

### Sea Snails

Certain sea snails rely on their shells to diffuse light – amplifying the power of our protection across our sphere of influence.



## HAND PROTECTION

The Sector, represented by Dipped Products PLC is a global leader in protective handwear, with a strong track record for innovation, quality, advanced manufacturing capabilities and sustainable operations. The Sector's products cater to diverse applications and markets across the world.



Insights from Sector  
Managing Director  
Scan to view

# Hand Protection

## HIGHLIGHTS OF 2024/25



**Revenue**  
Rs. 46.35 bn  
(8%)



**Profit Before Tax**  
Rs. 3.86 bn  
(-4%)



**Profit After Tax**  
Rs. 3.26 bn  
(-11%)



**Assets**  
Rs. 42.04 bn  
(22%)



**Liabilities**  
Rs. 18.98 bn  
(40%)



**Employees**  
2,570  
(18%)



**Carbon Footprint**  
(Scope 1 2,3)\*  
188,272 tCO<sub>2</sub>e

### INTEGRATED PERFORMANCE



### STAKEHOLDER VALUE CREATION



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

### KEY DEVELOPMENTS IN 2024/25

Expansion of manufacturing footprint with the acquisition of Hi-Care Thai Gloves Co., Ltd with an annual production capacity of 1 bn gloves

Manufacturing expansion of Hanwella facility

Strengthening global presence through aggressive growth in new and existing regions

Launch of DPL EcoPulse nature reserve for biodiversity preservation

Much like a bioluminescent organisms that adapt and thrive in complex environments, the Hand Protection Sector illuminates its path through sustainable innovation, while creating broad stakeholder value through symbiotic relationships across its value chain and responding with agility to an ever-evolving landscapes

#### SYMBIOTIC RELATIONSHIPS ACROSS VALUE CHAIN

The Sector generates socio-economic value through

- **>4,243** natural latex suppliers
- **Rs. 24 bn** supplier payments
- **Rs. 13 bn** economic value creation
- **>5,500** beneficiaries of CSR activities

#### SUSTAINABLE INNOVATION

- Biodegradable gloves
- Gloves made from recycled waste
- Rubber and plastic-based reusable gloves
- Gloves made of plant-based renewable materials

#### ADAPTING TO COMPLEX ENVIRONMENTS

Diversifying supply chains to address climate-related implications on the supply of natural latex

Product and market diversification to capture emerging opportunities and strengthen resilience

Strategic integration of sustainability through proactively aligning corporate strategy with environmental, social and governance factors

# Hand Protection



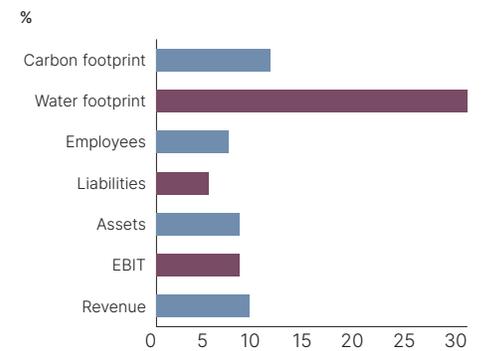
## SECTOR OVERVIEW

The Hand Protection Sector is a global leader in protective hand-wear, serving close to 5% of global demand for household and industrial supported and unsupported rubber gloves. Characterised by significant local value-addition, innovation, sustainability and world-class quality, the Sector has leveraged its domain-specific knowledge and deep industry insights to fulfil rapidly evolving needs of its diverse clientele.

