

Reflections from the Chairman & Chief Executive



Once considered the very barometer of the local economy, the Group has grown beyond its bounds- outpacing national benchmarks as our strategic international expansion has redefined impact and scale

Mohan Pandithage

Chairman & Chief Executive



Highlights in video version



Sinhala and Tamil translations

Dear Stakeholder,

The hope and optimism that shaped our outlook for the year ran deeper than simple sentiment; they were beliefs that we held close, inspiring our resilience and guiding every decision and direction we pursued. Today, it is deeply fulfilling to reflect on how that optimism has begun to take shape in reality, as Sri Lanka slowly but definitively regains its footing after years of economic hardship. For us as a Group, witnessing this national resurgence has been both humbling and invigorating, reaffirming our belief that even in the hardest times, there is always room for renewal and progress. I take great pride in reporting that the Hayleys Group delivered yet another year of remarkable growth, innovation, impact and value creation. Against this backdrop, it is my pleasure to present to you the 12th Integrated Annual Report and the Audited Financial Statements of Hayleys PLC for the financial year ended 31st March 2025.

One thing that truly stood out for me this year-and one I believe greatly influenced our success was the Group's exceptional meticulousness and deliberate attention to detail. In every action we took, we chose diligence over haste, precision over assumption and integrity over shortcuts. This culture of thoughtful diligence proved a quiet yet powerful strength during the year, laying a solid foundation for progress across product and market diversification, innovation, digitalisation, people management and ESG integration. As a result of these strategic efforts, I am delighted to note that the Group recorded a 13% increase in Consolidated Revenue to reach an unprecedented Rs.492.20 bn, while Profit Before Tax (PBT) increased by 40% to Rs. 35.37 bn during the year under review.

Once considered the very barometer of the local economy, the Group has grown beyond its bounds- outpacing national benchmarks as our strategic international expansion has redefined impact and

scale. The Group's Revenue growth of 13% during the year, significantly outperformed the national GDP growth of 5%; meanwhile despite a 1% decline in Sri Lanka's labour force, the Hayleys team grew by 5% as we continued to drive job creation underpinned by a widening operational footprint and sustained growth momentum. This ability to drive global expansion while maintaining a strong and impactful local presence has been a defining feature of our growth agenda and cornerstone of our strategy in recent years. As one of Sri Lanka's most socio-economically impactful organisations, the Group continues to catalyse positive change driving national progress through substantial economic contribution. As one of Sri Lanka's largest value-added exporters, the Group accounted for 5.4% of the country's total export income, generating forex income of USD 685 mn. Meanwhile, the Group's tax contributions in Sri Lanka amounted to Rs.41.90 bn during the year. Further, our plantation companies collectively produce 4.6% and 3.9% of Sri Lanka's tea and rubber production.



14%

Return on Equity

Consistently delivering shareholder value



38,000+

Employees

A multi-skilled team that collaborates across industries and boundaries

A WORLD IN FLUX: A NATION LIT BY HOPE

The global environment is shaped more than ever by unpredictability, and volatility is now the backdrop to our world. The operating landscape in 2024 was increasingly fractured across political, economic, environmental, and social spheres with an escalation of geopolitical and geoeconomic tensions, increased frequency of extreme weather events and widespread societal and political polarisation. Global economic activity was stable yet somewhat lackluster with GDP growing by an estimated 3.3% in 2024; advanced economies grew by 1.7% in 2024 as the United States maintained its growth momentum while emerging economies recorded a growth of 4.3% during the year. As a global entity, staying on course required paying close heed to the shifts in the external landscape while constantly balancing often competing stakeholder demands and resource allocation requirements.

Amidst a turbulent global climate, Sri Lanka's gradual return to stability offered a hopeful turning point following years of prolonged challenges. Reforms implemented since 2022 which included prudent monetary policy, fiscal consolidation measures and cost-reflective utility pricing led to encouraging signs of recovery- subtle at first, but steadily growing stronger. Following two consecutive years of contraction, Sri Lanka's economy grew by 5% in 2024, with all three sub-sectors of Industries (+11%), Services (+2%) and Agriculture (+1%) recording expansion.

