An Enduring Light

Hayleys PLC | Annual Report 2024/25

An Enduring Light

Here at Hayleys PLC, over the years we have grown to become an entity that radiates value and growth across our area of influence. Across our diverse sectors, we remain united by a singular vision: to cultivate an environment where lives and livelihoods flourish and thrive. As a constant source of vitality and life, we don't just illuminate our own path – we guide the wider community and all those around us to achieve lasting growth and success.

As we lay the foundation for a brighter tomorrow, we are energised by the potential of what lies ahead. We are confident that our unique and vibrant presence will continue to grow and evolve; leading us to unlock new possibilities, and reach our true potential.

We are committed to ensuring that our journey of progress remains steadfast and impactful; lighting the way for future generations while staying true to the values that define us.

This is the legacy and promise we carry forward: to serve as an enduring light for generations to come.

Bioluminescence and bioflourescence are phenomena that have inspired civilisations for centuries. They represent hope and the promise of life and growth amid adversity, and have served as a source of inspiration and innovation since the dawn of time. This report pays tribute to the extraordinary species that illuminate our surroundings – and explores how they extend unmatched vibrance and vitality to drive continuity, and support an enduring ecosystem of growth.

The World Of Hayleys
Since 1878

Our Process

All species emit light through two key mechanisms. Bioluminescence is powered by internal chemical reactions. In contrast, biofluorescence occurs when high-energy external light is absorbed and re-emitted at a different wavelength, creating vivid and radiant hues.

At Hayleys, we draw inspiration from both these natural phenomena. We rely on our intrinsic strengths and well-established structures to generate value from within, while also harnessing external resources to amplify impact—creating a brighter, more dynamic world.

Refer Value Creation Model (pages 90-93)

While most species use light as a form of communication or navigate uncertainty, others use it to blend in with their surroundings – thereby demonstrating their adaptability amid changing conditions.

Our Purpose

Whether used to illuminate dark, uncertain environments, mitigate risks, adapt to change, communicate with one another, or attract opportunities for growth, countless species strategically deploy light as a tool for protection and strength.

In much the same way, we embody different forms of value for those around us: serving as a beacon of trust, a catalyst for progress, a means of protection, and a steadfast source of energy and inspiration in an ever-evolving world.

Our Purpose-Led Strategy (pages 105-107)

Risk Management (pages 115-122)

Biofluorescence is not always visible without a source of ultraviolet or blue light. It is most often observed in marine species such as corals, some fish, and many land species such as frogs, squirrels, and chameleons.

Bioluminescence is visible to the naked eye and is commonly seen in fireflies and certain fungi, but it is most often observed in marine life—particularly jellyfish and a wide range of deep-sea creatures.

The World of Hayleys

A Universal Glow

At Hayleys, we are committed to radiating light and positivity throughout our sphere of influence, nurturing an interconnected ecosystem that thrives and evolves across every landscape.

Nature harnesses light in remarkable ways, using it as a tool for agility and enduring success. This report highlights the myriad ways in which light shapes our natural world and illustrates how it draws on inherent structures and processes to achieve unrivalled results in any environment.

Recent research suggests that bioluminescence has independently evolved between 40 and 100 times across diverse species, making it one of nature's most widespread and versatile evolutionary traits.

Our Presence

Species that emit light are found both on land and in the sea, spanning nearly every known category of life—including mammals, marine organisms, insects, amphibians, reptiles, birds, and even fungi.

Similarly, at Hayleys, our diversity and widespread presence reflect our capacity for adaptability and a collective instinct: to connect, protect, and thrive in every eventuality. We're driving a unified expression of resilience across the world and pursuing impactful growth in every climate.

A Global Footprint (pages 26)

Our Partnerships

Many species harness their ability to emit light to form purposeful partnerships—an interaction known as symbiotic bioluminescence. This remarkable phenomenon highlights how collaboration in nature leads to survival, adaptability, and mutual benefit.

Aligned with these principles, our journey is built on strategic, mutually rewarding partnerships that generate lasting value, amplify impact, and strengthen our collective future.

Stakeholder Engagement (pages 94-97)

The Hawaiian bobtail squid forms a remarkable symbiotic relationship with bioluminescent bacteria, which help it glow and blend into moonlit waters-offering camouflage in exchange for nutrients and a safe habitat.

5.4%
Contribution to Sri Lanka's exports

Rs. 152 bn
Economic value generated

>27,000
Indirect employment across value chains

38,029
Total employment

Rs. 42 bn
Direct and indirect taxes paid in Sri Lanka

640,270
CSR Beneficiaries

USD 761 mn
Foreign currency brought into the country

Rs. 55 bn
Payments to employees

Rs. 341 bn
Payments to suppliers

Rs. 451 mn
Investment in CSR

74%
Reliance on renewable Energy

Rs. 5.4 bn
Group-wide investments in solar

68,600 m3
Rainwater harvested

403,959 Mwh
Renewable energy generation

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FEATURED CONTENT
IN THIS YEAR'S ANNUAL REPORT

The World of Hayleys

Purpose-Driven Strategy

Strategic ESG Integration

SLFRS S1 and S2 disclosures

SASB INDUSTRY STANDARDS

- Household and personal products (**Pg 167**)
- Chemicals (**Pg 177**)
- Apparel, accessories and footwear (**Pg 187**)
- Construction materials (**Pg 197**)
- Agricultural products (**Pg 217**)
- Multiline and speciality retailers and distributors (**Pg 227**)
- Engineering and construction services (**Pg 267**)
- Hotels and Lodging (**Pg 237**)
- Air Freight and Logistics (**Pg 257**)

Welcome to Our 12th Integrated Annual Report

As our primary annual communication to capital providers and other stakeholders, our Integrated Annual Report (IAR) provides an overview of our performance and strategic progress during the year and outlook for the future. This includes material information relating to the operating environment, risks and opportunities, governance and stakeholder considerations. Through the consideration of the interactions between the six capitals, the Report demonstrates how we created and delivered value to our diverse stakeholders,

BASIS OF PREPARATION

Period	Hayleys PLC and its subsidiaries (collectively referred to as 'the Group') adopts an annual reporting cycle and this IAR covers the period from 1st April 2024 to 31st March 2025. Material information and post balance sheet events up to the Board approval date of 19th May 2025 have also been included
Audience	The Report is designed to cater primarily to the information requirements of capital providers, but also includes information that is relevant to other stakeholders
Changes to reporting	→ Addition of 8 new companies to the reporting boundary, which were acquired/ formed during the year → Widened the Group's Scope 3 Greenhouse Gas (GHG) emission computation to include emissions from upstream and downstream transportation and employee commuting
Sustainability/ ESG reporting metrics	→ The reporting boundary for financial and non-financial reporting is consistent, covering the operations of Hayleys PLC and its 190 affiliates (refer to Reporting boundary below)
Restatements	→ The Group's energy and carbon footprint for 2023/24 has been restated to reflect further refinement to the computation methodology (refer to page 330 for further information)

REPORTING BOUNDARY

This Report covers the operations of Hayleys PLC and its 190 affiliates (collectively referred to as the "Group") based in Sri Lanka and overseas (refer to Note 1 of the Finance statements on page 377). There were no significant changes to the Group's organisational structure other than the following:

→ Formation/acquisition of 8 new companies. (Refer to page 340 for full list)

→ Delisting of the ordinary shares of Unisyst Engineering PLC

Refer to Basis of Preparation on page 530

Integrated reporting boundary

- Operating environment (Page 98)
- Business model (Page 90)
- Strategy (Page 104)
- Stakeholder engagement (Page 96)

Use and impacts on six capitals (Page 289-338)

Materiality themes (Page 103)

- Adapting business models
- Sustainability and ESG integration
- Geopolitical and economic factors
- Stakeholder demands models

Financial reporting boundary

Hayleys PLC

182	8	143	48
Subsidiaries	Joint ventures and Associates	Local companies	Overseas companies

Refer to page 510 to 515 for a full list of companies included in the financial reporting boundary

STANDARDS AND FRAMEWORKS

Financial statements

- → Sri Lanka Financial Reporting Standards
- → Companies Act No.7 of 2007
- → Listing Requirements of the Colombo Stock Exchange
- → Sri Lanka Accounting Standards

Narrative report

- → Integrated Reporting Framework
- → Guidelines for the presentation of Annual Reports issued by CA Sri Lanka

Sustainability reporting

- → SLFRS S1 and S2 Sustainability Disclosure Standards
- → GRI Standards (2021) of the Global Reporting Initiative
- → Climate Disclosure Standards Board- Application Guidance for Water-Related Disclosures
- → Climate Disclosure Standards Board- Application Guidance for Biodiversity-Related Disclosures
- → Sustainability Accounting Standards Board (SASB)
- → Gender Parity Reporting Framework of CA Sri Lanka
- → Sustainable Development Goals (SDG)
- → 10 principles of the UN Global Compact
- → UNGC CEO's Water Mandate

Climate reporting

- → Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard

Corporate governance

- → Listing Requirements of the Colombo Stock Exchange
- → Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2023)
- → Transparency International's Assessments on Transparency in Corporate Reporting

Welcome to Our 12th Integrated Annual Report

ASSURANCE

We ensure the integrity of both our financial and non-financial information through a combined assurance model which includes oversight by the management and the use of internal audit and external assurance providers. The different elements of our Integrated Report that were assured are set out below;

Reporting element	Internal assurance	External assurance
Financial information and relevant processes	→ Regular review and evaluation of the financial reporting processes by the Management Audit & Systems Review Department → Executive review by Group Chief Financial Officer, Sector Chief Financial Officers and finance teams → Independent oversight by Board of Directors and Audit Committee	Messrs. Ernst and Young (Page 362)
Integrated Report and relevant processes	→ Verified by Board of Directors and sub-Committees → Sector level information verified by Sector leadership teams	Integrated Reporting Assurance by Messrs. KPMG (Page 524) → Evaluation of reporting processes → Descriptions relating to strategy and value creation → Application of content elements → Integrated thinking within the organisation
Non-financial/ ESG information performance metrics	→ Information verified by Sector-level sustainability champions, Group ESG function and Management Audit & Systems Review Department	Assurance on GRI Reporting by Messrs. KPMG (Page 527)
GHG inventory	→ Information verified by Sector-level sustainability champions and Group ESG function	Group-wide verification of the GHG inventory by Sri Lanka Climate Fund in line with ISO 14064-1(2018): Greenhouse gases

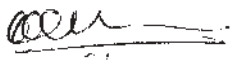
STATEMENT OF COMPLIANCE

This report represents a complete set of sustainability-related financial disclosures for Hayleys PLC and its subsidiaries for the year ended 31 March 2025. The Group's sustainability-related disclosures have been prepared in accordance with SLFRS Sustainability Disclosure Standards as issued by CA Sri Lanka.

BOARD RESPONSIBILITY STATEMENT

Hayleys PLC's Board of Directors hold ultimate responsibility for ensuring the integrity of this Report. We hereby confirm that the 2024/25 Report addresses all relevant material matters and fairly represents the Group's integrated performance. We also confirm that the Report has been prepared in accordance with the Integrated Reporting Framework of the International Integrated Reporting Council. The Report is approved and authorised for publication.

Chairman & Chief Executive



Chairman of Audit Committee

Group Chief Financial Officer

Feedback

We are committed to consistently enhancing the quality and readability of our Annual Report and welcome your feedback, suggestions and other comments. Please direct your feedback to,

info@cau.hayleys.com

Corporate Affairs Unit-Hayleys PLC

NAVIGATION ICONS

We have used the following navigation icons across the Report to showcase connectivity between strategy, KPIs, resource allocation, risks and other relevant information.

CAPITALS

- Financial (FC)
- Manufactured (MC)
- Human (HC)
- Intellectual (IC)
- Social & Relationship (SC)
- Natural (NC)

STRATEGIC PILLARS

- Building resilience through portfolio optimisation
- Customer centricity
- Inclusive business models
- Nurturing inspired teams
- ESG integration

STAKEHOLDERS

- Shareholders
- Employees
- Customers
- Suppliers
- Business partners
- Communities
- Government

CONNECTIVITY OF SLFRS S1 AND S2 DISCLOSURES

- Interconnections between Sustainability-Related-Risks and Opportunities (SRROs)
- Connections within the information provided on SRRO
- Connections between sustainability-related financial information and general purpose financial information

OTHER NAVIGATION ICONS

- Refer to more information
- Website

Our Approach to Integrated Reporting

An integrated approach to our strategy formulation and value creation precedes the preparation of this Report, which is facilitated by organisation-wide collaboration and robust reporting processes. This process is governed by the Board of Directors, GMC and respective functions and assured through a combined assurance model.

INTEGRATED THINKING

Purpose-led strategy

The Group's strategic aspirations are designed to fulfill its Purpose, which is achieved through leveraging its resources and relationships. This interaction leads to inevitable trade-offs, outputs and stakeholder outcomes, which ultimately results in the creation, preservation and erosion of value.

Materiality

The Group adopts a **double materiality lens** when identifying material topics and determining reporting content, thereby considering topics which could potentially impact the Group's ability to create value (financial materiality) as well as the impact on our stakeholders and the environment (impact materiality). Material matters have been grouped into 4 overarching themes to support improved clarity of reporting.

MATERIALITY THEMES

Geopolitical and economic factors	Adapting business models	Sustainability and ESG integration	Stakeholder demands

Disclosures available in the following sections

Reflections from Chairman, Operating environment, Portfolio Reviews	Portfolio Reviews, Purpose-led Strategy, Delivering Integrated Value	Strategic ESG Integration, Portfolio Reviews	Stakeholder Engagement, Portfolio Reviews

REPORTING PROCESSES

Plan

Plan content based on requirements of reporting frameworks, results of materiality analysis, stakeholder information needs and benchmarking

Formulate

A cross-functional team, led by the Group CFO formulates the content in the Annual Report which is sourced from interviews with Sector leadership teams and other subject matter experts across the Group

Validate

A combined assurance model is adopted, which ensures the integrity of financial, non-financial and integrated reporting and includes review by Members of the Group Management Committees (GMC)

Approval

The Board provides final approval of the Report with the Chairman of the Board and Chairman of the Audit Committee providing final sign-off for publication

COMMUNICATION

Accessibility

Language
Chairman's Statement and Annual Report synopsis translated to Sinhalese and Tamil

Visual design
- → Use of infographics
- → Data visualisation

Multiple formats
- → Comprehensive Annual Report
- → Mobile friendly version
- → Persona-based website
- → Immersive experience through - Experiential edition

User engagement
- → Opportunities for feedback
- → Interactive elements

Digital reporting

Annual Report: Experiential edition

Persona-based interactive website

ChatBot with Generative AI capabilities and voice enablement

Mobile-friendly quick-read version

APPROACH TO SLFRS SUSTAINABILITY DISCLOSURE STANDARDS

The Hayleys Group opted for early adoption of the SLFRS S1 and S2 Sustainability Disclosure Standards last year, adopting a climate-first reporting approach together with other transitional relief allowed for first-time adopters. In line with the Group's medium-term roadmap for fully implementing the new standards, this year we have further enhanced our processes and disclosures as demonstrated below. We will continue to refine our approach going forward, including quantification of impacts, climate-related scenario analysis and widening the coverage of our GHG Scope 3 emission computation.

Roadmap and Progress in 2024/25

FY 2023/24

- → Implementing relevant governance structures and risk management processes
- → Climate-first reporting
- → Qualitative approach to assessing financial effects of SRROS and scenario analysis
- → Limited coverage of Scope 3 emission computation

FY 2024/25

- → Widen disclosures to report on 8 key SRROs
- → Commenced quantification of financial effects
- → Widened coverage of Scope 3 emission computation with 2 new categories added thereby reporting on 6 categories across the Group

FY 2025/26

- → Quantitative disclosures on climate-related scenario analysis
- → Commence interim disclosures
- → Further widen reporting of Scope 3 emissions

FY 2026/27

- → Strengthen reporting across all Group entities
- → External assurance on SLFRS Sustainability Disclosure Standards

REPORTING CONSIDERATIONS

→ **Reporting boundaries:** The sustainability-related financial disclosures relate to the Hayleys PLC Group and is consistent with the reporting boundary for the Audited Financial Statements.

- Reporting entity
- Reporting period
- Reporting time
- Presentation currency

Consistent between Financial Statements and Sustainability-Related Financial Disclosures

→ **Sustainability related risks and opportunities (SRROs):** Following a systematic materiality analysis, we have prioritised 8 SRROs as being material to the Group on a consolidated level. All sustainability-related financial disclosures relate to these selected 8 SRROs.

→ **Time horizons:** The Group defines the time horizons in which the effects of SRROs could occur as follows; short-term (less than 1 year), medium-term (1-5 years) and long-term (over 5 years). This definition is used consistently across the Group's sustainability-related financial disclosures and is aligned with the planning horizons used for strategic decision making.

→ **Quantification of financial effects:** In this year's Report, we have made progress in quantifying certain selected financial impacts of CRROs on the short, medium and long-term financial performance. However, quantifying the impacts of broader SRROs (which include social and governance impacts) remain challenging to correlate directly to financial performance, reflecting the limited availability of information, resource constraints and complexities in attributing performance variables to specific SRROs.

→ **Materiality thresholds:** In the context of sustainability-related financial disclosures information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general-purpose financial reports. At the Hayleys Group level, this threshold is defined as above 0.5%-3% of PBT or 0.1%-1% of Revenue/ Total Assets.

→ **Sources of guidance:** In addition to the SLFRS Sustainability Disclosure Standards, the Group has referred to several sources of guidance in its disclosures, both with regards to determining material issues and reporting metrics and targets. The ESG Reporting Frameworks Index on page 532 demonstrates the connectivity between the different reporting frameworks used and its applicability for each relevant SRRO.

Our Approach to Integrated Reporting

Reporting element	Identification of SRROs	Disclosure requirements
9 SASB industry standards → Household and personal products → Chemicals → Apparel, accessories and footwear → Construction materials → Agricultural products → Multiline and specialty retailers and distributors → Engineering and construction services → Hotels and lodging → Air freight and logistics	✓	✓
CDSB- Application Guidance for Water-Related Disclosures	✓	✓
CDSB- Application Guidance for Biodiversity-Related Disclosures	✓	✓
GRI Standards	✓	✓

Refer to ESG Reporting Framework Index on page 532

Connected information: Cross referencing and navigation icons have been used across the Report to demonstrate links between,

- Interconnections between the SRROs (refer to page 124 for specific navigation icons for the 8 SRROs)
- Connections within the information provided on the SRROs
- Connections between sustainability-related financial disclosures and other general-purpose financial reports

Pillars of SLFRS S1 and S2	Primary location of disclosures	Location of connected information
Governance	SLFRS S1 and S2 disclosures- Page 124	Corporate Governance- Page 54
Strategy	SLFRS S1 and S2 disclosures- Page 126	Portfolio Reviews- Page 156 to Page 288 Risks and Opportunities- Page 115 Purpose-driven strategy- Page 105 Strategic ESG integration- Page 108
Risk Management	SLFRS S1 and S2 disclosures- Page 150	Risks and Opportunities- Page 115
Metrics and targets	SLFRS S1 and S2 disclosures- Page 152	Strategic ESG integration- Page 110 Natural Capital- Page 326

The feedback obtained from our stakeholders in improving our report (set out in the box alongside) were taken into consideration when determining the improvements to be featured this year, which are detailed on page 15.

REPORTING IMPROVEMENTS

We conducted our annual survey of the Group's 2023/24 Annual Report, assessing internal and external stakeholder feedback on clarity and readability, comprehensiveness of disclosures, ease of locating information and effectiveness of digital features among others. The insights obtained (summarised below) were a key input in the planning, content formulation and design of this year's Annual Report.

Improvements featured in this year's Annual Report include the following:

Suggestions for improvement from stakeholder survey on Annual Report 2023/24

- Improve clarity and simplify information
- Improve balance between financial and non-financial reporting
- Multilingual reporting
- Improve use of digital and AI capabilities

Improvements Featured
in this year's Annual Report

Digitalisation of reporting

- → First-of-its kind experiential edition, offering an immersive virtual experience of the Annual Report
- → Videos complementing the key chapters of the Annual Report
- → Dynamic chart generators of key financial and non-financial information

Clarity and simplification

- → Increased clarity of reporting through focus on materiality in Portfolio Reviews
- → Streamlining sustainability reporting through connectivity in frameworks (refer page 531)
- → Improvements in connectivity through navigation icons

Accountability and credibility

- → 4 external assurances covering,
  - Financial information
  - Integrated report
  - GRI disclosures
  - GHG inventory

Reporting frameworks

- → Commenced reporting under CDSB- Application Guidance for Biodiversity-related Disclosures reporting Ecological Impacts
- → Adoption of the revised SASB Standards (2023)
- → Reporting on Air Freight & Logistics Standard of SASB

Sustainability and emission reporting

- → Improvements in SLFRS S1 and S2 reporting (page 123)
- → Widened Scope 3 disclosures with the addition of upstream and downstream transportation and employee commuting to the GHG inventory

Accessibility and inclusivity

- → Translation of the Annual Report summary to Sinhala and Tamil (in addition to the Chairman's Message) to improve language inclusivity
- → Experiential edition catering to a younger demographic
- → Voice-enabled ChatBOT

Digitalisation of Reporting

In recent years, the Group has sought to leverage digital platforms to increase accessibility of its Report to a wider audience. Embracing digital formats has enabled the Group to improve readability, simplify complex financial and strategic information and cater to the requirements of digitally savvy investors and stakeholders. The Group's digital reporting timeline is as follows:

2022/23

- Interactive web version of the Annual Report launched
- Quick road digital synopsis

2023/24

- First-of-its-kind virtual tour of the Annual Report
- ChatBot with generative AI capabilities stimulating human interaction
- Persona-based interactive Annual Report website

Digital innovation in 2024/25

This year, we have taken our digital features a step further, building on the strong foundation of last year to offer more innovative, accessible and user-friendly tools.

IMMERSIVE EXPERIENTIAL EDITION

Building on last year's virtual tour innovation, this year features an immersive experiential edition which is inclusive of gamification elements. The experience features the following:

- Key financial and other information relevant to primary users
- Interactive elements such as quizzes and puzzles
- Aligned to the overall reporting theme of the year

PERSONA-BASED WEBSITE WITH CHART GENERATOR CAPABILITIES

Offers information tailored to the specific needs of stakeholder categories including employees, shareholders, customers and business partners among others.

Chart-generator for financial and non-financial information

CHATBOT WITH VOICE ENABLED CAPABILITIES

The Hayleys Annual Report ChatBot features voice enabled capabilities this year, providing an interactive, personalised and highly accessible way for readers to engage with complex information.

Performance Highlights

REVIEW OF 2024/25

The Hayleys Group delivered a 52% y-o-y growth in Profit After Tax to 22.51 bn, supported by a 13% top-line growth, with Transportation and Logistics, Consumer & Retail and Purification emerging as the top contributors to profitability during the year. Performance was upheld by strategic interventions in regional and international expansion and a focus on value-added products and segments, supported by the stabilisation of macro-economic fundamentals and improved customer sentiments. The Group also recorded an Asset growth of 16% during the year, driven primarily by capital investments across key verticals- a reflection of our confidence in the future business outlook and further strengthening our long-term earnings potential.

VALUATION METRICS

Earnings per share (Rs.) 95% ↑

2022/23	21.80
2023/24	9.19
2024/25	17.93

Market capitalisation (Rs. mn) 67% ↑

2022/23	54,000
2023/24	61,575
2024/25	102,750

Net asset value per share (Rs.) 16% ↑

2022/23	105
2023/24	107
2024/25	124

HIGHLIGHTS OF THE YEAR

Strategic Market Diversification

1.67 mn
Customers acquired

Geographical diversification

53%
Revenue generated from exports

21
Countries present

Innovating for Greater Impact

474
new products developed

757
products in the pipeline

Advanced **energy-storage** solutions

Sustainable Innovation

Gloves catering to the Electric Vehicle industry

Innovation in future-forward, premium fabrics

Advancing Sustainability

Launch of the 2nd edition of the Hayleys Lifecode

3 companies obtain verification of SBTi targets

74%
reliance on renewable energy across the Group

Renewable energy generation sufficient to avoid **56%** of the Group's Scope 1 and 2 GHG emissions

Rs. 341 bn
Supplier payments

Rs. 451 mn
Investment in community advancement

Scaling up operations

Plantation Sector
Kiruwanaganga state-of-the-art tea factory

Hand Protection Sector
Acquisition of new factory in Thailand

Capacity expansion of Hanwella factory

Purification
Investment in a leasehold property for constructing the 7th manufacturing facility

Construction Materials
Commissioning of new manufacturing facility 'Ascend'

Transportation & Logistics
Expansion of marine asset fleet with the purchase of 3 tugs

Performance Highlights

		2025	Change %	2024	2023
EARNINGS HIGHLIGHTS AND RATIOS					
Revenue	Rs. mn	**492,201**	12.70	436,732	487,431
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	Rs. mn	**60,019**	12.17	53,507	71,088
Results from operating activities (EBIT)	Rs. mn	**47,767**	11.81	42,723	61,073
Profit before tax	Rs. mn	**35,373**	39.62	25,336	42,749
Income tax	Rs. mn	**12,860**	22.60	10,489	15,077
Profit after tax	Rs. mn	**22,513**	51.63	14,847	27,672
Profit attributable to owners of the parent	Rs. mn	**13,449**	95.22	6,889	16,352
Dividends	Rs. mn	**4,500**	12.14	4,013	4,013
Gross profit Margin	%	**24.04**	(4.14)	25.08	24.46
Operating Profit Margin	%	**9.70**	(0.79)	9.78	12.53
Net Profit Margin	%	**4.57**	34.55	3.40	5.68
Earnings per share (basic)	Rs.	**17.93**	95.22	9.19	21.80
Return on Assets (ROA)	%	**4.41**	31.25	3.36	6.70
Return on Capital Employed (ROCE)	%	**13.71**	(4.58)	14.36	21.63
Return on equity (ROE)	%	**14.44**	68.02	8.59	20.72
Interest cover	No. of times	**3.13**	61.20	1.94	2.15
FINANCIAL POSITION HIGHLIGHTS AND RATIOS					
Total Assets	Rs. mn	**510,693**	15.53	442,044	412,742
Total Debt	Rs. mn	**204,410**	18.92	171,883	159,696
Equity attributable to equity holders of the parent	Rs. mn	**93,142**	16.19	80,163	78,930
Stated capital	Rs. mn	**1,575**	0.00	1,575	1,575
Revenue reserve	Rs. mn	**56,425**	17.81	47,896	45,130
Gearing	%	**58.65**	1.49	57.79	56.55
Debt/Equity	%	**141.86**	3.60	136.93	130.14
Equity Asset ratio	%	**28.21**	(0.64)	28.40	29.73
Net assets per share	Rs.	**124.19**	16.19	106.88	105.24
Current ratio	No. of times	**1.16**	1.60	1.14	1.22
Quick asset ratio	No. of times	**0.80**	4.42	0.76	0.77
No. of Shares in issue	No. mn	**750**	0.00	750	750
MARKET / SHAREHOLDER INFORMATION					
Market value per share	Rs.	**137.00**	66.87	82.10	72.00
Dividend per share	Rs.	**6.00**	12.14	5.35	5.35
Company market capitalisation	Rs. mn	**102,750**	66.87	61,575	54,000
Group market capitalisation	Rs. mn	**254,688**	51.49	168,127	142,458
Price earnings ratio	No. of times	**7.64**	(14.52)	8.94	3.30
Dividend yield ratio	%	**4.38**	(32.80)	6.52	7.43
Dividend payout ratio	%	**33.46**	(42.56)	58.25	24.54
Dividend Cover	No. of times	**2.99**	74.10	1.72	4.07
OTHERS					
Economic Value Generated	Rs. mn	**152,404**	1.71	149,840	143,263
Economic Value Distributed	Rs. mn	**134,115**	(3.24)	138,599	129,850
Government	Rs. mn	**45,336**	(2.21)	46,360	28,308
Employees	Rs. mn	**55,873**	5.19	53,118	46,671
Others	Rs. mn	**28,405**	(19.09)	35,108	50,859
Value Added per employee	Rs. mn	**4.01**	(3)	4.13	4.55
Group employment	Number	**38,029**	4.86	36,266	31,483
Average Revenue per employee	Rs. mn	**12.94**	7.48	12.04	15.48
Average operating income per employee	Rs. mn	**1.26**	6.62	1.18	1.94

CONSOLIDATED STATEMENT OF ESG PERFORMANCE

		2025	Change %	2024	2023
ENVIRONMENTAL PERFORMANCE					
Total energy consumption	GJ mn	**6.61**	7%	6.18	4.82
1-Renewable energy consumption	GJ mn	**4.92**	10%	4.47	3.22
2-Non-renewable energy consumption	GJ mn	**1.69**	-1%	1.71	1.58
% Renewable energy consumption	%	**74**	3%	72	67
Renewable energy generation	MWh	**403,959**	0.1%	403,582	169,471
Renewable energy generation %					
1-Out of total energy consumed	%	**22**	-4%	23	13
2-Out of total electricity consumed	%	**224**	-7%	241	109
Total carbon footprint (GHG emissions)	tCO2e	**760,245**	255%	214,008	209,565
Scope 1 emissions	tCO2e	**112,756**	6%	106,799	106,108
Scope 2 emissions	tCO2e	**70,520**	-2%	71,740	73,594
Scope 3 emissions	tCO2e	**576,969**	1527%	35,469	29,862
Biogenic emissions	tCO2e	**444,595**	57%	282,951	285,500
Total water withdrawal	m3 mn	**7.29**	4%	7.03	6.79
Rainwater harvested	m3	**68,600**	-56%	157,049	2,167
Recycled water usage	%	**13**	-7%	14	9
Solid waste	MT	**23,004**	10%	20,850	19,229
Effluents discharged	m3 mn	**5.22**	8%	4.85	5.24
Waste water treated through internal treatment plants	%	**52.00**	2%	51	49
Energy intensity (energy per revenue)	GJ/USD mn	**3,997**	-11%	4481	3565
Emission intensity (emission per revenue)	tCO2e/USD mn	**111**	-14%	129	133
Water intensity (water withdrawal per revenue)	m3/USD mn	**4,410**	-13%	5,097	5,031
SOCIAL PERFORMANCE					
EMPLOYEES					
Employees on payroll	No.	**38,029**	5%	36,266	31,483
Female representation	%	**35**	0%	35	34
New recruits	No.	**10,686**	11%	9,635	4,891
Payments to employees	Rs.mn	**55,856**	5%	53,122	40,232
Investment in training	Rs.mn	**195**	6%	183	180
Training hours	Hours	**434,715**	18%	369,589	265,877
Average training hours per employee	Hours	**11.43**	12%	10.19	8.45
Retention rate	%	**76**	2%	74	80
Workplace Injuries	No.	**798**	105%	390	152
Lost working days	No.	**1,488**	65%	902	1,076
CUSTOMERS					
Customers acquired	No.	**1,672,975**	35%	1,237,901	935,928
Revenue generated	Rs.mn	**492,201**	13%	436,883	487,431
No. of new products developed	No.	**474**	-24%	624	549
No. of products in the pipeline	No.	**757**	9%	695	312
Investment in R&D	Rs.mn	**812**	48%	548	323
SUPPLIERS AND BUSINESS PARTNERS					
Payments to suppliers	Rs.mn	**341,309**	5%	325,356	392,194
Proportion of spending on local suppliers	%	**55**	2%	54	61
Suppliers supported through development programs	No.	**5,862**	345%	1,318	2,168
COMMUNITY ENGAGEMENT					
Investment in CSR	Rs.mn	**451**	10%	408	433
CSR beneficiaries	No.	**640,270**	-10%	707,580	997,089

Performance Highlights

		2025	Change %	2024	2023
GOVERNANCE AND ETHICS PERFORMANCE					
Number of Directors in the Group	No.	**293**	-20%	367	283
Audit Committees in the Group	No.	**18**	-5%	19	19
HR & Remuneration Committees in the Group	No.	**13**	0%	13	9
Related Party Transaction Review Committees in the Group	No.	**13**	0%	13	7
No. of Board meetings held	No.	**123**	-3%	127	130
No. of Audit Committee meetings held	No.	**75**	-9%	82	76
Female representation on Boards	%	**11**	0%	11	23
Human rights violations	No.	**Nil**	-	Nil	Nil
Corruption incidents	No.	**Nil**	-	Nil	Nil
Instances of socio-economic non-compliance	No.	**Nil**	-	Nil	Nil
Instances of environmental non-compliance	No.	**Nil**	-	Nil	Nil
ECONOMIC PERFORMANCE					
Foreign exchange income earned	USD mn	**685**	16%	591	651
Indirect employment*	No.	**27,784**	-	4,227	5,644
Tax paid	Rs.mn	**45,336**	-2%	46,360	28,308
Innovations (total new products)	No.	**474**	-24%	624	549
Job creation outside Western Province	No.	**5,658**	17%	4,823	1,883

*Indirect employees for 2025 includes representation along value chains

BASIS OF PREPARATION OF THE CONSOLIDATED STATEMENT OF ESG PERFORMANCE

Principles of consolidation: Environmental disclosures including energy consumption, emissions, water and waste covers all Group-wide manufacturing sites, plantations, corporate offices and other sites. Social and governance-related disclosures also relate to the Hayleys Group comprising all entities controlled by the Group.

Materiality: In assessing whether a disclosure is sufficiently material to be included in the Group's Statement of ESG Performance, the management considers its potential impact on the Group's ability to create value in the short, medium and long-term and the extent of its social and environmental impacts.

Policies: The methods of computation and information aggregation of the ESG disclosures are set out within the relevant capital reports and have been applied consistently in the preparation of the consolidated ESG Statement.

Refer to page 530 for further information on Basis of Preparation

OUR PURPOSE

To Inspire an Inclusive World and a Thriving Planet

VISION

To be Sri Lanka's Corporate Inspiration at all Times

MISSION

Delivering Superior Shareholder Value by Unleashing the Full Potential of our People and Achieving Leadership in all our Domestic and Global Businesses

VALUES

H **Honesty and integrity** - ethical and transparent in all our dealings.

A **Accountability** - holding ourselves responsible to deliver what we promise.

Y **Yes, WE can! (Team Work)** - working with each other and with our partners across boundaries, to make things happen.

L **Love for humanity** - treating everyone with respect and dignity, providing for the development of our people and rewarding them for good performance.

E **Enduring Customer Value** - enhancing experiences for every customer, from the rural farmer to the global consumer.

Y **Yes, we WILL WIN! (a Will to win)** - exhibiting the will to win that which is important to Hayleys and its shareholders.

S **Social Responsibility as a Good Corporate Citizen** - caring for the communities in which we work, actively supporting their growth and being environmentally responsible in all we do.

&

I **Innovation** - transforming ideas into products and services to create economic, social and environmental value in the pioneering spirit of Hayleys

STRATEGY

- → Portfolio optimisation
- → Customer centricity
- → Nurturing inspired teams
- → Inclusive business models
- → ESG integration

Portfolio Highlights

1 Consumer & Retail

Sri Lanka's leading supplier of consumer durables, Singer (Sri Lanka) PLC and exclusive distributor for P&G products in Sri Lanka and Maldives. Distributor for selected products of Hayleys Agriculture and Mabroc Teas.

22% 15% 9% 4%

2 Transportation & Logistics

The country's leading player in the transportation and logistics industry, offering the entire gamut of transportation-related services.

22% 15% 8% 16%

3 Hand Protection

Manufacturer and exporter of household and industrial gloves, serving 5% of global demand

9% 9% 7% 11%

4 Textiles

Sri Lanka's largest fabric mill and supplier of fabric to leading global fashion brands

9% 7% 9% 20%

5 Purification

Global leader in coconut-shell-based activated carbon

9% 13% 5% 15%

6 Agriculture

Industry pioneer in agricultural innovation, providing a wide range of agriculture-related solutions to the retail and export markets

8% 6% 3% 4%

7 Projects & Engineering

Hayleys Fentons Limited- one of Sri Lanka's leading engineering solutions providers, offering an array of integrated solutions

5% 8% 5% 2%

Contribution to Group

Revenue PBT Employees Carbon footprint

8 **Plantations**

Three leading Regional Plantation Companies (RPC) which collectively generate 4.6% and 3.9% of the country's tea and rubber production

4% 7% 41% 13%

9 **Tea Exports**

The Sector comprises Mabroc (Teas) Pvt Ltd a value-added tea exporter and Martin Bauer Hayleys (Pvt) Ltd a manufacturer of tea extracts and aroma

3% 1% 1% 0%

10 **Construction Materials**

Sri Lanka's leading manufacturer and exporter of aluminium extrusions to both residential and industrial segments

3% 3% 3% 5%

11 **Eco Solutions**

Sri Lanka's leading manufacturer and exporter of value-added coconut fibre products

3% -1% 3% 2%

12 **Industry Inputs, Power & Energy**

Supplier of inputs to diverse industries and renewable energy generator with an installed capacity of 50MW of hydro, solar and wind power plants

2% 5% 1% 0%

13 **Leisure**

The five-star city hotel- The Kingsbury, owner of a property in Maldives - NH Maldives Kuda Rah and owner, operator, and manager of hotel properties in Sri Lanka through the Amaya Resorts chain

2% -1% 4% 6%

14 **Others**

The Sector includes Hayleys Group Services and Hayleys Business Solutions International (Pvt) Ltd- provider of BPO and shared services within the Group

12% 1% 1%

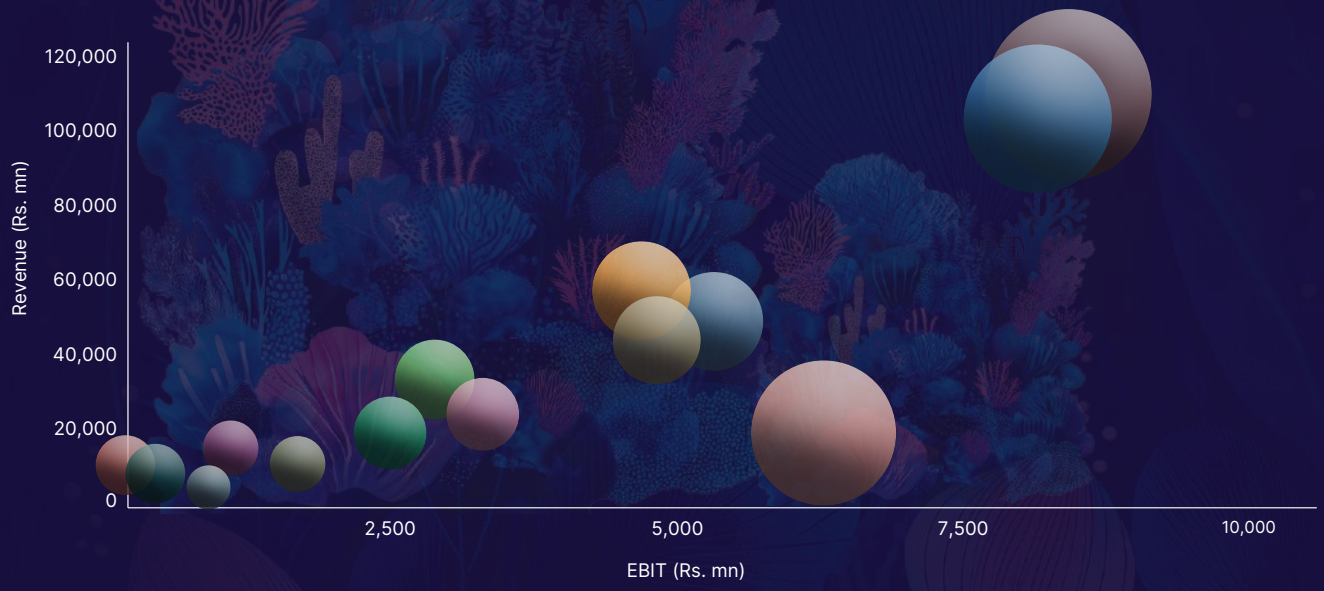
Hayleys at a Glance

The Hayleys Group is Sri Lanka's leading diversified conglomerate and a cornerstone of the country's economic development. With extensive business interests across 14 industry verticals and global market positions, the Group has propelled Sri Lankan industries forward through innovation, sustainability and shared value creation over an illustrious history of 148 years. It is also one of the country's most socio-economically impactful enterprises, with unparalleled depth and breadth of relationships

DIVERSE BUSINESS PORTFOLIO

- Eco Solutions
- Hand Protection
- Purification
- Textiles
- Construction Materials
- Plantations

RELATIVE CONTRIBUTION OF SECTORS



A SUSTAINABLE BUSINESS

Leading the country's transition to a low-carbon economy through

Restoring and regenerating nature

Empowering local communities and supply chains

Community value creation

One of Sri Lanka's largest value-added exporters accounting for **5.4%** of Sri Lanka's export income

Accounts for **4.6%** and **3.9%** of Sri Lanka's tea and rubber production

USD 685 mn generated in export income

Agriculture

Consumer & Retail

Leisure

Industry Inputs, Power & Energy

Transportation & Logistics

Projects & Engineering

Tea Exports

Others

ONE OF SRI LANKA'S LARGEST VALUE-ADDED EXPORTERS

With **53%** of Revenue generated from exports during the year, the Group has increasingly focused on expanding contributions from emerging, high-growth markets while maintaining contributions from its mature market segments.

SRI LANKA

Rs. 232 bn

OF GROUP REVENUE

26% growth

ADVANCED MARKETS

Rs. 76 bn

OF GROUP REVENUE

2% growth

DEVELOPING & OTHER MARKETS

Rs. 122 bn

OF GROUP REVENUE

8% growth

excludes indirect exports of the Group

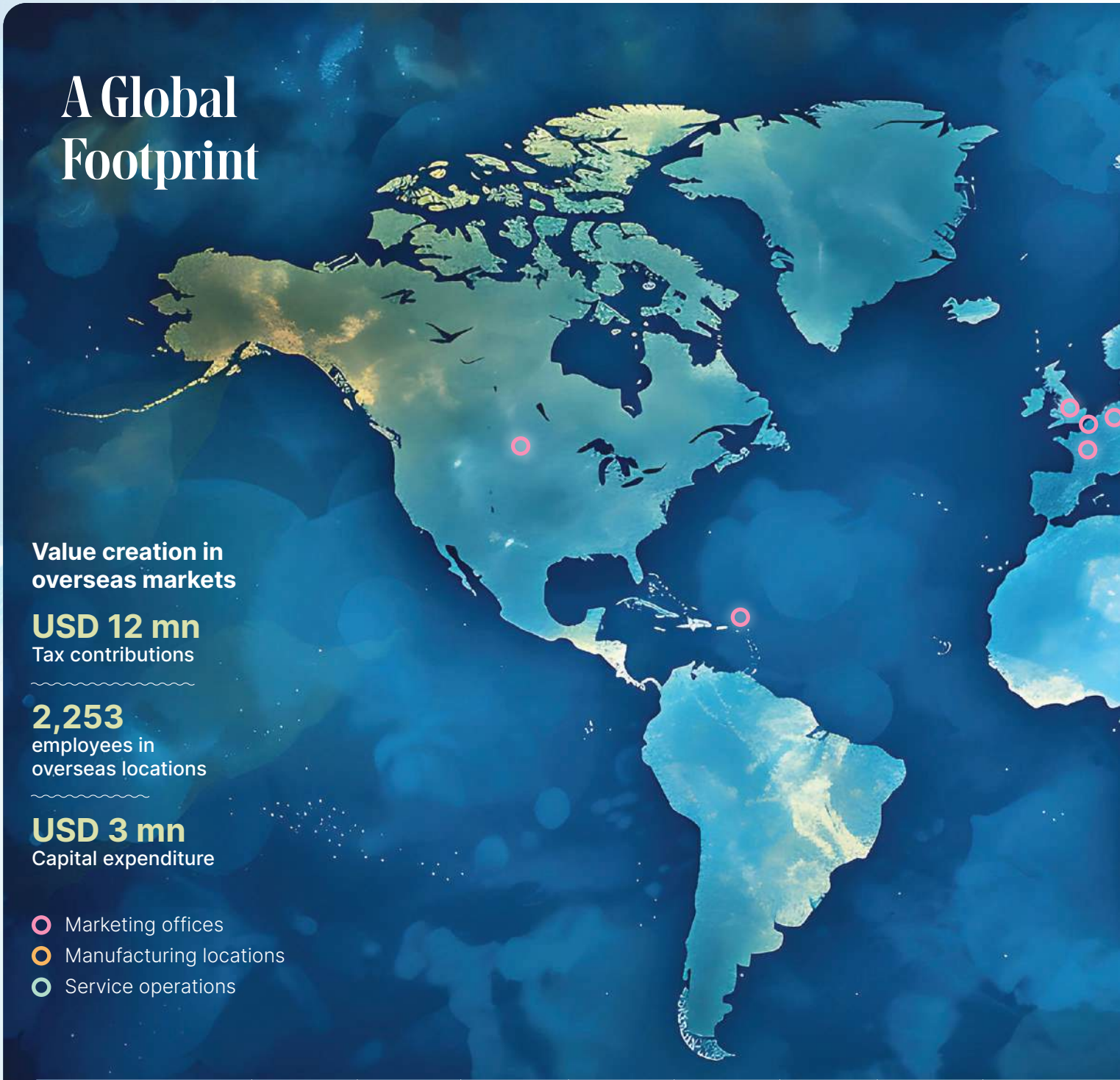
ECONOMIC VALUE CREATION

38,029 Direct employees including **2,253** in overseas locations and over **27,000** indirect employees

Capacity building across key industries including Agriculture, Aluminium fabrication, Solar installation, Transportation & Logistics and fashion

Rs. 45.34 bn tax contributions across the Group

A Global Footprint



Value creation in overseas markets

USD 12 mn
Tax contributions

2,253
employees in overseas locations

USD 3 mn
Capital expenditure

- Marketing offices
- Manufacturing locations
- Service operations

	Sri Lanka	Australia	Bangladesh	India	Indonesia	Italy	France	Poland
Revenue (Rs.Mn)	415,597	3,343	6,944	2,655	6,926	8,240	2,706	992
Profit before tax (Rs.Mn)	30,717	371	1,203	93	674	252	(653)	41
Tax (Rs.Mn)	11,568	111	317	11	164	64	-	-
CAPEX (Rs.Mn)	21,436	-	5	49	97	4	-	-
Total Assets (Rs.Mn)	440,888	1,549	6,321	1,319	5,472	8,726	2,321	468
Total Borrowings (Rs.Mn)	188,324	44	2,189	161	582	2,752	445	-
Employees (No.)	35,776	3	356	44	292	20	20	11
Carbon Footprint (tCO_2e)	672,084	12	7,154	6,631	6,697	3,124	-	-

Maldives	Myanmar	Singapore	Thailand	United Kingdom	USA	Japan	Netherlands	British Virgin Islands	Germany	Others
6,867	1,714	1,995	15,702	4,579	8,816	914	-	-	283	283
(2,550)	115	19	1,504	(151)	221	41	9	387	19	19
91	25	3	195	(31)	38	13	-	-	11	11
1,041	5	39	917	10	-	-	-	-	7	7
10,208	870	2,054	12,642	1,846	4,684	221	138	636	184	184
8,227	95	0	189	21	840	-	-	-	80	80
210	148	25	1,098	13	10	-	-	-	-	3
4,997	327	-	59,189	30	-	-	-	-	-	-

Past, Present and Future

From its humble beginnings as a manufacturer of coconut fibre 148 years ago, to Sri Lanka's most diversified conglomerate today, the Group's evolution has been characterised by a singular commitment to drive value addition and excellence across all spheres of its operations. Across its business lines, organic and inorganic growth has always centered on enhancing value through offering innovative and sophisticated solutions catering to increasingly complex customer needs. Today, our intrinsic link to every facet of the country's economy and our deep connections to international supply chains have allowed Hayleys to showcase the best Sri Lanka has to offer in the global arena

OUR PAST

1878
Formation of Chas.P.Hayleys & Co. in Galle

1913
Hayley & Kenny purchase 400, Deans Road premises

1954
Hayleys becomes a public company

1958
Shipping agency department formed (forerunner of Advantis)

1973
Haycarb pioneers manufacture and export of activated carbon and export of activated carbon

1976
Dipped Products Ltd. Incorporated to manufacture rubber gloves

2011
Acquisition of Alumex Group

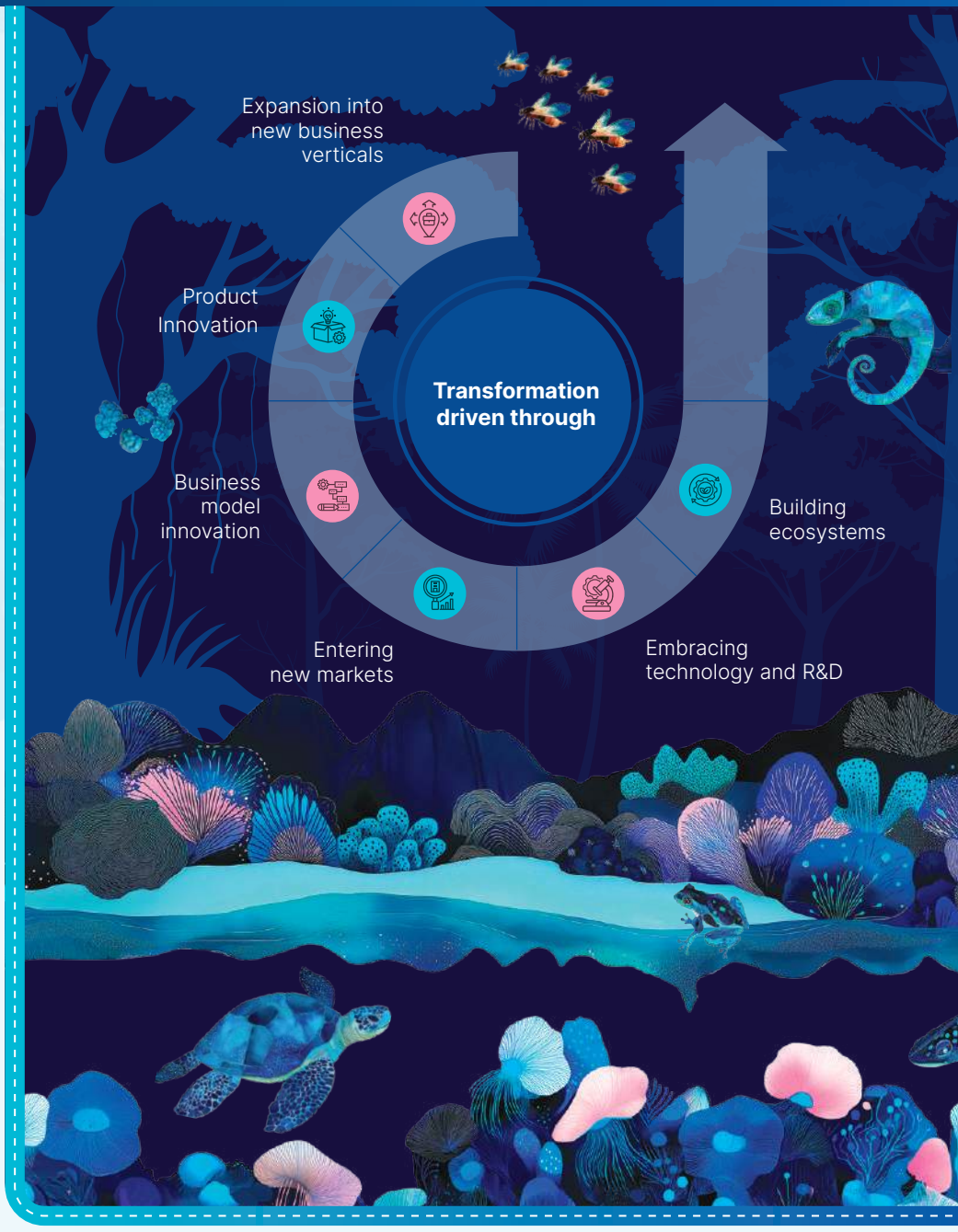
2016
Acquisition of Fentons Limited

2017
Acquisition of majority stake in Singer (Sri Lanka) PLC and Sri Lanka Shipping Company Ltd

2021
Hayleys Fabric acquires South Asia Textiles Ltd

2023
Acquisition of Horana Plantations PLC

2024
Acquisition of Hi-Care Thai Gloves Co. Ltd in Thailand



THE PRESENT

FUTURE

Sri Lanka's most diversified conglomerate with unparalleled socio-economic impacts

Global leader in coconut-shell based activated carbon

Serves 5% of global demand for household and industrial gloves

Sri Lanka's leading supplier of consumer durables

Sri Lanka's largest exporter of processed fruits and vegetables

Sri Lanka's leading provider of integrated transportation and logistics solutions

Sri Lanka's largest exporter of fibre-based value added products

- Maintain global market leadership positions through emphasis on regional expansion
- Achieve maturity of new businesses entered into in recent years
- Pursue new opportunities across verticals and customer segments, with focus on value-added segments
- Value addition and contribution to the domestic economy
- Strategic integration of ESG
- Digital transformation

Awards and Recognition

Hayleys PLC reached a pinnacle of achievement in corporate reporting emerging Overall Winner of the CA Sri Lanka Tags Awards 2024 for the 3rd consecutive year and Overall Winner at the ACCA Sustainability Reporting Awards 2024 for the 2nd consecutive year.

OVERALL EXCELLENCE

31st Annual Edition of LMD 100
Sri Lanka's No. 1 Corporate- Hayleys PLC

CNCI Achiever Awards 2024
CNCI Top 10 Awards: Haycarb PLC, Hayleys Fentons, Alumex PLC

Gold Awards
Manufacturing Sector (Extra Large Category- National) – Haycarb PLC

Service Sector (Extra Large Category- National) -Hayleys Fentons Ltd

SLIM-Kantar People's Awards 2025
People's Brand of the Year- Singer (Sri Lanka) PLC

Consumer Durables Brand of the Year- Singer (Sri Lanka) PLC

Youth Brand of the Year - Singer (Sri Lanka) PLC

EXPORT CONTRIBUTION

Presidential Export Awards 2024
Gold Awards
Innovative Export Product of the Year- Dipped Products PLC

Best Exporter in the Coconut Shells Product Category- Haycarb PLC

Best Exporter Award in the Processed Fruits, Nuts & Vegetables category- Hayleys Agriculture Holdings Limited.

Best Exporter Award-Floriculture Sector- Hayleys Agriculture Holdings Limited.

NCE Exporter Awards 2024
Gold Awards
Challenge trophy for 'Best ethically trading exporter' (Extra-large category): Haycarb PLC

Tea & Tea Products (Extra-large category)- Talawakelle Tea Estates PLC

CORPORATE REPORTING

CA Sri Lanka TAGS Awards 2024
Gold Awards
Overall Excellence- Hayleys PLC

Diversified Holdings (Group turnover above Rs. 100 bn)- Hayleys PLC

Corporate Governance (Disclosures- Non-financial services)-Hayleys PLC

Integrated Reporting-Hayleys PLC

Sustainability Reporting- Hayleys PLC

Manufacturing Sector (Group turnover up to Rs.10 bn)- Alumex PLC

Manufacturing Sector (Group turnover above Rs.10 bn)- Haycarb PLC

Service Sector- Hayleys Advantis Ltd.

Construction Sector- Hayleys Fentons Ltd.

Plantations Sector (Group turnover above Rs.5 bn)- Kelani Valley Plantations PLC

Plantations Sector (Group turnover below Rs.5 bn)- Horana Plantations PLC

Trading Sector- Singer (Sri Lanka) PLC

Finance Companies with assets between Rs. 25 billion to Rs. 75 billion- Singer Finance (Lanka) PLC

ACCA Sustainability Reporting Awards 2024
Overall: Hayleys PLC

Winner: Diversified category – Hayleys PLC

Winner: Special award: Risk reporting- Hayleys PLC

Winner: Agriculture category – Talawakelle Tea Estates PLC

Winner: Retail and trading- Singer (Lanka) PLC

SUSTAINABILITY

Presidential Environmental Awards 2024
Gold Awards
Textiles & Textile Processing Industry- Hayleys Fabric PLC

Foods & Beverages Industry- Martin Bauer Hayleys (Pvt) Ltd

Best Corporate Citizen Awards 2024
Winner in the less than Rs.15 bn turnover category- Talawakelle Tea Estates PLC

Top Ten Corporate Citizens- Haycarb PLC, Kelani Valley Plantations PLC, Talawakelle Tea Estates PLC

Best Project Awards- Haycarb PLC

Environmental Integration and Governance- Haycarb PLC

Planning and Adoption of Resilient Practices- Talawakelle Tea Estates PLC

Consistent commitment and Environmental excellence - Talawakelle Tea Estates PLC

Agriculture Sector- Talawakelle Tea Estates PLC

Construction Sector- Hayleys Fentons

Retail Sector- Singer (Sri Lanka) PLC

International Quality Awards 2024
Winner: Sustainability Impact Category- Hayleys Fabric PLC

Year at a Glance

APRIL 2024

- Three pioneering innovations by Hayleys Fabric PLC recognised at the prestigious ISPO Textrends Spring/ Summer 2026
- Haycarb PLC wins the Gold Award at the Asia Integrated Reporting Awards 2023
- Hayleys Solar opens new experience centres in Negombo and Kandy

MAY 2024

- Hayleys Fentons launches 'Roots of Resilience' programme to restore mangroves in Bolgoda River
- Advantis Engineering successfully completes the construction of a state-of-the-art 100,000 sq. ft container freight station for a key customer

JUNE 2024

- Air India appoints Hayleys as General Sales Agent (Passenger) in Sri Lanka
- Sri Lanka's Halgolla certified as the world's first 'regenagri' certified tea estate
- DPL unveils the world's first purpose- built EVPRO glove for the electric vehicle industry

JULY 2024

- Haycarb unveils state-of-the-art electrochemical laboratory to support energy storage material innovations
- Hayleys Solar selected for first-of-its kind ADB- developed and financed Agrivoltaics project in Sri Lanka

AUGUST 2024

- Horana Plantations PLC unveils 'She-Essentia' to address period poverty in the Sri Lankan plantation sector
- Alumex PLC obtains the ISO 45001:2018 certification for Occupational Health & Safety and ISO 14001: 2015 for Environmental Management

SEPTEMBER 2024

- Talawakelle Tea Estates PLC showcases impactful sustainability at the UN Global Compact's "Forward Faster Now"
- Hayleys once again claims the top spot as Sri Lanka's No.1 corporate in the LMD 100 rankings

OCTOBER 2024

- Hayleys Travels celebrates 40 years of excellence
- Hayleys Solar launches children's book on solar power to celebrate World Children's Day

NOVEMBER 2024

- Horana Plantations verified as the first Sri Lankan company to develop a management system fully compliant with the European Union Deforestation Regulation (EUDR)
- Alumex inaugurates its latest state-of-the-art manufacturing facility 'Ascend'

DECEMBER 2024

- Hayleys wins the coveted 'Overall Excellence in Corporate Reporting' for the third consecutive year at the CA Sri Lanka TAGS Awards 2024. The Group won a total of 20 awards, including 13 gold awards

JANUARY 2025

- Advantis Group concludes its ideation initiative, 'Advantis Ideastorm- Fast Track'

FEBRUARY 2025

- Hayleys Solar completes Sri Lanka's largest single roof solar installation- 6.9 MW rooftop solar photovoltaic system for Access Logistics Private Limited

MARCH 2025

- Hayleys launched 2nd edition of Hayleys Lifecode
- Hayleys Plantations successfully conducts 'Best Tea Harvester Competition'
- Hayleys celebrates innovation, ESG and operational excellence at Chairman's Awards

Purposeful and Responsive Leadership

A Dynamic Light

We're remaining agile and responsive in a dynamic world – relying on our inherent strengths to lead the way through times of uncertainty and transformation.

Dinoflagellates are a remarkable example of nature's responsiveness to external stimuli. When detecting changes in the environment, these tiny organisms exhibit rapid movement, and emit a bioluminescent glow, symbolising their remarkable ability to adapt quickly to their surroundings. This natural agility and radiance enables them to flourish amid an environment characterised by constant change, and unlock the power of true resilience.

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

Reflections from the Chairman & Chief Executive

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 Phillippines 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

Reflections from the Chairman & Chief Executive

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

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

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 Phillippines 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.

Reflections from the Chairman & Chief Executive

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 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.

Three traits. One leader.

Attention to detail

Leading with empathy

Unwavering focus

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

Reflections from the Chairman & Chief Executive

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.Dhammika 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

Board of Directors

MOHAN PANDITHAGE
Chairman & Chief Executive

DHAMMIKA PERERA
Co-Chairman and Non Executive Director

SARATH GANEGODA
Executive Director

ARAVINDA PERERA
Independent Non-Executive Director

JAYANTHI DHARMASENA
Executive Director

YOHAN PERERA
Independent Non-Executive Director

RAJITHA KARIYAWASAN
Executive Director

DR. HARSHA CABRAL, PC
Non-Executive Director

RUWAN WAIDYARATNE
Executive Director

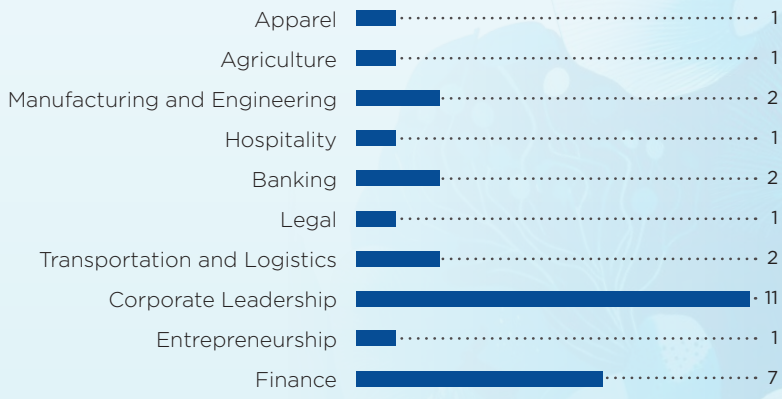
ROHAN KARR
Executive Director

GAMINI GUNARATNE
Non-Executive Director

TIMOTHY SPELDEWINDE
Independent Non-Executive Director

JONATHAN ALLES
Independent Non-Executive Director

DIVERSITY OF EXPERTISE



Board of Directors

MOHAN PANDITHAGE
Chairman and Chief Executive

Appointed as Chairman and Chief Executive in July 2009

Appointed to the Board on 1st October 1998

Skills and experience
Since assuming the role of Chairman and Chief Executive in 2009, Mr.Pandithage's strategic vision has redefined the growth trajectory of Hayleys, transforming the Group to one of Sri Lanka's most diversified, sustainable and socio-economically impactful enterprises. His foresight in capturing emerging opportunities and driving strategic investments in key industries have significantly enhanced the Group's earnings potential and long-term resilience. Mr.Pandithage is an accomplished industry veteran and respected leader in the field of transportation and logistics, having led the Group's Transportation Sector prior to this appointment as Chairman of the Group. He was the first Sri Lankan to be awarded the Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport and has been honoured with the prestigious 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers, in recognition of his outstanding contributions to the industry. He was also inducted as a 'Legend of Logistics' by the Sri Lanka Logistics and Freight Forwarding Association.

He is a Fellow of the Chartered Institute of Logistics and Transport (UK) and a Member of the Advisory Council of the Ceylon Association of Shipping Agents (CASA). He also serves as a Council Member of the Employers' Federation of Ceylon.

Mr. Pandithage also serves as Honorary Consul of the United Mexican States (Mexico) to Sri Lanka.

Other appointments
Executive Chairman of Haycarb PLC, Dipped Products PLC, Hayleys Fabric PLC, Singer (Sri Lanka) PLC, Hayleys Fibre PLC, Talawakelle Tea Estates PLC, Kelani Valley Plantations PLC, Horana Plantations PLC, Alumex PLC, The Kingsbury PLC and Hayleys Leisure PLC. He also serves as a Non-Executive Director on the Board of Diesel and Motor Engineering PLC.

DHAMMIKA PERERA
Co-Chairman and Non-Executive Director

Appointed to the Board on 1st October 2024

Skills and experience
Mr. Dhammika Perera is a philanthropist, quintessential strategist and business leader with interests in various key industries, including manufacturing, banking and finance, leisure, plantations and hydropower generation.

He has over 35 years of experience building formidable business through unmatched strategic foresight and extensive governance experience gained through membership of the Boards of quoted and unquoted companies.

Other appointments
Chairman of Vallibel One PLC, Royal Ceramics Lanka PLC, Non-Executive Director of Summer Season Limited and Chairman/Founder of Dhammika & Priscilla Perera Foundation.

SARATH GANEGODA
Executive Director

Appointed to the Board on 24th September 2009

Skills and experience
An accomplished corporate leader counting over 30 years of multifaceted experience across diverse industries, Mr. Ganegoda has held several senior leadership positions in large private sector organisations in Sri Lanka and overseas. Having served the Hayleys Group between 1987 and 2002, he rejoined in 2007 and was appointed to the Group Management Committee the same year. He is currently responsible for the Strategic Business Development Unit and Group Information Technology of Hayleys PLC.

Mr. Ganegoda holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. He is a Fellow Member of CA Sri Lanka and a Member of the Institute of Certified Management Accountants of Australia.

Other appointments
Deputy Chairman of Alumex PLC, Non-Executive Director of Haycarb PLC, Dipped Products PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Horana Plantations PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC and Hayleys Leisure PLC. He serves on the Boards of several private and unlisted public companies in the Hayleys Group. He also serves as the Chairman of Sri Lankan Airlines Ltd and Sri Lankan Catering Limited.

RAJITHA KARIYAWASAN
Executive Director

Appointed to the Board on 1st June 2010

Skills and experience
Mr. Kariyawasan counts extensive leadership experience in the manufacturing sector, which includes over 15 years in the Hayleys Group.

He was appointed to the Group Management Committee in February 2010 and currently holds overall responsibility for the Purification Sector.

Prior to joining Hayleys, Mr. Kariyawasan held the position of Director/ General Manager of Ansell Lanka (Pvt) Ltd. He has also served as the Chairman of the Manufacturing Association of the Export Processing Zone, Biyagama.

He holds a BSc. Eng. (Electronics and Telecommunications) from the University of Moratuwa, Sri Lanka and is a Fellow Member of the Chartered Institute of Management Accountants, UK. In addition, he is also a Six Sigma (Continuous Improvement Methodology) Black Belt, certified by the Motorola University, Malaysia.

Other appointments
Deputy Chairman of Haycarb PLC, Dipped Products PLC and Hayleys Fibre PLC. Director of the companies in the Purification Sector, Hand Protection Sector and the Eco Solutions Sector of the Hayleys Group. Serves on the Board of Sri Lanka Institute of Nanotechnology (SLINTEC) as the nominee Director of Hayleys PLC.

DR. HARSHA CABRAL, PC
Non-Executive Director

Appointed to the Board on 7th February 2011

Skills and experience
A President's Counsel of Sri Lanka and a renowned lawyer with an illustrious practice in the Commercial High Courts and the Supreme Courts of Sri Lanka, Dr. Cabral counts over thirty-seven (37) years' experience in the field of Intellectual Property Law, Company Law, Commercial Law, Commercial Arbitration, Securities Laws and International Trade Law covering both civil and criminal aspects. He has been instrumental in drafting several key legislations including the Arbitration Act, No. 11 of 1995, the current Companies Act No.7 of 2007 and the Intellectual Property Law.

Dr. Cabral served as a sitting member of the International Chamber of Commerce (ICC) International Court of Arbitration in Paris for a period of six years till 2021. He is also a member of the Corporate Governance Faculty and the Corporate Governance Committee of the Institute of Chartered Accountants of Sri Lanka, and University Grants Commission (UGC) nominee on the Post Graduate Institute of Medicine (PGIM). Further, he was appointed to the Board of Management of the Post Graduate Institute of Management. He is a member of the Law Commission of Sri Lanka, and a Member of the Advisory Committee on Intellectual Property Law. He is a former member of the Board of Investment (BOI) of Sri Lanka.

In addition to his extensive practice in courts, Dr.Cabral also plays an active role in nurturing the next generation of legal professionals through ongoing engagement as a senior visiting lecturer in several local and international universities. He has also published several books on corporate law, intellectual property law and corporate governance among others.

Dr. Cabral holds a Doctorate in Corporate Law from the University of Canberra, Australia. He is also a Fellow of the Institute of Chartered Governance Institute (UK & Ireland).

Other appointments
Chairman of the Tokyo Cement Group and Independent Non-Executive Director of several subsidiaries of the Tokyo Group, Chairman of National Savings Bank and Air Lanka (Pvt) Ltd, Non-Executive Director of Alumex PLC, Sri Lankan Airlines Limited, Sri Lankan Catering Limited, Diesel & Motor Engineering PLC, Ceylinco Life Insurance Company Limited, Chevron Lubricants Lanka PLC, CCC-ICLP International ADR Centre (Guarantee) Limited, Sri Lanka Institute of Information Technology (Guarantee) Limited (SLIIT), SLIIT International (Private) Limited, Nanadiriya (Guarantee) Limited (Chairman). Through these appointments he serves on several Audit Committees, Nominations and Governance Committees, Remuneration Committees, Recoveries Committees and Related Party Transactions Review Committees, chairing most of them.

RUWAN WAIDYARATNE
Executive Director

Appointed to the Board on 1st April 2014

Skills and experience
Mr. Waidyaratne counts over 40 years of experience in the transportation and logistics industry, primarily in the Hayleys Advantis Group in which has held several senior leadership positions. He was appointed to the Hayleys Group Management Committee and as Managing Director of the Hayleys Advantis Group in 2011. He is a former Chairman of the Ceylon Association of Shipping Agents (CASA) and the Sri Lanka Logistics and Freight Forwarders' Association (SLFFA).

He holds an MBA from the Edith Cowan University of Western Australia and has undergone executive development programmes with the National University of Singapore, Indian School of Business and INSEAD. He is also a Chartered Member of the Chartered Institute of Logistics & Transport of Sri Lanka.

Other appointments
Vice President of the Sri Lanka- Japan Business Council, Executive Committee Member of the Council for Business with Britain, Council Member representing the Transport & Logistics Services Group at the Council of the Employers' Federation of Ceylon (EFC) and Chairman of the EDB Advisory Committee on Logistics Sector.

Board of Directors

ARAVINDA PERERA
Senior Independent Director

Appointed to the Board on 12th September 2016

Skills and experience
A veteran banker with over 40 years of diverse experience in financial services, Mr. Perera functioned as the Managing Director of Sampath Bank PLC from January 2012 until his retirement in September 2016. He also formerly served as Chairman of Siyapatha Finance PLC, Director of Sampath Centre Ltd., Colombo Stock Exchange and Lanka Bangla Finance Limited in Bangladesh.

He has been the recipient of several local and international awards including the "CEO Leadership Achievement Award 2016" by the Asian Banker Magazine, "Platinum Honours-2014 Award" by the Postgraduate Institute of Management Alumni (PIMA) of Sri Jayewardenepura University and "Award for the Outstanding Contribution to the Banking Industry – 2015" by the Association of Professional Bankers. He was also awarded an Honorary Life Membership by the Association of Professional Bankers in October 2018.

Mr. Perera holds an MBA from the Postgraduate Institute of Management and Honours Degree in Mechanical Engineering from the University of Moratuwa. He is a Member of the Institute of Engineers (Sri Lanka) (MIESL) and a Chartered Engineer (C.Eng.). He is a Fellow Member of the Chartered Institute of Management Accountants (UK) (FCMA) and a Fellow of the Institute of Bankers- Sri Lanka (FIB).

Other appointments
Chairman of Singer Finance (Lanka) PLC and Pan Asia Banking Corporation PLC, Managing Director of Royal Ceramics Lanka PLC, Director of Rocell Bathware Ltd, SNAPS Residencies (Pvt) Ltd, & Kosgulana Hydro Company Ltd. In addition to chairing the Audit committee of Hayleys PLC, Mr. Perera serves as the Audit Committee Chairman of Hayleys Aventura (Private) Limited, Hayleys Advantis Limited and Hayleys Fentons Limited.

JAYANTHI DHARMASENA
Executive Director

Appointed to the Board on 1st April 2018

Skills and experience
Ms. Dharmasena joined the Hayleys Agriculture Sector as a Management Accountant in 1991, rising to the rank of Managing Director of Hayleys Agriculture Holdings and its subsidiary companies and to the Group Management Committee in 2018.

Ms. Dharmasena has been on the Committee of the Ceylon Chamber of Commerce representing Agriculture since 2021.

Ms. Dharmasena is a Fellow Member of the Chartered Institute of Management Accountants, UK. She has attended Leadership and Executive Management Programmes at the Indian School of Business Hyderabad and at the National University of Singapore.

ROHAN KARR
Executive Director

Appointed to the Board on 1st June 2019

Skills and experience
Mr. Karr is a veteran in the hospitality industry, counting over 40 years' experience including senior leadership positions at leading hotels in Sri Lanka and UK.

He holds a Masters in Hospitality and Business Studies from the United Kingdom (UK) and previously served as Regional Director - Revenue Management of Marriott Hotels for Whitbread Hotel Company – UK, General Manager of Bristol Marriott Hotel - UK and Marriott Marble Arch - London UK. He was instrumental in driving the local hospitality industry forward through revitalising standards and establishing international best practices during his stint as Executive Vice President of John Keells Holdings, overlooking the Cinnamon City Hotels and Resorts chain and as Head of Brand Development for Cinnamon.

Other appointments
Managing Director of the Hayleys Leisure sector which includes The Kingsbury PLC, Hayleys Leisure PLC and its subsidiaries Amaya Resorts & Spas.

GAMINI GUNARATNE
Non-Executive Director

Appointed to the Board on 1st October 2019

Skills and experience
Mr. Gunaratne has held diverse leadership positions in both private and state sector organisations. He previously served as the Vice Chairman of the National Water Supply and Drainage Board.

Other appointments
Chairman of Lanka Hotels and Residencies (Pvt) Ltd (Sheraton Colombo), Director of Dipped Products PLC, Horana Plantations PLC, Swisstek Ceylon PLC, Lanka Ceramic PLC, Vallibel Power Erathna PLC and SLIIT International (Pvt) Ltd.

TIMOTHY SPELDEWINDE
Independent Non-Executive Director

Appointed to the Board on 3rd January 2024

Skills and experience
Mr. Speldewinde is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants, UK. He possesses wide experience in managing local as well as

international facilities and has been an integral member of the MAS Group for over 26 years. He served as the CEO of Stretchline Holdings headquartered in Hong Kong, with manufacturing facilities in Sri Lanka and overseas.

Other appointments
Independent Non-Executive Director of Haycarb PLC, Hayleys Fabric PLC and Dipped Products PLC. Independent Non-Executive Director and the Audit Committee Chairman of The Kingsbury PLC, Horana Plantations PLC, Ceylon Grain Elevators PLC, Three Acre Farms PLC and WealthTrust Securities Limited. He is a also Director of Contemporary Ceylon (Pvt) Ltd.

YOHAN PERERA
Independent Non-Executive Director

Appointed to the Board on 1st April 2024

Skills and experience
Mr. Perera is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and a Fellow Member of the Chartered Institute of Management Accountants, UK. He served as the Managing Partner of KPMG Sri Lanka, while also serving on the KPMG Middle East & South Asia Board during his tenure as Managing Partner of the Firm. Prior to being appointed as Managing Partner, he functioned as the Head of HR, Risk Management Partner and Chief Operating Officer.

Mr. Perera counts over 40 years of experience in audits of conglomerates and listed companies with diversified business interests. He served as the President of the Institute of Chartered Accountants of Sri Lanka during the years 2006 and 2007. He also served as a Board Member of the Confederation of Asian and Pacific Accountants (CAPA), one of four regional organisations recognised by the International Federation of Accountants (IFAC).

Other appointments
Independent Non-Executive Director of Haycarb PLC, Dipped Products PLC, Commercial Bank of Ceylon PLC, Laxapana PLC, Muller & Phipps Ceylon PLC, Overseas Reality PLC and E B Creasy & Company PLC. Has served as a Member of the Securities and Exchange Commission of Sri Lanka, Member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka and Member of the Governing Council of the Post Graduate Institute of Management of the University of Sri Jayewardenepura.

JONATHAN ALLES
Independent Non-Executive Director

Appointed to the Board on 1st October 2024

Skills and experience
Mr. Alles was the Managing Director/ Chief Executive Officer of Hatton National Bank PLC ('HNB') and counts over 37 years of banking experience, having served several international banks including the National Bank of Abu-Dhabi, Saudi British Bank-Riyadh, British Bank of the Middle-East and HSBC, Dubai and Colombo before taking on the reins at HNB. He was a Director of the Sri Lanka Banks' Association (SLBA) and its Chairman from 2014 to 2016. He served as Chairman of the Asian Bankers Association for 3 years from 2018 onwards, was a member of its Board of Directors and also served as the Chairman of its Advisory Committee. Mr. Alles holds a MBA in Finance (First-class) from the University of Stirling in United Kingdom. He is an Associate Member of the Institute of Bankers of Sri Lanka.

Other appointments
Independent Non-Executive Director of Singer (Sri Lanka) PLC, The Kingsbury PLC, Alumex PLC, United Motors Lanka PLC, Ceylon Beverage Holdings PLC, Lion Brewery Ceylon PLC, Vallibel One PLC and DHT Cement (Private) Limited.

Group Management Committee

DR. ROSHAN RAJADURAI
Managing Director – Hayleys Plantations

ROHAN GOONETILLEKE
Managing Director – Hayleys Fabric Group

DARSHI TALPAHEWA
Head – Group Human Resources & Legal

MAHESH WIJEWARDENE
Managing Director – Singer Group

RAJEEVE GOONETILEKE
Managing Director – Eco Solutions Group

The following Executive Directors are also represented in the Group Management Committee

MOHAN PANDITHAGE, SARATH GANEGODA, RAJITHA KARIYAWASAN, RUWAN WAIDYARATNE, JAYANTHI DHARMASENA, ROHAN KARR

Please refer profiles in Board of Directors

PRAMUK DEDIWELA
Managing Director – Alumex Group

NIRAN RANATUNGA
Managing Director – Mabroc Group

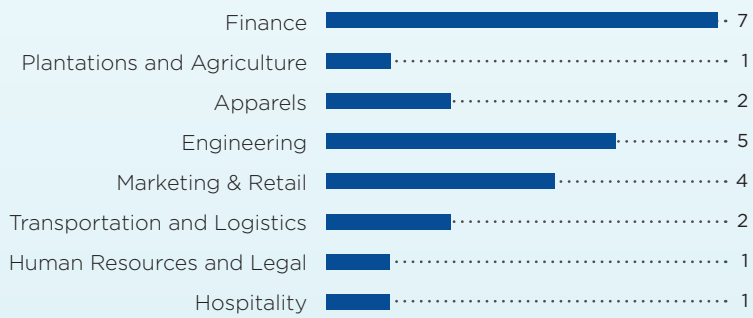
HASITH PREMATILLAKE
Managing Director – Hayleys Fentons Group

WASABA JAYASEKERA
Managing Director – Hayleys Aventura Group and Hayleys Consumer

PUSHPIKA JANADHEERA
Managing Director – Hand Protection Group

MILINDA HEWAGAMA
Group Chief Financial Officer

DIVERSITY OF EXPERTISE



Group Management Committee

DR. ROSHAN RAJADURAI
Appointed to the GMC in January 2013

Skills and experience
An industry veteran with over 40 years of experience in the plantations sector, Dr. Rajadurai currently serves as the Managing Director of Hayleys Plantation Sector comprising Talawakelle Tea Estates PLC, Kelani Valley Plantations PLC and Horana Plantations PLC. He joined the Hayleys Group in 2013, prior to which he held senior leadership positions in several leading plantation companies. He was also formerly the Chairman of the Planters' Association of Ceylon, Board Member of the Sri Lanka Tea Board, Tea Research Institute, Rubber Research Board, Tea Small Holdings Development Authority and the Tea Council of Sri Lanka.

He holds a Ph.D in Management, B.Sc in Agriculture, MBA and M.Sc in Agriculture and Plantation Crops from the Postgraduate Institute of Agriculture and a M.Sc in Organisational Behaviour. He also holds a B.Sc Honors in Plantation Management.

Other appointments
Chairman of the Sustainability Working Group

Serves on the Standing Committee on Agriculture of the University Grants Commission

Member of Public Expenditure Review Committee (PERC) in Ministry of Plantations.

ROHAN GOONETILLEKE
Appointed to the GMC in March 2013

Skills and experience
Mr. Rohan Goonetilleke is the Managing Director/CEO of the Textiles Sector in the Hayleys Group, heading Hayleys Fabric PLC, which he joined in March 2013, and South Asia Textiles Limited which Hayleys Fabric PLC acquired in 2021. Prior to joining Hayleys Fabric PLC, Mr. Goonetilleke served as Director of Brandix X'pressions (Pvt) Ltd, and was appointed to the Board of CLT Apparel (India) (Pvt) Ltd in January 2011, a fully-owned subsidiary of Brandix Lanka Ltd. He also served as the Managing Director/CEO of Textured Jersey Lanka (Pvt) Ltd, Linea Clothing (Pvt) Ltd, a subsidiary of MAS Holdings (Pvt) Ltd and the CEO of Elpitiya Plantations Ltd.

He received his higher education in the United Kingdom, receiving a B.Sc in Engineering qualifying as a Graduate Engineer (B. Sc. Eng.).

Other appointments
Director of Hayleys Fabric Solutions Limited

Director of Sri Lankan Airlines Ltd.

DARSHI TALPAHEWA
Appointed to the GMC in November 2015

Skills and experience
A lawyer by profession, Ms. Talpahewa is responsible for the Human Resources and Legal Services of the Hayleys Group. Her diverse experience spans across government, non-government, academia, private and the corporate sector including the banking sector. She holds a LL. B from the University of Colombo and Attorneys-at-Law with First Class Honours from Sri Lanka Law College. She also holds a Master's Degrees in Human Resource Management from the University of Northampton, Master's Degree in International Relations and a Master's Degree in Law from the University of Colombo.

Other appointments
Non-Executive Director of Singer Finance (Lanka) PLC

PRAMUK DEDIWELA
Appointed to the GMC in July 2018

Skills and experience
Mr. Dediwela is the Managing Director of the Alumex Group, at which he commenced his career in 1989. He has over 36 years of diverse experience within the Alumex Group covering the areas of Marketing and Sales, Material and Logistics, Finance, Manufacturing and Administration and Human Resources.

A marketer and financial economist, Mr. Dediwela holds a Master's in Financial Economics from the University of Colombo, MBA from the University of Southern Queensland, Postgraduate Diploma in Business and Financial Administration (CA Sri Lanka/Cranfield UK), Postgraduate Diploma in Marketing from the Chartered Institute of Marketing, UK and Diploma in Management from the Open University of Sri Lanka.

Other appointments
Member of the Advisory Committees on Light Engineering Sector & Metal Sector under EDB/Ministry of Industries

Member of the Sri Lanka Economic Association

Council Member of the Foundry Development & Services Institute of Sri Lanka

NIRAN RANATUNGA
Appointed to the GMC in July 2018

Skills and experience
A founder of Mabroc Teas (Pvt) Ltd, Mr. Ranatunga held the position of Commercial Director with the responsibility for marketing bulk tea and branded teas in international markets, prior to his appointment as Managing Director in 2014. He commenced his career in tea tasting in 1980 serving as an auctioneer and tea broker at John Keells Ltd. He has received training in tea tasting and blending at UK's Lyons Tetley and R. Twinnings & Co. Ltd. He spearheaded the initiative to launch the world's first ethical tea brand at the United Nations Global Compact.

Other appointments
Director of Hayleys Plantation Services (Pvt) Ltd.

HASITH PREMATILLAKE
Appointed to the GMC in October 2018

Skills and experience
Mr. Prematillake serves as the Managing Director of Hayleys Fentons Limited and its subsidiaries. Prior to this, he was the Country Director and General Manager of Ansell Lanka (Pvt) Ltd and Chief Executive Officer of Phoenix Industries Ltd. He also held a managerial position at Chevron Lubricants Lanka.

He holds a Master of Business Administration Degree (Merit pass) from the University of Colombo where he was awarded the prestigious Dr. Linus Silva Medal for Best Overall Performance. He also holds a B.Sc. Engineering Degree (Hon's.) from University of Moratuwa. He is a Fellow Member of the Chartered Institute of Management Accountants, Member of the Chartered Institute of Marketing, Passed Finalist of CA Sri Lanka and a Graduate of the British Computer Society. He is also

a certified Lean Six Sigma Black Belt and a Member of the Council of Chamber of Construction Industry Sri Lanka (CCISL).

MAHESH WIJEWARDENE
Appointed to the GMC in November 2018

Skills and experience
Mr. Wijewardene serves as an Executive Director and Group Managing Director of Singer (Sri Lanka) PLC and its subsidiary companies. He counts for over 30 years of managerial experience in diverse disciplines. He is the former Chairman of Ceylon Chamber of Commerce - Import Section and Sri Lanka - China Business Council. Mr. Wijewardene holds a Master's Degree in Business Administration from the University of Southern Queensland and received the Dean's Award for Outstanding Academic Achievement.

He also holds a Diploma in General Management from the Open University of Sri Lanka and has attended Executive Business Studies at Harvard Business School - Boston & National University of Singapore.

Other appointments
Vice President of Sri Lanka Retailers' Association

Member of the International Chamber of Commerce - Policy Committee

Committee Member of Employers' Federation of Ceylon

Director of Singer Finance (Lanka) PLC, Regnis Appliances (Private) Limited, Reality Lanka Limited and Equity Investments Lanka Limited.

RAJEEVE GOONETILEKE
Appointed to the GMC in September 2021

Skills and experience
Mr. Goonetileke serves as the Managing Director of the Eco Solutions Sector. Prior to joining the Group, he served Brandix as the CEO of Brandix Apparel Solutions - Deep Discounter and Supply Chain and was a Director of Glaxo Smithkline - Sri Lanka. He also functioned as the Country Head/General Manager of MAS Fashionline in Vietnam.

He holds a B.Sc Engineering (Mechanical) from University of Moratuwa and a M.Eng - Industrial Engineering from Asian Institute of Technology - Thailand.

Other appointments
Director of all subsidiary companies in the Eco Solutions Sector

WASABA JAYASEKERA
Appointed to the GMC in August 2021

Skills and experience
Mr. Jayasekera is the Managing Director of both Hayleys Aventura (Pvt) Ltd and Hayleys Consumer Products Limited. Mr. Jayasekera counts extensive international and domestic experience in the areas of Marketing and Sales, Trading, Finance and Controlling, Business restructuring and Management Information Systems.

He holds a Master's Degree in Business Administration from the Postgraduate Institute of Management, University of Sri Jayewardenepura and a Bachelor's Degree in Physical Science, from the University of Kelaniya. He is a fellow Member of CA Sri Lanka and a Life Member of the Sri Lanka Institute of Marketing. He also holds a Diploma in Computer Systems & Design from the National Institute of Business Management (NIBM).

PUSHPIKA JANADHEERA
Appointed to the GMC in January 2023

Skills and experience
Mr. Janadheera is the Managing Director of Dipped Products PLC. Prior to his appointment in January 2023, he functioned as the Deputy Managing Director of DPL. He has over 25 years' experience in the field of manufacturing of value-added rubber products and marketing of tyres, rubber gloves and other rubber related products, both locally and internationally.

Mr. Janadheera holds an MBA and a B.Sc in Accountancy (Special) Degree from the University of Sri Jayewardenepura. He is a Fellow Member of CA Sri Lanka, Associate member of the Chartered Institute of Management Accountants (CIMA) of UK, Associate member of Global Management Accountants (CGMA) of UK and Associate member of the National Institute of Accountants of Australia.

Other appointments
Council Member of the Institute of Chartered Accountants of Sri Lanka.

Chairman of the Sri Lanka Association of Manufacturers and Exporters of Rubber Products (SLAMERP)

Served as a Council Member of the Plastics and Rubber Institute of Sri Lanka

Member of the Sri Lanka Institute of Directors

Former Member of the Advisory Committee of Rubber and Rubber Based Products & Plastics Sector of the Export Development Board and Member of the Polymer Advisory Committee of the Ministry of Industries.

MILINDA HEWAGAMA
Appointed to the GMC in January 2023

Skills and experience
Mr. Hewagama is a skilled finance professional, currently serving as the Group Chief Financial Officer of Hayleys PLC, with responsibility for the Group's Finance & Reporting, Environmental, Social and Governance (ESG), Tax, Risk & Safety and Corporate Secretarial functions among others. Since joining Hayleys in 2010, he advanced steadily within the Group, assuming progressively senior roles Since his appointment to the GMC he has contributed actively to the organisation's strategic direction and growth aspirations. He has also played a pivotal role in driving the Group's ESG agenda. He has been instrumental in advancing the Group's corporate reporting practices, helping to ensure that the Hayleys PLC's Annual Report continues to set benchmarks in corporate and sustainability reporting.

He is a Member of the CA Sri Lanka and holds an MBA and BBA (Special) in Finance from the University of Colombo.

Other appointments
Director of Talawakelle Tea Estates PLC

Director of The Kingsbury PLC

Director of Hayleys Leisure PLC

Director of several fully-owned subsidiaries of the Hayleys Group

Board Member of the United Nations Global Compact

Served as a Member of the Corporate Governance Committee of CA Sri Lanka.

Corporate Governance

Ensuring and Preserving Value

Highlights of **2024/25**

Board Appointments

- **Mr. P. Y. S. Perera** appointed as an Independent Non-Executive Director
- **Mr. A. J. Alles** appointed as an Independent Non-Executive Director
- **Mr. K. D. D. Perera** appointed as Co-Chairman and Non-Executive Director

Skills added

Banking, Finance, Corporate Leadership and Entrepreneurship

Change in Composition

Following the appointment of new Directors and reclassification of 2 Directors as Non-Executive Directors, the composition changed as follows:

- **6** Executive Directors
- **3** Non-Executive Directors
- **4** Independent Directors

Policy Refresh

- Eight policies were refreshed and published on the website in line with the requirements of the new Listing Rules
- Policies updated included Procurement Policy, ESG-related policies, Risk Management Policy and Rewards and Remuneration Policy

Board Focus

- Monitoring execution of strategy
- Risk management
- Board succession
- Digital transformation and IT governance
- Strategic ESG integration

Governance practices which support ethical and effective leadership

COMPOSITION

- Majority of Directors are Non-Executive Directors
- Majority Non-Executive Directors are Independent

EFFECTIVE DELEGATION

- Clear lines of delegation to Committees, supported by Charters

BOARD ENGAGEMENT

- Active engagement with business through Executive Director insights, common directors in subsidiaries, frequent meetings and ongoing knowledge sharing sessions

POLICIES

- Comprehensive and robust policy framework approved by the Board of Directors

RISK MANAGEMENT

- Enterprise risk management framework
- Combined assurance model
- Embedding identification of SRROs to existing risk management processes

BOARD COMPLIANCE

The Group's fit-for-purpose governance frameworks ensure compliance with applicable laws, codes and best practices through effective and adequate controls. The Board ensures that Hayleys is governed through ethical consciousness and integrity thereby preserving the interests of diverse stakeholders and capital resources while guaranteeing accountability and effective leadership.

- The Board is satisfied that it discharged its duties and obligations effectively during the 2024/25 financial year
- The Board confirms that the organisation has fully complied with the Corporate Governance Rules set out in the Listing Rules of the CSE
- The Company's Independent Directors meet the criteria for determining independence as per the Listing Rules of the CSE
- The Chairman & Chief Executive and Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules of the CSE
- The Board confirms compliance with the requirements of the Policy on Matters Relating to the Board of Directors
- During the year under review, there were no material violations of any laws or regulations nor any material fines or penalties imposed on the Company for contraventions of any laws and regulations

Adapting governance to shifts in our operating landscape

Development	Governance response
Increasing prevalence of AI in transforming the business landscape, through efficiency, innovation and competitiveness.	A holistic digital transformation strategy which is monitored and reviewed by the Board
	Focus on ethical concerns, potential workplace displacements and internal controls
Opportunities presented by a fairer and more competitive environment for the private sector following changes in the political leadership	Increased focus on mitigating the risk of corruption and bribery
	Strategic alignment with the country's national economic development agenda
Escalating expectations from Boards to take accountability for effective management of ESG risks	Regular monitoring of ESG risk landscape with its integration to the Group's enterprise risk management framework
	Monitoring progress against the aspirations and targets of the Group's ESG strategy
Regulations- Anti Corruption and Data Protection Act	Formulation of policies and procedures aligned to the requirements of the regulations

COMPLIANCE TO NEW CORPORATE GOVERNANCE RULES

The Corporate Governance Rules applicable to listed entities under Rule 7.10 and Section 9 of the Listing Rules of the Colombo Stock Exchange were revised with effect from 1st October 2023 with a phased approach to full compliance by March 2025. A summary of the measures adopted to comply with the new requirements are given below; please refer to page 82 for more detailed information on the compliance to the new Corporate Governance Rules and to the revised Code of Best Practice on Corporate Governance (2023) by CA Sri Lanka.

Rule	Summary of requirement	Effective date of implementation	Status of compliance
9.2	Policies to be maintained by listed companies	October 2024	Complied with all relevant policies available on the corporate website
9.3.3	Chairperson of Board Committees	October 2024	Complied
9.6	Appointment of SID		Complied
9.7	Fitness and propriety of Director and CEOs	April 2024	Complied
9.8.1/9.8.2	Board composition	October 2024	Complied
9.8.3	Revisions to independence criteria	March 2025	Complied following the reclassification of 2 Independent Directors as Non-Independent, Non-Executive Directors
9.9	Alternate directors	January 2024	Complied
9.11	Nominations and Governance Committee	October 2024	Complied
9.12.6 (2) 9.13.3 (4), 9.14.2 (2)	Rules relating to the sharing of Board Committees	October 2024	Complied
9.12.6 (1), 9.13.3, 9.13.4,9.13.5, 9.14, 9.14.2 (1)	Revisions to the compositions of the sub-committees	October 2024	Complied

Corporate Governance

APPROACH TO GOVERNANCE

An enterprise-wide approach to corporate governance has allowed the Group to evolve its structures, processes and governance actions, moving beyond incremental growth and pursue transformative change in rapidly shifting operating conditions. Good governance is embedded in long-standing principles that are designed to ensure longevity of the Group's multi-stakeholder value creation, driven by our purpose of Inspiring an Inclusive World and a Thriving Planet.

Our fit-for-purpose governance approach is designed to comply with the relevant regulations and legislation and is supplemented by alignment to governance best practices and relevant voluntary frameworks as set out below.

External frameworks

Regulatory frameworks

- Companies Act No.7 of 2007
- Sri Lanka Accounting and Auditing Standards Act No.15 of 1995
- Continued Listing Requirements of the Colombo Stock Exchange
- Inland Revenue Act No. 10 of 2006 and amendments
- Inland Revenue Act No. 24 of 2017 and amendments thereto
- Customs Ordinance No. 17 of 1869
- Foreign Exchange Act No. 12 of 2017
- Industrial Disputes Act No. 43 of 1950
- The Shop and Office Employees Act No. 15 of 1954
- Factories Ordinance No. 45 of 1942
- Finance Business Act No.42 of 2011 and amendments thereto

Voluntary standards, codes and frameworks

- Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2023)
- SLFRS S1 and S2 Sustainability Disclosure Standards
- 10 principles of the United Nations Global Compact
- Integrated Reporting Framework
- Global Reporting Initiative Standards
- SASB Disclosures
- Requirements of Environmental & Social Certifications
- Quality standard certifications obtained by companies

Governance outcomes

POLICIES AND FRAMEWORKS

- Articles of Association
- Board and Sub-Committee Charters
- Policy framework

ORGANISATIONAL CULTURE

- The Hayleys Way- Ethical roadmap for employees
- Corporate Values

GOVERNANCE

- Structures and delegation
- Strategic leadership
- Controls and assurance
- Responsible corporate citizenship

HAYLEYS LIFECODE

- 100% compliance to relevant laws and regulations
- Meaningful and impactful stakeholder relationships
- Internal and external reporting on ESG factors
- Effective ESG risk management
- Zero tolerance of bribery and corruption

Internal mechanisms

Oversight on strategy and performance	Stakeholder relations and legitimacy	ESG integration	Effective control	Ethics and culture
105-107	94-97	108	115	63

GOVERNANCE IN ACTION

The Board serves as the custodian in ensuring and preserving value as the Group drives its strategic aspirations. Directors engage closely with the business, applying ethical and responsible leadership in achieving sustainable growth and preserving stakeholder interests. The platforms and reporting mechanisms through which the Board engages with the business is set out alongside.

Board meetings

Board meetings are scheduled early and duly informed to the Directors at the beginning of each calendar year. During the year, the Board convened 12 times while 1 special meeting was also held to review the annual budget for 2025/26. Clear guidelines and processes are defined and communicated to ensure effectiveness of Board meetings.

Board engagement with the business

- → 6 Directors serve on Board subcommittees, obtaining deeper insights on specific matters
- → The 6 Executive Directors represent key sectors and Hayleys PLC center functions
- → Access to deeper insights at Sector level through common directors
- → Regular monitoring of performance at monthly Board meetings
- → Special meetings as and when required

Board and Sub-Committee meeting schedule 2024/25

JUN	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
B	B	B	B	B	B	B	B	B	B	B	B
		A			A			A			A
		RP			RP			RP			RP
				N		N			N	N	
					RE					RE	

B Board A Audit Committee RE Remuneration Committee N Nominations & Governance Committee RP Related Party Transactions Review Committee

Directors	Board	Audit Committee	Remuneration Committee	Nominations & Governance Committee	Related Party Transactions Review Committee
Mr. A. M. Pandithage	13/13	-	-	-	-
Mr. K. D. D. Perera (appointed with effect from 1st Oct 2024)	5/9	-	-	-	-
Mr. S. C. Ganegoda	13/13	-	-	-	2/2
Mr. H. S. R. Kariyawasan	11/13	-	-	-	-
Dr. H. Cabral, PC	13/13	4/4	2/2	4/4	4/4
Mr. L. R. V. Waidyaratne	13/13	-	-	-	-
Mr. M. Y. A. Perera	11/13	3/4	2/2	4/4	3/4
Ms. J. Dharmasena	12/13	-	-	-	-
Mr. R. J. Karunarajah	10/13	-	-	-	-
Mr. K. D. G. Gunaratne	12/13	3/4	2/2	4/4	2/2
Mr. T. A. B. Speldewinde	13/13	3/3	2/2	4/4	4/4
Mr. P. Y. S. Perera	13/13	3/3	1/1	3/3	2/2
Mr. A. J. Alles (appointed with effect from 1st Oct 2024)	9/9	3/3	-	-	-
Mr. M. H. Jamaldeen (resigned with effect from 14th Nov 2024)	6/6	1/2	1/1	-	-

Corporate Governance

BOARD PRIORITIES IN 2024/25

The following areas received heightened attention from the Board during the year under review, reflecting strategic priorities as well as external developments in the operating landscape. Discussion areas are summarised in the following table and described in further detail in the Portfolio Reviews (page 156 to 288) and Capital Management Reports (page 289 to 339) of this Report.

Monitoring execution of strategy and performance

The Board provided material input into the group's strategy, deliberating on execution, progress and impacts of emerging developments in the operating landscape. The Group's 6 Executive Directors, representing key business verticals play a vital role in this process, contributing their domain specific knowledge and deep industry insights.

Stakeholder interests:
Shareholders, Customers, Employees, Government

Capitals impacted: FC MC HC SC

Board succession

Emphasis was placed on maintaining board continuity through proactive succession planning in view of strategic requirements, statutory changes on board composition as well as diversity of skills, industry experience and tenure of Directors.

Stakeholder interests:
Shareholders, Employees

Capitals impacted: HC IC

Digital transformation and IT governance

In line with the Group's strategic focus on rewiring the organisation through deploying digital capabilities at scale, the Board heightened attention on mobilising digital innovations and strengthening ICT governance.

Stakeholder interests:
Shareholders, Customers, Employees

Capitals impacted: FC MC IC HC

Effective management of risks

Building strategic resilience through embedding effective risk management practices across the Group was a priority during the year, given rapidly evolving risk landscapes in both the internal and external environments.

Stakeholder interests:
Customers, Employees, Communities

Capitals impacted: FC MC SC HC NC

Strategic integration of ESG

Board continued to focus on strategically embedding ESG considerations into strategy, processes, decision-making and organisational culture

Stakeholder interests:
Customers, Employees, Government, Business partners, Communities

Capitals impacted: HC NC SC

Monitoring execution of strategy and performance

The Board formulates and steers the Group's strategic direction, ensuring that specific areas of governance oversight are identified and addressed. The Board also approves policies and material processes which support the delivery of the Group's strategy while overseeing and monitoring management's implementation and execution of strategy through regular performance updates.

		Role of effective governance	Information shared with Board	Board deliberations and decisions in 2024/25
STRATEGIC PRIORITIES	**Portfolio optimisation**	Optimal allocation of capital and effective execution of the Group's investment and portfolio strategy	→ Performance against financial and operational targets and metrics → Developments in external landscape including political, macro-economic and social matters	→ Overseeing the Group's strategic direction and approval of Annual Corporate Plan and budgets → Approval of major capex projects and acquisitions including overseas expansions → Approving the annual, interim and quarterly financial results
	Customer centricity	Alignment of organisational policies, culture and leadership with customer expectations	→ Developments in the competitive landscape → Results of customer acquisition and retention → Results of customer satisfaction surveys	→ Evaluation of opportunities in new markets and customer segments → Monitoring performance of new products and businesses
	Nurturing inspired teams	Ensure the Group's employee value proposition is tailored to attract and retain the talent required to drive its strategy	→ People-related developments including changes in headcount, health and safety and engagement initiatives → Results of employee satisfaction survey	→ Approval of the Group's Diversity, Equity and Inclusion interventions → Review and approval of remuneration guidelines and parameters → Ensure effective succession planning is in place for key management personnel
	Inclusive business models	Prioritise inclusive business models and ensure engagement in strategic CSR initiatives	→ Metrics on supplier value creation and retention → Outputs and outcomes associated with community engagement mechanisms	→ Receive updates on the Group's major suppliers and value creation → Monitor progress of supplier development programmes
	ESG integration	Strategic integration of ESG across all decision-making, functions and processes	→ ESG risk scoring → Non-financial performance metrics → External developments relating to sustainability	→ Monitoring the Group's key sustainability related risks and opportunities → Approval of the 2nd edition of the Hayleys Lifecode → Monitoring quarterly ESG performance against targets

Corporate Governance

Board succession

Succession planning was an important priority during the year and the collective responsibility of the Board. In the year under review, the Group announced the appointment of a Co-Chairman/Non-Executive Director and an Independent Non-Executive Director. With 2 Directors being reclassified as Non-Executive Directors following the requirements of the new Listing Rules, the new appointments to the Board ensured continuity of board balance. The new appointments have also strengthened the Board's skill profile (refer to page 71 further information) with increased diversity of industry experience, domain-specific knowledge and skills.

Digital transformation and IT governance

The Group accelerated its technology-driven transformation, in line with the Digital Roadmap that was launched last year (refer to page 324 for further information on related interventions). The Board holds apex responsibility for governing technology and information and during the year, parallel emphasis was placed on strengthening ICT governance and cybersecurity measures. The Head of Group IT Services, supported by specialised resources across the Group supports the Board in discharging its IT-related duties and providing oversight on the management of technology assets.

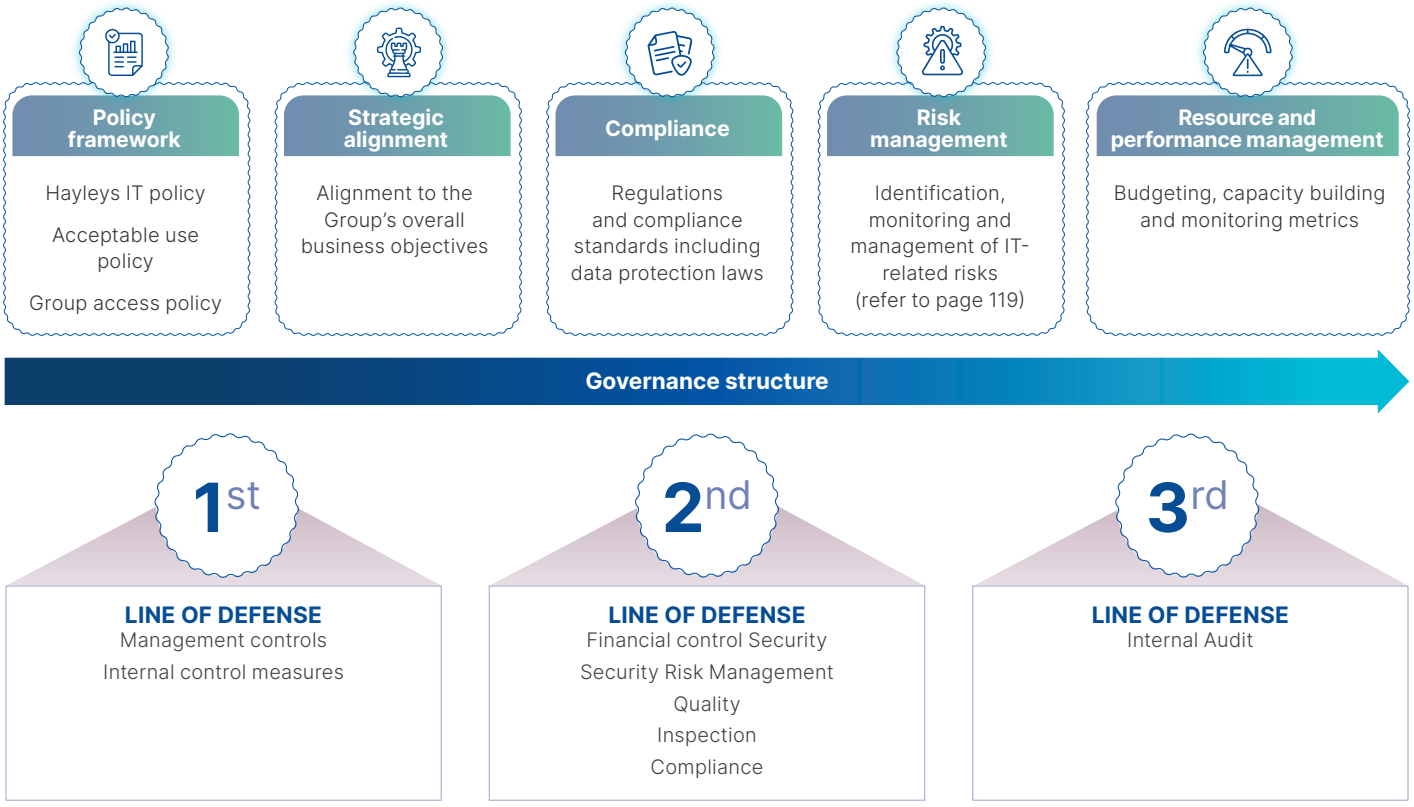
Board interventions on digital transformation and IT governance

- → Review and approval of the Group's digital transformation strategy
- → Assess the progress of strategic digital initiatives
- → Evaluate business case of significant digital transformation programmes such as modernising applications and automating workflows
- → Monitor the management of IT and cyber-related risks
- → Monitoring the stability and availability of systems

The proposed transition to RISE with SAP, offers Hayleys a unified, flexible and scalable ERP platform, ensuring that businesses stay current with periodic updates and new technology releases. The transition is expected to reduce IT governance costs, optimise license utility and enhance system uptime to drive business transformation and innovation.

The Group's new digital transformation roadmap was also rolled out during the year under review and centers on the five key pillars of digital innovation, digital literacy, change and communication, digital product delivery and data-to-value.

The Group's approach to IT and cybersecurity management includes suitable governance structures, policies and processes as is given below;



Effective risk management

For the Board, risk management entails achieving a suitable balance between leveraging opportunities and mitigating the potential adversities of risk, thereby strengthening the Group's overall resilience. Risks controls and procedures are constantly enhanced to enable better risk identification, assessment, mitigation and monitoring. The Board also considers emerging risks when approving corporate plans and budgets, setting strategies and monitoring performance against budgets.

MEASURES TAKEN TO STRENGTHEN THE GROUP'S RISK MANAGEMENT MECHANISMS DURING THE YEAR INCLUDED THE FOLLOWING:

- → Implementation of a Group-wide policy on Risk Management and Internal Controls
- → Strengthening ESG risk management in line with the requirements of the SLFRS S1 and S2 Sustainability Disclosure Standards

Discharge of risk-related responsibilities

Function	Mandate and Activities
Board Audit Committee (Please refer to pages 354 to 355 for the Composition, Scope and functions of the Audit Committee)	→ Oversight responsibility on selecting and applying accounting policies and maintaining an appropriate relationship with the external auditors → Reviews internal control issues and risk management measures identified by Management Audit & System Review Department and evaluate the adequacy and effectiveness of the risk management and internal control systems including financial reporting **Engagement with Sectors** In addition to Audit Committees in listed subsidiaries, significant unlisted sectors have also established Audit Committees
ESG Steering Committee	→ Review and monitor ESG related risks, opportunities and impacts and recommend the implementation of appropriate measures to effectively address these dynamics **Engagement with Sectors** All Sectors operate ESG Steering Committees with board representation, facilitating a bottom-up approach to managing ESG-related risks across the Group
Internal Audit (Management Audit & System Review Department - MA&SRD)	→ Vital role in assessing and strengthening effectiveness of controls and establishing new controls where necessary → Direct channel between the Head of MA&SRD and the Chairman of the Audit Committee without the interference of any Directors or Executives. → Reports are made available to the Chairman & Chief Executive and the Chairman of the Audit Committee
External Audit and Auditor Independence	→ The Group's external auditors (for financial reporting) are Messrs. Ernst and Young and the principal does not engage in any services which are in the restricted category as stipulated by the CSE for external auditors → The Audit Committee reviews the independence, the skills and experience and the work of the external auditors annually and recommends appointment accordingly to the Board → The Audit Committee conducts an in-camera meeting with the external auditors on completion of the audit to identify any areas of concern → The Audit Committee also monitors non-audit work done by the external auditors to ensure their independence

Corporate Governance

ESG INTEGRATION

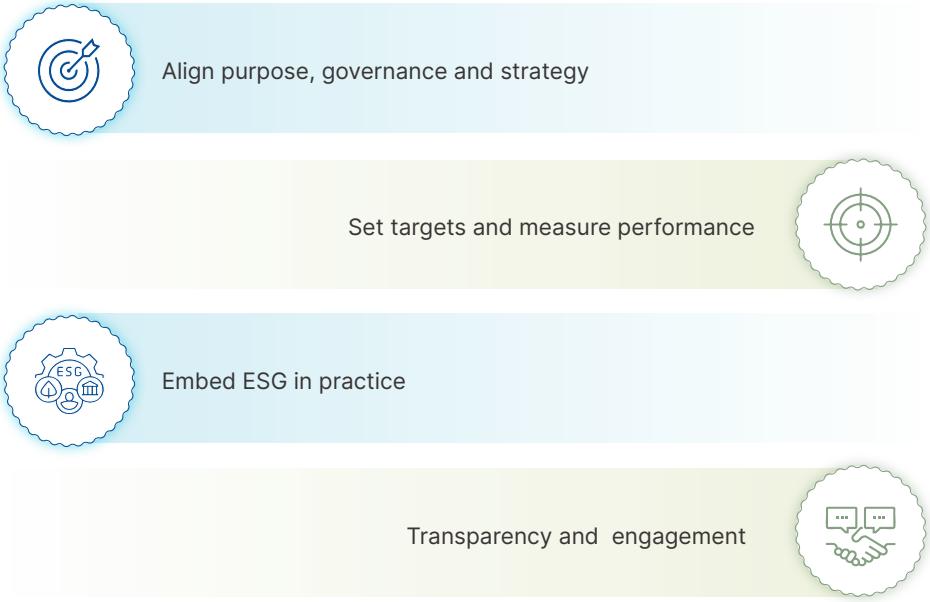
The strategic integration of ESG remains a priority for the Group, reflecting escalating stakeholder concerns on sustainability, increasingly stringent regulatory requirements and an evolving operating landscape. In recent years, the Group has sought to strengthen sustainability governance, as it seeks to embed ESG thinking across decision-making, processes and organisational culture.

ESG Governance

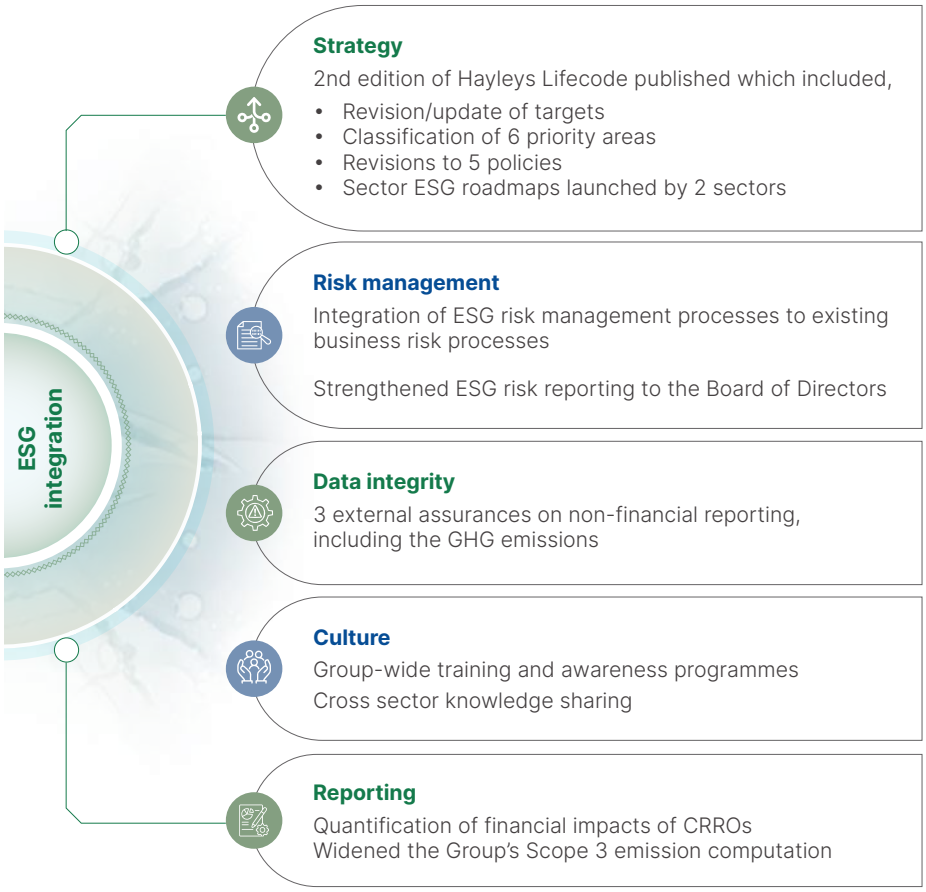
The Board holds overall responsibility of formulating the Group's aspirations, strategies and policies relating to ESG and sustainable development. The Group ESG Steering Committee (comprising 3 Executive Directors and 3 GMC members) assists the Board in the discharge of its ESG-related duties. The mandate of the ESG Steering Committee includes,

- → Provide oversight and monitor the execution of the Group's ESG Framework-Hayleys Lifecode including progress against environmental, social and governance targets in the short, medium and long-term
- → Identify ESG related risks, opportunities and impacts and recommend the implementation of appropriate measures to effectively address these dynamics.
- → Review and provide guidance on ESG related policies and programmes required to drive the Group's ESG Framework and strategy.
- → Review and approve the Group's stakeholder engagement strategy which allows management to identify, understand and respond to stakeholders' legitimate concerns.
- → Review emerging trends and issues in the ESG areas and assess potential impact on the Group.

Approach to ESG Integration



Key achievements in ESG integration in 2024/25



OTHER AREAS OF OVERSIGHT

Ethics and Culture

The Board ensures ethical leadership by setting the tone at the top, with all Directors KMPs and employees required to demonstrate integrity, transparency and the highest ethical standards. New regulations together with the national focus on good governance in view of shifts in the country's political landscape led to an organisation-wide emphasis on minimising the risk of bribery and corruption, which ensuring that our ethics framework remains relevant amidst evolving operating conditions.

The Hayleys Way

Ethical Roadmap for all employees of the Group including its key management personnel, clearly setting out the expectations of all Group employees and focuses on,

Business integrity, Competition, Corporate responsibility, Conflict of interest, Regulatory compliance and Enviroment

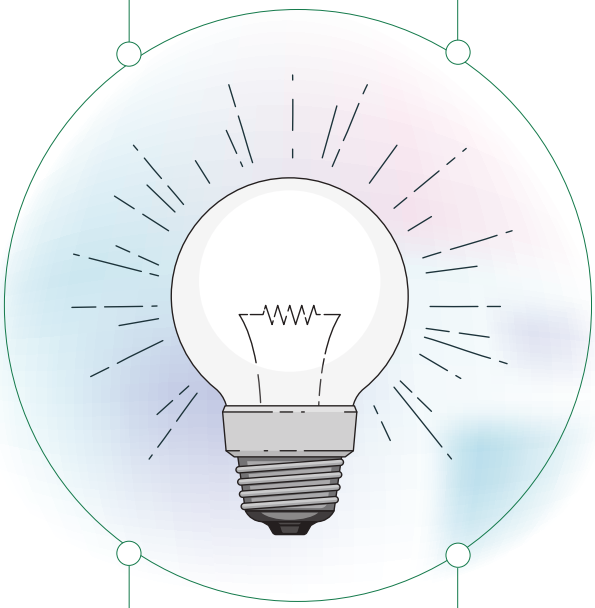
Regulatory and statutory environment

Companies Act No. 7 of 2007

Anti-Corruption Act No.9 of 2023

Listing Rules of Colombo Stock Exchange

Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2023)



VALUES

- → **H**-Honesty and Integrity
- → **A**-Accountability
- → **Y**-Yes, WE can!
- → **L**-Love for Humanity
- → **E**-Enduring Customer Value
- → **Y**-Yes, WE WILL WIN!
- → **S**-Social Responsibility as a Good Corporate Citizen

  &
- → **I**-Innovation

POLICIES AND GUIDELINES RELATED TO ETHICS

- → Whistleblowing policy
- → Bribery and Anti-Corruption policy
- → Employee contracts
- → Procurement policy
- → Guidelines on share dealing and insider trading
- → Price-sensitive information

APPROACH TO BRIBERY AND ANTI-CORRUPTION

Bribery and corruption management is integrated into our compliance and risk management programmes with multiple processes, frameworks and standards in place to govern ethics management, political contributions, gifts, donations and facilitation payments among others. Following the implementation of the new policy last year, emphasis as placed on raising employee awareness and capacity building during the year Key elements of the Policy include,

Zero tolerance to bribery and corruption	Prohibition of political contributions, donations to political parties and candidates	Guidelines on gifts, hospitality and charitable donations
Prohibition of facilitation payments to government officials	Retaliations or threats against whistle blowers is prohibited	Due diligence of partners: inclusion of anti-bribery clauses in agreements/contracts

Corporate Governance

WHISTLEBLOWER POLICY

The Group's Whistleblower Policy provides an effective mechanism for employees to raise concerns where the interest of the organisation is at risk. The Policy ensures confidentiality and anonymity and encourages the reporting of concerns such as fraud, improper conduct and breach of the Hayleys Way among others. Two-way communication is facilitated by providing the Whistleblower feedback on the actions taken if he/she so requests. Key elements of the policy are set out alongside;

Aspects of the Whistleblower Policy

- → Guidelines on procedure to raise a concern
- → Management responses and steps taken
- → Details of the internal inquiry process including composition and quorum of the Internal Inquiring Committee
- → Maintaining confidentiality

Conflicts of interest:

The Group-wide Corporate Governance policy sets out guidelines on effectively managing actual and perceived conflicts of interest, particularly relating to Directors. For instance, Board members must inform the Chairperson of the Board and the Company Secretary of their other positions which may be of importance to the Company or the performance of their duties before accepting such positions. Meanwhile, employees are expected to disclose any material interests they may have in outside business interests and obtain prior approval if considered required.

Board engagement relating to culture during the year

- → **Employee engagement:** Obtain insights on work environment, employee satisfaction, attitudes, behaviours and best practices through participation in employee events and ongoing engagement
- → **Internal audit:** The Board obtains a direct view of the implementation of policies and alignment to ethical standards through assessing the findings of Internal Audit
- → **Compliance monitoring:** The Board evaluates the Group's culture of compliance through the ongoing assessment of risks, monitoring adherence to laws and regulations and ensuring that compliance is embedded into decision-making.

	Number of people trained
Employees orientation programme: The Hayleys Way	644
Diversity, equity and inclusion training	>4,700
Data privacy	791

HUMAN RIGHTS

As a signatory to the United Nations Global Compact, Hayleys has committed to Principle 1 and 2 of the UNGC Principles of Human Rights. The Board provides oversight in relation to the management of human rights as part of its commitment to ensuring that business is conducted ethically and responsibly. This occurs through setting the tone at the top, approval of relevant policies, monitoring performance related targets in the Hayleys Lifecode and ensuring compliance.

Policy framework

Group Human Rights Policy

Includes guidelines on,

Fair treatment

Non-harassment

Abolishing child, forced, compulsory labour

Freedom of association and collective bargaining

Promoting health and safety

Grievance mechanisms

Internal grievance mechanisms

Open door policy for all employees

Defined grievance mechanism

Whistleblowing policy

External grievance mechanisms

Community grievance handling mechanisms in operating locations

Human rights across supply chain

The Group's Procurement Policy provides guidelines on supplier evaluation criteria which includes assessment of working conditions

- → Fair pay
- → Child labour
- → Forced labour
- → Safety standards

Our Commitment

- → Nurturing a diverse, inclusive and equitable culture
- → Ensuring physical and mental well-being
- → Building responsible and sustainable supply chains
- → Preserving the rights of local communities
- → Managing the Group's environmental footprint

STAKEHOLDER RELATIONSHIPS

The Board strives to ensure that communication with stakeholders is transparent, open and effective. In the execution of its governance responsibilities, the Board drives an inclusive approach that balances the often-conflicting interests of all stakeholders. Further details on the Group's stakeholder engagement is available on page 94 of this Report:

Shareholder engagement

The Group ensures that the rights of all shareholders are preserved and has established procedures to ensure the fair and equitable treatment of all shareholders. As described on pages 94 to 97, an array of measures is also in place to ensure that shareholder views are identified and fully considered. Platforms driving shareholder communication are as follows

- → **Annual General Meeting:** The AGM is the main forum for engaging with shareholders and the Group has a history of well attended shareholder meetings
- → **Quarterly results updates** with accompanying reviews and timely updates of price sensitive information to the Colombo Stock Exchange
- → **Hayleys website:** Includes comprehensive information including Annual Reports, interim reports, investor presentations, ESG related information and department-level information
- → **The Annual Report:** A track record of setting benchmarks for corporate reporting affirms the Group's commitment to disclosure and transparency. Assurance on financial statements, sustainability information and compliance with the Integrated Reporting Framework supports the reliability of the information contained in the annual report which provides comprehensive information on relevant matters to the shareholders. The Reports and other information are available on the Company's website and price sensitive information is also available on the Colombo Stock Exchange website.
- → **Interaction through Corporate Secretarial Division:** Shareholders have the opportunity to directly address concerns, suggestions or any other queries to the Corporate Secretarial Division of Hayleys PLC.

Preserving the rights of minority shareholders

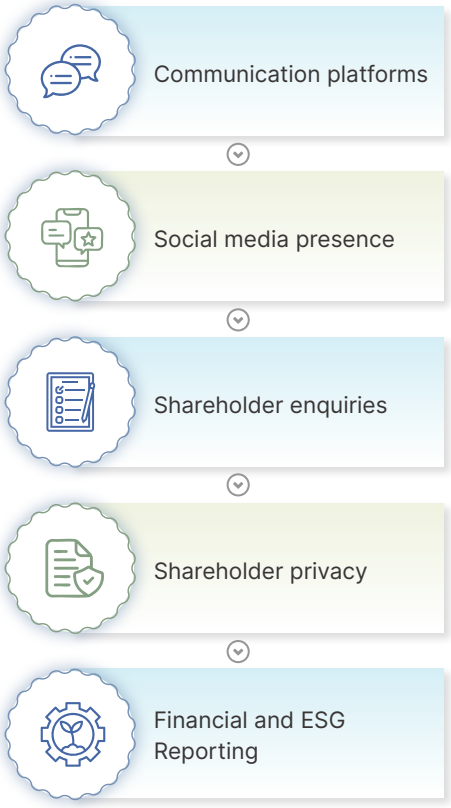
Individual investors are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions. They are also encouraged to participate in General Meetings of companies and exercise their voting rights. Information is disseminated to all shareholders. Any information that the Board considered as price sensitive is disseminated to the shareholders by way of announcements to the CSE and press releases by either the Chairman and Chief Executive or the Company Secretaries as appropriate.

There are meetings with shareholders (based on their requests) on matters which are relevant and of concern to the general membership. Voting of the shareholders is critical in carrying out a resolution at the AGM.

Shareholder and Investor Communications Policy

Purpose of policy: Ensuring that all shareholders and investors have equal and timely access to accurate and publicly available information about the Company

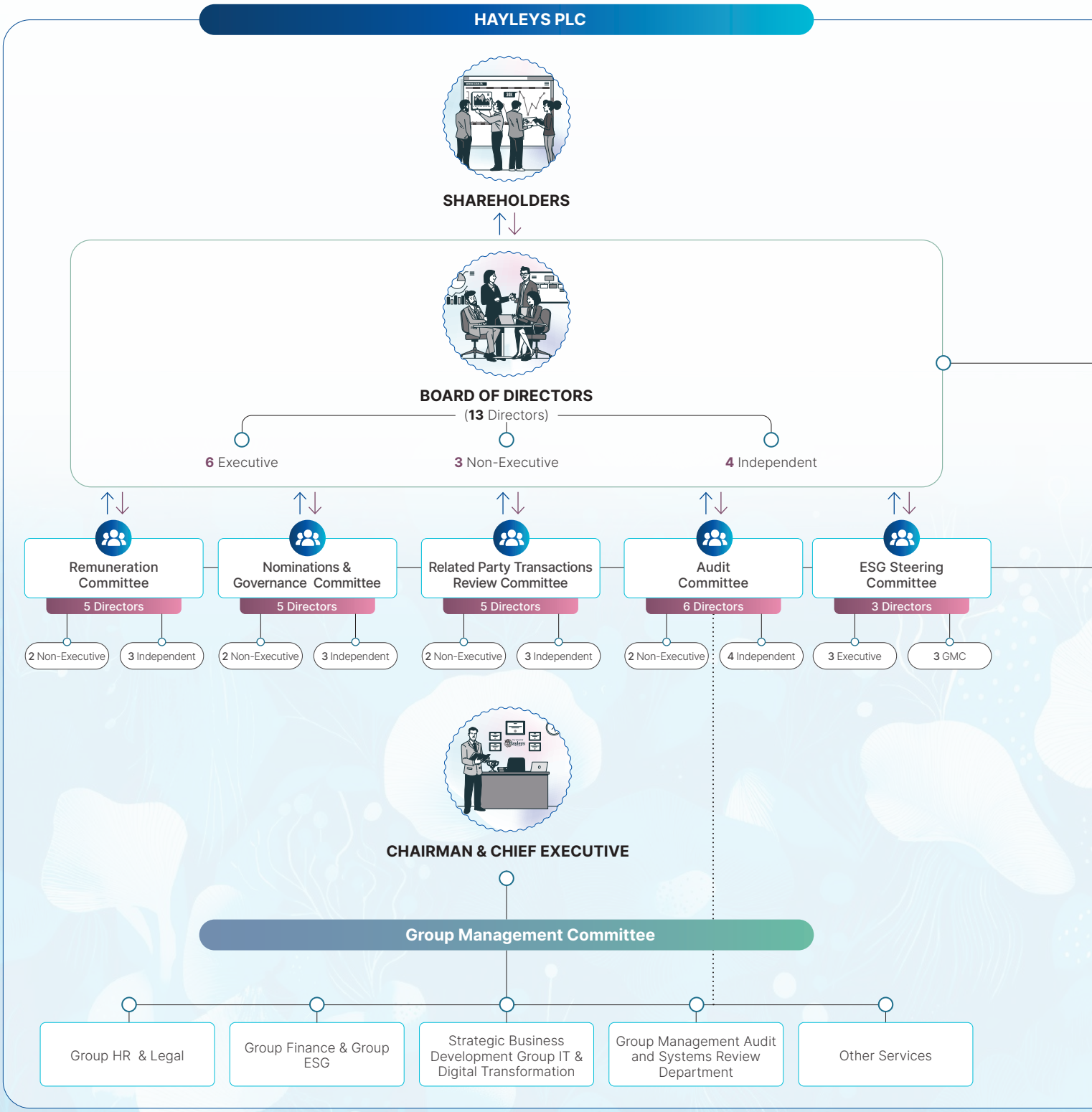
Includes details on,



Corporate Governance

STRUCTURES AND DELEGATIONS

The Group's governance structure has evolved over time to reflect the increasing diversity and depth of the Group's operations. As set out below, the Board of Hayleys PLC has line of sight to the Group's industrially and geographically diverse businesses and is adequately



robust to enable judicious delegation and the agility to respond to requirements of a large entity operating across multiple jurisdictions.

OVERSIGHT OF SUBSIDIARIES

SHAREHOLDERS

↑↓

SECTOR BOARDS OF DIRECTORS

↑↓ Sector Audit Committees

↑↓ Sector Managing Directors

↑↓ Sector Remuneration, Nomination and Related Party Transactions Review Committees in selected sectors

Sector Management Committee

Sector ESG Committee

Sector Internal Audit

↓ Appointed by
↑ Reporting to

Measures taken to strengthen structure and delegation in 2024/25

- Classification of 2 Independent Directors as Non-Executive Directors in line with the CSE's revised criteria for determining independence
- Reconstitution of all four statutory Board Sub-Committees to comprise solely of Non-Executive and Independent Directors

Corporate Governance

BOARD SUB-COMMITTEES

The Group's governance structure and provisions for responsibility assignment strengthen independent judgement while providing opportunities to leverage director's expertise in specialised areas such as risk management, audit and sustainability. When determining committee composition, the Board considers relevant regulations, the skills and experience of its members and responsibilities of the Committee. Each Board sub-committee has a formal Terms of Reference that is reviewed annually. Please refer to pages 354 to 360 for further information on the activities of the Sub-Committees during the year.

Audit Committee
(Refer pages 354 to 355 for Report of the Committee)

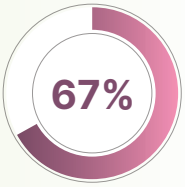
- → Evaluating the integrity of the financial statements and adequacy of internal controls
- → Review of the key risk exposures and measures in place to mitigate risks
- → External audit
- → Internal audit

Relevance to value

FC MC IC

Focus on strategic priorities

% of committee members who are independent



Skill mix

- Finance
- Law and commercial arbitration
- Banking
- Corporate leadership

Remuneration Committee
(Refer page 358 for Report of the Committee)

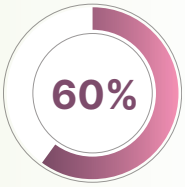
- → Remuneration policy for Group with particular reference to Key Management Personnel
- → Organisation structure
- → HR Policy
- → Goals and targets for Key Management Personnel
- → Performance evaluation

Relevance to value

FC HC

Focus on strategic priorities

% of committee members who are independent



Skill mix

- Finance
- Banking
- Corporate leadership

Nominations and Governance Committee
(Refer pages 356 to 357 for Report of the Committee)

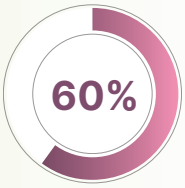
- → Appointment of Key Management Personnel
- → Establish and maintain a formal procedure for the appointment of new directors
- → Succession planning
- → Code of Ethics
- → Effectiveness of the Board and its Sub-Committees

Relevance to value

HC SC IC

Focus on strategic priorities

% of committee members who are independent



Skill mix

- Corporate leadership
- Law and commercial arbitration
- Finance

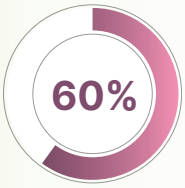
Related Party Transactions Review Committee
(Refer pages 359 to 360 for Report of the Committee)

- → Review of all proposed related party transactions of the Group
- → Monitor that all related party transactions are transacted on normal commercial terms
- → Oversight on disclosure of related party transactions

Relevance to value

FC SC IC

% of committee members who are independent



Skill mix

- Corporate leadership
- Banking
- Accounting and Finance

ESG Steering Committee

- → Oversight and monitor the execution of the Hayleys Lifecode
- → Review and provide guidance on ESG related policies and programmes
- → Review emerging trends and issues in the ESG areas

Relevance to value

HC SC NC

Focus on strategic priorities

Composition
3 Executive Directors
3 GMC Members

Skill mix

- Corporate leadership
- Business sustainability
- Human resource management
- Finance

THE GROUP MANAGEMENT COMMITTEE (GMC)

The Hayleys Group Management Committee is the apex management committee of the Group. It is chaired by the Chairman & Chief Executive and includes the Group's Executive Directors, Sector Heads, Group Chief Financial Officer and Head of Group Legal and Human Resources. The GMC contributes towards effective governance through weekly meetings deliberating on,

- → Sector-level developments including trends in the operating environment, monthly performance updates and other matters
- → Updates from Hayleys PLC center functions including HR, Treasury, Corporate Communications, Group Tax, Strategic Business Development and Group ESG
- → Any emerging developments which are pertinent to the Group's performance

THE COMPANY SECRETARY

Hayleys Group Services (Private) Limited which provides secretarial services to the Company and the Group, is headed by an Attorney-at-Law, who is a qualified Chartered Secretary, ably assisted by professionally qualified registered company secretaries. Shareholder matters are managed in-house by the Registrar division of Hayleys Group Services (Private) Limited.

The role of the Company Secretary has been defined in line with the provisions set out in the Code and include the following:

- Facilitating the efficient conduct of monthly Board meetings and all Sub Committee meetings (Audit, Related Party Transactions Review Committee, Remuneration and Nominations and Governance Committee) as well as facilitating the Senior Independent Directors meetings.
- Ensuring that all proceedings of meetings are duly minuted and maintain the signed meeting minutes in minute books.
- Ensuring that all Board Committees are properly constituted and provided with clear terms of reference
- Ensuring that the Annual General Meeting is held in line with regulatory requirements and that all notices, forms and reports necessary for the meeting are disseminated with approval of the Board
- Maintaining the registers required by regulations and filing of all statutory returns and documents with the Registrar of Companies
- Advising Directors with respect to their duties and responsibilities in compliance with regulatory requirements
- Act as a channel of communication and information for the Non-Executive Directors.
- Ensuring good relationships with shareholders
- Filing and updating information of the Company with the Registrar of Companies.
- Making timely disclosures to the Colombo Stock Exchange in terms of the listing rules and other regulatory bodies including disclosures on related party transactions.

BALANCE OF POWER

The balanced distribution of authority among Executive, Non-Executive and Independent Directors enhances decision-making while promoting independent judgement. The roles and responsibilities of the Board of Directors are clearly set out in the Board Charter and summarised below:

Corporate Governance

Responsibilities of the Board

- Setting strategic direction
- Ensuring integrity of financial controls
- Shaping organisational culture
- Effective management of risks
- Stakeholder management

Contribution of NEDs

- → Objective advice
- → Diverse perspectives
- → Domain specific specialist insights
- → Act in best interest of all stakeholders

Contribution of Independent Directors

- → Mitigating conflicts of interest
- → Ensure fairness and accountability in executive remuneration
- → Build trust and maintain investor confidence

Contribution of SID

- → Upholding ethics, integrity & probity
- → Facilitate discussion among NEDs and EDs on governance matters
- → Facilitate equitable balance between stakeholder interests
- → Act on the results of any performance evaluation of Chairman

POLICY FRAMEWORK

A comprehensive and robust policy framework (listed below) applicable across all Group entities ensures a structured and consistent approach to processes and decision-making. Policies are reviewed and revised annually to ensure relevance in evolving operating conditions.

Changes to policy framework during the year

- In line with the requirements of the new Listing Rules, the 8 policies denoted by an asterisk (*) in the list below were revised and published on the Company website during the year. The four other policies that were required (Bribery and Anti-Corruption, Whistleblowing, ESG and Code of Conduct) had already been published.
- Revision of 5 policies under the Hayleys Lifecode (denoted by double asterisks).

Responsible work place

- Industrial Relations policy
- Talent Management and Succession Planning policy
- Disciplinary policy
- Grievance handling policy
- Recruitment policy
- Learning & Development policy
- Performance Management Policy

Accelerating climate action

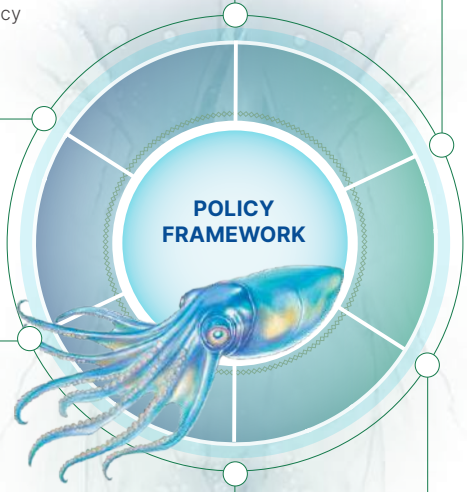
- Energy and emissions management policy

Partnering progress

- Customer Management Policy
- Procurement Policy**
- CSR Policy

Optimising resource footprint

- Material and Waste Management Policy**
- Chemical Management Policy**
- Water Management Policy**



Responsible and responsive corporate citizenry

- Policy on Matters Related to the Board of Directors*
- Policy on Corporate Governance*
- Board Committee Charters*
- Bribery and Anti-Corruption Policy
- Policy on Risk Management and Internal Controls*
- Shareholder and Investor Communications Policy*
- Rewards and Remuneration Policy*
- IT policy
- Intellectual Capital Policy
- Information Security policy
- Business data back-up policy
- Policy on Corporate Disclosures*
- Policy on Control and Management of Assets*
- Whistleblowing Policy

Restoring and regenerating nature

- Biodiversity Conservation Policy**

Key aspects of policy updates aligned with new regulatory requirements:

The Group's procurement policy was strengthened during the year and includes the following key revisions:

- → Roles and responsibilities
- → Procurement process
- → Procurement methods
- → Supplier relationship management
- → Contract management
- → Risk management in procurement
- → Sustainable procurement

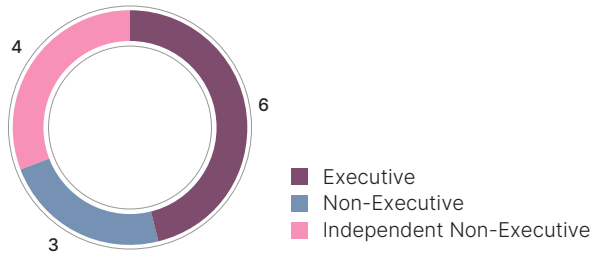
STRATEGIC LEADERSHIP

Skilled and diverse Board

The Board comprises an appropriate balance of skill, independence, knowledge, experience and diverse perspectives to discharge its responsibilities effectively. As at end-March 2025, the Board consisted of 13 Directors, comprising 6 Executive Directors and 7 Non-Executive Directors, of whom 4 were independent. The composition ensures that the Board is collectively equipped to drive the Group's strategy and value creation (refer to pages 46 to49 for detailed profiles of Directors).

Board composition

Majority of the Board comprises Non-Executive Directors (7), of which four (4) are independent, thereby enriching discussions and bringing objective judgement to Board decisions



Diversity of age

With 23% of Directors below the age of 60, the Board is diverse in its age representation, thereby combining both experience and fresh perspectives.

63 Years
Average age

3 Directors
Below the age of 60

Changes to Board: During the period under review Mr. K. D. D. Perera and Mr. A. J. Alles were appointed as a Non-Executive Director and Independent Non-Executive Director respectively (refer to pages 46 to 49 for profiles). Mr. M. H. Jamaldeen who served as an Independent Non-Executive Director resigned from the Board with effect from November 14, 2024, while Dr. H. Cabral, PC and Mr. K. D. G. Gunaratne were reclassified as Non-Executive Directors in December 2024.

Fit & Proper Assessment: The Group's fit and proper assessment for Directors is in line with the guidelines set out in the Listing Rules and include criteria on honesty, integrity and reputation, competence and capability and financial soundness. The Chairman and Directors satisfied the fit and proper assessment criteria stipulated in the Listing Rules of the CSE.

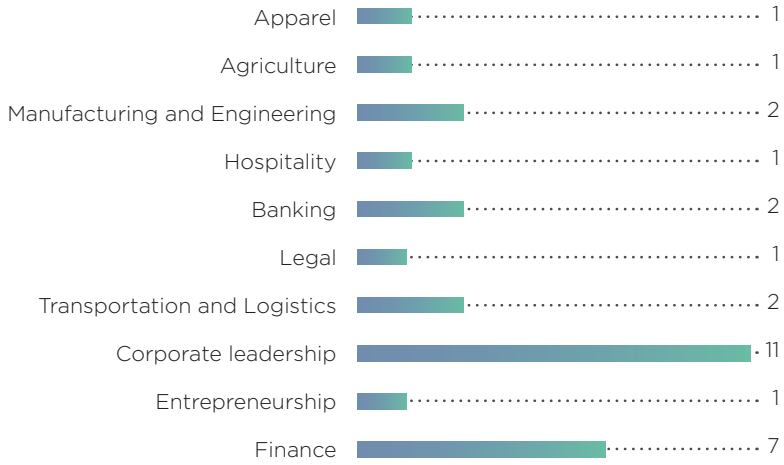
APPOINTMENTS TO THE BOARD

Board appointments follow a formal and transparent manner, as determined by the Nominations and Governance Committee, which assesses the Group's strategic demands as well as diversity,

- → 1/3rd of Directors in office retire at each AGM by rotation, with the directors who have served for the longest period since their appointment/re-appointment retiring first
- → Retiring Directors are eligible for re-election
- → The Board can appoint directors to fill any casual vacancies that may arise during the year and such directors can hold office until the next AGM and seek election by the shareholders

Corporate Governance

Skill composition



Succession and diversity of tenure

Periodic introduction of new members bringing in new perspectives and skills, while continuity and valuable industry expertise is retained through long-standing Directors.

Years of service	No. of Directors
< 5	4
5-9	4
>9	5

Link of skill profile to integrated value

FC	Financial accounting, Tax, Auditing and Internal controls
MC	CAPEX, Asset management
IC	Innovation, Intellectual property, Digital transformation
HC	People management
SC	Stakeholder engagement, Community empowerment, Supply chain management
NC	Management of natural resources, environmental risk management

Gender Diversity

12 Males

01 Female

skills and competencies of the Board. The Board considers the recommendations of the Nominations & Governance Committee and recommends suitable candidates for appointment or re-election by the shareholders at the Annual General Meeting under the advisement of the Nominations & Governance Committee.

DIRECTOR INDUCTION

The Group's induction programme for incoming Board members include a briefing on essential company and procedural information, updates from key management personnel and trends in the business. In addition, Directors are given the opportunity to engage in site visits across the Group's key verticals, thereby obtaining deeper insights in to the workings of the Sectors.

TRAINING AND CONTINUOUS DEVELOPMENT

The Group understands the critical role of ensuring that Directors have access to the appropriate knowledge and insights which allows them to discharge their duties effectively. Directors are kept updated on relevant developments through formal sessions, distributing of reading materials and deep dives into specific aspects. Directors are also encouraged to attend sessions conducted by the Sri Lanka Institute of Directors. Many of the Directors also conform to the Continuing Professional Development requirements of the respective professional organisations.

Director training focus in 2024/25

- → Developments in new regulations
- → Bribery and anti-corruption
- → Developments in ESG
- → Cybersecurity and data privacy

BOARD ASSESSMENT

The Board evaluates its performance and that of its committees on an annual basis. Areas of assessment include appropriateness of the Board composition, mix of skills and ability to deliver strategic aspirations. The Chairman and Nominations and Governance Committee are responsible for evaluating the performance of the Executive Directors and Committees through an annual self-evaluation of its own performance. The responses are submitted to the Chairman for discussion at a Board Meeting

OUTLOOK

The Group will continue to further refine and improve its governance processes in aligning with emerging internal and external developments, stakeholder considerations and strategic objectives as it seeks to build a fit-for-purpose and increasingly agile governance approach. Focus areas for 2025/26 are outlined below:

- → Digital transformation across the Group
- → Growth strategy centered on new markets and value-added product segments
- → Assess potential impacts of emerging trade dynamics
- → Effective management of risks

REMUNERATION REVIEW

The Group's remuneration framework remains relevant to the operating landscape, fit-for-purpose and designed to ensure alignment with the Group's strategic aspirations. The performance criteria are set at a level which drives high performance, but precludes excessive risk-taking behaviour. During the year, the Group further strengthened its remuneration practices through enhancing its remuneration policy framework.

Remuneration Governance

The Board Remuneration Committee provides oversight regarding remuneration-related matters within its mandate. The Committee thereby determines the remuneration of the Chairman/Chief Executive and the Executive Directors and sets guidelines for the remuneration of the management staff within the Group. The Report and summarised terms of reference the Remuneration Committee Report are set out on page 358. Additionally, some selected sector holding companies which are Groups in their own right, have also established their own remuneration committees to address the specific concerns within the industry in which it operates.

The Board as a whole determines the remuneration of the NED's who receive a fee for being a Director of the Board and additional fee for being a member of a Committee. They do not receive any performance related incentive payments. Remuneration Committee consults the Chairman about its proposal relating to the remuneration of other Executive Directors and have access to professional advice from within and outside Hayleys PLC, in discharging their responsibilities. No Director is involved in deciding his own remuneration.

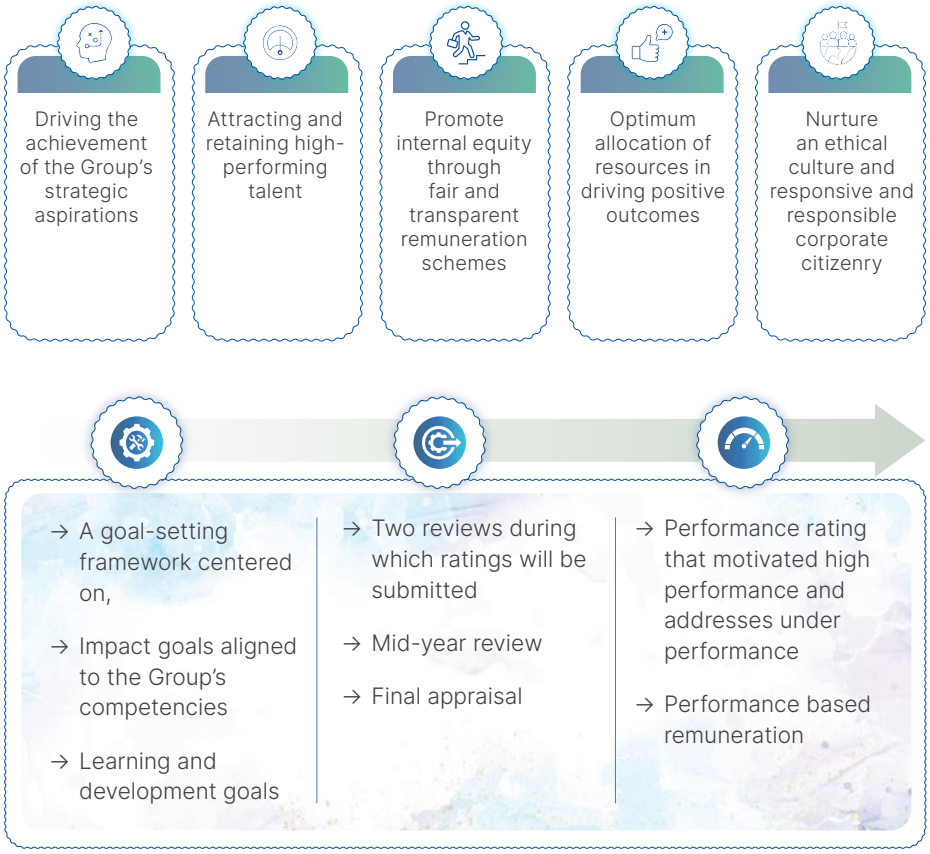
Key decisions and activities of the Remuneration Committee

- Review the performance of the Chairman & Chief Executive, Executive Directors and Group Management Committee based on defined targets and determined the bonus payable and the annual increments.
- Reviewed Executives' compensation and implemented market corrections to Executives total compensation in line with the market median.
- Recommended the bonus payable and annual increments to be paid to Executive and Non-Executive staff based on the ratings of the Performance Management System.

Corporate Governance

Remuneration Policy

This Group's Remuneration Policy was strengthened during the year; the policy details how the organisation's total rewards should be managed with the aim of aligning rewards and remuneration with the organisation's business strategy, objectives, risk tolerance levels, values and long-term interests. Key objectives of the policy are,



Level and make-up of Remuneration

A performance-based incentive has been determined by the Remuneration Committee to ensure that the total earnings of the executives are aligned with the achievement of objectives and budgets of the Group companies. Presently the Group does not have an Executive Share Option Schemes. The Remuneration Committee follows the provisions set out in Schedule D of the Code as required. No special early termination clauses are included in the contract of employment contract of Executive Directors that would entitle them to extra compensation. However, any such compensation would be determined by the Board of Directors.

The Remuneration Committee determines the combination of remuneration needed to attract, retain and motivate Executive Directors of the quality required to achieve corporate goals. The Remuneration Committee ensures that the remuneration of executives of each level of management is competitive and in line with their performance. Surveys are conducted as and when necessary to ensure that the remuneration is competitive with those of comparative companies.

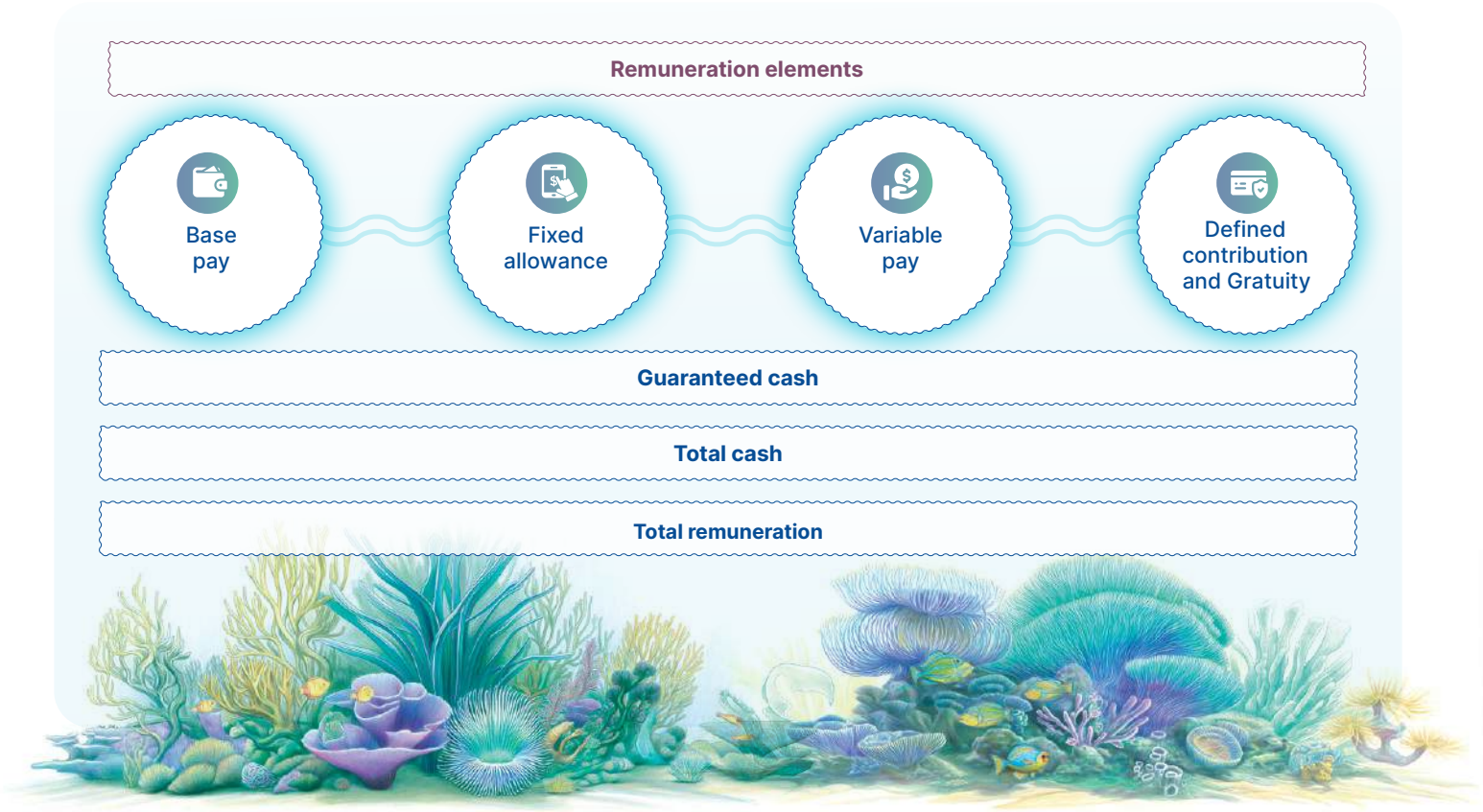
Remuneration for Non-Executive Directors reflect the time commitment and responsibilities of their role, taking into consideration market practices. Non-Executive Directors are not included in share options as there is no scheme in existence.

The Report of the Remuneration Committee is set out on page 358 which includes a statement on Remuneration Policy. Please refer page 406 for the total Directors' Remuneration.

Aligning strategy to remuneration

Remuneration structures are designed to assist us in measuring our performance against our strategic objectives using relevant performance indicators

- Open and transparent
- Fair and free from discrimination
- Market competitive
- Created performance orientation



Statement of Compliance pertaining to the Companies Act No. 7 of 2007

Section	Requirement	Complied	Reference (within the Report)
168 (1) (a)	The nature of the business together with any change thereof during the accounting period.	Yes	Annual Report of the Board of Directors (Section 2.1)
168 (1) (b)	Signed financial statements of the Company and the Group for the accounting period	Yes	Financial Statements
168 (1) (c)	Auditors' Report on financial Statements of the Company and the Group	Yes	Independent Auditor's Report
168 (1) (d)	Accounting policies and any changes therein	Yes	Note 3 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 (Section 2.6)
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company and the Group during the accounting period.	Yes	Annual Report of the Board of Directors (Section 2.7)
168 (1) (g)	Corporate donations made by the Company and the Group during the accounting period.	Yes	Annual Report of the Board of Directors (Section 2.8)

Corporate Governance

Section	Requirement	Complied	Reference (within the Report)
168 (1) (h)	Information on the Directorate of the Group and its subsidiaries during and at the end of the accounting period	Yes	Annual Report of the Board of Directors (Section 11)
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period.	Yes	Annual Report of the Board of Directors (Section 22)
168 (1) (j)	Auditors' relationship or any interest with the Group and its Subsidiaries	Yes	Annual Report of the Board of Directors (Section 22)
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Annual Report of the Board of Directors

Compliance with CSE Continuing Listing Rules – Section 7.6

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Page Reference
7.6 (i), (ii)	Names of persons who during the financial year were Directors and principal activities during the year	Compliant	Report of the Board of Directors Pages 340 to 349
7.6 a(iii), (iv)	Twenty largest Shareholders, float adjusted market capitalisation, public holding percentage, no. of public shareholders and minimum required public shareholding	Compliant	Share Information pages 502 to 504
7.6 (v)	Directors' and CEO's(MD's) holding in shares	Compliant	Share Information pages 502 to 504
7.6.(vi)	Material foreseeable risk factors of the entity	Compliant	Risks and Opportunities on pages 115 to 122
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Compliant	Human Capital on pages 309 to 319
7.6 (viii)	Extents, locations, valuations, number of buildings	Compliant	Statement of Value of Real Estate Pages 498 to 501
7.6 (ix)	Number of shares representing the Entity's stated capital	Compliant	Report of the Board of Directors Pages 340 to 349
7.6 (x)	Shareholder Distribution Schedule including percentage of total holding in given categories	Compliant	Share Information pages 502 to 504
7.6 (xi)	Ratios and Market Price Information		Refer pages 502 to 504
7.6(xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	Compliant	Please refer pages 498 to 501
7.6 (xiii)	If during the financial year the entity has raised funds either through a public issue, rights issue or private placement.	N/A	Company did not raise funds during the year
7.6(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	N/A	Company does not have Employee Share Ownership Schemes
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Compliant	Corporate Governance Report pages 77 to 81

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Page Reference
7.6 (xvi)	Related party transactions exceeding 10% of Equity or 5% of total assets of the Entity as per audited financial statements, whichever is lower.	Compliant	Refer Related party transaction on page 475
	Details of investments in a Related Party and amounts due from a Related Party	Compliant	Details are set out in pages 472 to 474
7.6 (xvii) to 7.6 (xxii)	Disclosure relating to Foreign Currency denominated Securities, listed GSS+Bonds, Perpetual Debt Securities, Infrastructure Bonds, Shariah compliant Debt Securities, High Yield Corporate Debt Securities	N/A	N/A
7.7	Securities Certificates	N/A	Share certificates were dematerialised in accordance with the Directive under Section 13 (c) of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended)
7.8	Disclosure of Dealings by Directors and CEOs	Compliant	Report of the Board of Directors Pages 340 to 349

NEW CORPORATE GOVERNANCE RULES

The Company complied fully with the revised Corporate Governance Rules applicable to listed entities stipulated under Section 9 of the Listing Rules of the Colombo Stock Exchange. The Company and the Group also adopted the revised Code of Best Practice on Corporate Governance (2023) by CA Sri Lanka

Compliance with CSE Corporate Governance Principles – Revised Section 9 of the Listing Rules

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
9.1.3	A statement confirming compliance with Corporate Governance Rules	Compliant	The Company has stated that it complies with the Corporate Governance Rules within the Report of the Board of Directors.
9.2.1-9.2.3	Policies	Compliant	The Company established and continues to maintain the policies on Matters relating to the Board of Directors, Board Committees, Corporate Governance, Nominations and Re-election, Remuneration, Internal Code of Business Conduct and Ethics for all Directors and Employees including policies on trading in the Company's listed securities, Risk Management and Internal Control, Relations with Shareholders and Investors, Environment, Social Governance and Sustainability (Hayleys Lifecode'), Control and Management of Company Assets, and Shareholder Investments, Corporate Disclosures, Whistleblowing and Anti Bribery and Corruption. The framework of 5 Policies were revised during the year to align with the Hayleys Lifecode and all policies are published on the Hayleys website www.hayleys.com.
9.2.4	Request by shareholders	Compliant	Policies are made available to shareholders upon a written request
9.3.1	Board Committees	Compliant	The Company continues to maintain the Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee (RPTRC). The Committees are functioning effectively and the Audit and RPTRC meet on a quarterly basis. The other two committees meet as and when necessary.