## SECTOR OPERATIONS

Sub-Sector	Contribution to Sector (%)	
	Revenue	PBT
<b>Local operations</b> 5 manufacturing facilities producing a range of household, industrial and sports gloves	58	96
<b>European operations</b> Distribution arm in Italy, France, Poland	25	(11)
<b>Thailand operations</b> 2 manufacturing facilities in Thailand producing disposable gloves	17	15

## RELEVANCE TO GROUP



Product capabilities	Market reach	Manufacturing	Quality and innovation
<b>A comprehensive portfolio of products</b> with over <b>750</b> variants in supported, unsupported, disposable, electrician, sports gloves and sleeves	The Sector's products are sold in over <b>70 countries</b> across <b>6 continents</b>	<b>7 manufacturing facilities</b> comprising 5 in Sri Lanka and 2 in Thailand	Quality and best-in-class innovation supported by state-of-the-art research capabilities, accredited laboratory facilities and an array of system and product certifications

## OPERATING ENVIRONMENT

Global demand dynamics were favourable during the year, reflecting an uptick in industrial demand as well as geopolitical circumstances that were somewhat advantageous to Sri Lankan manufacturers. On the other hand, the continued decline in Sri Lanka's natural latex production in the past years, together with the shortfall in global supply led to a sharp escalation in raw material prices. Meanwhile the appreciation of the Sri Lankan Rupee adversely affected Sri Lankan exporters, impacting global competitiveness and revenue growth. With global price competition intensifying against the backdrop of increased production from China, passing on cost increases remained challenging thereby resulting in margin contraction across the industry.

	<b>EXCHANGE RATE</b> <b>6%</b> Y-o-y appreciation of the Sri Lankan Rupee (Monthly average rate)	<b>RAW MATERIAL AVAILABILITY</b> <b>+8%</b> Increase in Sri Lanka's rubber production  <b>+28%</b> Average increase in natural rubber prices	<b>FAVOURABLE DEMAND DYNAMICS</b> <b>24%</b> Estimated demand growth in 2024  <b>8% CAGR (2025- 2030)</b> Projected demand growth	<b>REGULATIONS AND CUSTOMER CONSIDERATIONS ON SUSTAINABILITY</b>
<b>Description</b>	The appreciation during 2024 was driven by improved foreign exchange liquidity and para-tariffs on top of existing customs duties	In recent years, Sri Lanka's natural latex production has experienced volatility due to erratic weather patterns and leaf disease, which have compelled manufacturers to fulfil raw material requirements through imports	Increased use of gloves in heavy-duty industries given stringent safety regulations together with expansion in healthcare, diagnostics, research and biotechnology sectors have led to consistently growing demand for rubber gloves	Emerging regulations such as the EUDR together with customers' increased consciousness of social and environmental factors
<b>Impact</b>	<b>H</b>	<b>H</b>	<b>M</b>	<b>M</b>
<b>Implications</b>	<ul style="list-style-type: none"> <li>- Reduced competitiveness in the global market</li> <li>- Impact on profitability margins</li> </ul>	<ul style="list-style-type: none"> <li>- Increased reliance on imports</li> <li>- Sharp escalation in cost of production and profitability margins</li> </ul>	<ul style="list-style-type: none"> <li>+ Opportunities in specialised applications</li> <li>+ Increased penetration of new and existing markets</li> </ul>	<ul style="list-style-type: none"> <li>+ Strategic integration of ESG through considering broader impacts of the business on environment and communities</li> </ul>

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

**RISK LANDSCAPE**

**Market risks**

Evolving geopolitical trade dynamics could impact short-to-medium term demand conditions

**Strategic response**

→ Geographical diversification in non-traditional markets

**Policy and regulatory risks**

Potential abolishment of the SVAT system could insert severe financial pressure on exporters

**Strategic response**

→ Ongoing engagement with policy makers

**Sustainability-related risks**

**CRRO 1**

Physical climate risks continue to impact the quality, yield and total crop of natural latex, in turn impacting cost of production

**Sustainability-related risks**

**CRRO 3**

Emerging sustainability-related regulations such as the EUDR and CSDDD require significant investments in ensuring compliance across the supply chain

**Strategic response**

→ Supply chain interventions to ensure compliance to EUDR

**Sustainability-related risks**

**SRRO 1**

Operating in a water-intensive industry, the Sector is exposed to Sri Lanka's medium-to-high level of water stress

