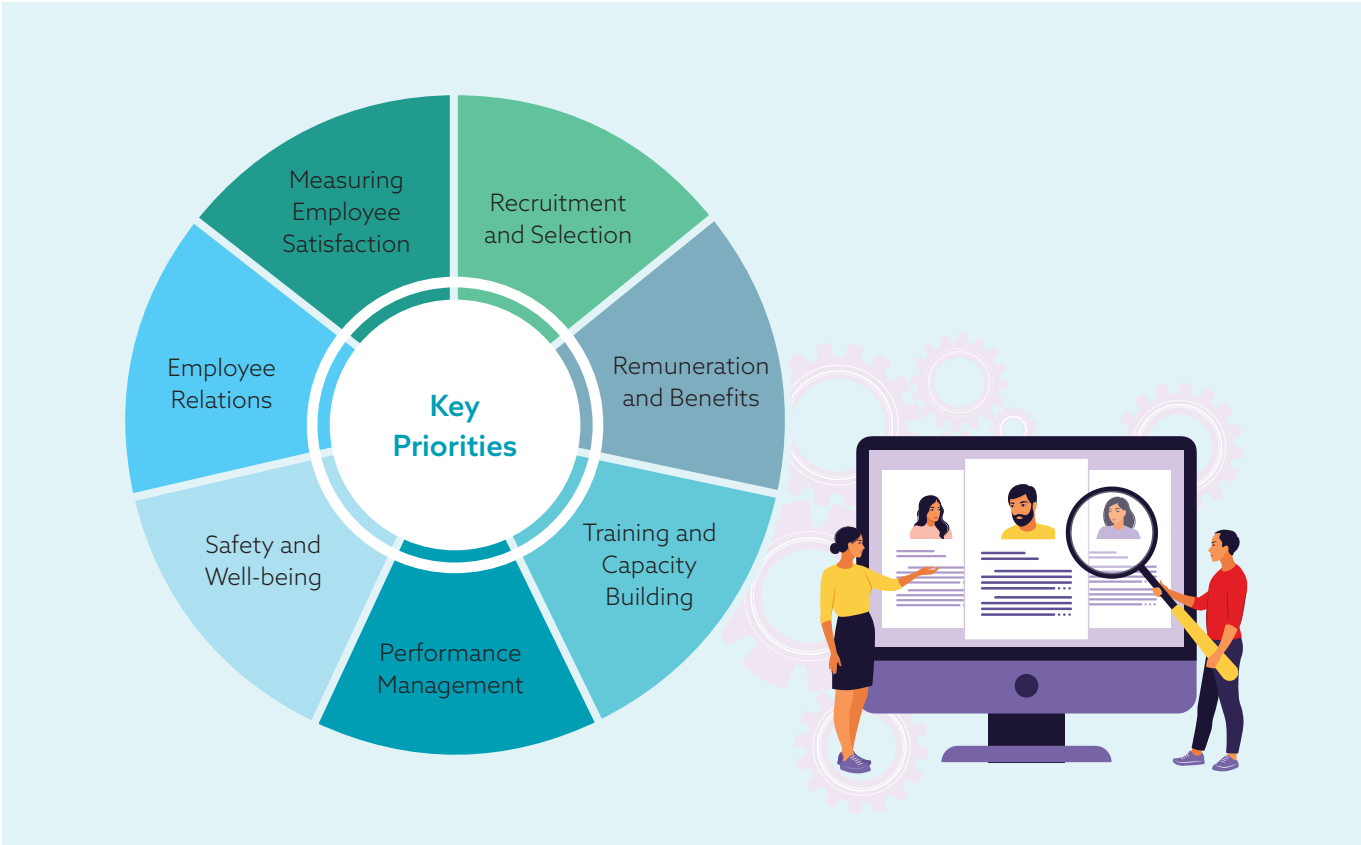
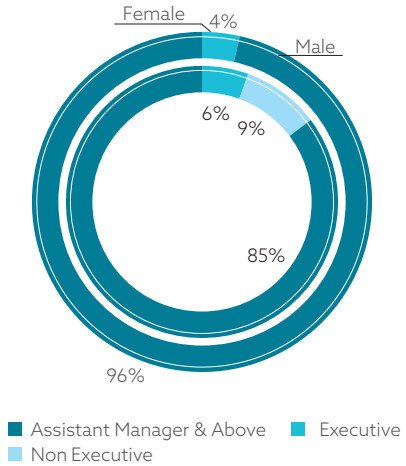
Employees by Type



Employees by Age and Gender



Employees by Category and Gender



Human Capital contd.

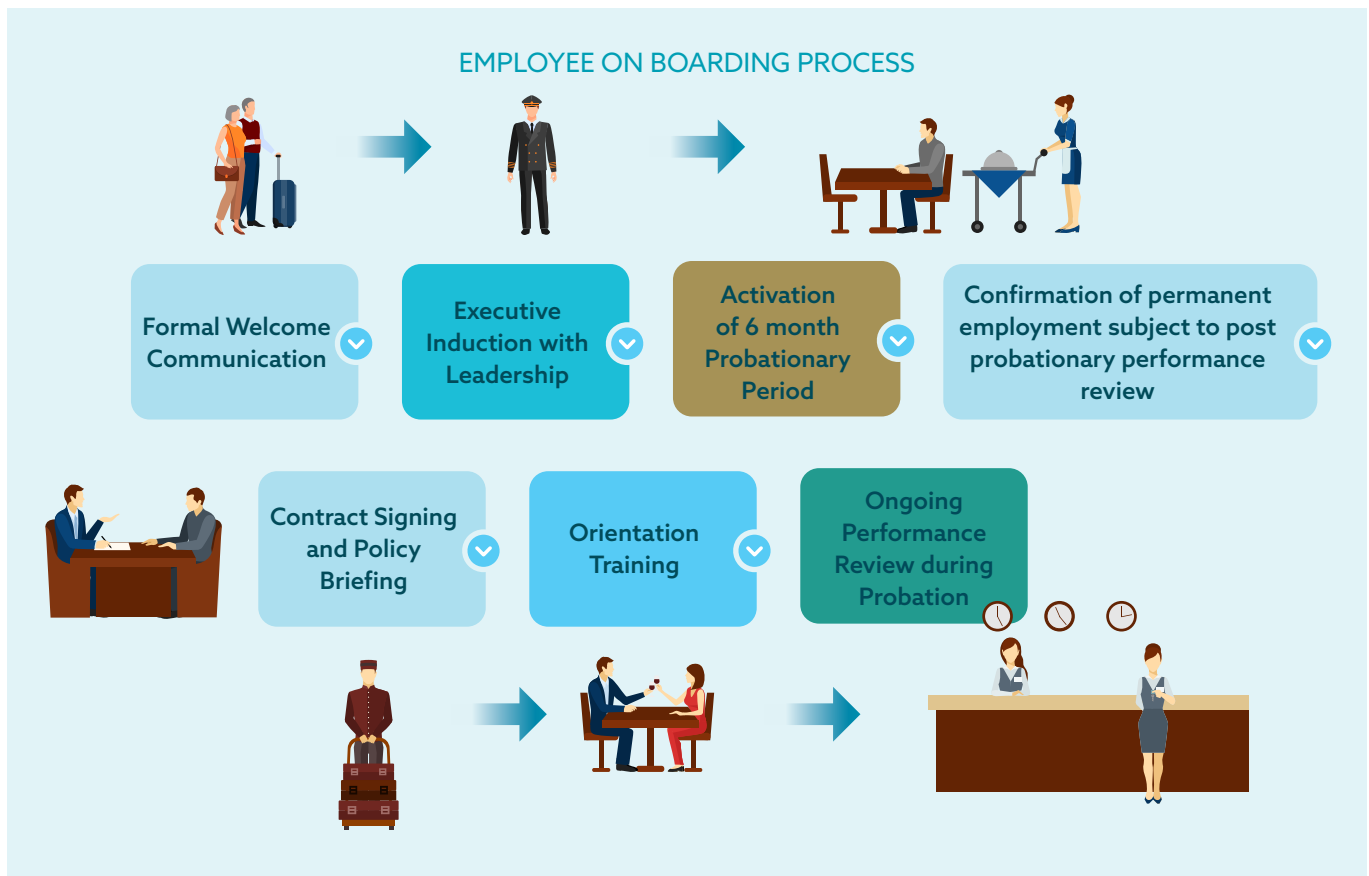
Recruitment and Selection

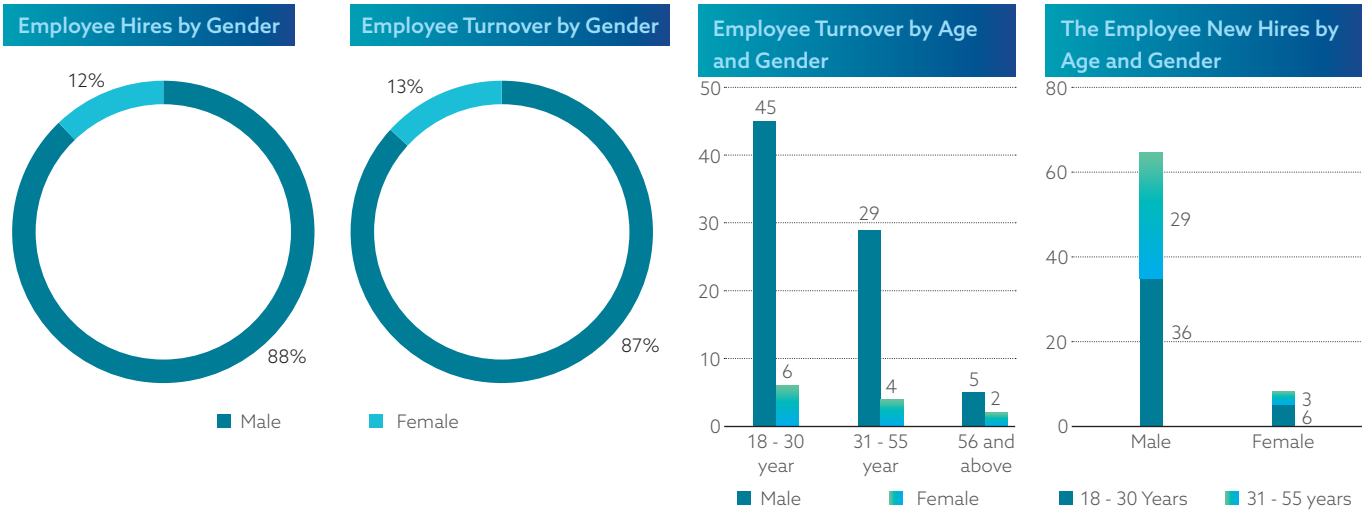
Our Recruitment Policy serves as a key enabler in attracting individuals with the right competencies and cultural fit for our organisation. The policy, which is based on the principles of fairness, equity, and transparency, stipulates that all vacancies are advertised externally while also being communicated internally.

The policy further establishes clear and consistent guidelines governing the selection process supported by detailed evaluation criteria and several layers of interviews to ensure merit-based appointments across all employee categories.

Selection processes also include additional verification protocols to confirm the age of all new recruits in accordance with statutory minimum employable age requirements for leisure sector employees, thereby safeguarding our operations against the risk of child labour.

All new employees are formally onboarded and placed on probation for six months, during which their performance, conduct, and suitability for the role are assessed at mid-point and again at the conclusion of the period.





Human Capital contd.

Remuneration and Benefits

Our remuneration and benefits structures are designed on par with industry standards to attract, retain and motivate employees. As an equal opportunity employer, we are committed to ensuring fair and equitable compensation for our workforce, with no gender-based disparities in remuneration for men and women across comparable roles, either at entry-level or senior categories.

Regular salary benchmarking is undertaken to ensure alignment with prevailing market standards and comply with regulatory and industry developments. During the year, applicable pay structures were revised in line with updated statutory minimum wage requirements, while regulatory changes enabling female employees to undertake night shifts were also implemented along with recommended safety measures in place.

The Fortress Resorts PLC - Remuneration and Benefits	
Executives	Non-Executives
<ul style="list-style-type: none"> Fixed monthly salary. Statutory entitlements - EPF, ETF, leave, maternity leave, gratuity Service Charge. Performance-based increments and bonuses. Medical insurance. Restaurant privileges Uniform Accommodation/meals (where applicable). 	<ul style="list-style-type: none"> Basic salary aligned to minimum wage. Statutory entitlements - EPF, ETF, leave, maternity leave, gratuity Service charge. Overtime payments. Annual increments and bonuses Medical insurance. Uniform Accommodation/meals (where applicable).

Parental Leave	FY 2025/26
In compliance with the Shop and Office Employees Act of 1954 and the Wages Board Ordinance Amendment Act, female employees are entitled to 84 days paid maternity leave, post-delivery as well as two hours nursing time for a period of one year after returning to work.	Yes
The Fortress also provides 7 days of paternity leave for male employees.	
Total number of employees that were entitled to parental leave	1
Total number of employees that took parental leave	1
Total number of employees that returned to work in the reporting period after parental leave ended	1

Training and Capacity Building

Operating as a luxury boutique hotel, where service excellence, precision, and personalised guest engagement are fundamental to our USP, employee training and capacity building are strategic imperatives for The Fortress Resorts PLC. Anchored by this philosophy on this, we focus on continuously enhancing the capabilities of our teams to ensure they embody the service excellence and attention to detail that define our brand. Training programmes are designed to strengthen both technical competencies and behavioural attributes, with a strong emphasis on guest engagement, service etiquette and operational excellence in a luxury hospitality setting.

Category	Total Hours
Operational & Departmental Training	6,781
Leadership, Mindset & Culture	1,590
Language & Education	1,219
Safety, Health & Compliance	1,081
Guest Service, Grooming & F&B Skills	691
Induction & Orientation	193
Grand Total	11,555

Performance Management

The purpose of our performance management programme is to help our employees to understand their contribution to the organisation and thereby align their performance and progress to broader organisational objectives. In line with this approach, we provide ongoing feedback to enable employees to clearly understand how their contributions support broader business outcomes and enhance the guest experience.

The performance of all executive Employees is formally reviewed at mid-year to identify capability gaps and address areas for improvement, while the year-end assessment serves as the key enabler for the determination of performance-based rewards including salary increments, bonuses, and promotions, as well as the identification of high-performing individuals for targeted development for future leadership opportunities. Meanwhile, Non-Executive employees receive an annual performance appraisal, where salary increments are determined based on overall performance scores and individual disciplinary records.

Safety and Well-being

Creating a safe and secure environment for our employees, guests, and all individuals present within our property remains a foremost priority. We ensure full compliance with all applicable national safety regulations with mandatory annual fire drills and emergency response simulations conducted to assess emergency preparedness.

Beyond compliance we strive to benchmark world-class safety standards with on-site safety teams appointed and entrusted with the responsibility of proactively identifying and mitigating workplace hazards. Similarly, we promote a strong safety culture through regular training that focuses on fire safety, first aid preparedness, and safe chemical handling, while encouraging employees to exercise safety vigilance, raise concerns, and actively support the ongoing development and review of safety measures.

Safety Hazards at The Fortress	Management Methods
Fire and emergency risks	Regular fire drills, fire detection and suppression systems, emergency response plans, and periodic inspections of fire safety equipment.
Food safety hazards	Compliance with ISO 22000:2018 Food Safety Management System, supplier audits, food handler medical screening, hygiene monitoring, and regular kitchen inspections.
Workplace accidents and injuries	Risk assessments, implementation of safe work procedures, employee safety training, and mandatory use of PPE.
Swimming pool and guest recreational risks	Routine pool water quality testing, lifeguard supervision, safety signage, and regular maintenance of recreational facilities.
Slips, trips, and falls	Preventive maintenance, housekeeping inspections, anti-slip measures, and prompt rectification of identified hazards.
Machinery and equipment hazards	Preventive maintenance schedules, thermography inspections, operator training, and safety compliance checks.
Chemical handling risks	Proper chemical storage, MSDS availability, employee awareness training, and controlled handling procedures.
Pest and hygiene-related risks	Scheduled pest control treatments, hygiene audits, and monitoring programmes across hotel properties.
Natural hazards and environmental risks	Tree and landscape inspections, warning signage, emergency preparedness plans, and regular monitoring of high-risk areas.
Contractor and third-party safety risks	Contractor safety inductions, permit-to-work systems, supervision, and compliance monitoring during projects and maintenance work.

Human Capital contd.

Employee Relations

With the continued migration of skilled hospitality professionals and rising competition for talent proving to be a major industry-wide challenge, we recognise the critical importance of strong employee relations in retaining a motivated, and service-oriented workforce. Our open-door culture encourages employees to engage freely with supervisors on operational matters, seek guidance, and share feedback within a transparent and supportive environment, while our Managers are urged to utilise regular staff meetings, monthly town halls and Whatsapp Groups to maintain continuous dialogue with their teams.

A formal grievance handling mechanism is also in place, enabling employees to raise concerns confidentially and without hesitation, with all matters addressed promptly, investigated thoroughly, and resolved in a fair and transparent manner in accordance with established procedures.

In addition, we maintain a robust activity calendar designed to strengthen team cohesion, encourage cross-functional collaboration, and foster camaraderie among teams.

Measuring Employee Satisfaction

We believe that measuring employee satisfaction helps us to gain meaningful insights into workforce sentiment, proactively address areas of concern, and continuously enhance the overall employee journey in order to retain a motivated, engaged, and high-performing workforce well aligned with our service expectations.

In this context, our performance evaluation process serves as an important platform to gauge employee sentiments, while mid-point pulse checks and post-probationary performance evaluations for newly on-boarded employees help assess employee experience to enable early intervention where necessary. Meanwhile, exit interviews are conducted with resigning employees to understand reasons for departure, and identify opportunities for improvement across our internal practices.

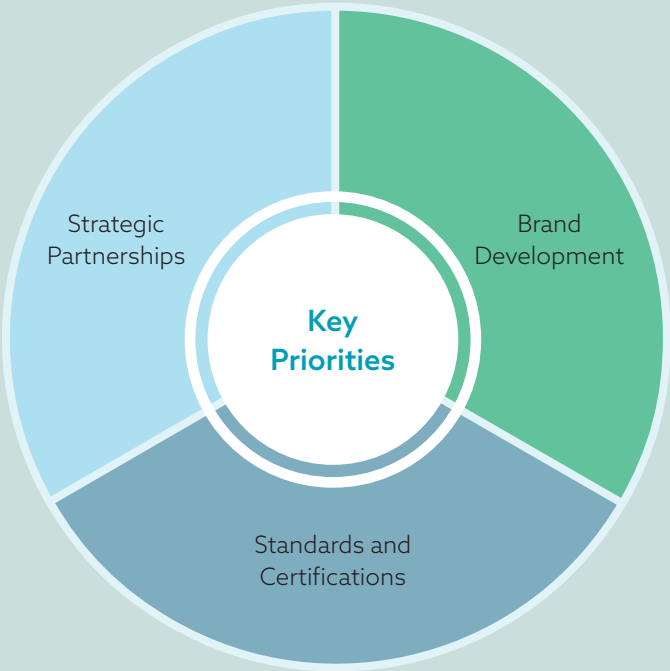
Intellectual Capital



The Fortress Resorts PLC’s Intellectual Capital comprises a collection of intangible assets, among them the iconic brand legacy of the Fortress Resort & Spa and other proprietary systems and processes that together underpin its distinctive positioning as one of the top rated luxury boutique-style properties in Sri Lanka.

Management Approach

Our approach to developing Intellectual Capital centres on elevating the brand positioning of the Fortress Resort & Spa. Taking a holistic view, we focus on investing in key elements that can grow brand equity and raise the standard of our offerings.



Intellectual Capital contd.

Brand Development

The Fortress Resort & Spa is positioned as a luxury boutique beachfront retreat. Inspired by the architectural grandeur of historic coastal fortresses, the property has cultivated a strong identity defined by exclusivity, privacy, and refined aesthetics. Its thoughtfully designed spaces, signature culinary offerings, and holistic wellness experiences positions the brand as a distinguished name within Sri Lanka’s luxury hospitality landscape. Furthermore, the consistent focus on quality, attention to detail, and ability to evolve with changing guest expectations while preserving its core identity has been instrumental in strengthening brand equity and sustaining its reputation as a preferred destination for discerning travellers seeking refined and immersive experiences.

With the luxury resort market in Sri Lanka becoming increasingly more competitive as travel demand normalised in 2025, boutique resorts, especially on the south coast, saw increased pricing pressure and guest expectations. Against this backdrop, we focused on further amplifying our brand differentiation through the introduction of curated experiences - heritage-inspired design, beach-front signature dining, turtle conservation participation, and tailored wellness offerings.

We also expanded our digital marketing initiatives specifically targeting affluent travellers seeking authentic and immersive stays. At the same time, participation in global platforms and industry events, including those aligned with the Small Luxury Hotels of the World – Considerate Collection, further enhanced brand visibility and positioning within the international luxury travel segment.

Meanwhile, with seasonal fluctuations in international travel from key European markets continuing to impact occupancy during shoulder periods, we leveraged online travel agency (OTA) platforms and actively managed property listings to sustain visibility in key source markets during peak travel planning cycles. These efforts were complemented by initiatives aimed at deepening the brand’s emotional resonance, particularly among experience-driven and sustainability-conscious travellers, thereby maintaining relevance even during softer periods.

Standards and Certifications

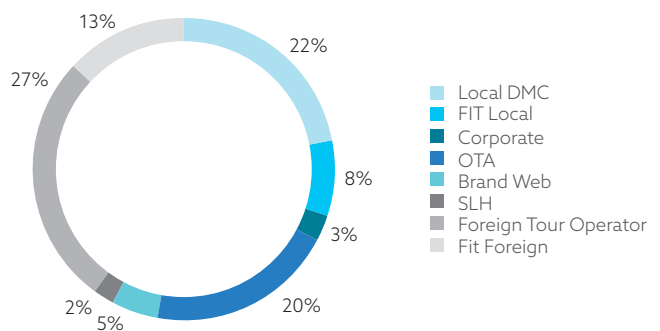
In an increasingly competitive and quality-conscious market, the voluntary adoption of international standards and certifications underline our commitment to maintaining world-class standards across all aspects of our operations, thereby serving as a mark of assurance for guests.

In this context, the successful implementation of ISO 22000:2018 Food Safety Management Systems (FSMS) in December 2025 underscores our commitment to upholding the highest standards of food safety and hygiene. This certification integrates Hazard Analysis and Critical Control Point (HACCP) principles with a systematic management approach, ensuring that food handling processes are effectively monitored, controlled, and continuously improved to safeguard guest well-being.

Strategic Partnerships

Strategic partnerships with carefully selected partners who share our commitment to excellence enable us to extend our global reach and enhance brand visibility across key international markets. Leveraging established distribution networks, and engaging in joint marketing initiatives help to strengthen market access and position our property effectively among targeted global markets.

Strategic Partnership Management



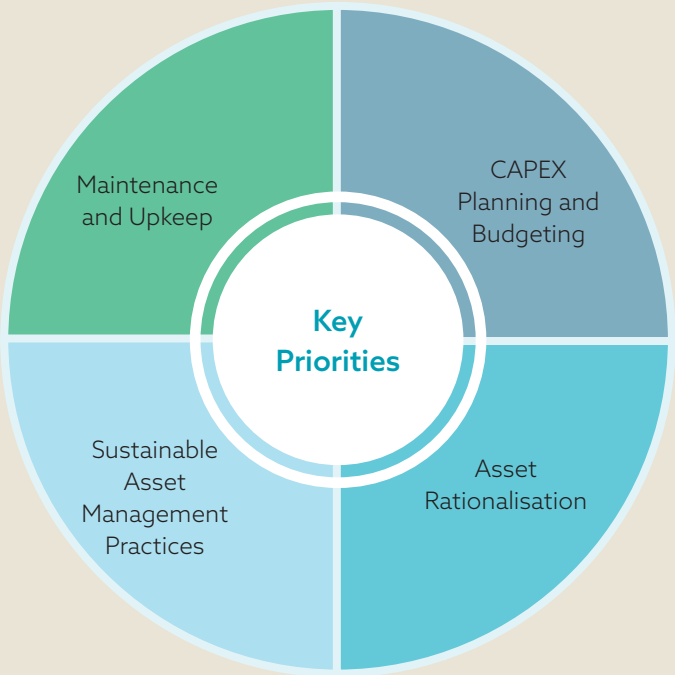
Manufactured Capital



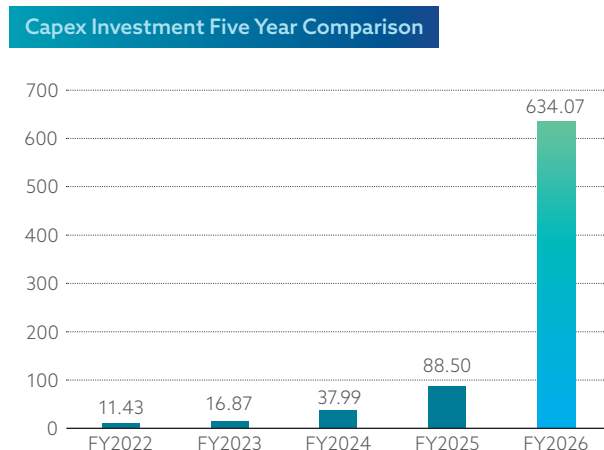
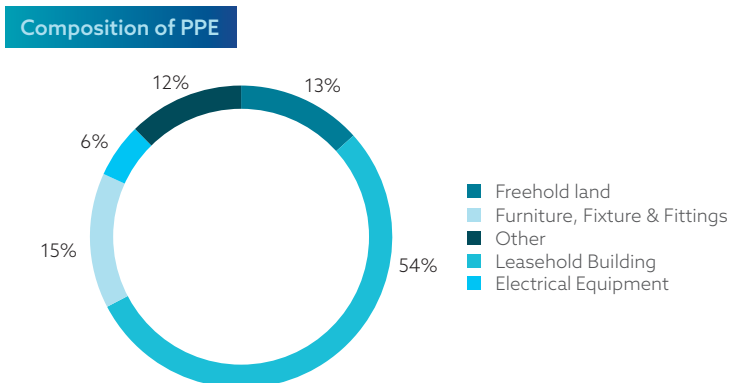
Manufactured Capital of The Fortress Resorts PLC consists of the Company’s physical assets encompassing the Property, Plant and Equipment (PPE) that provide the foundational infrastructure of our flagship beach front resort located in Koggala along Sri Lanka’s southern coastal belt.

Management Approach

Our approach to optimising manufactured capital revolves around a lifecycle-based asset management philosophy which combines modernisation, rationalisation, and ongoing maintenance to ensure optimal functionality of the asset base to support the evolving operational demands of the Company’s premium value proposition.



Manufactured Capital contd.



CAPEX Planning and Budgeting

CAPEX planning and budgeting represents a crucial step in directing resources towards capital expenditure for the purpose of improving operational efficiency and supporting our long-term growth plans. As such investments in CAPEX are planned in advance with Business Heads responsible for submitting their CAPEX requirements for the next financial year along with annual budgets and justifications. These submissions are then reviewed by the Company's Financial Controller and General Manager prior to submission for approval by the Chief Financial Officer (CFO). Once approved, CAPEX requirements are amalgamated and presented to the Managing Director for final approval. CAPEX for FY 2025/26 amounted to Rs. 634,068,055, mainly attributed to the refurbishment programme undertaken during the year to upgrade Rs. 572,772,143 and Rs. 61,295,912 of the hotel in line with evolving guest expectations.

Asset Rationalisation

Asset rationalization is undertaken as part of our lifecycle-based approach to managing Manufactured Capital. Our engineering teams conduct periodic evaluation of asset utilisation and performance to identify underperforming or obsolete assets, with legacy equipment often upgraded to facilitate evolving operational demands as well as safeguard the Company's premium value proposition. At the same time, underutilized assets may be reconfigured to enhance guest experiences or improve revenue-generating potential.

Sustainable Asset Management Practices

In recent years, we have been actively exploring opportunities to integrate sustainability and efficiency considerations into our asset management practices to support our long-term decarbonisation targets. Ongoing efforts in this regard include the adoption of energy-efficient lighting and climate control systems, air conditioning systems and installation of water-saving fixtures across all guest rooms. In addition, we continue to prioritise the use of sustainable materials and environmentally responsible design principles in refurbishment projects, while leveraging smart technologies to monitor and optimise resource consumption.

Maintenance and Upkeep

We recognise that maintenance and upkeep are fundamental to optimising asset performance and preserving asset longevity. Key efforts include preventive maintenance covering scheduled servicing and routine care to minimise wear and tear, alongside predictive maintenance, which utilises data and performance indicators to anticipate and address potential failures in advance. Rs. 50.8Mn. was spent in maintenance and upkeep in the current year.