The country's external position improved and forex liquidity pressures eased following the recovery of the tourism sector and increased worker remittances. Resultantly, the Sri Lankan Rupee, based on monthly average rates strengthened during the year, appreciating by around 6% during the financial year. Meanwhile domestic market interest rates continued the downward trajectory supported by an accommodative monetary policy stance, resulting in the Average

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Weighted Deposit Rate and Average Weighted Prime Lending Rate declining by a respective 4.1% and 3.5% in 2024. The appreciation of the Sri Lankan Rupee coupled with the reduction in electricity tariffs and moderation in global commodity prices resulted in the gradual decline in inflation during the year, with the country experiencing disinflation towards the latter part of 2024.

PERFORMANCE OVERVIEW

The Group advances its long-term aspirations through a two-pronged approach, combining a clear strategic roadmap with a robust operational framework that ensures regular review of progress against objectives. Strategic interventions during the year under review were consistent with the approach adopted in recent years which aims to build an optimal and resilient portfolio of businesses through diversifying the Group's geographical footprints and customer segments, while pursuing customer-centric value addition and innovation. The Group's financial, operational and sustainability performance during the year attest to

the effectiveness and validity of this strategic approach.

The Group's Consolidated Revenue increased by 13% to Rs.492.20 bn, the highest ever-Revenue achievement in the Group's operating history. This achievement is particularly commendable given that it was realised amidst a stronger Sri Lankan Rupee that posed headwinds for the Group's export-oriented sectors. The Consumer & Retail Sector emerged as the largest contributor to Group Revenue with a share of 22%, followed closely by the Transportation and Logistics Sector which also contributed 22%. Despite the exchange rate dynamics, the Group's export-oriented sectors demonstrated strong resilience with Hand Protection, Textiles and Purification emerging as key contributors to Group Revenue.

Consolidated Earnings Before Interest and Tax (EBIT) increased by 12% to Rs.47.77 bn during the year reflecting a relentless focus on value-added products and customer segments, pursuit of operational efficiencies

and a strategic emphasis on driving digitalisation across key processes. Consumer & Retail achieved a near 152% growth in EBIT as it leveraged its multi-product, multi-channel strategy to capitalise on the conducive demand dynamics. Meanwhile, the Group's Net Finance Costs declined by 30% y-o-y during the year, reflecting the downward trajectory of market interest rates. The Group's Profit Before Tax surged by 40% to Rs.35.37 bn during the year, with the Consumer & Retail, Transportation & Logistics and Purification Sectors emerging as key contributors to profitability. The Group's performance during the year serves as a clear testament to the strength of its diversified market presence and customer base, which enabled resilience amidst an evolving and often unpredictable operating environment.

STRENGTH AND STABILITY

The Group's Total Assets increased by 16% to Rs.510.69 bn during the year, with Non-Current and Current Assets expanding by 17% and 14% respectively. The expansion in Property, Plant and Equipment represents capacity expansions and inorganic growth in the Hand Protection Sector, investments in a newly-leased long-term property in the Philippines in which the Purification Sector will construct a new manufacturing facility, and investments in a new state-of-the-art tea factory by Talawakelle Tea Estates PLC among others. In recent years, the Group has strategically prioritised the international expansion of its manufacturing footprint and market presence, with this year's investment profile reflecting that commitment.

Total Equity increased by 15% to Rs.144.09 bn, supported by strong profit generation during the year. Meanwhile, Total Borrowings increased by 19% to Rs.204.41 bn, translating to a Debt-to-Equity ratio of 1.42 times

Successful execution of strategy

- Regional expansion
- Strengthening manufacturing footprint
- Innovation and product development

Delivered expectations in 2024/25

- Highest-ever Revenue of **Rs.492 bn**
- 40%** y-o-y increase in PBT to Rs.35 bn

Significant Shareholder Returns

- Dividend per share of **Rs. 6**
- 67%** increase in market price of share



Resilient portfolio of businesses and attractive shareholder returns

compared to 1.37 the previous year. The Group's financial profile remains solid, as evidenced by Hayleys retaining its national long-term rating of 'AAA (lka)' by Fitch Ratings, with a stable outlook. Meanwhile, I am proud to note that the Group's Rs.7.0 bn listed senior unsecured redeemable debenture issue was over-subscribed on the first day of opening, positive investor sentiments demonstrating confidence in the Group's earnings potential.