**Strategic response**

→ Increasing reliance on sustainable water sourcing

→ Process and product innovation to increase water efficiency



# Hand Protection

## OPPORTUNITIES

### Market opportunities

Increasing awareness of health and safety across industrial segments and emerging safety regulations are driving the global demand for gloves

#### Ⓞ Strategic response

→ Strategic focus on specialised applications in the industrial segment



### Sustainability-related opportunities

#### SRRO 3

Environmental and social risks are featuring prominently in purchasing decisions, offering an opportunity for organisations which strategically embrace ESG

#### Ⓞ Strategic response

→ Strategic integration of ESG aligned to the Sector's ESG Roadmap

### Operational opportunities

Digital transformation presents significant opportunities in efficiencies, risk mitigation and elevating the customer experience

#### Ⓞ Strategic response

→ Integrating digital transformation and automation across key processes

## STRATEGY AND RESOURCE ALLOCATION

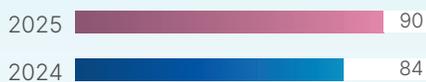
The Sector's growth strategy centred on the key pillars of enhancing its manufacturing footprint, pursuing aggressive growth in its marketing network and optimising its product portfolio to drive increased contributions from value-added products. The Sector's research and development and sustainability interventions also supported this broader strategy which is expected to position DPL as a high-value added speciality manufacturer of gloves over the medium-to-long term.

## Strategic KPIs/ Pre-financials

### STRENGTHENING MANUFACTURING FOOTPRINT

**How we performed:** During the year the Sector increased its total production capacity supported by both organic and inorganic growth. Investments were also made in enhancing its manufacturing footprint.

#### Capacity utilisation



#### About this KPI and why we use it:

This KPI helps to plan future supplies while assessing manufacturing efficiency, utilisation levels and bottlenecks.

#### Resource allocation

Capital expenditure: **Rs. 2.06 bn**

### VALUE-ADDED PRODUCT STRATEGY

**How we performed:** The Sector continued to pursue growth in value-added specialised gloves in niche segments such as electric vehicles and sports among others.

Revenue from sustainable products  
**Rs. 616 mn**

#### About this KPI and why we use it:

This KPI demonstrates the effectiveness of the Sector's product strategy and optimum product mix

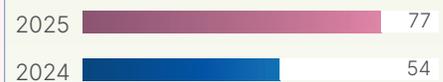
#### Resource allocation

Investment in research & development:  
**Rs. 495 mn**

### EXPANDING MARKET PRESENCE

**How we performed:** The Sector sought to aggressively diversify its market presence with increased focus on non-traditional markets such as Australia, South America and Brazil.

#### Customer acquisition



#### About this KPI and why we use it:

This KPI reflects the effectiveness of the Sector's marketing, sales and outreach efforts

#### Resource allocation

Sales and marketing expenses during the year: **Rs. 1.3 bn**

## INTEGRATED PERFORMANCE REVIEW

**The Resilient performance:** The Sector recorded a resilient performance despite the challenges that prevailed during the year, recording a volume growth of over 7% in household and 33% in disposable gloves supported by aggressive penetration in existing and new markets and increasing contribution from value-added products. Resultantly, Revenue recorded an increase of 8%, countering the adverse implications of a stronger Sri Lankan Rupee. Meanwhile, Profit Before Tax declined by 4% to Rs. 3.86 bn mainly due to a narrowing of profitability margins amidst the escalation in the price of natural latex. While operations in Italy recorded a positive contribution to profits, performance of the French operations remained below expectations. The Sector is currently exploring avenues to optimise and restructure the business model in France, with the goal of achieving turnaround in the medium-term.