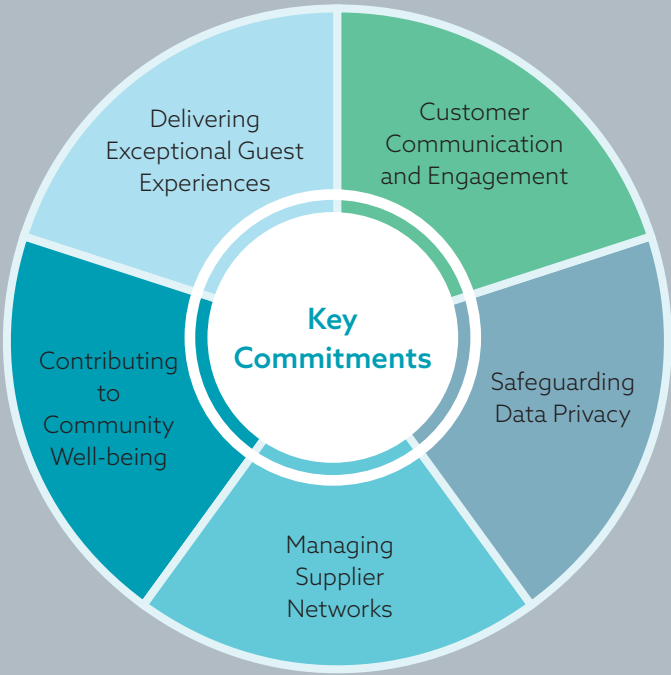
Social & Relationship Capital



Social and Relationship Capital represents the key stakeholder relationships that serve as a key enabler of long-term value creation and sustainable business success for The Fortress Resorts PLC.

Management Approach

As a premier boutique hotel, our approach to managing Social and Relationship Capital is based on earning and retaining the trust of key stakeholders - customers, suppliers and the wider community to position The Fortress Resort & Spa as a preferred hospitality partner in Sri Lanka.



Social & Relationship Capital contd.

CUSTOMERS

Delivering Exceptional Guest Experiences

At The Fortress Resort & Spa, we strive to create memorable stays defined by exclusivity, warmth, and refined elegance. Our guest-centric philosophy of delivering unparalleled guest experiences begins with a deep understanding of our guest profiles and their evolving preferences, enabling us to curate distinctive experiences tailored to the expectations of discerning leisure travellers whose preferences are defined by ultra sophistication, luxury, and finesse.

We translate this promise into reality through the delivery of intuitive and highly personalised guest experiences, from thoughtfully designed accommodation to effortless reservations, attentive guest care, signature dining experiences and wellness offerings, every interaction is carefully orchestrated to reflect comfort, refinement, and genuine hospitality. We continuously seek to elevate these experiences through innovation, in culinary concepts and resort facilities alongside the integration of digital solutions to further enhance guest convenience.

The safety and well-being of our guests remain an integral part of our service promise. We maintain strict compliance with all applicable regulatory requirements relating to health and safety, fire protection, and food hygiene to ensure a secure and reassuring environment throughout our property. Beyond compliance, we have adopted the ISO 22000:2018 Food Safety Management System, incorporating HACCP principles to uphold the highest standards of food safety across all culinary operations. Continuous internal monitoring, routine inspections, and periodic independent assurance audits further strengthen adherence to established protocols while identifying opportunities for continuous improvement.

Employee On-Boarding Process



Customer Communication and Engagement

Customer communication and engagement are a vital part of the luxury boutique hospitality experience we offer at The Fortress Resort & Spa. In a market where discerning travellers seek more than accommodation, we believe effective engagement enables us to differentiate ourselves through bespoke experiences, emotional connection, and consistently high service standards.

Accordingly, our approach to customer communication spans the entire guest journey, from pre-arrival interactions and tailored concierge support to attentive in-stay service and thoughtful post-departure follow-ups. Our one-on-one interactions and digital platforms, ensure communication remains timely, seamless, and relevant to individual preferences. Insights derived from these touchpoints are continuously evaluated to refine our offerings, anticipate evolving expectations, and strengthen guest loyalty, advocacy, and long-term affinity with the Fortress brand.

Measuring Guest Satisfaction

We believe, measuring guest satisfaction is essential to preserving the premium service standards and personalised experiences associated with The Fortress Resort & Spa. In-house guest interactions and real-time service recovery processes allow immediate concerns to be identified and resolved during the stay itself, while post-departure surveys are used to capture perceptions on accommodation, dining, service quality, wellness experiences, and overall satisfaction. We also closely monitor online reviews, travel platforms, and social media sentiment through ReviewPro, to understand external perceptions of the brand and benchmark performance against guest expectations.

These insights are regularly reviewed by management and relevant operational teams, with trends, recurring themes, and service opportunities translated into targeted improvements, staff coaching, and experience enhancements.

Safeguarding Data Privacy

We recognise that the protection of customer information is fundamental to building trust throughout the guest journey. Accordingly, we have implemented strict internal controls, and clear governance protocols for the responsible handling of guest data in compliance with Sri Lanka's Personal Data Protection Act (PDPA) and the EU General Data Protection Regulation (GDPR).

The image shows a screenshot of online reviews for a property. The top review is from 'Alessandra, it' with a 10/10 rating, dated Sep 15, 2025. It includes a table of scores for various categories:

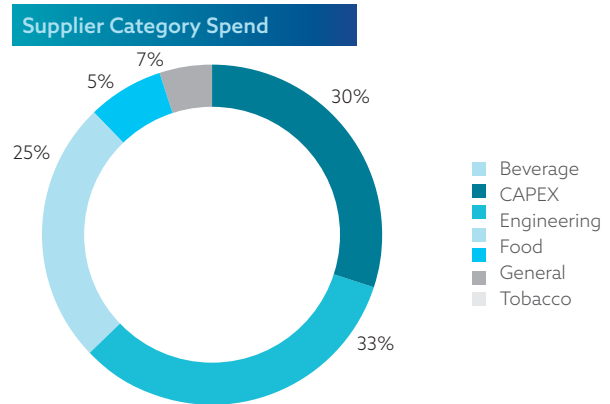
Staff	10	Cleanliness	10	Location	10
Facilities	10	Comfort	10	Value for money	10

The review text reads: "Beautiful Property Great Hospitality. It's a very well kept beautiful property with well trained staff showing excellent service and hospitality. Pristine clear water beach and great swimming pool and awesome Spa with exceptional service." Below this are two more reviews from 'norbertsA14500G' (5 stars, Mar 23, 2026) and 'Curiosity4314251412' (5 stars, Apr 14, 2026), both praising the staff and location. At the bottom, an illustration shows two people interacting with a large smartphone displaying review cards with star ratings and thumbs-up icons.

Social & Relationship Capital contd.

SUPPLIERS

Suppliers play a critical role in enabling us to deliver our unique value proposition. In a boutique resort environment where every detail contributes to the overall guest perception, our suppliers are not merely vendors but essential partners in upholding our brand promise of excellence, reliability, and refinement.



Managing Supplier Networks

Given that our suppliers directly influence the guest experience, we place strong emphasis on building long-term, collaborative partnerships with suppliers who share our commitment to quality, sustainability, and responsible business practices.

Accordingly, we have in place a streamlined approach for managing supplier networks with all sourcing activities centrally managed by the procurement team. Strict guidelines are followed for the selection of suppliers, on the basis of quality standards, pricing competitiveness, delivery reliability, and compliance with relevant safety, environmental, and ethical requirements that align with our broader sustainability commitments.

Equally importantly, we actively promote local sourcing where we engage small-scale entrepreneurs located in close proximity to our property, in turn contributing to the development of local industries.

COMMUNITY

Contributing to Community Well-being

We contribute to the Well-being of surrounding communities through initiatives that support local livelihoods, promote small-scale entrepreneurship, and create shared economic opportunities linked to our operations. In addition, we seek to contribute to social development through community-focused programmes that encourage environmental stewardship, education, and cultural preservation.

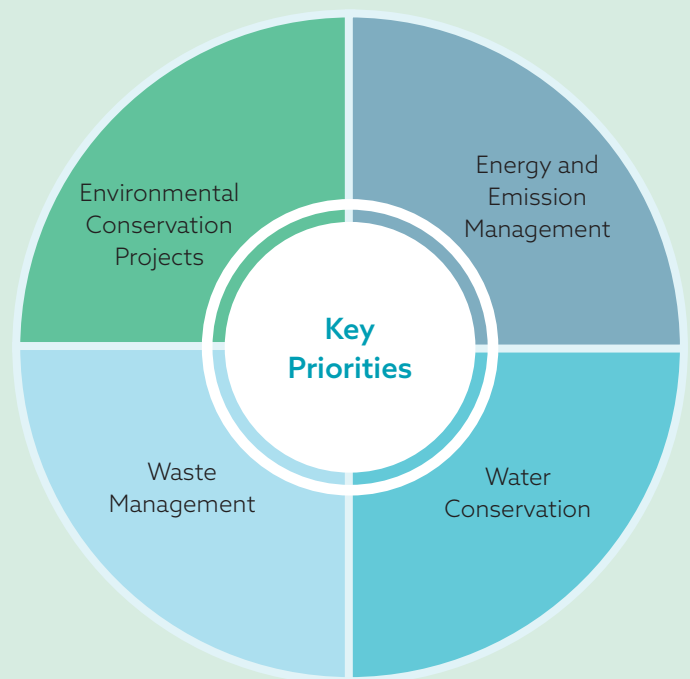
Natural Capital



For The Fortress Resorts PLC, Natural Capital refers to the natural environmental assets and ecosystems including land, water resources, biodiversity, and the natural coral reefs within the coastal environment that together complements the unique character our beachfront property.

Management Approach

Our approach to managing Natural Capital is based on clear guidelines for the responsible use of resources focusing in particular on reducing energy and water consumption and limiting waste generation, all with a view to minimising the environmental footprint of daily operations. Beyond our own operations, we also participate in external environmental initiatives and conservation projects for biodiversity protection and ecosystem preservation.



Natural Capital contd.

Energy and Emission Management

Energy is essential for the day-to-day operations at The Fortress Resort & Spa. Electricity constitutes the major share of our energy mix with the balance comprising LPG for cooking and fuel used for backup generators and operational vehicles.

We closely monitor energy consumption across all sources and assess energy intensity relative to occupancy levels in order to identify efficiency opportunities and drive continuous improvement.

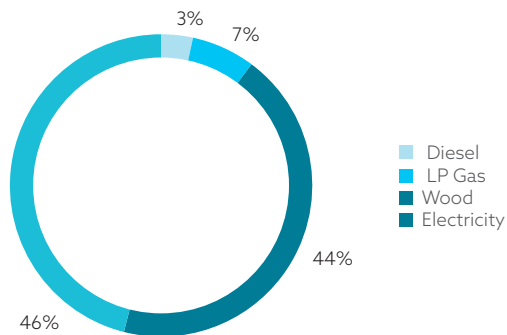
In parallel, we track greenhouse gas emissions associated with our operations, including direct (Scope 1) emissions from fuel combustion and indirect (Scope 2) emissions from purchased electricity. We are also progressively strengthening our emissions monitoring framework to incorporate relevant Scope 3 categories linked to transportation and other value chain activities, to enable a more comprehensive understanding of our overall environmental impact.

As part of our commitment to managing energy consumption and associated emissions, we have implemented a range of initiatives across our operations, including:

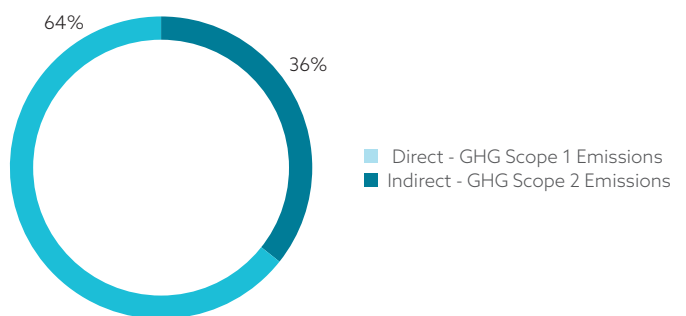
- Regulation of chiller systems and scheduling of energy-intensive activities during off-peak hours
- Transition to energy-efficient lighting, with approximately 95% of lighting converted to LED
- Implementation of routine preventive maintenance programmes to sustain equipment efficiency and minimise energy losses
- Upgrading of operational equipment to enhance energy efficiency and extend asset lifecycles
- During 2025/26, we consumed 352,944kg of wood in our boiler as a renewable energy source, reducing our dependence on diesel and other non-renewable energy sources.
- Improved hot water heating efficiency by using biomass boiler flue gas.
- Enhanced room air-conditioning systems to improve guest comfort, increase cooling efficiency.

The Fortress Resorts PLC Energy and Emission Statistics	2025/26
Energy Source	
Grid Electricity (MJ)	5,795,507
Diesel (MJ)	427,047
LP Gas (MJ)	858,244
Wood (MJ)	5,505,926
Total Energy Consumption (MJ)	12,586,724
Energy Intensity (MJ/occupant)	199
Emission Sources	
Direct - GHG Scope 1 Emissions	671.80 tCO ₂ e
Indirect - GHG Scope 2 Emissions	372.66 tCO ₂ e
Total GHG Emissions (Scope 1+ Scope 2)	1,044.46 tCO₂e

Energy Consumption By Source



Total Scope Emission



Water Conservation

Water is a critical resource for hotel operations. Operational requirements are met through municipal water supply, while drinking water is sourced from approved third-party suppliers.

Given our heavy usage of water in the day to day operations, we remain committed to minimising pressure on local water infrastructure through responsible and efficient water stewardship practices. Accordingly, municipal water usage is continuously monitored, with daily tracking of consumption patterns and water intensity indicators for the timely identification of inefficiencies and potential leakages in order to initiate corrective action, as needed.

At the same time, our ongoing water efficiency initiatives including the installation of low-flow fixtures and aerators, optimisation of water pressure across operational areas to prevent unnecessary wastage, and the reuse of cooling tower blowdown and drainage water for irrigation purposes, aim to reduce consumption and promote reuse, where possible and practical.

Water Consumption	2025/26
Total Water Consumption	31,013,721 Liters
Water Intensity	489.43 Liters per occupant

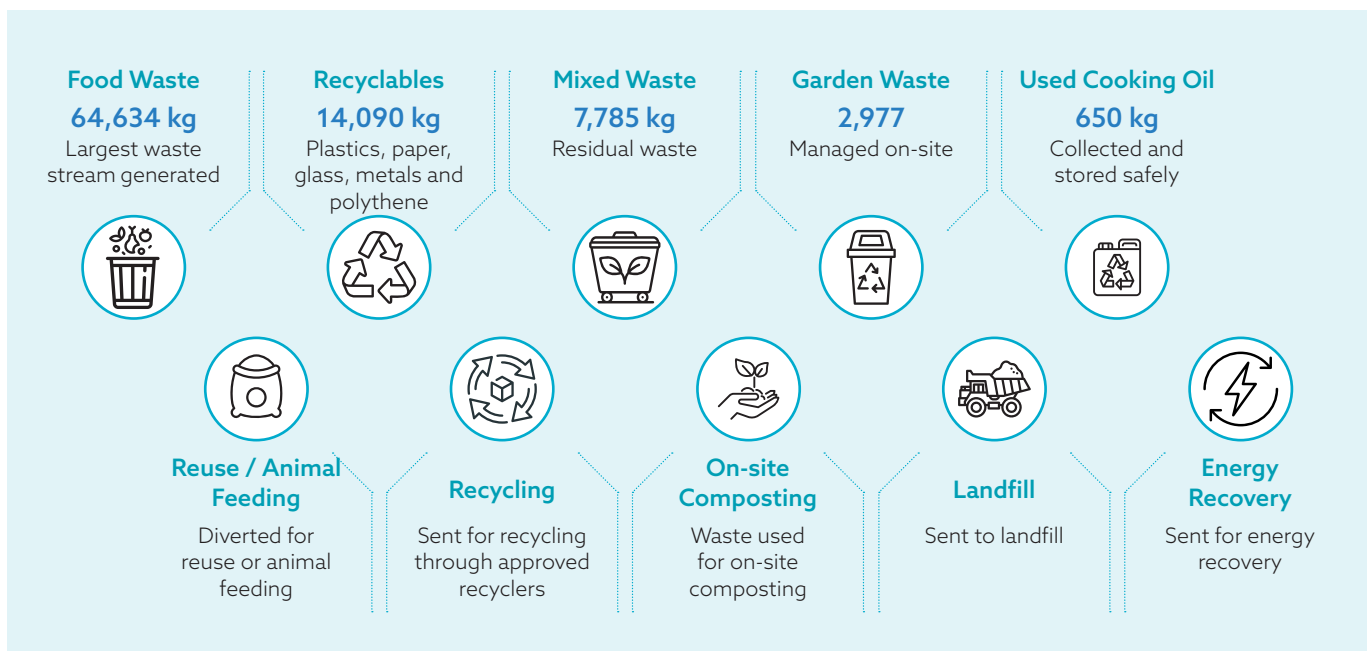
Waste Management

Given the significant volumes of waste generated through our core operations, we have implemented a comprehensive waste stewardship programme anchored on the 3R principles of Reduce, Reuse, and Recycle, to minimise all key waste streams generated on a daily basis.

Recognising that wet waste constitutes the largest proportion of our waste matrix, we place strong emphasis on reducing food waste at source. This is achieved through improved inventory control, enhanced food preparation planning, and heightened operational awareness, enabling teams to minimise overproduction and wastage.

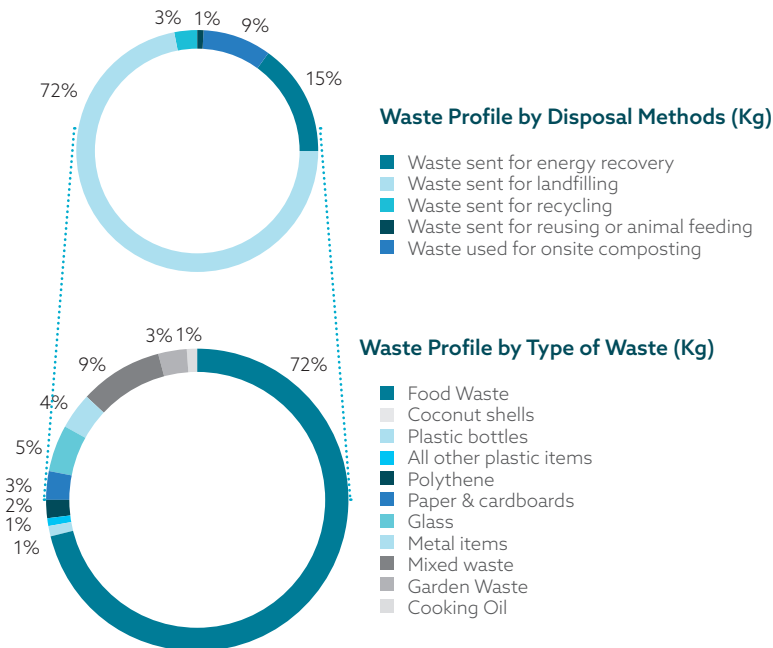
As a practice, all waste is properly segregated, while continuous monitoring ensures waste data is tracked to identify areas for further reduction.

We are committed to minimise the volume of waste sent to landfills and to that end work with CEA-approved recyclers to ensure the safe, compliant, and responsible recycling and disposal of waste.



Natural Capital contd.

Waste Type	Weight (Kg)	%	Final Disposal
Food Waste	64634	72%	Waste sent for reusing or animal feeding
Coconut shells	387	0.4%	Waste sent for recycling
Plastic bottles	631	1%	Waste sent for recycling
All other plastic items	987	1%	Waste sent for recycling
Polythene	1800	2%	Waste sent for recycling
Paper & cardboards	2564	3%	Waste sent for recycling
Glass	4178	5%	Waste sent for recycling
Metal items	3543	4%	Waste sent for recycling
Mixed waste	7785	9%	Waste sent for landfilling
Garden Waste	2977	3%	Waste used for onsite composting
Cooking Oil	650	1%	Waste sent for energy recovery
	90,136		



FUTURE PLAN:

- Continue organic farming, composting, and regenerative garden activities.
- Reduce energy, water, and food waste while increasing renewable energy use.
- Expand CSR activities to reach more community beneficiaries.
- Continue beach clean-ups, and biodiversity monitoring.



Strategic
Renewal

Thoughtful transformation and disciplined execution
have laid the foundation for lasting success.

Corporate Governance

CORPORATE GOVERNANCE FRAMEWORK

The Fortress Resorts PLC's corporate governance framework is built on the principles of integrity, accountability, transparency, fairness, and responsible stewardship.

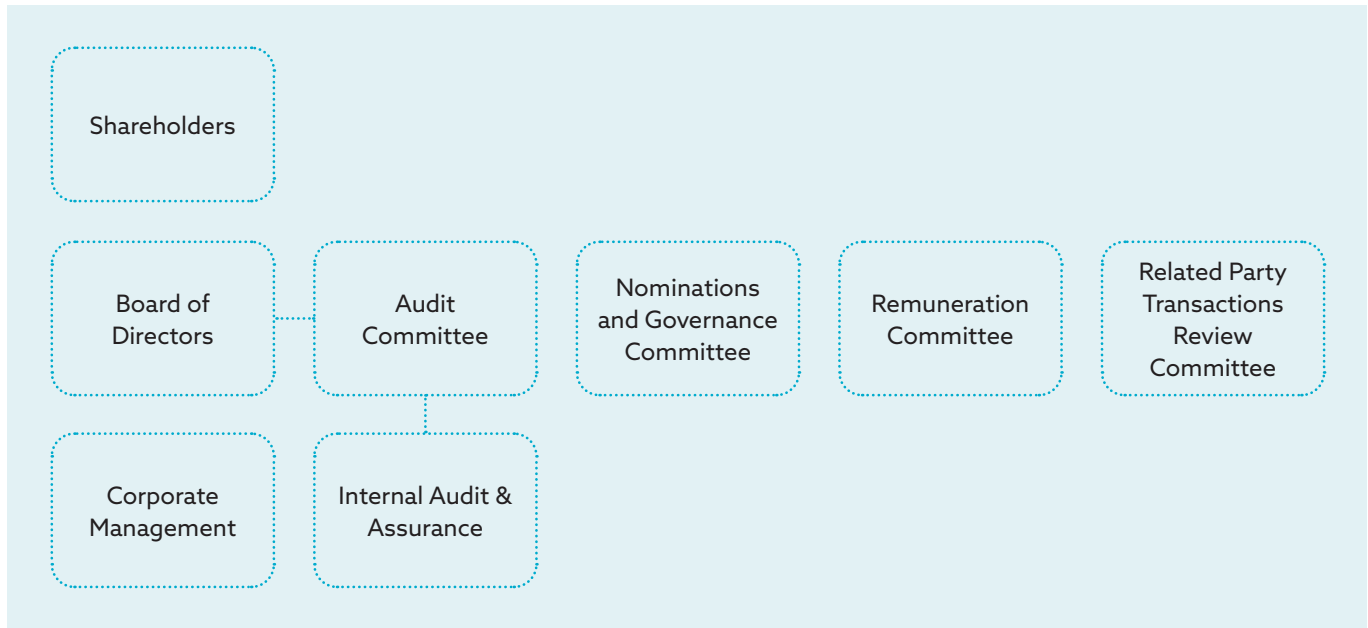
The governance framework is led by the Board of Directors and its Committees, which provide strategic direction, oversee risk and compliance, and uphold high standards of ethical conduct and corporate responsibility.

The framework is supported by Board-approved policies aligned with regulatory requirements and best practices, ensuring effective oversight, disciplined decision-making, and clear accountability across the organisation.

CORPORATE GOVERNANCE STRUCTURE AND FRAMEWORK

Governance Structure

The board relies on an effective governance structure for empowerment, accountability and oversight as set out below.



Financial Reporting

- The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 y Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- Companies Act no. 7 of 2007 (Amended)
- Independent Auditors' Report by Messrs. Ernst and Young

Governance and Risk Reporting

- Listing Rules of the Colombo Stock Exchange
- Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka
- Code of Best Practices on Related Party Transactions issued by The Securities & Exchange Commission of Sri Lanka

Integrated Reporting

- Integrated Reporting Framework <IR> by the International Integrated Reporting Council (IIRC)

Sustainability Reporting

- SLFRS S1 and S2 Sustainability and Climate Related Financial Disclosures
- Global Reporting Initiative (GRI) Standards "In Accordance"
- Standards Board (Hotels & Lodging - Sustainability Disclosure topics and accounting metrics)
- United Nations Sustainable Development Goals (SDG's)

Matters Reserved Expressly for Board Consideration

- Overseeing the development of strategy in line with the Company's vision, including the review and approval of strategic plans
- Approving major capital investments and expansion initiatives
- Approving the appointment and removal of Board Directors, Board Committee members, and Key Management Personnel (KMPs)
- Reviewing and approving the remuneration of Directors and KMPs
- Approving principal regulatory filings and ensuring timely compliance obligations
- Evaluating the performance of the KMPs against approved strategic objectives
- Approving succession plans for KMPs
- Reviewing and updating the Board Charter, Board Committee Terms of Reference, Governance Structures, Policies, and Procedures as required

THE BOARD

The Board of Directors of The Fortress Resorts PLC is the highest governing authority, collectively responsible for the long-term sustainability and stewardship of the Company in the interests of shareholders and stakeholders. Guided by strong governance principles and ethical leadership, the Board operates within a formal framework defined by the Board Charter, which ensures clear roles, accountability, and disciplined decision-making.

The Board provides strategic direction by setting the Company's long-term vision and priorities while ensuring adequate resources are in place for execution. The Board remains accountable for the overall performance and governance of the Company and retains express authority over key strategic, financial, and governance matters to ensure effective oversight and control.

Corporate Governance contd.

01 Risk Management and Internal Control

The Board oversees an enterprise-wide risk management framework that identifies, assesses, and mitigates key risks while integrating risk considerations into strategic decision-making and delegating detailed oversight to Board Committees.

02 Conduct and Ethics

The Board sets the ethical tone of the organisation through the Code of Conduct and supporting policies, ensuring integrity, transparency, and responsible business behaviour across all operations.

03 IT Governance

The Board defines and oversees IT strategy, investments, and governance frameworks to ensure technology effectively supports business efficiency, digital transformation, and service excellence.

04 HR Governance

The Board ensures the organisation has a capable workforce by overseeing HR policies, compliance with labour regulations, and initiatives that support talent development and organisational capability.

05 ESG Governance and Reporting

The Board oversees ESG strategy through the Hive Effect Roadmap 2030 that has been developed to ensure sustainability is integrated into operations and reporting is aligned with recognised global frameworks.

06 Stakeholder Engagement

The Board drives stakeholder engagement to derive key insights that are integrated into strategic decision-making and value creation.

07 Shareholder Relations and Communication

The Board maintains transparent and timely communication with shareholders through regulatory disclosures, corporate reporting, and structured engagement channels.

08 Annual General Meeting (AGM)

The Board convenes the AGM to promote transparent communication and encourage shareholder participation in key governance and strategic matters.



Board Quality

The Fortress Resorts PLC is led by a competent, high-quality Board, comprising seasoned professionals with extensive experience across hospitality, finance, strategy, governance, and corporate leadership.

The inclusion of Non-Executive Directors further strengthens Board effectiveness by introducing independent judgement, objective oversight, and constructive challenge to management decision-making.

Profiles of Board members are provided in a separate section of this Annual Report (pages 11 to 14).

Appointment / Re-election / Resignation of Directors

The appointment of Directors is undertaken by the Nomination and Governance Committee, considering Board balance and diversity requirements in regard to professional qualifications, industry expertise, and leadership experience.

In accordance with the Company's Articles of Association, one-third of Non-Executive Directors retire by rotation at each Annual General Meeting and are eligible for re-election, ensuring both continuity and regular Board renewal. Any Director appointed during the year to fill a casual vacancy is also required to stand for re-election at the next Annual General Meeting, reinforcing transparency, accountability, and shareholder oversight in Board composition.

All appointments, re-elections, resignations, and retirements of Directors are notified to the Colombo Stock Exchange (CSE) in a timely and transparent manner.