RADIANCE BEYOND BORDERS

Rooted in local authenticity, yet driven by a global vision, the Group continued to steadily evolve beyond its domestic origins, forging a path towards emerging as a distinctive regional player across key verticals. The year under review saw the Group accelerate progress on this important strategic pillar; for instance, the Hand Protection Sector established its 2nd manufacturing facility outside Sri Lanka, with the acquisition of Hi-Care Thai Gloves Company Ltd in Thailand. With a production capacity of 1 bn gloves per annum, this acquisition will enable geographical diversification of the Sector's manufacturing footprint. The Sector also established marketing arms in the Middle East and India as it sought to further widen its international reach. Meanwhile the Purification Sector entered into a lease agreement and obtained regulatory approvals to construct a new manufacturing facility at the PHIVIDEC Industrial Estate in the Philippines. This investment is expected to diversify its supply chains and strengthen presence in regional markets. Further, Hayleys Advantis' long-term strategy centers on gradually transitioning to a regional hub, thereby replicating the successful Sri Lankan model in regional markets including Maldives, Myanmar, Indonesia, Bangladesh, India, Thailand and Singapore. In addition, many of our export oriented-sectors pursued penetration strategies in non-traditional

markets- unlocking new avenues for growth in an increasingly complex global landscape.

IGNITING IDEAS AND POSSIBILITIES

The Group continues to harness innovation as a catalyst in advancing its value-added product portfolio, aligning with evolving customer needs to create deeper, more meaningful impact. The Purification Sector enhanced its product proposition through innovation in energy storage solutions and wood-based catalytic carbons for chloramine removal. In Hand Protection, inroads were made in specialised and niche glove segments such as sports and electric vehicles among others. The Construction Materials Sector strengthened its presence in export markets through high-end propositions such as aluminium balconies and high-pressure-die-casting (HPDC) solutions. These innovations are discussed in further detail on page 320 of this Report.

Meanwhile, in embarking on an organisation-wide journey of digital transformation, the Group has activated a cross-cutting enabler- fueling momentum across our strategic priorities and shaping the future of how we operate. The Group's digital transformation roadmap was rolled out during the year centering on the five pillars of end-to-end digital innovation, digital literacy, product delivery, change and communication and data-to-value. As discussed in further detail within this Report, process innovations were successfully driven across multiple facets including machine digitisation, energy monitoring, digital learning and process automation among others. While generative AI is emerging as a transformational force in driving efficiencies and harnessing richer data insights, we are also conscious of how essential it is to remain vigilant and avoid complacency around the risks of such technologies given its growing ubiquity.

PEOPLE- LIGHTKEEPERS OF OUR JOURNEY

More than any strategy or system, it is the Hayleys Family of 38,029 employees who serve as the Group's true lightkeepers- the exceptional talent, whose passion, skill and unwavering pursuit of excellence illuminates our way forward. Workplaces are being reshaped by rapidly evolving dynamics such as changing demographics, shifting aspirations of a younger workforce and the emergence of new, more flexible ways of working. The Group's people strategy for the year centered on developing leadership capabilities, nurturing talent pipelines to enable improved succession planning, creating a respectful workplace and fostering an environment that prioritises holistic well-being. In a key milestone during the year, the Group successfully rolled out a holistic Diversity, Equity and Inclusion programme covering multiple dimensions of diversity, with over 4,500 employees across the Group undergoing training during the year. Recognising that emotional and mental well-being are now fundamental to a thriving workplace, we prioritised initiatives that support mental health including providing access to counselling and awareness on stress management and work-life balance. The Group continues to invest in numerous employee welfare initiatives including providing access to transportation, nutrition and well-being among others.

GOVERNANCE-STEADY LIGHTS IN SHIFTING TIDES

The Group's fit-for-purpose governance framework has evolved in step with its unique needs, growing complexity, and dynamic operating environment, fostering an organisational mindset grounded in adaptable leadership. Governance structures facilitate strong alignment between the Board and the Group Management Committee (GMC), a dynamic that is especially critical in an organisation as diverse as Hayleys, where coordinated leadership and

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unified strategic direction are vital. The Board of Directors combine a diverse blend of skills, capabilities and industry experience, enriching the depth and effectiveness of decisions and deliberations. In refreshing the Board and complying with new governance requirements, two new Directors were appointed during the year; Mr.Dhammika Perera was appointed Co-Chairman and Non-Executive Director and Mr.Jonathan Alles was appointed as an Independent Non-Executive Director, both of whom have brought exceptional insight and strategic depth to the Board.

