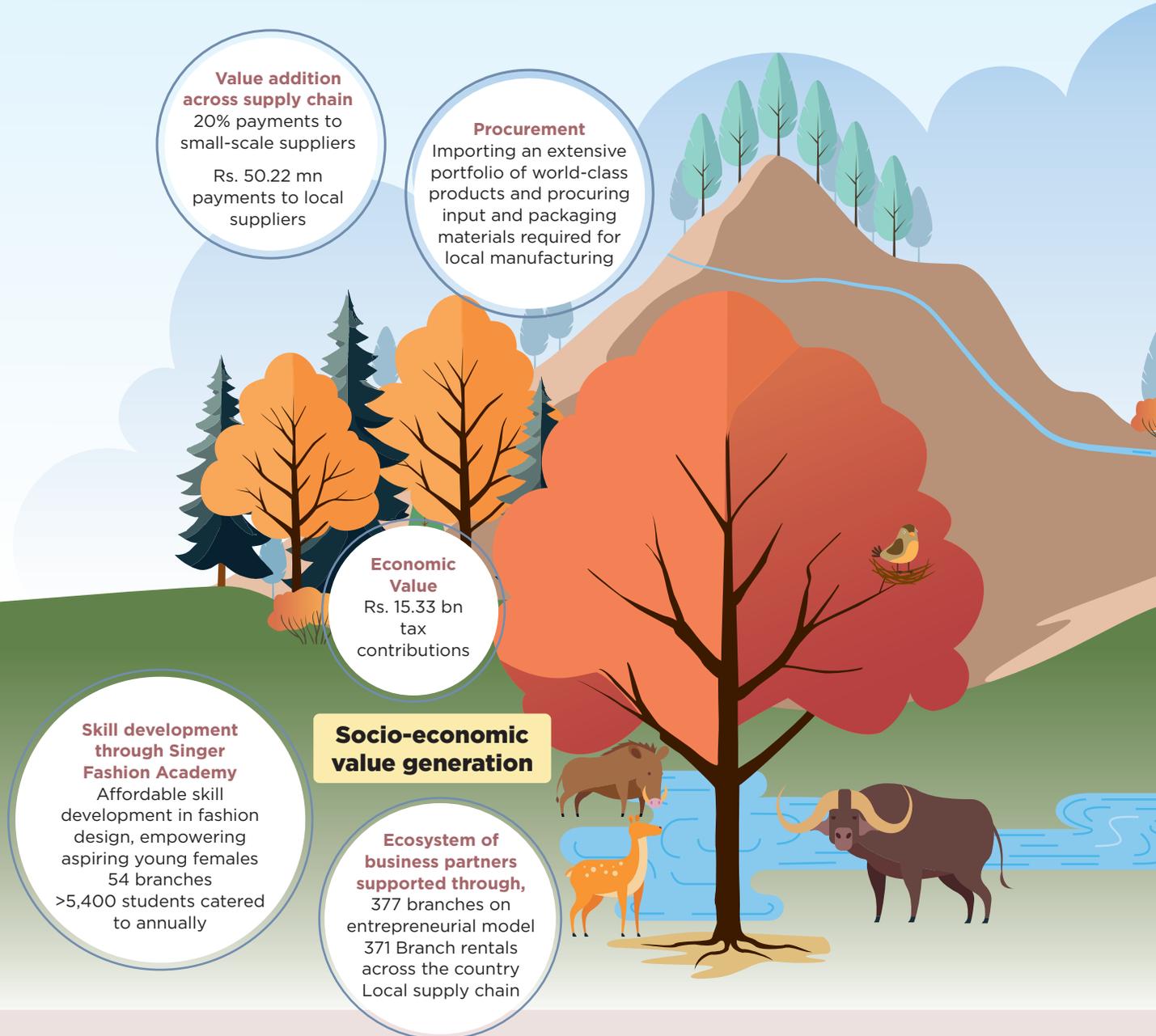




CONSUMER & RETAIL

Singer is Sri Lanka's leading retailer of consumer durables products, enriching and elevating lifestyles through providing access to world-class products. Through its island-wide retail network and local manufacturing footprint, Singer adds value across an extensive ecosystem of local suppliers, direct and indirect employees

CONSUMER & RETAIL



Value addition across supply chain
 20% payments to small-scale suppliers
 Rs. 50.22 mn payments to local suppliers