### Strengthened manufacturing

**footprint:** During the year, considerable investments were directed towards strengthening the Sector's manufacturing footprint and capabilities, with total capex amounting to Rs. 2.06 bn. In a key development, the Sector acquired Hi-Care Thai Gloves Company Ltd, Thailand for a total investment of 370 mn Thai Bhat operating a total production capacity of 1 bn gloves p/a, this acquisition marks the Sector's 7th manufacturing facility. In addition, the Sector also expanded capacity of its existing facility in Hanwella with the opening of a Natural Rubber Glove manufacturing Plant (W3), centralised its packing material warehouse and renovated its head office during the year under review. The Sector also established an electric glove testing facility in India during the year with the aim of capitalising growth opportunities

**Innovation and digitalisation:** The Sector's product development strategy in recent years has focused on widening contributions from value-added

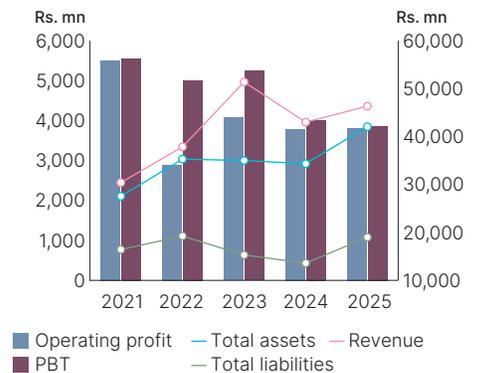
products; these interventions continued during the year with significant progress made in the launch of new products in the medical, sports, electrical vehicle and other niche segments. The Sector was recognised for excellence in innovation at the 26th Presidential Export Awards, in which it received the Innovative Export Product of the Year Award for its Magneto glove, designed to enhance global food safety. In line with the Hayleys Group's overall strategy, the Sector also commenced several digital transformation initiatives during the year, which included robotic process automation and digitalisation of the procurement payment process among others.

**Managing environmental risks:** As a water-intensive manufacturer, the Sector is exposed to the escalating risks of water stress in the country. Having committed to water-related targets in its ESG Roadmap, the Sector's strategy centres increasing reliance on sustainable water sourcing and driving improvements in water intensity. Progress was made during the year with approvals in place for expanding capacity of rainwater harvesting and process innovations at Universal Gloves to improve water efficiency and intensity. Meanwhile, the Sector recycles and reuses 8% of its water withdrawal.

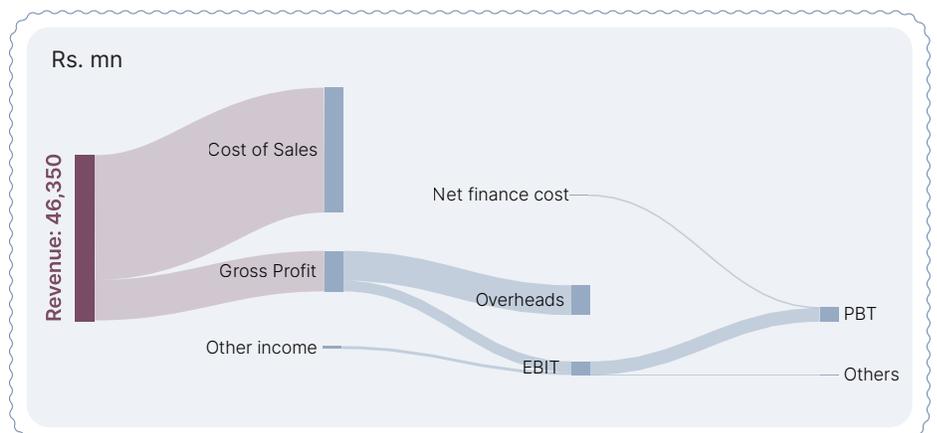
**Supply chain interventions:** As a producer of rubber-based products, the

Sector falls under the coverage of the EU Deforestation Regulation which requires exporters to the EU to ensure that its products are free from deforestation or forest degradation. In preparation, the Sector has commenced data collection and capacity building along its supply chain focusing on land ownership, use of child labour and human rights among others. In addition, the Sector engages in supplier development and empowerment through its long-standing initiative DPL Firstlight.