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
9.3.2	Composition and disclosures	Compliant	All the Committees comply with the required rules. Please refer the respective Committee Reports.
9.3.3	Chairperson of Board Committees	Compliant	Chairperson of Board Committees is not the Chairperson of the Board
9.4.1	Meeting Procedures	Complaint	Company maintains records of all resolutions passed at General Meetings.
9.4.2 (a) – (d)	Communication and Relations with shareholders	Complaint	The Company has a Shareholder Communication and Relations Policy, and it is published on the corporate website. The contact person is mentioned. The policy includes a process whereby Directors are informed of major issues and concerns of shareholders through the Company Secretaries. Guidelines of the Stock Exchange are followed if shareholder meetings are held as virtual or hybrid meetings
9.5.	Policy on matters relating to the Board of Directors	Complaint	The Company maintains a Policy on Matters relating to the Board of Directors which addresses the requirements in rules 9.5.1 and 9.5.2
9.5.1 (a)	Formal policy governing matters relating to the Board	Complaint	The Company maintains a balance of representation between Executive and Non Executive Directors and has adopted a procedure for the appraisal of Board performance and appraisal of the CEO. Details are given in page 73.
9.5.1 (b)(i)	Chairperson and CEO	Complaint	The roles of the Chairperson and CEO are combined and held by the same person. The rationale for combining the two roles is given in Note 11.2 of the Annual Report of the Board of Directors
9.5.1 (b)(ii)	Board Charter	Complaint	The Board Charter contains the Terms of Reference and powers of the SID. Refer Senior Independent Directors Report.
9.5.1. (c)	Diversity in Board Composition	Complaint	There is diversity in the composition of the Board and a range of skills, competencies, gender, industry and age. Details are set out in pages 71 to 72
9.5.1.(d)	Maximum number of Directors	Compliant	Maximum number of Directors is fourteen (14). Executive Directors represent the business verticals. Due to the need to have a balance between Executive and Independent Directors the maximum number is set at fourteen in the Articles of Association.
9.5.1 (e)	Frequency of Board meetings	Compliant	The Board meets on a monthly basis to review the sector performance against set targets and important matters relating to Group Companies.
9.5.1 (f)	Mechanism to keep the Directors updated on the Listing Rules and ongoing compliances	Compliant	Presentations are done during meetings to update the Directors on changes to Listing Rules and ongoing compliances together with an overview of obligations arising under such rules.
9.5.1 (g)	Minimum number of meetings a Director must attend	Compliant	A Director is required to attend at least seven (7) meetings (50%) of the meetings out of the Thirteen (13) meetings held during year, in order to avoid being deemed to have vacated his position.
9.5.1 (h)	Trading in securities	Compliant	The Policy on Matters Relating to the Board of Directors stipulates the requirements regarding trading in securities.
9.5.1 (i)	Maximum number of Directorships	Compliant	The Company Policy on Matters Relating to the Board of Directors stipulates that the maximum number of Directorships a Director can hold in listed companies is twenty (20).
9.5.1 (j)	Right to participate in meetings via audio Visual Communication	Compliant	The Company Policy on Matters Relating to the Board of Directors permits Directors to participate in Board and Sub Committee meetings via audio visual communication.

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
9.5.2	Compliance with the requirements of the Policy	Compliant	The Company is fully compliant with the requirements of the Policy on Matters relating to the Board of Directors
9.6 (1) & 9.6 (2)	Chairperson and Chief Executive Officer	Compliant	Since the Chairperson and the CEO of the Company is the same person, a market announcement was made on 1st November 2023 stating the rationale for combining the two roles
9.6.3	Senior Independent Director (SID)	Complaint	The Company has a Senior Independent Director since the Chairperson and the CEO are the same person.
9.6.3. (b)	Senior Independent Director	Compliant	The Independent Directors met once during the Financial year 2024/25, chaired by the SID without the presence of other Directors to discuss matters and concerns relating to the Company and Group and the operations of the Board. Thereafter the SID provided feedback and recommendations to the Chairman and the other board members.
9.6.3. (c)	Senior Independent Director	Complaint	The SID chaired a meeting once during the Financial year 2024/25 with the Non Executive Directors without the presence of the Chairperson to appraise the Chairperson's performance.
9.6.3 (d)	SID has a casting vote	Compliant	The SID is entitled for a casting vote in the meetings convened by the SID
9.6.3. (e)	Senior Independent Director	Complaint	The SID has made a disclosure demonstrating the effectiveness of duties of the SID in the Statement by the Senior Independent Director. Refer Page 351.
9.6.4	Rationale for appointing a SID	Compliant	The rationale is given in the Report of the Board of Directors (No. 11.2)
9.7.1	Fitness of Directors and CEO	Complaint	The Company ensures that the Directors and CEO at all times fulfill the fit and proper assessment criteria set out in the Listing Rules
9.7.2	Ensure nominees meet the fit and proper criteria	Complaint	The Nominations and Governance Committee reviewed the fitness and proprietary of the Directors who are eligible to be re-elected, before nominating them to be re-elected by the shareholders at the shareholder meeting.
9.7.3	Assessment of Fit and Proper criteria	Complaint	Ensured that the Directors fulfill the Fit and Proper assessment criteria of honesty, integrity, reputation, competence, capability and financial soundness.
9.7.4	Declaration of Fitness of Directors and CEO	Complaint	The Directors and the CEO have provided the declaration confirming that they satisfy the Fit and Proper Assessment Criteria during the financial year and as at the date of such confirmation.
9.7.5	Disclosures in the Annual Report	Compliant	The Annual Report of the Board of Directors provides the relevant disclosure in section 11.4.
9.8.1	Minimum number of Directors	Compliant	Currently the Board consists of Thirteen Directors as at date. The minimum number will be increased to 5 directors in compliance with the Listing Rules with the approval of the shareholders at the forthcoming Annual General meeting.
9.8.2	Independent Directors ('IDs')	Compliant	One third (1/3) of the Board of Directors are Independent as at date.
9.8.3	Independent Directors	Compliant	All NEDs have submitted their confirmations on Independence as per the criteria set by Hayleys PLC, which is in line with the regulatory requirements.
9.8.5	Disclosure relating to Directors	Compliant	Each ID signed and submitted a declaration regarding his independence. The Board assessed the independence declared by the Director. Directors who have served over 9 years have been re classified as Non Independent . Currently there are four Independent Directors.

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
9.9	Alternate Directors	Compliant	The Board does not have any alternate directors. At the forthcoming AGM the Articles of Association will be changed to align with the Listing Rules relating to Alternate Directors.
9.10.(1)	Disclosure relating to Directors	Compliant	Company Policy on maximum number of Directorships which a Director can hold in listed companies is 20.
9.10.2	Disclosure relating to Directors	Compliant	Disclosed the appointments of new Directors to the Colombo Stock Exchange, together with a brief resume of Director, capacity of directorship and if they hold any relevant interest in shares of the Listed Entity. Appointments are reviewed by the Nominations and Governance Committee and recommended to the Board. Please refer pages 46 to 49 for the brief resume of each Director.
9.10.3	Disclosure relating to Directors	Compliant	All changes to Board Committees were immediately informed to the Colombo Stock Exchange.
9.10.4 (a)–(d)	Disclosures	Compliant	Refer the Profiles of Board Directors
9.10.4 (c)	Material business relationships	Compliant	None of the Directors or close family members have any material business relationship with other directors of the Company.
9.10.4 (e)	Disclosure relating to Directors	Compliant	Pages 544 to 546of the Annual Report contains the relevant information
9.10.4 (f)-(h)	No. of meetings attended, names of committees, attendance at committee meetings	Compliant	Refer Governance Report page 57
9.10.4 (i)	Terms of Reference and Powers of SID	Compliant	Refer Report of the Senior Independent Director on page 351
9.11.1-3	Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on pages 356 to 357.
9.11.4	Composition of the Nominations and Governance Committee	Compliant	The Nominations and Governance Committee comprises 3 Independent Non Executive Directors and two Non-Executive Directors. There are no Executive Directors on the Committee. Please refer the Report on Pages 356 to 357.
9.11.5	Functions of the Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on pages 356 to 357
9.11.6	Disclosures in Annual Report	Compliant	Refer the Nominations and Governance Committee Report on pages 356 to 357
9.12. 1	Remuneration Committee	Compliant	Refer the Remuneration Committee Report on page 358 and Corporate Governance Report.
9.12.5	Remuneration Committee	Compliant	The Remuneration Committee has written Terms of Reference
9.12.6	Composition	Compliant	Remuneration Committee comprises Five (5) Directors, out of which 3 are Independent. The Chairman is an Independent Director.
9.12.7	Functions of Remuneration Committee	Compliant	The remuneration Committee recommends the remuneration payable to the Executive Directors and the Chief Executive. No Director is involved in fixing his own remuneration..
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	Compliant	Names of the Committee members are given in the Remuneration Committee Report on page 358. Aggregate remuneration of Executive and Non Executive Directors are also given in the Report.

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
9.13.1	Audit and Risk Function	Compliant	The Audit Committee comprises 4 Independent Non Executive Directors and two Non Executive Directors. The Chairman is an Independent Director and a member of a recognised professional accounting body. His profile is given in page 48. The Committee has well defined Terms of Reference defining its scope, authority and duties. Refer Audit Committee Report on pages 354 to 355. The relevant disclosures are given in the Audit Committee Report in pages 354 to 355.
9.13.2	Terms of Reference	Compliant	
9.13.3 (1) to (6)	Audit Committee Composition	Compliant	
	Chairperson	Compliant	
9.13.4	Audit Committee Functions	Compliant	Details are provided in the Audit Committee Report on page 354 to 355.
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Compliant	
9.14. 1 and 9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	Compliant	The Company has a RPTRC which comprises 5 Directors out of which 3 Directors are Independent. A new Independent Director was added to the Committee on 23rd December 2024. Please see the Report of the Related Party Transaction Review Committee in pages 359 to 360.
9.14.3	Functions of RPTRC	Compliant	Please refer the Report of the Related Party Transaction Review Committee in pages 359 to 360.
9.14.4	RPTRC Meetings	Compliant	RPTRC met on a quarterly basis during the year 2024/25 and the dates are given in the Report of the RPTRC. Minutes of all meetings are communicated to the Board of Directors.
9.14.5	Review of Transactions	Compliant	RPTRC reviews in advance all proposed related party transactions. The senior management provides all relevant information to facilitate the review of related party transactions.
9.14.6	Shareholder Approval for Related Party Transactions	Compliant	There were no requirements for Shareholder Approval during the year under review
9.14.7	Immediate Disclosures	Compliant	Please refer Note 38 of the Notes to the Accounts on pages 471 to 475
9.14.8 (1) & (2)	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Compliant	Please refer Notes 38.7 and 38.8 of the Notes to the Accounts on pages 474 to 475.
9.14.8 (3)	The Report by the Related Party Transaction Review Committee	Compliant	Please refer the Report of the Related Party Transaction Review Committee on pages 359 to 360.
9.14.8 (4)	An affirmative declaration by the Board of Directors	Compliant	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board on pages 340 to 349.
9.14.9	Shareholder approval for the acquisition and disposal of substantial assets and RPTRC to obtain competent, independent advice thereon	Compliant	There were no acquisition and disposal of substantial assets which require to obtain the shareholder approval during the year under review.
9.17	Additional Disclosures	Compliant	Please refer the Report of the Board of Directors on pages 340 to 349.

Corporate Governance

The Company complies with the provisions of Code of Best Practice on Corporate Governance as given below

Code Ref.	Compliance and Implementation	Compliance
A.1 An effective Board should direct, lead and control the Company	The Board meets on a monthly basis and attendance at meetings is given on page 57. Board packs are circulated one week prior to the Board meeting and typically include the following information:	☑
A.1.1 Regular meetings, structure and process of submitting information	• Financial and operational information including progress on agreed Key Performance Indicators and information on the external operating environment; • Financial statements for the relevant quarter and year to date together with comparatives for the corresponding period of the previous financial year and budgets; • Impacts of risk factors impact of risk factors on financial and operating results and actions to mitigate such risks • Forecast performance for the financial year • Compliance with laws and regulations and any non-compliances • Internal control breaches or frauds during the period • Financial and operational decisions taken by the CEO within his delegated authority • Share trading of the company • Sustainability/ESG related risks and opportunities during the period • Cyber security risks, mitigative measures and a security breach report (if any) • Any other matters the Board should be aware of	☑
A.1.2 Roles & Responsibilities of the Board	The Role and Responsibilities of the Board are inset on page 70 and encompass those set out in the Code .	☑
A.1.3 Act in Accordance with laws	The Board has set in place a framework of policies set out on page 70, procedures and a risk management framework to ensure compliance with relevant laws, and international best practices with regards to the operations of the Group.	☑
A.1.4 Access to advise and services of Company Secretary	All Directors have access to the advice and services of the Company Secretarial function provided by Hayleys Group Service (Private) Limited which is responsible for ensuring follow up of Board procedures, compliance with rules and regulations, directions and statutes, keeping and maintaining minutes and relevant mandatory records of the Group. Hayleys PLC has obtained insurance cover for the Board of Directors and key management personnel.	☑
A.1.5 Independent judgement	Directors bring independent judgment to bearing on decisions taken by the Board on issues of strategy, performance, resources and business conduct. Composition of the Board ensures that there is a sufficient balance of power and contribution by all Directors. Many of the Board members are professionals who are required to conform to professional codes of conduct which require the exercise of independent judgement in discharge of their duties.	☑

Code Ref.	Compliance and Implementation	Compliance
A.1.6 Dedicate adequate time and effort to matters of the Board and the Company	Dates of regular Board meetings and Board Sub-Committee meetings are scheduled at the beginning of the year and the relevant papers are circulated a week prior to the meeting giving sufficient time for review. There is provision to circulate papers closer to the meeting on an exceptional basis. It is estimated that Non-Executive Directors dedicate not less than 16 days per annum for the affairs of the Group and those Directors who are also on Audit Committee dedicate a further 4 days for the affairs of the Group. In addition, they are available for any adhoc meetings or discussions at any time.	☑
A.1.7 Calls for resolutions	Any Director can call for a resolution to be presented to the Board if deemed to be in the best interest of the Company.	☑
A.1.8 Board induction and Training	Directors recognise the need for continuous training and expansion of their knowledge and skills to effectively discharge their duties and are encouraged to attend sessions of the Sri Lanka Institute of Directors and other corporate forums on relevant matters. As independent professionals, many of the Directors also conform to Continuing Professional Development requirements of their respective professional organisations. Board members are also given insights in to regulatory changes that may impact the industry at Board meetings.	☑
	Audit Committee members receive updates on regulatory changes relating to matters entrusted to the Committee on a semi-annual basis to ensure that they are updated on regulatory requirements impacting reporting and risk management processes. They are also given insights in to organisation wide initiatives to strengthen internal controls, risk management and financial reporting processes at the same meetings.	☑
	In accepting an appointment as a Director, consideration is given to the responsibilities of the role, ability to commit time, any existing or potential conflicts of interest and required competencies.	
A.2 Chairman & Chief Executive Officer	Functions of Chairman and Chief Executive are vested in one person as the Board is of the opinion that it is the most appropriate arrangement for Hayleys PLC considering the diversity and size of the Group. Mr. M. Y. A. Perera, who is an Independent Non-Executive Director functions as the Senior Independent Director to facilitate Board balance.	☑
A.3. Chairman's role in preserving good corporate governance	See Role of Chairman in Corporate Governance Report.	☑
A.3.1 Conduct of Board Meetings	The Chairman ensures the following: a. Development of an appropriate agenda for Board meetings with the Company Secretaries taking in to consideration recommendations of the Directors, Best Practices in Corporate Governance, regulatory and other compliance requirements, and business needs of the company including performance review, resource allocation and risk management	☑

Corporate Governance

Code Ref.	Compliance and Implementation	Compliance
	b. Sufficiency of information in Board packs and timely availability of the same c. Induction programmes for newly appointed Directors to acquaint them with their duties and responsibilities and Corporate Governance structure of the Group d. Effective participation of Executive and Non-Executive Directors, e. Directors are encouraged to seek additional information necessary to engage in discussion of agenda items and to request inclusion of matters of concern on the agenda f. Sufficient balance of power between Executive and Non-Executive Directors g. Views of directors are obtained and the minutes reflect the deliberations of the Board h. Board's control of the affairs of the company and its obligations to shareholders and stakeholders	
A.4 Availability of financial acumen	Refer Principle A.4. in Corporate Governance Report.	☑
A.5 Board Balance	With the appointment of 2 new Directors, there are 7 Non-Executive Directors, including 4 Independent Directors on the Board	☑
A.5.1 Majority of Non-Executive Directors	Majority of Non-Executive Directors are independent of any material business relationships. 4 Independent Non-Executive Directors out of 7 Non-Executive Directors	☑
A.5.2 If only 3 NEDs, they should be independent	Independent Directors are independent of management and free of business dealings that may be perceived to materially interfere with the exercise of their unfettered and independent judgement. The Chairman holds a meeting at least once a year with only the NEDs without the presence of the Executive Directors. Directors' concerns regarding matters which are not resolved unanimously are recorded in the minutes.	☑
A.5.3 Independence of Directors	Independent directors are free of any business or other relationship that could materially interfere with their unfettered or independent judgement	☑
A.5.4 Annual declaration by Directors	All Non-Executive Directors submitted signed and dated declarations of his/her independence or non-independence against the specified criteria	☑
A.5.5 Annual determination of independence	The Board determines the independence of Directors on an annual basis based on annual declarations submitted by the Directors and other information based on the requirements of the Code as set out in A.5.5.	☑
A.5.6 Alternate Directors	The Company does not have any alternate Directors	☑
A.5.7 & A.5.8 Senior Independent Directors	Mr. M. Y. A. Perera has been appointed as Senior Independent Director as disclosed in A.1. in the Corporate Governance Report. The role has being expanded to 2 meetings per annum with NEDs and 1 meeting with Executive Directors on governance matters and communicating matters discussed to the Chairman. The Report of the Senior Independent Director is available on page 351 of this Report.	☑
A.5.9 Annual In camera meeting with NED	The Chairman holds a meeting with only Non-Executive Directors at least once a year.	☑

<table>
<tr><th>Code Ref.</th><th>Compliance and Implementation</th><th>Compliance</th></tr>
<tr><td>A.5.10 Recording of dissent in minutes</td><td>Directors' concerns on matters which have not been resolved unanimously are recorded in the Board minutes and Directors have the opportunity to review minutes</td><td>☑</td></tr>
<tr><td>A.6. Supply of Information</td><td>The Chairman ensures that all Directors are briefed on issues arising at Board Meetings by requiring management to provide comprehensive information including both quantitative and qualitative information for the monthly Board meetings 7 days prior to the Board/Sub-Committee meetings. The Directors have free and open access to Management at all levels to obtain further information or clarify any concerns they may have. They also have the right to seek independent professional advice at the Company's expense and copies of advice obtained in this manner are circulated to other Directors who request it. Any Director who does not attend a meeting is updated on proceedings prior to the next meeting through:
Directors who are unable to attend meetings physically have the opportunity to participate through digital platforms.
Formally documented minutes of discussions.
By clarifying matters from the Board Secretary.
Separate discussions at start of meeting regarding matters arising for the previous meeting.
Archived minutes and Board papers accessible electronically at the convenience of the Directors.
Directors also have an open invitation to attend the meetings of the Management Committees and can interact with Senior Management after Board meetings. Directors are provided with monthly reports on performance, minutes of review meetings and such other reports and documents as necessary. Minutes of meetings are circulated with the Board packs for the next monthly meeting within the agreed time.</td><td>☑</td></tr>
<tr><td>A.7. Appointments to the Board: Nomination Committee</td><td>Refer Nomination, Appointment & Succession in Corporate Governance Report and Report of Nominations & Governance Committee on pages 356 to 357.</td><td>☑</td></tr>
<tr><td>A.8 Directors to submit themselves for re-election</td><td>At least once in 3 years the Directors submit themselves for re-election by Shareholders</td><td>☑</td></tr>
<tr><td>A.9 Appraisal of Board & Committee Performance</td><td>The Board undertakes an annual self-evaluation of its performance, that of its committees, Chairman, Non-Executive Directors and Executive Directors. Please refer to page 73 for further information.</td><td>☑</td></tr>
<tr><td>A.10 Annual Report to disclose specified information regarding directors</td><td><table><tr><th></th><th>Page</th></tr><tr><td>Profiles of Board members</td><td>46-49</td></tr><tr><td>Membership of sub-committees and attendance at Board and Subcommittee meetings</td><td>57</td></tr><tr><td>Remuneration paid to directors</td><td>406</td></tr><tr><td>Board seats held by each Director in listed and unlisted companies</td><td>544-546</td></tr><tr><td>Names of listed and non listed companies in Sri Lanka in which they serve as directors</td><td>544-546</td></tr></table></td><td>☑</td></tr>
</table>

Corporate Governance

Code Ref.	Compliance and Implementation	Compliance
A.11 Appraisal of the CEO	Prior to the commencement of each financial year, the Board in consultation with the Chairman & Chief Executive, set reasonable financial and non-financial targets which are in line with short, medium and long-term objectives of Hayleys, achievement of which should be ensured by the Chairman & Chief Executive. A monthly performance evaluation is performed at which actual performance is compared to the budget. The Chairman & Chief Executive is responsible for providing the Board with explanations for any adverse variances together with actions to be taken.	☑
DIRECTORS' REMUNERATION		
B.1. Establish process for developing policy on executive and director remuneration.	Refer Remuneration Committee Report on page 358	☑
B.2. Remuneration Committee	Refer to Remuneration Overview on page 73 of the Corporate Governance Report for information on the Group's approach towards remuneration. Also refer to page 358 for the Remuneration Committee Report.	
B.3 Disclosure of remuneration	The Report of the Remuneration Committee on page 358 provides a statement on Remuneration Policy. The total for Directors' Remuneration is given on page 406.	☑
RELATIONS WITH SHAREHOLDERS		
C.1. Constructive use of the AGM & Other General Meetings	Refer Upholding rights of shareholders on 65.	☑
C.2. Communication with shareholders		
C.3. Disclosure of major transactions	Transactions, if any, which materially affect the net asset base of Hayleys PLC, will be disclosed in the Quarterly / Annual Financial Statements. During the year, there were no major transactions as defined by Section 185 of the Companies Act No 07 of 2007 which materially affected the asset base of Hayleys PLC or consolidated Group asset base	☑
ACCOUNTABILITY & AUDIT		
D.1 Accountability & audit	The Board recognises its responsibility to present a balanced and understandable assessment of the Group's financial position, performance and prospects in accordance with the requirements of the Companies Act No 07 of 2007. The Financial Statements included in this Annual Report are prepared and presented in accordance with Sri Lanka Accounting Standards. The Annual Report also conforms to the GRI Standards published by the Global Reporting Initiative and the Integrated Reporting Framework published by the International Integrated Reporting Council. Hayleys PLC has complied with the reporting requirements prescribed by the Colombo Stock Exchange. There has been no serious loss of capital to convene an EGM in terms of the Companies Act.	☑

Code Ref.	Compliance and Implementation	Compliance
	The following specialised information requirements are also included in this Annual Report: • The Business model – on page 90. • Industry structure and developments – on pages 156 to 288. • Opportunities & Threats – on pages 115 to 122. • Risk Management – on pages 115 to 122. • Internal control systems and their adequacy – on page 353. • Corporate and enterprise governance- on pages 54 to 88. • Stakeholder relationships on pages 94 to 97. • Social and environmental, governance activities carried out by the Company- on pages 108 to 114 • Financial performance on pages 289 to 295 • Investment in physical and intellectual capital on pages 320 to 325 • Human resource management on pages 309 to 319 • Prospects for the future on pages 156 to 288 • The Annual Report of the Board of Directors on the Affairs of the Company given on pages 340 to 349 cover all areas of this section. • The "Statement of Directors' Responsibilities" is given on page 352. • The Directors' Statement on Internal Controls is given on page 353. • The "Independent Auditors' Report "on pages 362 to 365 For the Auditor's responsibility.	
D.2. Risk Management & Internal Control	The process adopted by the Board in identifying, assessing, monitoring and managing risks is presented on pages 115 to 122 of this Annual Report. The scope of the Audit Committee has been widened to include risk management duties. Refer to the Audit Committee Report on pages 354 to 355 of this Annual Report for further information.	☑
D.3. Audit Committee	Refer Audit Committee Report on pages 354 to 355	☑
D.4. Risk Committee	The Board's oversight on risk management aspects including identifying and assessing risks and managing exposures is given on pages 115 to 122 of this Report.	
D.5 Related Party Transactions Review Committee	Refer Report of the Related Party Transactions Review Committee on pages 359 to 360 of this Annual Report.	☑
D.6. Code of Business Conduct and Ethics	The Hayleys Way serves as the ethical roadmap for all Directors, key management personnel and other employees. Refer to page 63 for further information.	☑
D.7 Corporate Governance Disclosures	The Corporate Governance Report from pages 54 to 88 and this Annex I: Compliance with the Code of Best Practice on Corporate Governance complies with the requirement to disclose the extent of compliance with the Code of Best Practice on Corporate Governance as specified in Principle D5.	☑
E. SHAREHOLDERS	Please refer Investor Relations on pages 294.	☑
E. 1		
E.2 Evaluation of Governance Disclosures	All shareholders are provided sufficient information to facilitate and encourage effective shareholder participation including governance matters.	☑
F. OTHER INVESTORS	Individual shareholders actively participate in the Group's AGM and exercise their voting rights.	☑

Corporate Governance

Code Ref.	Compliance and Implementation	Compliance
G. INTERNET OF THINGS AND CYBERSECURITY		
G.1 Identify connectivity and related cyber risks	This function was complied with by the Group Head of IT for the year under review.	☑
G.2 Appoint a CISO and allocate budget to implement a cybersecurity policy	A Group Information Security General Manager has been appointed and allocated budgets for the implementation of cybersecurity policies and procedures	☑
G.3 Include cyber security in Board agenda	It is a regular agenda item on the Board agenda	☑
G.4 Obtain periodic assurance to review effectiveness of cybersecurity risk management	A firm of external consultants were engaged to review the effectiveness of the Group's cybersecurity risk management during the year.	☑
G. 5 The process to identify and manage cybersecurity risks.	IT risk assessments are conducted at least annually in accordance with ISO 27001:2022 and NIST framework to identify risks in IT environment. The identified risks are evaluated, and appropriate measures are implemented by the IT team to mitigate or minimise potential threats. The Board of Directors is regularly updated on the controls established to address cyber risks, as well as on any emerging cyber threats the Company may face.	☑
H. SUSTAINABILITY: ESG RISKS AND OPPORTUNITIES		
H.1 Integration of ESG risks and opportunities	The Group has embedded the identification of ESG risks and opportunities to its existing business risk management processes. Please refer to the Climate Risk Report on pages 123 to 154 of this Report.	☑
H.2 Stakeholder engagement on ESG matters	The Group applies a systematic materiality assessment which includes formal and informal stakeholder engagement. This process is explained in the Materiality and Stakeholder Engagement sections on pages 94 to 97.	☑
H.3 & H.4 Sustainability governance	Group and Sector-level ESG Steering Committees have been established in line with the adoption of IFRS S1 and S2. Further information is available on pages 123 to 154 of this Report. The Group's approach to managing the following elements are described in the pages 326 to 338. • Health and safety • Climate change • Pollution prevention • Effluent treatment • Sustainable resource use • Restoration of natural resources • Renewable energy • Biodiversity	☑
H.5 ESG related disclosures	The Group's Annual Report includes sustainability-related financial disclosures aligned to the IFRS Sustainability Reporting Disclosure Standards. Information on the business impacts of sustainability related risks and opportunities are available in the Group's Climate Risk Report on pages 123 to 154.	☑
I. ESTABLISHMENT AND MAINTENANCE OF POLICIES		
I.1 & I 2	The Company maintains policies related to governance, with details on their implementation available on the Company's website. A list of these policies, along with relevant web references, is provided in the Corporate Governance Report. Additionally, the Company has established and upholds a formal policy addressing matters concerning the Board of Directors.	☑

Unlocking Value

A Collective Radiance

We're built on the power of collective strength and enduring relationships, and stand equipped with the right strategies to adapt and respond to change.

Lanternfish are among some of the most abundant fish on earth. Over 250 types are found across our oceans, with each species possessing distinctive markings that support effective communication through a coordinated display of their inherent bioluminescence – thereby achieving strength in togetherness and driving cohesive results. By adapting and adjusting their unique light patterns to achieve a phenomenon known as counter-illumination, they are able to rapidly respond to changing conditions, and unlock optimal conditions that support their journey against the odds.

Our Value Story

VALUE CREATION MODEL

The Group's value creation model represents a graphical illustration of how Hayleys relies on its resources and relationships (classified into six capitals by the <IR> Framework) to create and preserve value through its diverse business activities. The transformation of these capitals enables the delivery of the Group's strategy and its ESG aspirations while contributing towards advancing the UN Sustainable Development Goals. While Hayleys PLC functions as an investment holding company, the value

INPUTS

Our resources and relationships

Financial Capital 289

Rs. 144 bn
Shareholders' funds

Rs. 204 bn
Debt

Manufactured Capital 296

Rs. 155 bn
Property, plant and equipment including buildings, machinery & equipment and Vessels at cost

Manufacturing plants in 5 countries

Human Capital 309

38,029 permanent employees
Skills, value and industry insights
Strong leadership team

Organisational culture- Hayleys Way

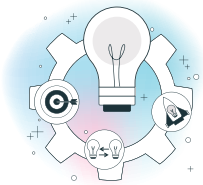
Social & Relationship Capital 300

Partnerships with customers, suppliers, other value chain partners and industry stakeholders

Relationships with communities and civil society

Intellectual Capital 320

Strong brands
Innovation capabilities
Systems, processes and standards
Organisational capital



Natural Capital 326

520 acres
Land extent

6.6 mn GJ
Energy consumption

Rs.7.29 mn m³
Water use

Availability and quality of capital

While cost of debt funding has declined, changing regulations on Single Borrower Limits of banks have prompted the Group to diversify its funding sources

Technological transformation, evolving customer requirements and sustainable manufacturing necessitates improved agility of physical infrastructure

While migration has slowed, talent retention remains a challenge., underscoring the importance of growing talent from within and retaining our high-performing employees.

Maintaining our social license to operate is critical in the current environment, underpinned by ethical and responsible behaviour that earns stakeholder trust.

Building domain-specific, organisational knowledge through retaining talent, nurturing a culture of learning and enhancing agility of our team is critical to long-term success

The country's ambitious emission reduction goals as well as increasing water stress and degradation of land continues to drive the business case for preserving and enriching our natural resources

creation model represents a consolidated, portfolio view of our businesses that demonstrates our outputs and impacts more effectively. Given the diversity of our business, we have sought to disaggregate the Group into material operations and activities, based on the business models of each Sector. Businesses within the Group operate relatively independently of each other while Hayleys PLC- the holding company, offers services through several key centralised functions including Corporate Affairs, Finance, ESG, Legal, Human Resources, Corporate Communications, Central Treasury, Group IT, Digital Transformation and Digital Marketing among others.

VALUE CREATING PROCESSES

OUR PURPOSE
To inspire an inclusive world and a thriving planet

VISION
To be Sri Lanka's Corporate Inspiration at all times

VALUES
HAYLEYS & I

Factors informing material issues

Operating context

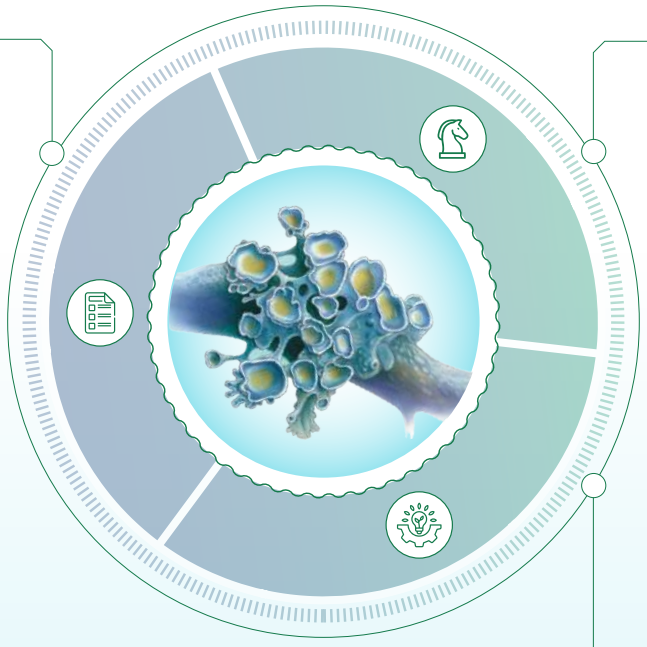
Economic, geopolitical, social, technological and other factors shaping our operating landscape

Stakeholder relationships

Understanding the most important needs of our internal and external stakeholders

Resources and relationships

Strengths and capabilities that are leveraged to drive the Group's value creation

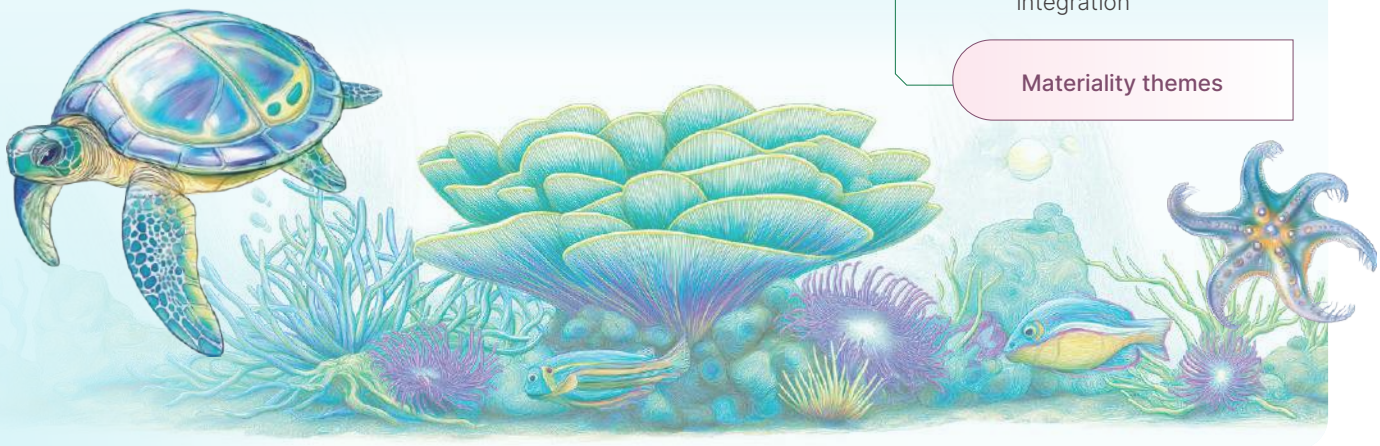


Strategic priorities

- → Portfolio optimisation
- → Customer centricity
- → Nurturing inspired teams
- → Inclusive business models
- → Strategic ESG Integration

- → Geopolitical and economic factors
- → Adapting business models
- → Addressing stakeholder demands
- → Sustainability and ESG integration

Materiality themes



Our Value Story

OUTPUTS

Major opportunities

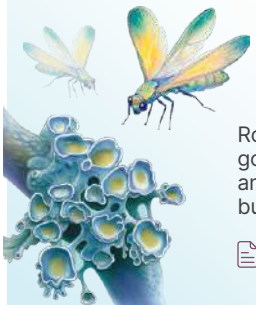
- → Regional expansion
- → Acquisitions
- → Diversification
- → Integration of ESG
- → Digital transformation

Business Verticals

- Eco Solutions
- Hand Protection
- Purification
- Textiles
- Construction Materials
- Plantations
- Agriculture
- Consumer & Retail
- Leisure
- Industry Inputs, Power & Energy
- Transportation & Logistics
- Projects & Engineering
- Tea Exports
- Others

Key Risks

- → Market risks
- → Operational risks
- → Credit risks
- → Sustainability-related risks



Robust corporate governance practices and responsible business practices

54

Outputs

Financial Capital 289

40% PBT growth

142% Debt to equity ratio

9.70% EBIT margin

14.44% Return on equity

7.64 Price to Earnings Ratio (P/E)

Manufactured Capital 296

1.04 Asset turnover ratio

4.25% CAPEX to Revenue ratio

Human Capital 309

24% Attrition rate

11.43 Training hours/employee

13% Female representation in managerial roles

Rs. 0.59 mn PAT per employee

Social & Relationship Capital 300

98% of customer complaints resolved

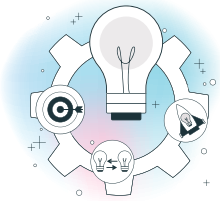
>640,000 Beneficiaries reached through CSR initiatives

Intellectual Capital 320

474 New products developed

757 Products in the pipeline

Rs.812 mn spend on R&D



Natural Capital 326

74% Reliance on renewable energy

18% Waste recycled

14% Sustainable water sourcing

760,245 tco2e emissions (Scope 1, 2, & 3)

CAPITAL AND STAKEHOLDER OUTCOMES

Goods

- Fibre-based products
- Protective handwear
- Activated carbon
- Fabrics
- Aluminium profiles
- Tea, rubber and value-added tea
- Agricultural products
- Consumer durables
- Industrial raw materials

Services

- Hotels and resorts
- Transportation and logistics services
- MEP
- Engineering and Solar
- BPO and shared services

Our resources and relationships

Shareholders 298

- Sustainable growth in earnings
- Return commensurate with the risk undertaken
- Resilient operating model
- Robust governance and risk management practices

Customers 300

- Access to high-quality, innovative solutions
- Responsible and sustainable business practices
- Reliability and ease of doing business

Employees 309

- Competitive and equitable remuneration commensurate with skills and responsibilities
- Opportunities for career and skill development
- Diverse, inclusive and safe working culture
- Well-being and work-life balance

Suppliers and Business Partners 300

- Continuity of demand
- Collaboration on innovation and sustainability
- Access to training and capacity building
- Ethical sourcing

Government and regulators

- Compliance to all relevant regulations
- Alignment to national development agenda
- Tax contributions
- Direct and indirect employment generation

Communities 300

- Investment in community development
- Generation of employment and economic activity
- Environmental preservation

Listening to our Stakeholders

GOVERNANCE OF STAKEHOLDER ENGAGEMENT

The Hayleys Lifecode articulates the Group's value propositions to each stakeholder group and includes specific policies for employees, suppliers and communities that offer guidelines on the engagement approach. The Lifecode also sets out the engagement measures adopted under each selected approach.

Consult/ Collaborate	→ Satisfaction surveys → Meetings/workshops → Stakeholder forums → Projects/ development programs
Message	→ Corporate reporting → Press releases Corporate website/social media platforms → Marketing campaigns → Newsletter/mass e-mail
Monitor	→ Online/social media monitoring → Tracking relevant research/news reports

INTEGRATING STAKEHOLDER FEEDBACK

Feedback obtained from both formal and informal stakeholder engagement mechanisms are integrated to the strategy formulation and daily operational processes thereby ensuring that stakeholder needs are met through our value-creation process. Key mechanisms in which stakeholder feedback was integrated during the year are summarised below:

Policy improvements	→ Strengthening the Group's Procurement Policy → Roll-out of Bribery and Anti-Corruption Policy
Product development	→ Increased focus on value-added product offerings → Integrating sustainability considerations to product developed in line with customer requirements
Operational interventions	→ Family-friendly work policies in creating better work-life balance for employees
Target-setting	→ Strengthening the Group's ESG targets with the launch of the 2nd edition of the Hayleys Lifecode

ADDRESSING BARRIERS TO STAKEHOLDER ENGAGEMENT

The Group's stakeholder universe is widely diverse, which in turn necessitates differentiated approaches in conducting stakeholder engagement. This diversity includes language, cultural differences, general differences, gender imbalances and divisions within communities. The Group adopts the following measures to address these barriers;

- Trilingual communication wherever possible
- Tailor-made engagement initiatives for selected groups
- Use of independent parties to conduct engagement

Two-way engagement approach

SHAREHOLDERS/INVESTORS

Providing feedback

- Quarterly financial results released to the CSE
- Press releases through the CSE (ongoing)
- Ongoing engagement with investment analysts stockbrokers and media
- Corporate website and social media

Receiving feedback

- Annual General Meeting
- Communication through the Company Secretarial Division

CUSTOMERS

Providing feedback

- Customer interaction at contact points
- Print and electronic media publications as and when required
- Social media interaction

Receiving feedback

- Engagement through marketing teams
- Periodic customer satisfaction surveys in certain sectors
- Open-door policy and grievance mechanisms

GOVERNMENT

Providing feedback

- Ongoing regulatory reporting in certain sectors
- Consultations and meetings when required
- Announcements to the CSE when required

Receiving feedback

- Consultations and meetings when required

EMPLOYEES

Providing feedback

- Regular multi-level staff meetings
- Annual performance appraisals
- Year-round event calendar including work-life balance initiatives, sports activities and cultural activities
- Digital engagement

Receiving feedback

- Bi-annual performance reviews
- Periodic satisfaction surveys (Sector-level)
- Open-door policy and grievance mechanisms

SUPPLIERS & BUSINESS PARTNERS

Providing feedback

- Periodic supplier reviews and assessments
- Supplier development initiatives

Receiving feedback

- Periodic supplier reviews and assessments
- Community engagement initiatives
- Supplier conventions

COMMUNITIES

Providing feedback

- Press releases and other publications when required
- Meetings with community representatives when required

Receiving feedback

- Meetings with beneficiaries of CSR initiatives and capacity building programmes
- Grievance mechanisms

Listening to our Stakeholders

RESULTS OF STAKEHOLDER ENGAGEMENT IN 2024/25

	Shareholders/Investors	Employees	Customers
Key stakeholder matters raised and our response	**Deliver attractive returns commensurate with risks undertaken** → Organic and inorganic growth across key verticals → Geographical diversification of operations and customers **Ensure long-term stability through reducing gearing** → Proactive and ongoing negotiations with banks through Central Treasury **Future growth opportunities** → Increased focus on organic and inorganic growth and international expansion **Timely and accurate information** → Timely communication of all price-sensitive information to the Colombo Stock Exchange	**Market-competitive remuneration** → Market adjustments to remuneration **Conducive and stimulating work environment** → Performance-driven culture → Increased focus on training and development → Year-round event calendar **Opportunities for career development** → Succession planning across key positions to build talent pipelines **Work-life balance** → Family-friendly work policies including paternity leave and allowances for child-care	**Innovation and new product development** → Increased emphasis on value-added product offerings **Responsible and sustainable business** → Embedding sustainable practices into processes and decision-making → Supplier chain due diligence across several verticals **Customer service** → Ongoing employee training on service excellence **Affordable pricing** → Benefit of cost reductions (when applicable) passed on to customers
Link to materiality	→ Macro-economic impacts → Foreign exchange impacts → Government policy → Operational efficiency and productivity	→ Operational safety and emergency preparedness → Employee value proposition and well-being	→ Customer satisfaction → Evolving customer requirements
Integrating feedback into decision-making	→ Shareholders' concerns (including those of minority shareholders) are brought to the attention of the Board of Directors and GMC members and incorporated into both strategic and operational decisions as required.	→ Identified employee concerns are escalated to the relevant GMC and Group HR Division which formulates the Group's overarching HR strategy for the year	→ Customer feedback is a key input in determining product development, marketing and sales strategy and pursuing opportunities in new markets
	Refer to page 289 for further information	Refer to page 309 for further information	Refer to page 300 for further information

	Suppliers & Business Partners	Government	Communities
	Fair and timely payment → Mechanisms to ensure timely payment **Opportunities for business growth** → Connectivity to global supply chains through international expansion → Share insights on future demand conditions to support better visibility and planning **Access to training and development** → Ongoing investment in supplier development and capacity building	**Alignment to national development agenda** → Strategic emphasis on export-orientation → Continued generation of tax **Compliance to all relevant regulations** → Mechanisms across the Group to ensure compliance → Strengthening the Group's bribery and anti-corruption procedure **Accelerate positive impacts** → Significant local value addition → Direct and indirect employment generation → Ongoing investment in community engagement and environmental preservation	**Generating employment in the localities of operations** → Efforts to recruit from adjacent communities as far as reasonably possible **CSR initiatives to address prevalent community issues** → Ongoing investments in strategic CSR programmes **Environmental preservation and minimising environmental impacts** → Monitoring and measuring environmental KPIs to minimise adverse impacts
	→ Principal relationships → Environmental and social issues along value chain	→ Domestic and international government policy → Community and livelihood development → Managing environmental and ecological impacts	→ Community and livelihood development → Managing environmental and ecological impacts
	→ Identified concerns are communicated by relevant procurement departments to the respective leadership teams who provide due consideration when determining working capital management and procurement-related decisions	→ Regulatory developments are consistently monitored by the Sectors to which they are relevant and compliance is ensured through the Compliance/Internal Audit functions	→ Identified community issues are swiftly addressed at operational site level or escalated to Sector Head Office/Group level if required
	Refer to page 300 for further information		Refer to page 309 for further information

Operating Landscape

The operating landscape is defined by both external and internal influences and is increasingly interconnected. This includes both traditional and emerging risks such as climate change, technological shifts, growing disparities and cyber threats. In some instances, our direct control over these factors are limited but all relevant trends are assessed to mitigate risks and leverage opportunities. The key factors shaping the environment during the year are given below and trends related to the specific industry sectors are discussed in the Portfolio Reviews from page 156 to 288.

Macro-economic drivers in key markets

GLOBAL ECONOMIC ENVIRONMENT

Global economic activity was stable yet lackluster, with an estimated GDP growth of 3.2% in 2024 (World Economic Outlook). The sharp tightening of monetary policy around the world led to a decline in global inflation, while cyclical imbalances are gradually evening out resulting in major economies achieving better alignment with their potential. Advanced economies grew by 1.7% in 2024, led by the United States (+2.8%) which maintained its growth momentum supported by strong consumption while the growth in the Euro region remained below expectations reflecting a slowdown in manufacturing and export goods. Emerging economies grew by 4.2%, with China and India both demonstrating lower-than expected growth due to slowdown in consumption and industrial activity.

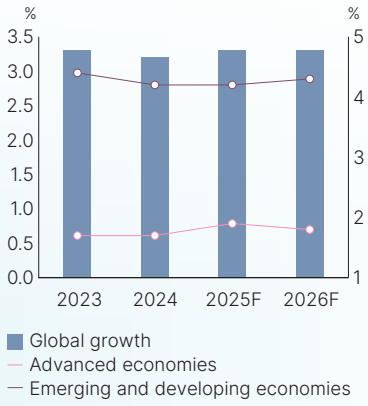
Outlook:

The global outlook however has shifted drastically following the swift escalation of trade tensions driven by a series of new tariff measures by the United States and countermeasures by its trading partners in April 2025. The complexity, fluidity and unpredictability with which these measures have been unfolding, significantly weigh down global growth projections.

	2024	2023
GDP growth (%)		
-Global	**3.2**	3.3
Advanced economies	**1.7**	1.7
-USA	**2.8**	2.9
-EU	**0.8**	0.4
-UK	**0.9**	0.3
Emerging economies	**4.2**	4.4
-China	**4.8**	5.2
-India	**6.5**	8.2
Headline inflation (%)	**5.7**	6.7
Global trade volumes (%)	**3.4**	0.7
Commodity prices (%)		
-Oil	**-1.9**	-16.4
-Non-fuel	**3.4**	-5.7

Source: IMF

GLOBAL ECONOMIC GROWTH



SRI LANKAN ECONOMY

GDP growth: Sri Lanka gained macro-economic stability in 2024, resulting from reforms implemented since 2022 which included a prudent monetary policy, domestic debt restructuring, fiscal consolidation measures and cost-reflective utility pricing. Accordingly, following two consecutive years of economic contraction, the country's GDP grew by 5% in 2024 with all four quarters posting positive growth. Expansion was driven by Industrial activity (+11%), Services (+2%) and Agriculture (+1%)

Policy stance: While election-related uncertainties prevailed, these concerns dissipated towards the latter part of the year as signs of policy consistency and continuation of reform programme were evident. Since 2022, the reform programme had aimed to correct structural weaknesses, uplift livelihoods of the vulnerable and address corruption. The accommodative monetary policy stance that began in mid-2023 continued through 2024, resulting in a total policy rate reduction of approximately 775 basis points, with 175 basis points of the adjustment occurring in 2024.

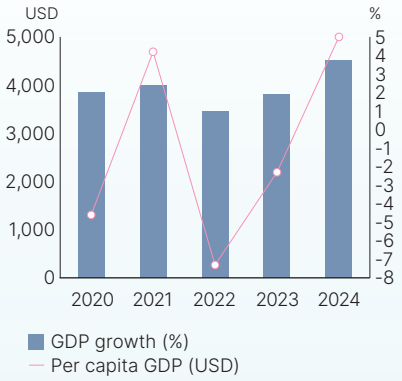
Inflation: While there was initial uptick in inflation in early 2024, the reduction in electricity tariffs, moderation in global commodity prices and appreciation of the Sri Lankan Rupee led to disinflation towards the latter part of the year. Resultantly, the National Consumer Price Index based y-o-$_y$ headline inflation dropped to-2% in 2024, compared to 4.2% in 2023.

Interest rates: Market interest rates continued the downward trajectory in 2024, resulting from accommodative monetary policy measures. Resultantly, the AWDR and AWPR declined by a respective 4.1% and 3.5% during the year.

Exchange rates: The Sri Lankan Rupee appreciated by 10.7% against the US Dollar in 2024 calendar year and 6% during the financial year (based on monthly average exchange rates) due to a steady inflow of foreign currency supported by workers' remittances, tourism earnings and merchandise exports. However, the first 3 months of 2025 saw a slight depreciation of the Sri Lankan Rupee of 1.4%

	2024	2023
GDP growth (%)		
-Overall	**+5.0**	-2.3
- Agriculture	**+1.2**	+1.6
- Industrial	**+11.0**	-9.2
-Services	**+2.4**	-0.2
Per capita GDP (USD)	**4,516**	3,801
NCPI (y-o-y) end	**-2.0**	+4.2
Year-end exchange rate (Rs/USD)	**292.58**	323.92
Unemployment rate	**4.4**	4.7
Fiscal deficit (% of GDP)	**-6.8**	-8.3
All Share Price Index (December)	**15,945**	10,654

SRI LANKA ECONOMIC GROWTH



Operating Landscape

KEY REGIONAL MARKETS

Thailand: The country experienced moderate economic growth in 2024, reflecting high levels of household debt and weaker business sentiment. Meanwhile, structural down-sizing in certain export-oriented manufacturing sectors continued. However, the outlook remains positive supported by a substantial fiscal boost via government cash transfer to households, sustained recovery of the tourism sector and stronger growth of merchandise exports.

	2024	2023
GDP growth (%)		
- Overall	2.5	2.0
- Agriculture	-1.0	2.0
- Non-Agriculture	2.9	2.0
- Services	3.9	4.2
Private consumption (%)	4.4	6.9
Inflation (CPI)	1.2	0.4
Export growth (%)	5.8	-1.5

KEY REGIONAL MARKETS

Maldives: Economic growth continued to be driven by the country's tourism sector, which recorded a near 9% growth in tourist arrivals in 2024. Despite the growth, the country faced the dual challenges of implementing economic reforms and managing foreign currency inflows following the downgrade of the sovereign credit rating. The World Bank projects significant downside risks citing increased debt service needs, limited external buffers and a subdued global growth projection.

	2024	2023
GDP growth (%)		
- Overall	4.7	4.1
- Agriculture	-7.5	0.8
- Industry	2.3	7.6
- Services	5.8	3.1
Inflation (%)	2.3	2.9
Debt (% of GDP)	119	123

Bangladesh: Bangladesh continued to experience significant economic challenges including high inflation, financial sector vulnerabilities and a moderation in investment. Meanwhile, political instability, environmental disruptions and domestic economic pressures led to a slowdown in export growth during the year. Resultantly, GDP growth slowed to 4.2% from 5.8% the previous year. The outlook for 2025, however, remains somewhat more optimistic with external pressures easing and remittances recording strong growth

	2024	2023
GDP growth (%)		
- Overall	5.8	5.8
- Agriculture	3.2	3.4
- Industrial	6.6	8.3
- Services	5.8	5.3
Private consumption (%)	9.5	12.2
Inflation (CPI)	9.7	9.0
Export growth (%)	-4.3	7.7

Impacts

- → Demand uncertainty from major markets
- → Supply chain disruptions and cost implications
- → Adverse implications on the Group's regional growth strategy

Related risk: Economic Risk

Response

- → Ongoing monitoring of the direction of macro-economic fundamentals in key markets
- → Continued geographical diversification, with focus on expanding non-traditional markets
- → Prudent deployment of resources and capital allocation in regional markets

Strategic pillar: Portfolio optimisation

GEOPOLITICAL DYNAMICS

Against the backdrop of escalating geopolitical tensions, state-based armed conflict emerged as the most significant risk in the World Economic Forum's Global Risk Report for 2025. The current geopolitical climate, following Russia's invasion of Ukraine with active hostilities in the Middle East have led to significant uncertainty and concerns on global economic growth. Meanwhile geo-economic confrontation driven by a series of new tariff measures by the United States in early April have brought effective tariff rates to unprecedented levels and led to the swift escalation of trade tensions.

The imposition of a 44% import tariff on Sri Lanka, threatens to undermine the country's fragile economic recovery. US is Sri Lanka's largest export destination, with apparels accounting for nearly 70% of these exports. The new tariffs if applied will threaten the competitiveness of Sri Lankan garments in the US market, potentially leading to reduced orders. Other industry sectors which are affected by the tariffs include rubber and plastic products and coconut-based products. On the other hand, US-China trade tensions could present an opportunity for Sri Lanka, with American buyers seeking alternative sourcing destinations.

Impacts

- → Adverse implications on the Textiles and Purification Sectors which have considerable exposure to the US
- → Potential disruptions of global supply chains and its impact on cost and continuity of production

Related risk: Geopolitical Risk

Response

- → Geographical diversification to non-traditional markets
- → Engagement with government authorities and policy makers in determining Sri Lanka's national response to the tariffs
- → Increased focus on value-added product categories

Strategy:

CLIMATE CRISIS

Physical and transition risks of climate change

Implications of climate change including erratic weather conditions, rising temperature and natural disasters are becoming increasingly frequent, impacting value chains, agricultural commodities, communities and organisational performance. Meanwhile, transitional risks are also featuring increasingly prominently in risk landscapes and include emerging sustainability related regulations, buyers' increasing eco-consciousness, energy policies and energy pricing among others.

Biodiversity loss

Unprecedented ecosystem and biodiversity loss, caused by human activity including land use, bio degradation and climate change has a direct impact on businesses through affecting raw material availability and driving increases in commodity prices

Impacts

- → Direct implications on yield and production quantity of Agriculture and Plantations Sector
- → Disruptions along supply chains which rely on agricultural material

Related risk: Sustainability Related Risk

Response

- → Strengthening climate risk management processes
- → Sector-level carbon reduction goals including commitment to SBTI by 3 companies
- → Group-wide push towards renewable energy
- → Numerous biodiversity initiatives conducted by sectors

Strategy:

Operating Landscape

MARKET-SHIFTING MEGATRENDS

The mega-trends in the operating landscape described below are reshaping our industries and redefining how our businesses operate. We continuously assess the evolution of these trends to ensure that our strategies are resilient, future-fit and agile given the increasing dynamism and complexity of the operating environment.

New ways of working:
The rise of Gen Z in the workforce is shifting workplace values, driving focus on better work-life balance, and new views on loyalty. Additionally, there is growing demand for organisations to prioritise diversity, equity, and inclusion (DEI) to build more creative, inclusive and high-performing cultures.

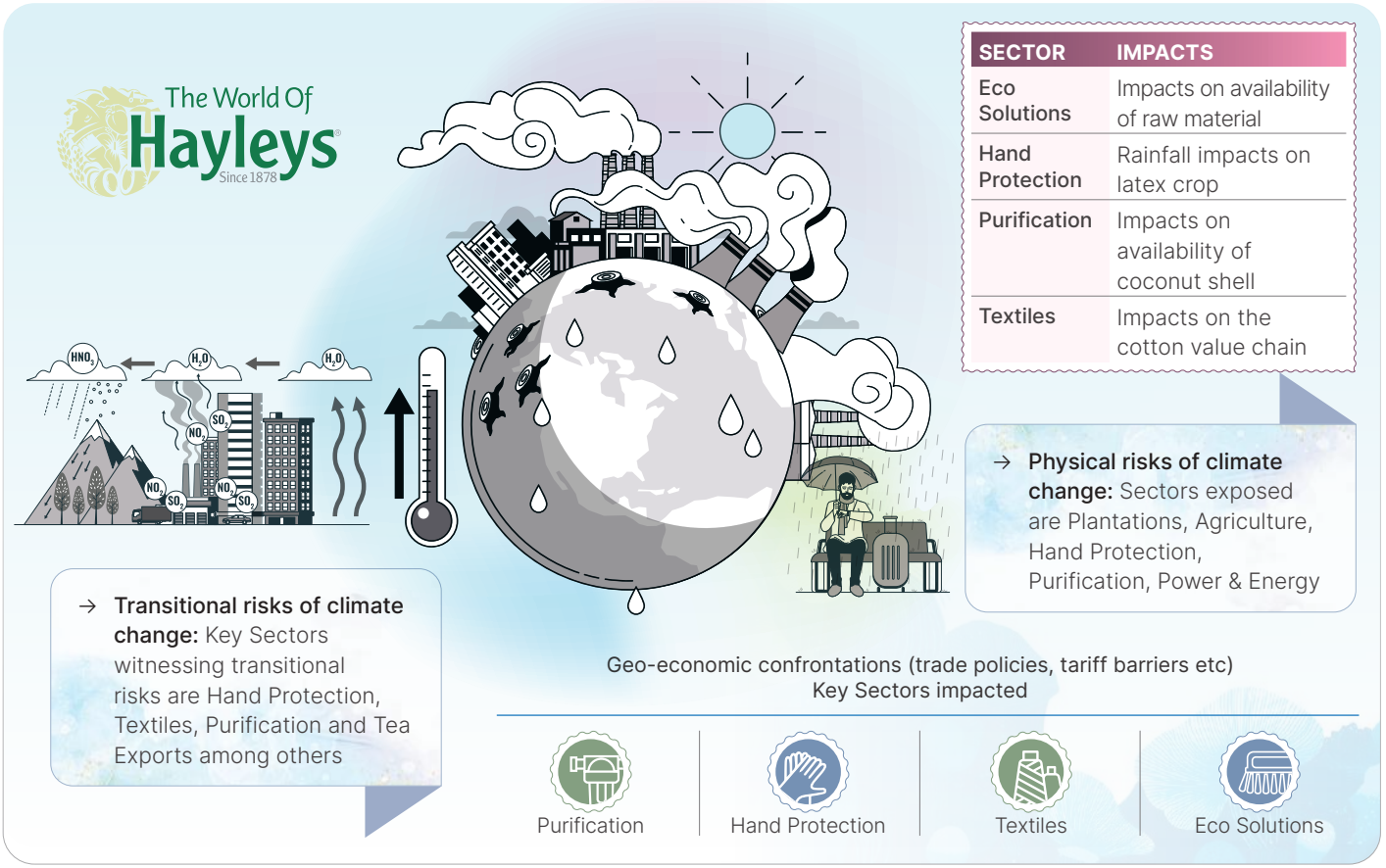
Technology:
Advances in technology and emergence of new capabilities such as data analytics, robotics, blockchain technology and artificial intelligence offer considerable opportunities for organisations to drive efficiencies while adopting new ways of working.

Sustainability and ESG priorities:
The rise of the eco-conscious consumer and increasing stringency of ESG regulations are compelling organisations to embrace ESG in a strategic measure to ensure long-term survival of the business.

Demographic shifts:
Significant demographic shifts including an aging population, migration of youth and brain drain as well as increasing urbanisation and preferences for an increasingly sophisticated life are reshaping both supply and demand side dynamics.

Escalating cybersecurity vulnerabilities:
The ubiquity of technology has led to increased vulnerabilities to Cyber-attacks and loss of data, requiring organisations to invest in security systems and infrastructure.

Misinformation and disinformation: The proliferation of sophisticated technologies has accelerated the risk of information manipulation. Easily accessible AI interfaces have enabled the surge in falsified and misleading information, with increased scale, reach and efficacy. For organisations the ubiquity of social media and failures of platforms to ensure information integrity can lead to considerable reputational risks.



SECTOR	IMPACTS
Eco Solutions	Impacts on availability of raw material
Hand Protection	Rainfall impacts on latex crop
Purification	Impacts on availability of coconut shell
Textiles	Impacts on the cotton value chain

Determining Materiality

The Hayleys Group performs a materiality assessment annually to identify issues that are most material to its business and stakeholders and prioritise matters that need to be addressed. This assessment is conducted on a lens of double materiality, considering both the impact of the Group's operations on society and the environment (impact materiality) and impacts of environmental and social aspects on the Group's performance (financial materiality). The process involves three stages as demonstrated below:

ESTABLISH PROCESS PARAMETERS

List of possible material issues is selected as process parameters and a reference point in conducting the materiality assessment by the Group ESG Division.

1 Discussions with Sector leadership teams

2 Evaluation of the Group's business model and strategic aspirations

3 Stakeholder feedback

4 Emerging risks and opportunities

SECTOR-LEVEL PRIORITISATION OF MATERIAL TOPICS

The issues are prioritised at Sector level using the following filters to assess the relative importance of the topics to stakeholders and the importance to the organisation.

Organisational Materiality	Impact Materiality
Financial impact	Stakeholder impact (7 stakeholder groups)
Innovation opportunity	Environmental impacts
Reputation	
Externalities	
Strategic link	
Risk	

AGGREGATION AT HAYLEYS PLC LEVEL

Sector level materiality matrices are aggregated at Hayleys PLC weighted using a suitable metric based on the importance of the Sector to the Group.

Economic factors:
Revenue contribution to the Group

Social factors:
Headcount of the Sector

Environmental factors:
Relative impact to the Group's carbon footprint and water consumption

RESULTS OF 2024/25 MATERIALITY ASSESSMENT

During the year, 20 material topics were identified from the materiality assessment process. Three new material topics were identified during the year; evolving climate regulations, operational safety and emergency preparedness and physical climate risks, while three topics which were material in 2023/24 were classified as not being material this year. These were energy cost, taxation and skill migration-issues which were not as prominent in the Group's risk landscape as the previous year.

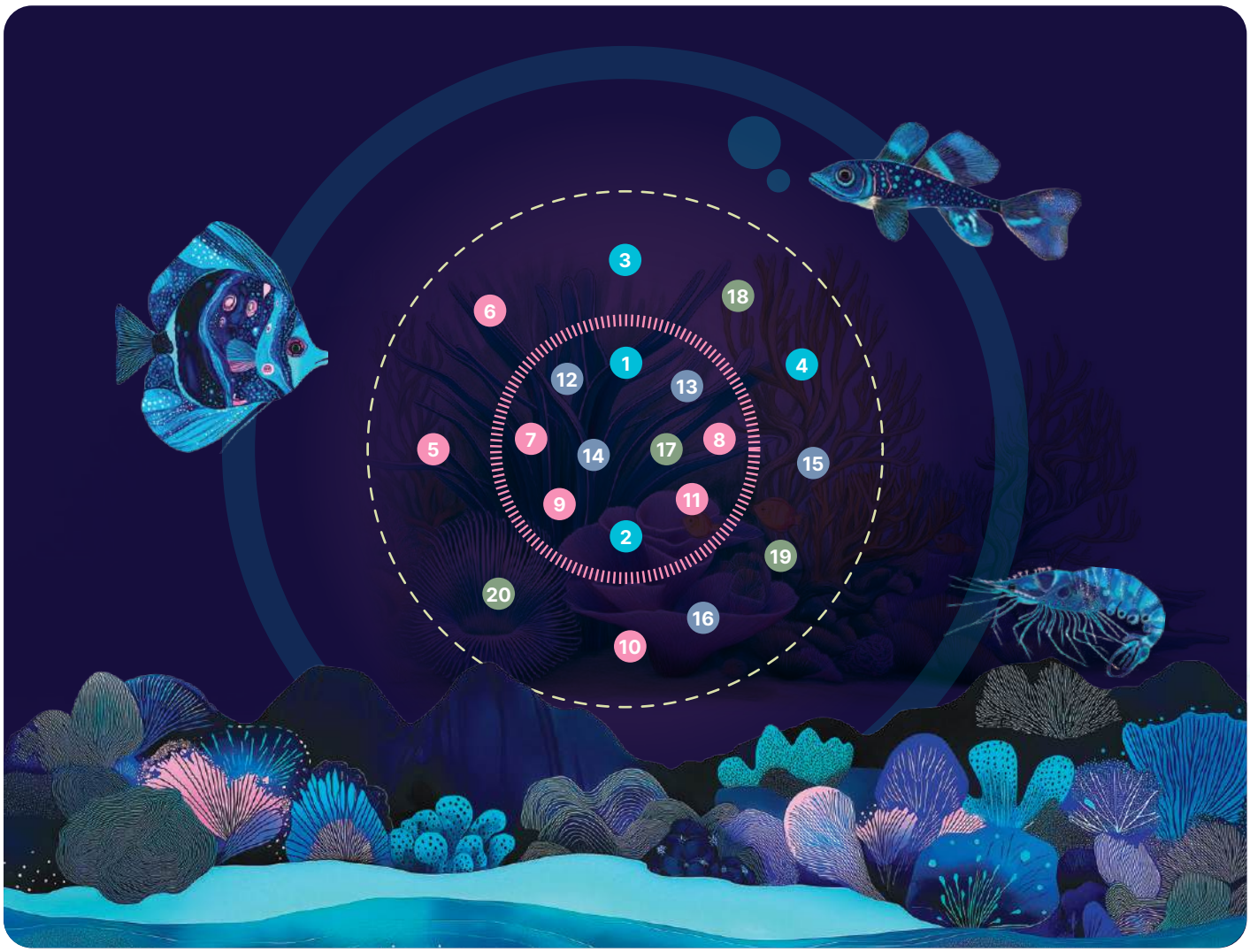
Theme	Material topics 2023/24	Material topics 2024/25	Page
Geopolitical and economic factors	Macro-economic impacts	1. Macro-economic impacts	98
		2. Foreign exchange impacts	99
	Government policy	3. Domestic and international government policy	156
	Economic performance	4. Economic performance	18
	Energy cost	Not material in 24/25	-
	Taxation	Not material in 24/25	-
	Skill migration	Not material in 24/25	-
Adapting business models	Energy consumption	5. Energy consumption	326
	Not material in 23/24	6. Evolving climate regulations	133
	Climate change adaptation	7. Climate change adaptation	326
	Operational efficiency and productivity	8. Operational efficiency and productivity	296
	Technology and product innovations	9. Technology and product innovations	300
	Not material in 23/24	10. Operational safety and emergency preparedness	317
	Manufacturing capabilities	11. Manufacturing capabilities	296

Determining Materiality

Theme	Material topics 2023/24	Material topics 2024/25	Page
Addressing stakeholder demands	Product quality and responsibility	12. Product quality and responsibility	305
	Employee value proposition	13. Employee value proposition and well-being	309
	Customer satisfaction	14. Customer satisfaction	305
	Evolving customer requirements	15. Evolving customer requirements	94
	Principal relationship	16. Principal relationships	300
Sustainability and ESG integration	Managing environmental and ecological impacts	17. Managing environmental and ecological impacts	326
	Environmental and social issues along value chain	18. Environmental and social issues along value chain	141
	Not material in 23/24	19. Physical climate risks	129
	Community and livelihood development	20. Community and livelihood development	306

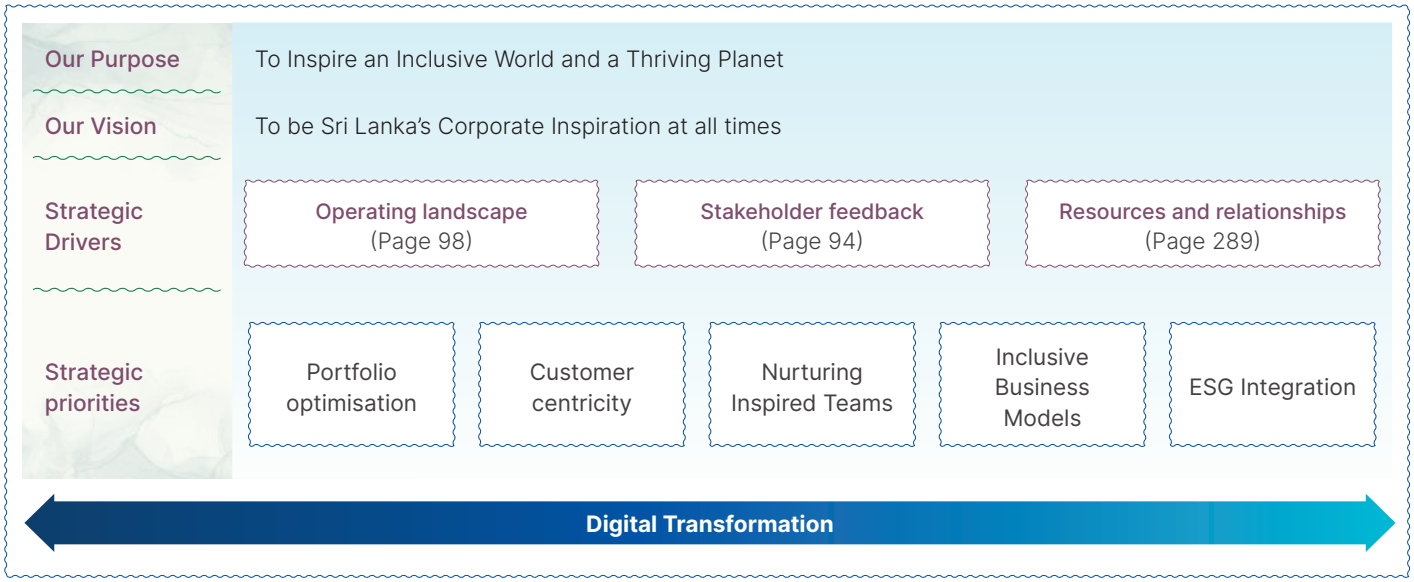
Refer to page 530 for further information on our definitions of financial and impact materiality

MATERIALITY RADAR



Purpose-driven Strategy

The Group's overarching strategic aspirations are purpose-driven and centered around the 5 pillars as demonstrated below. While Sectors adopt unique strategies which reflect the risks, opportunities, and core competencies of each business the Board sets the overall strategic direction. The strategic pillars are formulated by the Strategic Business Development Unit (SBDU) at Hayleys PLC and cascaded to each Sector under the leadership of the Group Management Committee. Given the Group's recent thrust towards leveraging automation and technology, Digital Transformation is now recognised as a cross-cutting enabler, that drives the effective execution of all five pillars.



GOVERNANCE AND REMUNERATION PRACTICES SUPPORTING STRATEGY

Multiple layers of performance review from sector-level Executive Committees to the Group Management Committee, Board Committees and the Board ensure a high level of monitoring on delivery of strategy. The GMC meets weekly and additional meetings may be called at short notice whenever the need arises. Monthly and quarterly performance is monitored against defined targets, with active debate encouraging the exploration of new ideas and diverse perspectives. The remuneration of GMC members and Sector heads are linked to relevant strategies and KPIs, which are cascaded across relevant functions thereby driving goal congruence across the organisation.

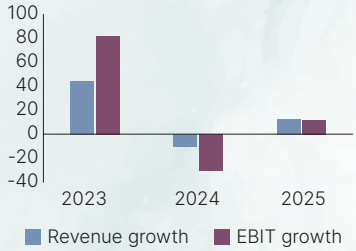
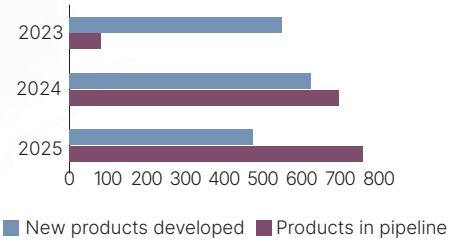
The Group's decisions on allocating resources in driving its strategic aspirations - which includes funding, expertise, people and natural resources is determined through the guidelines set out below

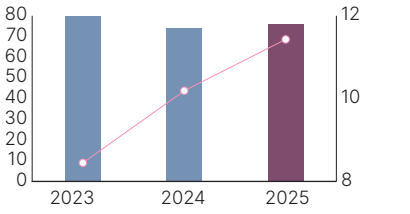
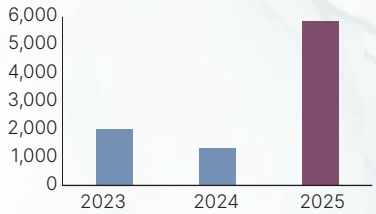
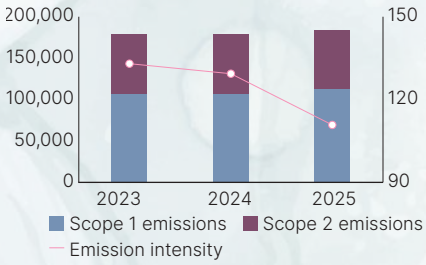
Resource allocation framework

Alignment to Purpose & Vision	Capabilities and competencies	Financial targets	Risks and vulnerabilities
We invest in opportunities that pave way to fulfil our aspirations of being a force for good in the broader economic, social and environmental context	Adequacy of current capabilities and competencies	The weighted average cost of capital adjusted to the risk premium attached to the relevant sector and business	Existing and emerging risks that are shaping the operating landscape

Purpose-driven Strategy

STRATEGY EXECUTION IN PROGRESS

Strategic pillar	1 BUILDING RESILIENCE THROUGH PORTFOLIO OPTIMISATION **Building a resilient business portfolio which is centered on diversifying businesses, geographical footprint, customer segments and revenue streams**	2 CUSTOMER CENTRICITY **Innovative, cost-effective and sustainable solutions with excellent customer care to enhance the customer experience**
Interventions in 2024/25	→ Expansion of geographical footprint with increased focus on non-traditional markets → Continued expansion of manufacturing capabilities by key Sectors including Hand Protection, Purification, Transportation & Logistics among others → Diversification of customer base with increased focus on premium segments → Emphasis on cost management through automating processes	→ Continued progress on value-added product development across key verticals → Catering to customers' increasing focus on sustainability matters → Strengthen after-sales service in key verticals → Enhance customer engagement through social media platforms
How we measure progress	**Revenue growth:** Demonstrates the success of the Group's expansion strategy and effectiveness of how products and services are catering to demand. **EBIT growth:** Measures the Company's core profitability and the extent to which Revenue growth is translated to profitability **PORTFOLIO OPTIMISAITON**  	**New products launched and in pipeline:** Demonstrates responsiveness to market trends and ability to create new revenue streams **Customer satisfaction rates:** Different platforms/ tools used across the Sectors to measure customer satisfaction **NEW PRODUCT DEVELOPMENTS** 
Link to remuneration	Profit growth is used as a metric to assess Sector and Business level performance, which in turn is an input to determining performance-based remuneration	Customer satisfaction rates are a KPI for front-facing teams across verticals
Interlinkages - Key risks & opportunities	**Risks** • Geopolitical risk • Economic risk • Subdued demand • Increased raw material prices **Opportunities** • Regional expansion • Acquisitions and diversification	**Risks** • Increased competition • Reputational risk • Credit risk **Opportunities** • Customers' sustainability requirements
Interlinkages- Capitals	Financial Capital; Manufactured Capital; Intellectual Capital	Social & Relationship Capital; Intellectual Capital
Further information	Sector reviews/ Way forward	Sector reviews, Intellectual Capital, S&R Capital, Way forward

3 NURTURING INSPIRED TEAMS **Building a dynamic, diverse and high-performing team which drives the Group's value creation aspirations**	4 INCLUSIVE BUSINESS MODELS **Creating a secure, sustainable and efficient ecosystems which uplift livelihoods and empower communities**	5 ESG INTEGRATION **Institutionalising ESG practices across the organisation and effectively managing the ESG risks facing the Group**
→ Implementation of systematic succession plans across the Group → Group-wide diversity, equity and inclusion training → Leadership development programmes → Employee engagement	→ Ongoing investments in capacity building across supply chains across key verticals → Strengthened Group Procurement policy → Backward integration and supply chain diversification → Strategic community development initiatives targeting, education, health and well-being among others	→ 2nd edition of Hayleys Lifecode launched → Sector-level ESG Roadmaps launched by 2 Sectors → Widened computation of Scope 3 GHG emissions → Enhanced reporting under SLFRS S1 and S2 Sustainability Disclosure Standards → Quarterly reporting of ESG metrics
Employee retention rate: Showcases employee satisfaction levels and strength of the employee value proposition **Average training hours:** Measures the Group's commitment to strengthen its human capital and align with strategic aspirations. **EMPLOYEE VALUE PROPOSITION**  	**CSR beneficiaries:** Demonstrates the impact of our CSR initiatives and scalability of the programmes **Suppliers developed:** Demonstrates how the Group is supporting the long-term resilience of suppliers **SUPPLIERS DEVELOPED**  	**GHG emissions:** Measures the effectiveness of the Group's decarbonisation plans **Water, energy and emission intensity:** Measures how the Group optimises the use of natural resources. **EMISSION AND EMISSION INTENSITY** 
Employee -related indicators including satisfaction, training and retention are KPIs for HR Divisions across the Group	Supplier development and value creation related indicators fall within the scope of the Hayleys Lifecode social targets	Environmental indicators including emissions and intensities fall within the Hayleys Lifecode environmental targets
Risks • High staff turnover and employee relations • Health and safety **Opportunities** • Culture transformation • Future-ready workforce	**Risks** • Increasing raw material prices and disruptions to key supply chains • Physical risks of climate change **Opportunities** • Strengthening supply chain resilience	**Risks** • Physical risks of climate change • Ecological impacts • Water availability **Opportunities** • Improve operating efficiencies • Competitive edge through strategic ESG integration
Human Capital	Social & Relationship Capital	Natural Capital
Sector reviews/Human Capital	Sector reviews, Social & Relationship Capital	Sector reviews, Natural Capital

Strategic ESG Integration

Operating landscapes of businesses are being reshaped by environmental, social and governance aspects, which are featuring prominently in stakeholder considerations and risk assessments. At Hayleys, sustainability and ESG have always been part of who we are, reflecting the Group's intricate and deeply-rooted linkages with nature and society. In recent years however, we have sought to strategically embed ESG considerations across all aspects of our strategy, processes and decision-making. This is underscored by our sense of responsibility as a leading corporate citizen in the country as well as our belief that the effective management of environmental and social will strengthen the resilience of our business.

ESG Integration: Ambition to Action

The Group adopts a four-step process to ESG integration, as illustrated below:

1. Align Purpose , Governance and Strategy	2. Targets and measurement	3. Innovation	4. Sustainability Focus
→ Alignment of purpose → Governance mechanisms → Strategy formulation	→ Formulation of environmental, social and governance targets → Data integrity and monitoring	→ Functional strategies → Sustainable innovation → People processes	→ Accountability and reporting strategy → Stakeholder engagement → Collaboration

ESG GOVERNANCE

The Board is the highest decision-making authority in the Group and has overall responsibility for formulating the Group's sustainability-related policies and goals and implementing the Group's ESG Framework. The Board has established an ESG Steering Committee in discharging its sustainability and ESG related duties during the year (refer page 123 of SLFRS S1 and S2 disclosures for further information on ESG Governance)

Board level oversight

Board of Directors
Receive quarterly updates on non-financial metrics, performance against ESG targets, SRROs and emerging external developments

ESG Steering Committee
Monitor the Group's quarterly non-financial metrics, SRROs, ongoing initiatives and recommends strategic interventions (Refer page 124 for further information)

Audit Committee
Review quarterly risk exposures as per the Group Risk Matrix, which includes SRRO-related factors

Management Committee oversight

Group Management Committee
Receive monthly updates from the Group ESG Division on emerging external developments, ESG initiatives, progress against targets and non-financial metrics

Leadership Team Oversight

Group ESG Division
Responsible for driving the Group's ESG Strategy and escalating relevant information to the Board and Sub-Committee

Sector ESG Champions
Drive Sector-level ESG strategy and initiatives aligned with the overall agenda of the Hayleys Group

Other functions
Collaboration with related functions including HR, Procurement and Digital Transformation among others

POLICY FRAMEWORK

The Group's ESG Roadmap, the Hayleys Lifecode includes a comprehensive suite of ESG policies across all material focus areas. The policies apply as a minimum standard across the Group and ensures a consistent approach in managing the Group's material ESG risks. During the year, several new governance-related policies were introduced while several were also reviewed and updated in line with the launch of the 2nd edition of the Hayleys Lifecode. A summary of the new policies and policies that were revised is given below;

Policies and Procedures	Revision during the year	Relevant material topic
Energy & Emissions Policy	• Included identification of physical and transitional climate-related risks • Emission reporting to be in line with both GHG Protocol and ISO 14064 (1)-2018 standard	• Energy consumption • Managing environmental impacts • Physical risks of climate change
Chemical Management Policy	• Refinement of targets focusing on chemical intensity and chemical safety	• Managing environmental and ecological impacts
Procurement Policy	• Strengthened contract and supplier management • Spend management • Digitalisation of source to pay processes • Sustainable procurement	• Managing environmental and ecological impacts • Managing environmental and social impacts across supply chain

Several key governance policies including the Corporate Governance Policy, Policy on Matters Relating to the Board of Directors, Group Remuneration Policy and Policy on Board Committees among others were added during the year, Refer to page 70 for further information.

ESG STRATEGY

The Group's ESG strategy is set out in the Hayleys Lifecode, the Group's holistic ESG Roadmap for 2030. Since the launch of the 1st edition in 2022, the Group has made significant progress in strategically integrating ESG considerations across the business. The Group is also largely on track to meet the 2030 targets, although progress in certain areas have remained below expectations.

The 2nd edition of the Hayleys Lifecode was unveiled during the year, providing an opportunity for the Group to take stock of the progress made to date and identify areas for further refinement and improvement in line with developments in both the internal and external operating landscape. Key revisions in the 2nd edition included the following:

→ **Definition of six long-term commitments:** These commitments reflect priority ESG areas for the Group, thereby providing clarity and coherence on the Group's ESG aspirations

→ **Policy refresh and update** (Refer to discussion on Policy Framework above)

→ **Revisions to targets:** Having assessed progress against the defined interim targets and in consideration of the Group's strategic agenda, stakeholder considerations and emerging risks and opportunities several targets were refined/revised in the 2nd edition of the Hayleys Lifecode.

→ **Launch of Lifecode Pledge:** A formal commitment made by every employee across the organisation to uphold the principles of sustainability, integrity, and social responsibility in daily actions

Launch of 2nd edition of Hayleys Lifecode

Strategic ESG Integration

Targets for 2030

Engaged team
100% coverage of anti-discriminatory training

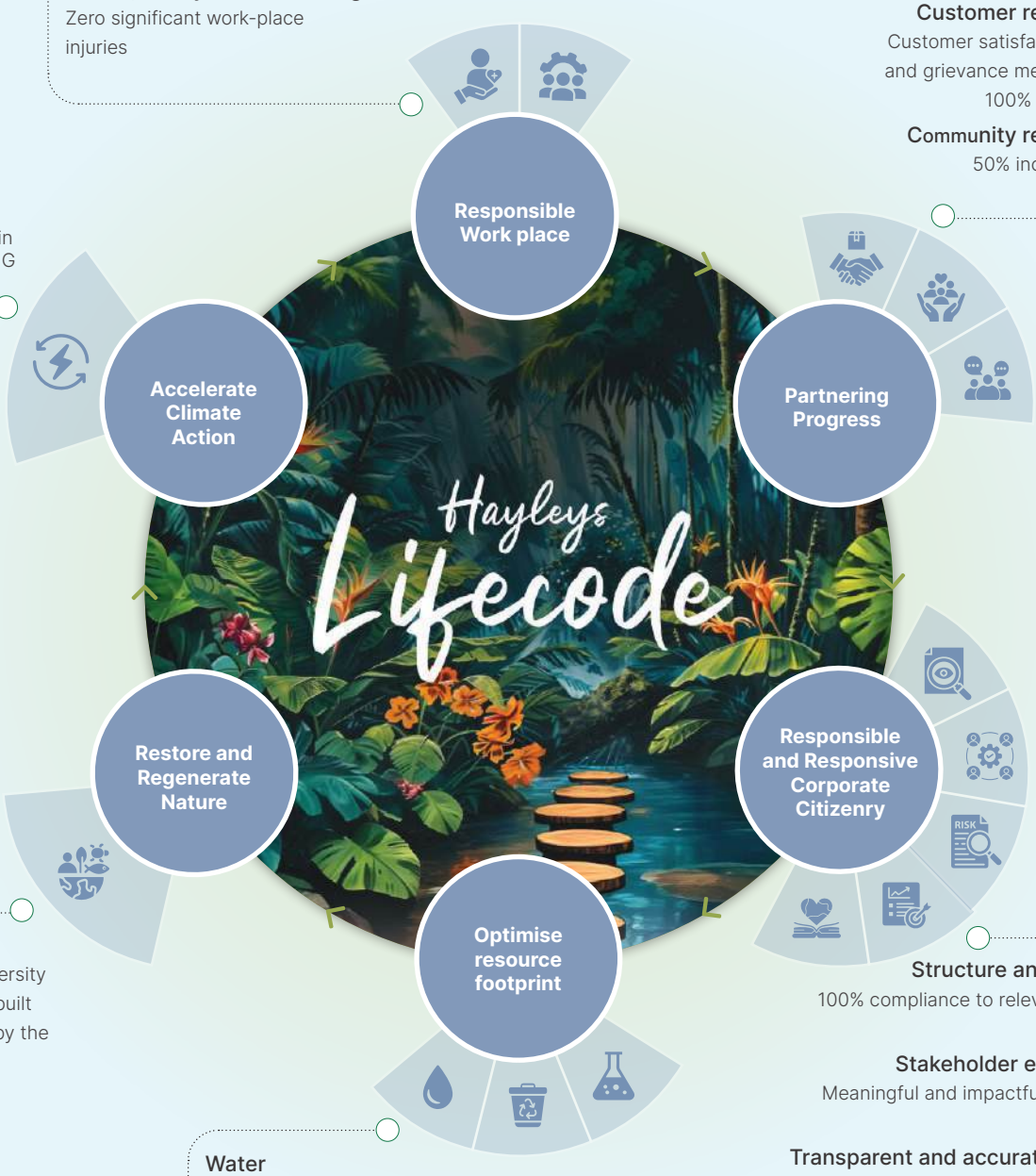
Health, safety and well-being
Zero significant work-place injuries

Supplier relationships
40% of suppliers screened for environmental and social criteria

Customer relationships
Customer satisfaction surveys and grievance mechanisms for 100% of operations

Community relationships
50% increase in CSR beneficiaries

Energy and emissions
30% reduction in Scope 1 & 2 GHG emissions



Biodiversity
Enhance biodiversity by 5 times the built area occupied by the Group

Structure and oversight
100% compliance to relevant laws and regulations

Stakeholder engagement
Meaningful and impactful stakeholder relationships

Transparent and accurate reporting
Internal and external reporting on ESG factors

ESG Risk management
Holistic process to identify, measure and mitigate ESG risks

Ethics and culture
Zero tolerance of bribery and corruption

Water
50% sustainable water sourcing

Materials and waste
40% of waste recycled

Chemicals
100% alignment with safe chemical management practices

TARGETS AND MEASUREMENTS

Monitoring metrics: Performance against the Lifecode targets as well as other social and environmental metrics are tracked through the Hayleys CUBE- the Group's sustainability information portal. The web-based system enables over 300 users across the Group's operating locations to submit relevant social and environmental information quarterly, which is aggregated and reported to the ESG Steering Committees at both Sector level and Group level.

Data integrity: In addition to controls built into the CUBE system, which includes multiple levels of approval and error flagging, the integrity of the non-financial information is ensured through third-party assurance on both the GHG inventory and Integrated Report/GRI.

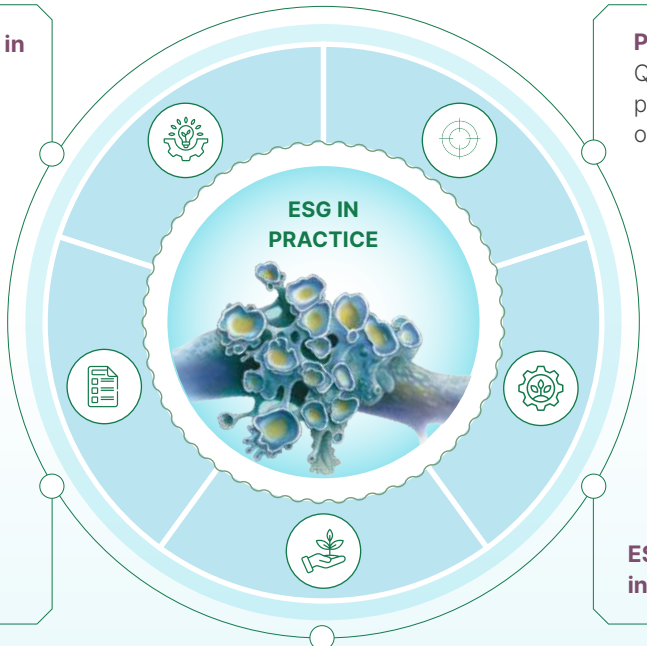
ESG IN PRACTICE

ESG is embedded across organisational processes and decision-making, as described furthermore in the Portfolio Reviews and Capital Management Report on pages 156 and 309 respectively. Key mechanisms of embedding ESG include the following

HAYLEYS SUSTAINABILITY PORTAL
PEOPLE | PLANET | PROFIT

> 300 Users
Nearly 60 Indicators tracked

Alignment to functional strategies in
- People management
- Procurement
- Engineering
- Product development
- Premises management



Performance monitoring
Quarterly monitoring of ESG performance trends and delivery of targets

Inclusion in corporate budgeting process

ESG aspects considered in key investment decisions

ESG risk assessment
ESG risk assessment integrated to overall risk management procedures

Strategic ESG Integration

PROGRESS AGAINST TARGETS

The following table demonstrates progress made against the targets set out in the Hayleys Lifecode. The baseline year for all targets are 2018/19 unless specifically mentioned otherwise. The table below represents a summary of the main targets, please refer to the Hayleys Lifecode for a full list of targets. Disclosures on targets are also aligned to the requirements of the Targets and Metrics pillar of SLFRS S1 and S2.

2030 target	Metric used	Baseline (2018/19)	Interim target	Performance tracking				Reference for analysis of performance
				2025	2024	2023	Status	
COMMITMENT: ACCELERATE CLIMATE ACTION								
90% sustainable and renewable energy	% reliance on sustainable and renewable energy	64%	3% annual increase	**74**	68%	67%		330
30% reduction in energy intensity	Energy consumption (GJ)/USD Revenue	2,934 GJ/USD Revenue	3% annual reduction	**3,997**	4,481	3,565		330
30% reduction in absolute Scope 1 & 2 GHG emissions (for operating boundary in 2018/19)	GHG emissions (tCO2e)	Scope 1: 46,472 tCO2e	6% annual reduction	**105,480**	98,717	106,108		328
4% annual linear reduction in Scope 1 & 2 GHG emissions for new entities		Scope 2: 55,647 tCO2e	6% annual reduction	**63,380**	63,706	73,594		328
	GHG emissions (tCO2e)	Scope 1 & 2: 16,927 (Baseline 2023/24)	4% annual reduction	**14,417**	16,116	-		-
COMMITMENT: RESTORE AND REGENERATE NATURE								
Increase biodiversity enhancing programmes to cover 5 times the built area	Trees planted		Annual increment of 50%	**134,391**	69,382	N/A		338
COMMITMENT: OPTIMISE RESOURCE FOOTPRINT								
50% sustainable water sourcing	Reliance on rainwater and recycled water as a % of total water withdrawal	10%	6% annual increase	**14**	16	14		333

2030 target	Metric used	Baseline (2018/19)	Interim target	Performance tracking				Reference for analysis of performance
				2025	2024	2023	Status	
30% reduction in water intensity	Water withdrawal (m3)/ USD Revenue	3,620 m3	3% annual reduction	**4,410**	5,097	5,030		333
40% of solid waste recycled	Solid waste recycled (MT)/ Solid waste (MT)	17% (2023/24)	5% annual increase	**18**	17	N/A		337
25% reduction in waste intensity	Total waste (MT)/ USD Revenue	60.30	4% annual reduction	**14**	15	14		337
COMMITMENT: RESPONSIBLE WORK PLACE								
Average 40 hours of training p/employee	Training hours p/employee, per/annum	5.31	Sector-specific annual KPIs	**11.43**	10.19	8.74		314
All employees to undergo training on anti-discrimination	% of employees covered through anti-discriminatory training	Nil	-	**>4,700 covered in 8 Sectors**	N/A	N/A		314
COMMITMENT: PARTNERING PROGRESS								
Customer satisfaction surveys covering 100% of operations	No. of sectors with formal satisfaction mechanisms	10	-	**10**	10	N/A		305
Increase CSR beneficiaries by 50%	No. of CSR beneficiaries	400,000	5% annual increase	**640,270**	707,580	997,089		306

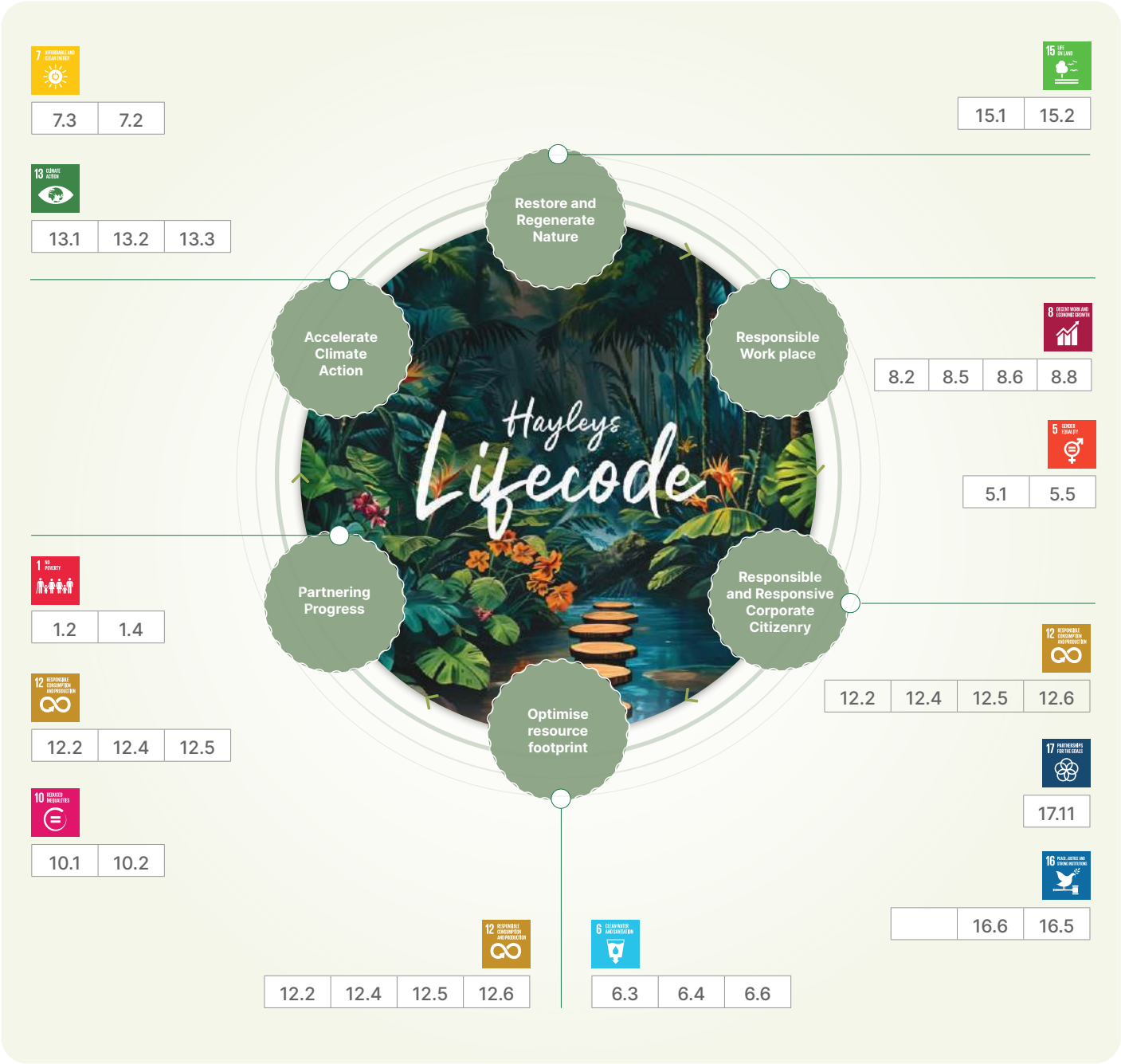
On-track: Likely to meet target

Ongoing focus: Continued progress required

Strategic ESG Integration

OUR CONTRIBUTION TO A MORE SUSTAINABLE WORLD

The focus areas and the targets of the Hayleys Lifecode are directly aligned to selected SDGs and targets thereby providing clearer focus and direction to our aspirations. Integration of the SDGs is also expected to fuel innovation and provide access to new market opportunities while building credibility among both internal and external stakeholders.



Risks & Opportunities

The Group's risk and opportunity landscape is shaped by the political, economic, social, technological and environmental context in which it operates. Sound risk management enables the Group to adapt to rapidly evolving operating conditions, supporting informed-decision making during volatile periods. The Group's operating landscape is increasingly dynamic, thereby underscoring the importance of a proactive and agile approach towards risk management, which can drive long-term value creation through building a more resilient operating model.

The global risk landscape during the year was dominated by geopolitical tensions and escalating conflicts, political shifts and instability, technological disruption and AI integration as well as natural catastrophes and climate change. On the domestic front, Sri Lanka's economy stabilised following critical structural and policy reforms although the medium to long-term growth is predicated on sustained structural reforms and successful debt restructuring.

APPROACH TO RISK MANAGEMENT

The Group's Enterprise Risk Management framework supports strategic and operational resilience as we pursue our strategic aspirations and deliver stakeholder value through economic cycles. The Group follows a bottom-up approach to identify, prioritise and mitigate risks- which is subject to quarterly review to ensure completeness, relevance, robustness of mitigating actions as well as Board oversight.

Risk Governance

The Board serves as the focal point for management of risk and is assisted by the Audit Committee in discharge of this duty. With the adoption of SLFRS S1 and S2 Sustainability Disclosure Standards, the ESG Steering Committee assists the Board in the management of SRROs. The diverse business sectors of the Group have high levels of autonomy in driving their businesses with Group governance structures playing a key role in harmonising policies, sharing best practice, guiding strategic direction, managing risks and optimising resource allocation across the Group as depicted below. The Group also adopts the three-lines of defense model (as illustrated below) which ensures effective segregation and discharge of duties.

1 1ST LINE OF DEFENSE

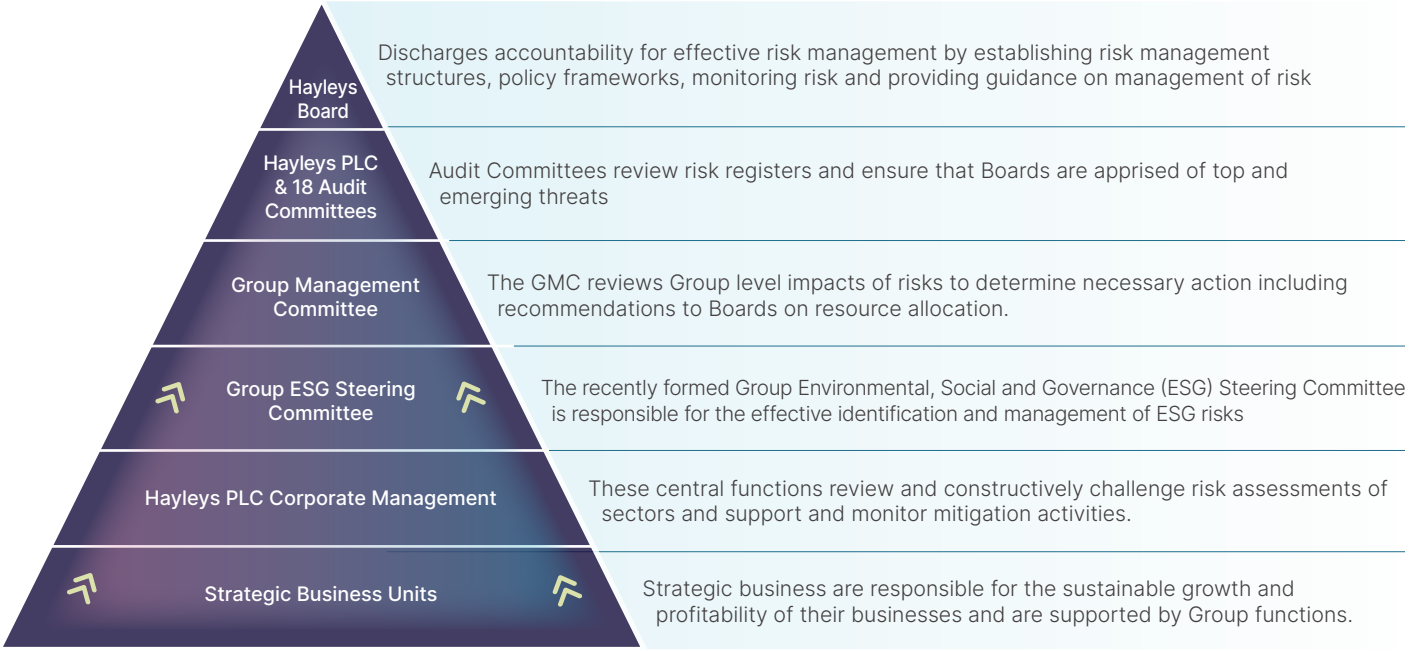
- Individual Businesses
- Risk Identification, Acceptance & Mitigation

2 2ND LINE OF DEFENSE

- Sector level Boards, Audit Committees and ESG Committees
- Risk Monitoring & Management

3 3RD LINE OF DEFENSE

- Hayleys PLC Board, Audit Committee and Group ESG Steering Committee
- Assurance and policy formulation



Risks & Opportunities

The Group adopts the COSO Framework in assessing potential risks which are ranked and prioritised based on impact and likelihood of occurrence. The risk management process is as follows;

Determining Material Aspects for Each Sector → Determining Materials Aspects for Group → Identifying risk indicators → Monitoring risk → Mitigating/ Managing Risk

WIDENING THE LENS OF RISK

As discussed in further detail on page 123, the adoption of SLFRS S1 and S2 Standards compelled the Group to widen its risk management lens to integrate the management of SRROs to its existing risk management processes.

A phased approach: As discussed last year, the Group is adopting a phased approach to the new sustainability disclosure standards. We are aware that truly embedding this new dimension to existing risk processes, controls and most importantly, the risk culture will require time. Following the identification of CRROs last year, this year the Group widened its lens to include the identification and management of SRROs across its operations.

Connectivity of risks: Sustainability risks are typically pervasive in nature, demonstrating interactions across other types of risks. By adopting a unitary risk framework which integrates ESG risk assessments with existing business risk processes, the Group seeks to better understand these interactions, thereby providing leadership with the insights required to embed sustainability considerations into strategic decision-making.

MANAGEMENT OF SRROS

→ **Roles and responsibilities:** The Group ESG Steering Committee is responsible for the management of sustainability and climate-related risks and opportunities CRROs including formulating response strategies and assessing progress against the Group's ESG roadmap (including the climate strategy).

HOW HAYLEYS VIEWS SRROS

INSIDE OUT

How external sustainability issues affect the Group's financial performance

OUTSIDE IN

The Group's impacts on the environment and society

→ Sector-level ESG Steering Committees were established during the year under review, facilitating more focused and systematic management of industry-specific SRROs and CRROs

→ **Risk identification:** Self-assessment of ESG risks and opportunities at Sector level through ESG risk templates

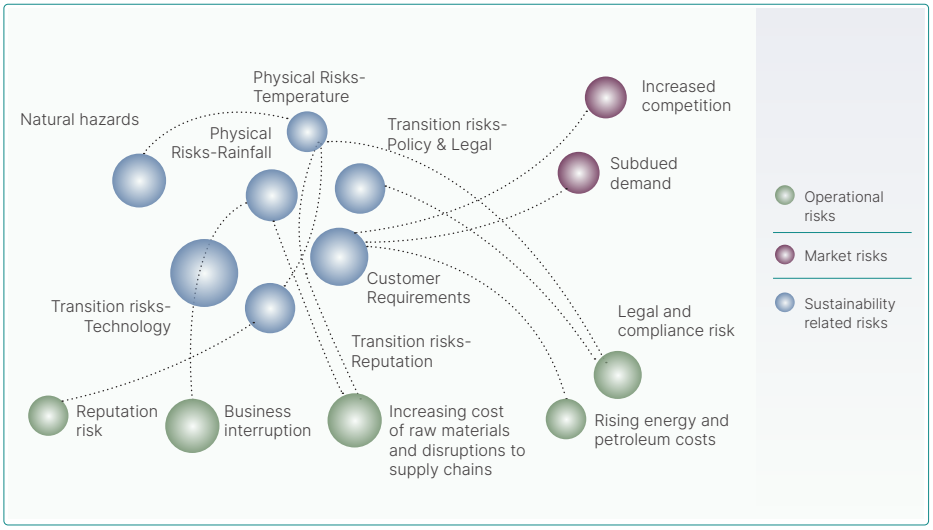
→ **Data inputs:** An array of operational data and non-financial performance indicators (based on reporting frameworks) which are monitored on a monthly basis

Further details relating to the Group's approach in managing SRROs are given on page 129 of this Report.

INTERACTION OF RISKS

The following infographic demonstrates the link between these strategic, operational and other risks and the climate-related risks identified above. The size of the circle represents the magnitude of the risk.

Connectivity between risks



INTEGRATED THINKING & EFFICIENT RESOURCE ALLOCATION

Several Hayleys PLC Centre functions monitor external developments and a variety of internal factors for early warning signs of threats and opportunities to align plans and ensure strategic relevance. The following functions come together at Group level to identify risks and opportunities and to mitigate them and manage them. The Group Management Committee plays a critical role as well, providing insights in to diverse areas of expertise, enabling early identification of potential risks, sometimes when it's just a whisper. The diagram below sets out the effective risk management structure of Hayleys Group, reflecting the evolving nature of this increasingly important function.

Department & Area of Focus

CORPORATE AFFAIRS UNIT

- Manages Group financial performance and resilience
- Monitor external landscape to identify emerging threats including impending regulations and other pressure points

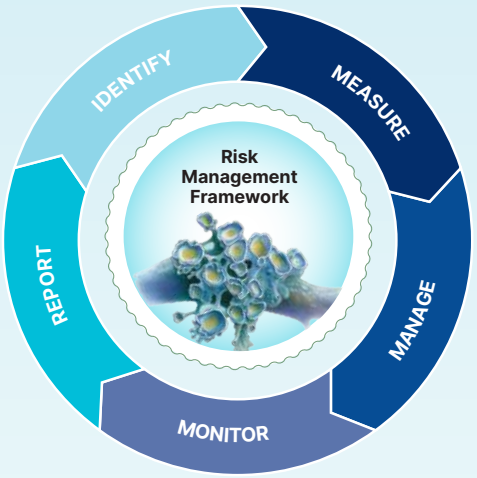
GROUP RISK AND INSURANCE DIVISION

- Formulation and negotiation of the Group's insurance programme
- Monitoring risk exposures across the Group

MANAGEMENT SYSTEM AUDIT & REVIEW DEPARTMENT (MSA&RD)

Manage risks at a strategic level whereas MSA&RD approach it primarily from a risk mitigation and management perspective

Responsible for collating risk registers, constructively challenging them and presenting to Group Management Committee, Audit Committee and Board



STRATEGIC BUSINESS DEVELOPMENT UNIT

- Monitoring the PESTEL factors to identify new opportunities as well as assess risks related to the opportunities
- Review risk from a portfolio perspective

P E S T E L

→ Political	→ Social	→ Environmental
→ Economic	→ Technological	→ Legal

GROUP TREASURY

- Management of Group liquidity including Foreign Exchange liquidity
- Managing Group funding including costs of funding

GROUP ESG

- Review and monitor non-financial indicators to identify areas of concern and opportunities to optimise resource allocation
- Monitor external sustainability landscape to identify emerging threats including impending regulations and evolving customer considerations

GROUP SOURCING

- Ensuring defined procurement procedures are carried out in line with the Group Procurement Policy
- Support Sectors in identifying, monitoring and managing risks across the supply chain

GROUP IT

- Responsible for safeguarding the digital infrastructure and information assets of the Group
- Surveillance to assess cyber threats
- Cybersecurity

Risks & Opportunities

TOP RISKS OF 2024/25

Market risks

ECONOMIC RISK						LIQUIDITY AND FINANCIAL STABILITY					
Impact	3	Likelihood	3	Risk rating FY 2024	9 9	Impact	3	Likelihood	3	Risk FY 2024	9 9
Strategic pillar	Portfolio optimisation/Customer centricity					**Strategic pillar**	Portfolio optimisation/Customer centricity				
Capitals impacted FC	Financial					**Capitals impacted** FC	Financial				
Material matters	Domestic and international government policy /macro-economic risk					**Material matters**	Domestic and international government policy /macro-economic risk				

Context and potential impact

While macro-economic conditions have stabilised, the recovery remains fragile with near term risks such as policy uncertainty, and insufficiently deep debt restructuring weighing down the overall outlook. These vulnerabilities could impact growth potential, cross border transactions and international business operations.

Mitigating actions

- Reduce dependency on domestic market through expanding export-orientation
- Maintain strong relationships with stakeholders, lobby groups and banks

Context and potential impact

Financial stress and impaired ability to meet future debt obligations and potential liquidity shortages in the Banking System and the Money Market could impact sector operations. Furthermore, a potential reduction in the Single Borrower Limit to 25% of the tier 1 capital by 2025 would further intensify the Group's liquidity risks

Mitigating actions

- Improve liquidity risk oversight by Board and GMC
- Derive Group synergies to manage borrowings
- Diversify funding sources through exploring non-banking and offshore opportunities

GEOPOLITICAL RISK						SUBDUED DEMAND					
Impact	3	Likelihood	2	Risk rating FY 2024	6 4	Impact	2	Likelihood	3	Risk FY 2024	6 6
Strategic pillar	Portfolio optimisation/Customer centricity					**Strategic pillar**	Portfolio optimisation				
Capitals impacted FC SC	Financial/ Social & Relationship					**Capitals impacted** FC SC	Financial/ Social & Relationship				
Material matters	Domestic and international government policy					**Material matters**	Macro-economic impacts Evolving customer requirements				

Context and potential impact

Implications of the global escalation in geopolitical tensions and geo economic confrontations such as tariffs, supply chain disruptions, rate volatility and demand fluctuations. During the year 53% of the Group's turnover was derived from exports; the recent trade tariffs are likely to affect several key sectors of the Group

Mitigating actions

- Pursuing increased diversification of export markets, particularly in non-traditional markets
- Focused growth in selected markets
- Value-added product propositions which are relatively price inelastic

Context and potential impact

Demand could be impacted by reduced disposable incomes, inflationary pressures and potential inventory build-up which can affect top line growth. Meanwhile, global economic vulnerabilities could lead to subdued demand in major export markets such as North America, UK, European region and Japan.

Mitigating actions

- Diversification across market and product categories
- Forward contracts with key buyers
- Focus on new customer acquisition
- Explore opportunities to establish distribution networks in key export markets

Operational risks

INCREASING COST OF RAW MATERIAL AND DISRUPTIONS TO SUPPLY CHAIN					
Impact	2	Likelihood	3	Risk rating FY 2024	6 6

Strategic pillar	Portfolio optimisation/Inclusive business models
Capitals impacted FC SC	Financial/ Social & Relationship
Material matters	Principal relationships/Operational efficiency and productivity/Domestic and international government policy

Context and potential impact

Escalating geo-economic confrontations and potential disruptions to supply chains could exert pressure on margins and challenge predictability and future planning.

Mitigating actions

- Proactive and daily monitoring of raw material pricing
- Raw material planning and effective inventory management
- Diversification of supply chains
- Building long-term relationships with suppliers through strategic initiatives

DATA PROTECTION AND CYBER SECURITY RISK					
Impact	3	Likelihood	2	Risk FY 2024	6 6

Strategic pillar	Customer centricity ESG integration
Capitals impacted SC IC	Social & Relationship/ Intellectual
Material matters	Technology and product innovations

Context and potential impact

Cyber-attacks or ransomware attacks and potential losses to confidential stakeholder data can lead to legal implications, financial loss and damage credibility and corporate reputation

Mitigating actions

- IT governance policies and structures in place
- Regular employee awareness on mitigating cybersecurity risks
- Robust Business Continuity Plan in place

HIGH STAFF TURNOVER AND EMPLOYEE RELATIONS					
Impact	2	Likelihood	3	Risk rating FY 2024	6 6

Strategic pillar	Nurturing inspired teams
Capitals impacted FC HC	Financial/Human
Material matters	Employee value proposition and well-being

Context and potential impact

While the prevalence of talent migration has slowed in comparison to the previous year, it still remains a key risk-underscoring the importance of continued investments in employees to ensure retention.

Mitigating actions

- Enhancing employee value proposition through an array of retention, welfare and development strategies
- Proactive and close engagement with employees to ensure that concerns are swiftly identified and addressed
- Maintain cordial relationships with employee unions

Risks & Opportunities

Sustainability-related risks

PHYSICAL RISKS OF CLIMATE CHANGE						TRANSITIONAL RISKS OF CLIMATE CHANGE					
Impact	3	Likelihood	2	Risk rating FY 2024	6 6	Impact	2	Likelihood	3	Risk FY 2024	6 6
Strategic pillar		Portfolio optimisation/ ESG integration				**Strategic pillar**		Portfolio optimisation/Inclusive business models/ESG integration			
Capitals impacted FC NC		Financial/ Natural				**Capitals impacted** FC SC		Financial/ Social & Relationship			
Material matters		Physical climate risks/ Climate change adaptation				**Material matters**		Evolving climate regulations, Evolving customer requirements			

Context and potential impact

As a Group which has extensive interests in plantations and agriculture as well as a high degree of reliance on agricultural input materials, the Group is directly exposed to physical impacts of climate change including fluctuations in rainfall and precipitation levels, rise in temperatures and increasingly erratic weather patterns

Mitigating actions

- Close monitoring of weather patterns and potential impacts
- Climate adaptation measures across sectors
- Strengthen environmental management systems through certifications

Context and potential impact

Key sectors in the Group are exposed to climate-related transition risks such as increasingly stringent environmental and emission regulations and energy policies

Mitigating actions

- Close engagement with customers on identifying and responding to sustainability-related demands
- Gradual transition to renewable energy sources
- Environmental targets centered on emission reductions, water consumption and waste management

WATER AVAILABILITY						ECOLOGICAL IMPACTS					
Impact	3	Likelihood	1	Risk rating FY 2024	3 6	Impact	2	Likelihood	3	Risk FY 2024	6
Strategic pillar		ESG integration				**Strategic pillar**		Customer centricity/Inclusive business models			
Capitals impacted FC NC		Financial/ Natural				**Capitals impacted** FC SC IC		Financial/ Social & Relationship / Intellectual capital			
Material matters		Managing environmental impacts				**Material matters**		Evolving customer requirements			

Context and potential impact

Implications of water scarcity on water-intensive sectors, deteriorating water quality conditions and risks relating to water discharge

Mitigating actions

- Increase reliance on sustainable water sourcing including rainwater and recycled waste water
- Ongoing efforts to increase water efficiency

Context and potential impact

Impacts of ocean and soil erosion, loss of biodiversity and changes to ecosystem balance which over the long-term can lead to increased overhead costs and impacts on the quality, quantity and pricing of agricultural raw materials

Mitigating actions

- Processes to identify impacts and dependencies of nature
- Incorporating principles of environmental sustainability, resource optimisation

Please refer to page 123 SLFRS S1 and S2 disclosures for further information

OPPORTUNITIES

While remaining strategically focused on navigating emerging risks, the Group seeks to leverage opportunities to pursue potential areas for growth and drive long-term value creation. These identified opportunities are a vital input into the strategic planning and budgeting cycle, and shape the Group's overall strategic aspirations. Key opportunities identified are summarised below from a portfolio perspective; the implications on each sector are discussed in further detail in the Sector Reviews on page 156 to 288 of this Report.

Strategic context and opportunities

PORTFOLIO OPTIMISATION

- Regional expansion and market diversification
- Business diversification
- Acquisitions

INCLUSIVE BUSINESS MODELS

- Expand presence along value chain
- Diversification of supply chains

NURTURING INSPIRED TEAMS

- Upskilling and learning platforms
- Mental health and employee well-being
- Talent pipeline & succession

STRATEGIC ESG INTEGRATION

- Energy transition
- Decarbonisation
- Sustainable innovation

CUSTOMER CENTRICITY

Expansion in value-added product and customer segments, Strengthen after sales services

Digitalisation

Strategic Pillar:
PORTFOLIO OPTIMISATION

Regional expansion and market diversification – The Group is actively pursuing regional opportunities across its key business lines, as it seeks to expand its geographical reach thereby building further resilience. Given geopolitical tensions and geo economic confrontations in recent months, the Group is also pursuing expansion in non-traditional markets such as Asia and Africa.

Acquisitions – The Group has a strong history of growth through acquisition and has a finely-honed team in place for the purpose with the expertise required. Major acquisitions such as Singer (Sri Lanka) PLC, Fentons, South Asia Textiles and Horana Plantations are key contributors to Group earnings, attesting to the effectiveness of the Group's acquisition strategy.

Business diversification – Strategic investments in complementary industry sectors and verticals enable the generation of long-term value through leveraging domain-specific knowledge and synergies.

Strategic Pillar:
CUSTOMER CENTRICITY

Expansion in value-added product segments and customers- Sectors are pursuing increased penetration of premium, value-added products segments with the aim of limiting vulnerabilities to price competition and

Risks & Opportunities

margin pressure. The Group is aptly positioned to drive growth in such niche segments given its expertise in R&D, human capabilities and reputation.

Strategic Pillar:
NURTURING INSPIRED TEAMS

Talent pipeline and succession – A strong talent pipeline supports our growth aspirations, enabling us to invest with confidence as a number of potential leaders remain eager for growth opportunities.

Upskilling and learning platforms- With the demand for future-ready skills growing, emphasis on continuous learning presents a significant opportunity for the Group. The Group is exploring the use of digital and AI-driven learning platforms which proactively address skills gaps, support career development, and enhance employee engagement.

Mental health and well-being- The focus on mental health and well-being presents a meaningful opportunity to foster a more engaged, satisfied and resilient workforce particularly given the increasing awareness on the impacts of stress, burnout and work-life balance. Structured and holistic well-being programmes can lead to increased productivity, improved morale and stronger loyalty, which can further enhance the Group's employer brand and emerge as a key differentiator in its HR proposition.

Strategic Pillar:
INCLUSIVE BUSINESS MODELS

Expand presence along value chain - The sectors have potential to widen their presence along the value chain through backward or forward integration, improving synergies, margins, stability of supply chains and market presence.

Diversification of supply chains – Increasing implications of climate change, geopolitical dynamics and technological shifts are disrupting global value chains, leading to increased volatility in raw material prices. Geographical diversification of supply chains, particularly for agricultural commodities presents a significant opportunity for the Group to secure its supply chains while also injecting value across a broader ecosystem of business partners.

Strategic Pillar:
STRATEGIC ESG INTEGRATION

Energy transition – The Group has a portfolio of investments in renewable energy and there are opportunities for investments in this sector in line with the country's long-term power generation plan. Additionally, the increasing cost of fuel and electricity will reduce payback periods of investments in alternative energy solutions at manufacturing locations, supporting investments in solar energy and other renewable and sustainable energy sources.

Sustainable Innovation– We innovate products with a purpose and work closely with customers to identify their needs to make them customer centric. It is a key opportunity that has propelled our growth and we will continue to invest in research and development to drive innovation. A number of our products are necessary to address issues such as water and air pollution and environmental degradation. We will continue to stay at the cutting edge of sustainable innovation to drive growth in our businesses.

Digitalisation – Digital transformation has been identified as a cross-cutting enabler which can drive the acceleration of all five strategic aspirations. The Group's digital roadmap centers on the key pillars of workflow automation, IoT driven digitisation, modernisation of applications and AI and machine learning with the aim of accelerating digital maturity across all sectors.

SLFRS S1 and S2 disclosures

ABOUT THE REPORT

This Report details the Hayleys Group's sustainability-related financial disclosures as set out in the SLFRS S1 and S2 Sustainability Disclosure (Standards). Having voluntarily adopted the Standards last year with climate-first transitional relief allowed for first-time adopters, this year the Group has sought to further improve its disclosures in line with its roadmap for full adoption detailed on page 531. While primarily of interest to providers of financial capital, the Report also includes information relevant to other stakeholders.

Disclosures on SRROs

During the review period the Group engaged in a holistic and organisation-wide assessment to identify the key SRROs that could reasonably be expected to affect its financial prospects. This process for identification is detailed on page 150 and included an evaluation of both external evidence as well as organisation-specific inputs such as managerial insights, historical information and stakeholder requirements among others. Accordingly, eight SRROs (including three CRROs) were identified as being significant to the Group on a consolidated level.

The identified SRROs together with the sources of guidance used to identify the relevant SRRO and the related material sustainability-related financial information is listed below.

Reference icon	SRROs	Sources of guidance in identifying SRROs	Sources of guidance in identifying disclosure requirements
CRRO 1	1. Climate-related physical risk: Rainfall	SLFRS S2	SLFRS S2
CRRO 2	2. Climate-related physical risk: Temperature	SLFRS S2	SLFRS S2
CRRO 3	3. Climate-related transition risk: Legal and policy implications	SLFRS S2	SLFRS S2
SRRO 1	4. Water availability	CDSB Application Guidance for Water-related Disclosures	CDSB Application Guidance for Water-related Disclosures SASB Standards
SRRO 2	5. Ecological impacts	CDSB Application Guidance for Nature-related Disclosures	CDSB Application Guidance for Nature- related Disclosures
SRRO 3	6. Escalating customer requirements on sustainability	Results from external market analysis and stakeholder engagement	Industry practice
SRRO 4	7. Environmental and social issues along supply chains	SASB Standards	SASB Standards GRI Standards
SRRO 5	8. Energy transition	Sri Lanka updated Nationally Determined Contributions - September 2021	SASB Standards

Refer Annexure 1: ESG Reporting Framework Index on page 531

Time horizons

Material information related to sustainability-related, risks and opportunities are assessed over the short, medium and long-term as defined below. As sustainability-related matters typically manifest over time, these topics warrant more forward-looking reporting. The Group's definitions of time horizons relating to SRROs as defined below, is used consistently across the Group's sustainability-related financial disclosures and is aligned with the planning horizons used for strategic decision making.

Time horizon	Definition
Short-term	Less than 1 year
Medium-term	1-5 years
Long-term	More than 5 years

Materiality

In line with the definition of materiality in the SLFRS Sustainability Disclosure Standards, the Group considers sustainability-related financial disclosures to be material if omitting , misstating or obscuring this information could reasonably be expected to influence decisions of primary users of financial reports. At the Hayleys Group level, this threshold is defined as above 0.5%-3% of PBT or 0.1%-1% of Revenue/ Total Assets. Qualitative judgement is also used in assessing materiality, following organisation-wide evaluations on potential implications

SLFRS S1 and S2 disclosures

Quantification of financial effects

In this year's Report, we have made progress in quantifying the financial impacts of CRROs on the short, medium and long-term financial performance. financial position or cash flows based on the reasonable and supportable information that is available at the reporting date without undue cost or effort However, quantifying the impacts of broader SRROs (which include social and governance impacts) remain challenging to correlate directly to financial performance, reflecting the limited availability of information, resource constraints and complexities in attributing performance variables to specific SRROs. We will adopt a phased approach in quantifying the financial impacts of all SRROs, as we gradually refine our quantification methodology and there is better clarity on the interoperability of SLFRS S1 and S2 with impact-based reporting standards.

Connected information

Cross referencing and the following navigation icons have been used across the Report to demonstrate links between,

Connections between the items to which the information relates (refer to page 123 for specific navigation icons for the 8 SRROs)

Connections within the sustainability-related financial disclosures

Connections between sustainability-related financial disclosures and other general-purpose financial reports

Refer to page 128 for detailed information on the quantification methodology

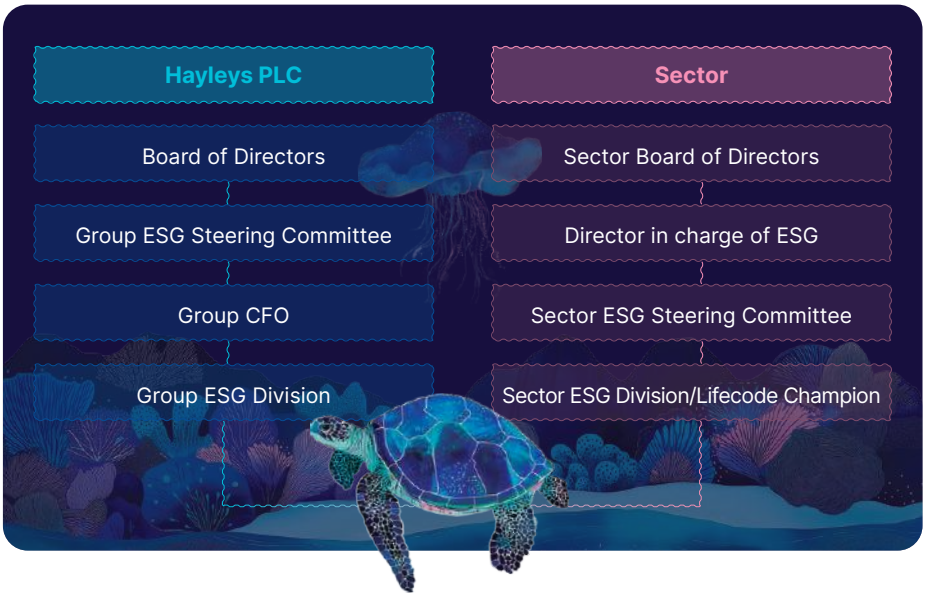
GOVERNANCE OF SRROS

Clearly-defined governance structures, committee mandates and regular reporting to the Board both at Group and Sector-level, ensure that there is Board oversight on the implementation of environmental, social and governance matters, including the effective management of SRROs.

Roles and responsibilities

ESG Steering Committees at both holding company and Sector-level enables the effective integration of sustainability-related matters to strategy, decision-making and risk management. The Group ESG Steering Committee (comprising 3 Executive Directors and 3 members of the Group Management Committee) assists the Board in the discharge of this responsibility through monitoring SRROs, formulating response strategies and assessing progress against the targets set out in the Group's ESG roadmap.

ESG Governance structure



Structure of disclosures

Governance	Strategy	Risk Management	Metrics and targets
Board's oversight of SRROs (Page 124)	SRROs that are expected to impact the organisation's prospects (Page 129)	Company's processes for identifying assessing and prioritising SRROs (Page 150)	Metrics used to measure and monitor each SRRO (Page 152)
Management's role in assessing and managing SRROs (Page 125)	Impact on strategy and decision-making Impact of SRROs on business model, value chain, strategy (Page 129-144)	Company's processes for managing SRROs (Page 151)	Targets and performance against targets (Page 112)
Sustainability skill profile (Page 126)	Impact of SRROs on financial position, financial performance and cash flows (Page 129-144)	Integration of SRROs risks to overall risk management process (Page 151)	
	Resilience of its strategy against climate-related risks & opportunities (Page 148)		

The Board holds apex responsibility for the effective implementation of the Group's ESG roadmap while ensuring that strategy is informed by and addresses key sustainability-related risks, opportunities and impacts. The Board is supported by the ESG Steering Committee and Audit Committee in the discharge of these duties, with each committee reflecting upon sustainability matters in different ways based on their committee mandates and responsibilities. The mandate of the Group and Sector-level ESG Steering Committees include (among others) providing oversight, monitoring and executing of Group and Sector-level SRROs.

	Board of Directors	Group and Sector ESG Steering Committees	Group and Sector Audit Committees
Roles and responsibilities in managing SRROs	→ Oversight on the implementation of the Group's ESG roadmap → Monitoring and review of SRROs → Review external communication on sustainability-related matters	→ Identification of SRROs and related impacts → Implementation of appropriate response measures → Monitoring performance of material ESG metrics against targets → Review and provide guidance on ESG related policies to the Board	→ Risk management scope of Audit Committee includes the management of SRROs with TOR revised to reflect the broader scope.
Frequency of reporting	Quarterly reporting of, → Group and sector-wise initiatives → Consolidated ESG performance against targets → Current and emerging SRROs	Quarterly reporting of, → Group and sector-wise initiatives → Consolidated ESG performance against targets → Current and emerging SRROs	Quarterly reporting of, → Sustainability-related risks and opportunities relevant scoring
Management's Role			
Group CFO	The Group CFO functions as the GMC Member responsible for driving ESG integration, and is a member of the Group ESG Steering Committee. Responsibilities include, review and monitoring of ESG performance against targets, allocating resources to drive the Group ESG agenda, monitoring the Group's SRRO landscape and oversight on the Group's sustainability reporting.		
Group ESG Division	The Group ESG Division is tasked with implementing the Group's ESG strategy (as articulated in the Hayleys Lifecode) while working closely with Sector Sustainability/ESG Divisions to identify emerging and current SRROs. This includes assessing the external landscape including regulatory and policy changes and collaborating across functions to drive ESG integration.		
Sector Sustainability/ ESG Divisions	Sector-level Sustainability/ESG champions drive their respective ESG roadmaps and are responsible for identifying Sector-level SRROs, which are reported to the respective ESG Committees and the Group ESG Division. Sector divisions recommend response strategies and are responsible for implementing sustainability initiatives in line with the overall ESG agenda.		

SLFRS S1 and S2 disclosures

SUSTAINABILITY EXPERTISE

When appointing directors, the expertise, skills, industry experience and competencies of each candidate are carefully evaluated to ensure alignment with the Group's vision, strategic aspirations, risks and opportunities. The Board also obtains assistance from internal or external subject experts with regards to emerging developments in sustainability if and when required.

Sustainability Departments—or at minimum, a dedicated Sustainability Champion—have been established in each sector as mandated by the Hayleys Group. Sector-level Management Committees are responsible for ensuring that the appropriate skills and competencies are available within each Sector with adequate investments directed towards training and development. The skill profile of the Group's Sustainability Departments are summarised below:

	Persons with undergraduate qualifications	Persons with postgraduate qualifications
Environmental Science and Environmental Management	12	8
Eco-business Management	3	2
Energy management and circular economy	1	2
Agriculture and agribusiness	29	9
Quality and food safety	31	18
Other	17	16

These skilled professionals represent 12 Sectors of the Group and they play a central role in escalating relevant ESG related issues, monitoring risks and opportunities and reporting performance against targets to the Sector-ESG Committees and Boards of Directors as relevant. Skill gap analysis was conducted to identify training needs to ensure development of required skills.

Alignment to strategy and decision-making

The following mechanisms have been implemented to facilitate the consideration of SRROs in the Group's strategy formulation and decision-making processes.

- → All planned initiatives which contribute towards achieving Sector-level ESG targets are presented to the Board as part of the Annual Budgeting and Corporate Planning exercise
- → ESG due-diligence criteria (which includes exposure to SRROs) are assessed when evaluating a merger/ acquisition
- → Sustainability-related risks are included in the Risk Matric which is tabled to the Sector and Group-level Audit Committees
- → Progress against relevant ESG targets are monitored continuously at both Sector and Group-level

STRATEGY

Our Context

Escalating environmental risks are reshaping global risk landscapes, with the World Economic Forum's Global Risk Report ranking four environmental risks among the most likely to trigger a material crisis worldwide over the next decade. These risks comprise extreme weather events, critical change to earth systems, biodiversity loss and ecosystem collapse and the shortage of natural resources. These risks are directly linked to climate change with the relationship between nature and climate receiving increasing attention. In its sixth assessment report, the Intergovernmental Panel on Climate Change (IPCC) reveals that human-induced global warming of 1.10 C has spurred changes to the Earth's climate that are unprecedented in recent human history.

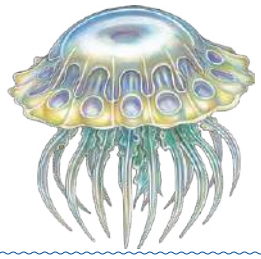
The Paris Agreement, signed into effect by 196 countries in 2015 represents the first-of-its kind legally binding international treaty on climate change, with the overarching aim of stemming the increase in global average temperature to below 20 C above pre-industrial levels. Centered on Nationally Determined Contributions (NDC) which represent country-specific commitments to reduce GHG emissions, actioning the Paris Agreement requires economic and social transformation together with significant technological advancements.

SRI LANKAN CONTEXT

Sri Lanka is highly vulnerable to climate change due to its unique and complex hydrological regime, high temperatures and extreme climate events. Implications of climate change such as temperature rise, variability in rainfall and sea-level rise affect almost all economic sectors of the country. Key environmental challenges affecting the country include the following; while all of these do not have a directly material impact on the Group, these conditions determine the overall climatic conditions of the country.

Temperature rise

Research indicates a trajectory of rising ambient air temperature across multiple locations. The warming trend is marked by more warm days and nights, fewer cold days, and rising mean daytime and nighttime temperatures, with nighttime minimum temperatures contributing more to overall warming



Projections

- → Average temperature increases by 3.20 c by 2090 based on RCP 8.5
- → Higher of warm days and nights
- → Growing number of dry days

Rainfall

While certain studies show that average rainfall has declined most researchers conclude that variability of rainfall has increased in Sri Lanka and current patterns of spatial distribution may be changing.

Extreme weather events

Intensity and frequency of extreme events relating to rainfall are increasing. These events have a direct correlation with floods, landslides and droughts.

Projections: Research suggests that all Asian countries could face an increase in the frequency of extreme river flows

Sea level rise

Sri Lanka is moderately vulnerable to slow onset sea-level rise impacts but has been identified as being highly vulnerable to the combined impacts of storm surge and sea-level rise.

Projections: Under RCP 8.5 Sri Lanka's sea level is expected to increase by 0.74 m in 2100

Water availability

Water resources in Sri Lanka are heavily dependent on rainfall and growing uncertainties of rainfall and rising demand from households, agriculture and industries could lead to serious issues in water scarcity. Studies predict adverse impacts on water resources due to changing patterns of rainfall, rising temperature and increased incidence of extreme events

Biodiversity loss

Sri Lanka's irreplaceable biodiversity is under severe threat due to extensive changes in land use, with a high proportion of endemic species threatened with extinction due to loss of habitat. The country has been identified as one of the 36 global biodiversity hotspots, due to high levels of endemism and extensive loss and degradation of natural ecosystems.

Sources: National Communication on Climate Change, Sri Lanka, Climate Risk Country Profile- Sri Lanka, National Adaptation Plan for Climate Change in Sri Lanka, National Biodiversity Strategic Action Plan

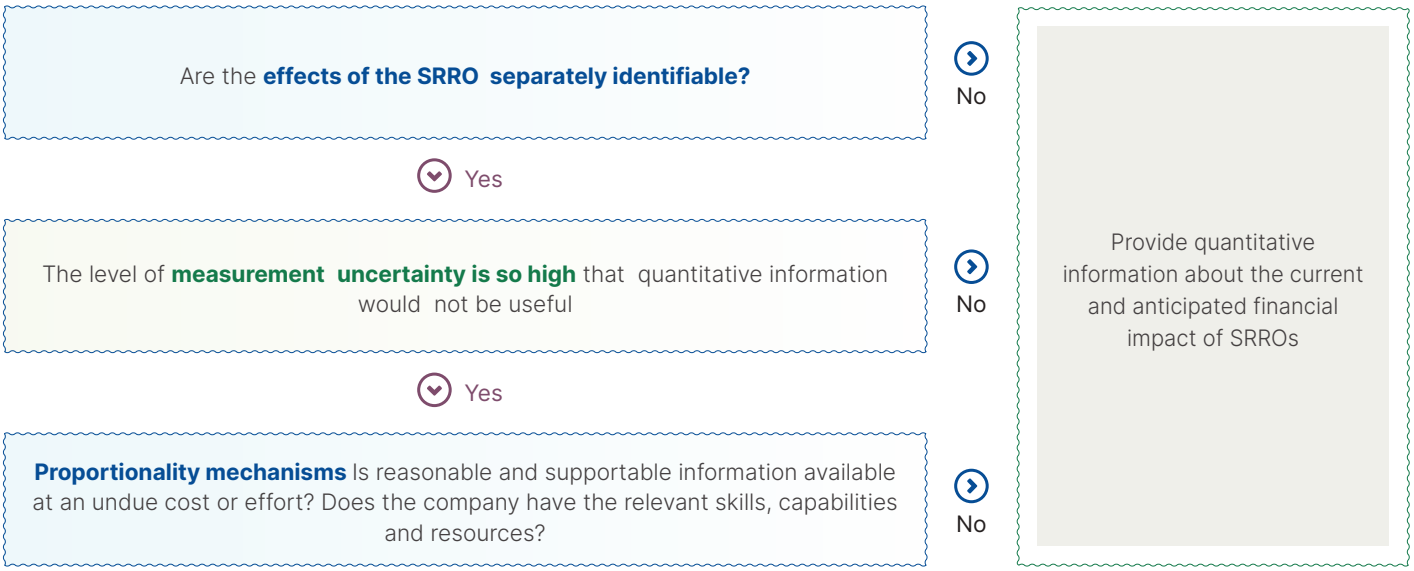
Net **zero emissions** by 2050

Phase out coal by 2042

14.5% reduction in GHG emissions by 2030

70% renewable power generation by 2030

SLFRS S1 and S2 disclosures



SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

As listed on page 124, the Group has identified 8 key SRROs that could potentially impact the Group's financial performance and value creation while informing its strategy. These SRROs related to a consolidated view of the Hayleys Group; further details on Sector-level risk exposures can be found in the respective Annual Reports.

QUANTIFICATION OF FINANCIAL EFFECTS

This year, the Group commences the quantification of financial effects in line with its SLFRS S1 & S2 roadmap for adoption. Given the current limitations in resources and capabilities across the Group as well as unavailability of national level data on certain areas, we have opted to quantify the impacts of three CRROs affecting the Group. We hope to further refine our methodology as we evolve our quantification processes over the next financial years. Quantifying potential financial impacts is challenging in the current absence of national-level data and a global, standardised calculation methodology.

In determining which SRROs to quantify, we adopted the following criteria and decision diagram;

QUANTIFICATION METHODOLOGY

Given the diversity and depth of the Group and the broad range of SRROs we face and their unique characteristics, we are unable to apply a standardised methodology for quantification across all risks. Therefore, the Group developed methodologies tailored to each type of risk, based on the availability of credible information both from internal and external sources. Our approach was as follows:

- → **Identification of SRROs** based on a qualitative assessment of potential vulnerability and impact. A bottoms-up approach was adopted in this risk identification with Sector-level risks being aggregated at Group-level. Multi-disciplinary teams across sectors were engaged in this exercise, contributing their expertise in business strategy, stakeholder requirements, environmental and social issues and risk management.

- → **Scenario selection:** In selecting the relevant scenarios we relied on credible, widely used sources including the IPCC, International Energy Authority (IEA) and national sources while ensuring that the scenarios were relevant to our organisation and business model as much as possible.

- → **Development of impact pathways:** Impact pathways provide a logical representation of how the identified SRROs impact financial performance through considering the implications on the business. This enabled understanding of how the different SRROs manifest, aiding the process of understanding the financial implications.

- → **Development of calculation pathways:** Inputs in formulating the calculation pathway were both company-sources historical data, forward-looking scenarios as well as external research from credible and reliable sources. While there were challenges associated with both data elements, we aimed to be transparent and reasonable with our assumptions, judgements and estimates.

- → **Assessing financial impacts:** We assessed potential financial impact on Financial Performance, Position and Cashflows. In addition to the implications of the SRROs, the

assessment also takes into consideration the investments required for response and resilience strategies. Impacts were classified into ranges of low, medium and high as set out alongside.

The following sections discuss the implications of each of our key SRROs based on the requirements of SLFRS S1 and S2.

Risk rating and corresponding financial impact ranges

	Low	Rs. 50 mn - Rs. 1.0 bn
	Medium	Rs. 1.0 bn - Rs. 5.0 bn
	High	Over Rs. 5.0 bn

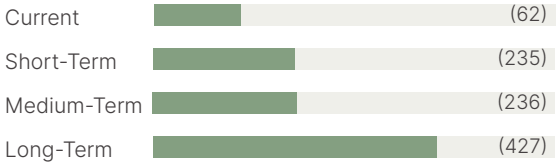
RAINFALL

There have been long-term changes in rainfall distribution in Sri Lanka including observable shifts of bio-modal monsoon patterns, rainfall intensities and extended dry periods. As a Group with interests in the plantation and agriculture sectors and reliance on biomass, fluctuations in rainfall patterns and precipitation presents a significant risk to the Group. The different pathways through which rainfall has an impact on the Group's financial performance and profile is illustrated below.

Rainfall-Summary of impact pathway

Outcome	Impacted sector	Business impact	Financial impact	Methodology
Impact on agricultural output-tea	Plantations (All 3 RPCs)	Impact on yield and crop Long-term changes in crop mix	Impact on Revenue Impact on Financial Position	Quantitative
Impact on agricultural output-rubber	Plantations (KVPL and Horana)	Impact on yield and crop Long-term changes in crop mix	Impact on Revenue Impact on Financial Position	Quantitative
Impact on energy sources (hydro/ solar/ biomass)	Hand Protection Purification Textiles Eco Solutions Industry Inputs, Power & Energy	Reduction in power generation	Impact on Gross Margin	Qualitative
Impact on customer demand through disposable income	Consumer & Retail Agriculture	Impacts on sales through reduced customer demand	Impact on Revenue	Qualitative

SLFRS S1 and S2 disclosures

Description	Impact
RAINFALL PREDICTIONS Climate predictions from credible sources indicate that Sri Lanka's average rainfall will increase under all selected climate scenarios, resulting in increased wet days and higher intensity of extreme rainfall events. Higher variability of rainfall adversely affects agro-ecological regions and resultantly the relevant crops. High intensity rainfall impacts harvesting, results in soil erosion and leads to heavy surface run-off in agricultural lands. Reduced rainfall leads to droughts and increase evapo-transpiration from soil and plants. Applicable time horizons: Short, medium and long-term **Sources of information** → Historical estate-level information on rainfall and yields → Peer-reviewed academic research → Sri Lanka's Climate Risk Profile → Climate Change Vulnerability Data Book → World Bank Climate Knowledge Portal **Connected information** Refer to page 152 for detailed disclosures on the Group's GHG emissions and targets Refer to page 145 for details on the Group's climate strategy	**IMPACT ON BUSINESS MODEL** • Implications on the quality, yield and quantities of selected agricultural crop including tea and rubber • Adverse implications on renewable power generation • Reduced efficiency of installed energy systems • Long-term changes in the crop mix **IMPACT ON VALUE CHAIN** • Adverse implications on productivity of labour force in the plantations and agriculture sectors • Cost implications due to increase in the price of firewood used as biomass **CURRENT AND ANTICIPATED FINANCIAL EFFECTS** **Revenue implications** • Output and price of plantation crops through reduced tapping days in rubber and shorter work hours in tea • Impact on sales in the Consumer and Agriculture sector where affordability and demand of farmers is linked to rainfall patterns • Implications on revenue due to fluctuations in solar power generation due to variability in rain fall **Cost implications** • Costs associated with fluctuations in the price of energy sources such as biomass • Expenses associated with repairing damaged infrastructure, increased insurance premiums **Financial position impacts** • Investments required in crop diversification **Quantification of impacts** Impact on Annual Revenue (Rs. mn) 

Targets and metrics

Metric description	24/25	Source of metric
Amount of assets vulnerable to climate-related physical risks (rainfall) rainfall risk	Rs. 10.38 bn	SLFRS S2 Standard
% of assets vulnerable to rainfall risks	2%	SLFRS S2 Standard

Strategic response

Plantations

- Crop & business diversification in the Plantations Sector with increased focus on non-traditional crops such as coffee & cinnamon
- Integrating climate adaptation plans into the overall strategic agenda of the Plantations Sector
- Geographical diversification of operations

Purification and Eco Solutions

- Broad-basing and geographically diversifying supplier base
- Geographical diversification of operations
- Backward integration with the aim of securing increased control over raw material procurement

Investment/Resource allocation plans

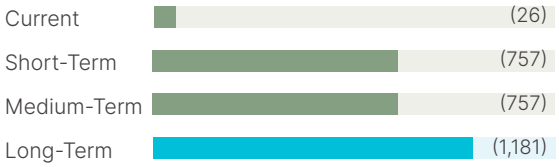
Action	Investment	Sources of funding
Diversification of crops	Rs. 233 mn	Internally generated
Investment in regenerative agriculture	Rs.744 mn	Internally generated and debt funded

TEMPERATURE

Sri Lanka experiences average temperatures of 28°C–29°C, with limited monthly variations. Temperatures are typically affected by altitude, with considerably lower temperatures experienced in the central mountain ranges. The country is estimated to have witnessed an increase of around 0.8°C during the 20th century, with an acceleration towards the end of the century (Sri Lanka Climate Risk Country Profile). Variations in temperature have multi-faceted impacts on the Hayleys Group, given its interests in the plantation and agriculture sector as well as reliance on natural resources across key business lines. The impact pathways related to temperature is represented below:

Outcome	Impacted sector	Business impact	Financial impact	Methodology
Impact on agricultural output-tea	Plantations	Impact on yield and crop	Impact on Revenue	Quantitative
Impact on agricultural output-rubber	Plantations (KVPL/Horana)	Impact of leaf fall and diseases on yield and crop	Impact on Revenue	Quantitative
Increased cooling load requirements	Transportation Others	Increased energy consumption to meet cooling requirements in warehouses and office buildings	Impacts on overhead costs	Qualitative
Higher-demand for cooling solutions due to rise in extreme heat days	Consumer & Retail	Increased sales of temperature-linked products	Impact on Revenue	Qualitative

SLFRS S1 and S2 disclosures

Description	Impact
TEMPERATURE PREDICTIONS Climate model ensembles predict that Sri Lanka's temperatures will increase from a minimum of 0.8°C to a maximum of 3.5°C based on the emission pathways. The rises in minimum temperature is expected to be faster than the rise in average temperature. The models also predict significant threat from extreme heat, with the number of days surpassing 35°C potentially increasing from a baseline of 20 days to more than 100 days by the 2090s under the high emission pathway. **Applicable time horizons:** Short, medium and long-term **Sources of information** → Sri Lanka's Climate Risk Profile → Historical estate-level information on temperature and yields → Peer-reviewed academic research → Climate Change Knowledge Portal **Connected information** Refer to page 145 for details on the Group's climate strategy	**IMPACT ON BUSINESS MODEL** • Implications on the quality, yield and quantities of tea production • Implications on yield of rubber due to leaf fall and disease outbreaks • Escalation in cooling load requirements in warehouses and office building • Opportunities in growing cooling solutions business **IMPACT ON VALUE CHAIN** • Adverse implications on productivity of labour force **CURRENT AND ANTICIPATED FINANCIAL EFFECTS** **Revenue implications** • Adverse impacts stemming from the fluctuations in the price and quantity of tea and rubber production • Positive impacts from increase in demand for cooling products such as air conditioners and fans **Cost implications** • Higher costs of coconut-based raw materials due to supply shortages • Increased cost stemming from higher cooling load requirements and resultant increase in energy consumption • Increased costs associated with reduced labour productivity, particularly in the Plantations Sector **Description of quantification** Impact on Annual Revenue (Rs. mn) 

Targets and metrics

Metric description	24/25	Source of metric
Amount of assets vulnerable to temperature-related risks	Rs. 10.38 bn	SLFRS S2 Standard
% of assets vulnerable to temperature-related risk	2%	SLFRS S2 Standard

STRATEGIC RESPONSE

Plantations

- Crop and business diversification in the Plantations Sector with focus on climate-resistant crops and varieties

All Sectors

- Investments in energy efficient-cooling technology

INVESTMENT/RESOURCE ALLOCATION PLANS

Action	Investment	Sources of funding
Diversification of crops	Rs. 233 mn	Internally generated

LEGAL & POLICY IMPLICATIONS

As a Group generating 53% of its Revenue through exports, the Group is exposed to transition risks stemming from shifts in the regulatory and policy landscape pertaining to sustainability and climate mitigation, particularly from the European region. Over the medium term, organisations operating in Sri Lanka can also be expected to be impacted by national policy developments as per the country's Net Zero Roadmap and NDC Implementation Roadmap (2021-2030). Key sustainability-related regulations and policies and the potential impact on the Group are summarised below.

Regulations/ Policies	Impacted Sector	Requirement/ Business impact	Financial impact	Methodology
European Deforestation Regulation (EUDR)	Hand Protection	Exporters to EU are required to demonstrate that natural latex sourced does not contribute to deforestation and provide geolocation submission data	Increased cost of compliance	Quantitative
Carbon Border Adjustment Mechanism (CBAM)	Construction Materials	Carbon price on Aluminium goods exported to the EU to prevent carbon leakage Importers required to purchase CBAM certificates to offset emissions from January 2026	Increased cost arising from carbon tax	Qualitative
Regulations from the International Maritime Organisation	Transportation & Logistics	-Guidelines for reducing black carbon emissions will require shipping companies to use cleaner fuels -International Code of Safety for Ships Using Gaseous Fuels (IGF) will require vessels in the Asian trade routes to rely more on low-carbon fuels	Investments relating to exploring opportunities in low-carbon fuel	Qualitative
Corporate Sustainability Due Diligence Directive (CSDDD)	All Sectors supplying to the EU	EU companies and non-EU companies with significant EU turnover are required to conduct due diligence along their supply chains, including Sri Lankan suppliers	Investments in environmental and human rights due diligence systems	Qualitative

SLFRS S1 and S2 disclosures

Regulations/ Policies	Impacted Sector	Requirement/ Business impact	Financial impact	Methodology
Sri Lanka NDC Implementation Roadmap (2021-2030) and Net Zero Roadmap and Synthesis Plan	All Sectors	Sri Lanka plans to generate 70% of its electricity consumption through renewable sources, which is likely have an impact on fossil-fuel base energy prices Opportunities created by the country's energy transition to achieve its NDCs	Impact on costs and increased revenue potential	Qualitative
Requirements of the Central Environment Authority	Sectors which require the Environmental Protection License (EPL)	EPL requirements range from responsible waste disposal to emission management and noise pollution	Cost of compliance	Qualitative

Description	Impact
POLICY AND LEGAL IMPLICATIONS Key areas of impact stemming from emerging regulations relating to sustainability include supply chain due diligence, human rights and climate change mitigation among others. While implications are unlikely to arise in the short-term, Group entities (particularly those with exposure to the EU market) have commenced preparatory work to ensure timely compliance of regulations. **TIME HORIZONS** Medium to long-term **SOURCES OF INFORMATION** • Official Journal of the European Union • European Commission • Central Environmental Authority	**IMPACT ON BUSINESS MODEL** • Implications on price competitiveness of Aluminium exports to the EU • Opportunity for Plantation Sector to command premium pricing in rubber upon obtaining the EUDR compliance certification • Increased investments in renewable energy will be required to contribute to Sri Lanka's climate commitments • Opportunities in securing large scale renewable energy projects • Latex suppliers will be required to comply with the requirements of EUDR, necessitating investments in training and capacity building in the Hand Protection Sector • Due diligence required across supply chains connected to EU **CURRENT AND ANTICIPATED FINANCIAL EFFECTS** **Revenue implications** • Negative revenue impacts stemming from potential delays in meeting regulatory requirements from EU • Upside revenue potential for sectors such as Hayleys Aventura Power and Energy due to the country's transition to renewable energy sources

Description	Impact
CONNECTED INFORMATION Icon 2: Refer to page 156 to 288 -Portfolio Reviews for details on industry-specific regulations	**Cost implications** • Increased costs of partnering with latex suppliers to conform to EUDR requirements and • Increased cost of sales and overhead expenses due to carbon taxation • Increased cost of compliance with local CEA regulations • Potential investments required in retrofitting vessels and transitioning to low-carbon fuels in the Transportation & Logistics Sector **Financial position impacts** • Impairment or write-off of existing assets due to regulatory pressure

STRATEGIC RESPONSE

- Establishing processes to achieve compliance for EUDR and CBAM by the Hand Protection and Construction Material Sectors respectively

INVESTMENT/RESOURCE ALLOCATION PLANS

Action	Anticipated Investment	Sources of funding
Investments in geo-mapping, supplier capacity building on EUDR by Hand Protection Sector	Rs.3.5 mn	Internally generated
50MW wind power project contracted to Hayleys Fentons	Rs. 42 bn	Debt funding and internally generated funds
Planned investments in renewable energy	Rs. 300 Mn- Rs. 400 Mn	Debt funding and internally generated funds

SLFRS S1 and S2 disclosures

WATER AVAILABILITY

The world is facing an unprecedented water crisis, with global freshwater demand predicted to exceed supply by 40% by 2030. Meanwhile, the World Resource Institute's Aqueduct Analysis for 2024 ranks Sri Lanka as 'medium to high' levels of water stress. As a Group which has several water-intensive manufacturing processes, limitations in the quantity and quality of available water can significantly impact our operations as illustrated below;

Outcome	Impacted sector	Business impact	Financial impact	Methodology
Limitations in quantity of water available	Hand Protection	Required to purchase water, typically at a higher cost	Increase in overhead costs with water purchased externally typically costing 3 times more than other sources	Qualitative
	Textiles			
Limitations in quantity of water available	Purification	Required to shift to other sources of water	Increase in the cost of sourcing water	Qualitative
	Textiles	Increased salt water intrusion and its potential impact on hardness of water	Increased costs incurred for water treatment	Qualitative

Description	Impact
WATER AVAILABILITY The Group consumes approximately 7.29 m3 mn of water annually. Fluctuations and limited availability in water supply stemming from the country's water scarcity and increased industrial demand can insert significant pressure, particularly on Sectors such as Textiles and Hand Protection which are relatively water-intensive. **TIME HORIZONS** Short, medium and long-term **SOURCES OF INFORMATION** • WRI Aqueduct Analysis	**IMPACT ON BUSINESS MODEL** • Operational disruptions for water-intensive sectors • Changes in the mix of water withdrawal sources requiring potential diversification of water sources • Shifting customer preference to water efficient products and technologies **IMPACT ON VALUE CHAIN** • Supply chain disruptions, particularly in Sectors relying on agricultural raw materials • Potential increase in regulatory stringency relating to water resources • Implications on employee productivity and well-being **CURRENT AND ANTICIPATED FINANCIAL EFFECTS** **Revenue implications** • Reduced revenues due to disruptions or reductions in production due to inadequate water • Potential revenue impact from increased pressure from customers who demand water targets and disclosure of performance against targets

Description	Impact
CONNECTED INFORMATION Page 326 in Natural Capital Report- Discussion on governance, policies and processes related to water management	**Cost implications** • Increased costs of procuring alternative water supplies in water-intensive sectors • Potential costs arising from community perceptions on water usage and negative media coverage **Financial position impacts** • Investments required in rainwater harvesting and water recycling • Investments required in R&D relating to development of water-efficient products and services and water-risk mitigation

TARGETS AND METRICS

Metric description	24/25	Source of metric	Source of metric
Total water withdrawn	7.29 m3 mn	N/A	GRI Standards (2021)
Withdrawal from areas with high water stress	Nil	N/A	GRI Standards (2021) SASB Standards
Water intensity	4,410 m3 / USD mn	30% reduction	Internally developed Lifecode target
Sustainable water sourcing	14%	50% by 2030	Internally developed Lifecode target

STRATEGIC RESPONSE

- Increased investments in rainwater harvesting and water recycling
- Improve monitoring of water withdrawal and consumption
- Water efficiency drives to increase optimisation of water resources
- Nurturing a culture of water consciousness

INVESTMENT/RESOURCE ALLOCATION PLANS

Action	Anticipated Investment	Sources of funding
Increase water-recycling through upgrading treatment plants	Rs. 5 Mn	Internally generated
Investments in sustainable water sources including rainwater	Rs. 9 Mn – Rs. 11 Mn	Internally generated

ECOLOGICAL IMPACTS

Biodiversity is critical for preserving the integrity of ecosystems through providing essential resources including resilience to floods and droughts as well as supporting fundamental processes such as water cycles and soil formation. The unprecedented loss of biodiversity and implications on ecosystems have the potential to disrupt the stability of economies and societies, with more than 50% of global gross GDP being moderately or highly dependent on nature and the goods and services it provides. Given the diversity of its businesses, the Group has numerous dependencies and impacts on biodiversity, of which the key impacts and issues are illustrated below:

SLFRS S1 and S2 disclosures

Outcome	Impacted sector	Business impact	Financial impact	Methodology
Soil erosion and degradation	Plantations	Impact on yield and quality of plantation crops	Revenue	Quantitative
Coastal erosion and sea-level rise	Leisure	Requires expenditure on preventing potential adverse impacts	Overhead costs CAPEX	Quantitative
Ecosystem imbalances	Plantations Agriculture	Increased pest attacks and adverse implications on yield	Revenue Overhead costs	Quantitative
Physical damage to assets from flood risk	Eco Solutions and Plantations which operate in areas with high exposure to floods	Damage to buildings and other infrastructure	Impairments Replacement costs CAPEX	Quantitative

Description	Impact
ECOLOGICAL IMPACTS Sri Lanka's location, topography and climate have shaped its unique biodiversity which includes a remarkably high level of endemism. However, the country's biodiversity is under severe threat due to anthropogenic land use resulting in extensive degradation of natural ecosystems with the country being identified as one of the 36 global biodiversity hotspots. **TIME HORIZONS** Short, medium and long-term	**IMPACT ON BUSINESS MODEL** • Potential disruption to operations at Amaya Kudarah and Amaya Beach which are vulnerable to sea-level rise and erosion • Impacts on yield and quality of plantation crops including flavour profile in teas due to poor soil quality • Physical damage to assets stemming from landslide and flood risks, particularly in the Eco Solutions and Plantations Sectors which operate in areas of high flood risk **IMPACT ON VALUE CHAIN** • Disruptions along agriculture-based value chains • Increased cost of compliance along value chain **CURRENT AND ANTICIPATED FINANCIAL EFFECTS** **Revenue implications** • Loss of Revenue due to potential closure of operations in sea-side resorts and reduced attractiveness of destination • Revenue implications stemming from reduced yields and crop of plantation crops

Description	Impact
SOURCES OF INFORMATION • Sri Lanka Biodiversity Profile • Disaster Management Centre of Sri Lanka • Peer-reviewed academic research **CONNECTED INFORMATION** Page 326 in Natural Capital Report- Discussion on governance, policies and processes related to biodiversity impacts	**Cost implications** • Regular expenditure incurred by the Leisure Sector in construction of sea walls, preventative measures against erosion and beach cleaning due to coral breaking • Costs associated with soil correction in the Plantation Sector • Increased natural hazard costs including damages resulting from floods etc. **Financial position impacts** • Long-term investments in coral-reef restoration • Increased capital expenditure due to adaptation

TARGETS AND METRICS

Metric description	24/25	Source of metric	Source of metric
Trees planted	134,391	Hayleys Lifecode	Internally developed

STRATEGIC RESPONSE

- Numerous Sector and Group initiatives for biodiversity restoration including tree planting, mangrove restoration and preservation of river bed
- Establishment of Leopard and biodiversity corridors in the Plantation Sector
- Mitigating action to prevent further erosion of sea wall including construction of sea wall, coral reef restoration and beach cleaning
- Soil correction and nourishment in Plantation Sector

INVESTMENT/RESOURCE ALLOCATION PLANS

Action	Anticipated Investment	Sources of funding
Ecosystem preservation (including species protection) and mangrove restoration	Rs. 15 Mn – Rs. 18 Mn	Internally generated

ESCALATING CUSTOMER REQUIREMENTS ON SUSTAINABILITY

As an export-oriented Group with significant exposure to the EU, several of our key sectors are facing increasing pressure from customers on environmental and social sustainability requirements. This has led to notable shifts in demand dynamics with climate and human rights consideration featuring prominently in decision-making. The impact pathways relating to these requirements are summarised below:

SLFRS S1 and S2 disclosures

Outcome	Impacted sector	Business impact	Financial impact	Methodology
Environmental requirements	Textiles Hand Protection Purification	Requirements for emission reduction	Increased overhead costs and CAPEX Positive implications on Revenue	Qualitative
		Safe chemical management practices		Qualitative
		Focus on water preservation		Qualitative
Social requirements	Textiles Hand Protection Purification	Increased requirements on supply chain due diligence including human rights, working conditions etc	Overhead costs Positive implications on Revenue	Qualitative
Product requirements	Hand Protection Purification Tea Exports	Requirements for lifecycle analysis, certifications and product-level carbon footprint etc.	Overhead costs Positive implications on Revenue	Qualitative

Description	Impact
CUSTOMER REQUIREMENTS ON SUSTAINABILITY Key customer requirements (particularly from the EU region) include reducing lifecycle impacts of products, fulfilling emission targets and chemical safety. Social priorities include preservation of human rights, fair wages and labour rights across supply chains and community empowerment among others. Key Sectors of the Group currently facing these escalating concerns include Textiles, Hand Protection, Purification and Tea Exports	**IMPACT ON BUSINESS MODEL** • Repurposing existing technology and reformulating products to drive sustainable innovation • Requirements to drive improved environmental performance including energy efficiency, emission reduction, waste management and responsible water consumption • Increase reliance on renewable energy in line with emission reduction targets **IMPACT ON VALUE CHAIN** • Due diligence across supply chains to ensure environmental and social compliance • Requirements to reduce Scope 3 emissions stemming from the value chain

Description	Impact
TIME HORIZONS Short, medium and long-term **SOURCES OF INFORMATION** Engagement with customer-facing teams across Sectors **CONNECTED INFORMATION** Page 156 to 288 - Discussion on specific social issues along supply chains	**CURRENT AND ANTICIPATED FINANCIAL EFFECTS** **Revenue implications** • Opportunity to access new markets with sustainable propositions • Potential loss of revenue stemming from the inability to meet emerging customer requirements **Cost implications** • Costs pertaining to obtaining environmental and social certifications • Increased cost of impact measurement and reporting • Costs of training and upskilling employees on relevant areas **Financial position impacts** • Investments required to drive long-term emission reductions including alternative fuel usage, repurposing machinery and infrastructure upgrades among others

TARGETS AND METRICS

Metric description	24/25	Target (2030)	Source of metric
Share of revenue from sustainable products (%)	New metric	30%	Internally developed Lifecode target

STRATEGIC RESPONSE

- Commitment to environmental and social targets across the Group through the Hayleys Lifecode and sector-specific roadmaps. Several Sectors within the Group have also committed to the Science-based-targets-initiative (SBTI)
- Ongoing compliance to an array of international and local ESG related certifications
- Roll-out of sustainable procurement program across the Group to strengthen environmental and social screening of suppliers

INVESTMENT/RESOURCE ALLOCATION PLANS

Action	Anticipated Investment	Sources of funding
Lifecycle product analysis -Hand Protection and Construction Materials Sector	Rs. 7 mn	Internally generated
Investments in supplier due diligence (long-term)	Rs. 11 mn to Rs. 15 mn	Internally generated

ENVIRONMENTAL AND SOCIAL ISSUES ALONG SUPPLY CHAIN

Escalating environmental issues as well as emphasis on social well-being have continued to impact global value chains and organisations that are connected to these networks. As regulatory pressures tighten and consumer expectations shift towards ethical products, organisations must adopt more transparent and responsible sourcing practices which ensure environmental and social risks are mitigated across supply chains.