Procurement
 Importing an extensive portfolio of world-class products and procuring input and packaging materials required for local manufacturing

Economic Value
 Rs. 15.33 bn tax contributions

Skill development through Singer Fashion Academy
 Affordable skill development in fashion design, empowering aspiring young females
 54 branches
 >5,400 students catered to annually

Socio-economic value generation

Ecosystem of business partners supported through,
 377 branches on entrepreneurial model
 371 Branch rentals across the country
 Local supply chain



Rs. 25.59 bn
 Economic value added



16%
 Contribution to Group's value creation

Reaching a customer penetration rate of over 50% through a network of 407 outlets

Employment generation

Direct employees: 3,316
Indirect employees of approx. 2800, through unique entrepreneurial branch model

Multi-brand, multi-product portfolio offering convenience, comfort and connectivity



Home appliances

Range of refrigerators, air conditioners, washing machines and kitchen appliances among others



Consumer electronics

Televisions, Audio, and other entertainment equipment



Digital products

Computers, mobile phones, head phones and other accessories



Sewing machines

Domestic and industrial sewing machines



Furniture

Solid furniture, modular furniture and Signature kitchens



Financial services

Leasing, hire purchase and loans



Others

Water pumps, tractors, paddy threshers and solar systems and others



Revenue

Rs. 81.60 bn
(+28%)



Profit Before Tax

Rs. 611.29 mn
(-12%)



Profit After Tax

Rs. 175.11 mn
(-64%)



Assets

Rs. 98.58 bn
(+22%)



Liabilities

Rs. 87.46 bn
(+25%)



Employees

3,316
(+4%)



Carbon footprint

9,293 tCO₂e
(-17%)

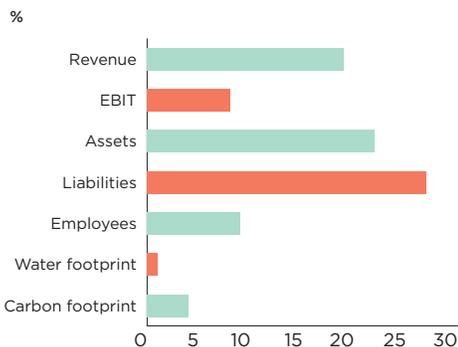
+ denotes y-o-y growth - denotes y-o-y decline

CONSUMER & RETAIL

SECTOR OVERVIEW

Singer (Sri Lanka) PLC is the undisputed leader in the country’s consumer durables industry. With a customer penetration rate of over 50%, Singer’s competitive edge is underpinned by its multi-brand, multi-product portfolio, unmatched island-wide retail network and strength of its brand as a household name in Sri Lanka. In addition to representing an array of local and global brands, Singer also manufactures a range of SINGER and SISIL refrigerators, washing machines, sewing machines, furniture and water pumps among others. The Consumer & Retail Sector also includes the Hayleys Consumer Division, which operates as a distributor for Proctor & Gamble products in Sri Lanka as well as Singer Finance (Lanka) PLC, a mid-sized licensed finance company offering an array of lending, deposit and transactional solutions to individuals and SMEs.

CONTRIBUTION TO GROUP



SINGER MARKETING

Represents 407 outlets across the country and an island-wide dealer distributor network

Contribution to Sector
Revenue: 78%
PBT: -35%

Performance 2023/24
Revenue: 21% growth
PBT: 51% growth



SINGER FACTORIES

Comprises 4 manufacturing facilities engaged in the production of refrigerators, washing machines, sewing machines, water pumps and furniture.

Contribution to Sector
Revenue: 7%
PBT: -10%

Performance 2023/24
Revenue: 18% decline
PBT: 169% decline



SINGER (FINANCE) LANKA PLC

Licensed finance company engaging in leasing and loans.

Contribution to Sector
Revenue: 8%
PBT: 104%

Performance 2023/24
Revenue: 2% growth
PBT: 4% decline



HAYLEYS CONSUMER

Exclusive distributor for Proctor & Gamble products in Sri Lanka and Maldives

Contribution to Sector
Revenue: 6%
PBT: 40%

Performance 2023/24
Revenue: 3% decline
PBT: 50% decline



During the year under review, two unlisted subsidiaries and listed subsidiaries of Singer, Singer Industries (Ceylon) PLC and Regnis (Lanka) PLC were amalgamated with Singer (Sri Lanka) PLC and delisted from the Colombo Stock Exchange.