## SECTOR FINANCIAL PERFORMANCE



(y-o-y) %	Revenue	PBT
Local operations	+11%	-7%
European operations	-11%	+11%
Thailand operations	+20%	-3%



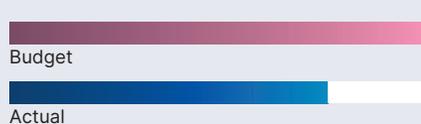
# Hand Protection

## PERFORMANCE HIGHLIGHTS

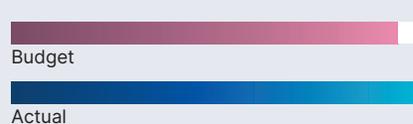
FINANCIAL METRICS	2025	2024	%	2023
Revenue	46,350	42,998	8	51,376
Earnings before interest and tax	3,813	3,786	1	4,072
Net finance income/(cost)	37	226	(84)	1,179
Profit before tax	3,858	4,013	(4)	5,251
Profit after tax	3,255	3,673	(11)	4,277
Assets	42,042	34,341	22	35,002
Liabilities	18,983	13,595	40	15,285
Operating cash flow	2,546	3,439	(26)	7,718
OPERATIONAL HIGHLIGHTS				
No. of manufacturing facilities	7	6	17	6
Capacity utilisation (%)	90	84	6	79
Units of products sold (mn)	286	252	14	252

### PERFORMANCE AGAINST TARGETS

#### Revenue



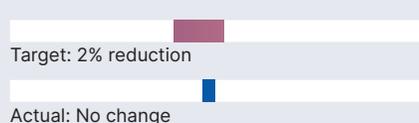
#### Profit before tax



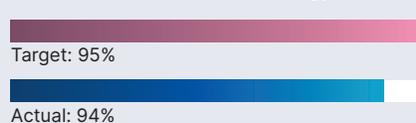
ENVIRONMENTAL METRICS*		2025	2024	%	2023
ESG commitment areas	Energy consumption (GJ)	2,290,821	2,055,012	11	1,971,618
	Energy intensity (GJ/Revenue USD mn)	14,709	15,129	(3)	13,821
	Carbon footprint (tCO <sub>2</sub> e)- Scope 1 & 2	20,163	20,202	-	20,935
	Emission intensity (tCO <sub>2</sub> e/Revenue USD mn)	129	149	(13)	147
	Water withdrawn (m <sup>3</sup> )	2,163,917	2,042,638	6	1,899,368
	Water intensity (m <sup>3</sup> /Revenue USD mn)	13,894	15,037	(8)	13,315
Relevant SASB metrics	Water consumed from high-stress regions (%)**	100%	100%	-	N/A
	Revenue from products containing substances of high concern (Rs.mn)	Nil	Nil	-	Nil
	Revenue from products designed with green chemistry principles (Rs.mn)	616	N/A	-	N/A
	Total weight of packaging (MT)	4,516	4,112	10	3,773
	Percentage made from recycled and/or renewable materials (%)	70	70	-	70
	Percentage that is recyclable, reusable, and/or compostable	95	90	5	95