Board changes for FY 2025/26		
New Appointments	Retirement	Re-election at the 42nd AGM to be held on 30th June 2026
Mr. R J Karunarajah was appointed to the Board as a Non-Executive Director with effect from 29th August 2025	None	<p>The following Directors, who are over 70 years of age, are requested to be re-appointed as Directors for a further period of one year in terms of Section 211 of the Companies Act No. 07 of 2007 (the Companies Act“).</p> <ul style="list-style-type: none"> • Mr. J A S S Adhihetty • Mr Jan P Van Twest <p>The following directors who retire by rotation in terms of Article 29 (1) of the AOA of the Company are requested to be re-elected:</p> <ul style="list-style-type: none"> • Mr. C V Cabraal • Ms A A K Amarasinghe • Mr V Leelananda • Ms K A D B Perera

Corporate Governance contd.

Managing Conflicts of Interest

Given the highly competitive environment in which The Fortress Resorts PLC operates, effective management of conflicts of interest is essential to ensure all Board decisions are made solely in the best interests of The Fortress Resorts PLC and its stakeholders.

Accordingly, a formal process is in place requiring Directors to promptly disclose any actual, potential, or perceived conflicts of interest as soon as they arise. All such disclosures are made in writing and duly recorded for transparency.

The Related Party Transactions Review Committee is responsible for reviewing these disclosures and recommending appropriate measures to the Board to manage or mitigate any identified conflicts. Where a conflict exists, the concerned Director is required to recuse themselves from related discussions and decision-making, thereby ensuring independence, fairness, and the integrity of Board deliberations.

Directors' Remuneration

To ensure strong Board performance and alignment with long-term value creation, director remuneration at The Fortress Resorts PLC is structured to attract, retain, and motivate high-calibre leadership while reinforcing accountability and a performance-driven culture. There are no executive directors at present.

Non-Executive Directors receive fixed fees for their participation on the Board and its Committees, determined with reference to prevailing market practices and peer benchmarks. These fees are periodically reviewed to ensure they remain fair, competitive, and reflective of the responsibilities undertaken.

Induction and Training of Directors

The Board recognises the importance of continuous training and development in the areas of corporate governance and the respective fields of expertise of the Directors, with a view to enhancing the overall effectiveness and collective capabilities of the Board. In support of this objective, Management provides Directors with relevant information and facilitates visits to project sites and other operational locations, where necessary or requested.

Directors also engage with professional advisers, service providers, and other key stakeholders, as considered appropriate. All Directors are encouraged to participate in relevant training and development programs to enhance their knowledge and skills and to remain abreast of developments and emerging trends that may have an impact on the business and operations of the Company and the Group.

Board Meetings

The Board of The Fortress Resorts PLC meets on a quarterly basis, and more frequently when required, to ensure robust oversight of the Company's performance, governance, and strategic direction. Board meetings serve as a formal platform for reviewing financial and operational outcomes, monitoring key risks and compliance matters, and evaluating progress against strategic priorities, while guiding the management on timely decisions on matters of significance to the business.

The Board met 04 times during the year, with all Board meetings characterised by a high degree of attendance, active participation, constructive and open discussions.

Name of Director	Designation	Board Attendance			
		27/05/25	13/08/25	13/11/25	25/02/26
Mr J R Gunaratne	Chairman	✓	✓	✓	✓
Mr J A S S Adhihetty	Director	✓	✓	✓	✓
Mr Jan P Van Twest	Director	✓	✓	✓	✓
Ms K D Weerasinghe	Director	✓	✓	✓	✓
Mr C V Cabraal	Director	✓	✓	✓	✓
Mr C U Weerawardane	Director	x	✓	✓	✓
Ms A A K Amarasinghe	Director	✓	✓	✓	✓
Mr V Leelananda	Director	✓	✓	✓	✓
Ms K A D B Perera	Director	x	✓	x	✓
Mr A M J Fernando	Director	x	x	x	x
Ms R N Pallegama	Director	✓	x	x	✓
Mr A Y E Joseph	Director	✓	✓	✓	✓
Mr R J Karunarahah (Appointed w.e.f. 29th August 2025)	Director	-	-	✓	✓

Division of Duties and Responsibilities

There is a clear division of responsibilities at the leadership level to ensure no one individual has unfettered decision-making powers within The Fortress Resorts PLC. The Board of Directors is responsible for providing strategic direction, oversight, and overall stewardship of the Company, while the General Manager is accountable for executing approved strategies and managing day-to-day operations.

Board Sub Committees

In compliance with the Corporate Governance requirements prescribed by the Listing Rules of the Colombo Stock Exchange, the Board of Directors of The Fortress Resorts PLC has established four Board Sub-Committees, namely the Audit Committee, the Remuneration Committee, the Related Party Transactions Review Committee, and the Nominations and Governance Committee.

Each Committee operates under clearly defined terms of reference approved by the Board and comprises members with relevant expertise and experience. Board Sub Committees provide recommendations and insights to the Board, thereby supporting informed decision-making while maintaining the Board's overall responsibility for final approval and oversight.

Corporate Governance contd.

Audit Committee

The Audit Committee comprises three (03) Non-Executive Directors, two (02) of whom are Independent Non-Executive Directors. The Committee is chaired by Ms. K. D. Weerasinghe, an Associate Member of the Chartered Institute of Management Accountants (UK), while Mr. V. Leelananda and Mr. C. V. Cabraal serve as Members of the Committee.

Members of Senior Management attend meetings of the Committee by invitation, as and when required.

Remuneration Committee

The Remuneration Committee comprises three (03) Non-Executive Directors, two (02) of whom are Independent Non-Executive Directors. The Committee is chaired by Mr. V. Leelananda, and its members are Mr. J. A. S. S. Adhietty and Mr. J. R. Gunaratne.

Related Party Transactions Review Committee

The Related Party Transaction Review Committee comprises three (03) Non-Executive Directors, two (02) of whom are Independent Non-Executive Directors. Ms. K. D. Weerasinghe serves as the Chairperson of the Committee, while Mr. J. A. S. S. Adhietty and Mr. C. U. Weerawardena serve as Members.

Nominations and Governance Committee

The Nominations and Governance Committee comprises three (03) Non-Executive Directors, two (02) of whom are Independent Non-Executive Directors. The Committee is chaired by Mr. V. Leelananda, and its members are Mr. J. R. Gunaratne and Ms. K. A. Amarasinghe.

Existing policies and procedures reviewed and updated in 2025/26

The following policies were reviewed and where applicable revised during the financial year

- Policy on anti-bribery and corruption
- Policy on matters relating to the Board of Directors
- Policy on relations with shareholders and investors
- Policy on Whistleblowing
- Policy on Remuneration
- Policy on Risk Management and Internal Controls
- Policy on Environmental, Social and Governance Sustainability
- Policy on Internal Code of Business Conduct
- Policy on Corporate Disclosures
- Policy on Corporate Governance Nominations and Re-election
- Policy on Board Committees
- Policy on Control and Management of Company Assets and Shareholder Investments

The Company has published the policies on the company website: <https://www.fortressresortandspa.com/the-fortress-policies>

DIRECTORSHIPS HELD BY DIRECTORS

The directorship status of each Director together with an analysis of other directorships and key positions held are presented below.

Name of Director	Directorship Status in the Company	Number of Board Seats held in Other Listed Companies		Number of Board Seats held in Unlisted Companies	
		Listed Companies Executive	Listed Companies Non-Executive	Unlisted Companies Executive	Unlisted Companies Non-Executive
Jitendra Romesh Gunaratne	Chairman/ Independent / Non-Executive Director	0	3	0	6
John Anthony Sunil Sumith Adihetty	Non-Independent/ Non-Executive Director	0	1	0	5
Jan Peter Van Twest	Non-Independent/ Non-Executive Director	0	0	0	2
Kamani Devika Weerasinghe	Independent / Non-Executive Director	0	4	0	0
Chatura Vishvajith Cabraal	Non-Independent/ Non-Executive Director	0	2	0	0
Chethiya Minendra Umagiliya Weerawardena	Independent / Non-Executive Director	0	1	0	3
Amarasinghe Arachchige Kawshi Amarasinghe	Non-Independent/ Non-Executive Director	1	3	0	2
Vasantha Leelananda	Independent / Non-Executive Director	0	0	0	0
Kulappu Arachchige Donna Brindhini Perera	Non-Independent/ Non-Executive Director	0	10	0	6
Amrit Merrill Joseph Fernando	Non-Independent/ Non-Executive Director	0	1	0	2
Roshika Nishani Pallegama	Non-Independent/ Non-Executive Director	0	0	0	1
Ashen Yuvini Erandha Joseph	Independent / Non-Executive Director	0	0	0	1
Rohan Jebashanthan Karunarajah (Karr) *	Non-Independent/ Non-Executive	3	0	4	8

* Appointed wef 29.08.2025

Company Secretaries

P W Corporate Secretarial (Pvt) Ltd serves as the Company Secretaries to The Fortress Resorts PLC. The Company Secretaries facilitate Board and Committee processes, ensure regulatory compliance, coordinate meetings, maintain statutory records and minutes, and support the proper constitution and operation of Board Committees. They also assist in organising Annual General Meetings, ensure timely statutory filings and disclosures, and support transparent shareholder communication, including related party transaction disclosures. The Board undertakes an annual evaluation of their performance and has confirmed that P W Corporate Secretarial (Pvt) Ltd continues to discharge its responsibilities effectively and in line with required governance expectations.

Corporate Governance contd.

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

Mandatory Provisions - Fully Compliant

Rule	Complied	Reference (within the Report)
(i) Names of persons who during the financial year were Directors of the Entity	Yes	Board of Directors
(ii) Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	Management Discussion and Analysis
(iii) The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in Rs. or any other class of shares denominated in foreign currency and the percentage of such shares held	Yes	Shareholder information
(iv) The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement	Yes	Investor Information
(v) A statement of each Director's holding in each class of shares of the entity denominated in Rs. and in foreign currency (as applicable)	Yes	Annual Report of the Board of Directors'
(vi) Information pertaining to material foreseeable risk factors of the entity	Yes	Risk Management & Note 26 of the Financial Statements
(vii) Details of material issues pertaining to employees and industrial relations of the entity	Yes	N/A
(viii) Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties	Yes	Note 11 and 11.1 to the Financial Statements
(ix) Number of shares representing the entity's stated capital	Yes	Note 19 to the Financial Statements
(x) A distribution schedule of the number of holders in each class of equity securities, Investor Information and the percentage of their total holdings	Yes	Investor Information
(xi) Financial ratios and market price information.	Yes	Investor Information and 10 year summery
(xii) Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Yes	Note 10 to the Financial Statements
(xiii) If during the financial year the entity has raised funds either through a public issue, rights issue or private placement:		
a. a statement as to the manner in which the proceeds of such issue has been utilised		Investor Information
b. if any shares or debentures have been issued, the number, class and consideration received and the reason for the issue; and		
c. any material change in the use of funds raised through an issue of Securities		
(xiv) Information in respect of Employee Share Ownership or Stock Option Schemes	NA	NA
(xv) Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules	Yes	Corporate Governance
(xvi) Related Party Transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the entity as per audited Financial Statements, whichever is lower	Yes	Note 24.1 and Note 24.3 to the Financial Statements
(xvii) Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds, Perpetual debt Securities. Infrastructure Bonds and/ or Shariah Compliant Debt Securities listed on the CSE	NA	NA

Appendix II - Statement of Compliance under Section 9 of the Revised Listing Rules of the CSE on Corporate Governance, effective 1 April 2024.

Mandatory Provisions - Fully Compliant

CSE Rule	Requirement	Compliance Status	Action/ Reference (within the Report)
9.1 Corporate Governance Rules			
9.1.3	A statement confirming compliance with Corporate Governance Rules	Yes	The Company complies with the Corporate Governance Rules and has stated so within the Report, with any deviations explained where applicable.
9.2.1 Policies			
9.2.1	Policies	Yes	The Company complies with the Corporate Governance Rules and has stated so within the Report
9.3 Board Committees			
9.3.1 b/c/d	Minimum required Board Committees	Yes	The required Committees are maintained and are functioning effectively.
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees	Yes	The Company complies with the requirements in respect of the Board Committees
9.4 Meeting procedures and the conduct of all General Meetings with shareholders			
9.4.1	Records of all resolutions and the following information upon a resolution being considered at any General Meeting shall be maintained.	Yes	The Company maintains all records and information regarding resolutions considered at General Meetings.
9.4.2 a/b/c	Communication and relations with shareholders and investors	Yes	Refer to Stakeholder management and effective communications under the Corporate Governance Report.
9.6 Chairperson and CEO			
9.6.1	Requirement for a SID if the same individual holds the positions of Chairperson and CEO	N/A	N/A as the Chairperson is a NED
9.6.2	Market announcement on the rationale behind the appointment of a SID	N/A	N/A
9.6.3 a-d	Requirement for a SID	N/A	N/A
9.6.3 E	SID shall make a signed explanatory disclosure demonstrating the effectiveness of their duties	N/A	N/A
9.6.4	Rationale for the appointment of a SID set out in the Annual Report	N/A	N/A
9.7 Fitness of Directors and CEO			
9.7.1 - 9.7.5	Requirement to meet the fit and proper criteria stipulated by the CSE and related disclosures	Yes	Directors are required to provide general disclosures and declarations on fitness and propriety annually and are required to report any material changes to the information provided therein, including any changes to their professional responsibilities and business associations, to the Board. The Nominations Committees reviews and makes recommendation to the Board on the fitness and propriety of Directors. No non-compliances were reported during the year in this regard.

Corporate Governance contd.

CSE Rule	Requirement	Compliance Status	Action/ Reference (within the Report)
9.8 Board Composition			
9.8.3 (i) to (viii)	Requirements for meeting the criteria to be an ID	Yes	Details of the independence criteria are explained within the Corporate Governance Commentary
9.8.5 a/b/c	The Board shall annually determine the independence or otherwise of IDs and name the Directors who are determined to be 'independent'.	Yes	All independent NEDs have submitted declarations as to their independence, and a determination of their independence is evaluated. No non compliances were reported during the year under review
9.9 Alternate Directors			
a-e	Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association.	Yes	No Alternate Directors were appointed during the financial year.
9.10 Disclosures relating to Directors			
9.10.2/ 9.10.3	Market announcement upon the appointment of a new director and any changes to the Board composition	Yes	Timely market announcement of the new independent NED appointed was made through the CSE.
9.10.4 a-i	Details about the Board members	Yes	Refer to the Board of Director Profiles report
9.11 Nominations and governance committee			
	The nominations and governance committee shall established	Yes	Refer to the nominations and governance committee report
9.12 Remuneration Committee			
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on EDs and individual Directors.	Yes	Refer to the Remuneration Committee Report
9.12.4	Remuneration for NEDs shall be based on a policy of non-discriminatory pay practices to ensure the independence.	Yes	Refer to the Director Remuneration section in the Corporate Governance Report
9.12.5	The Remuneration Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Yes	
9.12.6 (2)	An ID shall be appointed as the Chairperson of the Remuneration Committee	Yes	Refer to the Remuneration Committee Report
9.12.7	Functions	Yes	
9.12.8 A	Names of Remuneration Committee Chairperson and members	Yes	
9.12.8 B	Statement of Remuneration Policy	Yes	
9.12.8 C	Aggregate remuneration paid to EDs and NEDs	Yes	
9.13 Audit Committee			
9.13.2	The Audit Committee shall have written terms of reference clearly defining its scope, authority and duties.	Yes	Refer to the Audit Committee section of the Corporate Governance Report

CSE Rule	Requirement	Compliance Status	Action/ Reference (within the Report)
9.14 Related Party Transactions Review Committee			
9.14.2 (1)	Related Party Transactions Review Committee shall comprise a minimum of 3 members, the majority of whom should be IDs, and an ID shall be appointed as the Chairperson	Yes	The Related Party Transactions Committee comprises only Independent Directors and maintains a minimum requirement of three members throughout the year.
9.14.3	Functions	Yes	Refer to the Related Party Transactions Review Committee section.
9.14.4	General Requirements	Yes	
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Yes	
9.14.6	Shareholder Approval	Yes	Refer to Extraordinary General Meetings, including Shareholder Approval through the Special Resolution section.
9.14.8 (1)	Details pertaining to Non-Recurrent Related Party Transactions	Yes	
9.14.8 (2)	Details pertaining to Recurrent Related Party Transactions	Yes	Refer to Notes to the Financial Statements.
9.14.8 (3)	Report of the Related Party Transactions Review Committee	Yes	Refer to the Report of the Related Party Transactions Review Committee.
9.14.8 (4)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules about Related Party Transactions or a negative statement otherwise	Yes	Refer to the Annual Report of the Board of Directors.
9.14.9 (1)/ (2)	Shareholder approval for the acquisition and disposal of substantial assets	Yes	
9.14.9 (4)/ (5)/ (6)	Competent, independent advice on the acquisition and disposal of substantial asset	Yes	There was no acquisition and disposal of substantial assets during the year 2025/26.
9.17 Additional Disclosures			
(i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved	Yes	Directors disclose interests at appointment, at the beginning of every financial year and during the year as required.
(ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence.	Yes	The Board takes steps to ensure the integrity and effectiveness of internal control systems by periodically reviewing and monitoring them.
(iii)	Directors are aware of laws, rules and regulations and their changes, particularly to Listing Rules and applicable capital market provisions	Yes	
(iv)	Disclosure of material non-compliance with laws/ regulations and fines by relevant authorities where the Entity operates	N/A	N/A

Corporate Governance contd.

Appendix III: Statement of Compliance pertaining to Companies Act No. 7 of 2007

Mandatory Provisions - Fully Compliant

CSE Rule	Requirement	Compliance Status	Action/ Reference (within the Report)
168 (1) (a)	The nature of the business of the Company or of its subsidiaries or classes of business in which it has an interest, together with any change thereof	Yes	Our Presence
168 (1) (b)	Signed Financial Statements of the Group and the Company	Yes	Financial Statements
168 (1) (c)	Appointed Auditors' Report on the Financial Statements of the Company and any Group Financial Statements	Yes	Independent Auditors' Report
168 (1) (d)	Accounting policies and any changes during the accounting period	Yes	Notes to the Financial Statements
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period.	Yes	Annual Report of the Board of Directors
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	Yes	Note 24.2.1 to the Financial Statements
168 (1) (g)	Corporate donations made by the Company during the accounting period	Yes	Note 7 to the Financial Statements
168 (1) (h)	This section provides information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period, as well as the names of any persons who ceased to hold office as Directors of the Company during the accounting period.	Yes	Annual Report of the Board of Directors
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Note 7 to the Financial Statements
168 (1) (j)	Auditors' relationship or any interest in the Company and its Subsidiaries	Yes	Audit Committee Report/ Financial
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Financial Statements/Annual Report of the Board of Directors
168 (2)	Information specified in paragraphs (b) to (j) of subsection (1) in relation to Subsidiaries.	Yes	Financial Statements/Annual Report of the Board of Directors

Statement of Compliance with applicable Codes of Best Practice - Voluntary Compliance. The Company is also compliant with the Code of Best Practices on Related Party Transactions (2013) advocated by the SEC (mandatory), the Code of Best Practice on Corporate Governance (2013) jointly advocated by the SEC and CA Sri Lanka (voluntary) and almost all the provisions of the Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka to the extent of business exigency and as required by the Company.

The Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka

Directors	<ul style="list-style-type: none"> The Company is directed, controlled and lead by an effective Board that possess the skills, experience and knowledge and thus all Directors bring independent judgement on various subjects, particularly financial acumen. Chairperson of the board is a Non-Executive Director Board Balance is maintained as the Code stipulates. Whilst there is a transparent procedure for Board Appointments, election and re-election, subject to shareholder approval, takes place at regular intervals. Specified information regarding Directors is shared in the Corporate Governance Commentary
Director's Remuneration	<ul style="list-style-type: none"> The Remuneration Committee is responsible for determining the remuneration of Chairperson-CEO and EDs. Compensation commitments in the event of early termination, determination of NED remuneration, remuneration policy and aggregate remuneration paid is disclosed under the Director Remuneration section and is in line with the Code. There is constructive use of the AGM, as per Code. Notice of Meeting, with adequate details, is circulated to shareholders as per statute.
Relationship with Shareholders	<ul style="list-style-type: none"> The Group has in place multiple channels to reach shareholders as discussed under the Stakeholder Management and Effective Communication section. Interim and other price sensitive and statutorily mandated reports are disclosed to Regulators. As evident from the Annual Report of the Board of Directors, the company carried out all business in accordance with regulations and applicable laws, equitably and fairly. The Company continues to be a going concern and remedial action for any material events is in place. All related party transactions are reported under the Notes to the Financial Statements.
Accountability and Audit	<ul style="list-style-type: none"> There is an annual review of the effectiveness of the Group's risk management and internal controls which ensures the maintenance of a sound system of internal control which is reported on under the Internal Controls section. The Internal Audit function and the Audit Committee, functions as stipulated by the Code, and are discussed under the Audit Committee section. A Related Party Transactions Review Committee is in place and functions in line with the Code. There were no violations of the Group Code of Conduct and the Code of Business Conduct and Ethics during the year, which is mentioned under the Chairperson's Message section.
Institutional Investors	<ul style="list-style-type: none"> The Company conducts regular and structured dialogue with shareholders based on a mutual understanding of objectives. This is done via the Investor Relations team and through the AGM.
Other Investors	<ul style="list-style-type: none"> Individual shareholders investing directly in shares of the Company are encouraged to carry out adequate analysis and seek independent advice in all investing and/or divesting decisions. They are encouraged to participate at the AGM and exercise their voting rights and seek clarity, whenever required.
Sustainability	<ul style="list-style-type: none"> ESG (environmental, social, and governance) is a pivotal consideration in the Group's decision making.
Internet and Cybersecurity	<ul style="list-style-type: none"> The Board has prioritised cybersecurity by appointing a dedicated member responsible for overseeing it within the Group. The Company has implemented a group policy, conduct periodic reviews to ensure its effectiveness, discuss cybersecurity risks at the board level, and disclose the management of risks in the Annual Report. Furthermore, measures have been taken to secure connectivity for both internal and external devices.

CA Sri Lanka issued a revised Code of Best Practice on Corporate Governance in December 2023, effective from 1 April 2024. While the Group has presented its compliance in line with the 2017 Code of Best Practice on Corporate Governance, The Group has reviewed the 2023 Code for further adoption, as applicable, and relevant to the Group.

Risk Management

The Fortress Resorts PLC adopts the Enterprise Risk Management (ERM) framework to identify, assess, monitor, and mitigate risks that could impact the achievement of its strategic and operational objectives. The approach is designed to be both proactive and dynamic, ensuring that risk considerations are embedded within decision-making processes across all levels of the organisation.



RISK GOVERNANCE STRUCTURE

The ERM framework is anchored in a formal risk governance structure, with clearly defined roles and responsibilities spanning the Board, senior management, and operational teams

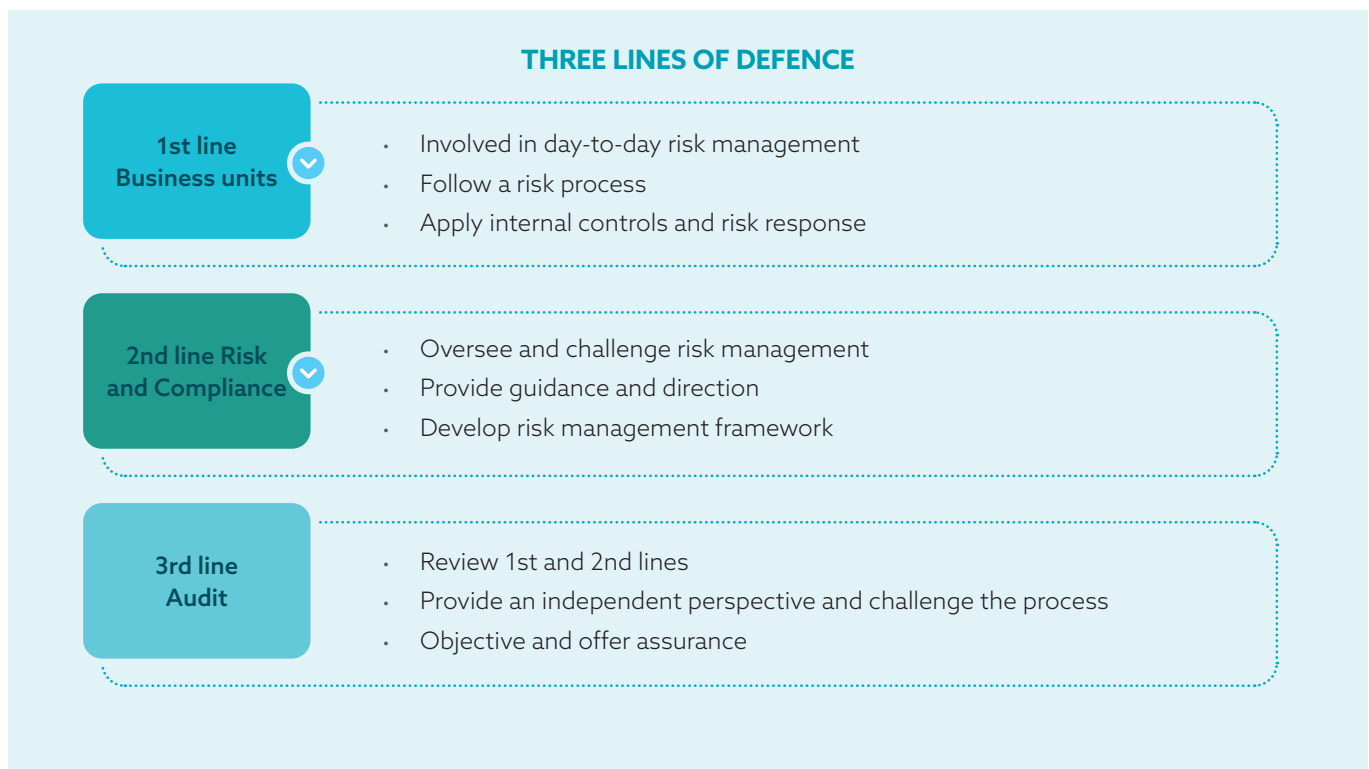
ROLE OF THE BOARD

The Board plays a central role in the risk management framework by providing overall oversight, strategic direction, and accountability for the effectiveness of the Enterprise Risk Management (ERM) system. The Board is responsible for ensuring that appropriate policies, procedures and oversight structures are in place to identify, assess, and manage risks in a manner that supports the Company's long-term objectives and protects stakeholder value.

The Board also reviews risk reports, monitors key risk indicators, and challenges management on the adequacy of mitigation measures, ensuring that emerging risks are appropriately addressed.

THREE LINES OF DEFENCE

The Three Lines of Defence model ensures risk management responsibilities are clearly defined and effectively discharged across the organisation. The first line of defence comprises operational management, who own and manage risks as part of day-to-day activities. The second line consists of risk management and compliance functions, which provide frameworks, guidance, and monitoring to ensure consistent risk practices. The third line is internal audit, which provides independent assurance on the adequacy and effectiveness of risk management and internal control systems.