COMPETITIVE POSITION

Singer operates an extensive island-wide network of **407 outlets** across 25 districts and 16 service centres. Meanwhile, Singer Finance operates a network of 52 branches

One of **Sri Lanka's strongest brands**, having won the People’s Brand of the Year for 18 consecutive years (including 2024) at the SLIM-Kantar People’s Awards

Singer represents over **50 international consumer durable brands** including Samsung, Dell, Huawei, Honor, Philips and Panasonic, offering a portfolio of over **600 electronic items** and **1250 home appliances**

Hayleys Consumer is the **distributor of Proctor & Gamble products** in Sri Lanka including personal care brands such as Head & Shoulders, Gillette, Whisper and Olay as well as Group products such as Mabroc Teas and Hayleys Agriculture Products



OPERATING ENVIRONMENT

The year under review was characterised by two very distinct halves; the first was defined by a multitude of challenges including high inflation and interest rates, continued import restrictions and weak consumer sentiments which led dampened demand. As macro-economic conditions gradually stabilised, the second half of the year showed signs of recovery underpinned by a relatively stable exchange rate, tapering interest and inflation levels and resumption of economic activity. While consumer purchasing power remained constrained by elevated costs and a higher tax regime, aspirations for convenience and sophistication fuelled the gradual release of pent-up demand. Import restrictions on consumer durables was lifted in October 2023, following which demand conditions recorded considerable improvement. The impending imposition of VAT on all consumer durable products with effect from January 2024, boosted demand in the month of December as customers sought to advance purchasing to avoid extra costs. While demand has since normalised, the outlook for the industry is promising as gradual improvement of macro-economic fundamentals is expected to support demand growth over the short-to-medium term. On the other hand, the rapid growth of the grey market continues to pose a significant threat to legal importers; the increased price disparity between legal and illegal imports following the imposition of VAT on the former has fuelled the rapid growth of the informal sector, not only threatening the survival of legal importers but depriving the Government of tax revenue.



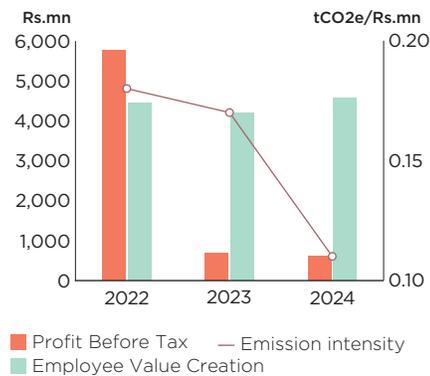
Summary of external drivers

| | Driver | Driver Significance of impact | Implications on Sector |
|------------------------------------|---|-------------------------------|--|
| Economic and geo-political context | Lower disposable income | H | - Curtailment of discretionary expenses amidst reduced purchasing power |
| | Increase in VAT rate from 15% to 18% and removal of exemptions on selected products | M | - Upward price revision - Fuelled the growth of the grey market |
| | Easing interest rates | H | - Conducive for hire purchase schemes which will drive consumption |
| | Appreciation of the Sri Lankan Rupee | M | + Leads to lower import costs and increased attractiveness of pricing to local customers |
| Industry context | Growth of the tourism sector | M | + Increased investments directed towards new tourism establishments will drive demand for consumer durables + Increased liquidity along the tourism value chains is conducive for volume growth |
| | Rapid growth in grey market for selected products | H | - Inequitable playing field for legal importers who are compelled to sell products at a higher price due to the applicability of duties and taxes |
| | Increasing customer sophistication | H | + Shifting lifestyles are fuelling demand for increased convenience, quality and durability |
| Sustainability context | Increased focus on energy efficient solutions | H | + Following the sharp escalation in energy costs, consumers are increasingly pursuing energy-efficient solutions + The shift to a low carbon economy has presented many opportunities in energy efficient products and renewable energy solutions |
| | Growth in sustainable finance solutions | H | + Opportunity for Singer Finance to grow its sustainable/green lending portfolio |

H-High, M-Medium, L-Low. Brown circle represents adverse effect while yellow circle represents positive affect