SLFRS S1 and S2 disclosures

Outcome	Impacted sector	Business impact	Financial impact	Methodology
Human rights issues across supply chains	Hand Protection Purification Textiles	Requirement for screening and due diligence of suppliers	Overhead costs	Qualitative
Requirement for sustainable biomass	Textiles Purification	Volatility in raw material prices	Revenue implications Cost of sales/ Overhead costs Financial position	Qualitative
Environmental impacts on raw materials	Purification Eco Solutions	Impacts on quality, quantity and price of coconut shells and fibre	Impacts on gross margin	Qualitative
	Hand Protection	Impacts on quality, quantity and price of natural latex	Impacts on gross margin	Qualitative
	Textiles	Impacts on quality, quantity and price of cotton	Impacts on gross margin	Qualitative

Description	Impact
ENVIRONMENTAL AND SOCIAL ISSUES ALONG SUPPLY CHAIN As a Group which relies significantly on agricultural raw materials, weather-related vagaries have a significant and direct impact on the availability and pricing of raw materials. Meanwhile, there is increased emphasis by buyers on sustainable biomass, which is currently challenging to source within the Sri Lanka given the fragmented and informal nature of the biomass industry. **APPLICABLE TIME HORIZONS:** Short, medium and long-term	**IMPACT ON BUSINESS MODEL** • Disruptions to operations stemming from shortages in raw material (i.e impact of coconut-shell shortage in the Purification Sector) • Requirement to pursue supplier diversification and backward integration **IMPACT ON VALUE CHAIN** • Requirement to establish supplier screening and due diligence along supply chains • Adverse impacts on the continuity of supply, quality and pricing of agricultural inputs including coconut shells and natural latex • Impacts on the cost, quality and availability of agricultural raw materials such as coconut shell and fibre

Description	Impact
CONNECTED INFORMATION Refer to page 156 to 288 -Portfolio Reviews for Sector-specific information on supply chain sustainability issues	**CURRENT AND ANTICIPATED FINANCIAL EFFECTS** **Revenue implications** • Revenue implications due to operational disruptions stemming from raw material sourcing issues **Cost implications** • Cost and margin implications associated with fluctuations in agriculture-based input materials • Higher costs associated with sourcing sustainable biomass and developing suppliers **Financial position impacts** • Future investments in ensuring sustainable biomass through Group synergies • Investments in backward integration

TARGETS AND METRICS

Metric description	24/25	Target (2030)	Source of metric
Reliance on sustainable biomass (%)	60%	100%	Internally developed Hayleys Lifecode target
Social and environmental screening of suppliers (%)	Implemented with the new Procurement Policy	40%	Internally developed Hayleys Lifecode target

STRATEGIC RESPONSE

Purification and Eco Solutions

- Geographical diversification of operations
- Broad-basing and geographically diversifying supplier base
- Backward integration with the aim of securing increased control over raw material procurement

Hand Protection

- Roll-out of sustainable procurement plan which includes environmental and social screening

INVESTMENT/RESOURCE ALLOCATION PLANS

Action	Anticipated Investment	Sources of funding
Investments in supplier due diligence (long-term)	Rs. 11 Mn to Rs. 15 Mn	Internally generated
Supplier diversification and backward integration (in Sectors relying coconut-based raw materials)	Rs.600 mn (new fibre extraction plant)	Internally generated and debt-funded

ENERGY TRANSITION

The upside potential presented by the global transition to a low-carbon economy presents the most significant sustainability-related opportunity to the Group. This opportunity arises primarily through Hayleys Fentons which is a leader in the country's renewable energy sector and the Purification Sector- which manufactures solutions for energy storage applications.

SLFRS S1 and S2 disclosures

Description	Impact
ENERGY TRANSITION Realising Sri Lanka's NDC commitments and Net-Zero aspirations will require significant investments in renewable energy, with the country targeting a 70% reliance on renewable electricity by 2030. Meanwhile, the global transition also presents opportunities by offering upside potential in industries driving the move to alternative and green energy sources. **Applicable time horizons:** Medium and long-term **Connected information** Refer to page 156 to 288 -Portfolio Reviews for Sector-specific information IRefer to page 331 for information on financial contributions from relevant Sectors	**IMPACT ON BUSINESS MODEL** • R&D and new product development in energy storage solutions by the Purification Sector • Drive further investments in both rooftop solar PV installations as well as large-scale wind and solar projects by Hayleys Fentons **CURRENT AND ANTICIPATED FINANCIAL EFFECTS** **Revenue implications** • Upside Revenue potential from new renewable energy projects and energy storage solutions **Financial position impacts** • Debt funding will be required to fund Hayleys Fenton's latest 50MW wind power project, which was awarded to the Company recently • Research and development expenditure in the Purification Sector

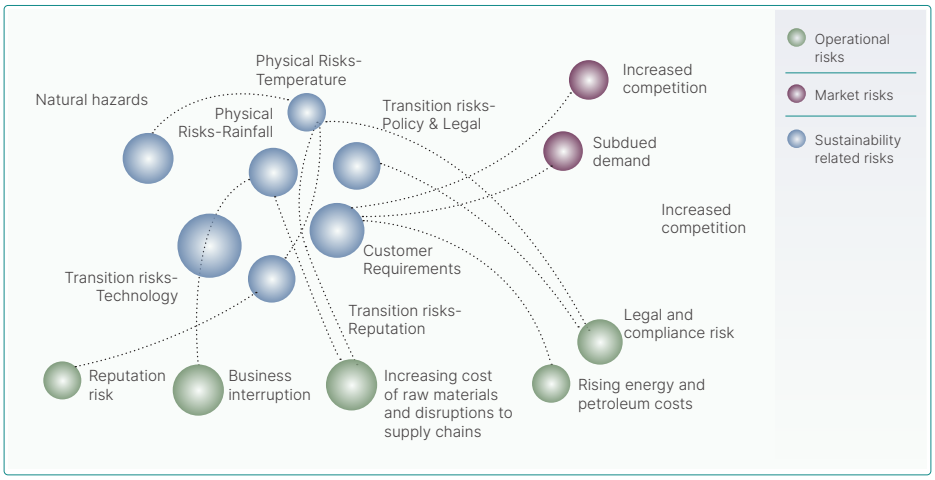
INVESTMENT/RESOURCE ALLOCATION PLANS

Action	Sources of funding
Investments in Renewable Energy-Hayleys Fentons	Internally generated and debt-funded
Investment in R&D by Purification Sector	Internally generated

CONNECTIVITY TO OTHER RISKS

The Group's overall risk profile for 2024/25 is discussed in greater detail in the Risks and Opportunities chapter of this Report on page 115. The following infographic demonstrates the link between these strategic, operational and other risks and the climate-related risks identified above. The size of the circle represents the magnitude of the risk.

Connectivity between risks



SUSTAINABILITY AND CLIMATE STRATEGY

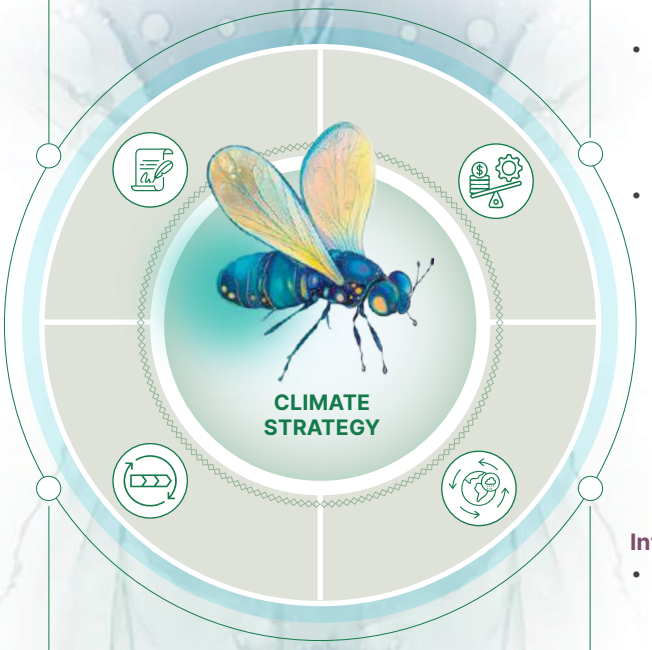
The Group's broader sustainability strategy is represented in the 6 long-term commitments of the Hayleys Lifecode as illustrated alongside. In determining these 6 areas of focus the relative exposures arising from the selected SRROs were taken into consideration, with the strategy formulated to effectively mitigate the impacts of these risks. Meanwhile, the Climate Action pillar of the strategy is articulated around the following four levers. Sector-level initiatives are broadly aligned to the Group climate strategy, thereby facilitating greater impact and a consistent approach across the Group. For further information on the specific initiatives above refer to page 326 Natural capital disclosures and page 156 to 288 Portfolio reviews.

Operational investments

- Increasing reliance on renewable and sustainable energy sources, which accounted for 74% of the Group's total energy consumption
- Energy efficiency drives across the Group, particularly in the Hand Protection, Purification and Textiles sectors
- Climate adaptation measures in Plantations Sector
- Improved monitoring and reporting of the Group's carbon footprint including third party verification of the carbon footprint
- Pursue opportunities in sourcing sustainable biomasss

Value chain intervention

- Supporting Sri Lanka's transition to a low-carbon economy through Hayleys Fentons
- Introducing energy efficient solutions for industries through Hayleys Aventura
- Emission reductions across supply chain
- Engaging with suppliers in decarbonisation



Leveraging Opportunities

- Pursuing access to new markets through low-carbon product solutions (i.e. Hand Protection Sector, Purification Sector, Construction Materials Sector)
- Driving long-term cost reductions through increased investments in solar
- Supporting Sri Lanka's green transition through increased investments in renewable energy
- Pursuing opportunities in decarbonisation levels

Integrating climate considerations

- Strengthening governance, risk management reporting processes relating to climate action
- Integration of ESG considerations during the Group's budgeting and financial planing processes
- Developing the Group's climate action skills through ongoing training and development programmes

SLFRS S1 and S2 disclosures

CLIMATE RESILIENCE

The Group uses climate-related scenario analysis to assess the potential business impacts of climate change and evaluate the resilience of its strategy against each scenario outcome. The Group continues to adopt a qualitative approach towards scenario analysis, commensurate with its circumstances considering all reasonable and supportable information as recommended by SLFRS S2- Climate-related disclosures.

Methodology and Approach

The Group's scenarios were developed in line with the principles outlined SLFRS S2. The selected scenarios are based on international physical and transition climate scenarios and sensitised to reflect the local context based on the country's climate risk profile and national climate action agenda as listed below.

Global physical climate-risk scenarios

IPCC AR 6 Scenarios

Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSP) which are used to understand physical impacts of climate change and socioeconomic trends for a range of climate scenarios respectively.

Local Content

Sri Lanka Climate Prosperity Plan

Provides 3 scenarios which simulates a range of macro-economic and societal decision-making reflecting the accelerating pressures of climate change.

Global transitional risk scenarios

International Energy Agency (IEA) World Enegry Outlook 2023 transition scenarios

Scenarios exploring the different pathways for the energy sector reflecting policy choices and investment decisions

Carbon Net Zero 2050 R roadmap and Strategic Plan

Proposed climate action to mitigate GHG emission and increase carbon sequestration and storage across six main thrust sectors identified in Sri Lanka's Nationality Determined Contributions (NDC)

As summarised below, the analysis includes both climate-related physical and transition risk assessments (including a scenario aligned with the 1.5 °C degree pathway), over the short, medium and long-term time horizons defined on page 123. Key assumptions made under each scenario are summarised below:

IPCC Scenarios used for physical risk assessment (AR6)			IEA World Energy Outlook Transitional Risk Scenarios (2023)		
Scenario	Description	Temp.increase*	Scenario	Description	Temp.increase
C3/SSP 1-2.6	Optimistic scenario with rapid transition to renewable energy, extensive carbon sinks and global co-operation in sustainable economic growth	1.8°C	Net Zero Emission (NZE) Scenario	Pathway achieving global net zero by 2050, supported by transformation of energy systems, rapid deployment of low-carbon technology and unprecedented global cooperation	1.5°C
C6/SSP 2-4.5	Middle-of-the-road emissions pathway with some transition towards clean energy, inconsistent global cooperation and uneven efforts across countries	2.7°C	Announced Pledges Scenario (APS)	Assumes that governments will meet, in full and on time, all announced climate-related commitments although energy system changes remain inadequate	1.7°C –2.1°C
C7/SSP 3-7.0	High-emission pathway, with energy mix dominated by fossil fuels, weak or inconsistent climate policies and severe climate risks	3.6°C	Stated Policies Scenario (STEPS)	Reflect the current policies and measures that are actually in place and what governments are doing to meet their targets	2.5°C –2.9°C
Sri Lankan Scenarios- Climate Prosperity Plan					
Business as usual (BAU)	Continuation of the current development trajectory of the country with limited climate-related interventions				
Nationally Determined Contributions (NDC) scenario	Represents core commitments presented in the country's NDC and shows the development pathway if the Paris Agreement NDC targets are met				
Climate Prosperity Plan (CPP)	Pathway in which the country achieves maximum utilisation of its domestic renewable energy resources and fully climate-proofs the economy				

*Represents temperature increase above pre-industrial levels by 2100

HAYLEYS GROUP SCENARIOS

The three scenarios developed by the Group for qualitative assessment are summarised in the table below, together with referenceable global and national level scenarios. Given limitations in resources and availability of quantitative models and the complexity of the Group, Hayleys continues to adopt a qualitative scenario analysis year in line with the proportionality mechanism allowed by the SLFRS S2 Sustainability Disclosure Standards. The Group will explore the possibility of implementing quantitative scenario analysis and stress testing over the next few years.

SLFRS S1 and S2 disclosures

Our scenario	Description and assumptions	Reference global scenarios		Local context
Scenario A- Net Zero	• Sri Lanka meets its conditional and unconditional NDC commitments achieving rapid decarbonisation of energy systems and technically, socially and financially feasible transition plans. • Significant reduction in the demand for fossil fuels and pricing strategies for fuel which in turn leads to steep declines in emissions • The increase in global temperature is limited to 2^0C while Sri Lanka's temperature rise will be lower than the global average, estimated around 1.2^0 C • Forest cover rebounds beyond the NDC target • Sri Lanka will see 70% of its energy requirement fulfilled by renewable sources by 2030, while electricity will be fully generated by low carbon resources • Extensive investments in mitigation efforts	C3/SSP 1-2.6	NZE	CPP
Scenario B-Current pathway	• The country meets its unconditional NDC commitments, meetings its adaptation ambitions and sectoral reduction targets • Limited external investments in technology and funding to drive the transition to low carbon • Average temperatures expected to increase by approximately 2.5^0 C	C6/SSP 2-4.5	APS	NDC
Scenario C-Divergence	• Global and local implementation gap to achieve decarbonisation goals with significant weather-related impacts on businesses and communities • No specific climate related interventions and represents a continuation of the current trajectory Average temperatures expected to increase by more than 3^0C	C7/SSP 3-7.0	STEPS	BAU

RESILIENCE TESTING

This year, the Group conducted qualitative scenario analysis on the 3 material CRROs relevant to the Group, namely rainfall, temperature and policy and legal developments, the results of which are summarised below. The resilience testing relates to the Sectors which have a moderate/ high risk exposure to the relevant CRRO, while Sectors which have a limited risk exposure have been excluded from the summary table in the next page.

Rainfall

In the higher emission scenarios, more frequent droughts are expected in Sri Lanka's dry and intermediate zones. Climate predictions also project increased variability of rainfall, with the intensity of sub-daily extreme rainfall events escalating and volume of water deposited during future 5-day heavy rainfalls also rising. For the Group as illustrated below, significant implications could be expected across several sectors relying on agricultural raw materials, sectors engaging in plantations and those catering to the agriculture sector through input materials, equipment

Our scenario	Scenario A- Net Zero			Scenario B-Current Pathway			Scenario C-Divergence		
	ST	MT	LT	ST	MT	LT	ST	MT	LT
Plantations									
Agriculture									
Hand Protection									
Purification									
Textiles									
Eco Solutions									
Industry Inputs, Power & Energy									

Resilience of strategy: Key strategic interventions in mitigating rainfall exposure include climate adaptation measures in the Plantation Sector including crop diversification, data-driven monitoring of precipitation and rainfall patterns, diversification of supplier base (Purification and Eco Solutions) and backward integration among others. While these interventions will be adequate in the low-emission scenario, the increase in extreme weather events and limited opportunities in climate-resistant technology in the high-emission scenario will impact the Group's operations in the high-emission divergence scenario.

Capacity to adjust business model and strategy: The Group currently remains in a position to adapt its business model through crop diversification, deployment of unused lands to agricultural export crops, diversification of supply chain and backward integration. Further investments may be required over the medium-to-long in suitably leveraging technology for precision agriculture techniques and minimising the impact of weather variability.

Temperature

The average temperature rise in Sri Lanka is expected to be lower than the rise in global temperatures across all emission pathways (Climate Risk Country Profile, 2021). The projected rises are expected push ambient temperatures above 30°C on a much more regular basis, and considerably increase the frequency of temperatures over 35°C. Temperature increases have a direct impact on quality, yield and quantity of agricultural products. In addition, elevated temperatures will impact labour force productivity, escalation in cooling load requirements as well as implications on human health and morbidity.

Our scenario	Scenario A- Net Zero			Scenario B-Current Pathway			Scenario C-Divergence		
	ST	MT	LT	ST	MT	LT	ST	MT	LT
Plantations									
Agriculture									
Hand Protection									
Purification									
Eco Solutions									
Transportation and Logistics									
Consumer & Retail									

Resilience of strategy: Plantations and Agriculture sectors are pursuing climate-smart agriculture techniques including climate resistant seed varieties and regenerative practices. Crop diversification is also being explored, with the aim of increasing contribution from climate-resistant crops. The Group is also pursuing diversification of supply chains, in mitigating the exposure to climate change. While this strategy is expected to be effective in the low and mid-emission pathways, the temperature increase of more than 30Cin the high-emission pathway will be challenging to the Group and require more transformative change in order to effectively mitigate the impacts of rising temperature and adverse weather events.

Capacity to adjust business model and strategy: Similar to its strategy against increasing variability in rainfall the Group is currently positioned to adapt its business through crop diversification, deployment of unused lands to agricultural export crops, diversification of supply chain and backward integration. However, over the long-term more substantial investments may be required in suitably leveraging technology for Further investments may be required over the medium-to-long in suitable technological interventions, further diversification of operations and alternative raw materials in minimising the impact of rising temperature.

Low Medium High **Source:** Rainfall predictions obtained from the World Bank- Climate Knowledge Portal

SLFRS S1 and S2 disclosures

POLICY AND LEGAL DEVELOPMENTS

The Net Zero scenario (A) is aligned with Sri Lanka's climate ambitions as articulated in the Climate Prosperity Plan 2022 and includes policy developments which aims to transition domestic energy supply through renewables, modernisation and sustainable transport, drive climate secure transformations, climate protection against key risks, and technology partnerships among others. Key implications on the Group stem from potential regulations set out in the CPP which could require investments associated with the shift to renewable energy as well as upgrades to existing manufacturing infrastructure and higher costs of fossil fuels. The global regulatory landscape has a direct impact on export-oriented sectors through mechanisms such as the Carbon Border Adjustment Mechanism (CBAM), EU Deforestation Regulation (EUDR) and packaging regulations under the European Green Deal among others.

Our scenario	Scenario A- Net Zero			Scenario B-Current Pathway			Scenario C-Divergence		
	ST	MT	LT	ST	MT	LT	ST	MT	LT
Hand Protection									
Textiles									
Purification									
Transportation & Logistics									
Construction Materials									
Eco Solutions									

Resilience of strategy: The Group is proactively monitoring sustainability-related policy and regulations, particularly from the EU. The impacts of EUDR and CBAM are expected to materialise in the short to medium-term and will require increased investments in reducing emissions, supply chain interventions as well as product and packaging innovation. In Scenarios B and C, the Group is on track to comply with major regulations, a Net Zero pathway (Scenario A) will require significant investments in processes, resources, technology and capabilities in the medium-to-long term to comply with emerging developments.

Capacity to adjust business model and strategy: The capacity to adjust the business model varies from Sector to Sector; Hand Protection, Textiles and Purification which are significantly exposed to emerging regulations are positioned to gradually adjust its business model and strategy given the nature of the emerging policy developments and required interventions. Transportation & Logistics on the hand, may face challenges given the significant investments required in retrofitting vessels and upgrading infrastructure, which could materialise in the medium-to-long term under a Net Zero Scenario.

Estimation uncertainty

In conducting the resilience analysis, we have used estimates, averages and assumptions, based on the Group's experience and information from third parties. Limited information on the long-term implications of climate change in Sri Lanka gives rise to uncertainty on how physical climate risks with manifest in Sri Lanka. Resultantly there is significant measurement uncertainty associated with the financial effects of physical climate risks on the Group. Meanwhile, there is considerable uncertainty in how government policies including the implementation of the NDC plan will evolve. Achieving the NDCs and Sri Lanka Net Zero Roadmap requires significant national-scale investments which given the country's still precarious economic environment would be challenging to finance in the short-to-medium term.

Risk Management

Effective management of the Group's sustainability risks requires close collaboration between business Sectors and Group risk and ESG functions. Risk identification and management applies to all sectors, geographies and operating locations across the Group as well as the Group's supply chains and customers. The governance mechanism in place for managing SRROs is given below.

1st line of defense: Sectors Risk owners and managers

- → Identification, assessment and prioritisation of ESG risks through a standard risk assessment template
- → Implementing responses through defined policies, procedures and integration to strategy

2nd line of defense: Group MS&RD & ESG Steering Committee

- → Monitors risk exposures and compliance levels to ensure that Group-wide policies and procedures are applied consistently

3rd line of defense: Internal Review (Audit Committee)

- → Sector and Group-level Audit Committees have oversight on the management of SRROs across the Group

RISK MANAGEMENT PROCESS

The Group's ESG risk management processes are evolving and entails a bottoms-up approach in risk identification and management and top-down approach in review and monitoring. While Sector-level SRROs are reported to Sector Audit and ESG Steering Committees, key risks are aggregated at Group-level facilitating a holistic and high-level overview of the Group's risk exposures. In recent years, measures have been taken to integrate sustainability risk assessment to the Group's overall enterprise-risk management framework, thereby enabling integration of sustainability-considerations in strategic decision-making.

Risk Identification and prioritisation

ESG risks identified through assessment of internal and external environments, relevant sources of guidance, stakeholder considerations and strategic direction of the respective sector.

Data collection

Relevant ESG information is collected and reported through the Group's Sustainable Information System on a quarterly basis

Integration into decision-making

ESG factors taken into consideration through,

- → Integration to quarterly risk templates presented to the Audit Committee
- → Monthly presentations to GMC by Group ESG
- → Discussion during Annual Corporate Planning sessions

Monitoring and Reporting

Quarterly presentation of SRROs and performance against targets to the Board

IDENTIFICATION OF SRROS

The Group adopts a bottoms-up approach in the identification of SRROs with Sector leadership teams engaging in a quantitative and qualitative assessment on an annual basis. The inputs and parameters considered are typically sector-specific and include weather-related metrics (such as rainfall and temperature levels), operational metrics impacted and leadership insights based on domain-specific knowledge. The nature and likelihood of the risks are assessed through a scoring mechanism which considers both quantitative and qualitative factors. The risks identified at Sector-level are re-assessed for Group-level impact and likelihood from a portfolio perspective. The 8 SRROs reported in this year's Annual Report represent the most material SRROs from a consolidated view; connectivity to sector-level risks are denoted through the SRRO reference numbers given on page 123.

Roadmap for progress in managing SRROs

	Where we are now	Where we want to be
Maturity of SRRO and CRRO practices	Basic systems for identifying SRROs and CRROs, based primarily on management insights	Proactive identification, assessment, quantification and management of SRROs
Integration	Risk and compliance as the second line of defense	Risk and compliance of SRROs embedded in the business value and chain
Strategic value enabler	Fragmented approach in incorporating ESG into risk management	ESG as an enabler in driving strategic value

SLFRS S1 and S2 disclosures

METRICS & TARGETS

Carbon footprint computation methodology

The Group measures its Greenhouse Gas (GHG) emis based on the GHG Protocol-Corporate Accounting and Reporting Standard (revised edition). Hayleys also conducted a Group-wide verification of its carbon footprint in accordance with ISO 14064-1(2018)- Greenhouse Gas (GHG) through engaging Sri Lanka Climate Fund.

Organisational and operational boundary

The Group's carbon footprint computation represents all 14 Sectors including 4 sectors which comprises local and overseas operations. In accordance with the Group's ESG Roadmap, new acquisitions and operating locations are given a grace period of 1 year to report its emissions and accordingly, the Hand Protection Sector's new acquisition in Thailand (page 167) has been excluded this year and will be added next year.

Maturity of Scope 3 emission reporting

The Group's Scope 3 emissions are considerably larger than its Scope 1 and 2 emissions, given the depth and breadth of our operations. We are cognisant that accurately capturing the entirety of our Scope 3 emissions is extremely challenging at this juncture and we are adopting a phased approach to identify and measure our Scope 3 emissions. This year, we have added 2 categories of Scope 3 emissions (upstream and downstream transportation and distribution) to our computation, thereby reporting on the following 5 categories as a minimum standard across the Group.

- **Category 4:** Upstream transportation and distribution
- **Category 5:** Waste generated in operations
- **Category 6:** Business travel
- **Category 7:** Employee commuting
- **Category 9:** Downstream transportation and distribution

Meanwhile, several sectors (particularly Sectors which have committed to SBTI) report all categories of the Scope 3 emissions as listed below.

Sector	Scope 1	Scope 2	Categories captured under Scope 3	Assurance by 3rd party
Eco Solutions	✓	✓	5 categories	✓
Hand Protection	✓	✓	9 categories	✓
Purification	✓	✓	5 categories	✓
Textiles	✓	✓	10 categories covered	✓
Construction Materials	✓	✓	5 categories	✓
Plantations - Talawakelle Tea Estates - Kelani Valley Plantations - Horana Plantations	✓	✓	 11 categories covered 5 categories covered 4 categories covered	
Agriculture	✓	✓	5 categories	✓
Consumer & Retail	✓	✓	5 categories	✓
Leisure	✓	✓	5 categories	✓
Industry Inputs, Power & Energy	✓	✓	5 categories	✓
Transportation and Logistics	✓	✓	14 categories covered	✓
Others	✓	✓	5 categories	✓

MEASUREMENT APPROACH AND ASSUMPTIONS

In most instances, the Group has used the Global Warming Potential (GWP) and emission factors published by the Intergovernmental Panel on Climate Change in assessing the climate impact of various gases; for emission categories for which IPCC factors are not directly available the Group has relied on other sources. Assumptions and emission factors relating to compute the categories of Scope 3 emissions are listed below:

Scope 3 emission category	Coverage	Emission factors
Category 4: Upstream transportation and distribution	Calculated based on the procurement of both imported and local raw materials, semi-finished and finished products by air, sea and road. The computation of imported goods considers emissions generated from the port of importation to the organisation's premises.	DEFRA emission factors India GHG emission factors
Category 5: Waste generated in operations	Disposal and treatment of waste generated through operations	IPCC emission factors
Category 6: Business travel	Transportation of employees for business- related activities in vehicles not owned or operated by the company.	IPCC emission factors
Category 7: Employee commuting	This includes emissions associated with commuting by all employees between their homes and worksites other than those which are given a fuel allowance, which is reported under scope 1 emissions. Data is collated through employee surveys which are conducted every two years, covering approximately 80% of employees.	India GHG emission factors
Category 9: Downstream transportation and distribution	This includes emissions that occur from transportation and distribution of finished products, both locally and for exports. The computation of exported goods considers emissions generated up to the port of export.	DEFRA emission factors

The Group's carbon footprint for the year under review is presented in the table below:

	Scope 1 tCO_2e	Scope 2 tCO_2e	Scope 3 tCO_2e	Sector total (2025) tCO_2e	% by Sector (2025)	Sector total (2024) tCO_2e
Eco Solutions	752	2,896	7,227	10,875	1%	5,522
Hand Protection	7,501	12,662	168,109	188,272	25%	25,735
Purification	13,741	14,356	16,457	44,554	6%	26,696
Textiles	22,253	14,073	168,570	204,896	27%	43,953
Construction Materials	5,896	3,886	2,878	12,660	2%	9,519
Plantations	18,041	5,078	15,301	38,420	5%	26,122
Agriculture	6,101	1,201	5,010	12,312	2%	4,422
Consumer & Retail	1,267	6,775	11,155	19,197	3%	9,293
Leisure	4,705	5,592	1,327	11,624	2%	13,084
Industry Inputs, Power & Energy	511	228	504	1,243	0%	803
Transportation & Logistics	27,701	2,394	157,055	187,150	25%	45,863
Projects & Engineering	3,870	320	17,258	21,448	3%	1,432
Tea Exports	67	178	5,942	6,187	1%	384
Others	350	881	176	1,407	0%	1,182
Total by Scope	**112,756**	**70,520**	**576,969**	**760,245**	**100%**	**214,008**

SLFRS S1 and S2 disclosures

EMISSION TARGETS

At a Consolidated level, the Group's emission targets are set out in the Hayleys Lifecode; Sector-level targets have also been established aligned to the Group targets by 6 key sectors. In addition, 3 entities have obtained verification of emission targets by the Science-Based-Targets-Initiative ("SBTI"). During the year under review, the Group took stock of the progress against its environmental targets (including emissions) articulated in the first edition of the Hayleys Lifecode and revised certain targets to reflect business realities and current operating conditions.

We are acutely aware that reducing our Scope 3 emissions will require extensive collaboration across our upstream and downstream value chains as well innovation in our product development processes. As our understanding on our Scope 3 emissions increase and we identify opportunities for emission reduction across our value chains, our targets are unlikely to remain static and will evolve as our own maturity in this space grows.

2030 target	Annual KPI	Performance in 2024/25
30% reduction in Scope 1 emissions*	6% annual reduction	6% increase
30% reduction in Scope 2 emissions*	6% annual reduction	2% reduction
10% reduction in Scope 3 emissions*	Gradual improvement of reporting coverage	3 new categories of Scope 3 emissions reported

REVISIONS TO TARGETS

Emission targets were refined with the launch of the 2nd edition of the Group's ESG Roadmap. Accordingly, the 30% Scope 1 and 2 reduction targets are relevant to entities which were within the Group's reporting boundary in 2018/19, the baseline year. New acquisitions/additions to the Group are required to drive a 4% annual linear reduction in its emissions from 2025/26.

Description	Greenhouse gas emissions (tCO_2e)		
	Scope 1	Scope 2	Total
Consolidated accounting group	112,756	70,520	183,276
Other investee (investment in associate)	280	1063	1,343
Total	113,036	71,583	184,619

Scope 3 Emissions	Greenhouse gas emissions (tCO_2e)	
	2025	2024
Category 4: Upstream transportation and distribution	**30,537**	-
Category 5: Waste generated in operations	**1,550**	3,089
Category 6: Business travel	**791**	604
Category 7: Employee commuting	**7,504**	-
Category 9: Downstream transportation and distribution	**111,153**	-
Total	**151,534**	**3,693**

Management Discussion and Analysis

A Diverse Spectrum

We're extending a diverse range of services designed to meet evolving needs, while adding lasting value to everyday life – empowering the communities we touch with the promise of vitality and strength.

Whether by reflecting light or generating it from within, organisms use their glow and color for a wide range of vital functions. The wide array of colours they emit — from neon greens to soft blues and deep reds — embodies a vibrant and evolving spectrum that strengthens their role within the web of life. These radiant adaptations support their success, strengthen connections, and enable strategic responses to ever-changing environments. In doing so, they extend diverse services and functions; all of which empower their journey, and contribute to the continuity of the ecosystems they help sustain.

Portfolio Review

The Group's portfolio review set out in the following pages, provides a concise and balanced overview of the value creation of our Sectors for the period under review. In line with the principles of Integrated Reporting, we have included material information relating to the Sectors' resource allocation, strategy, performance, external environment and stakeholder value creation among others.

Key improvements featured in this year's Sector Review

- → **Materiality focus:** The Environmental and Social Metrics disclosed in each Sector Review represent the most material impact areas as defined in the relevant SASB Standard and the Sector's ESG commitments and goals
- → **SLFRS S1 and S2 disclosures:** Detailed disclosures on the Group's SRROs are detailed in a separate chapter covering the SLFRS S1 and S2 disclosure requirements. In each sector review, the relevant risks are mapped/linked to the identified SRRO in order to minimise duplication of information.
- → **Performance against target disclosures:** We have disclosed performance against budgets/ targets for financial, environmental and social performance in each Sector Review

Information shared in the Sector Reviews

- → Key factors shaping the operating environment and impacts on the business
- → Risk and opportunity landscape
- → Strategic priorities and measurement against KPIs
- → Triple bottom line performance and performance against targets
- → Prospects and plans

Eco Solutions

Consumer & Retail

Hand Protection

Leisure

Purification

Industry Inputs, Power & Energy

Textiles

Transportation & Logistics

Construction Materials

Projects & Engineering

Plantations

Tea Exports

Agriculture

Others

Corals
Each strand of coral radiates with an exceptional glow, symbolising the intricate structures that inspire every fibre of our being.

ECO SOLUTIONS

The Sector is one of Sri Lanka's leading exporters of traditional and value-added coconut fibre products, catering to a global network of retailers, industries and households through a wide portfolio of innovative and sustainable solutions.

Insights from Sector Managing Director
Scan to view

Eco Solutions

HIGHLIGHTS OF 2024/25

Revenue
Rs. 12.85 bn
(-7%)

Profit Before Tax
Rs. (524) mn

Profit After Tax
Rs. (520) mn
(31-fold)

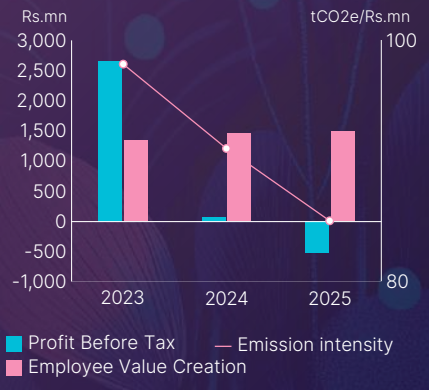
Assets
Rs. 20.76 bn
(+4%)

Liabilities
Rs. 9.51 bn
(+8%)

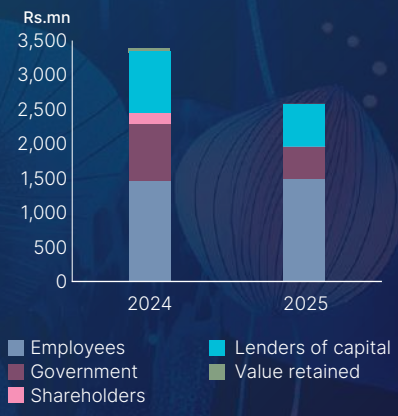
Employees
1,123
(0%)

Carbon Footprint
(Scope 1 2,3)*
10,875 tCO_2e*

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

Backward integration through investments in a fibre-extraction facility	Ongoing investment in value-added products

Just like bioluminescent organisms that adapt to their environment, illuminate the depths, and sustain their delicate ecosystems, the Sector continues to evolve and adapt, and thrive sustainably in an ever-changing world.

EVOLVE WITH INNOVATION

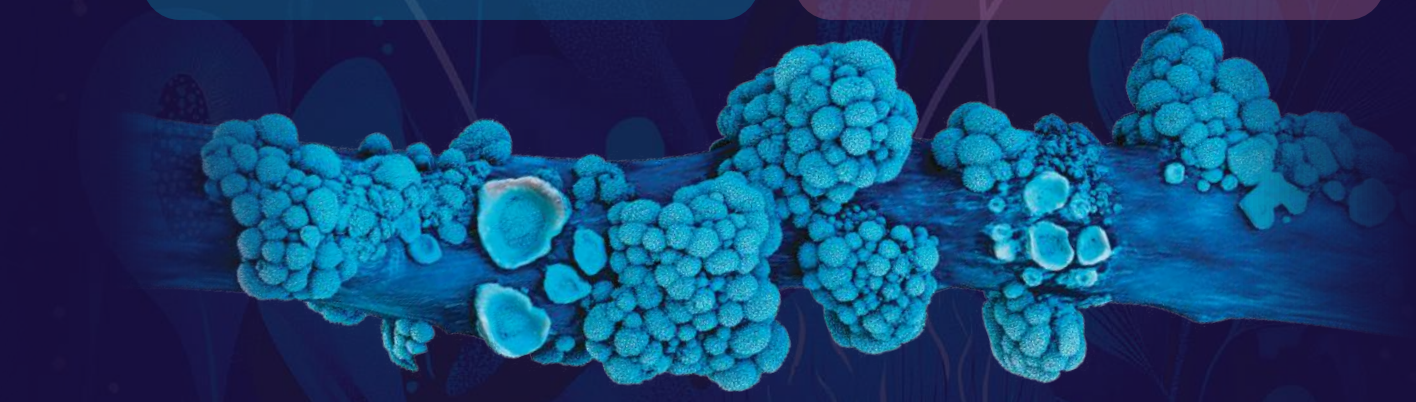
- Investments in R&D aimed towards developing innovative solutions catering to new applications across industries

INDUSTRY FORERUNNER

- **One** of Sri Lanka's leading coconut-fibre exporters
- **USD 42 mn** export revenue generated

Presidential Export Awards 2024

- **Bonterra** - Best Exporter Award – Coconut Fiber Products Category
- **Hayleys Fibre PLC** - Best Exporter Award- Coconut Substrate Products Category



ADVANCE SUSTAINABILITY

Growing media solutions which facilitate plant growth in limited spaces by providing suitable substrates for plant growth	Erosion control solutions which preserve soil quality and support agriculture and vegetation	A range of brushware and floor covering catering to the needs of industries and households	Horticulture products which encourage cultivation and home gardening in households

Eco Solutions

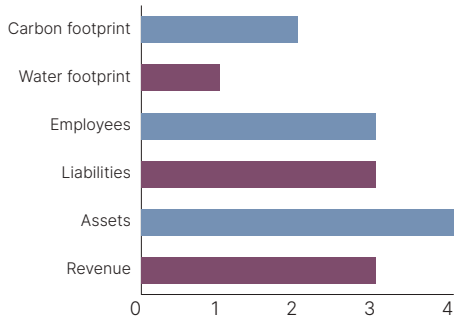
SECTOR OVERVIEW

The Group's Eco Solutions Sector is a pioneering and leading manufacturer of value-added coconut fibre products, offering an array of tailor-made, innovative and environmentally sustainable solutions across several product categories. Through the procurement of coconut coir fibre from a network of local suppliers which are subsequently transformed and exported across the world, the Sector generates significant local value addition

SECTOR OPERATIONS

Sub-Sector	Revenue Contribution to Sector (%)	PBT Rs. mn
Eco fibre Manufacture a range of value-added coir fibre products	64	63
Brushware Pioneer in the brush market, catering to both the local and international markets	17	(237)
Floor covering and mattresses Manufacturer of coir, rubber, flocked door mats and PU mattresses	19	347

RELEVANCE TO GROUP



Product capabilities	Market reach	Brands	Manufacturing
Over **1,000 product varieties** including value-added coir fibre products, brushware, floor coverings and mattresses	Over **300 industry-leading customers** across 80 markets ranging from Fortune 500 companies to international supermarket chains and local customers.	**Portfolio of leading brands** including Bonterra, Haygreen Ravi, Rileys, Hayleys Fibre and Hayleys Mattresses	**13 manufacturing facilities** including 1 in India and regional marketing offices in the UK, Netherlands and Japan

OPERATING ENVIRONMENT

The global coir market has recorded consistent growth in recent years, fuelled by the increasing demand for sustainable materials and the rising adoption of coir in agriculture and horticulture applications such as erosion control and hydroponics. Meanwhile, the limited availability of land and the increasing prevalence towards healthy diets have driven the demand for growing media products. The global market also remains intensely competitive, underscoring the need for manufacturers to focus on innovation and value-added product propositions. Key dynamics which shaped the operating landscape during the year are summarised below:

	EXCHANGE RATE	COCONUT SUPPLY	GEOPOLITICAL DYNAMICS	FORECAST GROWTH
	6% Y-o-y appreciation of the Sri Lankan Rupee (Monthly average rate)	**-12%** Decline in Sri Lanka's coconut production **+200%** Increase in average price of coconut husk	**+145%** Increase in intra-Asia global freight rates **1.5 times** Prolonged lead times	**7% CAGR (2023-2030)** Growing media products **6% CAGR (2023-2030)** Natural fibre carpets
Description	The appreciation during 2024 was driven by Improved foreign exchange liquidity and para-tariffs on top of existing customs duties.	Limited application of fertilizer, climate implications and spread of diseases led to an acute shortage of coconut and its by products	Global shipping costs surged in 2024, driven by disruptions in major maritime routes and rising operational costs	Demand for growing media is expected to be driven by limited availability of arable land, popularity of home gardening and growth in the agriculture and horticulture industries.
Impact	H	H	H	M
Implications	- Adverse implications on volume and market share - Reduced competitiveness in the global market	- Sharp increase in raw material costs, pressurising margins	- Adverse implications on costs and profit margins	- Strategic emphasis on innovation and value-added growing media products

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

RISK LANDSCAPE

Market risks

Exchange rate volatility and potential impacts on global competitiveness and margins

Strategic response

→ Proactive monitoring of exchange rate movements and timely pricing revisions

Sustainability-related risks

CRRO 3

Physical climate risks including rainfall and temperature have a direct impact on availability of coconut fibre

Strategic response

→ Backward integration and supplier diversification

Market risks

Geopolitical dynamics could impact demand conditions, global shipping and freight rates

Strategic response

→ Strengthen customer relationships through deeper penetration

Market risks

Competitive pressures from regional manufacturers and intensifying price pressure

Strategic response

→ Enhance value-added portfolio through investments in R&D

→ Efficiency improvements and automation

→ Optimise business model through curtailment of loss leaders

Eco Solutions

OPPORTUNITIES

Sustainability-related opportunities

SRRO 3
Stringency of environmental regulations and increasing prevalence towards sustainable products

Strategic response
→ New product development and market expansion in growing media products

Market opportunities

Environmental and social considerations are increasingly featuring in customers purchasing decisions

Strategic response
→ Unlocking growth through the Sector's ESG strategy 'Entwine'

STRATEGY AND RESOURCE ALLOCATION

The Sector's strategic priorities for the year were consistent with the approach adopted in recent years which sought to strengthen the Sector's position in non-traditional markets and drive innovation towards value-added products. The prevalent coconut shortage has also prompted the Sector to pursue backward integration and these efforts were strengthened during the year as the Sector sought to secure its coconut supply chain.

Strategic KPIs/ Pre-financials

MARKET EXPANSION

How we performed: The Sector has made inroads into several non-traditional markets in the North Africa and CIS regions, securing considerable market share in specialised products.

New customers acquired

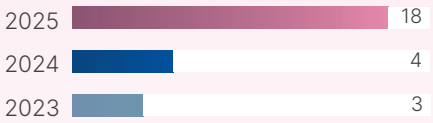
About this KPI and why we use it:
This KPI helps assess the strength of the Sector's market expansion and customer acquisition strategy, evaluating marketing effectiveness, brand growth and revenue potential.

Resource allocation
Sales and marketing expenditure:
Rs. 344 mn

INNOVATION

How we performed: The Sector focused on developing specialised and technical floor covering solutions catering to specific industrial requirements, with the aim of gradually expanding its value-added product portfolio.

New products developed



About this KPI and why we use it:
We use this KPI to assess revenue potential as well as the Sector's competitiveness, market responsiveness and brand differentiation.

Resource allocation
Investment in research & development:
Rs. 1.70 mn

SUPPLY CHAIN MANAGEMENT

How we performed: The Sector commenced construction of a fibre processing facility. Progress was also made in securing new suppliers outside the traditional coconut triangle.

96
New suppliers added

About this KPI and why we use it:
This KPI is used to assess the effectiveness of the Sector's supplier diversification strategy and supplier relationship management.

Resource allocation
Investment in backward integration:
Rs. 600 mn

Payments to suppliers:
Rs. 5.38 bn

INTEGRATED PERFORMANCE REVIEW

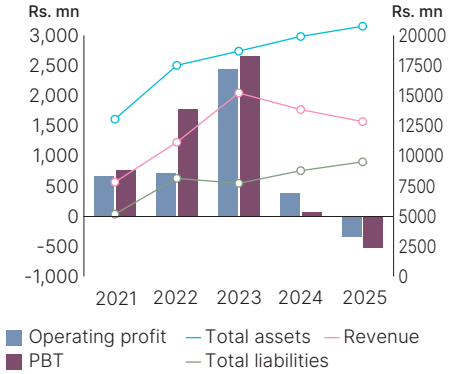
Subdued performance: The Sector's performance was pressured by the dual challenges of an appreciating Sri Lankan Rupee and the acute shortage of coconuts, which in turn led to a surge in raw material costs. As a result, the Sector's Revenue declined by 7% y-o-y, with Loss Before Tax amounting to Rs.523.92 mn during the year, reflecting a volume decline of 4%. Profitability margins were impacted by the difficulties in passing on cost increases to customers given the intensely price competitive nature of several products in key verticals. Against this backdrop, the Sector placed strategic focus on driving innovation-led differentiation, acquiring customers in new markets and backward integration to mitigate the impacts of supply chain disruptions.

Sub-sector performance: The Eco fibre sub-segment recorded a year of subdued performance during the year, reflecting global dynamics and competitive pressures. Meanwhile, the Brushware sub-segment's performance was adversely affected by the escalating raw material costs and the unfavourable exchange rate dynamics which pressured profitability margins. The performance of the Floor covering and mattress sub-segment was also below expectations with the appreciation of the exchange rate rendering Sri Lankan manufacturers uncompetitive in comparison to its regional counterparts. Subdued demand in the domestic mattress sector led to severe price competition, thereby adversely affecting the Sector's profitability.

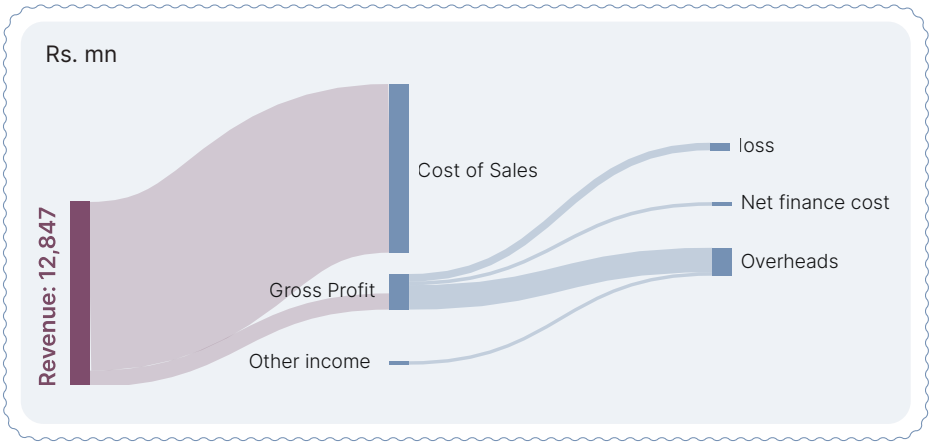
Supply chain challenges: The effective management of supply chain dynamics was a critical priority during the year, with the persistent decline in the country's coconut yield and crop presenting a significant risk to the Sector. Continued emphasis was placed on geographically diversifying supply chains and investing in backward integration. During the year, the Sector also commenced construction of a fibre extraction plant in Nikaweratiya; with a total investment of Rs.600 mn- the plant represents the largest of its kind in the Sector and is expected to fulfill around 35% of the Sector's total fibre requirement. During the year, the Sector also expanded capacity of its palmyrah fibre processing plant in Jaffna by nearly 30%, which will further support supply chain security in the short-to-medium term.

Value-added product propositions: The Sector's R&D and innovation efforts have centered on gradually transitioning to a more value-added product portfolio, and considerable progress was made in the growing media, floor covering and value-added fibre segments. Key developments in recent years include specialised grow bags for strawberries and cherry tomatoes, high-performing twine, rubberised coir car seats and industrial cow mats which are showing considerable upside potential. The Sector is also driving efforts towards gradually modernising its manufacturing infrastructure and technology; during the year, several machines were introduced for higher productivity while a packing line was automated.

SECTOR FINANCIAL PERFORMANCE



	Revenue (y-o-y) %	PBT (y-o-y) %
Eco Fibre	-17	-91
Brushware	-3	42
Floor Coverings	-13	-75



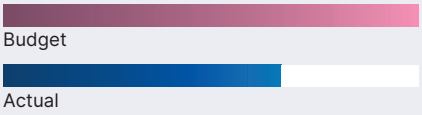
Eco Solutions

PERFORMANCE HIGHLIGHTS

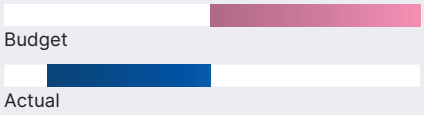
FINANCIAL METRICS	2025	2024	%	2023
Revenue	**12,847**	13,846	(7)	15,221
Earnings before interest and tax	**(333)**	384	-	2,430
Net finance income/(cost)	**(250)**	(357)	30	134
Profit before tax	**(524)**	68	-	2,656
Profit after tax	**(520)**	(17)	>(1,000)	2,471
Assets	**20,763**	19,911	4	18,694
Liabilities	**9,508**	8,775	8	7,722
Operating cash flow	**387**	(494)	-	3,555
OPERATIONAL HIGHLIGHTS				
No. of manufacturing facilities	**13**	12	8	11
Production volumes (MT)	**5,869**	6,157	(4)	4,901
Capacity utilisation (%)				
Hayleys Fibre	**50**	65	(15)	52
Bonterra	**70**	69	1	76
Creative Polymats	**50**	43	7	57

PERFORMANCE AGAINST TARGETS

Revenue



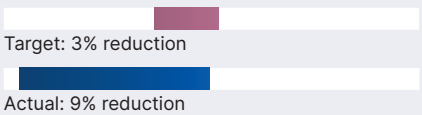
Profit before tax



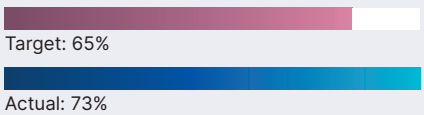
	ENVIRONMENTAL METRICS	2025	2024	%	2023
ESG commitment areas	Energy consumption (GJ)	**111,495**	132,477	(16)	97,445
	Energy intensity (GJ/Revenue USD mn)	**2,583**	3,029	(15)	2,306
	Carbon footprint (tCO2e)- Scope 1 & 2	**3,648**	3,997	(9)	4,147
	Emission intensity (tCO2e/Revenue USD mn)	**85**	91	(8)	98
	Water intensity (m3/Revenue USD mn)	**995**	421	136	430
Relevant SASB metrics	Water withdrawal from areas with baseline water stress**(%)	**100**	100	-	100
	Water consumption (m3)***	**42,969**	18,426	133	18,186
	Total weight of packaging (MT)	**58,690**	N/A	-	N/A

PERFORMANCE AGAINST TARGETS

Emission reduction



Reliance on renewable energy



SOCIAL METRICS	2025	2024	%	2023
No. of employees	1,123	1,119	0	908
Revenue per employee (Rs. mn)	11	12	(8)	17
Remuneration per employee (Rs.mn)	1	1	-	2
Investment in CSR (Rs.mn)	3	3	-	28
No. of CSR beneficiaries	721	1,201	(40)	1,949

PERFORMANCE AGAINST TARGETS

Training Hours

Target: 40 Average training hours/per annum

Actual: 2.9 Average training hours/per annum

Target: **50%** increase in CSR beneficiaries

Actual: **721 beneficiaries**

*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 & Personal Products Standard

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

*** Water consumption demonstrates a significant increase due to improved monitoring.

ESG integration: In line with the aspirations set out in its ESG Roadmap, Entwine, the Sector engaged in several interventions aimed towards fulfilling its 2030 targets. With talent migration remaining a challenge, focus was placed on recruiting and retaining high-performing talent. Succession planning remained a key priority during the year, while skill development for the year focused primarily on leadership development, marketing and other technical areas. Employees underwent health and safety training, reflecting the Sector's efforts to nurture a safety-conscious culture. On the environment pillar, key areas of focus included renewable energy, monitoring of water and biodiversity as illustrated below. During the year, the Sector's manufacturing facility in Katana also successfully obtained ISO 14001: Environmental Management Systems.

Long-term ESG commitments

Accelerate climate action
- Conversion of furnace boilers in two factories to biomass
- Conversion to LED lighting in all factories

Restore and regenerate nature
- Reforestation project in Nikaweratiya site

Optimise resource footprint
- Improved mechanisms for water measurement
- Installation of push taps in selected locations

Responsible work place
- Focus on health and safety training
- Leadership development

Partner progress
- Distribution of school suppliers under the Sathdiyawara Going Beyond
- Ongoing financial assistance to supplier network

Responsible and responsive corporate citizenry
- Launch of 'Entwine' Sector-level ESG Roadmap
- ESG Governance and reporting mechanisms strengthened

Eco Solutions

PROSPECTS AND PLANS

The long-term demand dynamics for the Sector remain favourable, particularly in categories such as growing media, erosion control and horticulture which are projected to see robust growth in line with increasing regulation and global focus on sustainability. For the Sector, raw material shortage remains the most critical risk in the short-term, requiring proactive inventory planning, supply chain diversification and backward integration. Competitive pressures from regional counterparts also pose a significant risk in the near term, with potentially unfavourable tax policies impacting the competitiveness of Sri Lankan manufacturers.

Alignment to Group strategy

	Short-term	Medium to Long-term
Portfolio optimisation	• Pursue growth in new applications and market segments • New product development and market expansion in growing media products	• Optimise business model through gradual curtailment of loss leaders
Customer Centricity	• Enhance value-added product portfolio through R&D investments	• Embrace digitalisation in driving better customer service
Inclusive value chains	• Widen economic impact through diversifying supplier networks • Ensure supply chain security through backward integration	
What we hope to achieve	**24%** Revenue growth ROCE>5% Gearing <50%	**10%** Revenue growth ROCE **>10%** Gearing **<50%** 15% reduction in Scope 1 & 2 emissions Average 40 hours training per/employee

Opportunities and levers	Risks to strategy
→ Increasing demand for growing media products	→ Escalating geo-economic confrontations
→ Sustainability as a competitive edge	→ Escalating physical implications of climate change (CRRO1, CRRO 2)
→ Growth opportunities in new markets	→ Increasing stringency of environmental regulations (CRRO 3)

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%)

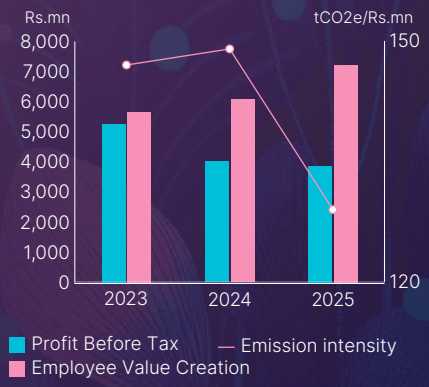
Assets
Rs. 42.04 bn
(22%)

Liabilities
Rs. 18.98 bn
(40%)

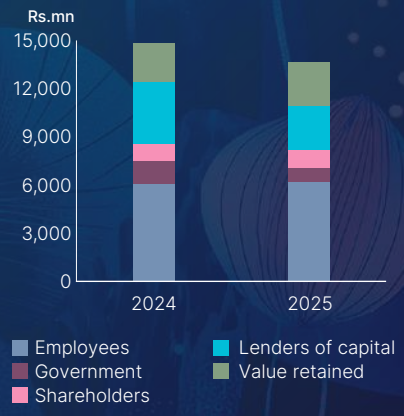
Employees
2,570
(18%)

Carbon Footprint
(Scope 1 2,3)*
188,272 tCO_2e

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

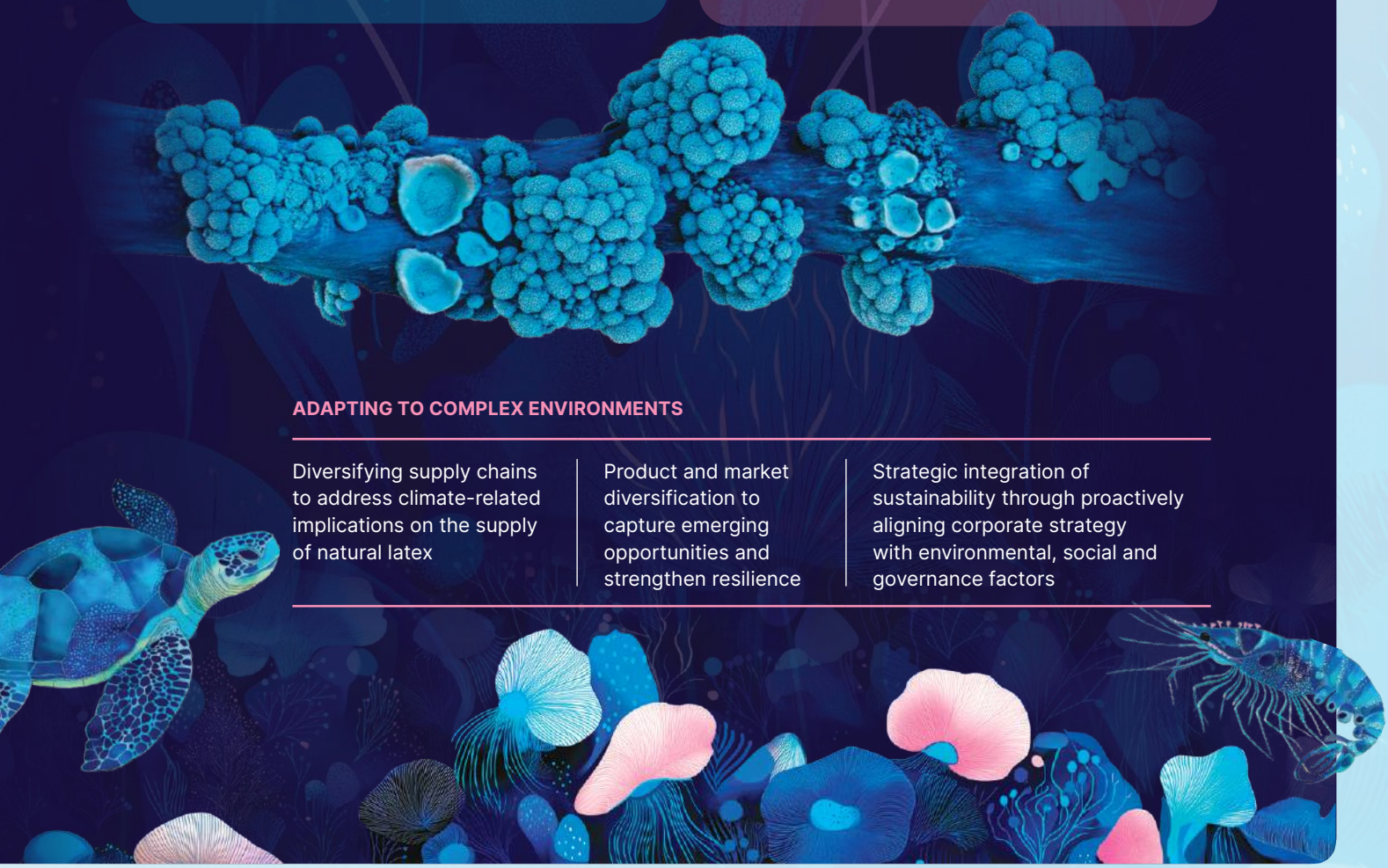
SYMBIOTIC RELATIONSHIPS ACROSS VALUE CHAIN

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

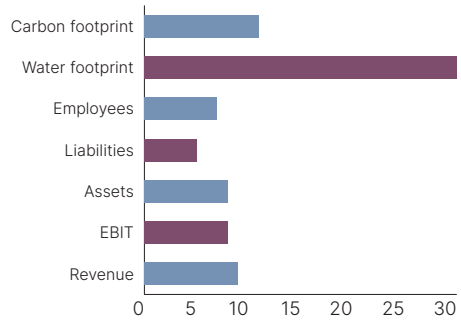
SECTOR OVERVIEW

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
Local operations 5 manufacturing facilities producing a range of household, industrial and sports gloves	58	96
European operations Distribution arm in Italy, France, Poland	25	(11)
Thailand operations 2 manufacturing facilities in Thailand producing disposable gloves	17	15

RELEVANCE TO GROUP



Product capabilities	Market reach	Manufacturing	Quality and innovation
A comprehensive portfolio of products with over **750** variants in supported, unsupported, disposable, electrician, sports gloves and sleeves	The Sector's products are sold in over **70 countries** across **6 continents**	**7 manufacturing facilities 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.

	EXCHANGE RATE	RAW MATERIAL AVAILABILITY	FAVOURABLE DEMAND DYNAMICS	REGULATIONS AND CUSTOMER CONSIDERATIONS ON SUSTAINABILITY
	6% Y-o-y appreciation of the Sri Lankan Rupee (Monthly average rate)	**+8%** Increase in Sri Lanka's rubber production **+28%** Average increase in natural rubber prices	**24%** Estimated demand growth in 2024 **8% CAGR (2025- 2030)** Projected demand growth	
Description	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
Impact	H	H	M	M
Implications	- Reduced competitiveness in the global market - Impact on profitability margins	- Increased reliance on imports - Sharp escalation in cost of production and profitability margins	+ Opportunities in specialised applications + Increased penetration of new and existing markets	+ Strategic integration of ESG through considering broader impacts of the business on environment and communities

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

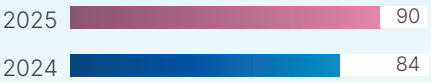
The Sector's growth strategy centred on the key pillars of enhancing its manufacturing footprint, pursuing aggressive growth in its marketing network and optimising its product portfolio to drive increased contributions from value-added products. The Sector's research and development and sustainability 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

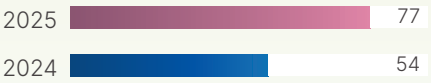
About this KPI and why we use it:
This KPI demonstrates the effectiveness of the Sector's product strategy and optimum product mix

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.

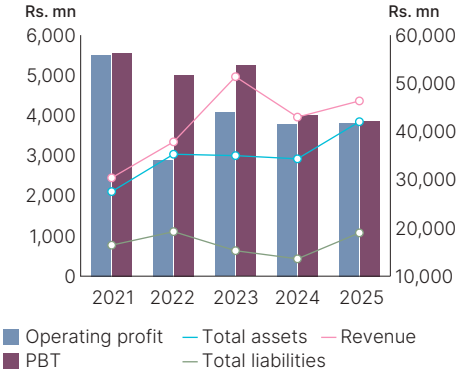
Strengthened manufacturing footprint: During the year, considerable investments were directed towards strengthening the Sector's manufacturing footprint and capabilities, with total capex amounting to Rs. 2.06 bn. In a key development, the Sector acquired Hi-Care Thai Gloves Company Ltd, Thailand for 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.

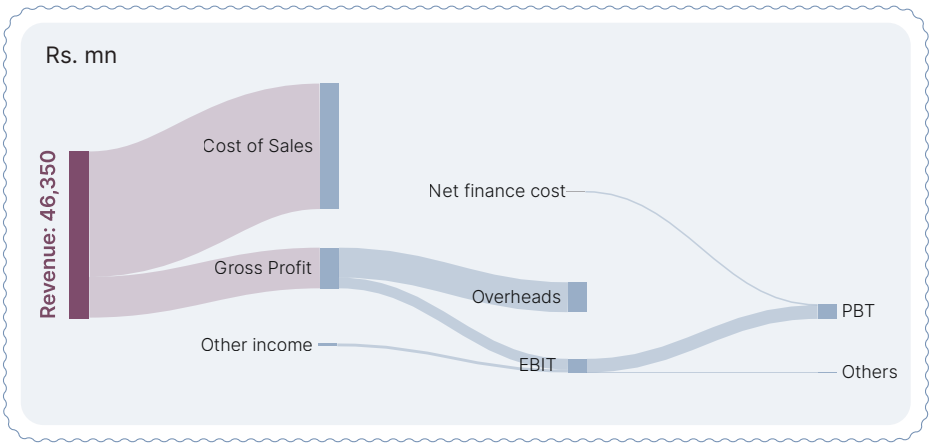
Managing environmental risks: As a water-intensive manufacturer, the Sector is exposed to the escalating risks of water stress in the country. Having committed to water-related targets in its ESG Roadmap, the Sector's strategy centres increasing reliance on sustainable water sourcing and driving improvements 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 to 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%



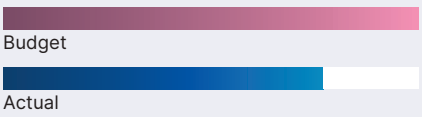
Hand Protection

PERFORMANCE HIGHLIGHTS

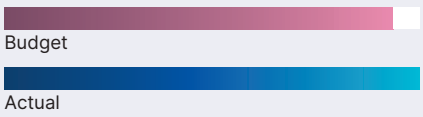
FINANCIAL METRICS	2025	2024	%	2023
Revenue	**46,350**	42,998	8	51,376
Earnings before interest and tax	**3,813**	3,786	1	4,072
Net finance income/(cost)	**37**	226	(84)	1,179
Profit before tax	**3,858**	4,013	(4)	5,251
Profit after tax	**3,255**	3,673	(11)	4,277
Assets	**42,042**	34,341	22	35,002
Liabilities	**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

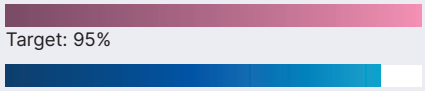


	ENVIRONMENTAL METRICS*	2025	2024	%	2023
ESG commitment areas	Energy consumption (GJ)	**2,290,821**	2,055,012	11	1,971,618
	Energy intensity (GJ/Revenue USD mn)	**14,709**	15,129	(3)	13,821
	Carbon footprint (tCO2e)- Scope 1 & 2	**20,163**	20,202	-	20,935
	Emission intensity (tCO2e/Revenue USD mn)	**129**	149	(13)	147
	Water withdrawn (m3)	**2,163,917**	2,042,638	6	1,899,368
	Water intensity (m3/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

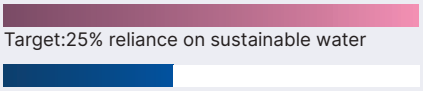
PERFORMANCE AGAINST TARGETS

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

PERFORMANCE AGAINST TARGETS

Training hours

Target:40 Average training hours/pa

Actual: 34 Average training hours/pa

Target:
LTIFR=0, TIFR=0, DSCI=100%

Actual:
LTIFR - 0.75, TIFR - 5.07, DSCI - 67.2%

Supply chain practices

Target: 40% of suppliers screened on ESG

Target: 57% of suppliers screened on ESG

*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

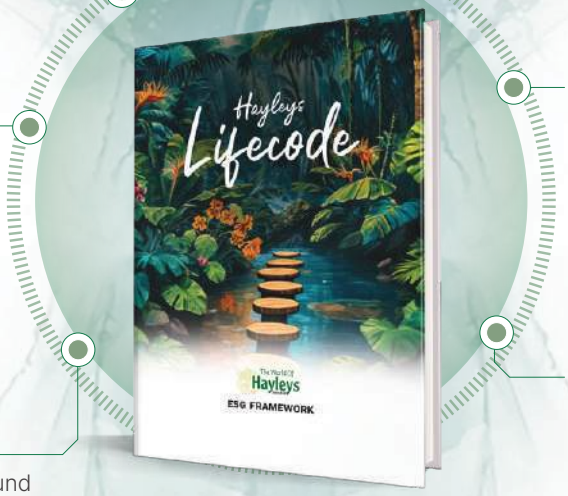
** The Aqueduct Water Risk Atlas places Sri Lanka in the medium to high risk category for water stress

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

	Short-term	Medium to Long-term
Portfolio optimisation	• Pursue growth opportunities in non-traditional markets • Cost optimisation and efficiencies through digital transformation	• Reengineer and automate manufacturing systems
Customer Centricity	• Enhance contributions from value-added product portfolio • Leverage manufacturing capabilities to offer customised solutions catering to evolving needs	
Strategic ESG Integration	• Strengthen supplier networks to diversify raw material supply chains • Supply chain interventions to ensure compliance to EUDR	• Position DPL as a sustainable manufacturer through strategic approach to ESG • Drive decarbonisation agenda in line with the aspirations of DPL Pulse
What we hope to achieve	**20%** Revenue growth ROCE>**15%**	**10%** Revenue growth ROCE**>14%** **20%** reduction in Scope 1 and 2 GHG emissions **40%** social and environmental screening of suppliers

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

Fungi
Bioluminescent fungi glow brighter in purified environments – serving as a vital, natural agent of rejuvenation and renewal.

PURIFICATION

The Sector, represented by the Haycarb Group is one of the world's leading manufacturers of coconut-shell based activated carbon, producing a range of world-class, innovative and sustainable solutions which shape a greener future across numerous applications in diverse industries.

Insights from Sector Managing Director
Scan to view

Purification

HIGHLIGHTS OF 2024/25

Revenue
Rs. 42.83 bn
(+0.2%)

Profit Before Tax
Rs. 5.50 bn
(-10%)

Profit After Tax
Rs. 4.26 bn
(-1%)

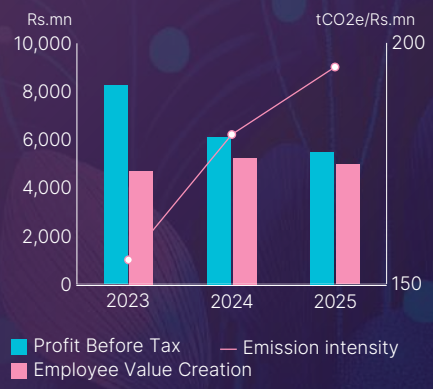
Assets
Rs. 42.93 bn
(+12%)

Liabilities
Rs. 15.90 bn
(+12%)

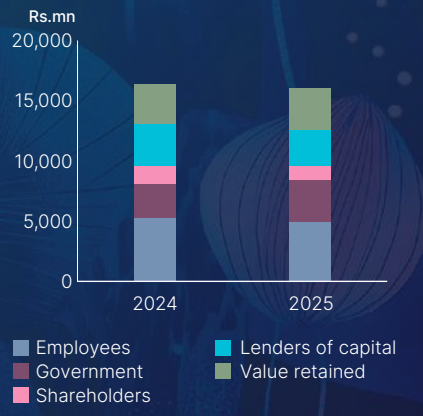
Employees
2,026
(+5%)

Carbon Footprint
(Scope 1 2,3)*
44,554 tCO2e

INTEGRATED PERFORMANCE



STAKEHOLDER VALUE CREATION



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

KEY DEVELOPMENTS IN 2024/25

Geographical diversification and expansion of markets and supply chains	Strategic emphasis on strengthening supply chain security and resilience through backward integration and diversification of supply chains	Continued focus on innovation and expanding contributions from value-added product portfolio	Strategic integration of ESG through interventions, regular monitoring of targets and improved ESG governance

The Sector continues to adapt with agility to growing global complexity- responding to evolving stakeholder needs with purpose while embedding sustainability at its core. Like bioluminescent organisms that shine from within, it harnesses internal strengths—diversity, innovation, and values—to illuminate opportunity and accelerate value creation across its global ecosystem.

ADAPTING TO COMPLEXITY

The Sector harnesses its internal capabilities for

- Innovation: **16** new products introduced
- Geographical diversification through focus on non-traditional markets
- Strengthen supply chain resilience

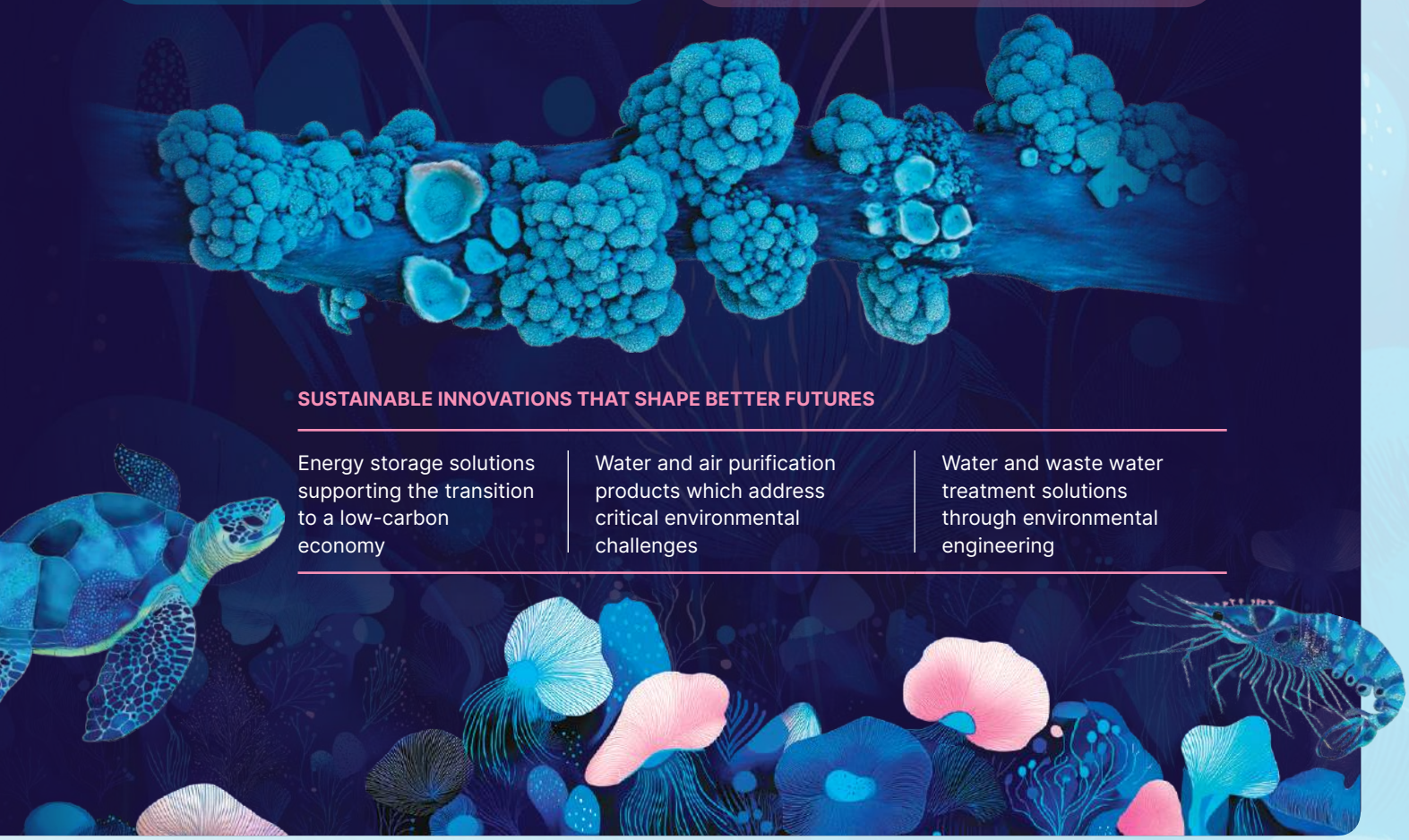
ILLUMINATING FROM WITHIN

Rs. 14.9 bn economic value creation

Export revenue generated

- Sri Lanka: USD **82.4 mn**
- Thailand and Indonesia: USD **31.4 mn**

Rs. 22 bn payments to suppliers



SUSTAINABLE INNOVATIONS THAT SHAPE BETTER FUTURES

Energy storage solutions supporting the transition to a low-carbon economy	Water and air purification products which address critical environmental challenges	Water and waste water treatment solutions through environmental engineering

Purification

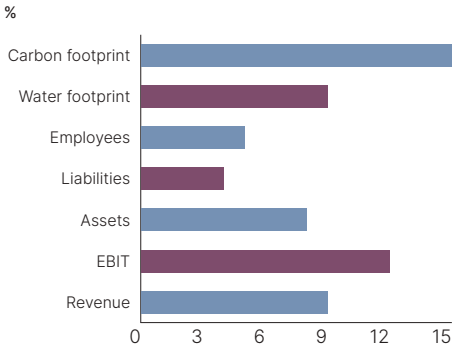
SECTOR OVERVIEW

The Purification Sector is a global leader in the coconut-shell based activated carbon market commanding a share of approximately 16%. The Sector has built a strong reputation for quality, technical excellence, innovation, customer centricity and sustainability, while injecting value across local supply chains through procuring from smallholder communities. Through its subsidiary Puritas (Private) Limited, the Sector is also a leading provider of water and waste water purification solutions in Sri Lanka, Maldives and the region.

SECTOR OPERATIONS

Sub-Sector	Contribution to Sector (%)	
	Revenue	PBT
Sri Lankan operations Manufacture of coconut-shell based activated carbon	46	55
Overseas manufacturing Manufacturing facilities in Indonesia and Thailand	26	37
Overseas marketing Marketing arm engaged in distribution	28	8

RELEVANCE TO GROUP



Product capabilities	Market reach	Manufacturing	Technical excellence
A complete range of over **1,500 product variants** including standard, washed impregnated granular powder and extruded pelletised forms	The Sector caters to over **600 customers** in over 50 countries with marketing offices in Sri Lanka, USA, Europe and Australia and an extensive distributor network globally	**Seven manufacturing facilities** comprising 2 each in Sri Lanka and Indonesia and 3 in Thailand.	Advanced research and product development capabilities which have enabled the Sector to cater to evolving customer demands across different applications including **value added activated carbon** for energy storage applications

OPERATING ENVIRONMENT

Global demand for activated carbon improved during the year driven by a strengthening gold mining sector fuelled by elevated gold prices, increasing stringency of global air and water pollution regulations and persistently rising demand for energy storage applications. Persistent and chronic supply shortages have plagued many coconut-producing countries in recent years, a challenge which became particularly prominent during the year under review and led to a sharp increase in the cost of production. Meanwhile, the continued appreciation of the Sri Lankan Rupee during the year adversely impacted export-oriented businesses, further inserting pressure on profitability margins and global competitiveness. While global demand dynamics are expected to remain favourable in the long- term, the short-to-medium term prospects are somewhat uncertain due to recent shifts in global trade dynamics. Meanwhile reversal of climate commitments in the USA may impact the energy storage segment, although this is expected to be countered by continued growth in water and air purification solutions. Key dynamics which shaped the operating landscape during the year are summarised below:

	EXCHANGE RATE	COCONUT SUPPLY	FAVOURABLE DEMAND DYNAMICS	CONDUCIVE POLICY AND REGULATORY ENVIRONMENT
	6% Y-o-y appreciation of the Sri Lankan Rupee (Monthly average rate)	**-12%** Decline in Sri Lanka's coconut production	**6-8%** Estimated demand growth in 2025 **7% CAGR (to 2030)** Projected demand growth	
Description	The appreciation during 2024 was driven by Improved foreign exchange liquidity and para-tariffs on top of existing customs duties	Limited application of fertilizer in Sri Lanka, climate implications and spread of diseases led to an acute shortage of coconut resulting in a significant price increase in coconut shells and charcoal	Growth was fueled by expansion of the mining industry and increased demand for energy storage solutions amidst the transition to low-carbon economies	Regulations relating to air quality, water purification, cleaner production and renewable energy have supported the growth of activated carbon market
Impact	H	H	M	M
Implications	- Reduced competitiveness in the global market - Impact on profitability margins	- Sharp escalation in cost of production and profitability margins	+ Opportunities in value-added carbons + Growth in non-traditional markets	+ Demand growth from new industries and applications including energy storage and water purification solutions including PFAS removal applications

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

RISK LANDSCAPE

Operational risks

Supply chain disruptions and price volatility stemming from the shortage in coconut charcoal

Strategic response

→ Backward integration

→ Geographical expansion of manufacturing footprint

→ Pursuing alternative raw materials

Market risks

Scaling back of environmental commitments and reversal of environmental policies in certain developed nations

Strategic response

→ Geographical diversification of markets

→ Value-added product strategy

Market risks

Evolving global geopolitical trade dynamics including the revised US trade tariffs on imports

Strategic response

→ Geographical diversification of markets

Sustainability-related risks

CRRO1 and 2

Physical climate risks including rainfall and temperature have a direct impact on availability of coconut charcoal

Strategic response

→ Geographical expansion of operations and supply chain networks

Purification

OPPORTUNITIES

Sustainability-related opportunities

Low-carbon transition presents significant opportunities in energy storage and other sustainable solutions

Strategic response

→ Strategic focus on innovation and growth in energy storage solutions

Sustainability-related opportunities

SRRO 3

Environmental and social risks are prominently featuring 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

Sustainability-related opportunities

Opportunities in regeneration, which can drive efficiencies and reduce demand for virgin materials

Strategic response

→ Pursuing expansion of regeneration activities

Operational opportunities

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

Strategic response

→ Pursuing opportunities in digital transformation with focus on customer experience and process efficiencies

STRATEGY AND RESOURCE ALLOCATION

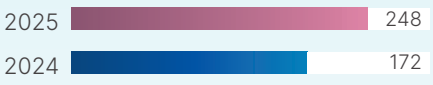
While the Sector's product and markets strategy remained consistent with the approach adopted in recent years, during the year significant focus on placed on supply chain resilience and security, given the acute shortage of raw materials across countries of operation. The product strategy has been directed towards enhancing contributions from value-added product solutions with considerable investments in innovation and product development efforts. Meanwhile, the Sector has sought increased diversification of its markets, pursuing growth opportunities in non-traditional markets in Asia and elsewhere.

Strategic KPIs/ Pre-financials

SUPPLY CHAIN RESILIENCE

How we performed: Significant progress was made in strengthening the supply chains across geographies.

New supplier added



About this KPI and why we use it:
Demonstrates the success of the Sector's supplier expansion and diversification strategy

Resource allocation

Payments to suppliers: **Rs. 22.2 bn**

Investments in supplier development: **Rs. 21 mn**

VALUE-ADDED PRODUCT STRATEGY

How we performed: Strong growth in energy storage solutions, wood-based catalytic carbons for chloramine removal and the PFAS removal applications.

Revenue from new products (Rs. 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. 209 mn**

STRATEGIC ESG INTEGRATION

How we performed: Following the launch of its ESG Roadmap- Activate, the Sector has engaged in numerous strategic interventions under the defined pillars of the framework (refer to page 185 for detailed information)

Achieves EcoVadis 'Gold' Status

Top 5% of all global companies assessed by EcoVadis

About this KPI and why we use it:
EcoVadis is a leading global platform that assesses and rates organisations on their environmental and social responsibility (CSR) practices

Resource allocation

Investment in environmental initiatives: **Rs. 8 mn**

Investment in social initiatives: **Rs. 42 mn**

INTEGRATED PERFORMANCE REVIEW

Resilience and agility: The Sector remained resilient in a challenging year, driving increased penetration in value-added product segments and achieving further geographical expansion of both its operations and markets. Revenue declined marginally in view of the appreciation of the Sri Lankan Rupee. Profit Before Tax declined by 10% to Rs. 5.5 bn, primarily due to the contraction in margins reflecting the surge in the price of coconut-shell charcoal in overseas markets. The Environmental Engineering arm continued to gain momentum in view of the stronger tourism and construction sectors, generating a Profit Before Tax of Rs. 83.7 mn, an increase of 49% compared to the previous year.

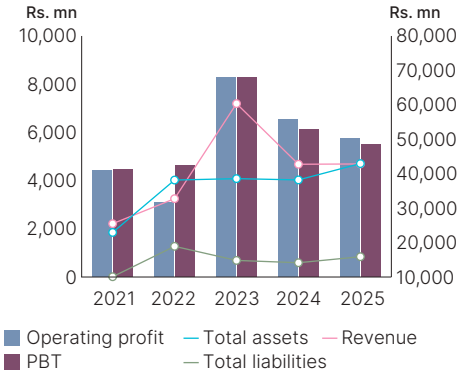
Addressing supply chain disruptions: The acute shortage of raw materials emerged as the key challenge during the year, with Sri Lanka and other regional producers such as India, Thailand and Indonesia experiencing supply shortfalls due to a combination of climate impacts, pest attacks and increasing competition for raw materials. The Sector sought to mitigate these impacts through strengthening its backward integration processes in all countries of operations and pursuing geographical diversification of its supply chain network. Accordingly, the Sector plans to commence the first phase of operations in its 7th manufacturing facility at the PHIVIDEC Industrial Estate Cagayan-de-Orro in the Philippines by 2027. Meanwhile, the 'Haritha Angara' initiative, which uses a proprietary closed pit charcoaling technology was further expanded, promoting environmentally-friendly charcoaling.

Digital transformation: In addition to its strategic emphasis on value-added solutions and innovative applications, the Sector continued to pursue opportunities in automation and digital transformation; key achievements during the year included relaunch of the optimised Website integrated to an advanced CRM system, optimisation of online presence as well as improved monitoring of operational processes and raw material procurement supply chain.

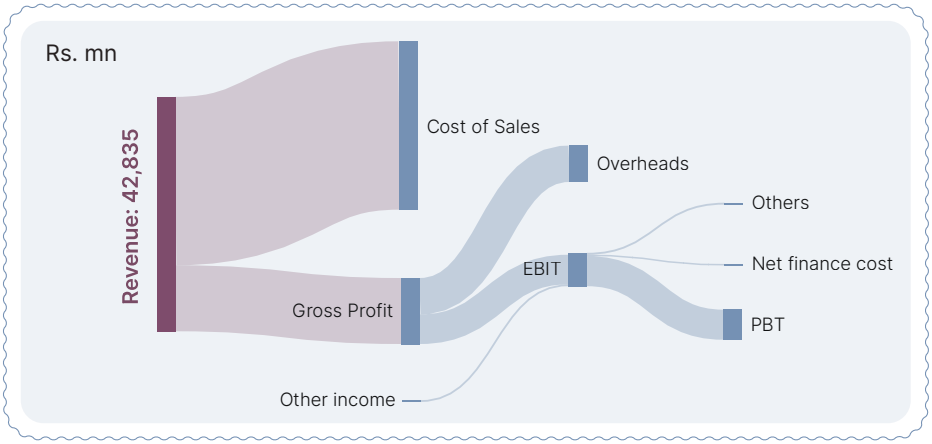
Culture of safety: The Sector strengthened commitment to building a safety-first culture across all levels. This included appointment of safety champions across all locations, establishment of safety committees, commitment to a safety pledge, expert consultation on existing safety procedures, strengthening near miss communication procedures and hazard identification risk assessments among others. In addition, safety training was conducted with employees undergoing over 10,600 hours of safety training focusing on fire safety, chemical management, ergonomics and work at height among others.

Environmental aspirations: The Sector continued to reduce dependence on fossil-fuel based energy sources, with 4 new renewable energy projects, totalling 5.6MW added during the year. The Sector also pursued waste-heat recovery initiatives, infrastructure upgrades to reduce fuel consumption and lean projects. The Sector's emission reduction strategy as set out its in ESG Roadmap, centers on increasing reliance on renewable energy and improving energy intensity with the aim of aligning with net-zero by 2050. With 100% of its water requirement consumed from areas classified as medium-to-high risk, the Sector's water reduction strategy centers on increasing reliance on sustainable sources (such as rainwater harvesting and recycled water) and reducing water intensity through product and process innovations. Key interventions during the year included expanding the rainwater harvesting facility in Shizuka, Thailand with a total storage capacity of 164,200 m3, development of water distribution maps and internal water audits among others.

SECTOR FINANCIAL PERFORMANCE



	Revenue	Profit
Local manufacturing	+16%	+ 16%
Overseas manufacturing	-9%	-12%
Overseas marketing	-1%	-24%



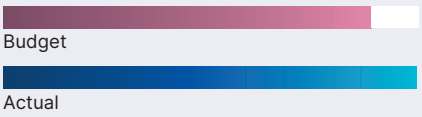
Purification

PERFORMANCE HIGHLIGHTS

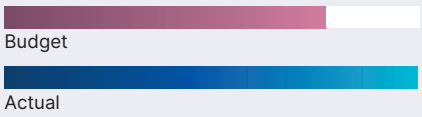
FINANCIAL METRICS	2025	2024	%	2023
Revenue	**42,835**	42,743	0.21	60,357
Earnings before interest and tax	**5,754**	6,521	(12)	8,274
Net finance income/(cost)	**(252)**	(399)	37	(19)
Profit before tax	**5,502**	6,106	(10)	8,247
Profit after tax	**4,256**	4,299	(1)	6,494
Assets	**42,935**	38,198	12	38,567
Liabilities	**15,895**	14,146	12	14,820
Operating cash flow	**(354)**	7,877	(104)	10,122
OPERATIONAL HIGHLIGHTS				
Production volumes (MT)	**48,207**	47,754	1	48,883
Capacity utilisation (%)	**85**	84	1	86

PERFORMANCE AGAINST TARGETS

Revenue



Profit before tax

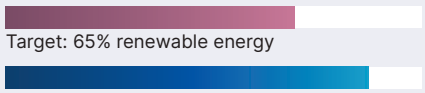


	ENVIRONMENTAL METRICS	2025	2024	%	2023
ESG commitment areas	Energy consumption (GJ)	**1,473,979**	1,132,964	30	264,182
	Energy intensity (GJ/Revenue USD mn)	**10,241**	8,390	22	1,576
	Carbon footprint (tCO2e)- Scope 1 & 2	**28,097**	24,388	15	25,952
	Emission intensity (tCO2e/Revenue USD mn)	**195**	181	8	155
	Water withdrawn (m3)	**689,921**	744,951	(7)	649,683
	Water intensity (m3/Revenue USD mn)	**4,794**	5,517	(13)	3,877
Relevant SASB metrics	Scope 1 GHG emissions (tCO2e)	**13,741**	10,903	26	12,622
	Coverage of emission-limiting regulations (%)	**N/A**	N/A	-	NA
	Renewable energy (%)	**75**	78	(3)	NA
	Grid electricity (%)	**11**	10	1	NA
	Self-generated energy (%)	**75**	78	(3)	NA

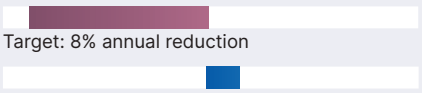
PERFORMANCE AGAINST TARGETS

Emission reduction

Renewable energy



Waste intensity



SOCIAL METRICS		2025	2024	%	2023
ESG commitment areas	No. of employees	2,026	1,933	5	1,880
	Revenue per employee (Rs. mn)	21	22	(4)	32
	Remuneration per employee (Rs.mn)	2	3	(12)	2
	Investment in CSR (Rs.mn)	50	41	22	2
	No. of CSR beneficiaries	>71,900	>105,000	(32)	>240,000
SASB metrics	Recordable incident rate (%)	2.1	1.6	31	1.8

PERFORMANCE AGAINST TARGETS

Training hours

Target: 40 Average training hours/pa

Actual: 17.34 Average training hours/pa

Injury rates

Target: 20% reduction in lost time injury

Actual: 27% reduction in lost time injury

Supply chain practices

Target: 90% raw material to be green charcoal

Target: 44% raw material to be green charcoal

*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- Chemicals Standard

Long-term ESG commitments

Accelerate climate action

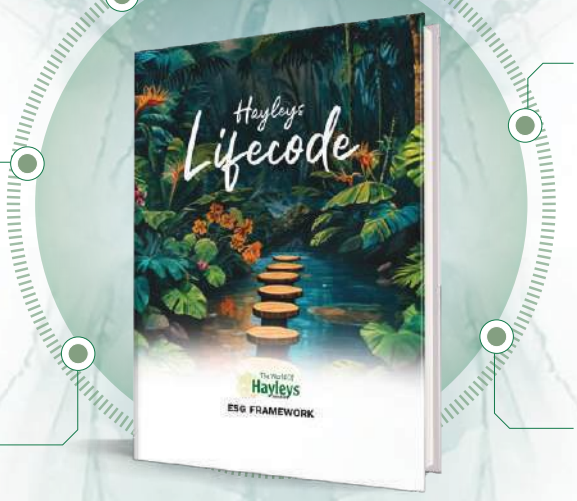
- 5.6MW of solar power added during the year
- Operational interventions to increase energy efficiency
- Continued improvement in emission reporting

Restore and regenerate nature

- 'Behold the Turtle'-conservation project : Collection of 1,400 turtle eggs from the Kumana coastline and relocation to the Kirigalbae Turtle Hatchery

Optimise resource footprint

- 2.3% of water recycled and re-used
- Establishment of rainwater harvesting facility in Shizuka, Thailand
- Business model built on waste-to-value proposition



Responsible work place

- Increased focus on health and safety processes and culture
- Launch of DEI programme aligned to Hayleys Group

Partner progress

- Greening the supply chain
  - Vertical kiln charcoaling
  - Expansion of Haritha Angara green charcoaling (page 303)
- Sisu Divi Pahana: Daily lunch to 1,000 school children
- New Reverse Osmosis plant in Valankulam

Responsible and responsive corporate citizenry

- ESG Governance and reporting mechanisms strengthened
- Obtained Sri Lanka Eco Label Certification
- Commenced internal ESG audits

Purification

PROSPECTS AND PLANS

As demand growth from developed regions achieve saturation, industry expansion is anticipated to be fuelled by Asia and other developing nations underscoring the relevance of the Sector's geographical diversification strategy. The short-term outlook faces headwinds due to the scaling back of environmental commitments by some developed countries, which could affect the energy storage segment, although this is expected to be countered by robust demand growth in other regions. The medium-to-long term demand outlook however remains favourable supported by the inevitable global transition to a low-carbon economy and increasingly stringent water and pollution regulations. On the supply chain front, while challenges are expected to persist in the short-term, strategic interventions by the Sector in diversifying its supplier networks are expected to come to fruition in the medium-term enabling improved supply chain resilience. The Sector's risk and opportunity landscape and its interventions to effectively mitigate and leverage these developments are mapped below:

Alignment to Group strategy

	Short-term	Medium to Long-term
Portfolio optimisation	• Increase market share of value-added carbon products • Geographical diversification of markets with increased focus on Asia • Backward integration to secure supply chain	• Expand regional presence of water purification business
Customer Centricity	• Leverage digitalisation to enhance customer experience	• Pursuing expansion of regeneration activities
Strategic ESG Integration	• Interventions in achieving the near-term targets of Activate	• Drive decarbonisation agenda in line with the aspirations of the Activate framework
What we hope to achieve	**5%** Revenue growth ROE**>10%**	**20%** Revenue growth ROE**>12%**	**25%** reduction in Scope 1 and 2 GHG emissions Average training hours of **40 p/a**

Opportunities and levers	Risks to strategy
→ Shift to low-carbon economy	→ Implications of physical climate risk including rainfall and temperature on coconut supply chains
→ Increasingly stringent air and water purification regulations	→ Escalating geo-economic confrontations and trade tariffs
→ Sustainability as a competitive edge	→ Competition for raw materials

Chameleon
Chameleons' colours transform under UV light – representing the unique patterns and designs that differentiate us from the rest.

TEXTILES

The Sector is the largest textile manufacturer in Sri Lanka, catering to leading global fashion brands through a portfolio of natural and synthetic-fibre based fabrics. The Sector's position is underpinned by its world-class innovation, manufacturing capabilities and sustainability practices.

Insights from Sector Managing Director
Scan to view

Textiles

HIGHLIGHTS OF 2024/25

Revenue
Rs. 43.46 bn
(-12%)

Profit Before Tax
Rs. 3.07 bn
(-17%)

Profit After Tax
Rs. 2.11 bn
(-15%)

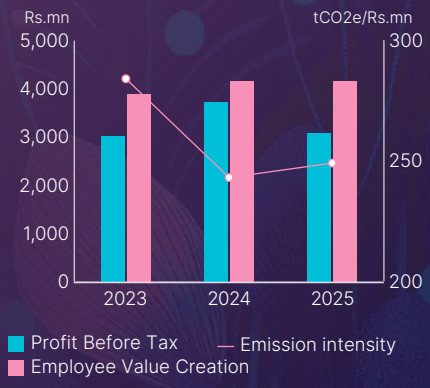
Assets
Rs. 35.86 bn
(0%)

Liabilities
Rs. 23.95 bn
(-4%)

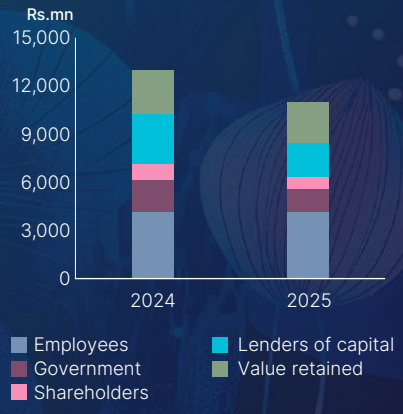
Employees
3,397
(+3%)

Carbon Footprint
(Scope 1 2,3)*
204,896 tCO2e

INTEGRATED PERFORMANCE



STAKEHOLDER VALUE CREATION



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

KEY DEVELOPMENTS IN 2024/25

- Emerged as the first fabric manufacturer in Sri Lanka to obtain verification of its net-zero GHG emissions targets by the Science Based Targets initiative (SBTi)
- Addition of several exciting, fast-growing brands to the portfolio
- 39 awards won across multiple areas of excellence
- South Asia Textiles Limited obtained the membership of United Nations Global Compact (UNGC)

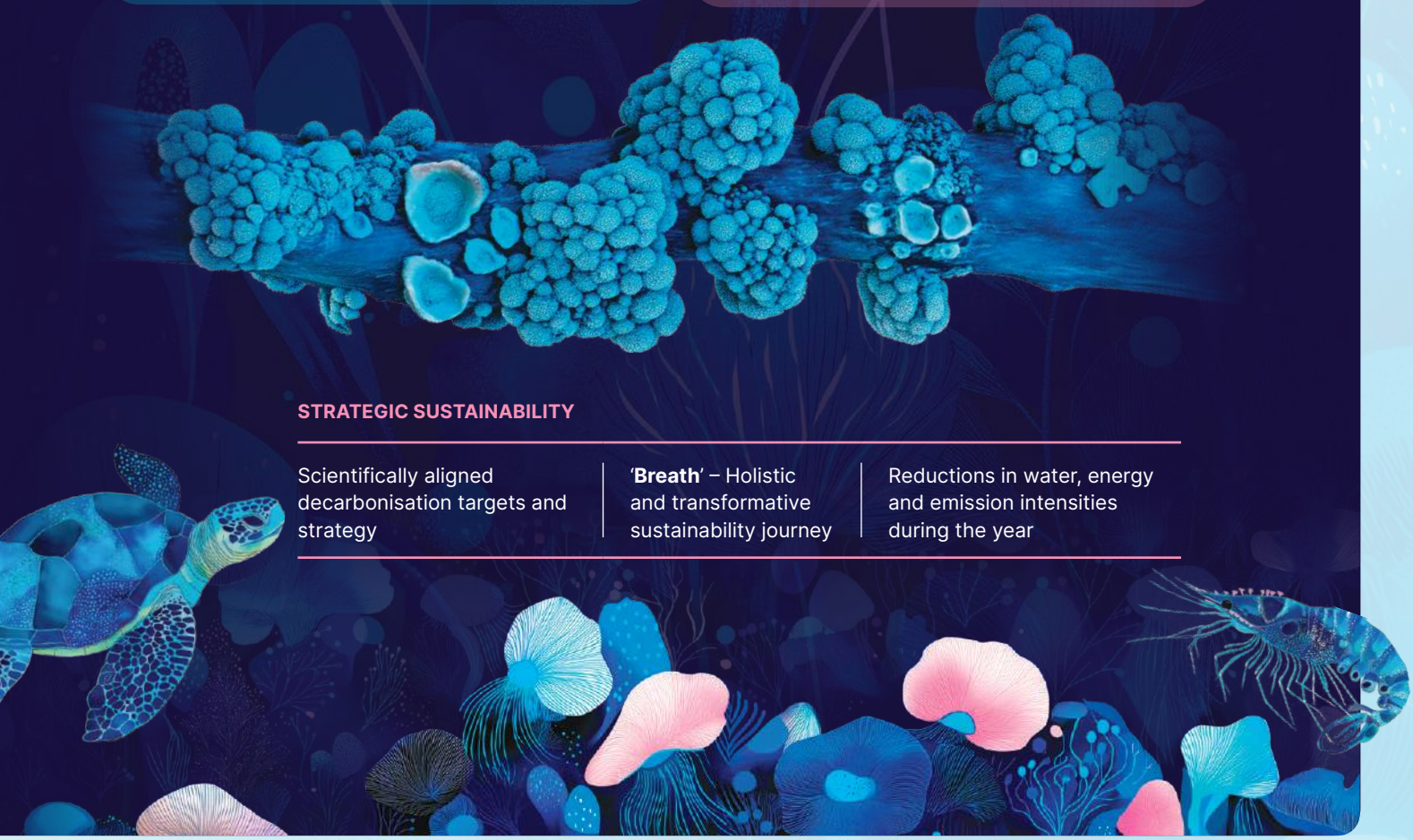
Rooted in sustainability, innovation and adaptability, the Sector mirrors the quiet strength of bioluminescence and biofluorescence. Like these organisms, the company radiates value from within and adapts to change with resilience and agility, reflecting its commitment to ecological harmony and purposeful progress.

AGILITY AND ADAPTABILITY

- Customer diversification with the acquisition of emerging global brands
- Geographical diversification, with exposure to largest market (USA) reducing to **33%** from **39%**

INNOVATION-LED GROWTH

- **Rs. 42 mn** investment in Research and Development
- Strategic focus on performance and premium value-added fabrics
- Continued growth of '**INNO**' brand



STRATEGIC SUSTAINABILITY

Scientifically aligned decarbonisation targets and strategy	'**Breath**' – Holistic and transformative sustainability journey	Reductions in water, energy and emission intensities during the year

Textiles

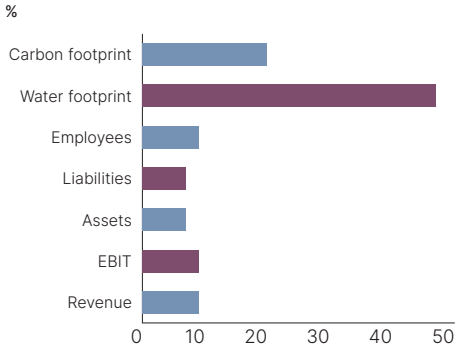
SECTOR OVERVIEW

The Group's Textile Sector, represented by Hayleys Fabric PLC and South Asia Textiles Limited is the pioneering and largest textile manufacturer in the country. The Sector manufactures and supplies world-class fabric to leading global fashion brands and has built a strong global reputation for sustainability, quality and innovation. In addition to the conventional cotton range, the Sector specialises in the manufacture of synthetic, knitting fabric suitable for lingerie and casual/lounge wear, with over 50% of its manufacturing capacity comprising synthetic fabric.

SECTOR OPERATIONS

Sub-Sector	Contribution to Sector (%)	
	Revenue	PBT
Hayleys Fabrics PLC Fabric manufacturer with an annual production capacity of 11,400 MT	64%	85%
South Asia Textiles Fabric manufacturer, acquired by Hayleys Fabric in April 2011 with an annual production capacity of 10,320 MT	36%	15%

RELEVANCE TO GROUP



Market Presence	Manufacturing Capabilities	Innovation	Sustainability Focus
The Sector caters to **high-end global fashion brands** such as Nike, Calvin Klein, Tommy Hilfiger and Victoria's Secret among others	Knitting, Dyeing, Printing, Brushing, Sueding and Finishing, with the ability to **manufacture a variety** of tailor-made natural, synthetic and weft-knit fabrics.	The first Sri Lankan fabric mill to launch its own brand, **'INNO'**- enabling it to position itself as a niche supplier of fashion-forward fabric	Globally recognised for its strong **sustainability focus**, with numerous innovations centered on decarbonisation, circularity and resource efficiency

OPERATING ENVIRONMENT

The global fashion and apparel industry is estimated to have recorded a sluggish growth rate of 3-4% during the year, with geopolitical tensions and economic volatility leading to reduced consumer spending in key markets. Regional disparities prevailed with China and India recording robust growth while the USA and EU saw moderate expansion due to inflation and economic uncertainty. Global competitive dynamics are also shifting with the rise of fast fashion, shifting customer behaviour and wide acceptance of e-commerce platforms reshaping the industry. Sri Lanka's competitive position remained relatively unchanged in the global market, although the appreciation of the Sri Lankan Rupee had an adverse impact on exporters during the year.

	EXCHANGE RATE	IMPACT OF GLOBAL GEOPOLITICAL DYNAMICS	GLOBAL COTTON PRICES	ESCALATING CUSTOMER CONSIDERATIONS ON SUSTAINABILITY
	6% Y-o-y appreciation of the Sri Lankan Rupee (Monthly average rate)	**+3%** Global industry growth rate **+5%** Growth in Sri Lanka's apparel exports in 2024 (USD Terms)	**-9%** Reduction in global prices	
Description	The appreciation during 2024 was driven by Improved foreign exchange liquidity and para-tariffs on top of existing customs duties	Shifting global trade dynamics were largely favourable to Sri Lanka in 2024, resulting in increased demand from selected countries.	The relatively sluggish consumption of cotton during the year led to a down in pricing during the year under review	Escalating environmental and social consciousness of buyers is reshaping demand dynamics, presenting both risks and opportunities for current manufacturers
Impact	H	M	M	H M
Implications	- Reduced competitiveness in the global market - Impact on profitability margins	+ Volume growth in selected markets	+ Short-term positive impact on profitability margins - Intensification of price competition	+ Strategic integration of ESG through considering broader impacts of the business on environment and communities

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

RISK LANDSCAPE

Market risks

Recent geopolitical trade dynamics including the increase in trade tariffs from the USA poses a key short-term risk

Strategic response

→ Market diversification including pursuing growth opportunities in the EU and UK region

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 1,2

Exposure to physical climate risks including rainfall and temperature, given that cotton is a key raw material for the Sector

Strategic response

→ Diversification of supplier networks

→ Pursuing sustainable innovation to reduce reliance on virgin materials

Sustainability-related risks

CRRO 3

Transition-related risks of climate change with customers' increasingly demanding social and environmental consciousness

Strategic response

→ Strategic integration of ESG considerations across processes and operations

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

Textiles

OPPORTUNITIES

Market opportunities

Shifts in the global competitive landscape has given rise to the emergence of rapidly growing, fresh brands

Strategic response

→ Diversification of market and brand portfolio

Technology

Opportunities presented by digitalisation and technology in increasing efficiency and productivity, new product development and improving real-time monitoring

Strategic response

→ Ongoing trials on automation and digital transformation

Market opportunities

Consumer trends such as hybrid clothes (athleisure segment), smaller capsule wardrobes, reselling platforms and focus on sustainability considerations.

Strategic response

→ Pursuing innovation as a key driver of competitive edge

STRATEGY AND RESOURCE ALLOCATION

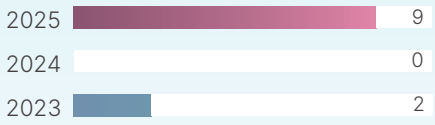
The Sector's two-pronged product and brand strategy have enabled it remain resilient to evolving global dynamics through strategic emphasis on premium, value-added products and tier-1 customers. During the year, emphasis was placed on further diversifying its customer base given regional growth disparities, global trade dynamics and emergence of new brands which are reshaping the competitive landscape in the global apparel arena.

Strategic KPIs/ Pre-financials

BRAND DIVERSIFICATION

How we performed: The Sector made significant progress in diversifying its customer base through the acquisition of emerging new brands.

New customers acquired



About this KPI and why we use it:
This KPI demonstrates the effectiveness of the Sector's marketing, promotional and customer engagement strategies

Resource allocation
Sales and marketing expenditure:
Rs. 288 mn

VALUE-ADDED PRODUCT STRATEGY

How we performed: The Sector continued to pursue a strategy of differentiation and innovation through its focus on premium and value-added products both in natural and synthetic fibre.

New products/ variants developed

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. 42 mn

STRATEGIC ESG INTEGRATION

How we performed: As an industry leader in sustainability, the Sector continued to reinforce its commitment to embedding the principles of ESG into its operations

Near-term and net-zero emission targets verified
Science-Based-Targets -initiative (SBTi)

About this KPI and why we use it:
The SBTI is considered the global gold standard in emission reduction, being scientifically aligned to the emission reduction pathway of the Paris Agreement

Resource allocation
Investments in renewable energy over the past 3 years: **Rs. 320 mn**

INTEGRATED PERFORMANCE REVIEW

Challenging operating dynamics: The Sector's performance reflected the challenging operating landscape and shifts in the competitive dynamics of global players during the year. A volume decrease of 7% stemming from deferred orders from a key customer, together with the appreciation of the Sri Lankan Rupee led to a 12% decline in Revenue during the year. Intensifying price competition in the global market, the decline in production volumes and the temporary rise in costs aligned with our shift towards premium fabrics resulted in a narrowing of profitability margins, resulting in the Sector's Profit Before Tax and Profit After Tax declining by a respective 17% and 15% to Rs. 3.07 bn and Rs. 2.11 bn during the year.

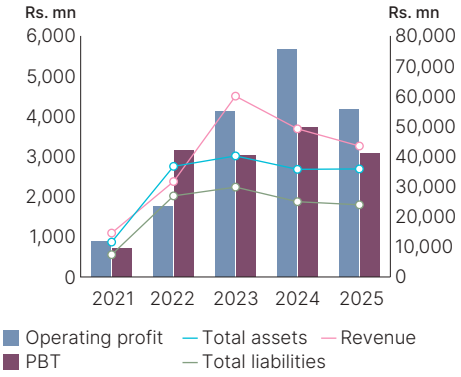
Diversification-centred strategy: Regional disparities in demand together with shifting competitive dynamics among international apparel brands reinforced the strategic imperative of market and brand diversification. Proactive customer acquisition initiatives enabled the Sector to onboard rapidly growing fitness apparel and accessories brands—with considerable growth potential in the expanding athleisure segment. This acquisition also enabled diversification of major markets, with the reliance on the USA declining from 39% to 33% during the year.

Advancing up the value chain: The Sector's product strategy remained consistent with the approach adopted in recent years and has focused on transitioning from basic, conventional cotton-based fabrics to premium, value-added products both in natural and synthetic fabrics. In line with its customer acquisition strategy, the Sector is also driving efforts to widen its portfolio of synthetic fabric to include the Nylon-range, which is widely used in the activewear segment. The Sector's own brand INNO continued to perform well during the year, delivering a volume growth of around 2%.

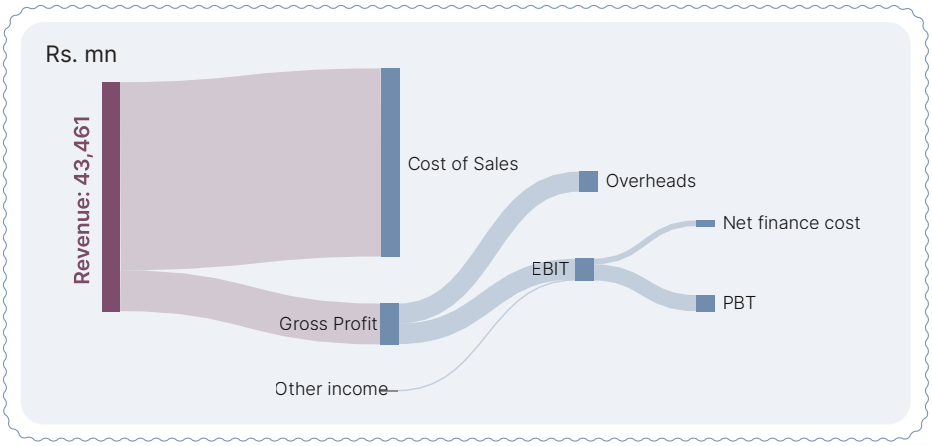
ESG as a differentiator: Hayleys Fabric has an established track record in sustainability, and is globally recognised as an industry leader in environmental consciousness and responsible and ethical business practices. The Sector's remarkable achievements in sustainability (some of which are listed in the table below) have been supported by its relationships with global fashion brands, which has paved way for ongoing collaborations on sustainability products and the transition to a low-carbon operation through ambitious targets. 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 SBTi. During the year, the Sector also made significant progress in complying with the SLFRS S1 and S2 Sustainability Disclosure Standards. The Sector continued to be recognised for excellence in sustainability practices winning the 'Sustainability Impact Category' as the International Quality Awards 2024 and the Gold Award at the Green Productivity Awards 2024 among many others.

Managing sustainability risks: The dyeing process involves the use of chemicals, necessitating strict guidelines on the management of risks or hazards. Safety measures adopted include maintenance of comprehensive safety data sheets detailing relevant procedures, use of appropriate PPE, storage in line with manufacturer recommended specifications among others. The Sector also complies with the zero discharge of hazardous chemicals (ZDHC). The most significant environmental risks along the Sector's value chain include water stress, implications of climate change and its impact on the availability of cotton as well as drought and flood risks.

SECTOR FINANCIAL PERFORMANCE



	Revenue (y-o-y) %	PBT (y-o-y) %
Hayleys Fabrics PLC	-6	-11
South Asia Textiles	-19	-33



Textiles

PERFORMANCE HIGHLIGHTS

FINANCIAL METRICS	2025	2024	%	2023
Revenue	**43,461**	49,167	(12)	60,014
Earnings before interest and tax	**4,179**	5,660	(26)	4,129
Net finance income/(cost)	**(1,104)**	(1,941)	(43)	(1,115)
Profit before tax	**3,075**	3,719	(17)	3,013
Profit after tax	**2,111**	2,488	(15)	403
Assets	**35,858**	35,721	0.4	40,175
Liabilities	**23,952**	24,979	(4)	29,824
Operating cash flow	**1,966**	6,011	(67)	481
OPERATIONAL HIGHLIGHTS				
Production volumes (%)	**15,856**	16,413	-3	16,612
Capacity utilisation (%)	**>85**	>90	-6	>90

PERFORMANCE AGAINST TARGETS

Revenue

Budget

Actual

Profit before tax

Budget

Actual

ENVIRONMENTAL METRICS		2025	2024	%	2023
ESG commitment areas	Energy consumption (GJ)	**1,472,273**	1,476,777	(0.3)	1,500,360
	Energy intensity (GJ/Revenue USD mn)	**10,082**	9,508	6	9,004
	Carbon footprint (tCO2e)- Scope 1 & 2	**36,326**	37,775	(4)	47,316
	Emission intensity (tCO2e/Revenue USD mn)	**249**	243	2	284
	Water withdrawn (m3)	**3,398,195**	3,345,198	2	3,469,131
	Water intensity (m3/Revenue USD mn)	**23,270**	21,537	8	20,819
Relevant SASB metrics	% of suppliers in compliance with wastewater discharge permits Tier 1	**92**	91	1	98
	Amount of priority raw materials purchased (MT) and certified %				
	-Cotton	**8,021(41%)**	8,815 (58%)	(9)	9,062
	-Polyester	**10,609 (18%)**	7,553 (26%)	40	6,640
	-Dyes and Chemicals	**13,385 (100%)**	13,273 (100%)	1	11,698

PERFORMANCE AGAINST TARGETS

Emission reduction

Target: 6% reduction (Scope 1 and 2)

Target: 4% reduction (Scope 1 and 2)

Renewable energy

Target: 90% renewable energy

Actual : 73% renewable energy

Sustainable water sourcing

Target: 30% sustainable water sourcing

Target: 19% sustainable water sourcing

SOCIAL METRICS		2025	2024	%	2023
ESG commitment areas	No. of employees	3,397	3,285	3	3,088
	Revenue per employee (Rs. mn)	13	15	(15)	19
	Remuneration per employee (Rs.mn)	1	1		1.0
	Investment in CSR (Rs.mn)	12	13	(1)	11
	No. of CSR beneficiaries	6,850	6,800	1	6,700
Relevant SASB metrics	% of tier 1 suppliers that have completed the Higg FEM assessment	75	86	(13)	92
	% of suppliers that have been audited to a labour code of conduct	79	84	(16)	70
	No. of Tier 1 suppliers	48	58	(17)	64

PERFORMANCE AGAINST TARGETS

Training hours

Target: 40 Average training hours/pa

Actual: 10.8 Average training hours/pa

Health and Safety

Safest workplace with zero workplace injuries /occupational diseases in 2030

2024/25: 39% reduction in injuries

Community relationships

Target: Increase CSR beneficiaries by 50% by 2030

2024/25: Over 6,850 beneficiaries

*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- Apparel, Accessories and Footwear Standard

Long-term ESG commitments

Accelerate climate action

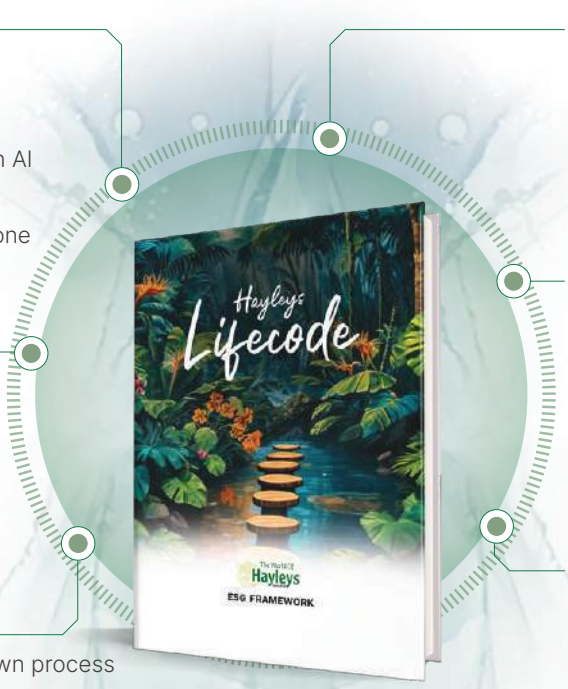
- Interventions to increase reliance on renewable energy sources including biomass and wood chip
- Real-time energy monitoring through AI
- Verification of SBTi emission targets
- Rs. 23 Mn in solar investments and one of the largest private sector rooftop solar systems

Restore and regenerate nature

- Coastal preservation activities in line with the 'Breath' initiative
- Mangrove restoration project in Galle
- 9-acre thriving biodiversity park Diyathuru Uyana

Optimise resource footprint

- Increased water recovery in blowdown process
- 100% chemicals and dyes certified as ZDHC Level 1 and 94% certified as ZDHC Level 3
- Sustainable innovation – yarn sourced from recycled PET bottles and waste-to-value initiatives



Responsible work place

- Investment in talent developing focusing on technical and leadership skills
- Book distribution to all employees' children

Partner progress

- Rs.12 mn CSR investment in numerous CSR initiatives, including Sathdiyawara-Going Beyond (Page 307)
- Rs. 42.40 bn payments to suppliers

Responsible and responsive corporate citizenry

- Launch of 'Breath- a better environment for all' a transformative sustainability journey
- Strengthened emission reporting with the coverage of Scope 3 computation expanded

Textiles

PROSPECTS AND PLANS

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

Alignment to Group strategy

	Short-term	Medium to Long-term
Portfolio optimisation	• Pursue growth in non-traditional markets • Strengthen position in synthetic fabric segment • Diversify customer base	• Expansion of manufacturing capabilities and capacities
Customer Centricity	• Widen value-added synthetic portfolio	• Technical developments through collaborations
Strategic ESG Integration	• Retain sustainability leadership in industry • Increase reliance on renewable energy sources • Accelerate positive impacts through 'Breathe' initiative	• Drive decarbonisation strategy in line with SBTi
What we hope to achieve	**2%** Revenue growth ROCE**>15%**	**15%** Revenue growth ROCE**>18%** 42% Scope 1 & 2 emission reduction 40 average training hours/employee

Opportunities and levers	Risks to strategy
→ Customers' increasing sustainability consciousness	→ Escalating geo-economic confrontations
→ Favourable shifts in consumption patterns	→ Escalating implications of climate change and water availability on the cotton value chain (SRRO 4)
→ Emergence of new apparel brands	

Starfish
While some are bioluminescent, starfish are known for their symmetry and regenerative capacity – embodying resilience and strength.

CONSTRUCTION MATERIALS

The Sector is the largest manufacturer and exporter of aluminium extrusions in Sri Lanka, offering a range of industrial, residential and architectural profiles with a global reputation for product design, quality and innovation.

Insights from Sector Managing Director
Scan to view

Construction Materials

HIGHLIGHTS OF 2024/25

Revenue
Rs. 13.11 bn
(+32%)

Profit Before Tax
Rs. 1.14 bn
(+392%)

Profit After Tax
Rs. 867 mn
(+366%)

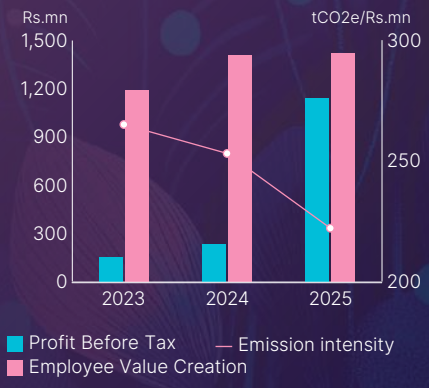
Assets
Rs. 16.56 bn
(+29%)

Liabilities
Rs. 11.66 bn
(+39%)

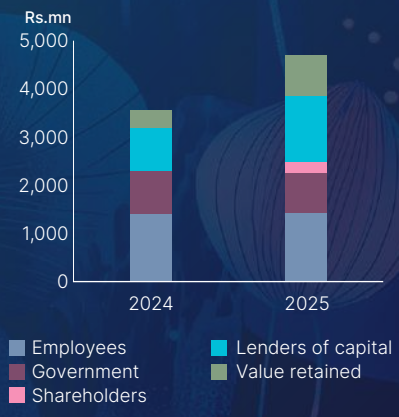
Employees
1,001
(-29%)

Carbon Footprint
(Scope 1 2,3)*
12,660 tCO2e

INTEGRATED PERFORMANCE



STAKEHOLDER VALUE CREATION



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

KEY DEVELOPMENTS IN 2024/25

- Achieved strong volume growth in both domestic and export market
- Commissioning 'Ascend' an advanced facility featuring cutting-edge technology
- Successfully obtained the Aluminium Stewardship Initiative (ASI) certification, emerging as the first extrusion manufacturer in Sri Lanka to do so.
- Launch of ESG Roadmap, 'Elevate'

Much like the natural phenomena of bioluminescence and biofluorescence—where organisms emit or transform light through symbiotic processes, Alumex thrives on deep and dynamic relationships across the value chain. The Sector adds value through continuous innovation, evolving with agility to create sustainable, high-performance solutions that power progress

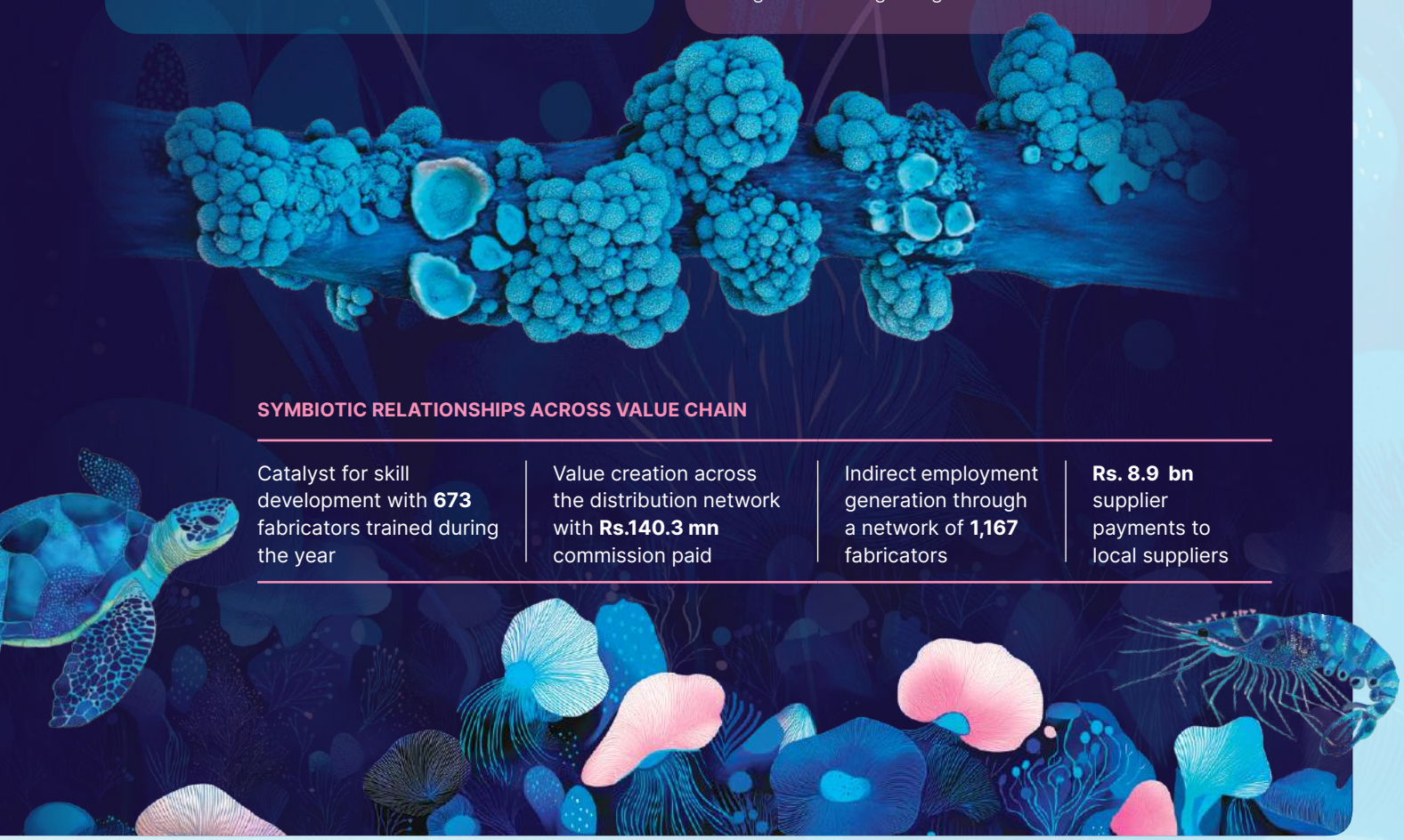
INNOVATION AND AGILITY

- Continued expansion of the product portfolio with focus on innovative, value-added products which are at the forefront of the industry
- Reducing reliance on virgin aluminium through pursuing opportunities in circular models

SUSTAINABLE PRODUCT PROPOSITION

Aluminium is a key enabler of the low-carbon transition through,

- Essential component of renewable energy solutions
- Championing circularity through the use of recycled metal
- Supporting innovation in low-carbon green building design



SYMBIOTIC RELATIONSHIPS ACROSS VALUE CHAIN

Catalyst for skill development with **673** fabricators trained during the year	Value creation across the distribution network with **Rs.140.3 mn** commission paid	Indirect employment generation through a network of **1,167** fabricators	**Rs. 8.9 bn** supplier payments to local suppliers

Construction Materials

SECTOR OVERVIEW

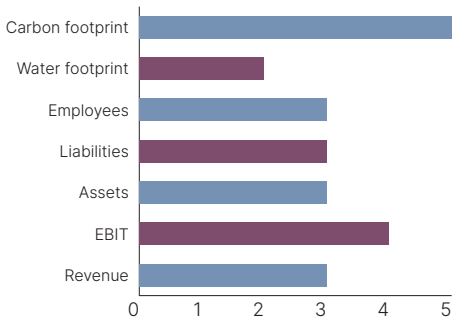
The Sector is represented by Alumex PLC, Sri Lanka's leading, fully-integrated manufacturer of aluminium extrusions. Having dominated the market for over four decades and holding a market share of around 45%, the Sector is frequently recognised for excellence in innovation, quality and sustainability, establishing it as a trusted player in both the domestic and export markets. The Sector has obtained multiple local and international certifications, including manufacturing rights for globally renowned proprietary systems for aluminium windows.

Manufacturing strength	Quality commitment	Global reach	Access to proprietary systems
As the largest manufacturer in Sri Lanka the Sector has an annual capacity of 22,200 MTs. Infrastructure includes - Extrusion, melting, powder coating and anodizing plants - **9** distribution centres - **13** Lumin Concept centres	A host of **local and international certifications** including QMEA, QUALANOD, QUALICOAT and several ISO Standards	Having expanded its presence in international markets such as **UK, USA, Canada, Australia, New Zealand, Germany, Italy, Singapore and India**, nearly 35% of the Sector's Revenue is now generated through exports	Manufacturing rights for **09 globally renowned proprietary systems** for Aluminium windows

OPERATING ENVIRONMENT

The Sector's performance is directly correlated to the country's construction industry, which demonstrated gradual recovery following consecutive years of contraction. Construction industry activities increased by 19% in 2024 (2023: -21%) reflecting improved sentiments, more favourable interest rates and an uptick in residential demand. The commercial construction sector value chains, which in recent years were hindered by liquidity constraints, also showed gradual improvement following government-led liquidity injections, although large-scale projects are only expected to materialise over the medium-term. The increasing preference for aluminium as an alternative to timber, given characteristics such as durability, sustainability, design flexibility and weather resistance has driven demand for the former in recent years. Meanwhile, global aluminium prices recorded a gradual increase during the year, reflecting stronger demand from the expanding use of renewable energy technologies together with a contraction in production stemming from global geopolitical tensions. As such, global prices increased from around USD 2,500/MT at the beginning of the financial year to around USD 2,600/MT by March 2025. With global supply expected to expand in the short-to-medium term, prices are likely to hold steady in 2025.

RELEVANCE TO GROUP



	SRI LANKAN CONSTRUCTION SECTOR	GLOBAL ALUMINIUM PRICING	COMPETITION FOR RECYCLED ALUMINIUM	REGULATORY AND LEGAL ENVIRONMENT
	+19% Growth in 2024	**+6%** March '24 to April 25	**+4%** Increase in the price of local aluminium scrap	Carbon Border Adjustment Mechanism (CBAM) Trade tariffs
Description	Growth was driven by the gradual improvement in residential demand, supported by more favourable interest rates and a stabilisation of macro-economic fundamentals	Global geopolitical dynamics, trade restrictions and increased demand from the world's low-carbon transition resulted in an increase in global aluminium prices, which are expected to hold steady in 2025.	The prices of recycled aluminium in Sri Lanka escalated during the year, reflecting higher demand for scrap aluminium by local manufacturers including new competitors to the industry.	Emerging global regulations and trade policies including the CBAM in Europe trade tariffs from the USA are expected to challenge Sri Lankan exporters over the short-to-medium term
Impact	H	M	M	H
Implications	+ Strong local volume growth - Intensifying competitive pressures	- Adverse implications on cost of production and profitability margins	- Compelled to rely on imported virgin aluminium - Challenges in achieving the Sector's circularity aspirations	- Reduced global competitiveness - Investments required in decarbonisation

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

RISK LANDSCAPE

Market risks

Recent geopolitical trade dynamics including the increase in trade tariffs from the USA poses key short-term risk

Strategic response

→ Develop new markets in Europe and Australasia

Sustainability-related risks

CRRO 3

Emerging sustainability-related regulations such as the CBAM will entail additional import taxes to EU based on the manufacturers' emissions

Strategic response

→ Decarbonisation plan aligned to the requirements of ASI

Policy and regulatory risks

Significant tax exemptions for aluminium imports classified under Strategic Development Projects can insert pressure on local manufacturers

Strategic response

→ Ongoing engagement with policy makers

Market risks

The price of aluminium is expected to remain at the current elevated levels for the most part of 2025, reflecting rising demand

Strategic response

→ Pursuing growth in relatively price inelastic, value-added product solutions

Construction Materials

OPPORTUNITIES

Sustainability-related opportunities

SRRO 5

The low carbon transition presents significant opportunities for the aluminium sector as a key component in renewable energy and other energy-efficient solutions

Strategic response

→ Widen product range beyond traditional solutions

Market opportunity

Large scale construction projects are expected to recommence in the near term, following more conducive macro-economic conditions

Strategic response

→ Leverage on brand, customer relationships and customer touchpoints to offer attractive pricing and innovative solutions

Market opportunities

With customers increasing preference for sustainable, lightweight, corrosion free and durable solutions, the demand for alternatives to wood fixtures is expected to record continued growth

Strategic response

→ Continued expansion of product offerings

STRATEGY AND RESOURCE ALLOCATION

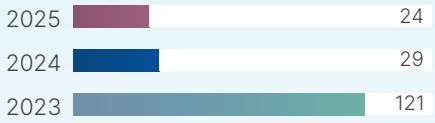
In line with its focus on expanding contributions from exports, the Sector has pursued growth in innovative high-value products, driving investments towards product development and state-of-the-art manufacturing infrastructure. This has also led to a strategic emphasis on sustainability aspects, as Alumex as sought to position itself as a sustainable manufacturer of world-class, innovative aluminium solutions. During the year, the Sector made considerable progress in these strategic pillars as summarised below:

Strategic KPIs/ Pre-financials

FOCUS ON VALUE-ADDED PROPOSITIONS

How we performed: Investments in advanced manufacturing capabilities enabled the production of high-end solutions such as aluminium balconies HPDC Products.

New products developed



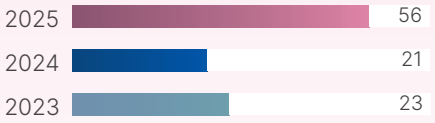
About this KPI and why we use it:
This KPI demonstrates the effectiveness of the Sector's R&D strategy, its innovation output and market responsiveness

Resource allocation
Investment in research and development:
Rs. 38.08 mn

EXPORT DRIVE

How we performed: The Sector achieved strong growth in export revenue supported by entry into new markets such as Italy and acquisition of new customers.

Growth in export volumes (%)



About this KPI and why we use it:
Showcases the effectiveness of the Company's export strategy and its ability to compete in the global market place

Resource allocation
Investment in sales and marketing expense in export markets:
Rs. 42.37 mn

STRATEGIC ESG INTEGRATION

How we performed: The Sector made considerable progress in driving ESG integration, with launch of its ESG Roadmap- Elevate setting out targets, action plans and KPIs

ASI Certification
The first extrusion manufacturer to in Asia to obtain this certification

About this KPI and why we use it:
The ASI is a stringent, globally recognised sustainability certification for the aluminium industry.

Resource allocation
Investments in renewable energy over the past 3 years: **Rs. 4.06 mn**

INTEGRATED PERFORMANCE REVIEW

Strong rebound: The Sector delivered a strong resurgence during the year, supported by impressive volume growth of nearly 33%. Timely strategic interventions in penetrating export markets came to fruition, with the Sector recording a near 56% increase in export volumes, which contributed nearly 34% to the Sector's Revenue. This, together with a domestic volume growth of 22% and the Sector's foray into increasingly value-added products resulted in a Revenue growth of 32% during the year. Increased capacity utilisation levels and strategic emphasis on lean practices and standardising processes enabled the Sector to improve its Operating Profit margin from 11% to 15%. Resultantly, the Sector's Profit Before Tax clocked in at Rs. 1.14 bn compared to Rs. 232 mn the previous year.

Investing for the future: In a major milestone of the year, the Sector commissioned 'Ascend' at an approximate investment of Rs.70 mn. The new state-of-the-art manufacturing facility features cutting edge technology such as aluminium High Pressure Die Casting (HPDC) and dedicated aluminium balcony assembly line machines. The former enables the production of complex components with high precision and superior strength, while the latter offers large-scale production of premium, customisable aluminium balcony systems, designed for both residential and commercial projects in overseas markets. The Sector also commissioned a new powder coating plant featuring dual booth operations, additional finishing lines and a timber decorating line.

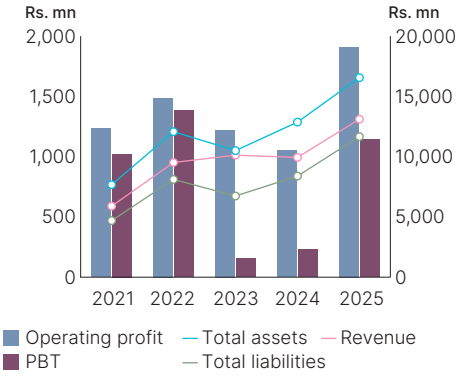
ASI certification: The Company marked a step change in its sustainability aspirations during the year, successfully emerging as the first extrusion manufacturer in Sri Lanka to obtain the prestigious ASI certification. A globally recognised standard for responsible and sustainable practices along the entire aluminium value chain, obtaining the ASI certification involves a rigorous process which assesses performance on a range of environmental, social and governance aspects including curtailing emissions, preserving biodiversity, respecting human rights, upholding ethical business conduct and due diligence along the value chain among others. This certification is expected to strengthen the Sector's export prospects as it seeks to position itself as a sustainability leader in the industry.

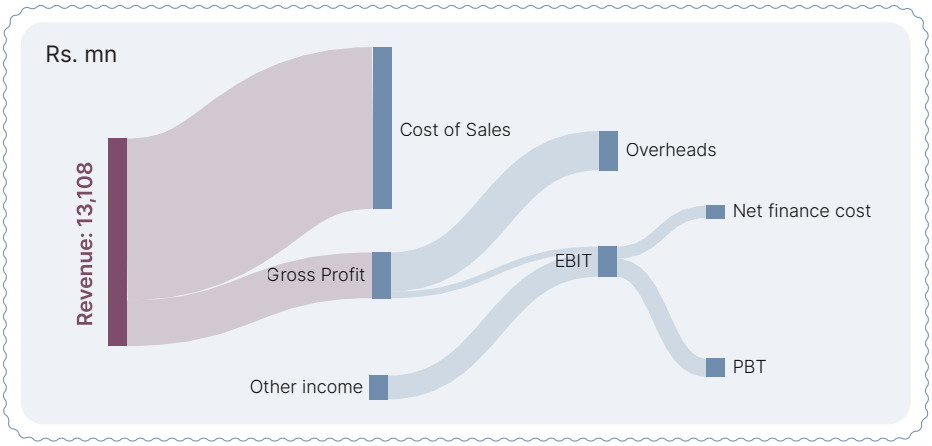
Focus on technical excellence: In line with its foray into export markets and value-added product segments, the Sector placed considerable emphasis on improving its technology capabilities. This entailed establishing a dedicated technical division, combining capabilities and skills in product development, compliance, quality and sustainability. During the year, the Sector also successfully obtained rights for a new international proprietary system, CAPRAL-one of Australia's leading suppliers of aluminium products and systems. This exclusive partnership includes a training component providing specialised training to fabricators on the effective use of the system.

Skill development: Alumex is a catalyst for skill development across the aluminium value chain, delivering training sessions to diverse industry stakeholders including fabricators, dealers, engineers and students of the Vocational Training Authority and NAITA among others. In partnership with the Department of Technical Education and Training the Sector also developed a state-of-the-art technical aluminium fabrication training center, with the objective of uplifting the industry. During the year, the Sector provided training for over 673 fabricators across the island, supporting employability and skill development across the value chain.

Strategic ESG integration: The Sector made significant progress in strategically integrating ESG across its decision-making and processes with the launch of its ESG Roadmap- Elevate. Aligned to the Hayleys Group's ESG Roadmap, Elevate, includes ambitious targets, annual KPIs, action plans as well as policies to drive systematic implementation of ESG across the organisation. The Sector's emission reduction roadmap is aligned to the 1.5OC emission pathway of the International Aluminium Institute entails targets to reduce emission intensity through shifting to renewable energy sources, reducing usage of compressed air and optimising transportation and distribution.

SECTOR FINANCIAL PERFORMANCE





Construction Materials

PERFORMANCE HIGHLIGHTS

FINANCIAL METRICS	2025	2024	%	2023
Revenue	13,108	9,937	32	10,124
Earnings before interest and tax	1,911	1,053	82	1,222
Net finance income/(cost)	(770)	(821)	(6)	(1,069)
Profit before tax	1,141	232	392	153
Profit after tax	867	186	366	(10)
Assets	16,555	12,866	29	10,503
Liabilities	11,661	8,390	39	6,736
Operating cash flow	28	(1,366)	(102)	542
OPERATIONAL HIGHLIGHTS				
Production volumes (MT)	8,064	5,926	36	4,831
Capacity utilisation (%)	36	27	9	22

PERFORMANCE AGAINST TARGETS

Revenue

Budget

Actual

Profit before tax

Budget

Actual

ENVIRONMENTAL METRICS		2025	2024	%	2023
ESG commitment areas	Energy consumption (GJ)	111,674	81,117	38	87,740
	Energy intensity (GJ/Revenue USD mn)	2,535	2,584	(2)	2,940
	Carbon footprint (tCO2e)- Scope 1 & 2	9,782	7,945	23	7,440
	Emission intensity (tCO2e/Revenue USD mn)	222	253	(12)	265
	Water withdrawn (m3)	124,966	116,693	7	87,740
	Water intensity (m3/Revenue Rs. mn)	2,837	3,717	(24	3,121
	Gross global Scope 1 emissions	5,896	4,527	30	4,665
Relevant SASB metrics	**Energy**				
	-% grid electricity	29	29	-	29
	-% alternative energy	N/A	N/A	-	N/A
	-% renewable energy	N/A	N/A	-	-
	Water				
	-% water recycled	11	28	(17)	15
	-% in regions with high water stress**	100%	100%	-	100%
	Waste				
	-Waste generated (MT)	2,117	1,067	98	1,780
	-% hazardous	90	77	18	84
	-% recycled	25	34	(24)	-

PERFORMANCE AGAINST TARGETS

Emission reduction

Target: 16% reduction in emission intensity

Target: 5% reduction in emission intensity

Renewable energy

Target: 10% renewable energy

Actual : 0% renewable energy

Circularity

Target: 44% reliance on recycled aluminium

Target: 46% reliance on recycled aluminium

SOCIAL METRICS		2025	2024	%	2023
ESG commitment areas	No. of employees	1001	774	29	735
	Revenue per employee (Rs. mn)	13	13	-	14
	Remuneration per employee (Rs.mn)	1	2	(50)	2
	Investment in CSR (Rs.mn)	4	3	33	1
	No. of CSR beneficiaries	20,339	685	-	170
Relevant SASB metrics	Total recordable incident rate	2.82	1.13	150	1.19

PERFORMANCE AGAINST TARGETS

Training hours

Target: 10 Average training hours/pa

Actual: 11.63 Average training hours/pa

Health and Safety

Target: zero significant injuries in workplace

2024/25: 22 occupational injuries

Customer satisfaction rate

Target: 85% customer satisfaction rate

Target: 77% customer satisfaction rate

*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- Construction Materials 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

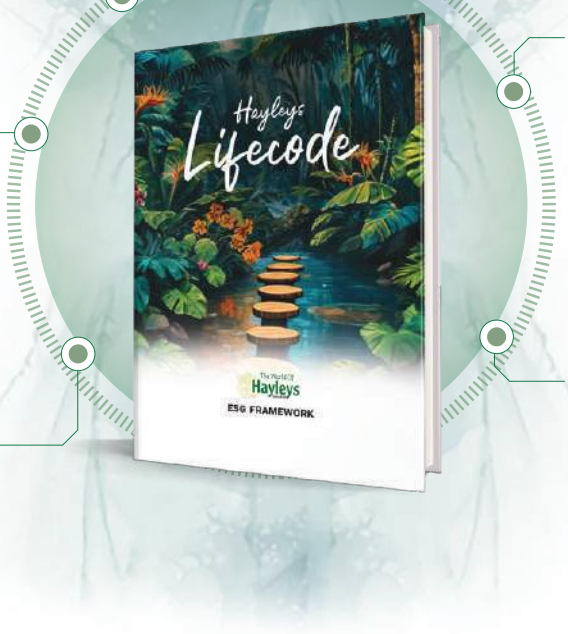
- Conducting Lifecycle Analysis for 6 products in line with the customer and ASI requirements
- Modifications to rectifiers to enable higher energy efficiency
- Exploring alternatives to diesel

Restore and regenerate nature

- Planted 250 trees adjacent to the Meerigama Highway
- Reforestation efforts in partnership with Road Development Authority and Forest Conservation Department
- Beach clean-up with zero plastic movement

Optimise resource footprint

- 47% use of recycled aluminium through the use of 4,742 MT



Responsible work place

- 1,153 employee training hours covered through health and safety, technical, sustainability and other related training

Partner progress

- Rs. 4.06 mn investment in numerous CSR initiatives including the white cane project, lunch programme for school children and educational support
- Higher warranty on Akzo-Nobel paint finish providing increased customer value

Responsible and responsive corporate citizenry

- ESG Framework Elevate launched during the year
- Strengthening ESG governance and reporting mechanisms
- Obtained ASI Certification during the year

Construction Materials

PROSPECTS AND PLANS

The country's construction sector is poised for growth in 2025/26, as stabilising macro-economic conditions, favourable interest rates and the initiation of large projects, both in the government and private sectors fuelling sector growth. Export markets also offer significant growth potential, and the sector will continue to pursue aggressive expansion in the regions it entered into in recent years. Given recent investments upgrading manufacturing infrastructure, the Sector is well positioned to drive increased efficiency and capacity utilisation levels with strategic focus on value-added product solutions.

Alignment to Group strategy

	Short-term	Medium to Long-term
Portfolio optimisation	• Develop presence in non-traditional markets	• Develop customers across 5 continents and set up sales offices in key markets
Customer Centricity	• Strengthen value-added proposition in export markets • Increase contribution from premium products	
Strategic ESG Integration	• Ongoing development of fabricators to manage proprietary systems	• Drive decarbonisation plans in line with Elevate Roadmap
What we hope to achieve	**28%** Revenue growth ROE**>15%**	**19%** Revenue growth ROCE**>30%** 25% reduction in emission intensity 20 average hours of training per annum

Opportunities and levers	Risks to strategy
→ Sustainability as a competitive edge in the industry	→ Escalating geo-economic confrontations
→ Recommencement of large-scale infrastructure projects in Sri Lanka	→ Increasing focus on industry decarbonisation through regulations such as the Carbon Border Adjustment Mechanism
→ Customer demand for convenient and alternatives to wood fixtures	

Devil's-bit Scabious

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

PLANTATIONS

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

Insights from Sector Managing Director
Scan to view

Plantations

HIGHLIGHTS OF 2024/25

Revenue
Rs. 19.18 bn
(+6%)

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

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

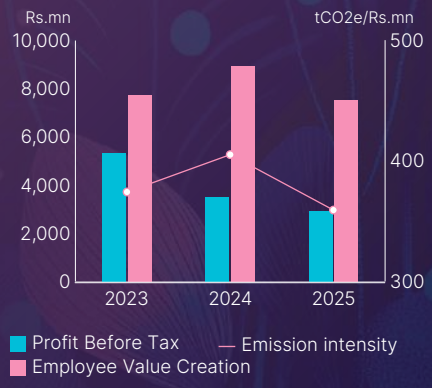
Assets
Rs. 27.28 bn
(+8%)

Liabilities
Rs. 13.30 bn
(+8%)

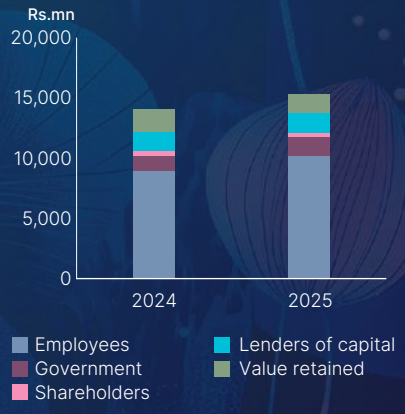
Employees
15,775
(3%)

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

INTEGRATED PERFORMANCE



STAKEHOLDER VALUE CREATION



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

KEY DEVELOPMENTS IN 2024/25

- Maintained position as top performers in the Colombo Tea Auction
- Commissioning of state-of-the-art Kiruwanaganga Tea Factory
- Emissions targets of KVPL and TTE verified by the Science Based Target Initiative (SBTi)
- Expansion of revenue share model to cover 40% of total volume of green leaf

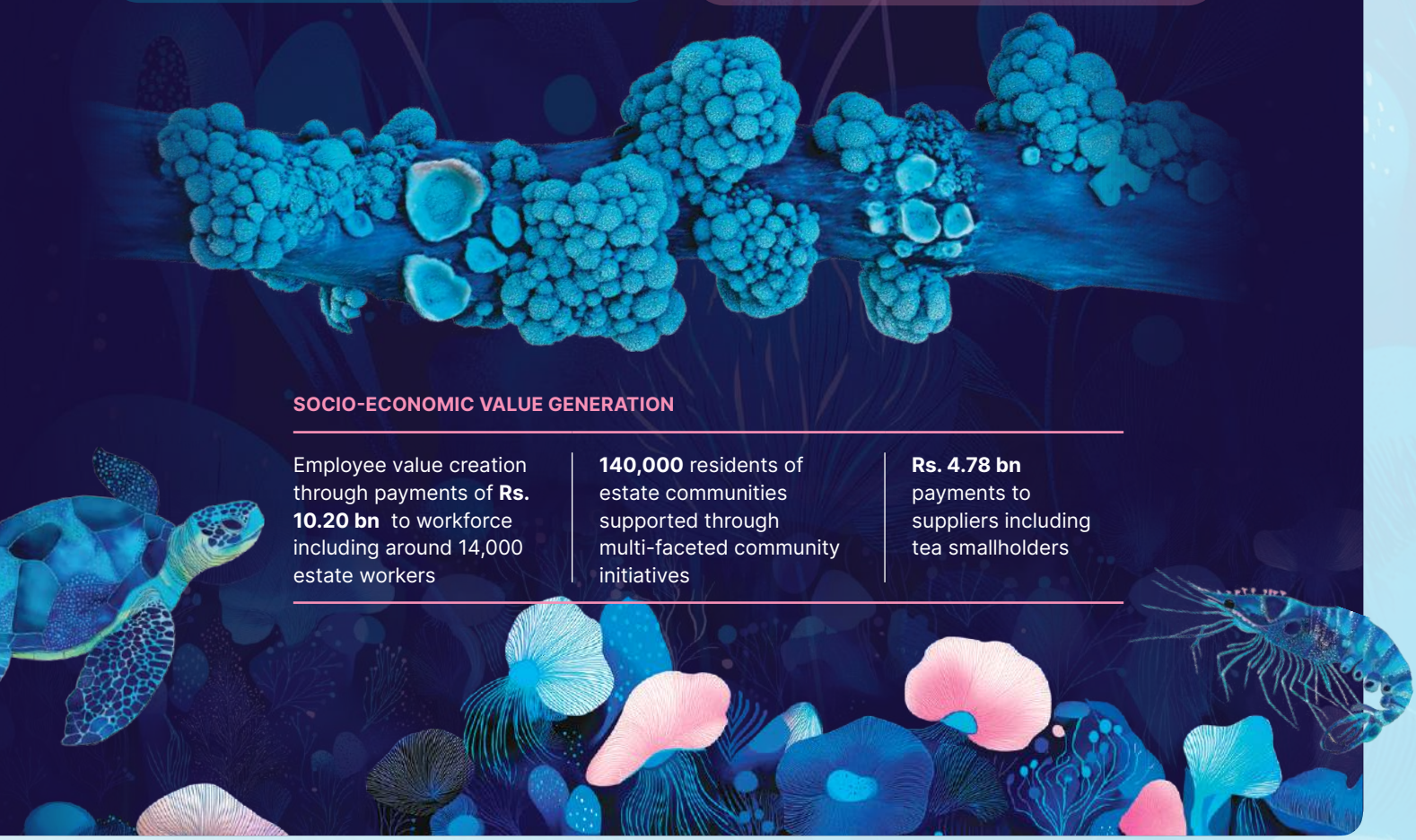
Guiding the plantation industry into a new era, the Hayleys Plantation Sector draws inspiration from the natural brilliance of bioluminescence and biofluorescence-symbols of transformation and renewal-as it champions sustainability, equitable value creation, and the reimagining of a traditional sector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

TRANSFORMATION THROUGH INNOVATION

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

INDUSTRY LEADER IN SUSTAINABILITY

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



SOCIO-ECONOMIC VALUE GENERATION

Employee value creation through payments of **Rs. 10.20 bn** to workforce including around 14,000 estate workers	**140,000** residents of estate communities supported through multi-faceted community initiatives	**Rs. 4.78 bn** payments to suppliers including tea smallholders

Plantations

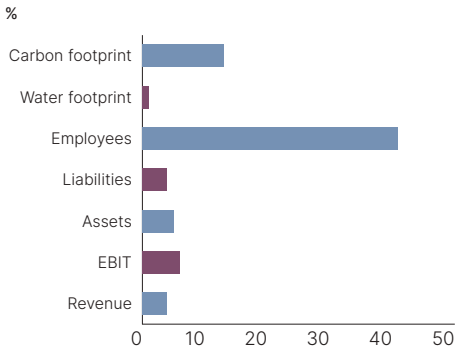
SECTOR OVERVIEW

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

SECTOR OPERATIONS

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

RELEVANCE TO GROUP



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

OPERATING ENVIRONMENT

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

	COST OF PRODUCTION	TEA PRICES AT COLOMBO AUCTION	ESCALATING IMPLICATIONS OF CLIMATE CHANGE	LABOUR SHORTAGES
	+9% Increase in cost of production	**+5%** Increase in 2024 **8%** Decline in 4Q FY 24/25		Relatively less workforce in relation to cultivated extent
Description	The near 35% increase in wages, coupled with low labour productivity and elevated fertilize prices have inserted significant pressure on manufacturers	The decline in tea prices during 4Q FY 24/25 represents the most significant short-term risk, reflecting subdued demand conditions and an increase in global supply	Increased variability of rainfall and temperature continue to impact the country's tea production, underscoring the critical importance of climate adaptation	Changing aspirations of the younger generations continue to drive increased labour migration from the estate sector, resulting in critical labour shortages
Impact	H	H	M	H
Implications	- Reduced competitiveness in the global market - Impact on profitability margins	- Adverse implications on Revenue and profitability	- Adverse impact on quality, yield and crop - Increased costs associated with climate adaptation	- Impacts on the continuity of production - Impacts on labour productivity

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

RISK LANDSCAPE

Market risks

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

Strategic response

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

Operational risks

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

Strategic response

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

Operational risks

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

Strategic response

→ Focus on efficiencies, yield improvements and automation

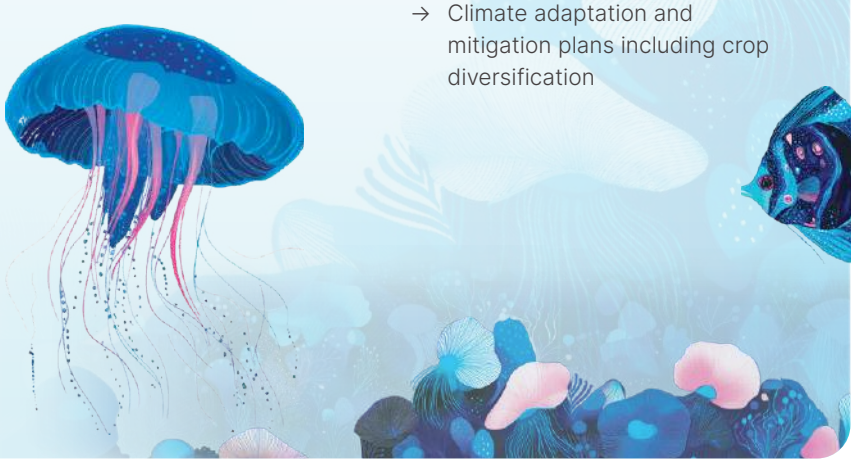
Sustainability-related risks

CRRO 1,2

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

Strategic response

→ Climate adaptation and mitigation plans including crop diversification



Plantations

OPPORTUNITIES

Sustainability opportunities

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

◎ Strategic response

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

Market opportunities

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

◎ Strategic response

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

STRATEGY AND RESOURCE ALLOCATION

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

Strategic KPIs/ Pre-financials

CROP AND BUSINESS DIVERSIFICATION

How we performed: The Sector is pursuing conscious efforts to reduce reliance on labour intensive crops and increase contributions from export agriculture crops and other business avenues

New products developed

About this KPI and why we use it:
This KPI demonstrates the effectiveness of the Sector's diversification strategy and its efforts to reduce reliance on traditional crops

Resource allocation
Investments in new crop:
Rs. 233 mn

TRANSFORMING LABOUR DYNAMICS

How we performed: The Sector's unique Revenue-share model provides an opportunity to workers to increase their earnings while enhancing the dignity of labour through an entrepreneurial, productivity-linked model.

