

THE POWER OF MANY



THE POWER OF MANY

In nature, few creatures embody the spirit of teamwork and resilience like ants. Small yet mighty, they move with purpose, each carrying its weight, each contributing to the strength of the colony. At Hayleys Fibre, we see ourselves in their disciplined coordination, relentless work ethic, and shared determination to build something greater than the sum of its parts.

Working in perfect harmony, our people, processes, and partnerships are seamlessly interconnected. Across all our manufacturing facilities, we operate with a singular vision-expanding our reach, strengthening our impact, and delivering sustainable fibre solutions to the world. Whether it's erosion control, growing media, or eco-friendly bedding, every product we create is a testament to our collective effort, woven together by skill, innovation, and an unwavering commitment to excellence.

Just as ants transform their environment through tireless collaboration, we continue to evolve, turning natural resources into solutions that support industries and communities worldwide. Our expansion is driven by our inner strength-the power of many, amplified by the unity of many working as one.



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Scan this QR code to view this report online
<https://www.hayleysfibre.com/annual-reports/>

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Ten Year Summary



About the Report

This is the 4th consecutive Integrated Report published by Hayleys Fibre PLC (hereinafter referred to as “Hayleys Fibre” or “the Group”). The report covers the operations of Hayleys Fibre PLC (HFP) and its subsidiaries, Bonterra Limited (BL) and Creative Polymats (Pvt) Ltd (CPL) for the reporting period from 1st April 2024 to 31st March 2025.

While the scope and boundary remain largely consistent with the FY 2023/24 report, this year’s edition demonstrates the Group’s ongoing commitment to transparency by enhancing the depth and breadth of voluntary disclosures across both quantitative and qualitative performance dimensions.

There have been no restatements of previously reported sustainability information in this reporting period. All data and disclosures presented are consistent with prior periods, unless otherwise specified.

All previous reports including the most recent past report for FY 2023/24 are available for viewing and download under the investor relations tab on the corporate website - www.hayleysfibre.com

GRI 2-2, 2-3, 2-4

Scope and Boundary

Key Improvements in FY 2024/25 Report

Independent Assurance on GRI

The Hayleys Fibre Group has obtained independent assurance on its adherence to GRI Standards for the FY 2024/25, underscoring the commitment to transparency, accountability, and the continuous improvement of the quality of non-financial disclosures.

Refer page 217 of this annual report

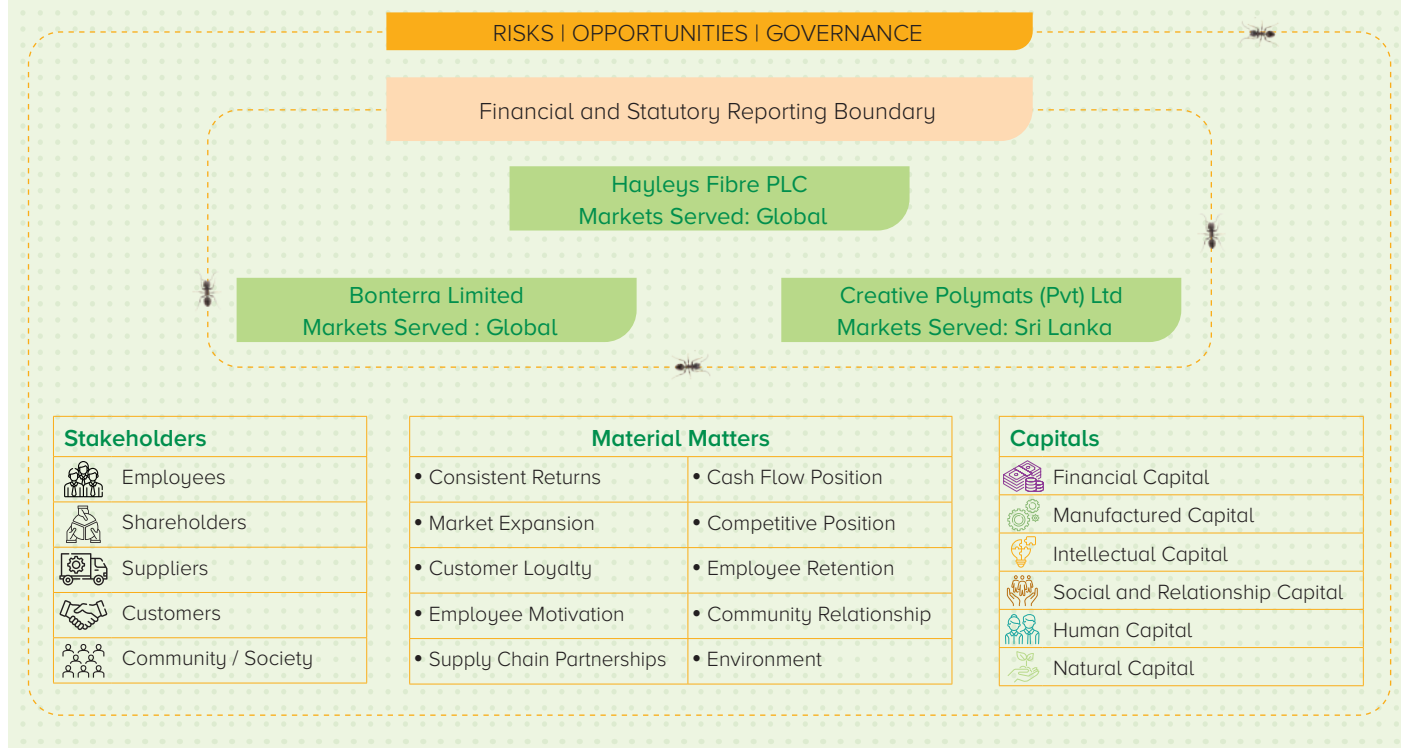
MATERIALITY

The content of this report is guided by the principle of materiality, ensuring that it focuses on the issues most relevant to Hayleys Fibre’s long-term value creation. These process for determining Material topics is, detailed on page 31 of this report

Hayleys Fibre PLC - Integrated Reporting Journey



Reporting Boundary for the FY 2024/25 Integrated Report



REPORTING FRAMEWORKS			
Financial Reporting	Governance and Risk Reporting	Integrated Reporting	Sustainability Reporting
<ul style="list-style-type: none"> The Companies Act No. 7 of 2007 Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 	<ul style="list-style-type: none"> The Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) The new Corporate Governance rules issued by the Colombo Stock Exchange (CSE) and Regulations of Securities and Exchange Commission (SEC) 	<ul style="list-style-type: none"> Integrated Reporting Framework <IR> by the International Integrated Reporting Council (IIRC) 	<ul style="list-style-type: none"> Global Reporting Initiative (GRI) Standards "In Accordance" (The GRI Content Index is on page 219) United Nations Sustainable Development Goals (SDGs) Sri Lanka Sustainability Disclosure Standards - IFRS/SLFRS S 1 and S 2

GRI 2-5

ASSURANCE

Assurance regarding this report is provided through a combination of internal and external sources, where the content included herein has been approved by the respective business heads and reviewed by the Corporate Management Team prior to submission to the Board of Directors for approval.

About the Report

The external Auditors - Messrs. Ernst & Young has conducted an independent review of Hayleys Fibre PLC Consolidated Financial Statements as at 31st March 2025. Their report is shown on page 155.

Independent assurance has also been obtained to verify the completeness and accuracy of the Group's adherence to the GRI standards for non-financial disclosures. This independent assurance report by Messrs. Ernst & Young is on pages 217 to 218.

GRI 2-3

FORWARD LOOKING STATEMENTS

This report contains forward-looking statements that reflect the strategic intentions, expectations, and projections of Hayleys Fibre PLC with respect to future operations, performance, and business plans. These statements are based on current assumptions and forecasts and are subject to risks, uncertainties, and changes in the external environment that may cause actual results to differ materially from those expressed or implied.

Disclaimer: Forward-looking statements are not guarantees of future performance. Hence, Hayleys Fibre PLC does not undertake any obligation to update or revise these statements in light of new information or future developments, except as required by law.

BOARD RESPONSIBILITY

The Board of Directors of Hayleys Fibre PLC assumes full responsibility for the integrity and accuracy of this Integrated Report. The Board confirms that, to the best of their knowledge and belief, the report presents a balanced, transparent, and comprehensive view of the Group's strategy, governance, performance, and value creation over the reporting period. Further, the Board has reviewed the reports provided by the independent assurance providers regarding the GRI Standards, and is satisfied that the information disclosed is an accurate representation of the Group's commitment to transparency and accountability.

The Board further confirms that there is no material restatement of information provided in earlier reports.

Signed for and on behalf of the Board,

FEEDBACK

In line with the commitment to continuously improve the quality of its reporting suite, Hayleys Fibre PLC encourages stakeholders to provide their feedback on this report or any other matters, to:

The Secretaries

Hayleys Group Services (Private) Limited
No. 400, Deans Road,
Colombo 10,
Sri Lanka.
Telephone : (94-11) 2627650
E-mail : info.sec@hayleys.com



Our Purpose, Vision, Mission and Values

Purpose

“To Inspire Innovative and Inclusive Eco-Friendly living”.

Vision

To be the leading provider of innovative, sustainable and environmental friendly products and solutions.

Mission

To be the globally preferred choice by delivering value to all stakeholders through a range of sustainable and environmental friendly products and solutions.

Hayleys 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! (Teamwork) - 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 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



Board of Directors



01 **A. M. Pandithage**

Chairman and Chief Executive

02 **H. S. R. Kariyawasan**

Deputy Chairman

03 **M. M. A. R. P. Goonetilleke**

Managing Director

04 **S. C. Ganegoda**

Non-Executive Director

05 **L. A. K. I. Kodytuakku**

Deputy Managing Director

06 **D. K. De Silva Wijeyeratne**

Independent Non-Executive Director



07 Dr. T. K. D. A. P. Samarasinghe

Independent Non-Executive
Director

08 L. Uralagamage

Executive Director

09 S. Amarasekera, PC

Independent Non-Executive
Director

10 M. J. S. Rajakariar

Independent Non-Executive
Director

11 Dr. N. S. J. Nawaratne

Non-Executive Director

Board of Directors

A. M. Pandithage Chairman and Chief Executive

Appointed to the Board
on 1st January 2007

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 Hayleys PLC, Haycarb PLC, Hayleys Fabric PLC, Singer (Sri Lanka) PLC, Dipped Products 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.

H. S. R. Kariyawasan Deputy Chairman

Appointed to the Board
on 16th May 2017

Skills and experience

With over 30 years of experience, Mr. Kariyawasan has expertise in manufacturing, engineering, strategic management, and international business. His leadership has driven operational excellence, sustainability, and global expansion at Haycarb.

Mr. Kariyawasan holds a BSc. in Engineering (Electronics & Telecommunications) from the University of Moratuwa. He is a Fellow Member of the Chartered Institute of Management Accountants, UK and holds a Six Sigma Black Belt, certified by the Motorola University, Malaysia.

Other appointments

He is a Member of the Board of Directors of Hayleys PLC and is the Deputy Chairman of Dipped Products PLC and Managing Director of Haycarb PLC. He is a lead Member of the Hayleys ESG Steering Committee and the Nominee Director of Hayleys PLC in Sri Lanka Institute of Nanotechnology (SLINTEC). Before joining Haycarb, held the position of Director/General Manager of Ansell Lanka (Pvt) Ltd. Served as the Chairman of the Manufacturing Association of Export Processing Zone, Biyagama.

M. M. A. R. P. Goonetilleke Managing Director

Appointed to the Board
on 15th September 2021

Skills and experience

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

Mr. Goonetilleke joined the Hayleys Group in September 2021 as a Group Management Committee Member and the Managing Director of Eco Solutions Sector.

Prior to joining the Hayleys Group he served Brandix as the CEO of Brandix Apparel Solutions – Deep Discounter, as the Supply Chain Director of Glaxo Smithkline – Sri Lanka and Country Head/ GM of MAS Fashionline in Vietnam.

S. C. Ganegoda

Non-Executive Director

Appointed to the Board
on 1st November 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

Executive Director of Hayleys PLC, Deputy Chairman of Alumex PLC, Non-Executive Director of Haycarb PLC, Hayleys Fabric PLC, Dipped Products 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.

L. A. K. I. Kodytuakku

Deputy Managing Director

Appointed to the Board
on 17th November 2017.

Skills and experience

Mr. Kodytuakku holds a Masters in Business Administration from Anglia Ruskin University, UK and Diploma in Manufacturing Management from University of Colombo.

He counts over two decades of management experience in multinational organisations Glaxo Smithkline Beecham, Ansell Lanka (Pvt) Ltd and Unilever Ceylon Ltd. Before joining the Hayleys Group, he held the position of Supply Chain Director of Glaxo Smithkline Beecham.

Mr. Kodytuakku joined the Hayleys Group in May 2017 as the Chief Executive Officer (CEO) of Ravi Industries. In addition to his appointment to the Board of Hayleys Fibre PLC, he was also appointed to the Board of Ravi Industries Ltd and Ravi Marketing Services (Pvt) Ltd as an Executive Director in November 2017. Mr. Kodytuakku, was appointed as the Chief Operations Officer (COO) of Eco Solutions Sector of Hayleys PLC in April 2019 and as the Deputy Managing Director in 2021.

D. K. De Silva Wijeyeratne

Independent Non-Executive Director

Appointed to the Board
on 1st April 2018.

Skills and experience

Mr. Wijeyeratne is an Associate Member of The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), Fellow Member of the Chartered Institute of Management Accountants, UK (FCMA) and a Graduate Member of the Australian Institute of Company Directors (GAICD).

He moved as a finance professional to Price Waterhouse, Bahrain, and has extensive experience in audit and advisory services. Commenced a banking career at HSBC Bank Middle East, as Head of Finance and Operations and latterly, was Head of Global Markets and Treasury for the group offices of HSBC Group in the Kingdom of Bahrain.

As a Member of the Senior Management team of HSBC, Mr. Wijeyeratne was responsible for Corporate Treasury, Sales and Asset and Liability Management (ALCO) for three legal entities of the HSBC Group operating in Bahrain. In 2010, he joined Third Wave International WLL (TWI) as an equity partner and CEO and embraced entrepreneurship. He led a team of consultants and extended consultancy offerings in Financial Advisory, Human Resources, Marketing, Project and Quality Management, Research and Learning and Development to the private and public sector entities in Bahrain and Oman.

Other appointments

Mr. Wijeyeratne serves as an Independent Non-Executive Director of Singer (Sri Lanka) PLC, Sampath Bank PLC and Janashakthi Life Insurance PLC.

Board of Directors

Dr. T. K. D. A. P. Samarasinghe Independent Non-Executive Director

Appointed to the Board
on 1st September 2017.

Skills and experience

Dr. Samarasinghe obtained his Doctorate in Telecommunications from the world-ranked research University, the Australian National University, Canberra, Australia. He holds a B.Sc. (Eng) Degree in Electronics and Telecommunications with First Class Honors and an M.Sc. in Engineering, both from the University of Moratuwa, Sri Lanka. A Member of the IEEE (Institute of Electrical and Electronics Engineers) and the IET (Institute of Engineering and Technology), he also has a Licentiate (Part I and II) from the Institute of Chartered Accountants of Sri Lanka with the island's best results in Financial Accounting, Business Mathematics, Statistics, and Data Processing.

In the past, Dr. Samarasinghe held the posts of Chief Operating Officer at Sri Lanka Insurance and, Head of Information Technology at Commercial Bank of Ceylon PLC.

Other appointments

Dr. Samarasinghe is the Managing Director of Lanka Bell Ltd. In addition, he holds the position of Managing Director of Bell Solutions (Pvt) Ltd & Bell Vantage (Pvt) Ltd, Director of Hatton National Bank PLC, HNB Finance PLC and Chemanex PLC.

L. Uralagamage Executive Director

Appointed to the Board
on 1st June 2021.

Skills and experience

Mr. Uralagamage is currently the Director/ General Manager (Head of Manufacturing) at Chas P. Hayley & Company (Pvt) Ltd in the Eco Solutions Sector, with over 39 years of experience in fibre and brushware related products. He received the Hayleys Chairman's Award in 2017 for introducing a new type of fibre (Fibre 40) to the industry and in 2023 for innovating 4ply machine and 4ply twine . He invented several machineries that contributed towards the betterment of the Hayleys Fibre Sector. He also received a scholarship from HIDA – Japan (The Overseas Human Resources and Industry Development Association) for Quality Management.

S. Amarasekera, PC Independent Non-Executive Director

Appointed to the Board
on 3rd January 2024.

Skills and experience

Mrs. Amarasekera PC, Attorney-at-Law, counts over 35 years in active legal practice mainly in Civil Law practicing in the Original, Appellate and the Supreme Court and was appointed a President's Counsel in the year 2018. Her extensive knowledge and practice center around the areas of Property Law, Family Law, Testamentary Law, Trust and Condominium Law. In addition, she has a wide exposure and practice in handling litigation on behalf of Finance Companies, Banks, etc., in respect of money recovery cases. She has also participated in many arbitrations both local and international, as a Counsel as well as an Arbitrator.

She holds a degree in Master-of-Laws (LLM) from the University of Pennsylvania with particular emphasis on Insurance Law and the law of Defamation and Privacy. She served as a Non-Independent, Non-Executive Director on the Board of Sampath Bank PLC and was thereafter appointed as its Deputy Chairperson and served as such until her retirement from Sampath Bank PLC in June 2020.

Other appointments

Mrs Saumya Amarasekera is currently serving as an Independent Non-Executive Director on the Board of WindForce PLC and Kelani Valley Plantations PLC.

M. J. S. Rajakariar

Independent Non-Executive Director

Appointed to the Board
on 3rd January 2024.

Skills and experience

Mr. Rajakariar is a highly experienced finance professional with a career spanning over 35 years. Until June 2024, he served as the Chief Financial Officer at South Asia Gateway Terminals (SAGT), where he was a key member of the executive committee and senior management team. Prior to this, he held senior leadership roles at John Keells Holdings PLC (JKH), including Executive Vice President and Group Financial Controller. His tenure at JKH, which began in 1996, saw him serve as the Sector Financial Controller for the Tea Broking and Plantations Sector, CEO of the Shared Services arm, and later, Group Financial Controller before joining SAGT in 2018.

Mr. Rajakariar also gained valuable experience in audit assurance, risk, and compliance through his work with Coopers and Lybrand (PWC) in Sri Lanka and Malawi. He is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants (UK), and the Institute of Certified Management Accountants of Sri Lanka, underscoring his strong expertise in finance and governance.

In addition to his corporate career, he is actively involved in professional and community initiatives, serving on the Ethics Committee of CA Sri Lanka and in Finance committee of Sri Lanka Cancer Society.

Other appointments

He also contributes his expertise as an Independent Non-Executive Director at Alumex PLC, Asset Line Finance Limited, Digital Mobility Solutions Lanka PLC (Pick-Me), Elpitiya Plantations PLC, and Access Engineering PLC.

Dr. N. S. J. Nawaratne

Non-Executive Director

Appointed to the Board
on 3rd January 2024.

Skills and experience

Dr. Nawaratne, obtained his first degree in B.Sc. (Business Management) from Sri Jayawardenapura University, his Diploma in Business Management from PIM, MA in Economics, Kagawa University, Japan and PhD in Management, at Keio University, Tokyo, which is considered as one of the prestigious universities in Japan. He is a visiting faculty member of MBA/ MSc programs of University of Colombo, USJ, UOM, SLIIT and NIBM and NSBM. Since August 2023 he holds the position of Director – Finance at Associated Newspaper Co. Ltd.

Dr. Nawaratne worked as the Director General of National Institute of Education (NIE) at Maharagama from 2020-2023.

He has served as the Secretary of the Ministry of Higher Education, Ministry of Poverty Alleviation, Rural Development, Parliamentary Affairs and Up- Country Development as well as the Chairman and Director General of National Youth Services Council, Director General of Sri Lanka Samurdhi Development Authority and the Chairman of Road Development Authority and Sri Lanka Fertilizer Company.

Other appointments

He has served on the Boards of Hayleys Fabric PLC, Pan Asia Bank PLC, Sri Lanka Institute of Information Technology (SLIIT), The Video Team (Pvt) Ltd (TVT), Business School of CA Sri Lanka and Outstanding Song Creators Association (OSCA). He was the Director, Human Capital Development and Director, Training & Development of Cargills Ceylon PLC. He was also the Competent Authority (CA) of the Institute of Technology, University of Moratuwa (ITUM) until he joined the NIE as the Director General.

Management Committee



H. S. R. Kariyawasan
Deputy Chairman



M. M. A. R. P. Goonetilleke
Managing Director



L. A. K. I. Kodytuakku
Deputy Managing Director



K. A. Karunarathna
Chief Financial Officer



G. S. De Silva
Head of Human Resources & Administration



L. Uralagamage
Executive Director



Duminda Gunawardana
Chief Executive Officer, Brushware

Historical Milestones

2024

- Acquisition of Nikaweratiya land
- Crossed Rs. 5 Billion in turnover
- Hayleys Fibre PLC won the "Silver Award" at the 58th Annual Report Awards (TAGS) conducted by CA Sri Lanka

2025

- Commenced backward integration project at Nikaweratiya
- Hayleys Fibre PLC won the "Silver Award" at the 59th Annual Report Awards (TAGS) conducted by CA Sri Lanka
- Hayleys Fibre PLC and Bonterra Limited won Presidential Export Awards for the best exporter

2023

- Crossed Rs. 4 Billion in turnover and reported a profit before tax of Rs. 465 million

2021

- Ordinary shares of the Company was sub-divided 01 : 03
- Hayleys Fibre PLC won the "Bronze Award" at the 56th Annual Report Awards conducted by CA Sri Lanka

2022

- Recorded highest Dividend per share
- Acquisition of Bingiriya property

2020

- Implemented SAP S/4 HANA System
- Capacity enhancement by 50% in Bonterra Ltd

2019

- Invested 74% stake in Creative Polymats (Pvt) Ltd

2018

- Invested in Backward Integration Projects at Madampe
- Commenced trading business by Bonterra Ltd

Our Product Portfolio

Growing Media



Use of coir pith and coconut husk chips as soil substrate for cultivation; Coir Fibre Pith, Husk Chips, Chopped Fibre, Grow Blocks, Grow Bales and Grow Bags.

Industrial Fibre



Coir Twine, Coir Twisted Fibre and Fibre in raw form

Erosion Control



Erosion control solutions; Coir Stitched Blankets, Jute Soil Savers, Jute Leno Weave Nets, Steel Sod Staples

Mattresses



Polyurethane Mattresses, Pillows and Cushions



Adapting to Challenges

Navigating obstacles with agility and determination is our forte. Through resilience and strategic thinking we turn challenges into opportunities for growth.

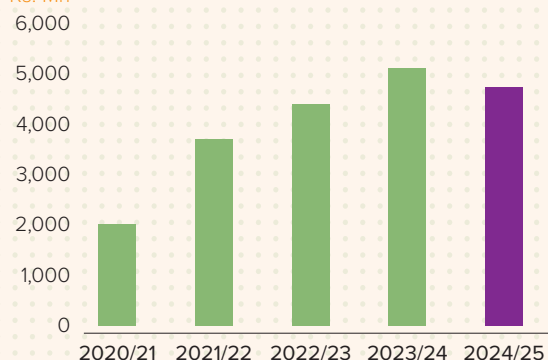
Financial Highlights

	2024/2025 Rs. Mn	2023/2024 Rs. Mn	Change %
FINANCIAL HIGHLIGHTS			
Revenue	4,751	5,125	-7%
Profit before tax	39	133	-71%
Tax	(5)	(74)	-93%
Profit after tax	34	58	-41%
Total assets	4,041	3,967	2%
Total debt	1,592	1,389	15%
Equity attributable to equity holders of the Group	1,365	1,397	-2%
Total equity	1,645	1,664	-1%
PROFITABILITY RATIOS (%)			
Gross profit margin	11.4%	13.3%	-14%
Net profit margin	0.7%	1.1%	-37%
Return on assets	0.8%	1.5%	-42%
Return on equity	2.1%	3.5%	-41%
LIQUIDITY RATIOS			
Working capital	244	966	-75%
Current ratio (times)	1.11	1.51	-27%
Quick assets ratio (times)	0.79	1.11	-29%
EQUITY RATIOS			
Net assets value per share (Rs.)	56.89	58.21	-2%
Earnings per share (Rs.)	(1.78)	(1.05)	69%
Highest market price per share (Rs.)	60.00	66.00	-9%
Lowest market price per share (Rs.)	45.00	48.00	-6%
Market price as at end of the financial year (Rs.)	46.10	52.10	-12%
DEBT RATIOS			
Debt to equity	97%	83%	17%
Interest cover (times)	1.2	1.7	-28%
Assets to equity ratio	246%	238%	3%

Highlights of the Year

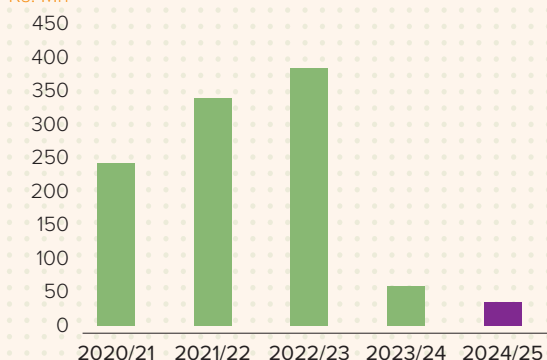
Revenue

Rs. Mn



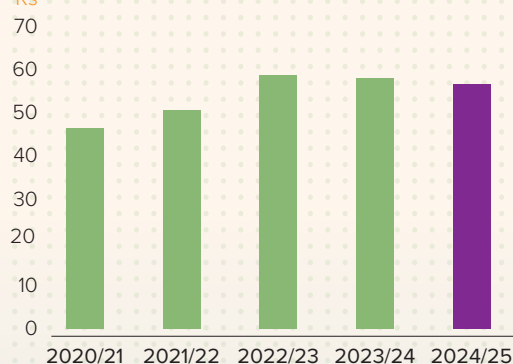
PAT

Rs. Mn



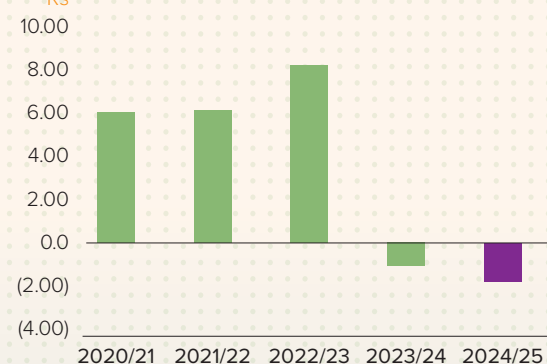
Net Asset per Share

Rs

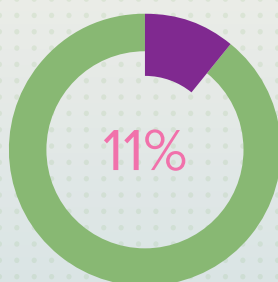


EPS

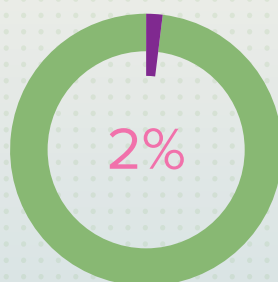
Rs



Gross Profit Margin



Operating Profit Margin (EBIT)



34
Profit After Tax
(Rs. Mn)



4,751
Revenue
(Rs. Mn)



4,041
Total Assets
(Rs. Mn)



39
Profit Before Tax
(Rs. Mn)

Statement of Value Added

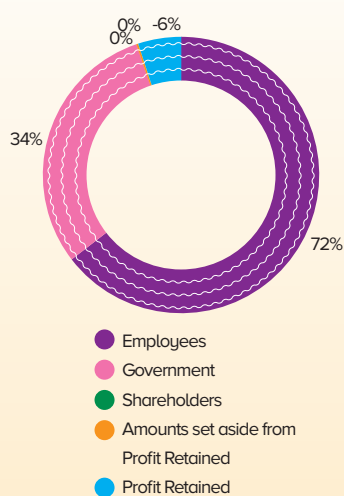
GRI 201-1

For the year ended 31 March	Group				Company			
	2025		2024		2025		2024	
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
Revenue	4,750,742		5,125,081		2,280,591		2,826,346	
Other income	14,797		3,998		21,455		9,931	
	4,765,539		5,129,079		2,302,046		2,836,277	
Less: Cost of materials and other costs	(4,164,502)		(4,481,950)		(2,121,182)		(2,566,518)	
	601,037		647,129		180,864		269,759	

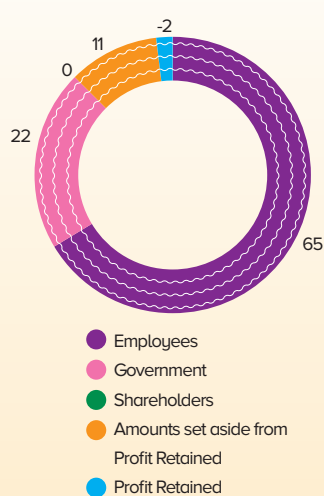
Distribution of value added

Employees	431,222	72	445,046	69	257,336	142	279,517	104
Government	201,920	34	142,207	22	8,947	5	38,567	14
Shareholders	-	-	-	-	-	-	-	-
Amounts set-aside for provisions	1,457	0	71,169	11	(34,539)	(19)	13,496	5
Profit retained	(33,562)	(6)	(11,293)	(2)	(50,880)	(28)	(61,821)	(23)
	601,037	100	647,129	100	180,864	100	269,759	100

GROUP VALUE DISTRIBUTION
IN 2024/25



GROUP VALUE DISTRIBUTION
IN 2023-24



Awards and Accolades



Presidential Export Awards 2024 – Best Exporter in the Coir Fibre Sector
Bonterra Limited was honoured with the Presidential Export Award - Sri Lanka's highest recognition for export excellence, under the Coir Fibre sector category.



Presidential Export Awards 2024 - Coconut Substrate Category
Hayleys Fibre was honoured at the highly esteemed 26th Presidential Export Awards, securing both coconut coir-based product awards.



Silver Award at the 59th CA Sri Lanka (TAGS) Annual Report Awards

Hayleys Fibre PLC clinched the Silver Award in the Manufacturing Sector - Revenue up to LKR 20 Billion category at the 59th CA Sri Lanka Annual Report Awards. This award recognises the Group's dedication to transparency, accountability, and excellence in financial reporting.



NCE Export Awards 2024 – Silver Award Winner

Bonterra was recognised with the Silver Award at the 2024 NCE Export Awards, organised by the National Chamber of Exporters of Sri Lanka.



NCE Export Awards 2024 – Merit Award Winner

Hayleys Fibre was recognised with a Merit Award at the prestigious NCE Export Awards, acknowledging the Company's consistent export performance, innovation, and contributions to the Sri Lankan export sector.

Joint Statement by the Chairman and Managing Director

GRI 2-22

“It is with immense pride that we share the national accolades earned during the year in recognition of our relentless pursuit of excellence, innovation, and sustainability as well as our dedication to promote Sri Lankan coir based products.”



We are pleased to present to you the 39th Annual Report and Financial Statements for Hayleys Fibre PLC for the year ending 31st March 2025. While undoubtedly a challenging year, the period under review also presented significant opportunities for long-term growth. Against this backdrop, we remained steadfast in our purpose to deliver sustainable, long-term growth.

Managing Challenges and Opportunities

The financial year 2024/25 continued to reflect the residual turbulence of the previous year, setting the tone for the year. Drawing on the learnings and foresight from past experiences, we entered this year with tempered expectations.

The global economy expanded by 3.3% in 2024. However, the proposed tariffs announced by the United States in March 2025 dampened the outlook for 2025. Reflecting these emerging headwinds, the IMF, in its latest Global Economic Outlook, revised its global growth projection downward to 2.8% for 2025. Inflation, although off its peak, remained elevated, while global geopolitical disruptions impacted shipping routes and prolonged sailing times by three to four weeks, in turn increasing freight costs, particularly for coir-based products routed to Europe.

Despite these headwinds, we moved quickly to seize potential opportunities to make good headway in our global market expansion strategy. Seeing our products gaining traction in global markets, we remained focused on sustaining long-term competitiveness and targeting mainly medium to larger scale customers that prioritise reliability, quality, and corporate credibility. In our traditional markets, we focused on deepening ties with existing customers alongside broad-based efforts to drive new customer acquisition. Further having observed that non-traditional and emerging markets in the CIS region appear to be converting to organic growing media, our teams actively participated in international exhibitions with a view to tapping into these emerging market opportunities. Simultaneously, we also accelerated our digital marketing efforts to enhance visibility and engagement across key geographies.

Amidst our aggressive push to expand export markets, we had to contend with appreciation of the Sri Lankan Rupee against the US Dollar. Although the currency's recovery reversed the steep depreciation experienced in the prior year it posed considerable headwinds for export-driven businesses. For export-oriented companies, increased volatility of exchange rates undermines pricing strategies, complicates margin management, and erodes competitiveness in global markets.

Supply side pressures also remained elevated in the current year, influenced by weather related disruptions. With rainfall patterns demonstrating significant variability in recent years, we experienced continuous rain for much of the year, which severely impacted raw material availability and in turn led to a surge in the cost of raw materials.

Eager to restore supply chain security and build resilience we initiated a large-scale backward integration project in the current year. At a cost of approximately Rs. 600 million the initiative has the capacity to meet around 35% of the raw material requirements of Hayleys Fibre Group, greatly reducing

the dependence on external supply chains. By enabling greater control over the supply chain, the project has also enabled us to maintain consistent product quality, drive cost efficiencies and improve operational productivity.

Performance of Group Companies

The Group's performance in the current year reflected the external pressures on competitiveness, profitability, and margins. While all entities recorded progress in strategic initiatives and market development, the economic realities impacted topline and bottom-line performance across several business units.

Hayleys Fibre PLC (HFP)

Hayleys Fibre PLC faced acute pressure during the year as a result of the sharp appreciation of the Sri Lankan Rupee. These were further exacerbated by persistent cost escalations arising from supply-side disruptions. Given that we operate within a highly price-sensitive market segment, there is limited space to pass on cost increases to customers, thereby impacting profitability margins. Our aggressive market development efforts and strategic market diversification initiatives helped mitigate part of the impact. More importantly, the successful rollout of our backward integration initiative during the year has proven to be a critical strategic lever in strengthening supply chain resilience, reducing cost pressures, and enabling greater control over quality and sustainability in production.

Hayleys Fibre PLC reported revenue of Rs. 2.28 billion for FY 2024/25, a year-on-year decline from Rs. 2.83 billion, driven primarily by the appreciation of the Sri Lankan Rupee, alongside persistent supply-side disruptions. Despite these pressures, the Company succeeded in narrowing its net loss to Rs. 60.16 million from Rs. 69.79 million in the previous year owing to stringent internal cost containment measures as well as the lower fuel and energy costs on the back of the favourable impact of the LKR appreciation against the USD. This improvement, although modest, signals early gains from key strategic initiatives, including improved cost efficiencies attributed to the backward integration project implemented in the current year.

Bonterra Limited (BL)

Bonterra Limited continued to be a standout performer in the current year. As a specialist in manufacturing and exporting natural fibre based erosion control products and solutions supplying to 75+ countries worldwide, Bonterra commands 80% market share in erosion control blankets exports from Sri Lanka. In the current year, Bonterra continued its expansion into new markets making inroads into several regions in South America and Africa.

Buttressed by continued emphasis on strengthening Bonterra's positioning in specialised product markets, the Company delivered a strong performance in FY 2024/25, with revenue of Rs. 1.70 billion, denoting a robust increase of 18.8% from Rs. 1.43 billion reported in the previous year. Net Profit After Tax grew to Rs. 150.99 million, up 6.7% from Rs. 141.45 million in the previous year.

Creative Polymats (Pvt) Ltd (CPL)

CPL caters primarily to the local market with PU mattresses and affordable bedding solutions. Market competition was intense, and frequent re-pricing was necessary to sustain volumes, while strategic alignment with Singer Sri Lanka, to supply PU components for furniture manufacturing also contributed to CPL's

“In the current year, we initiated a large-scale backward integration project at a cost of approximately Rs. 600 million and this initiative has the capacity to meet around 35% of the raw material requirements of Hayleys Fibre Group.”



Joint Statement by the Chairman and Managing Director

sales momentum which saw the segment recording strong rebound in the final quarter of the year

Overall, CPL registered revenue of Rs. 796.16 million, a 11.4% decline compared to Rs. 898.10 million in FY 2023/24. The cascading effect was evident in the Company's Net Profit After Tax which dropped sharply by 83.5% to Rs. 8.41 million, from Rs. 51.02 million in the previous year.

Hayleys Fibre PLC Group Performance

In FY 2024/25, the Hayleys Fibre Group recorded a revenue of Rs. 4.75 billion, a 7.4% contraction compared to the previous year's Rs. 5.13 billion, reflecting the adverse impact of Rupee appreciation, and persistent supply-side cost pressures, faced by export segments and the competitive pressures impacting the local market product range.

Consequently, Profit Before Tax dropped sharply by 70.3% to Rs. 39.35 million, down from Rs. 132.58 million in FY 2023/24. Consequently, the Group's tax liability also declined to Rs. 4.95 million in the current year compared to Rs. 74.12 million the year before, while Net Profit After Tax contracted by 41.2% to Rs. 34.40 million in FY 2024/25 from Rs. 58.45 million in FY 2023/24.

On the balance sheet, total assets reported a modest increase from Rs. 3,967 million at the end of the previous year to Rs. 4,041 million in FY 2024/25, the result of investments in backward integration. Meanwhile, equity dipped slightly to Rs. 1,645 million from Rs. 1,664 million, consistent with the weaker profitability.

Staying at the Forefront of Sustainability

This year marked a new chapter in our sustainability journey, as we transitioned from planning to purposeful action in the implementation of "Entwine" our ESG roadmap. Launched in the latter part of the previous financial year, "Entwine" reflects our collective ambition to integrate environmental stewardship, social impact, and good governance

as an essential layer of our day to day operations. In line with the roll out of "Entwine" in the current year, we focused on assigning sustainability champions and empowering them to take ownership of their contributions to ensure ESG becomes a lived practice rather than a mere organisational mandate.

We also introduced "Shilpa Sathkara", a unified platform that brings together all our education-focused initiatives under one banner. From the Mahiyanganaya project and book donations in Pallai to environmental education for school children, this initiative aims to create lasting impact by supporting learning and awareness at the grassroots level.

Recognising that our people are at the heart of our success, we made deliberate investments in their development during the year. We continued to invest in building a high-performing, future-ready workforce. Across the Group, we strengthened our teams, particularly at the front end by attracting experienced talent from outside the organisation to boost overall competency and drive performance. These efforts were complemented by structured, job-specific training and development programmes at the factory level, ensuring that teams on the ground are well-equipped for their roles through clearly defined training pathways.

Our marketing and business development teams continued to benefit through on-the-job learning, especially through active participation in international exhibitions, customer visits, and direct market exposure experiences that not only sharpen market insights but also foster professional growth.

SLFRS S1 & S2 Adoption

Having voluntarily adopted SLFRS S1 and S2 in the previous year, we further improved our disclosures during the year..

This year, aligned with the approach of Hayleys PLC we further deepened our understanding of how both direct

and cascading environmental impacts could affect our industry and operations. Building on this foundation, we advanced toward improving our scope of study of these risks, an essential step in embedding sustainability into the heart of our strategy.