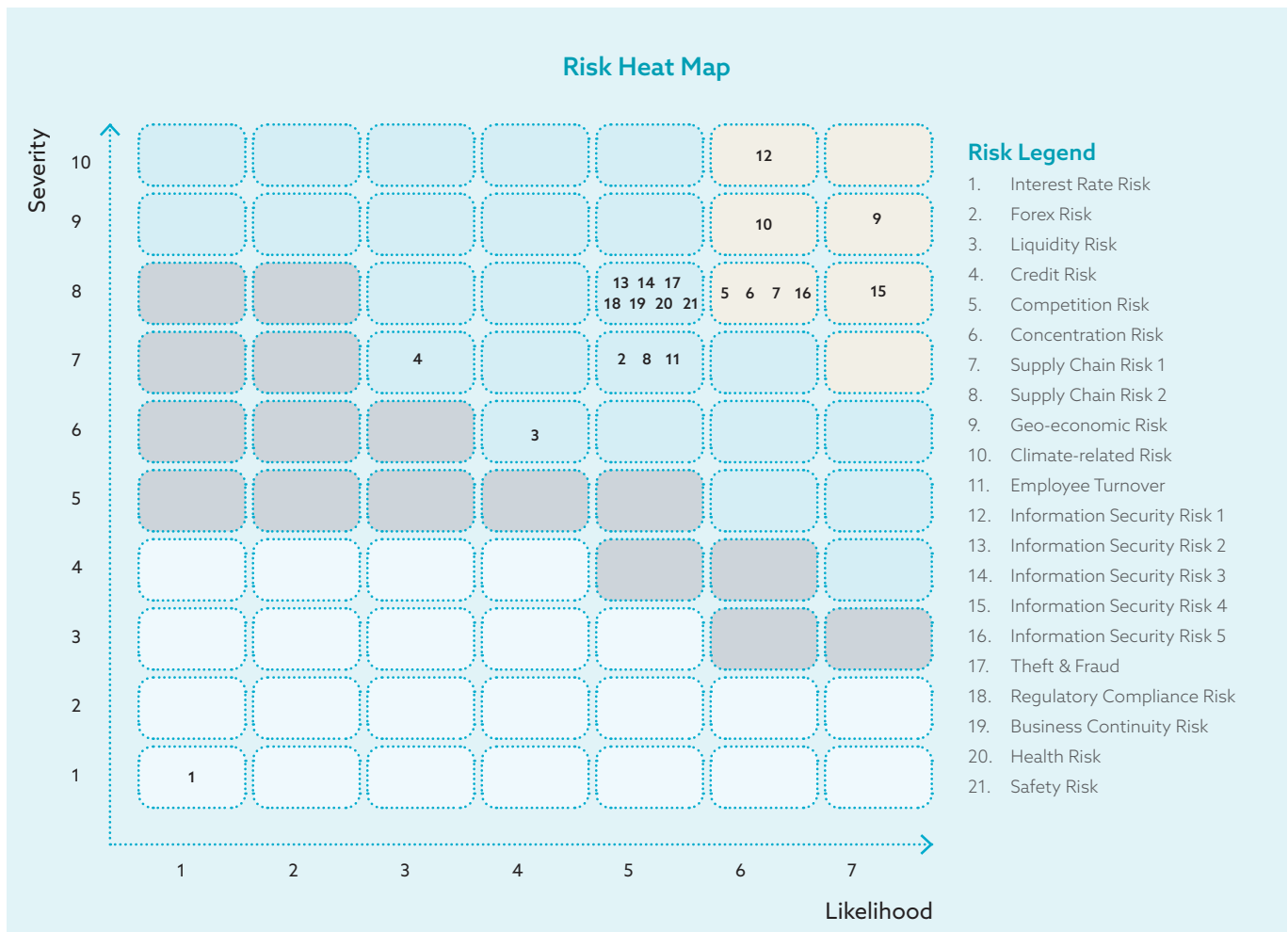
Risk Management contd.

POLICIES AND PROCEDURES

Board-approved policies establish the overarching governance framework and risk management expectations of the organisation, setting clear principles for conduct, accountability, and control. These are operationalised through detailed procedures that translate policy requirements into consistent, day-to-day practices across all functions and operational areas. The Board undertakes regular reviews of these policies and procedures to ensure they remain relevant and aligned with evolving regulatory requirements, emerging risks, industry best practices, and changes in the operating environment

RISK AWARENESS CULTURE

The Board sets the tone from the top and provides leadership to reinforce the importance of proactive risk identification, responsible decision-making, and adherence to governance standards. As part of this approach, employees are encouraged to remain vigilant in identifying and reporting potential risks as part of their daily responsibilities, supported by clear escalation mechanisms and defined reporting structures. Regular training, policy communication, and leadership engagement further strengthen awareness and ensure that risk considerations are consistently integrated into operational activities.



RISK ASSESSMENT

Risk Category	Risk	Potential Impact	Risk Mitigation Strategy
Economical Risk	Interest Rate Risk	Market interest rates (SDFR/SLFR) are guided by CBSL's overnight policy rate; therefore, when rates decline, fixed-deposit yield typically fall, reducing interest income. Severity - 1 Likelihood - 1	<ul style="list-style-type: none"> FD laddering; Current FD is split across 6M/12M and spread across multiple financial institutions Closely monitoring the financial status of RPT, where the fixed deposits are maintained
	Forex Risk	Direct implications on revenue arising from narrow range exchange rate movements. Foreign currency fixed deposits are in place to overcome adverse movements in the exchange rates. Severity - 7 Likelihood - 5	<ul style="list-style-type: none"> Monitor exchange rate movements and Key Economic Indicators (KEI) Adopting dynamic pricing strategies with current market conditions and diversification of international clientele and having contracts in 3 major currencies such as USD,GBP and EURO
	Liquidity Risk	Additional interest and penalties on statutory obligations and limited cash flow hindering fulfillment of financial commitments Severity - 6 Likelihood - 4	<ul style="list-style-type: none"> Strong operational performance supporting improved business efficiency Debt collections maintained within 30-day cycle ensuring timely financial settlements Proactive cash flow management enabling operational stability and flexibility Maintenance of a robust fixed deposit base to address short-term financial commitments
	Credit Risk	Risk of Defaults with possible losses and Negative cash flow straining operational working capital Severity - 7 Likelihood - 3	<ul style="list-style-type: none"> Evaluation of new customer's creditworthiness individually Bi-annual reviewing of Approved Group Credit Limits All online bookings are confirmed with advance payments Supplier payment settlements are maintained within 60 days and monthly creditors aging review is conducted

Risk Management contd.

Risk Category	Risk	Potential Impact	Risk Mitigation Strategy
Geo Political Risk	Competition Risk	Intense competition from both established and emerging players, leading to intense price pressure and reduced profitability.	<ul style="list-style-type: none"> Establishment of market intelligence and competitor monitoring systems Continuous tracking of industry trends and competitive movements Strengthening unique selling points (USPs) across offerings Driving product innovation to enhance market differentiation Enhancing customer experience through service excellence Reinforcing brand positioning within the competitive landscape
		Severity - 8 Likelihood - 6	
	Concentration Risk	Dependency on intermediaries or distribution channels and higher market segmentation	<ul style="list-style-type: none"> Invest in latest technological advancements to reach higher capture ratio Strengthening direct relationships with customers Onboarded UK PR Agency - Canopy marketing to ensure all tour operators/ agents are updated with new activities and tactical offers
		Severity - 8 Likelihood - 6	
	Supply Chain Risk	Single supplier sourcing , geo-political disruptions and sourcing continuity leading to supplier chain disruption due to increase in demand and supply shortages	<ul style="list-style-type: none"> Formation of a tiered supplier base to strengthen supply chain resilience Diversification into alternative supplier markets and primary sourcing channels Establishment of contingency plans to mitigate supply disruptions Proactive inventory management to maintain adequate buffer stocks Practices of Centralised & Decentralised Category Management Framework Oversight by the Supplier Evaluation Committee for Supplier Screening and Supplier Onboarding
		Severity - 8 Likelihood - 6	
		Suppliers' credibility	
		Severity - 7 Likelihood - 5	
	Goeconomic Risk	Geo political instability and social unrest disrupting the economic stability, subsequently affecting the ability of local and global travelers to spend on leisure and tourism	<ul style="list-style-type: none"> Diversification of target markets i.e. new emerging markets such as India, China, and Southeast Asia specially short haul travellers Introducing specially curated packages to attract domestic travelers
		Severity - 8 Likelihood - 7	

Risk Category	Risk	Potential Impact	Risk Mitigation Strategy
Sustainability Related Risk	Climate-related physical risks	Climate Change Vulnerability; Risk of inundation and erosion due to rising sea levels/ Destruction to property and operational disruptions from extreme weather events/ Loss of biodiversity can impact attractiveness of location	<ul style="list-style-type: none"> • Conduct of energy mitigation and resource conservation awareness sessions • Identification and ongoing implementation of in-house energy, water, and food waste reduction initiatives • Continuous monitoring of resource efficiency improvement measures
		Severity - 9 Likelihood - 6	
Human Capital Risk	Employee Turnover	Employees looking for alternative employment, locally and internationally and challenges in attracting and retaining skilled employees	<ul style="list-style-type: none"> • Continuous training and development programmes for employee development • Salary and benefits benchmarked to industry standards • Strengthening of talent development and capability-building initiatives • Focus on structured career progression and workforce planning
		Severity - 7 Likelihood - 5	
Information Security Risk	Absence of an Acceptable usage policy	The absence of an Acceptable usage policy that covers the responsibilities of the users and the expected usage requirements of the organisation's assets could lead to the users not being able to be held accountable for any misuse and legal actions being taken against any non-compliances.	<ul style="list-style-type: none"> • Develop an Acceptable Usage Policy establishing formal user acceptance requirements in line with industry best practices • Define clear standards for responsible and secure system usage
		Severity - 10 Likelihood - 6	
	Data Leakage threats	Lack of documented firewall review activities may result in reduced visibility of configuration changes, difficulty in incident investigation, potential misconfigurations going unnoticed, and non-compliance during audits due to absence of evidence	<ul style="list-style-type: none"> • Quarterly review of firewall rules conducted by IT team • Structured review process ensuring proactive security monitoring • Formal documentation maintained for each firewall review cycle • Mandatory endorsement and sign-off by Sector Head of IT
	Severity - 8 Likelihood - 5		
	Back up failures	Failure of backup systems or recovery processes may result in the inability to restore critical systems, leading to extended downtime, financial loss, and disruption of hotel operations	<ul style="list-style-type: none"> • Perform database backup restoration and DR server testing once in three months to ensure data recoverability and backup resilience.
		Severity - 8 Likelihood - 7	

Risk Management contd.

Risk Category	Risk	Potential Impact	Risk Mitigation Strategy
Information Security Risk contd.	Outdated or end-of-life access layer network switches with lack of firmware support and limited configuration review	Vulnerabilities in outdated switch firmware and insecure configurations may expose the network to security risks or instability, especially at access layer level	<ul style="list-style-type: none"> Outdated servers are isolated from direct internet access Conduct regular vulnerability assessments (VAPT) Replace outdated network switches in core layer and distribution layer (08-10 years old) Upgrade PMS and POS systems and get-read of windows server 2008 version
	Lack of Information security awareness and training	Lack of employee awareness may increase human errors, leading to phishing attacks, data breaches, compliance issues and unauthorised access.	<ul style="list-style-type: none"> Conduct poster campaigns and aware sessions on Information security and data protection act Conduct Phishing simulation programs
	Theft & Fraud	Potential Damage to brand leading to loss of business opportunity	<ul style="list-style-type: none"> Enforced robust security surveillance in key operational area Strengthening Internal control processes Segregation of duties and reviews by Internal & External Audit Comprehensive insurance to cover unforeseen losses
Severity - 8 Likelihood - 6			
Compliance Risk	Regulatory Compliance Risk	Non-compliance of Licenses & permits, environmental and labor law compliances leading to damage in organisation's reputation, penalties and charges	<ul style="list-style-type: none"> Review of compliance for Contracts/ Permits/Licenses Trade license has not been issued due to the ongoing tax dispute with CMC, Operation runs based on a SLTDA directive. Engagement with legal and regulatory advisors
Operational Risk	Business Continuity Risk	Disruption to operation due to external factors	<ul style="list-style-type: none"> Continuous training & drills conducted on disaster preparedness for employees Expansion of existing Business Continuity Plan

Risk Category	Risk	Potential Impact	Risk Mitigation Strategy
Health & Safety Risk	Health Risk	Continuation of mild vector borne diseases locally leading to severe safety protocols	<ul style="list-style-type: none"> Adherence to established health and safety protocols Close monitoring of regional health and safety regulations Proactive environmental management practices Intensified vector-control and prevention efforts
		Severity - 8 Likelihood - 5	
	Safety Risk (Fire /Food / Chemical Safety)	Injury, fatalities, property damage Food poisoning, food contamination	<ul style="list-style-type: none"> Near-miss and accident reporting system was implemented for both staff and guests/ Food safety is strictly managed through ISO22000:2018 (implemented in December 2025) Ongoing inspection on fire alarms and extinguishers Ongoing training for Fire Drills, Food safety, Chemical Safety Usage of Industry approved chemicals (SDS, PPE) Food and water testing conducted monthly via independent laboratory
	Severity - 8 Likelihood - 5		
Severity (Impact on Business) / Likelihood - (1=Minor / 10=very severe)			

INFORMATION SECURITY FRAMEWORK

During the year, Hayleys Leisure Sector continued to strengthen its cybersecurity posture through the implementation of a comprehensive Information Security Risk Management Policy Framework aligned with internationally recognised standards, including ISO/IEC 27001 and ISO/IEC 27005 : 2022.

The Information security framework establishes a structured approach to safeguarding the confidentiality, integrity, and availability of the Group's information assets, including guest data, financial systems, and digital platforms. Key focus areas included enhancing access controls, strengthening network and endpoint security, improving backup and recovery capabilities, and reinforcing defenses against evolving threats such as phishing, malware, and ransomware.

Regular risk assessments, vulnerability management activities, and monitoring mechanisms were carried out to proactively identify and mitigate cybersecurity risks across hotel operations and corporate environments. The multi-dimensional view ensures we don't underestimate risks that may seem minor in one area but are catastrophic in another.

In parallel, the Group continued to promote a strong cybersecurity culture through awareness programs, including phishing simulations and staff training initiatives, ensuring that employees remain vigilant and equipped to respond to emerging threats.

Cybersecurity remains a key priority for Hayleys Leisure Sector as part of its broader digital transformation journey, with ongoing investments directed towards strengthening resilience, ensuring regulatory compliance, and maintaining the trust of guests, partners, and stakeholders.

SLFRS S1 and S2 Disclosures

1. OVERVIEW AND BASIS OF PREPARATION

The Fortress Resorts PLC presents its sustainability-related financial disclosures, with a specific focus on climate-related risks and opportunities relevant to The Fortress Resort and Spa, Galle. The disclosures have been prepared with reference to SLFRS S1 and S2 and the Company's climate-related risk and opportunity assessment. The Company is continuing to strengthen governance, risk-management processes, operational monitoring and data systems to support progressive alignment with the Standards.

As a first-time adopter, the Company has applied selected transition reliefs permitted under applicable guidance, enabling a phased implementation of selected disclosure requirements.

Transition relief adopted		Disclosure approach in the current reporting cycle
Comparative information		Comparative sustainability-related disclosures are omitted for the first year of adoption.
Anticipated financial effects		Quantitative financial effects of material climate-related risks and opportunities are deferred; qualitative effects and severity justifications are disclosed.
Climate resilience		Detailed climate-resilience disclosures, including scenario analysis, are being phased in as internal modelling and data systems mature.
Scope 3 GHG emissions		Application of relief in disclosing Scope 3 GHG emissions. Scope 3 coverage will be progressively expanded as data availability improves.
Reporting scope and boundary		Time horizons and connected information
The disclosures cover the operations of The Fortress Resorts PLC in relation to The Fortress Resort and Spa, Galle and directly controlled resort operations. The reporting period is aligned to the Company's audited Financial Statements, with relevant post-reporting-date events considered up to the date of Board approval.		Short term: next financial year Medium term: 2nd to 5th financial year Long term: 6th financial year onwards Connected information: Financial Statements, operational reviews, capital planning and enterprise risk management.
Reporting methodology	Significant judgements	Measurement uncertainty
Climate-related risks and opportunities were assessed using probability and severity scoring aligned to the Company's risk management materiality thresholds. The assessment considered the resort's coastal location, operating model and value chain dependencies.	Judgement was applied in identifying two material climate-related physical risks: storms and heavy rainfall, and rising mean temperatures. Judgement was also applied in recognising changing stakeholder expectations as a material climate-related opportunity.	Uncertainty arises from the timing, frequency and intensity of extreme weather events, future utility costs, water availability, insurance pricing, guest behaviour and the pace at which stakeholder expectations influence demand.

2. GOVERNANCE AND MATERIALITY THRESHOLDS

The Company's climate-related risk assessment is designed to support informed Board oversight, prioritisation of material risks and opportunities, and formal integration and escalation within the enterprise risk management framework. Probability is assessed as low, medium or high, while severity is evaluated against financial materiality thresholds linked to net profit and net assets.

Governance / process layer	Condensed role	
Board oversight	Provides oversight of material climate-related risks and opportunities, strategic responses, capital implications and reporting readiness.	
Management and risk owners	Identify, assess and escalate climate-related risks through operational, engineering, finance, procurement, guest-service and sustainability inputs.	
Operational teams	Monitor weather-related disruption, energy and water consumption, infrastructure maintenance, guest feedback and supplier or logistics impacts.	
Severity level	Financial impact threshold	Score
High	More than 5% of average net profit of the past two financial years (> Rs. 11.8 Mn) or more than 0.5% of last financial year net assets (> Rs. 10 Mn).	3
Medium	Between 1% and 5% of average net profit (Rs. 2.4 Mn to Rs. 11.8 Mn) or between 0.25% and 0.5% of net assets (Rs. 5 Mn to Rs. 10 Mn).	2
Low	Less than 1% of average net profit (< Rs. 2.4 Mn) or less than 0.25% of net assets (< Rs. 5 Mn).	1
Risk rating basis	Scores of 6 or above are classified as high risk; scores between 3 and 5 are moderate; scores of 2 or below are low, except where medium severity results in a moderate classification.	

SLFRS S1 and S2 Disclosures contd.

3. STRATEGY AND MATERIAL CLIMATE-RELATED RISKS AND OPPORTUNITIES

The hospitality sector is exposed to physical climate risks through weather-related disruption, water and energy dependence, and asset resilience requirements. For The Fortress Resort and Spa, Galle, the most material climate-related matters arise from coastal exposure to storms and heavy rainfall, rising mean temperatures, and changing stakeholder expectations for credible sustainability action.

Material matter	Occurrence and time horizon	Current and anticipated effects			Strategic response
CRRO 1: Extreme weather events - storms and heavy rainfall	Occurs at The Fortress Resort and its immediate value chain, including guest operations, outdoor infrastructure, utilities, suppliers and logistics. Relevant across the short, medium and long term.	Current year: revenue loss of Rs. 5.8 Mn and profitability impact of Rs. 3.5 Mn. Future effects may include guest cancellations, temporary facility closure, repair and clean-up costs, supply-chain disturbance, higher insurance premiums and increased resilience capex.			Upgrade drainage and stormwater management; protect critical infrastructure such as electrical panels, generators and pumps; use climate-resilient materials in renovations; strengthen preventive maintenance, insurance coverage, emergency preparedness and business continuity plans.
CRRO 2: Rising mean temperatures	Occurs across resort operations, especially guest-room cooling, kitchens, refrigeration, laundry, landscaping, potable water use and guest comfort management. Relevant primarily over the medium and long term.	No material current-year impact. Anticipated effects include higher electricity demand for cooling, higher potable water consumption, pressure on operating margins, water stress and future investments in HVAC, water storage, recycling and resource-efficiency technologies.			Install energy-efficient HVAC and cooling systems; implement energy monitoring; introduce water-efficient fixtures; increase water storage and supply resilience; implement water recycling; conduct efficiency audits; engage staff and guests in resource conservation.
CRO 1: Changing stakeholder expectations	Occurs across the resort's market interface, including guests, tour operators, corporate clients, investors, online platforms and other stakeholders. Significance increases over the medium and long term.	No material current-year impact. Over time, credible sustainability practices may strengthen brand reputation, attract environmentally conscious travellers, support travel-operator and corporate partnerships, protect demand and improve competitiveness.			Integrate sustainability and climate considerations into operational strategy and stakeholder engagement; improve environmental performance; strengthen sustainability reporting; align with recognised sustainability standards; encourage guest participation in sustainability initiatives.
Matter	Current year impact	Short term	Medium term	Long term	
Extreme weather events	Revenue loss Rs. 5.8 Mn; profitability impact Rs. 3.5 Mn.	Score 4 - moderate risk	Score 6 - high risk	Score 6 - high risk	
Rising mean temperatures	No material impact.	Score 2 - low risk	Score 6 - high risk	Score 6 - high risk	
Changing stakeholder expectations	No material impact.	Score 2 - low opportunity impact	Score 6 - high opportunity impact	Score 9 - high opportunity impact	

Trade-offs considered

In executing its strategy, the Company considers the upfront capital required for climate-resilient infrastructure, drainage, water efficiency, HVAC upgrades, insurance coverage and sustainability reporting against the long-term benefits of business continuity, guest comfort, operational efficiency, reputation protection and market competitiveness.

Qualitative financial effects

CRRO / CRO	Current reporting period	Short to medium term	Long term
Extreme weather events - storms and heavy rainfall	Financial performance was affected by revenue loss of Rs. 5.8 Mn and profitability impact of Rs. 3.5 Mn. Additional costs may arise from clean-up, minor repairs, emergency maintenance and insurance excesses.	Potential financial impact may exceed the high materiality threshold through temporary closure of selected facilities, guest cancellations, reduced room and F&B revenue, repair costs, drainage improvements and insurance-related costs.	Repeated disruptions may require larger resilience investments, stormwater upgrades, protection of utilities and climate-resilient renovations. Business interruption and insurance premium changes may create recurring margin pressure.
Rising mean temperatures	No material current-year impact; incremental electricity, water and comfort-related costs are expected to remain within normal operating fluctuations.	Higher cooling demand, potable water use, HVAC maintenance and energy or water-efficiency investments may exceed high materiality thresholds, affecting operating costs and asset investment plans.	Long-term structural cost pressure may arise from higher utility demand, water storage needs, recycling systems, HVAC upgrades and energy management systems required to maintain guest comfort and service quality.
Changing stakeholder expectations	No material current-year impact; reputation, engagement and sustainability communications are not expected to materially affect short-term bookings.	Credible climate and sustainability action may protect or attract revenue from environmentally conscious guests, tour operators and corporate clients; failure to respond may reduce competitiveness.	Sustainability performance may become embedded in destination competitiveness, travel-partner requirements and investor expectations, supporting revenue protection and brand value over time.

SLFRS S1 and S2 Disclosures contd.

4. RISK MANAGEMENT

Climate-related risks and opportunities are assessed through a structured process that considers probability, severity, financial materiality and potential impacts on the business model and value chain. The process supports consistent escalation of material matters and integration into enterprise risk management, operational planning and capital decision-making.

Process stage	Condensed approach
1. Risk identification	Climate-related matters are identified through operational reviews, property and engineering assessments, weather-event experience, utility-consumption monitoring, supplier and logistics considerations, guest feedback and stakeholder expectations.
2. Risk assessment	Identified matters are assessed using probability and severity scores. Probability considers occurrence likelihood, past events and external drivers; severity considers profitability and net-asset thresholds, operational disruption, cost pressure and value-chain impacts.
3. Prioritisation	Scores are classified as low, moderate or high to guide management attention, mitigation priorities, capital planning and business continuity measures. Physical climate risks with a score of 6 or above are escalated as high risk.
4. Monitoring and reporting	Key risks, opportunity indicators, mitigation actions and performance metrics are monitored through the year and reported to management and the Board as part of the Company's climate-related risk management and reporting process.

5. METRICS AND TARGET AREAS

The Company monitors a set of operational and financial indicators to assess exposure, resilience and response effectiveness. Quantified climate-related targets will be progressively formalised as measurement systems mature; in the current reporting cycle, the focus is on disciplined monitoring, resilience planning and phased implementation of mitigation measures.

Area	Key metrics / disclosures	Current approach
Extreme weather resilience	Maintenance and repair costs; number of weather-related operational disruptions per year; downtime of key facilities; insurance premium changes.	Metrics are used to monitor physical risk exposure, emergency response effectiveness, infrastructure vulnerability and the adequacy of insurance and business continuity arrangements.
Energy and temperature resilience	Energy consumption per occupant; total annual energy cost; HVAC and cooling-system performance; efficiency-audit findings.	The Company is strengthening energy monitoring, efficiency audits and evaluation of energy-efficient cooling technologies to manage rising temperature impacts.
Water management	Water consumption per occupant; total potable water usage per year; water storage and recycling progress; water-efficiency initiatives.	Water indicators are monitored to manage potential water stress, guest comfort requirements and resource-efficiency investments.
Stakeholder expectations	Guest feedback and sustainability-related reviews; improvements in sustainability standards; corporate or travel-partner sustainability requirements; guest participation in sustainability initiatives.	Metrics support brand-positioning, stakeholder engagement and market competitiveness as expectations for credible sustainability action increase.
GHG emissions and Scope 3 transition relief	Scope 1 and Scope 2 emissions measurement to be strengthened; Scope 3 disclosure is subject to first-year transition relief.	The Company will expand emissions data coverage as data availability and supplier/guest-related measurement processes mature.

Climate-related target areas

Target area	Definition / direction of travel	Metric used to monitor progress	Status
Climate resilience	Strengthen resilience of coastal resort infrastructure and reduce vulnerability to storms, heavy rainfall and operational downtime.	Weather-related disruptions; downtime of critical facilities; maintenance and repair costs; completion of drainage and infrastructure-resilience actions.	Qualitative target area established; quantified targets and deadlines to be finalised as project baselines are approved.
Energy and water efficiency	Improve resource efficiency and manage utility cost exposure arising from rising mean temperatures and water stress.	Energy consumption per occupant; total annual energy cost; water consumption per occupant; total potable water usage.	Monitoring in progress; reduction targets to be formalised once baseline measurement is validated.
Sustainability positioning	Strengthen the resort's reputation and competitiveness by responding to changing stakeholder expectations and recognised sustainability standards.	Sustainability-related guest feedback; travel-partner requirements; progress against sustainability standards; guest participation initiatives.	Qualitative target area established; performance indicators will be refined as stakeholder engagement and reporting practices mature.

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

The Board of Directors of The Fortress Resorts PLC is pleased to present to the shareholders the Annual Report on the affairs of the Company, together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2026, prepared in conformity with all relevant statutory requirements.

This Report includes the information required under the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange, and the recommended best practices.

GENERAL

The Fortress Resorts PLC was incorporated on 29th March 1973 as a private limited liability company under the name "Ruhunu Hotels and Travels Limited". The Company was subsequently converted into a public limited liability company, and the name of the Company was changed to "The Fortress Resorts Limited" on 9th December 2003. The ordinary shares of the Company have been listed on the Diri Savi Board of the Colombo Stock Exchange since 30th March 1999. The Company was re-registered under the Companies Act No. 07 of 2007 as "The Fortress Resorts PLC" on 30th September 2008 under Company No. PQ 207.

The registered office of the Company is located at Level 29, West Tower, World Trade Center, Colombo 01, Sri Lanka, while the principal place of business is situated in Koggala, Sri Lanka.

PRINCIPAL ACTIVITIES OF THE COMPANY AND ITS SUBSIDIARIES

The Company has invested in its wholly owned subsidiary, La Forteresse (Private) Limited, which provides lodging, food, beverage and other hospitality industry related activities.

In December 2016, La Forteresse (Private) Limited, invested in a land at Thalarambe, Weligama to build a 92 roomed hotel, under the name Summer Seasons, Mirissa, which is still in the planning stage.

There have been no significant changes in the nature of activities of the Company and its subsidiaries during the financial year under review.

FINANCIAL STATEMENTS

The Financial Statements of the Company and the Consolidated Financial Statements of the Group have been prepared in accordance with the Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS) issued by The Institute of Chartered Accountants of Sri Lanka, and comply with the requirements of the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The aforesaid Financial Statements, duly signed by the Financial Controller and two Directors on behalf of the Board, are included in and form an integral part of this Annual Report of the Board of Directors.

AUDITORS' REPORT

The Report of the Independent Auditors on the Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries is given on pages 106 to 145.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements are given on pages 114 to 125 which are consistent with those of the previous year.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group, which give a true and fair view of the state of affairs of the Company and the Group.

The Directors are of the opinion that the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements appearing on pages 110 to 145 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, the Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the amendments thereto, and the Listing Rules of the Colombo Stock Exchange.

The Statement of Directors' Responsibility for Financial Reporting is given on page 92.

INFORMATION ON THE DIRECTORS OF THE COMPANY AND THE DIRECTORS OF THE GROUP COMPANIES AS AT 31ST MARCH 2026

Directors of the Company

The Board of Directors of the Company, as at 31st March 2026, consisted of thirteen (13) Directors with a broad range of skills, experience, and attributes, including entrepreneurship, finance, and expertise in the leisure and hospitality sector, as detailed in the brief profiles of the Directors appearing on pages 11 to 14.

The names of the Directors of the Company who held office during the year and as at the end of the accounting period are given below:

Name of Director	Executive	Non-Executive	Independent Non-Executive
Mr J R Gunaratne	-	-	✓
Mr J A S S Adhihetty	-	✓	-
Mr Jan P Van Twest	-	✓	-
Ms K D Weerasinghe	-	-	✓
Mr C V Cabraal	-	✓	-
Mr C U Weerawardena	-	-	✓
Ms A A K Amarasinghe	-	✓	-
Mr V Leelananda	-	-	✓
Ms K A D B Perera	-	✓	-
Mr A M J Fernando	-	✓	-
Ms R N Pallegama	-	✓	-
Mr A Y E Joseph	-	-	✓
Mr R J Karunarajah (Appointed w.e.f. 29.08.2025)	-	✓	-

CHANGES IN THE DIRECTORATE

New Appointments

Mr R J Karunarajah was appointed as a Non-Executive Director of the Company with effect from 29th August 2025.