40%
Crop is produced through the Revenue-share model

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
Payments made through Revenue share model: **Rs. 790 mn**

REGENERATIVE AGRICULTURE

How we performed: The Sector aims to revitalise relationships with ecosystems, soil, human and crops through the use of organic fertilizer, biodiversity assessments and preservation of natural resources

Organic fertilizer applied(MT)

About this KPI and why we use it:
This KPI demonstrates reduced dependence on chemical fertilizer and the extent to which the Sector is committed to sustainable agriculture methods

Resource allocation
Investments in regenerative agriculture:
Rs. 744 mn

INTEGRATED PERFORMANCE REVIEW

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

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

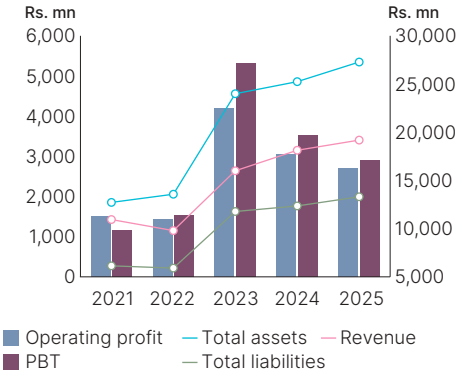
Technology and capacity drive: During the year, the Sector marked a major milestone with the commissioning of a new state-of-the-art Kiruwanaganga Tea Factory. Constructed at an investment of Rs.780 mn, with a manufacturing capacity of 14,000 kg of tea per day, the factory features advanced machinery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

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

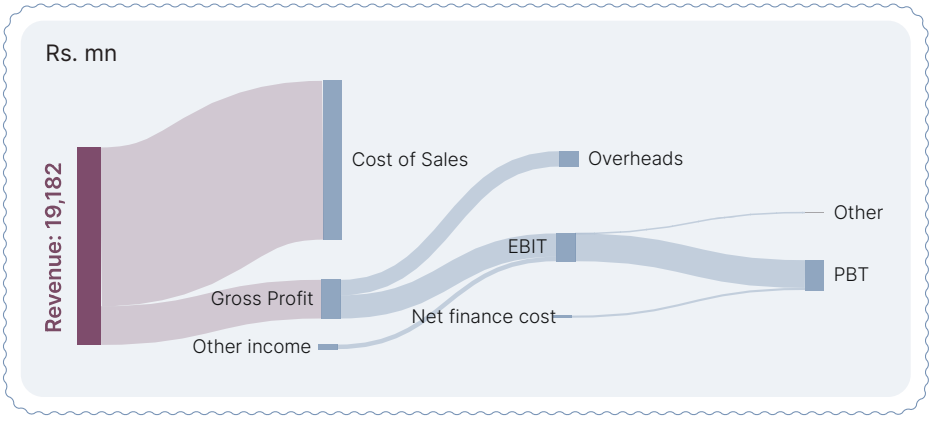
Forefront of quality and sustainability: The Hayleys Plantation companies continue to lead the industry in quality, sustainability and innovation. During the reviewed period, the Sector marked several landmark achievements; KVPL obtained verification of its near-term, FLAG (Forests, Land, and Agriculture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

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

SECTOR FINANCIAL PERFORMANCE



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



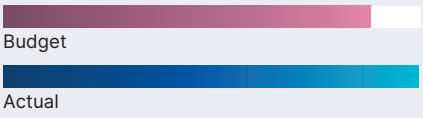
Plantations

PERFORMANCE HIGHLIGHTS

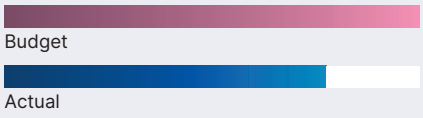
FINANCIAL METRICS	2025	2024	%	2023
Revenue	19,182	18,128	6	15,998
Earnings before interest and tax	2,702	3,052	(11)	4,186
Net finance income/(cost)	210	473	(56)	762
Profit before tax	2,906	3,525	(18)	5,318
Profit after tax	1,909	2,254	(15)	3,767
Assets	27,279	25,244	8	23,991
Liabilities	13,304	12,354	8	11,777
Operating cash flow	4,176	2,415	73	4,183
OPERATIONAL HIGHLIGHTS				
Production volumes (MT)				
-Tea	12,043	11,774	+2	11,444
-Rubber	2,712	2,639	+3	3,361
Average pricing of tea (Rs/KG)				
-TTE	1,342	1,230	+9	1,517
-KVPL	1,278	1,167	+10	1,501
-HPL	1,161	1,066	+9	1,310
No. of processing facilities	50	50	-	32
Total area under active production(ha)	17,025	16,738	+2	10,251

PERFORMANCE AGAINST TARGETS

Revenue



Profit before tax



	ENVIRONMENTAL METRICS	2025	2024	%	2023
ESG commitment areas	Energy consumption (GJ)	547,811	590,180	-7	237,195
	Energy intensity (GJ/Revenue USD mn)	8,499	10,306	-18	5,340
	Carbon footprint (tCO2e)-Scope 1&2	23,119	23,180	-	16,610
	Emission intensity (tCO2e/Revenue USD mn)	359	405	+47	374
	Water withdrawn (m3)	99,145	220,806	-55	90,910
	Water intensity (m3/Revenue USD mn)	1,538	3,856	-60	2,047
Relevant SASB metrics	Energy consumption				
	-% grid electricity	17	29	-12	3
	-% renewable	77	84		83
	Water withdrawal				
	-% from high/extremely high stress**	100	100	N/A	Nil
	No. of incidents of non-compliance relating to water	Nil	Nil		Nil

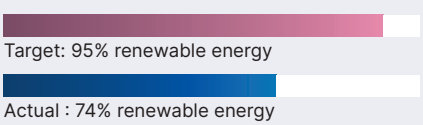
PERFORMANCE AGAINST TARGETS

Emission reduction

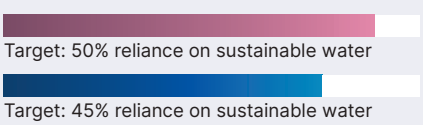
Target: 42% reduction in Scope 1 & 2 emissions by 2030

2024/25: Unchanged from the previous year

Renewable energy



Sustainable water sourcing



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

PERFORMANCE AGAINST TARGETS

Training hours

Target: 40 Average training hours/pa

Actual: 7.3 Average training hours/pa

Female representation

Target: 50% Female representation in leadership

Actual: 9% Female representation in leadership

Health and Safety

Target: Zero significant workplace injuries

Actual: Zero significant workplace injuries

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

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

Long-term ESG commitments

Accelerate climate action

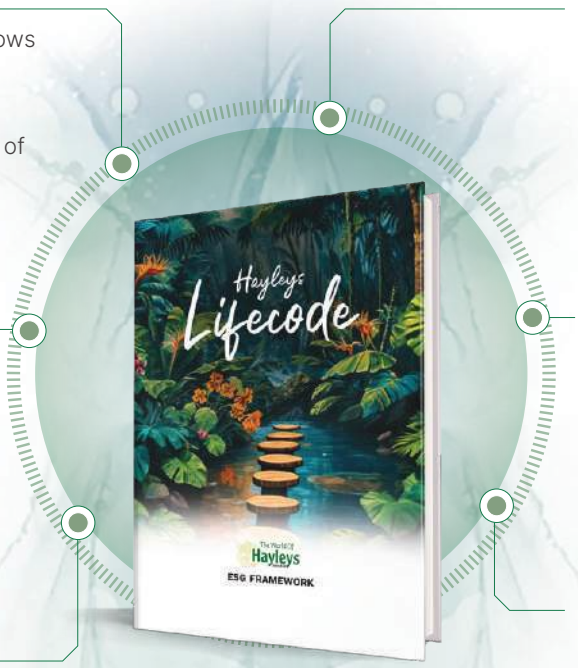
- 2 processing centres and 10 bungalows installed with solar
- 77% reliance on renewable energy
- Expansion of Scope 3 measurement of GHG emissions
- Emission targets of KVPL and TTE verified by SBTi

Restore and regenerate nature

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

Optimise resource footprint

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



Responsible work place

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

Partner progress

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

Responsible and responsive corporate citizenry

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

Plantations

PROSPECTS AND PLANS

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

Alignment to Group strategy

	Short-term	Medium to Long-term
Portfolio optimisation	• Ongoing focus on crop diversification • Focus on efficiencies, yield improvements and automation	• Continued investments in the use of technology to drive increased efficiency • Develop speciality teas catering to evolving customer requirements
Customer Centricity	• Increase the coverage of remuneration share models in creating more equitable value • Improving labour productivity	• Drive increased female representation in leadership roles
Strategic ESG Integration	• Increase reliance on renewable energy • Increase reliance on organic fertilizer	• Drive decarbonisation efforts aligned to the SBTi
What we hope to achieve	ROE**>18%**	ROE**>18%** 42% Scope 1 & 2 emission reduction Zero significant workplace injuries

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

Butterflies
Butterflies glow at a different wavelength – with each acting as a catalyst that fosters a thriving landscape of progress.

AGRICULTURE

The Sector is at the forefront of the country's agriculture industry, commanding leading market positions across its diverse business verticals while playing a critical role in modernising Sri Lanka's agriculture industry through technology and capacity building

Insights from Sector Managing Director
Scan to view

Agriculture

HIGHLIGHTS OF 2024/25

Revenue
Rs. 37.51 bn
(+8%)

Profit Before Tax
Rs. 2.60 bn
(-14%)

Profit After Tax
Rs. 1.5 bn
(-26%)

Assets
Rs. 29.33 bn
(+13%)

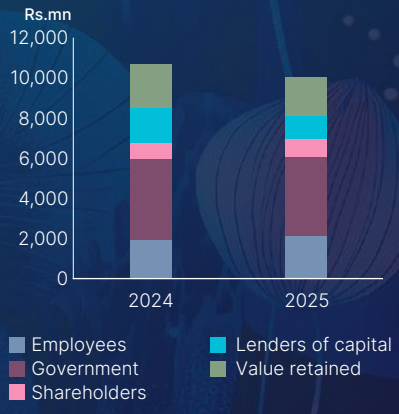
Liabilities
Rs. 17.60 bn
(+15%)

Employees
1,223
(-2%)

Carbon Footprint
(Scope 1 2,3)*
12,312 tCO2e

INTEGRATED PERFORMANCE

STAKEHOLDER VALUE CREATION



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

KEY DEVELOPMENTS IN 2024/25

Launch of several new products across key verticals	Expansion of product offering in Bangladesh	Diversification of business lines with the entry into frozen coconut water

Hayleys Agriculture illuminates the path towards a resilient and sustainable future through agriculture modernisation, climate-smart solutions and access to world-class agricultural inputs. Like the subtle glow of bioluminescence which navigates through complex environments, the Sector brings clarity, adaptability, and vitality to the evolving landscape of agriculture.

AGILITY AND ADAPTABILITY

- **USD 34 mn** export revenue generated
- **Rs. 29.24 bn** payments to suppliers including outgrowers
- Supporting the country's food security through providing access to essential agricultural inputs

DIVERSIFIED PRODUCT AND SERVICE OFFERING

Animal Health
Range of world-class animal healthcare products in livestock nutrition, solutions for poultry, veterinary medicine and animal vaccines.

Agri Exports
Exports processed fruits and vegetables to leading global brands and supermarkets as well as F1 hybrid flower seeds, coconut-kernel based products and tissueculture plants.

Crop Nutrition
Specially formulated fertilizer mixtures, blends and specialty fertilizers that cater to different agro-ecological zones.

Crop Protection
A range of essential solutions for a variety of crops including Paddy, Tea, Rubber, Spices and Export Crops, Fruits and Vegetables.

Agri Equipment
Supports the mechanisation of the industry through providing access to world-class agri equipment, protected agriculture systems, micro irrigation systems, and accessories.

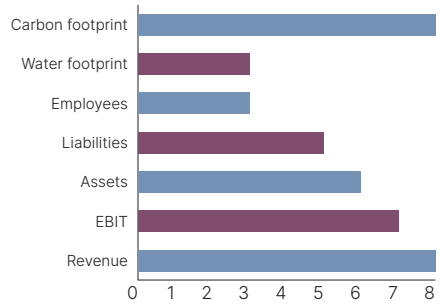
Services
Environmental management, landscaping and laboratory services

Agriculture

SECTOR OVERVIEW

Hayleys Agriculture offers a comprehensive array of agriculture-related solutions to the local and export markets. The Sector's competitive edge is underpinned by its partnerships with globally renowned principals, extensive relationships across Sri Lanka's agricultural value chains, domain-specific knowledge and best-in-class research and development capabilities. The Sector has contributed towards catalysing the development of the country's Agriculture Sector through providing essential input materials, driving mechanisation and introducing ecologically-friendly solutions supporting the longevity of the industry.

RELEVANCE TO GROUP



SECTOR OPERATIONS

Sub-Sector	Contribution to Sector (%)	
	Revenue	PBT
Local operations Provides a range of agriculture input solutions, including agriculture machinery, crop protection solutions, seeds and planting materials, animal health products, fertilizer and landscaping & environmental management services	64	70
Exports Exporter of processed fruits and vegetables, coconut kernel-based products, tissue culture plants and F1 hybrid flower seeds	19	(9)
Overseas Operations Regional operations in Bangladesh	17	38

Leadership positions	Global relationships	Extension services	Regional presence
- Largest Sri Lankan exporter of processed fruits and vegetables - Largest producer and exporter of tissue culture plants - Only Sri Lankan exporter of F1 hybrid flower seeds - Leader in Agri input solutions and equipment	Long-standing relationships **with 66 globally renowned principals** including Kubota, Bayer, BASF, Elanco and Hipra among others.	**Agriculture Extension Services powered by over 150 skilled** agriculturalists who collaborate with stakeholders across the agri-value chain in propagating knowledge and best practice.	**Haychem Bangladesh** offers an array of crop protection, fertilizer, bio-fertilizer, animal health and other solutions to the agriculture sector of Bangladesh

OPERATING ENVIRONMENT

The growth in Sri Lanka's Agriculture Sector slowed to 1.2% in 2024 (2023: 1.6%) affected by extreme weather events which disrupted key activities in including paddy, cereal production and fishing. Vagaries in climatic conditions including flooding during the Maha Season and drought during the Yala season led to a near 3% reduction in the net extent harvested. However, total production increased by 4% in view of improved yields, although still below the productivity levels achieved prior to the fertilizer ban in 2021. Government interventions aimed at revitalising the sector led to improved availability of fertilizer during the year, which in turn also led to intense price competition in the market. The influx of generic products, although affordable, results in residue which could adversely impact the long-term ecological balance of harvested land. We emphasise the critical need to balance affordability, efficacy and ecological sustainability to ensure the long-term productivity and health of the land.

	AGRICULTURE INDUSTRY	PADDY PRODUCTION	AGRICULTURE EXPORTS	BANGLADESH- AGRICULTURE SECTOR
	+1.2% Growth in 2024	**+4%** Increase in paddy production (2024)	**+8%** Growth in 2024	
Description	While fruit and animal production grew during the year, vagaries in weather conditions impacted the cultivation of paddy, cereal and fisheries during the year.	Climate variabilities and shortages in labour and equipment led to a slowdown in the growth of paddy production during the year. The influx of fertilizer into the market led to intense price competition.	Exports of fruits and vegetables increased by 14% during the year supported by increased private sector involvement and advanced cultivation techniques which led to improved yields.	The prevalent political instability and macro-economic vulnerabilities rendered a very challenging operating environment in Bangladesh during the year which included restrictions on imports and cash margin requirements on selected imports.
Impact	M	M	M	M
Implications	- Increased costs on safeguarding products from adverse weather across distribution network.	- Intense price competition among fertilizer suppliers, led to pressure on profitability margins.	+ Potential growth opportunities in regional and international markets.	- Leveraged relationships with banking partners to ensure continuity of products to the market.

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

RISK LANDSCAPE

Market risks

The widespread availability of sub-standard, generic agrochemicals has led to intense price competition and pressure on margins.

Strategic response

→ Continued focus on high-quality, ecologically sustainable products

Market risks

Rational and consistent policy is essential for the long-term sustainability and survival of the country's Agriculture Sector as well as ensuring the commercial sustainability of Agriculture Sector operators.

Strategic response

→ Ongoing engagement with regulators and policy makers

Policy and regulatory risks

VAT on agricultural equipment have impacted affordability of farmers and can affect mechanisation efforts over the long-term.

Strategic response

→ Ongoing engagement with policy makers

→ Expand portfolio of agricultural equipment.

Sustainability-related risks

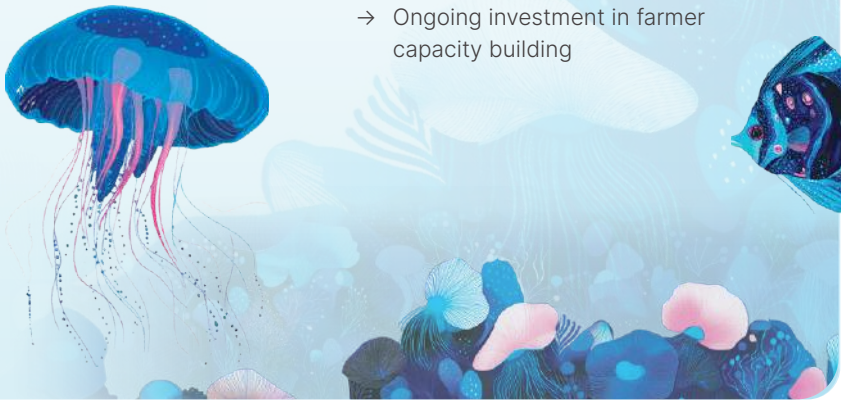
CRRO 1, 2

Escalating implications of climate change has led to significant volatility in rainfall, considerable fluctuations in temperature levels affecting agricultural productivity and crop volumes

Strategic response

→ Explore opportunities in climate-smart agriculture solutions.

→ Ongoing investment in farmer capacity building



Agriculture

OPPORTUNITIES

Sustainability-related opportunities

With climate-related risks impacting productivity and quality of crops, demand for climate-smart agriculture solutions including climate-resilient crops, water-efficient irrigation and precision agriculture is expected to surge.

Strategic response

→ Leverage relationships with global principals to introduce new climate-smart solutions to the Sri Lankan industry .

Market opportunities

Labour shortages in the industry continues to be a key challenge reflecting the changing aspirations of the youth and increased migration from the Sector. As such, mechanisation of agriculture will be essential in ensuring continued growth and supporting the country's food security.

Strategic response

→ Extensive portfolio of agricultural equipment

STRATEGY AND RESOURCE ALLOCATION

In recent years, the Sector's strategy has centred on driving further diversification of its product and service portfolio to offer world-class, integrated solutions to Sri Lanka's industry. Given the increasing vulnerabilities of the country's agriculture sector to climate change, Hayleys Agriculture has continued to invest in climate-smart R&D while also diversifying its operations beyond Sri Lanka. The strategy adopted in 2024/ 25, was consistent with this long-term approach, as summarised in the table below:

Strategic KPIs/ Pre-financials

DIVERSIFICATION OF BUSINESSES

How we performed: Following the commencement of pipe manufacturing last year, the Sector ventured into the manufacture of vet feed supplements.

Rs. 131 mn
Revenue from new business lines

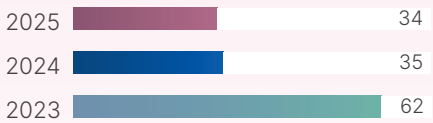
About this KPI and why we use it:
This KPI demonstrates the success of the organisation's diversification strategy.

Resource allocation
CAPEX in new business lines:
Rs. 125.42 mn

INNOVATION AND PRODUCT DEVELOPMENT

How we performed: Launch of 34 new products during the year, including agricultural machinery, animal health products, crop protection solutions, processed gherkins and jackfruit products.

New products developed



About this KPI and why we use it:
This measure shows succession of innovation performance, market responsiveness and future growth potential.

Resource allocation
Investment in R&D: **: Rs. 13.50 mn**

REGIONAL EXPANSION

How we performed: The Sector expanded its product offering in Bangladesh with the launch of Animal Health and the manufacturing of bio-fertilizers

Revenue growth from Haychem Bangladesh (%)

About this KPI and why we use it:
Demonstrates the Sector's growth potential in Bangladesh and diversification of revenue sources.

Resource allocation
CAPEX in Haychem Bangladesh:
Rs. 170.84 mn

INTEGRATED PERFORMANCE REVIEW

Resilience in diversity: The Sector delivered a resilient performance amidst considerable external challenges, through leveraging the diversity of its businesses geographical footprint and global partnerships. Sector Revenue increased by 8% to Rs. 37.51 bn reflecting broad-based growth across three sub-sectors. Meanwhile, Earnings Before Interest and Tax and Profit Before Tax declined by a respective 14% and 14% to Rs. 3.37 bn and Rs. 2.60 bn during the year under review.

The Crop Protection cluster's performance was affected by adverse weather conditions during both harvesting seasons, resulting in reduced chemical applications. Whilst the influx of generic agrochemicals (including fertilizers) led to severe price competition and impacted profitability of most operators, the Cluster focused on offering premium quality, high efficacy products which aided in preserving margins. During the year, the Cluster also launched two new broad-spectrum fungicides targeting the seed potato market.

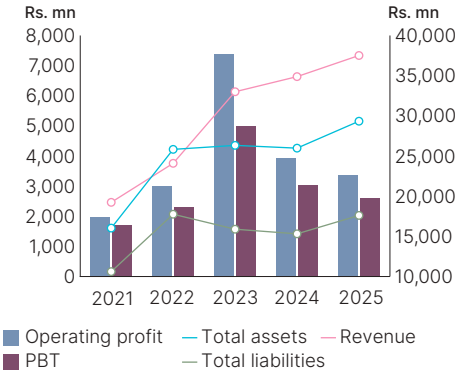
The Agri Equipment Cluster recorded a near 68% increase in PBT, supported by strong turnaround during the 2nd half of the year. Concerns on affordability following the imposition of VAT continued to impact demand and could potentially undermine industry mechanisation efforts over the medium to long-term. The Cluster maintained its position as the leader in the 4WD (four-wheel drive) tractor and premium harvester segment while also introducing an affordable Agrotech 100PRO combine harvester. The Animal Health cluster recorded a year of strong growth, delivering the highest profit in its operating history; the Cluster further widened its product range with the launch of three vaccines for the poultry segment.

In Exports, performance of the Horticulture arm was affected by subdued demand from a key customer. Weather-related vagaries have a considerable impact on flower seeds and the cluster has directed increased focus on developing new, climate-resistant varieties. In Food Exports, the gherkin and jackfruit operations were impacted by the appreciation of the Sri Lankan Rupee which pressured profitability margins; the cluster's coconut milk production operation however, generated good growth during the year, somewhat offsetting the negative earnings of the other food export categories. The cluster further diversified its operations during the year, entering into a strategic partnership to manufacture frozen coconut water for the export segment. Construction of the facility has commenced and commercial production is anticipated to begin in the last quarter of 2025/26.

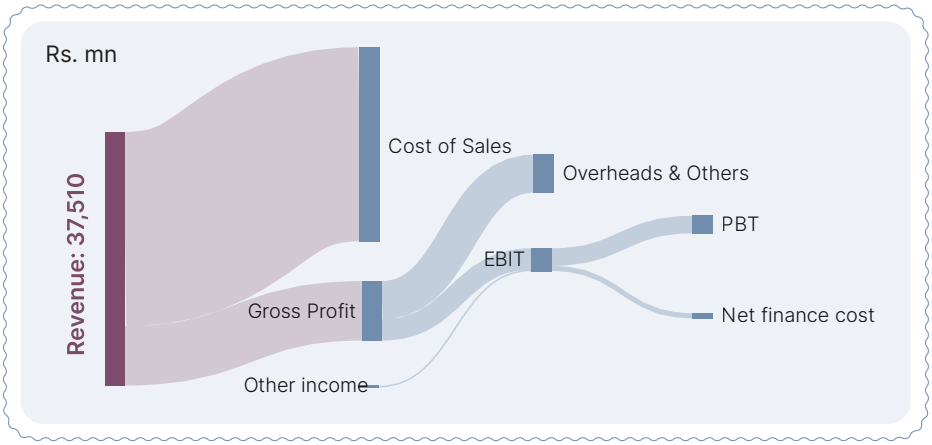
Haychem Bangladesh: The Sector's operations in Bangladesh performed exceptionally well during the year and now contributes approximately 38% to the Sector's total profits. Despite challenges stemming from political and economic vulnerabilities, Haychem Bangladesh maintained its market share while further expanding its service portfolio, with the long-term aspiration of replicating the Sri Lankan operating model in Bangladesh. During the year the company also made significant progress in delivering sustainable agriculture solutions to the Bangladesh market, increasing capacity of its bio-fertilizer and bio-pesticides production facilities.

Managing Environmental impacts: The Sector is bound by the environmental and social targets of the Hayleys Lifecode; its emission reduction strategy centers on increasing reliance on renewable energy and during the year a 490KW capacity rooftop solar system was established in the coconut milk facility. On water management, approximately 9.2% of the Sector's water consumption needs are fulfilled from rainwater, in line with the Group's aspiration of meeting 50% of its water consumption from sustainable sources by 2030.

SECTOR FINANCIAL PERFORMANCE



	Revenue (y-o-y) %	PBT (y-o-y) %
Local Operations	(4)	(5)
Exports	39	(349)
Overseas Operations	6	(2)



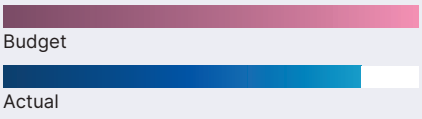
Agriculture

PERFORMANCE HIGHLIGHTS

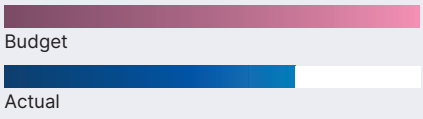
FINANCIAL METRICS	2025	2024	%	2023
Revenue	37,510	34,879	8	32,998
Earnings before interest and tax	3,373	3,937	(14)	7,379
Net finance income/(cost)	(772)	(916)	(16)	(2,369)
Profit before tax	2,601	3,020	(14)	5,010
Profit after tax	1,550	2,089	(26)	3,532
Assets	29,331	25,978	13	26,323
Liabilities	17,605	15,313	15	15,889
Operating cash flow	1,211	2,210	(45)	996

PERFORMANCE AGAINST TARGETS

Revenue



Profit before tax



	ENVIRONMENTAL METRICS	2025	2024	%	2023
ESG commitment areas	Energy consumption (GJ)**	82,550	30,968	167	36,245
	Energy intensity (GJ/Revenue USD mn)	655	281	133	396
	Carbon footprint (tCO2e)- Scope 1 & 2	7,302	2,669	174	3,023
	Emission intensity (tCO2e/Revenue USD mn)	58	24	139	33
	Water withdrawn (m3)	197,043	184,626	7	175,214
Relevant SASB metrics	Water intensity (m3/Revenue USD mn)	1,563	1,676	(7)	1,912
	Scope 1 GHG emissions	6,101	1,805	238	2,244

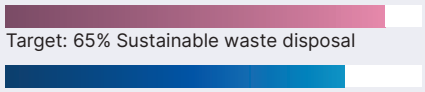
PERFORMANCE AGAINST TARGETS

Emission reduction

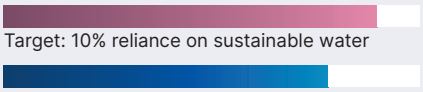
Target: 6% Scope 1 & 2 annual reduction

2024/25: 174% increase reflecting identification of new emission sources during the year

Waste Disposal



Sustainable water sourcing



SOCIAL METRICS		2025	2024	%	2023
ESG commitment areas	No. of employees	**1,223**	1,247	(2)	1,205
	Revenue per employee (Rs. mn)	**30.1**	27.9	10	27
	Remuneration per employee (Rs.mn)	**2**	2	-	2
	Investment in CSR (Rs.mn)	**5**	1	399	6
	No. of CSR beneficiaries	**159**	1,319		18,009
SASB metrics	Workforce health and safety				
	- Total recordable incident rate (%)	**Nil**	Nil	-	N/A
	- Fatality rate (%)	**Nil**	Nil	-	N/A

PERFORMANCE AGAINST TARGETS

Training & development

Target: 40 average hours/ pa

Actual: 2 average hours/ pa

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

** The sharp increase in energy consumption during the year represents improved reporting of all sources compared to last year

Long-term ESG commitments

Accelerate climate action

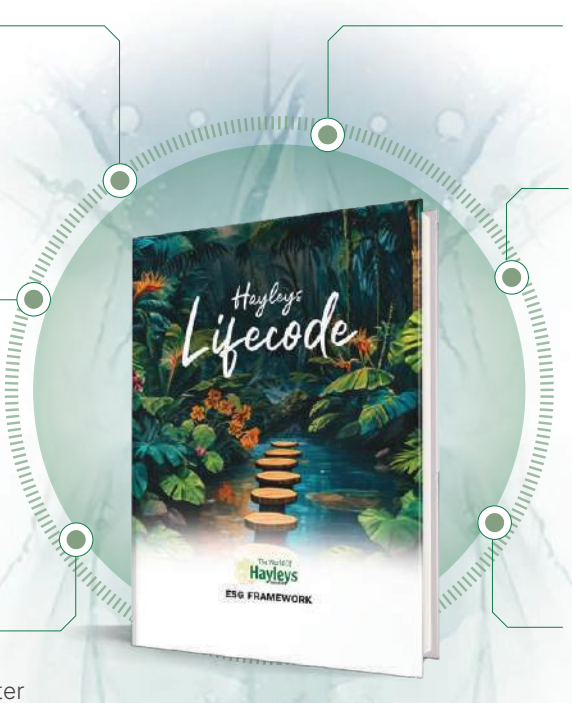
- 503,978 Kwh renewable energy generation through 490KW capacity rooftop PV system

Restore and regenerate nature

- Climate-smart agriculture solutions such as,
  - Drip Micro irrigation
  - Organic and bio-fertilizers
  - Farmer training to propagate sustainable practices

Optimise resource footprint

- 16 mn liters of rainwater harvested through the country's largest rainwater harvesting pond at Quality Seed Co. in Boralanda



Responsible work place

- Rs.1.15 Mn investment in training and development

Partner progress

- 12,435 out-growers supported in Batticaloa, Jaffna, Kilinochchi, Mullativu, Mannar, Vavuniya, Ampara, Anuradhapura, Polonnaruwa,

Puttalam, Badulla, Matale, and Rathnapura districts

- Established a farmer management system to enhance monitoring of inputs and yields and digitalise incentive structures

Responsible and responsive corporate citizenry

- Compliance to a range of environmental, quality and health and safety certifications
- Strengthen ESG risk monitoring and reporting processes

Agriculture

PROSPECTS AND PLANS

While still a critical pillar of the nation's economy, in recent year's Sri Lanka's agriculture sector has been affected by a multitude of interconnected challenges such as policy developments, economic shifts and climate variabilities. The Sector also struggles with inefficiencies in resource use, labour shortages and significant volatility in pricing which has led to a decline in overall performance. Improving labour and land productivity is critical in supporting the long-term sustainability of this sector which in turn is vital in ensuring food security and supports the livelihoods of nearly 30% of the country's population. Structural changes to improve land and labour productivity as well as a consistent and conducive government policy framework is a key requisite in achieving this and as a key stakeholder in the industry, we look forward to engaging and collaborating with industry stakeholders to achieve the true potential of the country's Agriculture sector.

Alignment to Group strategy

	Short-term		Medium to Long-term
Portfolio optimisation	• Expand product offering in Bangladesh	• Strategic focus on productivity and cost efficiencies	• Further diversification of operations in exports and animal health
Customer Centricity	• Widen product portfolio in the Agri Equipment cluster		• Continued focus on high-efficacy, superior quality products
Strategic ESG Integration	• Improving monitoring and collaboration across all agriculture input supply chains	• Continued investments in farmer extension services	• Leverage digitalisation to strengthen engagement and monitoring across supply chains
What we hope to achieve	**21%** Revenue growth ROCE**>20%**	**21%** Revenue growth ROCE**>20%**	30% Scope 1 & 2 emission reduction

Opportunities and levers	Risks to strategy
→ Mechanisation of industry, given increasing labour shortages	→ Concerns on farmer affordability and potential impact on demand
→ Drive increased penetration in Bangladesh through widening product offering	→ Escalating implications of climate change and impacts on quality, yields and crop
→ Rising demand for climate- smart and sustainable agricultural solutions	→ Increased competition from sub-standard agricultural input products

Fireflies

Fireflies illuminate the night and uplift our spirits – resonating with the joy and positivity we provide to our consumers.

CONSUMER & RETAIL

Singer is Sri Lanka's leading retailer of consumer durable products, enriching and elevating lifestyles across the country, through providing access to world-class products via a network of 405 outlets.

Insights from Sector Managing Director
Scan to view

Consumer & Retail

HIGHLIGHTS OF 2024/25

Revenue
Rs. 108.48 bn
(33%)

Profit Before Tax
Rs. 6.53 bn
(10-fold)

Profit After Tax
Rs. 4.39 bn
(25-fold)

Assets
Rs. 124.47 bn
(32%)

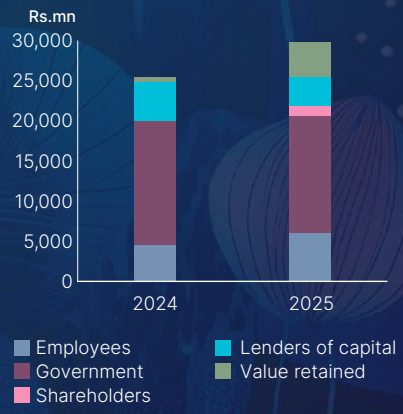
Liabilities
Rs. 109.74 bn
(32%)

Employees
3,444
(+4%)

Carbon Footprint
(Scope 1 2,3)*
19,197 tCO2e *

INTEGRATED PERFORMANCE

STAKEHOLDER VALUE CREATION



KEY DEVELOPMENTS IN 2024/25

Singer (Sri Lanka) PLC achieved record-breaking profitability during the year	Widened the product and brand portfolio while pursuing diversification of customer segments	93 Singer showrooms upgraded and 2 new branches opened by Singer Finance

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

Much like the natural phenomena of biofluorescence and bioluminescence—where organisms emit light to enrich their surroundings, Singer plays a catalytic role in its ecosystem- driving innovation, creating shared value, and uplifting quality of life. By offering convenience-led solutions and enabling easier lifestyles, it supports sustainable progress while fostering a more connected, empowered community.

VALUE GENERATION ACROSS ECOSYSTEM

- Business partners supported through 405 branches on entrepreneurial model
- Skill development through **52** branches of Singer Fashion Academy
- Economic value creation of **Rs. 28.50 bn**

MULTI-PRODUCT, MULTI-BRAND 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	**Others** Water pumps, tractors, paddy threshers and solar systems and others

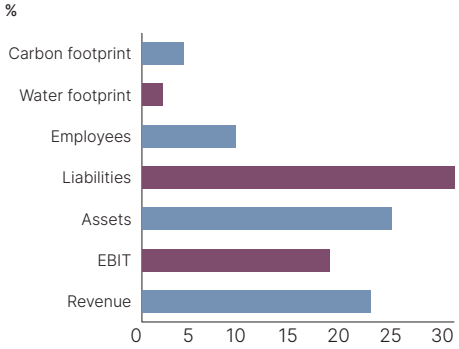
Sewing machines Domestic and industrial sewing machines	**Furniture** Solid furniture, modular furniture and Signature kitchens	**Financial Services** Leasing, hire purchase and loans

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 of the Hayleys Group 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.

RELEVANCE TO GROUP



SECTOR OPERATIONS

Sub-Sector	Contribution to Sector (%)	
	Revenue	PBT
Singer Marketing Represents 405 outlets across the country and an island-wide dealer distributor network and 3 manufacturing facilities engaged in the production of refrigerators, sewing machines, water pumps and furniture	84	73
Singer (Finance) Lanka PLC Licensed Finance Company engaging in leasing and loans	9	22
Hayleys Consumer Exclusive distributor for Proctor & Gamble products in Sri Lanka and Maldives	7	5

Market Presence	Brand Strength	Innovation	Sustainability Focus
Singer operates an extensive network of **405** outlets across **25** districts and **16** service centres. Meanwhile, Singer Finance operates a network of 56 branches	One of **Sri Lanka's strongest brands**, having won the People's Brand of the Year for 19 consecutive years at the SLIM-Kantar People's Awards	A portfolio of over **600** electronic items and **1,200** home appliances which includes representation of over 60 international consumer brands such as Samsung, Dell, Huawei, Honor, Philips and Panasonic	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 stabilising macro-economic fundamentals together with improved customer sentiments and favourable interest and exchange rates led to a significant improvement in consumer demand during the year. While the country's economic woes had led to a contraction in demand in recent years, this trend reversed during the reviewed period as the release of pent-up demand and aspirations for a higher standard of living, convenience and sophistication fuelled consumer spending across all categories of consumer durables including home appliances, consumer electronics and furniture. Meanwhile, the government's efforts to curb further expansion of the grey market is commendable; the growth of the informal sector not only threatens the survival of legal importers but also deprives the Government of tax revenue.

	PER CAPITA GDP	HOUSEHOLD EXPENDITURE	DEMOGRAPHIC CHANGES	ESCALATING CUSTOMER CONSIDERATIONS ON SUSTAINABILITY
	+19% Increase in 2024	**+6%** Private consumption expenditure **+5%** Expenditure on furnishing, household equipment and maintenance		**+6%** Y-o-y appreciation of the Sri Lankan Rupee (Monthly average rate)
Description	The increase in per capita GDP to USD 4,516 represents the growth in GDP and demonstrates increased potential for consumer spending	While food and transportation represented the highest categories of expenditure, 2024 a moderate pick up in non-discretionary household expenditure	Despite vulnerabilities stemming from the country's recent economic crisis, Sri Lanka's increasing urbanisation, rising female participation in the workforce and higher education levels are fuelling demand for more affluent and aspirational lifestyles	The Sri Lankan Rupee strengthened against the US Dollar during the year, thereby benefitting net importers such as Singer
Impact	H	H	M	M
Implications	+ Increased spending on discretionary items, resulting in sales growth	+ Improved demand conditions across all key product categories	+ Opportunities in increasing contributions from the premium segment + Increased demand for advanced and sophisticated products	+ Benefit arising from lower import cost of goods transferred to customers through downward price revisions

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

RISK LANDSCAPE

Market risks

Emerging geopolitical trade dynamics and resultant implications on key sectors of the economy

Strategic response

→ Customer diversification including increased focus on premium customer segments

Sustainability-related risks

Impacts of climate change on farmer income and potential impact on consumer demand, given Singer's strong rural presence

Strategic response

→ Diversification of customers and customer segments

Market risks

Macro-economic fundamentals including a depreciation in the exchange rate and/or increase in interest rates could affect consumer spending

Strategic response

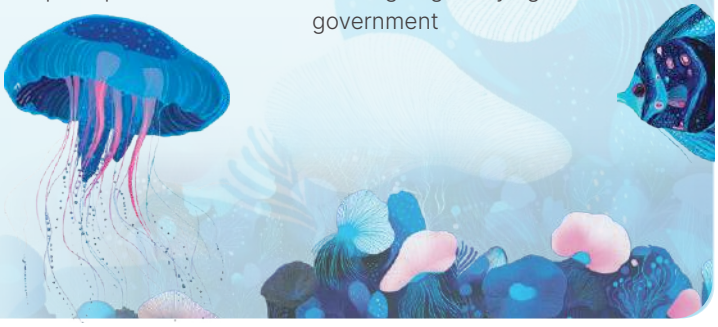
→ Product and brand diversification catering to different price points in the market

Market risks

Expansion of the grey market presents a significant threat for legal importers, given the high price disparity between legal and taxed products

Strategic response

→ Build customer awareness and ongoing lobbying to the government



Consumer & Retail

OPPORTUNITIES

Market opportunities

Shifts in the global competitive landscape has given rise to the emergence of rapidly growing, fresh brands

Strategic response

→ Diversification of market and brand portfolio

Sustainability-related opportunities

SRRO 8

Sri Lanka's renewable energy aspirations include a target of achieving 70% by 2030, which can lead to price adjustments to fossil-fuel based sources

Strategic response

→ Design, manufacture and importation of energy-efficient products

Market opportunities

Potential certification requirements on consumer durable products by the Sri Lanka Standards Institution, presents an opportunity for Singer to further widen market access

Strategic response

→ Strategic focus on ensuring quality of manufactured and imported products

STRATEGY AND RESOURCE ALLOCATION

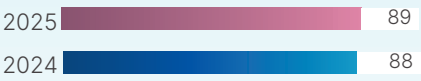
The Sector's strong performance for the year was underpinned by the meticulous execution of its clearly defined strategy, the Singer Smart Plan, which is centered on the 5 pillars of customer centricity, growth and profitability, people, manufacturing and supply chain excellence and digital transformation. The Sector's strategy was cascaded across all levels of the organisation through ongoing engagement and alignment to remuneration structures, facilitating organisation-wide buy in and goal congruence.

Strategic KPIs/ Pre-financials

CUSTOMER CENTRICITY

How we performed: Ongoing investments in showroom upgrades, training service centre staff, enhancing after- sales care, launch of Singer Care app and strengthening the omni-channel presence through increased focus on digital

Net promoter score (%)



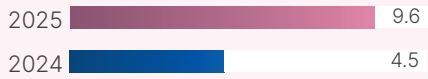
About this KPI and why we use it:
Effective measure of customer loyalty and advocacy and growth potential

Resource allocation
Customer-service related training:
Rs. 12.5 mn

EFFICIENCY AND COST MANAGEMENT

How we performed: Strategic emphasis on cost efficiencies in the factories, showroom efficiency audits, effective inventory management and proactive negotiations of import costs enabled improved profitability margins.

Operating profit margin (%)



About this KPI and why we use it:
Demonstrates effectiveness of cost saving initiatives and showcases core profitability

Resource allocation
Proactive negotiations with suppliers and nurturing a culture of cost-consciousness

INTEGRATED PERFORMANCE REVIEW

Record-breaking performance:
Effective and timely strategic interventions amidst rapidly evolving operating conditions enabled the Sector to deliver record-breaking performance during the reviewed period, with Revenue and Profit After Tax reaching unprecedented highs. Singer's strong performance was underpinned by its strategic foresight in anticipating market shifts and its agility in accelerating growth as macro-economic conditions stabilised. Resultantly, the Sector's Revenue increased by 33% to Rs.108.48 bn during the year, fuelled by broad-based improvements in demand as well as proactive sales, marketing and branding efforts. While the appreciation of the Rupee led to more favourable import costs, Singer passed on this cost benefit to customers through downward price revisions. Despite these revisions, the Sector successfully widened its Operating Profit margin from 4% to 8% during the year reflecting strategic emphasis on driving internal efficiencies

and productivity improvements. Meanwhile, Hayleys Consumer also recorded improved profitability, supported by stronger customer sentiments and a wider product portfolio. Overall, the Sector generated a Profit Before Tax and Profit After Tax growth of 10-fold and 25-fold respectively. Supported by Singer's improving performance and financial profile, Fitch Ratings upgraded Singer's National Long-Term Rating by two notches to 'AA-(lka)' from 'A (lka)', with a stable outlook.

Internal efficiency drive: During the year, Singer placed strategic emphasis on driving efficiencies, cost reductions and productivity improvements, which in turn supported wider profitability margins. This included proactive negotiations with suppliers, effective inventory management as well as manufacturing efficiencies in the factories. Singer also strengthened mechanisms to monitor showroom efficiency through a structured audit programme which evaluates financial and operating metrics across its showroom network. Singer also focused on improving supply chain efficiencies through route and load optimisation and strengthening capabilities in Sales and Operating Process systems.

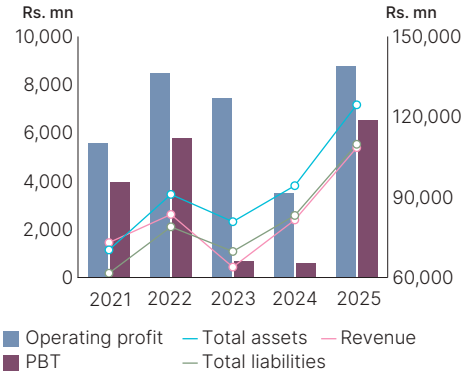
Widening product proposition: Singer continued to evolve its product and brand portfolio to cater to emerging customer needs and gradually deepen penetration in the premium customer segment through an elevated product offering. Accordingly, the Sector added premium brands such as BOSCH and Miele while also launching locally manufactured glass-door refrigerators and a new range of water pumps. During the year, the Company was also appointed as the sole distributor for Nubia smartphones in Sri Lanka. 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 2025, Singer was recognised as the People's Brand of the Year for the 19th consecutive year, as well as the Consumer Durables and Youth Brand of the year.

Digital transformation: Singer is embracing digital technology as a cross-cutting enabler which facilitates data-driven decision making, omni-channel retailing, predictive analytics, improved customer experience and more robust risk management among others. Given its unparalleled customer reach, AI-driven data insights are expected to pave way for targeted marketing and personalised customer service, thereby further sharpening the Company's competitive edge. In a key milestone during the year, Singer also unveiled Sri Lanka's first AI-powered Samsung Smart Store offering an immersive experience of AI-powered technology and smart living solutions.

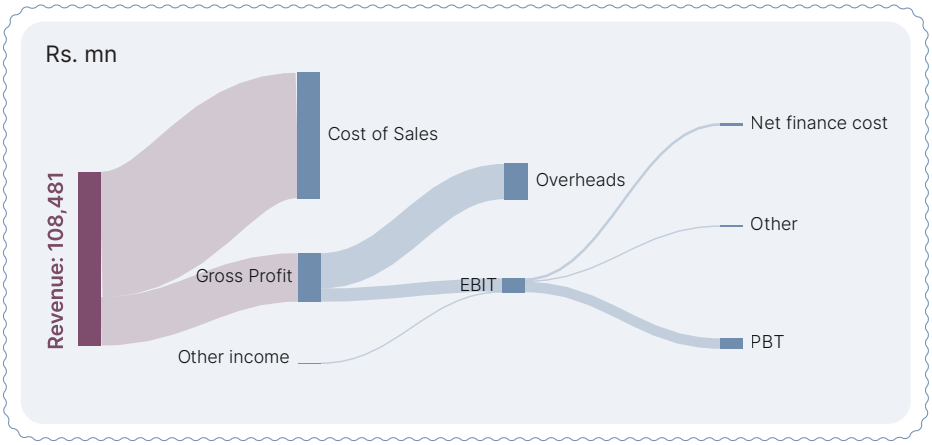
Employee value proposition: Following several years of relatively high attrition rates, Singer recorded an improvement in employee retention during the year. Key people-related priorities during the year included building a performance-driven culture, structured succession planning for critical roles, encouraging cross-generational collaboration and intensifying efforts to engage and empower the emerging younger workforce.

Performance of Singer Finance: Singer Finance delivered a year of strong growth, generating a Profit Before Tax of Rs. 1,458.1 mn, compared to Rs. 652.40 million the previous year. Performance was upheld by strong portfolio growth supported by an expanding branch network, effective margin management and increasing contributions from high-yielding products such as gold loans. The Company also maintained above average portfolio quality, liquidity and capitalisation levels in comparison to industry peers.

SECTOR FINANCIAL PERFORMANCE



	Revenue (y-o-y) %	PBT (y-o-y) %
Singer marketing	+18	19-fold
Singer (Finance) Lanka PLC	+37	+124
Hayleys Consumer	+16	+21



Consumer & Retail

PERFORMANCE HIGHLIGHTS

FINANCIAL METRICS	2025	2024	%	2023
Revenue	108,481	81,497	33	63,893
Earnings before interest and tax	8,770	3,487	152	7,457
Net finance income/(cost)	(1,641)	(2, 502)	(35)	(6,371)
Profit before tax	6,528	611	10-fold	691
Profit/ (Loss) after tax	4,386	175	25-fold	493
Assets	124,474	94,285	32	80,836
Liabilities	109,742	83,169	32	69,720
Operating cash flow	(14,290)	(6,477)	121	874
OPERATIONAL HIGHLIGHTS				
Singer branches	405	407	0.5	416
Revenue per branch (Rs.mn)	143	116	23	85

PERFORMANCE AGAINST TARGETS

Emission reduction	Renewable energy	Sustainable water sourcing
2030 Target	2030 Target	2030 Target
We are here	We are here	We are here

ENVIRONMENTAL METRICS		2025	2024	%	2023
ESG commitment areas	Energy consumption (GJ)	60,309	58,507	3	74,499
	Energy intensity (GJ/Revenue USD mn)	165	227	(27)	420
	Carbon footprint (tCO2e) Scope 1 & 2	8,042	6,644	21	8,515
	Emission intensity (tCO2e/Revenue Rs. mn)	22	26	(14)	48
	Water withdrawn (m3)	121,618	103,500	18	120,953
	Water intensity (m3/Revenue USD mn)	334	402	(17)	682
Relevant SASB metrics	Energy consumption -% grid electricity	95	100	-	100
	Product sourcing and packaging -Revenue from products that are third-party certified (MEP labelled refrigerators)	2,535	2,847	(11)	-

PERFORMANCE AGAINST TARGETS

Emission reduction	Renewable energy	Sustainable water sourcing
2030 Target	2030 Target	2030 Target
We are here	We are here	We are here

SOCIAL METRICS		2025	2024	%	2023
ESG commitment areas	No. of employees	3,444	3,316	4	3190
	Revenue per employee (Rs. mn)	31	25	24	20
	Remuneration per employee (Rs.mn)	2	1	70	1
	Investment in CSR (Rs.mn)	4	3	14	6
	No. of CSR beneficiaries	4205	2157	95	6222
Relevant SASB metrics	% of tier 1 suppliers that have completed the Higg FEM assessment	75	86	-13	92
	% of suppliers that have been audited to a labour code of conduct	79	84	-16	70
	No. of Tier 1 suppliers	48	58	-17	64

PERFORMANCE AGAINST TARGETS

Emission reduction

2030 Target

We are here

Renewable energy

2030 Target

We are here

Sustainable water sourcing

2030 Target

We are here

*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- Multiline and Specialty Retailers and Distributors Standard

Long-term ESG commitments

Accelerate climate action

- Solar installation in two factories with a combined capacity of 1,491 kWp
- 9 locally manufactured refrigerators certified as Minimum Energy Performance by the Sri Lanka Sustainable Energy Authority
- 9 models of smart inverter refrigerators

Restore and regenerate nature

- A tree for every Tuk Tuk initiative by Singer Finance with 4,500 trees planted to date
- Coastal mangrove restoration project carried out by Madu River by Singer Finance

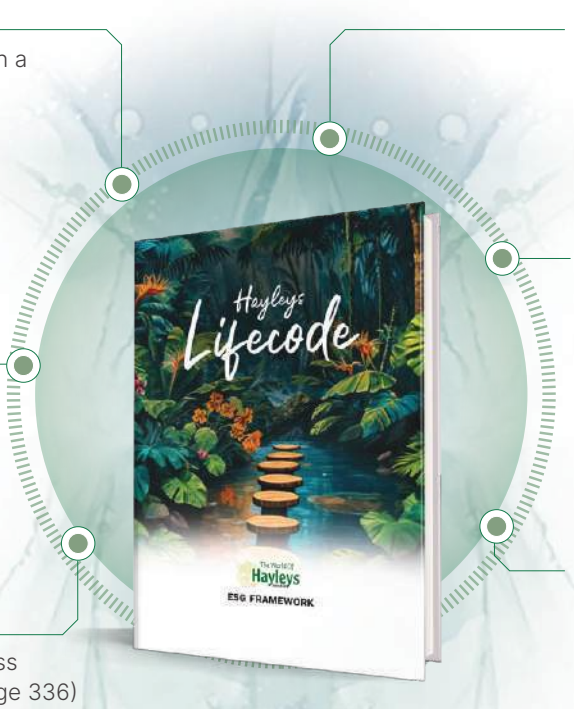
Optimise resource footprint

- Island-wide e-waste collection across Singer's branch network (refer to page 336)

  361 Televisions

  92 Refrigerators

  107 Washing machines



Responsible work place

- Demonstration of Corporate Values linked to remuneration schemes
- Rs. 37.8 mn investment in training translating to an average training hours per employee of 13

Partner progress

- Skill development through Singer Fashion Academy
- 52 academies across the island
- 3,470 new students enrolled
- Ecosystem of business partners supported through 405branches on entrepreneurial model

Responsible and responsive corporate citizenry

- Strengthened ESG governance and risk management mechanisms
- Winner of Sector Award in the Retail Sector at Best Corporate Citizen Sustainability Awards 2024

Consumer & Retail

PROSPECTS AND PLANS

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

Alignment to Group strategy

	Short-term	Medium to Long-term
Portfolio optimisation	• Product and brand diversification catering to different price points	• Leverage digitalisation and automation for customer lifecycle journey tracking
Customer Centricity	• Diversification of customer segments • Emphasis on customer service and after-sales care	• Leverage digitalisation and automation for customer lifecycle journey tracking
Strategic ESG Integration	• Employee succession planning • Strengthen digital literacy of employees	• Drive decarbonisation strategy in line with SBTi
What we hope to achieve	**10%** Revenue growth ROCE**>10%**	**15%** Revenue growth ROCE**>18%** **20%** reduction in Scope 1 and 2 emissions Zero significant work-place injuries

Opportunities and levers	Risks to strategy
→ Increasing customer sophistication and demographic changes	→ Expansion of the grey market
→ Omni-channel preference	→ Implications of climate change on farmer income

Hawksbill Sea Turtles
With their fluorescent shells, hawksbill sea turtles represent the continuous pursuit of new experiences throughout life's journey.

LEISURE

The Group's Leisure Sector is a leading player in the country's hospitality sector, with a property portfolio comprising 5-owned properties including the five-star city hotel, The Kingsbury, and 5 managed properties in Sri Lanka through the Amaya Resorts chain.

Insights from Sector Managing Director
Scan to view

Leisure

HIGHLIGHTS OF 2024/25

Revenue
Rs. 9.65 bn
(+7%)

Profit Before Tax
Rs. (521) mn
(+73%)

Profit After Tax
Rs. (627) mn
(+67%)

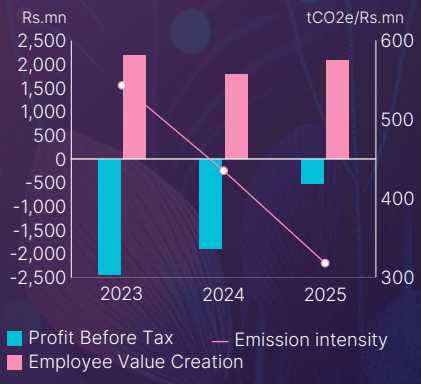
Assets
Rs. 19.78 bn
(+20%)

Liabilities
Rs. 19.12 bn
(-3%)

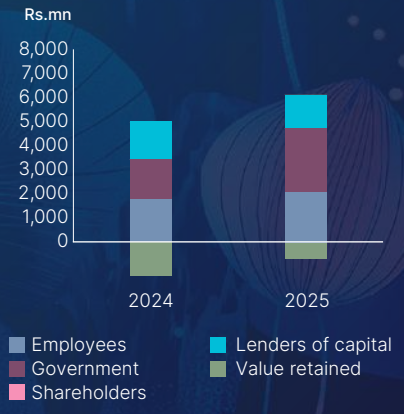
Employees
1,566
(-6%)

Carbon Footprint
(Scope 1 2,3)*
11,624 tCO2e

INTEGRATED PERFORMANCE



STAKEHOLDER VALUE CREATION



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

KEY DEVELOPMENTS IN 2024/25

All four Sri Lankan properties generate profits for the first-time	All Sri Lankan properties record above average occupancy rates, outperforming competitors	Entered into a Management Agreement with Minor International for Amaya Kuda Rah Maldives	Strengthening ESG capabilities and pursuing strategic integration of ESG

The Leisure Sector has demonstrated its own form of brilliance through adversity. After weathering a series of extraordinary global and domestic challenges in the past few years, the Sector is now re-emerging—agile, resilient, and responsive to successfully navigate a transformed landscape.

AGILE BUSINESS MODEL

- Focus on lean and operational excellence
- Responsive marketing and promotions
- Tailored channel strategy
- Multi-disciplinary training for employees
- Embracing digital transformation

STRATEGIC SUSTAINABILITY

Skill development through Hayleys Leisure Training Academy with 60 youth trained during the year	**Rs. 2.08 bn** payments to direct employees	**Rs 7.50 bn** supplier payments

Leisure

SECTOR OVERVIEW

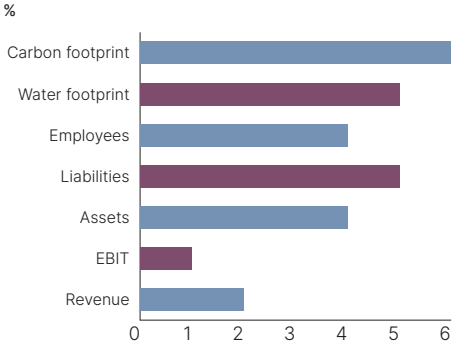
The Group's Leisure Sector is a leading player in the country's hospitality industry, with a network of hotels, resorts, wellness retreats and collection of managed boutique properties in Sri Lanka and Maldives. The Sector owns and operates the 229-room five-star city hotel, The Kingsbury as well as Amaya Beach, Amaya Hills and Amaya Lake with a collective four-star room capacity of 355. During the year, the Sector entered into a management agreement with global hospitality brand Minor International to manage its Maldivian Property, Amaya Kuda Rah.

Highly-rated property portfolio	Best-in-class F&B offerings	Distribution strategy
The Sector's properties are among the most highly-rated in their respective areas of operation **Tripadvisor ratings** • Amaya Hills: 4.5/5 • Amaya Lake: 4.5/5 • Amaya Beach: 4.5/5 • The Kingsbury: 4.6/5 • Amaya Kuda Rah: 4.7/5	Reputation for best-in-class F&B offerings through highly-rated restaurants at The Kingsbury Amongst the most popular and top-rated banquet operators in Colombo	The Sector's **multi-channel distribution strategy** includes destination management companies (DMC), online travel agents, direct bookings and online reservations among others

OPERATING ENVIRONMENT

Sri Lanka's tourism sector maintained the strong growth momentum that began in 2023, recording a 38% surge in arrivals to 2.05 million in 2024. Representing the highest annual arrivals since 2019, this improvement reflects the country's relatively stable political conditions and macro-economic fundamentals as well as the release of pent-up demand from key markets. India retained its position as Sri Lanka's largest source market with a share of 20% of arrivals, while other key markets included the Russian Federation, UK, Germany and China. Despite the strong growth, arrivals fell marginally short of the government's target of 2.1 million. On the supply side, competitive pressures have intensified, particularly in Colombo which saw several new players entering the industry. Competition from the informal sector also continued to intensify, with the sector now accounting for over 36,543 rooms compared to the formal sector's 16,686.

RELEVANCE TO GROUP



	SRI LANKA TOURIST ARRIVALS	INTENSIFIED COMPETITION	REDUCTION IN ENERGY COSTS	MALDIVIAN TOURISM INDUSTRY
	+38% (2.05 mn) Growth in 2024 **3 mn** Forecast arrivals for 2025	**50%** Increase in 5-star room inventory in Colombo	**-22%** Electricity costs	**+9%** Increase in arrivals
Description	Arrivals into Sri Lanka continued to gain momentum. The average length of stay was approximately 8 days, while visitors between the age of 31-40 represented the largest demographic segment.	The entry of several new operators including Cinnamon Life, Sheraton and Amaari have led to a significant increase in room nights and a sharp drop in the ARR following the removal of the minimum room rate regulation	Electricity costs account for approximately 12.5% of the total overheads and the reduction during the year led to significant cost savings	Despite political and economic challenges, the country's tourism sector remained resilient, achieving a milestone 2 million arrivals in 2024. However, underlying vulnerabilities could impact overall stability in 2025 with mounting concerns on potential defaults of external debt
Impact	H	M	H	M
Implications	+ High occupancy levels across all resorts	- Increased price competition among city-hotel operators - Competition for skilled labour	+ Cost reduction and improved profitability margins	- Uncertain political and economic outlook

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

RISK LANDSCAPE

Market risks

The increased room inventory among city operators is expected to result in intense competition for business and skilled labour

Strategic response

→ Ongoing focus on strategic differentiation through focus on F&B and service propositions

Sustainability-related risks

CRRO 3

Travellers are increasingly demanding responsible environmental and social practices from tourism sector operators necessitating shifts in operating models and processes

Strategic response

→ Pursuing the strategic integration of ESG across all aspects of operations

Market risks

Increased volatility in the exchange rate, against recent geopolitical trade dynamics could lead to challenges in setting pricing as well as profitability margins

Strategic response

→ Proactive monitoring of exchange rate and close coordination with Group Treasury

Sustainability-related risks

CRRO 1,2

Physical risks of climate change including biodiversity loss and temperature rise is reducing attractiveness of destinations leading to shifts in travel seasons

Strategic response

→ Pursuing long-term climate adaptation and mitigation mechanisms

Leisure

OPPORTUNITIES

Market opportunities

Changing customer expectations are driving a shift towards trends such as authentic experiences, solo travel and wellness tourism among others

Strategic response

→ Curating unique experiences at each property

Market opportunities

Sri Lanka's tourism sector is poised for continued growth over the short-to-medium term, as the country leverages its unique positioning, culture and diverse offering to penetrate new and existing markets

Strategic response

→ Leverage on brand, product and service mastery and human capabilities to strengthen competitive position

STRATEGY AND RESOURCE ALLOCATION

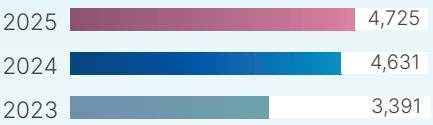
The Sector's differentiation strategy has centred on service excellence and best-in-class F&B offerings through continued emphasis on innovation, curating unique experiences and expanding menus and offerings. This strategy has augured well for the Sector, particularly The Kingsbury which is widely considered as the best F&B proposition among city operators. Meanwhile, the multi-channel distribution strategy continues to serve the Sector well as it leveraged its long-standing relationships with Destination Management Companies, local corporates and travel agents to drive increased penetration across visitor segments.

Strategic KPIs/ Pre-financials

F&B FOCUS

How we performed: Ongoing focus on enhancing the F&B proposition through curating new experiences and expanding the offering, resulting in our city-hotel restaurants emerging among the best rated restaurants in Colombo

F&B revenue (Rs. mn)



About this KPI and why we use it:
This KPI demonstrates the effectiveness of the Sector's F&B proposition and diversification efforts

Resource allocation
Range of diverse restaurants across our properties

SERVICE EXCELLENCE

How we performed: Ongoing training interventions and a service-oriented culture have enabled the Sector to consistently record above average ratings and occupancy levels in comparison to its competition.

	Property score	Average score
Kingsbury	92	95
Beach	90	95
Lake	93	95
Hills	91	95

About this KPI and why we use it:
Measures guest satisfaction on multiple dimensions of service

Resource allocation
Investment in service-oriented training

TALENT MANAGEMENT

How we performed: With increasing competition for skilled labour in the industry, the Sector sought to strengthen training, market adjustment of remuneration while leveraging on the Hayleys employer brand to attract and retain talent.

Employee retention (%)

About this KPI and why we use it:
Indicates value proposition to employee, workplace stability and employee satisfaction levels

Resource allocation
Total payments to employees:
Rs. 2.08 bn

INTEGRATED PERFORMANCE REVIEW

Turnaround of Sri Lankan Sector: The Sector's performance was upheld by the record-breaking profitability of the Sri Lankan properties, with all four properties generating profits for the first time. Sector Revenue increased by 7% to Rs. 9.65 bn, supported by strong growth in F&B Revenue in The Kingsbury, while strong growth in Banquet revenue also supported top-line growth. Despite the persistently weak performance of Amaya Kuda Rah, Maldives, the Sector generated a positive EBIT of Rs. 543.82 mn during the year, compared to an Operating Loss of Rs. 427.00 mn the previous year. While overall profitability was adversely impacted by Amaya Kuda Rah, the Sri Lankan properties recorded a near 8-fold increase in Profit Before Tax during the year. Overall, the Sector recorded a Loss Before Tax of Rs. 520.65 mn compared to Rs.1.90 bn the previous year.

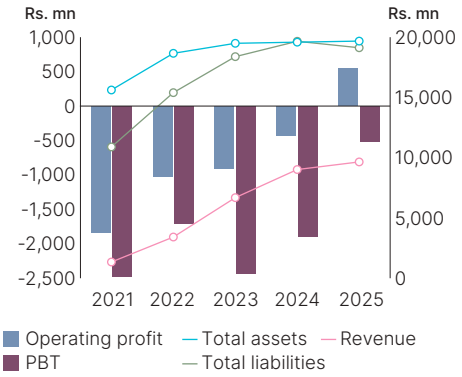
Best-in-class value propositions: The Kingsbury recorded a near 1% and 112% respective growth in Revenue and Profit Before Tax during the year, supported by higher than average occupancy levels, increased footfalls in the restaurants and healthy growth in the banquet operations. Amaya Lake also continued to outperform counterparts in occupancy rates, emerging as a significant contributor to profits. During the year, Amuna Ayurveda & Wellness retreat by Amaya was launched adjacent to Amaya Lake with the aim of capitalising on potential growth opportunities in wellness tourism. Despite new competition in Kandy, Amaya Hills also recorded above average occupancy rates, leveraging its unique location and market positioning to drive higher volumes. Amaya Beach Passikudah generated profits for the first time in its operating history, emerging as the market leader in the region, supported by its focus on the CIS markets.

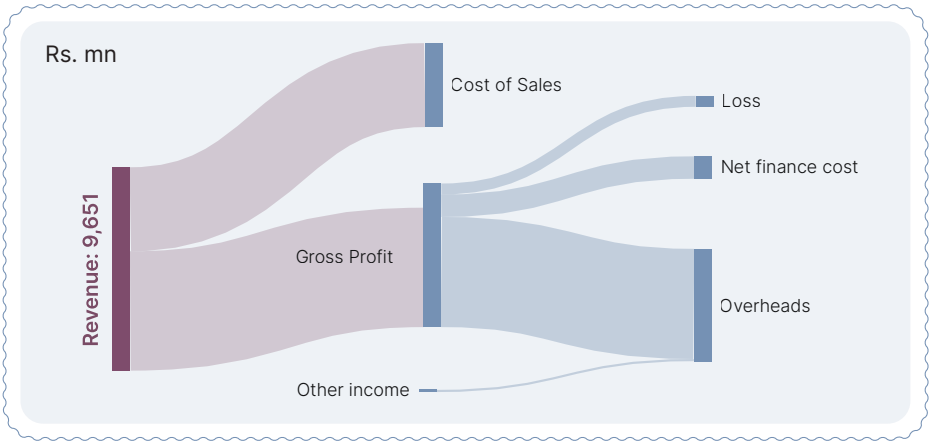
Targeted distribution strategies: The Sector leveraged its multi-channel distribution during the year to pursue tailored strategies for each resort. The Kingsbury focused primarily on strengthening its corporate proposition while enhancing visibility and attractiveness across OTA platforms. Meanwhile, in the resorts the Sector focused on increasing penetration through DMCs while strategic emphasis was also placed on increasing contributions from domestic travellers, with the aim of diversifying the revenue profile.

People proposition: While the shortage of skilled labour remains a critical challenge for the hospitality industry, the Sector's efforts in enhancing its employee value proposition through ongoing investments in training, market adjustments in remuneration and nurturing a performance-driven culture paid dividends during the year, with attrition levels relatively stable at 36%. During the year, the Sector launched a series of video-based training sessions for all resorts, offering an engaging and scalable tool to enhance customer service skills.

Strengthening ESG integration: The Sector strengthened its ESG capabilities during the year, deploying a dedicated, highly-skilled team to strategically integrate ESG considerations across all properties. The Sector is currently in the process of formalising its ESG Roadmap in line with the Hayleys Lifecode and has laid the foundation for this through introducing project-based energy, water and waste targets across all resorts. With two properties located in areas of protected conservation status, measures are in place to reduce impacts on ecosystems including responsible waste disposal, management of water discharge and sustainable water consumption in line with the requirements of the Group's environmental policies.

SECTOR FINANCIAL PERFORMANCE





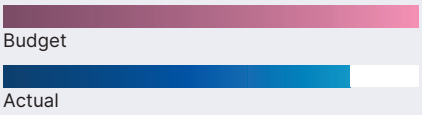
Leisure

PERFORMANCE HIGHLIGHTS

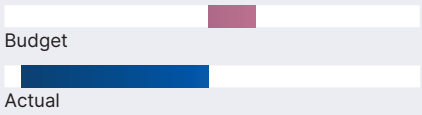
FINANCIAL METRICS	2025	2024	%	2023
Revenue	9,651	9,019	7	6,687
Earnings before interest and tax	544	(427)	-	(901)
Net finance income/(cost)	(1,064)	(1,468)	(28)	(1,527)
Profit before tax	(521)	(1,895)	(73)	(2,428)
Profit after tax	(627)	(1,878)	(67)	(2,385)
Assets	19,676	19,587	0.5	19,494
Liabilities	19,124	19,660	(3)	18,386
Operating cash flow	945	733	29	183
OPERATIONAL HIGHLIGHTS				
Average occupancy				
-Amaya Resorts (%)	65	63	2	37
-Kingsbury (%)	67	67		48
No. of available room nights	240,133	198,081	21	244,914

PERFORMANCE AGAINST TARGETS

Revenue



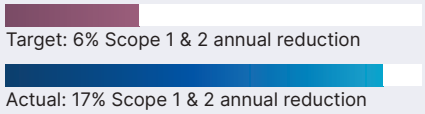
Profit before tax



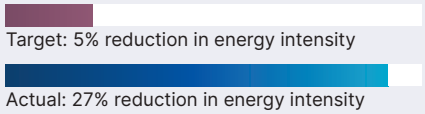
	ENVIRONMENTAL METRICS	2025	2024	%	2023
ESG commitment areas	Energy consumption (GJ)	98,038	117,973	(17)	94,930
	Energy intensity (GJ/Revenue USD mn)	3,023	4,141	(27)	5,113
	Carbon footprint (tCO2e)- Scope 1 & 2	10,297	12,408	(17)	10,075
	Emission intensity (tCO2e/Revenue USD mn)	318	435	(27)	543
	Water withdrawn (m3)	343,816	174,747	97	208,557
	Water intensity (m3/Revenue USD mn)	10,603	6,133	73	11,233
Relevant SASB metrics	Energy				
	- % grid electricity	48	38	26	N/A
	- % renewable	-	-	-	N/A
	Water consumption				
	-% consumed from high stress areas**	100	100	-	N/A
	Number of facilities located near areas of protected conservation	2	2	-	N/A

PERFORMANCE AGAINST TARGETS

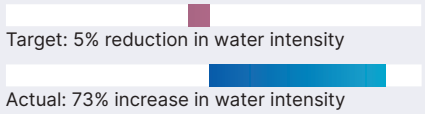
Emission reduction



Energy consumption



Water consumption



SOCIAL METRICS		2025	2024	%	2023
ESG commitment areas	No. of employees	1,566	1,660	(6)	1,537
	Revenue per employee (Rs. mn)	6.2	5.4	13	4
	Remuneration per employee (Rs.mn)	1	1	1	0.4
	Investment in CSR (Rs.mn) No. of CSR beneficiaries	1 6,115	1 5,990	109 2	2 12,183
Relevant SASB metrics	Voluntary turnover rate for hotel employees (%)	36	36	-	N/A
	Involuntary turnover rate for hotel employees (%)	0	0	-	N/A

PERFORMANCE AGAINST TARGETS

Employee Development

Target: 6 average hours of training/p.a

Actual: 29 average hours of training/p.a

Supplier screening

Target: 20% of supplier spend screened

Actual: 25% of supplier spend screened

Community engagement

Target: At least 1 long-term strategic CSR project in each Resort

2024/25: 3 resorts have ongoing programmes

*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- Hotels & Lodging Standard

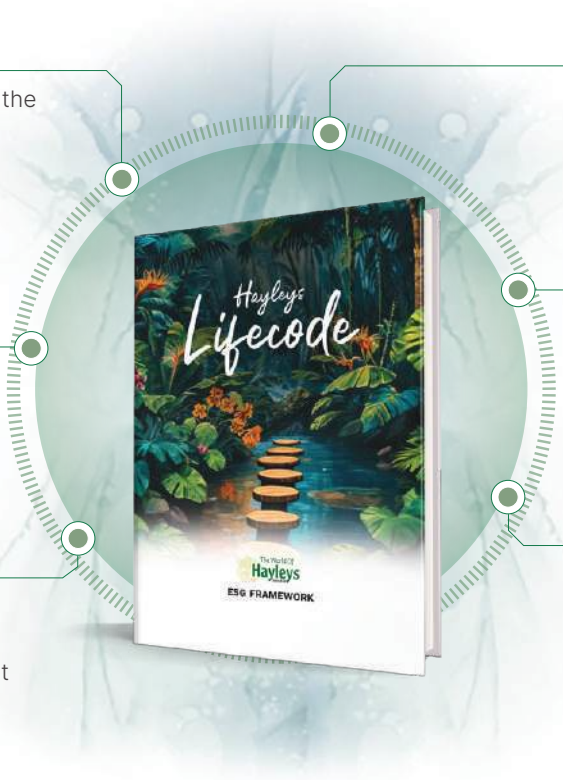
** The Aqueduct Water Risk Atlas places Sri Lanka in the medium to high risk category for water stress

Long-term ESG commitments

Accelerate climate action
- Obtaining third-party verification on the carbon footprint of all properties
- Pursuing opportunities in renewable energy including biogas and solar

Restore and regenerate nature
- Prevention of sea erosion at Amaya Beach through regular beach clean-ups and reinforcing sea walls

Optimise resource footprint
- Bio-degradable amenities across all resorts
- Water and waste reduction targets at property-level



Responsible work place
- 60 aspiring youth training through the Hayleys Leisure Training Academy

Partner progress
- Rs.1.26 mn CSR investment in multiple community engagements
- Environmental, health and safety training of key suppliers

Responsible and responsive corporate citizenry
- Strengthened ESG reporting and governance mechanisms
- Obtained membership of the Lanka Responsible Care Council, which seeks to enhance health, safety and environmental performance

Leisure

PROSPECTS AND PLANS

The short-to-medium-term outlook for the country's tourism sector remains extremely promising, with the Sri Lanka Tourism Development Authority targeting an optimistic 3 million arrivals in 2025. Meanwhile, there is further opportunity to strategically expand national efforts to drive increased arrivals during summer by adopting targeted and tactical national level campaigns which can optimise year-round tourism potential and strengthen the country's positioning as a multi-season destination. Hayleys Leisure is aptly positioned to capitalise on these emerging opportunities having placed strategic emphasis on recent years in strengthening its product and service proposition and human capabilities.

Alignment to Group strategy

	Short-term	Medium to Long-term
Portfolio optimisation	• Strategic differentiation through focus on F&B and service propositions • Strengthen social media presence to drive increased conversion rates	
Customer Centricity	• Curating unique experiences at each property • Ongoing focus on service culture to retain restaurant patrons	• Enhance corporate proposition of The Kingsbury
Strategic ESG Integration	• Launch of Sector ESG Roadmap aligned to the Hayleys Lifecode • Pursue opportunities in renewable energy sources	• Pursue long-term climate adaptation and mitigation mechanisms
What we hope to achieve	ROCE **>8%**	ROCE**>15%** Gearing**> 55%** 30% reduction in energy intensity 40 average training hours per annum

Opportunities and levers	Risks to strategy
→ Strong upside potential in the country's tourism sector	→ Escalating competition, particularly among 5-star city hotel operators
→ Changing customer expectations and preference for authentic experiences	→ Exchange rate volatility
	→ Physical risks of climate change

Eels
Flowing with light and endless sources of energy and power – eels are designed to navigate the future with efficiency and adaptability.

INDUSTRY INPUTS, POWER & ENERGY

Hayleys Aventura supplies a range of world-class industrial raw materials and engineering solutions to the industrial sector. Through the Power & Energy cluster, Aventura contributes to the country's low- carbon transition through an installed capacity of 50MW of hydro, solar and wind power.

Insights from Sector Managing Director
Scan to view

Industry Inputs, Power & Energy

HIGHLIGHTS OF 2024/25

Revenue
Rs. 11.10 bn
(14%)

Profit Before Tax
Rs. 2.16 bn
(61%)

Profit After Tax
Rs. 1.71 bn
(63%)

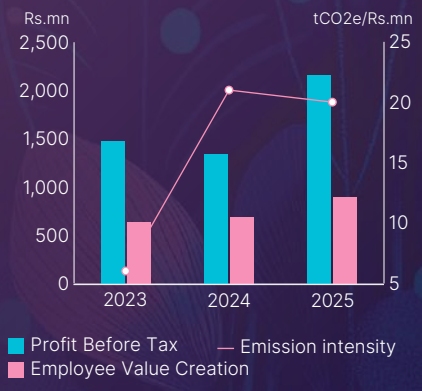
Assets
Rs. 17.05 bn
(5%)

Liabilities
Rs. 5.80 bn
(-13%)

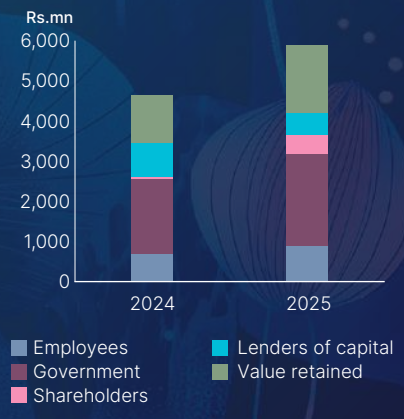
Employees
374
(+20%)

Carbon Footprint
(Scope 1 2,3)*
1,243 tCO2e

INTEGRATED PERFORMANCE



STAKEHOLDER VALUE CREATION



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

KEY DEVELOPMENTS IN 2024/25

Expansion of Engineering Solutions services to Bangladesh

Secured a tender to construct and operate a 4 MW ground-mounted solar project in Matara.

Widened portfolio of global principals, securing the agency for Mitsubishi Marine Engines and Aquaspersions for latex dispersions.

Inspired by nature's brilliance, our company mirrors the efficiency of bioluminescence and the transformative power of biofluorescence in delivering sustainable industrial solutions.

SUPPORTING INDUSTRIAL GROWTH

- **+4500** customers supported
- Advanced sustainable solutions

RENEWABLE ENERGY GENERATION

- 50MW of installed renewable energy generation capacity
- 127 GwH generation
- Supporting Sri Lanka's green energy ambitions

SERVICE PORTFOLIO

Industrial Raw Materials
Supplies key raw materials to the F&B, cosmetics & detergents, pharmaceuticals, marine & protective coatings, rubber and Plastics industries

Lifesciences
Provision of medical and analytical healthcare solutions

Engineering Solutions
Provision of total engineering solutions including lifts and car parking, motors and control solutions, power generators, storage and material handling solutions, testing and measuring equipment among others

Industry Inputs, Power & Energy

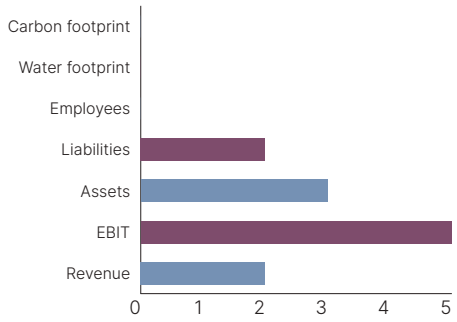
SECTOR OVERVIEW

Hayleys Aventura is one of Sri Lanka's leading suppliers of industrial raw materials to domestic and export-oriented industries as well as medical and analytical equipment and engineering solutions. In Power & Energy, the Sector is a leading producer of renewable energy, with a collective installed capacity of 50MW in mini hydro, wind and solar power plants, contributing to the total renewable energy installed capacity in the renewable energy sector of Sri Lanka.

SECTOR OPERATIONS

Sub-Sector	Contribution to Sector (%)	
	Revenue	PBT
Industrial Raw Materials Supplier of a range of input materials to manufacturing industries	31	31
Lifesciences Supplier of medical and analytical equipment	30	24
Engineering Supplier of engineering solutions to industries	25	9
Renewable Energy Renewable energy generation through hydro, wind and solar sources	14	37

RELEVANCE TO GROUP



Wide-ranging portfolio	Market presence	Principal relationships	Renewable energy
Array of solutions in **industrial raw materials, medical and analytical equipment and engineering solutions** including generators, lifts and car parking testing and measuring, material handling equipment and energy savings solutions	**Key player in industries** in polymer, F&B cosmetics, detergents and healthcare among others. Presence in regional markets including Maldives, Bangladesh, and Seychelles	Long-standing partnerships **with 182 principals**, including globally reputed suppliers	3 Wind power plants 3 Hydro power plants 1 Solar power plant

OPERATING ENVIRONMENT

Sri Lanka's industrial sector saw a gradual recovery during the year, supported by an uptick in consumer demand, improving macro-economic fundamentals and conducive interest rates. Demand from export industries strengthened during the year, reflected in the near 7% increase in Sri Lanka's industrial goods exports. Despite strong growth in the residential construction sector, demand in the Engineering Solutions sub-sector remained relatively subdued, with major projects anticipated to commence in the next financial year. Liquidity injections to the healthcare value chain by the Government resulted in payments being streamlined in the Lifesciences sub-sector and provides significant opportunities for growth given the increase in budgetary allocations for government healthcare. Meanwhile, in line with the global energy transition and Sri Lanka's 2050 net zero aspirations, the Government is driving the widespread adoption of renewable energy sources, with a target of achieving 70% reliance on renewable electricity by 2030.

	INDUSTRIAL SECTOR	EXPORT-ORIENTED BUSINESS GROWTH	APPRECIATION OF EXCHANGE RATE	POWER AND ENERGY
	+11% Growth in 2024 (compared to contraction of 9% in 2023)	**+7%** Industrial exports	**+6%** Y-o-y appreciation of the Sri Lankan Rupee (Monthly average rate)	**51%** Reliance on NCRE and hydro)
Description	Robust growth in manufacturing activities including F&B, apparel and textiles contributed to the Industrial sector growth	Industrial export demand was driven by petroleum products, textiles and apparels, F&B and value-added coconut products.	Given its exposure to both dollar receivables and payables, the appreciation of the exchange rate had mixed effects on the Sector	Demand for renewable energy in Sri Lanka is expected to be strong given the government's target of achieving 70% reliance on renewable electricity by 2030
Impact	M	M	M	H
Implications	- Improved demand dynamics in the Industrial Raw Materials sub-sector	+ Improved demand dynamics in the Industrial Raw Materials sub-sector + Opportunities for sustainable and advanced raw materials	+ Leads to lower import costs and increased attractiveness to local customers - Negative impact on export earnings	+ Increased opportunities for renewable energy projects

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

RISK LANDSCAPE

Market risks

Increased competition from China, particularly on the Industrial Raw Materials cluster could impact growth and profitability margins

Strategic response

→ Focus on driving increased contributions from value-added products

Market risks

Emerging geopolitical trade dynamics and the potential impact on Sri Lanka's export sector remain a key risk in the short-term

Strategic response

→ Increased focus on geographical diversification and strengthening regional presence

Industry Inputs, Power & Energy

OPPORTUNITIES

Market opportunities

The gradual recovery of industrial activity in line with more favourable macro-economic fundamentals is expected to augur well for the Sector in both domestic and export-oriented businesses

Strategic response

→ Aggressive market activations and customer engagement across industries

Market opportunities

Significant opportunities in leveraging partnerships with global principals to drive increased regional penetration, particularly in Maldives and Bangladesh

Strategic response

→ Customer acquisition and widening product/ service portfolio in regional markets

Sustainability-related opportunities

CRRO 3

As the world shifts to a low-carbon economy and environmental regulations become increasingly stringent, demand for sustainable materials are expected to increase

Strategic response

→ Exploring opportunities to partner with our global principals on innovative, sustainable material

Operational opportunities

In line with Sri Lanka's Net Zero Roadmap the country is gearing up renewable energy projects as it aims to tackle emissions and transition to a low-carbon economy

Strategic response

→ Pursue opportunities in renewable energy generation

STRATEGY AND RESOURCE ALLOCATION

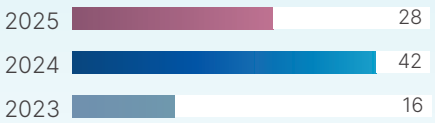
While adopting sub sector-specific suited to the dynamics of each industry, broadly the Sector continued to focus on strengthening its international presence, leveraging relationships with leading global principals to offer world-class materials and services and increasing penetration in export-oriented industries. During the year, strategic emphasis was also placed on building a more resilient portfolio of offerings with higher contributions from value-added products, particularly in the Industrial Raw Materials and Healthcare sub-sectors.

Strategic KPIs/ Pre-financials

INTERNATIONAL EXPANSION

How we performed: The Engineering Solutions sub-sector established service operations in Bangladesh, with the aim of replicating the operating model followed in Sri Lanka

Overseas customer acquired



About this KPI and why we use it:
Demonstrates the effectiveness of the Sector's overseas expansion strategy and growth potential

Resource allocation
Investments in new business development: **Rs. 211 mn**

ADVANCED AND SUSTAINABLE SOLUTIONS

How we performed: The Sector continued to leverage its portfolio of sustainability-linked products to effectively cater to customers' growing consciousness of environmental considerations

Revenue generated from sustainable products (Rs. mn)

About this KPI and why we use it:
Demonstrates how well the Sector is responding to customers' increasing eco-consciousness

Resource allocation
No. of products featuring sustainable propositions: **8**

VALUE-ADDED PRODUCT MIX

How we performed: In Industrial Raw Materials and Lifesciences the Sector sought to build a richer product mix, increasing contributions from high-margin products

EBIT margin- Industrial Inputs (15%)

About this KPI and why we use it:
Demonstrates the effectiveness of the Sector's product portfolio strategy and shifts in contribution between products

Resource allocation
Investment in R&D capabilities:
Rs.6.9 mn

INTEGRATED PERFORMANCE REVIEW

Commendable performance: The Sector delivered a commendable performance during the year, reflecting improved profitability in both the Industry Inputs and Power & Energy clusters. Revenue growth of 13% in the Industry Inputs cluster and 19% in Power & Energy, resulted in a 14% growth in Sector Revenue to Rs. 11.10 bn during the year. Meanwhile, the Sector's Operating Profit Margin widened to 19% from -14% as it pursued increased contributions from value-added products and leveraged existing relationships to drive increased profitability during the year. Overall the Sector's Profit Before Tax and Profit After Tax increased by a respective 61% and 63% to Rs. 2.16 bn and Rs. 1.71 bn during the year.

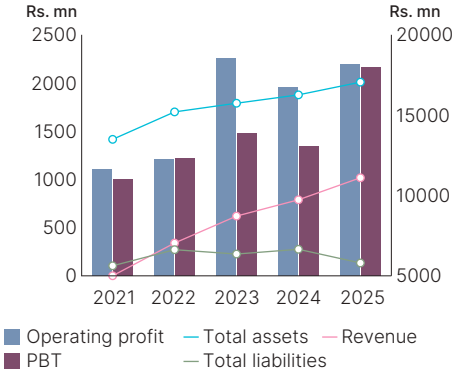
Industrial raw materials: Despite a 6% decline in Revenue, the sub-sector's Profit Before Tax grew by 35% upheld by wider profitability margins reflecting increased contributions from value-added products. During the year, the Sector sought backward integration through establishing a latex chemical dispersion plant catering to the glove industry in collaboration with Aquaspersions (UK). The Sector continued to focus on widening its sustainability-linked product portfolio given increasing consciousness of environmental factors.

Lifesciences: In this sub-sector, Aventura commands market leadership in the general x-ray segment and also has a presence in high-end segments such as radiology, oncology and cardiology. Lifesciences generated a respective Revenue and Profit Before Tax growth of 31% and 32% during the year through securing several high-value tenders. With the government injecting liquidity to the healthcare value chain, collections improved during the year and the Sector is poised for growth given higher budgetary allocations for the healthcare sector. Opportunities in the private healthcare sector is however expected to be impacted by the imposition of VAT on medical equipment. In this sub-sector, Aventura is also pursuing increased penetration in selected high-end segments. While the long-term outlook in regional markets such as Maldives remain promising, political turbulence during the year under review resulted in subdued activity.

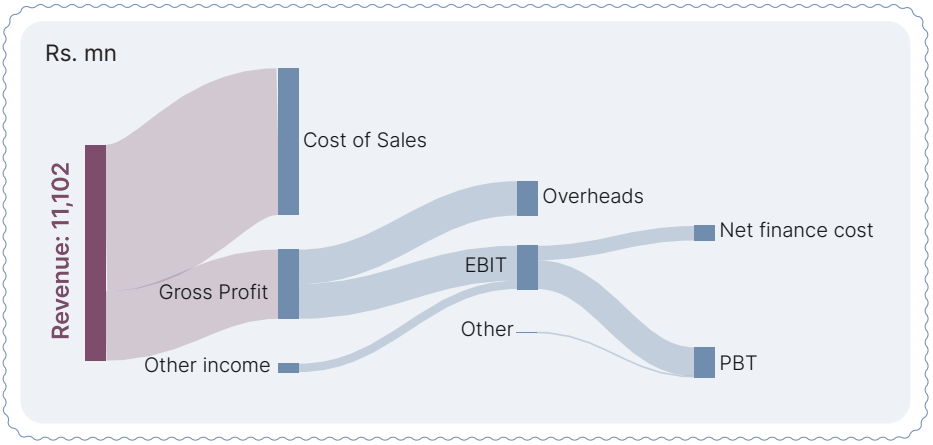
Engineering Solutions: The Sector delivered a year of strong growth and profitability, driven by contributions from its international operations. In line with its long-term strategy of increasing its international footprint, the sub-sector established operations in Bangladesh and Seychelles in order to pursue service operations. Continued focus was also placed on expanding the portfolio of products and services offered and during the year Aventura obtained the agency for Mitsubishi Marine Engines.

Power & Energy: The cluster's Profit Before Tax increased 58% during the year. During the year, major overhauls in both Nirmalapura, Joule and Beta led to a subdued performance. Despite short-term challenges in the country's renewable energy sector, Aventura sees tremendous potential for growth in the medium-to-long term, given the government's thrust towards reducing dependence on fossil fuels and achieving net zero aspirations by 2050. During the year, the cluster successfully secured a tender to construct and operate a 4 MW ground-mounted solar project.

SECTOR FINANCIAL PERFORMANCE



	Revenue (y-o-y) %	PBT (y-o-y) %
Industrial Raw Materials	(6)	35
Engineering	84	25
Lifesciences	31	32
Power & Energy	19	78



Industry Inputs, Power & Energy

PERFORMANCE HIGHLIGHTS

FINANCIAL METRICS	2025	2024	%	2023
Revenue	**11,102**	9,732	14	8,718
Earnings before interest and tax	**2,198**	1,953	12	2,255
Net finance income/(cost)	**(175)**	(655)	(73)	(917)
Profit before tax	**2,160**	1,339	61	1,481
Profit after tax	**1,714**	1,050	63	1,207
Assets	**17,053**	16,262	5	15,741
Liabilities	**5,800**	6,652	(13)	6,356
Operating cash flow	**64**	1,375	(95)	368

PERFORMANCE AGAINST TARGETS

Revenue

Budget

Actual

Profit before tax

Budget

Actual

ENVIRONMENTAL METRICS		2025	2024	%	2023
ESG commitment areas	Energy consumption (GJ)	**1,998**	6,487	(69)	1,161
	Energy intensity (GJ/Revenue USD mn)	**54**	211	(75)	48
	Carbon footprint (tCO2e)- Scope 1 & 2	**739**	636	16	133
	Emission intensity (tCO2e/Revenue USD mn)	**20**	21	(4)	6
	Water withdrawn (m3)	**1,676**	3,250	(48)	310
	Water intensity (m3/Revenue USD mn)	**45**	106	(57)	13

PERFORMANCE AGAINST TARGETS

Emission reduction

Target: 4% Scope 1 & 2 annual reduction

Actual: 16% Scope 1 & 2 annual reduction

Renewable energy

Target: 90% sustainable and renewable energy applications

2024/25: 126,925 mw

Sustainable solutions

Target: 30% contribution from green products

Actual: 10% contribution from green products

SOCIAL METRICS		2025	2024	%	2023
ESG commitment areas	No. of employees	374	311	20	296
	Revenue per employee (Rs. mn)	30	31	(4)	29
	Remuneration per employee (Rs.mn)	2	2	-	2

*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- Apparel, Accessories and Footwear Standard

Long-term ESG commitments

Accelerate climate action

- The Sector is one of Sri Lanka's largest renewable energy operators,
  - 126.9 GwH of solar, wind and hydro energy
- Secured 4MW ground-mounted solar project

Optimise resource footprint

Industrial solutions that shape a better future including

- EcoOne: Accelerate rate of degradation to 18-24 months and supports recyclability
- Recovered carbon black: Contributes towards a circular economy by reusing carbon black from the tyre industry

Responsible work place

- Rs. 13.50 mn investment in training
- Breast cancer screening and awareness session

Partner progress

- Gold Sponsor of the 23rd Annual Academic Sessions for the College of Radiologists, strengthening commitment to healthcare innovation

Responsible and responsive corporate citizenry

- Strengthened ESG governance and reporting mechanisms
- Currently formulating the Sector-level ESG roadmap

Industry Inputs, Power & Energy

PROSPECTS AND PLANS

The Industrial sector (including large-scale construction activity) is expected to post rebound given the relatively stable political climate and macro-economic fundamentals. Against this backdrop the medium-to-long term prospects for the Industry Inputs cluster remain promising. The Sector also remains optimistic on the growth opportunities presented by the region and will strive to further penetrate these 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.

Alignment to Group strategy

	Short-term	Medium to Long-term
Portfolio optimisation	• Geographical diversification and expansion in new market segments	• Geographical diversification and expansion in new market segments
Customer Centricity	• Support evolving customer requirements through innovative solutions • Widening service/product portfolio in regional markets	
Strategic ESG Integration	• Pursue growth in sustainable material propositions • Pursue opportunities in renewable energy generation	
What we hope to achieve	**36%** Revenue growth ROCE>**10%**	ROCE>**10%** 30% reduction in Scope 1 & 2 GHG emissions Average training hours of 40 p/a per employee

Opportunities and levers	Risks to strategy
→ Recovery of the industrial sector	→ Geopolitical tensions and trade dynamics
→ Opportunities for regional expansion	→ Exchange rate volatility
→ Technology and AI Integration	

Frogs
Certain frog species are biofluorescent – yet they all embody the agility, mobility, and powerful momentum we offer.

TRANSPORTATION & LOGISTICS

Hayleys Advantis Group is a regional leader in the transportation and logistics industry, offering end-to-end integrated solutions. Its expertise spans freight management, integrated logistics, marine and energy and travel & aviation among others.

Insights from Sector Managing Director
Scan to view

Transportation & Logistics

HIGHLIGHTS OF 2024/25

Revenue
Rs. 106.84 bn
(+17)

Profit Before Tax
Rs. 6.51 bn
(+77%)

Profit After Tax
Rs. 3.72 bn
(+175%)

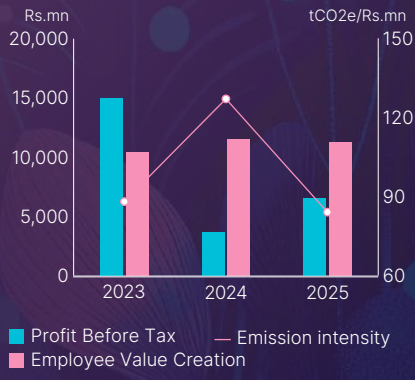
Assets
Rs. 82.42 bn
(+11%)

Liabilities
Rs. 59.79 bn
(+9%)

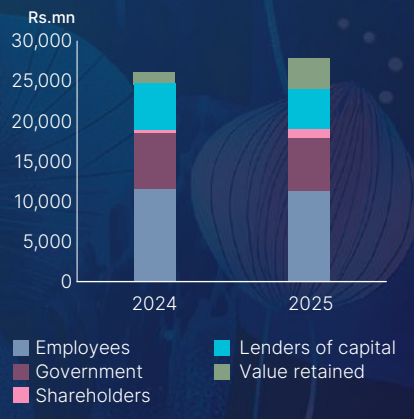
Employees
2,893

Carbon Footprint
(Scope 1 2,3)*
187,150 tCO2e

INTEGRATED PERFORMANCE



STAKEHOLDER VALUE CREATION



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

KEY DEVELOPMENTS IN 2024/25

Expansion of the marine fleet with the addition of three vessels	Securing several new General Sales Agencies (GSAs) in the Travel & Aviation cluster	Establishing the Sector's Geo-Product organisational structure for focused regional expansions	Exploring avenues in sustainable fuels and alternative decarbonisation methods

Much like bioluminescence and biofluorescence-natural phenomena that represent adaptability, and illumination-Hayleys Advantis is committed to developing forward-thinking, environmentally responsible solutions that not only meet the evolving demands of mobility but also set new standards in shaping a brighter, sustainable future.

DRIVING INDUSTRIES FORWARD

FREIGHT MANAGEMENT
Major contributor in facilitating international trade through ocean freight, air freight, project cargo freight and multi-modal, multi-country transportation

INTEGRATED LOGISTICS
we provide third-party logistics (3PL), warehousing, free zone logistics, bonded storage facilities, inland container depot operations, international express, cross-border freight services and last-mile delivery services.

TRAVEL & AVIATION
As a leading Aviation services provider in Sri Lanka, our scope includes airline agency representation, travel agency services, aviation equipment supplies, and ground handling.

MARINE & ENERGY
Leading marine services and ship supplies provider in the region, offering a comprehensive range of services from vessel agency work, towage & salvage services, offshore support services crew management, ship operations shipping services, energy logistics, bunkering and agency & port services and bunkering services.

PROJECTS & ENGINEERING
We are a leader in providing project logistics and engineering solutions in Sri Lanka, and provide a diverse range of services, including logistics for heavy and out of gauge cargo, engineering & construction solutions, inland container depot operations, aluminium solutions, interiors & contracting, and project management services.

Transportation & Logistics

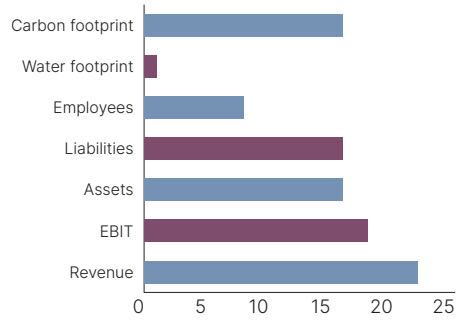
SECTOR OPERATIONS

Sub-Sector	Contribution to Sector (%)	
	Revenue	PBT
Freight Management One of the largest freight forwarding and shipping agency houses in Sri Lanka and the Maldives	12	62
Integrated Logistics Offers integrated logistics services covering storage, distribution, and freight solutions across diverse industry verticals	13	16
Marine & Energy A leading marine and energy services provider, delivering a comprehensive range of solutions across the region	49	28
Projects & Engineering A leader in project logistics and engineering solutions, with expertise in heavy cargo, construction and interiors	9	(6)
International Operations Represents the Sector's overseas operations across South and Southeast Asia, extending Sri Lankan logistics expertise to the region	10	16
Travel & Aviation A Leading travel and aviation service provider representing leading airlines in Sri Lanka and the Maldives	6	8
Others	1	(24)

SECTOR OVERVIEW

With an established track record spanning over 6 decades, Hayleys Advantis has led Sri Lanka's transportation and logistics industry by offering integrated, end-to-end solutions across diverse industries. Advantis' competitive edge lies in its unmatched service portfolio, world-class service standards, customer centricity and strong partnerships with global principals. Logistics underpin a nation's economic growth and Hayleys Advantis plays an unparalleled role in facilitating activity across diverse industry verticals through uninterrupted and comprehensive logistics solutions.

RELEVANCE TO GROUP



Best-in-class infrastructure		Strength of relationships	Sustainability Focus
• Largest operator of floating assets in Sri Lanka, with a fleet of 21 assets • Largest shipping and airline agency house in Sri Lanka and the Maldives • Warehouse footprint of over 3.5 Mn sq.ft across 6 markets	• Multi-purpose project logistics capabilities • B2B distribution footprint of 6.7 mn KM annually	• Strengthening market presence in transportation and logistics in South Asia and Southeast Asia	• Partnerships with numerous global principals including the world's leading shipping and freight forwarding companies and the world's largest air express company. • Collaborations with numerous Multinational companies across the region

OPERATING ENVIRONMENT

Global merchandise trade volumes grew by 2% in 2024, with developing economies driven mainly by East and South Asia fuelling growth, while developed economies saw their trade stagnate. During the year, the global shipping industry benefited from ongoing geopolitical conflicts and trade frictions—most notably the Red Sea disruption—which drove up demand for vessel space and led to a surge in freight rates towards the end of the year. Geopolitical tensions, protectionist policies and trade disputes signal likely disruptions ahead with uncertainty looming over the short-term industry outlook.

	GLOBAL TRADE VOLUMES	FREIGHT RATES	SRI LANKA TRADE VOLUMES	REGIONAL DYNAMICS
	2% Growth in 2024	**9%** Increase in 2024	**+12%** Increase in 2024	**GDP growth** **+5.8%** Bangladesh **+6.4%** India **+5.03%** Indonesia
Description	Despite looming uncertainty global trade volumes increased by 2% in 2024, supported by easing inflation and monetary easing by Central Banks	Freight rates experienced significant volatility during the year, driven by geopolitical disruptions, capacity constraints and shifting demand patterns	The easing of import restrictions during the year and an overall improvement in consumer sentiments led to a recovery of Sri Lanka's port activities	Both regional markets of Bangladesh and Maldives were impacted by political instability and economic vulnerabilities, although the long-term outlook remains promising
Impact	M	H	H	H
Implications	- Volume growth and improved profitability supported by stronger freight rates	+ Positive impact on the profitability of the Freight Management cluster	+ Positive impact on demand and profitability	+ Implications on short- to medium term growth potential in regional markets

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

RISK LANDSCAPE

Market risks

Trade tensions stemming from geopolitical trade dynamics and its potential impact on Sri Lanka's export-oriented businesses

Strategic response

→ Geographical diversification with focus on regional markets

Sustainability-related risks

CRRO 3

As the world transitions to a low-carbon economy, environmental regulations pertaining to vessel emissions, marine pollution and sea farers' rights are likely to increase in stringency

Strategic response

→ Strategic integration of ESG considerations across processes and operations

Market risk

Freight rates are anticipated to be somewhat volatile over the medium term given emerging dynamics

Strategic response

→ Business diversification through leveraging the Sector's diverse verticals

Policy and regulatory risks

The IMO has committed to reducing international shipping emissions by at least 50% by 2050 (compared to 2008), which will necessitate investments in new technology

Strategic response

→ Currently exploring avenues of low-carbon technologies with the aim of decarbonising vessels

Transportation & Logistics

OPPORTUNITIES

Market opportunities

Sri Lanka's locational advantage and strategic positioning along the main maritime pathways present considerable potential for transforming the country into a central point linking the Middle East and the Far East hubs

Strategic response

→ Customer acquisition and expansion of services provided

Technology

Digital capabilities are transforming the global transportation and logistics industries with technologies such as Internet of Things (IOT), Artificial intelligence and big data acting as critical enablers in optimising operations and enhancing efficiency.

Strategic response

→ Implementation of the Group's digital roadmap

STRATEGY AND RESOURCE ALLOCATION

The Sector's medium-to-long term aspirations centre on transforming Hayleys Advantis to a regional hub for integrated transportation and logistics solutions with a strong presence across the South Asian and Southeast Asian markets. Strategic interventions in recent years have been directed towards fulfilling this aspiration, with the Sector gradually transitioning to a geo-product organisational structure, widening its geographical footprint and strengthening relationships with regional partners.

Strategic KPIs/ Pre-financials

REGIONAL EXPANSION

How we performed: The Sector is now present across 8 regional markets, and sought to widen the portfolio of services offered and strengthen leadership capabilities in these regions during the year.

4%
Revenue growth from overseas markets

About this KPI and why we use it:
This KPI demonstrates the effectiveness of the Sector's geographical diversification strategy and market penetration in regional markets

Resource allocation
Sales and marketing expenses in selected geographies: **Rs. 78 mn**

PEOPLE FOCUS

How we performed: The Sector continued to attract the industry's top talent and improve retention levels through a unique approach to employee engagement and a strong employee value proposition

Retention rate

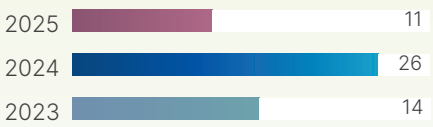
About this KPI and why we use it:
Employee retention shows the Sector's employee satisfaction levels and strength of the employer brand

Resource allocation
Payments to direct employees:
Rs. 11.23 bn

TECHNOLOGY AND DIGITALISATION

How we performed: The Sector continued to make progress against its digital roadmap, transitioning to a Tier 1 WMS system during the year and plans are in place to upgrade to RISE with SAP S/4 HANA in the next financial year.

No. of processes automated



About this KPI and why we use it:
This KPI showcases the progress in the Sector's digital transformation as well as scalability and operational efficiency

Resource allocation
Investments in digital transformation:
Rs. 130 mn

INTEGRATED PERFORMANCE REVIEW

Strength in diversification: The Sector leveraged its diversified business profile to capitalise on emerging opportunities and remain resilient to external volatilities during the year. Revenue increased by 17% to Rs. 106.84 bn during the year led by an improvement in trade activity, stronger freight rates and customer acquisition across key verticals during the year. Core profitability also improved during the year, with EBIT increasing by 26% to Rs. 8.60 bn, reflecting broad-based improvements in all key clusters. Meanwhile, the Sector's Profit Before Tax also improved to Rs.6.51 bn during the year, compared to Rs. 3.67 bn the previous year.

Regional aspirations: In line with its long-term regional aspirations, the Sector continued to optimise its organisational structure and leadership capabilities to facilitate increased penetration in the region including in the Maldives, Myanmar, Indonesia, Bangladesh, India, Thailand and Singapore. The sector is gradually transitioning to a geo-product structure, aiming to replicate the successful Sri Lankan model across selected geographies. Accordingly, regional leadership capabilities were also strengthened.

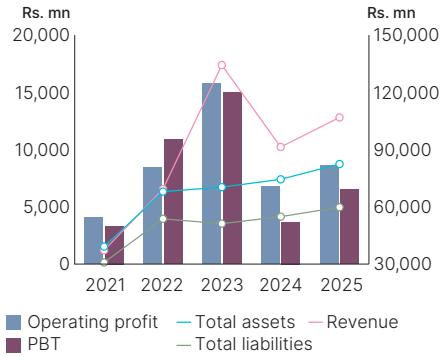
The Freight Management cluster recorded a near 24% increase in Profit Before Tax during the year, supported by the acquisition of several large customers and favourable freight rates during the year. Despite a relatively subdued start to the year, the Integrated Logistics cluster recorded a gradual pick up towards the latter part of the year, as the acquisition of new customers resulted in increased capacity utilisation. The performance of the Marine & Energy cluster was adversely affected by increased competitive pressure in the bunkering segment as well as several vessels being disengaged from services due to maintenance activities. However, the medium-term outlook for this cluster remains promising and in positioning itself to capture future opportunities, the cluster further expanded its fleet with the purchase of 03 vessels for both salvage and harbour operations.

The Travel & Aviation cluster presents significant opportunities for growth given resurgence in the country's tourism sector. During the year the Sector strengthened its proposition in inbound travel by investing in expanding the fleet and people capabilities. The Cluster also successfully obtained the GSA for Jet Star and Fly Dubai during the year, thereby emerging as the largest airline GSA operator in Sri Lanka.

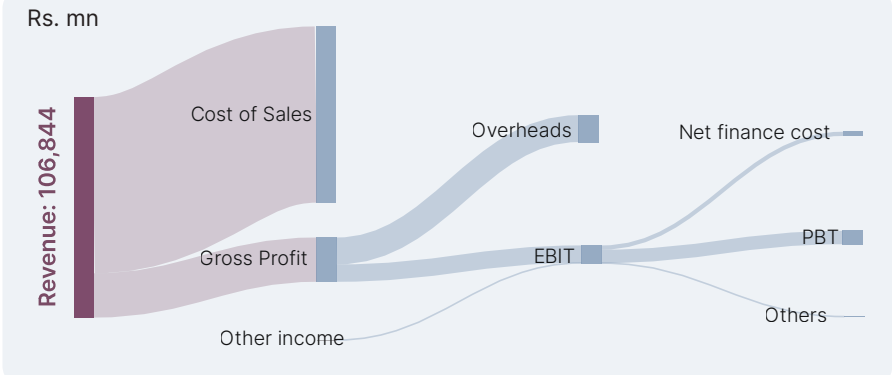
Strengthening the people proposition: The Sector's people strategy is centred around nurturing a future-ready, performance-driven, inclusive culture which enables the team to thrive. During the year, efforts were made to strengthen the Sector's performance management frameworks, with a focus on transparency and meritocracy. Meanwhile, the Sector continues to invest in shaping its organisational culture through the Advantis DNA, which centres on four pillars: Purpose, Spirit, Philosophy and Values. In parallel, targeted Diversity, Equity, and Inclusion (DEI) initiatives are being implemented to promote a diverse workforce.

Decarbonisation agenda: The Sector's emission reduction aspirations are set out in its ESG Roadmap, Helios. The Sector has committed to achieving net zero by 2045 with a near 45% reduction target across Scope 1 and 2 GHG emissions by 2030. Emission reduction aspirations centre on pursuing opportunities in green energy, increasing energy efficiency of operations. While the use of green energy options is limited in Sri Lanka, the Sector is exploring opportunities in green fuels for powering its road and marine fleet and solarisation. The Sector also plans to gradually transition its road transport fleet to electric vehicles over the short to medium term.

SECTOR FINANCIAL PERFORMANCE



	Revenue (y-o-y) %	PBT (y-o-y) %
Freight Management	61	24
Integrated Logistics	25	25-fold
Marine & Energy	4	(17)
Projects & Engineering	5	56
International Operations	32	52
Travel & Aviation	466	(18)



Transportation & Logistics

PERFORMANCE HIGHLIGHTS

FINANCIAL METRICS	2025	2024	%	2023
Revenue	106,844	91,353	17	134,295
Earnings before interest and tax	8 ,597	6,806	26	15,737
Net finance income/(cost)	(2,066)	(3,113)	(34)	(967)
Profit before tax	6,515	3,671	77	15,008
Profit after tax	3,718	1,351	175	9,627
Assets	82,416	74,415	11	70,325
Liabilities	59,785	54,852	9	51,174
Operating cash flow	7,947	(5,124)	(255)	4,296
OPERATIONAL HIGHLIGHTS				
Cargo handled (MT)	4,314	3,182	36	N/A

PERFORMANCE AGAINST TARGETS

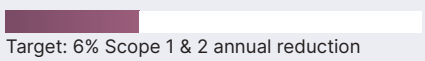
Revenue

Profit before tax

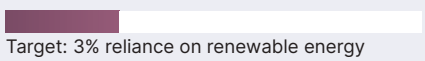
	ENVIRONMENTAL METRICS	2025	2024	%	2023
ESG commitment areas	Energy consumption (GJ)	343,424	483,598	(29)	433,359
	Energy intensity (GJ/Revenue USD mn)	957	1,676	(43)	1,162
	Carbon footprint (tCO2e): Scope 1 & 2	30,095	36,725	(18)	32,797
	Emission intensity (tCO2e/Revenue USD mn)	84	127	(34)	88
	Water withdrawn (m3)	77,694	48,966	59	54,017
	Water intensity (m3/Revenue USD mn)	216	170	28	145
Relevant SASB metrics	Gross global Scope 1 emissions (tCO2e)	27,701	34,589	(20)	30,922
	Fuel consumption -Road transportation (%)	20%	13%	7	N/A
	GHG footprint across transport modes (tCO2e)	27,058	33,204	(19)	N/A

PERFORMANCE AGAINST TARGETS

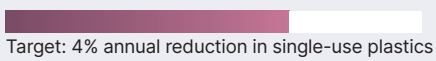
Emission reduction



Renewable energy



Water consumption



SOCIAL METRICS		2025	2024	%	2023
ESG commitment areas	No. of employees	2,893	2,899	-	2,399
	Revenue per employee (Rs. Mn)	37	32	17	56
	Remuneration per employee (Rs.mn)	4	4	-	1
	Investment in CSR (Rs.mn)	16	5	237	2
	No. of CSR beneficiaries	3,653	4,970	(26)	612
SASB metrics	Total drivers classified as independent (No)	Nil	Nil	-	Nil
	Monetary losses from labour law violations (Rs.mn)	Nil	Nil	-	Nil
	Total recordable incident rate (%)	1.1	0.7	57	0.395
	Fatalities	1	1	-	0
	Road accident	16	15	(17)	11

PERFORMANCE AGAINST TARGETS

Employee Development

Target: 9 average hours per employee

Actual: 11 average hours per employee

Supplier screening

Target: 100% of well-being awareness

Target: 100% of well-being awareness

Diversity and inclusion

Target: 100% coverage of DEI training

Target: 100% coverage of DEI training

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- Air Freight and Logistics Standard

Long-term ESG commitments

Accelerate climate action

- Funding an alternate fuel project to explore opportunities in decarbonising the road and marine fleet (refer page 328)
- Three new rooftop solar projects commissioned during the year, with a collective capacity of 298 KW
- Widened the categories of the Sector's Scope 3 computation

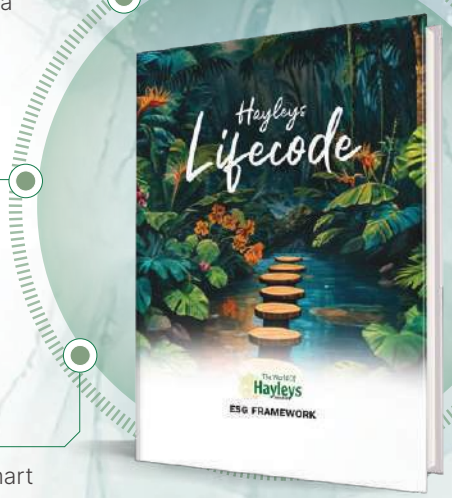
Restore and regenerate nature

- Advantis Blue Carbon: Mangrove restoration and replenishment of coastal ecosystems in Anawilundawa (refer page 338)
- Initiative to address human elephant conflict in partnership with a principal

Optimise resource footprint

Advantis Projects as part of climate-smart irrigated agriculture with the aim of boosting agricultural productivity

- Improved waste reporting



Responsible work place

- Increased focus on health and safety with safety audits conducted in all divisions with a rating system introduced and a safety week launched to nurture a culture of safety
- Ongoing training through the Advantis Campus

Partner progress

- Rs. 16 mn in numerous CSR initiatives benefitted over 3,500 individuals during the year

Responsible and responsive corporate citizenry

- Strengthened ESG governance and reporting structure
- Enhanced remuneration systems with sustainability-linked KPIs

Transportation & Logistics

PROSPECTS AND PLANS

The global industry outlook for 2025 is clouded by turmoil from geopolitical trade dynamics driven by the recent US policy shifts and tariffs that could disrupt global value chains, increase unpredictability and impact key trading partners. However, the impact of these uncertainties is expected to be transitory and can even result in short-term gains, as anticipation of tighter trade restrictions lead to front-loading of certain trade flows. Despite short-term vulnerabilities, Sri Lanka's port activity is poised for long-term growth, supported by the gradual recovery of the economy together with policy thrust towards strengthening exports and port infrastructure. 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.

Alignment to Group strategy

	Short-term	Medium to Long-term
Portfolio optimisation	• Geographical diversification with focus on regional markets • Business diversification through leveraging diverse verticals • Implementation of digital roadmap	• Enhance technological capabilities drive productivity improvements
Customer Centricity	• Initiatives to increase top-of-mind brand awareness	• Customised marketing plans for each selected country
Nurturing Inspired Teams	• Enhance proposition offered under the Advantis Campus • Execution of DEI initiatives across the Group	
What we hope to achieve	**2%** Revenue growth ROCE**>18%** Gearing **<65%**	**15%** Revenue growth ROCE**>18%**
		11% Revenue growth ROCE**> 15%** **45%** reduction in Scope 1 and 2 GHG emissions Average of **20** hours/per person/per annum training

Opportunities and levers	Risks to strategy
→ Regional dynamics and economic growth opportunities	→ Geopolitical tensions
→ Digital transformation	→ Industry decarbonisation aspirations
→ Recovery of manufacturing sector	

Bird Feathers
Empowered with vibrant wings built on precision and structural resilience, we are engineered to rise to new heights of excellence.

PROJECTS & ENGINEERING

Hayleys Fentons is Sri Lanka's leading solar Engineering, Procurement, and Construction (EPC) company and integrated engineering services provider, offering a range of MEP, ICT, Security and communication, and Facility Management (among other) services.

Insights from Sector Managing Director
Scan to view

Projects & Engineering

HIGHLIGHTS OF 2024/25

Revenue
26.62 bn
(34%)

Profit Before Tax
Rs. 3.33 bn
(-23%)

Profit After Tax
Rs. 2.37 bn
(-37%)

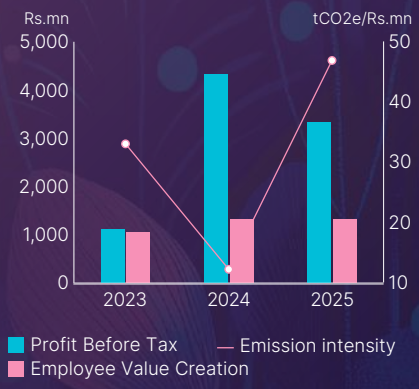
Assets
Rs. 27.38 bn
(+3%)

Liabilities
Rs.20.42 bn
(+4%)

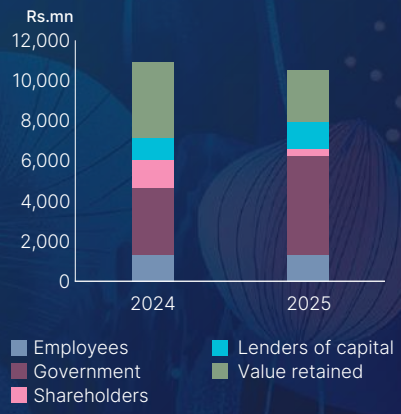
Employees
1,880
(26%)

Carbon Footprint
(Scope 1 2,3)*
21,448 tCO2e

INTEGRATED PERFORMANCE



STAKEHOLDER VALUE CREATION



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

KEY DEVELOPMENTS IN 2024/25

Maintained market leadership status in the Solar EPC segment	Secured contract to develop a 50 MW wind power plant in Mannar, along with 37 ground-mounted solar projects amounting to 149 MW	Partnered with BYD, the global leader in Battery Energy Storage systems, to launch advanced energy storage and inverter solutions in Sri Lanka	Expanded into new technology-driven service areas with the launch of managed IT services, advanced email and collaboration platforms, and a 24/7 Network Operations Centre	Increased diversification of key business verticals, including strategic expansion into emerging sectors such as e-mobility

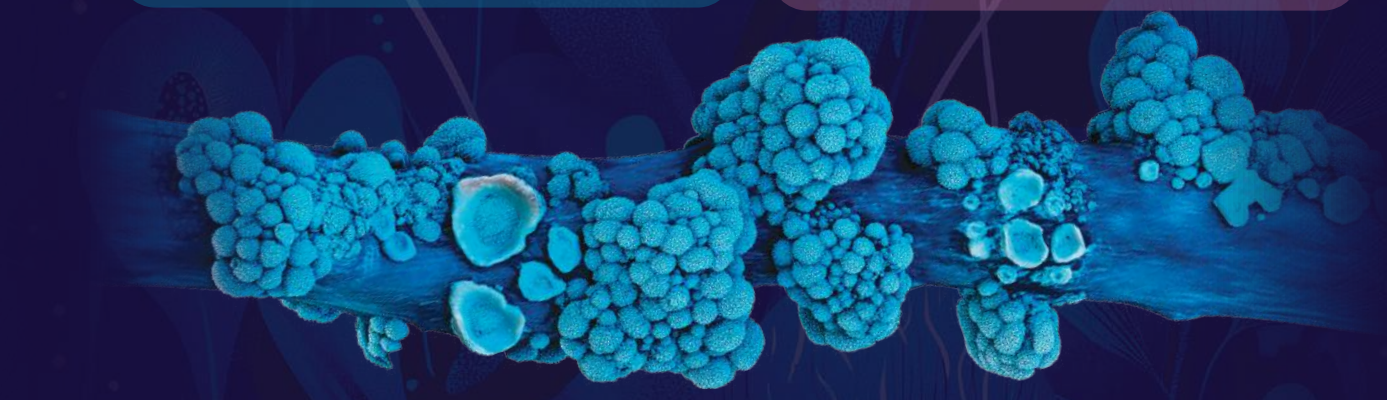
Like biofluorescent life that amplifies ambient energy, Hayleys Fentons leads the green transition by actively generating and enhancing sustainable power, thereby illuminating the path towards a cleaner, more resilient energy future.

DRIVING SRI LANKA'S GREEN ENERGY AMBITIONS

- **300MW** of solar power installations, avoiding a carbon footprint of approximately **294,557.19 tCO2e**

INNOVATION-LED DIVERSIFICATION

- Entry into battery energy storage and inverter solutions segment
- Thermal imaging solutions for solar panel installations
- Advanced 3D and visualisation technology



VALUE CHAIN IMPACTS

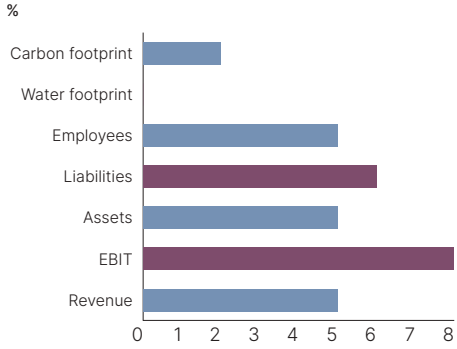
1,421 sub-contractors supported through access to market, capacity development and technology transfer	861 projects to commercial customers facilitated across verticals	Rs. 4.92 bn tax contribution during the year

Projects & Engineering

SECTOR OVERVIEW

Hayleys Fentons is Sri Lanka's leading engineering services company, offering an unparalleled array of end-to-end, integrated services for the industrial, commercial and residential segments. Over an illustrious history spanning over a century, Hayleys Fentons has established itself as one of Sri Lanka's most trusted engineering brands, founded on a strong reputation for quality, service excellence and innovation. Through its partnerships with globally renowned principals, Hayleys Fentons offers the Sri Lankan consumer access to an array of world-class products and services with the latest technology, driving the growth of diverse industries and uplifting living standards and quality of life across the island.

RELEVANCE TO GROUP



SECTOR OPERATIONS

Sub-Sector	Contribution to Sector (%)	
	Revenue	PBT
Renewable Energy Sri Lanka's largest solar EPC services provider	50%	78%
Systems Integrated Solutions Offers system-integrated solutions, including ICT solutions, Security and communication, Audio-visual integration, Uninterrupted Power Supply (UPS) and Battery Solutions, among others	12%	-9%
Engineering Services Largest integrated engineering services provider, including MEP, facility management and architectural drawing and 3D visualisation solutions.	17%	12%
Equipment Renting Provides industrial equipment on rent-basis to a larger spectrum of customers.	1%	2%
Equipment Trading Supplier of cutting-edge construction equipment, including electrical, instrumentation, material handling, combustion, and HVAC products	20%	17%

Market leader in solar	Operational excellence	Strength in MEP	Quality focus
Sri Lanka's **leading solar EPC company**, having installed over 300 MWp of rooftop solar power systems since 2011	Receipt of over **70 awards** during the year for excellence across multiple aspects of operations	Leading **mechanical, electrical and plumbing** (MEP) contractor in Sri Lanka, powered by a team of highly skilled professionals	Compliance to a range of **domestic and international environmental, quality and health and safety certifications**. The first and only ISO-certified Facility Management Service provider in the country and network operation centre is also ISO certified.

OPERATING ENVIRONMENT

Sri Lanka's construction industry posted signs of recovery during the year, supported by improved sentiments resulting from macro-economic stabilisation, favourable interest rates as well as government-led liquidity injections through the settlement of contractors across the construction sector value chains. Meanwhile, demand for solar energy was stable during the year, ranging from residential, commercial and large-scale facilities/projects. The total installed capacity for solar increased by 50% during the year. The global prices of solar panels declined by approximately 60% during the year, reflecting a capacity buildup in China and global geopolitical issues. Meanwhile, competitive intensity in the solar segment escalated significantly during the year, with an influx of new entrants entering the market. Operators also faced considerable delays in obtaining regulatory approval for new projects stemming from grid capacity constraints.

	CONSTRUCTION INDUSTRY	GROWTH IN DEMAND FOR SOLAR	SRI LANKA NATIONAL CLIMATE AMBITIONS	TARIFF RATE
	19% Growth in 2024	**1 in 30** Residential solar installations **50%** Increase in installed capacity	**70%** Renewable energy target	**61%** average reduction since 2023
Description	Growth was driven by the gradual improvement in residential demand, supported by more favourable interest rates and a stabilisation of macro-economic fundamentals	Solar generation accounted for 20% of the total non-conventional renewable energy (NCRE) generation during the year, with a near 50% increase in installed capacity supported by conducive government policies, technological improvements and increased environmental awareness and potential for earnings generation. With it, solar accounted for 10% of electricity generation in the country	As a signatory to the Paris Agreement, Sri Lanka has committed to achieving carbon neutrality by 2050. This commitment entails a 70% reliance on renewable energy for power generation by 2030 and the gradual phasing out of fossil fuel subsidies	The Government revised the solar feed-in tariffs downwards to reflect the reduction in global solar panel costs, a stronger Sri Lankan Rupee and lower interest costs, with the aim of balancing profitability of solar operators with manageable generation costs for the Ceylon Electricity Board.
Impact	M	H	M	H
Implications	+ Improved demand for across MEP and other integrated engineering services	+ Strong potential for increased demand for solar	+ Potential increase in demand for solar given access to concessionary schemes and other incentives to drive the country's energy transition	- Reduced profitability margins

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

RISK LANDSCAPE

Policy and regulatory risks

Potential reduction in feed-in solar tariffs is a key short-to-medium term risk which directly impacts profitability margins

Strategic response

→ Ongoing engagement with the policy makers

Sustainability-related risks

The projected increase in solar trash over the long-term, coupled with limited restructuring infrastructure

Strategic response

→ Exploring avenues for responsible disposal of waste

Policy and regulatory risks

Government policy on renewable energy will determine the demand for solar projects

Strategic response

→ Diversification of revenue profile

Market risks

Global prices of solar panels have declined in view of overcapacity, trade policies and shifts in demand

Strategic response

→ Diversification of supplier network

Projects & Engineering

OPPORTUNITIES

Sustainability-related opportunities

SRRO 8

Sri Lanka's decarbonisation agenda includes a commitment to increase contribution of renewable energy to 70%

Strategic response

→ Strengthen market position in solar EPC and expand intro renewable energy investments

Construction sector recovery

Policy developments and a stabilisation of macro-economic conditions is expected to drive recovery of the construction sector

Strategic response

→ Increased opportunity for growth in the engineering services and MEP segments

STRATEGY AND RESOURCE ALLOCATION

The Sector's strategy is articulated through the SPIDER Framework, which centres on the six pillars of Speed to finish, Positive bottom line, Improve cash flows, Develop talent, Enhance performance tracking and Relationship building. While the strategic initiatives of each cluster reflect the unique dynamics of their respective industries, all are broadly aligned with the six priority areas outlined in the SPIDER Framework.

Strategic KPIs/ Pre-financials

CONSOLIDATE MARKET LEADERSHIP IN SOLAR

How we performed: Significant investments directed towards market interventions, promotions and branding, which as the category leader in the industry contributed towards expanding the entire industry.

20%
market share in Solar

About this KPI and why we use it:
This KPI demonstrates the effectiveness of the Sector's marketing, promotional and customer engagement strategies.

Resource allocation
Strength of solar business development team: **286**

EFFICIENCY, QUALITY AND PROJECT MANAGEMENT

How we performed: Restructuring of several key divisions and ongoing focus on cost efficiencies and productivity improvements

KPI	FY 2024/25
Debtor days	107
Stock days	80
Creditor Days	125
Contract Liability Days	13
Cash flow Working Cycle	49

About this KPI and why we use it:
These measures is critical in building trust which translates to higher retention ratios and enhancing overall market position

Resource allocation
Total certifications: **07**

EXPANSION OF PRODUCTS AND SERVICES

How we performed: Expanded the product proposition the SIS cluster, architectural drawings and 3D visualisations, equipment renting and trading as well as renewable energy

New services

About this KPI and why we use it:
The new services added reflects the organisation's innovation, responsiveness and breadth of product/service portfolio

Resource allocation
Investments in renewable energy over the past 3 years: **Rs. 3.12 bn**

INTEGRATED PERFORMANCE REVIEW

Resilient financial performance: The Sector demonstrated resilience in a year challenged by intense competition in the Renewable Energy cluster and a global decline in solar panel prices. Revenue growth of 34% to Rs.26.62 bn was underpinned by commendable volume growth in the Renewable Energy cluster as the Sector leveraged its strong reputation and track to retain its market leadership status. EBIT, however, declined by 19% to Rs. 3.67 bn mainly due to narrower margins in the Renewable Energy cluster. Overall, the Sector generated a PBT of Rs. 3.33 bn during the year, a reduction of 23% compared to the previous year.

Renewable Energy: The cluster retained its position as the market leader in the rooftop solar PV segment, surpassing 300 MW of installation and commanding a market share of 20%. During the year, the cluster commissioned several landmark projects which included the country's largest rooftop solar PV system with a capacity of 7MW. In a major achievement during the year, Hayleys Solar also secured a 50MW wind power project in Mannar and 37 ground-mounted solar projects totalling 149 MW, Hayleys Solar also partnered with global renewable energy leader BYD to launch advanced energy storage and inverter solutions to the Sri Lankan market, which is a critical prerequisite in securing the country's energy security and independence. The Clusters' strong brand enabled it to capitalise on favourable demand conditions, achieving a volume growth of 50% during the year.

Engineering Services: The cluster delivered a year of strong growth with Revenue and PBT expanding by 34% and 21% respectively, reflecting an uptick in demand from the construction sector and strong growth in MEP. Strategic emphasis on restructuring and optimising the operating model paid dividends during the year as the cluster sought to establish multi-disciplinary integrated teams to serve as profit centres, which in turn enabled both horizontal and lateral business expansion. Delays in the materialisation of key projects affected the profitability of the Facilities Management sub-cluster, although the outlook for this business line remains promising, given the anticipated recommencement of several major projects. The Architectural Drawings and 3D Visualisations sub-cluster generated positive contributions for the year, helping to offset accumulated losses and improve its negative equity position., supported by the acquisition of a major turn-key project and several overseas customers.

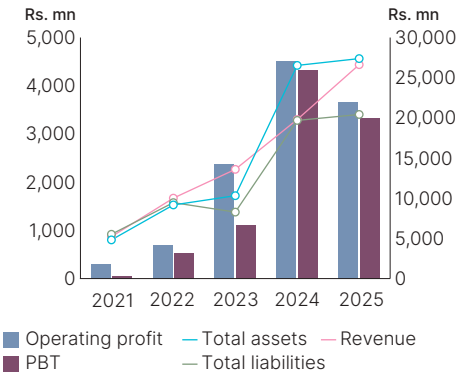
Systems Integrated Solutions: While the Cluster's performance was below expectations reflecting subdued demand from the security solutions segment, targeted interventions were undertaken to re-strategise and build capabilities, with the objective of driving recovery over the short to medium term. The Audio-Visual Solutions sub-segment recorded commendable growth, supported by the acquisition of several key projects. The IT Solutions sub-segment widened its product proposition through a strategic partnership with global communication solutions provider IceWarp, providing affordable, scalable and secure business communication platforms to local businesses.

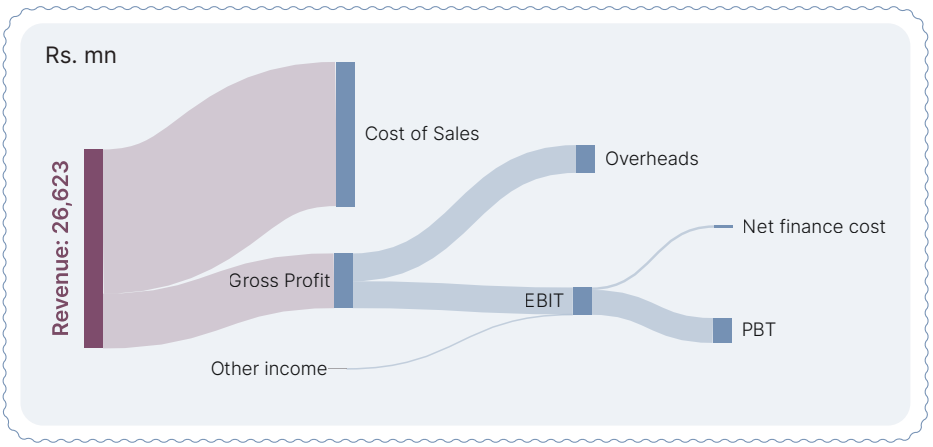
Equipment Trading and Renting: The cluster recorded turnaround, with revenue from new projects materialising during the year. The trading arm in Singapore generated positive contributions in its first full-year of operations and shows considerable potential for growth.

Customer Experience: In a major milestone, Hayleys Fentons opened doors to an Experiential Centre offering an immersive, hands-on experience of the Group's cutting-edge solutions across all verticals including MEP, ICT, Solar power, Security and communication and Architectural drawings among others. The Centre features interactive product demonstrations, visually dynamic installations and dedicated spaces for training and collaboration.

Managing environmental and social impacts: The Sector has established a systematic and structured process for managing environmental impacts of projects, which includes a comprehensive environmental assessment of every site. This includes evaluating the potential risks such as ecological and biodiversity impacts, waste and effluent generation, emissions and the use of hazardous chemicals among others. Meanwhile, the Sector is required to align with the stringent guidelines of the parent company's Bribery and Anti-Corruption policy.

SECTOR FINANCIAL PERFORMANCE





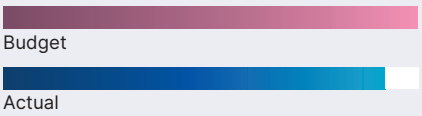
Projects & Engineering

PERFORMANCE HIGHLIGHTS

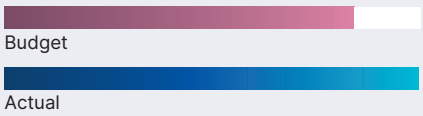
FINANCIAL METRICS	2025	2024	%	2023
Revenue	**26,623**	19,796	34	13,592
Earnings before interest and tax	**3,667**	4,513	(19)	2,375
Net finance income/(cost)	**(334)**	(180)	86	(1,264)
Profit before tax	**3,333**	4,333	(23)	1,111
Profit after tax	**2,369**	3,784	(37)	1,139
Assets	**27,379**	26,530	3	10,315
Liabilities	**20,424**	19,684	4	8,273
Operating cash flow	**866**	1,484	(42)	1,334
OPERATIONAL HIGHLIGHTS				
Number of active projects	**21,886**	28,203	(22)	N/A
Number of commissioned projects	**17,624**	14.773	19	N/A

PERFORMANCE AGAINST TARGETS

Revenue



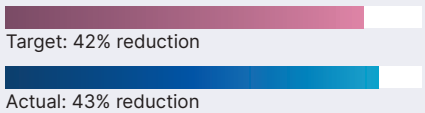
Profit before tax



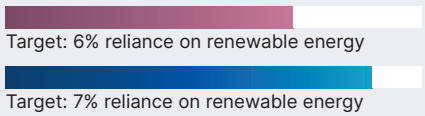
	ENVIRONMENTAL METRICS	2025	2024	%	2023
ESG commitment areas	Energy consumption (GJ)	**8,299**	4,479	85	16,466
	Energy intensity (GJ/Revenue USD mn)	**93**	72	30	436
	Carbon footprint (tCO2e)- Scope 1 & 2	**4,190**	762	450	1,242
	Emission intensity (tCO2e/Revenue USD mn)	**47**	12	284	33
	Water withdrawn (m3)	**11,671**	8,643	35	2,936
	Water intensity (m3/Revenue USD mn)	**130**	138	(6)	78
Relevant SASB metrics	Incidents of non-compliance related to project development	**Nil**	Nil	-	Nil
	Structural integrity- amount of defect and safety-related rework	**Nil**	Nil	-	Nil
	Amount of backlog for renewable energy projects (Rs.mn)	**8,180**	15,944	(49)	6,134

PERFORMANCE AGAINST TARGETS

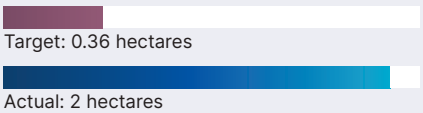
Electricity intensity reduction



Renewable Energy



Biodiversity



SOCIAL METRICS		2025	2024	%	2023
ESG commitment areas	No. of employees	1,880	1,492	26	1,053
	Revenue per employee (Rs. mn)	14	13	7	13
	Remuneration per employee (Rs.mn)	0.7	0.9	(23)	1
	Investment in CSR (Rs.mn)	3	1	248	1
SASB metrics	Workforce health and safety - Total recordable incident rate (%) - Fatality rate (%)	 0.2344 0%	 N/A N/A	 - -	 N/A N/A
	Monetary losses due to charges related to bribery				

PERFORMANCE AGAINST TARGETS

Training hours

Target: 14 Training Hours Per Employee

Actual: 11 Training Hours Per Employee

Renewable energy

target: 100% performance appraisals

Actual: 100% performance appraisals

*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- Engineering and Construction Services Standard.

Long-term ESG commitments

Accelerate climate action

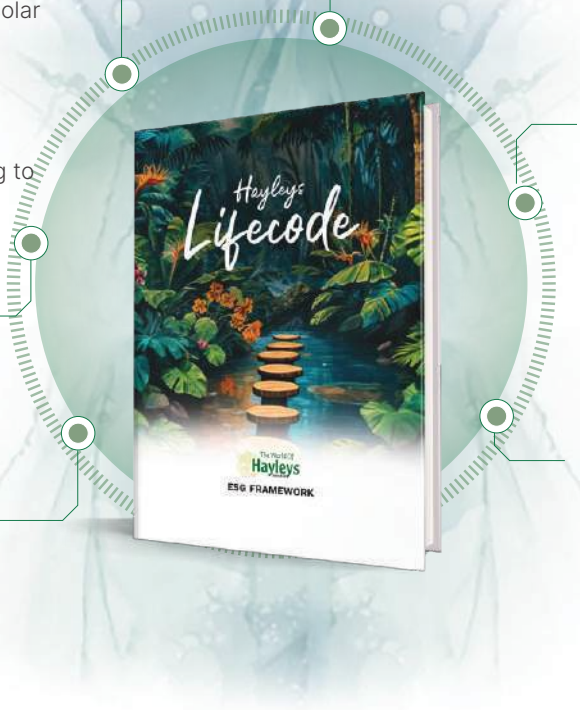
- Hayleys Solar is at the forefront of the country's low-carbon transition, having installed nearly 300 MW of rooftop solar capacity
  - 135 MW residences powered
  - 165 MW commercial projects
- Widened Scope 3 emission reporting to include 13 categories

Restore and regenerate nature

- Planted 1,000 trees under the 'Roots of Resilience' mangrove conservation programme

Optimise resource footprint

- 25.7 MT of e-waste collected recycled through approved recyclers



Responsible work place

- Rs. 10.18 mn investment training and development of employees
- Book distribution to all employees' children

Partner progress

- Indirect employment of 1421 sub-contractors through access to market, capacity development and technology transfer
- QHSE induction for all sub-contractors which includes DEI and Human rights training

Responsible and responsive corporate citizenry

- Compliance to a range of environmental, quality and health and safety certifications
- Formulation of a procedure manual for ESG information
- Implement of Information Reporting Management System

Projects & Engineering

PROSPECTS AND PLANS

Over the short-to-medium term, the Sector's performance is expected to be driven by the Renewable Energy cluster, particularly following the Sector's entry into energy generation. This could however be tempered by further reductions in solar feed-in tariffs, which could deter investments in renewable energy. On the other hand, the Sector is aptly positioned to capitalise on the anticipated recovery of the country's construction sector, following recent strategic interventions to expand and optimise its portfolio of offerings. The Sector's future outlook is summarised in the infographic below:

Alignment to Group strategy

	Short-term		Medium to Long-term
Portfolio optimisation	• Market activation of new business lines	• Cost management and efficiency focus	• Regional and international expansion
Customer Centricity	• Speed-to-market to drive customer satisfaction	• Emphasis on customer affordability	• Island-wide penetration of services
Strategic ESG Integration	• Pursue opportunities in RE generation projects	• Participation in international RE markets through IREC registrant status	• Participation in the broader energy spectrum
What we hope to achieve	**10%** Revenue growth ROCE**>16%**	**40%** Revenue growth ROCE**>20%**	Gearing **>53%** 93% Waste Recycled

Opportunities and levers	Risks to strategy
→ Energy transition and stronger policy commitment towards achieving country's decarbonisation goals	→ Government policy on renewable energy and further reductions in solar feed-in tariffs
→ Recovery of Sri Lanka's construction and infrastructure development sector	→ Macro-economic stability and investor sentiments
→ Technology driven business transformation	

Lichens
Inhabiting nearly every terrestrial ecosystem, lichens are a biofluorescent species that denote our global presence and influence.

TEA EXPORTS

The Sector takes Ceylon Tea to the world through extensive distribution networks and long-standing customer relationships. The Sector's competitive advantage is underpinned by its global reputation for quality, innovation and strong backward integration through Hayleys Plantations Sector.

Insights from Sector Managing Director
Scan to view

Tea Exports

HIGHLIGHTS OF 2024/25

Revenue
Rs. 13.16 bn
(8%)

Profit Before Tax
Rs. 616 mn
(-25%)

Profit After Tax
Rs. 468 mn
(-24%)

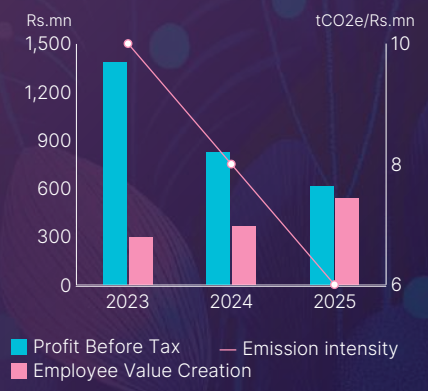
Assets
Rs. 5.59 bn
(20%)

Liabilities
Rs. 2.46 bn
(32%)

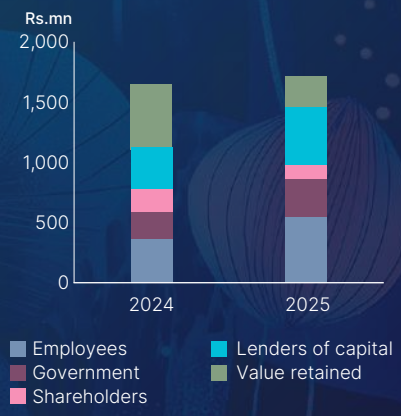
Employees
181

Carbon Footprint
(Scope 1 2,3)*
6,187 tCO2e

INTEGRATED PERFORMANCE



STAKEHOLDER VALUE CREATION



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

KEY DEVELOPMENTS IN 2024/25

Mabroc maintained its position as the largest exporter to the Chinese market in the last 5 years, the fastest growing new market for Ceylon Tea while driving increased penetration in non-traditional markets

Martin Bauer gained significant market share in tea aroma in the USA

Martin Bauer won the Gold Award in the Foods & Beverages Industry at the Presidential Environmental Awards 2024

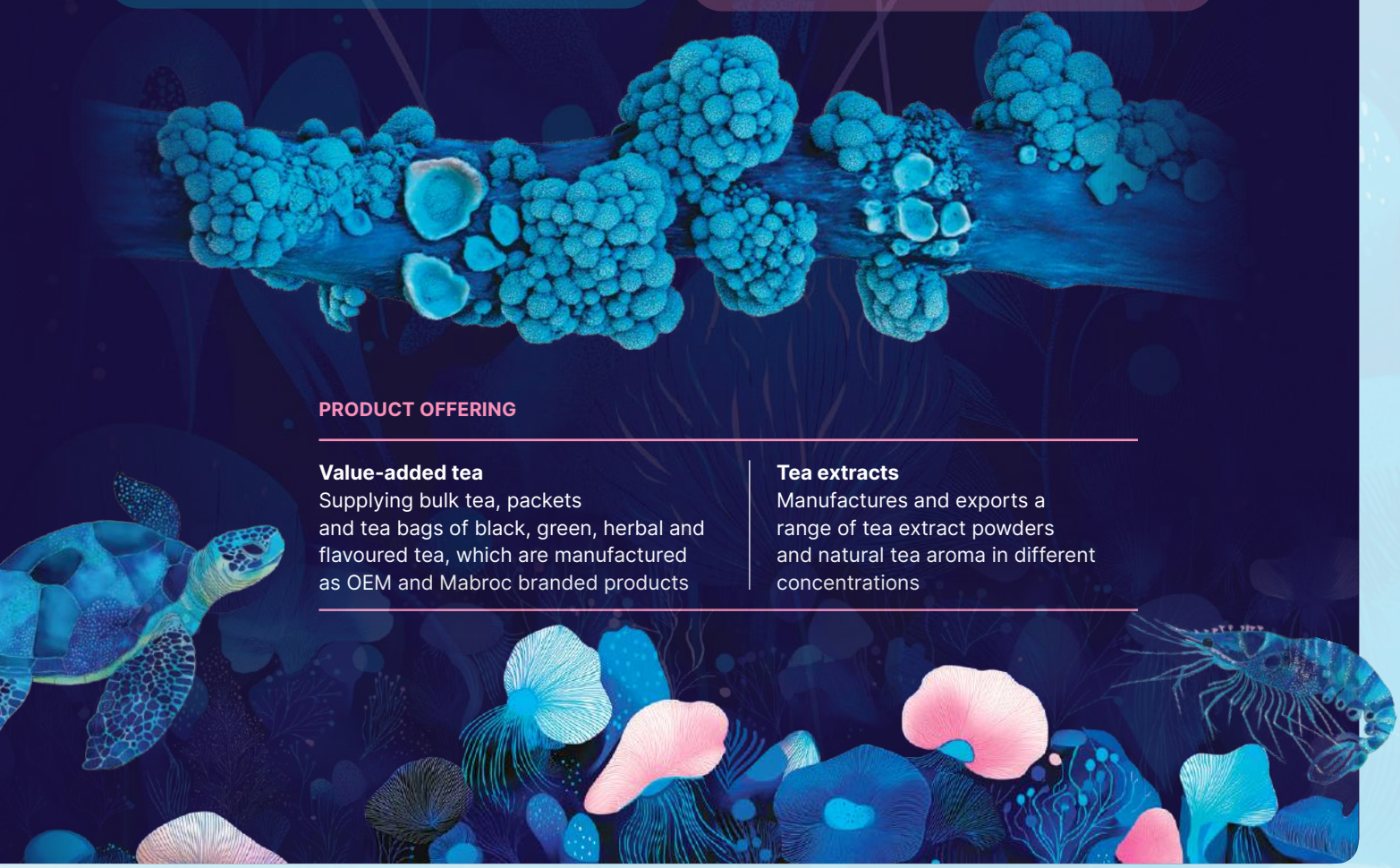
The innovative and forward-thinking Tea Exports Sector of the Hayleys Group has integrated advanced manufacturing capabilities and strategic market expansion to deliver socio-economic value from origin to export.

ECONOMIC CONTRIBUTION

- USD 44 mn export income generated
- Rs. 322 mn tax contributions

POSITIONING SRI LANKAN TEA

- Elevating the reach and popularity of Sri Lankan tea with a global reach
- Largest exporter to the Chinese market



PRODUCT OFFERING

Value-added tea
Supplying bulk tea, packets and tea bags of black, green, herbal and flavoured tea, which are manufactured as OEM and Mabroc branded products

Tea extracts
Manufactures and exports a range of tea extract powders and natural tea aroma in different concentrations

Tea Exports

SECTOR OVERVIEW

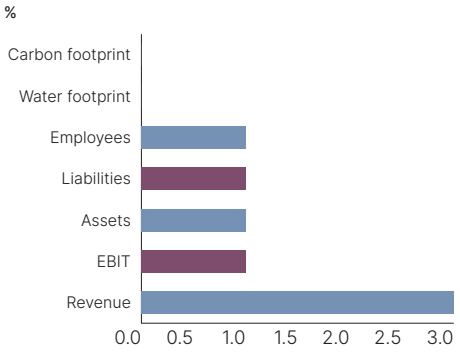
The Group's Tea Exports Sector is represented by two entities; Mabroc Teas (Pvt) Ltd, one of Sri Lanka's largest value-added and bulk tea exporters and Martin Bauer Hayleys (Pvt) Ltd, an innovative manufacturer and exporter of Ceylon tea extract powders and tea aroma in the liquid and powder form. Both companies serve as export arms of the Group's plantation companies and create significant local value addition through sourcing bulk of their tea requirements from Hayleys Plantations. Martin Bauer Hayleys (Pvt) Ltd is a joint venture between Hayleys and global leader in botanicals, German-based Martin Bauer Group (MBG)

Market Presence	Manufacturing Capabilities	Innovation	Sustainability Focus
-Mabroc Teas is **one of Sri Lanka's largest tea exporters** and the 3rd largest exporter of bulk tea. It is also the largest exporter of tea from Sri Lanka to China and Taiwan. Martin Bauer Hayleys (Pvt) Ltd is the leading exporter of Ceylon Tea aroma to the global market and one of Sri Lanka's largest exporters of instant tea extract powders.	In value-added tea, the Sector has capabilities to **customise and skillfully blended teas** to supply a range of packets and tea bags of black, green, herbal and flavoured tea. Martin Bauer Hayleys is the only Sri Lankan manufacturer with capabilities to manufacture tea aroma with varying concentrations	Mabroc's OEM and branded products are sold in 50 countries as well as 19,000 retail outlets across the island. Martin Bauer's products are sold in 22 markets across the world	The Sector is committed to maintaining the highest standards of quality and product responsibility as attested by numerous **Food Safety and Quality certifications.**

OPERATING ENVIRONMENT

While demand dynamics remained largely favourable during the year, the Sector was adversely affected by the appreciation of the Sri Lankan Rupee, which coupled with the increase in the cost tea production inserted pressure on profitability margins. Meanwhile, geopolitical tensions and escalating conflict in key markets led to demand volatility and a surge in freight rates which had adverse implications on predictability and profitability. The increasing regulatory stringency on tea, particularly concerning residue levels continues to present challenges for exporters, given the typically high costs associated with the required testing.

RELEVANCE TO GROUP



	TEA EXPORTS	COST OF TEA PRODUCTION	EXCHANGE RATE	GROWTH FORECAST
	+1% Growth in 2024 (in Sri Lankan Rupees)	**+9%** Increase in 2024	**6%** Y-o-y appreciation of the Sri Lankan Rupee (Monthly average rate)	**6%** Anticipated CAGR of tea (2024-2030)
Description	While in USD basis the country's tea exports grew by a near 10%, growth in rupee terms was marginal at 1% reflecting the appreciation of the Sri Lankan Rupee.	The near 35% increase in wages, coupled with low labour productivity and elevated fertilizer prices have led to consistent increases in the cost of production	The appreciation of the Sri Lankan Rupee during 2024 was driven by Improved foreign exchange liquidity and para-tariffs on top of existing customs duties	While long-term demand dynamics for tea remain favourable, demand from Sri Lanka's largest markets including the Middle East and Russia may be impacted by geo political tensions and geo-economic confrontation in the short-to-medium term
Impact	M	M	M	M
Implications	- Reduced revenue in Sri Lankan Rupee terms	- Implications on international competitiveness and attractiveness of Ceylon Tea	- Reduced competitiveness in the global market - Impact on profitability margins	- Potential short-to-medium implications on volume and revenue

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

RISK LANDSCAPE

Market risks

Sri Lanka's competitiveness in the global market is being threatened by competitive pressures from other producing nations such as Kenya

Strategic response

→ Product innovation focusing on value-added products

Market risks

Fluctuations in exchange rates heighten uncertainty for Sri Lankan exporters, potentially straining profitability margins.

Strategic response

→ Diversification of markets to reduce exposure to a single currency

Operational risk

Sri Lanka's cost of production continues to be higher than competing producers due to low labour productivity and declining yields, which can impacts its international competitiveness

Strategic response

→ Geographical diversification of operations and product innovation

Sustainability-related risks

CRRO 1, 2

Physical climate-related risks including volatility in rainfall and temperature have led to volatilities in both volume and quality

Strategic response

→ Geographical diversification of operations and supply chains

Sustainability-related risks

Customers, particularly from the European region are increasingly demanding sustainability consciousness

Strategic response

→ Ensure full supply chain transparency and traceability

Tea Exports

Market opportunity

Rise of the health-conscious customer and increasing demand for healthy lifestyles will propel demand for tea, which is widely recognised as a healthy beverage

Strategic response

→ Strengthen market activations and support national branding efforts

OPPORTUNITIES

Sustainability-related opportunities

Exporters who strategically embrace ESG are in a position to sharpen their competitive edge through accessing niche markets

Strategic response

→ Embed environmental and social consciousness

STRATEGY AND RESOURCE ALLOCATION

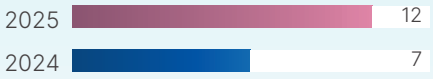
The Sector's strategy in recent years has centered on product, market and geographical diversification given the increasingly volatile global operating landscape. New markets entered into in recent years continue to gain traction, while Mabroc's entry into Kenya last year has begun to show significant potential. Product development and innovation continues to be a priority for both companies as the Sector explores exciting developments in value-added tea, tea extracts and aroma.

Strategic KPIs/ Pre-financials

GEOGRAPHICAL DIVERSIFICATION OF MARKETS

How we performed: Mabroc made inroads in the Japanese market, while also pursuing growth opportunities in Australia and Poland.

New markets entered



About this KPI and why we use it:
Demonstrates the execution of the Sector's growth strategy as well as revenue potential

Resource allocation
Investment in regional expansion:
Mabroc: **Rs. 170 mn**

INNOVATION AND PRODUCT DEVELOPMENT

How we performed: Mabroc is pursuing new variants of instant tea, new flavours as well as herbal ranges of tea

Investment in R&D (Rs. mn)

About this KPI and why we use it:
This measure shows succession of innovation performance, market responsiveness and future growth potential

Resource allocation
Investment in R&D: **Rs. 1.5 mn**

QUALITY FOCUS

How we performed: The Sector regularly undergoes customer audits and has collectively obtain certifications in food safety, quality and other relevant aspects.