### PERFORMANCE AGAINST TARGETS

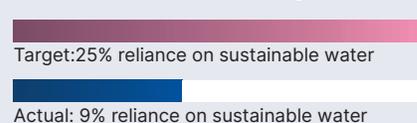
#### Emission reduction

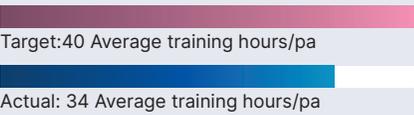


#### Reliance on renewable energy



#### Sustainable water sourcing



SOCIAL METRICS		2025	2024	%	2023
ESG commitment areas	No. of employees	2,530	2,171	18	2,245
	Revenue per employee (Rs. mn)	18	20	(9)	23
	Remuneration per employee (Rs.mn)	2	3	(19)	3
	Investment in CSR (Rs.mn)	4	16	(77)	9
	No. of CSR beneficiaries	4,364	5,577	(22)	5,499
<b>PERFORMANCE AGAINST TARGETS</b>					
<b>Training hours</b>		<b>Target:</b> LTIFR=0, TIFR=0, DSCI=100%		<b>Supply chain practices</b>	
 <p>Target: 40 Average training hours/pa Actual: 34 Average training hours/pa</p>		<b>Actual:</b> LTIFR - 0.75, TIFR - 5.07, DSCI - 67.2%		 <p>Target: 40% of suppliers screened on ESG Actual: 57% of suppliers screened on ESG</p>	

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

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

**Long-term ESG commitments**

**Accelerate climate action**

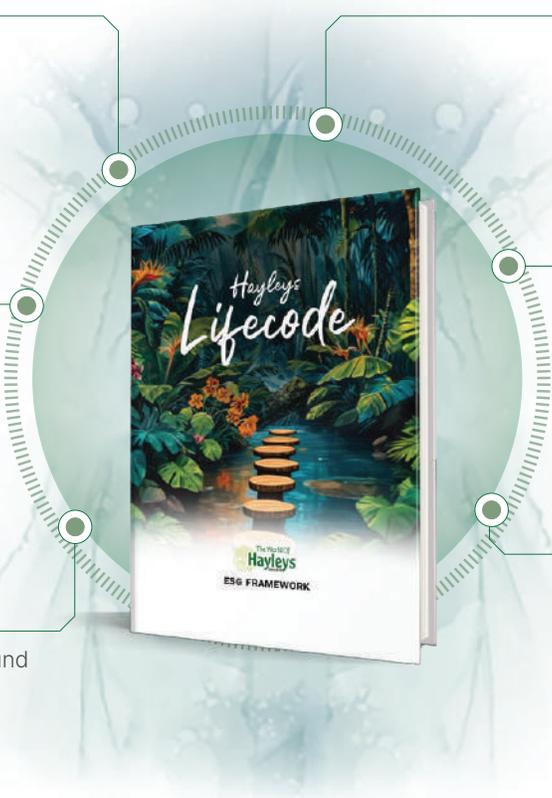
- New capacity expansions powered by biomass energy
- Ongoing energy efficiency improvements
- Assessment of product carbon footprint of 7 products

**Restore and regenerate nature**

- DPL entered into a 10-year agreement with Horana Plantations to engage in tree planting and biodiversity preservation in the Lindula region
- Launch of DPL EcoPulse Reserve – a 2-acre biodiversity park in the Hanwella facility (refer to page 338)

**Optimise resource footprint**

- Repurposing of waste in the compound washing of natural rubber
- Alternative disposal mechanisms to incineration introduced for Nitrile



**Responsible work place**

- Launch of dedicated counselling service for all DPL employees in partnership with Sri Lanka Sumithrayo

**Partner progress**

- Information collection and capacity building of suppliers in line with the requirements of EUDR
- CSR Investment of Rs. 4 mn in long-term CSR initiatives