This will enhance our risk management capabilities, thereby laying the groundwork for a more resilient and future-ready business model.

Awards and Accolades

It is with immense pride that we share the national accolades earned during the year in recognition of our relentless pursuit of excellence, innovation, and sustainability as well as our dedication to promote Sri Lankan coir based products. At the 26th Presidential Export Awards 2024, Hayleys Fibre was named the Best Exporter in the Coconut Substrate Category, while Bonterra Limited was honoured as the Best Exporter in the Coir Fibre Sector, a testament to our leadership in value-added coir-based exports. Both companies also gained recognition at the 2024 National Chamber of Exporters (NCE) Awards, with Hayleys Fibre receiving a Merit Award and Bonterra securing the Silver Award, a nod to our consistent performance and contribution to Sri Lanka's export economy.

We are pleased to note our commitment to transparency and best-in-class reporting practices was recognised at the 59th CA Sri Lanka Annual Report Awards, with the Hayleys Fibre PLC Integrated Annual Report for FY 2023/24 clinching the Silver Award in the Manufacturing Sector (Revenue up to Rs. 20 Billion).

These awards and achievements not only elevate our standing within the industry but also reflect the strength of our people, the trust of our partners, and the impact of our purpose-driven strategy.

Governance and Stewardship

We are pleased to report that Hayleys Fibre Group governance framework continues to function with rigour and

discipline, providing a strong foundation for executing our Group strategy and navigating the challenges of a dynamic operating environment. Throughout the year, the Board remained steadfast in upholding its commitment to the highest standards of transparency, ethics, and regulatory compliance.

In line with this commitment, we placed strong emphasis on aligning our governance practices with the new Corporate Governance Rules issued by the Colombo Stock Exchange in 2024. The Board, working closely with its Sub Committees, undertook a thorough review of the new requirements and moved swiftly to disseminate the updates across the organisation. Where feasible, we took proactive steps to implement the new mandates well ahead of the stipulated timelines, reflecting our ongoing dedication to principled leadership and forward-looking governance.

Meanwhile Mr. M. C. Sampath who served on the Hayleys Fibre PLC Board in the capacity of Chief Financial Officer/ Executive Director, resigned with effect from 20th February 2025.

We would like to take this opportunity to extend our sincere appreciation to Mr. M. C. Sampath for the wealth of expertise he has brought to the Hayleys Fibre PLC Board which has been instrumental in guiding the Group's strategic direction over the years.

Outlook and Prospects

Looking ahead, we anticipate greater macroeconomic stability with improving operating conditions and stability of exchange rates expected to provide tailwinds for export sectors.

However, raw material supply remains a key concern, with limited availability driving up prices. Our investments in backward integration are therefore more critical than ever.

There is also uncertainty surrounding adverse US tariff. As a Group, we will

continue to proactively adapt to trade dynamics, while deepening customer relationships and diversifying our market portfolio to manage risks.

Against this backdrop, the Hayleys Fibre Group will focus on reorienting its upstream, midstream, and downstream capabilities to stay ahead of the curve. On the downstream front, we will focus on strategic market expansion, led by targeted market development initiatives aimed at reinforcing our presence in existing strongholds. In particular, we expect to intensify customer engagement and enhance product differentiation to position our portfolio to meet evolving global demands. We are especially excited about the opportunities presented by our recent new customer acquisitions. The strategy here is clear - to build strong, enduring relationships with large, strategic customers, and to position our product portfolio as a sustainable, value-added alternative in these mature markets.

Simultaneously we hope to accelerate new market penetration activities supported by strategic on-ground partnerships and customer-focused innovation. Being part of the Hayleys Group gives us a platform to access international markets and we intend to fully leverage this.

At the same time, we will continue to invest in operational excellence to improve agility, and efficiency across midstream operations. At the heart of our approach to operational efficiency lies a sharper focus on mechanisation, automation, and asset rationalisation to improve efficiencies, drive down costs, and elevate product quality. Equally importantly, we will aim to further enhance our supply chain networks to secure upstream scalability.

These efforts will be underpinned by continued investment in people, a firm commitment to ESG values, and a culture of innovation and sustainability. We expect our commitment to "Entwine" will serve as a key catalyst in embedding

environmental stewardship, social responsibility, and strong governance practices across all facets of our operations, ensuring that we continue to grow and do so more responsibly.

Appreciations

As we conclude this year of resilience and learning, we would like to take a moment to extend our heartfelt gratitude to all those who stood with us. To our fellow members of the Board, thank you for your invaluable guidance, steadfast support, and unwavering commitment that have been instrumental in navigating the complexities of this period.

On behalf of the Board, we also wish to express our deep appreciation to our management team for their strong and focused leadership in advancing our strategic priorities, and to every member of our staff for their dedication, perseverance, and enduring contributions over the year.

To our valued customers, suppliers, business partners, shareholders, and all other stakeholders, we are truly grateful for your continued trust and confidence. Your belief in our mission inspires us as we look to the future with optimism and determination. Together, we look forward to exploring new opportunities, expanding our impact, and building a more resilient and sustainable tomorrow.

Sincerely,



Mohan Pandithage
Chairman



Rajeeve Goonetilleke
Managing Director

7th May 2025

Business Model

INPUT



Financial Capital

Equity Capital - Rs. 1,645 million
Debt Capital - Rs. 1,592 million
Investor Capital - Rs. 80 million



Manufactured Capital

Total Investment in Property, Plant and Equipment - Rs. 259 million
Hayleys Fibre PLC Plant - Kuliapitiya
Hayleys Fibre PLC Plant - Bingiriya
Hayleys Fibre PLC Plant - Madampe
Hayleys Fibre PLC Plant - Nikaweratiya
Bonterra Ltd Plant - Kuliapitiya
Creative Polymats (Pvt) Ltd Plant - Dankotuwa



Intellectual Capital

Brand Reputation
Standards and Certifications
AQL 2.5 Quality Inspection Guidelines
ISO 9001:2015 Total Quality Management Standard
SLS 1335:2008 Sri Lanka Standard
Specification for Polyurethane Foam Mattresses
Team Expertise
Research and Development



Social and Relationship Capital

Product Responsibility
Customer Relationship Management
Supply Chain Management
Supplier Development
Community Welfare



Human Capital

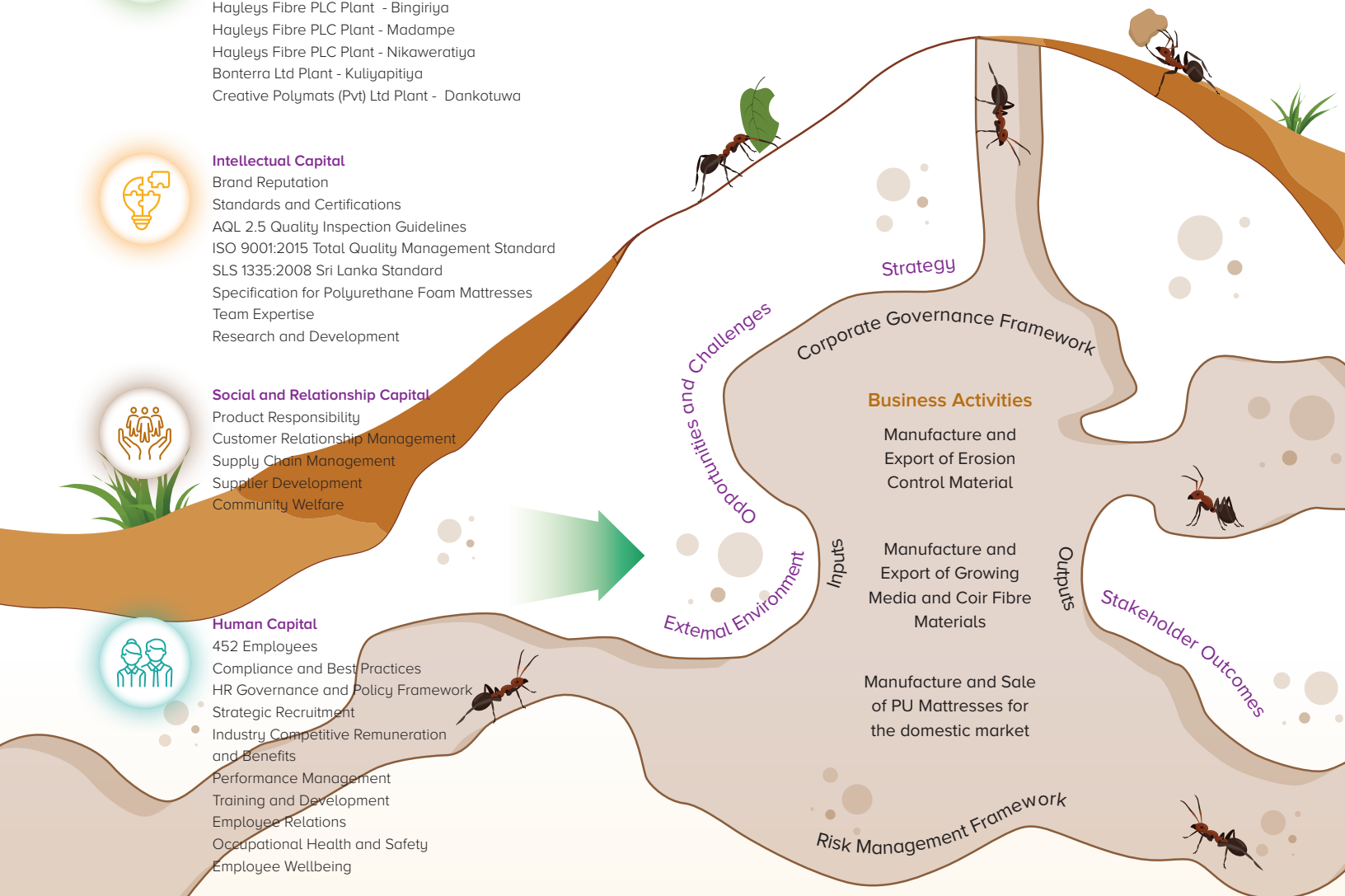
452 Employees
Compliance and Best Practices
HR Governance and Policy Framework
Strategic Recruitment
Industry Competitive Remuneration and Benefits
Performance Management
Training and Development
Employee Relations
Occupational Health and Safety
Employee Wellbeing



Natural Capital

Waste Management
Energy and Emission Management
Managing Water Resources
Training and Awareness
Environmental Projects

Our Purpose, Vision, Mission and Values



OUTPUTS FOR HFP GROUP

Asset Turnover Ratio
1.2 times

Minimised customer
complaints

Capacity utilisation
HFP 60%
BL 73%
CPL 48%

Improved industry
standards

1,761 coir fibre export
volumes (TEUs)

Competitive edge
through innovation

04 new markets
reached

Improve reliability of
the supply chain

STAKEHOLDER OUTCOMES

**Shareholders**

ROE - 2% (4% - FY 2023/24)

Maintaining healthy net assets per share

**Customers**

Assurance of guaranteed high
quality products

Product customisation

Access to the latest
innovations

100% customer satisfaction

Minimised defects

**Employees**

Monetary Benefits Distributed - Rs. 431
million (Rs. 445 million - 2023/24)

Ratio of entry level wage between men and
women 1:1

Incidents of discrimination - None

71 job opportunities created through recruitments

10 employees were promoted

661 skill training hours,

513 hours of safety training

**Suppliers**

Consistent relationship with suppliers

Amount paid to suppliers - Rs. 2,391 million
(Rs. 2,238 million - 2023/24)

**Community/Society**

Supported for the rural education system

802 MT's of waste recycled

28% reduction of Scope 1 & 2 Combined
emissions

Managing water consumption

Launch of a new
branded line of
growing media under
the "Haygreen" label

Enhanced
operational
efficiency

Strong communities

Higher employee
productivity

Commitment to ESG
and Sustainable
Business

Minimised
lost days

Stakeholder Engagement

GRI 2-29

Stakeholders are central to our enduring success and global reputation. Every product we create, every market we serve, and every milestone we achieve is a result of the trust, support, and engagement of our stakeholders. By continuing to nurture these relationships, we not only uphold the Group's legacy but also position ourselves to lead the natural fibre industry into a more sustainable and innovative future.

Shareholders provide the vision and resources that empower us to pursue strategic growth and technological advancement. Their confidence in our

leadership and performance supports long-term sustainability and competitive strength.

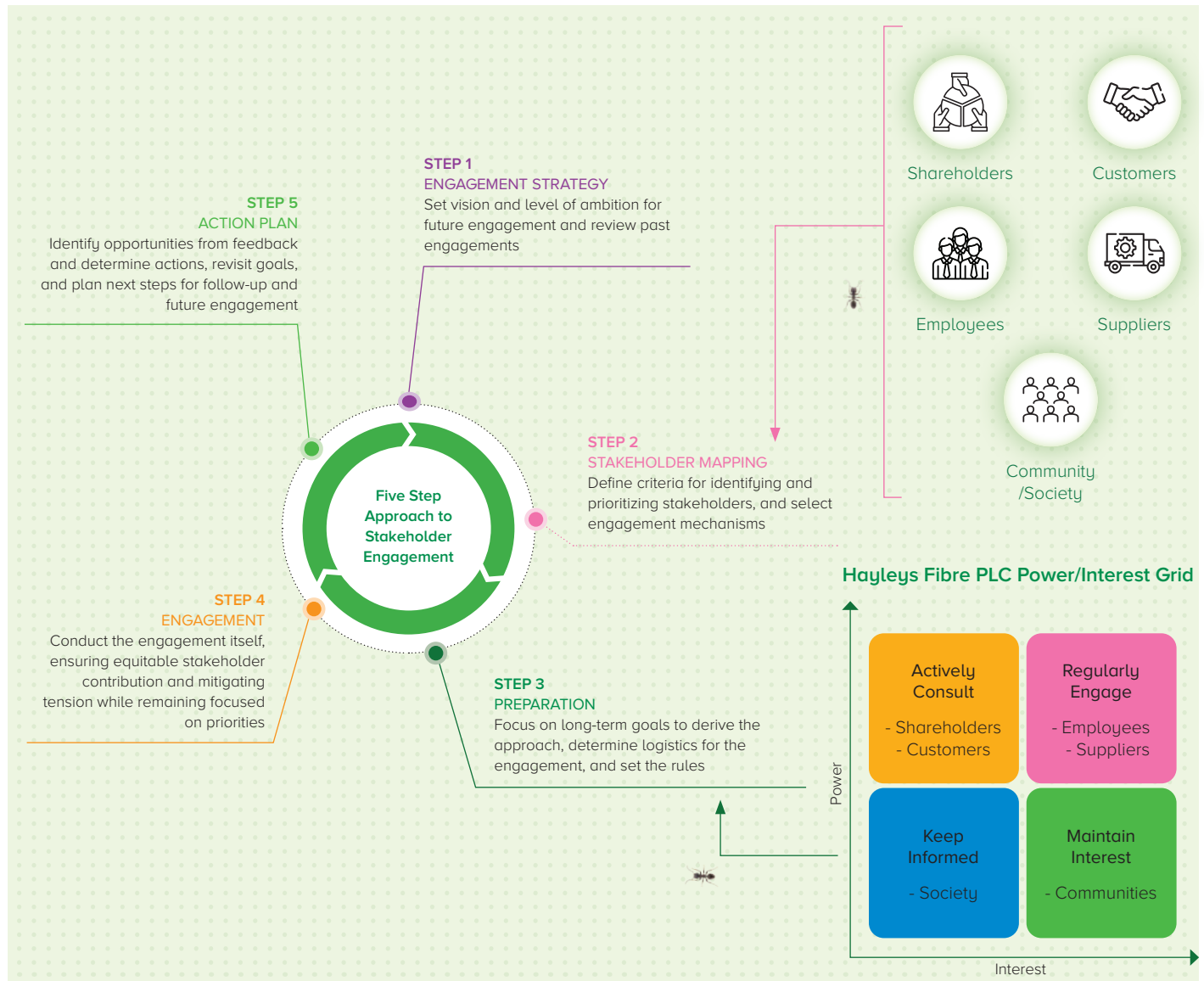
Employees, across our facilities and teams, are the driving force behind our innovation and operational excellence. Their dedication, creativity and skill allow us to continuously evolve, develop eco-friendly alternatives and meet the changing demands of international markets.

Customers inspire our relentless focus on quality. Their expectations challenge us to maintain the highest production standards and exceed performance benchmarks,

while their loyalty affirms our reputation as a trusted partner in global markets.

Suppliers enable our promise of reliability. Their collaboration ensures ethical sourcing, timely delivery, and supply chain resilience, all essential qualities in maintaining strong, consistent relationships with stakeholders around the world.

Communities guide our responsibility to operate ethically and sustainably. Their perspectives shape our environmental and social practices, ensuring we remain accountable, transparent, and committed to the greater good.



The Group employs the Power/Interest Matrix as a strategic tool to enhance stakeholder engagement by applying differentiated engagement approaches based on each stakeholder's level of influence and interest. Stakeholders positioned in the high power and high interest quadrant are engaged through active collaboration and regular, transparent communication to ensure their expectations are effectively managed. In contrast, those with lower power and interest are engaged with a more limited approach, appropriate to their level of impact. This method allows the Group to prioritise resources, reduce potential risks, and cultivate constructive stakeholder relationships that support long-term value creation.

Stakeholder Group	Medium and Frequency of Engagement	Responsible Authorities	Key concerns raised	Our Response	Material Matters	SDGs
Shareholders Strength of the relationship - Strong	<ul style="list-style-type: none"> Annual General Meeting Annual Report Extraordinary General Meetings (as needed) Interim Financial Statements (quarterly) CSE Announcements (as needed) Press Conferences / Press Releases (as needed) Corporate Website (continuous and ongoing) Social Media Platforms (continuous and ongoing) 	Hayleys Fibre Group Managing Director and Corporate Management Team	<ul style="list-style-type: none"> Financial performance Strategy Governance, Compliance and Best Practices Shareholder returns Business expansion plans Risk management Sustainable growth 	We continuously monitor and measure progress against Group goals to ensure alignment with our strategic direction, while focusing on revenue diversification and cost management to enhance financial stability. At the same time, we work to strengthen business resilience through effective risk management practices and improve productivity through continuous innovation, positioning ourselves for sustained success in a dynamic market environment	<ul style="list-style-type: none"> Consistent Returns Cash flow Position Market Expansion Competitive Position 	  
Employees Strength of the relationship - Good	<ul style="list-style-type: none"> Monthly meetings with trade union representatives Daily / weekly team briefings at plants Plant visits by HFP's Management Committee Annual Management Committee forum Annual Performance Review Meeting Internal communications (Continuous) Open Door Policy (As needed) 	Hayleys Fibre Group HR Department	<ul style="list-style-type: none"> Fair employment terms including equitable pay and benefits and opportunities for training and development Safe working environment Long term career prospects 	Create a dynamic workplace where all employees are inspired and encouraged to aim for continuous personal and professional growth	<ul style="list-style-type: none"> Employee Retention Employee Motivation 	    

Stakeholder Engagement

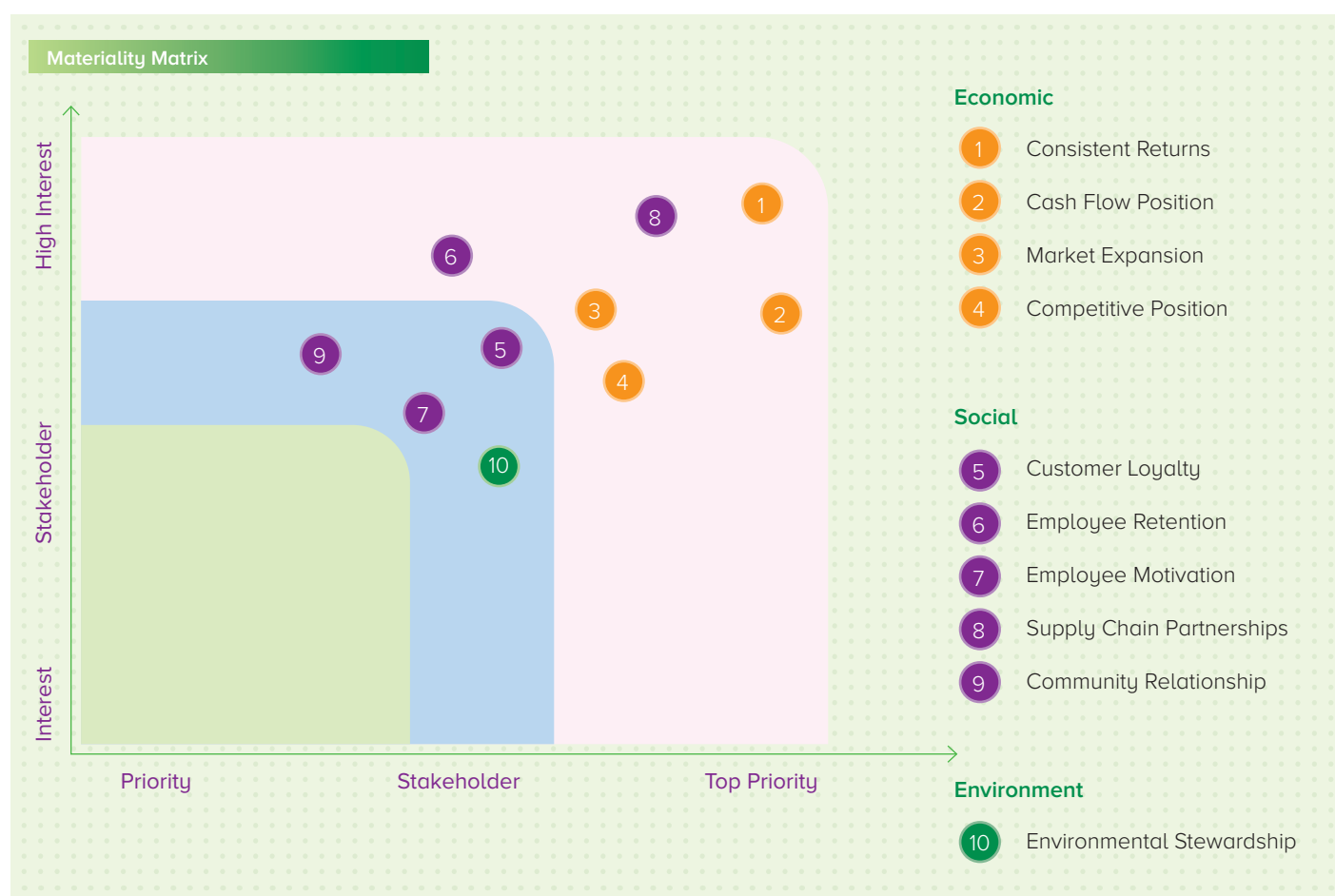
Stakeholder Group	Medium and Frequency of Engagement	Responsible Authorities	Key concerns raised	Our Response	Material Matters	SDGs
Customers Strength of the relationship - Strong	<ul style="list-style-type: none"> Continuous interaction through on-on-ne meetings Participation in trade fairs and other promotional activities (as needed) Customer Surveys (periodic) CSE Announcements (as needed) Press Conferences / Press Releases (as needed) Corporate Website (continuous and ongoing) Social Media Platforms (continuous and ongoing) 	Hayleys Fibre Group Marketing Team	<ul style="list-style-type: none"> Product Quality and Safety Product Availability Price Competitiveness On-time delivery 	Produce and deliver high quality products as per customer specifications supported by on-time delivery	<ul style="list-style-type: none"> Market Expansion Competitive Position Customer Loyalty Environmental Stewardship 	  
Suppliers Strength of the relationship - Healthy	<ul style="list-style-type: none"> Ongoing interactions with local and overseas suppliers Supplier on-Boarding (As needed) Annual evaluation of local suppliers Press Conferences / Press Releases (as needed) Corporate Website (continuous and ongoing) Social Media Platforms (continuous and ongoing) 	Hayleys Fibre Group Central Procurement Team	<ul style="list-style-type: none"> Fair pricing On-time payments Opportunities for business expansion 	We remain committed to honouring all supplier commitments on time and without delay, upholding the trust and reliability that define our partnerships. At the same time, we aim to diversify our supply chain by creating opportunities for new entrants, fostering inclusivity and resilience across our procurement network	<ul style="list-style-type: none"> Consistent Returns Cash flow Position Market Expansion Customer Loyalty Supply Chain Partnerships Environmental Stewardship 	  
Community/ Society Strength of the relationship - Healthy	<ul style="list-style-type: none"> CSR activities (continuous and ongoing) Corporate Website (continuous and ongoing) Social Media Platforms (continuous and ongoing) 	Hayleys Fibre Group Sustainability Team	Assistance to improve community infrastructure	Community capacity building initiatives	<ul style="list-style-type: none"> Community Relationships Environmental Stewardship 	 

Material Topics













GRI 3-1, 3-2, 3-3









Identifying and managing Material Topics is integral to shaping our current and future strategic direction of the Hayleys Fibre Group. Material topics reflect the most critical factors influencing our operations, competitiveness, and ability to deliver sustainable value. The determination of Material Topics is a comprehensive process that takes into account evolving business risks, opportunities, and macro-environmental trends, while also drawing directly from the expectations and concerns of both internal and external stakeholders. The insights gathered are analysed and plotted on a Materiality Matrix, evaluating their impact on the Group's performance alongside their significance to our stakeholders. This structured approach enables us to prioritise key issues and embed them meaningfully into our strategy to advance our long-term value creation objectives.

In keeping with the approach adopted by our parent Hayleys PLC, the Hayleys Fibre Group also now uses the double materiality filter to further scrutinise Material Topics to measure their impact on our financial and operational outcomes, as well as to understand the impacts from an environmental, social and governance perspective. This approach reinforces our commitment to responsible and inclusive growth, ensuring that our strategies are not only commercially viable but also aligned with global sustainability imperatives, thereby ensuring we continue to evolve as a future-ready organisation.



Material Topics

Material Topic	Topic Boundary	Financial Materiality	Impact Materiality			Management Approach	Link to Hayleys Fibre Group Strategy	Tracking and Reporting
			Environmental	Social	Governance			
Consistent Returns	Relates to the Group's operations, employees, customers, supply chain as well as the broader opening environment	Enhances shareholder returns and improves long term business prospects	Low	Moderate	High	Board approved strategic plan supported by strong risk and governance frameworks	<ul style="list-style-type: none"> Financial Stability Manufacturing Excellence  	ROA ROE Asset Turnover Ratio GRI 201
Cash flow Position	Relates to the Group's operations, customers as well as the broader opening environment	Safeguards business continuity, improves business resilience times and ensures stakeholder value creation targets are met	Low	Moderate	High	Effective treasury management and contingency funding plans	<ul style="list-style-type: none"> Financial Stability Manufacturing Excellence Sustainable Operations   	Liquidity Ratio Gearing Ratio
Market Expansion	Relates to the Group's operations, customers as well as the broader opening environment	Fuels current and future business growth	Low	High	High	Board approved marketing strategy to drive global market development and market penetration	<ul style="list-style-type: none"> Financial Stability Manufacturing Excellence Sustainable Operations   	Export Volumes New Markets Awards
Competitive Position	Relates to the Group's operations, customers, supply chains as well as the broader opening environment	Drives captive market share and supports business resilience	Low	Moderate	High	Holistic strategy to ensure productivity and cost efficiency at all levels of the business	<ul style="list-style-type: none"> Financial Stability Manufacturing Excellence Dynamic Workplace Sustainable Operations    	Market Share Product Range Customer Satisfaction

Material Topic	Topic Boundary	Financial Materiality	Impact Materiality			Management Approach	Link to Hayleys Fibre Group Strategy	Tracking and Reporting
			Environmental	Social	Governance			
Customer Loyalty	Relate to the Group's customer base	Creates a platform for sustained growth	Moderate	High	High	Continuous and ongoing interaction to build customer trust	<ul style="list-style-type: none"> Manufacturing Excellence Sustainable Operations  	GRI 416 GRI 417 GRI 418
Employee Retention	Relates to the Group's workforce	Ensures year round uninterrupted business operations	Low	High	High	Best in-class employee value proposition	<ul style="list-style-type: none"> Dynamic Workplace 	GRI 202 GRI 401 GRI 402 GRI 406 GRI 408 GRI 409
Employee Motivation	Relates to the Group's workforce	Improves productivity and drives efficient operations	Low	High	High	Talent development and succession planning	<ul style="list-style-type: none"> Dynamic Workplace 	GRI 403 GRI 404 GRI 405
Supply Chain Partnerships	Relates to the Group's supply chain partnerships	Continuous availability of raw materials to minimise business disruption	Moderate	High	High	Supply chain management programme and supplier development initiatives	<ul style="list-style-type: none"> Manufacturing Excellence Sustainable Operations  	GRI 204 GRI 308
Community Relationships	Relates to the Group's commitment to support national agendas	Builds brand trust and enhances the Company's reputation and standing	Moderate	High	Moderate	Board approved CSR programme	<ul style="list-style-type: none"> Sustainable Operations 	GRI 203 GRI 413
Environmental Stewardship	Relates to the Group's operations and the commitment to support national agendas	Strengthens the Company's credentials as a responsible corporate	High	Moderate	High	Board approved environmental Policy and Hayleys Group Lifecode	<ul style="list-style-type: none"> Sustainable Operations 	GRI 301 GRI 302 GRI 303 GRI 305 GRI 306

Risk Management Report

Risk Management at Hayleys Fibre PLC

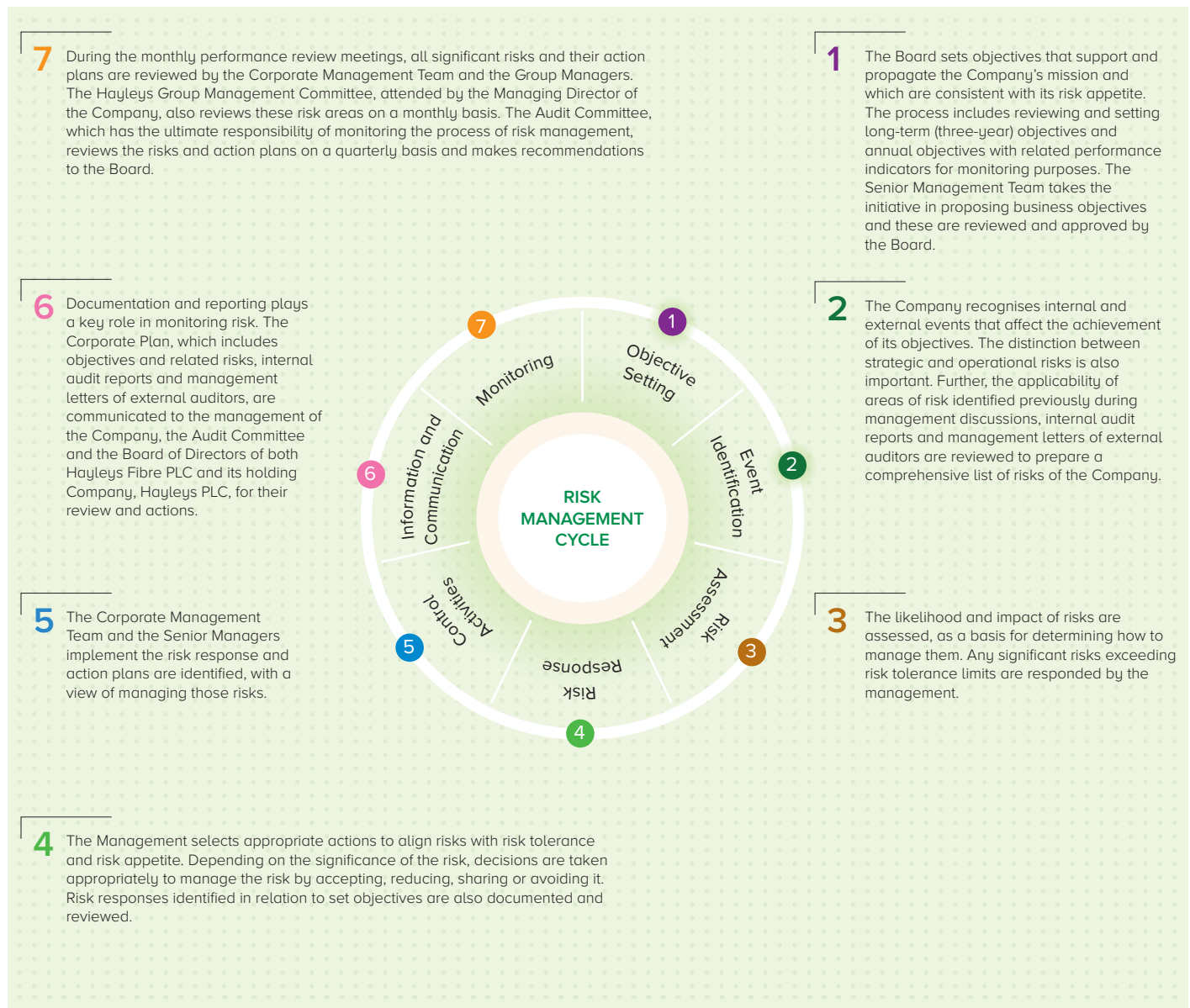
Strong risk management fundamentals are the cornerstone of the Hayleys Fibre Group's ability to achieve strategic objectives, safeguard stakeholder interests, and build long-term business resilience. To navigate today's dynamic and often unpredictable operating environment, the Group has implemented the Enterprise Risk Management (ERM) framework consisting of three critical components: a structured seven-step risk management process, a robust risk governance structure, and a strong embedded culture of risk awareness.

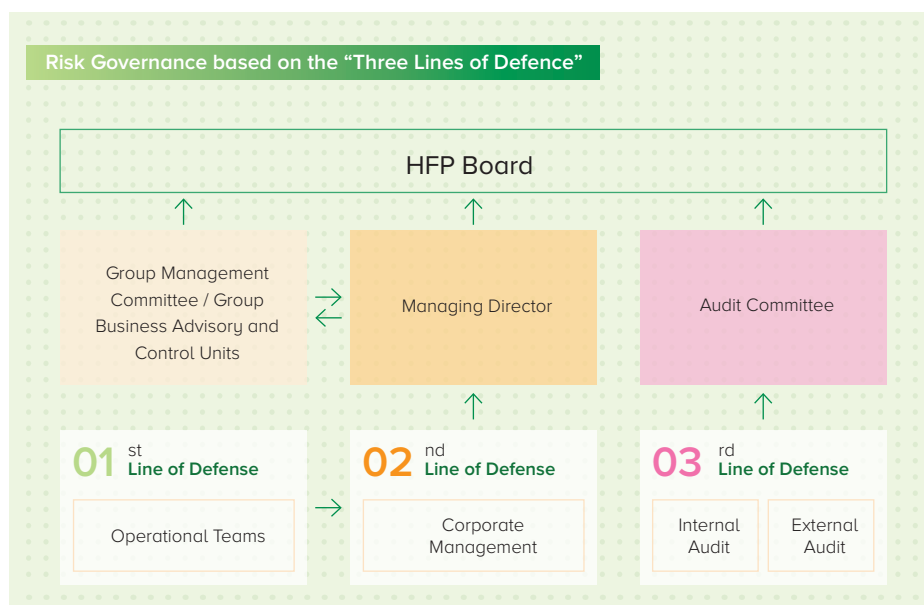
The seven-step risk management process provides a systematic approach to identifying, assessing, and responding to risks. It ensures consistency across operations and aligns risk mitigation efforts with broader business goals, ultimately enhancing the Group's capacity to manage volatility and deliver sustainable performance.

Supporting this process is a strong governance structure that ensures accountability, oversight, and strategic alignment in risk management. This governance framework empowers senior leadership and the Board to

make informed decisions, prioritise resources effectively, and ensure that risk considerations are fully integrated into all levels of business planning and execution.

A well-established culture of risk awareness further reinforces the effectiveness of the ERM framework. By encouraging early risk identification, open communication, and shared ownership of risk, this culture promotes proactive management and responsiveness throughout the organisation. It assists all entities within the Hayleys Fibre Group to adapt swiftly to challenges, protect its reputation, and maintain stakeholder confidence.





1st Line - Heads of Business Units (Risk Owners)

- Responsible for day-to-day operations and execution of internal controls.
- Ensure compliance with policies and procedures.
- Proactively identify and monitor emerging risks

2nd Line - Corporate Management Team

Oversee business unit heads to ensure they meet risk management obligations.

- Monitor and assess the Group's risk landscape.
- Report changes in risk exposure
- Group Management Committee & Control Units
- Include legal, internal audit, system reviews, strategic development, treasury, HR, and corporate affairs.
- Advise leadership on risks across the broader Hayleys Group

3rd Line - Internal Audit Function

- Provide independent assurance on the effectiveness of risk management practices.
- Evaluate implementation of controls and risk procedures

Risk Awareness Culture

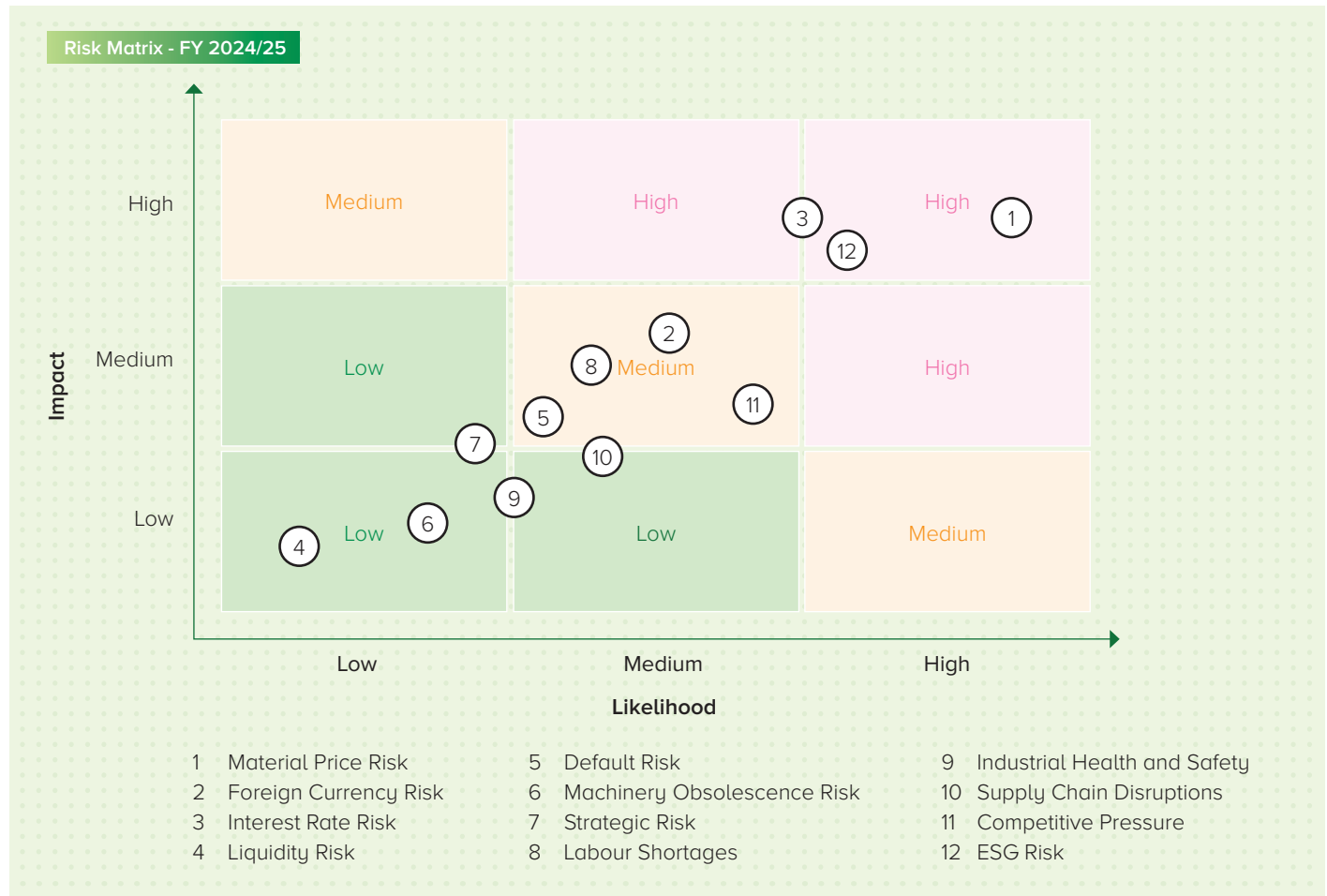
The effectiveness of the ERM depends to a large extent on the culture of risk awareness. The Board sets the tone from the top via policies and procedures that promote the risk culture, while managers of business units are held accountable for ensuring these policies, procedures and standards are implemented and adhered to, without exception. Continuous training and other capacity building initiatives are also a key component that reinforces the risk awareness culture at all levels of the business. Additionally, this culture is reinforced through regular reviews and updates of risk management practices to adapt to evolving threats and opportunities.