21
Certifications

About this KPI and why we use it:
Attests to the Sector's commitment to complying with industry best practice, providing assurance to customers and other stakeholders on the effectiveness of the Sector's processes

Resource allocation
Investment in certifications: **Rs. 8.4 mn**

INTEGRATED PERFORMANCE REVIEW

Year of mixed fortunes: Mabroc demonstrated resilience in a challenging year, recording a volume growth of 8%, which in turn translated to a Revenue growth of 8% to Rs. 13.16 mn during the year. Profitability was however, impacted by the appreciation of the exchange rate and an escalation in freight rates which pressured margins resulting in the Company's Profit Before Tax declining by -25% to Rs. 616 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. Meanwhile, net of tax share of profit from Martin Bauer declined to Rs. 104 mn from Rs. 159 mn the previous year, reflecting lower tea extracts volumes from a key customer during the year.

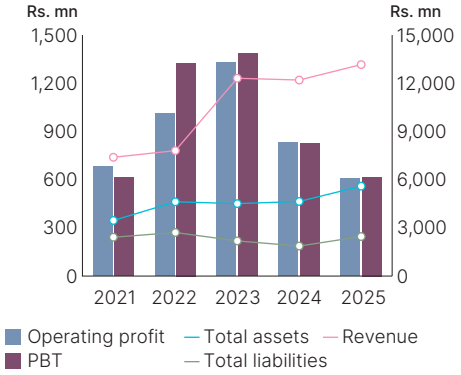
Geographical diversification: Mabroc continued to pursue geographical diversification, pursuing growth opportunities in non-traditional markets. While maintaining its position as the largest Sri Lankan exporter of tea to China and Taiwan, the Company sought to strengthen its market position in Japan. During the year the Company secured a contract with a leading supermarket chain in Australia, which is expected to present substantial opportunities for growth in the medium term. Mabroc also continues to make inroads in Poland through its investment in a leading FMCG distribution company. Escalating geopolitical tensions in key markets have prompted Mabroc to adopt a selective growth strategy, reducing its reliance on affected regions through diversification. The Company has also expanded its presence in the domestic market, with the Talawakelle Supiri Kahata range now available across 19,000 general and modern trade outlets.

Meanwhile Martin Bauer achieved a key milestone in its operations through acquiring a significant market share for tea aroma in the United States. The Company maintains its position as the leading and most advanced producer of tea aroma in Sri Lanka and achieved near full capacity utilisation during the year, following its successful penetration in the USA. The Company sees strong potential for growth in aromas and will continue to leverage its relationships with leading multi-national FMCG companies to drive further penetration in the Asian region.

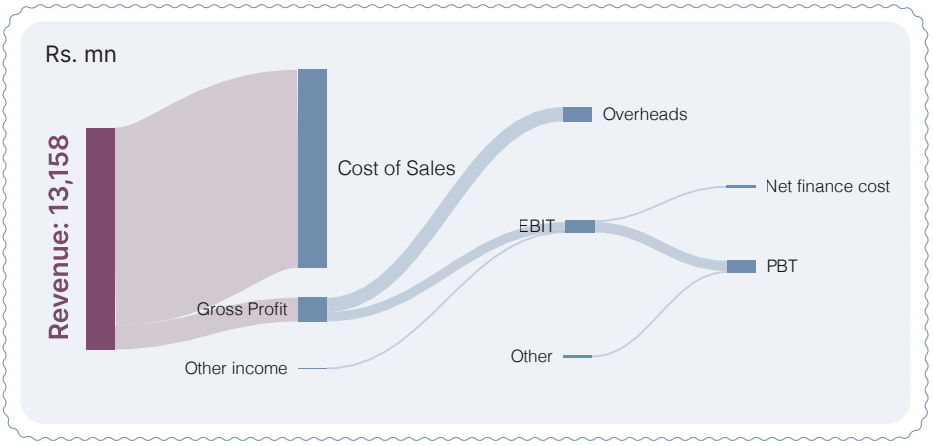
Innovation focus: Both Mabroc and Martin Bauer sought to strengthen R&D processes and capabilities during the year. At Martin Bauer, R&D is now powered by a cross-functional team following a collaborative process with customers and internal stakeholders. The Company is also aptly positioned to leverage the domain knowledge and global insights of the Martin Bauer Group to further widen its portfolio of aroma and concentrations Meanwhile, Mabroc also expanded its R&D capabilities during the year with the addition of new members to the team and is pursuing innovation in herbal and flavoured tea ranges.

Traceability and sustainability: As part of the Hayleys Group, the Sector benefits from traceability up to field level through the procurement of tea from Hayleys Plantations which are pioneers and global leaders in industry sustainability. This partnership has enabled the Sector to strengthen its competitive edge through accessing single garden products which are cultivated under stringent certification requirements, underpinned by strong social and environmental practices

SECTOR FINANCIAL PERFORMANCE



	Revenue (y-o-y) %	PBT (y-o-y) %
Mabroc	8	(25)
Martin Bauer	N/A	(34)



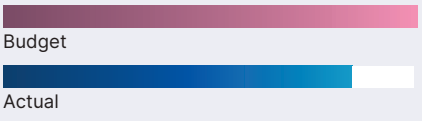
Tea Exports

PERFORMANCE HIGHLIGHTS

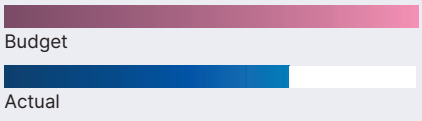
FINANCIAL METRICS	2025	2024	%	2023
Revenue	13,159	12,199	8	12,624
Earnings before interest and tax	609	829	(27)	1,330
Net finance income/(cost)	(104)	(173)	(40)	44
Share of profit of equity accounted investees (net of tax)	104	167	(38)	381
Profit before tax	616	823	(25)	1,386
Profit after tax	468	614	(24)	1,999
Assets	5,594	4,643	20	4,507
Liabilities	2,459	1.868	32	2,187

PERFORMANCE AGAINST TARGETS

Revenue



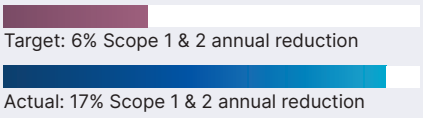
Profit before tax



	ENVIRONMENTAL METRICS	2025	2024	%	2023
ESG commitment areas	Energy consumption (GJ)	2,994	2,218	35	1,500
	Energy intensity (GJ/Revenue USD mn)	68	39	76	43
	Carbon footprint (tCO2e)- Scope 1 & 2	245	294	(17)	337
	Emission intensity (tCO2e/Revenue USD mn)	5.54	7.63	(27)	9.61
	Water withdrawn (m3)	4,111	4,419	(7)	16,762
	Water intensity (m3/Revenue USD mn)	93	115	(19)	478
	Carbon footprint (tCO2e)- Martin Bauer: Scope 1 & 2	1,343	3,907	(66)	N/A

PERFORMANCE AGAINST TARGETS

Emission reduction



SOCIAL METRICS		2025	2024	%	2023
ESG commitment areas	No. of employees	181	162	12	138
	Revenue per employee (Rs. mn)	73	75	(3)	91
	Remuneration per employee (Rs.mn)	3	2	34	2
	Investment in CSR (Rs.mn)	2	2	0	3
	No. of CSR beneficiaries	336	402	(16)	2,250

PERFORMANCE AGAINST TARGETS

Employee Development

Target: 40 average hours per employee

Actual: 10 average hours per employee

Diversity training

Each employee is to receive an average of 40 training hours per annum by 2030

2024/25: DEI Training conducted for 185 employees and total hours 185

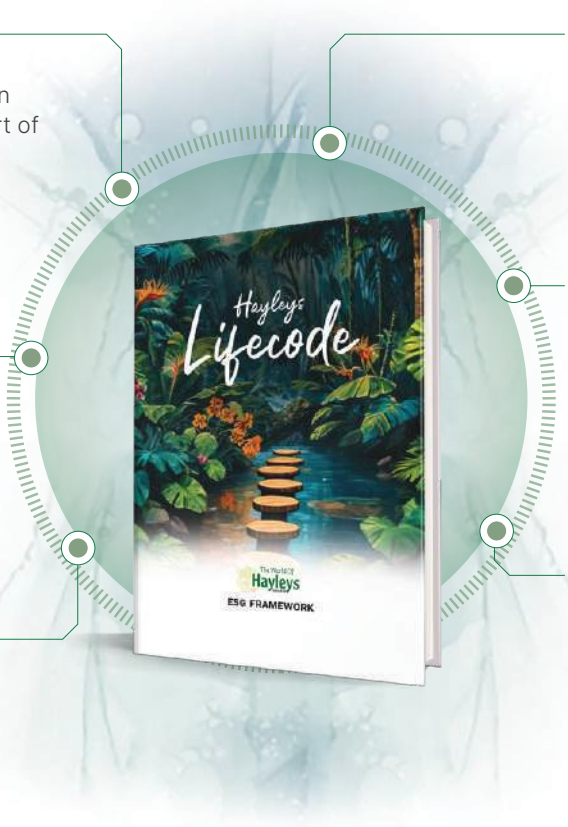
*The Environmental and Social metrics disclosed above represent the most material impact areas and long-term ESG commitments of Mabroc which is consolidated in the Group's financial statements. The carbon footprint of Martin Bauer (which is a joint venture) is disclosed separately)

Long-term ESG commitments

Accelerate climate action
- 1.5 MW solar plant at Martin Bauer, funded through a concessionary loan facility by Martin Bauer Group as part of its decarbonisation strategy
- 245 kW solar panel at Mabroc

Restore and regenerate nature
- Annual Sri Pada cleaning programme by Martin Bauer

Optimise resource footprint
- Sustainable packaging through value engineering and optimisation of TEViVE Packaging Materials.



Responsible work place
- Rs. 1.91 mn investment in training and development across multi-faceted areas

Partner progress
- Ongoing investments in community engagement initiatives

Responsible and responsive corporate citizenry
- Martin Bauer won the Gold Award in the Foods & Beverages Industry at the Presidential Export Awards 2024

Tea Exports

PROSPECTS AND PLANS

Global demand for value-added tea remains favourable while demand dynamics for extracts are expected to be stable over of the short-to-medium term. That said the near-term outlook is uncertain due to the trade tariffs applicable to exports to the USA, to which Martin Bauer is particularly vulnerable. Meanwhile, challenges in the country's plantations sector including escalating cost and vulnerabilities to climate change implications will inherently impact the tea exports sector through higher cost and supply volatilities.

Alignment to Group strategy

	Short-term	Medium to Long-term
Portfolio optimisation	• Growth in non-traditional markets • Enhance production capacity through investments in manufacturing infrastructure • Operating efficiencies through automation	• Geographical diversification of operations through establishing overseas operations (Mabroc)
Customer Centricity	• Ongoing innovation and product development to cater to emerging customer needs • Offer sustainable product propositions	• Expand the private label market share in Australia • Increase Mabroc brand distribution in the European Union. • Pursue international e-commerce business in USA.
Strategic ESG Integration	• Development of Sector Sustainability/ESG roadmap • Enhance ESG capabilities across the Sector	• Drive active reduction of fossil-fuel based energy sources
What we hope to achieve	**2%** Revenue growth ROCE**>16%**	**15%** Revenue growth ROCE**>28%** **30%** Scope 1 & 2 emission reduction

Opportunities and levers	Risks to strategy
→ International expansion through investments in Kenya and Poland	→ Trade tariffs
→ Escalating customer requirements on sustainability	→ Geopolitical tensions in major buying markets
	→ Escalating implications of climate change and impacts on quality, yields and crop

Platypus
The platypus is biofluorescent, and its multifaceted nature mirrors our commitment to offering diverse services built on versatility.

OTHERS

The Others Sector comprises HBSI and Group Services of Hayleys PLC. HBSI engages in BPO operations and Shared Services specialising in providing a range of back-end services including accounting, payroll, digital marketing, data management and IT solutions among others.

Insights from Sector Managing Director
Scan to view

Others

The Others Sector comprises Hayleys Business Solutions International and Group Services of Hayleys PLC. HBSI engages in BPO operations and Shared Services specialising in providing a range of back-end services including accounting, payroll, digital marketing, data management and IT solutions among others.

FINANCIAL METRICS	2025	2024	% y-o-y	2023
Revenue	**1,048**	1,439	(27)	1,534
Earnings before interest and tax	**7,988**	6,728	19	7,198
Net finance income/(cost)	**(2,999)**	(4,389)	(32)	(4,418)
Profit before tax	**5,045**	2,380	112	2,824
Profit after tax	**4,583**	1,940	136	2,525
Assets	**80,389**	73,736	9	72,750
Liabilities	**38,361**	33,082	16	31,715
Operating cash flow	**5,733**	5,831	(2)	6,655
ESG HIGHLIGHTS				
No. of employees	**414**	387	7	356
Energy consumption (GJ)	**8,338**	7,959	5	11,445
Energy intensity (GJ/Revenue USD mn)	**2,369**	1,751	35	2,687
Carbon footprint (tCO2e)- Scope 1 & 2	**1,231**	915	34	1,179
Emission intensity (tCO2e/Revenue USD mn)	**350**	201	74	277
Water withdrawn (m3)	**17,022**	16,636	2	12,772
Water intensity (m3/USD)	**4,836**	3,660	32	2,999

HAYLEYS PLC

Hayleys PLC is the most significant contributor to the Others Sector, contributing 32% and 85% to Revenue and PBT respectively. The Company's overall performance improved in comparison to the previous year, upheld by strong dividend upstreaming and a reduction in Net Finance Cost in view of decelerating interest rates. Dividend received during the year, amounted to Rs. 5.75 bn compared to Rs. 5.40 bn the previous year supported by improved profitability across key verticals. Profitability was also supported by increased administrative recoveries during the year, which resulted in the Company's EBIT increasing by 19% to Rs. 7.99 bn during the year. Overall the Company's PBT and PAT clocked in at a respective Rs. 4.31 bn and Rs. 3.99 bn during the year under review.

HAYLEYS BUSINESS SOLUTIONS INTERNATIONAL LTD

HBSI demonstrated strong resilience in a challenging year to record a 12% increase in Revenue to Rs. 765 mn while Profit Before Tax also increased by 3% to Rs. 309 mn. In a major milestone during the year, HBSI won the Digital Transformation Award at the CGMA Asia Pacific Professional Awards attesting to its track record in transforming organisations through innovative business solutions. Despite a relatively subdued industry landscape, the BPO operations recorded commendable growth during the year, supported by continued expansion of its service portfolio and increased penetration in Australia. The Company added Australian tax services and advanced finance and accounting solutions to its retinue of services. Meanwhile, the Shared Services and Digital Solutions verticals also delivered stable performance during the year, supported by good growth from the domestic market.

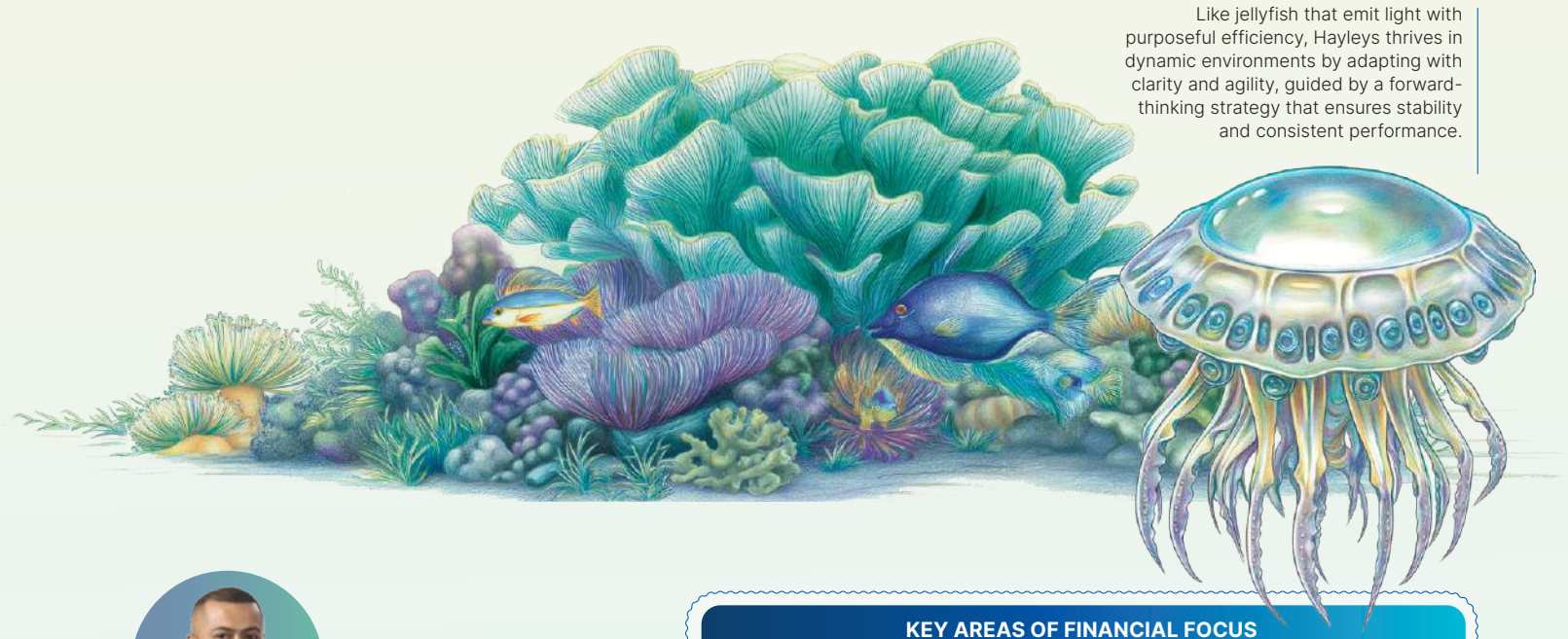
Talent development remained a key priority as the Company placed strategic emphasis on strengthening its intermediate-level talent. The Company also launched a unique internship programme, offering an opportunity for aspiring school leavers to enhance their skills and employability.

Looking ahead, the Company will continue to drive aggressive growth in the Australian market while concurrently pursuing opportunities for inorganic growth. Key downside risks include fluctuations in the exchange rate and escalating price competition from new entrants, risks which will be mitigated through the Company's increasing geographical diversification and wider service portfolio.

Financial Capital

DIGITS AND DIVIDENDS

Financial Capital comprises the pool of funds available to the Group, which enables new investments and allows the sustenance of day-to-day operations. It includes equity funding, debt and retained earnings.



Like jellyfish that emit light with purposeful efficiency, Hayleys thrives in dynamic environments by adapting with clarity and agility, guided by a forward-thinking strategy that ensures stability and consistent performance.

GROUP CHIEF FINANCIAL OFFICER'S OVERVIEW

Our strategy is designed to drive long-term shareholder value through building a resilient and optimal portfolio of businesses, while maximising cash generation to fund future investments. Our approach to resource allocation and portfolio management centers on building a strategic equilibrium between investing in high-potential, return-accretive growth ventures while preserving the stable cash flows of our mature, low-growth businesses.

Despite a multitude of challenges that prevailed during the year, the Group demonstrated strong resilience to achieve its highest ever Revenue and strong profitability. We remained focused on driving enhanced shareholder value through organic and inorganic growth in the portfolio, operating efficiency and effective margin management.

Insights from Group Chief Financial Officer
Scan to view

KEY AREAS OF FINANCIAL FOCUS

- → Strategic deployment of capital prioritising high-return, scalable businesses
- → Optimise portfolio performance to achieve a balance between short-term profit targets and long-term growth
- → Strengthening financial position through effective management of debt, enabling greater financial resilience
- → Effective capital allocation- which balances the needs of our shareholders while retaining funding for future growth
- → Strategic financial reporting and transparency

FINANCIAL DRIVERS

- → Revenue growth
- → Effective margin management
- → Cash flow generation
- → Working capital management
- → Management of financial risks

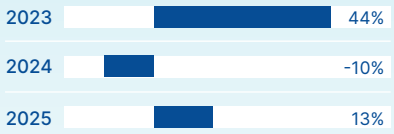
Financial Capital

MEASURING PROGRESS

Financial Capital- Our KPIs

GROWTH

Revenue growth (%)



How we performed:
The Group achieved 13% Revenue growth during the year, driven primarily by domestic businesses which benefitted from more conducive economic conditions. Revenue expansion during the year highlights the diversity and resilience of the Group's earnings profile.

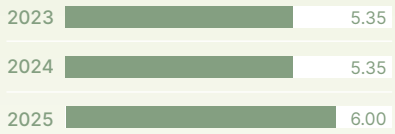
PROFITABILITY

EBIT margin (%)

How we performed:
Despite a contraction in margins at GP level, the Group maintained its EBIT margins reflecting the success its value-addition strategy and focus on cost efficiencies.

SHAREHOLDER RETURNS

Dividend per share (Rs.)



How we performed:
DPS increased by 12% as the Group continued to deliver on its shareholder commitments.

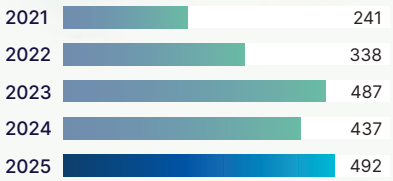
REVENUE

Strategic foresight in driving deeper diversification along industry verticals, geographies and markets positioned the Group in good stead during the financial year, enabling it to remain resilient to a multitude of converging challenges. Consolidated Revenue increased by 13% to an unprecedented Rs.492.20 bn during the year, driven by the strong top line growth of Consumer & Retail (+33%), Transportation & Logistics (+17%) Projects & Engineering (+34%) and Hand Protection (+8%). It is noteworthy that this Revenue achievement was made despite the strengthening of the Sri Lakan Rupee, which adversely affected the Group's export-oriented sectors. As domestic conditions became more favourable, the Group's local businesses recorded strong growth, although export revenue still accounted for 53% of total Revenue during the year. Further information on the factors which shaped the performance of each Sector is detailed in the Portfolio Reviews from page 156 to 288.

Revenue	Growth (%)	Relevance to group (%)
Eco Solutions	(7)	3
Hand Protection	8	9
Purification	0	9
Textiles	(12)	9
Construction Materials	32	3
Plantations	6	4
Agriculture	8	8
Consumer & Retail	33	22
Leisure	7	2
Industry inputs, Power & Energy	14	2
Transportation & Logistics	17	22
Projects & Engineering	34	4
Tea exports	8	3
Others	(27)	0

Revenue

Rs. 492.20 bn (+13%)



Most significant increases in revenue was driven by,

- **Consumer & Retail** – supported by improved consumer sentiments, proactive market activations and measures to ensure improved product availability across the network
- **Transportation & Logistics**- Driven by improved freight rates and customer acquisition across key verticals

Implications of SRROs on Revenue

- Implications of SRROs on Revenue
- Rainfall and temperature impact on yields of Plantations Sector
- Revenue impacts through demand from the Agriculture Sector, both in Agriculture and e Consumer & Retail Sectors
- Potential positive impact on Revenue from accessing new sustainability-conscious segments

OPERATING PROFITABILITY

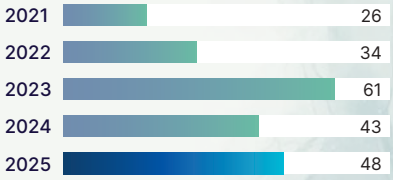
The Group's Operating Profit/EBIT increased by 12% to Rs.47.77 bn during the year, reflecting top line growth as well as improvement in the core performance of Consumer & Retail and Transportation & Logistics Sectors among others. The stronger Rupee continued to adversely affect the profitability of export-oriented sectors including Textiles (-26%), Purification (-12%) and Tea Exports (-27%). Notably, the Leisure Sector which had incurred a Loss Before Interest and Tax of Rs.427.00 mn in the previous year, recorded strong turnaround to generate an EBIT of Rs.543.82 mn during the reviewed period. Despite the narrowing of profitability margins at Gross Profit level, the Group maintained its EBIT margin at 10%. Key determinants of the Group's Operating Profitability are set out below:

Cost of Sales including Raw Materials and Consumables: The Group's Cost of Sales increased by 15%, resulting in Consolidated GP margin narrowing marginally to 24%, from 25% the previous year. This increase reflected sharp cost increases in certain raw material categories including latex and coconut-shells.

Operating Costs: Despite the considerably higher operational activity, the increase in Administrative Expenses was contained at 4%, reflecting the Group's relentless focus on driving efficiency and productivity improvements. Distribution expenses increased by 15% during the year in view of increased investments in market activations across key verticals as well as higher commission paid on the

EBIT

(Rs) 47.77 bn (+12%)



Operating profit	Growth (%)	Relevance to group (%)
Eco Solutions	(187)	(1)
Hand Protection	1	7
Purification	(12)	11
Textiles	(26)	8
Construction Materials	82	4
Plantations	(11)	5
Agriculture	(14)	6
Consumer & Retail	152	17
Leisure	227	1
Industry inputs, Power & Energy	12	3
Transportation & Logistics	26	16
Projects & Engineering	(19)	7
Tea exports	(27)	1
Others	19	15

Financial Capital

Implications of SRROs on Profitability

- Physical damage to assets due to extreme weather events
- Increased cost of sourcing water due to supply disruptions
- Increased cost of compliance stemming from sustainability-related regulations

significantly higher business volumes at Singer (Sri Lanka) PLC. Meanwhile, Other Expenses increased sharply to Rs.1.07 bn mainly driven by losses on fire damage in the Construction Material Sector

Other Income: Consolidated Other Income increased by 45% to Rs.5.06 bn during the year, upheld by the receipt of insurance claims.

NET FINANCE COSTS

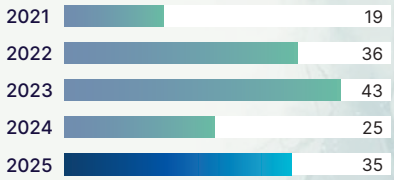
The Group's Net Finance Cost declined by 30% to Rs.12.14 bn during the year, supported by a sharp drop in finance costs stemming from the continued deceleration of market interest rates. Despite a 19% increase in Total Borrowings, Finance Cost fell by 30%. The net foreign exchange gains included in the net Finance Cost also improved to Rs.515 mn from a loss of Rs. 312 mn the previous year. Meanwhile, Finance Income declined to Rs.6.96 bn from Rs.9.91 bn during the year, reflecting the decline in market interest rates.

PROFIT BEFORE TAX

The Group achieved a 40% increase in Profit Before Tax to Rs.35.37 bn during the year, as it leveraged its diverse earnings profile to capitalise on emerging market opportunities. The Consumer & Retail Sector emerged as the largest contributor to PBT with a share of 15%, followed closely Transportation & Logistics (15%), Purification (13%), Hand Protection (9%), Textiles (7%) and Projects & Engineering (8%)

PBT

(Rs) 35.37 bn (+40%)



TAXATION

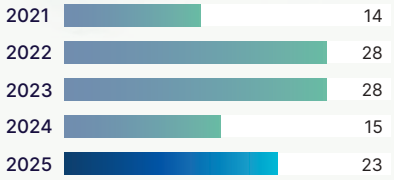
The Group's Tax Expense for the year increased by 23% to Rs.12.86 bn during the year led by improved profitability while the effective tax rate amounted to 37% during the year. The tax payments relevant to each of the tax rates applicable across the Group are set out below.

Tax strategy: The Group's tax strategy is reviewed by the Board and implemented by the Group Head of Tax and the Group Chief Financial Officer. The tax strategy centers on the following pillars:

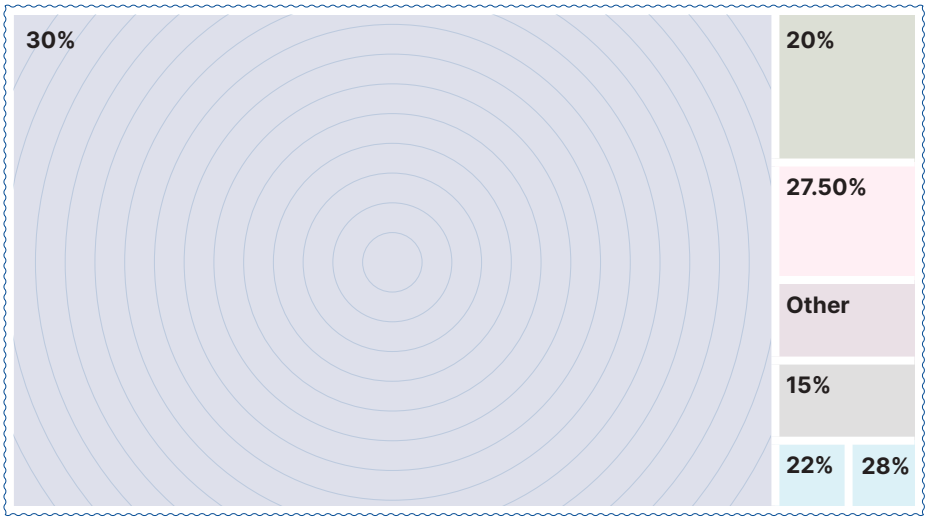
- → Ensuring compliance with all applicable laws and regulations in all jurisdictions that the Group operates in
- → Maintain open and transparent engagement with tax authorities
- → Efficient management of tax affairs which support achievement of growth profitability targets
- → Ensuring timely and accurate filing of all tax returns
- → Ensuring timely and accurate filing of all tax returns (corporate income tax, VAT/GST, payroll taxes, etc.).

Profit After Tax

Rs. 22.51 bn (+52%)



Income tax payments by rate



PROFIT AFTER TAX

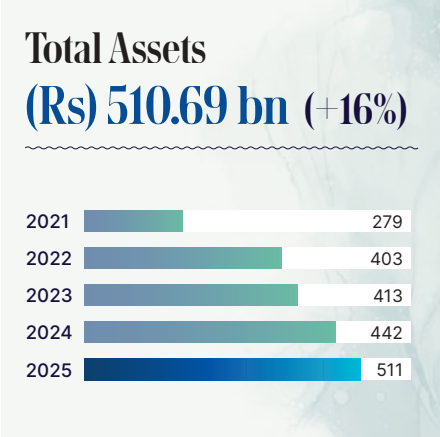
The Group generated a Profit After Tax of Rs.22.51 bn, an increase of 52% compared to the previous year. At Company level, Hayleys PLC recorded a Profit After Tax of Rs. 3.99 bn, compared to Rs. 1.33 bn the previous year. Although declining in comparison to the previous year, dividend upstreaming remained healthy at Rs.5.75 bn during the year.

OTHER COMPREHENSIVE INCOME

The Group's Other Comprehensive Income for the year increased to Rs.4.46 bn, driven mainly by revaluation of land which amounted to Rs.6.52 bn. Meanwhile, net exchange differences on translation of foreign operations declined to Rs.256 mn compared to losses of Rs.3.88 bn the previous year. As a result, the Group's Total Comprehensive Income more than doubled to Rs.26.97 bn compared to Rs.10.96 bn the previous year.

TOTAL ASSETS

The year under review was marked by significant investments aimed at expanding capacity, diversifying businesses and strengthening earnings generation. Investments across several key sectors including Transportation & Logistics, Purification, Hand Protection, Textiles and Construction Materials resulted in the Group's Property, Plant and Equipment increasing by 15% to Rs. 153.77 bn, which resulted in Total Assets expanding by 16% to Rs.510.69 mn. Total Current Assets also increased by 14% to Rs.294.13 bn, driven mainly by an increase in Trade and Other Receivables (+27%) reflecting higher operational activity across verticals. The asset composition remained relatively unchanged during the year, with Current Assets accounting for 58% of Total Assets. Key contributors to asset growth were Consumer & Retail (+32%), Transportation & Logistics (+11%), Hand Protection (+22%) and Purification (+12%)



CAPITAL AND FUNDING

The Group's funding strategy aims to maximise financial flexibility and minimising the risk of refinancing by broadening funding sources. The Group Treasury Function is responsible for raising funding for the Group with clear parameters and limits including levels of authority being defined. The Group's Funding Profile features a relatively healthy funding mix, with Equity and Borrowings funding a respective 28% and 40% of the Group's Total Assets as at end-March 2025. The Group's National Long-Term Rating of 'AAA (lka)' with a Stable Outlook from Fitch Ratings attests to the stability and resilience of the Group's financial profile.

Total Assets	Growth (y-o-y) (%)	Relevance to group (%)
Eco Solutions	4	4
Hand Protection	22	7
Purification	12	8
Textiles	0	6
Construction Materials	29	3
Plantations	8	5
Agriculture	13	5
Consumer & Retail	32	22
Leisure	0	3
Industry inputs, Power & Energy	5	3
Transportation & Logistics	11	14
Projects & Engineering	3	5
Tea Exports	20	1
Others	9	14

Implications of SRROs on Financial Position

- Physical damage to assets leading to impairment
- Obsolescence/write-off of assets
- Funding requirements stemming from asset replacement etc.

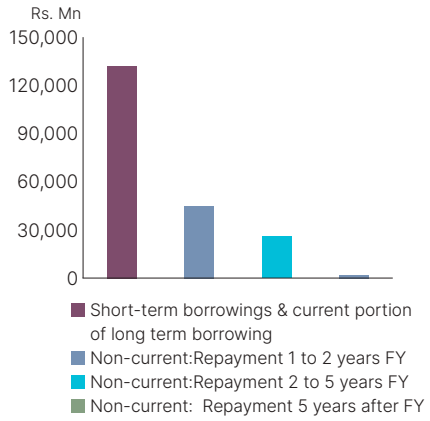
Maintaining a stable debt profile

In managing the Group's debt profile, we ensure that the maturities of our funding sources are adequately spread out. Counterparty exposures are also monitored on an ongoing basis, ensuring that our funding platform is

Financial Capital

diversified across banks and other debt instruments. The Group's Total Borrowings increased by 19% to Rs.204.41 bn during the year with short-term borrowings accounting for 50% of Total Debt. Short-term borrowings are primarily working capital facilities and are typically revolving in nature. Meanwhile Consumer & Retail, Transportation & Logistics and Others Sectors continued to dominate the debt profile, collectively accounting for 61% of Total Borrowings.

DEBT MATURITY PROFILE



CASH FLOW AND LIQUIDITY

The Group's liquidity management centers on proactively monitoring forecasts and actual cashflows, ongoing negotiations with fund-providers and ensuring optimal funding for all asset acquisitions or disposals.

The Group invested in "Kyriba", a state-of-the-art Treasury Management System during the year, enabling real-time access to treasury-related data and connectivity across 300 banks accounts. Aligned to the overall digital transformation strategy of the Group, the system will facilitate increased transparency on rate negotiations, Group-wide consolidation and increased transparency.

During the year, the Group's Net Cash Inflow from Operating Activities declined to Rs.11.86 bn from Rs.30.43 bn the previous year reflecting an increase in working capital requirements in line with higher operational activity. Meanwhile Net Cash Outflow from Investing Activities amounted to Rs. 19.67 bn during the year, mainly due to capital investments across key verticals. Net Cash Outflow from Financing Activities amounted to Rs.3.82 bn during the year.

Total Borrowings	Growth (y-o-y) %	Relevance to Group Total Borrowings (%)
Eco Solutions	13%	3%
Hand Protection	38%	4%
Purification	57%	3%
Textiles	1%	6%
Construction Materials	38%	4%
Plantations	3%	1%
Agriculture	28%	5%
Consumer & Retail	31%	28%
Leisure	-8%	5%
Industry inputs, Power & Energy	15%	1%
Transportation & Logistics	1%	16%
Projects & Engineering	59%	5%
Tea Exports	11%	1%
Others	17%	18%

Adequacy of Financial Capital for future plans

The Group will require funding to drive its regional and international expansion plans, which it intends to raise through diversifying its funding profile. Overseas funding, debt instruments and green financing options are currently being assessed as potential options

WAY FORWARD

Priorities for 2025/26

- Diversifying funding sources, given changes to Single Borrower Limit regulations applicable on banks
- Effective management of liquidity and debt maturity
- Optimal capital allocation

INVESTOR RELATIONS

Hayleys PLC is committed to maintaining transparent, constructive and ongoing dialogue with its shareholders, facilitated through multiple engagement platforms including the Annual General Meeting, the publication of the Annual

- Timeliness of disclosures
- Accuracy and integrity of information
- Transparency
- Stakeholder inclusivity in communications

Report, quarterly reporting to the CSE as well as periodic press releases and announcements. Through our engagement we seek to provide meaningful and relevant information to facilitate informed decision making.

Information we share with our shareholders through this Annual Report

- → The operating environment during the year (pg. 98)
- → Implications of the macro-economic environment (pg. 98)
- → Financial performance and Portfolio Review (pg. 289,156-288)
- → Corporate Governance and risk management practices (pg.54)
- → Our Environmental, Social and Governance (ESG) framework (pg.530)

PERFORMANCE OF THE COLOMBO STOCK EXCHANGE

The Colombo Bourse recorded a year of strong growth in 2024 attesting to an overall improvement in investor sentiments following the stabilisation of the macro-economic landscape. During the year, the All Share Price Index (ASPI) recorded a growth of 49.7% while the Standard & Poor's Sri Lanka 20 (S&P SL20) increased by 58.5%. Market capitalisation increased by 34.1% during the year while average daily turnover amounted to Rs. 2.24 bn, compared to Rs.1.70 bn the previous year. In view of the upside potential and positive outlook among investors, the Price to Book Value also improved to 1.2, up from 0.9 in December 2023.

Securities in Issue:

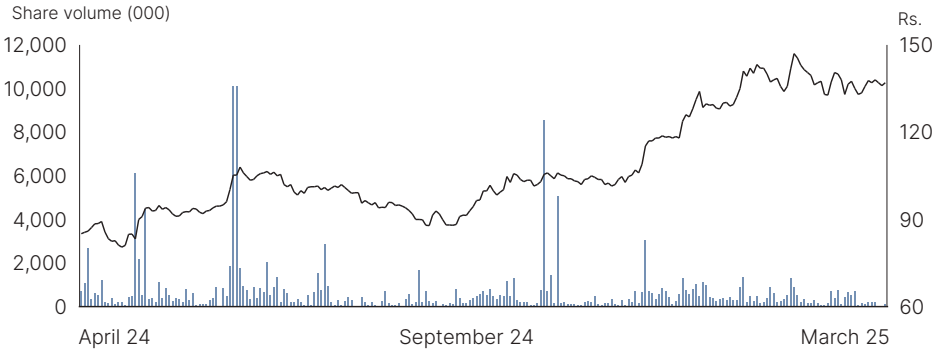
- → Ordinary Shares
- → Debentures

- Hayleys PLC issued Rs.7.0 bn listed, rated, unsecured, senior redeemable debentures in May 2025, which was over-subscribed on the first day of opening.

Performance of the Hayleys Share

The Hayleys share performed exceptionally well during the year, strengthening gradually throughout the year to close at Rs. 137.00, an increase of 67% from the beginning of the year. The share price traded between a low of Rs.80.00 and a high of Rs. 149.25, while the average volume traded amounted to 644,943 during the year while the daily average turnover clocked in at Rs. 68.44 mn compared to Rs.35.20 mn the year before, demonstrating improved investor interest and frequency of trading.

SHARE PRICE MOVEMENTS



SHAREHOLDER RETURNS

The Group delivered superior returns to shareholders during the year, recording broad-based improvements across multiple shareholder metrics as summarised in the table below.

		2025	2023	2022
Market value per share	Rs.	**137.00**	82.10	72.00
Dividend per share	Rs.	**6.00**	5.35	5.35
Company market capitalisation	Rs. bn	**102.75**	61.58	54.00
Group market capitalisation	Rs. bn	**254.69**	168.13	142.46
Price earnings ratio	No. of times	**7.64**	8.94	3.30
Dividend yield ratio	%	**4.38**	6.52	7.43
Dividend payout ratio	%	**33.46**	58.25	24.54
Dividend Cover	No. of times	**2.99**	1.72	4.07

Manufactured Capital

POWERING PERFORMANCE AND BUILDING POSSIBILITIES

Manufactured capital forms the backbone of a diversified and manufacturing-focused group such as us, enabling operational excellence, driving innovation across sectors, and sustaining the high standards of quality and scale that define its industry leadership.

Just as luciferin and luciferase interact precisely to produce light, Hayleys integrates its facilities, equipment, and technology to optimise performance and drive sustainable growth.

MANUFACTURED CAPITAL AS A STRATEGIC DRIVER

PORTFOLIO OPTIMISATION
→ Facilitates the production of an array of high-quality, customised and sustainable products across diverse business verticals

CUSTOMER CENTRICITY
→ Cater to dynamic and rapidly shifting needs of customers through innovative and improved product capabilities

NURTURING INSPIRED TEAMS
→ Offers employees with efficient, safe, and well-equipped work environments fostering productivity, well-being, and pride in their work.

INCLUSIVE BUSINESS MODELS
→ Enables scalable, efficient production that can integrate small-scale suppliers, create diverse employment opportunities

STRATEGIC ESG INTEGRATION
→ Efficient manufacturing processes which support resource optimisation and waste reduction goals

32%
of our Revenue derived from manufacturing-based Sectors

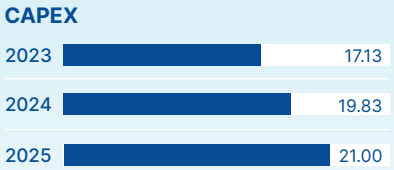
Drives bold innovation through agile manufacturing infrastructure

Rs. 93.73 bn
Manufacturing Assets
(18% of Assets)
Represents buildings, manufacturing facilities, vessels and vehicles

Drives operational efficiency and optimisation of resources

MEASURING PROGRESS
Manufactured Capital- Our KPIs

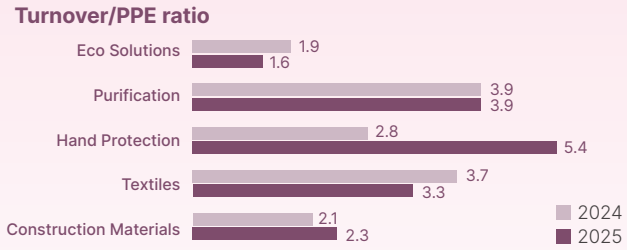
INVESTING FOR THE FUTURE



Why we use this KPI: Demonstrates the Group's quantum of investments for the future and key areas of focus

How we performed:
The increase in CAPEX during the year reflects key investments in capacity expansions, value-added manufacturing and widening of customer contact points

TURNOVER/PPE RATIO (MANUFACTURING SECTORS)



Why we use this KPI: Demonstrates efficiency, capacity utilisation levels and capital intensity of each Sector

How we performed:
Several verticals demonstrated improvements in Turnover/PPE ratio reflecting improved efficiency and capacity utilisation levels

INVESTING FOR THE FUTURE

The Group's growth aspirations were reflected in its CAPEX investments during the year with ongoing efforts to strengthen production capabilities across our diverse verticals. Total additions to PPE for the year amounted to Rs. 22.03 bn reflecting improvements in technology, factory upgrades, new facilities and capacity enhancements. Key investments for the year included the following:

Eco Solutions

Total CAPEX: Rs. 1.00 bn
Commenced construction of a fibre extraction plant, expected to fulfill 35% of the Sector's fibre requirement

Hand Protection

Total CAPEX: Rs. 2.06 bn
Acquisition of a new disposable glove manufacturing facility in Thailand

Purification

Total CAPEX: Rs. 2.59 bn
State-of-the-art electrochemical laboratory for energy storage innovations

Investment in 7th manufacturing facility in Philippines

Projects & Engineering

Total CAPEX: Rs. 540 mn
Launch of experiential centre

Construction Materials

Total CAPEX: Rs. 1.73 bn
New manufacturing facility for assembling balcony lines- 'Ascend'

New powder coating plant

Plantations

Total CAPEX: Rs. 2.19 bn*
State-of-the-art Kiruwanaganga Tea Factory commissioned by TTE

*Includes investment in replanting by all three RPCs

Consumer & Retail

Total CAPEX: Rs. 784 mn
New AI powered Samsung Smart Store

4 new branches added by Singer Finance

Transportation & Logistics

Total CAPEX: Rs. 6.11 bn
3 new tugs purchased

Manufactured Capital

PROFILE OF MANUFACTURED CAPITAL

The Group's extensive manufacturing footprint spans 95 facilities in Sri Lanka, Thailand, Indonesia, India and Bangladesh, with the first facility in the Philippines currently under construction by the Purification Sector. Meanwhile, B2C sectors such as Consumer & Retail and Projects and Engineering operate island-wide networks of customer contact points. Please refer the note 13 of the Financial Statements for the accounting policy pertaining to the measurement and recognition of these assets. The Group's manufacturing footprint is summarised below:

ECO SOLUTIONS
Manufacturing of fibre-based products

12 manufacturing facilities in Sri Lanka
1 manufacturing facility in India

Rs. 4.55 bn

HAND PROTECTION
Manufacturing a range of household, industrial and medical gloves

5 manufacturing facilities in Sri Lanka
2 manufacturing facilities in Thailand

Rs. 11.80 bn

PURIFICATION
Manufacturing coconut-shell based activated carbon

2 facilities in Sri Lanka
2 facilities in Indonesia
2 facilities in Thailand

Rs. 8.28 bn

TEXTILES
Fabric knitting,dyeing,printing and brushing - cotton and polyester

3 manufacturing facilities in Sri Lanka

Rs. 12.47 bn

CONSTRUCTION MATERIALS
Manufacture of Aluminium extrusions

2 manufacturing facilities in Sri Lanka

Rs. 4.10 bn

PLANTATIONS
Manufacture of tea, rubber and tea extracts

49 factories

Rs. 3.03 bn

AGRICULTURE
13 manufacturing facilities and plants in Sri Lanka

2 facilities in Bangladesh

Rs. 2.65 bn

LEISURE
Hotels and resorts

4 resort properties in Sri Lanka and Maldives
5-star city hotel

Rs. 12.61 bn

INDUSTRY INPUTS, POWER & ENERGY
Industrial Inputs, Power & Energy

6 mini hydro plants
1 solar plant
3 wind-power plants

Rs. 3.56 bn

TRANSPORTATION & LOGISTICS
Sri Lanka's largest mega distribution centre

21 Vessels

Rs. 22.25 bn

CONSUMER & RETAIL
Manufacturing, financing and marketing consumer durables
Island-wide network of **405** Singer outlets and **56** Singer Finance branches

Rs. 4.06 bn

PROJECTS & ENGINEERING
Fentons 2 inventory warehouse, branches and solar infrastructure

Rs. 2.92 bn

TEA EXPORTS
2 manufacturing facilities in Sri Lanka

Rs. 886.10 mn

OTHERS
Head office building

Rs. 589.70 mn

Newly-commissioned Kiruwanaganga Tea Factory of Talawakelle Tea Estates PLC

MANUFACTURING EFFICIENCY

Our key manufacturing sectors have consistently sought to drive manufacturing and operational efficiencies through initiatives such as productivity maintenance, Lean and Six Sigma among others. These initiatives have enabled the Group to curtail costs while enhancing efficiency and reducing waste

Sector	Turnover/ PPE ratio
Eco Solutions	1.6
Hand Protection	5.4
Purification	3.9
Textiles	3.3
Construction Materials	2.3

Adequacy of Manufactured Capital for future plans

Investments in Manufactured Capital in recent years has focused on capacity expansions and value-added product capabilities. These investments have positioned the Group to cater to emerging customer requirements and widen potential sources of Revenue.

WAY FORWARD

Priorities for 2025/26

- Geographical diversification of manufacturing capabilities
- Strengthening capabilities for manufacturing value-added products
- Manufacturing capabilities enabling backward integration

Social & Relationship Capital

STRIVING AND THRIVING TOGETHER

Social inclusivity is at the centre of the Hayleys' Corporate Purpose and the Group's unparalleled footprint across the country offers it a strong platform to advance this commitment through meaningful impact and long-term value creation. Through its diverse businesses, extensive supply chains and global market reach Hayleys has built an unparalleled social footprint, which has enabled it to build resilient business models and drive socio-economic empowerment.

Just as synchronous fireflies create rhythmic light through responsive coordination, Hayleys fosters collaboration and connectivity to deliver impactful results that ripple through and enrich the wider community.

SOCIAL & RELATIONSHIP CAPITAL AS A STRATEGIC DRIVER

PORTFOLIO OPTIMISATION

→ Supports business growth by enhancing market access, and fostering collaborative ecosystems that drive long-term competitive advantage.

CUSTOMER CENTRICITY

→ Facilitates increased responsiveness to customer needs through understanding and fulfilling customer expectations that enhance loyalty, satisfaction and retention

NURTURING INSPIRED TEAMS

→ Our positive social footprint and meaningful stakeholder engagement underpins the value-driven nature of the Group, which strengthens its employer brand, making it more appealing to top talent

STRATEGIC ESG INTEGRATION

→ Provides a strong platform to propagate the Group's ESG aspirations across its supply chains and accelerate impact

640,270
Beneficiaries from numerous CSR interventions across the Group

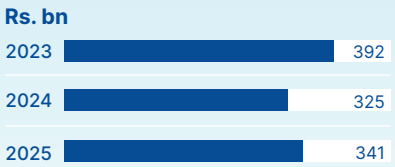
Rs. 50. 57 mn
Ongoing investments in supplier development and capacity building

Deep-rooted relationships across supply chains with approximately **22,748** suppliers engaged

Value proposition centering on quality, innovation and service excellence to B2B and B2C customers

MEASURING PROGRESS
Social & Relationship Capital- Our KPIs

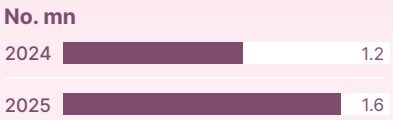
PAYMENTS TO SUPPLIERS



Why we use this KPI: Demonstrates value injection to suppliers through purchases

How we performed:
The Group delivered a 5% increase in payments to suppliers during the year

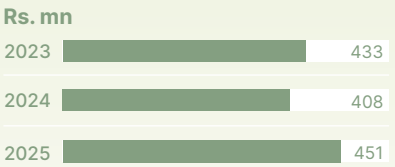
CUSTOMERS ACQUIRED



Why we use this KPI: Measures market acceptance of our product and service offerings and potential for earnings growth

How we performed:
With the acquisition of 1.6 mn customers during the year, the Group is positioned for strong growth

COMMUNITY RELATIONSHIPS



Why we use this KPI: Demonstrates commitment to accelerating social impact across the communities in which we operate

How we performed:
The Group continued to strengthen its community impacts through increased investments and beneficiaries

PARTNERING PROGRESS

The Group aspires to drive long-term value across its supply chain through collaborating with its diverse network of suppliers

SUPPLIER-RELATED TARGETS

- Achieve 40% environmental and social screening of total suppliers
- All Sectors to establish at least one supplier development programme

PROGRESS IN 24/25

- Roll out of responsible procurement strategy
- 3 Sectors have established long-term supplier development programmes

CONNECTIVITY TO SLFRS S1 AND S2 DISCLOSURES

SRRO 4: Environmental and Social issues across supply

- Page 141

The Group has cultivated diverse, robust, and far-reaching supply networks across the country—an enduring hallmark of its DNA and a cornerstone of its value creation journey. By engaging a broad and inclusive supplier base the Group injects significant value across communities, driving socio-economic empowerment. Suppliers are diverse in geographical profile and scale of operations, ranging from individuals and small-scale suppliers to large B2B players.

Over 22,000
Suppliers

55%
Local suppliers

Rs. 341.31 bn
Payments to suppliers

Procurement Policy: With the launch of the 2nd edition of the Hayleys Lifecode, the Group sought to strengthen its Procurement Policy which serves as a minimum standard across all Group entities. New aspects introduced in the refreshed policy include the following:

- Supplier management and contract management practices
- Sustainable procurement guidelines including environmental and social screening criteria
- Digitalisation of pay processes
- Spend management

Social & Relationship Capital

Inclusivity across value chains

Aligned to its Corporate Purpose, the Group has always prioritised business models that support grassroot communities, thereby injecting economic value and driving empowerment. Through its diverse businesses, the Group connects rural communities to global supply chains, facilitating market linkages, building capacity and providing access to finance and resources.

Sector	Suppliers/Value chain partner	Number
Eco Solutions	Fibre suppliers	650
Hand Protection	Latex suppliers (local)	4,243
Purification	Charcoal and coconut shell suppliers	523
Agriculture	Outgrowers-fruits and vegetables Smallholder-farmers	12,435
Construction Materials	Fabricators	673
Consumer & Retail	Indirect employment in branches	2,800
Projects & Engineering	Sub-contractors	514

KEY AREAS OF FOCUS IN 2024/25

The Group prioritised the following aspects in its procurement and supplier management agenda during the year.

Diversification of supply chains

Given increasing complexities and disruptions in global supply chains and escalating implications of climate change on agriculture-based raw materials, several key sectors including Purification, Eco Solutions and Hand Protection sought to strategically diversify its supply chains while also pursuing backward integration.

Supplier due diligence

In response to emerging global standards (including evolving EU regulations) and escalating environmental and social risks on the supply chain, the Group is strengthening its supply chain due diligence to ensure ethical, transparent, and sustainable practices across all tiers of its operations. While this has been an area of focus under the Hayleys Lifecode, progress has been below expectations and plans are now in place to across several sectors to accelerate impact in this important area. Interventions during the year include the following:

Hand Protection Sector

As the Sector gears up for compliance with EUDR it commenced capacity building and improved mechanisms to collect information

Construction Materials and Hand Protection

- Having engaged in product lifecycle analysis during the year, both sectors improved information gathering from suppliers

Horana Plantations PLC

The Company successfully recorded compliance on EUDR following a comprehensive evaluation of suppliers

Leisure Sector

The Sector commenced an initial level of environmental and social screening for its key suppliers

SUPPLIER DEVELOPMENT

In building resilient supply chains and supporting the long-term sustainability of our valued partners, several key sectors in the Group conduct ongoing supplier development programmes. During the year, the Group invested Rs. 50.57 mn in supplier development with a total of 22,748 suppliers benefitted from these interventions. Progress made in the major programmes are summarised below:

Sector	Suppliers/Value chain partner	Number
Hand Protection	DPL Firstlight: Strategic supplier development programme which ensures a fair price for rubber latex by guaranteeing rubber smallholders a price which is indexed to RSS1 (the highest grade of consumed rubber) for their field latex. DPL also contributes US 0.005 dollars for every pair of gloves sold, which is utilised to fund a range of community initiatives among smallholder families	**9,847** Farmers in total **3.5 mn** Payments to Firstlight farmers **751+** Farmers participated in training programmes **Rs. 3.5 mn** Investments in community engagement
Purification Sector	A holistic supplier development initiative, through which charcoal makers are encouraged to engage in environmentally friendly charcoaling with Haycarb PLC providing technical support and guidance on ecologically friendly charcoaling processes and buy back agreements.	**>350** Farmers island-wide **2** Green charcoaling pits added bringing the total to **433** **2,350** Suppliers assisted to mechanise production facilities during the year
Agriculture Sector	The Agriculture Sectors works with out-growers and smallholders for fruits and vegetables, and seeds including jackfruit, banana, soursop, jalapeno pepper, pineapple, papaya, black pepper, chili, turmeric, and vegetables from the regions of Batticaloa, Jaffna, Kilinochchi, Mullativu, Mannar, Vavuniya, Ampara, Anuradhapura, Polonnaruwa,	**12,000** out-growers **435** smallholder farmers **AGRICULTURE** TRAINING SCHOOLS

INDUSTRY PARTNERSHIPS

As an industry leader in several of its verticals, the Group is a catalysts for skill development in across industries and value chains, sharing best practices, raising awareness on latest technology and supporting the future-readiness and resilience of these value chains. Key ongoing interventions include the following

FABRICATOR TRAINING BY ALUMEX

Alumex plays a vital role in developing a skilled and competent construction industry through building capacity in the components, new products, applications and technology of aluminium extrusions. The training is targeted towards a wide range of fabricators and technicians including students of VTA affiliated Technical Colleges, CECB, Buildings Department, Provincial Councils, ICTAD, Contractors, Sri Lanka Army, Navy, Air Force and other Technical Colleges (Government/ Non-Government) island wide.

4,000 - 4,500

Fabricators trained to date

Social & Relationship Capital

SINGER FASHION ACADEMY

The Singer Academy supports livelihood development through empowering youth who wish to pursue a career in sewing. by providing opportunities for skill development through 52 fashion academies. The School aims tc provide future fashion entrepreneurs an understanding of the scope and opportunities available in the field of fashion design at an affordable cost

3,470
Students enrolled during the year

AGRICULTURE TRAINING SCHOOLS

The Hayleys Agriculture Training school conducts training programs for a range of stakeholders including teachers, industry practitioners and commercial operators. While supporting our financial objectives this initiative also aims to enhance the agricultural skill base in Sri Lanka, given the shortage of skilled labour in the industry.

The Group is also an active contributor to multiple industry associations and forums, engaging with stakeholders and the government to provide input in creating an enabling industry and regulatory environment. The Group holds memberships in the following industry associations

MEMBERSHIP IN INDUSTRY ASSOCIATIONS

- Ceylon Chamber of Commerce
- Ceylon Association of Ships' Agents
- Lanka Business Coalition for HIV-AIDS
- United Nations Global Compact
- National Agribusiness Council
- Sri Lanka Association of Inbound Tour operators
- National Chamber of Exporters
- Sri Lanka Institute of Nanotechnology
- Planters Association
- Sri Lanka Freight Forwarding Association
- SLASSCOM
- American Chamber of Commerce

PARTNERING PROGRESS

The Group is committed to nurturing long-term, mutually beneficial relationships with its customers through ongoing engagement and responsible business conduct

CUSTOMER-RELATED TARGETS

- Customer satisfaction surveys covering 100% of operations
- Customer grievance handling processes covering 100% of operations
- Adopt responsible marketing practices

PROGRESS IN 24/25

- Acquisition of over 1.6 mn customers across the Group
- 98% of customer complaints resolved

CONNECTIVITY TO SLFRS S1 AND S2 DISCLOSURES

SRRO 3 -Escalating customer requirements on sustainability

- Page 139

CUSTOMERS

Our commitment is to leverage our unique strengths to cater to the dynamic needs of our customers, creating value through innovation, technology, quality and customer service. We combine our deep customer insights with our domain knowledge which is deepened by ongoing engagement and collaboration with customers. The breadth and depth of the Group's operations has enabled it to build a global network of diverse customers.

Customer acquisition: All key verticals placed strategic emphasis on driving customer acquisition in both existing and new markets (refer to Portfolio Reviews from page 156 to 288 for further information). As such, the Group acquired new customers of approximately 1.6 mn during the year.

CUSTOMER PROFILE

B2B and Retail
customers across 5 continents

Key areas of focus during the year in relation to customer management include the following:

FOCUS ON VALUE-ADDED, PREMIUM PRODUCTS

Several key verticals across the Group including Hand Protection, Purification, Textiles, Construction Materials and Consumer & Retail focused on driving innovation in value-added and premium product segments. This strategy is expected to strengthen long-term resilience while enhancing brand equity and enabling wider margins over the short-to-medium term.

DIGITALISATION TO FACILITATE CUSTOMER CENTRICITY

As detailed on page 324 of this Report, in line with the Group's digital transformation roadmap, several sectors made inroads in embracing automation and AI capabilities to enhance the overall customer experience. This included rollout of a sophisticated CRM in the Purification and Hand Protection Sectors and AI-based hyper personalisation in the Consumer & Retail Sector.

LISTENING TO OUR CUSTOMERS

The channels we use to engage with our diverse customers and the concerns raised during the year detailed on page 304 of this Report. These channels are used to identify and respond to the concerns and suggestions of our customers, thereby ensuring their needs are identified and responded to.

Key concerns raised by customers and our response

Affordable pricing

In most Sectors the benefit arising from the appreciation of the Sri Lankan Rupee was passed down to customers through favourable pricing

Responsible and sustainable business practice

Several key sectors have sought to embed environmental considerations across the product lifecycle including design and manufacturing

Innovation and product development

Ongoing focus on new product development with investments in R&D amounting to Rs. 812 mn during the year (refer to page 322)

Customer service

Efforts to strengthen after-sales service across verticals with emphasis on leveraging digital capabilities

›7,200
Customer surveys conducted

98%
Customer complaints resolved

PRODUCT STEWARDSHIP

The Group's commitment to product stewardship is embedded across different aspects of its customer journey through compliance to certifications, internal policies as well as responsible marketing practices.

Procurement/Buying stage	Manufacturing stage	Marketing stage	Product use
Stringent procurement practices and strong relationships with suppliers limit the risk of potential issues at the purchasing stage	Compliance to an array of certifications and clearly defined policies, procedures and guidelines for manufacturing operations	A Responsible Marketing Guidelines ensures the integrity and accuracy of all marketing communications. The Hayleys Group Corporate Communications Department reviews all key press releases and publications	Compliance with a range of certifications which provide assurance to external stakeholders regarding the quality and safety of our products.

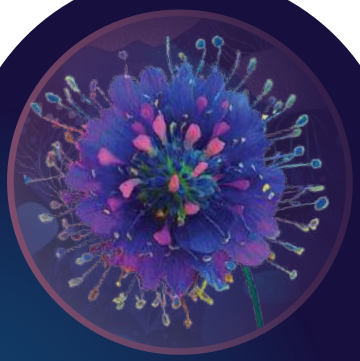
Social & Relationship Capital

COMMUNITIES

CSR Governance: All CSR initiatives are aligned to the Group Community Engagement policy but formulated and driven at Sector level while certain significant projects are also driven by the Centre. The Group ESG Steering Committee has oversight responsibility on the Group's CSR activities. Details pertaining to CSR activities, beneficiaries and impacts are reported by the Sectors to the Group ESG division on a quarterly basis.

Measuring our impact: Sectors monitor the impact of its community engagement activities on an ongoing basis, defining project-specific criteria to monitor progress and assess success. From a Group perspective, total beneficiaries, CSR investments and volunteer hours are monitored on a consistent basis.

HIGHLIGHTS OF THE POLICY



Hayleys Nurture NETWORK

LAUNCH OF THE HAYLEYS NURTURE NETWORK

During the year, the Group launched the Hayleys Nurture Network, a Group-wide volunteering platform encouraging employees to participate in environmentally-friendly initiatives, thereby enhancing their sense of purpose, driving positive impacts and nurturing a culture of sustainability consciousness in the organisation

Highlights of the Group's Community Relationships Policy

- → Sectors should actively engage in strategic community development initiatives, broadly focusing on the key areas of education, health and well-being, livelihood development, religion and culture
- → Encourage and reward employee volunteerism, thereby recognising employee involvement.
- → The progress of all projects should be monitored periodically, through impact assessments, audits, feedback from beneficiaries and independent third parties (where necessary) to ensure that program objectives are met.

CSR INTERVENTIONS IN 2025

During the year, Sectors engaged in numerous community engagement initiatives with a Group-wide investment of over Rs. 450 mn, which is estimated to have benefited over 640,000 individuals across the island. Key areas of CSR focus during the year included health and education which remain priorities in the Group's CSR agenda.

Progress made against ongoing community engagement initiatives are set out below:

Puritas Sath Diyawara

Conceptualised and launched by Puritas (Pvt) Ltd of the Purification Sector, this initiative leverages the Group's expertise in water purification to provide purified water to families in areas affected by Chronic Kidney Disease (CKD). A Puritas Sath Diyawara project consists of commissioning a Reverse Osmosis (RO) water treatment plant and distribution system (through docking stations) to enable residents to obtain high quality potable water. During the year, the Purification Sector partnered with Sarvodaya Shanthi Sena Sansadaya to establish the 20th RO project in Vellankulam, Vavuniya.

Community engagement in 2024/25

Rs. 451 mn
Investment in CSR

640,270
Total beneficiaries

IMPACT

20 Projects

200,000 liters water purified a day

>45,000 people benefitted

21 villages benefitted

Rs. 104.42 mn
collective and cumulative investment

275
Direct job opportunities

OUTCOMES

Marked reduction in the recorded cases of CKD in the relevant localities

Economic empowerment through community-based-organisations who are responsible for the management of the RO plans via an economic model

Sathdiyawara Going Beyond

Launched as an extension of Puritas Sath Diyawara, 'Going Beyond' strives to address the broader socio-economic needs of the people living in CKD affected villages. In recent years, this initiative has focused on supporting the educational needs of these impoverished communities through providing infrastructure and facilities and book donations among others. Sectors (including Hayleys PLC) annually engage in the distribution of books and stationary to selected schools.

IMPACT

10 consecutive year

14 Schools

>3,500 Students

21 villages benefitted

Rs. 59.15 mn
cumulative investment

OUTCOMES

Providing essential educational resources to under-resourced schools

Investing in equitable access to learning for all students

Sisu Divi Pahana

Initiated by the Purification Sector as part of its 50th anniversary commemoration, 'Sisu Divi Pahana' provides nutritious mid-day meals to students across 13 schools in Madampe, Wewalduwa, Kaluthara,Mahiyanganaya, Padaviya and Batticaloa. The programme was launched amidst the surge in food inflation in 2023 and has contributed towards preventing acute malnutrition in students and increasing retention levels in schools. During the year, the Hand Protection Sector also joined the initiative, thereby widening impact and coverage

IMPACT

13 Schools

Over 2,800 Students

OUTCOMES

Improve health and nutrition among vulnerable school-children

Increasing attendance and retention at schools

Home for Every Plantation Worker

A long-term, multi-dimensional community engagement initiative carried out by the Plantations Sector, 'A Home for Every Plantation Worker' is a unique and holistic program targeted at uplifting the living standards of employees and estate community amounting to nearly 150,000 individuals.

The progress made in each of the focus areas are summarised below:

Social & Relationship Capital

PROGRESS MADE IN HOME FOR EVERY PLANTATION WORKER PROGRAMME	
Living environment	**43,468 Beneficiaries** Construction of new houses, upgrading existing water supply schemes and installation of new water delivery systems and improving access roads
Health & nutrition	**372,945 Beneficiaries** Comprehensive immunisation programmes, medical facilities, awareness programmes on health and nutrition, early childhood development programmes and antenatal and postnatal care
Community capacity building	**51,218 Beneficiaries** Provision of housing loans, savings schemes, micro-financing facilities as well as training on household financial management and home gardening among others
Youth empowerment	**52,204 Beneficiaries** Home gardening, language and computer classes, awareness on significant social issues and career awareness programmes

Soorya Sathkara by Hayleys Fentons

In a unique socially and environmentally impactful initiative, Hayleys Fentons launched Soorya Sathkara in commemoration of surpassing the 200MWp rooftop solar PV installation in Sri Lanka. Through this initiative, Hayleys Fentons seeks to install solar PV in 200 children's homes, elderly homes and special needs care centers across the island.

WAY FORWARD

- Group-wide roll out of sustainable procurement plan in line with the refreshed Procurement Policy
- Engage in long-term, impactful CSR initiatives
- Improve stakeholder engagement mechanisms across Sectors

Adequacy of Social & Relationship Capital for future plans

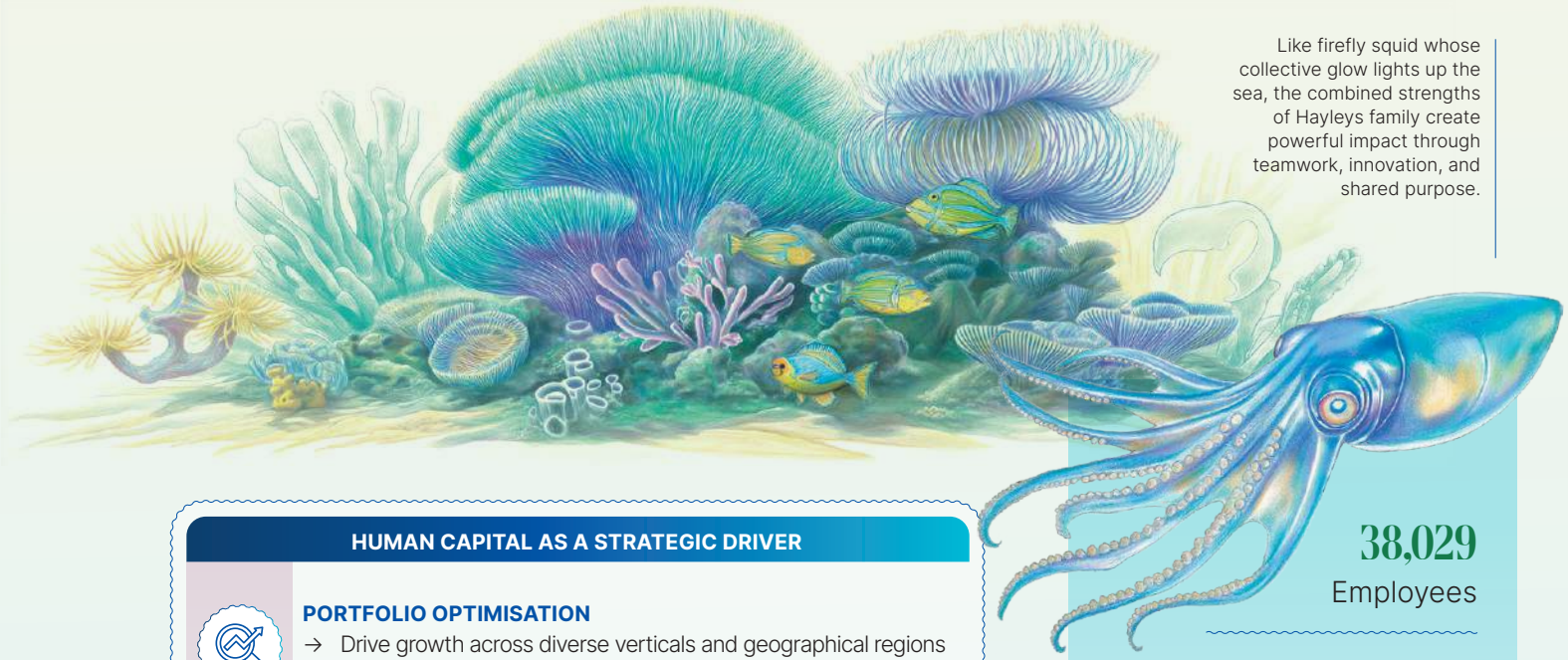
Effective management of the Group's Social & Relationship Capital is vital in preserving its social license to operate. The Group's strong foundation of social and relationship capital—built through years of meaningful engagement with external stakeholders positions us well for future growth

Human Capital

OUR WAYS OF WORKING

Our greatest strength lies in our diverse and highly skilled team of over 38,000 employees—united by shared values, driven by purpose, and empowered by a spirit of excellence. In return, the Group strives to nurture its team, enabling every employee to realise their full potential and thrive in a dynamic, future-focused workplace.

Head - Group Human Resources and Legal
Scan to view



Like firefly squid whose collective glow lights up the sea, the combined strengths of Hayleys family create powerful impact through teamwork, innovation, and shared purpose.

HUMAN CAPITAL AS A STRATEGIC DRIVER

PORTFOLIO OPTIMISATION
- → Drive growth across diverse verticals and geographical regions
- → Drive efficiency and productivity improvements

CUSTOMER CENTRICITY
- → Facilitate the customer experience
- → Effectively understand and respond to customer demands

NURTURING INSPIRED TEAMS
- → Shaping and sustaining organisational culture
- → Strengthen Hayleys brand through acting as brand ambassadors

INCLUSIVE BUSINESS MODELS
- → Our people support ethical sourcing, environmental responsibility and social compliance across the supply chain

STRATEGIC ESG INTEGRATION
- → Fuel the Group's sustainability and ESG aspirations through innovation and collaboration

38,029
Employees

Rs. 194.87 mn
Training Investment

Rs. 55.87 bn
Payments to employees(+5%)

Secure employment and competitive wages

An inclusive and respectful workplace

Digitalisation of HR processes

Multi-skilled teams collaborating across industries and borders

Human Capital

MEASURING PROGRESS

Human Capital - Our KPIs

RETAINING TALENT

Retention rate

Why we use this KPI: Measures employee satisfaction, success of HR interventions and effectiveness of the HR strategy and creating a conducive work environment

How we performed: The Group's talent retention improved, reflecting a moderation in talent migration overseas and a stronger employer brand

TRAINING AND DEVELOPMENT

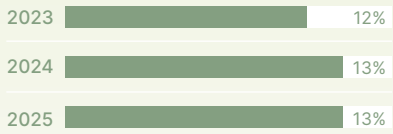
Average training hours/employee

Why we use this KPI: Measures the organisation's emphasis on learning and growth and opportunities for skill development

How we performed: The Group continued to record an increase in this KPI, driven by the focus on leadership and competency development programmes

WOMEN IN LEADERSHIP ROLES

Female representation rate at managerial level (%)



Why we use this KPI: Demonstrates gender diversity in leadership and effectiveness of opportunities provided to women

How we performed:
The Group maintained female representation in leadership roles at 13%

APPROACH TO MANAGING TALENT

As a diversified Group, Hayleys operates a centralised Group HR Division which offers specialised services aimed at steering the Group's overall people strategy and governance framework. This is effectively supported by HR functions at each Sector, ensuring alignment with industry-specific dynamics and operational contexts. A robust HR policy framework and clearly defined procedures ensure a consistent and equitable approach to managing talent, which extends beyond regulatory requirements to align with voluntary global benchmarks and standards such as the UN Global Compact Principles 1 to 6 and ILO Declaration.

POLICY

The Group's holistic HR policy framework integrates key areas such as recruitment, employee development, performance management, disciplinary, grievance handling, personal data protection, health and safety and ethical conduct among others

HR PRIORITIES

Digital transformation for process efficiency

Talent development

Employee well-being

A respectful workplace

Succession planning

VALUE PROPOSITION

A conducive, supportive and inclusive environment in which all employees feel valued with opportunities for career progression with compensation and benefit schemes on par with market

2030 TARGETS*

Target attrition rates

- → Managerial: 12%
- → Executive: 19%
- → Non-Executive: 22%

Average 40 hours of training per person p/annum

100% coverage of DEI training

Zero significant workplace injuries

*Targets are defined under the Hayleys Lifecode and with the launch of the 2nd edition during the year, the attrition target was revised to reflect more realistic labour market dynamics

CONTEXT - A CHANGING WORKPLACE

Workplaces are being shaped by rapidly evolving contextual dynamics which are compelling organisations to improve the agility and adaptability of people strategies. For Hayleys, these dynamics include the following:

Demographics
Unique needs and aspirations of Gen Zs who are increasingly becoming a significant portion of the workforce

Evolving employee expectations
Demand for meaningful work, alignment to purpose and work-life balance

Well-being
Increased focus on mental well-being and overall health and wellness

New ways of working
Redefining communication, workplace norms and goal congruence

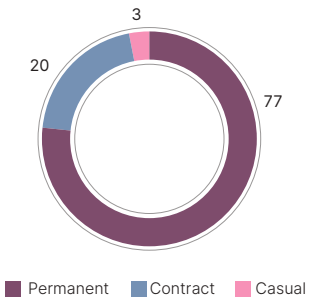
Shifting skill requirements
Complementing HR capabilities with digital skills

Digital transformation and AI
Integration of AI and automation in HR processes

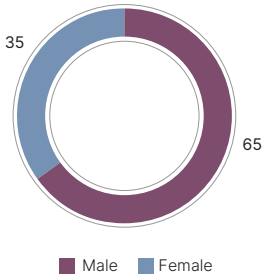
THE HAYLEYS FAMILY

The profile of our inherently dynamic, functionally diverse and multicultural team of 38,029 employees mirror the diversity, depth and breadth of the Group's operations. The diversity of the team's skills, experiences and perspectives collectively enhance the Group's resilience, agility and ability to generate value.

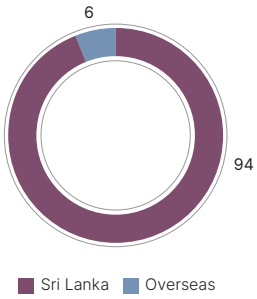
EMPLOYEES BY CONTRACT



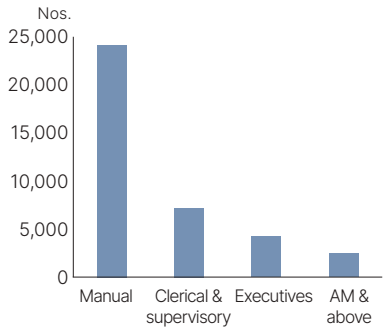
EMPLOYEES BY GENDER



EMPLOYEES BY GEOGRAPHICAL REGION



EMPLOYEES BY CATEGORY



Eco Solutions	1,123
Hand Protection	2,570
Purification	2,026
Textiles	3,397
Construction Materials	1,001
Plantations	15,775
Agriculture	1,223
Consumer & Retail	3,444
Leisure	1,566
Industry Inputs, Power & Energy	374
Transportation & Logistics	2,893
Projects & Engineering	1,880
Tea Exports	343
Others	414

Human Capital

TALENT MOVEMENTS

The increase in the Group's total headcount from 36,266 last year to 38,029, represents operational expansion in key Sectors including Projects & Engineering, Hand Protection and Construction Materials as well as variations in the Plantation Sector. Talent migration which surged in the immediate aftermath of the economic crisis slowed during the year, resulting in the Group's retention rates improving to 76% compared to 74% the year before.

Sector Composition

Sector	Total employees	New recruits by Sector	Exit employees by Sector
Eco Solutions	1,123	244	187
Hand Protection	2,570	711	484
Purification	2,026	439	346
Textiles	3,397	1,639	1,527
Construction Materials	1,001	533	326
Plantations	15,775	3,360	2903
Agriculture	1,223	131	160
Consumer & Retail	3,444	762	637
Leisure	1,566	522	587
Industry Inputs, Power & Energy	374	120	50
Transportation & Logistics	2,893	877	839
Projects & Engineering	1,880	1,080	765
Tea Exports	343	113	88
Others	414	135	96

Profile of new recruits

By Gender	No/Rate	By Age	No/Rate	By Region	No/Rate
Male	7,137 (67%)	Less than 30 years	5,993 (56%)	Sri Lanka	10,358 (97%)
Female	3,549 (33%)	30-49 years	3,903 (37%)	Overseas	328 (3%)
		>50 years	790 (7%)		
Total	10,686		10,686		10,686

Profile of exit employees

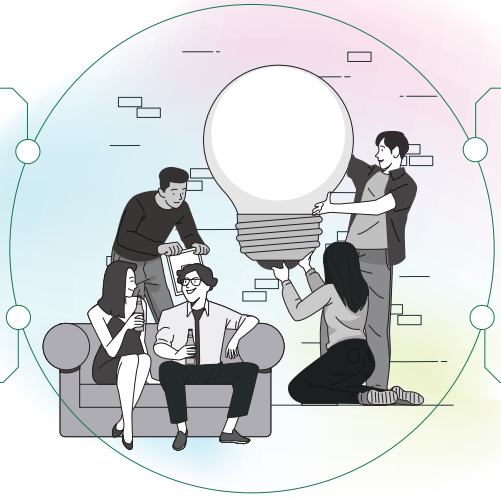
By Gender	No/Rate	By Age	No/Rate	By Region	No/Rate
Male	5,918 (66%)	Less than 30 years	3,911 (44%)	Sri Lanka	8,686 (97%)
Female	3,077 (34%)	30-49 years	3,550 (39%)	Overseas	309 (3%)
		>50 years	1,454 (16%)		
Total	8,995		8,995		8,995

PEOPLE STRATEGY IN 2024/25

The Group's overarching people strategy for the year remained aligned with the interventions initiated in the previous year and represented a strategic consolidation and reinforcement of the earlier efforts. The strategic thrust takes into consideration the changing aspirations of employees and the emerging dynamics shaping the world of work. Key pillars of the strategy and progress made during the year are summarised below.

Digitalisation of HR

Inclusive culture



Employee well-being

Developing capabilities

DEVELOPING CAPABILITIES

We believe that effective leadership capabilities are a crucial driver of organisational success and a determinant of organisational culture. Accordingly, the Group placed strategic emphasis on developing leadership skills through its customised Management and Leadership Development Programmes as well as the Hayleys Management Trainee programme, 'FYOUTURE CEO'.

Management and Leadership Development Programmes (MLDP): These holistic, multi-faceted development interventions were aimed primarily towards middle management as well as executive and supervisory levels during the year. The programme was rolled out across 4 sectors this year, bringing the cumulative total to 11 Sectors since its launch. The programme is customised and delivered to align with the specific needs of each Sector and includes coaching sessions and project-based assessments, covering a spectrum of skills including entrepreneurial thinking, emotional intelligence and productivity among others.

'FYOUTURE CEO'- The Group Management Trainee Programme: Applications for the programme reached a record high of over 5,500+ during the year, retaining its position as one of the most sought-after programmes of its kind in the country. A rigorous seven-step selection process took place which included evaluating many skills such as cognitive ability, teamwork, interpersonal, emotional intelligence, presentation, decision-making, strategy and many more.

In addition to the above, the Group focused on competency and soft-skill development through a multitude of structured programmes, workshops, coaching, digital learning and on-the-job training

136
Employees trained under MLDPs

70,176
Leadership development training hours

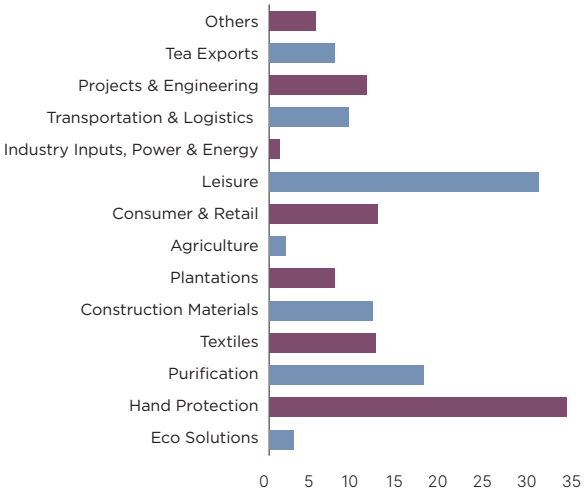
FYOUTURE CEO
Hayleys Management Trainee Programme

- Visits to operating locations across sectors
- C-suite level mentors assigned to each MT
- Core project within allocated Sector
- Cross-sector exposures with mini-projects
- Competency Development through multiple learning interventions
- Direct engagements with Senior Leadership

Human Capital

Total training hours	2025	2024	2023
Total training hours	**434,715**	369,589	265,877
Investment in training (Rs.mn)	**195**	183	184
Average training hours (by category)			
Managerial	**17.35**	13.51	16.74
Executive and Junior Executive	**15.32**	12.51	16.80
Others	**10.44**	9.66	9.68
Average training hours (by gender)			
Male	**11.61**	9.82	10.93
Female	**11.10**	10.88	10.87
Average training hours/employee	**11.43**	10.19	8.45

AVERAGE TRAINING HOURS PER EMPLOYEE BY SECTOR

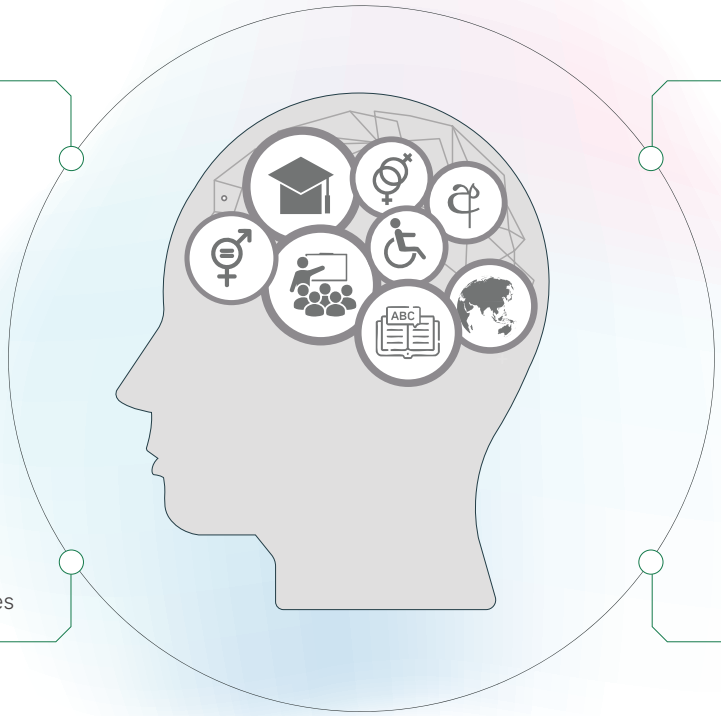


CREATING A RESPECTFUL WORKPLACE

Inclusion is central to our corporate purpose and serves as a guiding principle in fostering a culture where every employee feels valued and is empowered with equal opportunities to realise their full potential. In a major milestone during 2024/25, the Group rolled out a holistic DEI programme covering multiple dimensions of diversity. 30 potential Trainers were identified across the Group initially and a Train-The-Trainer programme was carried out equipping the participants with the knowledge, skills and material in all 3 languages to carry out the programme. These 30 trainers identified will be instrumental in rolling out the DEI programme across the entire Group covering all employees. Key elements of the programme included the following;

Holistic view on diversity and equity covering gender, race, disability and sexual orientation

Covering all executive and non-executive staff and delivered in multiple languages

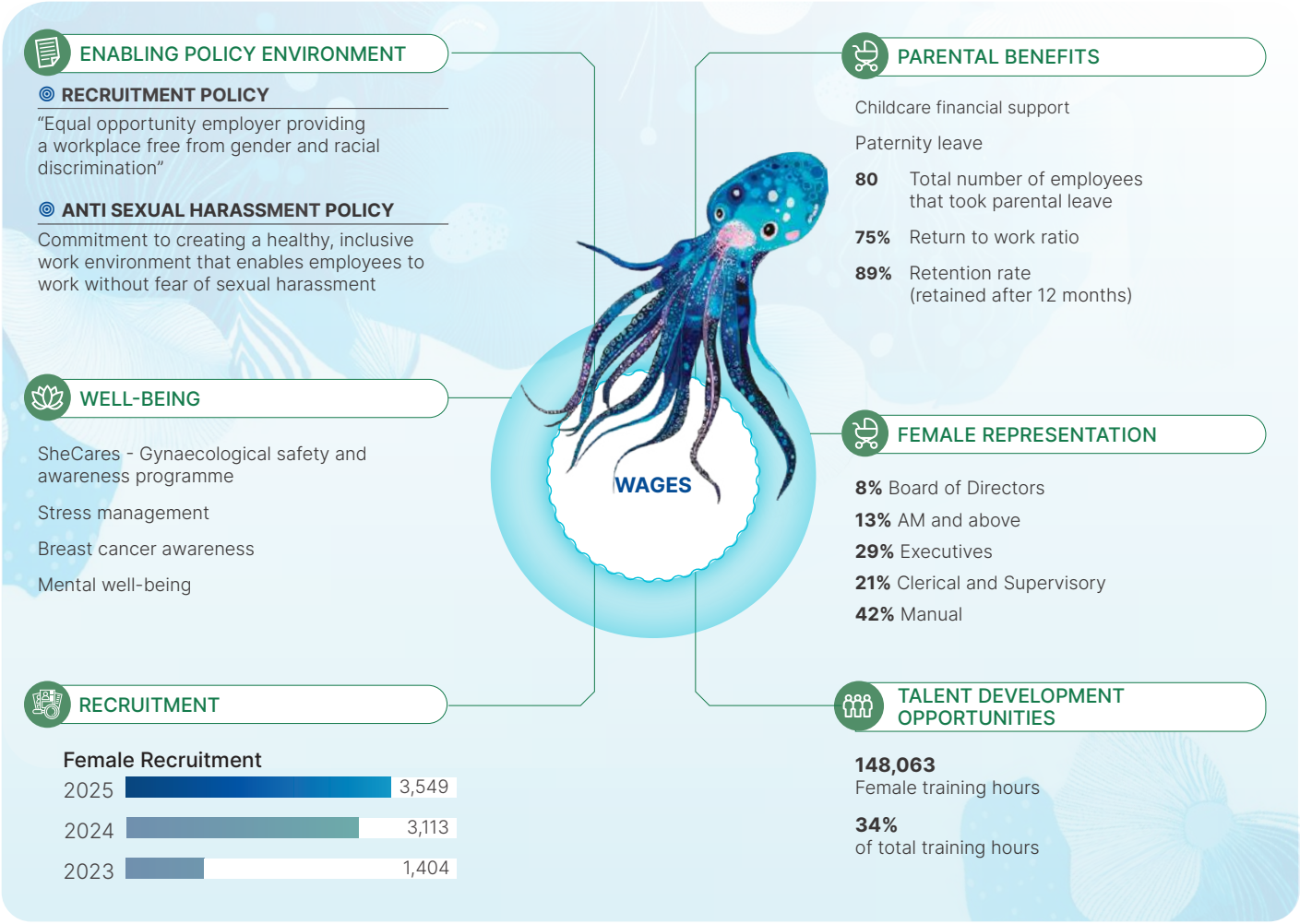


Train the trainer programme initially covering 30 representatives from all Sectors; subsequently rolled out across 8 Sectors covering 4,743 employees

Customised and delivered across all Sectors

GENDER INCLUSIVITY AND WOMEN EMPOWERMENT

We are deeply committed to fostering gender diversity at every level of our organisation and nurturing inclusive leadership. This commitment is woven into our HR policies and practices - ensuring fairness and opportunity from recruitment and training to compensation and career advancement.



WELL-BEING

Shifting demographics in the workplace, including the growing proportion of Gen Z employees who prioritise emotional well-being and work-life balance has encouraged the Group to broaden its conventional focus on physical health to emotional and mental health. Emphasis on mental well-being fosters a more resilient and productive workforce with employees feeling supported and free from overwhelming workloads. Accordingly, Hayleys PLC introduced confidential counselling support for employees, which has received an extremely encouraging response from employees.

In addition, employees are provided access to regular medical camps, free Zumba and yoga sessions and gym and pool memberships among others. During the year, the following awareness sessions were held across the Group;

- Drug abuse
- HIV awareness
- Stress management
- Rubella and mumps awareness

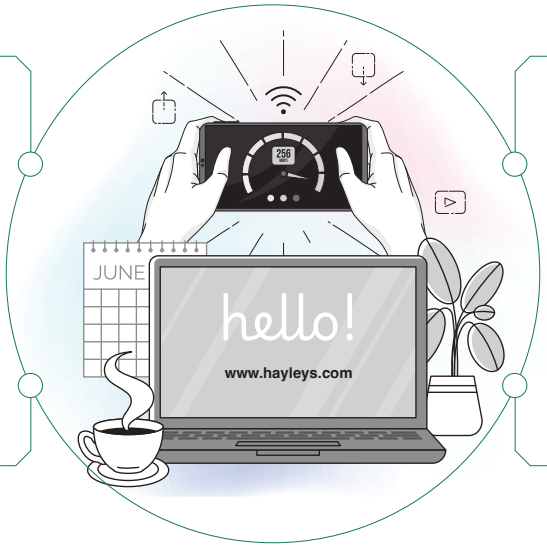
Human Capital

DIGITALISATION

In line with the Group's overall digital transformation agenda, digitalisation is being systematically embedded into HR processes, enabling greater operational efficiency, enhanced employee experiences and access to more accurate data insights. Key developments are summarised below:

Integration of AI technology to the HRIS, facilitating enhanced user interface experience

Digitalisation of remuneration computation, ensuring improved accuracy and consistency across the Group



Generative AI capabilities integrated in to the recruitment process, providing access to real-time dashboards and improved analytics

Ease of user access through HR administration kiosks

EMPLOYEE ENGAGEMENT

We believe there is a clear link between employee engagement and business performance, directly influencing productivity, motivation, innovation and retention. In addition to formal communication platforms, an open-door policy and employee satisfaction surveys, the Group has an active year-round activity calendar which includes sports events, cultural events and family engagements. The Group continues to invest in employee welfare including supporting transportation, nutrition and health facilities.

CULTURE

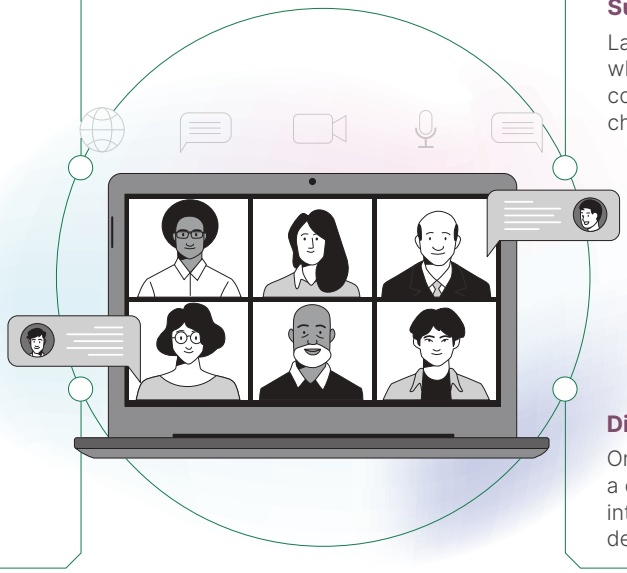
Organisational culture plays a key role in shaping how we collaborate, operate and deliver value across the Group. It serves as the foundation of our identity and influences all aspects of the employee experience, including how they interact with internal and external stakeholders. During the year, we sought to strengthen the following cultural dimensions to further embed our values and align with our strategic aspirations.

Ethical conduct

The Hayleys Way serves as the Group's Code of Conduct and ethical roadmap and sets out the expectations of all Group employees. Key commitments are reinforced through regular awareness and training.

Sustainability consciousness

Launch of the Hayleys Lifecode Pledge which formalises each employee's commitment to be an agent of positive change



Inclusivity

Group-wide DEI programme aimed at fostering inclusive mindsets and creating a diverse and equitable work environment

Digital mindset

Ongoing employee engagement driving a cultural shift towards automation, integration of AI and data-driven decision-making

PERFORMANCE MANAGEMENT

The performance management process from goal setting to mid and year end reviews for all employees in executive and above categories are conducted through the Human Resource Information System; the appraisals for all non-executive employees are conducted offline. Approximately 99% of the Group's permanent employees undergo annual performance appraisals.

The Group's Remuneration policy ensures a consistent approach across Group companies, while factoring industry-specific dynamics and regulations (refer to page 74 for further information). Our benefits include components that are applicable across the Group as well as non-core benefits which are applicable to selected Sectors or employee groups. Remuneration schemes are designed to be fair, competitive, equitable and factor growth and adjustments reflecting economic and market dynamics.

PERFORMANCE MANAGEMENT PROCESS

1. Employees set annual objectives aligned to the relevant business/department strategy, which are reviewed and approved by the relevant manager
2. Mid-year performance review where progress against expectations and deliverables are discussed
3. Year-end performance review where final performance rating is confirmed subsequent to a Company-wide calibration process

Human Capital

PRESERVING HUMAN RIGHTS

The Group's comprehensive Human Rights policy aligns with globally recognised principles including the 10 principles of the UNGC and the Universal Declaration of Human Rights. This policy is accessible to the public through the Hayleys Lifecode and reflects the Group's commitment to eradicating child, forced and compulsory labour and safeguarding the right to freedom of association.

Approximately 13% of the Group's employees are covered by Collective Agreements. We have not identified any operations in which the right to freedom of association and collective bargaining may be at risk. Minimum notice periods vary depending on the sector and circumstances, but relevant collective agreements ensure that a reasonable notice period is given for operational changes. During the year, Group and Sector HR teams maintained cordial relationships with all trade unions and there were no disruptions to operations due to industrial action.

Sector	% of employees covered by Collective Agreements
Plantations	7%
Purification	34%
Hand Protection	31%
Agriculture	12%
Eco Solutions	24%
Consumer & Retail	31%
Textiles	27%

HEALTH AND SAFETY

The framework for managing health and safety aspects includes holistic management systems, compliance to safety certifications, incident reporting and stringent procedures as well as hazard management systems. Despite the continued emphasis on health and safety measures, the Group deeply regrets the occurrence of two fatalities during the year and actively reviewed protocols to prevent any future incidents.

H&S Management System	H&S Services	H&S Culture
H&S champions in multiple Sectors and dedicated departments with qualified H&S personnel • Compliance with relevant regulations under the Factories Ordinance, BOI requirements and Labour Laws of Sri Lanka. • Several sectors also comply with the ISO 45000: 2018 OHS Management system certification • Hazard identification mechanisms	• Availability of OHS persons and visual communication • Emergency vehicles at sites, medical centres, dedicated nurses/medical representatives at facilities etc. • Fully qualified in-house nurses and employees are provided access to a doctor upon request	• Ongoing safety training for all employees based on the specific OHS risks faced by the Sectors • Selected Sectors such as Transportation & Logistics have also embedded OHS related KPIs into employee performance evaluations to ensure the nurturing of a safety conscious culture

Safety record in 2024/25	
Work related injuries	798
No and rate of recordable work-related injuries	12 per 1 mn hours
No of man hours	65,067,113.68

SUCCESSION PLANNING

Group HR has established a holistic succession planning framework designed to build strong talent pipelines and ensure long-term leadership continuity. The implementation of the framework in close collaboration with sector-level HR teams is in progress, with particularly robust practices in place at the Transportation & Logistics and Consumer & Retail Sectors. Targeting C-1 level roles, the process typically spans a five-year horizon and is supported by customised development plans aligned to individual readiness and organisational timelines.

FUTURE READINESS OF THE WORKFORCE

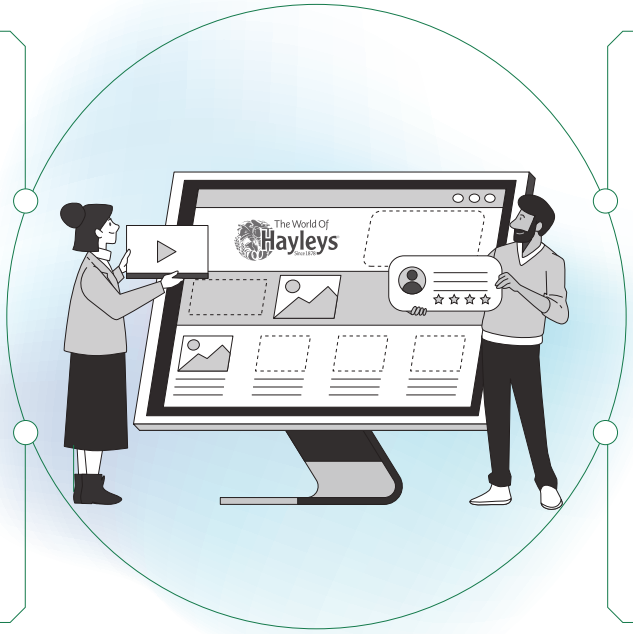
We aspire to build a future-ready workforce, both in mindset and capability that can successfully thrive in the rapidly evolving business landscape that is characterised by technological advancements, changing customer expectations and global disruptions.

Adaptable and resilient

Multi-skilled and ability to pivot swiftly in response to shifting priorities and market conditions

Human centricity

Strong in emotional intelligence, critical thinking, creativity, and leadership



Digitally fluent

Ability to leverage digital tools for collaboration, innovation and problem-solving

Purpose-driven

Personal and professional values align with the organisation's purpose

WAY FORWARD

Priorities for 2025/26

- Ongoing focus on embedding digitalisation across the HR process
- Development of leadership tiers and capabilities
- Continuous focus on employee well-being and welfare
- Driving holistic, organisation-wide, diversity, equity & inclusion initiatives

Adequacy of Human Capital for future plans

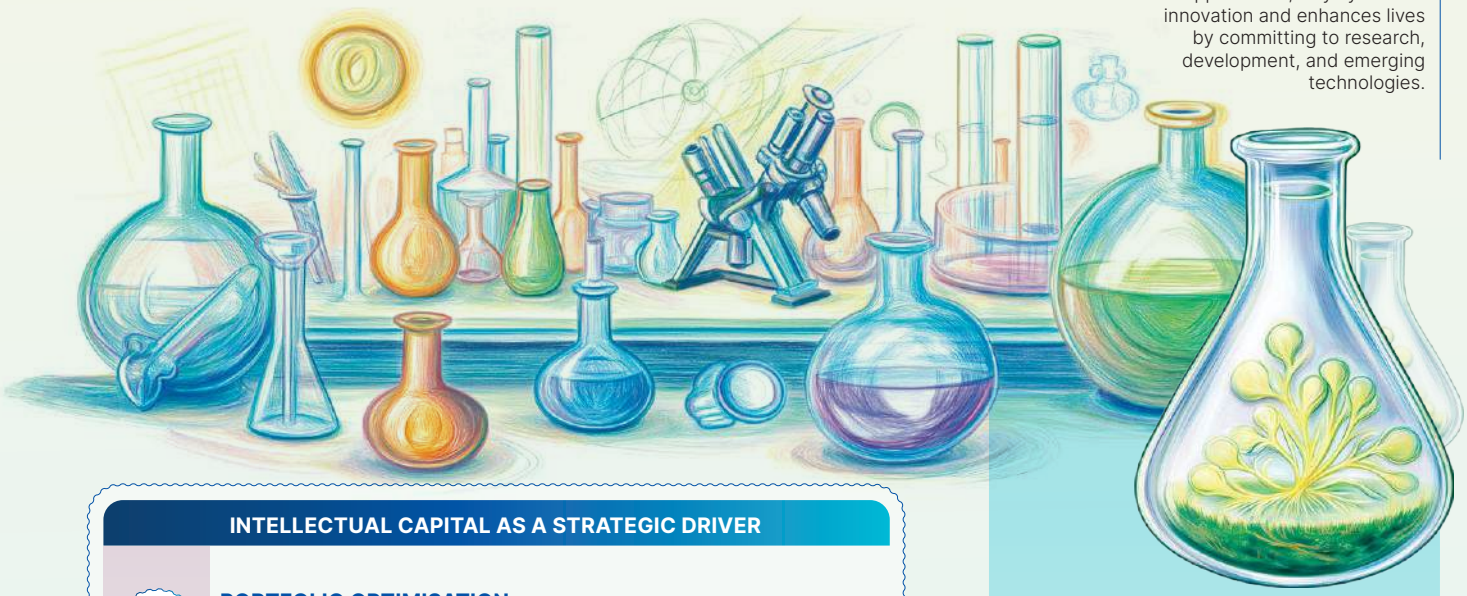
While the challenges associated with talent migration have been alleviated to a certain extent, attraction and retention remain a challenge in selected skill profiles and categories. However, recent investments in strengthening leadership capabilities through training and new recruitments have equipped the Group with the right talent to achieve its strategic goals.

We will seek to further strengthen our employer brand, enhance our value proposition and develop a multi-skilled talent pool towards addressing this challenge.

Intellectual Capital

DRIVEN BY INFORMED EXCELLENCE

The Group's Intellectual Capital plays a vital role in driving its competitive advantage and long-term value creation. Comprising innovation capabilities, organisational knowledge, digital competencies, and robust systems and standards, it serves as the foundation for strategic agility and operational excellence



As bioluminescence advances science through its wide applications, Hayleys drives innovation and enhances lives by committing to research, development, and emerging technologies.

INTELLECTUAL CAPITAL AS A STRATEGIC DRIVER

PORTFOLIO OPTIMISATION
→ Leverage domain knowledge to pursue selective growth opportunities across business verticals

CUSTOMER CENTRICITY
→ Innovation aimed at sharpening competitive edge through fulfilling customers' emerging requirements

NURTURING INSPIRED TEAMS
→ The unique skills, attitudes and values of our team which are passed on through a culture of engagement, mentoring and knowledge sharing

INCLUSIVE BUSINESS MODELS
→ Build collaborative relationships across supply chains through agile systems, standards of operations and digital technology

STRATEGIC ESG INTEGRATION
→ Drive synergies between deep market insights and R&D capabilities to develop products that shape better futures

Shaping the future of industries through bold innovation and pioneering solutions

Deep industry insights and enduring expertise of **148 years**

Excellence through compliance to a range of multi-faceted certifications

An ambitious roadmap for digital transformation across the Group

MEASURING PROGRESS

Intellectual Capital- Our KPIs

INVESTMENTS IN R&D

Why we use this KPI: Demonstrates the Group's commitment to innovation, future growth potential and responsiveness to market trends

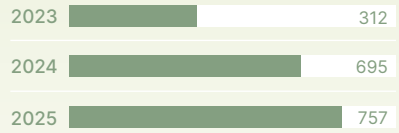
How we performed:
Increased investments towards R&D with emphasis on enhancing the value-added product proposition

NEW PRODUCTS DEVELOPED

Why we use this KPI: Shows how effectively the R&D investments are translated to tangible results and the Company's agility in responding to evolving

How we performed:
The Group made significant progress in innovation across key verticals, specially in export-oriented sectors

PRODUCTS IN THE PIPELINE



Why we use this KPI: Represents the Company's innovation momentum and future revenue growth potential

How we performed:
With 757 products in the pipeline the Group strengthened its earnings potential for future periods

INNOVATION MANAGEMENT

The Group's innovation capabilities are underpinned by its strength in research and development, best-in-class talent and a culture of learning which have fuelled our aspirations to drive innovation in both products and processes. The Group also collaborates with leading research institutions and universities in developing and commercialising research that facilitates innovation. In recent times, the Group's R&D interventions have centered on four key dimensions as illustrated below. Please refer to the Portfolio Reviews from page 156 to 288 for further information.

Eco solutions

Technically specialised kitchen nitrile mats

Hand Protection

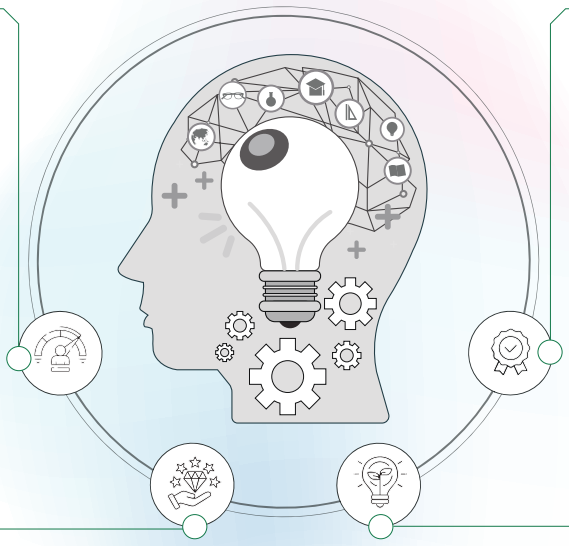
Advanced solutions across niche segments in medical, sports and other categories of gloves

Singer (Sri Lanka) PLC

Local manufacture of glass-door refrigerators

Agriculture

New models of harvesters, sprayers and tractors



Purification

Energy storage solutions including new solutions in wood catalytic carbons

Hand Protection

Launch of the EVPRO Glove the first-of-its kind product catering specifically to EV professionals with unmatched safety and mobility for electrical engineers

Textiles

Nylon variants

Consumer & Retail

Launch of AI-powered Samsung smart store

Construction Materials

Aluminium balcony solutions

Tea Exports

Range of herbal/functional tea and additional flavours

Intellectual Capital

PRODUCT CAPABILITIES

Across its diverse verticals, the Group's extensive product portfolio fulfills an array of needs of both retail and industrial customers, at each stage of the customer journey. With a Group-wide focus on sustainable innovation, several of our Sectors manufacture products that are designed to address critical social and environmental challenges facing the world today, thereby ensuring that our products contribute towards shaping better futures. The Group's comprehensive product map is graphically illustrated below; further information on the product proposition of the Sectors is available on the Portfolio Reviews from page 156 to 288 of this Annual Report.

Hygiene and safety

Hand Protection Sector

An array of multi-purpose gloves catering to households and industries

Eco Solutions Sector

Range of brush-ware and value-added eco-fibre products

Purification applications

Purification Sector

Safeguarding the health and well-being of people and the environment through water and air purification solutions

Lifestyle

Construction Materials

Aluminium extrusions for sophisticated living

Leisure

Curating unique hospitality experiences across our hotel and resort portfolio

Nutrition and well-being

Agriculture, Plantations and Tea Exports

Offer an array of sustainable, high-quality and innovative agricultural products including tea, spices, value-added vegetables and fruits.

The Group also plays a critical role in facilitating access to essential agricultural inputs and machinery, thereby supporting the country's food security

Convenience, comfort and connectivity

Consumer & Retail

Convenience, connectivity and comfort through a range of consumer durables, mobile phones and consumer electronics

Global connectivity

Transportation & logistics

Connecting local businesses to global value chains through a comprehensive array of transportation and logistics solutions

Facilitating businesses

Industry Inputs, Power & Energy

Supplies an array of industrial raw materials to domestic and export-oriented businesses

Others Sector

Hayleys Business Solutions International supports businesses through BPO services and technology solutions

Clean energy generation

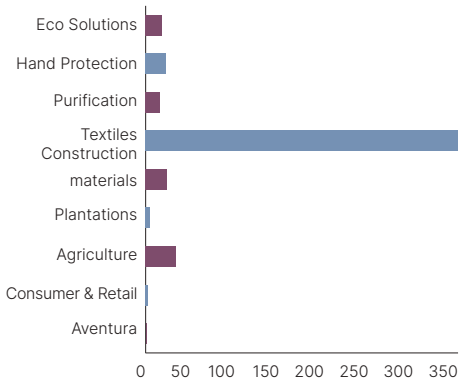
Projects & Engineering

Driving Sri Lanka's clean energy transition, as the country's leading solar engineering, procurement and construction company

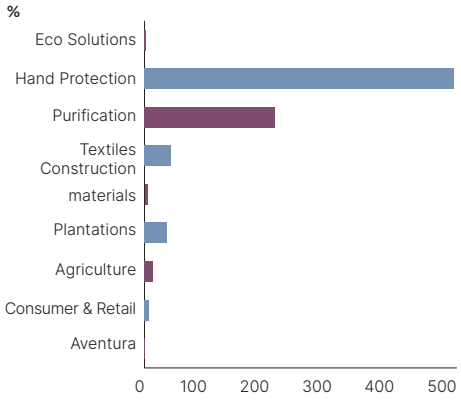
Industry Inputs, Power & Energy

Renewable energy generation through hydro, solar and wind power projects

NEW PRODUCTS LAUNCHED BY SECTOR



INVESTMENT IN R&D BY SECTOR

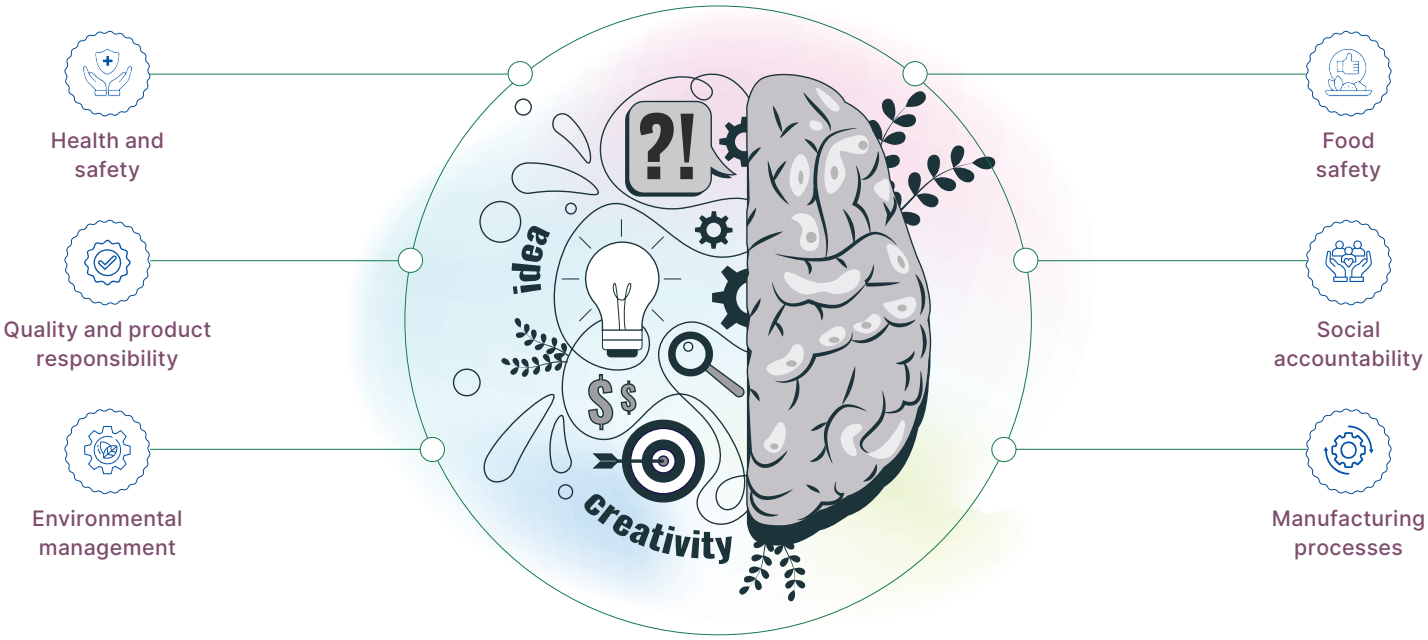


ORGANISATIONAL KNOWLEDGE

Industry insights and domain-specific knowledge gained over an established track record of over 148 years have sharpened the Group's competitive edge and enabled it to nurture a unique base of intellectual capital. With Sectors consistently increasing the depth and breadth of its operations both organically and through acquisitions, this unique base of intellectual capital has deepened, facilitating a high level of adaptability to market conditions, which has in turn enabled resilience in challenging conditions. The Sectors also harness cross-industry expertise in driving solutions and value creation, with successful initiatives being replicated in other sectors or across the organisation.

SYSTEMS AND STANDARDS

A host of national and international certifications across its Sectors reflects the Group's commitment to operational excellence and continuous improvement. The requirements of the Group's global customer base have also encouraged sectors to comply with stringent quality certifications, which have contributed towards strengthening internal systems and processes thereby enhancing the Group's intellectual capital base.



Intellectual Capital

DIGITAL TRANSFORMATION

Having embarked on its digital transformation journey during the previous financial year, the Group is leveraging digital technology, data and people capabilities as a cross-cutting strategic enabler in future-proofing the organisation. The Group-wide digital transformation roadmap was rolled out during the year under review, centering on five key pillars as illustrated below.

Digital Innovation

End-to-end innovation lifecycle from idea generation to prototyping

Change and Communication

Structured change management and communication initiatives

Digital Literacy

Enhancing digital awareness across the organisation

Digital Product Delivery

Delivering digital solutions following opportunity analysis and formulation of digital strategies

Data-to-Value

Unlocking the full potential of data assets

During the year, the Group made significant progress in the Digital Product Delivery pillar, implementing several process innovations that supported the delivery of the Group's strategic pillars. A summary of these interventions is presented below:

Strategic pillar	Digital product	Phase	Value Addition
Portfolio Optimisation	State-of-the-art Treasury Management System 'Kyriba'	Live across the Group	Enables real-time access to treasury-related information Increased transparency on rate negotiations
	Machine digitization - Textiles Sector	Two pilot implementations have been successfully completed, with larger scale deployment underway	Enables live performance monitoring Enhances operating efficiency
	Product traceability system- Singer	Pilot successfully completed, with large-scale implementation in progress	Improve inventory management and operational efficiency across Singer's warehouses and showrooms
	Manufacturing Execution System – Hand protection	This is currently in progress	Cloud-based MES boosts efficiencies, real-time visibility, scalability, and integration.
Customer Centricity	Advanced Customer Relationship Management (CRM) system - Hand Protection, Purification and Agriculture Sectors	The system is now live in the Purification Sector and currently in progress in the Hand Protection and Agriculture Sectors	Streamlining key customer related functions Enables real-time sales tracking
	Website chat-bot- Purification Sector	This is currently live	Streamlines access to product and company information Faster interaction with the Sales team

Strategic pillar	Digital product	Phase	Value Addition
	Hyper personalisation- Singer and Singer finance	The system is live and operational in Singer Sri Lanka and implementation is in progress in Singer Finance.	Targeted marketing through hyper-personalised experiences and individual preferences
	Travel Itinerary generator for Hayleys Travels	This is currently in progress	Speeds up tailored itinerary creation based on customer preferences , boosting productivity and accelerating conversions.
Nurturing Inspired Teams	Workflow automation solutions across the sectors	Several processes are currently operational	Eliminates manual bottlenecks, driving speed, accuracy, and scalable operations.
	Digital learning platform- Purification	This is currently live	Empowers employees with on-demand content and interactive modules
	Enhanced safety operations through IOT based factory floor monitoring systems	Temperature and humidity monitoring system for Purification sector is completed	Mitigate fire risks and potential damage by enabling early detection of hazardous conditions and ensuring safer operational environments.
	Digital literacy drive through roadshows, product training and digital fundamentals video series	Ongoing as part of a continuous digital literacy initiative	These initiatives empower the teams with essential digital skills, driving adoption, efficiency, and a future-ready workforce.
Inclusive Business Models	Latex procurement system pilot- Hand Protection Sector	Full scale implementation in progress	Improves efficiency of latex collection through digitalizing key steps in the process Enables prompt settlement to farmers
	Agriculture product procurement system	The two pilot projects are currently in progress	Enhanced crop forecasting, cost transparency, and faster farmer payments drive operational excellence while drastically reducing data entry efforts.
Strategic ESG Integration	Energy monitoring system through IoT driven digitization- Hand Protection Sector	A pilot project is completed, full scaling is in progress	Improved monitoring of energy consumption through identifying usage patterns and reducing waste

WAY FORWARD

- Integration of the digital transformation roadmap across all relevant areas
- Innovation focused on premium, value-added products
- Culture of learning and knowledge sharing

Adequacy of Intellectual Capital for future plans

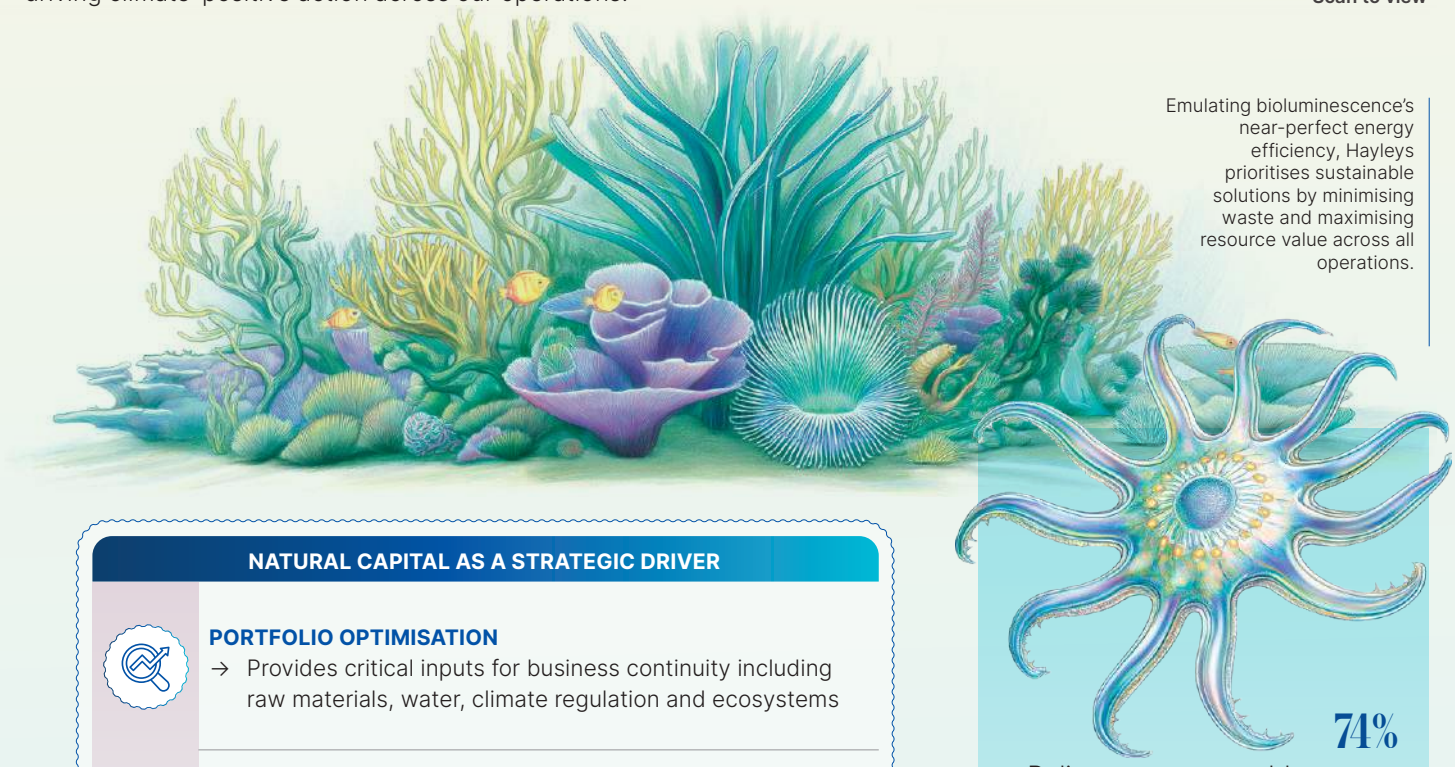
A strong pipeline of products, together with ongoing investment in R&D capabilities and a culture of knowledge sharing is expected to further strengthen the Group's intellectual capital in the short-to-medium term. The quality of the Group's intellectual capital has positioned it in good stead to leverage opportunities, accessing new markets and customer segments.

Natural Capital

NATURE-ALIGNED AND FUTURE-FOCUSED

Natural capital forms the foundation of many of our business operations, particularly in the resource-dependent sectors. As ecosystems provide essential inputs and services, from raw materials to climate regulation, the degradation of natural capital poses significant risks to long-term business viability. We are committed to building resilience against environmental risks and driving climate-positive action across our operations.

Insights from Group Chief Financial Officer
Scan to view



Emulating bioluminescence's near-perfect energy efficiency, Hayleys prioritises sustainable solutions by minimising waste and maximising resource value across all operations.

NATURAL CAPITAL AS A STRATEGIC DRIVER

PORTFOLIO OPTIMISATION
→ Provides critical inputs for business continuity including raw materials, water, climate regulation and ecosystems

CUSTOMER CENTRICITY
→ Accelerating positive environmental impacts and mitigating adverse effects is vital in fulfilling customers' growing needs for sustainable products

NURTURING INSPIRED TEAMS
→ Creating a sustainability-conscious team through ongoing awareness and engagement interventions

INCLUSIVE BUSINESS MODELS
→ Driving sustainable practices across value chains to amplify impact and effectively mitigate environmental risks

STRATEGIC ESG INTEGRATION
→ Three environmental priority areas of the Hayleys Lifecode integrated into strategy and decision-making

74%
Reliance on renewable energy

Improved reporting and monitoring of environmental impacts

Strategic focus on achieving decarbonisation through increasing reliance on renewable and sustainable energy

Total renewable energy generated by the Group offsets 56% of the Group carbon footprint

Sustainable water sourcing in water-intensive sectors

MEASURING PROGRESS

Natural Capital- Our KPIs

ACCELERATE CLIMATE ACTION	OPTIMISE THE RESOURCE FOOTPRINT	RESTORE AND REGENERATE NATURE
GHG Emissions-Scope 1 & 2 (tCO2e) 2023: 179,702 2024: 178,539 2025: 183,276	**Water intensity (m3/USD mn)** 2023: 5.03 2024: 5.10 2025: 4.42	**Trees planted (No.)** 2024: 69,000 2025: 134,391
Why we use this KPI: Reducing emissions is a key environmental priority for the Group and demonstrates the effectiveness of the Group's climate mitigation strategies. **How we performed:** The Group's Scope 1 & 2 emission increase was contained at 3% despite a significant increase in operational activity	**Why we use this KPI:** Measures the organisation's emphasis on improving the efficiency of its water utilisation **How we performed:** Water intensity reduced during the year, reflecting ongoing efforts on optimising water usage and nurturing a culture of water-consciousness	**Why we use this KPI:** Showcases the scale and potential impact of the Group's biodiversity preservation programmes **How we performed:** Multiple sectors across the Group continued to engage in biodiversity preservation and tree planting programmes

APPROACH TO MANAGING ENVIRONMENTAL IMPACTS

While environmental consciousness has long been embedded in our thinking, in recent years, the Group has sought to strategically integrate the consideration of environmental impacts into its long-term strategy and decision-making. The relevant environmental policies and Group-wide environmental targets are set out in the Hayleys Lifecode, which are actioned by Sector-level strategies, environmental certifications, and external commitments. A tailor-made sustainability information system enables the monthly reporting and aggregation of all environmental data and impacts across the Group.

Reporting Frameworks
GRI Standards, SASB Standards, SLFRS S1 and S2 reporting standards

Policies
The Lifecode includes environmental policies that have been designed to align with regulatory frameworks, environmental certifications and industry best practices

- Energy and emission management policy
- Water management policy
- Chemical management policy
- Material & waste management policy
- Biodiversity conservation policy

Commitments
Committed to Science-Based-Targets-Initiative. With 3 out of 4 companies obtaining verification of targets

UNGC Ten Principles of Responsible Business

Certification
Group companies comply with a range of environmental certifications including ISO 14001:2015, ISO 14064: 2018 and industry-specific certifications

2030 ENVIRONMENTAL TARGETS

30% reduction in Scope 1& 2 GHG emissions	50% sustainable water sourcing	40% of waste recycled	100% safe chemical management	Enhance biodiversity to 5 times the area occupied

Natural Capital

ACCELERATING CLIMATE ACTION

The Group is committed to reducing its absolute GHG emissions through increasing reliance on renewable energy and reducing energy intensity of operations

EMISSION TARGETS

- 30% reduction in absolute Scope 1 & 2 GHG emissions by 2030*
- 10% reduction in Scope 3 GHG emissions*
- 4% y-o-y reduction in Scope 1 & 2 GHG emissions of all new acquisitions

*For entities within the scope in the 2018/19 baseline

PROGRESS IN 24/25

- 6% increase in Scope 1 emissions
- 2% reduction in Scope 2 emissions
- Improved coverage of Scope 3 emissions

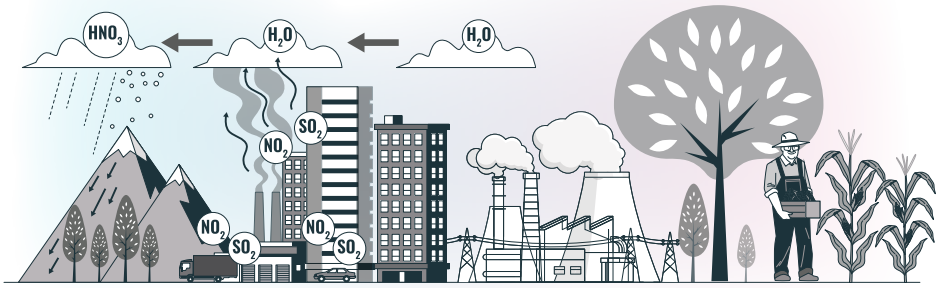
Refer to page 112 for performance against target

CONNECTIVITY TO SLFRS S1 AND S2 DISCLOSURES

CRRO 1,2 and 3

Climate Strategy
Page 145

GHG emission metrics
Page 152



DELIVERING ON OUR CLIMATE STRATEGY

Sri Lanka is highly vulnerable to climate change due to its unique and complex hydrological regime, high temperatures, and extreme climate events. In addition to its climate adaptation measures, the Group is strategically pursuing climate mitigation focusing mainly on its Scope 1 & 2 GHG emissions. Given the scale of our supply chain, we are cognisant of the material climate impacts arising across our value chain and will gradually seek to accelerate our efforts towards reducing Scope 3 GHG emissions.

Operational interventions	Integrating climate considerations	Value chain interventions
• Increasing reliance on sustainable and renewable energy sources • Energy efficiency drives	• Strengthening governance, risk management and reporting process • Integration into budgeting and financial planning	• Supporting Sri Lanka's transition to a low-carbon economy through Hayleys Fentons • Emission reduction across supply chains

EMISSION MITIGATION STRATEGY

Key emission reduction initiatives implemented across the Group during the year included the following:

→ Generation of renewable electricity with increased investments in solar PV systems including in estate bungalows

→ Exploring alternative fuel sources such as biogas and green hydrogen

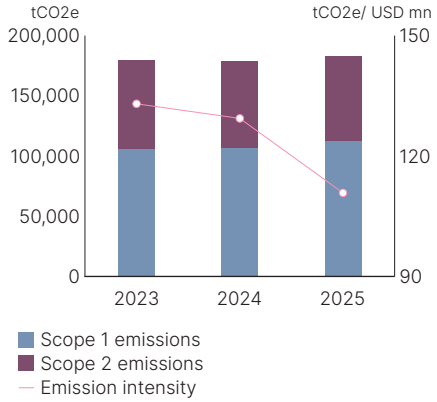
→ Improvements in the coverage of Scope 3 emissions with 5 categories measured during the year

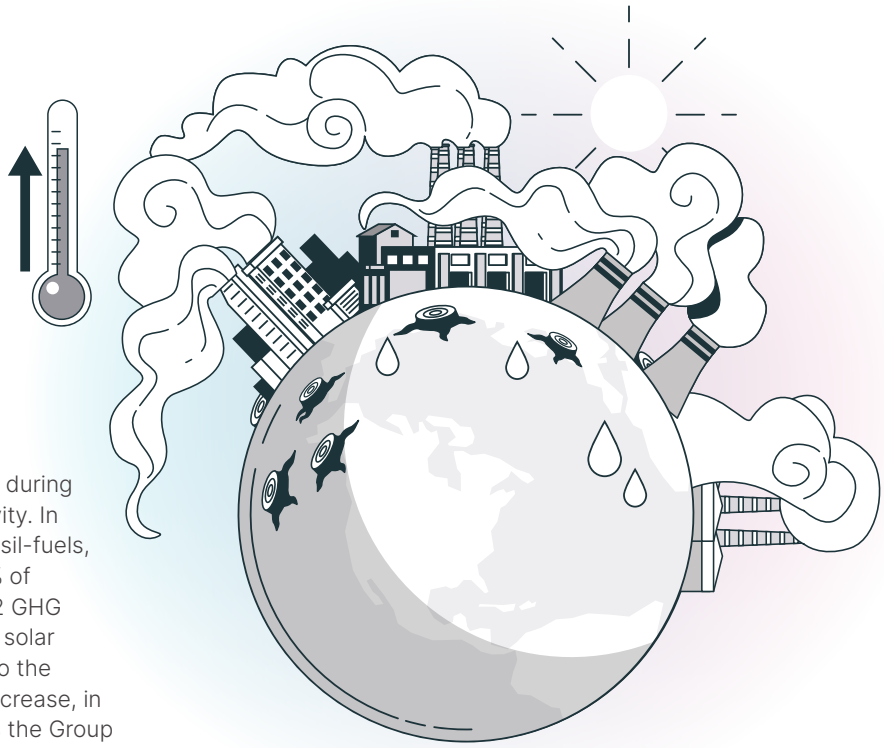
→ Product carbon footprints for several products (Hand Protection and Construction Material Sector)

→ Four companies committed to SBTI, with 2 entities (Hayleys Fabric PLC and Kelani Valley Plantations PLC) obtaining verification of their targets during the year; Talawakelle Tea Estates PLC obtaining re-verification of its targets

Scope 1			Scope 2	Scope 3				
Stationary combustion	Mobile combustion	Fugitive emissions	Purchased electricity	Upstream & downstream transport	Waste generated	Employee commuting	Business travel	Others
7%	6%	2%	9%	19%	0%	1%	0%	56%
Emission reduction initiatives								
Shift to renewable energy sources	Electrification of vehicle fleets	-	Renewable electricity	Route optimisation	Reduce landfill waste	Employee buses across 16 routes	-	-

EMISSIONS





The Group's Scope 1 GHG emissions increased by 6% during the year, mainly in view of increased operational activity. In view of ongoing efforts to reduce dependence on fossil-fuels, renewable and sustainable energy accounted for 74% of the Group's energy consumption. Meanwhile, Scope 2 GHG emissions declined by 2% with the Group investing in solar electricity, both for consumption and to be supplied to the national grid. Scope 3 GHG emissions recorded an increase, in view of a broader coverage of emission categories as the Group achieves increased maturity of its emission reporting.

	2025	2024
Scope 1 GHG emissions	112,756	106,799
Scope 2 GHG emissions	70,520	71,740
Scope 3 GHG emissions	576,979	35,469
- Category 4: Upstream distribution and transportation	30,537	-
- Category 5: Waste generated in operations	1,550	3,089
- Category 6: Business travel	791	604
- Category 7: Employee commuting	7,504	-
- Category 8: Downstream transportation and distribution	111,153	-
Total	760,245	214,088

Refer to page 153 for further details on the Group's GHG inventory

Natural Capital

ACCELERATING CLIMATE ACTION

The Group is committed to reducing its absolute GHG emissions through increasing reliance on renewable energy and reducing energy intensity of operations

ENERGY TARGETS

- 90% sustainable and renewable energy applications
- 30% reduction in energy intensity
- 100% sustainable biomass sourcing

PROGRESS IN 24/25

- 74% reliance on sustainable and renewable energy
- 11% reduction in energy intensity
- 11% increase in sustainable biomass

CONNECTIVITY TO SLFRS S1 AND S2 DISCLOSURES

CRRO 1,2 and 3

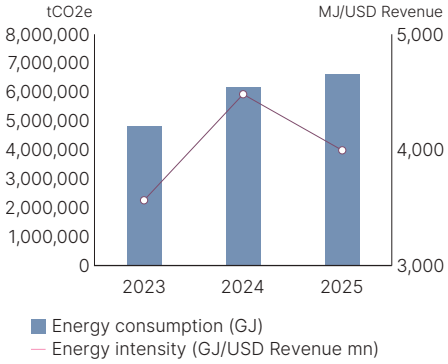
Climate Strategy
Page 145

ENERGY

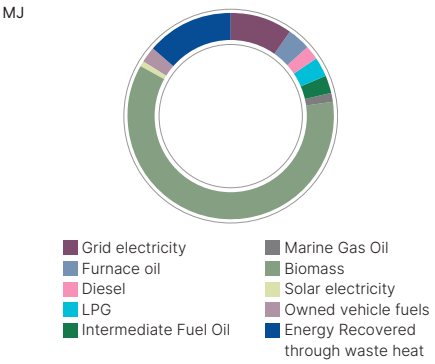
The Group's energy strategy in recent years has centered on gradually reducing dependence on fossil fuels through opting for sustainable and renewable energy sources while optimising energy usage across our operations. Key interventions made during the year under review are:

- → Conversion of furnace boilers to biomass boilers across key sectors
- → The majority of new production lines are powered with biomass energy
- → Energy-efficient machinery, infrastructure and buildings
- → Real-time energy monitoring systems across several sectors
- → Corporate shuttle service which provides transportation to 490 employees through 16 buses

ENERGY CONSUMPTION AND INTENSITY



ENERGY CONSUMPTION BY SOURCE



The Group's energy consumption increased by 7% to 6.6 mn GJ stemming primarily from the increased use of biomass which entails a higher calorific value and higher operational activity across key sectors. The energy consumption for 2023/24 has been restated to reflect improved computational methodologies and refinement of scope. The Group continued to accelerate its shift towards renewable energy sources, with renewable and sustainable energy sources fulfilling 74% of total energy consumption during the year. In terms of Sector composition, Hand Protection, Textiles and Transportation & Logistics emerged as the largest energy consumers in the Group.

	Energy consumption		
	GJ	Y-o-y change (%)	% composition
Eco Solutions	111,495	-16	2
Hand Protection	2,290,821	+11	35
Purification	1,473,979	+30	22
Textiles	1,472,273	0	22
Construction materials	111,674	+38	2
Plantations	547,811	-7	8
Agriculture	82,550	+167	1
Consumer & Retail	60,309	+3	1
Leisure	98,038	-17	1
Industry Inputs, Power & Energy	1,998	-69	0
Transportation & Logistics	343,424	-29	5
Projects & Engineering	4,479	-46	0
Tea exports	2,994	+35	0
Others	8,338	+5	0

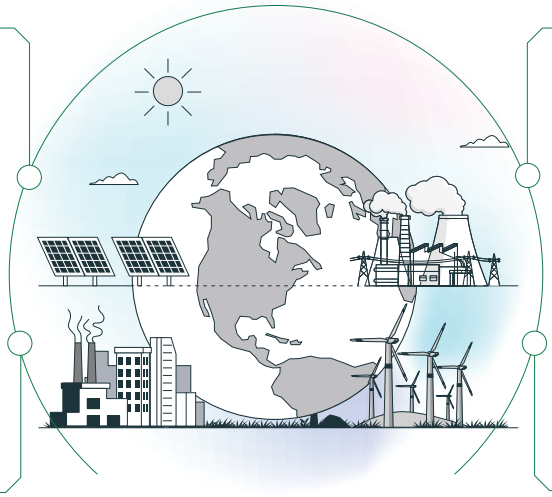
Hayleys is also catalysing the country's transition to renewable energy, both through reducing dependence on fossil fuels in its own operations and commercial installations across the country.

Solar installation through Hayleys Fentons

Sri Lanka's leading solar EPC company, having installed 350 MWp of rooftop solar power systems since 2011

Reliance on biomass energy by several sectors

Eco solutions: **72%**
Hand Protection: **93%**
Plantations: **75%**
Textiles: **72%**



Hydro power generation across Sectors

The Group's Plantation Sector generates renewable energy through several hydropower plants

Talawakelle Tea estates: **2.1 MW**
Kelani Valley Plantations PLC: **1.1 MW**
Horana Plantations PLC: **0.12 MW**

Renewable energy generation through Power& Energy Sector

Installed capacity of over 50 MW of wind and hydropower plants

ROOFTOP SOLAR INSTALLATION ACROSS THE GROUP

Organisation-wide rooftop solar installation project

144,352 M2	29.94 MW	28,037 tCO2e	Rs. 5.4 bn
of rooftop area covered	Generation capacity	Annual reduction	Total investment

OPTIMISING THE RESOURCE FOOTPRINT

Our water management aspirations center on increasing sustainable water sourcing, increasing recycling ad improving the efficiency of water usage.

WATER TARGETS

- 50% sustainable water sourcing
- 75% of total wastewater recycled and reclaimed
- 30% reduction in water intensity

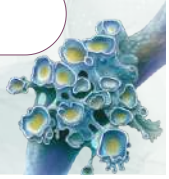
ACHIEVEMENTS 24/25

- 14% sustainable water sourcing
- 13% of total wastewater recycled and reclaimed
- 13% reduction in water intensity

CONNECTIVITY TO SLFRS S1 AND S2 DISCLOSURES

SRRO1:

Targets and metrics
Page 152



WATER

The world is facing an unprecedented water crisis, with global freshwater demand predicted to exceed supply by 40% by 2030. As a Group that relies significantly on water, we are cognisant of the potential disruptions to our operations stemming from water stress. In line with the adoption of SLFRS S1, we have aligned with the CDSB Application Guidance for Water -Related disclosures as listed below:

CDSB APPLICATION GUIDANCE FOR WATER-RELATED DISCLOSURES

Governance: The governance of water-related matters is aligned to that of the Group's other environmental aspects and SRROs (refer to page 124). Water withdrawal is monitored across all of the Group's operating locations and submitted to the Group ESG Division through the Hayleys CUBE. At an operational level, factory managers and/or engineering units are responsible for water management within the respective locations with certain water-intensive sectors incentivising water efficiency through links to remuneration schemes.

Impacts and dependencies: The World Resource Institute's Aqueduct Analysis for 2024 ranks Sri Lanka as 'medium to high' levels of water stress; in terms of regional water-stress the Group's most water-intensive sectors operate in areas of medium to high levels of water stress. The Group's water sources include groundwater, surface water, pipe - borne water and harvested rainwater, with the largest source being surface water with a share of 59%. The Group's interaction with water as a shared resource stems primarily from its use in manufacturing operations as well as for cleaning and employee usage across the Group. Key impacts and dependencies are listed below:

Natural Capital

Primary uses of water in Hayleys

Industrial Use

Glove manufacturing
Fabric manufacturing
Blending of industrial raw materials

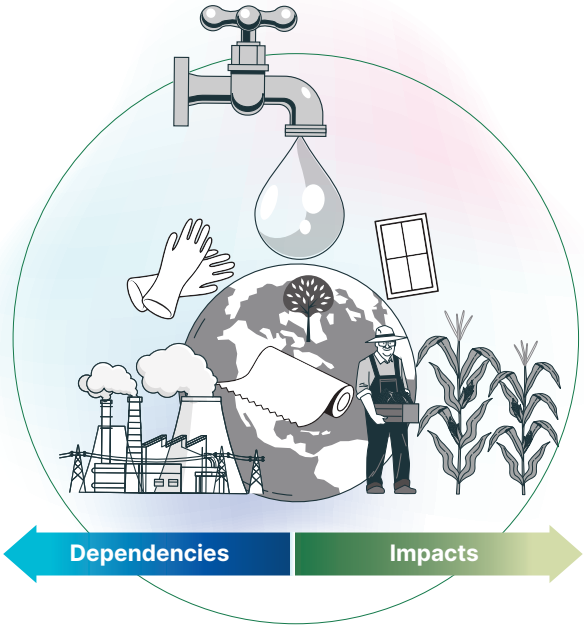
Agriculture

Cultivation of tea, rubber and other crops

Hydropower generation

Other

Sanitation
Employee use
Gardening use



Impacts

Potential water degradation due to effluents from the organisation into water bodies

Potential depletion of local water sources

Ecosystem destruction through disruption of aquatic habitats

Water related impacts

Risk/Opportunity and link to SRRO	Description	Potential business and financial impacts	Strategy for management
Physical risk	Fluctuations and limited availability in water supply stemming from the country's water scarcity	Considerable impacts on the business continuity and manufacturing cost of the Textiles and Hand Protection Sector which are water-intensive operations	- Diversification of water sources and increasing reliance on sustainable water sourcing
Precipitation and rainfall CRRO 1	Changes in precipitation patterns and variability in weather patterns which lead to changes in temperature, water stress and coastal erosion	Implications on the yield, quality and quantity of our Plantation Sector products including tea, rubber and other crops. Impacts on the Agriculture Sector can stem from weaker demand due to crop losses	- Exploring climate-resistant crop varieties in the Plantation Sector - Increase reliance on sustainable water sources
Market SRRO 3	Shifting customer preference to water -efficient products and technologies	Increased pressure from customers (particularly in the European region) who demand water targets and disclosure of performance against targets	- Commitment to water targets and regular monitoring of the same
Reputational risk	Stakeholder perceptions of the Group's use and discharge of water and negative media coverage	Adverse implications on community relations due to water stress and potential impacts on social license to operate	- Maintain good stakeholder relationships across communities - Community grievance mechanisms established
Resource efficiency	Increased use of water recycling and reduced water usage and wastage	Opportunity to drive increased efficiencies and curtail costs, particularly in Sectors that are water -intensive	- Integration of sustainable water sourcing and water efficiency targets to the Hayleys Lifecode
Products and services	Development of less-water-intense products and services and water-climate adaptation	Sectors such as Textiles can drive customer acquisition and access new markets through water-conscious innovations	- Pursue sustainability-linked innovation

Key interventions aligned with this strategy during the year included the following:

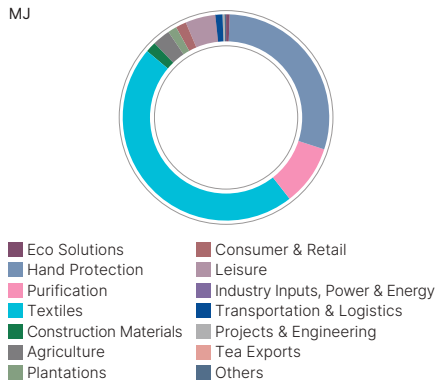
- Increased investments in rainwater harvesting
- Improving water measurement mechanisms (Eg: Eco Solutions Sector)
- Strengthen water-related monitoring criteria across supply chains (Eg: Textiles Sector)

Water management policy: The Group's Water Management policy is applicable to all entities within the Group and clearly sets out targets, action plans and deliverables. The policy is in line with the UNGC CEO's Water Mandate and all relevant laws and guidelines and national and international standards.

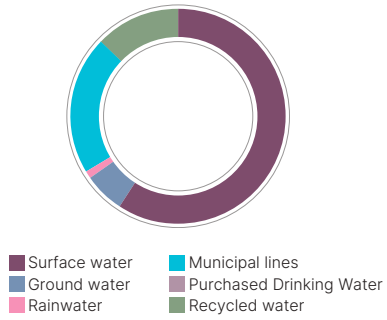
Water-related risks and opportunities: The processes in place for identifying, managing and monitoring water-related risks and opportunities are aligned to the approach of managing SRROs and are detailed on page 123 of this Report

Measuring water impacts

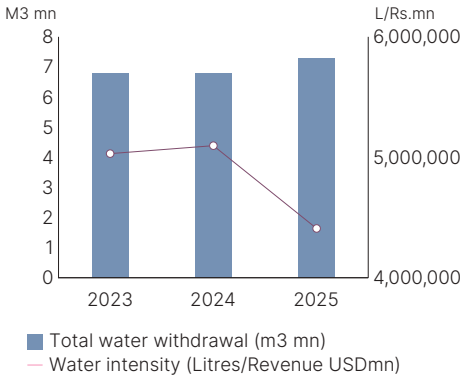
RECYCLED WATER CONSUMPTION BY SECTOR



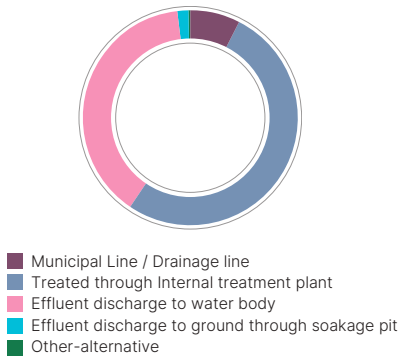
WATER WITHDRAWAL BY SOURCE



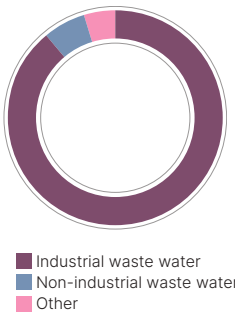
WATER WITHDRAWAL TRENDS



EFFLUENTS BY METHOD OF DISPOSAL



EFFLUENTS BY TYPE



Water discharge: The Group's manufacturing processes involve the discharge of wastewater, and effluent treatment plants to responsibly dispose of effluents. Wastewater is typically treated and recycled for reuse for gardening and/or organic farming purposes. Effluents discharged from our operations comply with the requisite water quality standards of BOD, COD, TSS, pH and oil and grease levels are checked on a regular basis by independent assessors to ensure they meet compliance levels.

The Group's total water withdrawal increased by 4% during the year to reach 7.29 mn m3, driven by increased usage in key sectors of Eco Solutions, Leisure, Transportation & Logistics and Projects & Engineering. Total intensity also recorded a decrease of 13% during the year.

Natural Capital

OPTIMISING THE RESOURCE FOOTPRINT

Drive the responsible consumption of natural resources and increase value generation across all wastes

MATERIAL AND WASTE

- Achieve traceability across all waste categories
- 25% reduction in waste intensity
- 40% of waste recycled
- 20% recyclable, reusable or compostable packaging

ACHIEVEMENTS 24/25

- Improved waste monitoring across the Group
- 8% reduction in waste intensity
- 18% solid waste recycled

CONNECTIVITY TO SLFRS S1 AND S2 DISCLOSURES

SRRO 3: Implications on strategy and value chain (page 139)

SRRO 4: Implications on strategy and value chain (page 141)

As an area of growing focus within the Group, we are pursuing ways of embedding the principles of circularity across our business through increasing reliance on recycled and renewable materials. This agenda continues to feature prominently in the product design/development phase and progress made on this front is summarised below. Other aspects of the Group's material management include minimising chemical usage, use of eco-friendly raw materials and responsible sourcing.

Key initiatives and developments across the Group include the following:

Circular product solutions

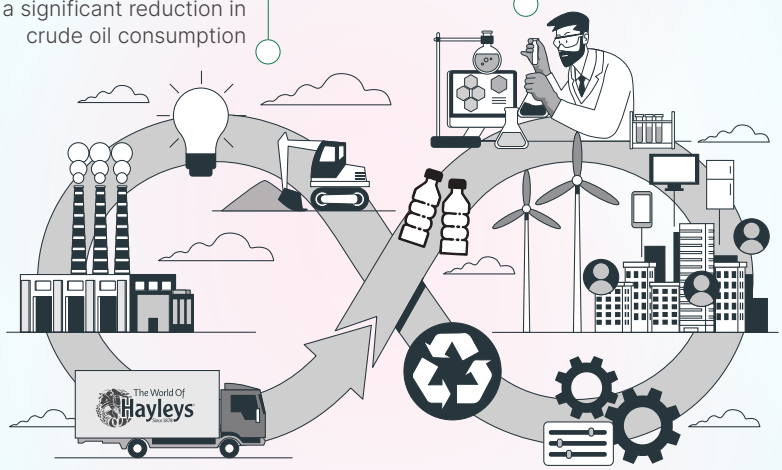
Eco-One is an additive which is applied during the manufacturing process to enhance the biodegradation of plastic and polythene products.

Carbon nanotube product for the glove industry uses carbon black recovered from used tires which in turn leads to a significant reduction in crude oil consumption

Use of recycled Aluminium

The Construction Materials Sector continues to increase the use of recycled aluminium in its production process, thereby reducing the need for virgin aluminium

47% Use of recycled aluminium



Warna by Mahogany by Textiles Sector

A pioneering waste-to-fashion initiative which extracts dye in -house using waste material generated by the local furniture industry

Use of PET bottle recycled yarn by multiple Sectors

The Textile Sector and Hand Protection Sectors use recycled PET yarn as an input for their fabric and glove manufacturing respectively

Sector and material	Quantity	Environmental/social factors	Management approach
Renewable materials			
Purification - Coconut charcoal - Coconut shells	93,963 MT 52,600 MT	- Acute shortages stemming from the sharp decline in coconut production, partly due to climatic issues	Diversification of supply chain networks and geographical operations
Hand Protection - Latex	11,755 MT	- Requirements for due diligence across the latex supply chain - Impacts of rainfall on the quality and quantity of latex	Supplier awareness and capacity building Diversification of supply chains
Eco Solutions - Coconut husks, fibre, chips	18,004,070 MT	- Acute shortages stemming from the sharp decline in coconut production, partly due to climatic issues	Backward integration and diversification of supply chain networks
Non-renewable materials			
Construction Materials - Aluminium billets	4,742 MT	- While the Sector has sought to increase reliance on recycled aluminium, the intensified competition for material in the local market has led to a sharp escalation in prices	Leverage network of collection centres to increase sourcing of recycled aluminium
Plantations - Fertilizer	7,935 MT	- More stringent regulations on the use of chemical fertilizer and resultant impacts have encouraged the Sector to explore alternatives	Substitute chemical fertilizer with organic alternatives
Textiles - Yarn - Recycled yarn	12,789 MT 3,414 MT	- Escalating customer requirements on the sustainability of raw materials and screening across supply chains	Increase reliance on recycled yarn and geographical diversification of supply chains

WASTE MANAGEMENT

As set out in the Group's waste management policy, we are committed to minimising waste generation while pursuing avenues for sustainable waste disposal. All Sectors have stepped up efforts to engage in the segregation and responsible disposal of waste, in compliance with regulatory requirements and industry best practice. Key interventions during the year included the following:

→ Used single-use plastic bottles were used in combination with cement and other building materials to construct wasp attack prevention sheds at Horana Plantations

→ Buffing of waste nitrile in the Hand Protection Sector

→ Holistic waste management in the Construction Materials Sector

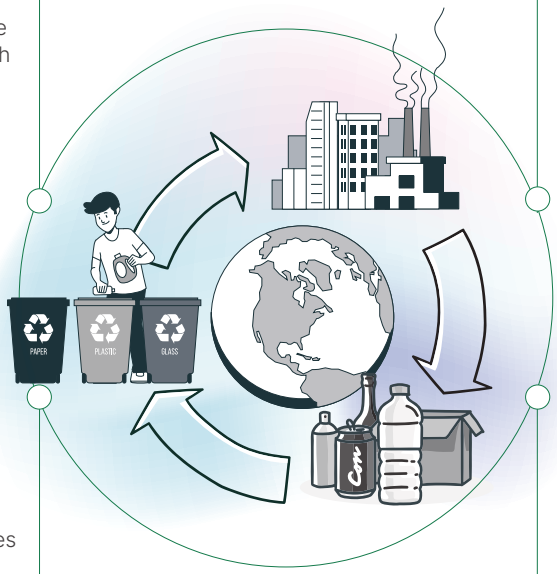
In addition, the following ongoing initiatives are in place within the Group.

Natural Capital

E-waste collection

Singer conducts a large-scale, island-wide e-waste collection initiative, through which customers are encouraged to return used electronic items across its network

Televisions: **361**
Washing machines: **107**
Refrigerators: **92**



Waste-to-value business proposition

Haycarb PLC's business model is built on a waste-to-value proposition which entails converting waste coconut shells to sustainable solutions

Community waste management in plantations

The Sector conducts ongoing awareness building initiatives and training programmes on the responsible disposable of biodegradable and non-biodegradable waste

Waste-to-energy generation

Through a patented green charcoaling technology, Recogen, Haycarb generates electricity using waste which is supplied to the national grid.

2,487,530 kWh of electricity generated

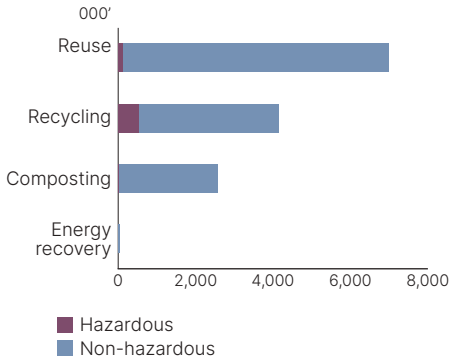
MEASURING WASTE IMPACTS

The Group's total waste reported for the year increased by 10% to 23 KGs, reflecting both an increase in operational activity and improved waste reporting. Non-hazardous waste accounted for 73% of the Group's total waste generated. Waste recycled increased by 19% to 4,155 MT reflecting strategic emphasis on driving responsible waste management practices.

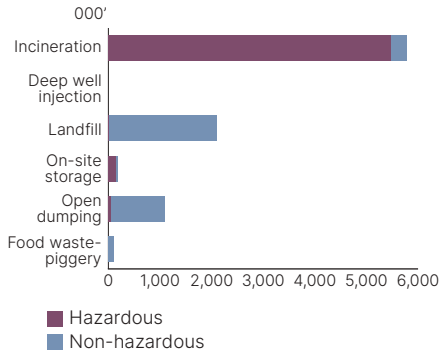
Total waste by type and composition

Hazardous waste	Quantity (MT)	Non-hazardous waste	Quantity (MT)
Sludge	5,582	Food	654
Contaminated materials	38	Paper	271
E-waste	52	Cardboard	1,509
Fluorescent lights	0.5	Polythene	472
Chemical waste/oil	26	Mixed waste	6,902
Ash	406	Glass	48
Mixed waste	1.2	Metal	1,013
Other	14	Garden waste	89
		Biomass waste	891
		Wet garbage	136
		Plastic	315
		Other	3,296

WASTE BY RECOVERY METHOD



WASTE BY DISPOSAL METHOD



RESTORING AND REGENERATIVE NATURE

BIODIVERSITY

- Increase biodiversity enhancing programme to cover 5 times the built area

ACHIEVEMENTS 24/25

- 134,391 trees planted
- 8 long-term biodiversity enhancing programmes

CONNECTIVITY TO SLFRS S1 AND S2 DISCLOSURES

SRRO 2: Ecological impacts Implications on strategy and value chain (page 141)

BIODIVERSITY AND ECO-SYSTEMS

Sri Lanka is considered a biodiversity hotspot, due to its high level of endemism and high level of biodiversity loss stemming from human activity. Several of the Group's operations are also located in or adjacent to priority geographical areas. This year, in aligning with the SLFRs S1 and S2 Standards, we have initiated reporting under the CDSB Application Guidance for Biodiversity-related Disclosures.

Governance: The governance of biodiversity-related matters is aligned to that of the Group's other environmental aspects and SRROs (refer to page 123), with regular reporting to the Group ESG Steering Committee. The Plantations Sector's tea and rubber estates in the hill country and low country wet zones as well as the Amaya Resort properties are located in areas which are particularly rich in biodiversity.

Response	Sector-level interventions
Projects and initiatives focused on ecosystem restoration	Multiple reforestation, mangrove restoration and other ecosystem preservation projects across the Group (Refer to page 338)
Minimise input of virgin materials	Construction Material Sector's efforts to increase reliance on recycled Aluminium
Standards and certification schemes	Several ecosystem restoration sites obtained third-party assurance
Culture of learning around biodiversity and sustainability	Establishment of Group environmental and social volunteering platform- The Nurture Network
Product take-back schemes	Singer (Sri Lanka) PLC's e-waste collection drives
Partnerships with industry coalitions	Membership in associations such as Biodiversity Sri Lanka, UNGC and Lanka Responsible Care Council among others

Although systems for incentivising biodiversity are yet to be formally and consistently established in the Group, it has been included as a priority area in the Hayleys Lifecode with the aim of driving collective action and impact in the short-to-medium.

Impacts and dependencies: The Group's primary dependencies on biodiversity stem from the usage of natural resources, dependence on surface and groundwater, soil fertility and health (particularly in the Plantations Sector) and climate regulation. Key impacts stemming from these dependencies include air, water and soil pollution, over-extraction of resources, habitat fragmentation and contribution to climate change among others. The Group's biodiversity conservation policy sets out guidelines for mapping biodiversity aspects, identifying impacts, capacity building and employee awareness and conservation among others. The Group's biodiversity targets (as set out in the Hayleys Lifecode) relate to the restoration and regeneration of an extent amounting to 5 times the built area occupied by the Group.

Strategies and management response

244 hectares with rich biodiversity

Watershed and catchment areas feeding national rivers Nilwala, Gin, Kotmale Oya and Nanu Oya

Great Western, Radella and Holyrood estates are located near Kikiliyamana Natural Forest Reserve

Calsay estate, Nanuoya borders the Conical Hill National Forest, Agrabopaththalawa

Natural Capital

The Group's major biodiversity-related projects are summarised below:

Project Kirulu

Project Kirulu the Group's flagship biodiversity program, seeks to leverage the Group's extensive land bank, cross-sector synergies and insights on ecosystems to preserve Sri Lanka's rich and vibrant ecosystems. Actioned by Talawakelle Tea Estates, the programme involves the planting of native, endemic trees with the contribution of Group companies.