CONSUMER & RETAIL

INTEGRATED PERFORMANCE



STRATEGY AND INTEGRATED PERFORMANCE REVIEW

Singer's ability to preempt challenges and flex its strategy in addressing these evolving dynamics enabled the Sector to mitigate the adverse impacts of an extremely challenging year. Singer shifted focus from a classical to a renewal operating model where strategy was regularly refreshed and refined to ensure viability in a relatively harsh operating landscape. Proactive efforts to clear high-cost inventory together with the gradual pick-up in demand towards the latter part of the year enabled the Sector to generate a Revenue growth of 28% to Rs. 81.60 bn. However, margins narrowed reflecting promotions and market activations that were offered to optimise inventories resulting in the Sector's Operating Profit margin declining from 11.7% to 4.3%. Against this backdrop, the Sector aggressively pursued cost efficiencies and optimised finance costs. Meanwhile, performance of the Hayleys Consumer division was also affected by the weak consumer sentiments and buying power, resulting in a decline in profitability. Overall the Sector generated a Profit Before Tax and Profit After Tax of Rs. 611.29 mn and Rs. 175.11 mn respectively during the year.

Despite the challenges that prevailed, Singer continued to evolve its product and brand portfolio to cater to emerging customer needs. Singer was appointed the sole distributor of Honor- one of the world's fastest

growing smart phone brands. Positioned as a brand that offers premium features at competitive pricing, Singer launched 10 models of Honor in Sri Lanka catering to the diverse needs of customers across varying price points. Singer also launched the 'Singer premium furniture' brand, aligned with its long-term aspirations of penetrating a more premium customer segment through an elevated product offering. Singer maintained its market leadership position across key product categories including refrigerators, washing machines, televisions and sewing while gaining market share in digital devices. At the SLIM-KANTAR People's Awards 2024, Singer was recognised as the People's Brand of the Year for the 18th consecutive year, attesting to its status as a household brand in the country.

Branch consolidation continued during the year with a view to ensuring long-term sustainability of all locations resulting in the total branch count being optimised to 407 outlets. Meanwhile, demand for after sales services increased significantly during the year reflecting customers' preference to repair and reuse current products given the weaker buying power. Resultantly, Singer enhanced its service capabilities, establishing a premium Contact Centre in Colombo and leveraging its network of 16 regional service centers and over 300 service franchise agents. Singer also continued to offer an enhanced value proposition to its loyalty customer base of over 2.2 million through Singer

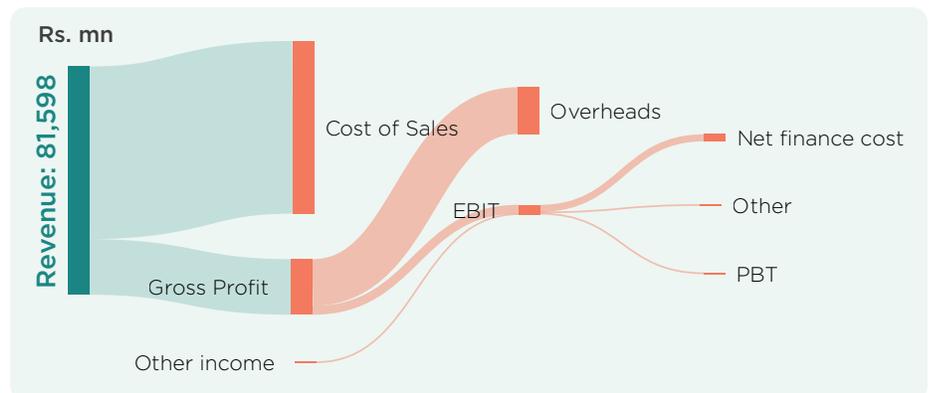
RED- offering exclusive benefits and customised offerings.

Singer Finance (Lanka) PLC delivered a creditable performance in a challenging year. Although profits declined due to the increase in expenditure reflecting expansion of the operations, the Company's Profit Before Tax of Rs. 652.40 mn upheld the Singer Group's profit during the year. During the year, 2 branches were added bringing the total network to 52. The Company also maintained healthy portfolio quality, liquidity and capitalisation levels in comparison to industry peers.