Risk Context for FY 2024/25 - PESTLE Analysis

PESTLE Factor	Type of Disruption	Explanation	Impact to the Hayleys Fibre Group	
			Risks	Opportunities
Political	Geopolitical instability and trade restrictions	Conflicts, sanctions, and rising protectionism disrupt trade flows and create uncertainty in export markets.	<ul style="list-style-type: none"> • Market access limitations • Delay in shipments • Exposure to political risks in key export destinations 	<ul style="list-style-type: none"> • Diversification into politically stable markets • Localisation of supply chains to reduce dependency on unstable regions
Economic	Global inflation, currency volatility, and rising freight costs	Increased input and logistics costs impact pricing and profitability.	<ul style="list-style-type: none"> • Margin pressure due to rising input costs • Reduced demand in high-inflation markets 	<ul style="list-style-type: none"> • Moving towards value-added products for better margins

Risk Management Report

PESTLE Factor	Type of Disruption	Explanation	Impact to the Hayleys Fibre Group	
			Risks	Opportunities
Social	Changing consumer values and ethical expectations	Greater focus on sustainability, fair trade, and transparency.	<ul style="list-style-type: none"> Loss of customers if sustainability expectations are not met Brand damage from poor labour/environmental practices 	<ul style="list-style-type: none"> Leverage eco-friendly product lines to access premium markets
Technological	Slow adoption of new technologies and cybersecurity threats	Failure to automate or digitalise may reduce competitiveness; cyber risks can disrupt operations.	<ul style="list-style-type: none"> Lower operational efficiency Lag behind tech-driven competitors 	<ul style="list-style-type: none"> Invest in automation and smart manufacturing Use technology for quality improvement and traceability
Legal	Stricter regulatory compliance requirements locally and globally	Export destinations are enforcing tighter product, labour, and environmental standards.	<ul style="list-style-type: none"> Penalties and shipment rejections Cost of compliance Loss of certifications 	<ul style="list-style-type: none"> Opportunity to lead through full compliance and certification Build customer trust with transparent compliance
Environmental	Climate-related disruptions to raw material supply and operations	Weather extremes affect coconut farming and production continuity.	<ul style="list-style-type: none"> Raw material shortages Increased input costs Disruptions in delivery schedules 	<ul style="list-style-type: none"> Invest in climate-resilient sourcing Develop water and energy-efficient operations Position as a climate-conscious supplier



Risk Type		Risk Assessment for FY 2024/25	Impact	Likelihood of occurrence	Mitigating Actions
R1	Material Price Risk	Unplanned cost escalations owing to inflation-induced increase fibre prices in the local market Fibre material prices increased by 80% year on year (25% - 2023/24)	High	High	<ul style="list-style-type: none"> • Monitor prices/standard cost revisions • Negotiate variable pricing structures with customers • Strategy on stocks buildups • Backward integration projects • Expand the sourcing footprint beyond coconut triangle
R2	Foreign Currency Risk	Unfavourable impact on export revenue attributed to the appreciation in LKR against the USD The LKR appreciated by 6% against the USD (12%+ appreciation in 2023/24)	Moderate	Moderate	<ul style="list-style-type: none"> • Monitor trends and book forward • Maintains a natural hedging of foreign currency denominated assets against liabilities • Increase the proposition of local borrowings to mitigate impacts on currency devaluations • Sri Lanka Export Credit Insurance for Exports
R3	Interest Rate Risk	Increase in finance costs caused by rising interest rates Interest rates declined by 19% year on year (36% declined in 2023/24)	High	High	<ul style="list-style-type: none"> • Effective management of working capital • Strike the right balance between fixed and floating rates • Reduce the dependence on borrowings by mobilising built up internal reserves for business purposes
R4	Liquidity Risk	Lack of adequate funds to support the day to day operations of the business 1.11 Current Ratio (1.51 - 2023/24)	Low	Low	<ul style="list-style-type: none"> • Effective treasury function to forecast fund requirement and availability • Maintain a portfolio of short- term liquid assets • Maintain continence funding plan
R5	Default Risk	Cash flow constraints due to bad debts 1.5% bad debts as a % of trade receivables (4.8% 2023/24)	Moderate	Moderate	<ul style="list-style-type: none"> • Adherence to the Group credit policy guidelines in dealings with customers • Periodic review of receivables, legal and other recovery actions
R6	Machinery Obsolescence Risk	Production downtime caused by old and inefficient machinery and equipment	Low	Low	<ul style="list-style-type: none"> • Detailed CAPEX plan to support necessary investments in new machinery • Routine maintenance to ensure optimal efficacy of existing machinery and equipment
R7	Strategic Risk	Improper strategies to drive revenue growth, improve productivity and manage cost efficiency	Low	Low	<ul style="list-style-type: none"> • Board approved strategic plan and annual budget • Proactive monitoring of external environment to ensure ongoing strategic reorientation
R8	Labour Shortages	High labour attrition owing to workforce out migration 21.70% employee attrition (executives) (17% - 2023/24)	Moderate	Moderate	<ul style="list-style-type: none"> • Offer the best in-class employee value proposition to attract, and retain employees • Increase the level of automation at all levels of the business to replace manual processes

Risk Management Report

Risk Type		Risk Assessment for FY 2024/25	Impact	Likelihood of occurrence	Mitigating Actions
R9	Industrial Health and Safety	Workplace accidents, penalties, negative goodwill 02 injuries (05 - 2023/24)	Low	Low	<ul style="list-style-type: none"> World class safety management system in line with global best practices Structured safety training and awareness programme Workmen's compensation insurance cover for employees
R10	Supply Chain Disruptions	Scarcity of raw material owing to adverse weather conditions	Moderate	Moderate	<ul style="list-style-type: none"> Develop a diverse supplier base Introduce special initiatives to strengthen supplier loyalty
R11	Competitive Pressure	Emergence of new local and global players	Moderate	Moderate	<ul style="list-style-type: none"> New market development to grow captive market share Pursue innovation to diversify the product portfolio with the inclusion of first-market products
R12	ESG Trends	Risks arising from prolonged droughts - Adverse implications on coconut yield and coir raw material production	High	High	<ul style="list-style-type: none"> Expansion of industries to global regions / Contribution to national level strategies Utilization reduction mechanisms for raw material
		Risks of extreme precipitation - Adverse impacts on raw material availability & raw material quality	High	High	<ul style="list-style-type: none"> Strengthening backward integration strategy/ Inventory Management Empowering suppliers with climate adaptation methods
		New laws and regulations related to climate change mitigation in destination markets - Reduced demand for the existing product portfolio	High	High	<ul style="list-style-type: none"> Improving and adherence of business operations to evolving regulations
		Concerns arising of our climate change and socioeconomic advancements	High	High	<ul style="list-style-type: none"> "Entwine" - a purpose-driven ESG strategy to embed environmental, social and governance considerations into the core operations

Strategy and Resource Allocation

1. Strategy Development Process at Hayleys Fibre PLC

Hayleys Fibre PLC adopts a robust and inclusive strategy development process that is driven by a clear understanding of market dynamics, stakeholder expectations, and the Company's long-term vision. The process begins with comprehensive environmental scanning using tools such as the SWOT and PESTEL analysis to identify emerging risks, opportunities, and key trends across the global and local operating environment. A critical component of this process is the identification of material topics, which are mapped based on their relevance to both stakeholders and the business. Once identified, material topics guide the prioritisation of strategic initiatives, ensuring that the Group's efforts are aligned with stakeholder expectations and sustainability imperatives. The strategy is then formulated by cross-functional teams and endorsed by the Board, with periodic reviews and performance evaluations conducted to keep the strategy relevant, agile, and aligned with evolving circumstances.

2. Allocation of Financial and Non-Financial Resources

The effective execution of strategy at Hayleys Fibre PLC is supported by the strategic allocation of both financial and non-financial resources across the six capitals—Financial, Manufactured, Intellectual, Human, Social and Relationship, and Natural. Financial Capital is allocated towards capacity building, modernising manufacturing infrastructure, investing in R&D, and supporting business expansion while maintaining fiscal discipline. Manufactured Capital is enhanced through process automation, lean manufacturing, and capacity improvements to drive operational efficiency. Intellectual Capital is developed through innovation, quality certifications, and knowledge management systems, helping to maintain competitive advantage. In terms of Human Capital, the Company invests in employee training, leadership development, and workplace well-being to nurture a skilled and motivated workforce. Social and Relationship Capital is strengthened through ethical supplier practices, customer partnerships, and community engagement programs. Finally, Natural Capital is safeguarded through environmentally responsible operations, sustainable sourcing, and investment in renewable energy, water conservation, and waste management initiatives.

3. Integration and Governance for Strategic Execution

Hayleys Fibre ensures that its strategic objectives are integrated into day-to-day operations through strong governance and performance management structures. The Board of Directors and senior management play a central role in overseeing strategy formulation, monitoring execution, and ensuring accountability across all functions. Key performance indicators (KPIs) are closely monitored to assess progress toward strategic goals, and adjustments are made based on regular reviews.



Strategy and Resource Allocation

Financial Stability

The Group strategy to achieve Financial Stability is based on a strong balance sheet and healthy cash flow. Accordingly, strategic investments are meticulously planned to ensure they align with long-term goals, providing a solid return on investment. This includes prudent capital allocation to high-yield projects and cost-effective operations management. By diversifying revenue streams and maintaining a conservative approach to debt, Hayleys Fibre aims to minimise financial risk and enhance resilience against market volatility. The Group also places a strong emphasis on financial transparency and accountability, ensuring that shareholders and stakeholders are kept informed about financial performance and strategic initiatives. This rigorous approach to Financial Stability not only supports ongoing operational needs but also positions the Group to seize growth opportunities and weather economic fluctuations.

Material Topics	<ul style="list-style-type: none"> Consistent Returns Cash Flow Position Market Expansion Competitive Position
Risks	R1 R2 R3 R4 R5 R7 R10 R11
Resources Allocation	<ul style="list-style-type: none"> Rs. 29 million incurred on marketing and promotional activities to capture new markets Ongoing research initiatives
Financial Capital Intellectual Capital Social and Relations Capital	<ul style="list-style-type: none"> Strengthening strategic partnerships to drive global market expansion
Value Created	<ul style="list-style-type: none"> Significant expansion in the product range (05 new products added to the Hayleys Fibre range 04 new products added to the Bonterra range 02 new products added to the Creative Polymats range) 1,893 TEUs of coir fibre export volumes 04 new markets reached
Focus for the Future	<ul style="list-style-type: none"> Deepen the penetration into non-traditional markets Product Diversification

Manufacturing Excellence

Manufacturing Excellence is a cornerstone of Hayleys Fibre PLC's strategy, reflecting its commitment to high-quality production and operational efficiency. The Group continually invests in machinery and technologies to optimise production processes and improve product quality. Lean manufacturing principles are implemented to eliminate waste, reduce costs, and enhance productivity. Additionally, the Group adopts stringent quality control measures to ensure that all products meet international standards and customer expectations. Continuous productivity improvement is encouraged through regular training programmes and workshops for employees as well as by fostering a culture of innovation and excellence. By staying at the forefront of manufacturing practices, Hayleys Fibre not only enhances its competitive edge but also increases its operational agility, to ensure adaptability to changing market demands.

Material Topics	<ul style="list-style-type: none"> Cash flow Position Market Expansion Competitive Position Customer Loyalty Supply Chain Partnerships
Risks	R6 R7 R10 R11 R12
Resources Allocation	<ul style="list-style-type: none"> Rs. 358 million invested in backward integration Rs. 55 million incurred on maintenance and upkeep
Financial Capital Manufactured Capital Social and Relationship Capital	<ul style="list-style-type: none"> Continuous process improvements to enhance manufacturing efficiency

Manufacturing Excellence

Value Created	<ul style="list-style-type: none"> Capacity utilisation <ul style="list-style-type: none"> HFP 60% BL 73% CPL 48% 100% customer satisfaction Zero defects Return on Assets (ROA) 100% Order fulfilment rate On-time delivery
Focus for the Future	<ul style="list-style-type: none"> Focus on automation of key production processes

Dynamic Workplace

The Dynamic Workplace strategy focuses on creating an engaging, inclusive, and innovative environment for its employees. Recognizing that its workforce is its most valuable asset, the Hayleys Fibre Group invests heavily in training and development to enhance skills and foster career growth. Employee well-being is prioritised through comprehensive health and wellness initiatives, alongside a focus on work-life balance. Diversity and inclusion are integral to the corporate culture and aim to promote a collaborative and supportive atmosphere where diverse perspectives are valued and leveraged for better decision-making and innovation. Regular feedback mechanisms and open communication channels ensure that employees feel heard and valued, contributing to high levels of engagement and job satisfaction. By cultivating a dynamic workplace in this way, the Group aspired to attract and retains top talent, driving higher performance and enabling a culture of continuous improvement and innovation

Material Topics	<ul style="list-style-type: none"> Competitive Position Employee Retention Employee Motivation
Risks	R8 R9
Resources Allocation	<ul style="list-style-type: none"> Rs. 431 million distributed as monetary benefits to employees Introduction of the Parental Leave Policy
Financial Capital	<ul style="list-style-type: none"> Annual performance review conducted for all eligible employees
Human Capital	<ul style="list-style-type: none"> Rs. 0.25 million invested in training 513 hours of safety training
Value Created	<ul style="list-style-type: none"> 71 new recruits 10 Employees promoted (5- Male & 5 - Female) 60% reduction in injuries
Focus for the Future	<ul style="list-style-type: none"> Obtain the ISO 45001 Occupational Health and Safety Standard certification Establish dedicated learning centres at each plant to support continuous learning

Strategy and Resource Allocation

Sustainable Operations

Sustainable operations are at the heart of Hayleys Fibre PLC's strategic vision, reflecting the commitment to environmental stewardship and long-term ecological balance. The Group adopts sustainable practices across all aspects of its operations, from raw material sourcing to production and waste management. Efforts are made to minimise environmental impact through the efficient use of resources, reduction of emissions, and implementation of eco-friendly technologies. The Group also invests in renewable energy and promotes recycling and waste reduction initiatives. Additionally, the Group undertakes corporate social responsibility (CSR) initiatives that focus on community development, education, and health. By embedding sustainability into its core operations, Hayleys Fibre not only mitigates environmental risks but also enhances its reputation as a responsible corporate citizen, ensuring long-term operational viability and community trust.

Material Topics	<ul style="list-style-type: none"> - Consistent Returns - Cash flow Position - Market Expansion - Competitive Position - Customer Loyalty - Supply Chain Partnerships - Community Relationships - Environmental Stewardship
Risks	R7 R10 R 11 R12
Resources Allocation	<ul style="list-style-type: none"> - On-boarded 49 new suppliers - Rs. 2,391 million paid to suppliers
Financial Capital	- 802 MTs of non-hazardous fibre waste recycled back for the coir fibre production
Social and Relationship Capital	- Rs. 4 million incurred on CSR activities through the "Shilpa Sathkara" scheme
Natural Capital	- Five green projects with in the reporting year
Value Created	<ul style="list-style-type: none"> - 29% year on year reduction in electricity consumption - 3,356 tCO₂eq - Carbon Footprint (927.89 tCO₂eq- 2023/24) - 28% year on year reduction in emissions (Scope 1 & 2 combined) - 4% year on year reduction in the volume of hazardous waste generated
Focus for the Future	<ul style="list-style-type: none"> - Implement the ISO 14001 Environment Management Standard Certification - Collective target of 15% reduction of Scope 1 & 2 emissions by 2030 - 10% reduction in waste intensity by 2030 - Zero waste to landfill by 2030

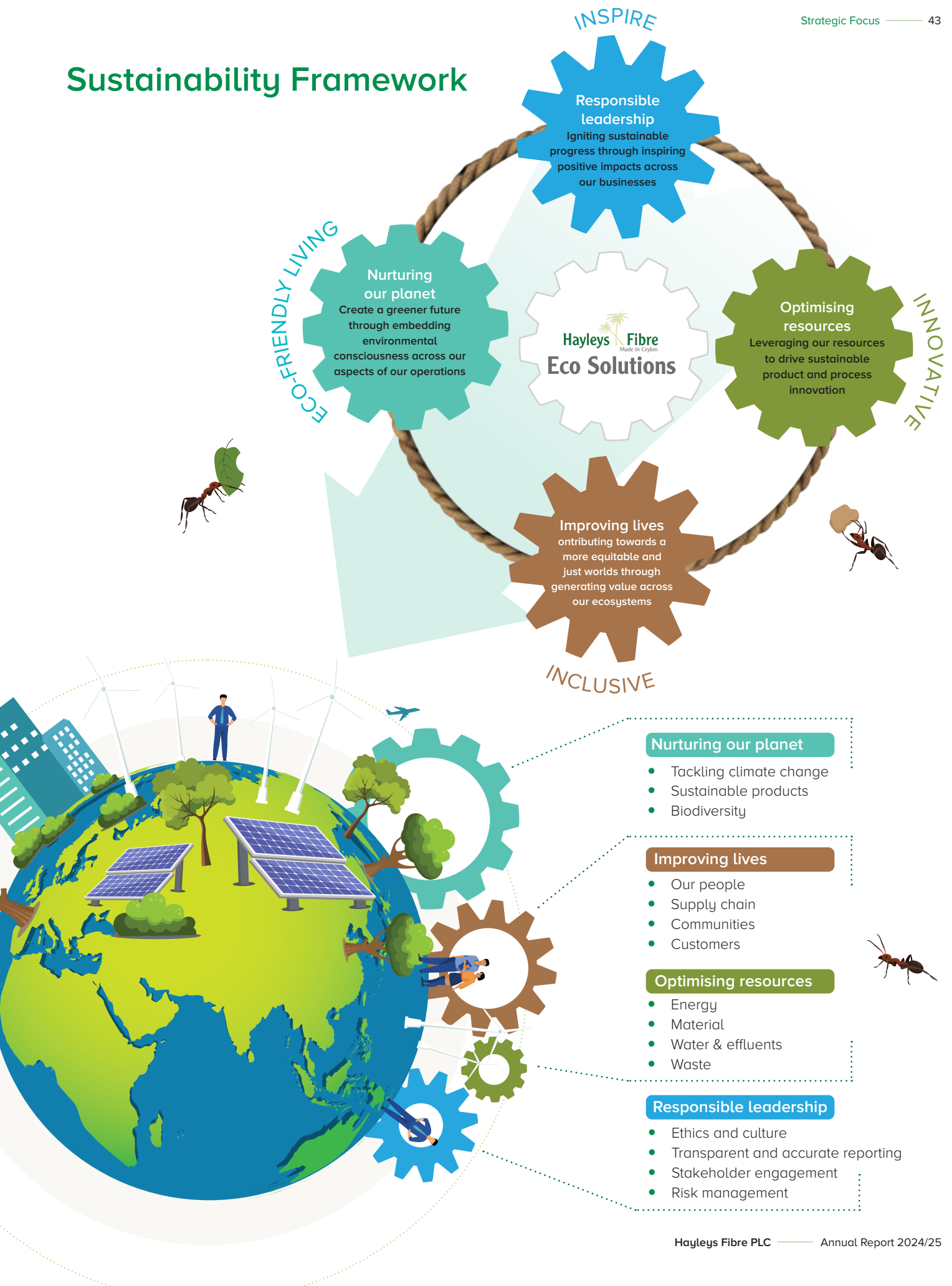


ESG Roadmap 2030



Online Version
www.hayleysfibre.com

Sustainability Framework



Sustainability Framework

GRI 2-23

The Hayleys Fibre Group's approach to sustainability is anchored to the Eco Solutions Sector's purpose of "Inspiring Innovative and Inclusive Eco-Friendly Living". Through this alignment, the Hayleys Fibre Group launched "Entwine" the purpose-driven ESG Roadmap that creates a platform for the Eco Solutions Cluster to embed environmental, social and governance matters as part of the strategic imperatives and decision making processes to ensure effective management of ESG risks and opportunities to support the achievement of value creation objectives.

"Entwine" is also broadly aligned to that of the 'Hayleys Lifecode' which articulates the Hayleys Group's environmental, social and governance aspirations and sustainability roadmap for 2030. The Lifecode and its related social, environmental and governance policies are applicable as a minimum standard across all Group companies.

Governance and Oversight

The Hayleys Eco Solutions Sector ESG Unit is responsible for the ground-level actioning of "Entwine" in collaboration with relevant internal and external stakeholders. The unit is responsible for tracking, monitoring and reporting relevant ESG metrics to the Sector ESG Committee and to the Hayleys Group ESG Steering Committee to determine areas for potential improvement.

Key Commitments and Targets

Policy	ESG Strategy	2030 Target	Link to UN SDGs	Action plan
Energy and Emission Management Policy	Increase reliance on renewable and sustainable energy sources	65% reliance on sustainable and renewable energy sources 100% biomass sourcing		<ul style="list-style-type: none"> • Conversion of all heaters/boilers to biomass energy sources • Explore opportunities in implementing solar PV systems
	Phase out absolute carbon footprint	15% reduction of Scope 1 & 2 emissions 10% reduction in Scope 3 emissions		<ul style="list-style-type: none"> • Strengthen biomass supply chain through collaborations with suppliers • Maximise the use of wooden briquettes • 100% map all direct and indirect Greenhouse Gas (GHG) emissions for the Sector • Obtain third-party verification capturing all direct and indirect GHG emissions across the Sector • Assign carbon reduction targets for manufacturing locations • Reduce dependence on fossil fuel-based energy sources
	Responsible packaging	75% sustainable packaging material (including recycled, recyclable, reusable and/or compostable material)		<ul style="list-style-type: none"> • Research & Development to invent waste to packaging mechanisms. • Reach for sustainable packaging material suppliers locally & Internationally.
Biodiversity Conservation Policy	Biodiversity conservation and preservation relating to our business operations	Implementing and improving biodiversity within the area we operate and beyond		<ul style="list-style-type: none"> • Establish micro habitat development areas within production facilities • Development of 2 acres of biodiversity enhancing area with a marshy habitat • Tree planting and biodiversity conservation initiatives • Continued support to the 'Kirulu' afforestation programme

Policy	ESG Strategy	2030 Target	Link to UN SDGs	Action plan
Employment policies	Developing an engaged team	Achieve 5% attrition rate	 	<ul style="list-style-type: none"> Strengthen employee engagement activities focusing on mental health, stress management and work-life balance Improve grievance handling procedure across the organisation
Health and Safety policy	Ensure health, safety and well-being of all employees	Obtain ISO 45001:2018 Occupational Safety and Health Management system certification		<ul style="list-style-type: none"> Standardise and ensure complete reporting of accident-related data
Procurement policy	Drive best practices across our supply chain	40% of suppliers to be assessed on social and environmental criteria		<ul style="list-style-type: none"> Formulation of supplier assessment criteria which includes screening for good environmental practices, human rights in farming communities and good agricultural practices among others. Training and awareness programmes for procurement teams
Community Relationships	Uplifting livelihoods and empowering communities	Increase CSR beneficiaries by 50%	 	<ul style="list-style-type: none"> Identify and select several high impact CSR projects within the area we operate focusing on local education development
Energy and Emission Management Policy	Reduction in energy intensity through operational improvements	10% reduction in energy intensity		<ul style="list-style-type: none"> Energy efficient manufacturing infrastructure Conduct annual energy audits to identify areas for improvement Continuous process innovations Employee awareness and capacity building on energy consciousness
Water Management Policy	Application of sustainable water sources	10% reliance on sustainable water sourcing		<ul style="list-style-type: none"> Increase efficiency of effluent treatment plants in selected manufacturing locations Establish wastewater treatment units for locations with high water demand Develop water recycling units at mattress production facilities

SLFRS S1 & S2 Implementation

GRI 2-16

The adoption of SLFRS S1 and S2 underscores the Hayleys Fibre Group's commitment to transparent, reliable, and globally aligned sustainability and climate-related disclosures. These standards enable the Group to systematically identify and manage emerging risks and opportunities in relation to climate change, resource scarcity, and evolving stakeholder expectations that could potentially impact the Group's long-term financial performance. By integrating SLFRS S1 and S2 into its reporting framework, Hayleys Fibre seeks to enhance strategic decision-making, strengthen investor confidence and improve access to capital.

During the previous financial year, the Hayleys Fibre Group enhanced its sustainability reporting by early adopting the SLFRS S1 and S2 Sustainability Disclosure Standards ahead of schedule. The Group implemented these standards by utilizing the transitional reliefs available for first-time adopters, including:

- Climate-first reporting: Applying SLFRS S2 in line with SLFRS S1, to the extent that SLFRS S1 refers to climate-related information (CRROs)
- Proportionality: Using a qualitative method to assess the expected financial impacts of Sustainability-Related Risks and Opportunities (SRROs) and to conduct climate scenario analysis.
- Practical limitations: Reporting Scope 3 emissions and defining the value chain scope based on information that is reasonable, verifiable, and obtainable without excessive cost or effort.

- In the current financial year, the Group has broadened the scope of sustainability reporting by incorporating Sustainability Related Risks and opportunities (SRROs) in lined with the Climate Related Risks and Opportunities and an effort on a basic quantitative analysis on CRROs. Additionally, the Group widened the scope of the emission reporting by incorporating new upstream and downstream emissions.

1. Governance

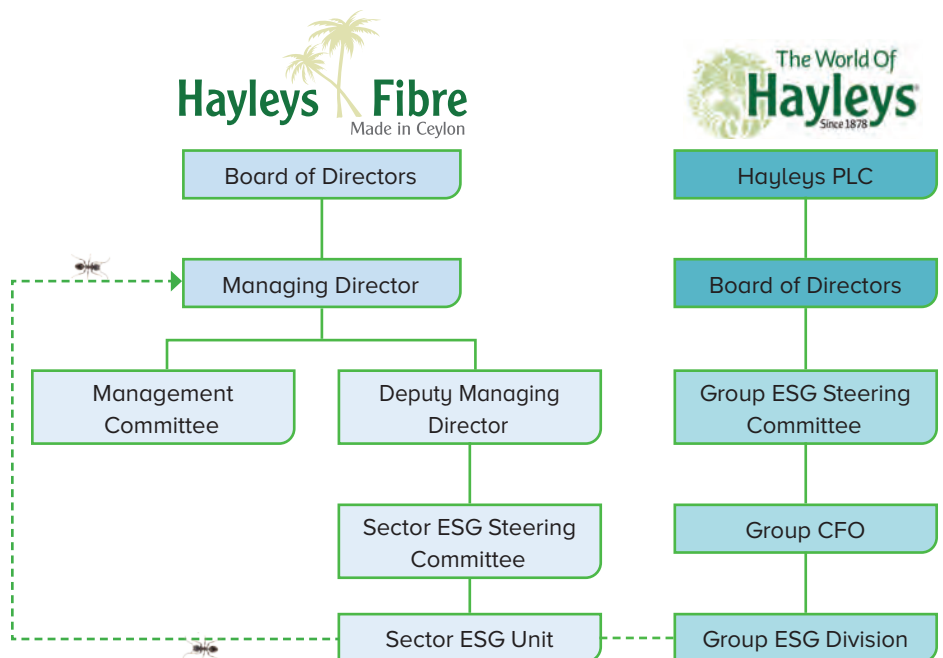
The Governance Body Responsible for Oversight of Sustainability and Climate-Related Risks and Opportunities

Hayleys Fibre PLC Board of Directors assumes the overall responsibility for evaluating Climate-Related Risks and Opportunities (CRRO) and Sustainability-Related Risks and Opportunities (SRRO) during board deliberations. Supporting the Board, the Group's ESG Steering Committee is responsible for identifying sustainability-related matters and acting on behalf of the Board of Directors. The committee's focus is to embed sustainability considerations into the Group's governance, strategy, and operations.

Skills and Competencies for Oversight

The diverse backgrounds of the Board members contribute significantly to enable comprehensive oversight of emerging risks and opportunities. The Hayleys Fibre Group follows a structured governance framework aligned with the broader Hayleys Group's sustainability vision and leadership.

Within Hayleys Fibre Group, overall leadership is provided by the Board of Directors including Managing Director, who is supported by the Management Committee. The Deputy Managing Director plays a dual role as both a member of the board of directors and the Chair of the ESG Steering Committee, reflecting a strong commitment to integrating ESG into core business functions.



The ESG Steering Committee includes cross-functional representatives from key areas such as Finance, Procurement, Production, Human Resources, Quality Management, and Marketing. This diverse representation ensures that ESG initiatives are practical, inclusive, and tailored to sector-specific operational realities. The committee is further supported by a dedicated ESG Unit, which is responsible for implementing sector-wide sustainability projects, tracking progress against ESG KPIs, and ensuring compliance with internal and external sustainability requirements. Further, since the sustainability related skills are limited, the ESG unit is actively engaged in providing insights and necessary training to the committee to ensure the necessary knowledge and skills are transferred.

Oversight for the Integration of Sustainability into Strategy and Decision-Making

The Board of Directors is responsible for embedding sustainability into Hayleys Fibre's vision, mission, and long-term strategy by setting the strategic direction by aligning the Company's core values and business objectives with key environmental, social, and governance (ESG) considerations. The ESG Steering Committee aids the Board in the discharge of this responsibility, by identifying and mitigating a range of sustainability-related risks—such as climate change, resource scarcity, and reputational risks, while closely monitoring the impact of extreme weather events and evolving environmental regulations on operations. The Committee is further responsible for ensuring compliance with relevant sustainability regulations, internal policies, and reporting requirements. As part of this approach the committee reviews and provides guidance on ESG-related policies essential for driving the Group's ESG strategy.

Another key function of the Committee is to ensure ongoing communication with investors, customers, employees, and regulators, and addressing their concerns and expectations related to corporate social responsibility.

Information Flow and Engagement Frequency

The ESG Steering Committee meets quarterly to discuss and analyse SRROs and CRROs identified through a comprehensive risk matrix, which includes risk scoring based on relevance and severity. These identified risks and opportunities are presented to the Board of Directors on a quarterly basis to ensure continued oversight.

Responsibility for Target Setting and Performance Monitoring

The ESG Steering Committee is responsible for setting sustainability targets and monitoring performance against these objectives. The committee reviews sustainability performance metrics, ESG disclosures, and progress against the Group's ESG Framework—Entwine and ensures alignment with the Group's broader corporate purpose.

Management's Role in Oversight and Execution

The Deputy Managing Director of Hayleys Fibre serves a dual role as both a member of the Board and Chair of the ESG Steering Committee, reflecting a strong commitment to integrating ESG considerations into core business functions.

The ESG Steering Committee is supported by a dedicated ESG Unit, a management level function responsible for implementing sector-wide sustainability projects, tracking progress against ESG KPIs, and ensuring compliance with internal and external sustainability requirements. This structure facilitates effective execution of the Group's ESG strategy across all operational levels.

Management Controls and Procedures Integrated with Other Internal Functions

The ESG Steering Committee promotes cross functional collaboration and drives sustainable innovation and investment through initiatives such as sustainable product development, circular economy projects, and responsible sourcing practices. In keeping with this approach, the Committee regularly reviews ESG-related policies, emerging trends, and risks to recommend timely and appropriate measures.

2. Strategy

• Sustainability Related Risks & Opportunities (SRRO)

Sustainability-Related Risks and Opportunities (SRROs) are increasingly critical to business risk mitigation, as they encompass environmental, social and governance (ESG) factors that can significantly impact the Group's operations, financial performance and long-term strategy. Key risks include physical climate impacts, transition risks and social or governance failures. At the same time, SRROs present opportunities to enhance stakeholder trust. Integrating SRROs into enterprise risk management systems enables the Group to strengthen operational resilience, ensure regulatory compliance and maintain competitiveness in a rapidly evolving global landscape.

SLFRS S1 & S2 Implementation

With the structured approach to identifying SRRO related to the Group's business interest, below risks and opportunities were identified as the top in the risk ranking.

Time Horizon		Short <1 year	Medium 1-5 Years	Long >5 years	Impact - Low L Medium M High H	
Risk/ Opportunity Event		Time Horizon			Impact on business model and value chain	Management Approach
		Short	Medium	Long		
SRR1	Lack of availability of coir based raw material	M	M	H	<ul style="list-style-type: none"> Disruption in the supply of key inputs affects production continuity, reducing the ability to meet customer orders and weakening revenue stability. Increased procurement costs and dependence on alternative suppliers, potentially compromising quality and delivery timelines. 	<ul style="list-style-type: none"> Strengthening Backward integration Supplier development programmes
SRR2	Access to uninterrupted energy & high energy cost	M	H	H	<ul style="list-style-type: none"> Elevated operational expenses erode margins, requiring price adjustments or cost-cutting in other areas. Production efficiency and reliability are affected, with potential delays or quality deviations in output, impacting customer satisfaction. 	<ul style="list-style-type: none"> Application of renewable energy and energy reduction mechanisms Energy efficient infrastructure
SRR3	High labor turnover	H	M	M	<ul style="list-style-type: none"> Frequent recruitment and training cycles reduce productivity and increase HR-related overheads. Losses of experienced workers can impact process efficiency and product quality, leading to downstream inefficiencies. 	<ul style="list-style-type: none"> Employee empowerment and motivation Engagement activities -Mechanized grievance handling mechanism
SRR4	Employee Safety	H	H	H	<ul style="list-style-type: none"> Safety incidents lead to downtime, regulatory penalties and potential reputational damage, affecting investor and customer trust. Injuries or unsafe environments can disrupt the production floor, impact logistics, and require additional resources for corrective actions. 	<ul style="list-style-type: none"> Implementation of health and safety systems Improving procedures through obtaining certifications Upgrade of manufacturing infrastructure and technology
SRO1	Coconut fibre being a natural product/ material with circularity approach	H	H	H	<ul style="list-style-type: none"> Aligns with global sustainability trends, attracting eco-conscious customers and enabling premium pricing strategies. Encourages partnerships and investments in green innovation, improving material efficiency and reducing waste across the value chain. 	<ul style="list-style-type: none"> Continue to use Eco Friendly material and improve the eco consciousness of the product value chain Expansion of product portfolio

Risk/ Opportunity Event		Time Horizon			Impact on business model and value chain	Management Approach
		Short	Medium	Long		
SRO2	Well-developed Community relationship	H	H	M	<ul style="list-style-type: none"> Reduces operational risks related to community disruptions and strengthens brand trust. Supports stable labor sourcing and local supplier networks, leading to resilient operations and reduced recruitment costs. 	<ul style="list-style-type: none"> Enhancing Local employment & Community engagement & development projects
SRO3	Long term reputation in the global market	M	M	L	<ul style="list-style-type: none"> Enables access to premium markets and long-term contracts with global clients, supporting revenue growth and market resilience. Drives adoption of international best practices across sourcing, production, and logistics, enhancing efficiency and quality standards. 	<ul style="list-style-type: none"> Building new business relationships in the global market while fortifying the existing customer base

Climate Scenario Analysis Approach

The Hayleys Fibre Group climate scenario analysis selected by the Hayleys Fibre are consistent with those adopted by the Hayleys Group. Accordingly, in alignment with the Hayleys Group, Hayleys Fibre adopted the following international scenario frameworks to inform its climate risk assessment and strategic planning.

- IPCC Sixth Assessment Report (AR6) Scenarios**

These scenarios incorporate Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) to model a range of potential climate futures based on varying levels of greenhouse gas emissions and socioeconomic developments.

- IEA World Energy Outlook 2023 – Transition Pathways**

These scenarios examine alternative trajectories for the global energy sector in the shift toward a low-carbon economy, reflecting a blend of national policy directions, technology trends, and broader macroeconomic factors.

Source	Scenario	Key assumptions
IPCC AR 6	C3/SSP 1-2.6	<ul style="list-style-type: none"> Low emission scenario Increase in global warming limited to 2°C by 2100 Net zero status achieved between 2055 and 2060 An almost 65% reduction in GHG emissions by 2050
	C6/SSP 2-4.5	<ul style="list-style-type: none"> Intermediate emission scenario Global temperatures projected to increase by 3°C in 2100 compared to pre-industrial levels.
	C7/SSP 3-7.0	<ul style="list-style-type: none"> High emission scenario with global temperatures projected to increase by 4°C in 2100 compared to pre-industrial levels.
IEA 2023	Net Zero Emissions (NZE) Scenario	<ul style="list-style-type: none"> Consider a pathway where the global energy sector achieves net zero by 2050 and thereby limits the global temperature increase to 1.5°C. It assumes the deployment of an array of clean energy technologies without offsets from land use measures alongside the successful achievement of key energy related SDGs
	Announced Pledges Scenario (APS)	<ul style="list-style-type: none"> This scenario assumes governments will meet all announced climate-related commitments in full and on time. These commitments include longer term net zero targets, and pledges in Nationally Determined Contributions (NDCs).
	Stated Policies Scenario (STEPS)	<ul style="list-style-type: none"> This scenario considers the policies and measures currently in place and the present efforts of governments to achieve their targets. This scenario projects a temperature rise of 2.4°C in 2100 (with a 50% probability).

SLFRS S1 & S2 Implementation

The following internationally recognized physical and transition scenarios were applied in shaping our climate risk assessment.

Scenario	Description and assumptions	Reference global scenarios
Scenario A – Net Zero : - Sri Lanka meets its climate commitments with rapid decarbonisation	<ul style="list-style-type: none"> Sri Lanka meets its conditional and unconditional NDC commitments achieving rapid decarbonization 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°C. 	C3/SSP 1-2.6 NZE
Scenario B – Current path-way : Sri Lanka meets its unconditional NDC commitments.	<ul style="list-style-type: none"> The country meets its unconditional NDC commitments, meeting 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°C 	C6/SSP 2-4.5 APS
Scenario C – Divergence: Global and local implementation gap, climate commitments not met	<ul style="list-style-type: none"> Global and local implementation gap to achieve decarbonization goals with significant weather-related impacts on businesses and communities. No specific climate-related interventions and represent a continuation of the current trajectory. Average temperatures expected to increase by approximately 4°C. 	C7/SSP 3-7.0 STEPS

Climate Resilience and Scenario Analysis:

Climate-related risks and opportunities (CRRO) are vital in shaping the strategic direction of the Hayleys Fibre Group. The risks arising from changes in the climate and evolving regulatory landscapes pose challenges to raw material availability, production stability and market access. At the same time opportunities are emerging through growing global demand for climate resilient products which enhances the ability to expand into climate-resilient product segments. Recognizing these dynamics, we have selected below CRROs into our risk management, innovation and investment decisions to build long-term resilience and sustainable value.