Biodiversity preservation in our Plantations Sector

- Project REGROW by Horana Plantations in partnership with WNPS Plant aims to restore a nine-kilometre-long forest corridor along the Maskeliya Oya creating 55 hectares of new forests in the process. In the future, this initiative will enable species to move among larger forest patches in an uninterrupted manner.
- Talawakelle Tea Estate PLC's large-scale tree planting initiative at St Clair Reservoir aims to plant and establish secondary forests across significant hectarages with native and endemic plants across Talawakelle Tea Estates' plantations.
- Both these projects obtained Ecosystem Restoration Verification from Preferred by Nature the first of its kind in Asia
- KVPL in partnership with IUCN launched the Surakimu Ganga initiative which strives for collaboration between the private, sector and international organisations to adopt nature-based solutions for greening the river basin in We Oya catchment area in the Kelani river.

BEHOLD THE TURTLE

A long-term initiative by the Purification Sector, Behold the Turtle is a collaboration with Sri Lanka's Department of Wildlife and seeks to safeguard endangered sea turtles in the Kumana National Park. Focusing on ex-situ conservation, the project ensures that vulnerable hatchlings are safeguarded prior to their journey to the ocean.

DPL ECO PULSE RESERVE

The Hand Protection Sector launched DPL Eco Pulse Reserve- a 2 -acre biodiversity park, adjacent to its manufacturing facility in Hanwella comprising numerous endemic species, native plants and red-list plants

Mangrove Restoration

Advantis Blue C

The Transportation Sector's Project Advantis Blue C seeks to increase the national blue carbon sinking capacity by supporting the conservation and replenishment of coastal ecosystems. The Project received the UN Decade of Restoration Flagship Award for Sri Lanka by the UNEP and FAO of the United Nations

Progress made in 24/25

- Entered agreement for restoring 8.9 hectares in Pubudugama

Roots of resilience

Mangrove restoration project conducted by Hayleys Fentons in Bolgoda

Progress made in 24/25

- 1,000 trees planted during the year

WAY FORWARD

Priorities for 2025/26

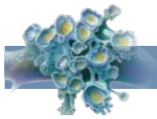
- Pursue opportunities in renewable and sustainable energy sources
- Improve Group-wide reporting of waste
- Ongoing investments in biodiversity and ecosystem preservation projects

Adequacy of Natural Capital for future plans

Environmental challenges stemming from climate change, water stress and biodiversity loss are expected to worsen over time and could potentially impact the Group's ability to achieve its strategic aspirations and drive long-term value creation.

The Group will continue to accelerate its positive outcomes and minimise adverse impacts on nature, in line with the 3 environmental priorities set out under the Hayleys Lifecode.

Way Forward



Potential implications of trade tariffs

Global economic outlook: The global economic outlook remains volatile at this juncture, reflecting the fluidity and uncertainty surrounding global trade dynamics. Reflecting these global downside risks, the World Bank revised down global GPD forecasts for 2025 while economists project significant hits to USA, Europe as well as China. Accordingly, analysts project heightened risks of global recession, as well as a potential increase in inflation, subdued global trade activity and volatile exchange rates.

Implications on Sri Lanka: The implications on Sri Lanka remain uncertain at this point, although export demand is likely to be negatively impacted given the potential dip in global economic activity and drop in import demand.

Implications on Hayleys: The Group's direct exports to the USA accounted for approximately 6% of Consolidated Revenue, stemming primarily from major verticals such as Hand Protection and Purification as well as Eco Solutions, Agriculture and Tea Exports to a lesser degree. Meanwhile, the Hayleys Group has considerable exposure to the USA through indirect exports via local garment manufacturers. However, the geographical diversification of manufacturing locations (including in Thailand and Indonesia) are expected to provide some cushion against potential impacts.

Outlook and Way Forward for Hayleys

Against this backdrop, the Group will maintain focus on its five key strategic pillars while also emphasising building increased agility into its business models. Key priorities under each strategic pillar is summarised below

As the Group's mature businesses continue to grow, albeit at a relatively slower pace, we will also seek to drive more accelerated growth in new industry sectors such as consumer durables, climate-smart agriculture and leisure which present significant upside potential.

Portfolio Optimisation	→ Export-oriented sectors will seek to diversify its markets with increasing focus on non-traditional markets → Increase contributions from value-added products, thereby reducing exposure to price competitive offerings → Pursuing diversification of funding sources to fuel future investments in organic and inorganic growth → Optimising working capital with the aim of reducing inventory-build up
Customer Centricity	→ Focus on customised solutions to sharpen competitive edge and customer loyalty → Active engagement in trade fairs and exhibitions → Aggressively seeking new customer acquisition in regional markets
Inclusive business models	→ Continued focus on prioritising inclusive supply chains which accelerate positive social and environmental impact → Screening suppliers on environmental and social criteria
Nurturing inspired teams	→ Succession planning across sectors to build effective talent pipelines → Creating a respectful and inclusive workplace through ongoing training and engagement interventions → Ongoing investments in training and development
ESG integration	→ Completion of Sector-level ESG roadmaps across all Sectors → Ongoing focus on strengthening ESG governance and reporting mechanisms → Initiatives across all six pillars aligned to the aspirations of the Hayleys Lifecode

Outlook and Way Forward for Hayleys

13% Revenue growth

8% PBT growth

Further information on the Outlook and Way Forward to is also available in the Sections below:

→ Operating landscape (page 102)
→ A purpose-driven strategy (page 105)
→ Portfolio Reviews (page 156-288)
→ Capital management (page 289-338)

Annual Report of the Board of Directors

1. GENERAL

The Board of Directors of Hayleys PLC has pleasure in presenting their Report on the affairs of the Company together with the Audited Consolidated Financial Statements for the year ended 31st March 2025. The details set out herein provide the pertinent information required under Section 168 of the Companies Act No. 07 of 2007 ('the Companies Act'), the Colombo Stock Exchange Listing Rules, Code of Best Practice on Corporate Governance 2023 issued by the CA Sri Lanka and Finance Companies Corporate Governance Direction No 05 of 2021 issued by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011.

2. REVIEW OF THE BUSINESS

2.1 Principal Business activities of the Company and the Group

Hayleys PLC is a holding Company that owns, directly or indirectly, investments in the numerous Companies constituting the Hayleys Group and provides services to its Group Companies. The Group consists of a portfolio of diverse business operations. The main subsidiaries and equity accounted investees of Hayleys PLC are listed on pages 510 to 515.

The Principal activities of the Group are categorised into fourteen different business sectors. i.e. Eco Solutions, Hand Protection, Purification Products, Textiles, Construction Materials, Plantations, Agriculture, Transportation & Logistics, Consumer & Retail, Industry Inputs, Power & Energy, Leisure, Projects & Engineering, Tea Exports and Others. The main activities of the sectors are described in the Portfolio Review pages on 156 to 288 of this Report.

There were no material changes in the nature of the business of the Company and the Group during the financial year.

The Directors to the best of their knowledge and belief, confirm that the Company and the Group have not engaged in any activity that contravene laws and regulations.

2.2 Review of operations of the Company and the Group

The investment/disposal activities during the financial year and after the reporting period include the following;

- Hayleys PLC invested USD 2.0 mn in Luxury Resort Limited, and issued 3,084,000 shares.
- Hayleys PLC purchased 1,040,291 (11.3%) ordinary shares of Diesel & Motor Engineering PLC at a total consideration Rs. 1.10 bn.
- Hayleys Aventura (Pivate) Limited issued 92,350,000 ordinary shares to Hayleys PLC for a consideration of Rs. 923,500,000/-.
- Dipped Products PLC invested Rs. Rs. 1.5 bn in D P L Universal Gloves Limited, a fully owned subsidiary of Dipped Products PLC and was issued 150 mn ordinary shares in consideration thereof.
- Hayleys Lifesciences (Private) Limited issued 6,999,998 ordinary shares (scrip issue) to its parent company Hayleys Aventura (Private) Limited by capitalising its retained earnings of Rs 69.9 mn.
- Global Consumer Brands (Private) Limited issued 12,722 (0.07%) ordinary shares to Hayleys Fentons Limited in consideration of Rs 127,220/-.
- Hayleys Electronics Manufacturing Limited issued 6,732,975 (99.82%) ordinary shares to Hayleys Electronics Limited at a consideration of Rs. 67.3 mn, and 12,722 (0.18%) ordinary shares to Hayleys Fentons Limited in consideration of Rs. 127,220/-.
- Volanka Insurance Brokers (Private) Limited capitalised its retained earnings and issued 3,808 fully paid ordinary shares to Volanka (Private) Limited, its parent company.
- Hayleys Advantis Limited invested Rs. 181 mn in Ceylon Ocean Lines Limited which was held by Advantis Projects and Engineering (Private) Limited and acquired 93,955 (18.71%) ordinary shares.
- Haycarb Singapore invested Euro 25,000 in Eurocarb Germany GmbH and acquired 25,000 ordinary shares.

New Incorporations

- Solar Two (Pvt) Ltd was incorporated on 24th June 2024 as a fully owned subsidiary of Hayleys Power Limited.
- Hayleys Nature Nest (Pvt) Ltd was incorporated on 13th June 2024 as a Joint Venture company, approved under Section 17 of the Board of Investment of Sri Lanka. Hayleys Agriculture Holdings Limited invested Rs 300 mn amounting to a 50% holding in its share capital.
- Haywind One Limited was incorporated on 24th March 2025 as a fully owned subsidiary of Hayleys Fentons Limited.

New Acquisitions

- Dipped Products (Thailand) Limited, acquired 100% of the share capital of Hi Care Thai Gloves Co. Ltd in November 2024, at a consideration of Thai Bhat 370 mn.
- Advantis Singapore Pte Ltd, invested USD 87,825 and acquired 49% of the shareholding in K & A Logistics Ltd in Bangladesh.
- Advantis Singapore Pte. Ltd invested USD 340,220 in PT Advantis Mithra Logistics Indonesia and obtained 51% of the shareholding of the company.
- Clarion Shipping (Pvt) Ltd invested USD 100,000 in Advantis Marine Network Pte. Ltd and acquired 100% of the shareholding of the Company.

Delisting of Shares

The Ordinary Voting Shares of Unisyst Engineering PLC were delisted from the Official List of the Colombo Stock Exchange (CSE) with effect from 08th October 2024, subsequent to the shareholders of the Company approving to delist the Company's shares and accepting the exit offer presented by Advantis Projects & Engineering (Private) Limited.

2.3 Financial Statements of the Company and the Group

The Financial Statements of the Company and the Group are given on pages 366 to 486 of this report.

2.4 Auditors' Report

The Auditor's Report on the Financial Statements of the Company and the Group is given on pages 362 to 365.

2.5 Accounting Policies and changes during the year

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 which requires compliance with Sri Lanka Accounting Standards. The detailed accounting policies adopted in the preparation of the Financial Statements are given on pages 377 to 399. There were no changes to the Accounting Policies used by the Group and the Company during the year.

2.6 Entries in the Interests Register

The Company, in compliance with the Companies Act, maintains an Interests Register. As further required by the Companies Act, particulars of entries in the interests register of the Company and those subsidiaries which have not dispensed with the requirement to maintain interests registers, as permitted under Section 30 of the Companies Act, are detailed below.

2.6.1 Directors' interest in transactions

The Directors of the Company and its Subsidiaries have made the general disclosures provided for in section 192(2) of the Companies Act. Note 38 to the Financial Statements dealing with related party disclosures includes details of their interests in transactions. In instances where a Director had an interest in contracts (or a relevant interest as per Section 200 of the Companies Act. involving the Company, such Director refrained from voting and refrained from being a part of the discussion or decision.

2.6.2 Directors' interests in shares

Directors of the Company and its Subsidiaries who have relevant interests in the shares of the respective Companies have disclosed their shareholdings and any acquisitions/ disposals to their Boards, in compliance with section 200 of the Companies Act.

Hayleys PLC

Details of Directors' shareholdings in the Company are given on page 502. There were no changes in holdings during the period.

Haycarb PLC

200,000 shares were purchased during the year by Mr. H.S.R. Kariyawasan and Mrs. K.H.S. Kariyawasan (Joint Account), Mr. H.S.R Kariyawasan is a Common Director for Hayleys PLC and Haycarb PLC.

Alumex PLC

39,900 shares were disposed during the year by Mr. S. Munaweera, Non-Executive Director of Alumex PLC.

Horana Plantations PLC

30,150 shares were purchased during the year by Mr. S.C. Ganegoda, Mr. S.C. Ganegoda is a Common Director of Hayleys PLC and Horana Plantations PLC.

2.6.3 Payment of remuneration to Directors

Executive Directors' remuneration is structured within an established framework by the Board's Remuneration Committee, to whom this task has been entrusted. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The total remuneration of Executive Directors for the year ended 31st March 2025, which is given in Note 2.7 includes the value of perquisites granted to them as part of their terms of service.

The total remuneration of Non-Executive Directors for the year ended 31st March 2025, which is given in Note 2.7, is determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of remuneration is fair to the Company.

2.6.4 Insurance & Indemnity

The Company has obtained a Directors and Officers Liability insurance cover. This covers the liability towards the Directors and Officers of Hayleys Group in respect of past, present and future negligence subject to terms and conditions of the policy.

2.7 Directors' Remuneration

Directors' remuneration, in respect of the Company for the financial year 2025 is Rs. 939.84 mn (2024 - Rs. 845.39 mn) consisting of Rs. 921.08 mn for Executive Directors and Rs. 18.76 mn for Non-Executive Directors.

Directors' remuneration in respect of the Company's Subsidiaries for the financial year 2024/2025 is Rs. 4.23 bn (2024 - Rs. 3.40 bn) consisting of Rs. 4.11 bn for Executive Directors and Rs. 117.50 mn for Non-Executive Directors.

2.8 Corporate Donations

Donations by the Company amounted to Rs. 2.96 mn (2024 - Rs. 27.82 mn) which includes a sum of Rs. 0.05 mn (2024 - Rs. 11.54 mn) made to Government

Annual Report of the Board of Directors

approved charities. Donations by the Subsidiaries amounted to Rs. 32.31 mn (2024 - Rs. 32.68 mn).

3. FUTURE DEVELOPMENTS

Future developments are discussed in the Reflection from the Chairman (pages 34 to 43) and Portfolio review (pages 156 to 288) of this Report.

4. GROUP REVENUE AND INTERNATIONAL TRADE

The revenue of the Group was 492.20 bn (2024 - Rs. 436.73 bn) in the year under review. A detailed analysis of the Group's revenue, profit and asset allocation relating to different segments of the Group's businesses is given in Note 40 to the Financial Statements.

The Group's exports from Sri Lanka, amounted to Rs. 203.95 bn (2024 - Rs. 187.09 bn) at F.O.B. value in the year under review.

The Group's revenue from International Trade, which includes the revenue of overseas subsidiaries in addition to exports from Sri Lanka, amounted to Rs. 260.43 bn (2024 - Rs. 253.33 bn) in the year under review.

Trade between Group companies is conducted at fair market prices.

5. PERFORMANCE AND RESERVES

5.1. Performance

The Group's PBT amounted to Rs. 35.37 bn (2024 - Rs. 25.34 bn). After deducting 12.86 bn (2024 - Rs. 10.49 bn) for taxation the profit was Rs. 22.51 bn (2024- Rs. 14.85 bn). When an amount of Rs. 9.06 bn (2024 - Rs. 7.96 bn) for non-controlling interests was deducted, the Group profit attributable to owners of the Parent for the year was Rs. 13.45 bn (2024 - Rs. 6.89 bn).

5.2 Reserves

Total Group Reserves as at 31st March 2025 amounts to Rs. 91.57 bn (2024 - Rs. 78.59 bn) comprising Capital Reserves of Rs. 0.98 bn (2024 - Rs. 0.87 bn), Other components of equity of Rs. 34.17 bn (2024 - Rs. 29.81 bn) and Revenue Reserves of Rs. 56.43 bn (2024 - Rs. 47.90 bn). The composition of reserves is shown in the Statement of Changes in Equity in the Financial Statements.

6. PROPERTY, PLANT AND EQUIPMENT

Capital expenditure during the year, on Property, Plant and Equipment (including capital work-in- progress), Biological assets and Intangible assets by the Group and the Company amounted to Rs. 21.39 bn (2024 - Rs. 20.32 bn) and Rs. 457.07 mn (2024 - Rs. 423.98 mn) respectively.

Details relating to capital expenditure on Property, Plant and Equipment (including capital work-in-progress), Investment properties, Biological assets, Intangible assets, are given in Notes 13, 15, 16 and 17 to the Financial Statements.

Extents, locations, number of buildings and valuations of the properties of the Group are given in Statement of Value of Real Estate on pages 498 to 501.

7. MARKET VALUE OF FREEHOLD

The freehold land of the Group has in general been subjected to routine revaluation by independent qualified valuers. The most recent revaluations of the lands were carried out in 2025. Details of revaluations, carrying values and market values are provided in Note 13 to the Financial Statements. The Statement on Value of Real Estate on pages 498 to 501 gives details of freehold land held.

8. ISSUE OF SHARES AND DEBENTURES

8.1 Issue of Shares and Debentures by the Company

The Company issued Seventy Million (70,000,000) Listed Rated Unsecured Senior Redeemable Five year (2025/2030) Debentures of Rs. 100/- each totalling to Rs. 7 bn, on 5th May 2025.

No new shares were issued during the Financial year 2024/25.

8.2 Stated Capital and Debentures

The stated capital of the Company, consisting of 750 mn ordinary shares, amounts to Rs. 1,575 mn as at 31st March 2025. There was no change in the stated capital during the year.

In August 2024, the Company redeemed the Thirty Million (30,000,000) Listed Rated Senior Unsecured Redeemable five year (2019/2024) debentures totalling to Rs.3 bn.

9. SHARE INFORMATION

Information relating to earnings, dividend, net assets, market value per share, share trading and distribution of shareholding is given on pages 502 to 504.

10. SUBSTANTIAL SHAREHOLDINGS

10.1 MAJOR SHAREHOLDINGS

Details of the twenty largest shareholders of ordinary shares with the percentage of their respective holdings are given on page 502.

10.2 Public Holding

There were 13,086 (2024 - 15,147) registered shareholders as at 31st March 2025. The percentage of shares held by the public, as per the Colombo Stock Exchange rules being 37.09% (2024 - 37.09%). The Float adjusted market capitalisation as at 31st March 2025 was Rs. 38,112,112,200/-. The distribution schedule of the number of holders is given on page 502.

11. DIRECTORS

11.1 Hayleys PLC

The names of the Directors who held office during the financial year are given below. Their brief profiles appear on pages 46 to 49.

Executive Directors

Mr. A. M. Pandithage (Chairman & Chief Executive)
Mr. S. C. Ganegoda
Mr. H. S. R. Kariyawasan
Mr. L. R. V. Waidyaratne
Mrs. J. Dharmasena
Mr. R. J. Karunarajah

Non-Executive Directors

Mr. K. D. D. Perera (Co-Chairman) (appointed on 01st October 2024)

Dr. H. Cabral, PC (ceased to be the Senior Independent Director on 23rd December 2024)

Mr. K. D. G. Gunaratne (ceased to be an Independent Director on 23rd December 2024)

Senior Independent Director

Mr. M. Y. A. Perera (appointed as the Senior Independent Director on 23rd December 2024)

Independent Non-Executive Directors

Mr. T. A. B. Speldewinde

Mr. P. Y. S. Perera (appointed on 01st April 2024)

Mr. A. J. Alles (appointed on 01st October 2024)

Mr. M. H. Jamaldeen who served as an Independent Non Executive Director resigned from the Board with effect from 14th November 2024.

11.2 Rationale for the appointment of a Senior Independent Director

The Board is of the opinion that due to the diversity of operations of the conglomerate, having business verticals in 14 sectors spanning across 17 countries, the most appropriate arrangement for the Company and the Group would be for the current Chairman and Chief Executive to continue in the role. Accordingly, the Company continues to have a Senior Independent Director in compliance with Section 9.6.3 of the Governance Rules of the Colombo Stock Exchange. Dr. H. Cabral, PC who served as the Senior Independent Director stepped down from the role as he was reclassified as Non Independent due to having served over nine years on the Board. Mr. M. Y. A. Perera was appointed as the Senior Independent Director of the Company.

The role and responsibilities of the Senior Independent Director is given on page 351 in the Statement by the Senior Independent Director.

11.3 Classification of Directors

The basis on which Directors are classified as Independent Non-Executive is discussed in the Corporate Governance Report page 64.

11.4 Re-election/ Re-appointment of Directors

The Nominations and Governance Committee of the Company has recommended that the Chairman and Chief Executive of the Company Mr. A. M. Pandithage who makes an invaluable contribution to the Board and the Company due to his many years of experience, industry knowledge and business acumen is eligible to be re-appointed by the shareholders in terms of section 211 of the Companies Act, notwithstanding the age limit of seventy years stipulated by section 210 of the Companies Act.

In terms of the Articles of Association of the Company which stipulates that one third of the Directors who have served the longest on the Board shall retire at every Annual General Meeting, except the person holding the office of the Chief Executive/ Managing Director and the newly appointed directors, the Nominations and Governance Committee have recommended that Mr. R. J. Karunarajah, Dr. H. Cabral, PC and Mr. M. Y. A. Perera who are due to retire by rotation, are eligible to be re-elected by the shareholders at the Annual General Meeting.

The Nominations and Governance Committee have also recommended that Mr. K. D. D. Perera and Mr. A. J. Alles who were appointed to the Board on 01st October 2024, and who are to be re-elected by the shareholders at the Annual General Meeting in terms of the Articles of Association of the Company, are eligible to be re-elected to the Board.

The Nominations and Governance Committee has ensured that the aforementioned Directors have fulfilled the fit and proper criteria stipulated in the Listing Rules of the CSE. Their profiles are provided in pages 46 to 49. Their other principal commitments and directorships are given in page 46 to 49.

The Board of Directors further confirm that all the Directors have throughout the financial year continuously satisfied the fit and proper assessment criteria stipulated in the Listing Rules of the CSE.

11.5 Board Composition

The Board comprises Thirteen Directors out of which Four are Independent. The Independent Directors have signed the annual declaration and there has been no impairment on their independence. The Company is fully compliant with the requirements of Section 9.8 of the Listing Rules.

11.6 Alternate Directors

No alternate directors were appointed during the year.

11.7 Directors of Subsidiaries

The names of Directors holding office at the end of the financial year in respect of Subsidiaries, grouped under Sectors, are given below. Names of Directors who ceased to hold office during the year are given within brackets.

Annual Report of the Board of Directors

Eco Solutions			
A. M. Pandithage	H. S. R. Kariyawasan	S. C. Ganegoda	M. M. A. R. P. Goonathileke
D. K. De S Wijeyeratne	A. Venugopal	A. R. K. Jayawardena	L. Uralagamage
C. D. Weiland	J. A. M. V. D. Hout	T. Fukushima	Ms. M. Shiraishi
T. Sakakibara	Dr. T. K. D. A. P. Samarasinghe	L. A. K. I. Kodytuakku	S. Fukushima
M. J. S. Rajakariar	H. C. S Mendis	Ms. K. E. Weiland	Ms. K. A. D. B. Perera
Ms. S. Amarasekera, PC	Dr. N. S. J. Nawaratne	R. L. D. K. Gunawardana	(Ms. I. Weiland)
(M. C. Sampath)	(Ms. M. Hirai)	(G. Chapman - Alternate)	
Hand Protection			
A. M. Pandithage	H. S. R. Kariyawasan	R. H. P. Janadheera	S. C. Ganegoda
Ms. K. A. D. B. Perera	S. A. N. Pushpakumara	N. A. R. R. S. Nanayakkara	H. U. A. Fonseka
K. D. G. Gunaratne	Prof. A.P. De Silva	P. Y. S. Perera	D. P. P. Mendis
K. M. D. I. Prasad	M. N. R. Fernando	T. G. Thoradeniya	B. K. C. R. Ratnasiri
Dr. R. M. U. N. Ratnayake	B. A. D. H. C. Mahipala	Ms. A. I. Wanigasekera	T. A. B. Speldewinde
(S. Rajapakse)	(F. Mohideen)		
Purification Products			
A. M. Pandithage	H. S. R. Kariyawasan	B. Balaratnaraja	A. M. Senaratna
S. C. Ganegoda	Ms. M. J. A. S. Abeyratne	M. S. P. Udaya Kumara	M. Wickramasinghe
Ms. K. A. D. B. Perera	K. Karnchanabatr	P. Karnchanabatr	B. P. R. Liyanage
Ms. C. Karnchanabatr	Ms. H. N. N. S. Gunawardana	Y. P. A. S. Pathiratna	B. Karnchanabatr
R. Mapahena	P. Y. S. Perera	I. A. S. L. Athukorala	A. A. M. Caderbhoy
J. Yaurai	T. Karnchanabatr	W. Y. Fei	M. Marques
G. M. G. Gunawarane	R. K. A. Karim	L. Teague	E. Srinivasulu
A. Munevar	G. Dourdin	Ms. A. I. Wanigasekera	A. Karunarathne
M. N. R. Fernando	Ms. S. Raje Singh	T. A. B. Speldewinde	(M. H. Jamaldeen)
(J. D. Naylor)	(S. Rajapakse)	(Dr. S. A. K. Abayawardana)	
Textiles			
A. M. Pandithage	E. R. P. Goonetilleke	S. C. Ganegoda	Ms. K. A. D. B. Perera
H. Somashantha	N. Ekanayake	M. N. R. Fernando	I. B. R. R. Bandara
M. H. Jayasinghe	K. P. C. P. K. Pathirana	J. A. N. R. Adhihetty	T. A. B. Speldewinde
(Ms. S. Amarasekera, PC)	(A. A. Mason)		
Construction Materials			
A. M. Pandithage	D. W. P. N. Dediwela	S. C. Ganegoda	R. P. P. K. Rajapaksha
M. J. S. Rajakariar	A. A. Akbarally	Dr. H. Cabral, PC	D. T. R. De Silva
D. Waduwavala	A. J. Alles	(S. Munaweera)	

Plantations			
A. M. Pandithage	Dr. W. G. R. Rajadurai	A. Weerakoon	S. C. Ganegoda
S. B. Alawattegama	C. V. Cabraal	M. C. B. Talwatte	Malik J. Fernando
S. L. Athukorala	P. A. L. Fernando	Ms. A. I. Wanigasekera	F. Mohideen
N. R. Ranatunge	M. F. M. Ismail	R. J. Karunarajah	N. A. R. R. S. Nanayakkara
Lt. Col. M. Kariyapperuma	K. D. G. Gunaratne	S. P. Peiris	T. A. B. Speldewinde
N. Ekanayake	T. M. Hewagama	S. M. Liyanage	Ms. S. Amarasekera, PC
J. A. Rodrigo	J. D. N. Gunasekera	Ms. H. Randiligama	(Ms. M. D. A. Perera)
(D. C. Fernando)	(A. N. Wickremasinghe)	(M. H. Jamaldeen)	(A. M. J. Fernando - Alternate)
Agriculture			
A. M. Pandithage	Ms. J. Dharmasena	S.C. Ganegoda	A. S. Balasooriya
S. M. Gamage	O. P. K. Chandrasiri	L. N. Abesekara	S. Rajapakse
M. Symons	A. C. Pathirage	G. Olbrechts	S. Kodama
Ms. D. G. Talpahewa	Dr. M. A. S. Mallawaarachchi	S. M. N. S. Samarakoon	S. I. H. M. Rahman
M. Yamahara	S. P. K. Gamage	S. V. A. A. Samarasinghe	K. D. S. Kiriwaththuduwage
H. M. S. Kumara	S. R. Rajapakshe	W. A. A. P. Wanasinghe	H. P. S. V. K. Silva
W. A. S. P. Wanasighe	Dr. S. A. B. Wijeratne	H. M. S. S. Priyankara	N. R. Ranatunga
D. Huang	C. Zhang	X. Zheng	Dianhui Huang
(R. P. A. D. Rajapakse)			
Consumer & Retail			
A. M. Pandithage	J. A. M. W. Jayasekera	S. C. Ganegoda	M. H. Wijewardene
L. R. V. Waidyaratne	M. Y. A. Perera	S. L. Athukorala	D. K. de S. Wijeyeratne
D. Sooriyaarachchi	Ms. K. A. D. B. Perera	K. M. S. P. Herath	K. D. Kospelawatta
A. K. Halambaarachchige	T. M. V. Tennakoon	Ms. D. G. Talpahewa	Ms. H. M. G. De Alwis
D. T. R. De Silva	H. R. K. H. Dharmasena	Ms. K. S. S. B. Jayakody	Ms. W. A. I. Sugathadasa
B. T. L. Mendis	T. A. Amarasuriya	T. M. Hewagama	A. J. Alles
Ms. A. A. K. Amarasinghe	S. D. Seresinhe	D. D. W. Siriwardena	Ms. H. S. De Silva
(M. H. Jamaldeen)	(J. M. J. Perera)	(D. H. Fernando)	
Leisure			
A. M. Pandithage	R. J. Karunarajah	S. C. Ganegoda	Ms. R. N. Ponnambalam
T. M. Hewagama	Ms. W. D. De Costa	T. A. B. Speldewinde	Ms. K. A. D. B. Perera
D. T. R. De Silva	D. L. C. Fernando	R. S. Tissanayagam	K. T. M. De Soysa
P. N. R. Dias	Ms. A. I. Wanigasekera	N. J. De S. Deva-Aditya	Ms. A. A. K. Amarasinghe
S. I. Wijesinghe	Ms. H. D. K. Randliligama	A. J. Alles	(Ms. I. Jamaldeen)
(R. S. W. Dissanayake)	(M. H. Jamaldeen)		

Annual Report of the Board of Directors

Industry Inputs, Power and Energy			
A. M. Pandithage	J. A. W. M. Jayasekera	S. C. Ganegoda	Ms. W. A. I. Sugathadasa
M. Y. A. Perera	Dr. W. G. R. Rajadurai	C. Kapugeekiyana	Malik J. Fernando
S. M. H. C. Jayasiri	H. A. Wijayananda	D. Rangalle	H. Akbarally
M. Najmudeen	P. M. Hirdaramani	L. R. V. Waidyaratne	K. B. M. I. Perera
A. A. Akbarally	H. C. Prematillake	M. Rahman	Ms. K. S. S. B. Jayakody
R. M. S. Fernando	S. B. Alawattegama	Ms. V. Perera	Dr. Md. Z. H. Tutul
V. Hirdaramani	I. G. P. Gamage	T. M. Hewagama	J. Ileperuma
W. R. Kaluarachchi	H. H. Abdulhusein - Alternate	(Dr. C. L. B. Pethiyagoda)	
Projects and Engineering			
A. M. Pandithage	S. C. Ganegoda	M. Y. A. Perera	H. P. G. S. E. M. De Alwis
H. C. Prematillake	R. S. S. Perera	P. B. J. Gunawardana	J. M. J. Perera
Ms. G. P. Kee	T. M. Hewagama	Ms. R. Dhamaratne	(T. G. Thoradeniya)
Transportation & Logistics			
A. M. Pandithage	L. R. V. Waidyaratne	S. C. Ganegoda	M. Y. A. Perera
Dr. A. B. Ratnayake	Ms. E. M. C. S. Gamage	A. M. Senaratna	M. I. S. Sabar
K. P. Katulanda	C. James	D. Rangalle	A. R. Jowhersha
H. A. H. Rodrigo	P. J. Jayanetti	M. S. M. Rizan	S. Karunaratne
C. I. J. Charles	J. C. Anandappa	A. Saaid	R. Hassan
Capt. P. L. Cumaratunga	W. D. K. de Silva	S. N. Wickremesooriya	I. S. Jayathilaka
M. A. J. Ranatunge	M.A. Muttalib	J. Mathew	R. A. Perera
J. G. Victoria	T. S. D. Peiris	C. K. de Zoysa	Ms. C. R. K. Bandara
R. P. Edirisinghe	K. D. Wimalaratne	W. Y. Fei	C. Gazara
T. Vaseeharan	G. Ramakrishnan	D. T. L. Sanjeewa	R. S. Ramakrishnan
S. Djohan	W. W. J. L. Fernando	M. P. Punchihewa	M. Nabeel
L. Senanayake	I. A. V. A. Perera	N. P. Samarasinghe	Mrs. I. Shaheen
R. L. Karunartne	C. N. J. Gunawardena	S. I. Ramakrishnan	K. Celly
K. S. R. Abrew	S. K. J. Wijayasinghe	A. Govindan	M. M. Hossain
S. E. J. Abeysundere	K. Abeywickrama	R. K. Sirinivasan	J. D. F. Peries
A. A. Djohan	J. R. U. De Silva	S. I. S. M. H. S. Alhashimi	Ms. V. Jayasundera
T. Hanajima	R. E. Lisapaly	D. H. Lee	H. T. N. Perera
N. B. V. Frils	D. M. S. Thin	D. J. A. Wijesinghe	C. P. De Souza
Ms. S. S. De Silva	K. L. C. Fernando	S. Mahadeva	Ms. Jenny
K. Someya	K. M. A. Fernando	V. V. P. Daluwatte	M. Jianxun
W. S. M. Al Adawi	M. J. C. Renou	H. Sundaram	R. W. P. Polonowita
W. W. D. V. Fernando	Z. Ganfei	J. Stenbank	Y. Shimada
B.P.R. Liyanage	E. B. Mathew	M. A. G. P. Fernando	T.M. Hewagama
K. Furukawa	M. Horiguchi	Y. Emura	M. Sugioka

T. Yamada	W. Shao	G.D. Wijemanne	C. V. B Hulangamuwa
U. L. J. Perera - Alternate	D. A. A. Mon - Alternate	K. O. I. C. Fernando - Alternate	H. Ishizaki - Alternate
(S. F. Abeygoonewardena)	(A. S. Jayatilleke)	(M. Isobe)	(H. Noma)
(S. Munaweera)	(H. R. S. Gunawardena)	(Ms. Z. Yinghui)	(M. S. M. Ibrahim)
(J. Sheriff)			
TEA EXPORTS			
A. M. Pandithage	S. C. Ganegoda	N. R. Ranatunga	Dr. W. G. R. Rajadurai
R. S. Samarasinghe	S. C. Hikkaduwage	A. Weerakoon	N. A. R. S. Nanayakkara
T. M. K. J. Peiris	L. Zhiming	I. K. Gohil	Ms. K. Chavda
C. Jamnadas	S. Sieben	(A. A. Ferst)	
Others			
A. M. Pandithage	S. C. Ganegoda	T. M. Hewagama	Ms. D. G. Talpahewa
M. S. Mohamed	Ms. R. Malewana	A. P. Mathangaweera	M. S. M. S. Samarathunga
G. J. W. De Silva	M. L. K. Somaratne	N. J. C. De Mel	W. A. S. Perera
T. A. B. Speldewinde	Ms. A. W. M. M. Peiris	(M. H. Jamaldeen)	(Dr. H. Cabral, PC)

12. DISCLOSURE OF DIRECTORS' DEALING IN SHARES AND DEBENTURES

Directors' dealings in shares are given under Note 2.6.2 of this report.

Directors' holdings, in ordinary shares of the Company are given on page 503.

None of the Directors hold debentures in Hayleys PLC.

13. EMPLOYEE SHARE OWNERSHIP PLANS

The Company does not operate any share option schemes.

14. DIRECTORS' DISCLOSURE OF INTEREST

Disclosure of interest by the Directors of the Company and its subsidiaries are detailed in Note 2.6 above.

15. RELATED PARTY TRANSACTIONS

The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and the Board of Directors hereby confirm that the Company has complied with the Rules stipulated in Section 09 (14) of the CSE Listing rules. Please also refer page 359 to 360 for RPTRC report.

16. ENVIRONMENTAL PROTECTION

The Group's efforts to conserve scarce and non-renewable resources, as well as its environmental objectives and key initiatives, are described in the Natural Capital on pages 326 to 338.

17. 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 those related to employees have been made on time and that there are no material non compliances with law or regulation and any fines which are material, imposed by any government or regulatory authority in any jurisdiction where the Company and Group have operations.

The declaration relating to statutory payments is made in the Statement of Directors' Responsibilities on page 352.

18. EVENTS AFTER THE REPORTING DATE

No event of material significance that requires adjustment to the Financial Statements, has occurred subsequent to the date of the reporting date, other than those disclosed in Note 35 to the Financial Statements on page 470.

19. GOING CONCERN

The Directors, after considering the financial position, operating conditions, regulatory and other factors including matters addressed in the Corporate Governance Code, have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore the going concern basis has been adopted in the preparation of the Financial Statements.

Annual Report of the Board of Directors

20. EXPOSURE TO RISK

The Group has a structured risk management process in place to support its operations.

The Hayleys Board Audit Committee and the sector Audit Committees play a major role in this process. The Risk Management section of this report elaborates these practices and the Group's risk factors.

21. APPOINTMENT OF AUDITORS

A resolution for the re-appointment of Messrs Ernst & Young, Chartered Accountants, as auditors of the company for the year 2025/26 will be proposed at the Annual General Meeting.

22. AUDITORS' REMUNERATION AND INTEREST IN CONTRACTS

A resolution authorising the Directors to determine their remuneration will be submitted at the Annual General Meeting.

The Auditors, were paid Rs. 3.25 mn (2023/24 - Rs. 2.93 mn), and Rs. 185.7 mn (Rs. 165.61 mn) as audit fees by the Company and its local and oversease Subsidiaries respectively. In addition, they were paid Rs. 2.53 mn (2023/24 - Rs. 0.91 mn) and Rs. 70.30 mn (Rs. 70.54 mn), by the Company and its local and overseas Subsidiaries respectively, for non-audit related work, which consisted mainly of tax consultancy services.

The Auditors of the Company and its Subsidiaries, have confirmed that they do not have any relationships (other than that of Auditor) with, or interests in, the Company or any of its Subsidiaries.

23. RATIOS AND MARKET PRICE INFORMATION

The information relating to equity and debt as required by the listing requirements of the Colombo Stock Exchange are given on pages 502 to 504, and page 18 of this Report.

24. EMPLOYEES & INDUSTRIAL RELATIONS

The Group has a structure and a culture that recognises the aspirations, competencies and commitment of its employees. Career growth and advancement within the Group is promoted.

Details of Group's human resource practices and employee and industrial relationships are given in Social Performance section of the Sustainability Review.

The number of persons employed by the Group at year-end was 38,029 (2024 - 36,266).

25. COMMUNICATION WITH SHAREHOLDERS

The Group endeavours to ensure equitable treatment to its shareholders. The policy on relations with Shareholders and Investors is available on the Company's website: www.hayleys.com. The contact person for communication with Shareholders is also provided in the website and in the Corporate Information page 547 in this Report.

The Board has established a process to make directors aware of any major issues and concerns of shareholders, and it is set out in the Governance Report on page 65.

26. INTERNAL CONTROLS

The Directors acknowledge their responsibility for the Group's system of internal control. The system is designed to give assurance, inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

The Board, having reviewed the system of internal controls, covering financial, operational and compliance controls and risk management and having obtained reasonable assurance on their effectiveness, is satisfied with the Group's adherence to and effectiveness of these controls for the period up to the date of signing the Financial Statements.

27. BOARD SUB COMMITTEES

The Board had established and maintains the following sub committees;

- Audit Committee
- Related Party Transactions Review Committee
- Nominations and Governance Committee
- Remuneration Committee
- Please refer page 354 to 360 for the Board sub committee reports.

28. POLICIES

The Company has established the policies mandated by the Listing Rules of the CSE in addition to other policies of the Company. The policies include Matters relating to Board of Directors, Policy on Board Committees, Policy on Corporate Governance, Nominations and Re-elections, Policy on Internal Code of Business Conduct and Ethics for all Directors and employees including trading in Company shares, Policy on Risk Management and internal controls, Policy on Relations with Shareholders and Investors, Policy on ESG and Sustainability (Hayleys Lifecode), Policy on Control and Management of Company Assets and shareholder investments, Policy on Corporate Disclosures, Policy on Whistle Blowing and Policy on Anti Bribery and Corruption.

These policies are available on the Company's website : www.Hayleys.com

The Company's Policy on Matters relating to Board of Directors, has set out the specific requirements stipulated in Rule 9.5 of the Listing Rules of the CSE and the Company has been compliant with the requirements of the Policy throughout the year.

29. CORPORATE GOVERNANCE

The Corporate Governance requirements stipulated under the Listing Rules of the CSE have been adhered to by the Company. The Corporate Governance Report on pages 54 to 88 discusses this further.

30. DIVIDENDS

The Company paid an interim dividend of Rs. 6/- for the financial year ended 31st March 2025, on 22nd April 2025.

31. ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the registered office No. 400, Deans Road, Colombo 10, Sri Lanka on Monday, 30th June 2025 at 1.00 p.m. The Notice of the Annual General Meeting appears on page 548 to 549.

For and on behalf of the Board

Mohan Pandithage
Chairman & Chief Executive

Sarath Ganegoda
Director

Hayleys Group Services (Private) Limited.
Secretaries

19th May 2025

*Comparative figures are shown in bracket

Chairman & Chief Executive's and Group Chief Financial Officer's Responsibility Statement

The Financial Statements of Hayleys PLC and the Consolidated Financial Statements of the Group as at 31st March 2025 are prepared and presented in compliance with the requirements of the following:

- Sri Lanka Accounting Standards issued by CA Sri Lanka;
- Companies Act No. 07 of 2007;
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
- Listing Rules of the Colombo Stock Exchange;
- Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka;
- Finance Companies Corporate Governance Direction No 05 of 2021 issued by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011.

We confirm that the significant accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied, as described in the Notes to the Financial Statements. The significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and our External Auditors. Having voluntarily adopted the SLFRS S1 and S2 Sustainability Disclosure Standards last year, the Group improved the relevant disclosures in line with its roadmap for achieving full implementation by 2026/27.

We have also taken proper and sufficient care in installing systems of internal control and accounting records to safeguard assets and to prevent and detect frauds as well as other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. Reasonable assurances that the established policies and procedures of the Company have been consistently followed were provided by periodic audits conducted by Group's internal auditors. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent Auditors to review the effectiveness of the audits and to discuss auditing, internal control and financial reporting issues. The Independent Auditors and the Internal Auditors have full and free access to the Audit Committee to discuss any matter of substance.

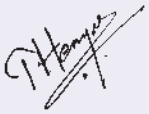
The Financial Statements were audited by independent external auditors, Messers Ernst & Young, Chartered Accountants. Their report is given on pages 362 to 365 of the Annual Report.

The Audit Committee approves the audit and non-audit services provided by the External Auditor, in order to ensure that the provision of such services do not impair their independence.

We confirm that,

- the Company and its subsidiaries have complied with all applicable laws, regulations and prudential requirements;
- there are no material non-compliances; and
- there are no material litigations that are pending against the Group other than those disclosed in the Note 32 to the Financial Statements in this Annual Report.

Mohan Pandithage
Chairman & Chief Executive



Milinda Hewagama
Group Chief Financial Officer

19th May 2025

Statement by the Senior Independent Director

Profile of Mr. M.Y.A. Perera is given on page 48 of this Report.

On 23rd December 2024, I was appointed by the Board as the Senior Independent Director (SID) of the Company, since Dr. H. Cabral, PC who served as the SID was reclassified as Non Independent in accordance with the criteria for independence stipulated in the Governance Rules of the Listing Rules of the Colombo Stock Exchange.

It is a requirement for listed companies to appoint an Independent Director as the SID if the Chairperson is an Executive Director, and /or if the position of the Chairperson and Chief Executive Officer is held by the same person and / or if the Chairperson and the CEO are close family members. These rules are provided in Section 9.6.3 of the Listing Rules and the Code of Best Practice on Corporate Governance 2023 issued by the CA Sri Lanka. In Hayleys PLC, the position of Chairman and Chief Executive is held by the same person and the Chairman is an Executive Director. Due to the complexity of operations in the conglomerate, which has fourteen diverse business sectors and over forty eight overseas companies, the Board has determined that this is the best and most appropriate arrangement for the Company and the Hayleys Group.

ROLE OF THE SENIOR INDEPENDENT DIRECTOR

The SID provides guidance to the Chairman on matters of governance of the Company and the Board. The SID is mandated to ensure highest standards of transparency and calls for a review of the effectiveness of the Board. The SID has to make himself available to any Director or any employee to engage in confidential discussions on the affairs of the Company, should the need arise.

ACTIVITIES DURING THE YEAR

During the year I presided over the meeting of Non-Executive Directors without the presence of the Executive Directors. The performance of the Chairman and the Executive Directors were appraised at this meeting. The Non-Executive Directors expressed their satisfaction on governance matters and the creditable performance of the Chairman who created a conducive environment for unfettered opinions and suggestions. The decisions were unanimous, and I did not need to exercise my voting rights.

A separate meeting was held with only the Independent Directors where we candidly discussed matters relating to the Company and the operation of the Board. The Independent Directors applauded the creditable performance of the Sectors which were well governed and where annual targets were met. They also mentioned areas which needed improvement. As it is my responsibility, the outcome of these meetings together with recommendations were duly informed by me to the Chairman and the Board.

I am pleased to state that the Company as well as the Group follow a policy of strict compliance with mandatory requirements while embracing voluntary adherence, to enhance stakeholder acceptance and drive responsible value creation.

I believe that I have fulfilled the obligations entrusted to the SID in accordance with the Corporate Governance guidelines.

M. Y. A. Perera
Senior Independent Director

19th May 2025

Statement of Directors' Responsibilities

This Statement of Directors' Responsibility is to be read in conjunction with the Report of the Auditors and is made to distinguish the respective responsibilities of the Directors and of the Auditors in relation to the Financial Statements contained in this Annual Report.

The Directors are responsible, under Sections 150 (1), 151, 152 (1), 153 (1) and 153 (2) of the Companies Act No. 07 of 2007 (the Companies Act), to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit and loss of the Company and the Group for the financial year.

The Directors are also responsible, under Section 148, of the Companies Act to ensure that proper accounting records are kept to enable determination of the financial position with reasonable accuracy.

The Directors have taken all reasonable steps to ensure that the Company and its subsidiaries maintain adequate and accurate accounting records which capture all transactions and provide an accurate disclosure of the Company's Financial Position.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgements have been made so that the form and substance of transactions are properly reflected. They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards, the Companies Act. They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS), the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the Company, key operations and specific inquiries, that adequate resources exist to support the Company on a going concern basis over the next year. These Financial Statements have been prepared on that basis.

The Directors have taken proper and sufficient measures to safeguard the assets of the Group and, in that context, have instituted appropriate systems of internal control and accounting records to prevent and detect frauds and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis.

The Directors have confirmed that the Company satisfied the solvency test requirement under Section 56 of the Companies Act for all dividends paid. Auditors' solvency certificates have been obtained as required.

The External Auditors, Messrs Ernst & Young, Chartered Accountants who were re-appointed in terms of the Companies Act were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on pages 362 to 365 sets out their responsibilities in relation to the Financial Statements.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company and its subsidiaries as at the Balance Sheet date have been paid or provided where relevant.

By Order of the Board,

Hayleys Group Services (Private) Limited
Secretaries

19th May 2025

Directors' Statement on Internal Controls

The following statement fulfils the requirement to publish the Directors' Statement on internal control as per the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka.

The Board of Directors is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and Group. This process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board.

The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of Financial Statements for external purposes and is in accordance with relevant accounting principles and regulatory requirements.

The Board has implemented the following to obtain reasonable assurance that proper systems of internal controls are in place:

- Instituted various committees to assist the Board in ensuring the effectiveness of Company's operations and the operations are in accordance with the corporate strategies and annual budget.
- The Group Management Audit and System Review Department (MA & SRD) to review and report on the internal control environment and control procedures in the Company and Group. Audits are carried out on all subsidiaries in accordance with the annual audit plan approved by the Audit Committee.
- Findings are submitted to the relevant sub audit committees for their review at their periodic meetings and the key observations are tabled at the Group Audit Committee for their review.
- The Audit Committee reviews internal control issues identified by the Group MA & SRD and management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit Committee meetings are tabled at the Board meetings of Hayleys PLC.
- The adoption of new Sri Lanka Accounting Standards comprising LKAS and SLFRS, Processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. The Group has implemented the necessary risk monitoring and reporting processes required to comply with the requirements of the SLFRS S1 and S2 and will continue to drive improvements in these processes to ensure full adoption of the Standards by 2026/27.
- The comments made by External Auditors in connection with the internal control system during the financial year 2023/24 were taken into consideration and appropriate steps have been taken to incorporate them where appropriate.

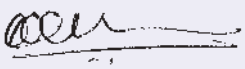
CONCLUSION

The Board having implemented the above is aware that such systems are designed to manage rather than eliminate the risk of failure to achieve business objective and can only provide reasonable and not absolute assurance against material misstatements of loss.

The Board of Directors confirm that the financial reporting system of Hayleys PLC has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards, requirements of the Company's Act No 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

Mohan Pandithage
Chairman & Chief Executive

Sarath Ganegoda
Director



Aravinda Perera
Chairman, Audit Committee

19th May 2025

Audit Committee Report

67%
Independence
(as at end-March 2025)

04
Meetings

Relevance to Strategy
(Portfolio optimisation, ESG integration)

Composition

The Audit Committee, appointed by and responsible to the Board of Directors, comprises four Independent Directors and two Non-Executive Directors.

- Mr. M. Y. A. Perera - Chairman (SID)
- Dr. H. Cabral, PC (NED)
- Mr. K. D. G. Gunaratne (NED)
- Mr. T. A. B. Speldewinde (INED - Appointed w.e.f 16.10.2024)
- Mr. P. Y. S. Perera (INED - Appointed w.e.f 16.10.2024)
- Mr. A. J. Alles (INED - Appointed w.e.f 16.10.2024)
- Mr. M. H. Jamaldeen (INED - Resigned w.e.f. 14.11.2024)

SID - Senior Independent Director
INED - Independent Non-Executive Director
NED - Non-Executive Director

Meeting attendance

Mr. M. Y. A. Perera	3/4
Dr. H. Cabral, PC	4/4
Mr. K. D. G. Gunaratne	3/4
Mr. T. A. B. Speldewinde	3/3
Mr. P. Y. S. Perera	3/3
Mr. A. J. Alles	3/3
Mr. M. H. Jamaldeen	2/2

Brief profiles of each member are given on pages 46 to 49 of this report. Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee's purview.

Company Secretary act as the secretary to the audit committee. The Chairman & Chief Executive, Group Chief Finance Officer and Head – Group Management Audit & System Review attend all the meetings of the Committee by invitation.

CHARTER OF THE AUDIT COMMITTEE

The Audit Committee Charter is periodically reviewed and revised with the concurrence of Board of Directors to make sure that new developments relating to the function of the Committee. The Charter of the Committee was last reviewed and approved by the Board in November 2024. The terms of reference of the Committee are clearly defined in the Charter of the Audit Committee.

'Rules on Corporate Governance' under Listing Rules of corporate governance under Colombo Stock Exchange, 'Code of Best Practice on Corporate Governance' issued by CA Sri Lanka in 2023 and in the case of the subsidiary company, Singer Finance (Lanka) PLC ' Finance Leasing (Corporate Governance) Direction No 05 of 2021 issued by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011', further regulate the composition, roles and functions of the Board Audit Committee.

MEETINGS OF THE AUDIT COMMITTEE

The Committee met on a quarterly basis during the year. The attendance of the members at these meetings is stated in the given table.

Other members of the Board and the Group Management Committee, as well as the External Auditors were present at discussions where it was appropriate. The proceedings of the Audit Committee are regularly reported to the Board of Directors.

THE AUTHORITY OF THE AUDIT COMMITTEE

- Recommend appointment, dismissal, service period and audit fee of the external auditors.
- The audit committee shall establish and maintain a direct communication channel with the external auditors.
- Resolve any issues regarding financial reporting between the management and the external auditor.
- Pre-approve all auditing and non-audit services performed by the external audit firm and internal audit service providers.
- Seek any information it requires from employees or external parties relating to investigations.
- Meet with the management, external auditors as necessary to carry out the assigned duties.

Activities in 2024/25

FINANCIAL REPORTING SYSTEM

The Committee reviewed the financial reporting system adopted by the Group in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards. The methodology included obtaining statements of compliance from Heads of Finance and Directors-in-charge of operating units. The Committee recommended the Financial Statements to the Board for its deliberations and issuance. 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 its members.

INTERNAL AUDITS

The Committee reviewed the process to assess the effectiveness of the Internal Financial Controls that have been designed to provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of Financial Statements.

The Group Management Audit & Systems Review Department reports on key control elements and procedures in Group

companies that are selected according to a group annual audit plan. During year 2024/25, 702 audits were performed covering all 18 verticals of the Group. Significant findings and recommendations together with management's responses of the review of the internal controls carried out by internal auditors and provide recommendations for improvement were obtained.

Internal Audits were outsourced in FY 2024/25 to leading audit firms in line with an agreed annual group audit plan. The Committee also invited representatives from the audit firms to make presentations on their observations and findings.

Follow up reviews were scheduled to ascertain that audit recommendations are being acted upon.

The Committee evaluated the Internal Audit Function covering key areas such as scope, quality of internal audits, independence and resources. The Committee appraised the independence of the Group MA&SRD and other internal auditors, in the conduct of their assignments.

RISK MANAGEMENT

The Committee obtained and reviewed statements from the Heads of Business verticals identifying their respective major Business risks, mitigatory action taken or contemplated for management of these risks. The COSO Enterprise Risk Reporting Process is presently being implemented within the Group.

The Audit Committee also conducted ESG risk assessments during the year, thereby identifying, prioritising and monitoring sustainability-related-risks and opportunities.

Review of the risk management, internal controls, business continuity planning and information security systems are carried out and appropriate remedial actions are recommended to the board.

SUBSIDIARY COMPANY AUDIT COMMITTEES

Within the Hayleys Group there are 18 verticals consisting of 13 listed subsidiaries and 5 unlisted subsidiaries have appointed their own Audit Committees comprising Independent Non-Executive Directors and have met four times each during the year 2024/25. These Audit Committees function independent of the Audit Committee of Hayleys PLC but have similar terms of reference. The minutes of their meetings were made available to Hayleys Audit Committee.

EXTERNAL AUDITS

The Committee held meetings with the External Auditors to review the nature, approach, scope of the audit and the Audit Management Letters of Group Companies. Actions taken by the management in response to the issues raised, as well as the effectiveness of the internal controls in place, were discussed with the heads of business units. Remedial actions were recommended wherever necessary.

The Audit Committee has reviewed the other services provided by the External Auditors to the Group to ensure that their independence as Auditors has not been compromised.

APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee has recommended to the Board of Directors that Messrs Ernst & Young., continued as Auditors for the financial year ending 31st March 2026 after evaluating the scope, delivery of the audit, resources and the quality of the assurance initiatives taken during the year FY 2024/25

COMPLIANCE

The Committee obtained representations from respective CEO's and CFOs of Group Companies on the adequacy of provisions made for possible liabilities and reviewed reports tabled by Group Companies certifying their compliance with relevant statutory requirements. Further, the committee obtained regular updates from Head of HR and Legal regarding compliance matters.

ETHICS AND GOOD GOVERNANCE

The committee continuously emphasized on upholding ethical values of the staff members. In this regard, Code of Ethics, Whistle-Blowers Policies and Anti-corruption policies were put in place and followed educating and encouraging all members of the staff. All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistle- Blowing or identified through other means. The Whistle-Blower Policy guarantees strict confidentiality of the identity of the Whistle-Blowers.

SRI LANKA ACCOUNTING STANDARDS

Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Group companies and made recommendation to the Board of Directors.

Progress of implementation of SLFRS:

The Committee continuously monitored the progress of implementation of SLFRS as per the requirements of Sri Lanka Accounting Standards.

The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals.

The committee has pursued the support of Messers Ernst and Young to assess and review the existing SLFRS policies and procedures adopted by the Group.

SUPPORT TO THE COMMITTEE

The Committee received information and support from management during the year to enable it to carry out its duties and responsibilities effectively.

EVALUATION OF THE COMMITTEE:

The Chairman of the Audit Committee is a member of a recognised professional accounting body. An independent evaluation of the effectiveness of the Committee was carried out by the other members of the Board during the year. Considering the overall conduct of the Committee and its contribution on the overall performance of the group, the Committee has been rated as highly effective.

M. Y. A. Perera
Chairman - Audit Committee

16th May 2025

Nominations and Governance Committee Report

60%
Independence
(as at end-March 2025)

04
Meetings

Relevance to Strategy
(Portfolio optimisation, ESG integration)

Composition

- Mr. M. Y. A. Perera – Chairman, (SID)
- Dr. H. Cabral, PC (NED)
- Mr. T. A. B. Speldewinde (INED)
- Mr. K. D. G. Gunaratne (NED)
- Mr. P. Y. S. Perera (INED)

SID - Senior Independent Director
INED - Independent Non-Executive Director
NED - Non-Executive Director

The Board has an established Nominations and Governance Committee which complies with Section 9 of the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Nominations and Governance issued by CA Sri Lanka. The Committee comprises three Independent Non-Executive Directors including the Senior Independent Director who chairs the Committee, and two Non- Executive Directors. Hayleys Group Services (Private) Limited, the Secretaries of the Company, functions as the Secretary to the Committee.

Dr. H. Cabral PC, stepped down as the Chairman of the Nominations and Governance Committee on 23rd December 2024, when he was re-classified as Non-Independent, since having served over 9 years on the Board. Mr. M. Y. A. Perera, Senior Independent Director was appointed as the Chairman of the Committee on 23rd December 2024.

The Board has approved well-defined terms of reference outlining the Committee's purpose, composition, quorum, authority, responsibilities, and meeting related matters.

DUTIES OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

- To establish and maintain a formal and transparent procedure to evaluate and recommend the appointment of Directors of the Company considering the required skills, experience and qualifications necessary.
- To establish and maintain a set of criteria for selection of Directors such as academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.
- To consider and recommend (or not recommend) the re-election of current Directors taking into account the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.
- To establish and maintain a suitable process for the periodic evaluation of the performance of the Board Directors and the Chief Executive of the Company to ensure their responsibilities are satisfactorily discharged.
- To review the succession plans for Board of Directors and Key Management Personnel.
- To review and recommend the overall corporate governance framework of the Company, taking into account the Listing Rules and other applicable regulatory requirements and industry best practices.
- To review and update the corporate governance policies/ framework in line with regulatory and legal developments relating to same.
- To receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the Securities and Exchange Commission Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.

ACTIVITIES DURING THE YEAR

The Committee reviewed and evaluated the profiles of proposed Directors and recommended their appointment to the Board. The Committee also reviewed the structure and composition of the

Name of member	Date of Appointment to committee	No. of meetings attended
Mr. M. Y. A. Perera	21.04.2023	4/4
Dr. H. Cabral, PC	07.02.2011	4/4
Mr. K. D. G. Gunaratne	01.11.2023	4/4
Mr. T. A. B. Speldewinde	17.05.2024	4/4
Mr. P. Y. S. Perera	23.12.2024	3/3

Board and Board Committees and recommended additions to Committees. Board performance evaluation was carried out and discussed at Board meetings. This entails the evaluation of performance of the Board, its Committees and the performance of the Chief Executive.

The Policies of the Company were reviewed during the year and necessary amendments were incorporated. The Committee ensured that the Policies were uploaded on the Company website. Sub Committee Charters and Terms of Reference were reviewed and amended where necessary. The list of Policies of the Company is given on page 348 of the Report of the Board of Directors.

The Committee also checked the Independence of the Directors against the criteria for independence as set out in the Listing Rules. The Committee ensured that the declaration of independence is carried out by the Independent Directors and concluded that all Independent Directors of the Company meet the criteria for determining independence. The Committee also evaluated all the Directors against the Fit and Proper assessment criteria.

The Committee ensured that Corporate Governance rules stipulated by the Colombo Stock Exchange are adhered to by the Board and the Company throughout the year. It has further established Board diversity by bringing a wide range of experience and skills, age and gender diversity to the Board to make certain that the Board effectively performs its duties.

Newly appointed Directors were inducted to the Board by giving adequate information on the Group companies and their respective local and foreign operations. They were also updated on the Listing Rules on corporate governance and securities market regulations. An update was given to the Board on the Personal Data Protection Act and the Anti-Corruption Act No 9 of 2023 (as amended).

If there are any major issues relating to the Company or the Group, they are informed to the Non-Executive directors and independent Directors by the Chairman.

RE-APPOINTMENTS / RE- ELECTIONS

One Third (1/3) of all the directors, except the Chief Executive and those who have been appointed to the Board since the last Annual General Meeting, retire by rotation in terms of the Articles of Association and being eligible submit themselves for re-election at the Annual General Meeting.

Accordingly, the Committee has recommended to re-elect Mr. R. J. Karunarajah, Dr. H. Cabral PC and Mr. M. Y. A. Perera to the Board at the Annual General Meeting to be held on 30th June 2025, based on their performance and the contribution made to achieve the objectives of the Board.

Mr. R. J. Karunarajah, Executive Director, was appointed to the Board on 1st June 2019, and last re-appointed as a Director in June 2022. His directorships and other principal commitments are given in the profile on page 48. He does not serve on any Board Committees.

Dr. H. Cabral PC, Non-Executive Director, was appointed to the Board 7th February 2011, and last re-appointed as a Director in June 2022. His directorships and other principal commitments are given in the profile on page 47. He serves on the Audit Committee, Nominations and Governance Committee, Related Party Transactions Review Committee and the Remuneration Committee of the Company.

Mr. M. Y. A. Perera, Senior Independent Director, was appointed to the Board on 12th September 2016 and last re-appointed as a Director in June 2022. His directorships and other principal commitments are given in the profile on page 48. He serves as the Chairman of the Audit Committee, Nominations and Governance Committee, Remuneration Committee and as a member of the Related Party Transactions Review Committee of the Company.

Mr. K. D. D. Perera Co-Chairman and Non-Executive Director and Mr. A. J. Alles Independent Non-Executive Director, who were appointed to the Board on 1st October 2024, come up for re-election at the Annual General Meeting.

Mr. K. D. D. Perera Co-Chairman and Non-Executive Director does not serve on any Board Committee of the Company. His profile is given on page 46 which contains his principal commitments..

Mr. A. J. Alles Independent Non-Executive Director serves on the Audit Committee. His profile is given on page 49, which contains his other principal commitments.

Except Mr. K. D. D. Perera who holds 51.01% of the Shareholding of the Company, none of the Directors coming up for re-election or their family members have any relationship with the other directors, or with the Company or with shareholders holding more than 10% of the shares of the Company.

Due to the invaluable contribution made to the Board as a result of his many years of experience, industry knowledge and business acumen, the Committee has recommended to reappoint Mr. A. M. Pandithage, Chairman and Chief Executive who is over seventy years, and who retires in terms of Section 210 of the Companies Act No. 7 of 2007.

The Committee affirms that it has met the Corporate Governance requirements stipulated in the Listing Rules of the Colombo Stock Exchange and further details are given in the Corporate Governance narrative from pages 76 to 81.

M. Y. A. Perera
Chairman - Nominations and Governance Committee

19th May 2025

Remuneration Committee Report

60%
Independence
(as at end-March 2025)

02
Meetings

Relevance to Strategy
(Portfolio optimisation, ESG integration)

Composition

- Mr. M. Y. A. Perera - Chairman, (SID - Appointed as the Chairman of the Committee w.e.f. 23.12.2024)
- Dr. H. Cabral, PC (NED - Stepped down as the Chairman of the Committee w.e.f. 23.12.2024)
- Mr. K. D. G. Gunaratne (NED)
- Mr. T. A. B. Speldewinde (INED - Appointed to the Committee w.e.f. 17.05.2024)
- Mr. P. Y. S. Perera - (INED - Appointed to the Committee w.e.f. 23.12.2024)
- Mr. M. H. Jamaldeen (INED - Resigned w.e.f. 14.11.2024)

SID - Senior Independent Director
INED - Independent Non-Executive Director
NED - Non-Executive Director

Meeting attendance

Mr. M. Y. A. Perera	2/2
Dr. H. Cabral, PC	2/2
Mr. K. D. G. Gunaratne	2/2
Mr. T. A. B. Speldewinde	2/2
Mr. P. Y. S. Perera	2/2
Mr. M. H. Jamaldeen	1/1

With the revision of the Listing Rules in relation to independence of Directors, Dr. H. Cabral PC, who served as the Chairman of the Committee stepped down on 23rd December 2024 to comply with the Listing Rules as he was reclassified as a Non-Independent Non-Executive Director, since he had served on the Board for over nine years. The Board appointed Mr. M. Y. A. Perera, Senior Independent Director as the Chairman of the Remuneration Committee. The Board appointed Mr. P. Y. S. Perera, Independent Director to the Committee on 23rd December 2024.

Mr. M. H. Jamaldeen who served on the Committee resigned on 14th November 2024.

Hayleys Group Services (Private) Limited, the Secretaries of the Company, functions as the Secretary to the Committee.

The Remuneration Committee has well defined Terms of Reference outlining the Committee's, composition, quorum, authority, responsibilities and meeting related matters. The Committee comprises three Independent Non-Executive Directors and two Non-Executive Directors who are free from business, operational, personal or other relationships which may interfere with their independent, unbiased judgement.

RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

The Committee is responsible to the Board to determine the policy of the remuneration package of the Directors and Senior Management.

The Committee evaluates, assesses and recommends to the Board of Directors on matters that may affect Human Resources Management of the Company and specifically include;

- Review and approve the Remuneration Policy of the Company and its specific application to the Directors and Senior Management.
- Review the process of determination of the compensation of the Chief Executive, Executive Directors and Senior Management .
- Review and approve guidelines, policies and parameters for the compensation structures for Senior Management of the Company.
- Evaluate the performance of the Chairman & Chief Executive and Senior Management against the predetermined targets and goals.
- Review information related to Executive Directors' and Senior Management pay from time to time to ensure same is in par with the market/industry rates.
- Approve the guidelines and parameters for annual salary increments and bonuses.

REMUNERATION POLICY

The remuneration policy of the Company is to attract, motivate and retain a highly qualified and experienced executive team, and reward performance accordingly in the backdrop of industry norms. These compensation packages provide compensation appropriate for each business within the Company and commensurate with each employee's level of expertise and contributions, bearing in mind the business' performance and shareholder returns.

The remuneration packages which are linked to individual performances are aligned with the Companies short term and long-term strategy.

Non-Executive Directors receive a fee for serving on the Board and serving on sub committees. They do not receive any performance related incentive payments.

ACTIVITIES IN 2024/2025

During the year the Committee reviewed the performance of the Chairman and Chief Executive, Executive Directors and Senior Management based on the targets set in the previous year. The Committee also reviewed Chief Executive's, Executives Directors, and Senior Management's compensation packages and implemented market corrections to total compensation packages in line with the market median.

The aggregate remuneration of the Executive and Non-Executive Directors for the financial year amounted to Rs. 5.17 bn.

M.Y.A. Perera
Chairman – Remuneration Committee

19th May 2025

Related Party Transactions Review Committee Report

60%
Independence
(as at end-March 2025)

04
Meetings

Relevance to Strategy
(Portfolio optimisation, ESG integration)

Composition

- Mr. P. Y. S. Perera - Chairman (INED - Appointed as the Chairman of the Committee w.e.f. 23.12.2024)
- Dr. H. Cabral, PC (NED - Stepped down as the Chairman of the Committee w.e.f. 23.12.2024)
- Mr. M. Y. A. Perera (SID)
- Mr. T. A. B. Speldewinde (INED - Appointed to the Committee w.e.f. 17.05.2024)
- Mr. K. D. G. Gunaratne (NED - Appointed to the Committee w.e.f. 23.12.2024)
- Mr. S. C. Ganegoda (ED - Stepped down as a member of the Committee w.e.f. 23.12.2024)

SID - Senior Independent Director
INED - Independent Non-Executive Director
NED - Non-Executive Director
ED - Executive Director

Meeting attendance

Mr. P. Y. S. Perera	2/2
Dr. H. Cabral, PC	4/4
Mr. M. Y. A. Perera	3/4
Mr. T. A. B. Speldewinde	4/4
Mr. K. D. G. Gunaratne	2/2
Mr. S. C. Ganegoda	2/2

The Board has an established Related Party Transactions Review Committee (RPTRC) which complies with Section 9 of the Listing Rules of Colombo Stock Exchange and the terms of the Code of Best Practice on Related Party Transactions issued by CA Sri Lanka. The Committee comprises three Independent Non-Executive Directors and two Non- Executive Directors.

With the revision of the Listing Rules in relation to independence of Directors, Dr. H. Cabral PC, who served as the Chairman of the Committee stepped down on 23rd December 2024 to comply with the Listing Rules as he was reclassified as a Non-Independent Non-Executive Director, since he had served on the Board for over nine years. The Board appointed Mr. P. Y. S. Perera, Independent Non-Executive Director as the Chairman of the RPTRC on 23rd December 2024. Mr. S. C. Ganegoda, Executive Director, relinquished his position as a member of the RPTRC in order for the Committee to align with Section D.5.2 of the Code of Best Practice on Corporate Governance 2023, and the Board appointed Mr. K. D. G. Gunaratne, Non Executive Director, to the Committee on 23rd December 2024.

The Chairman, the Group Chief Financial Officer, Group Head of Legal and HR, and any other officers as may be required by the Committee attend the meetings by invitation.

Hayleys Group Services (Private) Limited, acts as the Secretaries to the Committee. The minutes of the RPTRC meetings are tabled at the Board meetings, thereby providing the Directors access to the deliberations of the Committee.

THE DUTIES OF THE COMMITTEE

- To review in advance all proposed related party transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information the Committee requires from the Management, employees or external parties with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary, including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Meet with the Management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent/ non-recurrent related party transactions
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining competent independent advice from independent professional experts with regard to the value of the substantial asset of the related party transaction.
- To ensure that there is an adequate and effective process in place to capture information which is relevant to its review function.

COMMITTEE ACTIVITIES

During the year the RPTRC reviewed the related party transactions and their compliances of Hayleys PLC and its Group Companies (other than listed companies

Related Party Transactions Review Committee Report

within the Group), and communicated the comments and observations to the Board of Directors and relevant companies.

The Committee in its review process recognised the adequacy of the content and quality of the information forwarded to its members by the Management.

Policy and Terms of Reference

The Committee strengthened the Policy and Terms of Reference for the RPTRC with the approval of the Board. The Terms of Reference set forth the procedure to identify related parties and the process of reporting the transactions with related parties to the RPTRC on a quarterly basis. The Policy outlines the composition of the Committee, meeting procedures and the responsibilities of the Committee. It also specifies the approval processes and disclosure requirements, including market announcements and Annual Report disclosures. The Policy guides the Committee and makes them responsible for ensuring that no director or major shareholder takes advantage of their position to the detriment of the interest of minority shareholders.

DISCLOSURES

A detailed disclosure of all the related party transactions including recurrent and non-recurrent 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 38 to the financial statements given in pages 471 to 475 to this report.

DECLARATION

A declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears on the report of the Board of Directors on page 347 of this Annual Report.

P. Y. S. Perera
Chairman - Related Party Transactions Review Committee

16th May 2025

Financial Statements

An Illuminating Potential

We're equipped with the right mechanisms to achieve exponential growth – as we expertly navigate a complex, competitive world, and explore a future of endless possibilities.

Foxfire is a natural phenomenon through which certain fungi produce a soft, radiant light, in order to expand its presence and attract opportunities for growth. This enchanting glow provides clarity even in the darkest environments, enabling the species to serve as an enduring beacon; an unwavering source of guidance that shines amid an environment characterised by uncertainty and obscurity. It represents impactful growth, and a future of transformation – as well as the promise of the potential to thrive in the most unlikely conditions.

FINANCIAL CALENDAR 2024/25

1st Quarter Report	13th August 2024
2nd Quarter Report	13th November 2024
3rd Quarter Report	13th February 2025
4th Quarter Report	19th May 2025
Annual Report 2024/25	05th June 2025
74th Annual General Meeting	30th June 2025
Interim Dividend	22nd April 2025

Independent Auditor's Report

Shape the future with confidence

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Chartered Accountants
Rotunda Towers
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TO THE SHAREHOLDERS OF HAYLEYS PLC

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Hayleys PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2025 , and the statement of profit or loss, the statement of comprehensive income, 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 31 March 2025, and of their financial performance and 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.

Key audit matter	How our audit addressed the key audit matter
Revenue	
The Group's revenue for the year amounted to Rs. 492.20 billion and was derived from diverse industry segments as disclosed in Notes 3.22 and 6 to the financial statements. Revenue was a key audit matter due to; • the materiality of the revenue reported and the significance of the amounts generated from industry specific sales arrangements for products and services; and • the considerations to be made on terms attached to sales arrangements, particularly relating to the timing of transferring control over goods sold and services provided.	Our audit procedures included the following key procedures: • obtained an understanding of the nature of revenue contracts entered in to by the industry segments of the Group • assessed whether the accounting policy for revenue recognition for each industry segment has been appropriately applied. • tested the relevant key controls over revenue. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the most significant IT systems relevant to revenue. • performed analytical procedures to understand and assess the reasonableness of the reported revenues.

Key audit matter	How our audit addressed the key audit matter

	• tested revenue transactions to sales contracts and other supporting documents. Our procedures included testing:
	  • revenue transactions at the year-end to determine whether transactions have been recorded in the proper period and to the proper accounts; In particular, we tested how terms of specific sales arrangements for products and services were considered within the revenue recognition process, and
	  • journal entries recognised to revenue.
	• We also assessed the adequacy of the related disclosures set out in Notes 3.22 and 6 to the financial statements.

Carrying value of inventories	
As of the reporting date, the carrying value of inventories of the Group amounted to Rs. 91.94 billion net of provision of Rs. 8.328 billion as disclosed in Note 21 to the financial statements. Carrying value of inventories was a key audit matter due to; • materiality of the reported inventory balance which represented 18% of the Group's total assets as of the reporting date; • the existence of diverse industry specific inventories; and the use of significant management judgement over identifying inventories requiring write down to net realizable value (NRV) and in the determination of the provision, as disclosed in Notes 5.6 and 21 to the financial statements.	Our audit procedures to address this area of focus included the following: • obtained an understanding of inventories maintained by industry segments, together with key processes and controls relating to inventories; • observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported • tested whether inventories were stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices; • assessed the reasonableness of judgements applied by management in the write down of inventories to NRV and estimation of the provision for inventories. Our procedures included testing the completeness and accuracy of inventory age reports used as a basis to estimate the provision. We also assessed the adequacy of disclosures made in relation to the measurement of inventories in Notes 5.6 and 21 to the financial statements.
Impairment allowance for current and non-current trade and other receivables in the Consumer & Retail segment of the Group	

The Group has recognised an allowance for expected credit losses of Rs. 7.24 billion for current and non-current trade and other receivables as disclosed in Note 22 in the financial statements. The allowance recorded in the Consumer and Retail segment of the Group amounts to Rs. 4.29 billion.
The impairment allowance for current and non-current trade and other receivables in the Consumer & Retail segment of the Group was a key audit matter due to;
• the degree of judgements, significance of assumptions and level of estimation uncertainty associated with estimating future cash flows management expects to receive from such financial assets.
• the materiality of the reported amount of Allowances for expected credit losses.
	Our audit procedures included the following:
	• We evaluated the competence and independence of the firm of chartered accountants performing the component audit of the Consumer and Retail segment.
	• With the involvement of component auditors where relevant, we
	  • assessed the appropriateness of the selection of accounting policies based on the requirements of the SLFRS 09, business understanding and industry practice
	  • evaluated the appropriateness of the management approach over the application and use of practical expedients applied for SLFRS 9
	  • assessed management's processes, systems and controls implemented over impairment assessment, including the completeness, accuracy and relevance of data used

Independent Auditors' Report

Key audit matter	How our audit addressed the key audit matter
Such assumptions, judgements and estimates include incorporation of forward-looking information such that expected cashflows reflect current and anticipated future external factors.	• assessed the logics and compilation of the overdue information of loans and advances, finance lease receivables and hire purchases, • evaluated the appropriateness of the assumptions used based on knowledge and information of the client and the industry and assessed whether the macro-economic factors have been used with the latest available information to assess that the latest economic forecasts have been used, and • tested the mathematical accuracy of models applied and post-model adjustments. We have also assessed the adequacy of the disclosures made in Note 3.9 and Note 22 in the financial statements.

Other Information included in the 2025 Annual Report

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 the 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 internal controls of the Company and the Group.

- 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.

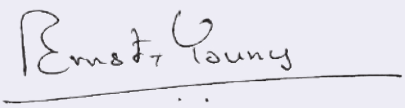
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken 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 2440.



19 May 2025
Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, 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, Ms. N A De Silva FCA, 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 ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

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

A member firm of Ernst & Young Global Limited

Statement of Profit or Loss

For the year ended 31st March	Notes	CONSOLIDATED		COMPANY	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Revenue	6	492,201,092	436,732,127	637,020	619,987
Cost of sales		(369,711,417)	(322,427,055)	(576,521)	(559,029)
Direct interest cost		(4,177,595)	(4,792,620)	-	-
Gross profit		118,312,080	109,512,452	60,499	60,958
Group dividend		-	-	5,749,182	5,398,957
Other income	7	5,063,926	3,495,439	846	640
Distribution expenses		(17,925,158)	(15,564,415)	-	-
Administrative expenses		(56,613,478)	(54,651,133)	1,662,769	770,121
Other expenses	8	(1,070,435)	(69,483)	-	(365)
Results from operating activities		47,766,935	42,722,860	7,473,296	6,230,311
Finance income	9	6,962,801	9,907,736	124,169	119,362
Finance cost	9	(19,106,258)	(27,150,052)	(3,288,357)	(4,738,806)
Net finance cost		(12,143,457)	(17,242,316)	(3,164,188)	(4,619,444)
Change in fair value of investment properties	15	112,999	92,813	550	3,700
Share of profit of equity accounted investees (net of tax)	18	237,074	159,205	-	-
Value added tax on financial services		(600,530)	(396,855)	-	-
Profit before tax	10	35,373,021	25,335,707	4,309,658	1,614,567
Tax expense	11	(12,860,429)	(10,488,984)	(318,098)	(280,662)
Profit for the year		22,512,592	14,846,723	3,991,560	1,333,905
Profit for the period attributable to:					
Owners of the parent		13,449,129	6,888,770	3,991,560	1,333,905
Non-controlling interest		9,063,463	7,957,953	-	-
Profit for the year		22,512,592	14,846,723	3,991,560	1,333,905
Earnings per share					
Basic - (Rs.)	12	17.93	9.19	5.32	1.78
Diluted - (Rs.)	12	17.93	9.19	5.32	1.78
Dividend per share (Rs.)	12			6.00	5.35

Notes from Pages 377 to 486 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

Statement of Comprehensive Income

For the year ended 31st March	Notes	CONSOLIDATED 2025 Rs.'000	CONSOLIDATED 2024 Rs.'000	COMPANY 2025 Rs.'000	COMPANY 2024 Rs.'000
Profit for the year		22,512,592	14,846,723	3,991,560	1,333,905
Other comprehensive income					
Items that will not be reclassified subsequently to the Statement of Profit or Loss					
Revaluation of lands	13	6,524,296	-	-	-
Actuarial loss on employee benefit obligations	28	(574,599)	(1,087,193)	(170,917)	(13,933)
Net change on equity instruments designated at fair value through other comprehensive income		1,567	152	-	-
Tax on other comprehensive income	11	(1,876,526)	313,539	7,691	627
Items that will be reclassified subsequently to the Statement of Profit or Loss					
Net exchange differences on translation of foreign operations		(255,922)	(3,881,649)	-	-
Net gain on cash flow hedges		618,242	1,141,742	-	-
Share of other comprehensive income of equity accounted investees		21,213	(377,797)	-	-
Total Other comprehensive income for the year, net of tax		4,458,271	(3,891,206)	(163,226)	(13,306)
Total comprehensive income for the year, net of tax		26,970,863	10,955,517	3,828,334	1,320,599
Total comprehensive income for the year attributable to:					
Owners of the parent		17,536,514	4,920,051	3,828,334	1,320,599
Non- controlling interest		9,434,349	6,035,466	-	-
		26,970,863	10,955,517	3,828,334	1,320,599

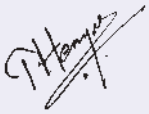
Notes from Pages 377 to 486 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

Statement of Financial Position

As at 31st March	Notes	CONSOLIDATED 2025 Rs.'000	CONSOLIDATED 2024 Rs.'000	COMPANY 2025 Rs.'000	COMPANY 2024 Rs.'000
Assets					
Non-current assets					
Property, plant & equipment	13	153,768,783	133,789,861	912,325	572,936
Right-of-use assets	14	15,147,537	11,733,876	-	63,832
Investment properties	15	2,192,662	2,041,561	99,000	98,450
Biological assets	16	1,651,025	1,506,271	-	-
Intangible assets	17	16,219,878	16,165,508	69,306	56,108
Investments in subsidiaries	18	-	-	41,379,421	39,743,166
Investments in equity accounted investees	18	2,747,620	2,718,502	1,504,863	1,504,863
Other non-current financial assets	19	462,204	395,960	42,000	42,000
Non-current trade and other receivables	22	19,288,757	12,052,092	-	808,000
Other non-current assets	20	1,042,556	952,191	-	-
Deferred tax assets	27	4,037,389	3,362,617	21,497	66,335
Amounts due from subsidiaries	38	-	-	1,283,847	-
Total non-current assets		216,558,411	184,718,439	45,312,259	42,955,690
Current assets					
Inventories	21	91,940,308	85,202,934	32,756	36,423
Amounts due from subsidiaries	38	-	-	4,778,305	5,379,688
Amounts due from equity accounted investees	38	147,999	169,803	43,596	7,585
Trade and other receivables	22	139,429,685	112,832,350	61,757	55,038
Other current assets	20	8,125,669	6,269,054	35,790	70,297
Income tax recoverable	30	1,336,907	1,144,362	-	-
Other current financial assets	19	1,502,311	2,176,135	26,152	19,960
Short term deposits		27,358,471	21,356,037	1,864,684	505,529
Cash in hand and at bank		24,292,764	28,175,378	1,115,433	328,528
Total current assets		294,134,114	257,326,053	7,958,473	6,403,048
Total assets		510,692,525	442,044,492	53,270,732	49,358,738
Equity and liabilities					
Stated capital	23	1,575,000	1,575,000	1,575,000	1,575,000
Capital reserves		975,906	870,062	13,226	13,226
Other components of equity		34,166,542	29,821,606	-	-
Revenue reserves		56,424,777	47,896,325	9,546,882	10,179,300
Total equity attributable to equity holders of the company		93,142,225	80,162,993	11,135,108	11,767,526
Non-controlling interest		50,950,117	45,367,092	-	-
Total equity		144,092,342	125,530,085	11,135,108	11,767,526

As at 31st March	Notes	CONSOLIDATED		COMPANY	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Non-current liabilities					
Interest-bearing borrowings	25	71,659,099	56,654,168	19,313,834	14,375,000
Grants	26	874,113	913,021	-	-
Deferred tax liabilities	27	14,079,676	11,458,489	-	-
Security deposits	24	1,894,630	1,560,728	-	-
Other non-current liabilities	29	1,705,052	1,750,010	-	-
Other non-current financial liabilities	19	6,406,999	3,252,235	-	-
Employee benefit obligations	28	16,103,974	15,262,465	1,222,508	1,896,112
Total non-current liabilities		112,723,543	90,851,116	20,536,342	16,271,112
Current liabilities					
Trade and other payables	29	84,357,278	76,689,226	4,810,007	4,877,641
Other current liabilities	29	7,815,062	7,128,127	85,680	89,090
Deferred revenue	29	2,122,739	3,625,769	-	-
Other current financial liabilities	19	21,907,141	18,927,276	-	-
Amounts due to subsidiaries	38	-	-	619,622	388,352
Amounts due to equity accounted investees	38	21,068	465	-	385
Income tax payable	30	4,902,222	4,063,743	113,218	112,102
Current portion of long term interest-bearing borrowings	25	30,924,584	27,160,079	6,899,333	10,005,604
Short-term interest-bearing borrowings	31	101,826,546	88,068,606	9,071,422	5,846,926
Total current liabilities		253,876,640	225,663,291	21,599,282	21,320,100
Total liabilities		366,600,183	316,514,407	42,135,624	37,591,212
Total equity and liabilities		510,692,525	442,044,492	53,270,732	49,358,738

Notes from Pages 377 to 486 form an integral part of these Financial Statements. Figures in brackets indicate deductions.
These Financial Statements have been prepared in compliance with the requirements of Companies Act No. 7 of 2007.



Milinda Hewagama
Group Chief Financial Officer

The Directors are responsible for these Financial Statements.

Signed for and on behalf of the Board.

Mohan Pandithage
Chairman & Chief Executive

Sarath Ganegoda
Director

19th May 2025

Statement of Changes in Equity

For the year ended 31st March 2025		Capital Reserves		Other components	
Consolidated	Stated capital Rs.'000	Reserve on scrip issue Rs.'000	Other capital reserve Rs.'000	Revaluation reserve Rs.'000	Fair value reserve of financial assets at FVOCI Rs.'000
Balance as at 01st April 2024	1,575,000	175,688	694,374	22,841,994	27,881
Profit for the year	-	-	-	-	-
Other comprehensive income					
Net exchange differences on translation of foreign operations	-	-	-	-	-
Share of other comprehensive income of equity accounted investees	-	-	-	-	-
Net gain on cash flow hedges	-	-	-	-	-
Net change on equity instruments designated at fair value through other comprehensive income	-	-	-	-	1,681
Realised gain on timber	-	-	-	-	-
Revaluation of land	-	-	-	5,840,420	-
Actuarial loss on employee benefit obligations	-	-	-	-	-
Tax on other comprehensive income	-	-	-	(1,754,011)	(504)
Total other comprehensive income	-	-	-	4,086,409	1,177
Total comprehensive income for the year	-	-	-	4,086,409	1,177
Transactions with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	-	-
Unclaimed dividend-write back	-	-	-	-	-
Transfers	-	2,475	119,251	-	-
Total contributions by and distributions to owners	-	2,475	119,251	-	-
Changes in ownership interests in subsidiaries					
Adjustment on changes to non-controlling interest in subsidiaries	-	223	(16,105)	9,517	(923)
Acquisition of/ investment in subsidiaries	-	-	-	-	-
Total changes in ownership interests in subsidiaries	-	223	(16,105)	9,517	(923)
Total transactions with owners	-	2,698	103,146	9,517	(923)
Balance as at 31st March 2025	1,575,000	178,386	797,520	26,937,920	28,135

Notes from Pages 377 to 486 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

	of equity		Revenue Reserves						
	Cash flow hedge reserve	Foreign currency translation reserve	General reserve	Timber reserve	Bearer Biological reserve	Retained earnings	Shareholders' funds	Non-controlling interest	Total equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	(1,310,768)	8,262,499	2,289,353	212,827	14,544	45,379,601	80,162,993	45,367,092	125,530,085
	-	-	-	33,529	3,637	13,411,963	13,449,129	9,063,463	22,512,592
	-	(332,281)	-	-	-	-	(332,281)	76,359	(255,922)
	-	21,472	-	-	-	(260)	21,212	1	21,213
	565,182	-	-	-	-	-	565,182	53,060	618,242
	-	-	-	-	-	-	1,681	(114)	1,567
	-	-	-	(6,615)	-	6,615	-	-	-
	-	-	-	-	-	-	5,840,420	683,876	6,524,296
	-	-	-	-	-	(248,863)	(248,863)	(325,736)	(574,599)
	-	-	-	-	-	(5,451)	(1,759,966)	(116,560)	(1,876,526)
	565,182	(310,809)	-	(6,615)	-	(247,959)	4,087,385	370,886	4,458,271
	565,182	(310,809)	-	26,914	3,637	13,164,004	17,536,514	9,434,349	26,970,863
	-	-	-	-	-	(4,500,000)	(4,500,000)	(4,207,056)	(8,707,056)
	-	-	-	-	-	79,450	79,450	9,096	88,546
	-	-	(1,502)	-	-	(120,224)	-	-	-
	-	-	(1,502)	-	-	(4,540,774)	(4,420,550)	(4,197,960)	(8,618,510)
	(7,842)	2,225	2,746	-	-	(126,573)	(136,732)	(8,792)	(145,524)
	-	-	-	-	-	-	-	355,428	355,428
	(7,842)	2,225	2,746	-	-	(126,573)	(136,732)	346,636	209,904
	(7,842)	2,225	1,244	-	-	(4,667,347)	(4,557,282)	(3,851,324)	(8,408,606)
	(753,428)	7,953,915	2,290,597	239,741	18,181	53,876,258	93,142,225	50,950,117	144,092,342

Statement of Changes in Equity

For the year ended 31st March 2024		Capital Reserves		Other components	
Consolidated	Stated capital Rs.'000	Reserve on scrip issue Rs.'000	Other capital reserve Rs.'000	Revaluation reserve Rs.'000	Fair value reserve of financial assets at FVOCI Rs.'000
Balance as at 01st April 2023	1,575,000	175,688	584,656	22,996,507	30,951
Profit for the year	-	-	-	-	-
Other Comprehensive income					
Net exchange differences on translation of foreign operations	-	-	-	-	-
Share of other comprehensive income of equity accounted investees	-	-	-	-	-
Net gain on cash flow hedges	-	-	-	-	-
Net change on equity instruments designated at fair value through other comprehensive income	-	-	-	-	241
Realised gain on timber	-	-	-	-	-
Actuarial loss on employee benefit obligations	-	-	-	-	-
Tax on other comprehensive income	-	-	-	-	-
Total other comprehensive income	-	-	-	-	241
Total comprehensive income for the year	-	-	-	-	241
Transactions with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	-	-
Transfers	-	-	113,838	-	(3,035)
Total contributions by and distributions to owners	-	-	113,838	-	(3,035)
Changes in ownership interests in subsidiaries					
Adjustment on changes to non-controlling interest in subsidiaries	-	-	(4,120)	(154,513)	(276)
Acquisition of subsidiaries	-	-	-	-	-
Total changes in ownership interests in subsidiaries	-	-	(4,120)	(154,513)	(276)
Total transactions with owners	-	-	109,718	(154,513)	(3,311)
Balance as at 31st March 2024	1,575,000	175,688	694,374	22,841,994	27,881

Notes from Pages 377 to 486 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

	of equity		Revenue Reserves						
	Cash flow hedge reserve	Foreign currency translation reserve	General reserve	Timber reserve	Bearer Biological reserve	Retained earnings	Shareholders' funds	Non-controlling interest	Total equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	(2,347,147)	10,784,202	2,292,160	161,651	17,951	42,658,685	78,930,304	43,776,353	122,706,657
	-	-	-	53,041	(3,407)	6,839,136	6,888,770	7,957,953	14,846,723
	-	(2,141,522)	-	-	-	-	(2,141,522)	(1,740,127)	(3,881,649)
	-	(377,335)	-	-	-	(474)	(377,809)	12	(377,797)
	1,025,707	-	-	-	-	-	1,025,707	116,035	1,141,742
	-	-	-	-	-	-	241	(89)	152
	-	-	-	(1,865)	-	1,865	-	-	-
	-	-	-	-	-	(659,665)	(659,665)	(427,528)	(1,087,193)
	-	-	-	-	-	184,329	184,329	129,210	313,539
	1,025,707	(2,518,857)	-	(1,865)	-	(473,945)	(1,968,719)	(1,922,487)	(3,891,206)
	1,025,707	(2,518,857)	-	51,176	(3,407)	6,365,191	4,920,051	6,035,466	10,955,517
	-	-	-	-	-	(4,012,500)	(4,012,500)	(4,218,460)	(8,230,960)
	-	-	-	-	-	(110,803)	-	-	-
	-	-	-	-	-	(4,123,303)	(4,012,500)	(4,218,460)	(8,230,960)
	10,672	(2,846)	(2,807)	-	-	479,028	325,138	(372,000)	(46,862)
	-	-	-	-	-	-	-	145,733	145,733
	10,672	(2,846)	(2,807)	-	-	479,028	325,138	(226,267)	98,871
	10,672	(2,846)	(2,807)	-	-	(3,644,275)	(3,687,362)	(4,444,727)	(8,132,089)
	(1,310,768)	8,262,499	2,289,353	212,827	14,544	45,379,601	80,162,993	45,367,092	125,530,085

Statement of Changes in Equity

For the year ended 31st March Company	Stated capital Rs.'000	Capital Reserve Other capital reserve Rs.'000	Revenue Reserve General reserve Rs.'000	Revenue Reserve Retained earnings Rs.'000	Total Rs.'000
Balance as at 01st April 2024	1,575,000	13,226	382,087	9,797,213	11,767,526
Profit for the year	-	-	-	3,991,560	3,991,560
Other comprehensive income					
Actuarial loss on employee benefit obligations	-	-	-	(170,917)	(170,917)
Tax on other comprehensive income	-	-	-	7,691	7,691
Total other comprehensive income	-	-	-	(163,226)	(163,226)
Total Comprehensive income for the year	-	-	-	3,828,334	3,828,334
Transactions with owners, recorded directly in equity					
Unclaimed dividend - write back	-	-	-	39,248	39,248
Dividends to equity holders	-	-	-	(4,500,000)	(4,500,000)
Total contributions by and distributions to owners	-	-	-	(4,460,752)	(4,460,752)
Total transactions with owners	-	-	-	(4,460,752)	(4,460,752)
Balance as at 31st March 2025	1,575,000	13,226	382,087	9,164,795	11,135,108
Balance as at 01st April 2023	1,575,000	13,226	382,087	12,489,114	14,459,427
Profit for the year	-	-	-	1,333,905	1,333,905
Other Comprehensive income					
Actuarial loss on employee benefit obligations	-	-	-	(13,933)	(13,933)
Tax on other comprehensive income	-	-	-	627	627
Total other comprehensive income	-	-	-	(13,306)	(13,306)
Total Comprehensive income for the year	-	-	-	1,320,599	1,320,599
Transactions with owners, recorded directly in equity					
Dividends to equity holders	-	-	-	(4,012,500)	(4,012,500)
Total contributions by and distributions to owners	-	-	-	(4,012,500)	(4,012,500)
Total transactions with owners	-	-	-	(4,012,500)	(4,012,500)
Balance as at 31st March 2024	1,575,000	13,226	382,087	9,797,213	11,767,526

Notes from Pages 377 to 486 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

Statement of Cash Flows

For the year ended 31st March	Notes	CONSOLIDATED 2025 Rs.'000	CONSOLIDATED 2024 Rs.'000	COMPANY 2025 Rs.'000	COMPANY 2024 Rs.'000
Cash flows from operating activities					
Cash generated from operations	A	25,306,118	44,133,786	6,729,906	5,648,296
Employee benefit paid	28	(2,499,011)	(1,698,780)	(1,077,680)	(29,351)
Income tax paid	30	(10,951,263)	(12,008,482)	(264,453)	(283,741)
Net cash inflow from operating activities		11,855,844	30,426,524	5,387,773	5,335,204
Cash flows from investing activities					
Purchase and construction of property, plant & equipment		(20,774,250)	(19,919,469)	(430,848)	(420,888)
Investments in other non-current assets		(363,521)	(265,708)	-	-
Investments in other current financial assets	19	(3,291,340)	(6,345,368)	-	-
Investments in other non-current financial assets	19	(51,757)	-	-	-
Net of harvest and development of biological assets	16	22,452	8,707	-	-
Grants received - capital	26	24,715	36,551	-	-
Improvements to investment properties	15	(38,102)	(422)	-	-
Proceeds from disposal of property, plant & equipment		489,296	1,085,564	1,575	806
Proceeds from insurance claims		450,000	500,991	-	-
Proceeds from disposal of intangible assets		1,483	2,523	-	-
Proceeds from disposal of other current financial assets	19	4,086,599	5,263,812	-	-
Purchase of intangible assets	17	(364,979)	(380,026)	(26,222)	(3,086)
Long term investments in group companies and others		(1,158,351)	76,302	(753,255)	(920,628)
Investment in equity accounted investees		-	(182,175)	-	-
Proceeds from sale of other non-current financial assets	19	74,669	651,527	-	-
Interest received		2,492,906	4,722,907	71,971	103,805
Net movement in deferred revenue	29	(1,503,030)	2,671,459	-	-
Dividends received from equity accounted investees		225,568	610,402	-	-
Dividends received from non-group companies	9	5,199	1,888	322	227
Net cash used in investing activities		(19,672,443)	(11,460,535)	(1,136,457)	(1,239,764)
Net cash inflow before financing		(7,816,599)	18,965,989	4,251,316	4,095,440
Cash flows from financing activities					
Payment on lease	25	(3,389,638)	(1,574,914)	(86,166)	(86,166)
Interest paid (including interest capitalised)		(13,919,883)	(20,762,565)	(3,182,530)	(4,682,688)
Dividend paid to non-controlling interest		(4,207,056)	(4,218,460)	-	-
Debenture redemption net of issue expenses	25	(3,093,661)	(4,747,644)	(3,000,000)	(3,521,507)
Proceeds from interest-bearing borrowings	25	43,830,495	24,208,036	12,713,167	11,600,000
Repayment of interest-bearing borrowings net of issue costs	25	(25,390,562)	(24,441,873)	(7,800,000)	(5,900,000)
Net movement in financial liabilities		6,134,629	2,979,601	-	-
Net movement in security deposits		333,902	92,336	-	-
Acquisition of non-controlling interest		(145,524)	(46,862)	-	-
Dividends paid to equity holders of parent		(3,974,223)	(3,984,600)	(3,974,223)	(3,984,600)
Net cash outflow from financing activities		(3,821,521)	(32,496,945)	(5,329,752)	(6,574,961)
Net increase / (decrease) in cash and cash equivalents		(11,638,120)	(13,530,956)	(1,078,436)	(2,479,521)
Cash and cash equivalents at end of the year		(38,537,191)	(25,006,235)	(5,012,869)	(2,533,348)
Cash and cash equivalents at end of the year	B	(50,175,311)	(38,537,191)	(6,091,305)	(5,012,869)

Notes from Pages 377 to 486 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

Statement of Cash Flows

For the year ended 31st March	Notes	CONSOLIDATED 2025 Rs.'000	CONSOLIDATED 2024 Rs.'000	COMPANY 2025 Rs.'000	COMPANY 2024 Rs.'000
A. Cash generated from operations					
Profit before tax		35,373,021	25,335,707	4,309,658	1,614,567
Adjustments for:					
Net finance costs	9	12,143,457	17,242,316	3,164,188	4,619,444
Share of profits from equity accounted investees	18	(237,074)	(159,205)	-	-
Depreciation on property, plant & equipment	13	9,577,696	8,531,775	90,731	50,303
Impairment of property, plant & equipment	13	9,180	22,832	-	-
Amortisation of right-of-use assets	14	2,345,527	1,858,575	63,832	63,832
Change in fair value of investment properties	15	(112,999)	(92,813)	(550)	(3,700)
Change in fair value of agricultural produce on bearer biological assets		(26,418)	(3,376)	-	-
Change in fair value of biological assets	16	(142,455)	(206,128)	-	-
(Gain)/loss on the disposal of property, plant & equipment		(21,832)	(275,287)	(846)	(275)
Insurance claims	7	(1,542,912)	(500,991)	-	-
Write off of property, plant and equipment	13	-	612	-	-
Loss on fire damages		947,308	-	-	-
Loss on the disposal of intangible assets	8	-	123	-	-
Amortisation of intangible assets	17	328,467	393,279	13,024	12,223
Net loss on translation of foreign currency		(374,635)	(3,151,685)	(54,579)	(15,870)
Reversal of impairment of investments in subsidiaries	18	-	-	(75,000)	-
Impairment for trade & other receivables	22	90,598	379,381	-	-
Provision for inventories	21	904,019	388,726	-	-
Impairment of other non-current assets	20	278,536	34,078	-	-
Write-back of trade creditors	7	(135,817)	(155,561)	-	-
Gain on bargain purchase	7	(370,271)	(13,629)	-	-
Provision for post employee benefit obligations	28	2,734,169	3,153,900	228,920	349,809
Grants amortised	7	(63,623)	(47,668)	-	-
		61,703,942	52,734,961	7,739,378	6,690,333
(Increase)/decrease in trade and other receivables and other current assets		(34,671,666)	(19,847,258)	(690,687)	(1,154,730)
(Increase)/decrease in inventories		(7,755,956)	1,914,040	3,668	112
Increase/(decrease) in trade and other payables		6,029,798	9,332,043	(322,453)	112,581
		25,306,118	44,133,786	6,729,906	5,648,296
B. Analysis of cash and cash equivalents					
Cash in hand and at bank		24,292,764	28,175,378	1,115,433	328,528
Short-term deposits		27,358,471	21,356,037	1,864,684	505,529
		51,651,235	49,531,415	2,980,117	834,057
Short-term interest bearing borrowings	31	(101,826,546)	(88,068,606)	(9,071,422)	(5,846,926)
Cash and cash equivalents		(50,175,311)	(38,537,191)	(6,091,305)	(5,012,869)

Notes from Pages 377 to 486 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting Entity

Hayleys PLC is a Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. Corporate information, the address of the Company's registered office and the principal place of business are given on page 547 in this Annual Report.

1.2 Consolidated Financial Statements

The Financial Statements for the year ended 31 March 2025 comprise "the Company" referring to Hayleys PLC as the holding Company and the "Group" referring to companies that have been consolidated therein together with the group's Interests in Equity Accounted Investees.

1.3 Nature of Operations and Principal Activities of the Company and the Group

Descriptions of the nature of operations and principal activities of the Company, its subsidiaries and equity accounted investees are given on pages 510 to 515 to the Financial Statements.

Hayleys PLC does not have an identifiable parent of its own. Hayleys PLC is the ultimate parent of the Group.

1.4 Approval of Financial Statements

The Consolidated Financial Statements of Hayleys PLC and its subsidiaries (collectively, the Group) for the year ended 31 March 2025 were authorised for issue by the Directors on 19 May 2025.

1.5 Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards promulgated by CA Sri Lanka, and with the requirements of the Companies Act No. 07 of 2007.

2.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except for:

- Lands which are recognised as property plant and equipment which are measured at cost on initial recognition and subsequently carried at fair value.
- Land and buildings which are recognised as investment property which are measured at cost on initial recognition and subsequently carried at fair value.
- Financial instruments reflected as fair value through profit or loss which are measured at fair value.
- Financial instruments designated as fair value through other comprehensive income (OCI) which are measured at fair value.
- Consumable biological assets and agricultural produce from bearer biological assets which are measured at fair value, less costs to sell.

Where appropriate, the specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs), which is also the Company's functional currency. Subsidiaries whose functional currencies are different as they operate in different economic environments are reflected in Note 34 to the Financial Statements.

2.4 Materiality and Aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.5 Comparative Information

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements.

In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in Financial Statements.

The presentation and classification of the Financial Statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year.

2.6 Rounding

All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand (Rs'000), except when otherwise indicated.

2.7 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Consolidation

The Consolidated Financial Statements encompass the Company, its subsidiaries (together referred to as the "Group") and the Group's interest in equity accounted investees (Associates and Joint Ventures).

Notes to the Financial Statements

Subsidiaries and equity accounted investees are disclosed in Note 18 to the Financial Statements.

3.1.1 Subsidiaries

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or 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 the power over an investee, including:

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

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 Other Comprehensive Income are attributed to 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 to 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 subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, 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.

3.1.2 Consolidation of subsidiaries with different accounting periods

The financial statements of all subsidiaries in the Group other than those mentioned in Note 36 to the Financial Statements are prepared for a common financial year, which ends on 31 March.

Most subsidiaries with 31 December financial year ends prepare for consolidation purposes, additional financial information as of the same date as the financial statements of the parent.

For subsidiaries which are unable to prepare additional financial information the parent uses the most recent financial statements of the subsidiaries and is adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the Consolidated Financial Statements. The difference between the date of the subsidiary's financial statements and that of the Consolidated Financial Statements will not be more than three months.

The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit or loss of equity accounted investees' in the Statement of Profit or Loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the Statement of Profit or Loss.

3.1.3 Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in its associate and joint venture are accounted for using the equity method.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3.2 Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measures the non- controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the Statement of Profit or Loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the Statement of Profit or Loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Statement of Profit or Loss.

Notes to the Financial Statements

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

3.3 Foreign Currency

3.3.1 Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in Statement of Profit or Loss. Tax charges and credit attributable to exchange differences on those monetary items are also recognised in Other Comprehensive Income.

Non-monetary assets and liabilities which are measured in terms of historical cost in a foreign currency are translated using exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e., translation differences on items of which fair value gain or loss is recognised in OCI or Profit or Loss are also recognised in OCI or Profit or Loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

3.3.2 Foreign operations

On consolidation, the assets and liabilities of foreign operations are translated into Sri Lanka Rupees at the rate of exchange prevailing at the reporting date and their Statements of Profit or Loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date

3.3.3 Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in a 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 a 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.

3.4 Fair Value Measurement

The Group measures financial instruments such as investments which are designated as fair value through Other Comprehensive Income (OCI), financial assets at fair value through Profit or Loss and derivatives; non-

financial assets such as owner-occupied land and investment properties, at fair value at each reporting date.

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.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions - Note 19.
- Quantitative disclosures of fair value measurement hierarchy - Note 19.
- Property (land) under revaluation model - Note 13.
- Investment properties - Note 15.
- Financial instruments (including those carried at amortised cost) - Note 19.
- Biological assets (Consumable and agricultural produce) - Note 16.

3.5 Property, Plant & Equipment

The group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

3.5.1 Basis of recognition

Property, plant and equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

3.5.2 Basis of measurement

Items of property, plant & equipment including construction in progress are measured at cost net of accumulated depreciation and accumulated impairment losses, if any, except for land which is measured at fair value.

3.5.3 Owned assets

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self- constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Revaluation of land is done with sufficient frequency to ensure that the fair value of the land does not differ materially from its carrying amount, and is undertaken by professionally qualified valuers.

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Any revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the Statement of Profit or Loss, the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

3.5.4 Subsequent costs

The cost of replacing a component of an item of property, plant & equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the repair and maintenance of property, plant & equipment are recognised in the Statement of Profit or Loss as incurred.

3.5.5 Permanent land development costs

Permanent land development costs which relate to the Group's Plantation Sector are those costs incurred in major infrastructure development and building new access roads on leased lands. The costs have been capitalised and amortised over the shorter of useful lives or remaining lease periods.

Permanent impairment to land development costs are charged to the Statement of Profit or Loss in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.5.6 Derecognition

The carrying amount of an item of property, plant & equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Any gains and losses on derecognition are recognised (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) in the Statement of Profit or Loss. Gains are not classified as revenue.

3.5.7 Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Description	Period
Buildings	20 – 50 years
Software	03 – 05 years
Plant & machinery	05 – 20 years
Stores equipment	05 – 10 years
Motor vehicles	04 – 10 years
Furniture, fittings & office equipment	02 – 13 years
Vessels	05 – 25 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised. The asset's residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end and adjusted prospectively, if appropriate.

3.5.8 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.

3.5.8.1 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.

3.5.8.1.1 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 re-measurement 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:

Description	Period
Land	02-50 years
Buildings	02-16 years
Machinery & store Equipment	20 years
Motor vehicles	02-05 years
Furniture, fittings & office equipment	
Vessels	01-02 years
Mature/Immature plantation	20-33 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 as described In Note 3.13 Impairment of non-financial assets.

3.5.8.1.2 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 in Note 25 to the Financial Statements.

3.5.8.1.3 Short-term leases and leases of low- value assets

The Group applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.5.8.2 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Profit or Loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.6 Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair values of investment properties are included in the Statement of Profit or Loss in the year in which they arise, including the corresponding tax effect. Fair values are evaluated annually by an accredited external, independent valuer.

Investment properties are derecognised either when they have been disposed of, or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amounts of the asset is recognised in Statement of Profit or Loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner occupied property the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3.7 Intangible Assets

3.7.1 Basis of recognition

An Intangible asset is recognised if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.

3.7.2 Basis of measurement

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination is their fair value as at the date of acquisition. 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 the Statement of Profit or Loss in the year in which the expenditure is incurred.

3.7.3 Useful economic lives and amortisation

The useful lives of intangible assets are assessed as either finite or indefinite. 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.

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The amortisation period and the amortisation method for an intangible asset with finite useful lives 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 considered to modify 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 that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

3.7.4 Derecognition of intangible assets

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon 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.

3.7.5 Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

3.7.6 Brand name

Brands acquired as part of a business combination, are capitalised if the Brand meets the definition of an intangible asset and the recognition criteria are satisfied. Brand Names, being determined to have an indefinite useful life, are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

3.7.7 Customer list

The present value of the income anticipated from repeat customer lists of travel agents as at the acquisition date is recognised as an intangible asset based on a valuation carried out by an independent valuer. Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses. Customer lists recognised at the acquisition date are amortised over the period over which income is anticipated to derive from repeat customers and reviewed annually for any impairment in value if there are indicators of impairment.

3.7.8 Trade mark

Trade marks purchased, being determined to have an indefinite useful life, are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

3.7.9 Other intangible assets

Other intangible assets which are acquired by the Group, with finite useful lives, are measured on initial recognition at cost. Following initial recognition ERP systems are carried at cost less accumulated amortisation and accumulated impairment losses.

3.7.10 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in Profit or Loss as incurred.

3.7.11 Amortisation

Amortisation of intangible assets with a finite life is recognised in Profit or Loss on a straight-line basis over the estimated useful lives of intangible assets, from the date on which they are available for use. The estimated useful lives are as follows:

Description	Period
Right to generate hydro power	15- 20 years
Right to generate solar power	20 years
Customer List	5 years
ERP Systems	5-10 years

3.8 Biological Assets

Biological assets are classified as either mature biological assets or immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain

regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea, rubber, other plantations and nurseries are classified as biological assets.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological assets include tea and rubber trees, being biological assets that are not intended to be sold or harvested, but are used to grow for purpose of harvesting agricultural produce from such biological assets. Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

3.8.1 Bearer biological assets

Bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property Plant & Equipment.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilising, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets (Tea, Rubber) which comes into bearing during the year, is transferred to mature plantations.

3.8.2 Infilling cost on bearer biological assets

The land development costs incurred in the form of infilling have been capitalised to the relevant mature field, only where the number of plants per hectare exceeded 3,000 plants and, also if it increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

Infilling costs that are not capitalised have been charged to the Statement of Profit or Loss in the year in which they are incurred.

3.8.3 Consumable biological asset

Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets. Expenditure incurred on consumable biological assets (managed timber trees) is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair values of timber trees are measured using discounted cash flow (DCF) method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. All other assumptions and sensitivity analysis are given in Note 16.

The main variables in DCF model concerns

Variable	Comment
Timber content	Estimate based on physical verification of girth, height and considering the growth of each species in different geographical regions. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Group.
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Group.
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfil in bringing the trees in to saleable condition.
Planting cost	Estimated costs for the further development of immature areas are deducted.

The gain or loss arising on initial recognition of consumable biological assets at fair value less cost to sell and from a change in fair value less cost to sell of consumable biological assets are included in Statement of Profit or Loss for the period in which it arises.

Permanent impairments to biological asset are charged to the Statement of Profit or Loss in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

3.8.4 Nursery plants

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

3.9 Financial Instruments

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

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3.9.1 Financial assets

3.9.1.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) 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 Group'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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

3.9.1.1.1 Business model assessment in the context of Financial Services within the Consumer & Retail Sector

In relation to entities in the Group engaged in financial services, the Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3.9.1.1.2 Assessment whether contractual cash flows is solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3.9.1.2 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)

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, short term deposits and cash and cash equivalents.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Profit or Loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to Profit or Loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument- by-instrument basis.

Gains and losses on these financial assets are never recycled to Profit or Loss. Dividends are recognised as other income in the Statement of Profit or Loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

This category includes listed and non-listed equity instruments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through Profit or Loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Profit or Loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the Statement of Profit or Loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through Profit or Loss. Embedded derivatives are measured at fair value with changes in fair value recognised in Profit or Loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through Profit or Loss category.

3.9.1.3 Derecognition

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 Consolidated 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

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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.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.9.1.4 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 which are determined to have low credit risk at the reporting date and 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).

3.9.1.4.1 Impairment model for segments other than the Consumer & Retail sector

The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3.9.1.4.2 Impairment model for the Consumer & Retail sector (Excluding financial services)

The group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default in payments;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market or a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-offs

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

3.9.1.4.3 Impairment model for the Financial Services within the Consumer & Retail sector;

The Company recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments;
- Lease & loan receivables;
- Financial guarantee contracts issued; and
- Loan commitments issued.

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments.

Life-time ECL is the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

The key inputs used for measurement of ECL are likely to be the term structures of the following variables:

Probability of Default (PD)

PD estimates are estimates at a certain date, which are calculated based on statistical models, and assessed using various categories based on homogeneous characteristics of exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. The Group forecast PD by incorporating forward looking economic variables (unemployment, GDP growth, inflation, interest rate and using lag effect of these variables).

Loss Given Default (LGD)

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties.

Exposure at default (EAD)

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount.

The Group has used these parameters from internally–developed statistical models using historical data. All inputs were adjusted to reflect forward-looking information and future economic scenarios.

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Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as main adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

- **Stage 1 :** The 12 month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12-month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
- **Stage 2 :** When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- **Stage 3 :** For loans considered credit-impaired the Group recognises the lifetime expected credit losses. The method is similar to that of Stage 2 assets, with the PD set at 100%.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit- impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or another financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 180 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Company considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the Statement of Financial Position.

Loss allowances for ECL are presented in the Statement of Financial Position as follows:

- Financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan

commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn components presented as a provision; and

- Debt instruments measured at FVOCI - no loss allowance is recognised in the Statement of Financial Position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the Statement of Profit or Loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.9.2 Financial liabilities

3.9.2.1 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, bank overdrafts, loans and borrowings, financial guarantee contracts, amounts due to equity accounted investees and derivative financial instruments.

3.9.2.2 Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Profit or Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss so designated at the initial date of recognition, and only if criteria of SLFRS 9 are satisfied. The Group has not designated any financial liability at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised 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 in finance costs in the Statement of Profit or Loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

3.9.2.3 Derecognition

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.

3.9.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if,

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- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.9.4 Derivative financial instruments and hedge accounting

3.9.4.1 Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit or Loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised as other expense.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to Profit or Loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

3.10 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same

A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 19 to the Financial Statements.

3.11 Non-Current Assets Held for Sale and Discontinued Operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the Statement of Financial Position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan;
- to dispose of a separate major line of business or geographical area of operations; Or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Profit or Loss.

Additional disclosures are provided in Note 19. All other notes to the Financial Statements include amounts for continuing operations, unless indicated otherwise.

3.12 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

All inventory items, except manufactured inventories and work-in-progress are measured at weighted average directly attributable cost.

Manufactured inventories and work-in- progress are measured at weighted average factory cost which includes all direct expenditure and appropriate share of production overhead based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

3.12.1 Agricultural produce harvested from biological assets

Agricultural produce harvested from its biological assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agriculture produce are valued by adding the cost of conversion to the fair value of the agricultural produce.

3.13 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 CGU's 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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Impairment losses of continuing operations are recognised in the Statement of Profit or Loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to Other Comprehensive Income. For such properties, the impairment is recognised in Other Comprehensive Income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.14 Cash and Cash Equivalents

Cash in hand and at bank 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 and short-term borrowings as they are considered an integral part of the Group's cash management.

3.15 Employee Benefits

3.15.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

3.15.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 28. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. Actuarial gains or losses are recognised in full in the Other Comprehensive Income.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefits. However, for entities of the Group operating in Sri Lanka, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability is not externally funded. The settlement of the liability is based on legal liability method or the following basis as applied by the respective entities.

Length of each service (Years) No. of month's salary for completed year of service.

Length of each service (Years)	No. of months salary for completed year of service
Up to 20	1/2
20 up to 25	3/4
25 up to 30	1
30 up to 35	1 1/4
Over 35	1 1/2

3.15.3 Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.16 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, 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 Statement of Profit or Loss 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, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.17 Grants and Subsidies

Grants and subsidies are recognised where there is a reasonable assurance that the grant / subsidy will be received and all attaching conditions, if any, will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Grants and subsidies related to assets, including non- monetary grants at fair value are deferred in the Statement Financial Position and credited to the Statement of Profit or Loss over the useful life of the asset.

3.18 Warranties

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

3.19 Contingent Liabilities Recognised in a Business Combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

3.20 Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.21 Regulatory Provisions

3.21.1 Deposit insurance scheme

In terms of the Finance Companies Direction No. 02 of 2010 – 'Insurance of Deposit Liabilities' issued on 27th September 2010 all Registered Finance Companies are required to insure their deposit liabilities in the Deposit Insurance Scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance Scheme Regulations No. 01 of 2010 issued under Sections 32A to 32E of the Monetary Law Act with effect from 1st October 2010.

Deposits to be insured include demand, time and savings deposit liabilities and exclude the following:

- Deposit liabilities to member institutions.
- Deposit liabilities to Government of Sri Lanka.
- Deposit liabilities to Directors, Key Management Personnel and other related parties as defined in Finance Companies Act Direction No. 03 of 2008 on Corporate Governance of Registered Finance Companies.
- Deposit liabilities held as collateral against any accommodation granted.
- Deposit liabilities falling within the meaning of dormant deposits in terms of the Finance Companies Act, funds of which have been transferred to the Central Bank of Sri Lanka.
- Registered Finance Companies are required to pay a premium of 0.15% on eligible deposit liabilities as at end of the month to be payable within a period of 15 days from the end of the respective month.

3.21.2 Reserve fund

Singer Finance (Lanka) PLC, a subsidiary of the Group maintains a reserve fund in compliance with Direction No. 01 of 2003 – Central Bank (Capital Funds) issued to Finance Companies and it will be used for only the purpose specified in the said Direction above. The details of the reserve fund are disclosed in Note 23.1.2.

3.22 Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or 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 or services.

The Group has several operating segments which are described In Note 40 to these Financial Statements. In all operating segments, the Group has generally concluded that it is the principal in its revenue arrangements, except for agency services described in 3.22.2.3 below, because it typically controls the goods or services before transferring them to the customer.

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3.22.1 Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

3.22.1.1 Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

3.22.1.2 Significant financing component

The Group receives short-term advances from its customers. Using the practical expedient for short term advances in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. Where long-term advances are received from customers, the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

3.22.1.3 Warranty obligations

In several sectors, the Group provides warranties for general repairs of defects that existed at the time of sale. These assurance type warranties are accounted for under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets. The Group also provides a warranty beyond fixing defects that existed at the time of sale in several sectors. These service-type warranties are sold either separately or bundled together with the sale of goods. Contracts for bundled sales of goods and a service-type warranty comprise two performance obligations because the promises to transfer the equipment and to provide the service type warranty are capable of being distinct. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service type warranty and recognised as a contract liability. Revenue is recognised over the period in which the service-type warranty is provided based on the time elapsed.

3.22.1.4 Loyalty points programme

The Group has loyalty point programmes, in several sectors, which allows customers to accumulate points that can be redeemed against subsequent purchases. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

3.22.1.5 Non-cash considerations

Certain sectors of the Group have arrangements where customers are offered a scheme where new goods could be acquired through part exchange of old goods.

The Group estimates the fair value of the non-cash consideration by reference to its market price. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the goods sold.

3.22.1.6 Consignment arrangements

Certain Sectors engage in business which includes the delivery of goods to another party but retain control of the goods. Examples of such arrangements may include the delivery of a good to a dealer or a distributor for sale to an end customer of the Group. Revenue on such arrangements are recognised at the point of sale to an end customer net of commission expenses incurred.

3.22.2 Rendering of services

Several entities within the Group engage in the provision of services to its customers. The Group recognises revenue from services over time, applying methods to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

3.22.2.1 Hospitality revenue

Accommodation revenue generated by the hospitality sector is recognised on the rooms occupied on a daily basis. Food and beverage revenue is recognised at the time of related sale.

3.22.2.2 Maintenance services

Certain sectors within the group provide customers with complementary servicing of consumer durable goods sold by the Group within a defined period. Such servicing arrangements are identified as separate performance obligations

and revenue is recognised when the complementary services are provided to the customer.

3.22.2.3 Agency services

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount that it retains for its agency services.

3.22.3 Construction and installation contracts

In relation to contracts which involve the construction and installation of assets on behalf of its customers, the Group assesses the nature of the respective contracts as to whether such is reflective of goods or services transferred at a point in time or satisfied over a period of time.

The Group determines that arrangements include transfers of a good or service over time when any of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The entity's performance creates or enhances an asset (e.g., work in progress) that the customer controls as the asset is created or enhanced
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

When either of the above criteria is met, the Group recognises revenue on the respective contracts similar to the rendering of services. If an entity is unable to demonstrate that control transfers over time, the presumption is that control transfers at a point in time, and revenue is recognised similar to the sale of goods.

3.22.4 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

3.22.5 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

3.22.6 Assets and liabilities arising from rights of return

3.22.6.1 Right of return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

3.22.6.2 Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

3.22.6.3 Cost to obtain a contract

In several sectors, the Group pays sales commission to its employees and third party representative for sales carried out. The Group applies the optional practical expedient to immediately expense costs to obtain a contract if the amortisation period of the asset that would have been recognised is one year or less. As such, sales commissions are immediately recognised as an expense.

3.23 Income relating to Financial Services in Consumer and Retail Sector

3.23.1 Interest

Interest income and expense are recognised in Profit or Loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial assets or liability (or, where appropriate a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instruments, but not future credit losses.

The calculation of effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. Interest income is presented in finance income in the Statement Profit or Loss.

3.23.2 Hire purchase, lease, loans and advances

The excess of aggregated contract receivables over the cost of the hired assets constitutes the total unearned income at the commencement of a contract. The unearned income is recognised as revenue as it is earned, using the effective interest rate method.

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3.23.2.1 Service fee income on hire purchase

Service fee income is recognised over the length of hire purchase agreement using the effective interest rate method. In the event of early termination of the hire purchase contract or cash conversion remaining deferred, service income is recognised when such contract is recognised or converted.

3.23.3 Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, including account servicing fees, are recognised as the related services are performed.

3.24 Other Income

3.24.1 Dividends

Dividend income is recognised in Profit or Loss on the date the entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

3.24.2 Grants

Grants are recognised initially as deferred income when there is a reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

3.24.3 Gains and losses

Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and are recognised net within "other income" in Profit or Loss.

3.24.4 Other income

Other income is recognised on an accrual basis.

3.25 Expenses

Expenses are recognised in the Profit or Loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year. For the purpose of presentation of the Statement of Profit or Loss, the function of expenses method is adopted.

Repairs and renewals are charged to Profit or Loss in the year in which the expenditure is incurred.

3.25.1 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.

3.26 Finance Income

Finance income comprises interest income on funds invested, dividend income, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in the Statement of Profit or Loss. Interest income is recognised as it accrues in the Statement of Profit or Loss.

3.27 Finance Cost

Finance cost comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in the Statement of Profit or Loss.

3.28 Tax Expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of Profit or Loss except to the extent that it relates to a business combinations, or items recognised directly in Equity or in Other Comprehensive Income.

3.28.1 Current 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 amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income and not in the Statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.28.2 Deferred tax

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, equity accounted investee and interests in

joint arrangements, 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, equity accounted investee and interests in joint arrangements, 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 the Statement of Profit or Loss is recognised outside the Statement of Profit or Loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed.

The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in the Statement of Profit or Loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.28.3 Value added tax on financial services

VAT on Financial Services is calculated in accordance with the amended VAT Act No. 07 of 2013. The base for the computation of Value Added Tax on Financial Services is the accounting profit before income tax adjusted for the economic depreciation and emolument of employees computed on prescribed rate.

3.28.4 Crop insurance levy

As per the provisions of the Section 14 of the Finance Act No. 12 of 2013, the CIL was introduced with effect from 1st April 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is Payable at 1% of the profit after tax.

3.28.5 Sales tax

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.
- When receivables and payables 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.

3.28.6 Social Security Contribution Levy (SSCL)

Social Security Contribution Levy (SSCL) shall be paid by any person carrying on the business of manufacturing, supply of services or whole/ retail sales, on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act No. 25 of 2022, at the rate of 2.5%, with effect from 1st October 2022 and subsequent amendments thereto.

4. GENERAL

4.1 Events Occurring After the Reporting Date

All material post reporting date events have been considered and where appropriate adjustments or disclosures

Notes to the Financial Statements

have been made in the respective notes to the Financial Statements.

4.2 Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.3 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method".

Interest paid is classified as financing cash flow. Grants received, which are related to purchase and construction of property, plant & equipment are classified as investing cash flows. Dividend and interest income are classified as cash flows from investing activities.

Dividends paid are classified as financing cash flows. Dividends received by Hayleys PLC, which is an investment company, are classified as operating cash flows and are not disclosed separately in the Company Cash Flow Statement.

4.4 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chairman and the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

4.5 Changes in Accounting Policies and Disclosures

4.5.1 New and amended standards and interpretations

No significant impact resulted on the financial statements of the Group due to changes in Accounting Standards and disclosures during the year.

4.6 Standards Issued but not yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

4.6.1 SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) 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 application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17. The amendments are not expected to have a material impact on the Group financial statement

4.6.2 Lack of exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The amendments are not expected to have a material impact on the Group financial statement

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Financial Statements in conformity with SLFRS/LKAS's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes.

5.1 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The assessment includes the existing and anticipated effects from the present macro-economic conditions, the circumstances of the external environment, or are inconsistent with historical trends. Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and the management do not intend either to liquidate or to cease operations of the Group. Therefore, the Financial Statements continue to be prepared on the going concern basis.

5.2 Measurement of the recoverable amount of cash-generating units containing goodwill

The Group tests annually whether goodwill requires impairment, in accordance with the accounting policy stated in Note 3.13. The basis of determining the recoverable amounts of cash generating units and key assumptions used are given in Note 17 to the Financial Statements.

5.3 Taxation

Deferred tax assets are recognised for 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.

The Group has Rs. 9.32 bn (2024: Rs. 15.39 bn) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

On this basis, the Group has determined that it cannot recognise deferred tax assets on tax losses carried forward and described in Note 11 to the Financial Statements.

5.4 Measurement of the employee benefit obligations

The present value of the employee benefit obligations is 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 complexities involved in the valuation 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.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates. Further details about employee benefit obligation are provided in Note 28 to the Financial Statements.

5.5 Revaluation of property, plant and equipment and investment properties

The Group measures the freehold land (classified as property, plant and equipment) at revalued amounts, with changes in fair value being recognised in OCI. The freehold lands were valued by reference to transactions involving properties of a similar nature, location and condition. In addition, the Group carries its investment properties at fair value, with changes in fair value being recognised in the profit or loss. For investment properties, valuation methodologies such as market approach, and income approach (the discounted cash flow (DCF) model) for properties lacked comparable market data were used.

The Group engaged valuation specialists to assess fair values as at 31 March 2025 for the freehold lands and investment properties. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 13 and 15 to the Financial Statements.

5.6 Valuation of inventories

The Group has applied judgment in the determination of impairment in relation to inventories that are slow moving or obsolete. The Group's

Notes to the Financial Statements

impairment assessment in relation to such inventories take into account factors such as the use of significant judgement over identifying inventories requiring write down to NRV, including consideration of product life cycles, nature of inventories, future inventory demand and quality/ grading assessments, and the existence of significant estimates applied in the determination of NRV, considering expected sales prices and allowance policies based on historical sales.

5.7 Impairment allowance for current and non-current trade and other receivables in the Consumer & Retail segment of the Group

The Group uses a provision matrix to calculate ECLs for loans and trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the relevant sectors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's loans and trade receivables is disclosed in Note 22 to the Financial Statements.

6. REVENUE

6.1 Industry Segment Revenue

For the year ended 31st March	CONSOLIDATED							
	Revenue from contracts with customers		Interest Income	Total revenue	Revenue from contracts with customers		Interest Income	Total revenue
	Sale of goods	Rendering of services			Sale of goods	Rendering of services		
	2025				2024			
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Eco solutions	12,846,732	-	-	12,846,732	13,846,459	-	-	13,846,459
Hand protection	46,350,259	-	-	46,350,259	43,024,820	-	-	43,024,820
Purification	42,834,515	-	-	42,834,515	42,743,944	-	-	42,743,944
Textiles	43,461,357	-	-	43,461,357	49,167,087	-	-	49,167,087
Construction materials	13,108,029	-	-	13,108,029	9,936,623	-	-	9,936,623
Plantations	19,182,334	-	-	19,182,334	18,100,621	-	-	18,100,621
Agriculture	37,510,227	-	-	37,510,227	34,878,891	-	-	34,878,891
Consumer & retail	93,521,934	1,976,761	12,982,639	108,481,334	70,349,196	1,499,702	9,647,765	81,496,663
Leisure	-	9,650,968	-	9,650,968	-	9,018,854	-	9,018,854
Industry inputs	9,531,636	-	-	9,531,636	8,416,925	-	-	8,416,925
Power & energy	-	1,570,388	-	1,570,388	-	1,315,100	-	1,315,100
Transportation & logistics	-	106,843,753	-	106,843,753	-	91,352,918	-	91,352,918
Projects & engineering	25,002,850	1,620,211	-	26,623,061	18,105,037	1,691,004	-	19,796,041
Tea exports	13,158,936	-	-	13,158,936	12,198,509	-	-	12,198,509
Others	-	1,047,563	-	1,047,563	-	1,438,672	-	1,438,672
	356,508,809	122,709,644	12,982,639	492,201,092	320,768,112	106,316,250	9,647,765	436,732,127

6.2 Geographical Segment Revenue

For the year ended 31st March	CONSOLIDATED	
	2025	2024
	Rs.'000	Rs.'000
Asia (excluding Sri Lanka)	117,791,262	104,095,419
Australia	6,084,947	5,430,802
Europe	39,213,016	42,782,809
United States of America	30,315,020	25,712,864
Africa	5,452,666	6,413,879
Indirect exports	57,070,091	58,873,509
Middle East	4,706,120	9,023,161
Sri Lanka	231,567,970	184,399,684
	492,201,092	436,732,127

Notes to the Financial Statements

6.3 Gross Revenue

For the year ended 31st March	COMPANY 2025 Rs.'000	COMPANY 2024 Rs.'000
Rent and building related income	637,020	619,987
	637,020	619,987

6.4 Contract Balances

As at 31st March		CONSOLIDATED 2025 Rs.'000	CONSOLIDATED 2024 Rs.'000
Contract Assets			
Retention receivables		1,027,125	1,786,908
		1,027,125	1,786,908
Contract Liabilities			
Maintenance warranties	29.1.1	794,880	598,506
Advances received	29.3	4,857,058	4,302,579
Deferred revenue	29.4	2,122,739	3,625,769
		7,774,677	8,526,854

7. OTHER INCOME

For the year ended 31st March	CONSOLIDATED 2025 Rs.'000	CONSOLIDATED 2024 Rs.'000	COMPANY 2025 Rs.'000	COMPANY 2024 Rs.'000
Grants amortised*	63,623	47,668	-	-
Write back of creditors	135,817	155,561	-	-
Gain on disposal of property, plant & equipment	135,779	307,792	846	640
Change in fair value of biological assets	168,873	209,504	-	-
Sundry income/ scrap sales	1,734,815	1,361,380	-	-
Rent income	169,511	86,507	-	-
Gain on bargain purchase	370,271	13,629	-	-
Insurance claims	1,542,912	500,991	-	-
Income from financial services	334,732	293,983	-	-
Income from other services	109,902	101,143	-	-
Indent commission	297,691	417,281	-	-
	5,063,926	3,495,439	846	640

* Details of the grants are given in Note 26 to the Financial Statements.

8. OTHER EXPENSES

For the year ended 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Loss on disposal of property, plant & equipment	113,947	32,505	-	365
Loss on fire damages	947,308	-	-	-
Impairment/write-off of property, plant & equipment	9,180	36,855	-	-
Loss on disposal of intangible assets	-	123	-	-
	1,070,435	69,483	-	365

9. NET FINANCE COST

9.1 Finance Income

For the year ended 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Interest income on deposits and receivables	2,492,906	4,719,436	71,917	103,751
Guarantee income	-	3,471	54	54
Dividend income from non-group companies	5,199	1,888	322	227
Change in fair value of financial assets at fair value through profit or loss	211,740	354,838	6,192	5,069
Foreign exchange gain	4,252,956	4,828,103	45,684	10,261
	6,962,801	9,907,736	124,169	119,362

9.2 Finance Cost

For the year ended 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Interest on long term loans	5,886,337	8,374,099	2,535,820	3,552,700
Interest on short term loans	8,093,184	12,413,454	646,710	1,137,423
Finance charges payable under leases	1,262,014	1,188,793	5,562	14,987
Guarantee Fee	125,593	-	-	-
Change in fair value of financial assets at fair value through profit or loss	1,321	1,674	-	-
Impairment of financial assets	-	31,557	-	7,563
Foreign exchange loss	3,737,809	5,140,475	100,265	26,133
	19,106,258	27,150,052	3,288,357	4,738,806
Net finance cost	(12,143,457)	(17,242,316)	(3,164,188)	(4,619,444)

Notes to the Financial Statements

10. PROFIT BEFORE TAX

Profit before tax is stated after charging all expenses including the following.

For the year ended 31st March	Notes	CONSOLIDATED		COMPANY	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Directors' emoluments		5,169,281	4,246,722	939,839	845,393
Auditors' fees (includes overseas subsidiaries)					
Audit services		188,946	168,539	3,250	2,928
Non-audit services		72,821	71,450	2,526	912
Depreciation on property, plant & equipment	13	9,577,696	8,531,775	90,731	50,304
Donations		35,268	60,498	2,959	27,822
Provision for inventories	21	904,019	388,726	-	-
Impairment for trade and other receivables	22	90,598	379,381	-	-
Staff cost					
Defined contribution plan cost		3,992,165	3,787,655	201,943	171,272
Employee benefit plan cost	28	2,734,169	3,153,900	228,920	349,809
Other Staff cost (excluding defined contributions & defined benefits)		49,146,525	45,378,974	2,467,033	2,090,680
Staff training and development cost		241,620	159,064	5,033	9,579
Legal fees		300,844	319,461	9,943	-
Research and development cost		327,515	280,056	-	-

11. TAXATION

11.1 Tax Expense

For the year ended 31st March	CONSOLIDATED 2025 Rs.'000	CONSOLIDATED 2024 Rs.'000
Consolidated Statement of Profit or Loss		
Current income tax		
Income tax on current year profits		
Parent	199,998	277,727
Subsidiaries	10,591,566	9,039,201
	10,791,564	9,316,928
Under provision in respect of previous years	875,320	214,753
	11,666,884	9,531,681
Deferred tax expense		
Origination of temporary differences		
Parent	52,529	2,935
Subsidiaries	15,715	(478,564)
	68,244	(475,629)
Tax on dividend income	1,125,301	1,432,932
Tax expense reported in the Statement of Profit or Loss	12,860,429	10,488,984

11.2 Consolidated Statement of Other Comprehensive Income

For the year ended 31st March	CONSOLIDATED 2025 Rs.'000	CONSOLIDATED 2024 Rs.'000	COMPANY 2025 Rs.'000	COMPANY 2024 Rs.'000
Deferred tax related to items charged or credited directly to other comprehensive income during the year :				
Actuarial loss on employee benefit obligation	82,222	313,720	7,691	627
Revaluation of lands	(1,958,201)	-	-	-
Net change on equity instruments designated at fair value through other comprehensive income	(547)	(181)	-	-
Tax charged/ (reversed) directly to/ (from) other comprehensive income	(1,876,526)	313,539	7,691	627

Notes to the Financial Statements

11.3 Reconciliation of Accounting Profit to Income Tax Expense

For the year ended 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Profit before tax	35,373,021	25,335,707	4,309,658	1,614,567
Share of profit of equity accounted investees	(237,074)	(159,205)	-	-
Intra-group adjustments	12,907,117	12,454,914	-	-
	48,043,064	37,631,416	4,309,658	1,614,567
Disallowable expenses	32,534,291	30,692,232	2,112,699	5,029,023
Tax deductible expenses	(31,319,777)	(31,047,630)	(2,199,999)	(2,479,776)
Tax exempt income	(11,907,042)	(10,487,742)	(3,555,698)	(3,238,061)
Tax loss b/f	(15,392,448)	(11,919,298)	-	-
Adjustment for tax loss b/f	841,788	(347,106)	-	-
Tax loss c/f	9,316,736	15,392,448	-	-
Taxable income	32,116,612	29,914,320	666,660	925,753
Income tax @ 15%	187,709	209,017	-	-
Income tax @ 20%	401,649	256,941	-	-
Income tax @ 22%	160,129	367,258	-	-
Income tax @ 24%	1,629	6,388	-	-
Income tax @ 27.5%	318,926	-		-
Income tax @ 28%	36,103	-	-	-
Income tax @ 30%	9,464,954	8,424,464	199,998	277,727
Income tax at other tax rates	220,465	52,860	-	-
Income tax on current year profit	10,791,564	9,316,928	199,998	277,727
Under provision in respect of previous years	875,320	214,753	65,571	-
	11,666,884	9,531,681	265,569	277,727
Origination/(reversal) of temporary differences	68,244	(475,629)	52,529	2,935
Tax on dividend income	1,125,301	1,432,932	-	-
Tax expense	12,860,429	10,488,984	318,098	280,662
Effective tax rate	37%	42%	7%	17%

11.4 General Provisions

Corporate Income Taxes of companies resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No. 24 of 2017 as amended. Corporate Taxes of non-resident companies in the Group have been computed in keeping with the domestic statutes in the respective countries of their residence.

Sri Lankan resident companies in the Group, excluding those which enjoy a tax holiday or concessionary tax rates, were liable to income tax during the year of assessment 2024/25 at the rate of 30%.

11.5 Tax Exemptions

On Business Profits

11.5.1 In terms of the Inland Revenue Act

Solar One Ceylon (Pvt) Ltd is entitled for a 10 year income tax holiday. Tax holiday period has commenced during the Y/A 2016/17.

Alumex PLC is entitled for an income tax exemption for a period of 10 years for its undertaking associated with sale of construction materials recycled in a site established in Sri Lanka to recycle materials which were already used in the construction industry. The tax holiday period has commenced during the Y/A 2022/23.

Following resident companies in Sri Lanka are enjoying an income tax exemption on profits earned from qualifying foreign service income:

- Civaro International (Pvt) Ltd.
- Hayleys Energy Services (Pvt) Ltd.
- Sharaf Shipping Agency (Pvt) Ltd.
- Sri Lanka Shipping Company Ltd.
- Intermarc Marine (Pvt) Ltd.
- Advantis Projects and Engineering (Pvt) Ltd.
- Haycarb PLC
- Innovative Solutions Lanka (Pvt) Ltd.
- Hayleys Aventura (Pvt) Ltd.
- Hayleys Lifesciences (Pvt) Ltd.
- Hayleys Business Solutions International (Pvt) Ltd.
- Dipped Products PLC

Following resident companies are entitled for an income tax exemption to the extent of the profits derived from a qualifying foreign source:

- Bonterra Ltd.
- Chas P Hayley & Company (Pvt) Ltd.
- Hayleys Fibre PLC

Notes to the Financial Statements

11.5.2 In terms of BOI Agreements

Companies enjoying Tax Holidays under BOI Law are as follows:

Martin Bauer Hayleys (Pvt) Ltd.	10 year tax holiday ending December 31, 2027
Sun Tan Beach Resorts Ltd.	15 year tax holiday ending March 31, 2030

On Investment Income

11.5.3 Dividend Income

Many resident companies in Sri Lanka receiving dividend income enjoy the tax exemption on qualifying quantum of such dividend based on the following exemptions:

(a) Dividend receipt from non-resident entity;

(b) A dividend paid by a resident company which has entered into an agreement with the BOI and which is engaged in specified qualifying businesses such as offshore business and/or entrepot trade.

(c) A dividend paid by a resident company to a member to the extent that such dividend payment is attributable to, or derived from, another dividend received by that resident company or another resident company.

11.5.4 Interest accrued on foreign currency deposits

Many resident companies in Sri Lanka enjoy an income tax exemption on interest income accruing or deriving from moneys lying to its credit in foreign currency in a foreign currency account opened by such company in any commercial bank or in any specialised bank, with the approval of the Central Bank of Sri Lanka.

11.6 Concessionary Tax Rates

On Business Profits

11.6.1 BOI Companies

(A) In terms of the Inland Revenue Act

As per agreements signed with the Board of Investment, the business income of the Companies listed below would be subject to the following concessionary tax rates. Periods indicated below:

Nirmalapura Wind Power (Pvt) Ltd.	15% indefinitely
TTEL Somerset Hydro Power (Pvt) Ltd.	20% Indefinitely
TTEL Hydro Power Company (Pvt) Ltd.	20% Indefinitely
Neluwa Cascade Hydro Power (Pvt) Ltd.	20% indefinitely
Hayleys Neluwa Hydro Power (Pvt) Ltd.	20% indefinitely
Bhagya Hydro (Pvt) Ltd.	20% indefinitely
Lanka Bunkering Services (Pvt) Ltd.	15% indefinitely
Hayleylines Ltd.	15% Indefinitely
Moceti International Pvt Ltd.	15% Indefinitely
Regnis Appliances (Pvt) Ltd.	20% Indefinitely

On Investment Income

11.6.2. Dividend Income

In terms of the Inland Revenue Act No. 24 of 2017 as amended, liable dividends declared are subject to a mandatory final Advance Income Tax of 15% at source.

11.7 Non Resident Companies

Corporate income tax rates of the non-resident companies are:

Sector	Company	Income tax rate
Agriculture Sector	Haychem (Bangladesh) Ltd.	27.5%
Purification Sector	PT Mapalus Makawanua Charcoal Industry.	22.0%
	PT Haycarb Palu Mitra	22.0%
	Haycarb USA Inc	21.0%
	Eurocarb Products Ltd.	19.0%
	Haycarb Holding Australia (Pty) Ltd.	30.0%
	Puricarb Pte. Limited	17.0%
	Carbokarn Co. Ltd.	20.0%
	CK Regen Systems Co.Ltd.	20.0%
	Shizuka Co.Ltd.	20.0%
	Haycarb Singapore Pte. Ltd.	17.0%
	Eurocarb Germany GmbH	30.0%
	Haycarb Activated Carbon (Pvt) Ltd.	35.0%
Eco Sector	Haylex Ltd.	19.0%
	Haylex BV	15.0%
	Haylex Japan	15.0%
	Charles Fibre (Pvt) Ltd.	25.0%
Projects & Engineering Sector	Next-Gen Engineering Pte. Ltd.	17.0%
Hand Protection Sector	Dipped Products (Thailand) Ltd.	20.0%
	Hi Care Thai Gloves Co. Ltd.	20.0%
	ICOGUANTI S.p.A.	27.9%
	DPL France SAS	25.0%
	ROZENBAL POLSKA Sp. ZOO	19.0%
	Dipped Products India (Private) Limited	25.2%
Industrial Inputs and Power Sector	Hayleys Aventura BD Ltd	27.5%
	Hayleys Aventura Singapore Pte. Ltd.	17.0%
Leisure Sector	Luxury Resorts (Pvt) Ltd.	15.0%
Tea Exports Sector	Mabroc East Africa Limited	30.0%
	Livee Polska SP. ZO.O.	19.0%
Transportation and Logistics Sector	Logiwiz Logistics India (Pvt) Ltd.	25.0%
	Total Transport Solutions Maldives (Pvt) Ltd.	15.0%
	Nautical Maldives (Pvt) Ltd.	15.0%
	One World Logistics Maldives (Pvt) Ltd.	15.0%
	Super Logistics (Pvt) Ltd.	15.0%
	Advantis Kusuhara Sedate Myanmar (Private) Ltd.	22.0%
	Advantis Sedate Myanmar (Private) Ltd.	22.0%
	Advantis Singapore (Pte) Ltd.	17.0%
	Advantis Sabang Raya Lines (Pte) Ltd.	17.0%
	PT Advantis Akaza Indonesia	22.0%

Notes to the Financial Statements

Sector	Company	Income tax rate
	PT Advantis Mithra Logistics Indonesia	22.0%
	Advantis Leo Thailand (Pvt) Ltd	20.0%
	Advantis Intasl Bangladesh (Pvt) Ltd.	27.5%
	Advantis Marine Network Pte. Ltd.	17.0%
	K & A Logistics (Pvt) Ltd.	27.5%

Haycarb Philippine Corporation is currently enjoying a tax holiday from the date of commencement of operations.

The following entities have not commenced operations during the year 2024/25, and accordingly, there is no tax liability for the period under consideration.

- Hayleys Fentons East Africa Limited
- Hayleys Hotels Maldives Private Limited

12. EARNINGS PER SHARE AND DIVIDENDS PER SHARE

12.1 Earnings Per Share

Basic Earnings per Share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares of the parent outstanding during the year.

Diluted Earnings per Share

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares of the parent outstanding after adjustment for the effect of all dilutive potential ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the year/ previous year.

Basic/ diluted earning per share calculated as follows.

	CONSOLIDATED		COMPANY	
For the year ended 31st March	2025	2024	2025	2024
Profit attributable to equity holders of the Parent (Rs.'000)	13,449,129	6,888,770	3,991,560	1,333,905
Weighted average number of ordinary shares of the parent (No.)	750,000,000	750,000,000	750,000,000	750,000,000
Basic/ diluted earnings per share (Rs.)	17.93	9.19	5.32	1.78

12.2 Dividends

	COMPANY	
For the year ended 31st March	2025	2024
Interim dividend (Rs'000)	4,500,000	4,012,500
Dividend per ordinary share (Rs.)	6.00	5.35

13. PROPERTY, PLANT & EQUIPMENT

13.1 Consolidated

As at 31st March	Freehold Land	Mature/ immature plantations	Buildings	Plant, machinery & stores equipment	Motor vehicles	Furniture, fittings & office equipment	Vessels	Total 2025	Total 2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost or valuation:									
Gross book value									
At the beginning of the year	36,707,332	12,486,226	44,479,150	77,733,940	3,043,810	11,415,044	11,683,881	197,549,383	190,028,942
Revaluation of land	6,524,296	-	-	-	-	-	-	6,524,296	-
Acquisition through business combinations	405,712	-	1,519,161	2,322,493	23,662	134,757	-	4,405,785	6,551
Additions	482,987	944,469	4,114,656	8,752,177	328,930	1,512,865	5,894,131	22,030,215	17,335,669
Write-offs	-	-	(339,661)	(601,038)	-	(11,381)	-	(952,080)	(612)
Transfer from/(to) biological assets	-	(36,193)	-	-	-	-	-	(36,193)	4,220
Transferred from Right-of-use assets	-	-	-	-	-	-	-	-	86,787
Transfer from/(to) Intangible Assets	-	-	-	5,770	-	(15,206)	-	(9,436)	(3,811)
Transfers	(175,055)	-	91,122	129,330	61	(58,570)	-	(13,112)	195,834
Disposals	-	(27,919)	(55,461)	(1,097,572)	(137,745)	(334,328)	(133,820)	(1,786,845)	(3,391,838)
Effect of movements in exchange rates	(14,398)	-	(7,447)	220,728	(3,824)	(64,759)	(59,035)	71,265	(6,712,359)
At the end of the year	43,930,874	13,366,583	49,801,520	87,465,828	3,254,894	12,578,421	17,385,157	227,783,278	197,549,383
Depreciation:									
At the beginning of the year	183,846	3,802,228	12,225,647	42,466,993	1,920,589	7,229,214	3,213,494	71,042,011	68,269,716
Acquisition through business combinations	-	-	210,623	704,498	22,399	77,576	-	1,015,096	379
Depreciation for the year	11,352	421,522	1,564,297	4,735,799	226,036	1,312,256	1,306,434	9,577,696	8,531,775
Transfer from/(to) biological assets	-	(11,441)	-	-	-	-	-	(11,441)	-
Transfer to Right-of-use assets	-	-	-	-	-	-	-	-	74,989
Transfer from/(to) Intangible Assets	-	-	-	3,385	-	(14,301)	-	(10,916)	(1,442)
Transfers	-	-	-	(39,830)	-	26,718	-	(13,112)	199,417
Write-offs	-	-	(105,135)	(150,998)	-	(6,054)	-	(262,187)	-
Disposals	-	(25,131)	(117,317)	(685,103)	(88,853)	(257,550)	(133,820)	(1,307,774)	(2,576,273)
Effect of movements in exchange rates	(617)	-	35,944	227,406	2,965	(28,949)	(1,150)	235,599	(3,456,550)
At the end of the year	194,581	4,187,178	13,814,059	47,262,150	2,083,136	8,338,910	4,384,958	80,264,972	71,042,011
Impairment :									
At the beginning of the year	2,260	-	78,653	74,238	-	11,505	-	166,656	152,481
Effect of movements in exchange rates	-	-	-	(351)	-	-	-	(351)	(3,367)
Disposals	-	-	-	(11,607)	-	-	-	(11,607)	(5,290)
Impairment for the year	-	-	-	9,180	-	-	-	9,180	22,832
At the end of the year	2,260	-	78,653	71,460	-	11,505	-	163,878	166,656
Net book value as at 31st March	43,734,033	9,179,405	35,908,808	40,132,218	1,171,758	4,228,006	13,000,199	147,354,428	126,340,716
Capital work-in progress - On acquisition through business combinations								221,187	-
Capital work-in progress								6,193,168	7,449,145
Carrying amount as at 31st March								153,768,783	133,789,861

Notes to the Financial Statements

13.2 Company

As at 31st March	Buildings	Machinery & stores equipment	Motor vehicles	Furniture, fittings & office equipment	Total 2025	Total 2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost or valuation:						
At the beginning of the year	284,962	186,085	150,885	336,008	957,940	745,292
Transfers	-	7,277	-	(7,277)	-	-
Additions	211,491	191,358	-	66,153	469,002	218,389
Disposals	-	-	-	(8,626)	(8,626)	(5,741)
At the end of the year	496,453	384,720	150,885	386,258	1,418,316	957,940
Depreciation :						
At the beginning of the year	227,911	38,596	114,645	242,884	624,036	578,942
Transfers	-	-	-	-	-	-
Depreciation for the year	28,692	15,536	9,509	36,994	90,731	50,303
Disposals	-	-	-	(7,898)	(7,898)	(5,209)
At the end of the year	256,603	54,132	124,154	271,980	706,869	624,036
Net book value as at 31st March					711,447	333,904
Capital work in progress					200,878	239,032
Carrying amount as at 31st March					912,325	572,936

13.3 Carrying Value

As at 31st March	CONSOLIDATED 2025	CONSOLIDATED 2024	COMPANY 2025	COMPANY 2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At cost	110,034,750	97,268,635	912,325	572,936
At valuation	43,734,033	36,521,226	-	-
	153,768,783	133,789,861	912,325	572,936

13.4 A borrowing costs of Rs. 59.32 mn have been capitalised under property, plant and equipment during the year ended 31 March 2025 (2024 - 87.63 mn).

13.5 Group Property, plant & equipment includes buildings on leasehold lands. The carrying amount of these assets are:

As at 31st March	CONSOLIDATED			
	Cost	Accumulated depreciation/ amortisation	Carrying value 2025	Carrying value 2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Buildings	19,826,551	4,308,584	15,517,967	10,812,400
Total	19,826,551	4,308,584	15,517,967	10,812,400

13.6 Amounts by which values have been increased in respect of land revalued by independent qualified valuers are indicated below, together with the last date of revaluation:

As at 31st March	Location/ Date of valuation	Revaluation Surplus	
		2025	2024
		Rs.'000	Rs.'000
Darley Property Holdings (Pvt) Ltd	Colombo (31.03.2025)	3,774,533	3,110,691
World Export Center Ltd.	Colombo (31.03.2025)	14,497,391	13,055,466
Volanka (Pvt) Ltd.	Katana (31.03.2025)	487,694	400,006
	Galle (31.03.2025)	343,465	285,027
Chas P. Hayley & Co. (Pvt) Ltd.	Galle (31.03.2025)	1,294,690	1,124,788
	Kuliyapitiya (31.03.2025)	54,821	45,721
	Madampe (31.03.2025)	69,360	63,736
Dipped Products Group	Kottawa/Kiribathgoda/Khuan Niang (31.03.2025)	504,374	334,617
Alumex PLC	Gonawala (31.03.2025)	135,941	92,336
	Ekala (31.03.2025)	338,435	136,960
	Makola (31.03.2025)	454,021	404,106
	Makola (31.03.2025)	28,525	23,525
Haycarb PLC	Badalgama & Madampe (31.03.2025)	179,833	109,536
	Wewalduwa (31.03.2025)	541,505	325,579
	Kuliyapitiya (31.03.2025)	191	-
Recogen (Pvt) Ltd.	Badalgama (31.03.2025)	103,606	99,950
	Badalgama (31.03.2025)	1,159	-
Carbokarn Co. Ltd	Thailand (31.03.2025)	213,044	207,636
Shizuka Co. Ltd	Ratchaburi (31.03.2025)	86,560	86,917
PT Mapalus Makawanua	Bitung (31.03.2025)	232,895	251,064
PT Haycarb Palu Mitra	Palu City (31.03.2025)	107,387	113,396
Hayleys Agriculture Holdings Ltd	Dambulla (31.03.2025)	12,929	11,122
	Kottawa (31.03.2025)	238,282	178,690
Haychem Bangladesh Ltd	Mymensingh (31.03.2025)	70,070	62,292
Hayleys Industrial Solutions (Pvt) Ltd.	Malabe (31.03.2025)	317,010	298,935
Haycolour (Pvt) Ltd.	Kalutara (31.03.2025)	79,167	65,636
Hayleys Fibre PLC	Kuliyapitiya & Mahagama (31.03.2025)	218,562	207,473
Hayleys Advantis Ltd.	Welisara/Kelaniya/Seeduwa/Sedawatte (31.03.2025)	4,180,388	2,946,063
	Kotugoda (31.03.2025)	1,782,931	1,277,531
Unisyst Engineering Ltd.	Kotugoda (31.03.2025)	25,875	23,719
Singer (Sri Lanka) PLC	Ambalantota (31.03.2025)	9,950	4,800
	Balangoda (31.03.2025)	7,450	2,450
	Bandarawela (31.03.2025)	6,548	3,748
	Borella (31.03.2025)	24,900	16,500
	Chilaw (31.03.2025)	13,513	2,513
	Colpetty (31.03.2025)	13,300	6,800
	Eheliyagoda (31.03.2025)	7,746	2,746
	Gampaha (31.03.2025)	33,035	9,435

Notes to the Financial Statements

As at 31st March	Location/ Date of valuation	Revaluation Surplus 2025 Rs.'000	Revaluation Surplus 2024 Rs.'000
	Hikkaduwa (31.03.2025)	12,685	2,685
	Katugastota (31.03.2025)	7,269	1,819
	Kiridiwella (31.03.2025)	4,725	2,075
	Middeniya (31.03.2025)	2,913	613
	Mount Lavinia (31.03.2025)	15,050	7,550
	Mount Lavinia-Mega (31.03.2025)	32,935	13,935
	Negombo (31.03.2025)	11,500	4,000
	Pussellawa (31.03.2025)	10,186	2,686
	Trincomalee (31.03.2025)	8,190	3,290
	Wellawatta (31.03.2025)	15,666	10,464
	Galle (31.03.2025)	6,500	5,700
	Embilipitiya (31.03.2025)	4,900	1,400
	Kadawatha (31.03.2025)	16,800	13,700
	Kandy (31.03.2025)	14,300	300
	Kurunegala (31.03.2025)	3,600	2,200
	Maharagama (31.03.2025)	9,300	2,800
	Matara (31.03.2025)	8,700	2,200
	Nawalapitiya (31.03.2025)	6,700	100
	Panadura (31.03.2025)	9,100	100
	Piliyandala (31.03.2025)	114,625	200
	Ratmalana (31.03.2025)	273,390	69,100
	Ratmalana (31.03.2025)	601,480	204,290
	Rathnapura (31.03.2025)	7,200	-
	Tangalle (31.03.2025)	1,800	-
	Nuwaraeliya (31.03.2025)	6,400	-
Reality Lanka Ltd.	Ahangama (31.03.2025)	7,500	500
	Attidiya (31.03.2025)	7,777	3,400
	Moratuwa (31.03.2025)	13,055	6,730
	kandy (31.03.2025)	9,525	5,025
	Galle (31.03.2025)	24,000	6,000
	Kadawatha (31.03.2025)	11,100	8,600
	Kalawana (31.03.2025)	2,600	2,000
	Maradana (31.03.2025)	6,000	4,500
	Trincomalee (31.03.2025)	8,250	5,000
	Ambanpola (31.03.2025)	4,600	4,000
Ravi Industries (Pvt) Ltd.	Ekala (31.03.2025)	693,000	544,000
Volanka Exports (Pvt) Ltd.	Welipanna (31.03.2025)	79,694	61,214
Rileys Ltd	Ja-Ela (31.03.2025)	408,838	408,838
Toyo Cushion Lanka (Pvt) Ltd.	Katana (31.03.2025)	81,194	61,640
Sunfrost (Pvt) Ltd.	Allawwa (31.03.2025)	66,365	49,785
	Padiyatalawa (31.03.2025)	18,347	22,119
	Pannala (31.03.2025)	7,262	-
Bhagya Hydro (Pvt) Ltd.	Gomala Oya (31.03.2025)	2,821	1,700
Neluwa Cascade Hydro Power (Pvt) Ltd.	Neluwa (31.03.2025)	4,863	3,140
Hayleys Neluwa Hydro Power Pvt (Ltd).	Mawanana (31.03.2025)	1,006	1,006
Hayleys Fabric PLC	Neboda (31.03.2025)	361,299	182,321
Kandyan Resorts (Pvt) Ltd.	Kandy (31.03.2025)	663,836	532,999
Culture Club Resorts (Pvt) Ltd.	Dambulla (31.03.2025)	6,863	5,264
		34,186,792	27,662,496
Income tax on revaluation		(4,902,521)	(3,148,510)
Revaluation reserve attributable to Non Controlling interest		(2,578,930)	(1,895,054)
		26,705,341	22,618,932
Adjustment due to change in holding		232,579	223,062
		26,937,920	22,841,994

13.7 Land owned by the Group (disclosed under property, plant and equipment and investment property) was revalued as at 31st March 2025 by independent Chartered Valuation Surveyors, Mr. P.B. Kalugalgedara, Mr. S. Sivaskantha and KPMG Real Estate & Valuation Services (Private) Limited. The fair value of the land was determined based on transaction observed in the market, appropriately adjusted for differences in the nature, location or condition of the specific property.

13.8 Lands owned by the Group other than that mentioned above have been stated at cost as the appreciation in value is insignificant. Further information is provided on page 498 to 501.