ESG IN ACTION

Singer's ESG aspirations center on greening the customer journey through providing access to energy efficient product solutions while reducing its own energy consumption and supporting circularity through an island-wide e-waste management programme. Strategic efforts that made to integrate ESG into the Sector's strategy and operations in line with the Hayleys Roadmap included the following:

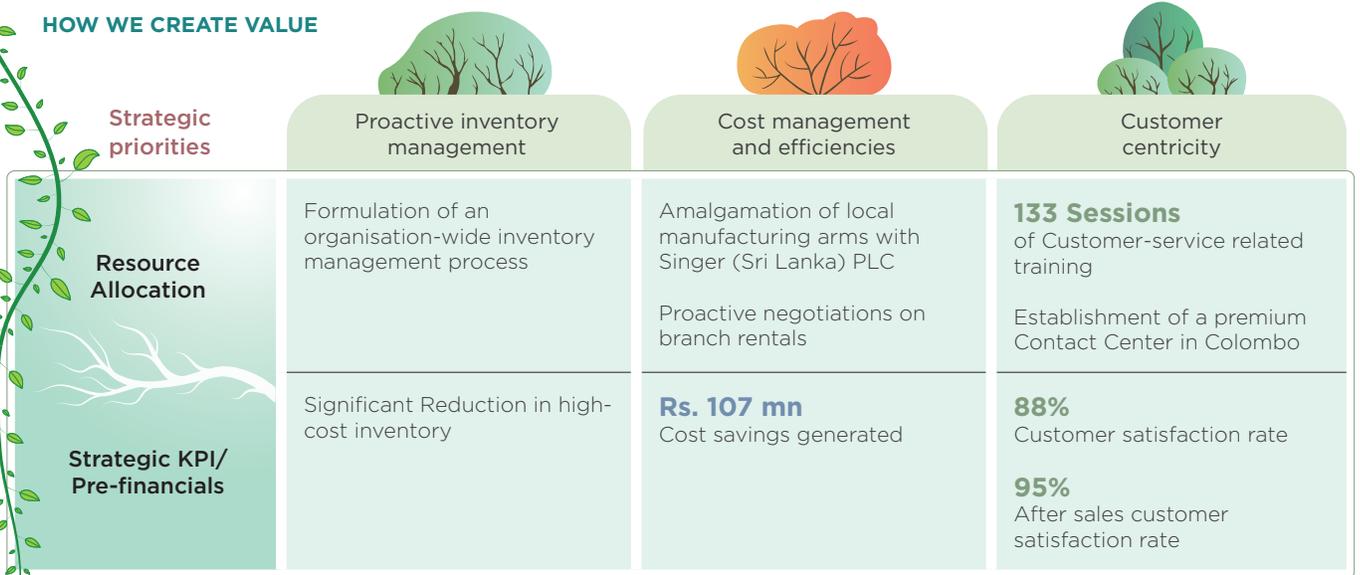
- Establishment of Sector ESG Steering and Working Committee
- Strengthen ESG risk assessment and integration with existing risk processes
- Third-party verification of GHG emissions (2022/23)
- Winner of the sector award in the Retail Sector at Best Corporate Citizen Sustainability Awards 2023-Singer (Sri Lanka) PLC.



HOW WE DEFINE VALUE



HOW WE CREATE VALUE



HOW WE DELIVER AND PRESERVE VALUE

- Total economic value generated during the year increased by 19% in spite of the challenging external dynamics
- Payments to employees increased by 9% during the year
- Value generated to Governments amounted to Rs. 15.36 bn an increase of 79% compared to the previous year
- Payments to lenders of capital decreased by 35%
- Value retained in the business for future investment amounted to 3% compared to 6% the previous year