Physical Risk 01

Risks arising from prolonged droughts

Physical Risk 02

Risks from extreme precipitation

Transition Risk

New laws and regulations related to climate change mitigation in destination markets

Physical risk 01 - Adverse weather conditions, including prolonged droughts: Adverse Implications on Coconut Yield and Raw Material Production

Rising temperatures have shown both direct and indirect effects on the coir industry, particularly due to their influence on coconut tree health and productivity. Prolonged heat stress can reduce flowering and nut formation, leading to lower yields of coconut husks which is the primary input for coir fibre. High temperatures also accelerate soil moisture loss, increasing the need for irrigation and raising operational costs. In processing stages, extreme heat can affect fibre drying consistency and worker safety, especially in outdoor or non-climate-controlled environments. Over time, temperature-related stress may also shift the geographical viability of coconut cultivation, creating long-term risks to raw material sourcing and supply chain resilience.

Emission Scenario	Impact on business model and value chain		
	Short term	Medium term	Long term
A – Net Zero (2°C)	<ul style="list-style-type: none"> Elevated raw material prices due to existing climate conditions Slight operational inefficiencies. 	<ul style="list-style-type: none"> Gradual shift in sourcing patterns to more sustainable models Moderate capital outlay for resilient supply chains. 	<ul style="list-style-type: none"> Since the global temperature rising limited, the lower raw material volatility and stable supply chain adaptation reduces the risk to the business
B – Current Pathway (2.5°C)	<ul style="list-style-type: none"> Noticeable price fluctuations. Delays in raw material procurement 	<ul style="list-style-type: none"> Increased raw material prices and heightened competition for sourcing, affecting margins across the chain. Rising costs due to lower supply; impact on margins. Need for buffer stock or regional diversification 	<ul style="list-style-type: none"> Chronic supply shortages; significant operational disruptions. Increased investment in alternative materials or automation
C – Divergence (4°C)	<ul style="list-style-type: none"> Significant increase in procurement costs. Frequent supply chain and production disruptions. 	<ul style="list-style-type: none"> Severe cost inflation and production losses. Lower export reliability Employee health and safety concerns 	<ul style="list-style-type: none"> Major threat to business continuity. -Remarkable capital required to reconfigure business model or relocate sourcing.
Impact on strategy and decision-making	<ul style="list-style-type: none"> Supplier Diversification and Geographical expansion – Northern coir industry development Backward integration project to adopt market resilience Contribution to national level strategies Utilization reduction mechanisms for raw material 		

Physical risk 02 - Extreme precipitation and Unpredictable Rainfall : Adverse Impacts on Raw Material Availability & Quality

Changes in precipitation and rainfall patterns significantly impact the coir industry, which relies on coconut husks for production. Altered rainfall frequencies and intensities affect the availability and quality of these husks, a primary raw material. In regions with increased precipitation, there may be a surplus of coconut husks due to higher crop growth. Conversely, areas with reduced rainfall may face a scarcity of husks, decreasing production capacity and increasing competition for limited resources. Flooding and water-logged conditions degrade husk quality, leading to lower fibre yields and increased rejection rates. Wet conditions also necessitate mechanical drying of fibre, escalating energy consumption and production costs. Infrastructure damage and transportation delays during periods of extreme precipitation further strain the efficiency and reliability of the supply chain.

Emission Scenario	Impact on business model and value chain		
	Short term	Medium term	Long term
A – Net Zero (2°C)	<ul style="list-style-type: none"> Minor product losses during heavy rains due to supply chain disruptions Minimal financial impact 	<ul style="list-style-type: none"> Some capital expenditure on resilient infrastructure Low product rejection rate 	<ul style="list-style-type: none"> Reduced risk due to successful climate adaptation. No significant financial loss expected.
B – Current Pathway (2.5°C)	<ul style="list-style-type: none"> Increase in moisture-related raw material rejections. Additional costs to pre process raw materials 	<ul style="list-style-type: none"> Recurring loss in processing efficiency. CAPEX on infrastructure to mitigate water damage. 	<ul style="list-style-type: none"> Lower profitability due to quality loss, higher drying costs. Increased insurance and maintenance costs. Exiting of less resilient suppliers from the industry
C – Divergence (4°C)	<ul style="list-style-type: none"> Frequent floods and losses of stored raw material. Emergency repair and cleanup costs 	<ul style="list-style-type: none"> Quality loss increases returns and quality claims. 	<ul style="list-style-type: none"> Permanent closure of cottage industry High insurance premiums or uninsurable assets.
Impact on strategy and decision-making	<ul style="list-style-type: none"> Development of cottage industries by providing technical know-how and aiding in infrastructure development to maintain a steady phase of production in the supply chain. Improving climate resilient infrastructure throughout the supply chain Enhanced quality control measures 		

SLFRS S1 & S2 Implementation

Transition risk 01 – New laws and regulations related to climate change mitigation in destination markets

The global response to climate change is driving substantial legal and policy reforms, with far-reaching implications for industries such as coir manufacturing. Governments around the world are enacting stringent measures to curb greenhouse gas emissions, which are increasingly shaping the regulatory environment in which coir exporters operate.

Key developments include the introduction of carbon pricing frameworks and emission reduction mandates. In Sri Lanka, for example, the government has committed to its Nationally Determined Contributions (NDCs) under the Paris Agreement, setting national targets for

GHG emission reductions. As countries intensify their climate action, coir businesses are likely to face greater regulatory scrutiny and mounting pressure to decarbonize their operations. This could necessitate strategic investments in renewable energy, energy-efficient processes, and more sustainable operational models.

Additionally, evolving land use policies and biodiversity conservation initiatives could influence coconut farming practices. Restrictions aimed at protecting natural ecosystems and preventing deforestation may affect both the cost and availability of coconut husks, the primary input for coir production.

Moreover, the push towards a circular economy is transforming expectations around waste management and product life cycles. Coir manufacturers may need to adopt recycling-friendly designs, comply with stricter disposal regulations, and implement systems for product take-back or reuse. Regulatory changes concerning packaging—such as EPR schemes, recycling mandates and bans on single-use plastics are also likely to impact packaging practices, potentially increasing operational costs and requiring packaging innovation.

In anticipation of these emerging risks, we have integrated climate scenario analysis into our strategic planning to assess the resilience of our operations under various global climate pathways.

Emission Scenario	Impact on business model and value chain		
	Short term	Medium term	Long term
A - Net Zero (2°C)	<ul style="list-style-type: none"> Immediate compliance cost for labelling, certification Cost in hiring experts or training and development 	<ul style="list-style-type: none"> R&D investment and product reformulation. CAPEX for sustainable packaging/processes 	<ul style="list-style-type: none"> Higher market access and premium pricing. Long-term financial upside if well-managed.
B - Current Pathway (2.5°C)	<ul style="list-style-type: none"> Gradual tightening of import rules in key markets occurring additional cost to the business to comply with the regulations 	<ul style="list-style-type: none"> Risk of losing mid-tier buyers due to slow adaptation. Moderate decline in export volumes 	<ul style="list-style-type: none"> Loss of competitiveness in markets with strong ESG focus.
C - Divergence (4°C)	<ul style="list-style-type: none"> Minimal regulatory pressure due to not adapting Loss of competitive positioning 	<ul style="list-style-type: none"> Lost opportunity cost (not entering premium sustainable markets). 	<ul style="list-style-type: none"> Business remains dependent on low-margin, price-sensitive segments. Increased vulnerability to trade shocks
Impact on strategy and decision-making	<ul style="list-style-type: none"> Enhanced product innovation and Product Diversification Strengthening research and development on low emission mechanisms Improving Compliance readiness and market analysis Sustainable sourcing, Circular economy and Waste management 		

Overall financial Impact to the business if no action is taken,

Impact Area(s)	Short Term	Medium Term	Long Term
Financial Position	<ul style="list-style-type: none"> Inventory losses due to extreme weather events (floods/droughts affecting coconut harvests). Increased insurance premium Cost of climate-proofing physical assets. 	<ul style="list-style-type: none"> Devaluation or impairment of assets located in climate-vulnerable regions. Increased capital expenditure for sustainable raw material sourcing and supply chain resilience. 	<ul style="list-style-type: none"> Shift in valuation of land and property due to changing agro-climatic zones. Reallocation of capital to climate-resilient assets and technologies. Potential stranded assets.

Impact Area(s)	Short Term	Medium Term	Long Term
Cash Flows	<ul style="list-style-type: none"> Increased operational costs (e.g., preprocessing, quality adjustments) Disruptions in supply chain causing irregular cash inflows. 	<ul style="list-style-type: none"> Higher investment in climate-resilient technologies (e.g., alternative fibre processing). Cost pressures passed down from suppliers or transportation challenges. 	<ul style="list-style-type: none"> Increased capital deployment in renewable energy, circular economy models. Potential for reduced cash flow volatility if long-term adaptation measures are successful.
Financial Performance	<ul style="list-style-type: none"> Volatility in revenue due to raw material shortages Temporary decline in gross margins due to rising input costs. 	<ul style="list-style-type: none"> Margin pressures from adaptation costs and ESG compliance investments. Potential opportunities for premium pricing through sustainable products. 	<ul style="list-style-type: none"> Improved performance for companies that successfully transition to climate-resilient business models. Increased market share through green branding, but potential risks from regulatory non-compliance or failure to adapt.
Opportunities and Mitigation Strategies	<ul style="list-style-type: none"> Demand for sustainable substitute- Rising global bans on plastic; customers prefer biodegradable, low-carbon products Eco-tourism & green infrastructure Natural coir erosion-control products meet climate-resilient infrastructure needs 	<ul style="list-style-type: none"> Circular economy product lines -Monetizes waste, reduces emissions, aligns with buyer circularity goals Access to green finance- Sustainability-linked funding supports capital upgrades and climate adaptation 	<ul style="list-style-type: none"> Green construction materials, Climate-aligned markets for coir panels, composites, and insulation. Enhanced product demand due to exit of unsustainable products from the global market.

Approaches, Assumptions and Limitations

Disclosure on Non-Quantification of Sustainability-Related and Climate-Related Risks and Opportunities (SRROs & CRROs)

In line with the principles outlined in SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures, Hayleys Fibre PLC acknowledges the importance of providing complete, useful and decision-relevant information on material sustainability-related and climate-related risks and opportunities. However, at this stage we have not undertaken a quantitative assessment of the financial effects of Sustainability-Related Risks and Opportunities (SRROs), including Climate-Related Risks and Opportunities (CRROs), due to several key limitations permitted under the standards.

While qualitative disclosures on material SRROs and CRROs have been included in page 48 to 53, the quantification of their potential financial impact has not been performed due to the following reasons:

1. Inability to Isolate Effects

SRROs and CRROs are deeply interwoven with a variety of business factors—such as raw material availability, global market volatility and operational resilience. As such, isolating the direct financial effects attributable solely to these risks and opportunities, without overlapping with broader macroeconomic and operational factors remains highly complex.

2. High Level of Uncertainty in Measurement

There is significant uncertainty in estimating the probability, timing and magnitude of future sustainability-related impacts, especially in the context of climate change, where physical and transitional risks are non-linear, dynamic and often long-term in nature. This limits the reliability and comparability of any quantifiable data at present.

3. Lack of Reasonable and Supportable Information Without Undue Cost or Effort

Gathering the required data for meaningful quantification would require significant investments in systems, time, modelling tools and extended scenario

analysis capabilities. At present, such data and infrastructure are not available within the Company and obtaining them would involve disproportionate cost and effort relative to the current scale of operations.

4. Limited Internal Resources and Technical Expertise

Our current internal teams lack the specialised skill sets, methodologies and tools required to undertake sophisticated climate and sustainability risk modelling or financial impact assessments. Bridging this gap would require capacity building and the engagement of external experts, which is being considered as part of our longer-term ESG capability development plan.

In addition, given that there is global level information on both direct and indirect impacts of climate change on coconut industry and related industries we encountered below issues that limited our ability to quantify the climate related impacts on the business.

SLFRS S1 & S2 Implementation

1. Lack of Statistically Significant Local Data

Although a number of academic and international research papers indicate a correlation between climatic variables such as rainfall variability and temperature anomalies and coconut yield, our internal analysis based on available Sri Lankan datasets did not yield statistically significant results. The historical agronomic data available for local coconut plantations, especially in coir-producing regions, lacks the monthly nut or raw material production and data consistency to establish a strong empirical link between climate trends and production variability. This significantly limits our ability to build robust econometric models or climate scenario simulations that could support credible financial quantification under SLFRS S2.

2. Climatic Changes Within Agronomic Tolerance Ranges

Another key consideration is that the observed changes in temperature and precipitation patterns over recent decades, while noteworthy from a climate science perspective, have largely remained within the biological tolerance thresholds for coconut cultivation. In particular, the average annual maximum temperatures across key coconut-growing zones in Sri Lanka have not exceeded the agronomic optimum for coconut trees, which typically ranges between 27°C to 32°C. Consequently, no consistent downward trend in yield attributable solely to temperature increases has been validated. This limits the basis for quantifying forward-looking financial risks linked specifically to heat stress or heat-induced yield reductions.

3. Indirect and Uncertain Impact on the Coir Industry

It is also important to note that the coir industry, by its nature utilises coconut husks; a by-product of the nut harvesting process and is therefore only indirectly linked to primary coconut production volumes. Moreover, the coir industry's supply resilience is often supported by diversified sourcing and backward

integration. These dynamics introduce a high degree of uncertainty into any attempt to model the indirect financial effects of climate variability on the coir sector, making quantification speculative at best.

4. Climatic Variability Across Agro-Climatic Zones

Sri Lanka's unique topography and diverse agro-ecological zones introduce additional complexity. Coconut production occurs across several climate zones such as dry, intermediate and wet where each responding differently to climatic stressors. As a result, projecting climate-related yield impacts with sufficient accuracy and reliability at the aggregate level, as required for SLFRS S2 financial quantification is not currently feasible.

5. Lagged Effects of Climate Variables on Coconut Yield

Scientific research also indicates that coconut production exhibit lagged responses to climatic variations, particularly rainfall and drought conditions. For instance, water stress or temperature anomalies occurring in a given year may only manifest as changes in fruiting and nut yield in the subsequent growing season, typically with a 12-month lag effect.

This delayed response makes it inherently difficult to align specific climate events with immediate production outcomes and in turn with financial reporting periods due to other factors that also impact on the coconut yield.

- Fertiliser application rates and nutrient availability
- Soil health and irrigation practices
- Pest and disease outbreaks
- Adoption of improved or drought-resistant cultivars
- Labour availability and economic incentives
- Market dynamics impacting agricultural practices

Given this complexity, it is challenging to isolate the financial impact of climate change from these overlapping variables.

3. Risk Management

The Hayleys Fibre Group adopts a structured and integrated Enterprise Risk Management (ERM) approach, embedding risk identification, assessment, and mitigation within both operational and strategic decision-making processes. By leveraging advanced risk management frameworks and analytical tools, the Group ensures that climate and sustainability risks are effectively anticipated and managed. Continuous monitoring and periodic reviews reinforce a culture of vigilance, resilience, and agility across the organisation. This forward-looking risk mindset not only safeguards the Group's assets and brand equity but also enhances its ability to seize emerging opportunities in an evolving market environment. Further details on the Group's risk management practices can be found in the Risk Management Report on pages 34 to 38.

4. Metrics and Targets

The key sustainability metrics of the business are widely aligned with the Hayleys Group ESG framework (Lifecode) and Hayleys Fibre Group's ESG roadmap (Entwine). The targets and their achievements are described in several locations of this integrated annual report.

- Environmental metrics (Energy, Waste & emissions) – Natural Capital Report (page 104)
- Community, Customers and employee related metrics – Human Capital Report (page 92) & Social and Relationship Capital (page 80)
- Governance & Financial related metrics – Financial Capital (Page 62), Corporate Governance Report (page 112) & Risk Report (page 34)

Precision and Purpose

Every individual has a role and every action has a purpose. At Hayleys Fibre PLC, we ensure that our processes are always precise and there is purpose in our innovation.



Operating Environment

Performance of the Global Economy in 2025

In 2024, global economic growth moderated to 2.4%, reflecting the cumulative impact of multiple geopolitical tensions and structural challenges. Prolonged conflicts, most notably the Russia–Ukraine war continued to disrupt global energy and food supply chains, driving price volatility and softening demand within the Euro Area. At the same time, escalating tensions in the Middle East triggered oil price fluctuations and caused logistical bottlenecks, further compounding uncertainty across global markets.

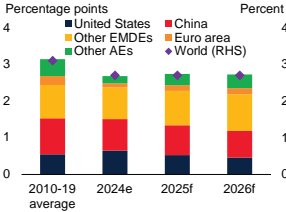
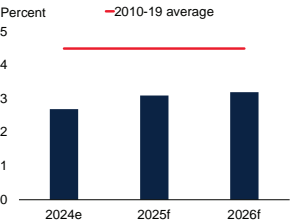
Advanced economies bore the brunt of this global deceleration, with growth easing to 1.2% from 1.5% in 2023. In contrast, emerging market and developing economies (EMDEs) expanded at a relatively stronger pace of 3.9%, supported by resilient domestic demand in selected markets.

Global trade remained subdued in 2024, expanding by 3.4%, a growth rate buoyed in part by the low base effect from the previous year’s weak performance. Nonetheless, persistent trade tensions, ongoing supply chain disruptions, and a tilt towards protectionist policies in some economies tempered trade growth. The strategic rivalry between the United States and China, particularly regarding trade restrictions and technology controls, further dampened investor sentiment and intensified fragmentation across global supply chains.

Meanwhile, global inflationary pressures eased significantly from the peaks seen in 2022 and 2023. This easing was supported by tighter monetary policy, improving supply chain dynamics, and the softening of global commodity prices. Advanced economies saw more pronounced disinflation, aided by falling energy prices and a gradual normalisation in demand for goods and services. EMDEs

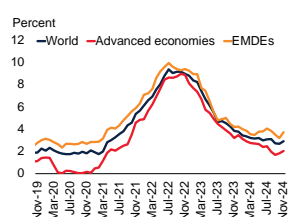
also experienced a decline in inflation, though the pace varied. Countries with stronger macroeconomic fundamentals and credible policy frameworks experienced faster disinflation, while others continued to grapple with currency depreciation and domestic supply-side constraints, which kept food and fuel prices elevated.

Despite this encouraging disinflation trend, geopolitical risks, including the prolonged war in Ukraine and ongoing Middle Eastern instability continued to fuel intermittent volatility in energy and food markets. Moreover, the increasing fragmentation of global trade and supply chains presents a growing challenge, potentially pushing up long-term production costs and contributing to sustained inflationary pressures in the years ahead.

Global Economic Performance 2024 Key Highlights		Risks and Opportunities to the Hayleys Fibre Group	
		Risks	Opportunities
Global Economic Growth	<p>Global GDP growth slowed to 2.4% due to geopolitical and structural headwinds.</p> <p>Advanced economies saw sharper slowdown: growth declined to 1.2% from 1.5% in 2023.</p> <p>EMDEs (Emerging Markets & Developing Economies) grew by 3.9%, supported by resilient domestic demand.</p>	Demand-side risk especially in traditional Western markets	Diversify the export base and strengthen the Group’s presence in high-growth emerging markets
<p>Contributions to global growth</p> 		<p>Global trade growth</p> 	
Global Trade	<p>Global trade grew 3.4%, supported by a low base effect from 2023.</p> <p>Growth was tempered by trade tensions, supply chain disruptions, and protectionist policies.</p>	Global tilt toward protectionism and the reconfiguration of trade alliances may lead to non-tariff barriers, altering market access	Enhanced operational efficiencies and value-added product development can improve margins and product differentiation

Global Economic Performance 2024 Key Highlights		Risks and Opportunities to the Hayleys Fibre Group	
		Risks	Opportunities
Global Inflation	<p>Global inflation eased significantly from 2022–2023 highs.</p> <p>Advanced economies saw notable declines due to lower energy prices and demand normalization.</p> <p>EMDEs also experienced disinflation, but regional variation remained:</p> <p>Faster disinflation in economies with strong policy credibility.</p> <p>Elevated inflation in others due to currency depreciation and supply-side constraints.</p>	Shipping delays and cost escalations may impair competitiveness in overseas markets	Fragmentation of global supply chains creates opportunities for regional manufacturing, partnerships, or nearshoring strategies

Headline consumer price inflation



Outlook for the Global Economy in 2025

The global economy is projected to grow at a moderate pace of 2.7% in both 2025 and 2026, according to the World Bank. While this reflects a stabilisation following recent economic shocks, the pace of growth remains insufficient to meaningfully reduce global poverty or close the income gap between developing and advanced economies.

Emerging markets and developing economies (EMDEs) are expected to expand at around 4%, marking their weakest long-term growth outlook since 2000, largely due to structural constraints and slowing productivity gains.

Meanwhile inflationary pressures are expected to ease in 2025, with global inflation projected to decline to around 4.5%, compared to 5.9% in 2024 on the back of tighter monetary policies, improved supply chain efficiencies, and more stable global commodity prices.

Performance of the Sri Lanka's Economy in 2025

Sri Lanka witnessed a significant economic rebound in 2024, marking a clear departure from years of contraction and instability. Real GDP grew by 5%, the highest annual growth rate in seven years, surpassing the Central Bank's initial projection of 3%. The growth momentum, particularly visible in the first nine months with an expansion of 5.2%, reflected a broad-based and resilient recovery across the economy.

This resurgence was driven by robust performances in key sectors. The industrial sector rebounded strongly, supported by improved energy availability, renewed investor confidence, and strengthening domestic demand. The tourism sector saw a sharp revival, driven by greater political stability, infrastructure enhancements, and effective international marketing campaigns that repositioned Sri Lanka as a safe and attractive destination. Meanwhile, the services sector also recorded solid gains, benefiting from favourable exchange rate dynamics and continued global demand for digital and remote services.

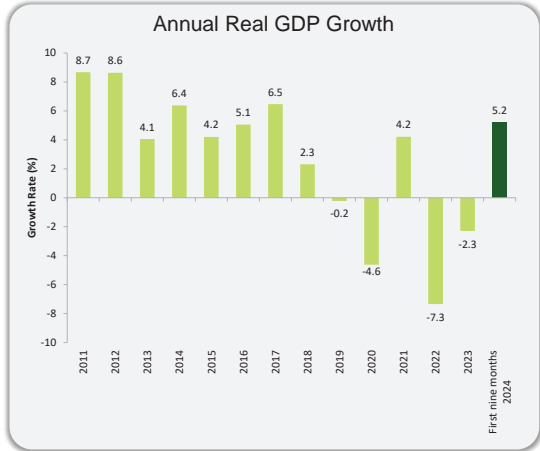
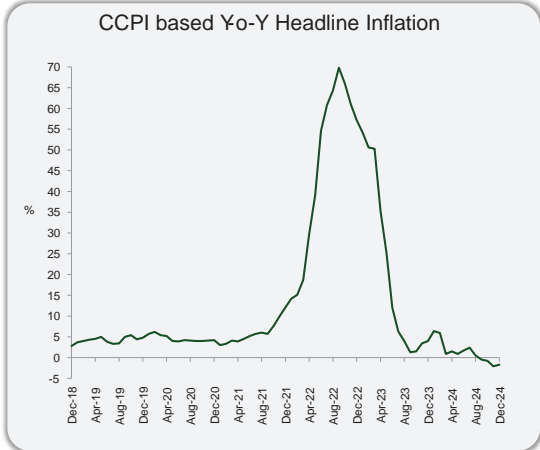
Macroeconomic recovery was reinforced by strategic policy interventions. The successful implementation of the International Monetary Fund (IMF) programme coupled with enhanced fiscal discipline and improved public financial management, collectively contributed to the stabilisation of the financial sector. Confidence was further bolstered by the finalisation of the external debt restructuring agreement in December 2024, which addressed longstanding concerns around debt sustainability and improved investor sentiment.

Inflationary pressures eased markedly in 2024. Having peaked at 64% in 2022, inflation fell steadily throughout 2023 and dropped to 0.5% by August 2024, before slipping into mild deflation of 1.7% by December. This sharp deceleration was driven by a combination of factors, including a stabilised exchange rate, improved domestic supply chains, tight monetary policy by the Central Bank, and a global decline in commodity prices. As a result, consumer purchasing power recovered, business input costs declined, and the macroeconomic environment became more conducive to investment and growth.

Operating Environment

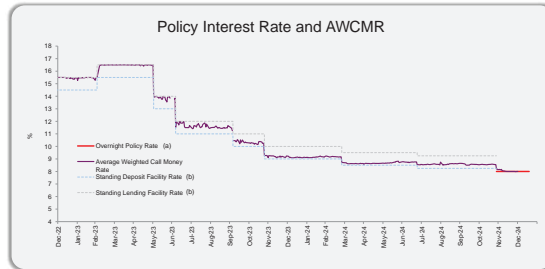
In a significant policy reform measure, the Central Bank of Sri Lanka transitioned from a dual policy rate framework to a single policy rate system in November 2024, introducing the Overnight Policy Rate (OPR) set at 8.00%. This move, implemented under the Flexible Inflation Targeting framework, is aimed at improving transparency, predictability, and the transmission of monetary policy signals further enhancing market stability and confidence.

The Sri Lankan rupee also appreciated steadily during the year, driven by a rebound in key external inflows, particularly a surge in tourism receipts and remittances, which helped improve the balance of payments and ease pressure on the currency. The Sri Lankan Rupee appreciated from an average of LKR 333.91 per USD in 2023 to LKR 300.89 per USD over the year, to reach its strongest level at LKR 289.87 per USD in December 2024.

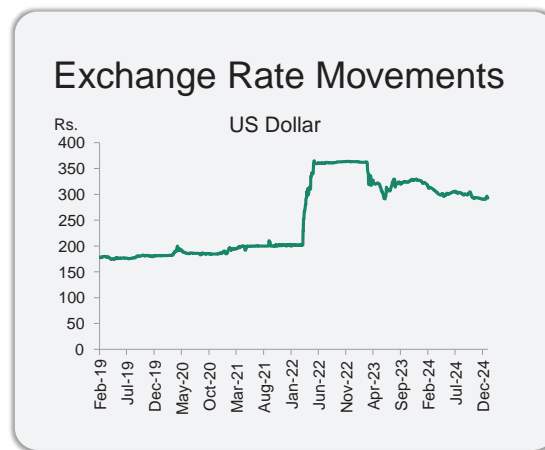
Sri Lanka's Economic Performance 2024 Key Highlights		Risks and Opportunities to the Hayleys Fibre Group																																									
		Risks	Opportunities																																								
GDP Growth	<p>Sri Lanka recorded 5% GDP growth in 2024, the highest in seven years, exceeding the Central Bank's 3% forecast.</p> <p>Strong rebounds were noted in the industrial, tourism, and services sectors, driven by improved energy availability, investor confidence, political stability, infrastructure upgrades, and global demand</p>	Potential overheating of the economy could lead to supply constraints or rising input costs	Increased domestic demand due to overall economic growth																																								
<div><h3>Annual Real GDP Growth</h3><table><tr><th>Year</th><th>Growth Rate (%)</th></tr><tr><td>2011</td><td>8.7</td></tr><tr><td>2012</td><td>8.6</td></tr><tr><td>2013</td><td>4.1</td></tr><tr><td>2014</td><td>6.4</td></tr><tr><td>2015</td><td>4.2</td></tr><tr><td>2016</td><td>5.1</td></tr><tr><td>2017</td><td>6.5</td></tr><tr><td>2018</td><td>2.3</td></tr><tr><td>2019</td><td>-0.2</td></tr><tr><td>2020</td><td>-4.6</td></tr><tr><td>2021</td><td>4.2</td></tr><tr><td>2022</td><td>-7.3</td></tr><tr><td>2023</td><td>-2.3</td></tr><tr><td>First nine months 2024</td><td>5.2</td></tr></table></div>		Year	Growth Rate (%)	2011	8.7	2012	8.6	2013	4.1	2014	6.4	2015	4.2	2016	5.1	2017	6.5	2018	2.3	2019	-0.2	2020	-4.6	2021	4.2	2022	-7.3	2023	-2.3	First nine months 2024	5.2												
Year	Growth Rate (%)																																										
2011	8.7																																										
2012	8.6																																										
2013	4.1																																										
2014	6.4																																										
2015	4.2																																										
2016	5.1																																										
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2021	4.2																																										
2022	-7.3																																										
2023	-2.3																																										
First nine months 2024	5.2																																										
Inflation	<p>Inflation dropped from 64% in 2022 to 0.5% in August 2024 and entered mild deflation (1.7%) by December 2024, aided by currency stability, better supply chains, tighter monetary policy, and falling global commodity prices.</p>	Persistent low or negative inflation can lead to deflation, where consumers delay purchases anticipating further price drops	Lower inflation reduces costs for raw materials and inputs																																								
<div><h3>CCPI based Yo-Y Headline Inflation</h3><table><tr><th>Month</th><th>Inflation (%)</th></tr><tr><td>Dec-18</td><td>5</td></tr><tr><td>Apr-19</td><td>5</td></tr><tr><td>Aug-19</td><td>5</td></tr><tr><td>Dec-19</td><td>5</td></tr><tr><td>Apr-20</td><td>5</td></tr><tr><td>Aug-20</td><td>5</td></tr><tr><td>Dec-20</td><td>5</td></tr><tr><td>Apr-21</td><td>5</td></tr><tr><td>Aug-21</td><td>5</td></tr><tr><td>Dec-21</td><td>15</td></tr><tr><td>Apr-22</td><td>55</td></tr><tr><td>Aug-22</td><td>68</td></tr><tr><td>Dec-22</td><td>50</td></tr><tr><td>Apr-23</td><td>5</td></tr><tr><td>Aug-23</td><td>5</td></tr><tr><td>Dec-23</td><td>5</td></tr><tr><td>Apr-24</td><td>5</td></tr><tr><td>Aug-24</td><td>0.5</td></tr><tr><td>Dec-24</td><td>-1.7</td></tr></table></div>		Month	Inflation (%)	Dec-18	5	Apr-19	5	Aug-19	5	Dec-19	5	Apr-20	5	Aug-20	5	Dec-20	5	Apr-21	5	Aug-21	5	Dec-21	15	Apr-22	55	Aug-22	68	Dec-22	50	Apr-23	5	Aug-23	5	Dec-23	5	Apr-24	5	Aug-24	0.5	Dec-24	-1.7		
Month	Inflation (%)																																										
Dec-18	5																																										
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Apr-24	5																																										
Aug-24	0.5																																										
Dec-24	-1.7																																										

Sri Lanka's Economic Performance 2024 Key Highlights

Interest Rates The Central Bank introduced a single policy rate, the Overnight Policy Rate (OPR) at 8% in November 2024 to improve transparency and market confidence



Exchange Rate The Sri Lankan Rupee appreciated significantly, supported by rising tourism and remittance inflows



Risks and Opportunities to the Hayleys Fibre Group

Risks

Lower returns on cash reserves or fixed-income investments, potentially impacting the Group's financial income and liquidity management

Opportunities

Stable interest rates improve planning for investments and financing

Strong currency can make exports less competitive internationally

Stronger LKR reduces import costs for machinery and raw materials not available locally

Outlook for the Sri Lankan Economy in 2025

Sri Lanka's 2025 economic outlook is cautiously positive, with GDP growth expected to exceed 3%, supported by fiscal consolidation, infrastructure development, and ongoing IMF-backed reforms alongside efforts to improve business conditions and attract foreign investment. However, external risks like geopolitical tensions, volatile commodity prices, and rising global protectionism, especially US tariff hikes are likely to threaten export competitiveness. To navigate these challenges, Sri Lanka needs to continue reforms, diversify exports, strengthen trade partnerships, and maintain sound macroeconomic management for resilient, sustainable growth.

Sources:

Global Economic Prospects - January 2025 (World Bank)

World Economic Outlook - April 2025 (IMF)

Annual Economic Review 2024 (Central Bank of Sri Lanka)

Review of Group Operations

Overview

	Hayleys Fibre PLC		Bonterra Ltd		Creative Polymats (Pvt) Ltd	
	2025	2024	2025	2024	2025	2024
Ownership Status	Parent		Subsidiary		Subsidiary	
Contribution to Group Revenue (%)	47%	55%	36%	27%	17%	18%
Contribution to Group Operating Profit (%)	-127%	-44%	173%	78%	54%	66%
Share of Group Assets (%)	54%	53%	22%	19%	24%	28%
ROA	-2.5%	-2.9%	16.9%	19.0%	0.8%	4.6%

Hayleys Fibre PLC

Hayleys Fibre PLC demonstrated notable resilience amidst a challenging operating environment during the year under review. The sharp appreciation of the Sri Lankan Rupee exerted considerable pressure on the Company's top line, which was further compounded by persistent supply-side disruptions. Operating within a highly price-sensitive market segment, the Company has traditionally avoided price adjustments to safeguard its competitive position. However, the severity of cost pressures necessitated a price revision of approximately 20%. While this offered some relief, it was insufficient to fully offset the impact on margins.

Despite these headwinds, Hayleys Fibre PLC remained steadfast in its strategic focus. Aggressive market development and new market penetration initiatives alongside product diversification helped cushion the blow of currency, while the successful implementation of a backward integration initiative significantly enhanced supply chain resilience, reduced exposure to external cost fluctuations, and improved the Company's ability to control both quality and sustainability across its operations.

GRI 2-6

In 2024/25, Hayleys Fibre PLC introduced several innovative coir-based solutions to strengthen its market positioning in both the horticultural and home gardening sectors:

Double Colour Twine – A unique aesthetic and functional upgrade to conventional coir twine, designed to appeal to the retail and DIY segments, especially in the European and Japanese markets.

Coir Trellis Net – A 100% biodegradable climbing support net for vegetables and ornamental plants, offering a sustainable alternative to plastic netting.

Grow Cubes and Grow Discs – Designed for easy propagation and seed starting, these products offer superior moisture retention and biodegradability.

Anthurium Mix – A specially formulated blend of coir fibre pith and coir chips, optimised for epiphytic plant growth. The mix ensures excellent aeration, optimal moisture and root support, ideal for the floriculture sector.

Ginger Cultivation Mix (Open-Top Bag System) – A game-changing coir-based growing medium developed to ensure contamination-free, sand-free ginger production with improved rhizome quality and fertiliser efficiency.



Hayleys Fibre PLC reported revenue of LKR 2.28 billion in FY 2024/25, a decline from LKR 2.83 billion in the previous year, reflecting the impact of the LKR appreciation, while the net loss to LKR 60.16 million for the year was largely attributed to the supply chain disruptions and resulting cost pressures.

In a notable accomplishment, Hayleys Fibre PLC was named the Best Exporter in the Coconut Substrate Category at the 26th Presidential Export Awards held in 07th February 2025

Way Forward for Hayleys Fibre

As the Company navigates an increasingly competitive and dynamic global landscape, innovation remains at the heart of the future roadmap, with plans underway to expand the portfolio of coir-based offerings designed to strengthen the Company's competitive positioning in niche segments of the global fibre market.

Geographic diversification will also be another key focus, with a strong emphasis on enhancing its footprint across high-potential regions including Eastern Europe, South America, and select parts of Australasia, where the Company will aim to actively pursue new channels and partnerships to strengthen its distribution capabilities in these geographies.

Bonterra Limited

Bonterra once again delivered a strong performance for the current year, underscoring the growing global demand for the Company's products. As a specialist in manufacturing and exporting natural fibre based erosion control products and solutions, Bonterra supplies to over 75+ countries globally and

commands approximately 80% market share of Sri Lanka's total erosion control blankets. During FY 2024/25, Bonterra further expanded its global footprint, making inroads into new and emerging markets across South America and Africa.

Revenue rose to LKR 1.70 billion, reflecting a robust 18.8% increase from LKR 1.43 billion in the previous year, while Net Profit After Tax reached LKR 150.99 million, marking a 6.7% increase from LKR 141.45 million. These results are a testament to Bonterra's ability to deliver consistent value and serve as a compelling proof point for the long-term viability and resilience of Hayleys Fibre's overall business strategy.

In recognition of its exceptional performance and contribution to Sri Lanka's export economy, Bonterra was honoured as the Best Exporter in the Coir Fibre Sector at the 26th Presidential Export Awards. This accolade further validates Bonterra's leadership in the industry and reinforces its role as a key growth driver within the Hayleys Fibre portfolio.

Way Forward for Bonterra

Looking ahead, Bonterra Limited will continue to focus on advancing its position as a global leader in natural erosion control solutions by driving innovation, expanding market reach, and reinforcing its commitment to environmental sustainability.

The key priority will be product innovation and diversification aimed at introducing new, high-performance solutions that address evolving environmental challenges worldwide. Strategic collaborations, such as the upcoming introduction of a new trading product line inspired by cutting-edge erosion control technologies, will further expand Bonterra's portfolio and market appeal.

International expansion is also crucial. Building on the success of its direct exclusive distribution model in Australia, the Company plans to replicate this approach in high-potential markets including Brazil, Russia, China, and Africa. Likewise, Bonterra will actively target growth in the Middle Eastern and African regions as well.

Capitalising on the global green infrastructure movement Bonterra expanded its product portfolio in the current year, to meet evolving environmental standards and specific market demands:



Hydro Seeding Mats for the European Market

Targeted specifically for the European market, these mats are designed for efficient seed germination and erosion protection in landscaping, reforestation, and roadside revegetation projects. With growing regulatory pressure in Europe for sustainable land restoration techniques, this product aligns with eco-conscious development goals and offers clients a high-performing, natural alternative to synthetic options.

100% Biodegradable Roof Greening Blankets (Oceania & Europe)

Fully biodegradable roof greening mats are engineered for sedum-based and extensive green roof systems. These blankets serve as a growing substrate layer, promoting water retention, root stabilisation and organic matter development. The demand in Europe and Oceania has significantly increased as urban developers seek environmentally responsible and aesthetically appealing stormwater management solutions.

Dust Control Blankets for the Middle East (100% Biodegradable)

A 100% biodegradable dust control blanket specifically for the Middle Eastern market, these blankets are designed for temporary surface stabilisation in construction, infrastructure and desertification control projects. Unlike synthetic solutions, Bonterra's product offers both environmental safety and high performance in extreme climatic conditions.

95% Biodegradable Erosion Control Blanket for the Mining Sector

Understanding the growing demand for sustainable mining reclamation solutions, Bonterra has engineered a 95% biodegradable blanket suitable for disturbed land rehabilitation in mining operations, particularly in South America. The slightly extended degradation period is ideal for long-term erosion control on slopes and stockpiles while maintaining compliance with environmental restoration regulations.

Creative Polymats (Pvt) Ltd (CPL)

CPL, which primarily serves the local market with polyurethane (PU) mattresses and affordable bedding solutions, faced a challenging operating environment during the year. The Company encountered considerable headwinds, most notably a significant demand contraction for all products amidst lower consumer spending across Sri Lanka. Moreover, frequent price revisions driven by intensifying market competition also brought severe pressure on margins in the first nine months of the year. However a notable demand uptick was evident in the last quarter of the year. Additionally, the new strategic partnership with Singer Sri Lanka, a fellow Group entity within the broader Hayleys Group enabled CPL to supply PU components for furniture manufacturing, which also helped to sustain sales volumes.