Directors of subsidiary companies as at 31st March 2026

La Forteresse (Private) Limited

Mr J A S S Adhihetty

Mr Malik J Fernando

Mr G A R D Prasanna

Ms R N Pallegama (Alternate Director to Mr Malik J Fernando)

Mr D C Fernando

Summer Season Mirissa (Pvt) Ltd

Mr K D H Perera

Mr J A S S Adhihetty

Mr M H Jamaldeen

Mr J A N R Adhihetty

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

RETIREMENT BY ROTATION AND RE-ELECTION OF DIRECTORS

In terms of Articles 85 and 86 of the Articles of Association, Mr C V Cabraal, Ms A A K Amarasinghe, Mr V Leelananda and Ms K A D B Perera retire by rotation and, being eligible for re-election, have been recommended by the Board for re-election consequent to a review carried out by the Nominations and Governance Committee.

RECOMMENDATION FOR RE-ELECTION OF DIRECTORS WHO WERE APPOINTED SINCE THE LAST ANNUAL GENERAL MEETING

Mr R J Karunarahah, who was appointed to the Board in terms of Article 92 of the Articles of Association of the Company since the last Annual General Meeting, is recommended by the Board for re-election by the shareholders, consequent to a review carried out by the Nominations and Governance Committee.

APPOINTMENT OF DIRECTORS WHO ARE OVER 70 YEARS OF AGE

Mr J A S S Adihetty, who is 76 years of age and vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2)(b) of the Companies Act No.07 of 2007, is recommended by the Board for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

Mr Jan P Van Twest, who is 71 years of age and vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2)(b) of the Companies Act No.07 of 2007, is recommended by the Board for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

CORPORATE GOVERNANCE

The Board of Directors confirms that the Company has complied with the Corporate Governance Rules set out in Section 9 of the Listing Rules of the Colombo Stock Exchange.

The corporate governance framework of the Company reflects its strong commitment to protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices. Prudent internal controls ensure professionalism, integrity, and commitment

on the part of the Board of Directors, Management, and employees.

The Corporate Governance Statement appearing on pages 58 to 71 explains the measures adopted by the Company during the year under review.

FIT AND PROPER ASSESSMENT OF DIRECTORS

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, declarations were obtained from the Directors confirming that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year under review and as at the date of such declarations. These declarations were placed before the Nominations and Governance Committee and, upon review by the Committee-where no member participated in decisions relating to his/her own continuation-were subsequently presented to the Board.

The Board determined that all Directors satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules and are qualified to continue as Directors in their respective capacities, subject to those Directors who retire by rotation and those over 70 years of age being re-elected or re-appointed by the shareholders at the forthcoming Annual General Meeting.

INDEPENDENCE OF DIRECTORS

The Board, having considered the declarations submitted by the Independent Non-Executive Directors confirming their independence in accordance with the criteria specified in the Listing Rules of the Colombo Stock Exchange, together with such other information available to the Board that could reasonably be considered relevant to the assessment of their independence, has determined that the five (05) Independent Directors, namely Mr. J. R. Gunaratne, Ms. K. D. Weerasinghe, Mr. C. U. Weerawardane, Mr. V. Leelananda, and Mr. A. Y. E. Joseph, are independent in terms of the Listing Rules of the Colombo Stock Exchange.

ADDITIONAL DISCLOSURES PERTAINING TO DIRECTORS

(i) Material Interests in Contracts involving the Company

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

(ii) Material Business Relationships with each other

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

(iii) Other Directorships held by the Directors

Other Directorships held by Directors are disclosed on page 65.

(iv) Review of Internal Controls

The Directors have, through the Audit Committee, conducted a review of the internal controls covering financial, operational, and compliance controls, as well as risk management processes, and have thereby obtained reasonable assurance of their effectiveness and consistent adherence thereto.

(v) Applicable Laws Rules and Regulations

The Directors have made arrangements to keep themselves informed of applicable laws, rules, and regulations and remain aware of changes thereto, particularly in relation to the Listing Rules and applicable capital market provisions.

BOARD MEETINGS

Four (04) Board Meetings of the Company were held during the year under review and the Directors' attendance at those Meetings is set out on page 63.

BOARD SUB COMMITTEES

The Board of Directors has formed four Board Sub Committees in terms of the Listing Rules of the Colombo Stock Exchange, namely, Audit Committee, Remuneration Committee, the Related Party Transactions Review Committee and Nominations and Governance Committee.

DECLARATION UNDER THE LISTING RULES ON RELATED PARTY TRANSACTIONS

The Directors declare that the Company is in compliance with the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st March 2026.

DIRECTORS INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS AND INTERESTS REGISTER

The Company maintains an Interests Register in terms of the Companies Act No. 07 of 2007, which is deemed to form part and parcel of this Annual Report and is available for inspection upon request.

All related party transactions, including transactions in which Directors were directly or indirectly interested in a contract or related party transaction with the Company during the accounting period, are recorded in the Interests Register in due compliance with the provisions of the Companies Act.

The Directors declare that all material interests in contracts involving the Company have been duly disclosed to the Board and that, whenever a Director was materially interested in a contract or proposed contract with the Company, such Director refrained from voting on the relevant matter. The Directors further declare that, during the year under review, the Company did not enter into any contracts in which any Director had a material interest.

DIRECTORS' REMUNERATION

The remuneration of the Directors is disclosed under Key Management Personnel in Note No. 24.2 to the Financial Statements. The Directors of the subsidiary companies were not paid any remuneration during the year under review.

STATED CAPITAL

There were no changes in the Stated Capital of the Company during the year. The Stated Capital of the Company as at 31st March 2026 is Rs. 1,109 Mn.

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

DIRECTORS' SHAREHOLDING

The relevant interests of Directors in the shares of the Company as at 31st March 2026 and 31st March 2025 are as follows:

Name of Director	Shareholding as at 31/03/2026	Shareholding as at 31/03/2025
Mr J R Gunaratne*	Nil	Nil
Mr J A S S Adhietty	13,741	13,741
Mr Jan P Van Twest	Nil	Nil
Ms K D Weerasinghe*	Nil	Nil
Mr C V Cabraal	Nil	Nil
Mr C U Weerawardane*	Nil	Nil
Ms A A K Amarasinghe	Nil	Nil
Mr V Leelananda*	Nil	Nil
Ms K A D B Perera	Nil	Nil
Mr A M J Fernando	Nil	Nil
Ms R N Pallegama	Nil	Nil
Mr A Y E Joseph*	Nil	Nil
Mr R J Karunarajah	Nil	Nil

* Independent Non-Executive Directors

MAJOR SHAREHOLDERS, DISTRIBUTION SCHEDULE AND OTHER INFORMATION

Information on the twenty largest shareholders, public holding, distribution of shareholding and ratios and market price information (as applicable) are given on pages 146 to 147.

AUDITORS

Messrs Ernst & Young, Chartered Accountants served as the Auditors of the Company and its subsidiaries, during the year under review.

A sum of Rs. 270,000 is payable by the Company to the Auditors as Audit Fees (Group-Rs. 989,692) for the year under review.

The Auditors have also provided non-Audit services and the fee payable amounts to Rs. 87,275 (Group - Rs. 613,000) for the year under review.

Based on the recommendations of the Audit Committee a resolution to re-appoint the Auditors and authorising the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

RISK MANAGEMENT AND INTERNAL CONTROL

The Fortress Resorts PLC has invested in its wholly owned subsidiary, La Forteresse (Private) Limited, which provides lodging, food, beverage, and other hospitality industry-related activities.

Management adopts both qualitative and quantitative methods in evaluating the likelihood and potential impact of events and circumstances that may affect the achievement of the Company's strategic and operational objectives, including the failure to capitalisation on emerging opportunities.

The Board of Directors, through the Board Audit Committee, reviews the adequacy and effectiveness of the Company's system of internal controls, including financial, operational, compliance, and risk management controls, and has obtained reasonable assurance regarding their effective operation and adherence.

Further disclosures relating to the Company's risk management framework are set out in Note 26 on pages 143 to 145.

DONATIONS

The Company did not make any donations during the year under review.

DIVIDEND

The Company did not pay any dividends for the year under review.

PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment and changes during the year are given in Note 10 to the Financial Statements.

LAND HOLDINGS

The Company does not own any freehold or leasehold land or buildings. However, the subsidiary company La Forteresse (Private) Limited holds the leasehold rights to the lands on which the hotel buildings are constructed, while Summer Season Mirissa (Pvt) Ltd holds ownership of the land situated at Thalarambe, Weligama.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board has made arrangements to stay informed of applicable laws, rules, regulations, and any amendments thereto-particularly the Listing Rules and relevant capital market provisions-through regular updates provided by Directors with expertise in finance, leisure, and hospitality sectors, as well as by the Company Secretaries.

To the best of the knowledge and belief of the Directors, there were no material non-compliances with laws or regulations and there were no fines which are material imposed on the Company by any government or regulatory authority in the country.

MATERIAL FORESEEABLE RISK FACTORS

Foreseeable risks that may materially impact the business are disclosed in the Chairman's review on page 10 and Risk Management Practices on page 72 to 79 of this report.

INVESTMENTS

Information on investments held by the Group and the Company are given in Notes 12 and 17 on pages 134 and 138 respectively.

MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS PERTAINING TO THE COMPANY

There were no material issues pertaining to employees and industrial relations during the year under review.

STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments due to the Government, other regulatory institutions and related to employees have been paid on their due dates or where relevant have been provided for in the Financial Statements.

CONTINGENT LIABILITIES

The contingent liabilities as at 31st March 2026 are given in Note 23.2 to the Financial Statements on page 140.

EVENTS OCCURRING AFTER THE REPORTING DATE

No event of material significance that require adjustments to the Financial Statements, has occurred subsequent to the Reporting period other than those disclosed in Note 25 to the Financial Statements on page 143.

GOING CONCERN

The Directors have assessed the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in business for the foreseeable future.

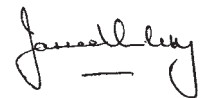
ANNUAL GENERAL MEETING

The Notice of the Annual General Meeting appears on page 159.

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



Director



Director



P W Corporate Secretarial (Pvt) Ltd
Secretaries

04th June 2026
Colombo

Statement of Directors' Responsibilities

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Company in accordance with the provisions of the Companies Act No. 07 of 2007 of Sri Lanka and Sri Lanka Accounting Standards (SLFRS/LKAS), so as to give a true and fair view of the financial position of the Company as at the reporting date and of its financial performance and cash flows for the period then ended.

In preparing these Financial Statements, the Directors are required to ensure that:

- Appropriate accounting policies have been selected and applied consistently
- Reasonable and prudent judgments and estimates have been made.
- All applicable Sri Lanka Accounting Standards have been followed and any material departures have been disclosed and explained.
- The Financial Statements have been prepared on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy the financial position of the Company and enable them to ensure that the Financial Statements comply with the requirements of the Companies Act No. 07 of 2007.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Board of Directors confirms that the Company has complied with the above requirements in preparing the Financial Statements for the year ended 31st March 2026.



P W Corporate Secretarial (Pvt) Ltd
Secretaries

04th June 2026

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee ('The Committee') of the Company was established in compliance with the Governance Rules stipulated in Section 9 of the Listing Rules of Colombo Stock Exchange. The Committee is appointed by and is responsible to the Board of Directors and comprises two Independent Non-Executive Directors and one Non-Executive Director.

The Members who served on the Committee during the Financial Year 2025/26 are as follows:

COMPOSITION AND ATTENDANCE

Name of Member	Nature of Directorship	Date of appointment to the Committee
Ms. K. D. Weerasinghe (Chairperson)	Independent Non-Executive Director	02/01/2025
Mr. C. U. Weerawardena	Independent Non-Executive Director	02/01/2025
Mr. J.A.S.S. Adhihetty	Non-Executive Director	11/03/2016

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd serves as the Secretaries to the Committee.

MEETINGS OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Committee met four (4) times during the financial year under review, with one meeting being held in each calendar quarter. The attendance of the members at these meetings is set out below:

Related Party Transactions Review Committee					
Name of Director	Designation	Attendance			
		27/05/25	13/08/25	13/11/25	05/02/26
Ms K D Weerasinghe	Chairperson	✓	✓	✓	✓
Mr J A S S Adhihetty	Member	✓	✓	✓	✓
Mr C U Weerawardena	Member	x	✓	✓	✓

REVIEW OF RELATED PARTY TRANSACTIONS

The Related Party Transactions of the Company during the year under review were reviewed by the members of the Committee. The comments, observations, and recommendations of the Committee were duly communicated to the Board of Directors of the Company for consideration and appropriate action.

POLICIES AND PROCEDURES

- The Committee operates within the Terms of Reference approved by the Board of Directors.
- The Committee reviews all Non-Recurrent Related Party Transactions ("RPTs") of the Company, whilst Recurrent RPTs are entered into on an arm's length basis determined by market forces and in accordance with pre-approved criteria established by the Committee. Details of such Recurrent RPTs are presented to the Committee on a quarterly basis for review.
- In reviewing RPTs, the Committee considers the terms and conditions of the transaction, the value of the individual transaction, and the aggregate value of transactions entered into with the relevant related party during the financial year, in order to determine whether such transactions are carried out on an arm's length basis, comply with the disclosure requirements prescribed under the Listing Rules of the Colombo Stock Exchange, and obtain the appropriate level of approval required for the respective RPTs.
- The Committee ensures that all transactions entered into with Related Parties are conducted in the best interests of the Company and all shareholders, with adequate transparency being maintained and in compliance with the applicable Listing Rules and regulatory requirements.

Related Party Transactions Review Committee Report contd.

- The review and approval of RPTs are carried out either at meetings of the Committee, subject to the required quorum being present, or by way of circulation among the members of the Committee.
- The Committee also ensures that immediate market disclosures and disclosures in the Annual Report, as required under applicable laws, rules, and regulations, are made in a timely and comprehensive manner, and that all necessary approvals are obtained in respect of Related Party Transactions.

EVALUATION OF THE COMMITTEE

The Committee conducted a self-evaluation of its performance during the period under review. The Board was satisfied that the Committee had effectively discharged its responsibilities and that its mandate, composition, and scope were adequate and appropriate to fulfil its duties and responsibilities.

DISCLOSURES

A detailed disclosure of all the related party transactions including recurrent and nonrecurrent 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 Note 24 to the Financial Statements given in pages 141 to 143 of this report.

DECLARATION

In terms of Rule 9.3.2(d) of the Listing Rules of the Colombo Stock Exchange, a declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to Related Party Transactions is given on page 67 of this Annual Report.



Devika Weerasinghe

*Chairperson - Related Party
Transactions Review Committee*

25th May 2026

Remuneration Committee Report

The Remuneration Committee assists the Board in establishing and maintaining a fair, transparent, and competitive remuneration framework for Directors and Senior Management of the Company. The Committee ensures that remuneration policies and practices are aligned with the Company's strategic objectives, corporate values, performance standards, and long-term sustainability, while also supporting the attraction, motivation, and retention of qualified and experienced individuals.

COMPOSITION OF THE COMMITTEE

The Remuneration Committee comprises three Non-Executive Directors, two of whom are Independent Directors, including the Chairman of the Committee.

As at 31st March 2026 and the date of this Report, the composition of the Committee was as follows:

Name of Member	Nature of Directorship	Date of appointment to the Committee
Mr. V. Leelananda (Chairman)	Independent Non-Executive Director	02/01/2025
Mr. J.R. Gunaratne	Independent Non-Executive Director	20/09/2024
Mr. J.A.S.S. Adhietty	Non-Executive Director	15/05/2019

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd serves as the Secretaries to the Committee.

MEETINGS

The Committee held two (2) meetings during the year under review. The attendance of the members is set out in the table below:

Remuneration Committee			
Name of Director	Designation	Attendance	
		27/05/25	30/03/26
Mr V Leelananda	Chairman	✓	✓
Mr J A S S Adhietty	Member	✓	✓
Mr J R Gunaratne	Member	✓	✓

TERMS OF REFERENCE OF THE COMMITTEE

The Remuneration Committee operates under well-defined Terms of Reference, which set out the scope, authority, duties, responsibilities, and matters relating to the quorum for meetings of the Committee.

REMUNERATION POLICY

The objective of the Company's Remuneration Policy is to attract, motivate, and retain highly qualified and experienced employees. Accordingly, remuneration packages are structured and aligned with market benchmarks, taking into consideration the level of expertise, experience, performance, responsibilities, and the cost of replacing qualified and experienced personnel.

The Committee further reports that the Company has adopted a "Policy on Remuneration" in compliance with Rule 9.2.1 of the Listing Rules.

Remuneration Committee Report contd.

ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee is responsible for advising and assisting the Board in establishing a formal and transparent procedure for the development and implementation of policies relating to the remuneration of Executive Directors and for determining the remuneration of Non-Executive Directors.

Its key functions include the following:

- formulating policies relating to the remuneration of Executive Directors, Non-Executive Directors, Senior Management, and other employees of the Company and its subsidiaries;
- making recommendations to the Board regarding the remuneration of Senior Management and other employees of the Company and its subsidiaries;
- reviewing the performance of the Board and Senior Management, and recommending for Board approval the annual total remuneration packages, including salaries, incentives, benefits in kind, compensation payments, and compensation relating to the loss or termination of office or appointment;
- determining and setting appropriate performance measures and evaluation criteria for incentive and reward schemes; and
- reviewing and recommending the remuneration of Non-Executive Directors to the Board.

REPORTING TO THE BOARD

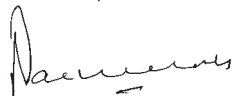
The Remuneration Committee reports its proceedings, deliberations, and recommendations to the Board through the Chairman of the Committee. To facilitate the effective discharge of its responsibilities, the Committee receives remuneration-related information and support from Senior Management, as and when required. In addition, the minutes of Committee meetings are formally tabled at subsequent Board meetings for information and record purposes, thereby enhancing transparency, accountability, and effective oversight in the implementation of the Company's remuneration policies and practices.

EVALUATION OF THE COMMITTEE

The Committee conducted a self-evaluation of its performance during the period under review. The Board was satisfied that the Committee had effectively discharged its responsibilities and that its mandate, composition, and scope remained appropriate and adequate to fulfil its functions.

DISCLOSURE ON DIRECTORS' REMUNERATION

The aggregate remuneration paid to the Directors of the Company during the year is disclosed in Note 24.2 to the Financial Statements contained in this Annual Report. The Committee further confirms that the Company has complied with the relevant provisions of the Companies Act and the Articles of Association relating to Directors' remuneration.



Vasantha Leelananda

Chairman - Remuneration committee

25th May 2026

Nominations and Governance Committee Report

The Nominations and Governance Committee ("NGC") was established on 31st July 2024 in accordance with the requirements of the Colombo Stock Exchange Listing Rules. The primary responsibility of the NGC is to oversee the nomination, evaluation, and re-appointment processes relating to members of the Board and Key Management Personnel, ensuring that such processes are aligned with the Company's strategic objectives and carried out in accordance with applicable regulatory requirements and recognised best practices in corporate governance.

COMPOSITION OF THE COMMITTEE

As at 31st March 2026 and the date of this Report, the composition of the Committee was as follows:

Name of Member	Nature of Directorship	Date of appointment to the Committee
Mr. V. Leelananda (Chairman)	Independent Non-Executive Director	31/07/2024
Mr. J.R. Gunaratne	Independent Non-Executive Director	31/07/2024
Ms. K. Amarasinghe	Non-Executive Director	31/07/2024

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd function as the Secretaries to the Committee.

ATTENDANCE AT MEETINGS HELD DURING THE YEAR

Nominations and Governance Committee		
Name of Director	Designation	Attendance 27/05/25
Mr V Leelananda*	Chairman	✓
Mr J A S S Adihetty	Member	✓
Ms A A K Amarasinghe	Member	✓

POLICY AND PROCESSES FOR DIRECTORS' NOMINATIONS

The NGC operates under a documented policy and established processes for the nomination of Directors. These processes include the following:

- Overseeing the identification, assessment, selection, and nomination of suitable candidates for appointment as Directors to fill any vacancy on the Board, however arising, and/or for appointment as additional Directors based on the business requirements of the Company;
- Assessing the skills, knowledge, experience, expertise, diversity, and level of independence required to best complement and enhance the effectiveness of the Board;
- Ensuring that Director nominees satisfy the fit and proper criteria stipulated under Rule 9.7.3 of the Listing Rules and obtaining a declaration to that effect from the relevant candidate;
- Where a Director nominee is proposed to be appointed as an Independent Director, identifying any potential conflicts of interest, assessing the independence of the candidate, and ensuring that he/she satisfies the criteria for independence as set out in Rule 9.8.3 of the Listing Rules, together with obtaining a duly completed declaration to that effect from the relevant party; and
- Making recommendations to the Board regarding the appointment of new Directors based on the assessments carried out as aforesaid.

Nominations and Governance Committee Report contd.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, one-third of the Directors shall retire from office annually. Provided, however, that a Director appointed to the office of Managing Director or Joint Managing Director shall not, while holding such office, be subject to retirement by rotation or be taken into account in determining the Directors who are to retire each year.

Additionally, the relevant provisions of the Articles relating to new appointments to the Board, whether to fill casual vacancies or as additional Directors, require such appointees to offer themselves for re-election at the immediately succeeding Annual General Meeting.

INFORMATION ON DIRECTORS' RE-ELECTION / RE-APPOINTMENT

As required by the Listing Rules, the table below sets out the details of the Directors who were re-elected / re-appointed at the 41st Annual General Meeting held on 30th June 2025, and the details of those Directors who are recommended for re-election / re-appointment at the forthcoming Annual General Meeting, in accordance with the provisions of the Articles of Association of the Company and the Companies Act, No. 7 of 2007:

41st Annual General Meeting to be held on 30th June 2025

Name of Director	Board Committees served on	Date of First appointment as a Director	Date of last re-election / re-appointment as a Director	Directorships or Chairpersonship and other principal commitments both present and those held over the preceding three years in other Listed entities	Any relationship including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Listed Entity
Recommended for re-election in terms of Articles 85 and 86 of the Articles of Association of the Company					
Mr J R Gunaratne	RPTRC RC	01.02.2023	30.06.2023	Refer profile on page 11	None
Recommended for re-election in terms of Article 92 of the Articles of Association of the Company					
Mr A M J Fernando	-	01.08.2024	N/A	Refer profile on page 13	None
Ms R N Pallegama	-	01.08.2024	N/A	Refer profile on page 13	None
Ms K D Weerasinghe	AC RPTRC	01.01.2025	N/A	Refer profile on page 11	Is a Director of Vallibel One PLC, which holds 18.59% of the issued shares of the Company.
Mr A Y E Joseph	-	10.01.2025	N/A	Refer profile on page 14	None
Re-appointment in terms of Section 210 of the Companies Act No. 07 of 2007					
Mr J A S S Adihetty	RPTRC RC	26.05.2010	28.6.2024	Refer profile on page 11	Is a Director of Vallibel One PLC, which holds 18.59% of the issued shares of the Company.
Mr Jan P Van Twest	-	31.10.2013	-	Refer profile on page 11	None

42nd Annual General Meeting to be held on 30th June 2026

Name of Director	Board Committees served on	Date of First appointment as a Director	Date of last re-election / re-appointment as a Director	Directorships or Chairpersonship and other principal commitments both present and those held over the preceding three years in other Listed entities	Any relationship including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Listed Entity
Recommended for re-election in terms of Articles 85 and 86 of the Articles of Association of the Company					
Mr. C V Cabraal	AC	08.01.2014	28.6.2024	Refer profile on page 12	None
Ms A A K Amarasinghe	NGC	04.07.2023	28.6.2024	Refer profile on page 12	Is a Director of Vallibel One PLC, which holds 18.59% of the issued shares of the Company.
Mr V Leelananda	AC	22.09.2023	28.6.2024	Refer profile on page 13	
Ms K A D B Perera	None	01.03.2024	28.6.2024	Refer profile on page 13	Is the daughter of Dhammika Perera, who holds 63.48% of the issued shares of Vallibel One PLC, which in turn holds 18.59% of the issued shares of the Company. She is also a Director of Vallibel One PLC.
Recommended for re-election in terms of Article 92 of the Articles of Association of the Company					
Mr. R J Karunarajah	None	29.08.2025	N/A	Refer profile on page 14	None
Re-appointment in terms of Section 210 of the Companies act No. 07 of 2007					
Mr J A S S Adihetty	RPTRC RC	26.05.2010	30.6.2025	Refer profile on page 11	Is a Director of Vallibel One PLC, which holds 18.59% of the issued shares of the Company.
Mr Jan P Van Twest	None	31.10.2013	30.6.2025	Refer profile on page 11	None

AC Audit Committee

RPTRC Related Party Transactions Review Committee

RC Remuneration Committee

NGC Nominations and Governance Committee

Nominations and Governance Committee Report contd.

BOARD DIVERSITY

The Board recognizes diversity as a critical factor in ensuring effective Board performance. In this regard, the Company is committed to maintaining a diverse Board comprising individuals with varied backgrounds, skills, experience, expertise, age, and gender that align with the Company's strategic objectives and governance standards.

The current Board consists of Directors possessing extensive experience and expertise across disciplines relevant to the Company's operations, including leisure, hospitality, entrepreneurship, and finance. The Board also reflects diversity in terms of age and gender, thereby contributing to a balanced mix of perspectives and approaches in Board deliberations and decision-making. In addition, the Board collectively possesses essential competencies required to drive the Company's business, including communication, leadership, decision-making, and organisational capabilities, together with a shared commitment to upholding the Company's vision and values.

Several Directors are accomplished entrepreneurs, professionals, and business leaders who contribute significantly to the strategic direction and long-term success of the Company and its subsidiaries through their diverse perspectives, skills, experience, age, gender, and attributes.

The NGC is committed to upholding the highest standards of corporate governance and ensuring that the Board comprises individuals with the requisite skills, experience, expertise, age diversity, gender diversity, and independence necessary to effectively oversee the Company's strategic direction and operations.

EFFECTIVE IMPLEMENTATION OF POLICIES AND PROCESSES FOR APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

The effectiveness of the policies and processes relating to the appointment and re-appointment of Directors is demonstrated by the following:

- The NGC reviews the criteria relating to fitness and propriety, independence, diversity, age, gender, experience, skills, and other compliance requirements applicable to individual Directors, both at the time of their initial appointment to the Board and through annual reviews thereafter. Such reviews also encompass the general disclosure of interests, declarations, and other information provided by Director nominees and individual Directors in accordance with the Listing Rules, the Companies Act, and the Company's Articles of Association.
- Director nominees are subject to reference checks, assessments of their qualifications, skills, experience, expertise, and past performance, particularly where the candidate has prior Board experience, together with interviews conducted with the Management. Consideration is also given to ensuring an appropriate balance of age, gender, and diversity on the Board.
- A formal process has been established for Board evaluations, including the assessment of attendance, engagement, effectiveness, contribution, skills, experience, and overall performance as a Board member, to ensure that each Director continues to add value to the Company in achieving its strategic objectives before the NGC recommends the re-election or re-appointment of a Director.

PERIODIC EVALUATION OF THE BOARD AND EXECUTIVE DIRECTORS

In accordance with the Corporate Governance Rules set out in the Listing Rules, as well as the Company's Policy on Corporate Governance, Nomination, and Re-election, the performance of the Board of Directors is subject to periodic evaluation. This evaluation is conducted through a structured self-assessment process undertaken individually by each Director. The Nominations and Governance Committee ("NGC") is responsible for overseeing this evaluation process and reporting its findings to the Board.

The evaluation framework takes into consideration, among other matters, the effectiveness of the Board and its Committees, the contribution and engagement of individual Directors, attendance and participation at meetings, strategic oversight, leadership qualities, professional experience, skills, expertise, independence, and the overall composition and diversity of the Board, including age and gender diversity.

The NGC confirms that the annual evaluation of the performance of the Board of Directors has been duly conducted and the findings reported to the Board. This assessment ensures continued alignment with the Company's strategic objectives and supports ongoing enhancement of governance standards, Board effectiveness, and leadership performance.

PROCESS ON THE FLOW OF INFORMATION TO INDEPENDENT DIRECTORS ON MAJOR ISSUES

The Company ensures that Independent Directors are kept adequately informed on key matters through a structured communication framework. This includes regular Board and Committee meetings, with detailed agendas and supporting documentation circulated in advance to facilitate informed decision-making. Independent Directors also receive periodic updates on significant financial, operational, regulatory, and strategic developments affecting the Company.