The Group has achieved full compliance with the provisions of Listing Rule No.9 on Corporate Governance applicable to listed entities, well within the stipulated compliance deadline of 1st January 2025. Accordingly, the mandated policies were refreshed and published, Directors reclassified based on the new criteria for determining independence and sub-committees reconstituted. Hayleys also complied with the requirements of the Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka with increased oversight on ESG considerations, digital governance and cybersecurity and board self-assessments.

ESG IN ACTION- LIGHTING THE DEPTHS

Each passing year makes clearer the burden of climate change and the unprecedented unravelling of biodiversity, which threaten to destabilise economic systems as ecological services nature provides fade into fragility. As a Group deeply connected to nature, we are witnessing these impacts firsthand—from our estates to our resorts located in areas of rich biodiversity and across our agricultural raw material supply chains. Strategically integrating ESG considerations across our operating models, processes, and decision-making requires a fundamental shift in mindset—a journey I understand will unfold over time.

This year, the Group launched the second edition of the Hayleys Lifecode, providing an opportunity to reflect on our progress to date and to candidly identify areas where we have fallen short. As discussed in further detail in other Sections of this Annual Report, the new edition features a refinement of the Group's ESG strategy into six long-term commitments, a revision of targets and a refreshed policy framework. Having embraced sustainability with conviction over the years, we are cognisant that most initiatives are transformative rather than quick wins—and that meaningful progress requires building continuously on prior achievements. I am particularly proud of the progress we have made in decarbonising our operations, with renewable energy sources now fulfilling 74% of the Group's total energy requirements. Despite a significant increase in the Group's operational footprint, the increase in the Group's Scope 1 and 2 GHG emissions was contained at 3% while emission intensity declined by 14%. With total renewable energy generation of more than 154,000 MW across the Group, and the market leader in solar power installation in Sri Lanka through Hayleys Fentons the Group is at the forefront of driving Sri Lanka's green energy transition. In a landmark achievement, Hayleys Fentons was also awarded the development of a 50MW windpower farm in Mannar, which represents Sri Lanka's largest private investment in wind power to date.

I take immense pride in our standing as one of Sri Lanka's most socially and economically impactful organisations. Guided by our Purpose, we place inclusivity at the heart of everything we do, ensuring that our impact resonates across our extraordinary network of customers, suppliers, business partners, and communities. Hayleys PLC along with 9 other companies within the Group have committed to the 10 principles of the United Nations Global Compact. Hayleys has also been an endorser of the CEO Water Mandate since 2008. The



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progress made against the Group's other environmental, social and governance targets are given on page 112 of this Report.

SPECTRUM OF STRENGTH: REVIEW OF BUSINESS VERTICALS

Strong growth in the Group's domestic businesses, countered the adverse effects of the Rupee appreciation which impacted export-oriented sectors during the year thereby highlighting the strength and resilience derived from the Group's diversification. The following sections provide a high-level overview of the performance of the Group's business sectors. Please refer to pages 156 to 288 for detailed Portfolio Reviews.

Consumer & Retail

The Sector emerged as the largest contributor to Group Revenue and PBT during the year, as it aptly capitalised on conducive demand dynamics through accelerating market activation and sales efforts. PBT surged by over 10-fold to Rs.6.53 bn during the year, reflecting sturdy top line growth coupled with relentless focus on efficiencies and cost

savings as well as wider profitability margins. The Sector continued to widen its product portfolio, both through securing partnerships with leading global brands as well as enhancing its local manufacturing capabilities. Meanwhile, Singer was once again recognised as the People's Brand of the Year at the SLIM-KANTAR People's Awards 2025, attesting to its status as a household brand in the country. Singer Finance also recorded PBT growth of 124% to Rs. 1.46 bn driven, solidifying its position as a key player in the non-banking financial institutions sector.

The outlook for the industry remains promising, given the country's stabilising macro-economic fundamentals, conducive interest and exchange rates and improving disposable incomes. Against these favourable conditions the Sector will pursue customer diversification focusing on premium customer segments while also driving product and brand diversification.

Transportation & Logistics

The Sector recorded a 17% increase in Revenue while PBT grew by 77% to Rs.6.51 bn during the year, led by an improvement in trade activity, stronger freight rates and customer acquisition across key verticals. The Sector's diverse business profile enabled it to remain resilient to external volatilities and capitalise on emerging opportunities. The Sector's long-term aspirations centre on regional growth, with organisational structures and leadership capabilities enhanced to facilitate increased penetration in the region including in the Maldives, Myanmar, Indonesia, Bangladesh, India, Thailand and Singapore.