**Responsible and responsive corporate citizenry**

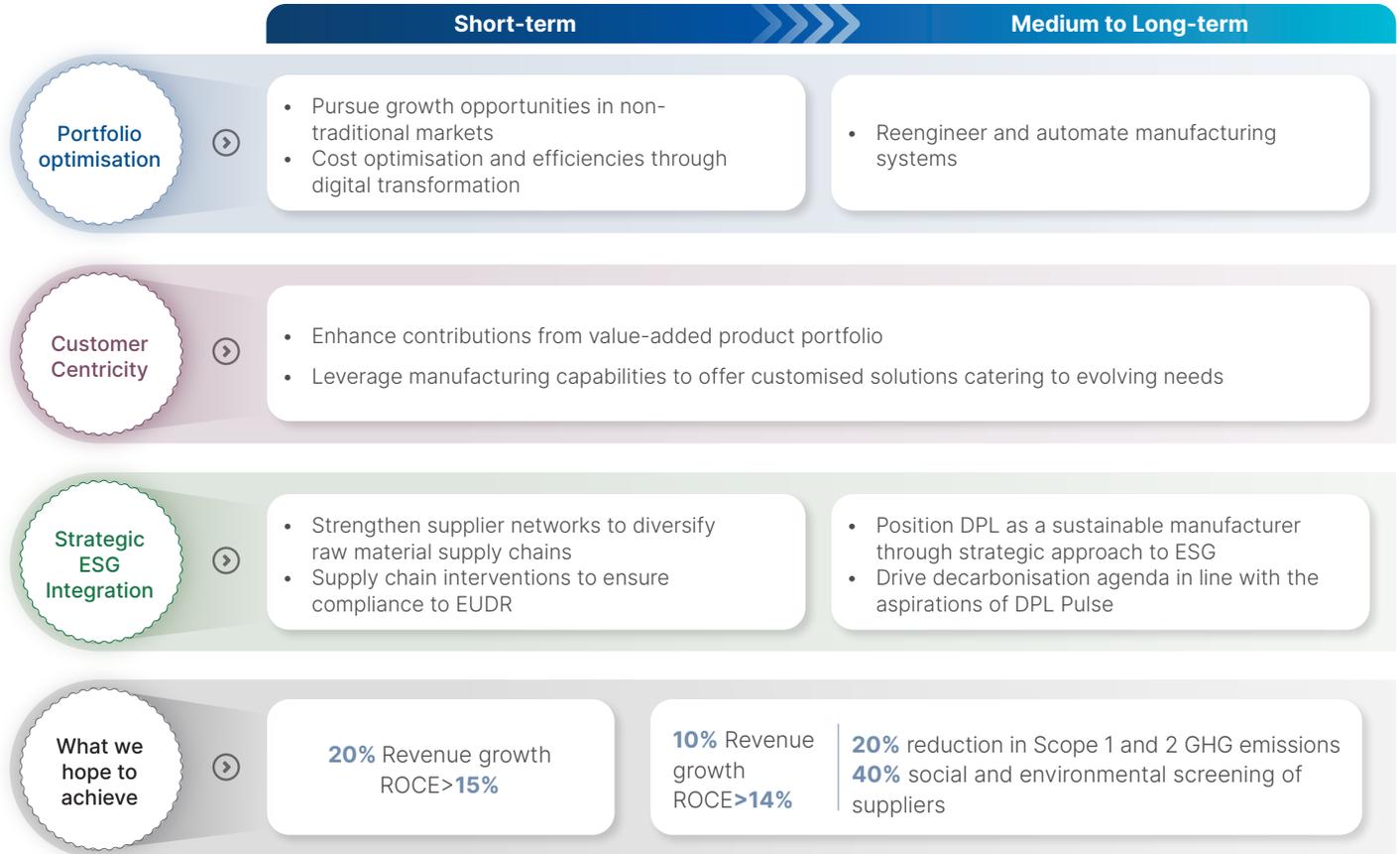
- ESG Governance and reporting mechanisms strengthened
- Strengthened emission reporting with the coverage of Scope 3 computation expanded

# Hand Protection

## PROSPECTS AND PLANS

The outlook for the Sector remains favourable, supported by robust demand from the industrial sectors and opportunities in niche, value-added product segments. Following its recent capacity expansion and geographical diversification, the Sector is well-positioned to capitalise on these opportunities. Key downside risks are evolving global trade dynamics, exchange rate volatility and climate-related risks which have implications on both supply and demand side dynamics.

### Alignment to Group strategy



Opportunities and levers	Risks to strategy
→ Growth opportunities in non-traditional markets	→ Evolving trade dynamics including geo-economic confrontations
→ Leverage sustainability as a competitive edge	→ Exchange rate volatility
→ Increasingly stringent regulations on health and safety	→ Escalating implications of climate change on raw materials