13.9 There has been an impairment of property, plant & equipment amounting to Rs. 9.18 mn (2024 - 22.83 mn). Details are as follows.

	2025 Rs.'000	2024 Rs.'000
Plant machinery & stores equipment	9,180	15,634
Furniture, fittings & office equipment	-	7,198
Total impairment	9,180	22,832

The impairment losses on machinery and stores equipment of Rs. 9.18 mn (Rs. 15.63 mn) were recognised in Hayleys Fabric PLC in respect of obsolete machinery.

13.10 Property, plant & equipment with a carrying value of Rs. 23,730mn (2024 - Rs. 22,834 mn) and Rs. Nil (2024 - Nil) for the Group and Company respectively have been pledged as security for term loans obtained. The details are shown in Note 25 to the Financial Statements.

13.11 The carrying value of revalued lands given above, had the said lands been included at cost, would amount to Rs. 8.85 mn (2024 -Rs. 8.47 mn) for the Group and Rs Nil (2024 - Nil) to the Company.

13.12 The cost of fully depreciated property plant and equipment which are still in use at the reporting date is as follows.

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Buildings	2,142,414	1,702,028	223,770	223,770
Plant machinery & stores equipment	20,718,753	17,211,629	31,710	30,512
Furniture, fittings & office equipment	5,794,327	5,354,289	216,465	187,079
Motor vehicles and vessels	2,519,805	2,747,524	108,285	87,064
	31,175,299	27,015,470	580,230	528,425

13.13 Capital Expenditure Commitments

The approximate amounts of capital expenditure approved by the Directors as at 31st March, 2025 were:

- Capital expenditure contracted for which no provision is made in the Financial Statements for the Group - Rs. 2.2 bn (2024 - Rs. 4.4 bn) and for the Company Rs. Nil (2024 - Nil).
- Capital expenditure approved by the Directors but not contracted for the Group Rs. 4.5 bn (2024 - Rs. 2.4 bn) and for the Company Rs. Nil (2024 - Nil).

Notes to the Financial Statements

13.14 Unobservable Inputs used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used in measuring fair vale of land as of 31 March 2025

Category	District	Valuation Technique	Significant Unobservable Input	Range of Estimate (Weighted Average) for Unobservable Input Rs'000	Fair Value Measurement Sensitivity to Unobservable Input
Freehold land	Ampara	Open Market basis	Land -Rate per perch	6 to 7	Significant increases / (decreases) in estimated price per perch in isolation would result in a significantly higher / (lower) fair value.
	Matale			27 to 30	
	Puttalam			50 to 4,250	
	Gampaha			75 to 6,500	
	Kurunegala			33 to 5,000	
	Colombo			130 to 22,500	
	Kegalle			100 to 175	
	Kalutara			100 to 4,500	
	Trincomalee			175 to 5,000	
	Galle			1,250 to 7,000	
	Kandy			350 to 6,500	
	Hambantota			2,000 to 4,500	
	Ratnapura			2,750 to 5,000	
	Badulla			3,500 to 3,750	
	Matara			5,000 to 6,000	
	Nuwara Eliya			5,250 to 5,750	

14. RIGHT-OF-USE ASSETS

14.1 Consolidated

As at 31st March	Land	Mature/ Immature Plantations	Building	Motor Vehicles	Furniture, fittings & office equipment	Total 2025	Total 2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	5,393,261	65,295	6,188,516	82,818	3,986	11,733,876	12,190,393
Acquisition through business combinations	-	-	3,670	-	-	3,670	-
Increase/ Decrease to recognised assets	127,657	-	(7,716)	67,093	-	187,034	92,231
Additions	1,359,488	-	4,295,163	25,008	-	5,679,659	865,964
Derecognition	(12,174)	-	(60,609)	-	-	(72,783)	1,012,222
Transfers	-	-	-	-	-	-	(11,798)
Amortisation for the period	(331,428)	(15,412)	(1,917,511)	(78,668)	(2,508)	(2,345,527)	(1,858,575)
Effect of movements in exchange rates	(24,246)	-	(7,815)	(6,331)	-	(38,392)	(556,561)
At the end of the year	6,512,558	49,883	8,493,698	89,920	1,478	15,147,537	11,733,876

14.2 Company

As at 31st March	Building	Total 2025 Rs.'000	Total 2024 Rs.'000
At the beginning of the year	63,832	63,832	127,664
Amortisation for the period	(63,832)	(63,832)	(63,832)
At the end of the year	-	-	63,832

15. INVESTMENT PROPERTIES

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
As at 31st March				
Carrying value :				
At the beginning of the year	2,041,561	1,948,326	98,450	94,750
Additions	38,102	422	-	-
Change in fair value during the year	112,999	92,813	550	3,700
At the end of the year	2,192,662	2,041,561	99,000	98,450

15.1 Rental Income

For the year ended 31st March	2025 Rs.'000	2024 Rs.'000
Rental income derived from investment properties	62,644	53,047
Direct operating expenses generating rental income	(987)	(1,609)
Net profit arising from investment properties	61,657	51,438

15.1.1 The Group as a lessor

The Group has entered into operating leases on its investment property portfolio consisting of certain office and manufacturing buildings. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 31st March are as follows:

For the year ended 31st March	2025 Rs.'000	2024 Rs.'000
Within one year	39,120	27,512
After one year but not more than five years	36,600	-

Notes to the Financial Statements

15.1.2 The Company as a lessor

The Company has entered into operating leases on its building rented as office space to other related and non-related companies. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Rental income recognised by the Company during the year is Rs. 504 mn (2024: Rs. 472 mn).

Future minimum rentals receivable under non-cancellable operating leases as at 31st March are as follows:

For the year ended 31st March	2025 Rs.'000	2024 Rs.'000
Within one year	712,550	558,703
After one year but not more than five years	3,109,328	2,234,812

15.2 Investment properties are stated at fair value. The fair value of investment properties given below as at 31st March, 2025 had been carried out based on transactions observed in the market.

The details of fair value of investment properties of the Group as follows:

Company	Location	Building area (Sq Ft)	Land in acres	Value of building Rs '000	Value of land Rs '000	Total Rs'000 2025
Eastern Hotels (Pvt) Ltd.	Nilakarai Estate, Nilaweli, Trincomalee	600	23.47	1,380	938,940	940,320
Hayleys Advantis Group	No 121, Sir James Peiris Mawatha, Colombo 2	1,932	-	188,240	-	188,240
Rileys (Pvt) Ltd.	131,Minuwangoda Road, Ekala	91,582	3.80	238,117	697,483	935,600
Singer (Sri Lanka) PLC	People's Park shopping Complex,Bodgiraja Mw,Col 11	872	-	29,502	-	29,502
Hayleys PLC	Kaluwamodara, Bentota	-	0.28	-	99,000	99,000
		94,986	27.55	457,239	1,735,423	2,192,662

Category	District	Valuation Technique	Range of Estimate Rs'000 2025	Unobservable Input Rs'000 2024
Freehold land	Gampaha	Open market basis (Land Rate per perch)	800 to 1500	800 to 1250
	Kalutara		2000 to 3000	2000 to 3000
	Trincomalee		200-300	200 to 235

15.3 The Group has no restriction on the realisability of its investment properties and has no contractual obligations to purchase, construct or develop its investment properties or for maintenance and enhancement.

16. BIOLOGICAL ASSETS

As at 31st March	CONSOLIDATED	
	2025	2024
	Rs.'000	Rs.'000
At the beginning of the year	1,506,271	1,313,069
Increase due to development	33,103	16,416
Change in fair value of biological assets	142,455	206,128
Decrease due to harvest	(55,555)	(25,122)
Transfer to immature/mature plantation	24,751	(4,220)
At the end of the year	1,651,025	1,506,271

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees is treated as approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material. When such Plantations become mature, the additional investments since taken over to bring them to maturity are transferred from Immature to Mature.

The fair value of the managed trees across all three plantations, Talawakelle Tea Estates PLC, Kelani valley Plantations PLC, and Horana Plantations PLC, was determined in accordance with LKAS 41- Agriculture, using the fair value less costs to sell method.

The fair value of matured managed trees was determined in accordance with SLFRS 13. Valuations for the three plantations, Talawakele Tea Estates PLC, Kelani valley Plantations PLC and Horana Plantations PLC, were conducted by Messr's KPMG Real Estate & Valuation Services (Pvt) Ltd, FRT Valuation Services (Pvt) Ltd, and Chartered Valuer Mr. A.A.M. Fathihu- Proprietor of FM Valuers respectively, using the Discounted Cash Flow (DCF) method. In ascertaining the fair value of timber, a physical verification was carried out covering all the estates.

Notes to the Financial Statements

16.1 Information About Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

Talawakelle Tea Estates PLC

Non Financial Asset	Valuation technique	Unobservable inputs	Range of unobservable inputs (Probability weighted average.)		Relationship of Unobservable Inputs to Fair Value
			2025	2024	
Consumable managed biological assets	Discounted cash flows	Discounting Rate	13.0%	15.0%	The higher the discount rate, the lesser the fair value
		Optimum rotation (Maturity)	15-25 Years	15-25 Years	Lower the rotation period, the higher the fair value
		Volume at rotation	25 – 190 cu. Ft	25-190 cu.ft	The higher the volume, the higher the fair value
		Price per cu.ft.	Rs. 60/- to Rs. 2,300/-	Rs.60/- to Rs.2,300/-	The higher the price per cu. ft., the higher the fair value

Other key assumptions used in valuation

1 The harvesting is approved by the PMMD and the Forest Department based on the Forestry Development Plan.

2 The prices adopted are net of expenditure.

3 Though the replanting is a condition precedent for harvesting yet the costs are not taken in to consideration.

The valuations, as presented in the external valuation models based on net present values, take into account the long term exploitation of the timber plantations. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable.

It does, nevertheless, concern the Directors that no estimate can ever be completely accurate. Moreover, in the case of the Group's biological assets, small differences in valuation assumptions can have quite disproportionate effect on results. Therefore, the Board of Directors is of the opinion that the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the SLFRS 13 / LKAS 41 valuations as included in the consolidated accounts against his own assumptions.

The carrying amount of biological assets pledged as securities for liabilities as at the date of the statement of Financial Position is Rs. nil. (2024 - Rs. nil).

Kelani Valley Plantations PLC

Non Financial Asset	Valuation technique	Unobservable inputs	Range of unobservable inputs (Probability weighted average.)		Relationship of Unobservable Inputs to Fair Value
			2025	2024	
Consumable managed biological assets	Market Approach	Discounting Rate	13.5%	15.0%	The higher the discount rate, the lesser the fair value
		Optimum rotation (Maturity)	20-25 Years	20-25 Years	Lower the rotation period, the higher the fair value
		Volume at rotation	23-530 cu.ft	23-120 cu.ft	The higher the price per cu. dcm., the higher the fair value
		Price per cu.ft.	Rs. 67/- to Rs. 4,020/-	Rs. 85/- to Rs. 5,250/-	The higher the price per cu. ft., the higher the fair value

Other key assumptions used in valuation

1. It is assume that the felling of trees will be undertaken at maturity for the period not covered under the Forestry Management Plan. Majority of the timber trees which have reached their maturity at the date of valuation are valued using the adjusted market prices based on the location and accessibility. Remaining timber trees which have not come up to a harvestable age are valued considering their future incremental growth in the coming years and discounting the future value of such trees by appropriate present value discount ratio, which is assumed as the Expected Rate of Return (ERR) of a rationale investor, i.e. 13.5%.
2. The price adopted could vary based on the species and the girth of the respective species and are on the spare net of expenditure.
3. Though the replanting is a condition precedent for harvesting, yet the cost are not taken in to consideration.

The valuations, as presented in the external valuation models based on market values, take into account the possible market conditions and long-term exploitation of the timber plantations. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the active market prices and other variables, their carrying value may differ from their realisable value. The Board of Directors retains their view that commodity markets are inherently volatile and that active market price projections are highly unpredictable.

Horana Plantations PLC

Non Financial Asset	Valuation technique	Unobservable inputs	Range of unobservable inputs (Probability weighted average.)		Relationship of Unobservable Inputs to Fair Value
			2025	2024	
Consumable managed biological assets	Discounted Cash flows	Discounting Rate	13% - 15%	14% - 16%	The higher the discount rate, the lesser the fair value
		Optimum rotation (Maturity)	25-35 Years	25-35 Years	Lower the rotation period, the higher the fair value
		Volume at rotation	15-65 cu.mt	15-65 cu.mt	The higher the price per cu. dcm., the higher the fair value
		Price per cu.ft.	Rs. 290/- to Rs. 1504/-	Rs. 325/- to Rs. 1688/-	The higher the price per cu. ft., the higher the fair value

Other key assumptions used in valuation

1 The prices adopted are net of expenditure.

2 The harvesting is approved by the PMMD and the Forest Department based on the Forestry Development Plan.

3 The biological assets of the Company are mainly cultivated in leased lands. When measuring the fair value of the biological assets it was assumed that these concession can and will be renewed at normal circumstances. Timber content expects to be realised in future and is included in the calculation of the fair value that takes into account the age of the timber plants and not the expiration date of the lease.

The valuation, as presented in the external valuation model based on the net present value, takes into accounts the long-term exploitation of the timber plantation. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realization value. The Board of Directors retains their view that commodity markets are inherently volatile and their long-term price projection are highly unpredictable.

Notes to the Financial Statements

16.2 Sensitivity Analysis

Sensitivity variation sales price

Values as appearing in the Statement of Financial Position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

Sales Price fluctuation Managed Timber	+10% Rs.'000	-10% Rs.'000
Talawakelle Tea Estates PLC		
As at 31 March 2025	**57,456**	**(57,456)**
As at 31 March 2024	57,334	(57,334)
Kelani Valley Plantations PLC		
As at 31 March 2025	**31,993**	**(31,993)**
As at 31 March 2024	37,990	(37,990)
Horana Plantations PLC		
As at 31 March 2025	**60,809**	**(60,809)**
As at 31 March 2024	58,434	(58,434)

Sensitivity variation discount rate

Values as appearing in the Statement of Financial Position are very sensitive to changes of the discount rate applied. Simulations made for timber show that an increase or decrease by 1% of the discount rate has the following effect on the net present value of biological assets:

Discount rate fluctuation Managed Timber	1% Rs.'000	-1% Rs.'000
As at 31 March 2025		
Talawakelle Tea Estates PLC	(3,225)	3,479
Kelani Valley Plantations PLC	(3,404)	3,620
Horana Plantations PLC	(27,775)	31,366

Discount rate fluctuation Managed Timber	1% Rs.'000	-1% Rs.'000
As at 31 March 2024		
Talawakelle Tea Estates PLC	(4,176)	4,489
Kelani Valley Plantations PLC	(103)	106
Horana Plantations PLC	(23,911)	27,089

17. INTANGIBLE ASSETS

As at 31st March	CONSOLIDATED						
	Right to generate Hydro/ solar power/ development cost	Goodwill	ERP system	Brand name/ trade mark	Customer list	Total 2025	Total 2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000		Rs.'000	Rs.'000
Cost :							
At the beginning of the year	237,231	14,709,552	3,644,602	406,162	152,420	19,149,967	19,122,541
Acquisition through business combinations	-	25,428	1,508	-	-	26,936	-
Additions	-	-	378,984	28,658	-	407,642	353,968
Transferred from property plant & equipment	-	-	9,436	-	-	9,436	3,811
Disposals	-	-	(18,924)	-	-	(18,924)	(199,576)
Effect of movements in exchange rates	-	-	(18,778)	(864)	-	(19,642)	(130,777)
At the end of the year	237,231	14,734,980	3,996,828	433,956	152,420	19,555,415	19,149,967
Amortisation :							
At the beginning of the year	132,383	145,959	2,412,763	61,276	152,420	2,904,801	2,805,877
Acquisition through business combinations	-	-	251	-	-	251	-
Amortisation for the year	9,716	-	299,851	18,900	-	328,467	393,279
Transferred from Property Plant & Equipment	-	-	10,916	-	-	10,916	1,431
Disposals	-	-	(17,441)	-	-	(17,441)	(196,930)
Effect of movements in exchange rates	-	-	(13,368)	(410)	-	(13,778)	(98,856)
At the end of the year	142,099	145,959	2,692,972	79,766	152,420	3,213,216	2,904,801
Impairment :							
At the beginning of the year	-	137,864	-	-	-	137,864	137,864
Impairment for the year	-	-	-	-	-	-	-
At the end of the year	-	137,864	-	-	-	137,864	137,864
Net book value	95,132	14,451,157	1,303,856	354,190	-	16,204,335	16,107,302
Capital work in progress						15,543	58,206
Carrying amount						16,219,878	16,165,508

Notes to the Financial Statements

17.1 Company

As at 31st March	COMPANY		
	ERP system	Total	Total
	Rs.'000	2025 Rs.'000	2024 Rs.'000
Cost :			
At the beginning of the year	114,980	114,980	114,980
Additions	28,669	28,669	-
At the end of the year	143,649	143,649	114,980
Amortisation :			
At the beginning of the year	67,428	67,428	55,205
Amortisation for the year	13,024	13,024	12,223
At the end of the year	80,452	80,452	67,428
Net book value	63,197	63,197	47,552
Capital work in progress	6,109	6,109	8,556
Carrying amount	69,306	69,306	56,108

17.2 Right to Generate Hydro/ Solar Power and Development Costs

The details of remaining amortisation period of right to generate hydro power, solar power and development cost.

Company	Category	Remaining amortisation period	2025 (RS.'000)	2024 (Rs.'000)
Nirmalapura Wind Power (Pvt) Ltd.	Development cost	6 years	18,453	21,184
Solar One Ceylon (Pvt) Ltd.	Solar power	11 years	76,679	83,664
			95,132	104,848

17.3 Goodwill

The aggregate carrying amount of goodwill allocated to each unit is as follows;

As at 31st March	2025 Rs. mn	2024 Rs. mn	Recoverable amount is based on
Dipped Products PLC	97	97	VIU
Dipped Products' Group Companies	33	33	VIU
Advantis Group Companies	659	634	VIU
Haycarb Group Companies	202	202	VIU
The Kingsbury PLC	633	633	VIU
Hayleys Plantation Services (Pvt) Ltd.	499	499	VIU
Alumex PLC	1,052	1,052	VIU
Hayleys Leisure Group Companies	1,415	1,415	VIU
Unisyst Engineering Ltd.	20	20	VIU
Hayleys Fentons Group Companies	532	532	VIU
Singer (Sri Lanka) PLC	7,205	7,205	VIU
South Asia Textiles Limited	2,104	2,104	VIU
	14,451	14,426	

17.3.1 CGUs in which the carrying amount of goodwill is "significant" in comparison with the entity's total carrying amount

As at 31st March	2025		2024	
	Discount Rate	Terminal Growth Rate	Discount Rate	Terminal Growth Rate
Singer (Sri Lanka) PLC	11%	5.0%	12%-14%	5.0%
Hayleys Leisure Group Companies	11%	5.0%	12%-14%	3.0%
The Kingsbury PLC	11%	5.0%	12%-14%	3.0%
Alumex PLC	11%	7.0%	12%-14%	2.0%
South Asia Textiles Ltd.	11%	5.0%	12%-14%	3.0%

17.3.2 CGUs in which the carrying amount of goodwill is "not significant" individually in comparison with the entity's total carrying amount

	2025	2024
Discount Rate	11%	12%-14%
Terminal growth rate	3%-5%	2%-5%

Projected adjusted EBITDA

Projected adjusted EBITDA has been based on past experience adjusted for the following

- Revenue is expected to continue to grow as increase in market share along with higher margins, and new products and services are introduced.
- Margins are expected to be impacted by negative factors such as the cost of acquiring and retaining customers in increasingly competitive markets and by positive factors such as the efficiencies expected from the implementation of Group initiatives.

Terminal Growth Rate

For the purposes of the Group's value in use calculations, a long-term growth rate into perpetuity is applied immediately at the end of the five year forecast period and is based on the lower of

- the nominal GDP growth rate forecasts for the country of operations; and
- the long-term compound annual growth rate in adjusted EBITDA as estimated by management

Long-term compound annual growth rates determined by management may be lower than forecast nominal GDP growth rates due to the following market-specific factors: competitive intensity levels, maturity of business, regulatory environment or sector-specific inflation expectations.

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

17.4 Brand Name/ Trade Mark

17.4.1 The Group has recognised an intangible asset for the Amaya chain of hotels from the acquisition of Hayleys Leisure PLC.

"Amaya" brand name is a well established name in the leisure sector. Management is of the opinion that the brand name will be a key attraction in the future booming leisure sector.

Notes to the Financial Statements

17.4.2 Group has recognised an intangible asset in respect of brand name, trade mark, distribution rights through the acquisition of Singer (Sri Lanka) PLC.

SISIL trademark

The company had acquired the "SISIL" trade mark in December 2000, amounting to Rs. 55 mn. The management is of the opinion that the aforementioned trademark has an indefinite useful life as their associated brand awareness and recognition has existed over 30 years and the company intends to utilise the said trademark for the foreseeable future. There are no legal, regulatory, contractual, competitive, economic or other factors that may limit its useful life and accordingly, the carrying amount of this trademark is determined after testing for impairment annually. Following assumptions are made to test for any impairment as at 31st March 2025:

	2025	2024
Annual sales growth for next five years	15%	10%
Gross margin	18%	26%
Discount rate	8%	12%
Indefinite Growth Rate after Year 2029/30	2%	2%

UNIC trademark

The company had acquired the 'UNIC' Trade mark in 2006 amounting Rs. 38,512,500/-. This trade mark is also considered to have an indefinite useful life due to the factors mentioned in the preceding paragraph and accordingly, the carrying amount of this trademark is determined after testing for impairment annually. Following assumptions are made to test for impairment as at 31st March 2025:

	2025	2024
Annual sales growth for next five years	8%	8%
Gross margin	25%	27%
Discount rate	8%	12%
Indefinite Growth Rate after Year 2029/30	2%	2%

SONY distribution rights

The company had acquired the distribution rights of brand 'SONY' in 2014 amounting Rs. 46,431,920/-. This assets are now carried at cost subject to annual impairment test and carrying amount as at 31st March 2025 is Rs. 46,431,920/-.This distribution right also considered to have an indefinite useful life due to the factors mentioned in the preceding paragraph accordingly, the carrying amount of this trademark is determined after testing for impairment annually. Following assumptions are made to test for impairment as at 31st March 2025.

	2025	2024
Annual sales growth for next five years	5%	5%
Gross margin	20%	24%
Discount rate	8%	12%
Indefinite Growth Rate after Year 2029/30	2%	2%

17.5 Customer List

Group has recognised an intangible asset in respect of customer relationship through the acquisition of Amaya Leisure PLC.

The established customer lists of Amaya Hotels is acknowledged as a key component in generation of revenue through travel agents and tour operators. The management is of the opinion that the company is capable of retaining the travel agents through business relationship strategies and this would ensure retention and lead to repeat business over the future years and inflow of future economic benefits from them.

18. INVESTMENTS

18.1 Company Investment in Subsidiaries

As at 31st March	% Holding		No. of Shares			Value		
	2025	2024	2025	Addition/ Disposal	2024	2025 Rs.'000	Movement Rs.'000	2024 Rs.'000
Investee								
Quoted investments*								
Haycarb PLC (Rs. 16,523 mn)	68	68	201,251,030	-	201,251,030	47,204	-	47,204
Hayleys Fibre PLC (Rs. 719 mn)	65	65	15,600,000	-	15,600,000	3,575	-	3,575
Dipped Products PLC (Rs. 13,866 mn)	42	42	252,109,380	-	252,109,380	408,490	-	408,490
Hayleys Fabric PLC (Rs. 11,024 mn)	59	59	244,974,046	-	244,974,046	1,355,791	-	1,355,791
Amaya Leisure PLC (Rs. 1,317 mn)	43	43	46,690,587	-	46,690,587	2,302,080	-	2,302,080
Alumex PLC (Rs. 4,785 mn)	53	53	314,826,064	-	314,826,064	1,381,879	-	1,381,879
Singer (Sri Lanka) PLC (Rs. 26,022 mn)	67	67	783,801,111	-	783,801,111	12,375,298	-	12,375,298
The Kingsbury PLC (Rs. 2,078 mn)	36	36	174,614,114	-	174,614,114	1,449,123	-	1,449,123
			2,033,866,332	-	2,033,866,332	19,323,440	-	19,323,440
Unquoted Investments								
Chas P. Hayley & Company (Pvt) Ltd.	100	100	999,920	-	999,920	698	-	698
Ravi Industries (Pvt) Ltd.	86	86	10,853,727	-	10,853,727	18,456	-	18,456
Hayleys Group Services Ltd.	100	100	10,000	-	10,000	100	-	100
Dean Foster (Pvt) Ltd.	98	98	11,764,706	-	11,764,706	104,620	-	104,620
Hayleys Advantis Ltd.	92	92	33,424,192	101,283	33,322,909	534,978	43,607	491,371
Volanka Exports (Pvt) Ltd.	5	5	138,288	-	138,288	2,312	-	2,312
Sunfrost (Pvt) Ltd.	5	5	423,300	-	423,300	4,233	-	4,233
Rileys (Pvt) Ltd.	4	4	5,000,000	-	5,000,000	10,333	-	10,333
Volanka (Pvt) Ltd.	62	62	6,440	-	6,440	23,107	-	23,107
Toyo Cushion Lanka (Pvt) Ltd.	19	19	1,244,194	-	1,244,194	14,389	-	14,389
Hayleys Produce Marketing Ltd.	100	100	250,000	-	250,000	2,532	-	2,532
Carbotels (Pvt) Ltd.	75	75	27,578,769	-	27,578,769	308,004	-	308,004
HJS Condiments Ltd.	10	10	1,313,747	1,613	1,312,134	23,794	163	23,631
Hayleys Agriculture Holdings Ltd.	98	98	23,384,392	28,831	23,355,561	820,137	8,985	811,152
Hayleys Consumer Products Ltd.	99	99	19,489,742	-	19,489,742	252,707	-	252,707
Hayleys Aventura (Pvt) Ltd.	100	100	131,098,400	92,350,000	38,748,400	1,310,984	923,500	387,484
Hayleys Business Solutions International (Pvt) Ltd.	100	100	15,000,000	-	15,000,000	150,000	-	150,000
Nirmalapura Wind Power (Pvt) Ltd.	30	30	29,900,000	-	29,900,000	154,204	-	154,204
Hayleys Fentons Limited	100	100	120,442,630	-	120,442,630	1,420,953	-	1,420,953
Hayleys Tours (Pvt) Ltd.	100	100	500,000	-	500,000	5,000	-	5,000
Luxury Resort (Pvt) Ltd.	100	100	21,433,800	3,084,000	18,349,800	2,365,934	585,000	1,780,934
World Export Center Ltd.	100	100	1,055,641,700	-	1,055,641,700	10,556,417	-	10,556,417
Hayleys Fabric Solutions Ltd.	100	100	6	-	6	-	-	-
MIT Global Solutions (Pvt) Ltd.	2	2	25,500	-	25,500	52	-	52
Haylex BV	100	100	1,000	-	1,000	25,734	-	25,734
Darley Property Holdings (Pvt) Ltd.	100	100	394,630,388	-	394,630,388	3,946,303	-	3,946,303
			1,904,554,841	95,565,727	1,808,989,114	22,055,981	1,561,255	20,494,726
Company investment in subsidiaries (at cost)			3,938,421,173	95,565,727	3,842,855,446	41,379,421	1,561,255	39,818,166
Provision for fall in value of investment made by the company								
Hayleys Business Solutions International (Pvt) Ltd.						-	75,000	(75,000)
Company investment in subsidiaries						41,379,421	1,636,255	39,743,166

* Figures in brackets indicate market value of Quoted investments.

Notes to the Financial Statements

18.2 Investment in Equity Accounted Investees

Investor	Investee	CONSOLIDATED							
		% Holding		No. of Shares			Value Rs.'000		
As at 31st March		2025	2024	2025	Movement	2024	2025	Movement	2024
Hayleys Advantis Group	Yusen Logistics & Kusuhara (Pvt) Ltd.	30	30	195,000	-	195,000	1,950	-	1,950
Hayleys Advantis Group	Harbour Services Lanka (Pvt) Ltd.	50	50	5,000	-	5,000	100	-	100
Hayleys Advantis Group	Advantis Leo Thailand (Pvt) Ltd.	-	29	-	(300,000)	300,000	-	(50,354)	50,354
Puritas (Pvt) Ltd.	Lakdiyatha (Pvt) Ltd.	49	49	2,450,000	-	2,450,000	24,500	-	24,500
Hayleys Aventura (Pvt) Ltd.	Joule Power (Pvt) Ltd.	25	25	26,250,000	-	26,250,000	262,500	-	262,500
Hayleys Aventura (Pvt) Ltd.	Beta Power (Pvt) Ltd.	25	25	26,250,000	-	26,250,000	262,500	-	262,500
Kelani Valley Plantations PLC	Martin Bauer Hayleys (Pvt) Ltd.	10	10	39,091,550	-	39,091,550	390,920	-	390,920
Hayleys PLC	Martin Bauer Hayleys (Pvt) Ltd.	39	39	150,484,550	-	150,484,550	1,504,863	-	1,504,863
Mabroc Teas (Pvt) Ltd.	Livee Polska SP. Z O. O.	24	24	564	-	564	131,721	-	131,721
Group investments in equity accounted investees (at cost)				244,726,664	(300,000)	245,026,664	2,579,054	(50,354)	2,629,408

Investor	Investee	COMPANY							
		% Holding		No. of Shares			Value Rs.'000		
As at 31st March		2025	2024	2025	Movement	2024	2025	Movement	2024
Unquoted Investments									
Hayleys PLC	Martin Bauer Hayleys (Pvt) Ltd.	39	39	150,484,550	-	150,484,550	1,504,863	-	1,504,863
Company Investment in equity accounted investees (at cost)				150,484,550	-	150,484,550	1,504,863	-	1,504,863

18.2.1 Net assets of Equity Accounted Investees as follows

As at 31st March	CONSOLIDATED							
	Investment at Cost		Profit/(Loss)		Others		Net Assets	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Yusen Logistics & Kusuhara (Pvt) Ltd.	1,950	1,950	1,827	(153)	(8)	(10,276)	49,306	47,487
Harbour Services Lanka (Pvt) Ltd.	100	100	(100)	-	-	-	-	100
Advantis Leo Thailand (Pvt) Ltd.	-	50,354	(14,634)	(32,854)	47,488	-	-	17,500
Lakdiyatha (Pvt) Ltd.	24,500	24,500	508	(15,215)	-	-	1,609	1,101
Joule Power (Pvt) Ltd.	262,500	262,500	76,038	17,602	(95,813)	(191,875)	416,105	435,880
Beta Power (Pvt) Ltd.	262,500	262,500	62,089	22,628	(78,750)	(209,475)	377,109	393,770
Martin Bauer Hayleys (Pvt) Ltd.	1,895,783	1,895,783	104,164	159,060	(30,519)	(575,625)	1,756,451	1,682,806
Livee Polska SP. Z O. O.	131,721	131,721	7,182	8,137	-	-	147,040	139,858
Group Investments in equity accounted investees	2,579,054	2,629,408	237,074	159,205	(157,602)	(987,251)	2,747,620	2,718,502

18.2.2 Summarised financial information of equity accounted investees which has not been adjusted for the Group's share.

As at 31st March	CONSOLIDATED 2025 Rs.'000	2024 Rs.'000
Assets and Liabilities		
Current Assets	3,206,032	2,960,746
Non-current Assets	6,372,617	6,592,853
Current Liabilities	1,109,510	1,405,091
Non-current Liabilities	1,396,949	959,462

As at 31st March	CONSOLIDATED 2025 Rs.'000	2024 Rs.'000
Revenue and Profit		
Revenue from contracts with customers	4,716,883	4,375,970
Profit after tax	786,334	420,138
Total comprehensive income	835,683	420,300

As at 31st March	CONSOLIDATED 2025 Rs.'000	2024 Rs.'000
Cash flows		
Cash flows from operating activities	959,471	2,226,214
Cash flows from Investing activities	(85,333)	(104,683)
Cash flows from financing activities	(854,835)	(1,774,828)

18.2.3 The Company has neither contingent liabilities nor capital commitments in respect of it's equity accounted investees.

18.3 Livee Polska SP. Z O. O. is the only equity accounted investees incorporated outside of Sri Lanka.

Notes to the Financial Statements

18.4 Inter-Company Shareholdings

Investor As at 31st March	Investee	% Holding		No. of Shares	
		2025	2024	2025	2024
Agro Technica Ltd.	Sunfrost (Pvt) Ltd.	-	-	75,001	75,001
Chas P. Hayley & Co. (Pvt) Ltd.	Toyo Cushion Lanka (Pvt) Ltd.	3	3	169,267	169,267
	Volanka Exports Ltd.	100	100	2,900,000	2,900,000
	Charles Fibre (Pvt) Ltd.	50	50	10,000	10,000
Dean Foster (Pvt) Ltd.	Volanka (Pvt) Ltd.	38	38	3,920	3,920
	Hayleys Advantis Ltd.	1	1	488,369	488,369
	Chas P. Hayley & Company (Pvt) Ltd.	0	0	80	80
	Alumex PLC	5	5	28,427,800	28,427,800
	Hayleys Fabric Solutions Limited	33	33	2	2
	Hayelys Leisure PLC	21	21	23,049,088	23,049,088
Dipped Products PLC	Venigros (Pvt) Ltd.	100	100	8,000,000	8,000,000
	Feltex (Pvt) Ltd.	100	100	1,500,000	1,500,000
	DPL Plantations (Pvt) Ltd.	100	100	55,000,000	55,000,000
	Dipped Products (Thailand) Ltd. (100 Bhat)	99	99	4,516,250	4,516,250
	ICOGUANTI S.p.A (Italy) (€1 - each)	100	100	3,150,000	3,150,000
	Hanwella Rubber Products Ltd.	73	73	18,152,000	18,152,000
	D P L Premier Gloves Ltd.	100	100	145,000,000	145,000,000
	D P L Universal Gloves Ltd.	100	100	500,000,000	350,000,000
	D P L International Ltd.	100	100	1	1
ICOGUANTI S.p.A. (Italy)	DPL France SAS (€ 1 - each)	97	97	5,800,000	5,800,000
	ROZENBAL POLSKA Sp. z.o.o. (PLN 500 - each)	97	97	1,779	1,779
Dipped Products (Thailand) Ltd.	Hi Care Thai Gloves Co. Ltd. (THB 100 - each)	100	-	3,350,000	-
DPL Plantations Ltd.	Kelani Valley Plantations PLC	72	72	49,253,800	49,253,800
	Hayleys Plantation Services (Pvt) Ltd.	67	67	13,400,000	13,400,000

Investor As at 31st March	Investee	% Holding		No. of Shares	
		2025	2024	2025	2024
Haycarb PLC	Dipped Products PLC	7	7	40,687,460	40,687,460
	Eurocarb Products Ltd.(UK) (£1 - each)	100	100	100,000	100,000
	Haycarb Value Added Products (Pvt) Ltd.	100	100	40,000,000	40,000,000
	Haycarb Holdings Australia (Pty) Ltd. (Aus $1 - each)	100	100	150,000	150,000
	Carbotels (Pvt) Ltd.	25	25	9,290,341	9,290,341
	Carbokarn Co. Ltd.(100 Bhat, 100% paid-up)	50	50	250,000	250,000
	Puritas (Pvt) Ltd.	100	100	699,995	699,995
	Recogen (Pvt) Ltd.	100	100	36,999,995	36,999,995
	Haycarb USA Inc. ($1 - each)	100	100	1,285,000	1,285,000
	Haycarb Holdings Bitung Ltd. ($1 - each)	100	100	1,400,000	1,400,000
	PT Mapalus Makawanua Charcoal Industry (IDR 1,000,000)	2	2	707	707
	Ultracarb (Pvt) Ltd.	100	100	25,000,000	25,000,000
	Quality Seed Company (Pvt) Ltd.	6	6	147,000	147,000
	Haycarb Singapore Pte. Ltd ($1 - each)	100	-	10,000	-
	PT Haycarb Palu Mitra (IDR 9,539 - each)	60	60	1,290,000	1,290,000
Carbokarn Co. Ltd.	CK Regen Systems Co. Ltd. (TBH 100 - each)	100	100	75,000	75,000
	Shizuka Co. Ltd. (TBH 100 - each)	100	100	137,500	137,500
Puricarb Pte Ltd.	Haycarb Philippines Corporation (PESO 10.57 - each)	100	-	300,000	-
Puritas (Pvt) Ltd.	Lakdiyatha (Pvt) Ltd.	49	49	2,450,000	2,450,000
	Puricarb Pte Ltd. (€ 0.88 - each)	100	100	50,000	50,000
Haycarb Singapore Pte. Ltd.	Eurocarb Germany GmbH (€ 1 - each)	100	-	25,000	-
Haycarb Holdings Bitung Ltd.	PT Mapalus Makawanua Charcoal Industry (IDR 1,000,000)	98	98	36,935	36,935
Hayleys Agriculture Holdings Ltd.	Agro Technica Ltd.	100	100	2,499,994	2,499,994
	Hayleys Agro Fertilizers (Pvt) Ltd.	100	100	14,999,999	14,999,999
	Hayleys Agro Farms (Pvt) Ltd.	100	100	1,500,000	1,500,000
	Hayleys Agro Bio-Tech (Pvt) Ltd.	100	100	7,499,999	7,499,999
	HJS Condiments Ltd.	59	59	7,399,343	7,399,343
	Sunfrost (Pvt) Ltd.	100	100	167,445,000	167,445,000
	Haychem (Bangladesh) Ltd. (Taka 100 - each)	100	100	340,703	340,703
	Hayleys Nature Nest (Pvt) Ltd.	50	-	30,000,000	-
	Hayleys Fabric PLC	2	2	6,944,514	6,944,514
	Singer (Sri Lanka) PLC	2	2	28,404,255	28,404,255
	Quality Seed Company (Pvt) Ltd.	94	94	2,378,000	2,378,000

Notes to the Financial Statements

Investor As at 31st March	Investee	% Holding		No. of Shares	
		2025	2024	2025	2024
Hayleys Fibre PLC	Toyo Cushion Lanka (Pvt) Ltd.	16	16	1,015,602	1,015,602
	Bonterra Ltd.	50	50	803,394	803,394
	Creative Polymats (Pvt) Ltd.	74	74	22,500,001	22,500,001
	Rileys (Pvt) Ltd.	12	12	15,500,000	15,500,000
Hayleys Aventura (Pvt) Ltd.	Haycolour (Pvt) Ltd.	100	100	59,999	59,999
	Hayleys Lifesciences (Pvt) Ltd.	100	100	9,999,999	3,000,001
	Innovative Solutions Lanka (Pvt) Ltd.	100	100	320,001	320,001
	Nirmalapura Wind Power (Pvt) Ltd.	21	21	21,100,000	21,100,000
	Hayleys Power Ltd.	100	100	46,767,241	46,767,241
	Joule Power (Pvt) Ltd.	25	25	26,250,000	26,250,000
	Beta Power (Pvt) Ltd.	25	25	26,250,000	26,250,000
	Singer (Sri Lanka) PLC	3	3	31,595,745	31,595,745
	Solar One Ceylon (Pvt) Ltd.	50	50	35,085,952	35,085,952
	Hayleys Aventura BD Limited (Taka 100 - each)	100	100	4,182	4,182
	Hayleys Aventura Singapore Pte Ltd. ($1 - each)	100	100	5,000	5,000
Hayleys Hydro Energy (Pvt) Ltd.	Neluwa Cascade Hydro Power (Pvt) Ltd.	100	100	11,910,001	11,910,001
Hayleys Plantation Services (Pvt) Ltd.	Talawakelle Tea Estates PLC	75	75	35,500,000	35,500,000
	Horana Plantations PLC	51	51	12,750,000	12,750,000
Talawakelle Tea Estates PLC	TTEL Hydro Power Company (Pvt) Ltd.	100	100	6,885,300	6,885,300
	TTEL Somerset Hydro Power (Pvt) Ltd.	100	100	6,000,000	6,000,000
Hayleys Advantis Group	Sunfrost (Pvt) Ltd.	1	1	50,000	50,000
	Singer (Sri Lanka) PLC	10	10	111,382,980	111,382,980
	Hayleys Fabric PLC	2	2	10,073,700	10,073,700
Ravi Industries Ltd.	Rileys (Pvt) Ltd.	19	19	24,500,000	24,500,000
	Dipped Products PLC	1	1	5,670,000	5,670,000
	Ravi Marketing Services (Pvt) Ltd.	100	100	9,994	9,994
Rileys (Pvt) Ltd.	Haymat (Pvt) Ltd.	54	54	215,998	215,998
	Creative Polymats (Pvt) Ltd.	26	26	8,034,098	8,034,098
Toyo Cushion Lanka (Pvt) Ltd.	Dean Foster (Pvt) Ltd.	2	2	235,294	235,294
	Hayelys Leisure PLC	2	2	1,835,420	1,835,420

Investor As at 31st March	Investee	% Holding		No. of Shares	
		2025	2024	2025	2024
Volanka (Pvt) Ltd.	Dipped Products PLC	8	8	48,736,400	48,736,400
	Toyo Cushion Lanka (Pvt) Ltd.	22	22	1,455,832	1,455,832
	Volanka Insurance Brokers (Pvt) Ltd.	100	100	62,802	58,994
	Singer (Sri Lanka) PLC	3	3	34,787,235	34,787,235
	Ravi Industries Ltd.	14	14	1,732,720	1,732,720
	Rileys (Pvt) Ltd.	65	65	85,000,000	85,000,000
Carbotels (Pvt) Ltd.	Eastern Hotel (Pvt) Ltd.	96	96	894,304	894,304
	Singer (Sri Lanka) PLC	3	3	29,042,553	29,042,553
	The Kingsbury PLC	23	23	113,250,000	113,250,000
Volanka Exports Ltd.	Hayelys Leisure PLC	1	1	1,445,358	1,445,358
Kelani Valley Plantations PLC	Kalupahana Power Company (Pvt) Ltd.	60	60	1,800,000	1,800,000
	Mabroc Teas (Pvt) Ltd.	100	100	11,000,000	11,000,000
	Kelani Valley Resorts (Pvt) Ltd.	100	100	5,000,000	5,000,000
	Martin Bauer Hayleys (Pvt) Ltd.	10	10	39,091,550	39,091,550
Mabroc Teas (Pvt) Ltd.	Merdian Exports	100	100	110,000	110,000
	Blue mountain tea Exports	100	100	5	5
	Mabroc East Africa (Pvt) Ltd. (Ksh 100 - each)	70	70	101,500	101,500
Hayleys Aviation and Projects (Pvt) Ltd.	Air Global (Pvt) Ltd.	100	100	999,996	999,995
	Millennium Transportation (Pvt) Ltd.	100	100	99,999	99,999
	North South Lines (Pvt) Ltd.	100	100	134,999	134,999
	Hayleys Travels (Pvt) Ltd.	100	100	1,779,999	1,779,999
	S & T Interiors (Pvt) Ltd.	53	53	1,560,000	1,560,000
Hayleys Electronics Ltd.	Global Consumer Brands (Pvt) Ltd.	100	100	17,599,999	17,599,999
	Hayleys Electronics Manufacturing (Pvt) Ltd.	100	100	7,232,974	499,999
Hayleys Consumer Products Ltd.	International Consumer Brands (Pvt) Ltd.	100	100	3,000,000	3,000,000
	Hayleys Electronics Lighting (Pvt) Ltd.	100	100	599,999	599,999

Notes to the Financial Statements

Investor As at 31st March	Investee	% Holding		No. of Shares	
		2025	2024	2025	2024
Hayleys Leisure PLC	Kandyan Resorts (Pvt) Ltd.	100	100	23,215,547	23,215,547
	Culture Club Resorts (Pvt) Ltd.	100	100	23,822,393	23,822,393
	Hayleys Holidays (Pvt) Ltd.	100	100	100,003	100,003
	Sun Tan Beach Resorts Ltd.	82	82	366,734,905	366,734,905
	Hayleys Hotel Management Services (Pvt) Ltd.	100	100	1,200,002	1,200,002
	C D C Convensions (Pvt) Ltd.	100	100	1,000,002	1,000,002
Hayleys Power Ltd.	Bhagya Hydro (Pvt) Ltd.	100	100	3,499,999	3,499,999
	Hayleys Hydro Energy (Pvt) Ltd.	51	51	6,120,001	6,120,001
	Hayleys Neluwa Hydro Power (Pvt) Ltd.	100	100	29,700,000	29,700,000
	Solar Two (Pvt) Ltd.	100	-	10	-
	Neluwa Upper Hydro Power (Pvt) Ltd.	100	100	100,000	100,000
Hayleys Fentons Ltd.	Fentons Smart Facilities (Pvt) Ltd.	100	100	1	1
	Energynet (Pvt) Ltd.	100	100	10,900,344	10,900,344
	Nex-Gen Engineering Pte ($1 - each)	100	100	400,000	400,000
	Nex-Gen Asia (Pvt) Ltd.	100	100	100	100
	Hayleys Electronics (Pvt) Ltd.	100	100	966,852	966,830
	Hayleys Electronics Manufacturing (Pvt) Ltd.	0.18	-	12,722	-
	Haywind One Limited	99	-	1	-
	Hayleys Electronics (Pvt) Ltd.	100	100	966,852	966,830
Singer (Sri Lanka) PLC	Singer Finance (Lanka) PLC	80	80	161,513,035	161,513,035
	Regnis Appliances (Pvt) Ltd.	100	100	15,000,000	15,000,000
	Reality Lanka Ltd.	100	100	18,215,083	18,215,083
Hayleys Fabric PLC	South Asia Textiles Ltd.	100	100	357,361,456	357,361,456
	Hayleys Fabric Solutions Limited	67	67	4	4

19. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

19.1 Other Non-Current Financial Assets

As at 31st March	CONSOLIDATED						COMPANY		
	Fair value through OCI		Amortised cost		Total 2025	Total 2024	Fair value through OCI	Total 2025	Total 2024
	Unquoted equity shares	Quoted equity shares	Treasury Bonds	Fixed Deposits			Unquoted shares		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	84,077	8,317	303,566	-	395,960	941,291	42,000	42,000	49,563
Additions	-	-	-	51,757	51,757	-	-	-	-
Impairment/Impairment reversal for the year	-	-	-	-	-	(7,627)	-	-	-
Transfers	-	(282)	-	-	(282)	-	-	-	-
Disposals	-	-	(74,669)	-	(74,669)	(651,527)	-	-	-
Effect of movement in exchange rate	-	-	-	(1,395)	(1,395)	-	-	-	-
Change in fair value	(479)	2,045	89,267	-	90,833	113,823	-	-	(7,563)
At the end of the year	83,598	10,080	318,164	50,362	462,204	395,960	42,000	42,000	42,000

19.1.1 Investment details

Investor	Investee	Number of shares		Value	
As at 31st March		2025	2024	2025 Rs.'000	2024 Rs.'000
Unquoted equity shares - at fair value through OCI					
Hayleys PLC	Sojitz Kelanitissa (Pvt) Ltd.	15,125,103	15,125,103	-	-
	Sri Lanka Institute of Nanotechnology (Pvt) Ltd.	4,200,000	4,200,000	42,000	42,000
Hayleys Aventura (Pvt) Ltd.	Hydro Trust lanka (Pvt) Ltd.	350,000	350,000	3,500	3,500
Dipped Products PLC	Wellassa Rubber Company Ltd	255,000	255,000	2,550	2,550
	Impairment in Wellassa Rubber Company Ltd.	-	-	(2,550)	(2,550)
Haycarb Group	Barrik Gold Corporation - Aus 27.20 each	3,456	3,456	288	302
Hayleys Advantis Group	SLAFFA Cargo Services Ltd.	120,901	120,901	15,317	15,920
	CMA Ships Lanka (Pvt) Ltd.	2	2	25	25
Singer (Sri Lanka) PLC	Equity Investment Lanka Ltd.	1,665,000	1,665,000	20,283	20,145
	Credit Information Bureau of Sri Lanka	100	100	2,185	2,185
				83,598	84,077
Quoted equity shares - at fair value through OCI Investee					
Dipped Products PLC	Royal Ceramics Lanka PLC	220	220	80	67
Hayleys Advantis Group	Comtrust Equity Fund	206,452	200,000	9,050	7,030
	Union Bank PLC	100,000	100,000	950	940
Hayleys Fentons Ltd.	Hotel Sigiriya PLC	-	5,500	-	280
				10,080	8,317

Notes to the Financial Statements

Investor		Value	
As at 31st March		2025 Rs.'000	2024 Rs.'000
Investments at amortised cost			
Hayleys Agro Fertilizers (Pvt) Ltd.	Treasury bonds	318,164	303,566
Haychem (Bangladesh) Ltd	Fixed deposit	50,362	-
		368,526	303,566

19.2 Other Current Financial Assets

As at 31st March	CONSOLIDATED						COMPANY			
	Fair value through profit or loss		Amortised cost		Total 2025	Total 2024	Financial instruments at fair value through profit or loss		Total 2025	Total 2024
	Quoted equity shares	Unit trust	Treasury bills	Fixed deposits			Quoted equity shares	Unit trust		
	Rs.'000	Rs.'000	Rs.'000		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	18,425	1,188,609	505,341	463,760	2,176,135	855,238	10,050	9,910	19,960	14,891
Additions	1,880	3,289,460	-	-	3,291,340	6,345,368	-	-	-	-
Disposals	-	(3,117,498)	(505,341)	(463,760)	(4,086,599)	(5,263,812)	-	-	-	-
Transfers	282	-	-	-	282	-	-	-	-	-
Change in fair value	7,396	113,757	-	-	121,153	239,341	5,237	955	6,192	5,069
At the end of the year	27,983	1,474,328	-	-	1,502,311	2,176,135	15,287	10,865	26,152	19,960

19.2.1 Investment details

Investor	Investee	Number of shares		Value	
As at 31st March		2025	2024	2025 Rs.'000	2024 Rs.'000
Quoted equity shares - Fair value through profit or loss					
Hayleys PLC	Central Industries PLC	19,478	19,478	2,853	2,162
	Kelani Tyres PLC	17,200	17,200	1,392	1,204
	Lanka Orix Leasing Company PLC	1,404	1,404	835	558
	National Development Bank PLC	29,235	27,485	3,128	1,868
	Three Acre Farms PLC	1,840	1,840	551	507
	Hatton National Bank PLC - Non Voting	24,964	24,964	6,527	3,750
Dean Foster (Pvt) Ltd.	ACL Cables PLC	16,480	16,480	2,011	1,386
	Blue Diamonds Jewellery Worldwide PLC	13	13	-	-
	Lanka Orix Leasing Company PLC	3,280	3,280	1,951	1,304
	Three Acre Farms PLC	2,000	2,000	600	551

Investor As at 31st March	Investee	Number of shares		Value	
		2025	2024	2025 Rs.'000	2024 Rs.'000
Hayleys Advantis Ltd.	DFCC Bank PLC	8,816	8,816	971	687
	Hatton National Bank PLC	9,224	9,224	2,871	1,659
	National Development Bank PLC	3,243	3,243	369	221
	Beruwala Resort PLC	344,474	344,474	1,275	482
	Union Bank PLC	400	400	4	4
Amaya Leisure PLC	The Fortress Resorts PLC	90,075	90,075	2,207	2,072
	LB Finance PLC	160	160	14	10
Fentons Ltd	Hotel Sigiriya PLC	5,500	-	424	-
				27,983	18,425
Unit trust - Fair value through profit or loss					
Carbotels (Pvt) Ltd.	NDB Wealth Money Fund	179,678	179,678	4,890	4,890
	NDB Wealth Money plus Fund	3,671,999	4,626,026	146,443	167,166
Hayleys PLC	NDB Wealth Money Fund	303,116	303,116	10,865	9,910
Bhagya Hydro	NDB Wealth Money Fund	999,283	530,857	35,816	17,382
Hayleys Power	NDB Wealth Money Fund	1,836,433	1,940,417	65,821	63,536
Hayleys Neluwa Hydro	NDB Wealth Money Fund	6,775,694	7,423,696	242,853	243,079
Neluwa Cascade Hydro	NDB Wealth Money Fund	3,310,303	475,510	118,648	15,570
Hayleys Advantis Ltd.	NDB Wealth Money Fund	8,340,786	25,348,577	302,097	667,076
Singer (Sri Lanka) PLC	NDB Wealth Money Fund	9,486,598	-	340,160	-
	NDB Money Plus Fund	4,227	-	167	-
Hayleys Aventura	NDB Wealth Money Fund	4,646,341	-	166,534	-
Solar One	NDB Wealth Money Fund	1,116,960	-	40,034	-
				1,474,328	1,188,609
Fixed deposits - Amortised cost					
Singer (Sri Lanka) PLC				-	463,760
				-	463,760

19.3 Other Financial Liabilities

As at 31st March	Financial Liabilities at amortised cost - deposits	CONSOLIDATED Total 2025	Total 2024
	Rs.'000	Rs.'000	Rs.'000
At beginning of the year	22,179,511	22,179,511	19,199,910
Incurred	16,283,417	16,283,417	7,256,250
Settlements	(10,727,784)	(10,727,784)	(5,742,519)
Charge/ capitalisation of interest	578,996	578,996	1,465,870
At end of the year	28,314,140	28,314,140	22,179,511
Other Current Financial Liabilities	21,907,141	21,907,141	18,927,276
Other Non Current Financial Liabilities	6,406,999	6,406,999	3,252,235

19.3.1 Deposit classification

As at 31st March	CONSOLIDATED 2025	2024
	Rs.'000	Rs.'000
Fixed deposits	27,460,319	21,544,418
Savings	853,821	635,093
	28,314,140	22,179,511

19.4 Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2025, the Group held the following financial instruments carried at fair value in the Statement of Financial Position:

Assets measured at fair value

As at 31st March	Notes	2025 Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000
Fair value through OCI					
Quoted equity shares	19.1.1	10,080	10,080	-	-
Unquoted equity shares	19.1.1	83,598	-	-	83,598
Financial assets at fair value through profit or loss:					
Quoted equity shares	19.2	27,983	27,983	-	-
Unit trust	19.2	1,474,328	-	1,474,328	-
Property, plant & equipment					
Freehold land	13	43,734,033	-	-	43,734,033
Investment Properties					
Land and buildings	15	2,192,662	-	-	2,192,662

As at 31st March	Notes	2024 Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000
Fair value through OCI					
Quoted equity shares	19.1.1	8,317	8,317	-	-
Unquoted equity shares	19.1.1	84,077	-	-	84,077
Financial assets at fair value through profit or loss:					
Quoted equity shares	19.2	18,425	18,425	-	-
Unit trust	19.2	1,188,609	-	1,188,609	-
Property, plant & equipment					
Freehold land	13	36,521,226	-	-	36,521,226
Investment Properties					
Land and buildings	15	2,041,561	-	-	2,041,561

During the reporting period ended 31 March 2025 and 31 March 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

Notes to the Financial Statements

Fair Values

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements.

As at 31st March	Notes	CONSOLIDATED		COMPANY	
		Carrying value	Fair value	Carrying value	Fair value
		2025		2025	
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial Assets					
Other non- current financial assets					
Fair value through OCI	19.1	93,678	93,678	42,000	42,000
Amortised cost	19.1	368,526	368,526	-	-
Non- current trade and other receivables	22	19,288,757	19,288,757	-	-
Other current financial assets					
Financial instruments at fair value through profit or loss	19.2	1,502,311	1,502,311	26,152	26,152
Amortised cost	19.2	-	-	-	-
Trade and other receivables	22	139,429,685	139,429,685	61,757	61,757
Amounts due from subsidiaries	38.4	-	-	6,062,152	6,062,152
Amounts due from equity accounted investees	38.5	147,999	147,999	43,596	43,596
Short term deposits		27,358,471	27,358,471	1,864,684	1,864,684
Cash and cash equivalents		24,292,764	24,292,764	1,115,433	1,115,433
		212,482,191	212,482,191	9,215,774	9,215,774
Financial Liabilities					
Interest-bearing borrowings*	25	102,583,683	102,583,683	26,213,167	26,213,167
Other financial liabilities					
Financial liabilities at amortised cost	19.3	28,314,140	28,314,140	-	-
Trade and other payables	29	84,357,278	84,357,278	4,810,007	4,810,007
Amounts due to subsidiaries	38.4	-	-	619,622	619,622
Amounts due to equity accounted investees	38.5	21,068	21,068	-	-
Short-term interest-bearing borrowings	31	101,826,546	101,826,546	9,071,422	9,071,422
		317,102,715	317,102,715	40,714,218	40,714,218

* Include fixed interest loans carried at amortised cost.

- The fair value of the financial assets and liabilities is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participant at the measurement date. The following methods and assumptions were used to estimate the fair values:
- The carrying value of available for sale financial instruments at fair value through OCI and financial instruments at fair value through profit or loss at fair value.
- Cash and cash equivalents, short term deposits, trade and other, amounts due to/from subsidiaries, amounts due from equity accounted investees and trade and other payables approximate their carrying values largely due to the short term maturities of these instruments.
- The Fair value of financial assets at amortised cost and financial liabilities at amortised cost is not significantly different from the value based on amortised cost methodology.

20. OTHER NON CURRENT ASSETS

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Prepayments	5,772,037	4,698,650	35,790	70,297
Formers	1,881,007	1,380,694	-	-
Pre paid staff benefit	200,055	300,038	-	-
VAT receivable	1,992,345	1,326,666	-	-
Other tax receivables	292,158	206,038	-	-
Provision for impairment	(969,377)	(690,841)	-	-
	9,168,225	7,221,245	35,790	70,297
Other Current Assets	8,125,669	6,269,054	35,790	70,297
Other Non Current Assets	1,042,556	952,191	-	-

21. INVENTORIES

As at 31st March	Notes	CONSOLIDATED		COMPANY	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Raw materials & consumables		34,799,061	31,301,919	32,756	36,423
Produce stocks		2,127,178	1,471,391	-	-
Produce on bearer biological assets		71,734	54,966	-	-
Nurseries		64,779	61,889	-	-
Work-in-progress		15,776,332	11,831,783	-	-
Finished goods		45,571,436	45,078,104	-	-
Goods-in-transit		1,858,352	2,827,427	-	-
		100,268,872	92,627,479	32,756	36,423
Provision for slow moving and obsolete of inventories	21.1	(6,660,268)	(6,176,800)	-	-
Provision for unrealised profit and write- down of inventories	21.2	(1,668,296)	(1,247,745)	-	-
		91,940,308	85,202,934	32,756	36,423

21.1 Movement in the Provision for Slow Moving and Obsolete of Inventories

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
At the beginning of the year	6,176,800	5,519,094	-	-
Movement during the year	483,468	657,706	-	-
At the end of the year	6,660,268	6,176,800	-	-

Notes to the Financial Statements

21.2 Movement in the Provision for Unrealised Profit and Write-down of Inventories

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
At the beginning of the year	1,247,745	1,516,725	-	-
Movement during the year	420,551	(268,980)	-	-
At the end of the year	1,668,296	1,247,745	-	-

22. TRADE AND OTHER RECEIVABLES

As at 31st March	Notes	CONSOLIDATED		COMPANY	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Trade receivables		69,531,959	62,508,816	-	-
Bills receivables		12,013,917	10,665,200	-	-
Hire debtors		12,577,973	10,083,766	-	-
Lease rental receivable		17,703,574	11,416,914	-	-
Loan debtors		31,203,856	17,484,751	-	-
		143,031,279	112,159,447	-	-
Payment in advance, deposits and other receivables		15,751,338	13,814,074	92,687	892,303
Duty rebate receivable		6,681,777	5,556,377	-	-
Employee loans		491,836	501,724	1,252	2,917
Provision for impairment	22.1	(7,237,788)	(7,147,180)	(32,182)	(32,182)
		158,718,442	124,884,442	61,757	863,038
Current Trade and Other Receivables		139,429,685	112,832,350	61,757	55,038
Non- Current Trade and Other Receivables		19,288,757	12,052,092	-	808,000

22.1 Movement in the Provision for Impairment

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
At the beginning of the year	7,147,180	6,767,799	32,182	32,182
Movement during the year	90,598	379,381	-	-
At the end of the year	7,237,778	7,147,180	32,182	32,182

22.1.1 The Aging Analysis of trade and bills receivable is as follows,

As at 31st March Consolidated	Total Rs.'000	Neither past due nor impaired Rs.'000	0-60 days Rs.'000	61-120 days Rs.'000	121-180 days Rs.'000	181-365 days Rs.'000	1-2 years Rs.'000	2-5 years Rs.'000
Balance as at 31st March 2025	143,031,279	26,643,446	48,418,046	12,605,449	8,932,101	25,530,485	9,751,534	11,150,218
Balance as at 31st March 2024	112,159,447	25,503,410	47,579,341	10,728,138	5,496,761	11,377,304	5,761,375	5,713,118

22.1.2 Currency-wise Analysis of Trade and Other Receivables

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Sri Lankan Rupees	110,147,561	85,104,961	61,757	863,038
Australian Dollars	225,814	178,859	-	-
Pounds Sterling	177,621	199,148	-	-
United States Dollars	33,032,922	26,635,257	-	-
Euro	8,608,990	6,856,906	-	-
Thai Baht	795,611	1,008,778	-	-
Indian Rupees	318,185	420,648	-	-
Maldivian Rufiyaa	1,464,389	815,085	-	-
Bangladesh Taka	2,946,047	2,595,764	-	-
Others	1,001,302	1,069,036	-	-
	158,718,442	124,884,442	61,757	863,038

23. STATED CAPITAL

As at 31st March		COMPANY	
		2025 Rs.'000	2024 Rs.'000
Issued & fully paid - ordinary shares			
At the beginning of the year	750,000,000 (1st April 2024 - 750,000,000)	1,575,000	1,575,000
At the end of the year	750,000,000 (31st March 2025 - 750,000,000)	1,575,000	1,575,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes to the Financial Statements

23.1 Other Capital Reserves & Retained Earnings

23.1.1 Other capital reserves

As at 31st March Consolidated	Capital profit on redemption of debentures Rs.'000	Fixed asset replacement reserve Rs.'000	Capital reserve on sale of property, plant & equipment Rs.'000	Capital redemption reserve fund Rs.'000	Statutory reserve fund Rs.'000	Debenture redemption reserve fund Rs.'000	Reserve on amalgamation Rs.'000	Total Rs.'000
Balance as at 1st April 2023	109	11,750	37,833	69,043	146,882	1,047	317,992	584,656
Acquisition of non-controlling interest in subsidiaries	-	-	-	-	(4,120)	-	-	(4,120)
Transfers	-	-	-	-	113,838	-	-	113,838
Balance as at 31st March 2024	109	11,750	37,833	69,043	256,600	1,047	317,992	694,374
Acquisition of non-controlling interest in subsidiaries	-	-	-	-	(16,105)	-	-	(16,105)
Transfers	-	-	-	-	119,251	-	-	119,251
Balance as at 31st March 2025	109	11,750	37,833	69,043	359,746	1,047	317,992	797,520

As at 31st March Company	Capital profit on redemption of debentures Rs.'000	Fixed asset replacement reserve Rs.'000	Capital reserve on sale of property, plant & equipment Rs.'000	Debenture redemption reserve fund Rs.'000	Total Rs.'000
Balance as at 31st March 2025	109	11,750	320	1,047	13,226
Balance as at 31st March 2024	109	11,750	320	1,047	13,226

23.1.2 Statutory reserves

As at 31st March	Notes	CONSOLIDATED 2025 Rs.'000	CONSOLIDATED 2024 Rs.'000
Reserve Fund	23.1.2.1.	359,746	256,600

23.1.2.1 Statutory reserve fund

As at 31st March	CONSOLIDATED 2025 Rs.'000	CONSOLIDATED 2024 Rs.'000
Balance as at the beginning of the year	256,600	146,882
Transfers made during the year	119,251	113,838
Statutory reserve attributable to non-controlling interest	(16,105)	(4,120)
Balance as at the end of the year	359,746	256,600

The balance in the reserve fund will be used only for the purposes specified in the Central Bank Direction No.1 of 2003.

The Reserve Fund is maintained in compliance with direction No 1 of 2003 Central Bank of Sri Lanka (Capital Funds) issued to Finance Companies.

As per the said Direction , every Licensed Finance Company shall maintain a Reserve Fund and transfer to such reserve fund out of the net profits of the each year after due provisions has been made for taxation and bad & doubtful debts on following basis.

Capital Funds to Deposit Liabilities	Transfer to Reserve Fund
Not less than 25%	5%
Less than 25% and not less than 10%	20%
Less than 10%	50%

Accordingly, Singer Finance (Lanka) PLC has transferred 20% of its net profit after taxation to the Reserve Fund as Company's Capital Funds to Deposit Liabilities, belongs to less than 25% and not less than 10%.

23.1.3 Retained earnings

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Balance as at the beginning of the year	45,379,601	42,658,685	9,797,213	12,489,114
Profit for the year	13,411,963	6,839,136	3,991,560	1,333,905
Total other comprehensive income	(247,959)	(473,945)	(163,226)	(13,306)
Dividends to equity holders	(4,500,000)	(4,012,500)	(4,500,000)	(4,012,500)
Unclaimed dividend-write back	79,450	-	39,248	-
Transfers	(120,224)	(110,803)	-	-
Acquisition of non-controlling interest in subsidiaries	(126,573)	479,028	-	-
Balance as at the end of the year	53,876,258	45,379,601	9,164,795	9,797,213

23.1.4 Cash-flow hedge reserve

As at 31st March	CONSOLIDATED	
	2025 Rs.'000	2024 Rs.'000
Balance as at the beginning of the year	(1,310,768)	(2,347,147)
Net gain/ (loss) on cash flow hedge	(7,138)	267,963
Adjustment on changes to non-controlling interest in subsidiaries	(7,842)	10,672
Transfer of cash flow hedge reserve to revenue	572,320	757,744
Balance as at the end of the year	(753,428)	(1,310,768)

Several entities within the Group have borrowings in foreign currencies, the settlements of which are naturally hedged against foreign currency remittances through sales generated by the respective entities.

Subsidiaries in the sectors detail below elected to use their USD remittances to mitigate the exchange risk and have treated the said transaction as a "Cash flow Hedge" in the Financial Statements of the Group.

Notes to the Financial Statements

Sector	Borrowings hedged USD'000	Year of final repayment	Amount deferred as at 31 March 2025 Rs. '000
Transportation and Logistics	6,424	2025 / 2031	811,847
Eco Solutions	113	2025	5,125

24. SECURITY DEPOSITS

As at 31st March	CONSOLIDATED 2025 Rs.'000	CONSOLIDATED 2024 Rs.'000
At the beginning of the year	1,560,728	1,468,392
Contribution during the year	340,568	195,454
Interest charges	163,116	141,293
Shortages recovered	(81,471)	(89,477)
Security deposits released	(88,311)	(154,934)
At the end of the year	1,894,630	1,560,728

25. INTEREST BEARING BORROWINGS

25.1 Total Non-Current Portion of Interest Bearing Borrowings

As at 31st March	Notes	CONSOLIDATED 2025 Rs.'000	CONSOLIDATED 2024 Rs.'000	COMPANY 2025 Rs.'000	COMPANY 2024 Rs.'000
Lease obligations	25.3	11,950,250	8,662,704	-	-
Debentures	25.5	1,980,295	2,005,000	-	-
Long-term loans	25.8	57,728,554	45,986,464	19,313,834	14,375,000
Total non- current interest-bearing borrowings		71,659,099	56,654,168	19,313,834	14,375,000

25.2 Current Portion of Interest Bearing Borrowings

As at 31st March	Notes	CONSOLIDATED 2025 Rs.'000	CONSOLIDATED 2024 Rs.'000	COMPANY 2025 Rs.'000	COMPANY 2024 Rs.'000
Lease obligations	25.3	2,040,872	1,622,018	-	80,604
Debentures	25.5	153,733	3,222,688	-	3,000,000
Long-term loans	25.8	28,729,979	22,315,373	6,899,333	6,925,000
Total current interest-bearing borrowings		30,924,584	27,160,079	6,899,333	10,005,604

25.3 Lease Obligations

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
At the beginning of the year	10,284,722	10,100,181	80,604	151,783
New leases obtained	5,833,864	868,950	-	-
Interest charged	1,447,243	1,237,767	5,562	14,987
Increase to recognised assets	34,316	92,942	-	-
Exchange difference	4,697	(259,423)	-	-
De-recognition	(224,082)	(180,781)	-	-
Repayments	(3,389,638)	(1,574,914)	(86,166)	(86,166)
At end of the year	13,991,122	10,284,722	-	80,604
Repayable within one year	2,040,872	1,622,018	-	80,604
Repayable after one year	11,950,250	8,662,704	-	-

25.4 Currency wise Analysis of Lease Obligations

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Sri Lankan Rupees	11,498,481	9,045,801	-	80,604
United States Dollars	1,123,984	1,109,913	-	-
Maldivian Rufiyaa	19,625	43,974	-	-
Bangladesh Taka	254,783	85,035	-	-
Indonesian Rupiah	13,223	-	-	-
Philippine Peso	1,081,026	-	-	-
	13,991,122	10,284,723	-	80,604

25.5 Debentures

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
At the beginning of the year	5,227,688	9,975,332	3,000,000	6,521,507
Redemptions during the year	(3,093,661)	(4,747,644)	(3,000,000)	(3,521,507)
At the end of the year	2,134,027	5,227,688	-	3,000,000
Repayable within one year	153,733	3,222,688	-	3,000,000
Repayable after one year	1,980,295	2,005,000	-	-

Notes to the Financial Statements

25.5.1 Details of the debentures

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Hayleys PLC Listed, rated, senior, unsecured, redeemable, debentures, Type A- Fixed rate at 13.00% p.a. payable semi annually redeemed on 26th August 2024 Type B- Floating rate AWPLR+2% p.a. payable semiannually redeemed on 26th August 2024	-	3,000,000	-	3,000,000
Singer Finance (Lanka) PLC Fixed rate 9.25% Listed, Rated, Unsecured, Subordinated Debenture Redeemable on 25th June 2026	623,054	624,091	-	-
Singer Finance (Lanka) PLC 1 Year T-Bill Rate +3.75% Listed, Rated, Unsecured, Subordinated Debenture Redeemable on 25th June 2026	1,505,405	1,598,000	-	-
Singer Finance (Lanka) PLC Fixed rate 13.25% Senior, Unsecured, Listed, Redeemable, Rated Debentures redeemable on 19th May 2025	5,568	5,597	-	-
	2,134,027	5,227,688	-	3,000,000

* Details regarding the listed debentures are given in page 504 to the Financial Statements.

25.6 Currency wise Analysis of Debentures

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Sri Lankan Rupees	2,134,027	5,227,688	-	3,000,000
	2,134,027	5,227,688	-	3,000,000

25.7 Analysis of Long-term Debentures by Year of Repayment

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Long term debentures repayable between 1 and 2 years from year-end	1,980,295	5,000	-	-
Long term debentures repayable between 2 and 5 years from year-end	-	2,000,000	-	-
Long term debentures repayable later than 5 years from year-end	-	-	-	-
	1,980,295	2,005,000	-	-

25.8 Long-term Borrowings

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
At the beginning of the year	68,301,837	70,656,081	21,300,000	15,592,565
Effect of movements in exchange rates	(283,237)	(2,120,449)	-	-
Adjustment for loan facility fee	-	7,435	-	7,435
New loans obtained*	43,830,495	24,208,036	12,713,167	11,600,000
	111,849,095	92,751,103	34,013,167	27,200,000
Repayments	(25,390,562)	(24,449,266)	(7,800,000)	(5,900,000)
At the end of the year	86,458,533	68,301,837	26,213,167	21,300,000
Repayable within one year	28,729,979	22,315,373	6,899,333	6,925,000
Repayable after one year	57,728,554	45,986,464	19,313,834	14,375,000

*Loans obtained consist of Consumer & Retails sector (Rs. 16.1 bn), Textiles sector (Rs. 2.1 bn), Transportation sector (Rs. 5.6 bn), Agriculture sector (Rs. 2.0 bn), Purification Sector (Rs. 1.9 bn) and Others sector (Rs. 15.4 bn) during the year.

25.9 Currency wise Analysis of Long-term Borrowings

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Sri Lankan Rupees	70,852,458	49,065,376	25,056,417	21,300,000
United States Dollars	13,659,347	13,378,410	1,156,750	-
Euro	817,543	1,770,172	-	-
Bangladesh Taka	73,098	118,638	-	-
Thai Baht	1,026,904	189,222	-	-
Myanmar Kyat	19,033	-	-	-
Australian Dollar	10,150	3,780,019	-	-
	86,458,533	68,301,837	26,213,167	21,300,000

25.10 Analysis of Long-term Borrowings by Year of Repayment

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Long term loans repayable between 1 and 2 years from year-end	30,810,853	17,936,128	13,878,376	7,500,000
Long term loans repayable between 2 and 5 years from year-end	24,594,651	25,267,096	5,435,458	6,875,000
Long term loans repayable later than 5 years from year-end	2,323,050	2,783,240	-	-
	57,728,554	45,986,464	19,313,834	14,375,000

Notes to the Financial Statements

25.11 Long-term Borrowings Repayable After One Year

As at 31st March	Notes	CONSOLIDATED 2025 Rs.'000	CONSOLIDATED 2024 Rs.'000	COMPANY 2025 Rs.'000	COMPANY 2024 Rs.'000
Long term loans	25.11.1	50,860,365	45,786,464	19,313,834	14,375,000
Syndication loans	25.11.2	-	200,000	-	-
Securitisation loans	25.11.3	6,868,189	-	-	-
		57,728,554	45,986,464	19,313,834	14,375,000

25.11.1 Details of long-term loans

Company	Lender	2025 Rs. '000	2024 Rs. '000	Repayment	Security
Hayleys PLC	Commercial Bank of Ceylon PLC	-	300,000	Bi annually in equal installments of Rs. 300 mn	-
	Hatton National Bank PLC	-	500,000	Bi annually in equal installments of Rs. 500 mn	-
	Sampath Bank PLC	-	600,000	Bi annually in equal installments of Rs. 300 mn	-
	Bank of Ceylon	-	600,000	To be paid bi annually in equal Installments of Rs.300 mn	-
	Commercial Bank of Ceylon	600,000	900,000	To be paid bi annually in equal Installments of Rs.300 mn	None
	Hatton National Bank PLC	2,000,000	2,400,000	To be paid bi annually in equal Installments of Rs.400 mn	None
	Commercial Bank Ceylon PLC	2,000,000	2,800,000	To be paid bi annually in equal Installments of Rs.400 mn	None
	Commercial Bank Ceylon PLC	2,275,000	3,075,000	To be paid bi annually in equal Installments of Rs.400 mn	None
	Bank of Ceylon	2,400,000	3,200,000	To be paid bi annually in equal Installments of Rs.400 mn	None
	Sampath Bank	2,800,000	-	To be paid bi annually in equal installments of Rs. 400 mn	None
	Peoples Bank	3,200,000	-	To be paid in quarterly installments of Rs. 200 mn	None
	Hatton National Bank PLC	3,200,000	-	To be paid bi annually in equal installments of Rs. 400 mn	None
	Standard Chartered Bank (USD 2,666,666)	838,833	-	To be paid bi annually in equal installments of USD 666,666.67	None
ICOGUANTI S.p.A	Alessandria Financing (Euro 1,000,000)	-	8,260	Repayment over 2 years	-
	INTESA SAN PAOLO (Euro 1,000,000)	-	9,146	Repayment over 2 years	-
	BANCO BPM (Euro 3 mn)	75,238	375,461	Repayment over 2 years	None
	CREDEM (Euro 1.2 mn)	38,358	194,697	Repayment over 3 years	None
	UNICREDIT	47,948	243,371	Repayment over 3 years	None

Company	Lender	2025 Rs. '000	2024 Rs. '000	Repayment	Security
Dipped Products Thailand Ltd	TMBThanachart Bank	48,511	189,222	as per schedule	Pledged the land, buildings, and machinery of Dipped Products Thailand Ltd and Hi-Care Thai Gloves Co. Ltd as collateral for loans and credit facilities. Additionally shares in Hi-Care Thai Gloves Co. Ltd have also been pledged.
	TMBThanachart Bank	604,034	-	as per schedule	
Dipped Products PLC	The Hongkong & Shanghai Banking Corporation Ltd	34,203	400,308	36 monthly installments	None
Mabroc Teas (Pvt) Ltd.	The Hongkong & Shanghai Banking Corporation Ltd	12,364	62,603	36 monthly installments	None
Haycarb PLC	The Hongkong & ShanghaiBanking Corporation Ltd	9,444	66,111	16 monthly installments	None
	Pan Asia Banking Corporation PLC	324,408	-	35 monthly equal capital repayment	None
Ultracarb (Pvt) Ltd	The Hongkong & ShanghaiBanking Corporation Ltd	25,278	176,944	46 equal monthly installments commencing from March 2022 + final payment of AUD 27,279 commencing from June 2023	None
	Nations Trust Bank PLC	498,153	-	53 monthly equal capital repayment with 6 month grace period from the date of loan granted	None
Haycarb Holding Australia Pte Ltd.	Power Torque Finance	1,319	2,715	48 equal monthly installments commencing from March 2022	None
	Chattel Mortgage	6,384	7,949	48 equal monthly installments + final payment of AUD 27,279 commencing from June 2023	None
Recogen (Pvt) Ltd	Nations Trust Bank PLC	495,400	-	53 monthly equal capital repayment with 6 month grace period from the date of loan granted	None
Hayleys Agriculture Holdings Ltd.	Sampath Bank PLC	532,400	732,800	32 monthly installments	None
	Hatton National Bank PLC	49,981	249,985	3 monthly installments	None
	Hatton National Bank PLC	1,333,280	-	32 monthly installments	None
Haychem (Bangladesh) Ltd.	Commercial Bank of Ceylon, PLC	73,097	113,447	Maturity 23-10-2028	None
Logiwiz (Pvt) Ltd.	People's Bank	869,811	1,029,822	96 monthly installments, commencing after 24 months grace period	Mortgage over project assets (ALC Phase II)
	Commercial Bank of Ceylon PLC	253,879	359,879	72 monthly installments	None
	DFCC Bank PLC	47,727	75,000	66 monthly installments	None
	Hatton National Bank PLC	1,179,600	1,399,826	59 installments	Mortgage over project assets including Building
	DFCC Bank PLC USD Loan	1,349,330	1,513,769	120 monthly installments	None
	Commercial Bank of Ceylon PLC - (Ceyoka Loan)	-	5,130	21 monthly installments	-

Notes to the Financial Statements

25.11.1 Long term loans (Contd.)

Company	Lender	2025 Rs. '000	2024 Rs. '000	Repayment	Security
Advantis Kusuhara Sadate Myanmar (Private) Limited	UAB Bank	-	65,233	36 Monthly installments	-
Hayleylines Limited	Commercial Bank of Ceylon PLC	283,808	955,522	60 Monthly installments	Vessel
Sri Lanka Shipping Company Limited	DFCC Bank PLC	-	261,827	96 monthly installments	-
	Bank of Ceylon	-	261,827	96 monthly installments	-
	Bank of Ceylon	1,032,593	-	60 monthly installments	Joint Mortgage over vessel
	Commercial Bank of Ceylon PLC	2,648,695	-	72 monthly installments	Mortgage over Tugs
	Commercial Bank of Ceylon PLC	136,678	-	36 monthly installments	Mortgage over Tugs
IML Delivery Systems (Pvt) Limited	Commercial Bank of Ceylon PLC	62,000	-	60 monthly installments, commencing after january 2024	Corporate guarantee from Advantis Ltd.
Hayleys Aventura (Pvt) Ltd Ltd.	Commercial Bank of Ceylon PLC	-	60,100	60 monthly installments	-
Hayleys Fabric PLC	Sampath Bank PLC	-	45,866	48 monthly installments	-
	Sampath Bank PLC	88,875	269,888	60 monthly installments	Mortgage over Solar Equipments
	Standard Chartered Bank	-	63,308	48 monthly installments	-
	Seylan Bank PLC-	103,821	155,016	48 monthly in equal installments after a grace period of 3 months	Mortgage over machinery
	DFCC Bank PLC	551,152	882,258	72 monthly installments	Negative pledge over all immovable asset of Hayleys Fabric PLC & over the shares of South Asia Textiles Ltd
	Sampath Bank PLC	654,533	877,340	84 monthly installments	Negative pledge over Shares of South Asia Textiles Ltd owned by Hayleys Fabric
	The Bank Of China	449,678	1,070,117	12 Quarterly installments	None
	Nations trust Bank PLC	83,768	-	60 monthly equal installments with 6 months grace period & Equal installments of USD 6,016	Mortgage over machinery

Company	Lender	2025 Rs. '000	2024 Rs. '000	Repayment	Security
South Asia Textiles Ltd	Seylan Bank PLC	108,423	221,549	Amalgamated existing 10 loans to LKR 261,761,425 thus 27 equal monthly installments of LKR 9,632,000 each and a final installment of LKR 1,697,426 should be paid commencing from 04/12/2025.	Mortgage over machinery
	Seylan Bank PLC	855,952	1,274,905	Amalgamated existing 15 loans to LKR 1,438,830,250 thus 39 equal monthly installments of LKR 36,157,000 each and a final installment of LKR 28,707,249 commencing from 04/12/2025.	Mortgage over machinery
	Seylan Bank PLC	55,441	-	42 equal monthly installments of LKR 2,083,333 each and a final installment of LKR 2,083,333, commencing from 04/12/2025.	Mortgage over machinery
	Hatton National Bank PLC	-	56,227	24 monthly in equal installments of USD 26,800	-
	Pan Asia Banking Corporation PLC	14,072	163,582	35 equal monthly installments of USD 41,500 and a final installment of USD 47,500, commencing from 31.05.2023	None
	Bank Of Ceylon	22,905	-	18 equal monthly installments of USD 41,667 and a final installment of USD 35,650, commencing from 25/11/2024.	None
	Commercial Bank of Ceylon PLC	62,531	-	22 equal monthly installments of USD 22,225 and a final installment of USD 11,050, commencing from 20/03/2025.	None
Horana Plantations PLC	Hatton National Bank PLC	80,180	206,828	72 /48 monthly installments, after a grace period of 12/24 months	Primary Floating Mortgage for Rs.550 mn, over leasehold rights of Frocester Estate. Primary Floating Mortgage for Rs.400 mn, over leasehold rights of Bambrakelly Estate.
	Commercial Bank of Ceylon PLC	-	15,210	72 monthly installments, after a grace period twenty four (24) months	-
	Sampath Bank PLC	-	15,200	72 monthly installments, after a grace period twenty four (24) months	-

Notes to the Financial Statements

25.11.1 Long term loans (Contd.)

Company	Lender	2025 Rs. '000	2024 Rs. '000	Repayment	Security
Horana Plantations PLC	Commercial Bank of Ceylon PLC	-	69,968	60 monthly installments	-
	Hatton National Bank PLC	-	6,850	36 monthly installments	-
	Commercial Bank of Ceylon PLC	11,592	35,746	60 monthly installments, after a grace period of six (06) months	Primary mortgage bond over Solar Panels and related equipment of Alton, Fairlawn, Stockholm, Gouravilla & Mahanilu Estates.
	Hatton National Bank PLC	142,500	199,500	48 monthly installments, after a grace period twenty four (24) months	Primary Floating Mortgage for Rs.550 mn, over leasehold rights of Frocester Estate. Primary Floating Mortgage for Rs.400 mn, over leasehold rights of Bambrakelly Estate.
	Hatton National Bank PLC	105,640	149,560	72 monthly installments, after a grace period twenty four (24) months	Primary Floating Mortgage for Rs.550 mn, over leasehold rights of Frocester Estate. Primary Floating Mortgage for Rs.400 mn, over leasehold rights of Bambrakelly Estate.
	Sampath Bank PLC	366,400	400,000	48 monthly installments, after a grace period twenty four (24) months	Existing Primary Mortgage of Rs. 150 mn and additional Mortgage for Rs.158.75 mn, over the leasehold rights of land and buildings of Gouravilla Estate. Existing Primary Mortgage of Rs. 150 mn and additional Mortgage for Rs.118.45 mn, over the leasehold rights of land and buildings of Alton Estate. Lien Over funds lying to the Fixed Deposit.
	People's Bank	71,250	-	72 monthly installments	Monthly buildup margin of Rs.250,000 per month & Negative pledge over solar panels and other accessories related to the project.
Hayleys Fibre PLC	The Hongkong & Shanghai Banking Corporation Ltd	-	313,333	48 monthly installments, after a grace period 12 months from 2025	Letter of negative pledge over the land ,building and machinery together with a board resolution
Ravi Industries (Pvt) Ltd.	Standard Chartered Bank	-	5,860	60 monthly installments	-
	Standard Chartered Bank	-	1,668	60 monthly installments	-
	Hatton National Bank PLC	10,000	42,472	9 monthly instalments	None
	Hatton National Bank PLC	126,667	-	60 monthly installments	None
Chas P. Hayley & Co. (Pvt) Ltd.	Commercial Bank of Ceylon PLC	-	30,221	18 monthly installments	-

Company	Lender	2025 Rs. '000	2024 Rs. '000	Repayment	Security
Toyo Cushion Lanka Pvt Ltd.	Commercial Bank of Ceylon PLC	-	5,175	48 monthly installments	-
Rileys (Pvt) Ltd.	Hatton National Bank PLC	10,000	50,000	48 monthly installments	Corporate guarantee from Volanka Ltd.
Alumex PLC	Commercial Bank of Ceylon PLC	218,741	343,745	48 monthly installments	Working Capital
	Commercial Bank of Ceylon PLC	218,741	343,745	48 monthly installments	Working Capital
	Commercial Bank of Ceylon PLC	-	81,500	60 monthly installments	-
	Commercial Bank of Ceylon PLC	208,109	-	48 monthly installments	Plant and fixed assets at factory premises in Ekala and Makola
	Hatton National Bank	19,000	163,000	60 monthly installments	Plant and fixed assets at factory premises in Ekala and Makola
The Kingsbury PLC	Bank of Ceylon	-	33,720	15 monthly installments	-
	Bank of Ceylon	77,733	155,467	36 monthly installement	None
	Bank of Ceylon	833,140	1,071,180	66 monthly installments with 6 months grace period	None
Sun Tan Beach Resorts Ltd.	DFCC Bank PLC	6,734	14,815	36 monthly installments, commencing from February 2024	None
	DFCC Bank PLC	55,369	121,813	36 monthly installments, after 11 months grace period	None
	DFCC Bank PLC	7,835	12,138	36 monthly installments, after 12 months grace period	None
	DFCC Bank PLC	27,307	59,846	36 monthly installments, after 7 months grace period	None
Sun Tan Beach Resorts Ltd.	Hatton National Bank PLC	-	97,756	24 monthly installments	-
	Hatton National Bank PLC	656,865	698,862	84 monthly installments	None
	Hatton National Bank PLC	153,067	377,690	54 monthly installments	None
Kandyan Resorts (Pvt) Ltd	Sampath Bank PLC	121,000	157,000	24 monthly installments including 6 months grace period	Corporate Guarantee of Hayleys Leisure PLC
Hayleys Fentons Limited	Sampath Bank PLC	-	7,400	60 monthly installments	-
	Cargills Bank PLC	-	45,000	60 monthly installments	-
	Bank of Ceylon	60,000	120,000	60 monthly installments	Letter of comfort from Hayleys PLC
	Commercial Bank of Ceylon PLC	516,670	666,667	54 Monthly Installments 6 months grace period	Floating primary mortgage bond for LKR 750mn over solar panels inclusive of inverters, mounting structures, Transformer and Cable assets held at Ocean Lanka (Pvt) Ltd
	Commercial Bank of Ceylon PLC	166,665	222,251	54 Monthly Installments 6 months grace period	Floating primary mortgage bond for LKR 750mn over solar panels inclusive of inverters, mounting structures, Transformer and Cable assets held at South Asia Textile Ltd

Notes to the Financial Statements

25.11.1 Long term loans (Contd.)

Company	Lender	2025 Rs. '000	2024 Rs. '000	Repayment	Security
Hayleys Electronics Ltd	Hatton National Bank PLC	899,980	-	60 Monthly Installments, 1 year grace period	Corporate Guarantee for Rs.1,000.00mn from Hayleys Fentons Ltd.
Solar One Ceylon (Pvt) Ltd.	Sampath Bank PLC	41,300	168,500	33 equal monthly installments	Mortgage over land of the project
Luxury Resort (Pvt) Ltd.	Sampath Bank PLC	4,886,878	4,800,768	90 equal monthly installments	None
Singer (Sri Lanka) PLC	Hatton National Bank PLC	-	1,000,000	Quarterly installments commencing June 2020	-
	Commercial Bank of Ceylon PLC	600,000	1,200,000	Quarterly installments commenced in June 2022	Negative Pledge
	Hatton National Bank PLC	-	1,000,000	Quarterly installments commenced in February 2021	-
	Commercial Bank of Ceylon PLC	300,000	900,000	Semi Annually installments commenced in January 2022	Negative Pledge
	Hatton National Bank PLC	1,500,000	2,100,000	Quarterly installments commencing April 2022	None
	Commercial Bank of Ceylon PLC	582,750	-	Quarterly installments commencing March 2025	None
	Commercial Bank of Ceylon PLC	1,083,500	-	Quarterly installments commencing March 2025	None
	Commercial Bank of Ceylon PLC	1,083,500	-	Quarterly installments commencing March 2025	None
Singer Finance (Lanka) PLC	Pan Asia Banking Corporation PLC (Term Loan)	297,345	-	Monthly Repayment	Mortgage over lease
	Nations Trust Bank PLC	875,002	-	Quarterly installments commenced in March 2021	Mortgage over lease
		50,860,365	45,786,464		

25.11.2 Syndication loans

Company	Lender	Trustee	2025 Rs. '000	2024 Rs. '000	Repayment	Security
Singer Finance (Lanka) PLC	Syndication 02- Tranche 04 (Fixed Rate)	Hatton National Bank PLC	-	200,000	Pay at maturity, interest pay monthly, commenced in May 2020	-
			-	200,000		

25.11.3 Securitisation loans

Company	Lender	Trustee	2025 Rs. '000	2024 Rs. '000	Repayment	Security
Singer Finance (Lanka) PLC	Securitisation 10 NDB Trust 01 (Fixed Rate)	National Development Bank	1,581,851	-	Structure Payment commenced in 2024	Mortgage over lease
	Securitisation 11 NDB Trust 02 (Fixed Rate)	National Development Bank	529,000	-	Structure Payment commenced in 2024	Mortgage over lease
	Securitisation 12 NDB Trust 03 (Fixed Rate)	National Development Bank	1,702,890	-	Structure Payment commenced in 2024	Mortgage over lease
	Securitisation 13 HNB Trust 09 (Fixed Rate)	Hatton National Bank PLC	1,023,000	-	Structure Payment commenced in 2025	Mortgage over lease
	Securitisation 14 NDB Trust 04 (Fixed Rate)	National Development Bank	2,031,448	-	Structure Payment commenced in 2025	Mortgage over lease
		-	6,868,189	-		

Notes to the Financial Statements

26. GRANTS

As at 31st March	CONSOLIDATED	
	2025 Rs.'000	2024 Rs.'000
At the beginning of the year	913,021	924,138
Grants received during the year	24,715	36,551
Amortised during the year	(63,623)	(47,668)
At the end of the year	874,113	913,021

26.1 Grants Received for the Group is as follows:

Talawakelle Tea Estates PLC- Grants were received from the Tea Board during the year. The receipt of funding in prior years are included under the relevant classification of property, plant & equipment and the grant component is reflected under Deferred Grants and Subsidies.

Kelani Valley Plantations PLC - Grants were received from the Rubber Development Board during the year for Rubber Plantations.

Horana Plantations PLC - Grants were received from Sri Lanka Tea Board for Tea replanting during the year.

26.2 There are no conditions or contingencies attached to these grants.

27. DEFERRED TAXATION

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Deferred tax assets	(4,037,389)	(3,362,617)	(21,497)	(66,335)
Deferred tax liabilities	14,079,676	11,458,489	-	-
Net Deferred Tax Liabilities	10,042,287	8,095,872	(21,497)	(66,335)

27.1 Net Deferred Tax Liabilities

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
At the beginning of the year	8,095,872	9,190,381	(66,335)	(68,643)
Amounts originated/ reversed during the year- Income Statement	68,244	(475,629)	52,529	2,935
Amounts originated/ reversed during the year- Other Comprehensive Income	1,876,526	(313,539)	(7,691)	(627)
Effect of movements in exchange rates	1,645	(305,341)	-	-
At the end of the year	10,042,287	8,095,872	(21,497)	(66,335)

27.2 Net Deferred Tax Liabilities are attributable to the following as at the year end

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Deferred tax assets				
Tax effect of employee benefit obligations	(4,252,714)	(3,629,611)	(55,013)	(85,325)
Tax effect of tax loss carried forward	(2,376,852)	(2,098,662)	-	-
Tax effect of provisions	(2,785,702)	(2,029,514)	(16,374)	(9,793)
	(9,415,268)	(7,757,787)	(71,387)	(95,118)
Deferred tax liabilities				
Tax effect of property, plant & equipment	17,943,812	14,036,939	35,340	14,398
Tax effect of unrealised exchange differences	685,145	824,255	-	-
Tax effect of investment properties	828,598	992,465	14,550	14,385
	19,457,555	15,853,659	49,890	28,783
Net deferred tax liabilities	10,042,287	8,095,872	(21,497)	(66,335)

28. EMPLOYEE BENEFIT OBLIGATIONS

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Present value of unfunded gratuity	16,103,974	15,262,465	1,222,508	1,896,112
At the beginning of the year	15,262,465	12,845,248	1,896,112	1,560,016
Acquisition through business combinations	21,613	-	-	-
Transfers	-	-	4,239	1,705
Effect of movements in exchange rates	10,139	(125,096)	-	-
Benefits paid by the during the year	(2,499,011)	(1,698,780)	(1,077,680)	(29,351)
Current Service costs	1,205,458	1,016,336	65,793	71,494
Interest cost	1,528,711	2,137,564	163,127	278,315
Actuarial loss	574,599	1,087,193	170,917	13,933
At the end of the year	16,103,974	15,262,465	1,222,508	1,896,112

For the year ended 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
The expense is recognised in the following line items in the Statement of Profit or Loss				
Cost of sales	506,017	535,643	65,793	71,494
Administrative expenses	2,215,944	2,597,206	163,127	278,315
Distribution expenses	12,208	21,051	-	-
	2,734,169	3,153,900	228,920	349,809

Notes to the Financial Statements

An actuarial valuation of the retirement gratuity payable was carried out as at March 31, 2025 by Mr M Poopalanathan, AIA, of Messrs. Actuarial & Management Consultants (Pvt) Ltd., a firm of professional Actuaries. The valuation method used by the actuaries to value the liability is the "Projected Unit Credit Method (PUC)", the method recommended by the Sri Lanka Accounting Standard - LKAS 19 on "Employee Benefits".

28.1 ACTUARIAL ASSUMPTIONS

The following key assumptions were made in arriving at the above figure.

	Others		Plantations		Overseas Subsidiaries	
As at 31st March	2025	2024	2025	2024	2025	2024
Rate of discount	11.0%	12.0%	10% - 11%	12%	3% - 7%	3% - 10%
Salary increase	10.0%	11.0%	09% - 10%	10% - 11%	1% - 9%	1% - 8%

Assumptions regarding future mortality are based on the A1967/70 for Staff/ Executive and A1949/52 for Worker, issued by the Institute of Actuaries, London.

The demographic assumptions underlying the valuation are with respect to retirement age early withdrawals from service and retirement on medical grounds.

28.2 The Group's and Company employee benefit obligations would have been Rs. 14,577 mn (2024 - Rs. 13,446 mn) and Rs. 1,042 mn (2024 - Rs. 1,627 mn) respectively, as at the reporting date had the Group calculated its retirement benefit obligation as per the requirements of the Payments of Gratuity Act no 12 of 1983, applying the basis of computation given in page 394 to the Financial Statements.

28.3 Sensitivity Analysis - Salary Escalation Rate/ Discount Rate

Values appearing in the Financial Statements are very sensitive to the changes in financial and non financial assumptions used.

A Sensitivity was carried out as follows,

A one percentage point change in the salary escalation rate

	CONSOLIDATED		COMPANY	
	+1%	-1%	+1%	-1%
The present value of defined benefit obligation (Rs.'000)	17,145,734	15,117,274	1,271,147	1,177,377

A one percentage point change in the discount rate

	CONSOLIDATED		COMPANY	
	+1%	-1%	+1%	-1%
The present value of defined benefit obligation (Rs.'000)	15,311,378	17,098,889	1,184,721	1,264,111

28.4 Distribution of Employee Benefit Obligation over Future Working Lifetime

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Less than or equal 1 year	2,065,607	2,545,554	323,720	1,034,170
Over 1 year and less than or equal 5 years	6,174,197	5,538,697	666,112	671,277
Over 5 year and less than or equal 10 years	4,475,112	3,994,191	118,597	95,558
Over 10 years	3,389,058	3,184,023	114,079	95,107
	16,103,974	15,262,465	1,222,508	1,896,112

29. TRADE AND OTHER LIABILITIES

29.1 Trade and Other Payables

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Trade payables	36,584,018	35,293,029	137	-
Bills payable	425,369	530,761	-	-
Other payables including accrued expenses	40,001,769	32,754,734	4,594,498	4,724,328
Unclaimed dividends	1,449,661	782,209	215,372	153,313
Provision (Note 29.1.1)	5,896,461	7,328,493	-	-
	84,357,278	76,689,226	4,810,007	4,877,641

29.1.1 Provisions

As at 31st March	CONSOLIDATED			
	Maintenance warranties** Rs.'000	Other Rs.'000	2025 Rs.'000	2024 Rs.'000
At the beginning of the year	598,506	6,729,990	7,328,496	3,105,243
Arising during the year	1,254,555	13,453,903	14,708,458	7,117,601
Transfer from accruals	-	271,650	271,650	(195,520)
Utilised	(1,058,181)	(15,353,962)	(16,412,143)	(2,698,831)
At the end of the year	794,880	5,101,581	5,896,461	7,328,493

**Maintenance warranties

A provision for maintenance warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of possible outcomes against their associated probabilities.

Alumex PLC - Provision is recognised for expected warranty claims on wood finished product sold.
Singer (Sri Lanka) PLC - Warranty provision has cover both manufacturing defects & defects of imported Products.
Hayleys Lifesciences (Pvt) Ltd. - Provision is recognised for equipment sold.
Hayleys Aventura (Pvt) Ltd - Provision for warranty for capital equipments sold.
Hayleys Fentons Limited - Provision is recognised for expected warranty claims on projects and services completed.
Hayleys Agriculture Holdings Ltd. - Provision on dealer incentives and commission.
Hayleys Agro Fertilizers (Pvt) Ltd. - Provision on dealer incentives and commission.

Notes to the Financial Statements

29.2 Currency wise Analysis of Trade and Other Payables

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Sri Lankan Rupees	44,069,561	42,612,609	4,810,007	4,877,641
Pounds Sterling	115,799	1,745,620	-	-
United States Dollars	30,187,767	24,335,424	-	-
Euro	2,710,444	2,470,117	-	-
Thai Baht	4,734,979	1,989,217	-	-
Bangladesh Taka	1,292,641	1,440,145	-	-
Maldivian Rufiyaa	120,816	360,057	-	-
Others	1,125,271	1,736,037	-	-
	84,357,278	76,689,226	4,810,007	4,877,641

29.3 Other Liabilities

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Other tax payable	1,826,934	1,375,604	85,680	89,090
Other payable	2,836,122	3,199,954	-	-
Payments received in advance	4,857,058	4,302,579	-	-
At the end of the year	9,520,114	8,878,137	85,680	89,090
Other Current Liabilities	7,815,062	7,128,127	85,680	89,090
Other Non Current Liabilities	1,705,052	1,750,010	-	-

29.4 Deferred Revenue

As at 31st March	CONSOLIDATED	
	2025 Rs.'000	2024 Rs.'000
At the beginning of the year	3,625,769	954,310
Amounts recognised during the year	31,497,312	25,108,403
Amounts transferred during the year	(33,000,342)	(22,436,944)
At the end of the year	2,122,739	3,625,769

Deffered Revenue includes maintenance service agreements for Industrial Products & Services, Health Equipment, and ITO & Software services.

30. INCOME TAX

30.1 Income Tax Recoverable

As at 31st March	Notes	CONSOLIDATED 2025 Rs.'000	CONSOLIDATED 2024 Rs.'000	COMPANY 2025 Rs.'000	COMPANY 2024 Rs.'000
At the end of the year	30.2	1,336,907	1,144,362	-	-

30.2 Income Tax Payable

As at 31st March	CONSOLIDATED 2025 Rs.'000	CONSOLIDATED 2024 Rs.'000	COMPANY 2025 Rs.'000	COMPANY 2024 Rs.'000
At the beginning of the year	2,919,381	5,096,135	112,102	118,116
Subsidiaries'/ parents' taxation on current year's profit	10,791,564	9,316,928	199,998	277,727
Under provision in respect of previous years	875,320	214,753	65,571	-
Tax on dividend	459,178	787,988	-	-
Tax credits received	(497,067)	(236,510)	-	-
Effect of movements in exchange rates	(31,798)	(251,431)	-	-
Payments made during the year	(10,951,263)	(12,008,482)	(264,453)	(283,741)
Net Income Tax payable/(recoverable)	3,565,315	2,919,381	113,218	112,102
Income tax recoverable	1,336,907	1,144,362	-	-
At the end of the year	4,902,222	4,063,743	113,218	112,102

31. SHORT-TERM INTEREST BEARING BORROWINGS

As at 31st March	CONSOLIDATED 2025 Rs.'000	CONSOLIDATED 2024 Rs.'000	COMPANY 2025 Rs.'000	COMPANY 2024 Rs.'000
Sri Lankan Rupees	82,564,767	62,476,732	9,071,422	5,846,926
Pounds Sterling	22,367	21,120	-	-
United States Dollars	14,098,037	21,517,148	-	-
Euro	2,623,075	1,746,061	-	-
Indonesian Rupiah	539,863	529,821	-	-
Bangladesh Taka	1,860,776	1,717,133	-	-
Others	117,661	60,591	-	-
	101,826,546	88,068,606	9,071,422	5,846,926

Notes to the Financial Statements

32. CONTINGENT LIABILITIES AND COMMITMENTS

32.1 Contingent Liabilities

Company

- The contingent liability as at 31st March, 2025 on guarantees given by Hayleys PLC., to third parties amounted to Rs. 1.06 bn (2024 - Rs. 1.06 bn). This relates to facilities obtained by subsidiaries.
- The Company has received income tax assessments from the Department of Inland Revenue relating to the financial years 2018/19 and 2019/20 amounting to Rs. 257.5 mn and Rs. 629 mn, respectively, inclusive of interest and penalties. The Company has lodged appeals against these assessments and is currently contesting the matters under the applicable appellate procedures. Based on the available information and expert advice received, the Board of Directors is of the opinion that no provision is required in the Financial Statements as it is not probable that an outflow of economic resources will be required to settle the obligations.

Group

Dipped Products PLC

- The contingent liabilities as at March 31, 2025 amounting to Rs. 128.06 mn (2024- Rs. 28.32 mn). This include Letter of Credit outstanding of Rs. 112.60 mn (2024- Rs.15.53 mn), bank guarantees provided on behalf of the companies within the group of Rs. 15.46 mn (2024 - Rs. 12.78 mn).

Haycarb PLC

- Contingent liabilities as at 31st March 2025 on guarantees given by Haycarb Group to third parties amounted to Rs. 8,027,176,131/- (2023/24 – Rs. 8,532,997,390/-) of this sum, Rs. 6,436,706,930/- (2023/24 – Rs. 6,832,096,870/-) relates to facilities obtained by subsidiaries.

Alumex PLC

- The contingent liabilities as at 31st March 2025 on guarantees given by Company to third parties amounted to Rs. 86.9 mn (2024 - Rs. 7.9 mn).
- The Company has received a tax assessment amounting to Rs. 85.1 mn relating to Alco Industries (Pvt) Ltd, which was previously amalgamated with Alumex PLC. To avoid further interest accumulation on this liability, the Company decided to pay the assessment amount, which includes a penalty of Rs. 10.8 mn and accumulated interest of Rs. 20.6 mn. The Company has appealed to the Tax Appeal Commission, where the assessment is currently under review.

Singer (Sri Lanka) PLC

- Singer Finance (Lanka) PLC has provided letters of guarantee totalling to Rs.12,000,000/- against Fixed Deposits of Rs.12,000,000/- as at 31st March 2025.
- Regnis (Lanka) PLC which is now merged with Singer (Sri Lanka) PLC has provided corporate guarantees to banks on behalf of Regnis Appliances (Private) Limited amounting to Rs. 410 mn for the purpose of obtaining banking facilities.
- Commissioner General of Inland Revenue has issued assessment notices on Singer (Sri Lanka) PLC pertaining to an additional VAT Liability/ Payment on account of Deemed VAT for seven quarters during the period 1st January 2014 to 30th September 2015. The assessments were for a Deemed VAT payment of Rs. 1,076 mn and penalty of Rs. 423 mn, totaling to Rs. 1,499 mn. The assessments were appealed against and in due course the Commissioner General of Inland Revenue issued the determination on the appeal. In terms of the same, Rs. 791 mn of Deemed VAT liability and penalty of Rs. 395 mn totaling to Rs. 1,186 mn was held to be the Deemed VAT liability for the seven quarters for the period from 1st January 2014 to 30th September 2015. The Company after carefully reviewing the situation and based on the advice of tax consultants, was of the opinion that there is no basis for the Company to be made liable for Deemed VAT. Accordingly the Company decided to appeal to the Tax Appeals Commission against the determination. Further, the Company had previously provided bank guarantees amounting to Rs. 297 mn to the Commissioner General of Inland Revenue - Tax Appeals Commission.

  The Tax Appeals Commission hearings were concluded on 28th February 2023, and the determinations were consequently issued on the 17th of May 2023 and 23rd May 2023 for all seven quarters for the period from 1st January 2014 to 30th September 2015 – Though the Company was not informed of such determinations for a period of approximately one month from such dates. The Tax Appeals Commission in determining the case has confirmed the purported determinations made by the Commissioner General of Inland Revenue for all seven quarters. Accordingly at the time of receiving the said determinations on the 20th of June 2023, the company deposited 10% of the pending assessed value amounting to Rs. 108 mn in lieu of renewing the bank guarantees which were previously given. The Rs. 108 mn has by now been transferred by the Tax Appeals Commission to the Department of Inland Revenue.

The Company after carefully reviewing the situation and based on the advice of tax consultants, is of the opinion that there is no basis for the Company to be made liable for Deemed VAT. Accordingly, the Company has decided to seek the judicial review in the Appellate Court against the determination issued by the Tax Appeals Commission by making an application for a case stated, which was submitted to the Court of Appeal in August 2023. Hence, no provision has been made in the Financial Statements until the matter has been determined by the Court.

- Singer (Sri Lanka) PLC has provided bank guarantees amounting to Rs. 588 mn to Director General of Customs to clear imports during the years 2008 to March 2025. The bank guarantee related to alleged additional duty payable on imports, claimed by the customs and is being contested by the Company in courts. The Court of Appeal ordered that the Director General of Customs continue with the investigations. The Company being aggrieved by the decision has filed an appeal, which is pending before the Supreme Court. The Company lawyers are of the opinion that there is no basis that the Company is liable for the additional duty. Based on assessment the probability is higher that the Company would not be required to settle the liabilities. Hence, no provision is made in the Financial Statements.
- Inland Revenue Department has issued assessment notices on Singer (Sri Lanka) PLC pertaining to VAT for 16 quarters from 1st Quarter 2017 to 1st Quarter 2022. The assessment for VAT Payment of Rs. 603.2 mn and penalties thereon amounting to Rs. 788.2 mn. The reason for these assessments is due to a mismatch between the tax invoice numbers/values associated with third-party input VAT claims (as reported in Customer VAT Schedule 02) and those recorded and declared by the company in VAT Schedule 01 of Singer (Sri Lanka) PLC. The assessments were appealed on the advice of Tax consultants.

  The Company after carefully reviewing the situation and based on the advice of tax consultants, is of the opinion that there is no basis for the Company to be made liable for VAT. Accordingly, the Company has decided to appeal against the assessments issued by the Senior Deputy Commissioner of the Inland Revenue Department.
- The Commissioner General of Inland Revenue has issue assessments against Regnis Appliances (Pvt) Ltd, a 100% subsidiary of Singer (Sri Lanka) PLC. The assessments were raised on VAT for 1st & 4th Quarter of 2016, 4th Quarter of 2019 and 1st Quarter of 2023. The total amount assessed is Rs. 3.3 mn. After carefully reviewing the assessments and based on the advice of tax consultants, the Company appealed against the assessments raised.

  The Company, after carefully reviewing the situation and based on the advice of tax consultants, is of the opinion that there is no basis for the Company to be made liable for VAT. Accordingly, the Company has decided to appeal against the assessments issued by the Commissioner of the Inland Revenue Department.
- The Commissioner General of Inland Revenue has issued an assessment notice to Singer Finance (Lanka) PLC regarding an additional Income tax liability for the taxable period from 1st April 2020 to 31st March 2021. The assessment includes an Income tax of Rs. 102.2 mn and interest of Rs. 49 mn, totaling Rs. 151.2 mn.

  After an extensive evaluation of the circumstances and tax legislation, management asserts that there are valid reasons to contest the assessment. Therefore, the Company has initiated an appeal for an administrative review on 20th June 2024.
- The Commissioner General of Inland Revenue has issued assessments/default notices on Singer Industries PLC which was amalgamated with Singer (Sri Lanka) PLC on 31st January 2024 pertaining to VAT, IT, Dividend tax & PAYE Liabilities from year 1993 to 2024. The assessments/ default notices were for Default tax amounting to Rs. 41.7 mn and penalty of Rs. 20.8 mn, totalling to Rs. 62.5 mn.

  After an extensive evaluation of the circumstances and tax legislation, management asserts that there are valid reasons to contest the assessments/default notices. Therefore,no provision has been made in the financial statements.

Talawakelle Tea Estates

- An assessment for Value Added Tax (VAT) under the Value Added Tax act No 14 of 2002 and its amendments thereto in relation to the taxable period 01st January 2019 to 31st March 2019 was issued by the Commissioner General of Inland Revenue. The Tax Appeals Commission hearing the appeal lodged by us, determined the VAT assessment in favour of the Department of Inland Revenue. The company subsequently appealed against the Determination of the Tax appeals Commission for the opinion of the Court of Appeal of the Democratic Socialist Republic of Sri Lanka. The estimated Contingent liability to the company is Rs. 28.64 mn, excluding of any penalties arises for the period.

Notes to the Financial Statements

32.2 Commitments

In terms of the operating lease agreements entered in to, minimum future lease payments payable by the Group is as follows.

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Repayable within one year	2,040,872	1,622,018	-	80,604
Repayable after one year less than 5 years	6,894,962	5,353,950	-	-
Repayable after 5 years	5,055,288	3,308,754	-	-
	13,991,122	10,284,722	-	80,604

33. FOREIGN CURRENCY TRANSLATION

The principal exchange rates used for translation purposes were:

As at 31st March	AVERAGE		AS AT 31ST MARCH	
	2025	2024	2025	2024
United States Dollar	297.61	316.54	296.25	299.88
Australian Dollar	193.53	207.68	186.16	195.58
Pound Sterling	380.75	397.96	383.44	378.71
Thai Baht	8.59	8.98	8.73	8.23
Bangladesh Taka	2.51	2.90	2.44	2.73
Euro	319.08	343.56	319.65	324.49
Indian Rupee	3.52	3.82	3.46	3.60
Indonesian Rupiah	0.02	0.02	0.02	0.02
Maldivian Rufiyaa	19.32	20.58	19.24	19.40

34. FUNCTIONAL CURRENCY

The Group's functional currency is Sri Lankan Rupee, except in the following subsidiaries and equity accounted investees where the functional currency is different as they operate in different economic environments.

Company	Functional Currency
Charles Fibre (Pvt) Ltd.	Indian Rupees
Dipped Products (Thailand) Ltd.	Thai Baht
Hi Care Thai Gloves Co. Ltd	Thai Baht
ICOGUANTI S.p.A	Euro
DPL France SAS	Euro
ROZENBAL POLSKA Sp. ZOO	Polish Złoty
Dipped Products India (Private) Limited	Indian Rupees
Haycarb Holdings Bitung Ltd.	USD
Haycarb USA Inc.	USD
Carbokarn Co. Ltd.	Thai Baht
CK Regen Systems Co. Ltd.	Thai Baht

Company	Functional Currency
Shizuka Co. Ltd.	Thai Baht
Eurocarb Products Ltd.	Pounds Sterling
Eurocarb Germany GmbH	Euro
Haycarb Holdings Australia (Pty) Ltd.	Australian Dollars
PT Mapalus Makawanua Charcoal Industry	Indonesion Rupiah
PT Haycarb Palu Mitra	Indonesion Rupiah
Puricarb Pte Ltd.	Euro
Haycarb Activated Carbon (Pvt) Ltd	Indian Rupees
Haycarb Philippines Corporation	Philippine Peso
Haycarb Singapore Pte Ltd	Singapore Dollars
Hayleys Fabric PLC	USD
South Asia Textile Ltd	USD
Martin Bauer Hayleys (Pvt) Ltd.	USD
Haychem (Bangladesh) Ltd.	Taka
Hayleys Aventura BD Limited	Taka
Hayleys Aventura Singapore Pte. Ltd.	Singapore Dollars
Nautical Maldives (Pvt) Ltd.	Maldivian Rufiyaa
One World Logistics Maldives (Pvt) Ltd.	Maldivian Rufiyaa
Super Logistics (Pvt) Ltd.	Maldivian Rufiyaa
Total Transport Solutions Maldives (Pvt) Ltd.	Maldivian Rufiyaa
Advantis Singapore Pte Ltd.	USD
Advantis Kusuhara Sedate Myanmar (Pvt) Ltd.	Kyat
Luxury Resorts (Pvt) Ltd.	USD
Hayleys Hotels Maldives Private Limited	USD
Advantis Sedate Myanmar (Pvt) Ltd.	Kyat
Advantis Intasl Bangladesh (Pvt) Ltd.	Taka
PT Advantis Akaza Indonesia	Indonesion Rupiah
Hayleylines Limited	USD
Logiwiz Logistics India (Pvt) Ltd.	Indian Rupees
Moceti International (Pvt) Ltd	USD
Lanka Maritime Services (Pvt) Ltd	USD
Lanka Bunkering services (Pvt) Ltd	USD
Advnatis Sabang Raya Lines (Pvt) Ltd	USD
PT Advantis Mithra Logistics	Indonesian Rupiah
Advantis Leo Thailand Limited	Thai Baht
K&A Logistics Limited	Bangladesh Taka
Haylex BV Group	Euro, Yen & USD
Livee Polska SP. Z O. O.	Euro
Mabroc East Africa Limited	Kenyan Shilling
Hayleys Fentons East Africa Limited	USD
Next-Gen Engineering Pte. Ltd.	USD

Notes to the Financial Statements

35. EVENTS OCCURRING AFTER THE REPORTING DATE

Other than what is mentioned below, no other circumstances have arisen since the reporting date, which would require adjustments to, or disclosure in the Financial Statements.

- **Issue of Listed Rated Unsecured Senior Redeemable Debentures**

On 5th May 2025, Hayleys PLC issued 50 mn (50,000,000) listed rated unsecured senior redeemable debentures ("Debentures"), at the par value of Rs. 100/- each, to raise Sri Lankan Rupees 05 bn (Rs. 5,000,000,000/-) with an option to issue up to a further 20 mn (20,000,000) of the said debentures at the discretion of the company, in the event of an over subscription of the initial issue to raise up to a maximum of Sri Lankan Rupees 07 bn (Rs. 7,000,000,000/-). The issue was oversubscribed and 70 mn (70,000,000) debentures as captioned above were allocated to investors.

- **Investment in Diesel and Motor Engineering PLC ('DIMO')**

Subsequent to the reporting date, on 7th, 8th, and 24th April 2025, Hayleys PLC acquired a total of 1,040,291 shares in Diesel and Motor Engineering PLC ("DIMO") for a total consideration of Rs. 1.10 bn. Following this acquisition, Hayleys PLC holds 11.3% of the issued share capital of DIMO.

36. COMPANIES WITH DIFFERENT ACCOUNTING YEARS

The Financial Statements of, Haylex BV Group has been prepared for the year ended 31st December and ICOGUANTI S.p.A, DPL France SAS and ROZENBAL POLSKA Sp. Z.O.O. has prepared for the year ended 28th February. These Companies have been consolidated based on the Financial Statements drawn up to 31st December and 28th February since these subsidiaries are not material to the Group.

37. ACQUISITION OF SUBSIDIARIES

37.1 Summary of Acquisitions

During the year, the Group acquired two companies; Advantis Leo (Thailand) Limited and Hi-Care Thai Gloves Co. Ltd.

In the financial year ended March 31, 2024, Advantis Singapore Pte Ltd (a subsidiary of Hayleys Advantis Limited) invested 29% in the share capital of Advantis Leo (Thailand) Limited, a partnership with Leo Global Logistics of Thailand. Subsequently, in the current financial year, Advantis Singapore Pte Ltd invested in a further share, totalling to a majority stake of 50% of the company, thereby obtaining control over the investee.

In December 2024, Dipped Products (Thailand) Ltd acquired the entire stake in Hi-Care Thai Gloves Co. Ltd for a total consideration of Rs. 1.58 bn.

The fair values of assets acquired and liabilities assumed through the business combination is given below.

As at 31st March	Advantis Leo (Thailand) Limited	Hi-Care Thai Gloves Co. Ltd	Total
	Rs.'000	Rs.'000	Rs.'000
Property, plant & equipment	13,640	3,598,237	3,611,877
Right-of-use assets	-	3,670	3,670
Intangible assets	1,258	-	1,258
Inventories	-	87,158	87,158
Trade and other receivables	32,151	117,870	150,021
Employee benefit obligations	-	(21,613)	(21,613)
Trade and other payables	(96,047)	(235,437)	(331,484)
Other current liabilities	(14,151)	-	(14,151)
Short-term interest bearing borrowings	-	(1,624,511)	(1,624,511)
Net identifiable assets and liabilities	(63,149)	1,925,374	1,862,225
Non-controlling interests	(55,428)	-	(55,428)
Goodwil acquired	25,428	-	25,428
Gain on bargain purchase	-	(370,271)	(370,271)
	(93,149)	1,555,103	1,461,954

37.2 Satisfied by

As at 31st March	Advantis Leo (Thailand) Limited Rs.'000	Hi-Care Thai Gloves Co. Ltd Rs.'000	Total Rs.'000
Cash consideration	(77,233)	(1,582,150)	(1,659,383)
Fair value of the existing stake	(3,601)	-	(3,601)
Cash in hand and bank acquired	173,983	27,047	201,030
	93,149	(1,555,103)	(1,461,954)

37.3 Revenue and Profits of acquirees

Form the date of acquisition, Advantis Leo (Thailand) Limited and Hi-Care Thai Gloves Co. Ltd the below to the consolidated results of the Group.

For the year ended 31st March	Revenue (Rs. mn)	PBT (Rs. mn)
Advantis Leo (Thailand) Limited	202	(100)
Hi-Care Thai Gloves Co. Ltd	440	(96)
	642	(196)

38 . RELATED PARTY TRANSACTIONS

38.1 Parent and Ultimate Controlling Party

Company does not have an identifiable parent of its own.

38.2 Transactions with key management personnel

38.2.1 Loans to Directors

No loans have been given to the Directors of the Company.

38.2.2 Key management personnel compensation

Key management personnel comprise the Directors of the company and details of compensation are given in Note 10 to the Financial Statements.

For the year ended 31st March	CONSOLIDATED 2025 Rs.'000	CONSOLIDATED 2024 Rs.'000	COMPANY 2025 Rs.'000	COMPANY 2024 Rs.'000
Short term employee benefit	5,169,281	4,246,722	939,839	845,393
	5,169,281	4,246,722	939,839	845,393

38.2.3 Other transactions with key management personnel

38.2.3.1 The names of Directors of Hayleys PLC, who are also directors of subsidiaries joint ventures and equity accounted investees companies are stated on pages 344 to 347 to the Financial Statements.

38.2.3.2 Details of Directors and their spouses' share holdings are given on page 503. There were no other transactions with key management personnel other than those disclosed in Note 38 to the Financial Statements.

Notes to the Financial Statements

38.3 Transactions with Subsidiaries, Equity Accounted Investees & Other Related Companies

Relationships with subsidiaries and equity accounted investees are explained in Note 18 and also under Group Companies in pages 510 and 515. Business segment classification is also given under Group Companies.

38.3.1 Companies within the Group engage in trading transactions under relevant commercial terms and condition.

38.3.2 Hayleys PLC provides office space to its subsidiary and equity accounted investees and charges rent. In addition the Company incurs common expenses such as on finance, export shipping, secretarial, data processing, personnel and administration functions. Such costs are allocated to subsidiary and equity accounted investees. Details are given below.

For the year ended 31st March	COMPANY					
	2025			2024		
	Rs.'000			Rs.'000		
Business segment	Rent	Common expenses	Purchase of goods and services	Rent	Common expenses	Purchase of goods and services
Eco solutions	28,110	627,540	20,227	24,886	592,841	24,565
Hand protection	38,069	734,010	-	35,612	625,041	7,574
Purification	80,682	640,060	327	71,046	554,860	305
Textiles	-	441,877	-	-	380,703	-
Construction materials	-	319,029	-	-	317,856	-
Agriculture	32,525	505,564	8,384	30,512	385,441	10,371
Plantations	52,755	436,226	463	51,647	351,943	217
Industry inputs	53,887	200,889	3,308	51,014	171,913	21,449
Power & energy	-	45,383	-	-	49,002	-
Transportation & logistics	171,625	933,375	30,261	153,038	843,039	99,831
Consumer & retail	17,907	670,602	38,697	16,799	552,436	39,264
Leisure	731	768,700	207,575	518	879,030	83,927
Projects & engineering	-	429,600	231,923	-	298,195	199,738
Tea Exports	-	199,695	2,798	-	167,927	1,929
Others	21,169	143,064	371,511	32,001	119,354	268,139
	497,460	7,095,614	915,474	467,073	6,289,581	757,309

38.4 Amount Due from/ Due to Subsidiaries

As at 31st March	COMPANY					
	2025			2024		
	Rs.'000			Rs.'000		
Business segment	Receivable - Non-Current	Receivable- Current	Payables	Receivable - Non-Current	Receivable- current	Payables
Eco solutions	-	221,783	(2,368)	-	124,830	(861)
Hand protection	-	316,089	(1,107)	-	107,760	(1,107)
Purification	-	370,944	-	-	272,123	-
Textiles	-	111,346	-	-	81,127	-
Construction materials	-	179,060	-	-	135,983	-
Agriculture	-	685,004	(1,588)	-	549,961	(485)
Plantations	-	43,856	-	-	38,121	-
Industry inputs	-	352,888	(726)	-	76,622	(987)
Power & energy	-	8,025	-	-	3,917	-
Transportation & logistics	-	595,320	(65,377)	-	485,977	(19,804)
Consumer & retail	-	401,668	(2,549)	-	63,927	(1,259)
Leisure	1,283,847	1,372,825	(6,842)	-	2,297,610	(5,995)
Projects & engineering	-	73,984	(77,954)	-	1,091,593	(52,573)
Tea Exports	-	18,436	(109)	-	14,818	(125)
Others	-	27,077	(461,002)	-	35,319	(305,156)
Total	1,283,847	4,778,305	(619,622)	-	5,379,688	(388,352)

38.5 Amount Due from/ Due to Equity Accounted Investees

As at 31st March	CONSOLIDATED				COMPANY			
	2025		2024		2025		2024	
	Receivable	Payable	Receivable	Payable	Receivable	Payable	Receivable	Payable
Business segment	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Purification	84,948	-	129,017	-	465	-	1,852	-
Transportation & logistics	1,240	-	13,683	-	500	-	1,310	-
Plantations	61,811	(21,068)	22,790	(465)	42,631	-	4,423	(385)
Power & energy	-	-	4,313	-	-	-	-	-
	147,999	(21,068)	169,803	(465)	43,596	-	7,585	(385)

Notes to the Financial Statements

38.6 Transactions with Other Related Companies

Company	Relationship	Name	Nature of transaction	Amount Rs.000
LB Finance PLC	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	17,457
			Sale/(Purchase) of goods and services	8,609
Pan Asia Banking Corporation PLC	Significant Share holder	K.D.D. Perera	Facility amount	584,898
			Interest received/(paid)	(73,667)
			Amount Receivable/(Payable)	1,156
			Sale/(Purchase) of goods and services	7,682
Royal Ceremics Lanka PLC	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	11,891
			Sale/(Purchase) of goods and services	13,205
Vallibel Finance PLC	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	7,316
			Sale/(Purchase) of goods and services	4,595
Vallibel One PLC	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	731
			Sale/(Purchase) of goods and services	219
Uni-Dil Packaging Limited	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	(981)
			Sale/(Purchase) of goods and services	(222,497)
Delmege Limited	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	15
Delmege Forsyth & Company Limited	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	723
			Sale/(Purchase) of goods and services	113,744
Lanka Tiles PLC	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	29,496
			Sale/(Purchase) of goods and services	22,769
Vallibel Power Erathna PLC	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	2,233
			Sale/(Purchase) of goods and services	6,563
Valible Plantation Management Limited	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	(5,295)
Delmege Insurance Brokers (Pvt) Ltd.	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	64,432
Swisstek (Ceylon) PLC	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	1,001
Grip Delmege (Pvt) Ltd	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	122
Uni-Dil Packaging Solutions Limited	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	(393)
			Sale/(Purchase) of goods and services	(64,336)
Rocell Barthware Ltd	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	(254)
			Sale/(Purchase) of goods and services	11,174
The Fortress Resorts PLC	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	56
Delmege Forsyth & Co (Shipping) Ltd	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	46
Eden Pharmaceuticals (Pvt) Ltd	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	1,105
Lanka Walltiles PLC	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	29,231
Swisstek Aluminium Ltd	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	2,340
Grip Nordic (Pvt) Limited	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	28
Delair Travels (Pvt) Limited	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	36

38.7 Non-recurrent Related Party Transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower of the Group as per the financial statements ending March 31, 2025, which require additional disclosures in the 2024/25 annual report under the Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Act.

38.8 Recurrent Related Party Transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue Group as per the financial statements ending March 31, 2025, which require additional disclosures in the 2024/25 annual report under the Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Act.

38.9 Details of guarantees given in respect of related parties are given in Note 32 to the Financial Statements.

38.10 No provision was made in respect of related party receivables.

38.11 No security has been obtained for related party receivables and all related party dues are paid on demand.

38.12 Interest on related party dues are decided based on the inter bank lending rates, associated risk and purpose for which funds are used.

38.13 There are no related parties or related party transactions other than those disclosed in Note 38 to the Financial Statements.

39. PRINCIPAL SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Summarised financial information in respect of Hayleys PLC's subsidiaries that have material non-controlling interest, reflecting amounts before inter-company eliminations, is set out below.

	COMPANY			
Business segment	Dipped Products PLC Rs'000	Haycarb PLC Rs'000	Hayleys Advantis Ltd Rs'000	Singer (Sri Lanka) PLC Rs'000
Non-controlling interest in %	44	32	7	14
As at 31st March 2025				
Non-current assets	36,446,515	17,754,193	36,402,285	34,132,491
Current assets	38,169,165	28,143,263	45,765,921	87,953,686
Total assets	74,615,680	45,897,456	82,168,207	122,086,177
Non-current liabilities	12,306,507	4,828,396	15,791,740	30,117,328
Current liabilities	22,677,953	11,392,409	44,839,131	76,008,064
Total liabilities	34,984,460	16,220,805	60,630,871	106,125,392
Equity attributable to the owners of the Company	31,778,483	26,534,089	17,999,747	14,735,698
Non-controlling interests	7,852,737	3,142,562	3,537,588	1,225,087
For the year ended 31st March 2025				
Revenue	79,288,552	43,201,785	63,366,790	88,240,636
Profit after tax	5,033,519	4,270,842	4,024,590	4,178,262
Profit attributable to the owners of the Company	3,875,458	3,596,517	2,098,013	4,007,321
Profit attributable to the non-controlling interests	1,158,061	674,325	1,926,577	170,941
Total comprehensive income	5,051,651	5,531,015	5,617,537	4,625,614
Dividend paid to non controlling interests	(365,918)	(429,325)	(1,580,458)	-
Net cash (outflow)/ inflow from operating activities	6,722,126	(354,107)	8,083,021	(13,867,143)
Net cash outflow from investing activities	(5,697,241)	(2,310,420)	(6,846,324)	(255,500)
Net cash (outflow)/ inflow from financing activities	(2,914,385)	(32,378)	839,757	16,413,159
Total net cash (outflow)/ inflow	(1,889,500)	(2,696,905)	2,076,454	2,290,516

Notes to the Financial Statements

40. SEGMENT ANALYSIS

The segment information is based on two segmental formats. The business segment is considered as the primary format and based on the management structure of the Group. The management are of the view that the Chairman is considered the Chief Operating decision maker and resources are allocated and performance assessed based on the sectors, Therefore each sector which falls under the purview of a different GMC member is considered a separate segment.

In Rs '000	Eco Solutions		Hand Protection		Purification		Textiles		Construction Materials	
For the year ended 31st March	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Revenue										
Total	14,994,386	16,294,174	46,396,483	43,043,870	43,201,785	43,179,205	44,603,227	50,058,592	14,338,260	10,992,977
Intra Group	(2,147,654)	(2,447,716)	(46,224)	(19,050)	(367,270)	(435,261)	(1,141,870)	(891,505)	(1,230,231)	(1,056,354)
External	12,846,732	13,846,458	46,350,259	43,024,820	42,834,515	42,743,944	43,461,357	49,167,087	13,108,030	9,936,623
Segment results										
Results from operating activities	(333,213)	384,362	3,812,663	3,786,112	5,753,600	6,521,097	4,178,908	5,660,334	1,910,934	1,052,635
Finance income	340,213	350,316	1,224,005	2,057,165	970,367	1,392,836	187,992	216,434	217,053	9,317
Finance cost	(590,537)	(707,270)	(1,186,556)	(1,830,763)	(1,222,498)	(1,791,852)	(1,292,205)	(2,158,175)	(987,294)	(830,232)
Share of profit of equity accounted investees (net of tax)	-	-	7,181	-	508	(15,215)	-	-	-	-
Change in fair value of Investment Properties	59,618	40,683	-	-	-	-	-	-	-	-
Value added tax on financial services	-	-	-	-	-	-	-	-	-	-
Profit before tax	(523,918)	68,091	3,857,294	4,012,515	5,501,976	6,106,866	3,074,695	3,718,592	1,140,693	231,720
Tax	(3,885)	84,855	602,918	339,952	1,246,127	1,807,625	963,434	1,230,880	273,539	45,649
Depreciation on property, plant & equipment	310,124	273,729	1,032,294	910,032	1,005,757	881,705	1,267,876	1,290,956	349,740	304,885
Charge/Reversal of Impairment of property, plant & equipment	-	-	-	-	-	-	9,180	17,528	-	(5,238)
Amortisation of intangible assets	18,512	13,525	44,689	84,116	25,661	22,501	40,307	44,386	18,860	20,776
Total assets (excl. equity accounted investees)	20,762,699	19,910,646	41,650,538	33,950,516	42,933,219	38,197,022	35,857,919	35,720,750	16,555,133	12,865,858
Investment in equity accounted investees	-	-	390,982	390,982	1,607	1,099	-	-	-	-
Additions to Property Plant & equipment	1,768,769	794,118	1,109,235	2,793,905	2,602,991	2,018,962	1,583,830	1,138,549	1,725,486	357,158
Improvements to Biological assets	-	-	-	-	-	-	-	-	-	-
Additions to Intangible assets	28,658	3,822	80,173	136,552	99,691	80,483	-	6,883	3,677	8,575
Assets classified as held for sale**	-	-	-	-	-	-	-	-	-	-
Current portion of interest bearing borrowings	438,605	212,419	1,446,843	1,315,782	670,972	290,101	2,574,044	2,733,610	662,562	67,941
Non-current portion of interest bearing borrowings	151,492	467,059	2,278,786	2,490,500	2,537,332	399,313	3,109,827	5,122,835	1,052,814	1,143,514
Goodwill	-	-	33,308	33,308	202,041	202,041	2,103,885	2,103,885	-	-
Non Interest bearing liabilities										
Deferred tax Liability	841,394	752,215	184,941	107,520	246,779	192,185	2,476,987	2,638,397	744,192	496,199
Employee benefit obligations	500,138	523,060	1,555,120	1,379,832	1,833,504	1,737,269	1,285,398	1,159,191	261,902	222,397
Trade and other payables	1,576,310	1,810,435	8,051,724	5,456,853	5,154,914	5,608,240	7,479,620	8,534,690	1,747,342	1,895,935
Cash Flow										
Segment cash flows from Operating Activities	386,891	(493,952)	2,545,895	3,439,279	(354,107)	7,876,834	1,966,206	6,011,425	27,779	(1,365,613)
Segment cash flows from Investment Activities	(839,928)	(1,151,665)	(3,151,152)	(2,018,166)	(2,310,420)	(1,700,623)	(1,601,230)	(997,949)	(1,724,643)	(357,564)
Segment cash flows from Financing Activities	13,079	(254,577)	(2,000,294)	(1,796,714)	(32,378)	(1,774,357)	(543,608)	(2,548,073)	(655,633)	280,534

The transactions between the segments are conducted under arm's length.

*Non-segment adjustments relate to the intercompany transactions which includes intercompany eliminations and reclassifications done at the Hayleys PLC group level.

Plantations		Agriculture		Consumer & Retail		Leisure		Industry Inputs		Power and Renewable Energy		Transportation & Logistics	
2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
19,612,428	18,486,281	38,167,819	36,286,127	108,849,078	81,771,367	10,352,895	9,613,834	10,057,232	8,918,111	1,570,388	1,315,100	108,702,292	91,968,991
(430,093)	(385,660)	(657,593)	(1,407,236)	(367,744)	(274,705)	(701,926)	(594,979)	(525,596)	(501,186)	-	-	(1,858,539)	(616,073)
19,182,334	18,100,621	37,510,227	34,878,891	108,481,334	81,597,805	9,650,968	9,018,855	9,531,636	8,416,925	1,570,388	1,315,100	106,843,753	91,352,918
2,702,483	3,052,678	3,372,771	3,936,649	8,769,835	3,486,525	543,823	(427,003)	1,445,070	1,368,494	752,494	584,977	8,596,776	6,805,899
581,498	919,339	474,756	789,173	1,317,049	2,272,969	52,302	94,340	53,388	42,147	72,507	32,580	891,625	1,353,648
(371,060)	(446,633)	(1,246,423)	(1,705,462)	(2,958,415)	(4,793,138)	(1,116,774)	(1,562,818)	(284,923)	(644,003)	(16,340)	(85,508)	(2,957,280)	(4,466,321)
-	-	-	-	-	-	-	-	-	-	138,127	40,230	(12,907)	(33,007)
-	-	-	-	-	-	-	-	-	-	-	-	(3,509)	10,950
-	-	-	-	(600,530)	(396,855)	-	-	-	-	-	-	-	-
2,912,921	3,525,384	2,601,104	3,020,360	6,527,939	569,502	(520,649)	(1,895,481)	1,213,535	766,638	946,787	572,278	6,514,705	3,671,169
997,026	1,271,818	1,050,973	931,574	2,141,474	436,179	106,292	(17,953)	319,503	213,776	126,841	74,937	2,796,622	2,320,304
968,939	896,672	302,605	253,094	637,515	731,402	629,266	673,594	76,166	65,829	270,543	270,950	2,206,904	1,679,812
-	-	-	-	-	-	-	(136)	-	-	-	-	-	10,679
2,347	1,467	487	12,627	61,872	58,937	14,003	19,318	-	9,284	9,716	10,677	70,021	63,504
27,278,987	25,104,301	29,330,529	25,977,613	124,473,980	94,285,199	19,676,490	19,587,370	11,161,446	10,269,165	5,098,542	5,162,711	82,366,296	74,348,999
-	-	-	-	-	-	-	-	525,000	525,000	268,202	304,637	49,884	66,385
2,682,957	1,279,745	676,390	673,727	827,248	524,564	424,681	1,227,243	181,626	265,256	95,073	3,909	6,779,626	3,313,071
33,103	16,416	-	-	-	-	-	-	-	-	-	-	-	-
4,600	-	-	-	22,297	41,624	2,002	41,299	-	-	-	-	130,108	25,860
-	-	-	-	-	-	-	-	-	-	-	-	-	-
328,301	441,721	1,030,724	495,898	10,661,334	5,934,681	1,855,081	2,213,254	738	209,862	65,401	1,325	3,777,739	2,972,112
1,507,075	1,726,707	2,479,874	1,373,694	20,013,050	12,972,325	7,435,990	8,249,318	3,855	60,100	48,923	180,404	9,044,095	6,850,134
498,063	498,063	-	-	-	-	-	-	-	-	-	-	658,711	633,283
(80,575,642)	2,358,411	128,902	67,762	64,563	41,033	1,040,272	903,217	18,555	18,086	18,755	16,612	3,626,392	2,643,257
3,240,796	2,686,048	911,231	820,485	1,466,239	1,317,819	205,038	171,759	225,336	189,205	11,992	11,446	2,977,311	2,802,589
2,605,809	2,006,943	3,996,273	4,369,194	16,351,033	10,430,081	3,614,430	3,781,172	1,469,940	1,362,967	266,491	65,963	17,093,362	13,591,679
4,176,231	2,415,485	1,211,186	2,210,044	(14,290,152)	(6,476,605)	944,709	733,333	(958,703)	792,075	1,022,999	582,473	7,946,605	(5,124,447)
(2,075,839)	(448,031)	(489,463)	2,485,083	(258,698)	(269,006)	(85,315)	(946,663)	1,260,240	504,674	(25,163)	191,921	(6,709,908)	(4,289,715)
(1,384,341)	(773,179)	(696,728)	(965,071)	16,291,025	6,305,360	(1,074,149)	98,489	(670,961)	(779,452)	(828,634)	(473,871)	839,757	(2,766,761)

Notes to the Financial Statements

In Rs '000	Projects & Engineering		Tea Exports		Others		Non Segment Adjustments*		Total	
For the year ended 31st March	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Revenue										
Total	28,900,932	26,290,825	13,603,578	12,590,568	2,240,668	2,558,150	-	-	505,591,450	453,368,172
Intra Group	(2,277,871)	(6,494,784)	(444,642)	(392,059)	(1,193,105)	(1,119,477)	-	-	(13,390,358)	(16,636,045)
External	26,623,061	19,796,041	13,158,936	12,198,509	1,047,563	1,438,673	-	-	492,201,092	436,732,127
Segment results										
Results from operating activities	3,666,731	4,512,848	608,677	829,465	7,987,583	6,728,269	(6,002,201)	(5,560,480)	47,766,935	42,722,860
Finance income	983,948	914,564	160,731	172,558	321,518	356,706	(886,150)	(1,066,356)	6,962,801	9,907,736
Finance cost	(1,317,825)	(1,094,079)	(264,530)	(345,574)	(3,320,745)	(4,746,015)	27,148	57,790	(19,106,258)	(27,150,052)
Share of profit of equity accounted investees (net of tax)	-	-	104,164	167,197	-	-	-	-	237,074	159,205
Change in fair value of Investment Properties	-	-	-	-	56,890	41,180	-	-	112,999	92,813
Value added tax on financial services	-	-	-	-	-	-	-	-	(600,530)	(396,855)
Profit before tax	3,332,854	4,333,333	609,043	823,646	5,045,246	2,380,140	(6,861,203)	(6,569,046)	35,373,021	25,335,707
Tax	963,617	549,531	147,938	209,624	461,886	439,566	666,123	550,666	- 12,860,429	10,488,984
Depreciation on property, plant & equipment	237,422	71,815	111,139	99,840	171,405	127,462	-	-	9,577,696	8,531,775
Charge/Reversal of Impairment of property, plant & equipment	-	-	-	-	-	-	-	-	9,180	22,832
Amortisation of intangible assets	5,065	15,579	2,200	2,578	14,727	14,007	-	-	328,467	393,279
Total assets (excl. equity accounted investees)	27,378,292	26,530,184	5,587,019	4,857,003	78,884,434	72,231,311	(61,050,617)	(59,672,659)	507,944,905	439,325,990
Investment in equity accounted investees	-	-	7,082	(74,464)	1,504,863	1,504,863	-	-	2,747,620	2,718,502
Additions to Property Plant & equipment	794,510	2,359,369	301,607	311,538	476,186	274,768	(2)	(214)	22,030,215	17,335,669
Improvements to Biological assets	-	-	-	-	-	-	-	-	33,103	16,416
Additions to Intangible assets	2,854	8,870	-	-	33,581	-	-	-	407,642	353,968
Assets classified as held for sale**	-	-	-	-	-	-	-	-	-	-
Current portion of interest bearing borrowings	463,449	296,290	49,458	50,083	6,899,333	9,925,000	-	-	30,924,584	27,160,079
Non-current portion of interest bearing borrowings	2,669,787	1,180,662	12,365	62,604	19,313,833	14,375,000	-	-	71,659,099	56,654,168
Goodwill	-	-	-	-	10,955,149	10,954,441	-	-	14,451,157	14,425,021
Non Interest bearing liabilities		-	-	-						
Deferred tax Liability	322,931	19,385	83,149,095	60,601	1,791,559	1,143,609	-	-	14,079,676	11,458,489
Employee benefit obligations	240,300	192,856	78,792	68,738	1,310,878	1,979,769	-	-	16,103,974	15,262,465
Trade and other payables	9,254,717	12,036,254	452,570	536,274	5,171,517	5,148,526	71,227	54,019	84,357,278	76,689,226
Cash Flow										
Segment cash flows from Operating Activities	865,529	1,483,753	539,182	871,153	5,733,124	5,831,305	92,469	11,639,983	11,855,844	30,426,524
Segment cash flows from Investment Activities	(3,339,636)	(2,103,981)	(301,746)	(415,885)	(1,013,217)	(1,068,699)	2,993,676	1,125,734	(19,672,443)	(11,460,535)
Segment cash flows from Financing Activities	2,346,675	2,686,981	61,194	(90,737)	(5,422,875)	(6,718,411)	(10,063,649)	(22,927,106)	(3,821,521)	(32,496,945)

The transactions between the segments are conducted under arm's length.

*Non-segment adjustments relate to the intercompany transactions which includes intercompany eliminations and reclassifications done at the Hayleys PLC group level.

41. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risk from financial instruments:

1 Credit risk
2 Liquidity risk
3 Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated Financial Statements.

Financial Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's financial risk management framework which includes developing and monitoring the Group's Financial risk management policies.

The Group's Financial risk management policies are established to identify, quantify and analyse the financial risks faced by the Group, to set appropriate risk limits and controls, and to monitor Financial risks and adherence to limits. Financial Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. All derivative activities for risk management purposes are carried out by Group Treasury that have the appropriate skills and experience.

The Group Audit Committee oversees how management monitors compliance with the Group's financial risk management policies and procedures, and reviews the adequacy of the financial risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by the Management Audit System Review Department(MASRD). MASRD undertakes both regular and ad hoc reviews of Financial risk management policies and procedures, the results of which are reported to the Group Audit Committee.

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 from trade receivables) and from its financing activities, investments in Government Securities including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Management; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis. Outstanding customer receivables are regularly monitored at the individual sector and Group Management Committee (GMC) level. Further SLECIC cover or other forms of credit insurance is obtained for most exports or in the instance this is not obtained, specific GMC approval is obtained prior to the export.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's wholesale customers. Customers that are considered as "high risk" are placed on a restricted customer list and future sales are made on a prepayment basis.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs. 158.72 bn (2024 - Rs. 124.88 bn) which is recorded at Note 22 to the Financial Statements.

Investments

Credit risk from invested balances with the financial institutions are managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty depending on its credit rating. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

Notes to the Financial Statements

Treasury bills

Singer Finance (Lanka) PLC invests not less than 7.5% of the average of its month end total deposit liabilities and borrowings of the twelve months of the preceding financial year in Sri Lanka Government Treasury Bills and Bonds to comply with the Central Bank of Sri Lanka Direction No. 4 of 2013. .

Cash and cash equivalents

The Group held cash in hand and at bank equivalents of Rs. 24.29 bn at 31 March 2025 (2024 -Rs. 28.18 bn) which represents its maximum credit exposure on these assets.

Respective credit ratings of banks which group cash balances held are as follows;

- People's Bank – AA- (lka)
- Standard Chartered Bank – AAA (lka)
- Commercial Bank of Ceylon PLC – AA- (lka)
- Sampath Bank PLC – AA- (lka)
- Nations Trust Bank PLC – A (lka)
- HSBC Bank – AAA (lka)
- Deutsche Bank – AAA (lka)
- Pan Asia Banking Corporation PLC Bank – BBB (lka)
- Hatton National Bank PLC– AA- (lka)
- Bank of Ceylon– AA-(lka)
- DFCC Bank– A (lka)
- Citibank -AAA(lka)
- Seylan Bank PLC -A+(lka)
- National Development Bank PLC - A (lka)
- Union Bank of Colombo PLC- BBB- (lka)
- Bank of China Limited - CCC+

Source - http://www.fitchratings.lk

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Group Treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The liquidity requirements of business units and subsidiaries are met through central cash management by Group Treasury to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements. The Group Treasury monitors the cash flows in subsidiary and Group level and obtains adequate bank facilities to meet the funding requirements. The Group does not concentrate on a single financial institution, thereby minimising the expose to liquidity risk through diversification of funding sources. The Group aims to fund investment activities of the individual and group level by funding the long term investment with long term financial sources in terms of equity, debenture or long term loans. Short term investments and working capital are funded using short term loans. Group has been successful in arranging long term funding from overseas lenders as a measure to diversify its funding sources which enabled reducing the sole dependency on domestic market for project financing. The Group also issues debentures in domestic market as a measure to reduce its dependency on local banking system for all its financing requirement and thereby freeing available banking lines for future projects.

The monthly liquidity position is monitored by the Group Treasury. All liquidity policies and procedures are subject to review and approval by Board of Directors. Daily reports cover the liquidity position of both the Group and operating subsidiaries.

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

As at 31st March 2025	On demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
Consolidated						
Interest-bearing loans and borrowings	15,121,700	80,350,501	37,278,927	64,280,761	7,378,340	204,410,229
Trade and other payables	20,515,356	46,669,582	12,471,582	4,302,196	398,562	84,357,278
Security deposit	-	-	-	-	1,894,630	1,894,630
Other financial liabilities	-	13,028,326	8,878,815	6,370,564	36,435	28,314,140
	35,637,056	140,048,409	58,629,324	74,953,521	9,707,967	318,976,277

As at 31st March 2025	On demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
Company						
Interest-bearing loans and borrowings	-	3,211,213	12,759,542	13,878,376	5,435,458	35,284,589
Trade and other payables	-	3,897,075	-	912,932	-	4,810,007
	-	7,108,288	12,759,542	14,791,308	5,435,458	40,094,596

As at 31st March 2024	On demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
Consolidated						
Interest-bearing loans and borrowings	13,239,892	71,680,186	30,308,605	50,562,174	6,091,996	171,882,853
Trade and other payables	21,729,995	41,720,011	8,519,497	4,667,403	52,320	76,689,226
Security deposit	-	-	-	-	1,560,728	1,560,728
Other financial liabilities	1,500,808	12,160,216	5,266,252	3,226,726	25,509	22,179,511
	36,470,695	125,560,413	44,094,354	58,456,303	7,730,553	272,312,318

As at 31st March 2024	On demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
Company						
Interest-bearing loans and borrowings	661,691	10,785,060	4,405,779	7,500,000	6,875,000	30,227,530
Trade and other payables	-	4,066,989	(28,667)	839,319	-	4,877,641
	661,691	14,852,049	4,377,112	8,339,319	6,875,000	35,105,171

Notes to the Financial Statements

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. Financial instruments affected by market risk include loans and borrowings, deposits, financial assets designated at fair value through OCI, financial assets at fair value through profit or loss and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The sensitivity analyses in the following sections relate to the position as at 31 March 2025 and 2024.

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 mainly borrows in the short term to fund its working capital requirement which are linked to floating interest rates. For other funding needs the Group maintains a proper mix of interest rate based on the basis of the predictability of future cash flows. Group Treasury closely monitors the interest rate fluctuations in the market and advices the sectors of the Group on a regular basis on risk mitigatory strategies. The Group hedges its exposure to interest rate risk by using Interest Rate Swaps as appropriate.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

For the year ended 31st March	Increase/ decrease in base point	CONSOLIDATED Effect on profit before tax Rs.'000	COMPANY Effect on profit before tax Rs.'000
2025	**+ 200**	**(3,490,848)**	**(602,543)**
	- 200	**3,490,848**	**602,543**
2024	+ 200	(3,148,722)	(835,250)
	- 200	3,148,722	835,250

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk on sales, purchases and borrowings and net investments in foreign subsidiaries that are denominated in a currency other than the respective functional currencies of the Group. These currencies primarily are the Euro, US Dollars (USD), Bangladesh Taka, Chinese Yuan (CNY), Pound Sterling (GBP), Indonesia Rupiah and Thailand Baht.

The Group hedges its exposure to fluctuations on the translation of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps, forwards contracts and hedge accounting. Group Treasury closely monitors the exchange rate fluctuations and advices the sectors on a regular basis on hedging strategies and their timing.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in the US dollar and Euro exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

The Group's exposure to foreign currency changes for all other currencies is not material.

For the year ended 31st March		Increase/ decrease in base point	CONSOLIDATED		COMPANY	
			Effect on profit before tax	Effect on Foreign currency translation reserve	Effect on profit before tax	Effect on Foreign currency translation reserve
			Rs.'000	Rs.'000	Rs.'000	Rs.'000
2025	USD	+10%	(2,603,621)	1,581,018	(115,675)	-
	Euro	+10%	245,793	469,233	-	-
	USD	-10%	2,603,621	(1,581,018)	115,675	-
	Euro	-10%	(245,793)	(469,233)	-	-
2024	USD	+10%	(3,370,564)	1,232,107	-	-
	Euro	+10%	87,056	471,747	-	-
	USD	-10%	3,370,564	(1,232,107)	-	-
	Euro	-10%	(87,056)	(471,747)	-	-

Commodity Risk

The Group is affected by the volatility of certain commodities. Its operating activities require the ongoing purchase and manufacturing process. Due to the significantly increased volatility of the price of the underlying, the management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The sectors constantly monitor the Raw material price B204 of Charcoal, Rubber, Aluminum and Yarn for downwards trends and invest in bulk purchase when low prices are prevalent. Management may revise the selling price based on the commodity prices whenever possible.

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the GMC. Equity price risk is not material to the financial statements.

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The gearing ratio at the reporting date was as follows:

As at 31st March	CONSOLIDATED		COMPANY	
	2025	2024	2025	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Bearing borrowing	71,659,099	56,654,168	19,313,834	14,375,000
Current portion of Long term interest bearing borrowings	30,924,584	27,160,079	6,899,333	10,005,604
Short term interest bearing borrowings	101,826,546	88,068,606	9,071,422	5,846,926
	204,410,229	171,882,853	35,284,589	30,227,530

Notes to the Financial Statements

As at 31st March	CONSOLIDATED		COMPANY	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Equity	144,092,342	125,530,085	11,135,108	11,767,526
Equity and debts	348,502,571	297,412,938	46,419,697	41,995,056
Gearing ratio	59%	58%	76%	72%

The Regulatory Capital requirements for the Finance Companies are set by the Central Bank of Sri Lanka. The details of the computation of risk weighted assets, capital and the ratios of the Singer Finance PLC are given below:

Capital Adequacy of Singer Finance PLC

Capital adequacy is a measure of financial institutions financial strength and stability. This widely accepted concept tries to specify the limit up to which a business can expand in terms of its risk – weighted assets. Finance companies in pursuit of business expansion, could engage themselves in activities that regularly change their risk profile. In light of this, regulatory capital requirements have been established to avoid undue expansion beyond specified limits keeping a hold on companies' exposure to risk. Capital serves as a comfort to absorb unexpected losses, providing a degree of security to depositors and other key stakeholders. This measure has been introduced by the Central Bank of Sri Lanka to protect the interest of the various stakeholders of the Company while ensuring the maintenance of confidence and stability of the financial system.

The capital adequacy ratio is calculated as a percentage on company's capital to its risk weighted assets as specified by the direction No 03 of 2018 with the effect from 1st July 2018 . Based on the Direction No. 03 of 2018 the Listed Finance Companies which are having asset base less than 100 bn need to be have minimum Core Capital Ratio (Tier-I) of 7% and 11% based on the Total Capital Ratio (Tier-II) . This minimum requirement increased to 8.5% and 12.5% respectively with the effect from 1st July 2022.

The core capital represents the permanent shareholders', equity and reserves created or increase by appropriations of retained earnings or other surpluses and the total capital includes in addition to the core capital, the revaluation reserves, general provisions and other hybrid capital instruments and unsecured subordinated debts.

The Risk Weighted Assets have been calculated by multiplying the value of each category of asset using the risk weight specified by the Central Bank of Sri Lanka.

Details of the computation and the resulting rations are given below:

As at 31st March Total Risk-Weighted Assets Computation	Balance		Risk-Weighted Factor	Risk-Weighted Balance	
	2025 Rs.'000	2024 Rs.'000		2025 Rs.'000	2024 Rs.'000
Assets					
Risk Weighted Amount for Credit Risk					
Notes and Coins	439,874	283,287	0%	-	-
Cash Items in the Process of Collection	136,935	87,091	20%	27,387	17,418
Fixed Assets	710,857	1,336,419	100%	710,857	1,336,419
Other Assets/Exposures	1,125,212	355,405	100%	1,125,212	355,405
Investment in Government Securities	2,812,655	2,942,352	0%	-	-
Claims on Banks					
AAA to BBB-	3,031,339	3,701,426	20%	606,268	740,285
Below B-	-	-	150%	-	-
Claims on Financial Institutions					
AAA to AA-	-	-	20%	-	-
A+ to BBB-	988,559	-	50%	494,280	-
Claims on Corporates					
AAA to AA-	24,670	-	20%	4,934	-
Unrated	2,185	2,185	100%	2,185	2,185
Retail claims in respect of motor vehicles and machinery	16,673,776	10,087,231	100%	16,673,776	10,087,231

As at 31st March Total Risk-Weighted Assets Computation	Balance 2025 Rs.'000	Balance 2024 Rs.'000	Risk-Weighted Factor	Risk-Weighted Balance 2025 Rs.'000	Risk-Weighted Balance 2024 Rs.'000
Claims Secured by Gold					
Outstanding claim portion up to 70% of the market value	8,068,976	5,030,914	0%	-	-
Remaining outstanding claim portion over 70% of the market value	784,979	482,592	100%	784,979	482,592
Retail claims secured by immovable property					
Retail claims that qualify for regulatory capital purposes	33,281	19,273	50%	16,641	9,637
Retail claims that do not qualify for regulatory capital purposes	-	-	100%	-	-
Other retail claims	19,974,205	9,439,435	125%	24,967,757	11,799,294
Non-performing retail claims secured by immovable property					
Specific provisions are equal or more than 20%	-	-	50%	-	-
Specific provisions are less than 20%	-	4,249	100%	-	4,249
Other Non-Performing Assets					
Specific provisions are equal or more than 20%	154,482	104,439	100%	154,482	104,439
Specific provisions are less than 20%	1,487,977	2,006,129	150%	2,231,966	3,009,194
Total Risk - Weighted Assets	56,449,962	35,882,428		47,800,722	27,948,348
Risk Weighted Amount for Operational Risk					
Interest Income	7,903,843	6,614,125	15%	1,185,577	992,119
Interest Expenses	(4,503,631)	(3,755,861)	15%	(675,545)	(563,379)
Non-interest income	542,385	426,118	15%	81,358	63,918
	3,942,597	3,284,381		591,390	492,657
Risk-Weighted Amount for operational Risk under the Basic Indicator Approach				4,731,117	3,941,258
Total Risk - Weighted Assets	60,392,559	39,166,810		52,531,838	31,889,606
Total Capital Base Computation					
Stated Capital				1,996,444	1,996,444
Reserved Fund				505,755	335,411
Published Retained Earnings				3,599,726	2,829,207
Less:-					
Deferred tax				246,454	93,093
Other Intangible Assets (net)				83,215	87,825
Total Core Capital				5,772,256	4,980,144
Supplementary Capital				533,333	933,333
				597,509	-
Total Supplementary Capital				1,130,842	933,333
Capital Base				6,903,098	5,913,477

Capital Adequacy ratio

As at 31st March		2025 Rs. '000	2024 Rs. '000
Core Capital Ratio	Core Capital / Risk- Weighted Assets	10.99%	15.62%
Total Capital Ratio	Capital Base / Risk- Weighted Assets	13.14%	18.54%

Collateral

The Group has not pledged its debtors as collateral for long term borrowings as at 31 March 2025 and 2024, other than those mentioned in Note 25.11 to the Financial Statements.

Notes to the Financial Statements

42 RECLASSIFICATION OF COMPARATIVE INFORMATION

The presentation and classification of the Financial Statements of the previous period have been amended, where relevant, for better presentation and to be comparable with those of the current period.