Unprecedented geoeconomic confrontations and trade dynamics have clouded the near-term outlook of the global economy and the exact impact of the tariffs on Sri Lanka remains difficult to predict at this

juncture. Over the medium-to-long-term however, Sri Lanka's port activity is poised for growth supported by the gradual economic resurgence and policy thrust towards strengthening exports. Against this backdrop the Sector will continue to place strategic emphasis on geographically diversifying its revenue profile through regional expansion while pursuing both organic and inorganic growth.

Purification

Operating conditions remained challenging for the Sector during the year, marked by the appreciation of the Sri Lankan Rupee as well a surge in raw material prices amidst acute shortages in coconuts. Resultantly, the Sector's Revenue remained relatively unchanged at Rs. 42.83 bn while PBT declined by 10% to Rs.5.50 bn, reflecting narrower profit margins. In addressing the issue of acute supply shortages, the sector strengthened its backward integration processes in all countries of operation. Strategic emphasis was also placed on driving innovation in value-added carbons including energy storage solutions, wood-based catalytic carbons for chloramine removal and PFAS removal applications. The first phase of operations of the Sector's 7th manufacturing facility in Phillipines is expected to commence in 2027.

As demand from developed markets plateau, future industry growth is expected to be driven by Asia and other developing regions, reinforcing the importance of the Sector's geographical diversification strategy. Overall, the demand outlook remains favourable, supported by the ongoing global transition to low-carbon, and increasingly stringent water and pollution regulations. Against this backdrop, the Sector will continue to increase market share of value-added carbons while pursuing geographical diversification in non-traditional markets including Asia.

Hand Protection

The Sector delivered a Revenue growth of 8% supported by commendable volume growth across key product categories while PBT declined by 4% to Rs.3.86 bn mainly due to narrowing of profitability margins amidst the escalation in the price of natural latex. The Sector placed emphasis on strengthening its manufacturing footprint during the year, with the acquisition of Hi-Care Thai Gloves Company, Thailand Ltd at a total investment of TBH 370 mn. In addition, the Sector expanded capacity of its existing facility in Hanwella with the opening of a Natural Rubber Glove Manufacturing Plant. Continued emphasis was also placed on innovation and product development, with the aim of increasing contributions from value-added products while international marketing capabilities were strengthened with the establishment of marketing arms in Middle East and India.

Despite the prevalent uncertainty stemming from evolving global trade dynamics the outlook for the Sector remains favourable, supported by robust demand from the industrial sectors and opportunities in niche, value-added product segments. With the recent expansion in capacity and geographic diversification, the Sector is strategically positioned to effectively capitalise on these emerging opportunities.

Projects & Engineering

The Sector's performance was driven by the Renewable Energy cluster, which continued to record robust volume growth driven by solid demand and its established reputation as the premier provider of rooftop solar EPC in the country. Resultantly, the Sector's Revenue grew by 34% to Rs.26.62 bn during the year. Profitability however was affected by the sharp decline in the market prices of solar panels during the year, resulting in PBT recording a decline of 23% to Rs. 3.33 bn during the year.

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As the market leader in the rooftop solar PV segment, the Sector has emerged as a key force in the country's green energy aspirations. During the year, Hayleys Fentons surpassed 300MW of solar installation as an EPC contractor while also securing a landmark 50MW wind power project in Mannar and 37 ground-mounted solar projects totalling 149 MW for investments in power generation. Meanwhile, the Sector also partnered with global renewable energy leader BYD to launch advanced battery energy storage systems (BESS) and inverter solutions to Sri Lanka. While the Sector is pursuing strategic diversification of its business verticals, over the short-to-medium term, performance is expected to be driven by the Renewable Energy cluster which presents significant upside potential given the government's climate commitments.

Textiles

The Sector's performance reflected challenges stemming from the external environment which included regional disparities in demand and shifts in the competitive landscape of global players. The Sector's Revenue declined by 12% to Rs.43.46 bn during the year, reflecting the deferment of orders from a major customer as well as the appreciation of the Sri Lankan Rupee. PBT declined by 17% to Rs. 3.07 bn during the year. Despite these temporary challenges, the Sector adopted a long-term view to value creation, maintaining focus on its two-pronged product and brand strategy. The Sector made significant progress in diversifying its customer base during the year with the acquisition of several rapidly growing brands, which also led to the diversification of geographical markets.