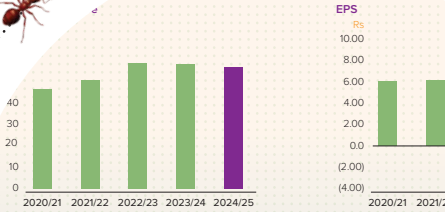
Despite this late resurgence, the initial pressures resulted in a subdued financial performance. Revenue for the year declined by 11.4% to LKR 796.16 million, compared to LKR 898.10 million in FY 2023/24. The impact on profitability was more pronounced, with Net Profit After Tax falling sharply by 83.5% to LKR 8.41 million, down from LKR 51.02 million in the previous year.

Way Forward for CPL

Looking ahead, CPL will focus on improving market share through island-wide sales campaigns alongside more emphasis on product innovation.



Financial Capital



Gross Profit Margin

11%

Operating Profit Margin (EBIT)

2%

4,751

Revenue

4,041

Total Assets
(Rs. Mn)

INPUTS

- Rs. 1,645 million Equity Capital
- Rs. 1,592 million Borrowings

VALUE

MATERIAL MATTERS

Consistent Returns

Cash flow Position

Market Expansion

Competitive Position

MANAGEMENT APPROACH

The Hayleys Fibre Group's approach to managing Financial Capital is based on sound financial management practices including strategic planning to determine the optimal capital structure, balancing debt and equity financing to manage risk and cost of capital. Budgeting, forecasting, and cash flow management to ensure adequate liquidity to meet financial obligations, along with monitoring and analysing key financial metrics and performance indicators to enable proactive adjustments to capital allocation strategies, also forms an important part of the approach to manage financial capital.

INITIATIVES FOR FY 2024/25

- Earnings Before Interest and Tax (EBIT) - Rs. 113 million
- Profit After Tax (PAT) - Rs. 34 million
- Return on Capital Employed (ROCE) - 6%
- Return on Equity (ROE) - 2%



The Hayleys Fibre Group financial capital consists of the equity and debt capital that collectively support the execution of the Group's strategic initiatives that fuel long-term growth and generate consistent shareholder returns.

STAKEHOLDER OUTCOMES

- Rs. 3,649 million generated as export revenue to the Country
- Rs. 202 million paid as taxes

SDGs

OUTPUTS FOR HAYLEYS FIBRE AND IMPACT ON OTHER CAPITALS

- Strong financial performance supports expansion in physical infrastructure
- Consistent results enhances the Group's reputation and industry standing
- Strong financial results helps to improve stakeholder confidence and trust



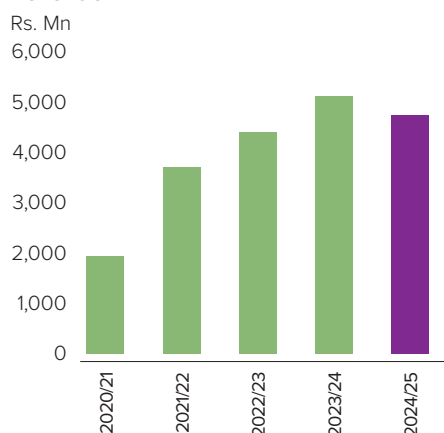
Financial Capital

Revenue

Amidst significant macroeconomic headwinds, the Hayleys Fibre Group recorded an annual turnover of Rs. 4,751 million for the financial year, reflecting a 7% year-on-year decline from Rs. 5,125 million in the previous year. The revenue contraction was due to the appreciation of the LKR which exerted considerable pressure on the export revenues.

Local revenue also declined to Rs. 982 million during the year under review, compared to Rs. 1,169 million in the previous year—representing a 16% decrease year-on-year. Creative Polymats (Pvt) Ltd continued to be the leading contributor to the Group's local sales, accounting for 81% of the Group's total annual turnover for FY 2024/25.

Revenue



Operating Expenses

The Group's operating expenses, comprising selling and distribution expenses as well as administrative expenses, decreased by 2% to Rs. 7 million in the current financial year. This reduction was primarily driven by lower distribution costs. However, the overall cost structure continued to reflect the impact of inflationary pressures,

adjustments to employee remuneration, and additional expenses incurred to safeguard employee health and well-being.

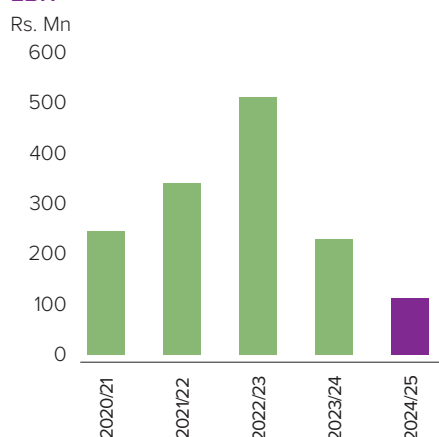
Earnings Before Interest and Tax (EBIT)

The Hayleys Fibre Group gross profit declined to Rs. 542 million in the current financial year, down by 20% from Rs. 680 million reported in the preceding year. Consequently, gross profit margin experienced a downward shift to 11% in the current financial year from 13% in the financial year 2023/24.

The adverse movement in gross profit is partly attributed to increase in material prices and the impact on export revenue owing to the 6% appreciation in the LKR against the USD. Nevertheless, stringent cost control strategies together with improved operational efficiency helped mitigate the impact of decline in gross profit to a certain extent.

In line with reduction in gross profit, EBIT decreased to Rs. 113 million while an EBIT margin of 2% was maintained during the year under review.

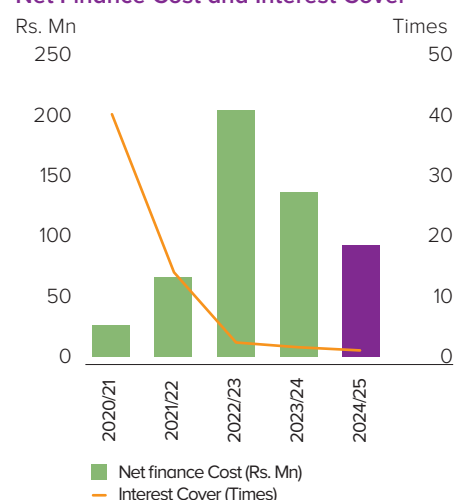
EBIT



Finance Cost and Interest Cover

The Group's interest cost declined to Rs. 92 million in the financial year 2024/25, compared to Rs. 133 million in the previous year. This reduction was primarily attributed to lower borrowing costs, supported by a more favourable interest rate environment. However, reflecting the decline in EBIT, the Group's interest cover ratio also decreased to 1.2 times, down from 1.7 times in the previous year.

Net Finance Cost and Interest Cover

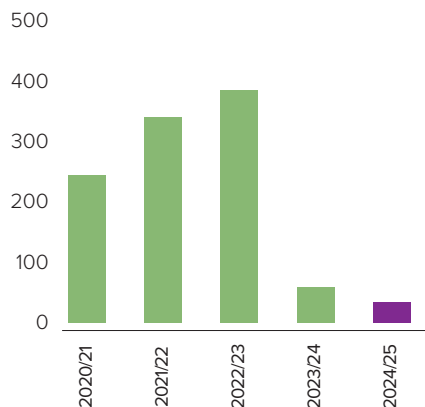


Profit After Tax (PAT)

The Group reported a Profit After Tax (PAT) of Rs. 34 million for the financial year 2024/25, representing a decline from Rs. 58 million recorded in the previous year. This decrease reflects the challenging operating environment and pressure on margins. Notably, tax expenses for the year declined significantly to Rs. 5 million, compared to Rs. 74 million in the previous year. This significant reduction was primarily due to the recognition of deferred tax assets on brought forward tax losses. Further details are provided in Note 8.1 of the financial statements.

PAT

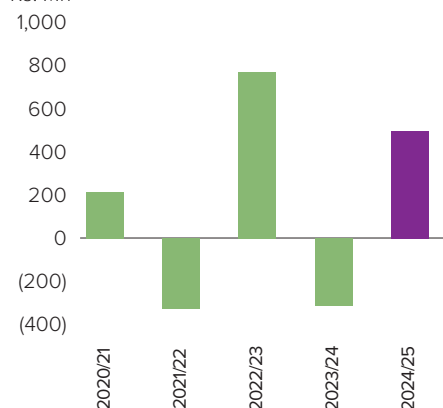
Rs. Mn

**Cash Flow and Liquidity Position**

The Group's cash generated from operating activities improved significantly to Rs. 498 million in the current financial year, compared to a negative cash flow of Rs. 312 million in the previous year. This improvement was primarily driven by a reduction in working capital requirements, notably from trade and other receivables and amounts due from related companies.

Cash Flow and Liquidity Position

Rs. Mn

**Return on Capital Employed (ROCE) and Return on Equity (ROE)**

The decline in Profit After Tax, primarily driven by adverse exchange rate movements and cost escalations, contributed to a reduction in both ROCE

and ROE for the financial year 2024/25. The Group's ROCE declined to 6%, compared to 11% in the previous year, while ROE fell to 2%, down from 4% reported in FY 2023/24.

ROCE & ROE

%

**Asset Turnover**

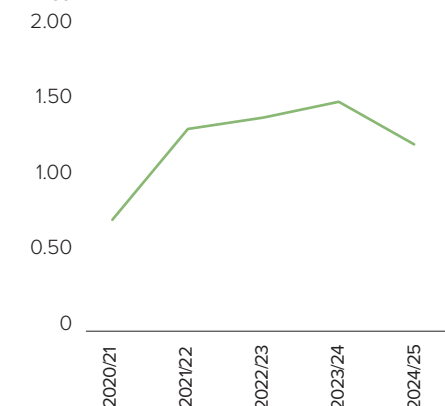
The Group's asset base expanded significantly during the year, primarily due to investments made in the capacity expansion project at Hayleys Fibre PLC. of the total Rs. 259 million incurred on the acquisition of Property, Plant & Equipment (PPE) during the year (compared to Rs. 178 million in 2023/24), Rs. 206 million was allocated to building construction for the new project. Additionally, Rs. 37 million was invested in machinery and Rs. 12 million in motor vehicles for Hayleys Fibre PLC.

A further Rs. 134 million was recognised under capital work in progress, which includes Rs. 115 million related to the ongoing expansion project and Rs. 19 million allocated to production enhancement and storage facilities at Creative Polymats (Pvt) Ltd in Dankotuwa.

The Group's asset turnover ratio declined to 1.2 times, compared to 1.5 times in the previous year due to the combined impact of higher asset base and the revenue contraction. Similarly, the non-current asset turnover ratio decreased to 3.2 times, down from 4.6 times reported in the prior financial year.

Asset Turnover

Times

**Borrowings**

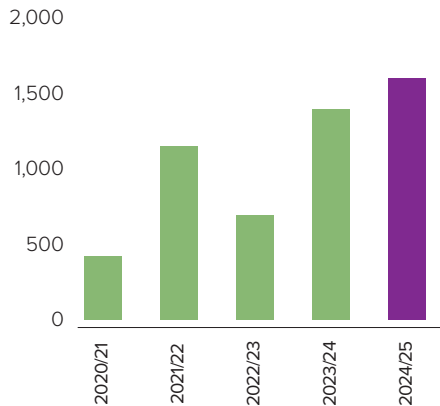
During the year under review, the Group's borrowings comprised long-term interest-bearing borrowings, import loans, short-term loans, and bank overdrafts. As at 31st March 2025, short-term interest-bearing borrowings amounted to Rs. 1,279 million (2023/24 – Rs. 1,069 million), including short-term loans, import loans, and overdrafts. These borrowings were primarily utilised to support the Group's working capital requirements. The interest rates applicable to these facilities were linked to prevailing money market rates and were reviewed periodically by the Hayleys Group Treasury Department to ensure competitiveness and alignment with market conditions.

Financial Capital

At year-end, long-term interest-bearing borrowings stood at Rs. 313 million, representing the current portion of long-term debt obligations. Further details of the Group's borrowings are provided in Notes 23 and 26 to the Financial Statements.

Borrowings

Rs. Mn



Capital Structure and Gearing

The capital structure of the Hayleys Fibre PLC Group is composed of both equity and debt, with equity accounting for 51% and debt for 49% as at the end of the reporting period. The equity component comprises stated capital, other components of equity, amalgamation reserves, and revenue reserves, while the debt component includes both long-term and short-term interest-bearing borrowings.

The Group's debt to equity ratio stood at 97% during the reporting period compared to 83% in the preceding year, while financial gearing increased to 49% from 45% in the current year. Meanwhile, the change of composition of the capital structure was mainly due to the increase in long-term debt owing to Hayleys Fibre PLC's strategic capacity expansion project.

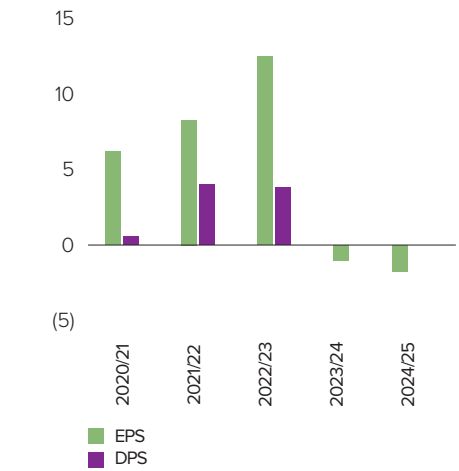
Total Debt & Total Equity

Rs. Mn



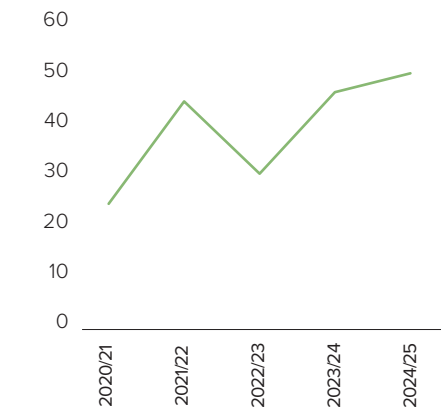
EPS/DPS

Rs.



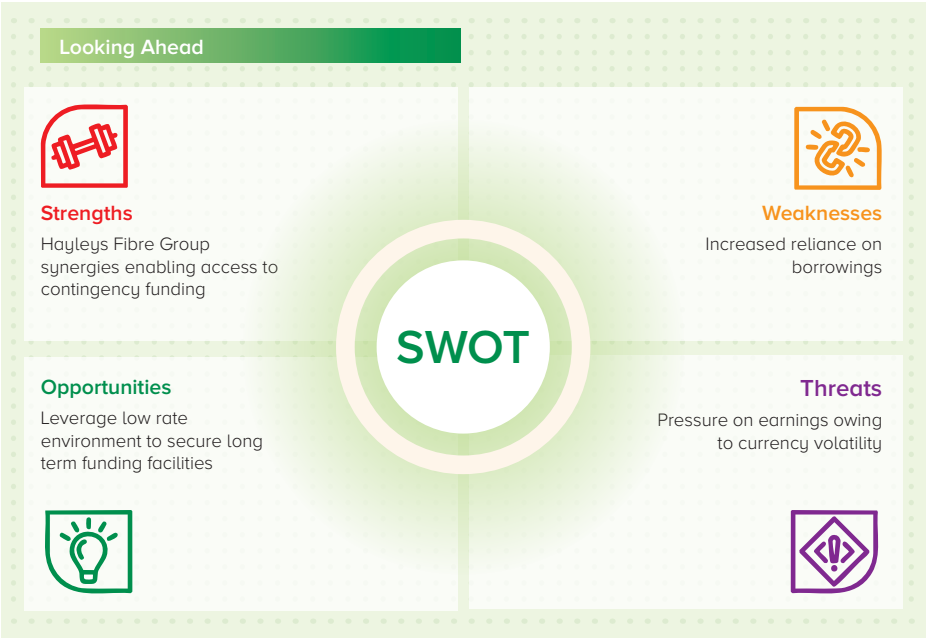
Gearing

%



Earnings Per Share (EPS) and Dividend Per Share (DPS)

The Group dividend policy is formulated taking into consideration the overall performance and future growth plans as well as economic and market dynamics. Shareholder returns as measured in terms of EPS decreased to Rs. (1.78) per share from Rs. (1.05) in the previous year. Due to the downward trend in performance and investments in backward integration project, no dividend was declared for the year under review.



Short Term - Medium Term Plans	Long Term Plans
<ul style="list-style-type: none">Pursuing broad-based market diversification to mitigate revenue volatility from exchange rate fluctuations.Careful management of working capital to drive cost efficiency and operational effectiveness.	<p>Strengthening financial capital through strategic partnerships.</p> <p>Develop long-term partnerships with key suppliers and customers to co-create value and strengthen supply chain reliability.</p>



Manufactured Capital



INPUTS

- Property Plant and Equipment
- Asset Stewardship
- IT Infrastructure and Back-end Support Systems
- Distribution Channels

VALUE

MATERIAL MATTERS

Consistent Returns

Market Expansion

Competitive Position

Customer Loyalty

MANAGEMENT APPROACH

The Hayleys Fibre Group builds its Manufactured Capital by maintaining strong physical and digital infrastructure to boost productivity, achieve cost leadership, and enhance competitiveness, while also focusing on continuously strengthening its distribution channels.

INITIATIVES FOR FY 2024/25

- Rs. 259 million invested in PPE
- Rs. 55 million incurred on maintenance and upkeep
- Continuous process improvements to enhance manufacturing efficiency
- 60% capacity utilisation



Manufactured Capital encompasses the physical and digital infrastructure that together support the Hayleys Fibre Group to produce and deliver its products to the market.

STAKEHOLDER OUTCOMES

- Return on Assets (ROA)
- 100% Order fulfilment rate
- On-time delivery
- Uninterrupted product availability

SDGs

OUTPUTS FOR HAYLEYS FIBRE AND IMPACT ON OTHER CAPITALS

- Higher return-on-investment due to optimal use of assets
- World class infrastructure reinforces the Group's reputation as an industry leadership
- Reliability of production and manufacturing infrastructure strengthens stakeholder trust

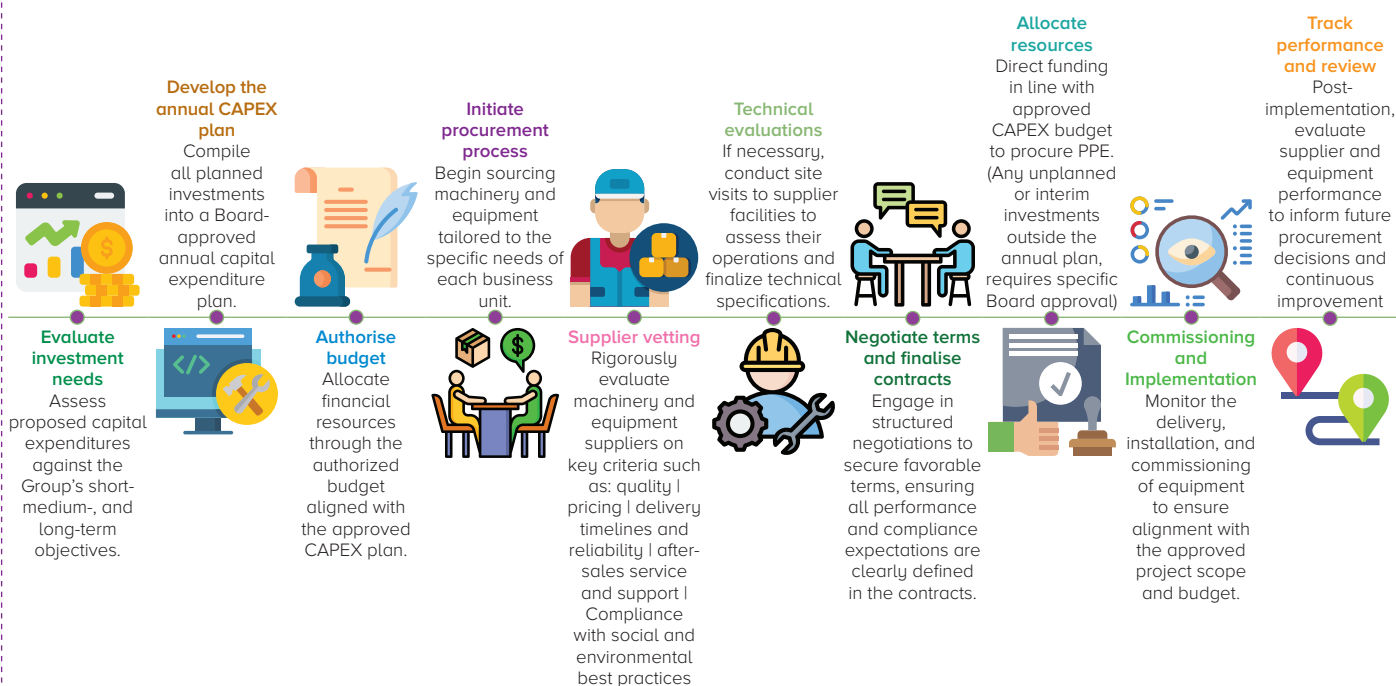


Manufactured Capital

Property Plant and Equipment (PPE)

As a manufacturing organisation, PPE forms the bedrock of Hayleys Fibre Group's operations. Group assets, including manufacturing infrastructure, specialised machinery and tools are all central to the Group's ability to meet customer demands, drive innovation, and maintain competitiveness in both domestic and international markets.

Property Plant and Equipment (PPE)



PPE	2024/25 Rs. Mn	2023/24 Rs. Mn	2022/23 Rs. Mn	2021/22 Rs. Mn	2020/21 Rs. Mn
Freehold land	218	207	67	67	43
Freehold buildings	564	374	388	356	257
Building on leasehold land	13	13	14	15	16
Furniture, fittings & office equipment	14	16	19	13	11
Machinery & stores equipment	287	288	288	254	244
Fixtures & fittings	3	5	6	7	9
Motor vehicles	19	11	14	6	2
	1,118	914	796	718	582

Asset Stewardship

Recognising the critical role of PPE, Hayleys Fibre places significant emphasis on asset stewardship. Asset stewardship reflects the deep commitment to responsibly managing and maximising the value of Group-wide physical assets underpinned by a three-pronged approach encompassing disciplined maintenance, regular upgrades to strengthen infrastructure scalability and the adoption of global best practices for optimising asset performance. Regular maintenance aims to ensure PPE remains at peak operational condition with minimal unplanned downtime and no costly disruptions. Preventive and corrective maintenance programmes are critical components of this approach designed to protect asset integrity, extend equipment lifespan, and secure long-term returns on investment.

Likewise upgrading PPE allows Hayleys Fibre to embrace new technologies to boost productivity and improve operational performance. Investments in modern, energy-efficient machinery also enable the Group to embed sustainable practices into its manufacturing infrastructure in order to reduce energy consumption and minimise waste, thereby improving its environmental footprint.

As part of its asset stewardship philosophy, Hayleys Fibre remains strongly committed to aligning with internationally recognized standards and best practices such as the ISO 9001: Quality Management Standard. By embedding ISO 9001: 2015 principles, the Group ensures that all processes related to asset management, maintenance, and upgrades are systematic, consistent, and continuously improved on par with global standards.

IT Infrastructure and Back-end Support Systems

IT infrastructure and back-end support systems are becoming an increasingly component of the Hayleys Fibre Group's Manufactured Capital. As the Group expands, robust IT systems provide seamless interconnectivity across manufacturing, supply chain and finance. Similarly, adoption of digital technology facilitates real-time data capture and supports informed decision-making, enabling Hayleys Fibre to strengthen its competitive edge in a fast-evolving industry.

GRI 203-1

Investments in IT Infrastructure and Back-end Support Systems FY 2024/25

Implementation of RISE with SAP S/4 HANA Enterprise Resource Planning (ERP) system

The implementation of an RISE with SAP S/4 HANA Enterprise Resource Planning (ERP) system implemented in the current year has transformed the Group's internal operations by integrating key business functions, including finance, sales and marketing, inventory, production planning, plant maintenance, and procurement, into a centralised platform to provide enhanced visibility, streamlined decision-making, and better cross-department collaboration.

Automation Initiatives

Automating manual processes to transition from paper-based documentation, allows the Hayleys Fibre Group to enhance its agility. In the current year, the Group automated several workflow systems including the meal request and CAPEX approval processes which has helped to reduce inefficiencies and delay associated with manual processing.

SAP S/4 HANA

Distribution Channels

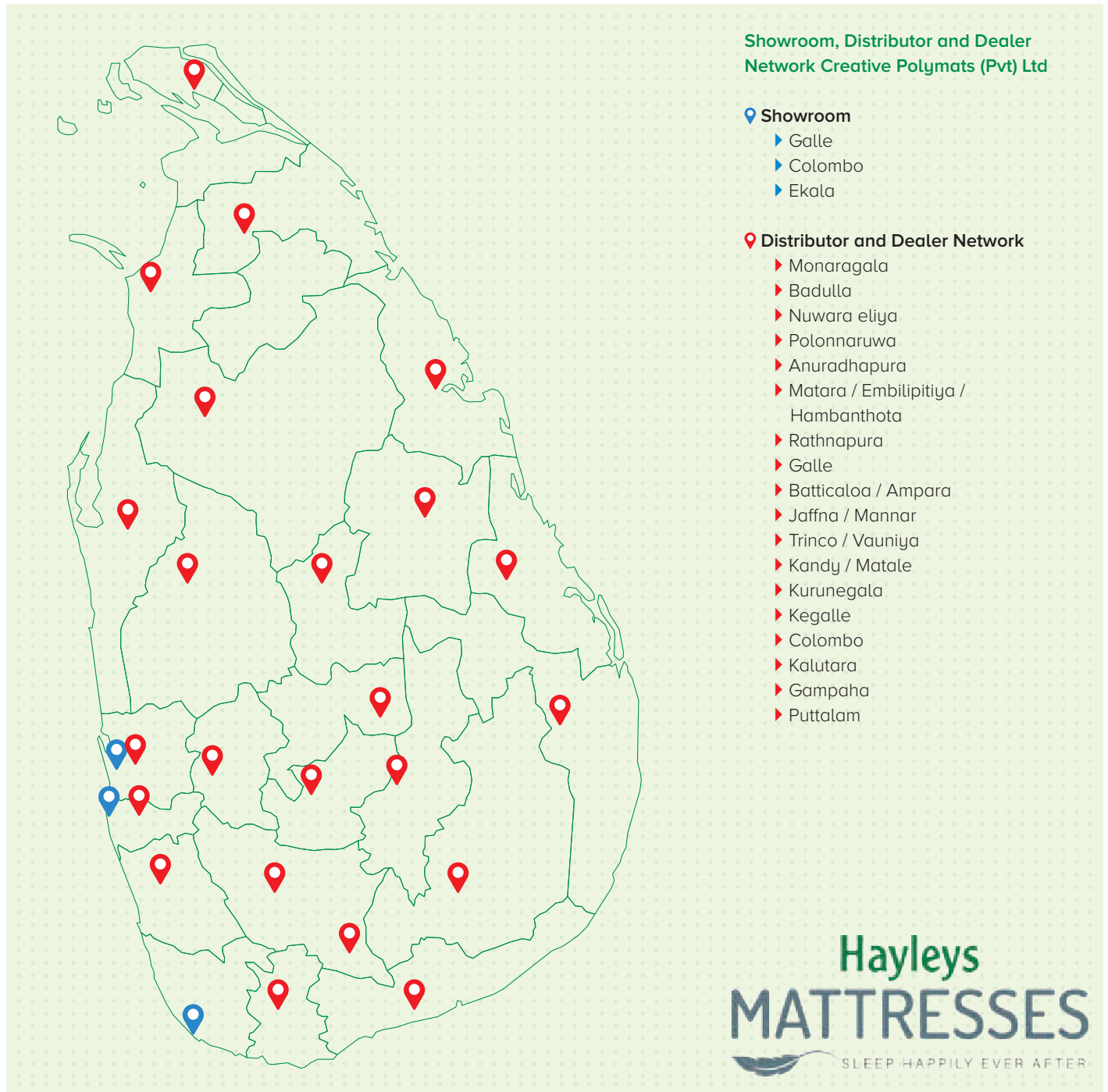
The Hayleys Fibre Group has invested in building a network of physical retail outlets Colombo, Ekala, and Galle to distribute its mattress range. This is complemented by an extensive network of authorised dealers throughout Sri Lanka. In the year under review, the Group expanded its local reach by adding 110 new dealerships, bringing the total dealer network to 788.

Similarly, the Group has invested in building a strong global partner network to distribute its export product portfolio across major international markets.

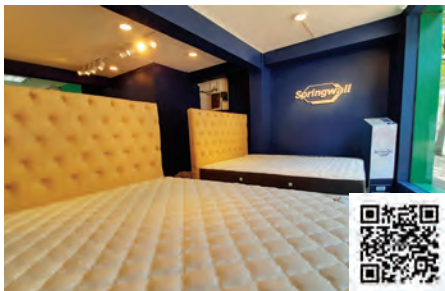


Backward integration project at Nikaweratiya

Manufactured Capital



Colombo Showroom

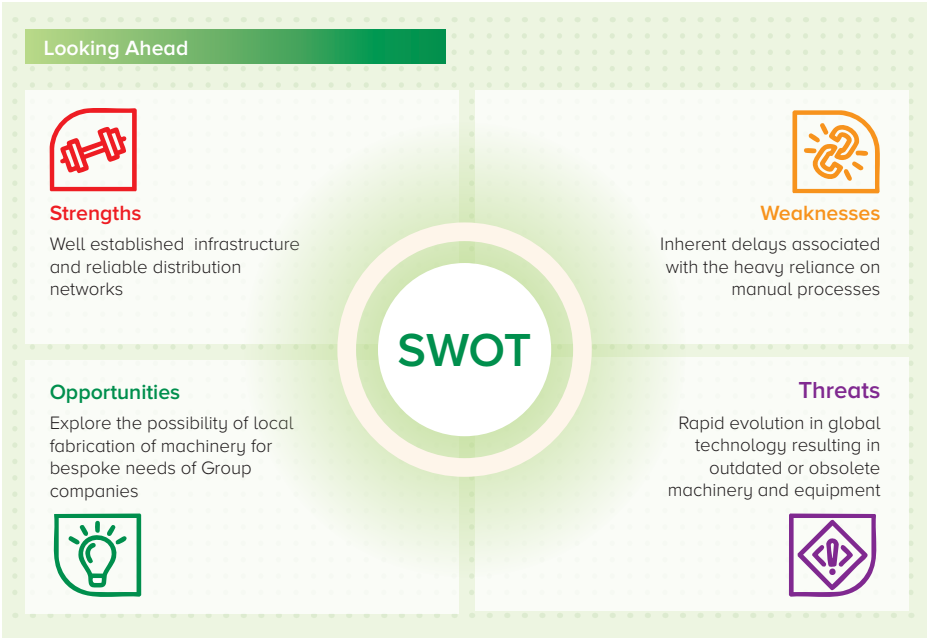


Ekala Showroom



Galle Showroom





Short Term - Medium Term Plans	Long Term Plans
<ul style="list-style-type: none">Efficiency improvement in growing media manufacturing operationsDeveloping Coir product diversification unitsStrengthening the backward integration project	<ul style="list-style-type: none">Transition to fully integrated, circular manufacturing systems with minimum discharge and maximum reuse of byproducts.Competitive positioning in the industry in both local & Global scales

Visit our Corporate websites to view the exclusive range of Eco-friendly products and get the latest updates at your fingertips.



Hayleys Fibre PLC



Bonterra Ltd



Creative Polymats (Pvt) Ltd

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Hayleys Fibre PLC



Bonterra Ltd



Intellectual Capital



INPUTS

- Brand Presence
- R&D Capability
- Standards and Certification
- Group Synergies
- Memberships and Affiliations

VALUE

MATERIAL MATTERS

Consistent
Returns

Market
Expansion

Competitive
Position
Customer
Loyalty

Employee
Motivation

MANAGEMENT APPROACH

The Hayleys Fibre Group's strategy for nurturing intellectual capital focuses on continuously strengthening its intangible assets coupled with tactical approaches to enhance the synergy across these elements, all with a view to sharpening competitiveness, building organisational resilience, and ensuring long-term sustainable growth.

INITIATIVES FOR FY 2024/25

- Strategic brand building
- Ongoing research initiatives
- Strengthening strategic partnerships to drive global market expansion



STAKEHOLDER OUTCOMES

- Access to high-quality, innovative, and eco-friendly products that meet global standards and certifications
- Strong, long-term partnerships supported by shared expertise
- Opportunities for skill development, cross-functional learning, and career growth in a knowledge-driven environment
- Sustained business growth backed by strong competitive positioning, and enhanced brand value

OUTPUTS FOR HAYLEYS FIBRE AND IMPACT ON OTHER CAPITALS

- Strong brand credentials help in securing new customers in order to grow revenue and market share
- Strategic partnerships that facilitate business expansion
- Strong business ethics help to reinforce trust among customers and suppliers



SDGs



Intellectual Capital

Brand Presence

The Hayleys Fibre Group has built a strong and respected brand presence both locally and globally, with quality, reliability, and continuous innovation serving as the defining characteristics among all Group entities.

Together, these unifying strengths have allowed each business under the Hayleys Fibre umbrella to thrive independently while contributing to the collective strength of the Group brand.

Over the years, the Group has undertaken strategic brand building initiatives to ensure its identity resonates across markets. This approach has been further reinforced by peer-review analyses and customer perception studies to solidify the Hayleys Fibre Group's brand presence in key markets both locally and globally.

Hayleys Fibre Group Awards and Accolades for FY 2024/25



Awards and accolades serve as credible third-party endorsements, reinforcing trust and reliability in the eyes of customers, distributors, and environmental agencies. For these stakeholders operating in sustainability-driven markets, this recognition serves as proof of the Group's commitment to excellence, ethical practices, and environmental responsibility, positioning Hayleys Fibre a dependable and reputable partner on the global stage.

The Group's status as an award-winning, quality-certified exporter strengthens its premium positioning, a distinction that has proven vital for maintaining a leadership position in international markets.

The visibility gained through awards also amplifies the Hayleys Fibre brand's reach and reputation to drive market influence, strengthen stakeholder confidence, and propel business growth through market expansion.

Additionally, recognition by an independent and respected institution also reinforces confidence among internal teams, fostering brand loyalty and organisational pride.



Presidential Export Awards 2024 - Coconut Substrate Category

Hayleys Fibre was honoured at the highly esteemed 26th Presidential Export Awards, securing both coconut coir-based product awards. This recognition as the Best Exporter in the Coconut Substrate Category highlights Hayleys Fibre's excellence in producing high-quality, sustainable coir products.



Presidential Export Awards 2024 – Best Exporter in the Coir Fibre Sector

Bonterra Limited was honoured with the Presidential Export Award—Sri Lanka's highest recognition for export excellence, under the Coir Fibre sector category. Being ranked the top exporter in the coir fibre category validates Bonterra's global competitiveness, superior product quality, and sustainable manufacturing practices.



NCE Export Awards 2024 – Silver Award Winner

Bonterra was recognised with the Silver Award at the 2024 NCE Export Awards, organised by the National Chamber of Exporters of Sri Lanka.



Silver Award at the 59th CA Sri Lanka Annual Report Awards

Hayleys Fibre PLC clinched the Silver Award in the Manufacturing Sector - Revenue up to LKR 20 Billion category at the 59th CA Sri Lanka Annual Report Awards. This award recognises the Group's dedication to transparency, accountability, and excellence in financial reporting.



NCE Export Awards 2024 – Merit Award Winner

Hayleys Fibre was recognised with a Merit Award at the prestigious NCE Export Awards, acknowledging the Company's consistent export performance, innovation, and contributions to the Sri Lankan export sector.

R&D Capability

Research and Development (R&D) plays a pivotal role in adding value to the Hayleys Fibre Group's reputation as an innovator and market leader in natural fibre solutions. The Group's R&D efforts focus primarily on converting agricultural by-products into high-value, eco-friendly solutions underscoring the commitment to circularity. At the same time, the Group focused on developing affordable, high-performing substrates that not only enhance cost efficiency but also optimise yields, enabling customers to achieve greater productivity with fewer inputs. Together, R&D efforts aim to reinforce Hayleys Fibre's position as a forward-thinking, solutions-driven leader,

setting the brand apart in global markets for its commitment to environmental stewardship, economic empowerment, and continuous innovation.

New Grow Media for Oyster Mushroom (*Pleurotus ostreatus*) Cultivation Using Agricultural By-products and Waste.

The initiative aims to formulate eco-friendly, low-cost substrates using rubber sawdust, coir dust, and other organic agricultural waste, turning these materials into high-performing alternatives to conventional mushroom cultivation mediums.

Prototype testing for coir-based pet toys.

In line with the global demand for natural, biodegradable alternatives in the pet care industry, Hayleys Fibre launched a pilot project to test the durability, safety, and customer appeal, signaling potential for diversifying the product portfolio.



R&D Projects - FY 2024/25

Product Quality Improvements

- Biochar-enriched Media for Tomatoes - Improves soil health, enhancing yield and plant vitality.
- High Water Retention Media with Hydrogels - Reduces irrigation needs, conserving water and lowering operational costs.
- Customised Growing Media - Tailored solutions for Blueberries, Strawberries, Mushrooms, Ginger, Anthurium, and Cannabis to optimize plant performance.
- Improved Durability of Grow Bags - Extends lifespan, promoting reusability and reducing costs.

Process Improvements

- Waste Conversion - Transforming coir dust into biomass fuel and producing paper twine from industrial waste, turning by-products into valuable resources.
- Water Efficiency - Using Potassium polyacrylamide-based media to reduce irrigation frequency, enhancing plant hydration and conserving water.

- Sustainable Practices - Integrating biochar to improve nutrient efficiency, reduce fertilizer dependence, and lower environmental impact.
- Coir Buffering Process Evaluation - Ensuring product consistency, enhancing quality, and increasing reliability across production

Research Collaborations

Hayleys Fibre PLC collaborated with the University of Wayamba (Makandura), to conduct a joint study on Trichoderma applications, biochar nutrient optimisation, and the durability of growing media. Additionally, the research also focused on exploring water retention improvements using potassium polyacrylamide.