In addition, Independent Directors have access to Senior Management and the Company Secretaries to seek clarifications and obtain any information required in relation to matters falling within the purview of the Board and its Committees, thereby enabling them to effectively discharge their duties and responsibilities.

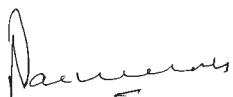
INDUCTION AND ORIENTATION PROGRAMS

Newly appointed Directors are provided with comprehensive induction programmes covering the Company's operations, governance framework, regulatory environment, strategic objectives, business model, and financial performance, thereby enabling them to gain a thorough understanding of the Company and effectively discharge their responsibilities from the outset.

The Board is also provided with regular updates and briefings on corporate governance practices, regulatory developments, emerging industry trends, and applicable legal and compliance requirements. Such continuous training and awareness initiatives ensure ongoing compliance, effective risk management, and alignment with legislative and regulatory changes, while safeguarding the interests of shareholders and other stakeholders.

DETERMINATION OF INDEPENDENCE OF INDEPENDENT DIRECTORS

The NGC confirms that all Independent Directors satisfy the independence criteria set out in Rule 9.8.3 of the Listing Rules and continue to demonstrate independence in character and judgement in the discharge of their duties and responsibilities as members of the Board.



Vasantha Leelananda

Chairman – Nominations and Governance Committee

25th May 2026

Audit Committee Report

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee of The Fortress Resorts PLC is appointed by and is responsible to the Board of Directors. The members who served on the Committee comprises three Independent Non-Executive Directors, in compliance with Section 9.13 of the CSE Listing Rules.

The following Directors served as members of the Committee during the financial year 2025/26:

- Ms. K Devika Weerasinghe - (Chairperson)
- Mr. Chathura V. Cabraal - (Member)
- Mr. Vasantha Leelananda - (Member)

Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgements on matters that come within the Committee's purview.

PW Corporate Secretarial (Private) Limited serves as the Secretary to the Committee.

TERMS OF REFERENCE, PRINCIPAL FOCUS AND MEDIUM OF REPORTING

The Audit Committee Charter governs the responsibilities of the Audit Committee, which is approved, and adopted by the Board and reviewed annually.

The Audit Committee focuses principally on assisting the Board in fulfilling its duties by providing an independent and objective review of the financial reporting process, the process of risk identification and mitigation, internal controls, and its compliance with legal and regulatory requirements actively, reviewing procedures relating to statutory, regulatory, and related compliance, and the adequacy of the Company's internal and external audit function. During the year, the Committee's Terms of Reference were updated to include additional responsibilities relating to the oversight of sustainability-related risks and opportunities (SRROs).

The proceedings of the Audit Committee were regularly reported to the Board of Directors through verbal briefings by the Chairperson of the Committee and formal minutes. Further, the effectiveness of the Committee is evaluated annually by each member of the Committee, and the results are communicated to the Board.

MEETINGS HELD AND ATTENDANCE

The Committee met four times during the financial year ended 31 March 2026 and information on the attendance at these meetings by the members of the Committee is given below.

Outsourced Internal Auditors and Independent External Auditors are required to attend meetings on a regular basis.

Audit Committee		Attendance			
Name of Director	Designation	Attendance			
		23/05/25	14/08/25	12/11/25	30/01/26
Ms K D Weerasinghe	Chairperson	✓	✓	✓	✓
Mr C V Cabraal	Member	✓	✓	✓	✓
Mr V Leelananda	Member	✓	✓	✓	✓

ACTIVITIES PERFORMED

Financial reporting

- Reviewed the activities and financial affairs of the Company and its subsidiaries and underlying hotel entities. They also reviewed the financial reporting system adopted in the preparation of quarterly and annual Financial Statements to ensure the reliability of the process, appropriateness and consistency of accounting policies and methods adopted and compliance with the requirements of the Sri Lanka Accounting Standards (SLFRS/LKAS), the Companies Act No. 7 of 2007 and other relevant statutory and regulatory requirements.
- Reviewed the quarterly and year-end Financial Statements and recommended their adoption to the Board of Directors. The Committee, in its evaluation of the financial reporting system, also recognised the adequacy of the content and quality of routine management information reports forwarded to the management, regulatory authorities and shareholders.
- Obtained and reviewed assurance received from the General Manager, Financial Controller and other Key Management Personnel, as relevant that the financial records have been properly maintained and the Financial Statements give a true and fair view of the Company's operations and finances

Internal audit, risks, and controls

- Met the outsourced Internal Auditors (KPMG) to consider their reports, management responses and matters requiring follow-up on the effectiveness of internal financial controls that have been designed to provide reasonable but not absolute assurance to the Directors that assets are safeguarded, and that the financial reporting system can be relied upon in the preparation and presentation of the Financial Statements. Their scope of work and approach, the timeliness of their reports, and cooperation with External Auditors were also addressed.
- Formal confirmations and assurances were obtained from the senior management of the Company on a quarterly basis regarding the efficacy and status of the internal control systems and risk management systems and compliance with applicable laws and regulations.
- Appraised the independence and performance of the outsourced Internal Auditors (KPMG)
- Reviewed the Financial Risk Management processes and

procedures adopted by the Company to manage and mitigate the impact of such risks and observed that risk analysis exercises had been conducted in the hotel, key risks that could impact operations had been identified to the extent possible, measures were taken to minimise the impact and likelihood of such risks.

- Conducted special review of processes, content, and the effectiveness of feeders to the deliberations of the Audit Committee, such as in-house accounting and record keeping.

External audit

- Met with the External Auditors before the commencement of the external audit to ascertain the nature, scope and approach of the audit and reviewed their audit plans.
- Met with External Auditors to discuss interim audit issues and management responses and to affect any corrective action where necessary.
- Met with External Auditors at the end of the annual audit to review the Financial Statements and the reports and respond as necessary to such reports.
- Reviewed the type and quantum of non-audit services provided by the External Auditors to the Company to ensure that their independence as auditors has not been impaired.
- Reviewed the Company's compliance framework to determine that it provides reasonable assurance that all relevant laws, rules, and regulations have been complied with
- Participated in discussions with management to evaluate compliance with the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and CA Sri Lanka in the year 2013 in relation to auditor appointments.
- The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest and confirmation has been received from the External Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.
- M/s Ernst and Young (E&Y) has been the External Auditor since inception, and a partner rotation of the auditors takes place periodically. A rotation of partner has taken place in the current financial year 2025/26

Audit Committee Report contd.

RISK MANAGEMENT

The Committee reviewed the Company's key business risks, corresponding mitigation measures, and management actions undertaken to address them. ESG-related risk assessments were also carried out to identify and monitor sustainability risks and opportunities.

In evaluating the effectiveness of risk related internal controls, the Committee considered reports issued by the internal auditors as well as observations highlighted in the external auditors' Management Letter. The Committee further reviewed the Company's overall risk management framework, including internal controls, business continuity arrangements, information security, and cyber risk management, and made recommendations to Management and the Board where necessary.

Additionally, the Committee assessed the adequacy of the Company's insurance coverage and reviewed audit observations relating to the company and its subsidiary.

Further details of the Company's risk management framework and processes are provided on pages 72 to 79.

COMPLIANCE

The Committee exercised oversight over the Company's compliance framework, ensuring that robust processes are in place to support adherence to applicable laws and regulations. It reviewed reports submitted by Management to assess the effectiveness of compliance monitoring systems and evaluated findings arising from regulatory examinations and auditor observations.

Representations were obtained from General Manager, Financial Controller and the management team on the entities' finances and operations including assurances regarding provisions for possible liabilities. The Committee also reviewed compliance reports to ensure conformity with statutory and regulatory requirements, including the Colombo Stock Exchange Listing Rules, Sri Lanka Financial Reporting Standards, and the Companies Act No. 07 of 2007.

ETHICS AND GOOD GOVERNANCE

The Committee emphasised ethical standards among employees, reinforcing policies on Business Conduct, Whistleblowing, and Anti-Bribery & Corruption. Training programs were conducted to ensure awareness, and confidential procedures were in place for independent investigations of whistleblowing reports.

WHISTLEBLOWING

The Company maintains the implementation of its whistleblowing policy, which acts as a vital communication channel and forms an integral part of its corporate fraud risk management framework. The Committee reviewed the current whistleblowing arrangements and expressed satisfaction with their effectiveness.

The Senior management of the Company followed a formal assessment process to evaluate the performance of External Auditors, and the Committee has recommended to the Board of Directors that Messrs. Ernst & Young be re-appointed as Auditors for the financial year ending 31 March 2026, subject to the approval of the shareholders at the next Annual General Meeting.

The Committee is of the opinion that the Company is in compliance with the relevant legal and regulatory requirements including financial reporting requirements, CSE Rules, Companies Act and SEC Act and other relevant reporting related regulations and requirements.

In conclusion, the Audit Committee is satisfied that the Company's accounting policies, operational controls and risk management processes provide reasonable assurance that the affairs of the Company are managed in accordance with Group policies and that Company assets are properly accounted for and adequately safeguarded.



Devika Weerasinghe

Chairperson
Audit Committee

25th May 2026

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Financial Calendar

Interim Financial Statement - Quarter 1	14th August 2025
Interim Financial Statement - Quarter 2	13th November 2025
Interim Financial Statement - Quarter 3	5th February 2026
Interim Financial Statement - Quarter 4	25th May 2026
Annual General Meeting	30th June 2026

Independent Auditor's Report



Ernst & Young
Chartered Accountants
Rotunda Towers
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Email: eysl@lk.ey.com
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CAY/GPSK/VSS

TO THE SHAREHOLDERS OF THE FORTRESS RESORTS PLC AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying Financial Statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at March 31, 2026, and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

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

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

A member firm of Ernst & Young Global Limited

Key audit matters common to both Group and Company

Key audit matter	How our audit addressed the key audit matter
<p>Investments in short term deposits</p> <p>As at 31 March 2026, the Group has invested an amount of Rs. 625,370,261/- in short term deposits in related party registered finance companies from which the Group earned an interest income of Rs. 43,422,735/- for the year as disclosed in Note 24 to the Financial Statements.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> • The materiality of the short-term deposits which represent 24% of total assets • Inherent risk associated with related party transactions and disclosures including probable effects of current economic conditions on liquidity needs of the Group 	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of management's process for identifying and recording related party transactions • Inspected fixed deposit certificates and confirmations to understand the nature, terms and conditions of the transactions. • Corroborated the management's plan for reinvestment and upliftment of short-term deposits upon maturities by tracing to cashflow forecasts/requirements and credit ratings of the respective finance companies. <p>We also assessed the adequacy of the related disclosures set out in note 24 to the Financial Statements</p>

Key audit matter	How our audit addressed the key audit matter
<p>Revenue</p> <p>The Group's revenue for the year ended 31 March 2026 amounted to Rs. 988,968,166/-, as disclosed in Note 04 to the Financial Statements.</p> <p>The accounting policy for revenue recognition is disclosed in Note 2.3.3 to the Financial Statements.</p> <p>Revenue was a key audit matter due to the materiality of revenue reported for the year; and associated inherent risk.</p>	<p>Our audit procedures included the following key procedures;</p> <ul style="list-style-type: none"> • assessed whether the Group's accounting policy for revenue recognition has been appropriately applied. • tested the relevant key controls over revenue. Our procedures included testing the general IT control environment. • performed analytical procedures to understand and assess the reasonableness of the reported revenues. • tested revenue transactions to invoices and other supporting documents such as house keeping and guest-in-house reports, guest reservation cards, etc. our procedures included testing: <ul style="list-style-type: none"> • revenue transactions around the year-end to determine whether transactions have been recorded in the proper period and to the proper accounts; and • Journal entries recognised to revenue <p>We also assessed the adequacy of the related disclosures set out in notes 04 and 2.3.3 to the Financial Statements.</p>

Independent Auditor's Report contd.

Other Information Included in the 2026 Annual Report of the Company

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

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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's and the Groups' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

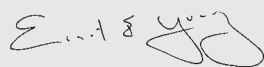
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 7752.



04 June 2026
Colombo

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Revenue	4	988,968,166	1,006,141,976	-	-
Cost of sales		(339,832,671)	(291,446,489)	-	-
Gross profit		649,135,495	714,695,487	-	-
Other income and gains	5	26,345,230	21,162,314	-	-
Advertising and marketing expenses		(64,655,081)	(64,943,701)	-	-
Administrative expenses		(449,981,226)	(434,485,150)	(10,476,528)	(9,040,096)
Finance cost	6.1	(8,053,536)	(7,683,077)	-	-
Finance income	6.2	45,673,195	76,377,171	-	-
Profit/(loss) before tax	7	198,464,077	305,123,045	(10,476,528)	(9,040,096)
Income tax expense	8	(47,485,129)	(69,014,616)	-	-
Profit/(loss) after tax		150,978,948	236,108,429	(10,476,528)	(9,040,096)
Other comprehensive loss					
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods					
Actuarial loss on defined benefit plan	20	(2,117,182)	(8,264,848)	-	-
Deferred tax impact on actuarial loss		423,436	1,652,970	-	-
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods		(1,693,746)	(6,611,879)	-	-
Other comprehensive loss for the year, net of tax		(1,693,746)	(6,611,879)	-	-
Total comprehensive income/(loss) for the year, net of tax		149,285,202	229,496,551	(10,476,528)	(9,040,096)
Profit/(loss) and total comprehensive income/(loss) attributable to:					
Entire profit/(loss) and total comprehensive income/(loss) is attributable to the equity holders of the parent.					
Basic/diluted earnings/(loss) per share	9	1.36	2.13	(0.09)	(0.08)

The accounting policies and notes on pages 114 to 145 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31 March	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
ASSETS					
Non-Current Assets					
Property, plant and equipment	10	1,680,092,568	1,149,992,539	-	-
Right of use assets	11	35,616,724	37,529,630	-	-
Investments in subsidiary	12	-	-	1,000,009,990	1,000,009,990
Intangible assets	13	2,342,668	3,063,302	-	-
		1,718,051,960	1,190,585,471	1,000,009,990	1,000,009,990
Current Assets					
Inventories	15	42,192,085	31,966,929	-	-
Trade and other receivables	16	46,608,971	53,780,616	65,644,405	76,064,833
Advances and prepayments		21,833,340	38,965,053	-	-
Short term investments	17	655,364,180	1,029,645,273	-	-
Cash and cash equivalents	18	132,949,107	65,519,517	40,742	41,842
		898,947,683	1,219,877,388	65,685,147	76,106,675
Total Assets		2,616,999,643	2,410,462,859	1,065,695,137	1,076,116,665
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated capital	19	1,108,866,840	1,108,866,840	1,108,866,840	1,108,866,840
Retained earnings		1,085,261,547	935,976,345	(45,283,133)	(34,806,605)
		2,194,128,387	2,044,843,185	1,063,583,707	1,074,060,235
Non controlling interest		1,000	1,000	-	-
Total Equity		2,194,129,387	2,044,844,185	1,063,583,707	1,074,060,235
Non-Current Liabilities					
Interest bearing loans and borrowings	14	70,349,271	64,553,209	-	-
Retirement benefit obligation	20	32,511,903	42,320,218	-	-
Deferred tax liability	8.4	33,425,391	33,998,519	-	-
		136,286,565	140,871,946	-	-
Current Liabilities					
Trade and other payables	21	165,682,421	131,442,792	2,111,430	2,056,430
Contract liabilities	22	44,001,263	36,814,967	-	-
Interest bearing loans and borrowings	14	39,071,822	12,677,835	-	-
Income tax payable		37,828,185	43,811,134	-	-
		286,583,691	224,746,728	2,111,430	2,056,430
Total Equity and Liabilities		2,616,999,643	2,410,462,859	1,065,695,137	1,076,116,665

These Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

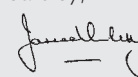


Muru Kadiramalai
Financial Controller

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by;



J R Gunaratne
Director



S Adhihetty
Director

The accounting policies and notes on pages 114 to 145 form an integral part of these Financial Statements.

04 June 2026
Colombo

Statement of Changes in Equity

Group	Attributable to the equity holders of the parent		Non Controlling Interest	Total Equity
	Stated Capital	Retained Earnings		
	(Note 19)			
	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2024	1,108,866,840	706,479,795	1,000	1,815,347,635
Profit for the year	-	236,108,429	-	236,108,429
Other comprehensive loss for the year, net of tax	-	(6,611,879)	-	(6,611,879)
Balance as at 31 March 2025	1,108,866,840	935,976,345	1,000	2,044,844,185
Profit for the year	-	150,978,948	-	150,978,948
Other comprehensive loss for the year, net of tax	-	(1,693,746)	-	(1,693,746)
Balance as at 31 March 2026	1,108,866,840	1,085,261,547	1,000	2,194,129,387

Company	Stated Capital	Retained	Total
	(Note 19)	Earnings	
	Rs.	Rs.	Rs.
Balance as at 01 April 2024	1,108,866,840	(25,766,509)	1,083,100,331
Loss for the year	-	(9,040,096)	(9,040,096)
Balance as at 31 March 2025	1,108,866,840	(34,806,605)	1,074,060,235
Loss for the year	-	(10,476,528)	(10,476,528)
Balance as at 31 March 2026	1,108,866,840	(45,283,133)	1,063,583,707

The accounting policies and notes on pages 114 to 145 form an integral part of these Financial Statements.

Statement of Cash Flows

Year ended 31 March		Group		Company	
	Note	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Cash flows from/(used in) operating activities					
Profit/(loss) before tax		198,464,077	305,123,045	(10,476,528)	(9,040,096)
Adjustments for:					
Depreciation		95,455,247	68,173,686	-	-
Amortisation of intangible assets	13	720,634	442,846	-	-
Amortisation of right of use assets	11	1,912,906	1,912,906	-	-
Finance cost	6.1	8,053,536	7,683,077	-	-
Finance income	6.2	(45,673,195)	(76,377,171)	-	-
(Profit)/loss on disposal of property, plant and equipment		(5,852,148)	(11,047,976)	-	-
Provision for defined benefit obligation	20	7,609,221	6,931,012	-	-
Write off of Advances and prepayments		3,876,123	-	-	-
Operating profit/(loss) before working capital changes		264,566,401	302,841,424	(10,476,528)	(9,040,096)
(Increase)/decrease in inventories		(10,225,155)	(3,701,388)	-	-
(Increase)/decrease in trade and other receivables and prepayments		5,767,612	14,156,345	10,420,428	8,892,394
Increase/(decrease) in trade and other payables and contract liabilities		41,425,929	(15,516,159)	55,000	147,000
Cash generated from/(used in) operations		301,534,787	297,780,222	(1,100)	(702)
Finance cost paid		(5,309)	(10,877)	-	-
Defined benefit obligation paid	20	(19,534,718)	(3,325,094)	-	-
Income tax paid		(53,318,386)	(63,004,113)	-	-
Net cash used in operating activities		228,676,374	231,440,139	(1,100)	(702)
Cash flows from/(used in) investing activities					
Proceeds from disposal of property plant and equipment		12,500,000	11,864,406	-	-
Acquisition of property, plant and equipment	10.4	(619,408,432)	(88,499,619)	-	-
Acquisition of intangible assets	13	-	(2,795,833)	-	-
Withdrawals of/ (Investment in) treasury bills		-	105,000,000	-	-
Investment in fixed deposits		(346,865,142)	(558,767,968)	-	-
Withdrawal of fixed deposits		717,588,738	288,362,025	-	-
Finance income received		50,692,158	75,693,115	-	-
Net cash used in investing activities		(185,492,678)	(169,143,875)	-	-
Cash flows from/(used in) financing activities					
Principal payments under lease liabilities		(3,972,078)	(3,740,383)	-	-
Net cash used in financing activities		(3,972,078)	(3,740,383)	-	-
Net increase/(decrease) in cash and cash equivalents		39,211,618	58,555,882	(1,100)	(702)
Cash and cash equivalents at the beginning of the year	18	57,227,170	(1,328,712)	41,842	42,544
Cash and cash equivalents at the end of the year	18	96,438,788	57,227,170	40,742	41,842

The accounting policies and notes on pages 114 to 145 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

The Fortress Resorts 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 of the Company is located at Level 29, West Tower, World Trade Center, Colombo - 01 and the principal place of business is situated at Koggala, Sri Lanka.

The Company has invested and managing the subsidiaries listed in note 2.2.1 to the Financial Statements. There are no any other operations were carried out by the Company during the year.

The consolidated Financial Statements of The Fortress Resorts PLC and its subsidiaries (collectively, the Group) for the year ended 31 March 2026 were authorized for issue in accordance with a resolution of the directors on 25th May 2026.

1.1 Parent Entity and Ultimate Parent Entity

The Company does not have an identifiable parent company of its own.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The Consolidated Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 7 of 2007.

The Financial Statements have been prepared on the historical cost basis. The consolidated Financial Statements are presented in Sri Lankan Rupees (Rs).

Comparative Information

The consolidated Financial Statements provide comparative information in respect of the previous year. The accounting policies have been consistently applied by the Group and, are consistent with those used in the previous year. Previous year's figures and phrases have been re-arranged whenever necessary to conform to current presentation.

2.1.1 Going Concern

The Board of Directors has made an assessment of the Group's ability to continue as a going concern considering all the current internal and external environmental factors including the business impact of the overall tourism industry and they do not intend either to liquidate or to cease trading.

2.2 Basis of Consolidation

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

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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

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

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

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

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

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

2.2.1 Subsidiaries

The subsidiaries and its controlling percentage of the Group, which have been consolidated, are as follows:

Subsidiaries	2026	2025	Nature of the Operations
Direct holding			
La Forteresse (Private) Limited	100%	100%	Operation of Small Luxury Hotel
Indirect holding			
Summer Season Mirissa (Pvt) Ltd	99.99%	99.99%	Operations not yet commenced

Investment subsidiaries are carried at cost less impairments (if any) in the separate Financial Statements.

2.3 Summary of Significant Accounting Policies

2.3.1 Current versus non-current classification

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

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

Or

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

All other assets are classified as non-current.

A liability is current when:

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

Or

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

The Group classifies all other liabilities as non-current.

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

Notes to the Financial Statements contd.

2.3.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. As at reporting date, there is no assets or liabilities carried at fair value.

2.3.3 Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods and services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

The specific recognition criteria described below must also be met before revenue is recognised.

Room revenue

Room revenue is recognised when the rooms are occupied on daily basis. The performance obligation is to provide the right to use accommodation for a given number of nights, and the transaction price is the room rate for each night determined at the time of booking. The performance obligation is met when the customer is given the right to use the accommodation, and so revenue is recognised for each night as it takes place, at the room rate for that night.

Contract balances

Contract assets

A contract asset is initially recognised for revenue earned from room sales because the consideration is receiving at the departure of the guests. Upon departure of guests, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment.

Contract liabilities

Customers may pay in advance for accommodation. In this case the Group has received consideration for services not yet provided. This is treated as a contract liability until the performance obligation is met. The Group has taken advantage of the practical expedient in SLFRS 15 to not adjust the consideration for the effects of a financing component as the period between payment and the performance obligation is less than one year.

Food and beverage revenue

The contract is established when the customer orders the food or beverage item and the performance obligation is the provision of food and beverage by the Group. The performance obligation is satisfied when the food and beverage is delivered to the customer (at a point of time), and revenue is recognised at this point at the price for the items purchased.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss.

Dividends

Dividends are recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental income

Rental income is recognised in profit and loss as it accrues.

2.3.4 Taxation

Current Income Tax

Income tax expense comprises current and deferred tax. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

La Forteresse (Private) Limited

BOI Special Provisions

Pursuant to the agreement dated 08 July 2004, entered into with Board of Investment, the income tax in respect of the profits and income the Company shall be exempted for the period of five (05) years. After the expiration of the tax exemption, the profits and income of the Company shall be subject to concessionary period of tax at the rate of 10%, for two (02) years. After the expiration of the concessionary period, the profits and income shall be charged for any year of assessment at the rate of 20% (subject to the provisions of the Inland Revenue Act).

Current Tax

The profits and income of the Company arising on promotion of tourism and interest income are liable for taxation at the rate of 20% as per the above mentioned provisions in the BOI agreement and investment income at 30% under the Inland Revenue Act No. 24 of 2017 and amendments thereto.

Deferred Taxation

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

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

Tax on Dividends

Tax withheld on dividend income from subsidiaries is recognised as an expense in the consolidated statement of profit or loss at the same time as the liability to pay the related dividend is recognised.

Notes to the Financial Statements contd.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables that are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.3.5 Functional and Presentation Currency

The Group's Consolidated Financial Statements are presented in Sri Lankan Rupees (Rs), which is the functional and presentation currency of the Group.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange prevailing at the reporting date.

All exchange differences are taken to the statement of profit or loss.

2.3.6 Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings on Leasehold	Over the balance lease period
Lands	
Plant and Equipment	10 years
Furniture and Fittings	10 years
Fixtures and Fittings	10 years
Computer Equipment	05 years
Telephone Equipment	04 years
Kitchen Equipment	04 years
Electrical Equipment	10 years
Linen and Furnishing	04 years
Crockery or Cutlery	04 years
Other Equipment	04 years
Air-conditioners	10 years
Motor Vehicles	05 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.3.7 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land rights – 40 – 50 Years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments

(e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings.

iii) Short-term leases and leases of low-value assets

The Group does not apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions during the year for any lease contracts.

2.3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.3.9 Intangible Assets

An intangible asset acquired separately is measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

Notes to the Financial Statements contd.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

2.3.10 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All financial assets are initially measured at fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

Subsequent measurement for purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and investment in fixed deposits included under other financial assets.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement;

and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. For this purpose, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted, if any; for forward-looking factors specific to each debtor and the economic characteristics. Group is making a 100% provision for all the debtors aged more than 180 days.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Based on the management's assessment, no impairment was identified in respect of trade receivables and investment in fixed deposits as the impact is immaterial at the date of transition and subsequent reporting dates.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial Liabilities at Amortized Cost

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements contd.

2.3.11 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost formulas applied by the Group are as follows;

Food and Beverages- Weighted Average Basis

House Keeping and Maintenance and Other- Weighted Average Basis

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

2.3.12 Impairment of non- financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.3.13 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.3.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, 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 income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.3.15 Post Employment Benefits

i) Defined Benefit Plan - Gratuity

Gratuity is a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group is liable to pay gratuity in terms of relevant statute.

The Group measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary every year using "Project Unit Credit Method". An actuarial valuation of the gratuity liability of the Company as at 31 March 2026 was undertaken by Actuarial and Management Consultants (Pvt) Ltd, a firm of professional actuaries. The result of such valuation was incorporated in these Financial Statements.

The Group's accounting policy for defined benefit plans is to recognise actuarial gains and losses in the period in which they occur in full in Other Comprehensive Income (OCI). Current Service Cost and Interest Cost are recognised in the statement of profit or loss.

Further, this liability is not externally funded.

ii) Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.16 Cash Dividends

The Company recognises a liability to pay a dividend when the distribution is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.4 New and Amended Standards and Interpretations

The new and amended standards and interpretations that are issued up to the date of issuance of the Group's Financial Statements but are not effective for the current annual reporting period, are disclosed below. The Group's intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts, covering recognition, measurement, presentation, and disclosure. It replaces SLFRS 4 and applies to all types of insurance contracts-including life, non-life, direct insurance, reinsurance-as well as certain guarantees and financial instruments with discretionary participation features:

The standard is built around the General Measurement Model, supported by two supplementary approaches:

- Variable Fee Approach (VFA): for contracts with direct participation features
- Premium Allocation Approach (PAA): a simplified model mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early adoption is allowed if the entity also applies SLFRS 9 Financial Instruments and SLFRS 15 Revenue from Contracts with Customers by the date SLFRS 17 is first applied. SLFRS 17 does not have a material impact on the Financial Statements

The amendments are not expected to have a material impact on the Group's financial statement

SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to

ensure that Financial Statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 18 on the Financial Statements and the related notes is currently being identified and evaluated.

SLFRS 19 Subsidiaries without public accountability: Disclosures

SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles.

Professional Practice, EY Sri Lanka Page 1 Standards issued but not yet effective YE 31 December 2025 The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that Financial Statements remain high-quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 19 is currently being identified and evaluated.

Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability linked terms and nature dependent electricity contracts.

Notes to the Financial Statements contd.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

The amendments are not expected to have a material impact on the Financial Statements.

Annual improvements to Sri Lanka Accounting Standards

Narrow scope amendments as part of its periodic maintenance of Sri Lanka Accounting Standards will be adopted, if applicable, when they become effective.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Financial risk management and policies Note 26
- Sensitivity analyses disclosures Note 26
- Capital management Note 26

Judgements, Estimates and assumptions

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 described below. The Group based its assumptions and estimates on parameters available when the consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Retirement Benefit Obligation

The cost of retirement benefit obligation and the present value of the retirement benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of long-term government bonds, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases, and pension increases are based on expected future inflation rates of the country.