VALUE DISTRIBUTION



CONSUMER & RETAIL

FINANCIAL PERFORMANCE

| Rs.mn | 2024 | 2023 | % y-o-y | 2022 |
|--|---------------|---------------|--|-------------|
| Revenue | 81,598 | 63,893 | 28 | 83,543 |
| Earnings Before Interest and Tax | 3,487 | 8,502 | (59) | 8,502 |
| Net finance income/(cost) | (2,520) | (6,414) | (61) | (2,350) |
| Profit Before Tax | 611 | 691 | (12) | 5,771 |
| Profit After Tax | 175 | 493 | (65) | 4,300 |
| Assets | 98,577 | 80,836 | 22 | 91,028 |
| Liabilities | 87,460 | 69,720 | 25 | 78,917 |
| Operating Cash Flow | (6,476) | 874 | (841) | (7,454) |
| Performance against targets | | | | |
| | Target | Actual | Reason for variance | |
| GP of products | 10% | 1.5% | Decline in consumer spending and import restrictions | |
| OPERATIONAL HIGHLIGHTS | | | | |
| | 2024 | 2023 | % y-o-y | 2022 |
| Singer Branches | 407 | 416 | (2) | 431 |
| Revenue per Branch (Rs.mn) | 118 | 85 | 39 | 105 |
| Net Promoter Score (%) | 86 | 86 | - | 79 |
| Energy Intensity (GJ/Revenue Rs.mn) | 0.7 | 1.2 | (38) | 0.8 |
| Water Intensity (Litres/Revenue Rs.mn) | 1,268 | 1,893 | (33) | 1,205 |
| Carbon Intensity (tCO2e/Revenue Rs.mn) | 0.1 | 0.17 | (35) | 0.2 |
| No. of Employees | 3,316 | 3,190 | 4 | 3,154 |
| Revenue per Employee (Rs.mn) | 24.6 | 20 | 23 | 25 |
| Remuneration per Employee (Rs.mn) | 1.4 | 1 | 37 | 2 |

ESG HIGHLIGHTS



CLIMATE ACTION AND ENERGY EFFICIENCY

As Sri Lanka's largest consumer durables supplier, Singer has a vital role to play in supporting the country's emission reduction goals through providing access to energy-efficient products.

- 9 locally manufactured refrigerators certified as Minimum Energy Performance (MEP) models by Sri Lanka Sustainable Energy Authority
- 6 models of smart inverter refrigerators
- Green inverter air conditioners and Samsung wind-free air conditioner

| | 2024 | 2023 | Y-o-y |
|--------------------------|--------|--------|-------|
| Energy Consumption (GJ) | 58,507 | 70,667 | 21 |
| Carbon Footprint (tCO2e) | 9,293 | 11,155 | (17) |

Circularity through e-waste management programme

Singer engages in an island-wide e-waste collection initiative across its branch network through which customers are encouraged to return used electronic items. (Page 285)

| | | | |
|-----------------------------|-----------------------------|-------------------------------|---------------------|
| 1,898 Televisions | 130 Refrigerators | 46 Washing machines | 25 Others |
|-----------------------------|-----------------------------|-------------------------------|---------------------|

Skill development through Singer Fashion Academy

54 academies across the island
3,864 new students enrolled

Employee value creation

During the year focus was placed on building leadership skills and ensuring succession planning

| | 2024 | 2023 |
|-------------------------------|------|-------|
| No. of employees | 3102 | 2,986 |
| Training investment (Rs.mn) | 29 | 21 |
| Payments to employees (Rs.bn) | 4.6 | 4.2 |

Launch of Internship programme:

Singer Youth Catalyst

PROSPECTS AND PLANS

The industry outlook for the short-to-medium term remains promising, given gradually recovering macro-economic fundamentals, conducive interest and exchange rates, tapering inflation and an overall improvement in customer sentiments. A recovering tourism sector and gradual release of pent-up demand is also expected to provide further impetus for growth, affording retailers significant opportunities in driving increased penetration. The long-term growth potential of Sri Lanka's consumer durables sector is positive, driven by the relatively low penetration levels in certain product categories, growing aspirations for a better quality, customer sophistication, faster replacement cycles, and urbanisation. Trends which are expected to shape the Sector's risk profile over the short, medium and long-term are presented below:

INDUSTRY RISK AND OPPORTUNITY LANDSCAPE

+ Stabilising macro-economic conditions

The gradual recovery of macro-economic fundamentals, easing interest rates and inflation is expected to drive demand for consumer durables in the short-to-medium term as evidenced by the recovery of volumes in the past few months

Response

Leverage on the extensive product portfolio, brand and branch reach to drive increased penetration and gain market share across key product categories

+ Demographic changes and increasing customer sophistication

Notwithstanding the implications on poverty of the recent economic crisis, over the long-term Sri Lanka's middle class is expected to expand, driving demand for more sophisticated products and convenient lifestyles

Response

Expand product offering to cater to the specific needs of different customer segments, including the premium segment

- Expansion of the grey market

Presents a significant threat for legal importers in the short-term, given the significant price disparity between legal, taxed products and products imported illegally evading tax

Response

Build customer awareness and lobbying to the government

+ Omni channel preference

Customers from younger demographics are showing increased preference towards e-commerce channels

Response

In addition to driving penetration via the Singer website, the Sector also hopes to partner with established third-party e-commerce platforms to increase its online presence