Key outcomes from these initiatives include:

- Trichoderma application studies demonstrating enhanced plant health and disease resistance, significantly lowering chemical input needs.
- Biochar optimisation research that reduced fertiliser costs, boosted sustainability, and led to the development of premium biochar-amended growing media.
- Durability assessments showing extended media lifespan, resulting in cost savings and higher customer satisfaction.
- Water retention research confirming increased irrigation efficiency, driving forward innovation in water-saving growing media solutions



University of Wayamba - Research Team

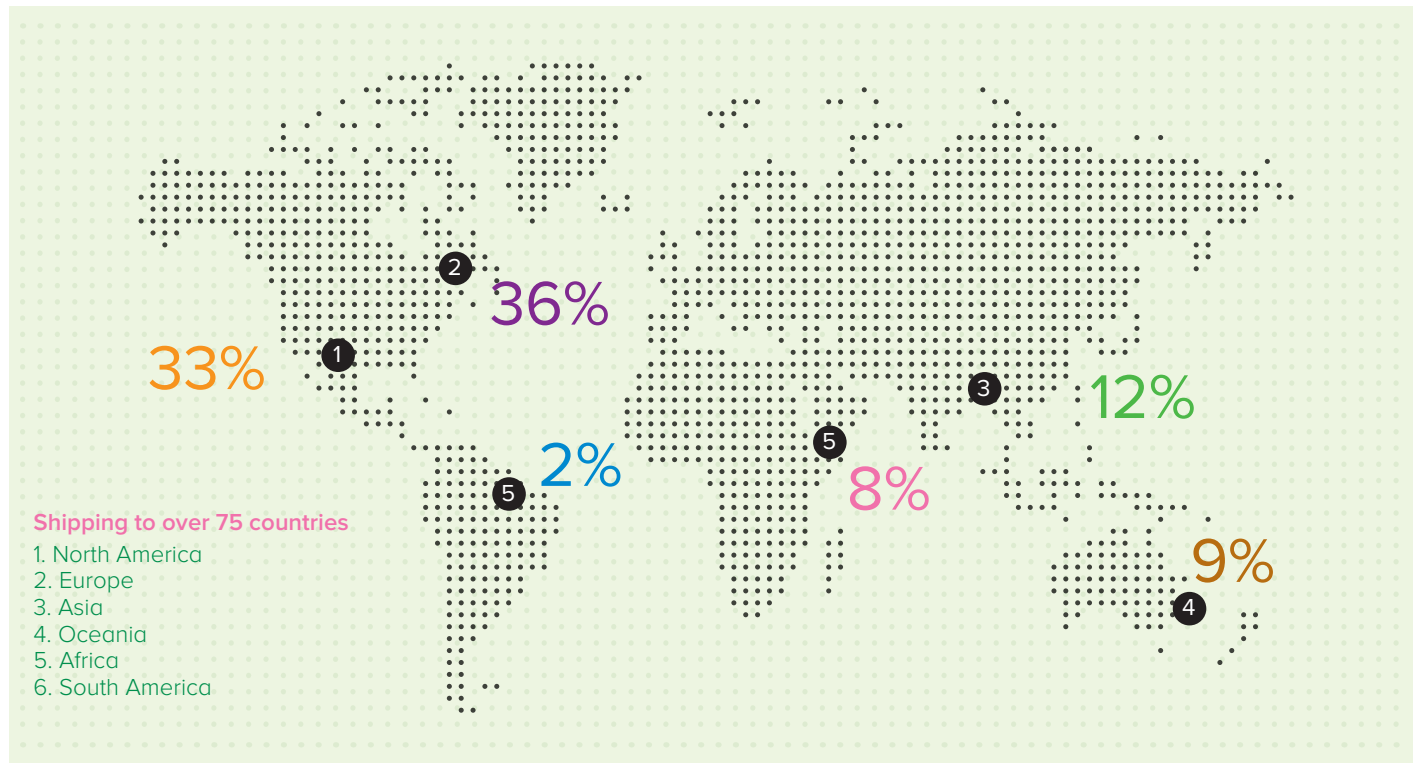
Intellectual Capital

Strategic Partnerships

Strategic partnerships provide a key competitive advantage, serving as a vital source for Hayleys Fibre to accelerate market entry and enhance customer engagement to strengthen the Group's global presence. By collaborating with local agents and representatives, particularly in complex and competitive markets, Hayleys Fibre gains access to critical market knowledge, established networks, and technical expertise, enabling Hayleys Fibre to combine its expertise with the strengths of partners to drive growth, innovation, and market leadership.

In this regard, the Group's success in penetrating the US market is attributed to the network of local representatives who act as authorised intermediaries helping to

navigate regulatory requirements, cultivate strong customer relationships, and tailor solutions to meet local market needs, ultimately boosting competitiveness and long-term success. Building on this success, similar models are being developed to gain access to other high-potential markets such as Canada, Brazil, and the Middle East.



Standards and Certifications

Standards and certifications that offer formal assurances that the Group's products and processes meet internationally recognised benchmarks, helps to build trust with global customers and business partners in turn consolidating the Hayleys Fibre Group's reputation for quality excellence. Additionally, these certifications support continuous improvement, ultimately enhancing the Group's long-term resilience and global market leadership.

Standards and Certifications



- **ISO 9001:2015 - Quality Management Standard**
Hayleys Fibre PLC & Creative Polymats (Pvt) Ltd
- **SLS 1335:2008 Product Certification**
“Hay Plus” brand Polyurethane foam mattresses - Creative Polymats (Pvt) Ltd
- **Good Manufacturing Practices (GMP)**
Coir Fibre Pith Substrate as per the customer specifications - Hayleys Fibre PLC
- **OCS Certification**
For the manufacturing and supply organic coconut-based products - Hayleys Fibre PLC

Leveraging the strategic strength and resources of the Hayleys Group, Hayleys Fibre launched a major backward integration project in Nikaweratiya, designed to secure self-sufficiency in raw material production and strengthen supply chain resilience. The site includes a purpose-built concrete drying yard with dedicated areas for fibre storage and fibred ring operations, ensuring efficient handling and quality control. With newly commissioned extraction mills, the facility now has the capacity to process up to 100,000 husks per day, producing 12.50 tons of fibre and 15 tons of coco peat. Looking ahead, plans are underway to add advanced washing and buffering facilities, further expanding production capabilities and reinforcing Hayleys Fibre’s leadership in natural fibre solutions



Group Synergies

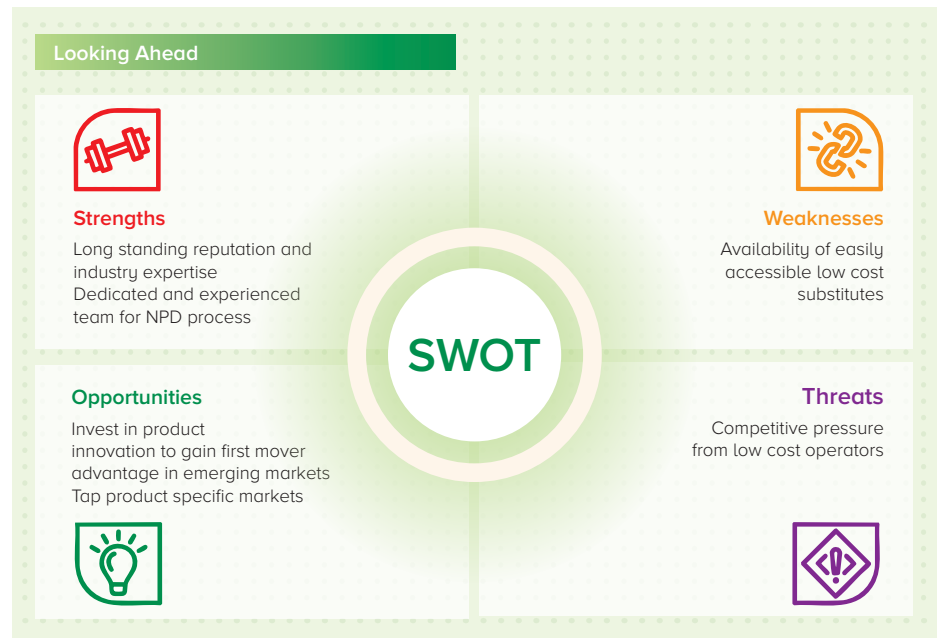
As part of the prestigious and diversified Hayleys Group, Hayleys Fibre gains significant strategic, operational, and brand advantages to fuel growth, innovation and access to over 75 markets worldwide. Backed by Hayleys’ global reputation for integrity, financial stability, and ethical practices, the Hayleys Fibre Group enjoys built-in brand credibility that accelerates market entry and builds buyer trust. Additionally, the Hayleys Group’s shared expertise, economies of scale, capital support, advanced logistics, and inter-company synergies drive operational efficiency, cost competitiveness, and continuous innovation, while its strong sustainability and ESG commitments enhance global export appeal. For employees, this ecosystem provides unmatched opportunities for cross-functional learning, international exposure, career development, and leadership growth, making Hayleys Fibre not just an industry leader but also a dynamic and future-focused workplace.

GRI 2-28

Memberships and Affiliations

The Hayleys Fibre Group has also selectively obtained Membership and Affiliations that add further value to various aspects of business.

We hold membership at the Ceylon Chamber of Commerce, National Chamber of Exporters and Coconut Development Authority.



Short Term - Medium Term Plans

leveraging strategic partnerships to drive global market expansion

Long Term Plans

Achieving industry leadership in global markets through long-term strategic partnerships, brand strength, and adaptive market strategies



Social and Relationship Capital



INPUTS

- 360 degree Product Stewardship
- Packaging and Labelling
- Marketing and Communications
- Complaint Handling
- Customer Confidentiality and Data Privacy
- Supply Chain Management
- Supplier Due Diligence
- Supplier Development
- Community Relationships

VALUE

MATERIAL MATTERS

Consistent Returns

Market Expansion

Competitive Position

Customer Loyalty

MANAGEMENT APPROACH

Hayleys Fibre Group places a strong emphasis on nurturing Social and Relationship Capital, recognising the crucial role it plays in driving sustainable growth. As such the Group seeks to build ties with stakeholders based on trust, integrity, and mutual respect.

INITIATIVES FOR FY 2024/25

- Significant expansion in the product portfolio (05 new products added to the Hayleys Fibre | 04 new products added to the Bonterra | 02 new products added to the CPL)
- Entry new global markets
- On-boarded 49 new suppliers
- Rs. 2,391 million paid to suppliers
- Rs. 4 million incurred on CSR activities through the "Shilpa Sathkara" scheme



Social and Relationship Capital refers to the trust, goodwill, and mutual understanding built through consistent, positive interactions with key stakeholders including customers, suppliers and the wider community, which in turn contributed towards enhancing the Group's reputation, and business continuity over the long term .

STAKEHOLDER OUTCOMES

- Customers benefit from reliable, high-quality products and long-term, trust-based partnerships.
- Suppliers have the opportunity to develop stable, fair relationships with opportunities for growth and improvement.
- Communities benefit from access to livelihoods, empowerment, and local development through responsible business activities.

OUTPUTS FOR HAYLEYS FIBRE AND IMPACT ON OTHER CAPITALS

- The support of loyal customers and suppliers help to enhance revenue generation and improve market share
- Strong relationships with key takeholders enhanced brand reputation



SDGs



Social and Relationship Capital

CUSTOMER

Hayleys Fibre PLC

GRI 2-6



The Hayleys Fibre PLC customer base consists of a combination of large scale entities customers directly operating in the agriculture related industries as well as distributors supplying to retail markets around the world

Tailor-Made Product Range for Target Customer Segments

Coir substrate solutions (Grow bags, Open top bags and Bulk Coco peat) for

- Greenhouse farming
- Nurseries
- Potting soil mixing companies

Coir Twine for

- Hop Cultivation
- Aquaculture
- Home Gardening

Twisted Fibre for

- Bedding Industry as a raw material

Hayleys Fibre PLC introduced several innovative coir-based solutions that strengthened its market positioning in both the horticultural and home gardening sectors



- **Double Color Twine** – A unique aesthetic and functional upgrade to conventional coir twine, designed to appeal to the retail and DIY segments, especially in the European and Japanese markets.
- **Coir Trellis Net** – A 100% biodegradable climbing support net for vegetables and ornamental plants, offering a sustainable alternative to plastic netting.



- **Grow Cubes and Grow Discs** – Designed for easy propagation and seed starting, these products offer superior moisture retention and biodegradability.
- **Anthurium Mix** – A specially formulated blend of coir fibre pith and coir chips, optimized for epiphytic plant growth. The mix ensures excellent aeration, optimal moisture and root support, ideal for the floriculture sector.



- **Ginger Cultivation Mix** (Open-Top Bag System) – A ground-breaking new innovative coir-based growing medium developed to ensure contamination-free, sand-free ginger production with improved rhizome quality and fertilizer efficiency.

Main Markets:

- Morocco
- CIS region
- USA
- UK
- Germany
- Australia
- Japan
- Saudi Arabia

Bonterra Limited



Bonterra Limited caters to a wide range of customers across multiple sectors by offering a variety of eco-friendly, sustainable, and high-quality products tailored to each group's specific needs. The Company's products are designed to serve industries involved in construction, environmental conservation, and urban development, while also reaching individual consumers through our distribution network.

Tailor-Made Product Range for Target Customer Segments

Construction companies working on large-scale infrastructure projects

Products Offered

- Erosion control blankets (coir-based)
- Geosynthetics for soil stabilization
- Coir mats for landscaping and ground protection
- Coir-based solutions for slope stabilization and surface protection

Mining companies engaged in land reclamation, erosion prevention, and sustainable environmental practices at mining and quarry sites.

Products Offered

- Erosion control mats
- Geosynthetic products for soil stabilization

Companies promoting eco-friendly urban development and sustainable architecture.

Products Offered

- Coir mats and blankets for roof greening applications
- Soil stabilization solutions
- Coir-based materials for drainage and moisture retention

Businesses involved in the construction and maintenance of roads, highways, railways and associated infrastructure.

Products Offered

- Erosion control products for roadside stabilization
- Geosynthetic materials for soil and slope stabilization
- Coir blankets for soil protection along roads and rail tracks

Environmental agencies and NGOs involved in conservation, land reclamation, and environmental protection.

Products Offered

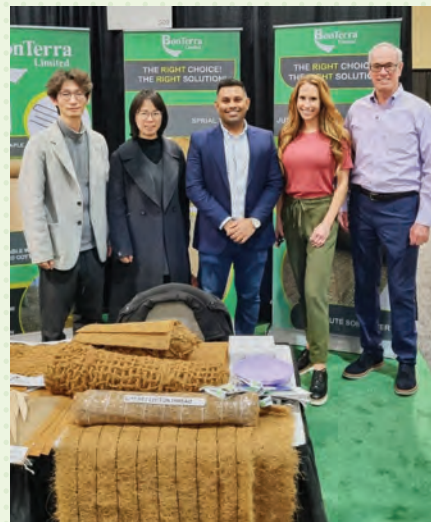
- Sustainable erosion control blankets
- Coir-based solutions for habitat restoration and environmental rehabilitation
- Coir geotextiles for soil erosion and water conservation efforts

Various private and public project sites, including residential and commercial developments, requiring soil protection and landscaping.



Products Offered

- Coir blankets for slope stabilization and erosion prevention
- Coir mats for landscaping and turf protection
- Soil stabilization solutions for construction sites



Distributors / agents supplying to the retail sector, including residential, small-scale commercial or landscaping

Products Offered

- Coir mats for gardening and landscaping
- Coir-based erosion control solutions for residential or small projects
- Eco-friendly coir products for sustainable home and garden solutions

New Products

- Hydro Seeding Mats, eco-friendly hydro seeding mats for Europe, supporting sustainable landscaping, reforestation, and roadside revegetation.
- 100% Biodegradable Roof Greening Blankets catering to the growing demand for sustainable urban stormwater solutions in Europe and Oceania.
- 100% Biodegradable Dust Control Blankets offering safe and effective surface stabilisation in arid conditions in Middle Eastern regions.
- 95% Biodegradable Erosion Control Blanket for long-term land rehabilitation in South American mining projects.

Markets

- Singapore
- India
- USA
- Korea
- Japan
- Netherlands
- Mexico
- Colombia

Social and Relationship Capital

Creative Ploymats (Pvt) Ltd



CPL is among the top three suppliers of PU mattresses to the Sri Lankan market.

Customer Segments

- Dealer & Distributor Network (9 distributors + 779 Dealers island-wide) .
- Tie up with Singer providing access to 400+ Singer outlets island-wide
- Hayleys Mattresses Showrooms located in Colombo , Galle & Ekala .
- Hotel projects involving new investment or upgrades to existing properties



New Products

- Comfy Gel Mattress for hotel projects, mainly in coastal areas

In coastal regions, the presence of sea breeze and high humidity levels can accelerate corrosion in spring mattresses containing metal components. As a solution, the Group offers ComfyGel : a metal-free alternative that delivers superior comfort while effectively mitigating the risk of corrosion, making it ideally suited for coastal environments.

- Fire Retardant Foam, an in-house innovation specifically for the overseas markets such as the UK , where stringent regulations are in force .

GRI 416 -1, 416 -2

360 degree Product Stewardship

Product stewardship is at the heart of the Hayleys Fibre Group operational ethos. The Group's Product Stewardship Guidelines sets out clear procedures to ensure every stage of the product life cycle, from sourcing and inspecting raw materials, together with carefully controlled production processes and laboratory testing, to final product inspection and shipment, all adhere to the highest standards for quality, safety, sustainability, and regulatory compliance. 100% of every batch is subject to the product stewardship guidelines. There were no incidents of non-compliance of concerning the health and safety impacts of products reported in the current financial year.

Additionally the Group complies with all applicable contractual, commercial, export, and trade regulations, as well as comprehensive documentation and traceability systems that reinforce Hayleys Fibre's dedication to delivering trusted, compliant, and sustainable solutions across global markets.

HAYLEYS FIBRE GROUP PRODUCT STEWARDSHIP GUIDELINES

04 Final Product Inspection

Visual and physical checks of packaging, labeling, weight, and batch coding.

Random sampling and pre-dispatch inspections before container loading.

05 Documentation & Traceability

Every batch is documented with QA reports, lab results, and shipment photos.

Full traceability from raw material to final dispatch using batch coding systems.

Compliance with Material Safety Data Sheets (MSDS), technical data sheets, and phytosanitary certification for agricultural goods.

06 Contractual, Commercial & Export Compliance

Adherence to customer contract terms (product specs, Incoterms, payments, disputes).

Compliance with export licenses, customs declarations, sanctions, and embargo lists.

03 Laboratory Testing

Dedicated in-house lab testing for every batch (moisture, EC, pH, particle size, fiber content).

Third-party testing conducted as required by customers or regulators.

02 In-Process Quality Assurance

Standard Operating Procedures (SOPs) and ISO certifications guide all production.

Real-time monitoring of key parameters (moisture %, EC, pH) and in-line QC checks prevent defects.

01 Raw Material Sourcing & Supplier Inspection

Strict raw material checks (e.g., coconut husk moisture, purity, maturity).

Regular supplier vetting and audits ensure consistent quality at the source.

GRI 417-1, 417-2**Packaging and Labelling**

As stipulated by the Hayleys Fibre Group policy, all packaging and labelling is carried out in strict compliance with the legal and regulatory requirements of each buying destination.

Direct labelling for branded products carry certification marks, and other official brand identifiers including essential details regarding product description and type, country of origin, handling instructions (if applicable), batch number, date of manufacture, and sometimes barcodes or QR codes to support traceability.

Indirect labelling often involves customisation based on customer requirements and typically features their logos, product descriptions, and branding. Additionally, where required, eco-labelling is incorporated to highlight the sustainable nature of the products. Labels may carry eco-friendly declarations such as “100% Natural Fibre,” “Fully Biodegradable,” or “Sustainable Erosion Control Solutions,” reinforcing the Group’s commitment to environmental stewardship and sustainable product offerings.



There were no incidents of non-compliance concerning product and service information and labelling, reported in the current financial year.

GRI 417-3**Marketing and Communication**

All marketing and communication activities across the Hayleys Fibre Group is conducted in good faith, based on clear, accurate and unbiased messaging to avoid exaggerated or misleading statements that could be deemed a misrepresentation of facts. Accordingly only verified product performance data

and statistics are presented in brochures, at trade shows on the corporate and social media website.

Further, all marketing activities are guided by the Company’s broader ethics framework, which includes the Anti-Bribery and Anti-Corruption Policy that sets clear rules regarding the offering or acceptance of gifts, facilitation payments, and entertainment, ensuring no undue influence or conflicts of interest arise.

There were no incidents of non-compliance concerning marketing and communications, reported in the current financial year.

Measuring Customer Satisfaction

Hayleys Fibre Group takes a proactive approach to assess how well the Group is meeting customer needs and expectations. Frequent surveys are conducted among the Group’s customer base to capture customer feedback.



These insights are further analysed using a Customer Satisfaction Scorecard, which evaluates performance across several key indices that directly influence customer satisfaction.

Key indices measured through the scorecard include

- Competitiveness of pricing measures how customers perceive value-for-money offered by the Group compared to competitors.
- On-Time delivery to assess the reliability, timeliness, and adaptability of deliveries according to customer project needs.
- Product Quality Monitoring to evaluate customer views on product consistency, durability, and alignment with specified standards.

Additionally, key customer metrics that demonstrate the continuity and strength of its relationships over time, are also closely monitored. The repeat order ratio (ROR) offers clear evidence of ongoing satisfaction and trust, while the number of long-term contracts and agreements highlight sustained confidence in the brand. Together, these metrics which are indicative of the high customer retention rate, provide quantifiable proof that Hayleys Fibre successfully nurtures lasting relationships and consistently meets or exceeds customer expectations.

**Complaint Handling**

At Hayleys Fibre, the customer complaint process is seen as a key source for assessing customer satisfaction and driving continuous improvement. The Group has established a structured approach, wherein customers can submit complaints via email, phone or through their respective account manager. All complaints are first formally acknowledged before escalating the issue to the relevant internal teams for appropriate action which involves a thorough investigation, with a resolution proposed within 5–7 working days. The process is only considered complete once the customer confirms satisfaction with the resolution.

In the year under review, the complaint handling process was further streamlined to ensure faster response times and improved communication, helping us build stronger, long-lasting relationships with our clients.

Social and Relationship Capital

GRI 418-1

Customer Confidentiality and Data Privacy

Given the Hayleys Fibre Group’s extensive global customer network, the Group considers customer confidentiality and data privacy to be top priorities. Accordingly, all confidential customer data is protected through a comprehensive internal control ecosystem developed in line with the latest data protection and privacy laws. Secure IT systems, password-protected platforms, and encryption protocols are used to prevent data breaches and safeguard customer information from external threats, while access to sensitive customer information is limited only to authorised personnel, with all employees expected to comply with internal policies that prohibit unauthorised sharing or disclosure of confidential information.

There were no substantiated complaints concerning breaches of customer privacy and losses of customer data reported in the current financial year.

GRI 2-6, 204 -1

Suppliers

As a manufacturing Group, suppliers are an integral part of the Hayley Fibre Group value chain. The Group’s primary suppliers are local suppliers of coconut husks and coir fibre and pith, which are essential raw materials used in the production of growing mediums and erosion control solutions produced by Hayleys Fibre PLC and Bonterra Limited. Local suppliers account for over 50% of the Group’s average annual procurement.

In addition, the Group’s mattress segment depends on overseas suppliers for the supply of polyurethane (PU) chemicals, are vital inputs for manufacturing PU mattresses.

There were no significant changes reported in the Group’s supply chain during the current financial year, reflecting stability and continuity in its sourcing practices

Payment to local & international suppliers



Supply Chain Management

Given the vital role suppliers play in the Hayleys Fibre value chain, the Group employs a systematic approach to supply chain management. The Central Procurement Unit serves as the backbone of this system supported by the Group Procurement Manual to ensures consistency and uniformity in procurement across all business entities.

This overarching approach to supply chain management is further reinforced through strong cross-functional collaboration, with critical input from Product Development, Stores, Manufacturing, Quality Control & Assurance, and Logistics teams, ensuring a fully integrated system that supports operational excellence across the Group.

Supplier Due Diligence

The Hayleys Fibre Group implements a rigorous two-stage supplier due diligence process: first at the point of onboarding new suppliers, and thereafter ongoing evaluation for all suppliers with whom the Group maintains long-term relationships.

At the point of new supplier onboarding, comprehensive screening is conducted to assess supplier competencies, including history, reputation, product quality, production capacity, financial strength, legal and regulatory compliance, and risk management practices. The Group also inquires into and records suppliers’ third-party certifications to determine their social and environmental credentials. A key aspect of this assessment focuses on evaluating how well the supplier manages their own subcontractors and outsource partners.

Risk analysis is another key component of the supplier selection. The main aim of this exercise is to identify potential risks for business continuity. For foreign suppliers, this process is supported by the Hayleys PLC Group Sourcing Team and further validated using online trading platforms to ensure the integrity and accuracy of the due diligence process.

Selected suppliers are required to sign, and formally commit to the Group’s Supplier Code of Conduct, which sets clear expectations on social, environmental, labor, and human rights standards. Additionally, supplier agreements or proforma invoice clauses are established to clearly define quality standards, performance requirements, and consequences for non-compliance, laying the foundation for accountability and a strong, mutually beneficial partnership.

Once a supplier relationship is established, ongoing monitoring becomes essential to ensure continued compliance. Regular inspections of incoming deliveries coupled with the annual performance evaluations assess suppliers on various criteria such as product quality, delivery timelines, safety and sustainability metrics. Frequent Supplier visits and are also conducted, especially for critical raw materials like fibre.

Where gaps are identified, the Group offers support and resources to help suppliers strengthen their performance. Throughout the relationship, collaboration and open communication remain central, allowing for the timely resolution of any quality or operational issues and strengthening alignment with the Group's broader quality and sustainability goals. Supplier meetings are organised either on-site or through scheduled online meetings to ensure alignment with expectations, including adherence to international social and environmental best practices.



Social and Relationship Capital

Supplier Verification Process

GRI 308-1, 308-2

For chemicals and raw materials other than fibre, the Hayleys Fibre Group maintains a pool of reputable suppliers who are already compliant with recognised international standards. To further ensure supplier compliance, the Group systematically evaluates the testing methods used by each supplier by reviewing their Certificates of Analysis (COAs) and test reports, benchmarking these against established industry standards. Where necessary, the Group provides feedback and guidance to suppliers to help them align with internationally recognized practices. This approach is particularly critical for chemical inputs such as TDI, Polyol, and additives used in the Group's PU foam mattress production, ensuring that only high-quality, purpose-fit materials are procured.

While the Group have not fully adopted the supplier environmental & social assessments in this reporting cycle, environmental and social considerations remain integral to our supplier evaluation and engagement processes.

The supplier selection framework incorporates a weighted average scoring model that considers key ESG-related factors, including Adherence to recognized sustainability practices and standards (ISO 14001) & CSR activities. This approach enables the Group to prioritize suppliers who are aligned with Group's values and contribute to the broader sustainability objectives.

Supplier Development

The Group views supplier development as a critical component in building long term relationships with suppliers. As part of this approach, the Group extends financial assistance to small scale Fibre related suppliers. Likewise, a special scheme is in place to reward top performing suppliers.

Additionally suppliers benefit from the Hayleys Fibre Group's in-house expertise

through capacity building initiatives, including training on quality improvement and safety systems.



Coir raw material supplier visits by HFP procurement team

COMMUNITY

GRI 203 -1, 203 -2, 413 -1, 413 -2

Community Relationships

The Hayleys Fibre Group's approach to community relationships is built on a deep understanding of the positive and negative impacts its business has on surrounding communities. The Group's strategy centres on enhancing the positive effects, such as economic upliftment, environmental sustainability, and rural development, while actively minimising any negative impacts or grievances that arise.

The Group proactively addresses any negative impacts by engaging directly with local communities to understand their needs and concerns. A formal, documented community grievance handling mechanism will be established to allow local stakeholders to provide feedback or raise issues, ensuring timely resolution. Additionally, the factory manager and HR team act as frontline liaisons with the community, maintaining ongoing communication and building

trust through long-term, respectful relationships.

Project ideas are typically initiated by factory heads or HR teams and then submitted to the ESG Steering Committee, chaired by the Deputy Managing Director. The committee evaluates each proposal, approving initiatives based on feasibility, expected impact, and alignment with the Group's ESG strategy. The ESG Steering Committee also formulates and oversees key strategic community initiatives every year in alignment with long-term corporate sustainability goals. A majority of recent and current projects focus on providing access to education through the flagship "Shilpa Sathkara" local education development programme. In the reporting year HFP donated essential school supplies for 528 students, easing the financial burden on families and fostering a brighter future.

A total of Rs. 4 million was allocated in FY 2024/25 towards programmes carried out through the "Shilpa Sathkara" initiatives.





Positive and Negative Impacts to the Community from Hayleys Fibre Group Operations



Job Creation

The Group's core operations generate economic benefits and livelihood opportunities, especially in rural areas where alternative industries are scarce. By creating hundreds of jobs, providing income streams for coconut farmers through the use of coconut husks (previously discarded as waste), and empowering women by offering them financial independence. More than 50% of the group's employees are from the surrounding community and these communities are considered to be important stakeholders of the Group.

Circular Economy

From an environmental sustainability perspective, the Group plays a vital role in promoting a circular economy by converting agricultural waste into valuable products, thereby reducing environmental harm and supporting responsible production.

Community Infrastructure Development

The Group's investments in rural infrastructure, such as electricity and water supply, contribute towards advancing development in underserved areas.

Environmental Impacts from Manufacturing Activities

The Group's manufacturing processes involved, such as fiber extraction, drying, processing, and packaging can generate dust, noise and waste, which could affect communities living in and around manufacturing.

Pressure on Local Infrastructure and Resources

As the Group's operations expand, especially in rural areas, they increase industrial activity can lead to traffic congestion, strain on water resources, and occasional disruptions to public services, which may inconvenience local residents or limit access to essential services.

Understanding the impacts from the manufacturing activities to the environment and the community HFP is taking proactive actions to mitigate the above.

During the reporting period, there were no complaints from the community arise as significant actual or potential negative impacts on local communities.



Social and Relationship Capital



Foreign customer visits to Hayleys Fibre PLC - Nikaweratiya



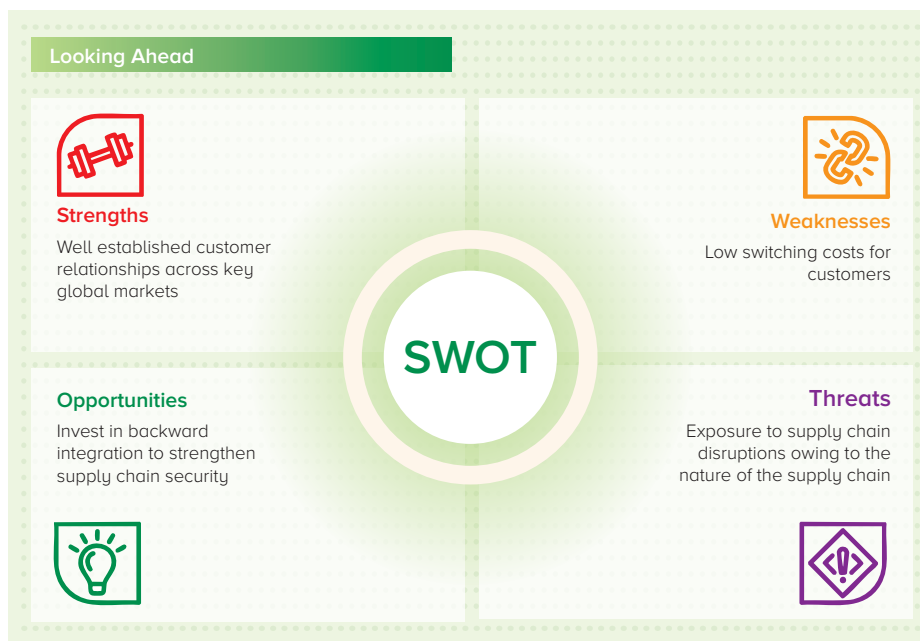
Hayleys Fibre team at Sahara Expo -Egypt



IPM ESSEN 2025 - Horticulture trade fair



Foreign customer visits to Hayleys Fibre PLC - Kuliyapitiya



Poson Dansala by Creative Polymats (Pvt) Ltd

Short Term - Medium Term Plans	Long Term Plans
Improving product diversity through the development and launch of high performing products in response to customer needs in specific markets.	Maintain long term stakeholder relationships to drive the business and stakeholders to win-win situation

Experience the luxury of a 5 star hotel in your own bedroom.

Hayleys
MATTRESSES
 SLEEP HAPPILY EVER AFTER

Spring,
Coir and
PU Mattresses.



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Human Capital



INPUTS

- 100% compliance with labour regulations and global best practices
- Merit-Based Recruitment
- Competitive Remuneration
- Performance Management
- Training and Development
- Career Development
- Employee Relations
- Occupational Health and Safety

VALUE

MATERIAL MATTERS

Competitive
Position

Customer
Loyalty

Employee
Motivation

Employee
Retention

MANAGEMENT APPROACH

Guided by the value culture and leadership principles of the wider Hayleys Group, the Hayleys Fibre Group seeks to develop a strong, resilient team with the capacity, capability and motivation to drive the Group forward.

INITIATIVES FOR FY 2024/25

- Rs. 431 million distributed as monetary benefits to employees
- Introduction of the Parental Leave Policy
- Annual performance review conducted for all eligible employees
- Rs. 0.25 million invested in training
- 513 hours of safety training



The strength of the Hayleys Fibre Group lies in its dedicated human capital, comprising 452 men and women whose passion, talent and commitment form the foundation of the Group's continued growth and sustainability.

STAKEHOLDER OUTCOMES

- 71 new recruits
- 10 Employees promoted
- 60% reduction in injuries

OUTPUTS FOR HAYLEYS FIBRE AND IMPACT ON OTHER CAPITALS

- Consistent improvement in employee productivity drives cost efficiency
- Improved employee satisfaction and loyalty enhances the Groups' reputation as an employer of choice
- A diverse workforce helps to earn and retain the trust of key stakeholders, including customers and distributors



SDGs



Human Capital

GRI 2-7, 2-8, 405-1

Hayleys Fibre Group workforce statistics - FY 2024/25

		Male	%	Female	%	Total
Employment Type	Permanent	129	79	35	21	164
	Contract	142	49	146	51	288
Region	Kuliyapitiya	115	54	99	46	214
	Madampe	2	100	0	0	2
	Dankotuwa	71	86	12	14	83
	Kadigawa	16	76	5	24	21
	Mahagama	40	39	62	61	102
	Colombo	27	90	3	10	30
Age Analysis	<30 Years	120	79	31	21	151
	30-50 Years	111	63	65	37	176
	> 50 Years	34	27	91	73	125
Employee Categories	Factory Workers	190	54	165	46	355
	Staff	27	87	4	13	31
	Executives	54	82	12	18	66

The Hayleys Fibre Group does not recruit part time employees. Furthermore the Group does not have any workers who are not employees

Employees by employment contract by region

Region	Permanent	Contract	Total
Kuliyapitiya	53	161	214
Madampe	2	-	2
Dankotuwa	46	37	83
Kadigawa	21	-	21
Mahagama	12	90	102
Colombo	30	-	30

Employee Age and Category

	<30 Years	30-50 Years	> 50 Years	Total
Factory Workers	164 (46%)	107 (30%)	84 (24%)	355
Clerical & Supervisory	18 (58%)	13 (42%)	-	31
Executives	27 (41%)	34 (51%)	5 (8%)	66
Total	209 (46%)	154 (34%)	89 (20%)	452

GRI 2 - 23, 2- 24, 2- 25 , 2- 30, 406 -1, 408 -1, 409 - 1

Human Capital Governance Framework



BEST PRACTICES

Non-Discrimination

Hayleys Fibre has adopted the Hayleys Group principles on non-discrimination and inclusivity and strives to create an environment where employees can thrive without fear of discrimination based on gender, race, or other factors. As outlined by the Anti-sexual harassment policy, appropriate measures are in place to ensure a safe and respectful working environment for all.

Additionally, the Whistle-blower Policy provides employees with a secure and confidential channel to report any form of misconduct or unethical behaviour, without fear of reprisal.

No incidents of discrimination were reported during the current year.

Human Rights

As outlined in the Hayleys Fibre Human Rights Policy, the Group recognises the fundamental right to engage in employment and exercise the freedom to leave at their own discretion in line with their contractual terms. Hayleys Fibre also fully respects and supports the right to freedom of association and collective bargaining, acknowledging employees' right to join or form trade unions and engage in open dialogue with management to safeguard their interests in a fair and respectful environment.

Thus Hayleys Fibre operations are not at risk for forced / compulsory labour or collective bargaining. There were no incidents of forced or compulsory labour reported in the current year.

Diversity and Equal Opportunity

Hayleys Fibre prides itself in being an equal opportunity employer actively promotes the values of equality and fairness, ensuring that all employees, regardless of their background have equal access to opportunities for growth and success.

As part of this commitment the Group strives to maintain a 1:1 ratio in the salaries offered to men and women in comparable positions across the organisation.

ZERO Tolerance of Child Labour

The Hayleys Fibre Group maintains a zero-tolerance policy on child labour in line with international labor standards and local regulations to prevent the employment of minors in any form. The Group aligns with the ILO Conventions and the United Nations Global Compact (UNGC) Principles, ensuring that all its operations and business partners uphold the prohibition of child labour.

No incidents of child labour were reported during the current year.



POLICIES

- Recruitment Policy
- Performance Management policy
- Talent Management and Succession Planning Policy
- Grievance Handling Policy
- Health and Safety Policy
- Anti-sexual Harassment Policy
- Human Rights Policy
- Whistle-Blower Policy



REGULATORY COMPLIANCE

- Factories Ordinance
- Shop and Office Employees Act No 15 of 1954
- EPF Act
- ETF Act
- Gratuity Act
- Workmen's Compensation Ordinance of 1935

There were no reported incidents regarding non-compliance of labour laws or regulations.

Human Capital

GRI 2-23, 202 - 2, 401-1

Merit-Based Recruitment and Selection

Merit-based recruitment at Hayleys Fibre is driven by a keen understanding of current and future organisational needs, achieved through the rolling manpower plan that is prepared and updated annually, taking into account potential skill gaps, workforce agility, and evolving business priorities. Once approved by the Group CEO, the plan serves as the foundation for the annual manpower budget, which in turn guides recruitment, payroll, performance incentives, and training and development activities for the year.

As stipulated by the Group Recruitment Policy, vacancies are open equally to both external and internal candidates. To further demonstrate its commitment to employment equity, the Group maintains a local hiring policy with a view to providing equal opportunities for regional candidates. The senior management cadre (Senior executive and above) of the Hayleys Fibre Group are all hired from within Sri Lanka.

Within this broader context, selection is strictly non-discriminatory and based solely on the candidate's competence and potential to contribute effectively to business needs. All appointments are confirmed only after verifying the candidate's credentials, including eligibility for employment in line with the minimum legal employment age of 18 years. All new recruits remain on mandatory probation - six months for non-executives and six months for executives, during which time their performance is closely monitored before confirmation.

Recruitment & Resignations for 2024/25 (Executives, Clerical, Manual)

		New Recruitment			Resignation		
		Male	Female	Total	Male	Female	Total
Region	Kuliyapitiya	10 (83%)	2 (17%)	12	6 (67%)	3 (33%)	9
	Dankotuwa	14 (78%)	4 (22%)	18	18 (82%)	4 (18%)	22
	Mahagama	5 (71%)	2 (29%)	7	3 (60%)	2 (40%)	5
	Kadigawa	26 (79%)	7 (21%)	33	12 (92%)	1 (8%)	13
	Colombo	-	1 (100%)	1	-	-	-
Age Analysis	< 30 Years	33 (77%)	10 (23%)	43	17 (74%)	6 (26%)	23
	30-50 Years	22 (81%)	5 (19%)	27	22 (85%)	4 (15%)	26
	>50 Years	-	1 (100%)	1	-	-	-

Additionally, all new employees undergo a comprehensive induction programme designed to familiarise them with the Group's values, policies, and operational practices. This includes mandatory safety training to ensure they understand and adhere to the Group's health and safety standards from day one.