Hayleys Fabric is an industry leader in sustainability and is frequently recognised for excellence in environmental consciousness and responsible business practices. In a key milestone during the year, the Hayleys Fabric Group emerged as the first fabric

manufacturer in Sri Lanka to secure validation of its net-zero GHG emissions targets from the Science-Based-Targets-Initiative (SBTi).

Although the short-term outlook is uncertain due to the recent geopolitical trade dynamics, long-term prospects for the industry remain promising, presenting niche opportunities for manufacturers such as Hayleys Fabric. Against this backdrop, the Sector's strategy will center on leveraging its strengths in innovation and sustainability to access new markets and customer segments.

Plantations

The Plantations Sector's strategic foresight in pursuing crop diversification, transforming remuneration models and the ongoing emphasis on efficiencies positioned it in good stead to remain resilient in the face of challenges. The Sector's Revenue increased by 6% to Rs.19.18 bn supported by both volume growth and stronger pricing for tea. Profitability, however, was adversely impacted by the sharp increase in wages resulting in the Sector's PBT declining by 18% to Rs.2.91 bn during the year.

The industry continues to be challenged by acute labour shortages and relatively low labour productivity levels. The Group's plantation companies are relentless in its pursuit of a 'reset' of the plantation model through more equitable remuneration systems which are aimed at creating social business enterprises. We also maintained our position as an industry leader in quality, sustainability and innovation with all three companies frequently recognised for excellence across all aspects of business. The Sector continues to direct significant investments every year towards uplifting the living standards of around 140,000 individuals residing in the estates, through a womb-to-tomb proposition centering on nutrition, well-being, education and health among others. While the country's tea industry is at crossroads reflecting escalating

Three traits. One leader.

Attention to detail

Leading with empathy

Unwavering focus

cost of production, labour shortages and intensifying implications of climate change, we remain confident that strategic interventions made in recent years to transform our estate operations will position all three RPCs as 'future-fit', sustainable and high-quality producers of tea.

Agriculture

The Sector recorded a Revenue growth of 8% to Rs.37.51 bn during the year supported by broad-based contributions from all key verticals. While the country's agriculture sector faced a multitude of challenges, stemming from adverse weather and volatility in pricing, Hayleys Agriculture remained relatively resilient supported by the diversity of its businesses and strength of its brands. PBT declined by 14% to Rs. 2.60 bn during the year, mainly due to intense competition in the Crop Protection cluster and appreciation of the Sri Lankan Rupee which affected the Exports cluster. The Sector continued to widen its offering with the launch of several new products in the crop protection and agri equipment clusters while further diversifying its verticals with the entry into the frozen coconut water segment. Meanwhile, Haychem Bangladesh delivered continued growth, generating over 30% of the Sector's profits supported by an expanding portfolio of products.

The country's Agriculture Sector is a vital component of the economy given its critical role in ensuring food security and supporting livelihoods. Consistent, conducive and evidence-based policy remains a key prerequisite in ensuring a level playing field and longevity of the industry. As a leading player we remain committed to catalysing the development of Sri Lanka's Agriculture Sector through driving mechanisation and introducing ecologically-friendly solutions which ensure the long-term health and sustainability of the Sector.

Industry Inputs, Power & Energy

The Sector achieved a 14% growth in Revenue to Rs.11.10 bn, supported by expansion in both the Industry Inputs and Power & Energy clusters. In Industry Inputs, the Sector adopted a strategy of pursuing increased contributions from value-added products in the Industrial Raw Materials and Lifesciences sub-segments. Engineering Services also performed commendably against the backdrop of a recovering commercial industrial sector. In Power & Energy, Hayleys Aventura continued to drive increased investments towards renewable energy, with Rs.750 mn directed towards a 4 MW ground-mounted solar plant in Matara. Overall the Sector's PBT increased by 61% to Rs. 2.16 bn during the year, mainly reflecting contributions from the Industry Input sub-sector.

The medium to long-term growth prospects for the Sector appear promising given the anticipated rebound of the country's industrial sector. The Sector also intends to pursue regional growth opportunities and will strive to drive increased penetration in selected markets in the coming years. Meanwhile, in the Power & Energy cluster, the Government's aspirations of reaching 70% renewable energy generation by 2030 presents significant opportunities for growth.