Further details about the assumptions used are given in Note 20.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. Management considered 100% ECL for debtors aged more than 180 days in determining the provision matrix for ECL.

The provision matrix is initially based on the Group's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The Group has considered the current economic conditions in determining the provisioning under ECL. The Management has monitored the effect of the global economy to its travel agents through frequent discussion with them and based on the financial strength and negotiated the payment terms

and future arrangements accordingly. More than 90% of above receivables are due from well-established travel agents and the dues are still within the credit period. Travel agents have agreed to release the payments on due dates.

Leases - Estimating the incremental borrowing rate for discounting land lease commitments

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and making certain entity-specific adjustments based on the type, terms and conditions of the lease.

Notes to the Financial Statements contd.

4. REVENUE

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Revenue from contracts with customers (Note 4.1)	988,968,166	1,006,141,976	-	-
	988,968,166	1,006,141,976	-	-

4.1 Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time/the period of stay and at a point in time in the following major categories.

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Over a period or period of stay				
Room revenue	647,975,417	592,152,718	-	-
Rental income	819,853	355,932	-	-
At a point in time				
Food revenue	210,286,955	249,140,570	-	-
Beverage revenue	86,664,256	93,888,555	-	-
Spa revenue	19,343,770	35,901,472	-	-
Laundry income	6,243,492	10,088,615	-	-
Transport income	4,327,186	5,172,747	-	-
Excursions income	5,041,550	7,411,987	-	-
Boutique income	364,194	2,939,871	-	-
Income from other hotel operations	7,183,410	8,129,773	-	-
Wedding income	718,083	959,735	-	-
	988,968,166	1,006,141,976	-	-

Contract liabilities and its movement is disclosed in Note 22 to the Financial Statements.

5. OTHER INCOME AND GAINS

Year ended 31 March	Group	
	2026 Rs.	2025 Rs.
Profit on disposal of property, plant and equipment	5,852,148	11,047,976
Exchange gains	20,493,082	10,114,338
	26,345,230	21,162,314

6. FINANCE COST AND INCOME

6.1 Finance Cost

Year ended 31 March	Group	
	2026 Rs.	2025 Rs.
Interest expense on bank overdrafts	5,309	10,877
Finance charges on lease liabilities (Note 11.3)	8,048,227	7,672,200
	8,053,536	7,683,077

6.2 Finance Income

Year ended 31 March	Group	
	2026 Rs.	2025 Rs.
Interest income	45,673,195	76,377,171
	45,673,195	76,377,171

7. PROFIT/(LOSS) BEFORE TAX

Year ended 31 March Stated after Charging	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Included in cost of sales				
Employees benefits including the following	92,384,015	67,052,016	-	-
- Defined benefit plan cost - gratuity (included in employee benefits)	3,283,955	1,199,913	-	-
- Defined contribution plan cost - EPF and ETF (included in employee benefits)	11,191,805	7,732,831	-	-
Depreciation	9,872,211	3,340,559	-	-
Included in administrative expense				
Employees benefits including the following	125,872,527	129,484,664	-	-
- Defined benefit plan cost - gratuity (included in employee benefits)	4,467,765	5,731,100	-	-
- Defined contribution plan cost - EPF and ETF (included in employee benefits)	13,079,949	15,084,613	-	-
Depreciation	85,583,036	64,833,127	-	-
Amortization of intangible assets	720,633	442,846	-	-
Audit fees	1,170,000	989,692	270,000	194,692
Professional fees	1,095,128	1,265,272	115,607	285,751
Amortization of ROU assets	1,912,906	1,912,906	-	-
Maintenance expenses	44,445,302	76,527,171	-	-
Electricity	31,333,710	44,785,314	-	-
Tourism development levy	9,984,608	10,180,064	-	-
Pradeshya sabha tax	15,107,865	10,180,064	-	-
Included in advertising and marketing expenses				
Advertising	26,946,619	24,372,043	-	-
Sales promotion expenses	22,505,326	24,499,070	-	-

Notes to the Financial Statements contd.

8. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 March are as follows;

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Statement of Profit or Loss				
Current Income Tax				
Current income tax charge (Note 8.1)	47,634,820	77,999,590	-	-
	47,634,820	77,999,590	-	-
Deferred Tax				
Deferred tax charge/ (release) (Note 8.4)	(149,691)	(8,984,974)	-	-
Income tax expense reported in the statement of profit or loss	47,485,129	69,014,616	-	-
Statement of Other Comprehensive Income (OCI)				
Deferred tax related to items recognised in OCI during in the year:				
Deferred tax charge/ (release) on actuarial gain/ (loss)	(423,436)	(1,652,970)	-	-
Deferred tax charged to OCI	(423,436)	(1,652,970)	-	-

8.1 A reconciliation between income tax expenses and the product of accounting profit multiplied by the statutory tax rates is as follows;

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Accounting profit/ (loss) before income tax	198,464,077	305,123,045	(10,476,528)	(9,040,096)
Disallowed Items	163,177,452	105,962,097	-	-
Allowed Items	(129,332,996)	(53,048,575)	-	-
(Less) - Investment income	(46,470,147)	(76,733,103)	-	-
Taxable profit from business	185,838,386	290,343,560	(10,476,528)	(9,040,096)
Taxable (loss) from business	(10,476,528)	(9,040,096)	(10,476,528)	(9,040,096)
Other sources of income				
Investment Income	46,470,147	76,733,103	-	-
(Less) - Non taxable income	(11,579,670)	(10,296,843)	-	-
Taxable other income	34,890,477	66,436,260	-	-
Total statutory income	220,728,863	356,779,820	(10,476,528)	(9,040,096)
(Less) - Tax losses brought forward and utilised	-	-	-	-
Total taxable income	220,728,863	290,343,560	(10,476,528)	(9,040,096)
Income tax on business income @ 20%	37,167,677	58,068,712	-	-
Income tax on other sources of income @ 30%	10,467,143	19,930,878	-	-
Current income tax charge	47,634,820	77,999,590	-	-

8.2 Tax Losses

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Tax losses brought forward	35,708,502	92,573,588	35,708,502	92,573,558
Loss incurred during the year	10,476,528	9,040,096	10,476,528	9,040,096
Tax losses expired during the year	(6,226,422)	(65,905,152)	(6,226,422)	(65,905,152)
Tax losses carried forward	39,958,608	35,708,502	39,958,608	35,708,502

Income Tax of La Forteresse (Private) Limited

The profit and income from the business of La Forteresse (Private) Limited (Subsidiary) is liable for income tax as stated in Note 2.3.4 of these Financial Statements.

8.3 Deferred Taxation - Group

Year ended 31 March	Statement of Financial Position		Statement of Profit or Loss	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred tax liability				
Capital allowances for tax purpose	50,408,154	50,780,389	(372,235)	(6,901,806)
	50,408,154	50,780,389	(372,235)	(6,901,806)
Deferred tax assets				
Retirement benefit obligation - through income statement	(4,425,974)	(6,811,074)	2,385,100	(721,184)
Retirement benefit obligation - through other comprehensive income	(2,076,406)	(1,652,970)	-	-
ROU assets and related lease liabilities	(7,458,810)	(6,281,813)	(1,176,997)	(1,168,945)
Provisions	(3,021,573)	(2,036,013)	(985,560)	(193,039)
	16,982,763	(16,781,870)	222,543	(2,083,168)
Deferred taxation charge/(reversal)			(149,692)	(8,984,974)
Net deferred tax liability	33,425,391	33,998,519		

8.3.1 Reconciliation of deferred tax charge / (reversal)

Deferred tax charge/(reversal) reported in the statement of profit or loss	(149,692)	(8,984,974)
Deferred tax charge/(reversal) reported in other comprehensive income	(423,436)	(1,652,970)
	(573,128)	(10,637,944)

8.4 Deferred tax Assets have not been recognised for unused tax losses amounting to Rs. 39,958,608/- . These unused tax losses will expire in 2026/27 - Rs. 4,408,552/-, 2027/28 - Rs. 3,943,762/- , 2028/29-Rs. 4,367,054/-, 2029/30-Rs. 7,722,646/-, 2030/31-Rs. 9,040,096/- & 2031/32-Rs. 10,476,528/-.

Notes to the Financial Statements contd.

9. BASIC/DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and shares data used in the basic earnings/(loss) per share computations.

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Amounts used as the Numerator				
Profit/(loss) attributable to ordinary shareholders for basic earnings/(loss) per share	150,978,948	236,108,429	(10,476,528)	(9,040,096)
Number of ordinary shares used as the denominator	Group		Company	
	2026 Number	2025 Number	2026 Number	2025 Number
Weighted average number of ordinary shares applicable to basic earnings per share	110,886,684	110,886,684	110,886,684	110,886,684
Earnings/(loss) per share (Rs.)	1.36	2.13	(0.09)	(0.08)

10. PROPERTY, PLANT AND EQUIPMENT

Group

Gross Carrying Amounts	Balance As at 01.04.2025 Rs.	Additions Rs.	Disposals Rs.	Balance As at 31.03.2026 Rs.
At Cost				
Land	359,721,000	-	-	359,721,000
Buildings on Leasehold Land - Hotel	963,598,685	425,957,904	(11,700,000)	1,377,856,589
- Administration	75,455,575	4,112,618	-	79,568,193
Plant and Other Equipment	33,902,090	-	-	33,902,090
Furniture and Fittings	197,020,561	59,521,485	(3,661,693)	252,880,353
Fixtures and Fittings	133,592,738	28,641,847	(23,895,379)	138,339,206
Computer Equipment	39,403,682	8,870,726	(3,353,839)	44,920,569
Telephone Equipment	2,379,750	143,284	(6,789)	2,516,245
Kitchen Equipment	60,690,535	28,283,669	(4,236,828)	84,737,376
Electrical Equipment	145,659,056	31,749,896	(20,794,550)	156,614,402
Linen and Furnishing	24,230,576	5,195,938	(3,156,082)	26,270,432
Cutlery and Crockery	4,686,210	6,832,556	(599,533)	10,919,233
Other Equipments	25,698,882	5,814,205	(9,843)	31,503,244
Air Conditioners	22,247,897	5,284,303	(221,397)	27,310,803
Motor Vehicles	62,224,883	9,000,000	(12,894,074)	58,330,809
	2,150,512,119	619,408,432	(84,530,007)	2,685,390,544
In the course of Constructions				
Buildings	2,899,777	14,659,623	(2,899,777)	14,659,623
Total Gross Carrying Amount	2,153,411,896	634,068,055	(87,429,784)	2,700,050,167

Notes to the Financial Statements contd.

10. PROPERTY, PLANT AND EQUIPMENT CONTD.

Depreciation	Balance As at 01.04.2025	Charge for the year	Disposals	Balance As at 31.03.2026
At Cost	Rs.	Rs.	Rs.	Rs.
Buildings on Leasehold Land - Hotel	387,480,804	38,837,126	(6,892,499)	419,425,431
- Administration	25,561,857	2,792,117	-	28,353,974
Plant and Equipments	19,983,293	1,703,146	-	21,686,439
Furniture and Fittings	170,406,442	11,594,655	(3,661,693)	178,339,404
Fixtures and Fittings	79,530,913	9,719,451	(22,491,388)	66,758,976
Computer Equipments	31,546,849	2,804,777	(3,277,128)	31,074,498
Telephone Equipments	1,995,056	155,159	(1,263)	2,148,952
Kitchen Equipments	51,537,610	7,657,557	(3,990,335)	55,204,832
Electrical Equipments	133,084,753	6,541,816	(22,283,078)	117,343,491
Linen and Furnishing	6,800,050	5,816,838	(2,521,899)	10,094,989
Cutlery and Crockery	1,841,819	2,214,654	(677,997)	3,378,476
Other Equipments	17,699,482	4,292,081	(9,843)	21,981,720
Air conditioners	13,725,546	1,325,868	(215,806)	14,835,608
Motor Vehicles	62,224,883	-	(12,894,074)	49,330,809
Total Depreciation	1,003,419,357	95,455,245	(78,917,003)	1,019,957,599

Net Book Values	2026	2025
At Cost	Rs.	Rs.
Land	359,721,000	359,721,000
Buildings on Leasehold Land - Hotel	958,431,158	576,117,880
- Administration	51,214,219	49,893,718
Plant and Equipment	12,215,651	13,918,797
Furniture and Fittings	74,540,949	26,614,119
Fixtures and Fittings	71,580,231	54,061,825
Computer Equipment	13,846,071	7,856,833
Telephone Equipment	367,293	384,694
Kitchen Equipment	29,532,544	9,152,925
Electrical Equipments	39,270,911	12,574,304
Linen and Furnishing	16,175,443	17,430,526
Cutlery and Crockery	7,540,757	2,844,391
Other Equipments	9,521,524	7,999,399
Air Conditioners	12,475,195	8,522,351
Motor Vehicles	9,000,000	-
	1,665,432,945	1,147,092,762
In the course of constructions		
Buildings	14,659,623	2,899,777
Total Carrying Amount of Property, Plant and Equipment	1,680,092,568	1,149,992,539

10.2 During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 634,068,055/- (2025 - Rs. 88,499,619/-). Cash payments amounted to Rs. 619,408,432/- (2025 - Rs. 88,499,619/-) were made during the year for purchase of property, plant and equipment.

11. RIGHT OF USE ASSETS

Year ended 31 March	Group/Company	
	2026 Rs.	2025 Rs.
Leasehold Lands (Note 11.2)	35,616,724	37,529,630
	35,616,724	37,529,630

The Group has lease contracts with Sri Lanka Tourism Development Authority (SLTDA) and Board of Investments of Sri Lanka (BOI) for lands.

11.1 Nature of the property

Year ended 31 March	Lessor	No of Buildings	Lease Term	Annual Rental 2026 Rs.	Annual Rental 2025 Rs.
Leasehold lands					
Land (Hotel Building)	SLTDA	1	2005 - 2045	4,676,716	2,877,984
Land (Administration Building)	BOI	2	2005 - 2035	329,577	299,803
Organic Garden	BOI	1	2005 - 2045	548,372	426,086
				5,554,665	3,603,873
Total lease rentals				5,554,665	3,603,873

11.2 Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year

	Lands Rs.	Total Rs.
As at 01 April 2025	37,529,630	37,529,630
Amortisation expenses	1,912,906	(1,912,906)
As at 31 March 2026	35,616,724	35,616,724

Notes to the Financial Statements contd.

11.3 The following are the amounts recognised in profit or loss in respect of ROU Assets:

Year ended 31 March	2026 Rs.	2025 Rs.
Amortisation expense of right-of-use assets	1,912,906	1,912,906
Interest expense on lease liabilities	8,048,227	7,672,200
Total amount recognised in profit or loss	9,961,133	9,585,106

The hotel and administration buildings of the subsidiary (La Forteresse (Private) Limited) were constructed on leasehold lands from the SLTDA and Board of Investment of Sri Lanka for a period of 40 years and 30 years at rentals of Rs. 4,676,716/- (2025- Rs. 3,507,540/-) and Rs. 329,577/- (2025- Rs. 321,538/-) per annum respectively.

ROU assets are depreciated on a straight line basis over the remaining lease period of the assets.

There are no variable lease payments.

12. INVESTMENT IN SUBSIDIARY

Year ended 31 March	Company			
	Holding		Carrying Amount	
	2026 %	2025 %	2026 Rs.	2025 Rs.
Non-Quoted Investments				
La Forteresse (Private) Limited	100%	100%	1,000,009,990	1,000,009,990
			1,000,009,990	1,000,009,990

Other indirect holdings in other subsidiaries are listed in note 2.2.1 to the Financial Statements.

13. INTANGIBLE ASSETS

GROUP

Year ended 31 March	Balance As at 01.04.2025 Rs.	Additions Rs.	Disposals Rs.	Balance As at 31.03.2026 Rs.
Cost				
Computer Software	19,857,597	-	(988,324)	18,869,273
	19,857,597	-	(988,324)	18,869,273

Year ended 31 March	Balance As at 01.04.2025 Rs.	Change for the year Rs.	Disposals Rs.	Balance As at 31.03.2026 Rs.
Amortization				
Computer Software	16,794,295	720,634	(988,324)	16,526,605
	16,794,297	720,634	(988,324)	16,526,605

Net Book Values	2026 Rs.	2025 Rs.
Computer Software	2,342,668	3,063,302

- Computer Software are amortised over 05 years

14. FINANCIAL LIABILITIES

14.1 Interest bearing loans and borrowings

Year ended 31 March	Group	
	2026 Rs.	2025 Rs.
Current Interest Bearing Loans and Borrowings		
Bank Overdrafts (Note 18)	36,510,319	8,292,346
Lease Liabilities (Note 14.1.2)	2,561,503	4,385,489
Total Current Interest Bearing Loans and Borrowings	39,071,822	12,677,835
Non Current Interest Bearing Loans and Borrowings		
Lease Liabilities (Note 14.1.2)	70,349,271	64,553,209
Total Non Current Interest Bearing Loans and Borrowings	70,349,271	64,553,209

Notes to the Financial Statements contd.

14.1.2 Lease Liabilities

Year ended 31 March 2026	Lands Rs.	Total Rs.
As at 01 April 2025	68,938,696	68,938,696
Interest Accrued on Lease Liabilities /(Capital Payments)	3,972,078	3,972,078
As at 31 March 2026	72,910,774	72,910,774
Lease Payments		
Gross Payments	(4,076,149)	(4,076,149)
Interest expense recognised as finance expense	8,048,227	8,048,227
Capital Payments	3,972,078	3,972,078
Current	2,561,503	2,561,503
Non-Current	70,349,271	70,349,271
	72,910,774	72,910,774

Lease liabilities are effectively secured as the rights to the leased assets are recognised in the Financial Statements relevant to the lessor in the event of default.

Notes 11 and 23.3 provides the details of the above lease liabilities.

14.2 Fair Values

The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

15. INVENTORIES

Year ended 31 March	Group	
	2026 Rs.	2025 Rs.
Food and Beverages	16,323,877	8,830,489
House Keeping and Maintenance	15,083,985	13,659,609
Stationary, Consumables and Others	10,784,223	9,476,831
	42,192,085	31,966,929

16. TRADE AND OTHER RECEIVABLES

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade Receivables	40,308,284	50,959,775	-	-
Other Receivables - Related Parties (Note 16.1)	-	-	65,644,405	76,064,833
Other Receivables - Other	6,300,687	2,820,840	-	-
	46,608,971	53,780,616	65,644,405	76,064,833

As at 31 March, the ageing analysis of trade receivables are as follows:

	Total Rs.	Neither past due or nor Impaired Rs.	Past due but not impaired					> 180 days Rs.
			< 30 days Rs.	31 - 60 days Rs.	61 - 90 days Rs.	91 - 120 days Rs.	121 - 180 days Rs.	
2026	40,308,284	34,798,790	-	5,509,494	-	-	-	-
2025	50,959,775	39,887,307	-	10,258,618	654,588	159,263	-	-

Provision Matrix and Impairment of Debtors

- Management has carried out an impairment provision based on the simplified approach of ECL method and no any impairment provision has been accounted for trade debtors as the ECL is insignificant. Management considered 100% ECL for debtors aged more than 180 days in determining the provision matrix for ECL.
- The Group has considered the historical payment patterns in assessing the provision matrix and the Group do not have significant delays in receiving the payments and all the receivables are from reputed customers. Provision based on ECL method is immaterial to the consolidated Financial Statements.
- Refer Note 26 on credit risk of Trade Receivables, which discusses how the Group measures credit quality of Trade Receivables that are neither past due nor impaired.

16.1 Other Receivables - Related Parties

Year ended 31 March	Relationship	Company	
		2026 Rs.	2025 Rs.
La Forteresse (Private) Limited	Subsidiary Company	65,644,405	76,064,833

Outstanding receivable balance represents the dividends receivable from the La Forteresse (Private) Limited and which is non interest bearing and expected to settle within one year. Note 24.1 provide the movement of the receivable balance.

Notes to the Financial Statements contd.

17. SHORT TERM INVESTMENTS

Year ended 31 March	Group	
	2026 Rs.	2025 Rs.
Investments in Fixed Deposits (Note 17.1)	655,364,180	1,029,645,273
	655,364,180	1,029,645,273
17.1 Investment in fixed deposits at amortized cost		
LB Finance PLC	259,227,211	514,986,030
Vallibel Finance PLC	51,846,096	232,535,271
Bank of Ceylon	29,993,919	28,207,163
Pan Asia Bank	245,633,290	238,876,343
Singer Finance PLC	68,663,664	15,040,466
	655,364,180	1,029,645,273

No provision is recognised based on the expected credit loss (ECL) calculation as the required provision under ECL is immaterial to the Consolidated Financial Statements.

18. CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Favorable Cash and Cash Equivalent Balances				
Cash and Bank Balances	132,949,107	65,519,517	40,742	41,842
	132,949,107	65,519,517	40,742	41,842
Unfavorable Cash and Cash Equivalent Balances				
Bank Overdraft	(36,510,319)	(8,292,346)	-	-
Total Cash and Cash Equivalent for the Purpose of Statement Cash Flows	96,438,788	57,227,170	40,742	41,842

The bank overdrafts are secured by a portion of the Group's short-term deposits with Bank of Ceylon.

19. STATED CAPITAL

Year ended 31 March	Company/ Group			
	2026		2025	
	Number	Rs.	Number	Rs.
Fully paid Ordinary Shares	110,886,684	1,108,866,840	110,886,684	1,108,866,840
	110,886,684	1,108,866,840	110,886,684	1,108,866,840

20. RETIREMENT BENEFIT OBLIGATION

Year ended 31 March	Group	
	2026	2025
	Rs.	Rs.
Defined Benefit Obligation - Gratuity		
Balance as at 1 April	42,320,218	30,449,452
Current service cost	4,028,406	2,972,583
Interest cost	3,580,815	3,958,429
Actuarial (gain) /loss	2,117,182	8,264,848
Benefits paid	(19,534,718)	(3,325,094)
Balance as at 31 March	32,511,903	42,320,218

The expenses are recognised in the following line items in the statement of profit and loss and other comprehensive income.

Year ended 31 March	Group	
	2026	2025
	Rs.	Rs.
Statement of profit and loss	7,609,221	6,931,012
Other Comprehensive Income	2,117,182	8,264,848
	9,726,403	15,195,858

20.1 The defined benefit obligation of the Group is based on the valuation done by Messers. UNITS Actuaries & Consultants (Pvt) Ltd, actuaries. Appropriate and compatible assumptions were used in determining the cost of defined benefits.

20.2 The principle assumptions used were as follows,

Year ended 31 March	2026	2025
Discount Rate	10%	11%
Future Salary Increment Rate	9%	10%

20.3 Sensitivity of the principal assumptions used

Year ended 31 March	Expected Future Salaries		Discount Rate	
	1% increase Rs.	1% decrease Rs.	1% increase Rs.	1% decrease Rs.
2026				
Change in Present value of Defined Benefit Obligation	2,590,188	(2,341,292)	(2,165,432)	2,431,679
2025				
Change in Present value of Defined Benefit Obligation	3,205,752	(2,917,145)	(2,713,218)	3,026,683

20.4 The average duration of the defined benefit plan obligation at the end of the reporting period is 7.7 years (2025 - 7.5 Years).

Notes to the Financial Statements contd.

21. TRADE AND OTHER PAYABLES

Year ended 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Trade Creditors	28,051,010	39,834,579	-	-
Other Payables	125,038,826	77,101,958	108,000	123,000
Accrued Expenses	12,592,585	14,506,254	2,003,430	1,933,430
	165,682,421	131,442,792	2,111,430	2,056,430

Terms and Conditions of the above financial liabilities

- Trade and Other Payables are non-interest bearing
- Trade Payables are normally settled on 30 - 120 day terms.

22. CONTRACT LIABILITIES

Year ended 31 March	Group	
	2026	2025
	Rs.	Rs.
Advances received for future bookings	44,001,263	36,814,967
Opening balance	36,814,967	61,917,494
Advance received during the year	571,589,430	556,075,661
Refunds due to cancellation of bookings	(10,431,301)	(19,449,633)
Setoff against the receivables	(553,971,833)	(561,728,553)
Closing balance	44,001,263	36,814,967

23. COMMITMENTS AND CONTINGENCIES

23.1 Capital Expenditure Commitments

The Group doesn't have significant capital commitments as at the reporting date.

23.2 Contingent Liabilities

The Group doesn't have significant contingent liabilities as at the reporting date. Other than the following:

Habaraduwa Pradeshiya Sabha imposed a trade tax on the hotel revenue for all the hotels within the city limits with subsequent gazetted amendments. However, the hoteliers together with Tourist Hotels Association of Sri Lanka (THASL) are in the process of negotiations with Habaraduwa Pradeshiya Sabha through court, for which the resolution is still pending.

Accordingly, the Company has recognised a provision in the Financial Statements equivalent to 1% of turnover per annum based on the guidelines issued by THASL. As at 31st March 2026, the cumulative provision recognised in respect of the Pradeshiya Sabha trade tax matter amounts to Rs. 61 Mn (2025 : Rs.47 Mn).

The management is confident that the ultimate resolution of the above contingencies are unlikely to have a material adverse effect on the financial position of the group.

23.3 Lease commitments - Group as lessee

Land Lease

The hotel building has been constructed in a Land which belongs to the SLTDA and the Group has entered in to a lease agreement with them starting from 01 August 2005 and ending on 31 July 2045. There is a possibility to extend the lease period for a further 10 years if the Group wishes to do so. Lease rentals are paid on a monthly basis and rent is being revised in five year intervals as per the agreement. The hotel service building is situated in a land owned by BOI and was entered in to a similar agreement with them starting from 28 January 2005 and ending on 27 January 2035. Rentals have been prefixed for the entire period and paid on a yearly basis. Lease of land used to organic garden has started from 2014 and ends on 2064.

23.4 Future minimum lease payments under land lease with the present value of the net minimum lease payments are, as follows:

Year ended 31 March	2026		2025	
	Minimum payments	Present value of payments (Note 14.1.2)	Minimum payments	Present value of payments (Note 14.1.2)
	Rs.	Rs.	Rs.	Rs.
Within one year	10,864,927	2,561,504	5,554,665	2,534,099
After one year but not more than five years	35,760,968	(9,969,062)	33,006,630	10,572,533
More than five years	180,990,487	80,318,333	189,944,753	55,832,066
Total minimum lease payments	227,616,382	72,910,774	228,506,048	68,938,698
Less amounts representing finance charges	(154,705,608)	-	(159,567,350)	-
Present value of minimum lease payments	72,910,774	72,910,774	68,938,698	68,938,698

24. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

24.1 Transactions with the Parent and Related Entities

	Subsidiaries	
	2026	2025
Recurring related party transactions	Rs.	Rs.
As at 1 April	76,064,833	84,957,227
Expenses Incurred on behalf of the Company	(10,420,428)	(8,892,394)
As at 31 March	65,644,405	76,064,833
Included in Trade and Other Receivables	65,644,405	76,064,833

Outstanding receivable balance represents the dividends receivable from the La Forteresse (Private) Limited and which is non interest bearing and expected to be settled within one year. All the transactions were carried out at arm's length basis on agreed terms with respective parties.

Subsidiaries : La Forteresse (Private) Limited and Summer Season Mirissa (Pvt) Ltd.

Notes to the Financial Statements contd.

24.2 Transactions with Key Management Personnel of the Company

The Key Management Personnel of the Company includes the Directors of the Company and Directors in subsidiaries.

24.2.1 Compensation to Key Management Personnel

Nature of transaction	2026 Rs.	2025 Rs.
Short Term Employment Benefits	-	4,746,873
Directors Emoluments	6,600,000	6,600,000
	6,600,000	11,346,873

24.3 Other Related Parties Disclosures

Transactions with the parties/entities in which Key Management Personnel or their Close Family Members have control or significant influence.