GRI 202 - 1, 401 - 2, 401 - 3, 405 - 2

Benefits Provided to Permanent Employee

Benefit	Executive	Clerical	Factory Floor
Hospitalization Insurance	✓	✓	✗
OPD Coverage	✓	✓	✗
Group Life Assurance Cover	✓	✗	✗
Workmen Compensation Cover	✓	✓	✓
Loan Scheme	✓	✓	✗
Subsidize Meal Facility	✓	✓	✓
Transport Allowance / Facility	✓	✓	✓
PPE	✓	✓	✓
Incentives (Production, Attendance)	✗	✗	✓
OT	✗	✓	✓
Medical Leave Encashment	✗	✓	✗
Company Doctor Service	✓	✓	✓
Membership of HGRC	✓	✓	✗
Cash awards for children passes grade 5 scholarship, Highest results for O/L & A/L	✓	✓	✗
Funeral Fund Scheme	✓	✓	✓
Long Service Awards	✓	✓	✓

Competitive Remuneration and Benefits

Hayleys Fibre is committed to ensuring that all employees receive fair and competitive remuneration, aligned with the nature of their roles, as well as their qualifications, experience, and performance.

Salary structures are developed in compliance with all applicable regulatory requirements. In line with statutory obligations, the Group contributes 12% of an employee's basic monthly salary to the Employees' Provident Fund (EPF) and 3% to the Employees' Trust Fund (ETF). Annual provisions are also made to meet gratuity obligations for employees with over 5 years of service.

Beyond regulatory compliance, the Group upholds its equity principles by ensuring equal pay for equal work. A clear emphasis is placed on maintaining a 1:1 basic salary ratio between men and women in comparable roles across all employee categories, reflecting a commitment to unbiased and equitable compensation practices. Further, employees covered under minimum wage regulations receive compensation well above the mandated minimum levels.

Salary surveys are undertaken from time to time to ensure the Group's salary structures are competitive and remain on par with industry standards.

Meanwhile, employees also have the opportunity to benefit from pay increases based on their individual and team performance as well as annual bonuses depending on Group results.

Parental Leaves 2024 /2025	FY 2024/25		FY 2023/24	
	Female	Male*	Female	Male
Total Number of employees that were entitled to the parental leave	35	129	27	N/A
Total number of employees that took Parental Leave	-	-	1	N/A
Total number of employees that returned to work in the reporting period after parental leave ended	-	-	1	N/A
Total number of employees that returned to work in the reporting period after parental leave ended & were still employed 12 months after their return to work	-	-	1	N/A

* A seven-day paternity leave policy has been introduced to support employees in balancing their professional responsibilities with family commitments

Human Capital

GRI 404 - 3

Performance Management

Performance management is a fundamental aspect of the Hayleys Fibre Group's strategy to foster employee development, motivation, and long-term engagement in the Group's growth. The Group Performance Management Policy sets out clear structures to evaluate employee performance at least once every year, if not more often.

In this regard, the performance of factory employees is regularly evaluated on-the-job by their line supervisors, followed by a formal annual assessment conducted by the Factory Manager, to determine appropriate salary increments and bonus entitlements. The performance of executive-level employees is assessed annually based on a set of pre-established KPIs that include both quantitative and qualitative targets. These assessments are carried out by the respective Heads of Department via the HRIS with results along with recommendations for increments, promotions, and other career advancements submitted to the Group MD for approval.

The annual performance review process also serves a vital tool in identifying skill gaps enabling the deployment of targeted training to allow employees to enhance their skills, improve performance, and contribute to the overall growth of the Company.

Employee Category	Employees benefiting from the annual performance evaluation FY 2024/2025		Employees Receiving promotions FY 2024/2025	
	Male	Female	Male	Female
Factory Workers	48	19	-	-
Clerical & Supervisory	27	4	-	2
Executives	54	12	5	3
Total	129	35	5	5

GRI 404 - 1, 404 - 2

Training and Development

The Group is deeply committed to ensure that all employees receive the necessary training to perform their duties and responsibilities effectively. As a manufacturing organisation, technical training of factory employees is a key priority and is achieved using a blended learning approach based on the 70:20:10 principle (70% on-the-job experience, 20% mentoring, and 10% classroom training).

Meanwhile, training for executives is conducted according to the annual training calendar, prepared by the HR team. This calendar is based on training requirements submitted by departments in advance, as well as insights gathered from the training needs analysis conducted during the annual performance appraisal process. In addition to technical training, the Group has increasingly focused on general training, including compliance, ethics, leadership, and soft skills development.

Training Topic	Target Employees
Sales & Distribution-SAP	9
Material Management-SAP	7
Production Planning -SAP	2
Basic Fire Fighting Programme	10
FIRST IMPRESSION with Kumar de Silva	1
Chemical Handling Training	14
Waste Management Training	55
Ladder & Excavation Safety	57
PIT (Powered Industrial Truck) Safety	42
Fire Pump Designing and selecting	1
Awareness -ESG Roadmap	2
Fire & Safety Training	46
Vibration Safety & PPE Safety	50
Advanced Excel	24
Ergonomics	73
Electrical Safety Requirements	46
Basics of Health & Safety (New comer induction)	12
ISO-Internal Auditor Training	1



Employee Category	Average Training Hours FY 2024/25	
	M	F
Executive & Above	2.3	7.6
Clerical & Supervisory	1.5	-
Factory Workers	1.9	0.3
Average Training Hours = (Training hours/ total employees specific for category)		

Career Development

Activities aimed at career development

- Awareness programme on ISO 9001:2015 quality management systems
- ISO 14001: 2015 Internal Audit Training
- LinkedIn for Business
- Awareness on mental health and positive thinking



Promotions Granted

Employee Category	2024/25		2023/24	
	Male	Female	Male	Female
Factory Workers	-	-	1	-
Staff	-	2	2	-
Executives	5	3	4	3

GRI 2-25, 2-26, 402-1

Employee Relations

At Hayleys Fibre Group, employee relations are recognised as a critical enabler of operational excellence and long-term sustainability. As a manufacturing entity, cultivating a positive and respectful work environment is seen as critical to improving motivation, reducing conflict, and enhancing retention, all factors that contribute to productivity.

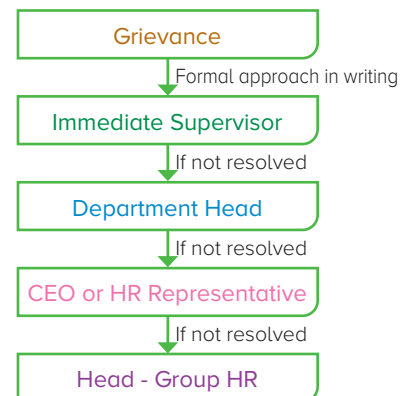
The Group places strong emphasis on open and transparent communication across all levels of the organisation. Managers are encouraged to hold regular team

briefings and meetings to strengthen collaboration and maintain open channels of communication, while the open-door policy provides an opportunity for employees to directly engage with the Group's leadership.

Meanwhile, formal mechanisms are in place to inform employees of operational changes. Executive staff are informed via email, while bulletin boards serve as the primary channel for site-based employees. A standard two-week notice period is given for all material operational changes.

Meanwhile, the Group's well-defined Grievance Handling Policy allows employees to formally raise concerns in a structured manner. All grievances are addressed promptly and fairly, supported by impartial reviews to ensure timely and equitable resolutions.

Hayleys Fibre Group Grievance Handling Procedure



There were no grievance reported in FY 2024/25

These consistent practices have helped build a foundation of trust and mutual respect, reducing the need for collective bargaining arrangements.

Employee engagement is closely aligned with the broader employee relations framework. An annual calendar of social and cultural events provides employees with opportunities to connect informally, reduce workplace stress, and support a healthier work-life balance.

Human Capital

GRI 403 - 1, 403 -2, 403 -3, 403 -4, 403-5, 403 -6, 403 - 7, 403 -8, 403-9, 403-10

Occupational Health and Safety

Creating a safe working environment for employees is of paramount importance for the Hayleys Fibre Group. To achieve this, the Group complies fully with all mandatory national safety regulations encompassing the safety guidelines stipulated under the Factories Ordinance 1942 and the national fire regulations. A comprehensive Safety Manual developed in line with global best practices outlined by the ISO 45001:2018 Occupational Health and Safety Standard, is also in place to guide efforts to ensure the safety of 100% of employees and any third parties present at any of the Group's locations across Sri Lanka.

Moreover, in line with the Workmen's Compensation Ordinance of 1935, all factory employees of the Hayleys Fibre Group are protected by workmen's compensation insurance covering work-related injuries. A total of Rs. 0.12 million was incurred during the year on account of payments for workmen's compensation insurance cover.

Safety Governance Structure



1. Hayleys Group Safety Team

Aligning health and safety governance with Group-wide policies, leading thorough root cause investigations to prevent recurrence of incidents, and ensuring that all safety systems and practices meet the highest standards of effectiveness and compliance.

Key Responsibilities:

- Support investigations of escalated incidents
- Guide standardisation and policy enforcement
- Determine scale and structure of incident investigations
- Ensure root cause analysis and corrective actions
- Maintain accountability at the Group level
- Report on safety performance to the Board



2. Eco-Solutions Cluster OHS Manager

Maintaining readiness for emergency response and crisis management, coordinating swift and effective actions when required, and serving as the link between the cluster and Group-level governance to incur continuous improvement of safety systems.

Key Responsibilities:

- Review reports from Safety Champions
- Lead investigations into serious accidents and near misses
- Escalate incident findings to the Hayleys Group Safety Team
- Oversee emergency response and crisis management
- Conduct regular risk assessments and safety audits to provide independent assurance on safety system effectiveness



3. Regional OHS Executives

(Safety Champions at Factory Locations) - Driving frontline safety compliance and fostering a strong safety culture among employees to ensure safety remains a shared responsibility across all levels of the workforce

Key Responsibilities:

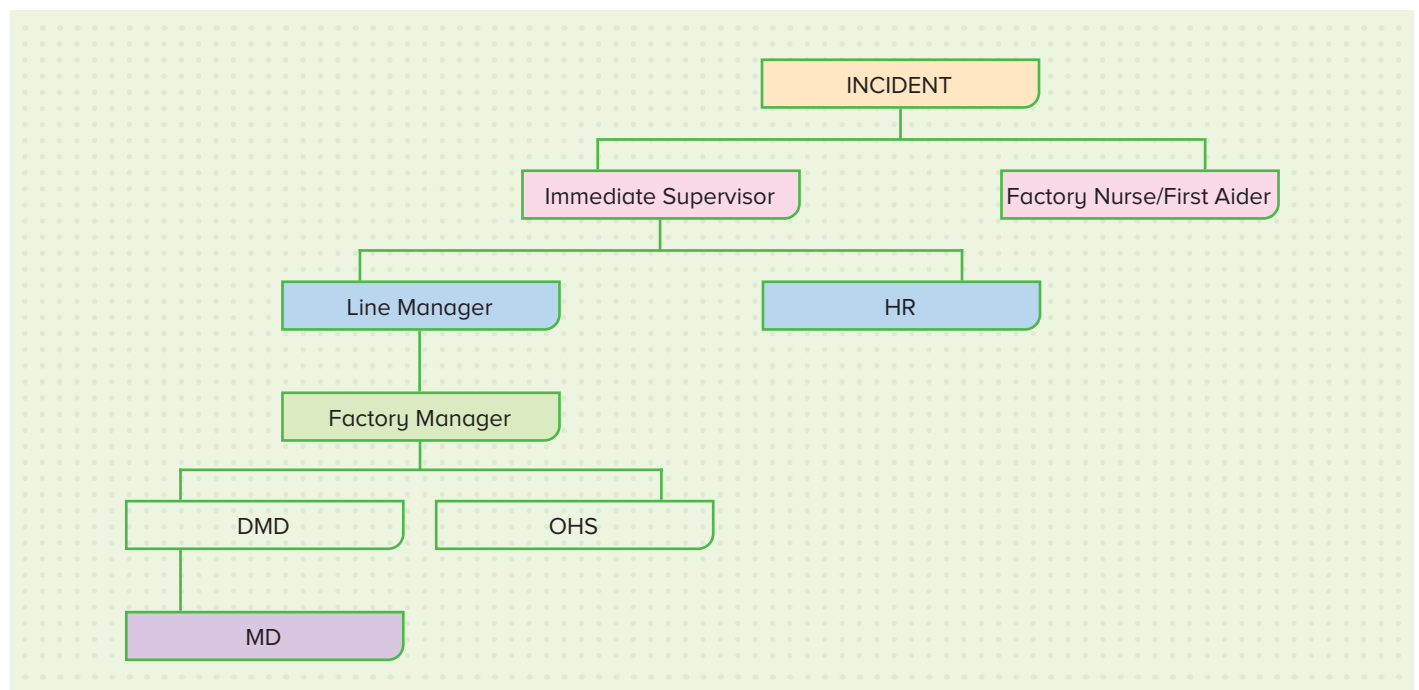
- Implement safety procedures outlined in the Safety Manual
- Conduct routine safety checks and audits
- Deliver bi-weekly safety briefings to build awareness and vigilance
- Encourage employees to report safety concerns
- Conduct risk assessments to identify hazards
- Initiate remedial actions to mitigate risks
- Document all accidents, injuries, and near misses
- Report incidents to the Eco-Solutions Cluster OHS Manager

Common Safety Hazards relating to the Hayleys Fibre Group operations

Identified Risk Activity	Safety Measures Adopted
Fire risk due to material used in the industry and the operations	<ul style="list-style-type: none"> Proactive and reactive safety measures based on the material and activities
Working at heights on high material stacks	<ul style="list-style-type: none"> Best practices for material storage and fall protection and prevention systems
Risks of injury due to mishandling of equipment	<ul style="list-style-type: none"> On-the-job training, knowledge sharing and continuous supervision
Lack of adequate safety information for conventional machinery	<ul style="list-style-type: none"> Investing in new engineering equipment, innovation, supervision and training

Occupational Health Hazards Associated with Hayleys Fibre Group Operations

Occupational Health Hazard	Preventive Measures Adopted
Skin irritation and allergic reactions owing to the exposure to hazardous chemicals, heavy metals, and microbial contaminants	<ul style="list-style-type: none"> Proper ventilation systems (including Local Exhaust Ventilation - LEV) Use of personal protective equipment (PPE) Training on safe handling procedures Implementation of sanitation protocols Exploration of safer, innovative chemical alternatives
Risk of respiratory complications	<ul style="list-style-type: none"> Lung Function Tests (LFT) conducted for all chemical handlers



	2024/25	2023/24	2022/23	2021/22
No. of minor injuries	-	3	3	5
No. of major injuries	2	2	-	2
No. of fatalities	-	-	-	-
No. of lost work days due to injury	190	31	3	102

The Group does not monitor worker related ill health (But encourage all employees to report the incidents)

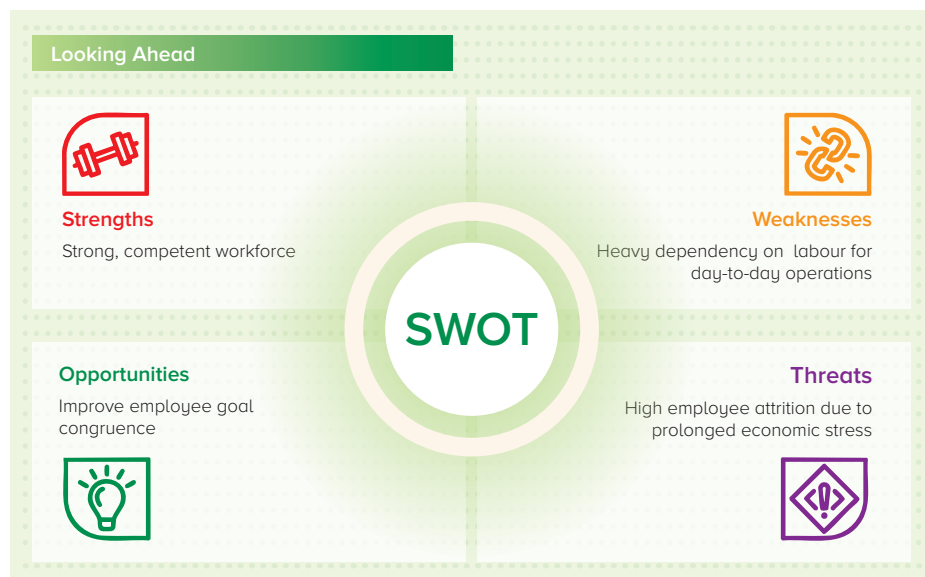
Human Capital

Safety Training FY 2024/25

Key Topics	Target Employee Group
Fire training	Security team & emergency team
Training on chemical handling, MSDS & spill response	Chemical handlers
Electrical safety & LOTO training for all	Mechanics, electricians & maintenance workers
Health & Safety induction for Executive and Above	All executives

Initiatives to promote general health and wellbeing of employees	Target employee Group
Special immunization campaign for Measles and Rubella	Executive Cadre, Staff, Manual Grade
Awareness program on influenza, chickenpox, and gastritis	Executive Cadre, Staff, Manual Grade
Eye clinic	Executive Cadre, Staff, Manual Grade
Suwanari clinic (Gynecology Clinic)	Executive Cadre, Staff, Manual Grade
HIV awareness program	Executive Cadre, Staff, Manual Grade
Awareness on prevention from social diseases	Executive Cadre, Staff, Manual Grade
Awareness program on gastritis and heart attacks	Executive Cadre

Going beyond what is expected in the normal course of business, the Hayleys Fibre Group works to advocate the safety culture among key stakeholders. In this regard, the Group conducts road safety education, including defensive driving techniques for fleet operators. As part of the overall approach to improving road safety, the Group also undertakes to perform vehicle safety checks prior to despatch.



Short Term - Medium Term Plans	Long Term Plans
Obtain ISO 45001 Occupational Health and Safety Standard Certification	Vision zero: Achieve zero workplace injury



International women's day celebration



Entwine : ESG Roadmap Rolling out sessions for the employees by the Management Team



Training session on waste management



New Year Celebration



Fire & Safety Training



Natural Capital



INPUTS

- Material Management
- Waste Management
- Energy and Emission Management
- Water Management
- Green Projects

VALUE

MATERIAL MATTERS

Consistent
Returns

Competitive
Position

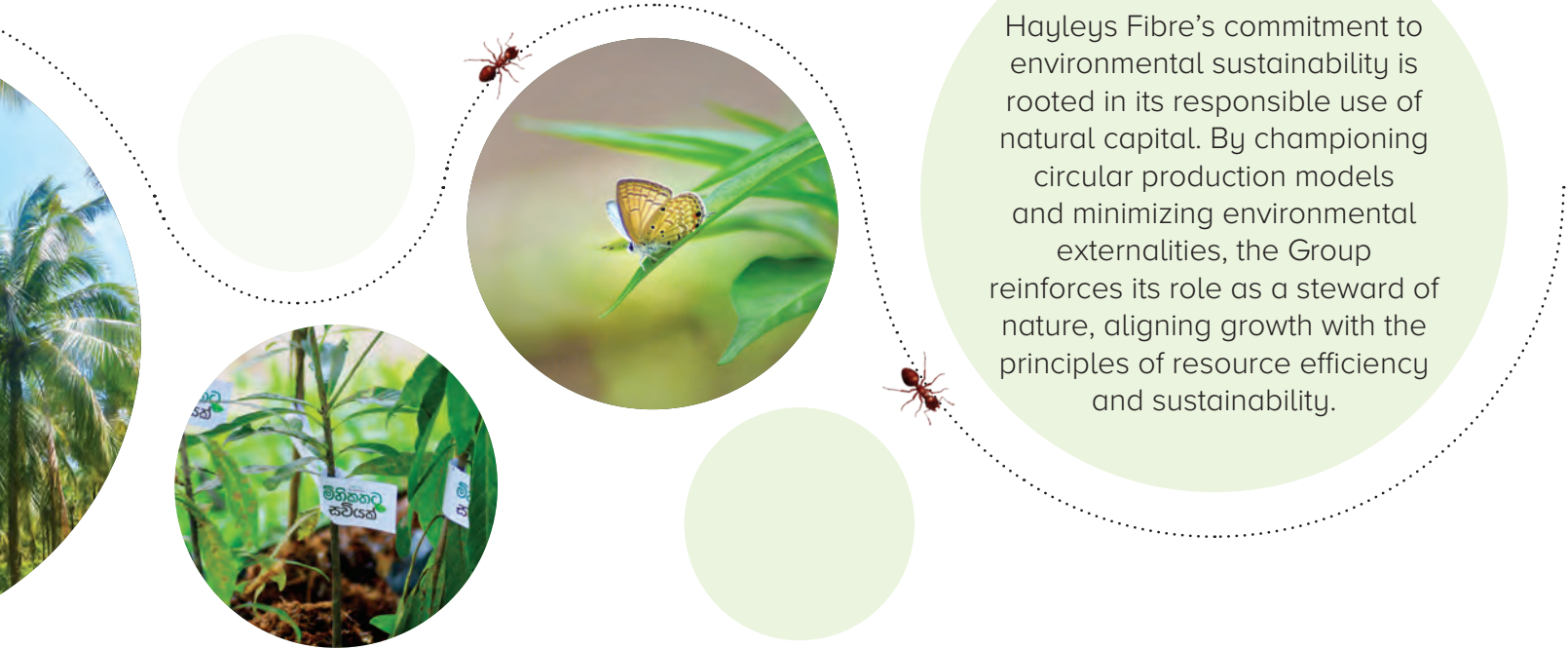
Environmental
Stewardship

MANAGEMENT APPROACH

The Hayleys Fibre Group's commitment to preserving Natural Capital is framed around the principle of circularity, which forms the foundation of its core operations as a manufacturer of coir fibre products. By adopting circular economy principles, the Group not only generates economic value but also actively contributes to conserving natural resources and minimising waste, supporting a more sustainable and resilient future. Complementing these efforts, the Group regularly engages in high-impact environmental initiatives in collaboration with local communities and environmental organisations.

INITIATIVES FOR FY 2024/25

- 29% year on year reduction in electricity consumption
- 3,356.03 tCO₂eq - Carbon Footprint (927.89 tCO₂eq - 2023/24)
- 802 MT's Kg's of non-hazardous fibre waste recycled back for the coir fibre production
- 5 green projects



Hayleys Fibre's commitment to environmental sustainability is rooted in its responsible use of natural capital. By championing circular production models and minimizing environmental externalities, the Group reinforces its role as a steward of nature, aligning growth with the principles of resource efficiency and sustainability.

STAKEHOLDER OUTCOMES

- 28% year on year reduction in emissions (Scope 1 & 2 combined)
year on year reduction in emissions
- 4% year on year reduction in the volume of hazardous waste generated

SDGs



OUTPUTS FOR HAYLEYS FIBRE AND IMPACT ON OTHER CAPITALS

- Sustained commitment towards environmental stewardship enhances the Group's reputation
- Compliance with environmental regulations builds stakeholder trust



Natural Capital

Hayleys Fibre Group - Environmental Governance Framework



1. Strategic Foundation

- Guiding Principle: Minimising the erosion of Natural Capital
- First Point of Reference: Environmental Compliance and Best Practices



2. Regulatory Compliance

- **Environmental Protection Licenses (EPL):**
All manufacturing facilities operate under EPLs issued by the Central Environmental Authority (CEA), ensuring compliance with national environmental regulations.



3. Internal Policy Alignment

- **Hayleys Group Environmental Policies:**
Group-wide environmental standards are in place to:
 - Promote resource efficiency
 - Embed environmental best practices across all plants
 - Go beyond compliance to reflect corporate sustainability commitments



4. Duties and Responsibilities

Strategy development and oversight

- ESG Steering Committee

Factory-Level Implementation Structure:

- **Factory Engineer:**
Directly responsible for implementing environmental best practices within the facility.
- **Factory Manager:**
Holds overarching accountability for:
 - Ensuring compliance with EPL and waste management regulations
 - Adherence to the Hayleys Group Environmental Policies
 - Driving continuous Improvement Focus

GRI 301-1,301-2, 301-3

Materiality Management

Hayleys Fibre Group utilises a mix of renewable and non-renewable materials in its manufacturing operations, with a strong emphasis on natural, biodegradable inputs. The primary raw material is coconut husks, an agricultural byproduct generated by the coconut industry. These husks are processed to extract coir fibres. Alongside coir, the Group also uses other renewable materials such as fibre pith, coconut chips, and jute. By repurposing coconut husks, an otherwise discarded waste product, into high-value coir fibre, the Group exemplifies circularity principles by keeping materials in use for as long as possible and minimising waste, thereby contributing towards regenerating natural systems.

Where required, non-renewable inputs such as nylon, polypropylene, dyes, specific chemicals, and polythene are incorporated, particularly for product finishing and packaging purposes.

Baby fibre and fibre dust generated during the production process at Hayleys Fibre are repurposed by being supplied to other Group companies and external partners as raw materials for various applications. Similarly, cotton waste from the Group's mattress manufacturing operations is provided to soft toy manufacturers for use in their production processes, reinforcing the Group's commitment to resource circularity and waste minimisation.



Environmental awareness sessions for employees

Materials used across across the Hayleys Fibre Group value		Unit of Measurement	2024/25	2023/24	2022/23	2021/22	2020/21
Renewable	Coconut based raw material (Coconut Husks)	Husk (Nos)	2,205,473	2,480,232	7,157,450	5,114,458	3,414,930
	Fibre/Pith/Chips	Kgs	16,134,998	21,530,206	11,107,177	11,176,067	7,441,966
	Jute	Netting (Sqm)	3,884,000	2,860,000	1,444,005	4,674,310	4,970,658
	Chemicals	Kgs	411,939	361,971	498,018	940,038	473,586
Non-Renewable	Nylon/ Polypropylene	Packing (Nos)	173,300	686,000	690,059	571,386	168,500
	Polypropylene	Netting (Sqm)	44,012,900	21,051,975	21,289,359	27,981,604	15,727,155
	Polythene (Kg's)	Packing (Nos)	2,912,464	5,094,773	1,545,958	983,579	535,582
		Packing (Kgs)	39,853	39,247	32,869	37,084	30,285

GRI 306-1, 306-2, 306-3, 306-4, 306-5, 306 -6

Waste Management

Aligned with the waste management principles outlined by the Hayleys PLC Group, each business vertical within Hayleys Fibre PLC has developed a comprehensive and well-documented framework to effectively manage waste arising from daily operational activities.

Hayleys Group Waste Management Policy - Key Principles

Defining the solid / semi solid waste categories within operating boundaries, mapping them accordingly and implementing mechanisms to quantify waste generation	Quantifying waste generation by appropriate categories
Establishing waste management programmes focusing on minimising, reducing and controlling waste generation. (Programme should be developed based on 7R [Reject, Reduce, Reuse, Reclaim, Replace, Repair, Recycle] concept applications over significant operations identified)	Waste management programmes based on the 7R concept for significant applications
Proper segregation practices should be implemented across all the categories of waste generation (process and non-process)	Segregation of waste
Segregated waste should be stored separately complying with all the relevant legal and other requirements (availability of separate waste storage for hazardous and non-hazardous waste, following defined colour code and labelling mechanism, zero contamination to the environment, application of emergency preparedness programmes, health and safety requirements on waste handling, etc.)	Compliance with safe storage of waste
Ensuring the sustainable disposal of all types of waste by following “zero landfilling” (getting into agreements with legally accepted waste collectors and disposers, ensuring proper disposal through audits and proof documentations, maintaining records of all the waste disposals)	Sustainable disposal of waste
Establishing material and waste management targets and objectives and driving continuous improvement programmes (focusing on monitoring, corrective and preventing actions, auditing and reviews of waste management)	Establishing targets and objectives to drive continuous improvement
Ensuring the availability of relevant information, documents, training tools and guidance to drive the defined waste management programmes	Training and tools to enable performance

Natural Capital

Hayleys Fibre PLC and Bonterra Ltd	Creative Polymats (Pvt) Ltd
<p>Waste materials, such as excess coconut husks or byproducts from the manufacturing process are carefully sorted and repurposed whenever possible. Coconut husks not suitable for coir fibre production may be utilised for alternative applications such as composting or as a substrate for gardening.</p> <p>Baby fibre and fibre dust generated during production is considered as waste and shared within the Group and among other private companies to be used as a raw material for various products</p>	<p>All Industrial waste is managed in line with the conditions of the Environmental Protection license issued by the Central Environmental Authority.</p> <p>PU offcuts from the mattress production are recycled and directed back to the production process to produce rebounded mattresses.</p> <p>Quilted fabric scrap and bale hoop scrap metal are reclaimed to produce alternative products</p>

Waste category	Waste type	MTs	Disposal methodology
Non-Hazardous waste	Fibre Dust	698.11	Sold to sister companies as Raw material
	Fibre Waste	801.63	Recycled into the coir fibre production process
	Quilted Fabric Scrap	6.15	Sold to soft toys manufacturers
	Scrap Metal	12.62	Sold to registered scrap metal vendors for recycling
	Polythene	0.99	Disposed through CEA approved waste collectors
	Paper and other packaging material	7.41	Sold for recycling
	Food Waste	5.80	Sent as animal foods – Piggery
Hazardous Waste	Empty Chemical Barrels	34.80	100% disposed through CEA approved scheduled waste vendors

Any waste that cannot be reused or recycled is disposed of in compliance with environmental regulations. No significant spills were reported in the reporting year.

GRI 302-1, 302-3, 302-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7

Energy and Emission Management

Electricity is the primary energy source used to power machinery across all manufacturing facilities within the Hayleys Fibre Group. However, due to the inherently labour-intensive nature of coir fibre production, which requires minimal mechanisation, electricity consumption at most plants remains relatively low. In contrast, the CPL facility records higher electricity usage given its greater dependence on machinery and equipment. Other energy sources include diesel to operate boilers, backup generators, and factory-owned vehicles.

The Group's energy management approach centers around energy-efficient manufacturing infrastructure and continuously improving operations to minimise energy consumption. This is complemented by ongoing process innovations aimed at improving

energy performance, reducing wastage, and integrating sustainable practices into every stage of production. Employee awareness and capacity building also contributes to energy-saving initiatives.

Based on the Hayleys Group energy and emission management principles plant-wise energy consumption and emissions are tracked. Energy consumption is monitored at factory level by the plant engineers along with the engineering teams. Monthly energy consumption is reported to the CUBE sustainability portal. The sector ESG champion analyses the data, identifies the variances and communicates with the factory team for rectification. The plant engineer is responsible for taking necessary actions to optimise energy.

Since 2022, the Hayleys Fibre Group's Scope 1, Scope 2 and Scope 3 emissions have been quantified by way of the annual Carbon Footprint Calculation which is supported by independent assurance from an accredited third party verification body. Meanwhile, stack emissions at plants are also monitored and tested regularly in line with the EPL conditions.

The Group's reliance on diesel for certain operations, such as powering boilers, backup generators, and vehicles, leads to direct emissions under Scope 1, while electricity purchased from the national grid contributes to Scope 2 emissions. In addition to Scope 1 and Scope 2 emissions, the Hayleys Fibre Group also considers Scope 3 emissions, which encompass indirect emissions from activities outside the Group's direct control. This includes emissions from the supply chain, such as the production and transportation of raw materials, as well as emissions from employee commuting.

The Group does not monitor emissions of ozone-depleting substances (ODS), Nitrogen oxides (NOx), sulfur oxides (SOx) and other similar air emissions.

Hayleys Group Energy and Emission Management Policy - Key Principles

Implementation of customised energy and emission management programmes focusing on the materiality of relevant energy/emission aspects. In driving these programmes, identify all energy and emission related processes and applications, evaluate the significance, set targets and objectives, continuously monitor performance and drive the programme based on defined KPIs in line with Table 1 Energy & Emission Management Strategies, Targets and KPIs.	Implement holistic energy and emission management programmes at all entities
Ensure the availability of relevant information, documents, training tools and guidance to drive the defined energy and emission management programmes.	Availability of resources
Gradually shift from non-renewable energy sources and increase reliance on renewable energy such as solar, wind, biomass energy, etc. Ensure that purchased biofuel is sustainably sourced and does not result in deforestation.	Shift to renewable energy
Minimising energy-related environmental impact and enhancing the Group's competitiveness through energy costs savings by embracing lean management practices, application of Life Cycle Assessment (LCA) concept, carbon neutral operations and many other recognised green concepts.	Minimise energy-related impact on environment
Adopting energy and emission conscious procurement procedure on all relevant operations and propagating our energy and emission management practices across the supply chain, implementing effective operation and maintenance programmes to ensure energy-efficient operations while minimising emissions for significant energy consuming applications (machines/processes).	Energy and emission management
Nurturing a culture of energy and emission consciousness across all the relevant stakeholder Groups (e.g. employees, communities, non-profit organisations, government, etc.); all business entities within the Group should observe the energy practices of its supply chain partners and encourage the use of clean energy across its supply chain.	Energy and emission conscious cultures
Aligning with the Hayleys Group sustainability strategy	Align with Group

Hayleys Fibre Group Energy Matrix

Energy Consumed within the Group	2024/25	2023/24	Variance %
Electricity (MJ)	3,752,464	5,252,100	-28
Diesel (MJ)	1,105,966	1,331,419	-17
Other (MJ)	7,748	-	-
Total Energy (MJ)	4,866,178	6,583,519	-
Energy Intensity Ratio (MJ/Revenue-Mn)	1,024	1,284	-20.23

Plant-wise energy consumption and emissions are tracked through the CUBE sustainability portal. Stack emissions at plants are also monitored and tested regularly in line with the EPL conditions. The Group conducting preliminary studies to assess the feasibility of investing in rooftop solar infrastructure to meet the needs of each plant.

Hayleys Fibre Group Emission Matrix

With the guidance from the Hayleys Group, Hayleys Fibre conducted a third party green house gas verification for the 2024/25 year covering all three scopes. With the verification process, the scope boundaries for emissions were identified and formalized.

Emissions	2024/25 tCO ₂ e	2023/24 tCO ₂ e	Reduction of GHG emissions (tCO ₂ e) %
Direct (Scope 1) GHG emissions	115.47	108.07	7
Indirect (Scope 2) GHG emissions	445.92	684.22	-35
Other Indirect (Scope 3) emissions	2,794.65	135.60	1961
Total GHG emissions	3,356.03	927.89	262
Emission intensity Ratio (tCO ₂ e/Revenue-Mn)	1.413	0.181	681

Scope 1 : Consumption of fossil fuel for mobile and stationary sources, Co2 fire extinguisher, refrigerant

Scope 2 : Electricity usage from the national grid

Scope 3 : Business air travel, 3rd party transport, downstream port to port transport, employee commuting

Natural Capital

Environmental Training Focus



Environmental Awareness Workshops for employees – World Environmental day



ISO 14001: 2015 Internal auditor training



Biodiversity awareness trainings and practical sessions

Green Projects

As part of its unwavering commitment to environmental stewardship, the Hayleys Fibre Group engages in environmental projects aimed at minimising environmental degradation.

- “Mihikathata sawiyak” – World Environment Day programme
- World Wetlands Day programme – in collaboration with Central Environmental Authority (CEA)
- Snake identification, first aid & safe handling programme – In collaboration with Wayamba University
- Climate change education for School children
- Sponsored coir growing media for Hayleys Nurture Network – Tree Planting initiative



GRI 303-1, 303-2

Water Management

The Hayleys Fibre Group's water usage is primarily for drinking and sanitation needs of its employees. Water for sanitation purposes is sourced from on-site tube wells, with additional supply from municipal sources when required, while drinking water is provided by a third-party vendor. The Group's water management efforts are guided by the overarching water management principles established by Hayleys Group. Accordingly waste water from general cleaning/sanitation is directed to on-site soakage pits.



Looking Ahead



Strengths

Regenerative products with less harm to the environment across the value chain



Weaknesses

High initial cost involved in implementing energy efficiency solutions

SWOT

Opportunities

Invest in renewable energy
Opportunities for alternative raw materials



Threats

Supply disruptions due to adverse climate related events
Competition from synthetic alternatives



Short Term - Medium Term Plans

Develop water recycling units at CPL
Invest in rainwater harvesting at all production facilities

Long Term Plans

10% reduction in waste intensity by 2030
Achieve zero waste to landfill by 2030



Moving Forward, Together

We develop through unity and by strengthening our foundations, we move towards a future of endless possibilities.

Corporate Governance Report

GRI 2-9

Hayleys Fibre PLC and its Group continue to be committed to conducting the Company's business ethically and in accordance with high standards of good Corporate Governance.

The Company is a subsidiary of Hayleys PLC and adheres to the ESG Framework of the Hayleys Group as set out in the Hayleys Lifecode.

We set out below the Corporate Governance practices adopted and practiced by the Group against the background of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and the Rules set out in Section 7 and Section 9 of the Listing Rules of the Colombo Stock Exchange ('Listing Rules').

Board of Directors

The Board of Directors is responsible for setting up the governance framework within the Group.

Composition and Attendance at Meetings

As at the end of the year under review, the Board consists of Eleven Directors, Six Non-Executive Directors out of which Four are Independent Non-Executive Directors and Five Executive Directors. Profiles of these Directors are given on pages 8 to 13 of this Report. Details of Directors' shareholding in the Company and the directorates they hold in other companies are given on pages 227 and 145 to 147, respectively.

The Board meets quarterly as a matter of routine. Adhoc meetings are held as and when necessary. During the year the Board met on four occasions.

Board Meeting Attendance

Name of Directors	Meetings eligible to attend	Meetings attended
Mr. A. M. Pandithage	4	4
Mr. H. S. R. Kariyawasan	4	4
Mr. M. M. A. R. P. Goonetilleke	4	4
Mr. L. A. K. I. Kodytuakku	4	4
Mr. M. C. Sampath (Resigned w.e.f. 20/02/2025)	3	3
Mr. L. Uralagamage	4	4
Mr. S. C. Ganegoda*	4	2
Dr. N. S. J. Nawaratne*	4	4
Mr. D. K. De Silva Wijeyeratne**	4	4
Dr. T. K. D. A. P. Samarasinghe**	4	4
Mr. M. J. S. Rajakariar**	4	3
Mrs. S. Amarasekera, PC**	4	2

* Non-Executive Director

** Independent Non-Executive Director

Responsibilities

The Board is responsible to:

- Enhance shareholder value.
- Formulate and communicate business policy and strategy to assure sustainable growth and monitor its implementation.
- Approve any change in the business portfolio and sanction major investments and disinvestments in accordance with parameters set.
- Ensure Executive Directors have the skills/ knowledge to implement strategy effectively, with proper succession arrangements in place.
- Ensure effective remuneration, reward and recognition policies are in place to help employees give of their best.
- Set and communicate values/ standards, with adequate attention being paid to accounting policies/ practices.
- Ensure effective information, control, risk management and audit systems are in place.
- Ensure compliance with laws and ethical standards are established.
- Approve annual budgets and monitor performance against budgets.
- Adopt annual and interim results before these are published.

Inter Alia, Directors:

- Must bring independent judgment to bear and consider foremost the interests of the Company as a whole.
- Must stay abreast of developments in management practice, the world and domestic economy and other matters relevant to the Company.
- May convey concerns to the Chairman, if and when a need arises.
- May where necessary and with the concurrence of the Chairman, consult and consider inputs from "experts" in relevant areas.
- Should declare their interests in contracts under discussion at a Board Meeting, and refrain from participating in such discussion.
- Possessing "price- sensitive" information concerning the Company, should not trade in the Company's shares until such information has been adequately disseminated in the market.

GRI 2-10, 2-11, 2-20, 405-1

Company Secretary

The Company Secretarial services are provided by Hayleys Group Services (Private) Limited, which is headed by an Attorney at Law who is a qualified Chartered Secretary, ably assisted by professionally qualified Company Secretaries who are registered with the Registrar of Companies. Shareholder matters are handled in-house by the Registrar division of Hayleys Group Services (Private) Limited. The services and advices of the Company Secretaries are made available to Directors as necessary. The Company Secretaries keep the Board informed of new laws, regulations and requirements coming into effect which are relevant to them as individual Directors and, collectively, to the Board. Shareholders are free to communicate with the Secretaries whenever it is considered necessary.