Sustainability related risks and opportunities (SRRO)

Increasing customer awareness on sustainability

The eco-awakening of customers, particularly among younger demographics is driving demand for sustainable products

| | |
|--------------------|---|
| < 1 year | Increased focus on energy efficient products |
| 1-5 years | Heightened awareness among customers on sustainability considerations including energy efficiency, resource use and end-of-use disposal |
| >5 years | Standardised use of sustainably designed and manufactured products |
| Response | Providing access to the world's leading sustainable products through our partnerships with global brands |

Impacts of climate change on farmer income



As a company with a strong rural presence, agriculture-based communities are an important customer segment for Singer

| | |
|--------------------|---|
| < 1 year | Sales are typically correlated with farmer's harvest and income which is directly linked to weather patterns |
| 1-5 years | Increasingly erratic weather patterns are likely to lead to significant variations in farmer income, thereby impacting demand |
| >5 years | If climate adaptation and mitigation measures are not adopted, farmer incomes will dwindle |
| Response | Diversification of markets and customer segments |

Sri Lanka's renewable energy aspirations

According to Sri Lanka's Net Zero plan, the country is gearing to scale up renewable energy to be 70% of total energy consumption by 2030.

| | |
|--------------------|---|
| < 1 year | Gradual increase in fossil-fuel based energy prices and resultant shift to solar power |
| 1-5 years | Price adjustments to fossil fuel-based sources will drive increased preference of energy efficient solutions. |
| >5 years | |
| Response | Design and manufacture of energy efficient products through our local manufacturing arms |

CONSUMER & RETAIL

| FUTURE PLANS | |
|--|--|
| Short-term | Medium-to-long term |
| <ul style="list-style-type: none"> Widen product portfolio with solutions catering to diverse segments Drive increased sales orientation among teams Focus on enhancing service excellence and after-sales care Optimise existing branch network | <ul style="list-style-type: none"> Strengthen competitive position in the premium segment through value-added product offerings Strategic acquisition of new brands Regional expansion Expand portfolio of sustainable products Enhance e-commerce platform |
| Short-term goals ROE>10% | Medium-to-long term goals ROE>20% |

SASB DISCLOSURES

Multiline and Specialty Retailers & Distributors

| TOPIC | ACCOUNTING METRIC | UNIT OF MEASURE | CODE | DISCLOSURE/Pg. reference |
|---|--|-----------------|--------------|---|
| Energy Management in Retail & Distribution | (1) Total energy consumed | GJ | CG-MR-130a.1 | 38,100 |
| | (2) % grid electricity | % | | 100% |
| | (3) % renewable | % | | - |
| Data Security | Description and approach to identifying and addressing data security risks | n/a | CG-MR-230a.1 | Robust policies and standards are in place to identify and mitigate cyber security risks. A monthly meeting is held to discuss share knowledge between departments on cybersecurity risks |
| | (1) Number of data breaches | No. | CG-MR-230a.2 | None |
| Labour practices | (1) Average hourly wage | No. | CG-MR-310a.1 | 229 (Non-ex) |
| | (2) % of in-store employees earning minimum wage by region | % | CG-MR-310a.2 | |
| | (1) Voluntary turnover rate for in-store employees | % | | 23% |
| | (2) Involuntary turnover rate for in-store employees | % | | N/A |
| | Total amount of monetary losses as a result of with labour law violations | Rs.mn | CG-MR-310a.3 | Nil |
| Workforce diversity & inclusion | Percentage of gender and racial/ethnic group representation for | % | CG-MR-330a.1 | Male 86%; Female 14% |
| | (1) management (2) all other employees | % | | Male 79%; Female 21% |
| | Total amount of monetary losses as a result of legal proceedings associated with employment discriminations | Rs.mn | CG-MR-330a.2 | Nil |
| Product sourcing, packaging and marketing | Revenue from products that are third-party certified to environmental and/or social sustainability standards | mn | CG-MR-410a.1 | 2,847 (MEP labelled refrigerators) |
| | Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products | | CG-MR-410a.2 | All locally manufactured refrigerators are equipped with the R600a refrigerant, an eco friendly alternative to harmful refrigerants |
| | Discussion of strategies to reduce the environmental impact of packaging | | CG-MR-410a. | In refrigerator packaging, the Group has replaced Styrofoam with paper pulp for top and side panels |