Recurrent transactions			2026	2025
Related Party	Nature	Terms	Rs.	Rs.
LB Finance PLC (Investments on 01 to 12 Months FDs at Market Rate)	Investment in Fixed Deposits	Market Terms	160,000,000	200,000,000
	Withdrawal of Fixed Deposits	Market Terms	412,500,000	56,000,000
	Interest Income	Market Terms	18,350,069	37,178,636
Vallibel Finance PLC (Investments on 01 to 12 Months FDs at Market Rate)	Investment in Fixed Deposits	Market Terms	25,000,000	41,000,000
	Withdrawal of Fixed Deposits	Market Terms	201,500,000	85,000,000
	Interest Income	Market Terms	8,588,363	23,114,318
Singer Finance PLC (Investments on 01 to 12 Months FDs at Market Rate)	Investment in Fixed Deposits	Market Terms	49,000,000	15,000,000
	Interest Income	Market Terms	5,598,062	40,466
Pan Asia Bank (USD) (Investments on 01 to 12 Months FDs at Market Rate)	Investment in Fixed Deposits	Market Terms	110,757,578	205,464,038
	Interest Income	Market Terms	10,886,241	9,205,175
	Withdrawal of Fixed Deposits	Market Terms	103,190,672	38,113,250
Alumex PLC	Purchase of goods	Market Terms	4,246,572	-
	Settlments		(4,246,572)	-
Delmege Forsyth & Co. Ltd	Purchase of goods	Market Terms	24,613,085	-
	Settlments		(24,613,085)	-
Hayles Travel (Pvt) Ltd	Accommodation	Market Terms	723,465	-
	Settlments		(723,465)	-
Royal Ceramics Lanka PLC	Purchase of goods	Market Terms	56,926,273	-
	Settlments		(56,956,273)	-
Singer (Sri Lanka) PLC	Purchase of goods	Market Terms	14,871,306	-
	Settlments		(14,871,306)	-
Swisstek Ceylon PLC	Purchase of goods	Market Terms	9,767,453	-
	Settlments		(9,767,453)	-
Hayleys Fentons Limited	Purchase of goods	Market Terms	10,620,000	-
	Settlments		(10,620,000)	-

Recurrent transactions			2026	2025
Related Party	Nature	Terms	Rs.	Rs.
The Kingsbury PLC	Purchase of goods	Market Terms	6,831,007	-
	Settlements		(6,081,260)	-
Hayleys Leisure PLC	Reimbursement expenses	Market Terms	26,626,851	-
	Settlements		(21,131,170)	-

No other material transactions have taken place during the year with the parties/entities in which key management personnel or their close family members have control, joint control or significant influence, which are required to be disclosed in these Financial Statements other than those disclosed above.

25. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustment to or disclosure in the Financial Statements.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has trade and other receivables, cash and short-term investments that arrive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk, and other price risk, such as equity price risk.

The Group's financial instruments affected by market risk include loans and borrowings and deposits.

The sensitivity analysis in the following sections relate to the position as at 31 March in 2026 and 2025.

The analysis exclude the impact of movements in market variables on the carrying value of retirement benefit obligation and provisions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates are minimal.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities.

Notes to the Financial Statements contd.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible changes in the USD, GBP and EURO exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity. The Group's exposure to foreign currency changes for all other currencies is not material.

Year ended 31 March	Change in USD/ GBP/ EURO rate	Effect on profit before tax	Effect on equity
2026	+/- 5%	+/- 1,024,654	+/- 819,723
2025	+/- 5%	+/- 505,717	+/- 354,002

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including term deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

The Group has established policies, procedures and controls to manage the credit risk of Travel Agents of the Group. The Group carefully evaluates travel agents credentials and credit worthiness prior to contracting with them and as at reporting date more than 90% of the trade receivables are due from well established travel agents. Risk exposure to receivables from individuals and entities are minimal as most of the transactions with local individuals were done on cash basis.

An impairment analysis is performed at each reporting date using a provision matrix (simplified approach) to measure expected credit losses. The Group has received all the dues within the agreed credit period in the past without any delays. The management also considered the local and global economic indicators and the results of negotiations and subsequent cash receipts in determining the provision for impairment.

Liquidity risk

Liquidity risk management used to maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Group maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and lease contracts. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

Excessive risk concentration

Concentrations arise as a number of hotels are being set up and are engaged in tourism industry activities in the Group's geographical region and have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines mitigate those risk factors. The Group has improved the marketing activities specially in different customer segments and geographical regions to attract many more tourists from those regions. Significant part of the Group customer base comprised foreign tourists and the Group is now considering to promote the hotel to local customers as well.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	More than 5 Years Rs.	Total Rs.
Year ended 31 March 2026						
Bank Overdraft	36,510,319	-	-	-	-	36,510,319
Lease Liabilities	4,665,001	1,315,326	4,884,599	35,760,968	180,990,488	227,616,382
Trade and other payables	-	98,070,397	67,612,025	-	-	165,682,422
	41,175,320	99,385,723	72,496,624	35,760,968	180,990,488	429,809,123
Year ended 31 March 2025						
Bank Overdraft	8,292,346	-	-	-	-	8,292,346
Lease Liabilities	-	1,094,363	4,460,302	33,006,630	189,944,752	228,506,048
Trade and other payables	-	41,933,506	89,509,286	-	-	131,442,792
	8,292,346	43,027,869	93,969,588	33,006,630	189,944,752	368,241,186

Capital management

Capital includes only the equity attributable to the equity holders of the parent.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain future development of the business. The Group's objectives when managing capital are to;

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio at minimum level. The Group includes within net debt, bank overdraft, trade and other payables, less cash and cash equivalents.

Year ended 31 March	2026 Rs.	2025 Rs.
Interest-bearing loans and borrowings (Note 14)	109,421,093	77,231,044
Trade and other payables (Note 21)	165,682,421	131,442,792
Less: Cash and cash equivalents (Note 18)	(132,949,107)	(65,519,517)
Net debt	142,154,407	143,154,319
Equity	2,194,129,388	2,044,844,185
Total capital	2,194,129,388	2,044,844,185
Capital and net debt	2,336,283,795	2,187,998,504
Gearing ratio	6%	7%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2026 and 2025.

Information to Shareholders

TWENTY LARGEST SHAREHOLDERS OF THE COMPANY

Name	As At 31/03/2026		As At 31/03/2025	
	No. of Shares	%	No. of Shares	%
1 M.J.F. HOLDINGS (PRIVATE) LIMITED	28,616,411	25.81	28,616,411	25.81
2 VALLIBEL LEISURE (PRIVATE) LIMITED	24,417,932	22.02	24,417,932	22.02
3 VALLIBEL ONE PLC	20,618,257	18.59	20,618,257	18.59
4 MR. K.A.D.D. PERERA	10,329,317	9.32	10,329,317	9.32
5 L B FINANCE PLC	4,051,100	3.65	4,051,100	3.65
6 PEOPLE S LEASING AND FINANCE PLC/L.P.HAPANGAMA	2,494,544	2.25	36,937.00	0.03
7 EST.OF LATE M.J. FERNANDO	2,124,400	1.92	2,124,400	1.92
8 PEOPLE'S LEASING AND FINANCE PLC/M.E.AMARASINGHE	1,199,620	1.08	-	-
9 MR. A.P.L. FERNANDO	1,172,811	1.06	1,157,811	1.04
10 PEOPLE'S LEASING & FINANCE PLC/L.H.L.M.P.HARADASA	1,037,600	0.94	-	-
11 MR. D.C. FERNANDO	833,333	0.75	833,333	0.75
12 MR. M.J. FERNANDO	833,333	0.75	833,333	0.75
13 DR. D. JAYANNTHA	618,740	0.56	621,000	0.56
14 HATTON NATIONAL BANK PLC/MUSHTAQ MOHAMED FUAD	602,983	0.54	608,047	0.55
15 PEOPLE'S LEASING & FINANCE PLC/DR.H.S.D.SOYSA & MRS.G.SOYSA	551,993	0.50	6,026.00	0.01
16 SANDWAVE LIMITED	505,000	0.46	1,194,775	1.08
17 DAWI INVESTMENT TRUST (PVT) LTD	455,519	0.41	-	-
18 ROYAL CERAMICS LANKA PLC.	336,100	0.30	336,100	0.30
19 SAKUVI INVESTMENT TRUST (PRIVATE) LIMITED	311,666	0.28	284,166	0.26
20 PEOPLE'S LEASING & FINANCE PLC/ C.D.KOHOMBANWICKRAMAGE	274,802	0.25	-	-
	101,385,461	91.43	96,068,945	86.64
Others	9,501,223	8.57	14,817,139	13.36
Total	110,886,684	100.00	110,886,684	100

SHARE DISTRIBUTION

Shareholding as at 31st March 2026

From	To	No. of Shareholders	No. of Shares	%
1	1,000	1,256	364,632	0.33
1,001	10,000	471	1,781,269	1.61
10,001	100,000	124	4,078,584	3.68
100,001	1,000,000	27	8,600,207	7.76
Over 1,000,000		10	96,061,992	86.63
		1,888	110,886,684	100.00

Categories of Shareholders	No. of Shareholders	No. of Shares	%
Local Individuals	1755	22,004,097	19.84
Local Institutions	118	88,319,342	79.65
Foreign Individuals	14	58,245	0.05
Foreign Institutions	1	505,000.00	0.00
	1888	110,886,684	100

SHARE PRICES FOR THE YEAR

Market price per share	As at 31/03/2026		As at 31/03/2025	
Highest during the year	37.50	(25.09.2025)	33.40	(03.01.2025)
Lowest during the year	20.00	(19.03.2026)	19.10	(12.09.2024)
As at end of the year	21.60	(31.03.2026)	24.50	(28.03.2025)

Market price per share	As at 31/03/2026	As at 31/03/2025
Number of Transactions during the year	4,445	3,175
Number of Shares traded during the year	16,621,860	9,496,599
Value of shares traded during the year (Rs.)	508,129,100.20	273,234,697.40

PUBLIC HOLDING

- Public Holding Percentage as at 31st March 2026-18.3660 %
- Total No. of Shareholders who holds the Public Holding as at 31st March 2026 - 1879
- The float adjusted market capitalisation as at 31st March 2026 - Rs. 439,892,748
- The Float adjusted market capitalisation of the Company falls under Option 2 of Rule 7.13.1 (i) (b) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

Ten Year Financial Summary and Key Indicators

Year Ended 31 st March (Figurs in Rs. 000 unless otherwise stated)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Trading Results										
Revenue	625,422	663,750	787,787	489,320	74,666	349,167	921,487	921,487	1,006,142	988,968
Profit / (Loss)										
from operations	266,280	250,358	336,875	144,255	(85,816)	116,490	73,633	339,308	383,335	304,606
Depreciation and Amortisation	102,924	74,221	75,494	81,368	81,084	77,471	66,489	65,257	70,529	98,089
Interest	405	3,125	2,300	10,554	15,711	11,736	7,824	7,346	7,683	8,054
Profit / (Loss) Before Tax	162,951	173,012	259,081	52,333	(182,611)	27,283	(680)	266,705	305,123	198,464
Profit / (Loss) After Tax	134,865	140,799	209,521	27,380	(175,606)	33,049	(19,842)	212,342	236,108	150,979
Stated Capital & Reserves										
Stated Capital	1,108,867	1,108,867	1,108,867	1,108,867	1,108,867	1,108,867	1,108,867	1,108,867	1,108,867	1,108,867
Revenue Reserves	505,655	646,211	744,405	662,810	487,909	519,797	500,277	706,480	935,976	1,085,262
Shareholders' Funds / Net Assets	1,614,522	1,755,079	1,853,105	1,771,677	1,596,776	1,628,664	1,609,145	1,815,347	2,044,844	2,194,129
Long-term Loans / Deferred Liabilities	33,298	22,010	17,169	148,415	225,643	82,705	-	-	-	-
Assets Employed										
Current Assets	431,189	583,071	716,951	781,680	711,869	668,076	625,920	1,006,204	1,219,877	898,948
Current Liabilities	107,756	130,498	137,998	180,777	240,877	169,509	132,773	226,044	224,747	286,584
Working Capital	323,433	452,573	578,953	600,903	470,992	498,567	493,147	780,160	995,130	612,364
Fixed Assets	1,360,689	1,375,574	1,347,190	1,379,315	1,318,989	1,251,190	1,200,710	1,171,986	1,190,585	1,718,052
Capital Employed	1,684,122	1,828,147	1,926,143	1,980,218	1,789,981	1,749,757	1,693,857	1,952,146	2,185,715	2,330,416
Ratio & Statistics										
Gearing (%)	2%	1%	1%	13%	17%	4%	-	-	-	-
Current Ratio (times)	4.00	4.00	5.00	4.00	3.00	4.00	5.00	4.00	5.43	3.14
Earnings Per Share (Rs.)	1.22	1.27	1.89	0.25	(1.58)	0.30	1.91	1.91	2.13	1.36
Net Assets Per Share(Rs.)	14.56	15.83	16.71	15.98	14.40	14.69	16.37	16.32	18.44	19.79
Return On Capital										
Employed (ROCE) %	8%	8%	11%	1%	-10%	2%	-1%	11%	11%	7%
Return On Equity (%)	8%	8%	11%	2%	-11%	2%	-1%	12%	12%	7%
Debt to Total Assets (%)	2%	1%	1%	7%	13%	4%	-	-	-	-
Interest Cover (times)	402	55	113	6	(11)	3	37	37	41	26
Earnings Before Interest & Tax (EBIT)										
	163,356	176,137	261,381	62,887	(166,900)	39,019	274,049	274,049	312,806	206,518
Asset Turnover (%)	46%	36%	41%	25%	4%	20%	54%	47%	46%	43%

GRI Content Index

GRI Standard	The Fortress Resorts PLC has reported in accordance with the GRI Standards for the period from 1st April 2025 - 31st March 2026.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No applicable GRI Sector Standards

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	About Us			
	2-2 Entities included in the organization's sustainability reporting	About This Report			A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.
	2-3 Reporting period, frequency and contact point	About This Report			
	2-4 Restatements of information	About This Report			
	2-5 External assurance	About This Report			
	2-6 Activities, value chain and other business relationships	Value Creation Model	None		
	2-7 Employees	Human Capital	None		
	2-8 Workers who are not employees	Human Capital	None		
	2-9 Governance structure and composition	Corporate Governance	None		
	2-10 Nomination and selection of the highest governance body	Corporate Governance	None		
	2-11 Chair of the highest governance body	Corporate Governance	None		
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance	None		
	2-13 Delegation of responsibility for managing impacts	Corporate Governance	None		
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance	None		
	2-15 Conflicts of interest	Corporate Governance	None		
	2-16 Communication of critical concerns	Corporate Governance	None		

GRI Content Index contd.

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
	2-17 Collective knowledge of the highest governance body	Corporate Governance	None		
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance	None		
	2-19 Remuneration policies	Corporate Governance	None		
	2-20 Process to determine remuneration	Corporate Governance	None		
	2-21 Annual total compensation ratio	Corporate Governance	None		
	2-22 Statement on sustainable development strategy	Corporate Governance	None		
	2-23 Policy commitments	Corporate Governance	None		
	2-24 Embedding policy commitments	Corporate Governance	None		
	2-25 Processes to remediate negative impacts	Corporate Governance	None		
	2-26 Mechanisms for seeking advice and raising concerns	Corporate Governance	None		
	2-27 Compliance with laws and regulations	Corporate Governance	None		
	2-28 Membership associations	Intellectual Capital	None		
	2-29 Approach to stakeholder engagement	Stakeholder Engagement	None		
	2-30 Collective bargaining agreements		Feb-30	Not applicable	Not relevant to the Company's operations
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Material Topics	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2 List of material topics	Material Topics			

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Value Creation Model	None		
	201-2 Financial implications and other risks and opportunities due to climate change	Natural Capital / Risk management	None		
	201-3 Defined benefit plan obligations and other retirement plans	Notes to Financial Statements	None		
	201-4 Financial assistance received from government	201-4	Not applicable		
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Social & Relationship Capital	None		
	203-2 Significant indirect economic impacts	Social & Relationship Capital	None		
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Social & Relationship Capital	None		

GRI Content Index contd.

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 207: Tax 2019	207-1 Approach to tax	Corporate Governance	None		
	207-2 Tax governance, control, and risk management	Corporate Governance	None		
	207-3 Stakeholder engagement and management of concerns related to tax	Corporate Governance	None		
	207-4 Country-by-country reporting		207-4	Not applicable	Not relevant to the Company's operations
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Natural Capital	None		
	301-2 Recycled input materials used	301-2	Information unavailable	Too many variables to standardise	
	301-3 Reclaimed products and their packaging materials	301-3	Not applicable	Not relevant to the Company's operations	
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Natural Capital	None		
	302-2 Energy consumption outside of the organization	Information unavailable	Too many variables to standardise		
	302-3 Energy intensity	Natural Capital	None		
	302-4 Reduction of energy consumption	Natural Capital	None		
	302-5 Reductions in energy requirements of products and services	Natural Capital	None		

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Natural Capital	None		
	303-2 Management of water discharge-related impacts	Natural Capital	None		
	303-3 Water withdrawal	Natural Capital	None		
	303-4 Water discharge	Natural Capital	None		
	303-5 Water consumption	Natural Capital	None		
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Natural Capital	None		
	305-2 Energy indirect (Scope 2) GHG emissions	Natural Capital	None		
	305-3 Other indirect (Scope 3) GHG emissions	Natural Capital	None		
	305-4 GHG emissions intensity	Natural Capital	None		
	305-5 Reduction of GHG emissions	Natural Capital	None		
	305-6 Emissions of ozone-depleting substances (ODS)	Natural Capital	None		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		305-7	Not available / Incomplete information	Not relevant to the Company's operations

GRI Content Index contd.

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Natural Capital	None		
	306-2 Management of significant waste-related impacts	Natural Capital	None		
	306-3 Waste generated	Natural Capital	None		
	306-4 Waste diverted from disposal	Natural Capital	None		
	306-5 Waste directed to disposal	Natural Capital	None		
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Social & Relationship Capital	None		
	308-2 Negative environmental impacts in the supply chain and actions taken	Social & Relationship Capital	None		
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Capital	None		
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital	None		
	401-3 Parental leave	Human Capital	None		
Labor/management relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	402-1	Not applicable	Not relevant to the Company's operations	

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Human Capital	None		
	403-2 Hazard identification, risk assessment, and incident investigation	Human Capital	None		
	403-3 Occupational health services	Human Capital	None		
	403-4 Worker participation, consultation, and communication on occupational health and safety	Human Capital	None		
	403-5 Worker training on occupational health and safety	Human Capital	None		
	403-6 Promotion of worker health	Human Capital	None		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Human Capital	None		
	403-8 Workers covered by an occupational health and safety management system	Human Capital	None		
	403-9 Work-related injuries	Human Capital	None		
	403-10 Work-related ill health	Human Capital	None		
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Capital	None		
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Capital	None		
	404-3 Percentage of employees receiving regular performance and career development reviews	Human Capital	None		
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human Capital	None		

GRI Content Index contd.

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	407-1	Not applicable	Not relevant to the Company's operations	
Child labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Social & Relationship Capital	None		
Forced or compulsory labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Social & Relationship Capital	None		
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social & Relationship Capital	None		
	413-2 Operations with significant actual and potential negative impacts on local communities	Social & Relationship Capital	None		
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Social & Relationship Capital	None		
	414-2 Negative social impacts in the supply chain and actions taken	Social & Relationship Capital	None		

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Intellectual Capital	None		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Intellectual Capital	None		
Marketing and labeling					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Social & Relationship Capital	None		
	417-2 Incidents of non-compliance concerning product and service information and labeling	Social & Relationship Capital	None		
	417-3 Incidents of non-compliance concerning marketing communications	Social & Relationship Capital	None		
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	None		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Social & Relationship Capital	None		

SASB Disclosure Index

Hotels & Lodging - Sustainability Disclosure topics and accounting metrics

Topic	Accounting Metric	Unit of Measure	Code	Disclosure
Energy Management	1. Total energy consumed	GJ	SV-HL-130a.1	12,587 GJ 46% (out of total energy) 44%
	2. Percentage grid electricity	%		
	3. Percentage renewable	%		
Water Management	1. Total water withdrawn	m3	SV-HL-140a.1	31,014 m3 6,203 m3 (assumption based calculated)
	2. Total water consumed	m3		
Ecological Impacts	Number of lodging facilities located in or near areas of protected conservation status or endangered species habitat	No.	SV-HL-160a.1	Please refer to the Natural Capital report for details
	Description of environmental management policies and practices to preserve ecosystem services	n/a	SV-HL-160a.2	Please refer to the Natural Capital report for details
Labour Practices	1. Voluntary and		SV-HL-310a.1	42%
	2. Involuntary turnover rate for lodging facility employees			
	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	Rs.	SV-HL-310a.2	None
	1. Average hourly wage	Rs.	SV-HL-310a.3	Not reported due to reasons of confidentiality 100% of employees earned above the local stipulated minimum wage in regions of operation
	2. Percentage of lodging facility employees earning minimum wage, by region	%		
Description of policies and programmes to prevent worker harassment	n/a	SV-HL-310a.4	Please refer to the Human Capital report for details	
Climate Change Adaptation	Number of lodging facilities located in 100- year flood zones	No.	SV-HL-450a.1	0 (based on available data sources)

Activity Metric	Unit of Measure	Code	Disclosure
Number of available room-nights	No.	SV-HL-000.A	20075
Average occupancy rate	%	SV-HL-000.B	55%
Total area of lodging facilities	M2	SV-HL-000.C	11,950.87 M2
Number of lodging facilities and the percentage that are: 1. Managed 2. Owned and leased 3. Franchised	No & %	SV-HL-000.D	Only 01 facility.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Forty Second (42nd) Annual General Meeting of the Company will be held on 30th June 2026 at 10.30 a.m. via an online meeting platform centered at the Board Room of Vallibel One PLC, 29th floor, West Tower, World Trade Center, Echelon Square, Colombo 01, Sri Lanka for the following purposes:

- 1 To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31st March 2026 with the Report of the Auditors thereon.
- 2 To re-elect Mr. C. V. Cabraal, who retires by rotation pursuant to the provisions of Articles 85 and 86 of the Articles of Association of the Company, as a Director.
- 3 To re-elect Ms. A. A. K. Amarasinghe, who retires by rotation pursuant to the provisions of Articles 85 and 86 of the Articles of Association of the Company, as a Director.
- 4 To re-elect Mr. V. Leelananda, who retires by rotation pursuant to the provisions of Articles 85 and 86 of the Articles of Association of the Company, as a Director.
- 5 To re-elect Ms. K. A. D. B. Perera, who retires by rotation pursuant to the provisions of Articles 85 and 86 of the Articles of Association of the Company, as a Director.
- 6 To pass the ordinary resolution set out below to re-appoint Mr. J. A. S. S. Adihetty, who is 76 years of age, as a Director of the Company;
 "IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No.07 of 2007, shall not apply to Mr. J. A. S. S. Adihetty, who is 76 years of age, and that he be and is hereby re-appointed a Director of the Company."
- 7 To pass the ordinary resolution set out below to re-appoint Mr. J P Van Twest, who is 71 years of age, as a Director of the Company;
 "IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No.07 of 2007, shall not apply to Mr. J P Van Twest, who is 71 years of age, and that he be and is hereby re-appointed a Director of the Company."
- 8 To re-elect Mr. R. J. Karunarahah, who retires pursuant to the provisions of Article 92 of the Articles of Association of the Company, as a Director.
- 9 To re-appoint Messrs Ernst & Young, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to determine their remuneration.
- 10 To authorize the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.

By order of the Board
THE FORTRESS RESORTS PLC



P W Corporate Secretarial (Pvt) Ltd

Director / Secretaries

At Colombo
 4th June 2026

Notes

1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote on behalf of him/her.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.

Form of Proxy

I/We*
 (NIC/Passport/Company Reg. No) of
 being a Shareholder/s* of THE FORTRESS RESORTS PLC, hereby appoint
 (holder of NIC/Passport No) of or failing him/her*

Mr J R Gunaratne	or failing him*	Mr V Leelananda	or failing him*
Mr J A S S Adhihetty	or failing him*	Ms K A D B Perera	or failing her*
Mr J P Van Twest	or failing him*	Mr A M J Fernando	or failing him*
Ms K D Weerasinghe	or failing her*	Ms R N Pallegama	or failing her*
Mr C V Cabraal	or failing him*	Mr A Y E Joseph	or failing him*
Mr C U Weerawardane	or failing him*	Mr R J Karunarajah	
Ms A A K Amarasinghe	or failing her*		

as my/our* proxy to represent and speak and vote for me/us* and on my/our* behalf at the Annual General Meeting of the Company to be held on 30th June 2026 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

		For	Against
1.	To re-elect Mr. C. V. Cabraal as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
2.	To re-elect Ms. A. A. K. Amarasinghe as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3.	To re-elect Mr. V. Leelananda as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4.	To re-elect Ms. K. A. D. B. Perera as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5.	To pass the ordinary resolution set out under item 6 of the Notice of Meeting to re-appoint Mr J A S S Adhihetty, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6.	To pass the ordinary resolution set out under item 7 of the Notice of Meeting to re-appoint Mr J P Van Twest, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
7.	To re-elect Mr. R. J. Karunarajah as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
8.	To re-appoint Messrs Ernst & Young, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
9.	To authorize the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

In witness my/our* hands thisday ofTwo Thousand and Twenty Six.

.....
 Signature of Shareholder/s

*Please delete as appropriate

Notes

1. A proxy need not be a shareholder of the Company
2. Instructions as to completion appear overleaf

Form of Proxy contd.

INSTRUCTIONS FOR COMPLETION

1. The full name, National Identity Card number, and the registered address of the shareholder appointing the Proxy, together with the relevant details of the Proxy, should be legibly entered in the Form of Proxy, which should be duly signed and dated.
2. The completed Form of Proxy should be deposited at the Registered Office of the Company, Level 29, West Tower, World Trade, Centre Echelon Square, Colombo 01, by 10.30 a.m. on 28th June 2026.

'In forwarding the completed and duly signed Proxy to the Company, Shareholders are requested to follow the Guidelines for Registration and the Registration Form made available on the Company's official website and the CSE website.

3. The Proxy shall –
 - (a) In the case of an individual, be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Form of Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body, either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association, Constitution, or the relevant Statute (as applicable).
4. Please indicate with an 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy may, in his/her discretion, vote as he/she thinks fit.

Corporate Structure

NAME OF THE COMPANY

The Fortress Resorts PLC

COMPANY REGISTRATION NO.

PQ 207

LEGAL FORM

Public Quoted Company with Limited Liability, Quoted on the Diri Savi Board of the Colombo Stock Exchange.

DATE OF INCORPORATION

29th March 1973

REGISTERED OFFICE

Level 29, West Tower
World Trade Center
Echelon Square
Colombo 01
Sri Lanka
Website : www.fortressresortandspa.com

BOARD OF DIRECTORS

Mr J R Gunaratne
Mr J A S S Adhihetty
Mr Jan P Van Twest
Ms K D Weerasinghe
Mr C V Cabraal
Mr C U Weerawardane
Ms A A K Amarasinghe
Mr V Leelananda
Ms K A D B Perera
Mr A M J Fernando
Ms R N Pallegama
Mr A Y E Joseph
Mr R J Karunarahaj (Appointed w.e.f. 29.08.2025)

AUDIT COMMITTEE

Ms. K D Weerasinghe (Chairperson)
Mr. C V Cabraal
Mr. V Leelananda

REMUNERATION COMMITTEE

Mr. V Leelananda (Chairman)
Mr. J R Gunaratne
Mr. J A S S Adhihetty

NOMINATIONS AND GOVERNANCE COMMITTEE

Mr. V Leelananda (Chairman)
Mr. J R Gunaratne
Ms. K Amarasinghe

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Ms. K D Weerasinghe (Chairperson)
Mr. J A S S Adhihetty
Mr. C. U. Weerawardane

SUBSIDIARY COMPANIES

La Forteresse (Private) Limited.
Summer Season Mirissa (Pvt) Ltd.

HOTEL

The Fortress Resort & Spa, Koggala
Telephone : 091 4389400
Fax : 091 4389458
Email : fc@thefortress.lk

SECRETARIES

P W Corporate Secretarial (Pvt) Ltd.
No. 3/17, Kynsey Road
Colombo 08
Sri Lanka
Telephone : 011 4640360-3
Fax : 011 4740588
Email : pwcs@pwcs.lk

EXTERNAL AUDITORS

Ernst & Young (Chartered Accountants)
Rotunda Towers
No. 109, Galle Road
Colombo 03
Sri Lanka
Telephone : 011 2463500
Fax : 011 5578180

INTERNAL AUDITORS

KPMG (Chartered Accountants)
No. 32A, Sir Mohamed Macan Markar Mawatha
Colombo 03
Sri Lanka
Telephone : 011 5426426
Fax : 011 2445872

BANKERS

Bank of Ceylon
Sampath Bank PLC
Pan Asia Banking Corporation PLC
Nations Trust Bank PLC

Concept & Designed by