Construction Materials

Strategic interventions in penetrating export markets proved to be an astute move, with the Sector recording a near 56% growth in export volumes, which coupled with a 22% growth in domestic volumes led to a near 32% increase in Revenue to Rs. 13.10 bn during the year. Profitability normalised following the commissioning of the Company's new facility and strategic emphasis on efficiencies, resulting in the Sector's PBT increasing by 392% to Rs.1.14 bn during the year. Focus was placed on strengthening manufacturing capabilities and during the year, the Sector commissioned a state-of-the-art facility to manufacture value-added products along with a new powder coating plant.

In a major milestone during the year, Alumex emerged as the first extrusion manufacturer in Sri Lanka to successfully complete the ASI certification while also marking a step change in its ESG aspirations with the launch of its ESG Roadmap, Elevate. These initiatives are aimed at strategically embedding ESG across the organisation and to is expected to strengthen the resilience of the business while enhancing the Sector's export prospects among increasingly sustainability-conscious customers.

Tea Exports

It was a year of mixed fortunes for the Tea Exports Sector which saw Revenue increasing by 8% to Rs.13.16 bn, supported by creditable volume growth. The Company maintained its position as the largest exporter of Sri Lankan tea to China and Taiwan, markets which are showing significant upside potential. However, the Company's profitability was impacted by the appreciation of the Sri Lankan Rupee and an escalation in freight rates which resulted in Mabroc's PBT declining by 23% to Rs. 512 mn during the year. The Company's Kenyan subsidiary, which completed its first full year of operations delivered

commendable results, showing strong potential for growth. Mabroc also made inroads in Europe, Australia and Japan by strengthening its distribution capabilities in these markets.

Meanwhile, Martin Bauer Hayleys (Pvt) Ltd reached a major milestone by capturing a significant share of the tea aroma market in the United States. Building on this success, the company operated at near full capacity in Sri Lanka, where it remains the leading and most advanced producer of tea aroma. With strong growth potential in the aroma sector, Martin Bauer plans to deepen its presence in Asia by leveraging its partnerships with leading multinational FMCG companies.

Leisure

The Leisure Sector's performance was upheld by the Sri Lankan properties which achieved strong turnaround during the year, with all four properties generating profits for the first time supported by the resurgence in Sri Lanka's tourism industry and the unique differentiation strategy of the Sector. The Sector's competitive edge centers on service excellence and best-in-class F&B offerings, which has enabled the Sector to distinguish itself from competition. Sector Revenue increased by 7% to Rs.9.65 bn, while the Sri Lankan properties recorded a near 8-fold increase in Profit Before Tax. Overall profitability however, continues to be hampered by weak performance of Amaya Kuda Rah, Maldives. Overall the Sector's losses declined significantly during the year to reach Rs.520.65 mn compared to a loss of Rs. 1.90 bn the previous year.

The outlook for the country's tourism sector is extremely positive, with the Sri Lanka Tourism Development Authority targeting an ambitious 3.0 mn arrivals in 2025. While competition has intensified with the sharp increase in the 5-star room inventory in Colombo, I believe the

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Kingsbury's unique position as the best F&B proposition among city operators will offer a buffer against competitive pressures. The other Sri Lankan resorts are also aptly positioned to capitalise on the revival of Sri Lanka's tourism sector, underpinned by its service culture, F&B propositions and robust distribution strategies.

Eco Solutions

Sector performance was adversely impacted by the dual challenges of a strengthening Sri Lankan Rupee and a severe coconut shortage, which resulted in a sharp rise in raw material costs. Revenue declined by 7%, while profit margins narrowed due to challenges in passing on higher cost increases to customers. Resultantly, the Sector reported a Loss Before Tax of Rs.523.92 mn during the year. In addressing these challenges, the Sector focused on securing its supply chain through backward integration and geographical diversification. The commissioning of the Sector's new fibre-extraction plant in Nikawarateiya is expected to ease these pressures to a considerable degree, with the new plant estimated to fulfill around 35% of the Sector's total fibre requirement.

Innovation-led differentiation continued to be a key focus as the Sector sought to gradually increase contributions from value-added products in growing media and value-added fibre segments. The Sector is also driving efforts towards modernising its manufacturing infrastructure and technology as it seeks to drive transformation in this relatively conventional industry. The long-term demand dynamics for the Sector remain favourable and we will seek to achieve turnaround through pursuing growth in non-traditional markets, widening our value-added product portfolio and striving towards achieving supply chain security.