	Note	CONSOLIDATED		
		Comparative reported on 31.03.2025	As reported on 31.03.2024	Classification Change
Statement of Profit or Loss				
Revenue	6	436,732,127	436,833,270	(101,143)
Cost of sales		322,427,055	322,614,872	(187,817)
Other income	7	3,495,439	3,394,296	101,143
Distribution expenses		15,564,415	15,376,598	187,817
Administrative expenses		54,651,133	54,378,179	272,954
Other expenses		69,483	342,437	(272,954)
Statement of Financial Position				
Trade and other receivables	22	112,832,350	117,124,113	(4,291,763)
Other current liabilities	29	7,128,127	11,419,890	(4,291,763)

Quarterly Analysis

	Quarter 01		Quarter 02		Quarter 03		Quarter 04	
	2025 Rs.'000	2024 Rs.	2025 Rs.'000	2024 Rs.	2025 Rs.'000	2024 Rs.	2025 Rs.'000	2024 Rs.
Revenue	113,607,627	96,938,050	122,539,310	105,256,047	127,393,294	122,302,403	128,660,861	112,235,627
Profit before tax	5,734,473	2,295,396	6,997,840	4,843,074	9,791,461	7,614,809	12,849,247	10,582,428
Tax expense	(2,615,823)	(974,629)	(3,108,230)	(3,007,890)	(2,916,811)	(3,620,587)	(4,219,565)	(2,885,878)
Profit after tax	3,118,650	1,320,767	3,889,610	1,835,184	6,874,650	3,994,222	8,629,682	7,696,550
Profit attributable to owners of the parent	1,401,270	29,310	1,770,768	39,567	4,401,297	2,111,460	5,875,794	4,708,433
Profit attributable to non-controlling interest	1,717,380	1,291,457	2,118,842	1,795,617	2,473,353	1,882,762	2,753,888	2,988,117
Total comprehensive income for the period, net of tax	3,253,163	(492,693)	4,395,790	2,148,854	5,542,251	5,362,255	13,779,659	3,937,101
Non Current Assets	187,161,239	172,833,001	194,398,882	176,111,400	201,527,268	182,944,703	216,558,411	184,718,439
Current Assets	265,522,089	238,860,318	280,219,463	248,909,115	294,145,572	268,185,679	294,134,114	257,326,053
Non current liabilities	92,406,654	95,908,935	96,991,276	91,476,152	108,385,079	95,247,695	112,723,543	90,851,116
Current liabilities	231,814,834	194,130,191	245,751,930	210,774,261	250,702,556	229,238,884	253,876,640	225,663,291

	Quarter 01		Quarter 02		Quarter 03		Quarter 04	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Market Value of Shares								
Closing share price	106.00	77.70	100.00	93.30	130.75	71.50	137.00	82.00
Basic earnings per share	1.87	0.04	2.36	0.05	5.87	2.82	7.83	6.28
Diluted earnings per share	1.87	0.04	2.36	0.05	5.87	2.82	7.83	6.28
Highest price recorded for the three months ending	109.00	78.30	106.50	97.90	132.00	92.90	149.25	86.50
Lowest price recorded for the three months ending	80.00	65.60	86.00	80.10	98.00	70.90	122.25	71.60
Market capitalisation (Rs. mn.)	79,688	58,275	74,850	69,750	98,438	53,550	102,750	61,575
Share Trading Information								
No. of transactions	22,247	11,793	32,531	36,497	48,015	46,461	62,097	53,490
No. of shares traded	65,019,638	23,469,900	89,846,612	72,193,565	131,397,055	84,509,112	154,141,309	101,199,617
Value of shares traded (Rs)	6,293,062,377	1,675,352,381	8,708,737,888	6,043,021,709	13,252,020,423	7,037,913,149	16,356,554,569	8,377,792,174

Ten Year Summary

As at 31st March	10-Year Compound Growth (%)	2025 Rs '000	2024 Rs '000	2023 Rs '000	2022 Rs '000	2021 Rs '000	2020 Rs '000	2019 Rs '000	2018 Rs '000	2017 Rs. '000	2016 * Rs. '000
Results											
Revenue	18%	492,201,092	436,732,127	487,430,881	338,009,580	241,275,661	210,307,003	219,181,960	163,249,467	111,383,076	92,274,683
Profit before taxation	19%	35,373,021	25,335,707	42,749,068	35,716,745	19,233,789	5,504,052	5,475,513	5,763,498	7,025,162	6,951,538
Taxation	24%	(12,860,429)	(10,488,984)	(15,076,768)	(7,617,844)	(5,187,582)	(2,609,260)	(2,725,596)	(2,491,060)	(1,976,840)	(1,756,478)
Profit after tax	17%	22,512,592	14,846,723	27,672,300	28,098,901	14,046,207	2,894,792	2,749,917	3,272,438	5,048,322	5,195,060
Non-controlling Interest	15%	(9,063,463)	(7,957,953)	(11,320,455)	(9,842,374)	(6,408,976)	(2,522,360)	(2,484,532)	(2,248,546)	(2,264,389)	(2,077,507)
Profit attributable to owners of the parent	18%	13,449,129	6,888,770	16,351,845	18,256,527	7,637,231	372,432	265,385	1,023,892	2,783,933	3,117,553
Funds Employed											
Stated capital***	0%	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000
Capital reserves	-3%	975,906	870,062	760,344	711,396	688,411	676,104	636,039	887,340	943,608	1,067,819
Other component of equity	11%	34,166,542	29,821,606	31,464,513	30,077,359	24,734,483	23,644,932	23,072,120	20,978,486	19,013,131	11,576,897
Revenue reserves	14%	56,424,777	47,896,325	45,130,447	35,026,096	20,620,432	13,808,523	14,958,752	16,208,311	19,333,998	16,875,824
Equity attributable to equity holders of the parent	12%	93,142,225	80,162,993	78,930,304	67,389,851	47,618,326	39,704,559	40,241,911	39,649,137	40,865,737	31,095,540
Non-controlling Interest	13%	50,950,117	45,367,092	43,776,353	37,896,875	27,580,255	23,151,943	21,636,556	20,158,629	17,173,230	15,817,529
Borrowings (short-and long-term)	22%	204,410,229	171,882,853	159,695,621	171,934,335	114,462,349	123,555,392	113,283,872	92,641,002	44,747,594	33,123,190
Assets Employed											
Non-current assets	14%	216,558,411	184,718,439	175,162,982	159,697,107	133,825,255	130,678,344	120,767,143	114,202,537	78,161,061	60,815,269
Current assets	23%	294,134,114	257,326,053	237,578,991	243,378,685	145,558,205	117,630,744	110,979,551	95,564,364	51,840,953	42,381,041
Current liabilities net of borrowings	25%	(121,125,510)	(110,434,606)	(94,571,637)	(100,957,255)	(68,627,373)	(41,644,452)	(38,474,385)	(40,159,237)	(19,010,302)	(15,187,278)
Security deposit	100%	(1,894,630)	(1,560,728)	(1,468,392)	(1,462,347)	(1,366,565)	(1,394,611)	(1,388,434)	(1,199,128)	-	-
Other non current liabilities	100%	(1,705,052)	(1,750,010)	(2,083,838)	(1,637,526)	(1,666,017)	(1,730,000)	(1,448,000)	(2,717,541)	-	-
Other non current financial liabilities	100%	(6,406,999)	(3,252,235)	(5,844,248)	(2,317,848)	(2,091,132)	(1,979,089)	(804,556)	(403,056)	-	-
Provisions	17%	(30,183,650)	(26,720,954)	(25,447,442)	(18,641,594)	(15,134,825)	(14,361,049)	(13,691,130)	(12,067,024)	(7,461,764)	(7,233,096)
Grants	2%	(874,113)	(913,021)	(924,138)	(838,161)	(836,618)	787,993	(777,850)	(772,147)	(743,387)	(739,677)
Capital Employed	17%	348,502,571	297,412,938	282,402,279	277,221,061	189,660,930	186,411,894	175,162,339	152,448,769	102,786,562	80,036,259
Cash Flow											
Net cash inflow/(outflow) from operating activities		11,855,844	30,426,524	56,793,678	9,536,355	32,928,432	18,848,308	1,187,067	7,451,001	7,441,702	7,863,808
Net cash inflow/(outflow) from investing activities		(19,672,443)	(11,460,535)	(12,055,481)	(17,674,379)	(4,492,620)	(8,062,517)	(5,260,764)	(18,291,318)	(11,051,489)	(7,190,966)
Net cash inflow/(outflow) from financing activities		(3,821,521)	(32,496,945)	(36,256,472)	(7,859,190)	(13,293,929)	(8,265,370)	(7,989,127)	(1,126,681)	1,311,974	(1,718,516)
Increase/(decrease) in cash and cash equivalents		(11,638,120)	(13,530,956)	8,481,725	(15,997,214)	15,141,883	2,520,421	(12,062,824)	(11,966,998)	(2,297,813)	(1,045,674)
Key Indicators											
Earnings per share (basic) (Rs.) ***		17.93	9.19	21.80	24.34	10.18	0.50	0.35	1.37	3.71	4.16
Dividend per share (basic) (Rs.) ***		6.00	5.35	5.35	4.00	1.30	-	0.50	0.50	0.75	0.65
Net assets per share (Rs.) ***		124.19	106.88	105.24	89.85	63.49	52.94	53.66	52.87	54.49	41.46
Market price per share (Rs.)		137.00**	82.10**	72.00**	76.90**	60.80**	123.60*	168.00*	200.70*	265.00*	245.78*
% change in All Share Price Index		38.19	23.04	4.46	2.72	89.61	(17.74)	(14.20)	6.84	(0.16)	(10.97)
Return on average shareholders' funds (%)		14.44	8.59	20.72	27.09	16.04	0.94	0.66	2.58	6.81	10.03
Return on average capital employed (%)		13.71	14.36	21.63	14.85	13.80	9.04	9.76	8.94	10.58	11.08
Price earnings ratio (times)		7.64	8.94	3.30	3.12	5.97	24.89	47.48	14.70	7.14	5.91
Interest cover (times covered)		3.13	1.94	2.15	3.37	3.00	1.39	1.47	1.77	3.05	4.20
Dividend payout Ratio (%)		33.46	58.25	24.54	16.43	12.77	-	141.30	36.63	20.21	15.64

*Market price before share split of 10 shares for every one ordinary share held.

**Market price after share split of 10 shares for every one ordinary share held.

***Earning per share, Dividend per share and Net asset per share in all reporting periods were adjusted based on post sub-division of 10 shares for every one ordinary share held.

Indicative US Dollar Financial Statements

Statement of Profit or Loss (information purposes only)

For the year ended 31st March	CONSOLIDATED		COMPANY	
	2025 USD '000	2024 USD '000	2025 USD '000	2024 USD '000
Revenue	1,653,846	1,379,706	2,140	1,959
Cost of sales	(1,242,268)	(1,018,598)	(1,937)	(1,766)
Direct Interest Cost	(14,037)	(15,141)	-	-
Gross profit	397,541	345,967	203	193
Group dividend	-	-	19,318	17,056
Other income	17,015	11,043	3	2
Distribution expenses	(60,230)	(49,170)	-	-
Administrative expenses	(190,227)	(172,652)	5,587	2,433
Other expenses	(3,597)	(220)	-	(1)
Results from operating activities	160,502	134,968	25,111	19,683
Finance income	23,396	31,300	417	377
Finance cost	(64,199)	(85,771)	(11,049)	(14,971)
Net finance cost	(40,803)	(54,471)	(10,632)	(14,594)
Change in fair value of investment property	380	293	2	12
Share of profit of equity accounted investees (net of tax)	797	503	-	-
Value added tax on financial service	(2,018)	(1,254)	-	-
Profit before tax	118,858	80,039	14,481	5,101
Tax expense	(43,212)	(33,136)	(1,069)	(887)
Profit for the year	75,646	46,903	13,412	4,214
Profit for the period attributable to:				
Owners of the parent	45,192	21,763	13,412	4,214
Non-controlling interest	30,454	25,140	-	-
Profit for the year	75,646	46,903	13,412	4,214
Average exchange rate	297.61	316.54	297.61	316.54

This information does not constitute a full set of financial statements in compliance with SLFRS/ LKAS.

The above should be read together with the Auditors' opinion and the notes to the Financial Statements.

Indicative US Dollar Financial Statements

Statement of Financial Position (information purpose only)

As at 31st March	CONSOLIDATED		COMPANY	
	2025 USD '000	2024 USD '000	2025 USD '000	2024 USD '000
Assets				
Non-current assets				
Property, plant & equipment	519,051	446,145	3,080	1,911
Right of use assets	51,131	39,129	-	213
Investment properties	7,401	6,808	334	328
Biological assets	5,573	5,023	-	-
Intangible assets	54,751	53,907	234	187
Investments in subsidiaries	-	-	139,677	132,530
Investments in equity accounted investees	9,275	9,065	5,080	5,018
Other non-current financial assets	1,560	1,320	142	140
Non-current trade and other receivables	65,110	40,190	-	2,694
Other non-current assets	3,519	3,175	-	-
Deferred tax assets	13,628	11,213	73	221
Amounts due from subsidiaries	-	-	4,334	-
Total non-current assets	730,999	615,975	152,954	143,242
Current assets				
Inventories	310,347	284,123	111	121
Amounts due from subsidiaries	-	-	16,129	17,939
Amounts due from equity accounted investees	500	566	147	25
Trade and other receivables	470,649	376,258	208	184
Other current assets	27,428	20,905	121	234
Income tax recoverable	4,513	3,816	-	-
Other current financial assets	5,071	7,257	88	67
Short-term deposits	92,349	71,215	6,294	1,686
Cash and cash equivalents	82,001	93,956	3,765	1,096
Total current assets	992,858	858,096	26,863	21,352
Total assets	1,723,857	1,474,071	179,817	164,594
Equity and Liabilities				
Stated capital	20,314	20,314	20,314	20,314
Capital reserves	3,294	2,901	45	44
Other components of equity	100,335	84,383	(14,998)	(15,063)
Revenue reserves	190,463	159,718	32,226	33,945
Total equity attributable to equity holders of the Company	314,406	267,316	37,587	39,240
Non-controlling interest	171,984	151,284	-	-
Total equity	486,390	418,600	37,587	39,240

As at 31st March	CONSOLIDATED		COMPANY	
	2025 USD '000	2024 USD '000	2025 USD '000	2024 USD '000
Non-current liabilities				
Interest-bearing borrowings	241,887	188,923	65,194	47,936
Grants	2,951	3,045	-	-
Deferred tax liabilities	47,526	38,210	-	-
Security deposits	6,395	5,205	-	-
Other non-current liabilities	5,755	5,836	-	-
Other non-current financial liabilities	21,627	10,845	-	-
Employee benefit obligations	54,359	50,895	4,127	6,323
Total non-current liabilities	380,500	302,959	69,321	54,259
Current liabilities				
Trade and other payables	284,750	255,733	16,236	16,265
Other current liabilities	26,380	23,770	289	297
Deferred revenue	7,165	12,091	-	-
Other current financial liabilities	73,948	63,116	-	-
Amounts due to subsidiaries	-	-	2,092	1,295
Amounts due to equity accounted investees	71	2	-	1
Income tax payable	16,548	13,551	382	374
Current portion of long term interest-bearing borrowings	104,387	90,570	23,289	33,365
Short-term interest-bearing borrowings	343,718	293,679	30,621	19,498
Total current liabilities	856,967	752,512	72,909	71,095
Total liabilities	1,237,467	1,055,471	142,230	125,354
Total equity and liabilities	1,723,857	1,474,071	179,817	164,594
Closing exchange rate	296.25	299.88	296.25	299.88

This information does not constitute a full set of financial statements in compliance with SLFRS/ LKAS.

The above should be read together with the Auditors' opinion and the notes to the Financial Statements.

Statement of Profit or Loss - Horizontal Analysis

For the year ended 31st March	YEAR									
	2025		2024		2023		2022		2021	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Revenue	492,201,092	13%	436,732,127	-10%	487,430,881	44%	338,009,580	40%	241,275,661	15%
Cost of sales	(369,711,417)	15%	(322,427,055)	-11%	(363,772,324)	41%	(258,715,354)	45%	(178,244,709)	13%
Direct interest cost	(4,177,595)	-13%	(4,792,620)	8%	(4,424,524)	130%	(1,920,345)	3%	(1,872,405)	2%
Gross profit	118,312,080	8%	109,512,452	-8%	119,234,033	54%	77,373,881	27%	61,158,547	22%
Other income	5,063,926	45%	3,495,439	-18%	4,279,601	114%	1,997,601	36%	1,467,771	-12%
Distribution expenses	(17,925,158)	15%	(15,564,415)	13%	(13,764,885)	10%	(12,514,847)	14%	(10,949,210)	2%
Administrative expenses	(56,613,478)	4%	(54,651,133)	15%	(47,498,694)	45%	(32,842,133)	28%	(25,561,250)	5%
Other expenses	(1,070,435)	>1000%	(69,483)	-94%	(1,177,308)	180%	(420,743)	160%	(162,060)	-61%
Results from operating activities	47,766,935	12%	42,722,860	-30%	61,072,747	82%	33,593,759	29%	25,953,798	58%
Finance income	6,962,801	-30%	9,907,736	-52%	20,720,866	23%	16,831,989	430%	3,175,954	56%
Finance cost	(19,106,258)	-30%	(27,150,052)	-31%	(39,538,267)	166%	(14,882,770)	48%	(10,051,725)	-23%
Net finance cost	(12,143,457)	-30%	(17,242,316)	-8%	(18,817,401)	<1000%	1,949,219	-128%	(6,875,771)	-38%
Change in fair value of investment properties	112,999	22%	92,813	-73%	347,457	6%	328,543	68%	195,638	125%
Share of profit of equity accounted investees (net of tax)	237,074	49%	159,205	-71%	540,978	139%	226,794	-10%	252,611	-4%
Value added tax on financial services	(600,530)	51%	(396,855)	1%	(394,713)	3%	(381,570)	30%	(292,487)	-6%
Profit before tax	35,373,021	40%	25,335,707	-41%	42,749,068	20%	35,716,745	86%	19,233,789	249%
Tax expense	(12,860,429)	23%	(10,488,984)	-30%	(15,076,768)	98%	(7,617,844)	47%	(5,187,582)	99%
Profit for the year	22,512,592	52%	14,846,723	-46%	27,672,299	-2%	28,098,901	100%	14,046,207	385%

Statement of Profit or Loss - Vertical Analysis

For the year ended 31st March	YEAR									
	2025		2024		2023		2022		2021	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Revenue	492,201,092	100%	436,732,127	100%	487,430,881	100%	338,009,580	100%	241,275,661	100%
Cost of sales	(369,711,417)	-75%	(322,427,055)	-74%	(363,772,324)	-75%	(258,715,354)	-77%	(178,244,709)	-74%
Direct interest cost	(4,177,595)	-1%	(4,792,620)	-1%	(4,424,524)	-1%	(1,920,345)	-1%	(1,872,405)	-1%
Gross profit	118,312,080	24%	109,512,452	25%	119,234,033	24%	77,373,881	23%	61,158,547	25%
Other income	5,063,926	1%	3,495,439	1%	4,279,601	1%	1,997,601	1%	1,467,771	1%
Distribution expenses	(17,925,158)	-4%	(15,564,415)	-4%	(13,764,885)	-3%	(12,514,847)	-4%	(10,949,210)	-5%
Administrative expenses	(56,613,478)	-12%	(54,651,133)	-13%	(47,498,694)	-10%	(32,842,133)	-10%	(25,561,250)	-11%
Other expenses	(1,070,435)	0%	(69,483)	0%	(1,177,308)	0%	(420,743)	0%	(162,060)	0%
Results from operating activities	47,766,935	10%	42,722,860	10%	61,072,747	13%	33,593,759	10%	25,953,798	11%
Finance income	6,962,801	1%	9,907,736	2%	20,720,866	4%	16,831,989	5%	3,175,954	1%
Finance cost	(19,106,258)	-4%	(27,150,052)	-6%	(39,538,267)	-8%	(14,882,770)	-4%	(10,051,725)	-4%
Net finance cost	(12,143,457)	-2%	(17,242,316)	-4%	(18,817,401)	-4%	1,949,219	1%	(6,875,771)	-3%
Change in fair value of investment properties	112,999	0%	92,813	0%	347,457	0%	328,543	0%	195,638	0%
Share of profit of equity accounted investees (net of tax)	237,074	0%	159,205	0%	540,978	0%	226,794	0%	252,611	0%
Value added tax on financial services	(600,530)	0%	(396,855)	0%	(394,713)	0%	(381,570)	0%	(292,487)	0%
Profit before tax	35,373,021	7%	25,335,707	6%	42,749,068	9%	35,716,745	11%	19,233,789	8%
Tax expense	(12,860,429)	-3%	(10,488,984)	-2%	(15,076,768)	-3%	(7,617,844)	-2%	(5,187,582)	-2%
Profit for the year	22,512,592	5%	14,846,723	3%	27,672,299	6%	28,098,901	8%	14,046,207	6%

Statement of Financial Position - Horizontal Analysis

As at 31st March	YEAR									
	2025		2024		2023		2022		2021	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Assets										
Non-current assets										
Property, plant & equipment	153,768,783	15%	133,789,861	6%	126,472,089	14%	111,189,851	24%	89,685,742	1%
Right-of-use assets	15,147,537	29%	11,733,876	-4%	12,190,393	7%	11,389,087	15%	9,934,309	3%
Investment properties	2,192,662	7%	2,041,561	5%	1,948,326	-25%	2,601,101	-8%	2,824,180	4%
Biological assets	1,651,025	10%	1,506,271	15%	1,313,069	119%	599,064	13%	530,543	5%
Intangible assets	16,219,878	0%	16,165,508	0%	16,210,948	4%	15,544,031	17%	13,272,669	0%
Investments in equity accounted investees	2,747,620	1%	2,718,502	-19%	3,364,373	55%	2,164,377	3%	2,097,766	-1%
Other non-current financial assets	462,204	17%	395,960	-58%	941,292	932%	91,199	-63%	248,805	-1%
Non-current trade and other receivables	19,288,757	60%	12,052,092	44%	8,359,072	-32%	12,331,710	4%	11,912,418	5%
Other non-current assets	1,042,556	9%	952,191	0%	951,608	-3%	983,043	-2%	1,007,322	-10%
Deferred tax assets	4,037,389	20%	3,362,617	-1%	3,411,813	22%	2,803,644	21%	2,311,501	86%
Total non-current assets	216,558,411	17%	184,718,439	5%	175,162,982	10%	159,697,107	19%	133,825,255	2%
Current assets										
Inventories	91,940,308	8%	85,202,934	-3%	87,502,323	6%	82,397,947	55%	53,100,096	26%
Amounts due from equity accounted investees	147,999	-13%	169,803	6%	159,463	12%	142,891	-55%	318,905	112%
Trade and other receivables	139,429,685	24%	112,832,350	14%	98,651,672	-8%	107,082,528	59%	67,226,195	14%
Other current assets	8,125,669	30%	6,269,054	14%	5,508,223	32%	4,179,463	44%	2,893,143	25%
Income tax recoverable	1,336,907	17%	1,144,362	21%	944,281	13%	837,838	10%	764,443	-49%
Other current financial assets	1,502,311	-31%	2,176,135	154%	855,239	-39%	1,400,423	202%	463,524	12%
Short term deposits	27,358,471	28%	21,356,037	8%	19,780,454	-1%	19,927,939	153%	7,876,500	125%
Cash in hand and at bank	24,292,764	-14%	28,175,378	17%	24,177,336	-12%	27,409,656	112%	12,912,378	54%
Assets classified as held for sale	-		-		-		-	-100%	3,021	0%
Total current assets	294,134,114	14%	257,326,053	8%	237,578,991	-2%	243,378,685	67%	145,558,205	24%
Total assets	510,692,525	16%	442,044,492	7%	412,741,973	2%	403,075,792	44%	279,383,460	13%
Equity and liabilities										
Stated capital	1,575,000	0%	1,575,000	0%	1,575,000	0%	1,575,000	0%	1,575,000	0%
Capital reserves	975,906	12%	870,062	14%	760,344	7%	711,396	3%	688,411	2%
Other components of equity	34,166,542	15%	29,821,606	-5%	31,464,513	5%	30,077,359	22%	24,734,483	5%
Revenue reserves	56,424,777	18%	47,896,325	6%	45,130,447	29%	35,026,096	70%	20,620,432	49%
Total equity attributable to equity holders of the Company	93,142,225	16%	80,162,993	2%	78,930,304	17%	67,389,851	42%	47,618,326	20%
Non-controlling interest	50,950,117	12%	45,367,092	4%	43,776,353	16%	37,896,875	37%	27,580,255	19%
Total equity	144,092,342	15%	125,530,085	2%	122,706,657	17%	105,286,726	40%	75,198,581	20%

As at 31st March	YEAR									
	2025		2024		2023		2022		2021	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Non-current liabilities										
Interest-bearing borrowings	71,659,099	26%	56,654,168	-4%	59,158,207	-7%	63,540,193	23%	51,503,754	-1%
Grants	874,113	-4%	913,021	-1%	924,138	10%	838,161	0%	836,618	6%
Deferred tax liabilities	14,079,676	23%	11,458,489	-9%	12,602,194	70%	7,433,449	39%	5,357,821	5%
Security deposits	1,894,630	21%	1,560,728	6%	1,468,392	0%	1,462,347	7%	1,366,565	-2%
Other non-current liabilities	1,705,052	-3%	1,750,010	-16%	2,083,838	27%	1,637,526	-2%	1,666,017	-4%
Other non-current financial liabilities	6,406,999	97%	3,252,235	-44%	5,844,248	152%	2,317,848	11%	2,091,132	6%
Employee benefit obligations	16,103,974	6%	15,262,465	19%	12,845,248	15%	11,208,145	15%	9,777,004	6%
Total non-current liabilities	112,723,543	24%	90,851,116	-4%	94,926,265	7%	88,437,669	22%	72,598,911	0%
Current liabilities										
Trade and other payables	84,357,278	10%	76,689,226	15%	66,405,057	-16%	79,256,611	50%	52,983,547	65%
Other current liabilities	7,815,062	10%	7,128,127	-9%	7,815,736	1%	7,725,691	98%	3,897,687	13%
Deferred revenue	2,122,739	-41%	3,625,769	280%	954,310	54%	618,787	26%	492,080	28%
Other current financial liabilities	21,907,141	16%	18,927,276	42%	13,355,662	36%	9,828,666	17%	8,374,066	66%
Amounts due to equity accounted investees	21,068	>1000%	465	2%	456	42%	322	-96%	8,036	155%
Income tax payable	4,902,222	21%	4,063,743	-33%	6,040,416	71%	3,527,178	23%	2,871,625	280%
Current portion of long-term interest bearing borrowings	30,924,584	14%	27,160,079	-14%	31,573,389	15%	27,568,587	12%	24,677,856	-8%
Short-term interest bearing borrowings	101,826,546	16%	88,068,606	28%	68,964,025	-15%	80,825,555	111%	38,280,739	-14%
Liabilities directly associated with assets classified as held for sale	-		-		-		-	-100%	332	0%
Total current liabilities	253,876,640	13%	225,663,291	16%	195,109,051	-7%	209,351,397	59%	131,585,968	16%
Total liabilities	366,600,183	16%	316,514,407	9%	290,035,316	-3%	297,789,066	46%	204,184,879	10%
Total equity and liabilities	510,692,525	16%	442,044,492	7%	412,741,973	2%	403,075,792	44%	279,383,460	13%

Statement of Financial Position - Vertical Analysis

As at 31st March	YEAR									
	2025		2024		2023		2022		2021	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Assets										
Non-current assets										
Property, plant & equipment	153,768,783	30%	133,789,861	30%	126,472,089	31%	111,189,851	28%	89,685,742	32%
Right-of-use assets	15,147,537	3%	11,733,876	3%	12,190,393	3%	11,389,087	3%	9,934,309	4%
Investment properties	2,192,662	0%	2,041,561	0%	1,948,326	0%	2,601,101	1%	2,824,180	1%
Biological assets	1,651,025	0%	1,506,271	0%	1,313,069	0%	599,064	0%	530,543	0%
Intangible assets	16,219,878	3%	16,165,508	4%	16,210,948	4%	15,544,031	4%	13,272,669	5%
Investments in equity accounted investees	2,747,620	1%	2,718,502	1%	3,364,373	1%	2,164,377	1%	2,097,766	1%
Other non- current financial assets	462,204	0%	395,960	0%	941,292	0%	91,199	0%	248,805	0%
Non- current trade and other receivables	19,288,757	4%	12,052,092	3%	8,359,072	2%	12,331,710	3%	11,912,418	4%
Other non-current assets	1,042,556	0%	952,191	0%	951,608	0%	983,043	0%	1,007,322	0%
Deferred tax assets	4,037,389	1%	3,362,617	1%	3,411,813	1%	2,803,644	1%	2,311,501	1%
Total non-current assets	216,558,411	42%	184,718,439	42%	175,162,982	42%	159,697,107	40%	133,825,255	48%
Current assets										
Inventories	91,940,308	18%	85,202,934	19%	87,502,323	21%	82,397,947	20%	53,100,096	19%
Amounts due from equity accounted investees	147,999	0%	169,803	0%	159,463	0%	142,891	0%	318,905	0%
Trade and other receivables	139,429,685	27%	112,832,350	26%	98,651,672	24%	107,082,528	27%	67,226,195	24%
Other current assets	8,125,669	2%	6,269,054	1%	5,508,223	1%	4,179,463	1%	2,893,143	1%
Income tax recoverable	1,336,907	0%	1,144,362	0%	944,281	0%	837,838	0%	764,443	0%
Other current financial assets	1,502,311	0%	2,176,135	0%	855,239	0%	1,400,423	0%	463,524	0%
Short term deposits	27,358,471	5%	21,356,037	5%	19,780,454	5%	19,927,939	5%	7,876,500	3%
Cash in hand and at bank	24,292,764	5%	28,175,378	6%	24,177,336	6%	27,409,656	7%	12,912,378	5%
Assets classified as held for sale	-	0%	-	0%	-	0%	-	0%	3,021	0%
Total current assets	294,134,114	58%	257,326,053	58%	237,578,991	58%	243,378,685	60%	145,558,205	52%
Total assets	510,692,525	100%	442,044,492	100%	412,741,973	100%	403,075,792	100%	279,383,460	100%
Equity and liabilities										
Stated capital	1,575,000	0%	1,575,000	0%	1,575,000	0%	1,575,000	0%	1,575,000	1%
Capital reserves	975,906	0%	870,062	0%	760,344	0%	711,396	0%	688,411	0%
Other components of equity	34,166,542	7%	29,821,606	7%	31,464,513	8%	30,077,359	7%	24,734,483	9%
Revenue reserves	56,424,777	11%	47,896,325	11%	45,130,447	11%	35,026,096	9%	20,620,432	7%
Total equity attributable to equity holders of the Company	93,142,225	18%	80,162,993	18%	78,930,304	19%	67,389,851	17%	47,618,326	17%
Non-controlling interest	50,950,117	10%	45,367,092	10%	43,776,353	11%	37,896,875	9%	27,580,255	10%
Total equity	144,092,342	28%	125,530,085	28%	122,706,657	30%	105,286,726	26%	75,198,581	27%

As at 31st March	YEAR									
	2025		2024		2023		2022		2021	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Non-current liabilities										
Interest-bearing borrowings	71,659,099	14%	56,654,168	13%	59,158,207	14%	63,540,193	16%	51,503,754	18%
Grants	874,113	0%	913,021	0%	924,138	0%	838,161	0%	836,618	0%
Deferred tax liabilities	14,079,676	3%	11,458,489	3%	12,602,194	3%	7,433,449	2%	5,357,821	2%
Security deposits	1,894,630	0%	1,560,728	0%	1,468,392	0%	1,462,347	0%	1,366,565	0%
Other non-current liabilities	1,705,052	0%	1,750,010	0%	2,083,838	1%	1,637,526	0%	1,666,017	1%
Other non-current financial liabilities	6,406,999	1%	3,252,235	1%	5,844,248	1%	2,317,848	1%	2,091,132	1%
Employee benefit obligations	16,103,974	3%	15,262,465	3%	12,845,248	3%	11,208,145	3%	9,777,004	3%
Total non-current liabilities	112,723,543	22%	90,851,116	21%	94,926,265	23%	88,437,669	22%	72,598,911	26%
Current liabilities										
Trade and other payables	84,357,278	17%	76,689,226	17%	66,405,057	16%	79,256,611	20%	52,983,547	19%
Other current liabilities	7,815,062	2%	7,128,127	2%	7,815,736	2%	7,725,691	2%	3,897,687	1%
Deferred revenue	2,122,739	0%	3,625,769	1%	954,310	0%	618,787	0%	492,080	0%
Other current financial liabilities	21,907,141	4%	18,927,276	4%	13,355,662	3%	9,828,666	2%	8,374,066	3%
Amounts due to equity accounted investees	21,068	0%	465	0%	456	0%	322	0%	8,036	0%
Income tax payable	4,902,222	1%	4,063,743	1%	6,040,416	1%	3,527,178	1%	2,871,625	1%
Current portion of long term interest-bearing borrowings	30,924,584	6%	27,160,079	6%	31,573,389	8%	27,568,587	7%	24,677,856	9%
Short-term interest-bearing borrowings	101,826,546	20%	88,068,606	20%	68,964,025	17%	80,825,555	20%	38,280,739	14%
Liabilities directly associated with assets classified as held for sale	-	0%	-	0%	-	0%	-	0%	332	0%
Total current liabilities	253,876,640	50%	225,663,291	51%	195,109,051	47%	209,351,397	52%	131,585,968	47%
Total liabilities	366,600,183	72%	316,514,407	72%	290,035,316	70%	297,789,066	74%	204,184,879	73%
Total equity and liabilities	510,692,525	100%	442,044,492	100%	412,741,973	100%	403,075,792	100%	279,383,460	100%

Value of Real Estate

As at 31st March 2025

Ownership	Location	Address	Extent (Acres)	Buildings Sq.ft	No of buildings in each location	Market Value of Land Rs. mn
Eco Solutions						
Hayleys Fibre PLC	Kuliyapitiya	"Biginhill Estate", Karagahagedara, Kuliyapitiya	2.88	47,389	15	39
	Mahagama	Siri Sumangala Mawatha, Mahagama North,Chilaw	3.00	20,200	2	16
	Mahagama	Siri Sumangala Mawatha, Mahagama North,Chilaw	4.00	45,000	7	21
	Nikaweratiya	Kadigawa, Yaya, Rasnayakapura, Nikaweratiya	33.50	-	-	142
Volanka (Pvt) Ltd.	Galle	No.153/1, Robosgewatta, Matara road, Magalle, Galle	1.22	32,644	8	439
	Katana	No.B 28,Divulapitiya road, Dissagewatte, Katana	14.51	305,212	29	464
Chas P. Hayley & Co. (Pvt) Ltd.	Galle	No.153,Robosgewatta, Matara road, Magalle, Galle	0.55	9,795	2	222
	Galle	No 161 "Thurnburn /stores", No.195, Bandaranayake Mawatha, Magalle, Galle	2.41	67,277	9	831
	Galle	No.193/2,193/2A, 193/4, Bandaranayke Mawatha, Magalle, Galle	1.10	15,833	7	258
	Madampe	Sellam Pathaha, Melawagara, Madampe.	7.03	118,547	10	73
	Kuliyapitiya	"Biginhill Estate", Karagahagedera, Kuliyapitiya	4.13	47,499	7	56
Ravi Industries (Pvt) Ltd.	Ekala	252A, Kurunduwatte road, Ekala, Ja-ela.	6.19	111,227	16	693
Volanka Exports (Pvt) Ltd.	Nattandiya	Wathugahamulla, Welipannagahamulla	7.20	80,165	13	81
	Nikaweratiya	Kadigawa, Yaya, Rasnayakapura, Nikaweratiya	15.00	-	-	64
Rileys (Pvt) Ltd.	Ekala	131,Minuwangoda road, Ekala, Ja-ela	3.80	91,582	12	699
Toyo Cushion Lanka (pvt) Ltd.	Katana	105,Thimbirigaskatuwa, Katana	3.37	40,000	15	168
Hand Protection						
Dipped Products PLC	Kottawa	Brahmanagama, Kottawa	10.67	149,544	22	424
Dipped Products (Thailand) Limited	Khuan Niang	82/2 MOO9,Tumbon Rattapum, Amphur, Khuan Niang, Songkhla, Thailand 90220.	13.05	210,197	6	203
Purification						
Haycarb PLC	Badalgama	Katana Road, Beatrice Estate, Badalgama.	28.08	261,337	22	329
	Madampe	Kuliyapitiya road, New town, Pothuwila, Madampe	29.92	276,175	18	296
	Wewalduwa	333/25, New road Hunuputiya, Wattala.	2.48	41,463	6	549
	Madampe	Kuliyapitiya road, New town, Pothuwila, Madampe	0.31	-	-	9
	Kuliyapitiya	Heenagara State, Epaladeniya	10.00	2,015	2	55
Recogen (Pvt) Ltd.	Badalgama	Katana Road, Beatrice Estate, Badalgama.	10.84	35,090	4	136
Ultracarb (Pvt) Ltd	Badalgama	Makandura Road, Badalgama State, Badalgama	11.32	-	-	222
PT Haycarb Palu Mitra	Palu City - Indonesia	Thaipa, Palu Utara, Palu, Sulawesi Tengah 94147, Indonesia	6.98	75,351	18	153

As at 31st March 2025

Ownership	Location	Address	Extent (Acres)	Buildings Sq.ft	No of buildings in each location	Market Value of Land Rs. mn
PT Mapalus Makawanua Charcoal Industry	Bitung City - Indonesia	Tanjung Merah, Bitung, Sulawesi Utara 95547, Indonesia	8.93	103,409	8	292
	Bitung City - Indonesia	Tanjung Merah, Bitung, Sulawesi Utara 95547, Indonesia	2.93	-	-	96
Shizuka Co. Ltd.	Ratchaburi Province - Thailand	190/1, Moo 1, Anghin, Paktho, Ratchaburi 70140,Thailand.	24.49	65,980	12	128
Carbokarn Co. Ltd.	Chonburi Province - Thailand	35/2, Moo 3, Nareuk, Phanat Nikhom, Chonburi-20140, Thailand	15.64	284,300	22	260
Textiles						
Hayleys Fabric PLC	Neboda	Narthupana Estate, Neboda	62.03	496,701	31	802
Construction Materials						
Alumex PLC	Makola	Pattiwila road, Sapugaskanda, Makola	6.24	118,673	11	599
	Gonawala	Maguruwila road, Gonawala	1.82	59,042	3	145
	Ekala	"Ekala Estate", Minuwangoda road, Ekala	6.30	91,442	5	755
	Makola	Pattiwila road, Sapugaskanda, Makola	1.13	34,618	2	108
Tea Exports						
Mabroc Teas (Pvt) Ltd	Kiribathgoda	No.57/3, New Hunupitiya Road, Kiribathgoda.	1.94	75,960	4	589
	Kiribathgoda	No.57/4, New Hunupitiya Road, Kiribathgoda.	0.41	-	-	205
Agriculture						
Hayleys Agriculture Holdings Ltd.	Dambulla	Athabadiwewa, Pahalawewa, Dambulla.	4.35	5,134	2	19
	Kottawa	No. 168/D, Brahmanagama, Kottawa, Pannipitiya.	4.97	47,506	7	238
Sunfrost (Pvt) Ltd.	Alawwa	Nelumdeniya road, Alawwa Waththa Road, Alawwa	5.18	19,112	9	108
	Padiyathalawa	Bogaharawa road, Kehelulla, Padiyathalawa	6.46	1,430	2	7
	Pannala	Hunuvila, Elabadagama	8.11	62,711	7	126
Haychem BD Limited.	Mymensingh	Plot no:-B-18, B-19(part) & A-3, A-4, S-1, Mashkanda BSCIC Industral Estate, Kotowali, Maymensingh	0.69	26,383	1	7
	Dhamrai	Plot no:-16, 15(part), BSCIC Industrial Estate, Kalampur, Dhaka	0.16	5,235	1	37
	Gobindogonj	Mouza-Madanpur, Gobingogoni	3.55	33,249	4	36
Consumer & Retail						
Singer (Sri Lanka) PLC	Ambalantota	Main Street, Ambalantota.	0.04	1,885	1	23
	Balangoda	Ratnapura Road, Balangoda.	0.04	2,080	1	26
	Bandarawela	Main Street, Bandarawela.	0.02	2,660	1	15
	Borella	D.S. Senanayaka Mawatha, Borella.	0.03	2,310	1	78
	Chilaw	Bazaar Street, Chilaw.	0.08	4,120	1	54
	Colpetty	No 143, Galle Road, Colombo 03.	0.02	1,440	1	64
	Eheliyagoda	Ratnapuara Road, Eheliyagoda.	0.04	1,660	1	18
	Galle	Main Street, Galle.	0.02	2,250	1	17
	Gampaha	Colombo Road, Gampaha.	0.11	7,870	1	87
	Hikkaduwa	Galle Road, Hikkaduwa.	0.05	2,400	1	35
	Embilipitiya	Colombo Road, Pallegama, Embilipitiya.	0.03	2,070	1	21

Value of Real Estate

As at 31st March 2025

Ownership	Location	Address	Extent (Acres)	Buildings Sq.ft	No of buildings in each location	Market Value of Land Rs. mn
	Kadawatha	Kandy Road, Kadawatha.	0.02	1,150	1	25
	Kandy- Mega	Sirimavo Bandaranayake Mawatha, Kandy.	0.10	12,840	1	51
	Katugastota	Madawala Road, Katugastota.	0.03	1,620	1	16
	Kiridiwella	Gampaha Road, Kirindiwela	0.05	2,940	1	23
	Kurunegala	Bodhiraja Mawatha, Kurunegala.	0.05	2,250	1	30
	Maharagama	High Level Road, Maharagama.	0.04	2,700	1	44
	Matara	Anagarika Dharmapala Mawatha, Matara.	0.06	3,520	1	47
	Middeniya	Katuwana Road, Middeniya.	0.05	2,670	1	17
	Mount Lavinia	Galle Road, Mount Lavia.	0.05	1,900	1	45
	Mount Lavinia-Mega	Galle Road, Mount Lavia.	0.13	12,985	1	111
	Nawalapitiya	Kotmale Road, Nawalapitiya.	0.03	2,760	1	20
	Negombo	Greens Road, Negombo.	0.04	2,040	1	33
	Nuwara-Eliya	Kandy street, Nuwara-Eliya.	0.03	1,700	1	25
	Panadura	Galle Road, Panadura.	0.04	2,940	1	28
	Piliyandala	Gonamaditta Road, Piliyandala.	7.15	118,450	9	343
	Pussellawa	Nuwaraeliya Road, Pussellawa.	0.08	3,295	1	33
	Rathnapura	Colombo road, Rathnapura.	0.04	2,750	1	28
	Tangalle	Matara Road, Tangalle.	0.03	1,285	1	16
	Trincomalee	North Coast Road, Trincomalee	0.03	3,150	1	25
	Wellawatta	Galle Road, Wellawatta.	0.03	2,700	1	61
	Ratmalana	No. 52,Ferry Road, Off Borupona Road, Ratmalana.	4.41	123,320	16	1,441
	Ratmalana	No. 02, 5th Lane, Ratmalana	2.25	75,365	8	703
	Ratmalana	No. 435, Galle Road Ratmalana	0.31	12,440	1	332
Reality Lanka Ltd.	Ahangama	No. 24A, Matara Rd, Ahangama	0.09	1,630	1	28
	Attidiya	No.190, Main Rd, Attidiya, Dehiwala	0.04	2,260	1	26
	Moratuwa	No. 17, New Galle Rd, Moratuwa	0.08	2,990	1	52
	Kandy	No. 129, Kotugodella Vediya, Kandy	0.06	2,900	1	53
	Galle	No. 13&15, Wackwella Rd, Galle	0.08	-	-	78
	Kadawatha	Kandy Road, Kadawatha.	0.03	-	-	22
	Kalawana	No. J 63/A, Watapotha Road, Nivithigala, Rathnapura.	1.62	-	-	5
	Maradana	No. 51/57, Brandiyawatta, Wellampitiya.	0.06	-	-	10
	Trincomalee	Nayanmarthidal, Thampalakamam, Trincomalee.	0.38	-	-	12
	Ambanpola	No. 108 Yaluwewa, Ambanpola.	0.06	-	-	7
Leisure						
Culture Club Resorts (Pvt) Ltd.	Dambulla	Kapela, Kandalama, Dambulla	1.00	-	-	8
Kandyan Resorts (Pvt) Ltd.	Kandy	Heerassagala, Kandy	11.91	126,684	10	1,031

As at 31st March 2025

Ownership	Location	Address	Extent (Acres)	Buildings Sq.ft	No of buildings in each location	Market Value of Land Rs. mn
Industry Inputs						
Hayleys Aventura (Pvt) Ltd.	Malabe	No: 59, Pothuarawa Road, Malabe	2.26	59,595	6	362
Haycolour (Pvt) Ltd.	Kalutara	Haycolour Factory, Ethanmadala, Kalutara	3.30	5,700	4	79
Haycolour (Pvt) Ltd.	Kalutara	Jawatta alias Pinnagodawatta	1.30			72
Power & Energy						
Bhagya Hydro (Pvt) Ltd.	Gomala oya	Gomala Oya Mini Hydro Power Plant, Godagampola, Rathnapura	1.38	2,246	3	5
Nelwa Cascade Hydro Power (Pvt) Ltd.	Neluwa	Lower Neluwa Mini Hydro Power Plant, Tawalama, Neluwa	3.08	2,530	1	10
Hayleys Neluwa Hydro Power Pvt (Ltd).	Mawanana	Embalegedara, Neluwa	1.03	4,752	3	2
Transportation & Logistics						
Hayleys Advantis Group	Liyanagemulla	No. 710 Negombo road, Liyanagemulla, Seeduwa	0.62	8,036	1	217
	Colombo 2	No. 46/12, Sayuru Sevana, Nawam Mawatha, Colombo 2	0.24	45,980	1	720
	Kelaniya	No 408 A, Nungamugoda, Kelaniya	7.72	175,000	6	1,544
	Welisara	No. 309/18 & No. 317, Negombo road, Welisara	3.63	2,050	1	862
	Welisara	No. 309/15, Negombo road, Welisara	3.15	17,644	7	863
	Sedawatta	No. 148B, Nawalokapura, Sedawatta, Wellampitiya	2.49	11,610	1	698
	Sedawatte	No. 148/A1, Nawalokapura Sedawatte, Welampitiya	2.00	8,879	3	720
	Kotugoda	No. 193, Minuwangoda road, Kotugoda	15.81	356,895	2	1,896
Unisyst Engineering Ltd.	Kotugoda	No. 41/B, Sasanathilaka road, Opatha, Kotugoda	2.39	35,785	3	47
Projects & Engineering						
Hayleys Fentons Limited	Veyangoda	Ganegoda, Veyangoda	10.00	-	-	95
Others						
Darley Property Holdings	Colombo	Foster, Lane Colombo 10	1.56	65,240	3	4,482
World Export Centre Ltd	Colombo	Deans Rd., Colombo 10	4.48	-	-	14,917
Eastern Hotels (Pvt) Ltd	Trincomalee	Nilakarai Estate, Nilaweli, Trincomalee	23.48	600	3	939
Hayleys PLC	Bentota	Kaluwamodara, Bentota	0.28	-	-	99

Share Information

No. of shareholders as at 31st March 2025 - 13,086 (as at 31st March 2024 - 15,147)

No. of shares held	Residents			Non-Residents			Total		
	No.of Shareholders	No.of Shares	%	No.of Shareholders	No.of Shares	%	No.of Shareholders	No.of Shares	%
1 - 1,000	8,064	2,219,839	0.30	44	17,139	0.00	8,108	2,236,978	0.30
1,001 - 10,000	3,463	12,857,654	1.71	51	234,363	0.03	3,514	13,092,017	1.74
10,001 - 100,000	1,125	32,886,098	4.38	38	1,543,214	0.21	1,163	34,429,312	4.59
100,001 - 1,000,000	228	66,582,111	8.88	31	6,165,037	0.82	259	72,747,148	9.70
OVER 1,000,000	38	610,319,965	81.38	4	17,174,580	2.29	42	627,494,545	83.67
	12,918	724,865,667	96.65	168	25,134,333	3.35	13,086	750,000,000	100.00
CATEGORY									
Individuals	12,376	616,171,958	82.16	154	18,072,932	2.41	12,530	634,244,890	84.57
Institutions	542	108,693,709	14.49	14	7,061,401	0.94	556	115,755,110	15.43
	12,918	724,865,667	96.65	168	25,134,333	3.35	13,086	750,000,000	100.00

FIRST TWENTY SHAREHOLDERS AS AT 31.03.2025

	Name of the Shareholder	No. of Shares as at 31.03.2025	%	No. of Shares as at 31.03.2024	%
1	Mr. K.D.D. Perera	382,596,970	51.01	382,596,970	51.01
2	Trustees of the D.S. Jayasundera Trust	86,980,170	11.60	86,980,170	11.60
3	Seylan Bank PLC/ Phantom Investments (Pvt) Ltd	38,556,077	5.14	4,546,365	0.61
4	McLarens Holdings Ltd	14,103,946	1.88	13,206,525	1.76
5	Hayleys Group Services (Pvt) Ltd No. 02 A/C	11,170,900	1.49	11,170,900	1.49
6	Mrs. R.N. Ponnambalam	6,144,380	0.82	6,130,380	0.82
7	GF Capital Global Limited	5,804,000	0.77	5,354,000	0.71
8	Mrs. R.M. Spittel	5,646,970	0.75	5,646,970	0.75
9	Mr. J.M. Spittel	4,655,610	0.62	4,655,610	0.62
10	Mrs. S.D. Wickremasinghe	4,492,980	0.60	4,492,980	0.60
11	Mrs. P.M. Godamunne	4,434,470	0.59	4,434,470	0.59
12	Mrs. A.K. Wikramanayake	4,384,490	0.58	4,384,490	0.58
13	Mr. S. Rameshan	4,007,620	0.53	4,007,620	0.53
14	Hatton National Bank PLC - Capital Alliance Quantitative Equity Fund	3,952,536	0.53	1,037,890	0.14
15	Renuka Hotels PLC	3,315,000	0.44	3,200,000	0.43
16	Mrs. S.R.D. Wikramanayake	3,239,320	0.43	3,239,320	0.43
17	Mrs. G.V. De Silva	2,850,830	0.38	2,850,830	0.38
18	Miss S.H. De Silva	2,850,830	0.38	2,850,830	0.38
19	Miss N.K.R.H. De Silva	2,834,010	0.38	2,834,010	0.38
20	Dr. D. Jayanntha	2,580,000	0.34	2,580,000	0.34
	TOTAL	594,601,109	79.28	556,200,330	74.16

There were no non-voting shares as at 31.03.2025

Directors' Shareholding as at 31.03.2025

	Name of Director	No. of Shares as at 31.03.2025	No. of Shares as at 31.03.2024
1	Mr. A. M. Pandithage	1,253,570	1,253,570
2	Mr. K. D. D. Perera (appointed on 01.10.2024) *	382,613,630	382,613,630
3	Mr. S. C. Ganegoda	250,000	250,000
4	Mr. H. S. R. Kariyawasan	94,270	94,270
5	Mr. L. R. V. Waidyaratne	379,300	379,300
6	Ms. J. Dharmasena	210,950	210,950
7	Dr. H. Cabral PC	-	-
8	Mr. M. Y. A. Perera	-	-
9	Mr. R. J. Karunarajah	-	-
10	Mr. K. D. G. Gunaratne	-	-
11	Mr. T. A. B. Speldewinde	5,000	5,000
12	Mr. P. Y. S. Perera (appointed on 01.04.2024)	2,500	2,500
13	Mr. A. J. Alles (appointed on 01.10.2024)	-	-
14	Mr. M. H. Jamaldeen (resigned w.e.f. 14.11.2024)	-	-

* Inclusive of indirect holding through other companies in which he owns controlling interest.

Market Value of Shares

The market value of ordinary shares of Hayleys PLC was as follows;

	31.03.2025 Rs.	31.03.2024 Rs.
Closing price	137.00	82.10
Highest Price recorded for the twelve months	149.25	97.90
Lowest Price recorded for the twelve months	80.00	65.60
Highest Price recorded for the three months	149.25	86.50
Lowest Price recorded for the three months	122.25	71.60
Market capitalisation	102,750,000,000.00	61,575,000,000.00
Share trading from 1st April to 31st March		
No. of transactions	62,097	53,490
No. of shares traded	154,141,309	101,199,617
Value of shares traded (Rs.)	16,356,554,569.35	8,377,792,173.50
Public holding percentage	37.09%	37.09%
Number of shareholders representing the public	13,075	15,138

Float adjusted market capitalisation (Rs.) 38,112,112,200.00

The Company complies with option 1 of the Listing Rules 7.13.1(i)(a) which requires no minimum public holding percentage.

Share Information

LISTED DEBENTURES

Debenture 1

Listed, rated, senior, unsecured, redeemable, debentures.

Type A - Fixed coupon rate of 13% p.a. payable semi annually, redeemed on 26th August 2024.

Type B - Floating coupon rate of AWPLR +2% p.a. payable semi annually redeemed on 26th August 2024.

Issue of Listed Rated Unsecured Senior Redeemable Debentures

The Company issued Seventy Million (70,000,000) Listed Rated, Unsecured, Senior Redeemable, Debentures of Rs. 100/- each totalling to Rs. 7 Bn, on 5th May 2025.

Type A - 3 year fixed interest rate of 10.50% p.a. (AER 10.78% p.a.) payable semi-annually.

Type B - 5 year fixed interest rate of 11.15% p.a. payable semi-annually (AER 11.46%).

Type C - 5 year floating rate of 1 year Treasury Bill + 2.00% p.a. [with a floor of 8.50% p.a. and a cap of 12.50% p.a.] payable and repriced semi-annually.

Group Value Addition And Distribution

For the year ended 31st March	TOTAL			
	2025		2024	
	Rs. mn		Rs. mn	
Value Created				
Revenue from contracts with customers		492,201		436,732
Other income		5,064		3,495
Change in fair value of investment properties		113		93
Share of profit of equity accounted investees		237		159
Finance income		6,963		9,908
Cost of materials and services bought in		(352,174)		(300,548)
		152,404		149,840
	Share	Rs. mn	Share	Rs. mn
Value Distributed				
To Employees as remuneration	37%	55,873	35%	53,118
To Government revenue	30%	45,336	31%	46,360
Of Sri Lanka		41,899		41,341
Overseas		3,437	-	5,019
To Shareholders as dividend	2%	4,500	3%	4,013
To Lenders of capital	19%	28,405	24%	35,108
Interest on borrowings		19,106		27,150
Non- Controlling interest		9,299		7,958
	88%	134,115	92%	138,599
Value retained for expansion & growth				
Depreciation	6%	9,578	6%	8,532
Profit retained	6%	8,712	2%	2,709
	12%	18,289	8%	11,241
	100%	152,404	100%	149,840

History of Dividends and Scrip Issues

Year ended 31st March	Issue	Basis	No. of shares '000	Cum. No. of shares '000	Dividend	Dividend Rs. '000
1952	Initial Capital		20	20		
1953	First dividend			20	80%	160
1954	Rights (at Rs. 10)	01:02	10	30	55%	165
1955				30	50%	150
1956	Bonus	05:06	25	55	33%	179
1957	Bonus	03:11	15	70	38%	330
1958	Bonus	03:07	30	100	20%	200
1959				100	10%	100
1960				100	18%	180
1961	Bonus	01:02	50	150	8%	262
1962	Bonus	01:03	50	200	15%	300
1963				200	15%	300
1964	Bonus	01:04	50	250	15%	375
1965				250	20%	500
1966				250	18%	450
1967				250	15%	375
1968				250	13%	313
1969				250	15%	375
1970				250	15%	375
1971				250	15%	375
1972				250	11%	275
1973				250	11%	275
1974	Bonus	01:01	250	500	11%	275
1975				500	18%	450
1976				500	10%	442
1977				500	11%	460
1978				500	15%	584
1979	Bonus	01:02	250	750	15%	852
1980				750	16%	958
1981	Bonus	01:03	250	1,000	20%	1,863
1982	Bonus	01:04	250	1,250	21%	2,385
1983	Bonus	01:05	250	1,500	25%	3,451
1984				1,500	27%	3,774
1985				1,500	28%	3,525
1986	Bonus	01:03	500	2,000	33%	6,600
1987	Bonus	01:02	1,000	3,000	33%	9,900
1988	Bonus	01:03	1,000	4,000	33%	13,200
1989	Bonus	01:04	1,000	5,000	33%	16,500

Year ended 31st March	Issue	Basis	No. of shares '000	Cum. No. of shares '000	Dividend	Dividend Rs. '000
1990	Bonus	01:05	1,000	6,000	33%	19,800
1991	Bonus	01:04	1,500	7,500	33%	24,750
1992	Bonus	01:05	1,500	9,000	33%	29,700
1993	Bonus	01:06	1,500	10,500	30%	31,500
1994	Bonus	04:21	2,000	12,500		
	Rights (at Rs. 160)	01:05	2,500	15,000	30%	40,500
1995	Bonus	01:05	3,000	18,000	30%	54,000
1996	Bonus	01:09	2,000	20,000	30%	60,000
1997	Bonus	01:10	2,000	22,000	30%	66,000
1998	Bonus	01:11	2,000	24,000		
	Share Trust (at Rs. 210)		2,400	26,400	30%	79,200
1999	Bonus	01:06	4,400	30,800	30%	92,400
2000	Bonus	01:14	2,200	33,000	30%	99,000
2001	Rights (at Rs. 10)	01:11	3,000	36,000	35%	126,000
2002	Rights (at Rs. 15)	01:09	4,000	40,000	35%	140,000
2003	Rights (at Rs. 20)	01:08	5,000	45,000	35%	157,500
2004	Rights (at Rs. 20)	01:09	5,000	50,000	35%	175,000
2005	Rights (at Rs. 20)	01:10	5,000	55,000		
	Bonus	04:11	20,000	75,000	35%	262,500
2006				75,000	35%	262,500
2007				75,000	Rs.3.50 p.s	262,500
2008				75,000	Rs.3.00 p.s	225,000
2009				75,000	Rs.3.00 p.s	225,000
2010				75,000	Rs.4.00 p.s	300,000
2011				75,000	Rs.4.00 p.s	300,000
2012				75,000	Rs.4.00 p.s	300,000
2013				75,000	Rs.4.50 p.s	337,500
2014				75,000	Rs.5.00 p.s	375,000
2015				75,000	Rs.6.00 p.s	450,000
2016				75,000	Rs.6.50 p.s	487,500
2017				75,000	Rs.7.50 p.s	562,500
2018				75,000	Rs.5.00 p.s	375,000
2019				75,000	Rs.5.00 p.s	375,000
2020				75,000	Nil	-
2021	Share split	01:10	675,000	750,000	Rs.1.30 p.s	975,000
2022				750,000	Rs.4.00 p.s	3,000,000
2023				750,000	Rs.5.35 p.s	4,012,500
2024				750,000	Rs.5.35 p.s	4,012,500
2025				750,000	Rs.6.00 p.s	4,500,000

Country Report

POPULATION (2024)	21.91 mn
LAND AREA	65,610 sq. km
LANGUAGES	Sinhalese, Tamil, and English
GDP PER CAPITA (2024)	USD 4,516 (CBSL)

Sri Lanka stands at a critical juncture of political transformation and economic recovery. The 2024 elections marked the entry of a new political force National People's Power (NPP) coalition securing a historic majority. Election-related uncertainties prevalent in the 2nd and 3rd quarter of 2024, dissipated towards the latter part of the year, as policy consistency and continued commitment to the reform programme were evident. Much needed post-crisis reforms and bold structural changes have started showing positive outcomes evidenced by improved economic activity, improved predictability and partial recovery in purchasing power. Sri Lanka has also achieved notable milestones under the requirements of IMF's Extended Fund Facility (EFF) arrangement including successful external debt restructuring while the country's credit rating was upgraded from restricted default level, auguring well for investor sentiments. `

Political climate

Sri Lanka's dramatic political shift marked a significant policy shift with the new government's platform centering on anti-corruption, economic revival, efficiency and social welfare resonating across ethnic and regional lines. Securing 2/3 majority in the Parliament which enables substantial legislative reforms, the government's aspirations have centered on bold economic reforms aimed at stabilising the economy, ensuring better management of public resources, reducing debt dependency and addressing inequality.

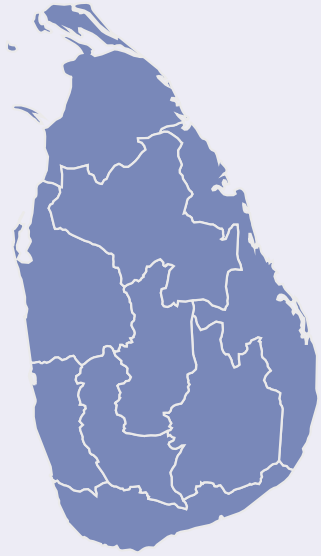
Policy direction

The country's deep economic crisis in April 2022 followed years of structural weaknesses, fiscal indiscipline and governance failures which were compounded by exogenous shocks, culminating in the country defaulting on its external debt. Structural and policy reforms since then sought to correct deep-rooted structural weaknesses with emphasis on fiscal consolidation to achieve debt sustainability. Reforms included revenue based fiscal consolidation, cost-reflective utility pricing, , return to prudent monetary policy and improvement in the governance have gradually restored macro-economic stability.

The new Government signaled its commitment towards maintaining policy consistency and aligning with the guidance of the IMF programme while ensuring that reforms were equitable through reducing taxes on essential goods to minimise the impacts on the vulnerable. As inflation was reigned in, monetary policy easing continued in 2023 and 2024 with the Central Bank of Sri Lanka reducing policy rates by 650 bps and 150 bps respectively in the two years. This supported the steady decline in market lending rates which led to a pick-up private credit growth throughout 2024.

Debt Restructuring

Significant progress was made in debt restructuring which is essential in regaining investor confidence and access to international markets. Domestic debt restructuring was completed in



September 2023, the debt exchange with the Ad-Hoc Group of Bondholders controlling approximately 50% of the aggregate worth of International Sovereign Bonds was concluded in December 2024, while bilateral agreements are also being finalized to restructure USD 10 bn of official and Exim Bank of China debt.

Economic performance

Sri Lanka's economic growth exceeded expectations in 2024, easing monetary conditions accelerated domestic economic activity while external sector performance strengthened in view of net foreign exchange inflows to the country. Accordingly, Gross Official Reserves picked up to USD 6.10 bn (3.9 months of imports) by end-2024. The Sri Lankan Rupee strengthened during the year, with the benefit of the currency appreciation trickling down to consumers through lower import prices. Having stabilised in the low single-digits for most part of 2024, inflation turned negative in September 2024 and continued this trend in 2025 driven by downward adjustments in administrative prices, currency appreciation and relatively subdued household demand.

Meanwhile, fiscal performance also surpassed expectations with tax revenues increasing against the backdrop of VAT collections, growth in import demand and revisions to excise duties. While the primary balance recorded a surplus of 2.2% of GDP, the decline in the overall fiscal deficit was relatively slower due to the high interest bill which amounted to approximately 9% of GDP in 2024.

Social indicators

The country's poverty indicators inevitably weakened following the economic crisis, with extreme poverty increasing from less than 1% in 2019 to above 5% in 2023. Although declining gradually in 2024, the poverty rate remains nearly double what it was in 2019 with household incomes still well below pre-crisis levels. Malnutrition increased in 2024 reflecting the dramatic increase in food prices between 2021 and 2024 which have led to shifting dietary patterns in households and reduced consumption of nutritious food.

Outlook

Unprecedented trade policy uncertainty amidst the escalation of geo-economic confrontations have hampered the growth outlook for the global economy. The International Monetary Fund, in its April 2025 World Economic Outlook downgraded the global growth projection to 2.8% in 2025 in view of looming downside risks against the back of escalating trade tensions, financial market adjustments and rapidly changing policy positions. Further downside risks stem from inequitable fiscal consolidation and inconsistency in the direction and pace of reforms. While the implications on Sri Lanka remain uncertain at this juncture given the fluidity and uncertainty of these evolving dynamics, the country's growth prospects hinge on continued macro-economic stability and consistent and successful implementation of structural reforms.

Group Companies

Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
Eco Solutions	Hayleys Fibre PLC	Value added coir-based products	Sri Lanka	Sri Lanka
	Rileys (Private) Limited	Cleaning devices	Sri Lanka	Sri Lanka
	Haymat (Private) Limited	Coir fibre mats	Sri Lanka	Sri Lanka
	Creative Polymats (Private) Limited	Moulded rubber products	Sri Lanka	Sri Lanka
	Ravi Industries Ltd.	Industrial and household brushware	Sri Lanka	Sri Lanka
	Bonterra Limited	Value added coir-based products	Sri Lanka	Sri Lanka
	Ravi Marketing Services (Private) Limited	Services	Sri Lanka	Sri Lanka
	Chas P. Hayley & Company (Private) Limited	Coir and treated rubber timber products	Sri Lanka	Sri Lanka
	Volanka (Private) Limited	Investments	Sri Lanka	Sri Lanka
	Volanka Exports Limited	Coir-based products and essential oil	Sri Lanka	Sri Lanka
	Toyo Cushion Lanka (Private) Limited	Needled and rubberised coir products	Sri Lanka	Sri Lanka
	Charles Fibres (Pvt) Ltd.	Trading in coir-based products	India	India
Hand Protection	Dipped Products PLC	General purpose and speciality rubber gloves	Sri Lanka	Sri Lanka
	Venigros (Private) Limited		Sri Lanka	Sri Lanka
	Hanwella Rubber Products Limited		Sri Lanka	Sri Lanka
	DPL Premier Gloves Limited		Sri Lanka	Sri Lanka
	Feltex (Private) Limited		Sri Lanka	Sri Lanka
	DPL Universal Gloves Limited		Sri Lanka	Sri Lanka
	DPL International Limited		Sri Lanka	Sri Lanka
	Icoguanti S.P.A		Italy	Italy
	Dipped Products (Thailand) Limited		Thailand	Thailand
	DPL France SAS		France	France
	ROZENBAL POLSKA Sp. z. o.o		Poland	Poland
	Hi Care Thai Gloves Company Limited		Thailand	Thailand
	Dipped Products India (Private) Limited		India	India
Purification	Haycarb PLC	Activated Carbon and Environmental Purification Solutions	Sri Lanka	Sri Lanka
	Puritas(Private) Limited		Sri Lanka	Sri Lanka
	Ultracarb (Private) Limited		Sri Lanka	Sri Lanka
	Lakdiyatha (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Recogen (Private) Limited		Sri Lanka	Sri Lanka
	Eurocarb Products Ltd.		United Kingdom	United Kingdom
	Haycarb Holdings Australia (Pvt) Limited		Australia	Australia
	Carbokarn Company Limited		Thailand	Thailand
	CK Regen Systems Company Limited		Thailand	Thailand
	Haycarb USA, INC		USA	USA
	PT Mapalus Makawanua Charcoal Industry		Indonesia	Indonesia
	Haycarb Holdings Bitung Limited		British Virgin Island	British Virgin Island

Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
	Shizuka Company Limited		Thailand	Thailand
	PT Haycarb Palu Mitra		Indonesia	Indonesia
	Puricarb Pte Ltd.		Singapore	Singapore
	Haycarb Activated Carbon (Pvt) Ltd.		India	India
	Haycarb Philippines Corporation		Philippines	Philippines
	Haycarb Singapore Pte. Ltd.		Singapore	Singapore
	Eurocarb Germany GmbH		Germany	Germany
Construction Material	Alumex PLC	Aluminium extrusions	Sri Lanka	Sri Lanka
Textiles	Hayleys Fabric PLC		Sri Lanka	Sri Lanka
	South Asia Textiles Limited	Knitted fabric	Sri Lanka	Sri Lanka
	Hayleys Fabric Solutions Limited		Sri Lanka	Sri Lanka
Plantations	Kelani Valley Plantations PLC	Processed tea and rubber	Sri Lanka	Sri Lanka
	Talawakelle Tea Estates PLC	Processed black and green tea	Sri Lanka	Sri Lanka
	Horana Plantations PLC	Processed tea, rubber and palm oil	Sri Lanka	Sri Lanka
	Kelani Valley Resorts (Private) Limited	Operating & managing hotels and providing services.	Sri Lanka	Sri Lanka
	DPL Plantations (Private) Limited	Plantation Management	Sri Lanka	Sri Lanka
	Hayleys Plantation Services (Private) Limited	Plantation Management	Sri Lanka	Sri Lanka
	Hayleys Produce Marketing Limited		Sri Lanka	Sri Lanka
	Home for every Plantation worker Foundation (Guarantee) Ltd	Corporate Social Responsibility Projects	Sri Lanka	Sri Lanka
	Kalupahana Power Company (Private) Limited	Hydropower	Sri Lanka	Sri Lanka
Agriculture	Hayleys Agriculture Holdings Limited	Crop production and protection materials, agricultural equipment and animal health products	Sri Lanka	Sri Lanka
	Agro Technica Limited	Agricultural machinery and equipment	Sri Lanka	Sri Lanka
	Sunfrost (Private) Limted	Fresh/processed vegetables	Sri Lanka	Sri Lanka
	HJS Condiments Limited	Retailed-packed, processed vegetables	Sri Lanka	Sri Lanka
	Hayleys Agro Farms (Private) Limited	Planting material	Sri Lanka	Sri Lanka
	Hayleys Agro Biotech (Private) Limited	Horticultural tissue culture products	Sri Lanka	Sri Lanka
	Quality Seed Company (Private) Limited	Hybrid flower seeds	Sri Lanka	Sri Lanka
	Hayleys Nature Nest (Pvt) Ltd	Frozen coconut water exports	Sri Lanka	Sri Lanka
	Hayleys Agro Fertilizers (Private) Limited	Fertiliser	Sri Lanka	Sri Lanka
	Haychem (Bangladesh) Ltd	Crop protection chemicals	Bangladesh	Bangladesh

Group Companies

Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
Consumer and Retail	Singer (Sri Lanka) PLC	Retail and wholesale marketing of consumer products	Sri Lanka	Sri Lanka
	Singer Finance (Lanka) PLC	Finance leasing, Mobilisation of Fixed & savings deposits, Financing consumer durables under loan schemes, factoring business including invoice discounting, granting loans including Micro Loans and credit card business.	Sri Lanka	Sri Lanka
	Regnis Appliances (Private) Limited	Manufacture and assemble home appliances.	Sri Lanka	Sri Lanka
	Reality Lanka Limited	Acquire, lease, sell and develop properties and contractors for constructions.	Sri Lanka	Sri Lanka
	Hayleys Consumer Products Limited	Lighting products and solutions, photo imaging, health care and FMCG products	Sri Lanka	Sri Lanka
Leisure	The Kingsbury PLC	Hospitality services	Sri Lanka	Sri Lanka
	Hayleys Leisure PLC		Sri Lanka	Sri Lanka
	Culture Club Resorts (Private) Limited		Sri Lanka	Sri Lanka
	Kandyan Resorts (Private) Limited		Sri Lanka	Sri Lanka
	Sun Tan Beach Resorts Limited		Sri Lanka	Sri Lanka
	Hayleys Hotel Management Services (Private) Limited		Sri Lanka	Sri Lanka
	C D C Conventions (Private) Limited		Sri Lanka	Sri Lanka
	Hayleys Tours (Private) Limited		Sri Lanka	Sri Lanka
	Connaissance Air Travels (Pvt) Ltd [name changed to Hayleys Holdays (Pvt) Ltd]		Sri Lanka	Sri Lanka
	Luxury Resorts Pvt Ltd.		Maldives	Maldives
	Hayleys Hotels Maldives		Maldives	Maldives
Industry inputs and Power and energy	Hayleys Aventura (Private) Limited	Engineering and projects, power generation, pigments and industrial raw materials	Sri Lanka	Sri Lanka
	Hayleys Aventura BD Limited		Bangladesh	Bangladesh
	Hayleys Aventura Singapore Pte. Ltd.		Singapore	Singapore
	Hayleys Lifesciences (Private) Limited	Supplying health care equipment	Sri Lanka	Sri Lanka
	Haycolour (Private) Limited	Textile dyestuff and binders	Sri Lanka	Sri Lanka
	Innovative Solutions Lanka (Pvt) Ltd.	Marketing of power generating equipment	Sri Lanka	Sri Lanka
	Bhagya Hydro (Private) Limited	Hydropower	Sri Lanka	Sri Lanka
	Neluwa Cascade Hydro Power (Private) Limited		Sri Lanka	Sri Lanka
	Hayleys Hydro Energy (Private) Limited		Sri Lanka	Sri Lanka
	TTEL Somerset Hydro Power (Private) Limited		Sri Lanka	Sri Lanka
	TTEL Hydro Power Company (Private) Limited		Sri Lanka	Sri Lanka
	Hayleys Neluwa Hydro Power (Private) Limited		Sri Lanka	Sri Lanka
	Neluwa Upper Hydro Power (Private) Limited		Sri Lanka	Sri Lanka

Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
	Hayleys Power Limited	Hydropower investments	Sri Lanka	Sri Lanka
	Nirmalapura Wind Power (Private) Limited	Wind power	Sri Lanka	Sri Lanka
	Joule Power (Pvt) Ltd		Sri Lanka	Sri Lanka
	Beata Power (Pvt) Ltd		Sri Lanka	Sri Lanka
	Solar One Ceylon (Private) Limited	Solar power	Sri Lanka	Sri Lanka
	Solar Two (Pvt) Ltd		Sri Lanka	Sri Lanka
Transporation and Logistics	Hayleys Advantis Limited	Shipping agency, international freight forwarding, express freight, bunkering, husbanding and port agency, ship chartering, ocean container repairing and conversion, container yard operation, inland logistics, energy logistics, warehousing and third-party logistics, marine & shipping and Airline Representation	Sri Lanka	Sri Lanka
	Advantis Ships (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Civaro International Limited		Sri Lanka	Sri Lanka
	Colombo Cargo Express (Private) Limited		Sri Lanka	Sri Lanka
	Advantis Freight (Private) Limited		Sri Lanka	Sri Lanka
	Clarion Shipping (Private) Limited		Sri Lanka	Sri Lanka
	CMA- CGM Lanka (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Ceva Logistics Lanka (Private) Limited		Sri Lanka	Sri Lanka
	Hayleylines Limited		Sri Lanka	Sri Lanka
	MIT Global Solutions (Pvt) Ltd.		Sri Lanka	Sri Lanka
	N.Y.K. Lanka (Private) Limited		Sri Lanka	Sri Lanka
	Yusen Logistics & Kusuhara Lanka (Pvt) Ltd. (ASSOCIATE CO.)		Sri Lanka	Sri Lanka
	Moceti International (Private) Limited		Sri Lanka	Sri Lanka
	Hayleys Energy Services Lanka (Private) Limited		Sri Lanka	Sri Lanka
	Expelogix (Private) Limited		Sri Lanka	Sri Lanka
	Ceylon Ocean Lines Limited		Sri Lanka	Sri Lanka
	COSCO Shipping Lines Lanka (Private) Limited		Sri Lanka	Sri Lanka
	COSCO Lanka Logistics (Private) Limited		Sri Lanka	Sri Lanka
	Lanka Bunkering Services (Private) Limited		Sri Lanka	Sri Lanka
	Umi Shipping (Private) Limited		Sri Lanka	Sri Lanka
	Sri Lanka Shipping Company Limited		Sri Lanka	Sri Lanka
	Cargo Star (Private) Limited		Sri Lanka	Sri Lanka
	Logistics International Limited		Sri Lanka	Sri Lanka
	Advantis Projects & Engineering (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Logiwiz Limited		Sri Lanka	Sri Lanka
	Maritime Agencies (Private) Limited		Sri Lanka	Sri Lanka
	Hayleys Free Zone Limited		Sri Lanka	Sri Lanka
	Advantis Express (Private) Limited		Sri Lanka	Sri Lanka
	Mountain Hawk (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Lanka Maritime Services Limited		Sri Lanka	Sri Lanka
	Star Lanka Shipping (Pvt) Ltd.		Sri Lanka	Sri Lanka

Group Companies

Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
	Diamond Shipping Services (Private) Limited		Sri Lanka	Sri Lanka
	Sharaf Shipping Agency (Private) Limited		Sri Lanka	Sri Lanka
	IML Delivery Systems (Private) Limited		Sri Lanka	Sri Lanka
	Intermac (Private) Limited		Sri Lanka	Sri Lanka
	Ocean Network Express Lanka (Private) Limited		Sri Lanka	Sri Lanka
	Hayleys Aviation (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Hayleys Travels (Pvt) Ltd.		Sri Lanka	Sri Lanka
	Millennium Transportation (Private) Limited		Sri Lanka	Sri Lanka
	Air Global (Private) Limited		Sri Lanka	Sri Lanka
	North South Lines (Private) Limited		Sri Lanka	Sri Lanka
	Total Transport Solutions Maldives (Pvt) Ltd.		Maldives	Maldives
	Nautical Maldives Private Limited		Maldives	Maldives
	Super Logistics Private Limited		Maldives	Maldives
	One world Logistics Maldives Private Limited		Maldives	Maldives
	Advantis Kushara Sedate Myanmar(Pvt) Ltd.		Myanmar	Myanmar
	Logiwiz Logistics India (Pvt) Ltd.		India	India
	Advantis Singapore Pte Ltd		Singapore	Singapore
	Advantis Sedate Myanmar (PVT) Ltd.		Myanmar	Myanmar
	PT Advantis Akaza Indonesia		Indonesia	Indonesia
	Advatis Sabang Raya Lines Pte. Ltd.		Singapore	Singapore
	Advantis Intasl Bangladesh (Pvt) Ltd.		Bangladesh	Bangladesh
	PT Advantis Mithra Logistics Indonesia		Indonesia	Indonesia
	Advantis Leo (Thailand) Ltd.		Thailand	Thailand
	K & A Logistics Ltd.		Bangladesh	Bangladesh
	Advantis Marine Network Pte. Ltd.		Singapore	Singapore
	Advantis Bridge (Private) Limited		Sri Lanka	Sri Lanka
	Harbour Services Lanka (Pvt) Ltd.		Sri Lanka	Sri Lanka
	S&T Interiors (Private) Limited	Interior fit out contractors	Sri Lanka	Sri Lanka
	Unisyst Engineering Ltd.	Aluminium fabrication	Sri Lanka	Sri Lanka
Projects & Engineering	Hayleys Fentons Limited	Solutions provider for building systems infrastructure and Solar power and information communication technology infrastructure	Sri Lanka	Sri Lanka
	Energynet (Private) Limited		Sri Lanka	Sri Lanka
	Nex-Gen Asia (Private) Limited		Sri Lanka	Sri Lanka
	Fentons Smart Facilities (Private) Limited		Sri Lanka	Sri Lanka
	Hayleys Electronics Limited		Sri Lanka	Sri Lanka
	Hayleys Electronics Manufacturing (Private) Limited		Sri Lanka	Sri Lanka
	Haywind One Limited		Sri Lanka	Sri Lanka
	Global Consumer Brands (Private) Limited		Sri Lanka	Sri Lanka
	Next-Gen Engineering Pte. Ltd.		Singapore	Singapore
	Hayleys Fentons East Africa Limited		Kenya	Kenya

Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
Tea Export	Martin Bauer Hayleys (Private) Limited	Export of bulk and retail packed tea	Sri Lanka	Sri Lanka
	Mabroc Teas (Private) Limited		Sri Lanka	Sri Lanka
	Blue Mountain Tea Exports (Private) Limited		Sri Lanka	Sri Lanka
	Meridian Exports (Private) Limited		Sri Lanka	Sri Lanka
	Mabroc East Africa Limited		Kenya	Kenya
	Livee Polska SP. ZO.O.		Poland	Poland
Others	Dean Foster (Private) Limited	Investments	Sri Lanka	Sri Lanka
	Hayleys Business Solutions International (Private) Limited	Business Process Outsourcing and Centralised Shared Services	Sri Lanka	Sri Lanka
	Hayleys Group Services (Private) Limited	Secretarial/Investments	Sri Lanka	Sri Lanka
	Volanka Insurance Brokers (Private) Limited	Insurance Brokering	Sri Lanka	Sri Lanka
	Darley Property Holdings (Private) Limited	Property holding and development	Sri Lanka	Sri Lanka
	Carbotels (Private) Limited	Investments	Sri Lanka	Sri Lanka
	World Export Centre Limited	Property holding and development	Sri Lanka	Sri Lanka
	Eastern Hotels Limited	Leisure	Sri Lanka	Sri Lanka
	Haylex Ltd (UK)	Marketing	United Kingdom	United Kingdom
	Haylex B V		Netherlands	Netherlands
	Haylex Japan		Japan	Japan
	Hayleys Foundation (Guarantee) Limited	Corporate Social Responsibility Projects	Sri Lanka	Sri Lanka

Awards and recognition

	Award Title	Award Description
Hand Protection	Thai Ministry of Labour	National Award for Labour Relations & Welfare 2023
	Presidential Environmental Awards	Silver Award
	Ministry of Labour Protection & Welfare	Employee Care & Protection Award 2024
	National Supply Chain Excellence Awards 2024	National Award of Excellence – Special Commendation in the Large Scale Manufacturing Category
	26th Presidential Export Awards	Overall Award Winner - Innovative Export Product of the Year
		Best Exporter – Latex Rubber Product Category
Purification	National Chamber of Commerce of Sri Lanka, National Business Excellence Awards 2024	Overall Gold Award Winner in the Extra-large category
		Winner in the Export Sector category
		Runner-up for Excellence in Performance Management
		Merit Awards for Excellence in Global Market Reach
		Merit Awards for Excellence in Capacity Building
	Industrial Development Board, Green Industry Awards 2024	Gold Award for Inclusive Business Development Category -
	Sri Lanka's Central Environmental Authority Presidential Environment Awards Ceremony 2024	Silver Trophy in the Chemical Industry category
	MerComm, Inc - 38th International ARC Awards in New York	Gold for 'Cover Photo/Design' in the manufacturing and distribution category,
		Silver for 'Non-Traditional Annual Report' in the manufacturing and distribution category
	2023 Best Presented Annual Report, Integrated Reporting, and SAARC Anniversary Awards for Corporate Governance Disclosure, South Asian Federation of Accountants (SAFA)	Bronze award in the Manufacturing category
		Best Exporter Award at the Sri Lanka Coconut Awards 2024
	Coconut Development Authority - Sri Lanka Coconut Awards 2024	Recognition for the significant contributions to the coconut sector in 2023
	Ceylon Chamber of Commerce, Best corporate Citizen Sustainability Awards 2024	Category award winner for environmental integration
		1st runner up award for planning and adoption of resilient practices
	National Chamber of Exporters of Sri Lanka, 31st NCE Export Awards Ceremony 2023	Challenger trophy for best ethically trading exporter - Extra-large category -
		Certificate of ethical trading (CET) - National Chamber of Exporters of Sri Lanka
		Silver Award in the 'Coconut and Coconut Products Sector – Extra Large Category'
	International Coconut Community, 60th ICC Sessions	Best Coconut-Based Product Manufacturer
	Institute of Certified Management Accountants of Sri Lanka (CMA), CMA Excellence in Integrated Reporting Awards 2024	Ten Best Integrated Reports 2024
		Best Integrated Report in the Manufacturing Category
	Ceylon Chamber of Commerce, Best corporate citizen sustainability awards 2024	Ten best corporate citizens award -
		Best project sustainability awards- Haycarb PLC- Puritas Sath Diyawara and going beyond
		Category award winner for governance
	CA Sri Lanka, TAGS Awards 2024	Gold Award – Manufacturing sector (Turnover above LKR 20 BN) -
		Certificate of Recognition – Sustainability Reporting
		Certificate of Recognition – Corporate Governance Disclosure (Non-Financial Services)
		Certificate of Recognition – Integrated Reporting
		Certificate of Recognition – Digitally Transformative Reporting
	ACCA Sri Lanka, Sustainability Reporting Awards 2024	Joint Runner-Up in the Manufacturing Category -
	National Industry Brand Excellence - 2024	Best Export Brand of the Year
	Best Management Practices Company Awards 2025 - Institute of Chartered Professional Managers (CPM) of Sri Lanka.	Recognised among the Twenty Outstanding Companies
		Winner in the Activated Carbon Category
	26th Presidential ExportAwards	Best Exporter in the Coconut Shell Products category
	National Business Excellence Awards 2024	Silver Overall Award
		Winner - Manufacturing - Apparel, Textile & Leather
		Winner - Excellence in Capacity Building
		Winner - Excellence in Corporate Governance & Strategy
		Runner up - Extra Large Category
		Runner up - Excellence in Environmental Sustainability
		Merit - Excellence in Performance Management
	International Quality Awards 2024	Winner - Sustainability Impact
	Presidential Environment Awards 2024	Gold - Textile & Textile Processing Industry
		Bronze - Best Environment Friendly Innovation - WARNA by Mahogany
	Sri Lanka Leadership Awards 2024	Award for HR Strategy - Best Employer Brand 2024
	2024 International ARC Awards	Gold Winner - Annual Report 2022 23 integrated AR & ESG Central & South Asia -
	Global CEO leadership Excellence Award 2024	Mr. Rohan Goonetilleke , Managing Director Honoured for exemplary leadership

	Award Title	Award Description
	CA Sri Lanka, TAGS Awards 2024	Silver Winner - Manufacturing Sector (Group Turnover Above LKR 20 billion)
		Certificate of Recognition - Sustainability Reporting
		Certificate of Recognition - Integrated Reporting
		Certificate of Recognition - Corporate Governance Disclosure (Non-financial Services)
	International Business Magazine Awards - 2024	Excellence in Sustainable Textile Manufacturing Sri Lanka 2024
		Best in Textile Industry Sri Lanka 2024
	NCE Export Awards 2024	Highest Foreign Exchange Earner
		Textile and Garments Sector - Extra Large Category - Merit
	CMA Excellence in Integrated Reporting Awards -2024	Best Integrated Report - Sector Award for Textile and Apparel Sector
		CMA Excellence in Integrated Reporting Awards -2024- Ranked among the 10 best integrated reports
	Green Productivity Awards 2024	Gold Award
	ZDHC Torchbearer Award	In recognition of commitment and dedication to the ZDHC Roadmap to Zero Programme in supplier category
	ACCA Sri Lanka Sustainability reporting Award 2024	Joint Runner up - Manufacturing Category
	Presidential Export Awards 2023/24	Best Exporter -Knitted Fabric
	Best Management Practices Company Award 2025	Twenty Outstanding Companies
		Winner of Knitted Fabric Category
	Global CSR Excellence & leadership Award	Best Corporate Social Responsibility Practices
	Mercury Excellence Awards 2024- 2025	Silver winner for the Annual Report 2023/2024 - Sustainability Report
		Bronze Winner for the Annual Report 2023/2024 - Online Annual Report :Manufacturing
		Bronze Winner for the Annual Report 2023/2024 - Integrated AR & CSR/ Sustainability Report -
		Bronze Winner - Annual Report 23/24- Design - Annual Report: Traditional Asia Pacific
Construction Materials	Export Awards	Silver Award - Extra Large category of Machinery & light engineering products sector
	Presidential Export Awards	Merit Award - Light Engineering Products
	National Business Excellence Awards	Winner - Manufacturing Engineering
	SLIM Brand Excellence	Bronze Awards - Export Brand of the Year
Plantations-TTELE	International Quality Awards Sustainability Impact	Finalist (1st out of 5) Quality Organisation of the Year - Finalist (1st out of 2)
	Capital Market Awards 2024	Silver Best ESG Reporting
	Green Productivity Award 2022/23	Winner June Palmerston Estate
	Green Industry Award 2024	Gold
	Presidential Environmental Awards 2024	Bearwell Estate - Gold, Somerset Estate - Merit, Mattakelle Estate - Merit
	CSR Award	Winner Renewable Energy Revolution
	Highest GSA - 2023 - Forbes & Walker Tea Brokers Tea Sector	Overall Winner
	Commonwealth Business Excellence Awards	CSR Excellence in Outstanding Community Commitment CSR Category- Winner
	Commonwealth Business Excellence Awards	Best CSR Initiative for Environmental Impact - CSR Category - Winner
	Commonwealth Business Excellence Awards	Best Social Change Maker of the Year - Women Leadership Category - Winner
	Commonwealth Business Excellence Awards	Best Business Sustainability - Business Excellence Category - Winner
	International CSR Excellence Award	Farming & Agriculture :Energy Reduction - Gold
	TEA Award for Outstanding Tea Producers Somerset Estate	Winner
	1st in Asia's Best Workplaces 2024	Winner -Hayleys Plantations
	1st in Best Workplaces in Sri Lanka 2024	Winner -Hayleys Plantations
	Best Public Limited Company in Sri Lanka 2024	Winner - special award
	DE&I Innovation in Asia Award	Community Business Limited Finalist
	CNCI Achiever Awards 2024	The Ceylon National Chamber of Industries Extra large category manufacturing category - National Bronze
	CNCI Achiever Awards 2024	The Ceylon National Chamber of Industries Extra large category manufacturing category - Provincial Silver
	The LMD Award Lanka Monthly Digest (LMD) 25	Award Winning Corporates over 3 Decades
	Best Presented Annual Report Awards, Integrated Reporting Awards & SAARC Anniversary Awards for Corporate Governance Disclosure 2023 South Asian Federation of Accountants Agriculture	Silver
	Great Place to Work	Best Workplaces to Women in Sri Lanka

Awards and recognition

	Award Title	Award Description
	CMA Ten Best Integrated Reports 2024	Institute of Certified Management Accountants of Sri Lanka
	Best Corporate Citizen Sustainability Awards 2024	Award for Planning & Adoption of Resilient Practices Sector Award
		Less than 15bn Turnover Category Award
	Ten Best Corporate Citizen award	Consistent Commitment & Continuous Improvement Environmental Commitment
	NCE Export Awards 2024	National Chamber of Exporters of Sri Lanka Tea & Tea Products Sector - Gold
	CA Sri Lanka TAGS Awards 2024	Group Turnover above 5 billion - Silver
	South Asian Business Excellence Award 2024	South Asian Federation of Accountants Best Use of CSR Practices in Community Development - Best Use of CSR Practices in Women & Children Empowerment
		South Asian Federation of Accountants Best Use of CSR Practices in Community Development - Best Place to Work – Work, Health & Safety
		South Asian Federation of Accountants Best Use of CSR Practices in Community Development - Best Environment Excellence Awards in Healthy & Sustainable Communities
		South Asian Federation of Accountants Best Use of CSR Practices in Community Development - Best Environment Excellence Awards in Innovative Technology
		South Asian Federation of Accountants Best Use of CSR Practices in Community Development - Best Environment Excellence Awards in Best Environment Sustainability
	ACCA Sri Lanka Sustainability Reporting Awards 2024 ACCA Sri Lanka	Agriculture Category - Winner
	Great Place to Work Manufacturing & Production Industry	15 Best Workplaces in the Manufacturing & Production Industry Sri Lanka 2025
Plantations-KVPL	1st plantation company in the country to be certified as a Great Place to Work (GPTW) for three consecutive years Best work place	Rank 1st - KVPL
	Presidential Environmental Awards 2024 Central Environmental Authority	Tea Factory - Bronze Awards Kelani Valley Plantations Plc - Ingestre Estate
	Social Dialogue Certificate Awards	Certificate Winners Pedro Estate – Kelani Valley Plantations PLC, Tillyrie Estate – Kelani Valley Plantations PLC, Halgolla Estate – Kelani Valley Plantations PLC, Invery Estate – Kelani Valley Plantations PLC, Batalgalla Estate – Kelani Valley Plantations PLC
	North American Tea Competition	Kelani Valley Plantations PLC – Overall Winner – Annefield, Western High (White Silver Tips)
		Kelani Valley Plantations PLC – 1st Place – Annefield, Western High (White Silver Tips)
		Kelani Valley Plantations PLC - Certification for the recognition of their sustainability initiatives within the industry, including the journey toward becoming the world's first regenagri-certified tea estate - Halgolla Estate
	National Cleaner Production Centre	"ECO Label Sri Lanka Certificate - KVPL
	Control Union Inspections (Pvt) Ltd	Regenagri Certification - Halgolla Estates, Kelani Valley Plantations PLC
	Forbes & Walker Tea Brokers Pvt. Ltd	Ceylon Speciality Estate Tea of the Year 2023/24 - Gold, Silver, Bronze & Merit Awards - KVPL
	Forbes & Walker Tea Brokers Pvt. Ltd	2nd Highest GSA - 2023
	Presidential Environmental Awards 2024 - Central Environmental Authority	Tea Factory Category - Bronze - Ingestre Estate, Kelani Valley Plantations PLC
	Sustainability Awards 2024 - Reuters Events UK	SDG Pioneer Award category (finalist)
	Best Management Practices Company Awards 2024 -"The Institute of Chartered Professional Managers of Sri Lanka"	Top 10 Companies - Winner - KVPL
	SLITAD People's Development Award - 2024 -Sri Lanka Institute of Training and Development	Plantations Sector - Gold Winner
	Commonwealth Business Excellence Award 2024	Winner - Best CSR In Environmental Impact (CSR)
		Winner - Best Employee Training, Learning & Development Strategy (HR)
		Winner - Sustainable Business Award of The Year (Business Excellence)" Commonwealth Partnership Summit
	Global Sustainability Awards 2024 Reuters Events, UK	SDG Pioneer Award category Finalist
	1st in Asia's Best Workplaces Great Place to Work	Winner-Hayleys Plantations (KVPL)
	1st in Best Workplaces in Sri Lanka Great Place to Work	Winner- Hayleys Plantations (KVPL)
	Best Public Limited Company in Sri Lanka	Winner- Hayleys Plantations (KVPL)
	2024 Great Place to Work Certification 2024/25	Great Place to Work Certified KVPL
	Bizz Awards 2024 World Confederation of Business, USA	Most Inspirational Company Category Winner KVPL
	South Asian Business Excellence Award 2024 South Asian Federation of Accountants	Best Sustainability Strategy - Organisational Category Winner KVPL
	2024 South Asian Business Excellence Awards 2024	Best Sustainability Strategy Winner KVPL
	CA Sri Lanka TAGS Awards 2024	Group Turnover above 5 billion Gold KVPL

	Award Title	Award Description
	Best Presented Annual Report Awards, Integrated Reporting Awards & SAARC Anniversary Awards for Corporate Governance Disclosure 2023 South Asian Federation of Accountants	Agriculture- Bronze KVPL
	Best Presented Annual Report Awards, Integrated Reporting Awards & SAARC Anniversary Awards for Corporate Governance Disclosure 2023 South Asian Federation of Accountants	Plantation Sector Gold KVPL Dewalakande - Sole crepe factory
	2025 Best Management Practices Company Award 2025 The Institute of Chartered Professional Managers of Sri Lanka	Overall Winner Gold KVPL
		Environmental, Social & Governance Gold KVPL
		Agriculture & Plantations – Rubber Winner KVPL
		Agriculture & Plantations – Tea Winner KVPL
		Excellence KVPL
	Chairman's Awards 2024	Hayleys PLC Plantation Sector - Merit KVPL Robgill Estate
Plantations - HPL	National Business Excellence Award 2024 -organised by National Chamber of Commerce.	Agriculture & Plantation Sector - Winner,
	Presidential Environment Awards 2024 (organised by Central Environment Authority – 28th June,2024)	ALTON TEA FACTORY, UP-COT TEA FACTORY CATEGORY BRONZE TROPHY
		for Alton Tea Estate
	European Union Deforestation Regulation certification	for Frocester Estate
	Gold Coin Award	Gold Coin Award Ceremony
	Best Tea Harvester Competition- Organised by Hayley's Plantations Sector	Best Tea Harvester Competition
		Awarding Compliments for the Divisional Best Plucker
		Awarding Compliments
Agriculture		Authorised Economic Operator (AEO) status
	Presidential Export Awards 2023/2024	Best Exporter Award in the Processed Fruits, Nuts & Vegetables category
		Best Exporter Award Floriculture Sector
	National Business Excellence Awards 2024	Winner in the Extra-Large Category – Excellence in Business and Financial Results
		Winner in the Manufacturing Food & Beverage Category
	Sustainability Award 2023	Best Project
Consumer & Retail		
Leisure		
Industry Inputs, Power & Energy		
Transportation & Logistics	Top Agents Award 2023/24 by Singapore Airlines	TOP AGENTS AWARD 2023/2024 BY SINGAPORE AIRLINES
	Human Resources Director Asia Online Magazine for 2024	5 Star Employer of Choice
	Global Brands Magazine Awards 2023	Best Transportation & Logistics Company in Sri Lanka
		Global Brands Magazine Awards 2023 - Best Transportation & Logistics Company in South Asia
	Great Place to Work Certification by the Great Place to Work Institute Sri Lanka -	Great Place to Work in Sri Lanka 2024
	Asia's Best Employer Brand of the Year Awards by World Federation of HR Professionals and endorsed by CHRO Asia -	Asia's Best Employer Brand of the Year
	Colombo International Maritime & Logistics Conference 2024	Sri Lanka's Most Diversified Logistics Conglomerate
	Annual Report Awards conducted by the South Asia Federation of Accountants (SAFA)	Service sector category - Merit Award
	SLIM Brand Excellence Awards 2024 - Green Brand of the Year	Merit Award
	ACCA Sustainability Awards	Runners up award for non-financial service category
	SLIM Brand Excellence Awards 2024	B2B Brand of the Year - Merit Award
	CA Sri Lanka Annual Report Awards 2024 (TAGS Awards 2024)	Service Organisation - Gold Award
	National Logistic Awards from Sri Lanka Freight Forwarders Association -	Large Category - Silver
	NCE Awards 2024	Large Category- silver Award
	26th Presidential Export award	Marine & offshore services Merit Award 2023/24
	ICS Sri Lanka (Institute of Chartered Shipbrokers)	Overall Import Customer Service
		Best Shipping Agent Customer Service – Colombo / Indian Subcontinent Trade
		Best Shipping Agent Customer Service – Colombo / Gulf and Red Sea Trade
	National Logistics Awards 2024 (SLFA)	Gold Award-Ocean Carriers (MLO) Sector (Medium Category)
	Export Awards -24	Bronze awards in the large category of logistic services

Awards and recognition

	Award Title	Award Description
		Bronze awards in the large category of logistic services in recognition of export performance in the year 2023-2024
	National Logistics awards 2024	warehousing and distribution small category -Gold
	Advantis Idea storm fast track 2024	Bronze Award medium category
	Annual International Tug and Salvage Awards 2024 held in Dubai.	A special commendation for setting Industry benchmarks in Safety, operations and technical excellence, while demonstrating a strong commitment to crew training and ESG initiatives
	Maldives Association of Human Resource professionals (MAHRP) HR Excellence Awards 2023	Excellence in Workplace Culture
	National Logistics Awards by SLFFA 2024 under the Project Logistics category	Advantis Projects was honoured with a prestigious award
	NCQP	NCQP Silver award for quality management
	ADV International Safety Quiz Competition	Winner
	vanguard Logistics	5th anniversary in partnership with vanguard Logistics
	49th International Convention on Quality Circles (ICQCC 2024)	Team CCE has won the Silver Award
	Sri Lanka Tourism Awards 2024	Best Regional Cruise Line Operator
	National Logistics Awards 2024	Merit Award in Feeder category
	National Business Excellence Awards 2024, organised by the National Chamber of Commerce Sri Lanka	Gold Award (Winner) in the Construction Sector
		Silver Award (Runners Up) in the Large Category
		Merit Award for Excellence in Corporate Social Responsibility
	CNCI Achiever Awards 2024 by the Ceylon National Chamber of Industries	Silver in the National Service Sector – Extra Large category
	Advantis Ideastorm FastTrack	Gold Award
	Chairmen's Transportation and Logistics Sector Award for securing the harbor tug contract of the port of Colombo.	Winner
	Great Place to Work	Award for being among the 50 best workplaces to work
	GPTW	Special award for excellence in living the values
	Ideastorm Fast Track	Silver Award for Large Category
		Gold Award Large Category
	National Convention on Quality and Productivity (NCQP) Awards 2024	8 Gold Awards and 2 Silver Awards
	International Convention on Quality Control Circles (ICQCC) Awards 2024	8 Gold Awards and 2 Silver Awards
	National Logistics Award	Sri Lanka Logistics & Freight Forwarders Association
	Best Management Practices Company Award 2025 (hosted by charted professional managers of Sri Lanka)	Winner in the transport, logistics and shipping category
	Asia's Best Employer Brand of the Year Awards by World Federation of HR Professionals and endorsed by CHRO Asia	Asia's Best Employer Brand of the Year
Projects & Engineering	CNCI Achiever Awards 2024 National level Service sector	Small category – Gold Award
	Great Manager Awards 2024	Companies with great Managers - Winner
	National Project Management Excellence Awards 2024	Overall Best Managed Project of the year - Winner
		Best Managed Project in Social Enterprise Sector - Winner
		Best Managed Project with Green outcome sector - Winner
		Best Managed Project Sector - Winner
		Best Managed Project in Marketing/ Advertising - Runner-up
		Best Managed Project in power and energy sector - 2nd Runner-up
	National Business Excellence Awards 2024	Infrastructure and Utility Sector- Winner
		Small Category- Winner
		Other Service Sector - Runner up
	SLITAD People Development Awards 2023/24	Energy sector - Gold Award
	CIOB Green Awards 2024	CIOB Green award for systems and product -Gold Award
		CIOB Green award for company - Platinum Award
	RE Week Leadership Awards Sri Lanka 2024	Solar Company of the Year: EPC (C&I) - Hayleys Solar - Platinum Award
		Solar Company of the Year: O&M - Hayleys Solar
		Solar Company of the Year: Consultancy - Hayleys Solar
		Best Rooftop Solar Project of the Year - Hayleys Solar
		Best Rural Electrification Project of the Year - Hayleys Solar
		Best Solar Project Engineering of the Year - Hayleys Solar
		Best Solar OffGrid Project of the Year - Hayleys Solar
		Best Utility Solar Project of the Year - Hayleys Solar
		Best Floating Solar Project of the Year - Hayleys Solar

	Award Title	Award Description
		Outstanding Services Innovation of the Year - Hayleys Solar
		Smart Technology Innovation of the Year - Hayleys Solar
		Best Solar Engineering Team of the Year - Hayleys Solar - Platinum Award
		Best Procurement Team of the Year - Hayleys Solar
		Best Finance Team of the Year - Hayleys Solar
		Best Design Team of the Year - Hayleys Solar
		Best O&M Team of the Year - Hayleys Solar
		Best Construction Team of the Year - Hayleys Solar
		Best Consulting Team of the Year - Hayleys Solar
		Best Marketing Team of the Year - Hayleys Solar
		Best Sales Team of the Year - Hayleys Solar
		Best Inhouse Consulting Team - Hayleys Solar
	CNCI Achiever Awards 2024	National level service sector - Extra large category - Gold Award
		Top Ten Award in Extra-large category
	Dragons of Sri Lanka 2024	Silver Award for Best Small Budget Campaign
	Best Management Practices Company Awards 2025, Institute of Chartered Professional Managers of Sri Lanka.	Winner in the Projects and Engineering Category
		Merit Award in the Digital Literacy Cluster
	Best Management Practices Company Awards 2025, Institute of Chartered Professional Managers of Sri Lanka	Recognised among the 'Twenty Outstanding Companies'
	2025 Annual Construction Competition – Western Province, National Construction Association of Sri Lanka	Excellence Accolade in Mechanical Engineering
	Construct Awards Ceremony of the Construct Exhibition 2024, National Construction Association of Sri Lanka	Best Displayed Stall – Renewable Energy Solutions' award
	National Industry Brand Excellence 2024, Industrial Development Board.	"Best National Industry Brand" accolade in the Large-Scale Electrical & Electronics and Allied Industry Sector
	National Industry Brand Excellence 2024, Industrial Development Board.	"Best New Entrant Brand - Western Province" at the
	Chairman's Award	Winning for 'Project Unicorn' and Merit Award for the 'Project Solarization for Watch Tower Bible and Tract Society of Lanka'
	Verbindung Excellence 2025 by Premium Line	Special Recognition Award
	Trident Corporation - Lenovo	Award of Appreciation
	RE Week Leadership Awards Sri Lanka 2024	Solar Company of the Year: Distributor
		Recognised as a Huawei Silver Partner
	National Business Excellence Awards - 2024	Small Category - Winner
		Other Service Sector- Runner Up
	CNCI Achiever Awards 2024	National level Service sector - Micro category – Silver Award
		Top Five Achiever Award
Tea Exports (Martin Bauer Hayleys (Pvt) Ltd)	CPM Award	CPM Award
	Presidential Environment Award	Presidential Environment Award
	CNCI achiever Award 2024	Merit award in National category under extra large manufacturing
		Bronze award in provincial category at prestigious CNCI achiever Award 2024
Others	CA Sri Lanka TAGS Awards 2024	Gold Award for Overall Excellence in Corporate Reporting: Hayleys PLC
		Sustainability Reporting - Gold: Hayleys PLC
		Integrating Reporting - Gold: Hayleys PLC
		Corporate Governance Disclosure (Non-Financial Services) - Gold: Hayleys PLC
		Diversified Holdings companies with Turnover in excess of Rs. 50 billion - Gold: Hayleys PLC
		Digitally Transformative Reporting - Bronze
	HBSI	In recognition of our pioneering partnership and unwavering support of the SheReturns Program
	ACCA Sustainability Reporting Awards	Overall Winner: Hayleys PLC
		Winner- Conglomerate: Hayleys PLC
		Special Award for Risk Reporting: Hayleys PLC
	AICPA & CIMA	Award of Recognition - Excellent AICPA & CIMA Training Partner In Sri Lanka: HBSI

Glossary of Financial Terms

Actuarial Gains and Losses
Gain or loss arising from the difference between estimates and actual experience in a company's pension plan.

Amortisation
The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Available for Sale
Non derivative financial asset that are designated as available for sale or are not classified as loans and receivable, held to maturity investment or financial assets at fair value through profit and loss.

Biological Asset
A living animal or plant

Capital Employed
Shareholders' funds plus non-controlling interests and interest bearing borrowings.

Capital Reserves
Reserves identified for specific purposes and considered not of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity available for distribution.

Cash Equivalents
Liquid investments with original maturity periods of three months or less.

Contingent Liability
A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Current Ratio
Current assets divided by current liabilities. A measure of liquidity.

Current Service Cost
Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Deferred Taxation
The tax effect of timing differences deferred to/from other periods, which would only qualify for inclusion on a tax return at a future date.

Dividend Cover
Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

Dividend Payout
Dividend per share as a percentage of the earnings per share.

Dividend Yield
Dividend per share as a percentage of the market price. A measure of return on investment.

DPS
Dividend per share (DPS) is the sum of declared dividends issued by a company for every ordinary share outstanding. The figure is calculated by dividing the total dividends paid out by a business by the number of outstanding ordinary shares issued.

EBIT
Earnings Before Interest and Tax.

EBITDA
Earnings before interest expense, tax, depreciation and amortisation (includes other operating income). Note that EBITDA includes interest income, fair value gains and losses on investment property and share of results of equity accounted investees, but excludes exchange gains or losses on its foreign currency denominated debt and cash.

Effective Tax Rate
Income tax expense divided by profit before tax.

EPS
Earnings per share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock.

Equity
The value of an asset after all the liabilities or debts have been paid.

Fair Value
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.

Fair Value Through Profit and Loss
A financial asset/liability acquired/ incurred principally for the purpose of selling or repurchasing it in the near term.

Financial Asset
Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

Financial Instrument
Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

Financial Liability
Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Gain on Bargain Purchase
The amount of the identifiable assets acquired and liabilities assumed exceeds the aggregate consideration transferred.

Gearing

Proportion of total interest bearing borrowings to capital employed.

Interest Cover

Profit before tax and net finance cost divided by net finance cost. Measure of an entity's debt service ability.

Key Management Personnel (KMP)

KMP are those persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

Market Capitalisation

Number of shares in issue multiplied by the market value of a share at the reported date.

Net Assets Per Share

Total equity attributable to equity holders divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

Non-controlling Interest

Equity in subsidiary not attributable, directly or indirectly, to a parent.

Other comprehensive income

An entry that is generally found in the shareholders' equity section of the balance sheet.

Price Earnings Ratio

Market price of a share divided by earnings per share as reported at that date.

Related Parties

A person or entity that is related to the entity that is preparing its Financial Statements.

Return on Capital employed

Profit before tax and net finance cost divided by average capital employed.

Revenue Reserves

Reserves considered as being available for distributions and investments.

Segments

Constituent business units grouped in terms of similarity of operations and location.

SoRP

Statement of Recommended Practice.

Value Addition

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

Working Capital

Capital required to finance day- to-day operations, computed as the excess of current assets over current liabilities.

Surcharge Tax

Surcharge Tax has been calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, which exceeds Rs. 2.00 bn, for the year of assessment 2020/2021.

Climate-related scenario analysis

A process for identifying and assessing a potential range of outcomes of future climate related events under conditions of uncertainty.

Sustainability-related risks and opportunities (SRRO)

Risks and opportunities that arise from sustainability-related events that could reasonably be expected to affect the entity's financial performance, position and prospects

Climate-related risks and opportunities (CRRO)

Risks and opportunities that arise from climate-related events that could reasonably be expected to affect the entity's financial performance, position and prospects

Independent Limited Assurance Report - Integrated Reporting

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INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF HAYLEYS PLC ON THE INTEGRATED REPORT FOR THE YEAR ENDED 31ST MARCH 2025

Conclusion

We have performed a limited assurance engagement on whether the Integrated Report of Hayleys PLC for the year ended 31st March 2025 (the "Integrated Report") has been prepared in accordance with the Content Elements of the IFRS Foundation's International <IR> Framework.

Based on the procedures performed and evidence obtained, as described below, nothing has come to our attention to cause us to believe that the Integrated Report of Hayleys PLC for the year ended 31st March 2025 is not prepared, in all material respects, in accordance with the Content Elements of the IFRS Foundation's International <IR> Framework.

This conclusion on the Integrated Report of Hayleys PLC for the year ended 31st March 2025 does not extend to any other information that accompanies the Integrated Report. We have read the other information, but we have not performed any procedures with respect to the other information.

Basis for conclusion

We conducted our engagement in accordance with the Sri Lankan Standard on Assurance Engagements SLSAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the Institute of Chartered Accountants of Sri Lanka (CASL). Our responsibilities under this standard are further described in the 'Our responsibilities' section of our report.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka.

Our firm applies Sri Lanka Standard on Quality Management 1 (SLSQM 1), Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and, accordingly, maintains a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

We have not been engaged to provide an assurance conclusion on the fitness for purpose or the operating effectiveness of the Company's strategy or how the Company creates value, including the governance, strategic management and other key business processes.

The procedures we have performed in relation to the Company's strategy and how the Company creates value are outlined in the 'Summary of the work we performed as the basis for our conclusion'.

Criteria Used as the Basis of Reporting

The criteria used as a basis of reporting is the Content Elements of the IFRS Foundation's International <IR> Framework as disclosed in the Integrated Report.

Intended Purpose of our Report

We have been engaged by the Directors of Hayleys PLC ("the Company") to provide limited assurance on whether the Integrated Report of Hayleys PLC for the year ended 31st March 2025 (the "Integrated Report") has been prepared in accordance with the Content Elements of the IFRS Foundation's International <IR> Framework.

Restriction of use of our report

This report has been prepared for the Company for the purpose of providing an assurance conclusion on the Integrated Report and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Company, or for any other purpose than that for which it was prepared.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee

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R M.D B Rajapaksa FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

Principals: S.R.L Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FTII

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any other context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent assurance report, or for the conclusions we have reached.

Responsibilities of the Board of Directors and Management

The Board of Directors and Management of Hayleys PLC are responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Company's Integrated Report such that it is free from material misstatement, whether due to fraud or error
- selecting suitable criteria for preparing the Integrated Report and appropriately referring to or describing the criteria used
- determining that the criteria is appropriate to meet the needs of intended users, being the company's members and any other intended users.
- preparing and presenting of the Integrated Report in accordance with the criteria set out in the IFRS Foundation's <IR> Framework. This includes disclosing the criteria, including any significant inherent limitations.
- ensuring the Company's strategy is well presented in the Company's Integrated Report and reflects how the Company creates value as they operate in practice
- identifying stakeholders and stakeholder requirements;
- identifying material issues and reflecting those in the Company's Integrated Report; and
- preparation and fair presentation of the Integrated reporting information; Design and implementation of internal controls that the company determines necessary to enable the preparation and presentation of the Integrated Report that is free from material misstatement, whether due to fraud or error.
- informing us of any known and/or contentious issues relating to the Integrated Report.
- preventing and detecting of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities;
- process to ensure that the Company personnel involved with the preparation and presentation of the integrated reporting information are properly trained, systems are properly updated and that any changes in reporting is relevant to the integrated report information encompass all significant business units. This responsibility also includes informing us of any changes in the Company's operations.
- the responsibility also includes informing changes in the Company's operations since the date of our most recent assurance report on the Integrated reporting information.

Inherent limitations in preparing the Integrated Report

The Integrated Report includes prospective information. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the Integrated Report.

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur in the preparation of the Integrated Report and not be detected. Our engagement is not designed to detect all internal control weaknesses in the preparation of the Integrated Report because the engagement was not performed on a continuous basis throughout the period and the audit procedures performed were on a test basis.

Our Responsibilities

We are responsible for:

- Planning and performing the engagement to obtain limited assurance on whether the Company's Integrated Report, is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Board of Directors.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Integrated Report that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the Company's Integrated Report and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our

Independent Limited Assurance Report - Integrated Reporting

engagement, the procedures we performed primarily consisted of:

1. Interviews with executives, senior management and relevant staff to understand the internal controls, governance structure and reporting process relevant to the Report;
2. Reviewing of the relevant internal policies and procedures developed by the Company, including those relevant to determining what matters most to the Company's stakeholders, how the Company creates value, the Company's external environment, strategy, governance and reporting.
3. Reviewing the description of the Company's strategy and how the Company creates value in the Report and enquiring of management as to whether the description accurately reflects their understanding;
4. Assessing of the suitability and application of the Content Elements of the <IR> Framework in the Report;
5. Assessing of the alignment between the Company's strategy, the disclosures on how the Company creates value and what matters most to the Company's stakeholders.
6. Reviewing Board minutes to ensure consistency with the content of the Report.
7. Reviewing the Report in its entirety to ensure it is consistent with our overall knowledge obtained during the assurance engagement.
8. Obtaining a letter of representation from management dated 4th June 2025 on the content of the Company's Integrated Report.

A limited assurance engagement is restricted primarily to enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Hayleys PLC.

CHARTERED ACCOUNTANTS
Colombo

4th June 2025

Independent Limited Assurance Report - GRI

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INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF HAYLEYS PLC ON SUSTAINABILITY INDICATORS IN THE INTEGRATED ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH 2025

Conclusion

We have performed a limited assurance engagement on whether the Sustainability Indicators in the Integrated Annual Report of Hayleys PLC for the year ended 31st March 2025 has been prepared in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Sustainability Indicators in the Integrated Annual Report of Hayleys PLC for the year ended 31st March 2025 (summarised in the table below) are not prepared, in all material respects, in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

Limited Assurance Sustainability Indicators	Integrated Annual Report Page
Performance Highlights	17 to 20
Information provided on following	
Financial Capital	289 to 295
Manufactured Capital	296 to 299
Social & Relationship Capital	300 to 308
Human Capital	309 to 319
Intellectual Capital	320 to 325
Natural Capital	326 to 338

This conclusion on the Sustainability Indicators in the Integrated Annual Report of Hayleys PLC for the year ended 31st March 2025 does not extend to any other information that accompanies the integrated report. We have read the other information, but we have not performed any procedures with respect to the other information.

Basis for conclusion

We conducted our engagement in accordance with Sri Lankan Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the Institute of Chartered Accountants of Sri Lanka (ICASL). Our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics).

Our firm applies Sri Lanka Standard on Quality Management 1 (SLSQM 1), Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and, accordingly, maintains a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Criteria Used as the Basis of Reporting

The criteria used as the basis of reporting is the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

Intended purpose of our Report

We have been engaged by the Directors of Hayleys PLC ("the Company") to provide limited assurance on the Sustainability Indicators in the Integrated Annual Report of Hayleys PLC for the year ended 31st March 2025 (the "Integrated Report"), prepared in accordance with Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards.

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Principals: S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FTII

Independent Limited Assurance Report - GRI

Restriction on use or distribution of our Report

This report has been prepared for the Directors of Hayleys PLC for the purpose of providing an assurance conclusion on the Sustainability Indicators in the Integrated Annual Report of Hayleys PLC for the year ended 31st March 2025 and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Company, or for any other purpose than that for which it was prepared.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Hayleys PLC, for any purpose or in any other context. Any party other than Hayleys PLC who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Hayleys PLC for our work, for this independent assurance report, or for the conclusions we have reached.

Board of Directors and Management's responsibility

The Board of Directors and Management are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation of the Sustainability Indicators in the Integrated Annual Report of Hayleys PLC for the year ended 31st March 2025 that are free from material misstatement, whether due to fraud or error.
- selecting suitable criteria for preparing the Sustainability Indicators in the Integrated Annual Report of Hayleys PLC for the year ended 31st March 2025 and appropriately referring to or describing the criteria used; and
- preparation and fair presentation of the Sustainability Indicators in the Integrated Annual Report of Hayleys PLC for the year ended 31st March 2025 in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.
- preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.
- ensuring that staff involved with the preparation and presentation of the Sustainability Indicators in the Integrated Annual Report of Hayleys PLC for the year ended 31st March 2025 are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Inherent Limitations in Preparing the Limited Assurance Sustainability Indicators

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur in disclosures of the Sustainability Information and not be detected.

Our engagement is not designed to detect all internal control weaknesses in the preparation of the Sustainability Information because the engagement was not performed on a continuous basis throughout the period and the audit procedures performed were on a test basis.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Sustainability Indicators in the Integrated Annual Report of Hayleys PLC for the year ended 31st March 2025 are free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and;
- reporting our conclusion to the Board of Directors.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement.
We designed and performed our procedures to obtain evidence about the Sustainability Indicators in the Integrated Annual Report of Hayleys PLC for the year ended 31st March 2025 that is sufficient and appropriate to provide a basis for our conclusion.

Our procedures selected depended on our understanding of the Sustainability Indicators in the Integrated Annual Report of Hayleys PLC for the year ended 31st March 2025 and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- interviews with senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- enquiries of management to gain an understanding of the Company's processes for determining material issues for the Company's key stakeholder groups;
- enquiries of relevant staff at corporate and selected site level responsible for the preparation of

the Sustainability Indicators in the Integrated Annual Report of Hayleys PLC for the year ended 31st March 2025;

- enquiries about the design and implementation of the systems and methods used to collect and report the Sustainability Indicators in the Integrated Annual Report of Hayleys PLC for the year ended 31st March 2025, including the aggregation of the reported information;

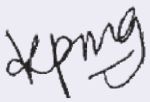
- comparing the Sustainability Indicators in the Integrated Annual Report of N Hayleys PLC for the year ended 31st March 2025 to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;

- reading the Sustainability Indicators in the Integrated Annual Report of Hayleys PLC for the year ended 31st March 2025 presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company;

- reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

A limited assurance engagement is restricted primarily to enquires and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Hayleys PLC.



CHARTERED ACCOUNTANTS
Colombo

4th June 2025

Annexure 1 - ESG Reporting Frameworks Index

BASIS OF PREPARATION OF CONSOLIDATED STATEMENT OF ESG PERFORMANCE

General standards of reporting: The Group's ESG disclosures are in line with the requirements of GRI Standards, Integrated Reporting Framework, SLFRS S1 and S2 Disclosures, selected SASB standards as well as the CDSB Guidance on Water and Nature related Disclosures.

Materiality: In assessing whether a disclosure is sufficiently material to be included in the Group's Statement of ESG Performance, the management considers its potential on the Group's ability to create value in the short, medium and long-term and the extent of its social and environmental impacts.

Principles of consolidation:
Environmental disclosures including energy consumption, emissions, water and waste covers all Group-wide manufacturing sites, plantations, corporate offices and other sites. Social and governance-related disclosures also relate to the Hayleys Group comprising all entities controlled by the Group.

Computation methods

Environmental indicators

Energy: Energy consumption is measured as consumption of electricity, fuel, steam and heat. Key sources of fuel are furnace oil, diesel, LPG and marine gas oil among others. The estimated fuel purchasing resulting from the Group's fuel allowance for selected employee categories is also included in the energy consumption. The fuel consumed through Renewable energy sources include biomass, as well as renewable energy generated through hydro and solar power and consumed by the organisation. Energy consumption is measured through meter readings and invoices.

Water: Water consumption is measured using meter readings and water bills provided by utility providers. Key sources include surface water, municipal lines, ground water, rainwater and purchased drinking water which is used for manufacturing and industrial processes, cooling and heating processes and cleaning and sanitation among others.

Emissions: Scope 1 comprise direct CO2, CH4 and N2O emissions stemming from sources that are owned or controlled by the Hayleys Group. This includes emissions from stationary combustion, mobile consumption and fugitive emissions and represents the combustion of fuel sources such as furnace oil, diesel, kerosene (among others) as well as fuel consumption in company owned vehicles and through fuel allowances paid by the organisation to employees. Fugitive emissions consists of emissions from refrigerants, fire extinguishers and waste water treatments.

Scope 2 emissions: comprise CO2 emissions from purchased electricity. The emission factors represent the grid emission factors in the respective countries of operations.

Scope 3 emissions: As a minimum standard all sectors within the Group have reported 5 out of the 15 scope 3 emission categories defined by the GHG protocol as relevant. These categories are upstream transportation and distribution, downstream transportation and distribution, waste generation, employee commuting and business air travel.Selected sectors have reported a wider coverage of scope 3 emissions, based on industry requirements and commitments for emission reduction. Given the complexity of the Group, Hayleys is adopting a staggered approach in obtaining full coverage of all 15 categories across the entire Group.

Waste: Key types of waste generated include industrial hazardous waste, ETP sludge, mixed waste and solid waste which is recovered or disposed in multiple methods. Non-hazardous waste includes cardboard, polythene, food waste and other types of methods which are disposed in multiple ways. The weight of waste is measured at the point of generation.

Social indicators

Employees: The total number of employees represents the headcount of all employees at year-end including permanent employees, fixed-term contract employees, casual employees and trainees. The headcount excludes employees who are not eligible for statutory retirement benefits by the organisation (outsourced employees, sub-contractors, interns). Employees are attributed to their geographical regions based on the location of their primary workplace across the Group's functions. Employee data is based on the information obtained from the Group's HR and Sustainability Information Reporting systems.

Workplace injuries: Prevalence of workplace injuries and accidents is measured through internal reporting mechanisms across all operating locations. Injuries are defined primarily as first-aid cases while occupational injuries are those resulting in lost working days.

Training: Training hours that employees have undergone during the reporting period including external, internal and overseas training are reported based on gender and employee category.

Research and Development: Investment in R&D represents the operational and capital expenditures incurred in the process of creating and developing new products or services. Records of revenue generated through new products and services are maintained by each Sector and reported accordingly.

Community engagement: Community engagement programmes are defined as initiatives that aim to minimise, mitigate or compensate for adverse social and/or economic impacts, and/or to identify opportunities or actions to enhance positive impacts of a project on the community. When reporting number of beneficiaries, if the direct number is unavailable beneficiaries are reported based on defined assumptions.

Suppliers: An organisation or person that provides a product or service used in the organisation's supply chain which includes (but is not limited to) manufacturers, wholesalers, contractors, manufacturers, distributors, consultants and brokers among others. Supplier size is determined based on the definition of the Ministry of Industries which uses the metrics of number of employees, annual turnover and total investment in defining size. Supplier development entails training on product enhancement, cost reduction, efficiency improvements and health and safety aspects among others.

ESG REPORTING FRAMEWORKS INDEX

We continue to focus on streamlining our reporting, in line with the developments in global reporting frameworks. Our reporting strategy is based on a double materiality lens, and we have adopted the GRI Standards as the primary framework to report on material topics with high impact materiality. Having voluntarily adopted the SLFRS S1 and S2 Standards in 2023/24, we hope to fully align with the requirements of the S1 and S2 Standards in reporting on financially material sustainability topics. Aligned to this aspiration, we have strengthened disclosures of the Group's primary SRROs under the four pillars of governance, strategy, risk management and metrics & targets. As recommended in SLFRS S1 Standard we have adopted other reporting frameworks such as SASB and CDSB to report on SRROs for which the IFRS Sustainability Disclosure Standards are yet to be released. The composite ESG Reporting Frameworks Index below provides an overview of our SLFRS S1 and S2 disclosures and connectivity to the other reporting frameworks that have been adopted.

Pillar	Disclosure requirement	Corresponding Frameworks						Page
		SLFRS S1	SLFRS S2	CDSB Biodiversity Guidance	CDSB Water Guidance	SASB Disclosure	IR Framework (Cross ref)	
FOR ALL SRROS								
Governance and management approach	Governance processes, controls and procedures the organisation uses to monitor and manage selected CRROs and SRRO's and management's role	S1.27 (a) (b)	S2.6	REQ-1 REQ-2 (For SRRO-2	REQ-1 REQ-2 (For SRRO-1)		Governance	125
Risk Management	Processes and related policies the entity uses to identify, assess,prioritise and monitor climate-related risks Extent to which this process is integrated into overall risk management	S1.44 (a), (b), (c)	S2.25 (a)(b) S2.25 (c)	REQ-3 (For SRRO-2	REQ-3 (For SRRO-1)	CG-HP-140a.2. FB-AG-140a.2 RT-CH-140a.3 RR-ST-140a.2	Risks & Opportunities	151
CLIMATE RISKS- CRRO 1/CRRO 2/CRRO 3								
Strategy	CRROs that could reasonably be expected to affect the organisation's prospects		S2.10 (a) (b)(c)(d) S2.13 (a)(b)				Portfolio reviews	129
	Impacts on business model and value chain					EM-CM-110a.2. FB-AG-110a.2 RT-CH-110a.2 TR-AF-110a.2	Portfolio reviews	129

Annexures - ESG Reporting Frameworks Index

Pillar	Disclosure requirement	Corresponding Frameworks						Page
		SLFRS S1	SLFRS S2	CDSB Biodiversity Guidance	CDSB Water Guidance	SASB Disclosure	IR Framework (Cross ref)	
Strategy (Contd.)	Impacts on strategy and decision-making		S2.14 (a)(b)(c)					129
	Financial effects of the SRROs		S2.15 (a)(b) S2.16 (a)(b)(c)(d) S2.17 S2.22 (a)(b)				Financial capital	129
	Resilience Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets					EM-CM-110a.2. FB-AG-110a.2 RT-CH-110a.2 TR-AF-110a.2	Natural Capital	203 223 183 263
Metrics and targets	Greenhouse gases - Scope 1 - Scope 2 - Scope 3 Approach to measurement	S2.29 (a)				EM-CM-110a.1 FB-AG-110a.1 RT-CH-110a.1 TR-AF-110a.1	Natural Capital	153
	Disaggregation between consolidated group and other entities	S2.29 (a)						153
	Exposure to CRROs	S2.29 (b,c,d)						129-143
	Climate-related targets and performance against targets	S2.33 S2.34						112
WATER AVAILABILITY								
Strategy	SRROs that could reasonably be expected to affect the organisation's prospects	S1.30			REQ-3		Portfolio reviews	136
	Impacts on business model and value chain	S1.32						136
	Impacts on strategy and decision-making	S1.33						136
	Financial effects of the SRROs	S1.34					Financial capital	136

Pillar	Disclosure requirement	Corresponding Frameworks						Page
		SLFRS S1	SLFRS S2	CDSB Biodiversity Guidance	CDSB Water Guidance	SASB Disclosure	IR Framework (Cross ref)	
Metrics and targets	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	S1.46 S1.51			REQ-4	CG-HP-140a.1 EM-CM-140a.1 FB-AG-140a.1 RT-CH-140a.1 RR-ST-140a.1 SV-HL-140a.1	Natural capital	174 204 224 184 195 244
	Number of incidents of non-compliance associated with water quality permits, standards and regulations					FB-AG-140a.3 RT-CH-140a.2	Natural capital	224 184
ECOLOGICAL IMPACTS								
Strategy	SRROs that could reasonably be expected to affect the organisation's prospects	S1.30		REQ-3			Portfolio reviews	138
	Impacts on business model and value chain	S1.32		REQ-3				138
	Impacts on strategy and decision-making	S1.33						138
	Financial effects of the SRROs	S1.34					Financial capital	138
Metrics and targets	Sources of environmental impact			REQ-4			Natural capital	138
	Terrestrial acreage disturbed, percentage of impacted area restored					EM-CM-160a.2.	Portfolio review	N/A
	Number of lodging facilities located in or near areas of protected conservation status or endangered species habitat					SV-HL-160a.1		244
ENVIRONMENTAL AND SOCIAL ISSUES ALONG SUPPLY CHAIN								
Strategy	SRROs that could reasonably be expected to affect the organisation's prospects	S1.30					Portfolio Review	142

Annexure 1 - ESG Reporting Frameworks Index

Pillar	Disclosure requirement	Corresponding Frameworks						Page
		SLFRS S1	SLFRS S2	CDSB Biodiversity Guidance	CDSB Water Guidance	SASB Disclosure	IR Framework (Cross ref)	
Strategy (Contd.)	Impacts on business model and value chain	S1.32						142
	Impacts on strategy and decision-making	S1.33						142
	Financial effects of the SRROs	S1.34					Financial capital	142
Metrics and targets	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits					CG-AA-430a.1	Portfolio Reviews	142
LABOUR CONDITIONS IN SUPPLY CHAIN								
Strategy	SRROs that could reasonably be expected to affect the organisation's prospects	S1.30					Social & Relationship capital	142
	Impacts on business model and value chain	S1.32						142
	Impacts on strategy and decision-making	S1.33						142
	Financial effects of the SRROs	S1.34					Financial capital	142
Metrics and targets	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labour code of conduct, (3) percentage of total audits conducted by a third-party auditor					CG-AA-430b.1	Portfolio reviews	195

Pillar	Disclosure requirement	Corresponding Frameworks						Page
		SLFRS S1	SLFRS S2	CDSB Biodiversity Guidance	CDSB Water Guidance	SASB Disclosure	IR Framework (Cross ref)	
ENERGY MANAGEMENT								
Strategy	SRROs that could reasonably be expected to affect the organisation's prospects	S1.30					Natural capital	144
	Impacts on business model and value chain	S1.32						144
	Impacts on strategy and decision-making	S1.33						144
	Financial effects of the SRROs	S1.34					Financial capital	144
Metrics and targets	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage alternative (4) Percentage renewable					EM-CM-130a.1 FB-AG-130a.1 RT-CH-130a.1 RR-ST-130a.1 SV-HL-130a.1		204 224 184 194 244

OTHER SASB DISCLOSURES			
General issue category	Disclosure requirement	Reference	Page (s)
Waste Management	Amount of waste generated, percentage hazardous and percentage recycled	EM-CM-150a.1. RT-CH-150a.1 RR-ST-150a.1	204 184 194
Chemical Management	Discussion of process to identify and manage emerging materials and chemicals of concern	CG-HP-250a.3	173
	Discussion of processes to maintain compliance with restricted substances regulations	CG-AA-250a.1	193
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-AA-250a.2	174
	Revenue from products that contain REACH substances of very high concern (SVHC)	CG-HP-250a.1	174
	Revenue from products that contain substances on the California DTSC Candidate Chemicals List	CG-HP-250a.2	174
	Revenue from products designed with green chemistry principles	CG-HP-250a.4	174

Annexure 1 - ESG Reporting Frameworks Index

OTHER SASB DISCLOSURES			
General issue category	Disclosure requirement	Reference	Page (s)
Packaging Lifecycle Management	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	CG-HP-410a.2	173
	(1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials, and (3) percentage that is recyclable, reusable, and/or compostable	CG-HP-410a.1.	174
Workforce Health and Safety	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	RT-CH-320a.2	185
	(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) full-time employees and (b) contract employees	EM-CM-320a.1. FB-AG-320a.1 RT-CH-320a.1 IF-EN-320a.1 TR-AF-320a.1	204 124 185
Material management	Management strategy for addressing business risks and opportunities	CG-AA-440a.3	193
	Environmental or social factor(s) most likely to threaten sourcing Discussion on business risks or opportunities associated with environmental or social factors and	CG-AA-440a.3	193
	List of priority raw materials	CG-AA-440a.3	194
	Amount of priority raw materials purchased, by material and amount of each priority raw material that is certified to a third-party environmental or social standard	CG-AA-440a.4	194
Food safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	FB-AG-250a.1	223
	(1) Number of recalls issued and (2) total amount of food product recalled1	FB-AG-250a.3	223
Ingredient sourcing	Identification of principal crops and description of risks and opportunities presented by climate change	FB-AG-440a.1	223
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress	FB-AG-440a.2	223
Community Relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	RT-CH-210a.1	183
Safety and environmental stewardship of chemicals	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	RT-CH-410b.2	183
	(1) Percentage of products that contain Globally Harmonised System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	RT-CH-410b.1	183

OTHER SASB DISCLOSURES			
General issue category	Disclosure requirement	Reference	Page (s)
Operational safety, emergency preparedness and response	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)3 Number of transport incidents'	RT-CH-540a.1	183
Energy management in retail and distribution	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	CG-MR-130a.1	234
Labour practices	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	CG-MR-310a.1	235
	(1) Average hourly wage and (2) percentage of lodging facility employees earning minimum wage, by region	SV-HL-310a.3	243
	(1) Voluntary and (2) involuntary turnover rate for in-store employees	CG-MR-310a.2 SV-HL-310a.1	235 249
	Total amount of monetary losses as a result of legal proceedings associated with labour law Violations	CG-MR-310a.3	239
	Description of policies and programmes to prevent worker harassment	SV-HL-310a.4	243
Product sourcing, packaging and marketing	Discussion of strategies to reduce the environmental impact of packaging	CG-MR-410a.3	233
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-MR-410a.2	233
	Revenue from products third-party certified to environmental and/or social sustainability standards	CG-MR-410a.1	233
Environmental impacts of project development	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	IF-EN-160a.2	273
	Number of incidents of non-compliance with environmental permits, standards, and regulations	IF-EN-160a.1	273
Business ethics	Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behavior in the project bidding processes	IF-EN-510a.3	273
	(1) Number of active projects and (2) backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	IF-EN-510a.1	273
Project End-of-life management	Percentage of products sold that are recyclable or reusable	RR-ST-410b.1	193
	(1) Weight of end-of-life material recovered, (2) percentage recycled	RR-ST-410b.2	193
	Description of approach and strategies to design products for high-value recycling	RR-ST-410b.4	193

Annexure 2 - GRI Content Index

Statement of use	Hayleys PLC has reported in accordance with the GRI Standards for the period from 1st April 2024 to 31st March 2025.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
General disclosures						
GRI 2: General Dis-closures 2021	2-1 Organizational details	8	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.			
	2-2 Entities included in the organization's sustainability reporting	8				
	2-3 Reporting period, frequency and contact point	8				
	2-4 Restatements of information	8				
	2-5 External assurance	10				
	2-6 Activities, value chain and other business relationships	90				
	2-7 Employees	309				
	2-8 Workers who are not employees	N/A				
	2-9 Governance structure and composition	66				
	2-10 Nomination and selection of the highest governance body	68				
	2-11 Chair of the highest governance body	54				
	2-12 Role of the highest governance body in overseeing the management of impacts	62				
	2-13 Delegation of responsibility for managing impacts	62				
	2-14 Role of the highest governance body in sustainability reporting	62				
	2-15 Conflicts of interest	64				
	2-16 Communication of critical concerns	65				
	2-17 Collective knowledge of the highest governance body	72				
	2-18 Evaluation of the performance of the highest governance body	73				
	2-19 Remuneration policies	74				
	2-20 Process to determine remuneration	74				
	2-21 Annual total compensation ratio	341				
	2-22 Statement on sustainable development strategy	38				
	2-23 Policy commitments	70				

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
	2-24 Embedding policy commitments	70				
	2-25 Processes to remediate negative impacts	64				
	2-26 Mechanisms for seeking advice and raising concerns	64				
	2-27 Compliance with laws and regulations	75-88				
	2-28 Membership associations	304				
	2-29 Approach to stakeholder engagement	94				
	2-30 Collective bargaining agreements	318				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	104	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	104				
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	24				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	18				
	201-2 Financial implications and other risks and opportunities due to climate change	123				
	201-3 Defined benefit plan obligations and other retirement plans					
	201-4 Financial assistance received from government	395		Not applicable	The Group does not receive any financial benefit from the Government	
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	300				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	306				
	203-2 Significant indirect economic impacts	303				
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	303				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	303				

Annexure 2 - GRI Content Index

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	398				
GRI 207: Tax 2019	207-1 Approach to tax	398				
	207-2 Tax governance, control, and risk management	-				
	207-3 Stakeholder engagement and management of concerns related to tax	94				
	207-4 Country-by-country reporting	26				
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	335				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	335				
	301-2 Recycled input materials used	-				
	301-3 Reclaimed products and their packaging materials	-		Not Relevant	Group does not use any reclaimed products and their packaging materials	
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	330				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	330				
	302-2 Energy consumption outside of the organization	330				
	302-3 Energy intensity	330				
	302-4 Reduction of energy consumption	331				
	302-5 Reductions in energy requirements of products and services	-				
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	-				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	331				
	303-2 Management of water discharge-related impacts	331				
	303-3 Water withdrawal	333				
	303-4 Water discharge	333				
	303-5 Water consumption	333	303-5 a,b,c,d	Information not available	The Group does not have the measures in place to capture water consumption	

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	337				
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	337				
	304-2 Significant impacts of activities, products and services on biodiversity	337				
	304-3 Habitats protected or restored	337				
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	337				
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	328				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	329				
	305-2 Energy indirect (Scope 2) GHG emissions	329				
	305-3 Other indirect (Scope 3) GHG emissions	329				
	305-4 GHG emissions intensity	329				
	305-5 Reduction of GHG emissions	329				
	305-6 Emissions of ozone-depleting substances (ODS)	NA	305-6 a,b,c,d	Information not available	The Group currently does not monitor these emissions	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	NA4	305-7 a,b,c	Information not available	The Group currently does not monitor these emissions	
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	334				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	334				
	306-2 Management of significant waste-related impacts	334				
	306-3 Waste generated	336				
	306-4 Waste diverted from disposal	336				
	306-5 Waste directed to disposal	336				

Annexure 2 - GRI Content Index

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	311				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	312				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	-				
	401-3 Parental leave	315	401-3 a,b,c,d,e	Information not available	The Group currently does not monitor parental leave	
Labour/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	318				
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	318				
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	318				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	318				
	403-2 Hazard identification, risk assessment, and incident investigation	318				
	403-3 Occupational health services	318				
	403-4 Worker participation, consultation, and communication on occupational health and safety	318				
	403-5 Worker training on occupational health and safety	318				
	403-6 Promotion of worker health	318				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	318				
	403-8 Workers covered by an occupational health and safety management system	318				
	403-9 Work-related injuries	318				
	403-10 Work-related ill health	318				

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	314				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	314				
	404-2 Programs for upgrading employee skills and transition assistance programs	-313				
	404-3 Percentage of employees receiving regular performance and career development reviews	317				
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	306				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	307				
	413-2 Operations with significant actual and potential negative impacts on local communities	307				
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	-				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	305				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	305				
Marketing and labelling						
GRI 3: Material Topics 2021	3-3 Management of material topics	305				
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	305				
	417-2 Incidents of non-compliance concerning product and service information and labelling	305				
	417-3 Incidents of non-compliance concerning marketing communications	305				

Annexure 3 - Directors' Details of Directorships held in Sri Lanka

Mr. A. M. Pandithage
Chairman & Chief Executive

Total directorships: 143

Listed Companies;
Executive - 12 and Non-Executive - 01

Unlisted Companies;
Executive - 120 and Non-Executive - 10

Listed Companies

Executive

Hayleys PLC
Haycarb PLC
Dipped Products PLC
Singer (Sri Lanka) PLC
Hayleys Fabric PLC
The Kingsbury PLC
Horana Plantations PLC
Kelani Valley Plantations PLC
Hayleys Leisure PLC
Talawakelle Tea Estates PLC
Hayleys Fibre PLC
Alumex PLC

Non-Executive

Diesel & Motor Engineering PLC

Unlisted Companies

Executive

Hayleys Group - 120 Companies

Non-Executive

Beta Power (Pvt) Ltd
Joule Power (Pvt) Ltd
Ocean Network Express Lanka (Private) Limited
The Beach Resorts Ltd
Delmege Forsyth & Co. Exports (Pvt) Ltd
Delmege Coir (Pvt) Ltd
Delmege Forsyth & Co. (Shipping) Ltd
Delmege Freight Services (Pvt) Ltd
Lewis Shipping (Pvt) Ltd
Lewis Brown Air Services (Pvt) Ltd

Mr. K. D. D. Perera
Non-Executive Director

Total directorships: 05

Listed Companies;
Executive - Nil and Non-Executive - 03

Unlisted Companies;
Executive - 01 and Non-Executive - 01

Listed Companies

Non-Executive

Hayleys PLC
Vallibel One PLC
Royal Ceramics Lanka PLC

Unlisted Companies

Executive

Dhammika and Priscilla Perera Foundation

Non-Executive

Summer Season Limited

Mr. S. C. Ganegoda
Executive Director

Total directorships: 65

Listed Companies;
Executive - 02 and Non-Executive - 09

Unlisted Companies;
Executive - Nil and Non-Executive - 54

Listed Companies

Executive

Hayleys PLC
Alumex PLC

Non-Executive

Dipped Products PLC
Hayleys Fabric PLC
Singer (Sri Lanka) PLC
Hayleys Leisure PLC
Horana Plantations PLC
Kelani Valley Plantations PLC
Hayleys Fibre PLC
Haycarb PLC
The Kingsbury PLC

Unlisted Companies

Non-Executive

Hayleys Group - 52 Companies
Sri Lankan Airlines Limited
Sri Lankan Catering Limited

Mr. H. S. R. Kariyawasan
Executive Director

Total directorships: 19

Listed Companies;
Executive - 04 and Non-Executive - Nil

Unlisted Companies;
Executive - 14 and Non-Executive - 01

Listed Companies

Executive

Hayleys PLC
Haycarb PLC
Dipped Products PLC
Hayleys Fibre PLC

Unlisted Companies

Executive

Hayleys Group - 14 Companies

Non-Executive

Sri Lanka Institute of Nanotechnology (Pvt) Ltd

Dr. H. Cabral, PC
Non-Executive Director

Total directorships: 19

Listed Companies;
Executive - Nil and Non-Executive - 06

Unlisted Companies;
Executive - Nil and Non-Executive - 13

Listed Companies

Non-Executive

Hayleys PLC
Alumex PLC
Diesel and Motor Engineering PLC
Ceylinco Insurance PLC
Chevron Lubricants Lanka PLC
Tokyo Cement Company (Lanka) PLC

Unlisted Companies

Non-Executive

Tokyo Super Cement Company Lanka (Private) Limited
Tokyo Cement Power Lanka (Private) Limited
Tokyo Eastern Cement Company (Private) Limited
Tokyo Super Aggregate (Private) Limited
Tokyo Supermix (Private) Limited
Ceylinco Life Insurance Limited
Sri Lanka Institute of Information Technology (Guarantee) Limited (SLIIT)
SLIIT International (Private) Limited
Nanadiriya (Guarantee) Limited
National Savings Bank
Sri Lankan Airlines Limited
Airlanka (Private) Limited
Sri Lankan Catering Limited

Mr. L. R. V. Waidyaratne

Executive Director

Total directorships: 46

Listed Companies;
Executive - 01 and Non-Executive - Nil

Unlisted Companies;
Executive - 45 and Non-Executive - Nil

Listed Companies

Executive

Hayleys PLC

Unlisted Companies

Executive

Hayleys Group - 45 Companies

Mr. M. Y. A. Perera

Independent Non-Executive Director

(Senior Independent Director)

Total directorships: 10

Listed Companies;
Executive - 01 and Non-Executive - 03

Unlisted Companies;
Executive - 01 and Non-Executive - 05

Listed Companies

Executive

Royal Ceramics Lanka PLC

Non-Executive

Hayleys PLC
Singer Finance (Lanka) PLC
Pan Asia Banking Corporation PLC

Unlisted Companies

Executive

Rocell Bathware Ltd

Non-Executive

Hayleys Fentons Limited
Hayleys Advantis Ltd
Hayleys Aventura (Pvt) Ltd
Snaps Residencies (Pvt) Ltd
Kosgulana Hydro Company (Pvt) Ltd

Mrs. J. Dharmasena

Executive Director

Total directorships: 09

Listed Companies;
Executive - 01 and Non-Executive - Nil

Unlisted Companies;
Executive - 08 and Non-Executive - Nil

Listed Companies

Executive

Hayleys PLC

Unlisted Companies

Executive

Hayleys Group - 08 Companies

Mr. R. J. Karunarajah

Executive Director

Total directorships: 11

Listed Companies;
Executive - 03 and Non-Executive - Nil

Unlisted Companies;
Executive - 08 and Non-Executive - Nil

Listed Companies

Executive

Hayleys PLC
Hayleys Leisure PLC
The Kingsbury PLC

Unlisted Companies

Executive

Hayleys Group - 08 Companies

Mr. K. D. G. Gunaratne

Non-Executive Director

Total directorships: 06

Listed Companies;
Executive - Nil and Non-Executive - 04

Unlisted Companies;
Executive - 01 and Non-Executive - 01

Listed Companies

Non-Executive

Hayleys PLC
Dipped Products PLC
Horana Plantations PLC
Swisstek (Ceylon) PLC

Unlisted Companies

Executive

Lanka Hotels and Residencies (Pvt) Ltd

Non-Executive

Sri Lanka Institute of Information Technology (Guarantee) Limited (SLIIT)

Annexure 3 - Directors' Details of Directorships held in Sri Lanka

Mr. T. A. B. Speldewinde
Independent Non-Executive Director

Total directorships: 09

Listed Companies;
Executive - Nil and Non-Executive - 07

Unlisted Companies;
Executive - 01 and Non-Executive - 01

Listed Companies

Non-Executive

Hayleys PLC
Hayleys Fabric PLC
Dipped Products PLC
The Kingsbury PLC
Horana Plantations PLC
Ceylon Grain Elevators PLC
Three Acre Farms PLC

Unlisted Companies

Executive

Contemporary Ceylon (Pvt) Ltd

Non-Executive

Wealth Trust Securities Limited

Mr. P. Y. S. Perera
Independent Non-Executive Director

Total directorships: 08

Listed Companies;
Executive - Nil and Non-Executive - 08

Unlisted Companies;
Executive - Nil and Non-Executive - Nil

Listed Companies

Non-Executive

Hayleys PLC
Haycarb PLC
Dipped Products PLC
Commercial Bank of Ceylon PLC
Overseas Reality PLC
E B Creasy & Company PLC
Laxapana PLC
Muller & Phipps Ceylon PLC

Mr. A. J. Alles
Independent Non-Executive Director

Total directorships: 09

Listed Companies;
Executive - Nil and Non-Executive - 08

Unlisted Companies;
Executive - Nil and Non-Executive - 01

Listed Companies

Non-Executive

Hayleys PLC
Alumex PLC
Singer (Sri Lanka) PLC
The Kingsbury PLC
United Motors Lanka PLC
Vallibel One PLC
Ceylon Beverage Holdings PLC
Lion Brewery Ceylon PLC

Unlisted Companies

Non-Executive

DHT Cement (Private) Limited

CORPORATE INFORMATION

Name of Company

Hayleys PLC
(A public limited company, incorporated in Sri Lanka in 1952)

Company Number

PQ 22

Stock Exchange Listing

The ordinary shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka

Registered Office

Hayleys Building,
P.O. Box 70, 400, Deans Road,
Colombo 10, Sri Lanka
Telephone: (94-11)2627000
Facsimile: (94-11)2699299
Website: http://www.hayleys.com

Directors

A. M. Pandithage – Chairman & Chief Executive

K. D. D. Perera - Co-Chairman (appointed on 01.10.2024)

S. C. Ganegoda

H. S. R. Kariyawasan

Dr. H. Cabral, PC (ceased to be the Senior Independent Director on 23.12.2024)

L. R. V. Waidyaratne

M. Y. A. Perera (appointed as the Senior Independent Director on 23.12.2024)

Ms. J. Dharmasena

R. J. Karunarajah

K. D. G. Gunaratne

T. A. B. Speldewinde

P. Y. S. Perera (appointed on 01.04.2024)

A. J. Alles (appointed on 01.10.2024)

M. H. Jamaldeen (resigned w.e.f. 14.11.2024)

Group Management Committee

A. M. Pandithage – Chairman & Chief Executive

S. C. Ganegoda

H. S. R. Kariyawasan

L. R. V. Waidyaratne

Ms. J. Dharmasena

Dr. W. G. R. Rajadurai

E. R. P. Goonethileke

Ms. D. Talpahewa

N. R. Ranatunge

D. W. P. N. Dediwela

H. Prematillake

M. H. Wijewardene

R. J. Karunarajah

J. A. W. M. Jayasekara

M. M. A. R. P. Goonetileke

R. H. P. Janadheera

T. M. Hewagama

Audit Committee

M. Y. A. Perera - Chairman

Dr. H. Cabral, PC

K. D. G. Gunaratne

T. A. B. Speldewinde (appointed to the committee on 16.10.2024)

P. Y. S. Perera (appointed to the committee on 16.10.2024)

A. J. Alles (appointed to the committee on 16.10.2024)

M. H. Jamaldeen (resigned w.e.f. 14.11.2024)

Remuneration Committee

M. Y. A. Perera - Chairman (appointed as the Chairman of the committee on 23.12.2024)

Dr. H. Cabral, PC (stepped down as the Chairman of the committee on 23.12.2024)

K. D. G. Gunaratne

T. A. B. Speldewinde (appointed to the committee on 17.05.2024)

P. Y. S. Perera (appointed to the committee on 23.12.2024)

M. H. Jamaldeen (resigned w.e.f. 14.11.2024)

Nominations and Governance Committee

M. Y. A. Perera - Chairman

Dr. H. Cabral, PC

K. D. G. Gunaratne

T. A. B. Speldewinde (appointed to the committee on 17.05.2024)

P. Y. S. Perera (appointed to the committee on 23.12.2024)

Related Party Transactions Review Committee

P. Y. S. Perera - Chairman (appointed as the Chairman of the committee on 23.12.2024)

Dr. H. Cabral, PC (stepped down as the Chairman of the committee on 23.12.2024)

M. Y. A. Perera

T. A. B. Speldewinde (appointed to the committee on 17.05.2024)

K. D. G. Gunaratne (appointed to the committee on 23.12.2024)

S. C. Ganegoda (stepped down as a member of the committee on 23.12.2024)

Secretaries

Hayleys Group Services (Private) Limited
400, Deans Road, Colombo 10, Sri Lanka
Telephone: (94-11)2627650
E-mail: info.sec@hayleys.com
Please direct any queries about the administration of shareholdings to the Company Secretaries

Investor Relations

Please contact Strategic Business Development Unit

Telephone: (94-11) 2627662

E-mail: info@cau.hayleys.com

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT THE SEVENTY FOURTH ANNUAL GENERAL MEETING OF HAYLEYS PLC will be held on Monday, **30th June 2025 at 1.00 p.m.** at the Chas P. Hayley Lounge of Hayleys PLC, No. 400, Deans Road, Colombo 10 for the following purposes:

1. To consider and adopt the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2025 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. K.D.D. Perera, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 27(2) of the Articles of Association of the Company.
3. To re-elect as a Director Mr. A.J. Alles, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 27(2) of the Articles of Association of the Company.
4. To re-elect as a Director Mr. R.J. Karunarajah, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.
5. To re-elect as a Director Dr. L.J.S.H. Cabral, PC, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.
6. To re-elect as a Director Mr. M.Y.A. Perera, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.
7. To propose the following resolution for the re-appointment of Mr. A.M. Pandithage in terms of Section 211 of the Companies Act No. 07 of 2007.

   ### Ordinary Resolution

   'That Mr. Abeyakumar Mohan Pandithage, who is over the age of seventy years be and is hereby re-appointed as a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to him'.
8. To authorise the Directors to determine donations and contributions to charities for the ensuing year.
9. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2025/26 and to authorise the Directors to determine their remuneration.
10. To consider and if thought fit, to pass the following Special Resolutions to amend the existing articles in the Articles of Association of the Company ;

Special Resolution (1)

IT IS HEREBY RESOLVED THAT Article 27 (1) of the Articles of Association of the Company be deleted in its entirety and be replaced by the following Article;

"27(1) Unless otherwise determined by ordinary resolution of the shareholders of the Company, the number of Directors shall not be less than five (5) and not more than fourteen (14)."

Special Resolution (2)

IT IS HEREBY RESOLVED THAT Articles 27 (4), 27 (5), 27(6) and 27 (7) of the Articles of Association of the Company be deleted in their entirety, and be replaced by the following Articles 27 (4) (i) to 27 (4) (vi) ;

"27 (4) Alternate Directors

(i) An Alternate Director shall only be appointed under exceptional circumstances by any Director ('appointor'), giving notice in writing left at the office of the Company and approved by the Board to be an Alternate Director of the Company to act in their place during their absence, subject to applicable laws, rules and regulations. Any such appointment shall not exceed a period of one (1) year from the date of appointment.

(ii) If an Alternate Director is appointed for a Non-Executive Director such Alternate should not be an Executive of the Company. Similarly, if an Alternate Director is appointed for an Independent Director, the person so appointed shall meet the criteria for independence under applicable laws, rules and regulations. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate qualifies as an Independent Director before the appointment is made.

(iii) In the event a Director appoints another Director to be his Alternate Director he shall thereupon be entitled to exercise (in addition to his own right of voting as a Director) such appointor's rights at meetings of the Board. A person shall not act as an Alternate Director for more than one Director.

(iv) An Alternate Director shall on his giving an address for such notice to be served upon him be entitled to receive notices of all meetings of Directors and to attend and vote as a Director, at any such meeting at which the Director appointing him is not personally present and generally at such meetings to perform all the functions of his appointor as a Director in the absence of such appointor.

(v) The attendance of any Alternate Director at any meeting including Board Committee meetings shall be counted for the purpose of the quorum.

(vi) An Alternate Director may be appointed for a specified period (not exceeding one (1) year) or until the happening of a specified event, but he shall *ipso facto* cease to be an Alternate Director if his appointor ceases for any reason to be a Director."

Special Resolution (3)

IT IS HEREBY RESOLVED THAT the existing Article 27 (8) be deleted in its entirety and be replaced by the following Article renumbered as Article 27(5);

"27(5) A Director may resign by delivering a signed written notice of resignation to the registered office of the Company. Subject to Section 208 of the Act, the notice is effective when it is received at the registered office or at any later time specified in the notice."

Special Resolution (4)

IT IS HEREBY RESOLVED THAT the existing Article 27 (9) and Article 27 (10) of the Articles of Association of the Company be renumbered as Article 27 (6) and Article 27 (7) respectively.

By Order of the Board,
HAYLEYS PLC

A.W.M. Munasinghe Peiris
Director
HAYLEYS GROUP SERVICES (PRIVATE) LIMITED
Secretaries

Colombo.
04th June 2025.

Notes to shareholders:

1. A Shareholder is entitled to appoint a proxy to attend and vote instead of him/her and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the office of the Company Secretaries at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the time fixed for the Meeting.

2. The Annual Report of the Company for 2024/25 is available on the corporate website www.hayleys.com/investor-relation and on the Colombo Stock Exchange website - www.cse.lk. If you wish to have a printed copy of the Annual Report, please forward the duly completed 'Request Form - Annexure A' to the office of the Secretaries.

3. You may contact the undernoted person for any requests and queries.

Contact Person	:	Vajira Perera
Contact Number	:	+94 11 2627652
Email Address	:	vajira.perera@secretarial.hayleys.com
Mailing Address	:	Hayleys Group Services (Private) Limited, Secretaries for Hayleys PLC, No. 400, Deans Road, Colombo 10.

Notes

Notes

Form of Proxy

I/We .....

(full name of Shareholder) NIC No./Reg. No. of Shareholder .....

.....

of .....

being Shareholder/Shareholders of Hayleys PLC hereby appoint:

(1) .....

(full name of Proxyholder) NIC No. of Proxyholder .....

of .....

or, failing him/them

(2) ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our Proxy to attend and vote as indicated hereunder for me/us and on my/our behalf at the Seventy Fourth Annual General Meeting of the Company to be held on Monday, 30th June 2025 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

	For	Against
1. To adopt the Annual Report of the Directors and the Statement of Accounts for the year ended 31st March 2025 with the Report of the Auditors thereon.	☐	☐
2. To re-elect as a Director Mr. K.D.D. Perera, as set out in the Notice.	☐	☐
3. To re-elect as a Director Mr. A.J. Alles, as set out in the Notice.	☐	☐
4. To re-elect as a Director Mr. R.J. Karunarajah, as set out in the Notice.	☐	☐
5. To re-elect as a Director Dr. L.J.S.H. Cabral, PC, as set out in the Notice.	☐	☐
6. To re-elect as a Director Mr. M.Y.A. Perera, as set out in the Notice.	☐	☐
7. To re-appoint Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007.	☐	☐
8. To authorise the Directors to determine donations and contributions to charities for the ensuing year.	☐	☐
9. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2025/26 and to authorise the Directors to determine their remuneration.	☐	☐
10. To pass the Special Resolutions to amend the Articles of Association of the Company as set out in the Notice.		
Special Resolution (1)	☐	☐
Special Resolution (2)	☐	☐
Special Resolution (3)	☐	☐
Special Resolution (4)	☐	☐

Signed on this ..... day of ..... 2024.

.....

Signature of Shareholder

Form of Proxy

INSTRUCTIONS :

1. The completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Private) Limited, at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the start of the meeting. Delayed Proxy Forms shall not be accepted.
2. A Shareholder entitled to attend and vote at the Annual General Meeting of the Company, is entitled to appoint a Proxy to attend and vote instead of him/her and the Proxy need not be a Shareholder of the Company.
3. Full name of Shareholder/Proxy holder and their NIC Nos. are mandatory. Your Proxy Form will be rejected if these details are not completed.
4. A Shareholder is not entitled to appoint more than one Proxy to attend on the same occasion.
5. The duly completed Form of Proxy must be dated and signed by the Shareholder.
6. Please indicate with an "X" in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy can vote as he/she thinks fit.
7. In the case of a company/corporation the proxy must be executed in the manner prescribed by its Articles of Association or by a duly authorised Director.
8. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
9. In case of Marginal Trading Accounts (slash accounts), the Form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.

Investor Feedback Form

To request information or submit a comment / query to the Company, please complete the following and return this page to -

Strategic Business Development Unit
Hayleys PLC
P.O Box 70 , No.400, Deans Road, Colombo 10, Sri Lanka.

Telephone : (94 -11)262 7662
E-mail : lasantha.somaratne@sbdu.hayleys.com

Name :

Permanent Mailing Address : .....

Contact Numbers - (Tel) : ....
County Code Area Code Number

- (Fax) : ....
County Code Area Code Number

E-mail : .....

Name of Company (If Applicable) : .....

Designation (If Applicable) : .....

Company Address (If Applicable) : .....

Queries / Comments :

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No.400, Deans Road, Colombo 10, Sri Lanka.
www.hayleys.com