Others

The Others Sector comprising Hayleys' Business Solutions International (HBSI) and Group Services of Hayleys PLC. The Sector's PBT more than doubled to Rs.5.05 bn during the year, supported by strong dividend income at Hayleys PLC level. Meanwhile, HBSI recorded a 12% growth in Revenue and stable PBT during the year, as it widened its portfolio of services to include Australian tax services and advanced finance and accounting solutions while driving increased penetration in the Australian market.

SHAREHOLDER VALUE

A clear strategic vision and a disciplined approach to performance enables the Group to consistently deliver on its shareholder commitments, with an interim dividend of Rs.6.00. Earnings per Share (EPS) increased to Rs.17.93 (from Rs.9.19) while Net Asset Value (NAV) per Share also increased by 16% to Rs.124.19. The Hayleys share recorded impressive gains during the year, reflecting the overall upturn in the Colombo Stock Exchange and investor confidence on the upside potential of the Group. Accordingly, the share price surged by 67% to close the year at Rs. 137.00.

PURSUIT OF EXCELLENCE

As Sri Lanka's corporate inspiration, we continued to be recognised for excellence across numerous aspects of its operations. Hayleys was yet again ranked as the No. 1 Corporate in Sri Lanka in the 31st Edition of LMD top 100. We reached the pinnacle of excellence in corporate reporting during the year, winning the Overall Excellence in Corporate Reporting for the 3rd consecutive year at the TAGS Awards 2024, in addition to four category gold awards for Hayleys PLC. Hayleys was also ranked the overall winner at the ACCA Sustainability Reporting Awards 2024 for the 2nd consecutive year.

A LIGHT THAT ENDURES: ENVISIONING TOMORROW

The pace at which the business landscape is evolving can be both demanding and disorienting, yet it also brings unprecedented opportunities for organisations that are agile and forward-thinking. Having led this organisation for over 15 years, I am firm in my belief that for Hayleys, these challenges serve as powerful catalysts for reinvention, innovation and shared value creation.

Escalating trade tensions and unprecedented tariff rates have markedly hampered the short-term outlook for the global economy and the fluidity of the current dynamics make the future extremely unpredictable. The International Monetary Fund, in its April 2025 update of the World Economic Outlook revised down global growth projection of 2025 to 2.8% citing intensified downside risks. Tariff measures pose a considerable risk for Sri Lanka, particularly given the strategic importance of the United States as its leading export destination. As one of the country's largest value-added exporters, we are hopeful that the government will engage in constructive dialogue with the United States and secure a favourable resolution to the ongoing tariff concerns.

Notwithstanding the evolving global context, I believe the dramatic shift in the nation's democratic journey also offers a valuable opportunity to re-envision our collective path towards a more equitable and prosperous future. The continued commitment to structural reforms, consistent policies that enhance competitiveness and encourage private sector investments is vital in driving medium-term growth. In this regard, a stable exchange rate, conducive tax policies and a transparent operating landscape that ensures businesses can thrive on merit and fair competition are critical in encouraging investments. By

embracing digital transformation, we are redefining ourselves as a forward-thinking, future ready organisation that is driven by agility and innovation. As our business continues to grow, so does our role in society and we are acutely aware that our future is tied to the prosperity of the economy, society and environment of which we are part of. Strategically integrating ESG principles to sharpen our competitive edge while building the resilience of our business and addressing critical social and environmental challenges will remain a key priority.

APPRECIATION

I continue to be impressed by the depth of talent, passion and resilience I have witnessed not only at leadership level, but across the entire Hayleys Family. I thank each and every member of this remarkable team for their tireless efforts in shaping Hayleys into the organisation it is today. I take this opportunity to thank the Co-Chairman Mr.Dharmika Perera, for his proactive role in guiding strategy and shaping key decisions. I thank my colleagues on the Board and members of the GMC for their authentic leadership, whose guidance and wisdom continue to be both an inspiration to me as well as the compass that drives us forward. I would also like to thank Mr.M H Jamaldeen, who resigned from the Board during the year, for his valuable contributions over the years. I also appreciate the confidence and trust of our shareholders, customers, suppliers and business partners who have partnered us in this journey.



Mohan Pandithage
Chairman & Chief Executive
19th May 2025