Chairman's Role

The Chairman is responsible for the efficient conduct of Board Meetings. The Chairman maintains close contact with all Directors, and holds informal meetings with Non-Executive Directors as and when necessary.

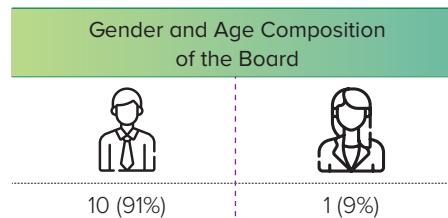
Board Balance

The composition of the Executive and Non-Executive Directors (the latter are over one third of the total number of Directors) satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange. The Board has determined that four Non-Executive Directors satisfy the criteria for "independence" set out in the Listing Rules.

Non-Executive Directors' profiles reflect their caliber and expertise in various fields that bring diverse perspectives and insights into Board discussions. Each is independent of management and free from any relationship that can interfere with independent judgment. The balance of Executive, Non-Executive and Independent Non-Executive Directors on the Board ensures that no individual

Director or small Group of Directors dominates Board discussion and decision making.

The Chairman of the Company is also the Chairman of Hayleys PLC. Chief Executive authority is vested in the Managing Director of the Company. The distinction between the position of the Chairman and Officers wielding executive powers in the Company and Group ensures the balance of power and authority. Further, since the Chairman is an Executive Director, Mr. D. K. De Silva Wijeyeratne has been appointed as the Senior Independent Director of the Company in compliance with the Listing Rules.



All the board members (100%) are above 50 years

Financial Acumen

The Board includes Three Senior Chartered Accountants who possess the necessary knowledge and competence to offer the Board guidance on matters of finance.

Supply of Information

Directors are provided with quarterly reports on performance and such other reports and documents as necessary. The Chairman ensures all Directors are adequately briefed on issues arising at Meetings.

Appointments to the Board

The Board decides on the appointments of Directors and Key Officers based on the recommendations made by the Nominations and Governance Committee of the Company.

Re-election of Directors

The provisions of the Company's Articles require a Director appointed by the Board

to hold office until the next Annual General Meeting ('AGM'), and seek re-election by the shareholders at that meeting. Further, the Articles call for one third of the Directors in office to retire at each AGM. The Directors who retire are those who have served for the longest period after their appointment/re-appointment. Retiring Directors are generally eligible for re-election.

The Managing Director does not retire by rotation.

Directors who are over seventy years will be reappointed by the shareholders in terms of section 211 of the Companies Act No.07 of 2007.

Remuneration Procedure

The Remuneration Committee recommends the remuneration payable to the Managing Director and Executive Director(s) and sets guidelines for the remuneration of the management within the Company. The Board makes the final determination after consideration of such recommendation and performance of the senior management.

The Remuneration Committee of the Company consists of:
Mr. D. K. De Silva Wijeyeratne** - Chairman
Dr. T. K. D. A. P. Samarasinghe**
Mr. S. C. Ganegoda*

* Non – Executive Director

** Independent Non – Executive Director

Disclosure of Remuneration

The total of Directors' Remuneration is reported in note 7 to the Financial Statements.

Directors have access to programs arranged by the Hayleys Group Human Resource Development Division, when appropriate, to provide updates on matters relevant to business management and economic affairs.

Management Structure

The Board has delegated primary authority to the Managing Director and

Corporate Governance Report

the Executive Directors, to achieve the strategic objectives formulated by them.

The authority is exercised within the ethical framework and business practices established by the Board which demand compliance with existing laws and regulations as well as best practices in dealing with employees, customers, suppliers and the community at large.

The Managing Director and key Managers meet on a weekly basis to review progress and discuss strategic issues and other important developments that require considerations and minutes are kept of decisions made and major issues faced by the Group.

The Managing Director attends the weekly meetings of the Group Management Committee of Hayleys PLC and reports the progress and important issues faced by the Group.

Relations with Shareholders

The Notice of Meeting is included in the Annual Report. The Notice contains the Agenda for the AGM as well as instructions on voting by shareholders, including appointment of proxies. A Form of Proxy is enclosed with the Annual Report. The period of notice prescribed by the Companies Act No 7 of 2007 has been met.

Constructive use of the AGM

The active participation of shareholders at the AGM is encouraged. The Board believes the AGM is a means of continuing effective dialogue with shareholders.

The Board offers clarifications and responds to concerns shareholders have over the content of the Annual Report as well as other matters which are important to them. The AGM is also used to adopt the financial statements for the year and appoint the External Auditors of the Company for the ensuing financial year.

Communication with Shareholders

The Quarterly Financial Statements, disclosures and announcements

are posted to the CSE website for public dissemination. The Annual Report is considered as the principal communication with shareholders and other stakeholders. These reports are also provided to the Colombo Stock Exchange. The Company adopted a Shareholder Communication and Relations Policy on 1st October 2024, which is available on the Company website <https://www.hayleysfibre.com/investor-relations>. This Policy includes a process whereby Directors are informed of major issues and concerns of shareholders.

Shareholders may contact the Company Secretaries i.e Hayleys Group Services (Private) Limited (R. De Silva) on +94112627654 for queries regarding their shareholding.

Price Sensitive Information

Due care is exercised with respect to share price sensitive information.

Accountability and Audit Financial Reporting

The Board places great emphasis on complete disclosure of financial and non-financial information within the bounds of commercial reality and on the adoption of sound reporting practices. Financial information is disclosed in accordance with the Sri Lanka Accounting Standards. Revisions to existing accounting standards and adoption of new standards are carefully monitored.

The Annual Report includes descriptive, non-financial content through which an attempt is made to provide stakeholders with information to assist them to make more informed decisions.

The Board has reviewed the effectiveness of the system of financial control for the period up to the date of signing the accounts. The Statement of Directors' Responsibilities for the financial statements is given in page 139 of this report.

Management Report

Chairman and Managing Director's Message (pages 22 to 25) and Review of Group Operations (page 60) in this report provide an analysis of the Company and Group performance during the financial year under review.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks. This process has been in place throughout the year under review and the Risk Management Report is given from pages 34 to 38.

Going Concern

The Directors, after making necessary inquiries and reviews including reviews of the Company budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Company has 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.

Internal Controls

The Directors are responsible for the Group system of internal financial controls. The system is designed to safeguard assets against unauthorized use or disposition and to ensure that accurate records are maintained and reliable financial information is generated. However, there are limits to which any system can ensure that errors and irregularities are prevented or detected within a reasonable period.

The important procedures in place to discharge this responsibility are as follows:

- The Directors are responsible for the establishment and monitoring of financial controls appropriate for the operation within the overall Group policies.
- The Board reviews the strategies of the Company and Group.

- Annual budgeting and regular forecasting processes are in place and the Directors review performance.
- The Board has established policies in areas of investment and treasury management and does not permit employment of a complex risk management mechanism.
- The Group is subjected to regular internal audits and system reviews.
- The Audit Committee of the Company reviews the plans and activities of the internal audits and the management letters of the External Auditors for the Financial Year under review.

Members of the Audit Committee of the Company consists of the following Independent Non-Executive Directors:

Mr. D. K. De Silva Wijeyeratne (Chairman)

Dr. T. K. D. A. P. Samarasinghe

Mr. M. J. S. Rajakariar

The Company carefully selects and trains employees and provides appropriate channels of communication to foster a control conscious environment.

The Group is subject to internal audit and systems review by the Hayleys Group Management Systems and Review Department.

IT and Cyber Security

Hayleys Group IT Department is responsible for implementing the Groups digital strategy including adopting IT policies and safeguarding against cyberthreats. The Group Head of IT serves as the Chief Information Security Officer (CISO). Hayleys Fibre Chief Financial Officer oversees the deployment of Group IT policies with the Hayleys Fibre IT department. Cybersecurity is a recurring topic in the monthly Hayleys Group Management Committee meetings with relevant matters escalated to Hayleys Fibre Board when necessary. Both departments meet periodically to share views and develop and strengthen IT policies for stringent management of this crucial business aspect.

Compliance With CSE Continuing Listing Rules (1st April 2024 to 31st March 2025)

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
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 on pages 140 to 147
7.6 (iii), (iv)	Twenty largest Shareholders, float adjusted market capitalization, public holding percentage, no. of public shareholders and minimum required public shareholding	Compliant	Share Information on pages 227 to 228
7.6 (v)	Directors' and CEO's (MD's) holding in shares	Compliant	Report of the Board of Directors on page 141
7.6.(vi)	Material foreseeable risk factors of the entity	Compliant	Risks and Opportunities on pages 34 to 38
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Compliant	Human Capital on page 92
7.6 (viii)	Extents, locations, valuations, number of buildings	Compliant	Statement of Value of Real Estate on page 184 to 185
7.6 (ix)	Number of shares representing the Entity's stated capital	Compliant	Report of the Board of Directors on page 141 and Notes to the Financial Statements on page 197
7.6 (x)	Shareholder Distribution Schedule including percentage of total holding in given categories	Compliant	Share Information on page 227
7.6 (xi)	Ratios and Market Price Information	Compliant	Refer on page 228
7.6 (xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	Compliant	Please refer on pages 183 to 184.

Corporate Governance Report

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
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	N/A
7.6(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	N/A	N/A
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Compliant	Corporate Governance Report on pages 112 to 131
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 transactions on pages 214 to 215
9.2.1	Policies	Compliant	The Company has established and continues to maintain policies on Matters relating to Board of Directors, Board Committees, Corporate Governance, Rewards and Remuneration, Code of Business Conduct and Ethics, Risk Management and Internal Control, Relations with Shareholders and Investors, Control and Management of Company Assets and Shareholder Investments, Corporate Disclosures, Environment, Social Governance and Sustainability, Whistle Blowing and Anti Bribery and Corruption. These Policies are published on the Company website https://www.hayleysfibre.com/investor-relations/
9.3	Board Committees	Compliant	The Company has established a Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee.
9.3.3	Chairperson of Board Committees	Compliant	Chairperson of Board Committees is not the Chairperson of the Board
9.4.1	Meeting Procedures	Compliant	Company maintains records of all resolutions passed at General Meetings.
9.4.2	Communication and Relations with shareholders	Compliant	The Company has a Shareholder Communication and Relations policy and it is published on the corporate website https://www.hayleysfibre.com/investor-relations/ . Shareholders may contact the Company Secretaries i.e Hayleys Group Services (Private) Limited (R. De Silva) on +94112627654 for queries regarding their shareholding. The policy includes a process whereby Directors are informed of major issues and concerns of shareholders.
9.5	Policy on matters relating to the Board of Directors	Compliant	The Company maintains a Policy on Matters relating to the Board of Directors. The Policy specifies the minimum number of meetings which a director is required to attend, which is 50% of the meetings held during the financial year.
9.6. 2	Chairperson and CEO	Compliant	The Chairperson and Managing Director is not the same person.
9.6.3	Senior Independent Director	Compliant	The Company has a Senior Independent Director ('SID') since the Chairperson is an Executive Director.
9.6.3. (b)	Senior Independent Director	Compliant	The SID holds a meeting once a year with the Independent Directors without the presence of other Directors to discuss matters and concerns relating to the Company.

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
9.6.3. (c)	Senior Independent Director	Compliant	The SID holds a meeting once a year with the Non Executive Directors without the presence of the Chairperson to appraise the Chairperson's performance.
9.6.3. (e)	Senior Independent Director	Compliant	The SID has made a disclosure demonstrating the effectiveness of duties of the SID in page 151.
9.7.1	Fitness of Directors and CEO	Compliant	The Company ensures that the persons recommended by the Nominations and Governance Committee fulfill the assessment criteria set out in the Listing Rules.
9.7.2	Fitness of Directors	Compliant	The Company ensures that the persons recommended by the Nominations and Governance Committee as Directors fulfill the assessment criteria set out in the Listing Rules.
9.7.4	Fitness of Directors and CEO	Compliant	The Directors 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.
9.8.1	Minimum number of Directors	Compliant	The Board consisted of 11 Directors as at 31st March 2025.
9.8.2	Independent Directors	Compliant	Four Directors are Independent
9.8.3	Independent Directors	Compliant	All NEDs have submitted their confirmations on Independence as per the criteria set by Company, which is in line with the regulatory requirements.
9.8.5	Disclosure relating to Directors	Compliant	All Independent Directors signed and submitted a declaration regarding his/her independence. The Board assessed the independence declared by the Director.
9.9	Alternate Directors	Compliant	The Company does not have Alternate Directors.
9.10.1	Disclosure relating to Directors	Compliant	The Policy on maximum number of directorships a director can hold in listed companies is Twenty Five (25).
9.10.2	Disclosure relating to Directors	Compliant	Director appointments are disclosed 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 8 to 13 for the brief resume of each Director.
9.10.3	Disclosure relating to Directors	Compliant	All changes to the Board and Board Committees were immediately informed to the Colombo Stock Exchange.
9.10.4	Disclosure relating to Directors	Compliant	Pages 8 to 13 of the Annual Report contains the relevant information
9.11.1-3	Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on pages 149 to 150
9.11.4	Composition of the Nominations and Governance Committee	Compliant	The Nominations and Governance Committee comprises 3 Non Executive Directors which includes 2 Independent Non-Executive Directors Refer the Nominations and Governance Committee Report on pages 149 to 150
9.11.5	Functions of the Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on pages 149 to 150
9.11.6	Disclosure in the Annual Report relating to Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on pages 149 to 150

Corporate Governance Report

GRI 2-14, 2-27

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Company's Extent of Adoption
9.12.6	Remuneration Committee	Compliant	Refer the Remuneration Committee Report on page 134
9.12.7	Functions of Remuneration Committee	Compliant	The remuneration Committee recommends the remuneration payable to the Executive Directors.
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	Compliant	The remuneration paid to Directors is given in note 7 to the financial statements on page 180
9.13.1	Composition of Audit Committee	Compliant	Refer Audit Committee Report on pages 136 to 138
9.13.4	Audit Committee Functions	Compliant	
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Compliant	
9.14. 2	Composition of the Related Party Transactions Review Committee (RPTRC)	Compliant	RPTRC comprises 3 Non Executive Directors out of which 2 Directors are Independent. Please see the Report of the Related Party Transactions Review Committee in pages 132 to 133
9.14.3	Functions of RPTRC	Compliant	Please refer the Report of the Related Party Transactions Review Committee in pages 132 to 133
9.14.4	RPTRC Meetings	Compliant	RPTRC met during each quarter of Financial Year 2024/25 Please refer the Report of the Related Party Transactions Review Committee in pages 132 to 133
9.14.7	Immediate Disclosures	Compliant	Please refer Note 37 of the Notes to the Accounts on pages 214 to 215
9.14.7	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Compliant	Please refer Note 37 of the Notes to the Accounts on pages 214 to 215
9.14.8	The Report by the Related Party Transaction Review Committee	Compliant	Please refer the Report of the Related Party Transactions Review Committee on pages 132 to 133
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 140 to 147
9.16	Additional Disclosures	Compliant	Please refer the Report of the Board of Directors on pages 140 to 147

ESG Governance

The effective ESG governance of the group is supported by a clearly defined governance structure, a comprehensive suite of policies and reporting lines supporting the integration of the Sector's ESG strategy to existing functions and decision-making processes. As demonstrated graphically on page 46, the Sector Management Committee (Sector MC), headed by the Managing Director holds oversight responsibility for the Sector's ESG strategy. The Sector ESG Committee is tasked with supporting the Sector MC in this responsibility and oversees the implementation, effective

monitoring and reporting of progress against targets while also identifying emerging sector-level ESG risks and opportunities. During the reporting period, the organization did not identify any significant instances of non-compliance with laws or regulations in the social or economic areas. No fines, penalties, or sanctions were imposed on the organization in this regard.

Sector ESG Committee

The Committee is headed by the Deputy Managing Director, who is also a member of Hayleys Eco Solutions's Sector Management Committee. It comprises

representatives from diverse functions across the Sector including Finance, Procurement, Human Resources, Quality Management and Marketing. The mandate of the Committee includes the following:

- Provide oversight and monitor the execution of the Sector's ESG Roadmap-Entwine including progress against environmental, social and governance targets in the short, medium and long-term.

GRI 2-14,2-17

- b. Identify ESG related risks, opportunities and impacts and recommend the implementation of appropriate measures to effectively address these dynamics.
- c. Review and provide guidance on ESG related policies and programmes required to drive the Sector's ESG strategy.
- d. Review and approve the Sector's stakeholder engagement strategy which allows management to identify, understand and respond to stakeholders' legitimate concerns.
- e. Receive updates at least quarterly or as and when required, on ESG matters including progress against targets, KPIs and strategy implementation.
- f. Review, approve and make recommendations in respect of

sustainability and ESG factors in the corporate reporting and external communications.

- g. Review emerging trends and issues in the ESG areas and assess potential impact on the Sector.

Sector ESG Unit

The Sector's ESG Unit is responsible for the ground-level actioning in collaboration with relevant internal and external stakeholders. The unit's responsibilities include tracking, monitoring and reporting relevant ESG metrics to the ESG Committee and to Hayleys, providing qualitative and quantitative information across the organisation to support ESG integration, formulating and driving strategic ESG initiatives across the Sector and providing feedback to the Sector

ESG Committee on ESG performance, emerging risks and opportunities and areas for potential improvement among others.

Monitoring Progress

Progress against internal ESG related goals and targets will be monitored on a monthly basis. Environmental and social performance is tracked, collated and monitored through the Hayleys CUBE- the Group's non-financial information reporting system. Performance is reported to the Sector ESG Committee and Sector MC on a quarterly basis. Performance is also monitored by the Hayleys Group ESG Division on quarterly basis, which in turn reports Sector and Group-level performance to the Hayleys Group ESG Steering Committee and the Group Management Committee.

Section 01

Compliance with the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2024/2025
Directors			
A.1 The Board			
The Company is headed by an effective Board of Directors with local and international experience. The Board of Directors of the Company consists of professionals in the fields of accounting, management, law, economics, engineering, marketing and business leaders. All Directors possess the skills and experience and knowledge complemented with a high sense of integrity and independent judgment. The Board gives leadership in setting the strategic direction and establishing a sound control framework for the successful functioning of the Company. The Board's composition reflects a sound balance of independence and anchors shareholder commitment.			
Board Meetings	A.1.1	Complied	The Board usually meets at quarterly intervals, but also meets more frequently when needed. The Board met four times during the year under review. Scheduled Board meetings were arranged well in advance, and all Directors were expected to attend each meeting. The attendance at Board meetings held is set out on page 112.
Board Responsibilities	A.1.2	Complied	The Board is responsible to the shareholders for creating and delivering long-term sustainable shareholder value through the business. The Board ensures the formulation and implementation of a sound business strategy. The Board has put in place a Corporate Management team led by the Managing Director with the required skills, experience and knowledge necessary to implement the business strategy of the Company. The Board also ensures effective systems are in place to secure integrity of information, internal controls and risk management. The Board ensures that the Company's values and standards are set with an emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.

Corporate Governance Report

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Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2024/2025
Compliance with Laws and Access to Independent Professional Advice	A.1.3	Complied	The Board, collectively, and Directors, individually, must act in accordance with the laws as applicable to the Company. The Company had complied with all applicable laws and regulations during the year. A procedure has been put in place for Directors to seek independent professional advice in furtherance of their duties, at the Company's expense. This will be coordinated through the Company or the Company Secretaries when requested.
Company Secretary	A.1.4	Complied	All Directors have access to the advice and services of the Company Secretaries, Hayleys Group Services (Private) Limited, as required. The Company Secretaries keep the Board informed of new laws and revisions, and regulations and requirements coming into effect which are relevant to them as individual Directors and collectively to the Board.
Independent Judgment	A.1.5	Complied	All Directors exercise independent judgment in decisions made by the Board on issues of strategy, performance, resource allocation and the conduct of business.
Dedication of adequate time and effort by the Board and Board Committees	A.1.6	Complied	All Directors of the Company dedicate adequate time and effort to fulfilling their duties as Directors of the Company (both before and after the Board Meetings), in order to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged.
Call for a Resolution to be Presented to the Board	A.1.7	Complied	Any Director can call for a resolution to be presented to the Board if deemed necessary.
Training for New and Existing Directors	A.1.8	Complied	Both new and existing Directors of the Company are provided guidelines on general aspects of directorships and industry specific matters. In this regard, the Directors have recognised the need for continuous training, expansion of knowledge and to take part in such professional development as and when they consider it necessary and which would assist them to carry out their duties as Directors.
A.2 Chairman and Chief Executive Officer (CEO)			
There should be a clear division of responsibilities between the Chairman and Chief Executive Officer in order to ensure a balance of power and authority, in such a way that any individual has no unfettered powers of decision-making.			
The roles of the Chairman and Chief Executive Officer function separately in the Company. The Chairman's main responsibility is to lead, direct and manage the work of the Board in order to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Managing Director, who performs the role of the Chief Executive Officer, is responsible for the day-to-day operations of the Company.			
Division of Responsibilities of the Chairman and Managing Director (CEO)	A.2	Complied	<p>The positions and functions of the Chairman and the Managing Director have been separated; the role of the Managing Director is to manage the day-to-day running of the Company.</p> <p>The Board has delegated this responsibility to the Managing Director and he then leads the Corporate Management team in making and executing operational decisions. The Managing Director is also responsible for recommending strategy to the Board.</p>

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Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2024/2025
A.3 Chairman's Role			
The Chairman leads and manages the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully preserves order and facilitates the effective discharge of the Board functions.			
Role of the Chairman	A.3.1	Complied	<p>The Chairman who is an outstanding business leader, provides leadership to the Board, controls and preserves order at Board meetings and provides the Board with strategic direction and guidance in managing the affairs of the Company.</p> <p>The Chairman is also responsible for:</p> <ol style="list-style-type: none"> 1. Ensuring the new Board Members are given an appropriate induction, covering terms of appointment. 2. The effective participation of both Executive and Non-Executive Directors. 3. Encouraging all directors to make an effective contribution, within their respective capabilities, for the benefit of the Company. 4. Maintaining a balance of power between Executive and Non-Executive Directors. 5. Ensuring that the views of Directors on issues under consideration are ascertained.
A.4 Financial Acumen			
The Code requires that the Board comprises Members with sufficient financial acumen and knowledge in order to offer guidance on matters on finance. The Board of the Company has met the above requirement as some of the Board Members are qualified accountants having professional qualifications and are equipped with sufficient financial acumen and knowledge to offer guidance on matters of finance.			
Financial Acumen and Knowledge	A.4	Complied	As at the end of the year under review, the Board comprises three Chartered Accountants (CA Sri Lanka) and a Management Accountant (CIMA–UK). One of them serves as Chairman of the Audit Committee. These Directors add substantial value and independent judgment to the decision-making of the Board on matters concerning finance and investment.
A.5 Board Balance			
The Code requires that a balance is maintained between the Executive and Non- Executive Directors (NEDs) so that no individual or a small group of individual Directors are able to dominate the Board's decision-making.			
As at the end of the Financial Year, the Board consists of Five (05) Executive Directors and Six (6) Non-Executive Directors. Each of them brings to the Board wide experience and the ability to exercise independence and judgment when taking informed decisions.			
Presence of Non-Executive Directors	A.5.1	Complied	Six (6) of the Eleven (11) Directors are Non-Executive Directors.
Independent Non-Executive Directors	A.5.2	Complied	Four (4) out of Six (6) Non-Executive Directors are independent as defined by the Code.
Criteria to Evaluate Independence of Non-Executive Directors	A.5.3	Complied	Please refer Section A.5.5 below. The Board considers Non-Executive Director's independence on an annual basis. For a Director to be deemed 'independent', such a Director should be independent of management and free of any business or any other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.
Annual Declaration of Independence - Non-Executive Directors	A.5.4	Complied	Each Non-Executive Director has submitted declaration stating the independence or non-independence in a prescribed format. This information is made available to the Board.

Corporate Governance Report

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2024/2025
Determination of Independence of the Board	A.5.5	Complied	The Board has determined the independence of Directors based on the declarations submitted by the Non-Executive Directors, as to their independence as a fair representation and will continue to evaluate their independence on this basis annually.
Alternate Directors	A.5.6	Complied	None of the Directors have appointed Alternate Directors.
Senior Independent Director	A.5.7	Complied	Mr. D. K. De Silva Wijeyeratne, who is an Independent Non-Executive Director, functioned as the Senior Independent Director (SID). The SID is the Director to whom concerns can be conveyed if a need arises. The SID Report is enclosed in page 151.
Confidential Discussions with Senior Independent Director	A.5.8	Complied	A SID is available for confidential discussions with other Directors who may have concerns which pertain to significant issues that are detrimental to the Company.
Chairman's meeting of Non-Executive Directors	A.5.9	Complied	The Chairman meets with the Non-Executive Directors without the presence of Executive Directors, whenever necessary.
Recording of Concerns in Board Minutes	A.5.10	Complied	Concerns raised by the Directors which cannot be unanimously resolved during the year, if any, are recorded in the Board Minutes with adequate details.
A.6 Supply of Information			
Management should provide time-bound information in a format that is appropriate and enables the Board to discharge its duties. Financial and non-financial information is analysed and presented to the Board to make informed and accurate decisions.			
Obligation of the Management to Provide Appropriate and Timely Information to the Board	A.6.1	Complied	The Board was provided with timely and appropriate information by the Management by way of Board papers and proposals. The Board sought additional information as and when necessary. The Chairman also ensured all Directors were properly briefed on issues arising at Board meetings.
Adequate time for Effective Board Meetings	A.6.2	Complied	The minutes, agenda and papers required for Board meetings are provided in advance to facilitate its effective conduct.
A.7 Appointments to the Board			
The Code requires having a formal and transparent procedure in place for the appointment of new Directors to the Board.			
Nomination Committee	A.7.1	Complied	The Company formally appointed its own Nominations and Governance Committee ('NGC') on 02nd February 2024. The NGC comprises two Independent Non-Executive Directors and one Non-Executive Director. Mr. D. K. De Silva Wijeyeratne, who is the SID of the Company serves as the Chairman of the NGC. Other Members are Dr. T. K. D. A. P. Samarasinghe and Mr. S. C. Ganegoda. Please refer the NGC Report on pages 149 to 150.
Assessment of Board Composition by the Nomination Committee	A.7.2	Complied	Based on the recommendation of the NGC, the Board annually assesses Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. The findings of such assessment are taken into account when new Board appointments are considered. Please refer NGC Report on pages 149 to 150.
Disclosure of Required Details to Shareholders on New Appointments to the Board	A.7.4	Complied	When new Directors are appointed, a brief resume of each such Director, including the nature of his expertise, the names of companies in which the Director holds directorships, memberships in Board Sub-Committees etc., are reported to the Colombo Stock Exchange (CSE) in addition to disclosing this information in the Annual Report. Further, any changes in the details provided by the Directors are disseminated to the CSE without delay. The profiles of the above Directors are given on pages 8 to 13.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2024/2025
Report of the NGC in the Annual Report	A.7.5	Complied	Please refer NGC Report on pages 149 to 150.
Terms of Reference of NGC	A.7.6	Complied	The NGC has comprehensive Terms of Reference, which include the composition and functions of the NGC.
A.8 Re-Election			
The Code requires all Directors to submit themselves for re-election at regular intervals and at least once every three years.			
Appointment of Non-Executive Directors	A.8.1	Complied	The provisions of the Company's Articles require a Director appointed by the Board to hold office until the next Annual General Meeting and seek reappointment by the shareholders at that meeting. The Articles of Association of the Company call for one-third of the Directors in office (excluding the Managing Director) to retire at each Annual General Meeting. The Directors who retire are those who have served for the longest period after their appointment/reappointment. Retiring Directors are generally eligible for re-election. Accordingly, Mr. D. K. De Silva Wijeyeratne, Mr. L.A.K.I. Kodytuakku and Mr. H.S.R. Kariyawasan retire by rotation and being eligible to offer themselves for re-election.
Election of Directors by Shareholders	A.8.2	Complied	The names of the Directors submitted for election or re-election are accompanied by a resume to enable shareholders to make an informed decision on their election at the AGM.
Prior Communication of Resignation of a Director	A.8.3	Complied	In the event of a Director resigning prior to the completion of his appointed term, a written communication is provided to the Board of his/her reasons for resignation.
A.9 Appraisal of Board Performance			
The Board should periodically appraise its own performance against the present targets in order to ensure that the Board responsibilities are satisfactorily discharged.			
Annual Performance Evaluation of the Board and its Committees	A.9.1 & 9.2	Complied	The Board undertakes an annual self-evaluation of its own performance and of its Committees. The Board evaluated its performance and effectiveness in the year under review.
Evaluation at Re-Election	A. 9.3	Complied	Board reviews the participation, contribution and engagement of each Director at the re-election
Disclosure on Performance Evaluation Criteria	A.9.4	Complied	Evaluation criteria with regard to Executive Directors are financial and non-financial targets set at the beginning of the year through the annual corporate plan. Criteria relating to evaluation of Board Committees are the performance against their duties referred in respective committee reports. Refer page 132, 134, 136 and 149.
A.10 Disclosure of Information in Respect of Directors			
Details in respect of each Director should be disclosed in the Annual Report for the benefit of the shareholders			
Details in Respect of Directors	A.10.1	Complied	The following details pertaining to each Director are disclosed as follows: a) Brief profile with expertise and experience – pages 8 to 13. b) Directors' Interest in transactions and shareholding page 140 and 141. c) Attendance at the Board Meetings held during the year page 112.

Corporate Governance Report

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Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2024/2025
A.11 Appraisal of Chief Executive Officer			
The Board of Directors should annually assess the performance of the Managing Director who performs the role of the Chief Executive Officer			
Targets for Managing Director	A.11.1	Complied	Prior to the commencement of each financial year, the Board sets reasonable financial and non-financial targets which are in line with short, medium and long-term objectives of the Company, achievement of which should be ensured by the Managing Director.
Evaluation of the Performance of the Managing Director	A.11.2	Complied	The performance is evaluated by the Board at each Board Meeting and the overall evaluation at the end of each fiscal year in order to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such targets was reasonable in the circumstances.
Directors' Remuneration			
B.1 Remuneration Procedure			
This principle ensures that the Company has a well-established, formal and transparent procedure in place for developing an effective Remuneration Policy for both Executive and Non-Executive Directors where no Director is involved in deciding his/her own remuneration in order to avoid potential conflict of interest.			
Remuneration Policy	B.1	Complied	The Company has a formal and transparent procedure for fixing remuneration of Executives and Directors. No Director is involved in deciding his/her own remuneration.
B.2 The Level and Make-Up of Remuneration			
The level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to the corporate and individual performance.			
Level and Make-Up of the Remuneration Packages of Executive Directors	B.2.1	Complied	The Board is mindful of the fact that the remuneration of Executive Directors should reflect the market expectations and is sufficient enough to attract, retain and motivate Executive Directors of required competence in order to run the Company.
Establishment of a Remuneration Committee	B.2.1	Complied	The Company formally appointed its own Remuneration Committee on 02nd February 2024. The Committee is required to decide on the remuneration of the Executive Directors and sets guidelines for the remuneration of the management staff within the Group. The Chairman and Managing Director are not members of this Committee. Please refer page 134 for the Remuneration Committee report.
Composition of Remuneration Committee	B.2.2	Complied	The Remuneration Committee comprised two Independent Non-Executive Directors and one Non-Executive Director. Directors and the Chairman of this Committee is appointed by the Board. The SID serves as the Chairman of this Committee. During the year, the Remuneration Committee of the Company comprised Mr. D. K. De Silva Wijeyeratne, Dr. T. K. D. A. P. Samarasinghe and Mr. S. C. Ganegoda.
Consultation of the Chairman and Access to Professional Advice	B.2.3	Complied	The Remuneration Committee has the authority to seek internal and external independent professional advice on remuneration of other Executive Directors and also on matters falling within its purview at the Company's expense. Views of the Chairman of the Company is obtained, in addition to the views of the Managing Director.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2024/2025
Determination of Remuneration of the Executive Directors	B.2.4	Complied	The Remuneration Committee structures the remuneration package to attract, retain and motivate the Directors needed to run the Company successfully but avoid paying more than is necessary for this purpose. The remuneration levels relative to other companies and performance of the Directors are taken into account when considering the remuneration levels of the Directors.
Executive Directors' remuneration	B.2.5	Complied	Executive Directors' remuneration has been designed to promote the longterm success of the Company.
Competitiveness in Levels of Remuneration	B.2.6	Complied	The Remuneration Committee ensures that the remuneration of Executives of each level of Management including Executive Directors is competitive and in line with their performance. Surveys are conducted as and when necessary to ensure that the remuneration is competitive and in line with those of comparative companies.
Comparisons of Remuneration with Other Companies in the Group	B.2.7	Complied	The Remuneration Committee reviews data concerning Executive pay among the Group Companies.
Performance-related elements of Remuneration for Executive Directors	B.2.8	Complied	Performance-based incentives have been determined by the Remuneration Committee to ensure that the total earnings of the Executive Directors are aligned with the achievement of objectives and budgets of the Group companies.
Executive Share Options	B.2.9	N/A	Presently the Group does not have an Executive Share Option Scheme.
Designing Schemes of Related Remuneration	B.2.10	Complied	The Remuneration Committee follows the provisions set out in Schedule G of the Code as required.
Early termination of Executive Directors	B.2.11	Complied	Termination of Executive Directors are governed by their contracts of service/employment.
Levels of Remuneration of NonExecutive Directors	B.2.14	Complied	Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices.
B.3 Disclosure of Remuneration			
The Code requires the Company to disclose in its Annual Report the details of the remuneration paid and the Remuneration Policy			
Disclosure of Remuneration	B.3.1	Complied	Please refer page 141 for the total Directors' remuneration.
Relations with Shareholders			
C.1 Constructive Use of the Annual General Meeting (AGM) and Conduct of General Meetings			
The Code requires the Board to use the AGM, which is a major event in the Company's calendar, to communicate with shareholders and encourage their active participation. In this regard, all shareholders of the Company receive the Notice of Meeting within the statutory due dates.			
Adequate Notice of the AGM to Shareholders	C.1.1	Complied	Notice of the Meeting including a web link to download the Annual Report including Financial Statements, and the Form of Proxy are sent to shareholders 15 working days prior to the date of the AGM, as required by the statute, in order to provide the opportunity to all the shareholders to attend the AGM.
Separate Resolution for Substantially Separate Issues and Adoption of Annual Report and Accounts	C.1.2	Complied	The Board remains mindful of being accountable to shareholders and the need for transparency at all levels, striving to maintain its value framework in all shareholder dealings and communications. The Company proposes a separate resolution at the AGM on each substantially separate issue. Further, the adoption of the Annual Report of the Board of Directors on the Affairs of the Company and Audited Financial Statements together with the Report of the Auditors thereon are considered as a separate resolution.

Corporate Governance Report

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2024/2025
Use of Proxy Votes	C.1.3	Complied	The Company has in place an effective mechanism to count all proxies lodged on each resolution, and the balance for and against the resolution, after it has been dealt with on a show of hands, except where a poll is called.
Availability of all Board Sub Committee Chairmen at the AGM	C.1.4	Complied	The Chairman of the Company ensures the Chairmen of all Board Committees are available to answer questions at the AGM, if so requested by the Chairman.
Circulation of procedure governing voting at AGM	C.1.5	Complied	The procedure for voting at the AGM is circulated to the shareholders with the Notice of AGM.
C.2 Communication With Shareholders			
The Code requires the Board to implement effective communication with shareholders.			
Channel to Reach all Shareholders	C.2.1	Complied	The main mode of communication between the Company and the Shareholders is the AGM. Shareholders are provided with the information prior to the AGM. Further, financial and other announcements are promptly submitted to CSE to publish on the CSE website.
Policy Methodology for Communication with Shareholders	C.2.2	Complied	An Open Door Policy is in place, which enables shareholders to keep in constant touch, visit and obtain information from the Company Secretaries Hayleys Group Services (Private) Limited and engage in dialogue. Contact details are published in all annual and quarterly financial reporting. The Company has a Shareholder Communication and Relations policy and it is published on the corporate website https://www.hayleysfibre.com/investor-relations/ .
Implementation of the Policy and Methodology for Communication with Shareholders	C.2.3	Complied	Please refer C.2.4 and C.2.5 for the implementation of the policy and methodology.
Contact Person for Communication	C.2.4 & C.2.6	Complied	Details of contact persons are disclosed in the back inner cover of the Annual Report and Quarterly Financial Statements. Shareholders may contact the Company Secretaries i.e Hayleys Group Services (Private) Limited (R. De Silva) on +94112627654 for queries regarding their shareholding.
Process to make Directors Aware of Major Issues and Concerns of Shareholders	C.2.5	Complied	The Company Secretary maintains a record of all correspondence received from shareholders. All major issues and concerns of the shareholders are referred to the Board of Directors with the views of the Management.
Response to the Shareholders' Matters	C.2.7	Complied	The process for responding to shareholder matters has been formulated by the Board and disclosed. Such matters include; responding to shareholders at the general meetings, disclosures to the Colombo Stock Exchange or through communication by the Company Secretary to the shareholders.
C.3 Major Transactions			
Directors should disclose to shareholders all proposed corporate transactions which, if entered into, would materially alter/vary the Company's net asset base or the consolidated Group's net asset base.			
Disclosure on Proposed Major Transactions	C.3.1	Complied	During the year, there were no major transactions as defined by Section 185 of the Companies Act which materially affect the net asset base of the Company or the Group's consolidated net asset base.
Shareholders' Approval by Special Resolution	C.3.2 & C.3.3	Complied	During the year, there were no transactions/events which required approval of the shareholders by way of a special resolution. The Company complied with the disclosure requirements of the CSE in this regard.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2024/2025
Accountability and Audit			
D.1 Financial and Business Reporting			
The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.			
Board's responsibility for Statutory and Regulatory Reporting that is true and fair, balance and understandable	D.1.1 & D.1.2	Complied	The Board has recognised the responsibility to present regulatory and statutory reporting in a balanced and understandable manner. When preparing quarterly and annual financial statements, the Company complied with the requirements of the Companies Act and prepared and presented them in accordance with Sri Lanka Accounting Standards and Sri Lanka Financial Reporting Standards. The Company has complied with the reporting requirements prescribed by the Colombo Stock Exchange.
Declaration by Chief Executive Officer and Chief Financial Officer on the Financial Reporting	D.1.3	Complied	Chief Financial Officer has made all required declarations in the 'Responsibility Statement of Chairman, Managing Director and Chief Financial Officer' which appears on page 148. The 'Statement of Directors' Responsibility' is given on page 139. See the 'Auditors' Report' on page 155 to 158 for the reporting responsibility of Auditors.
Declaration by Board	D.1.4	Complied	Directors have made all necessary declarations. Refer the Directors' Report in Annual report page 140 to 147.
Statement of Boards and Auditors Responsibility and Statement of Internal Control	D.1.5	Complied	This is given in the 'Annual Report of the Board of Directors' on page 140 to 147 and the 'Statement of Directors' Responsibility' on page 139 and pertains to required declarations.
Management Discussion and Analysis	D.1.6	Complied	See 'Review of Group Operations' on pages 60 to 61.
Summon an EGM to Notify Serious Loss of Capital	D.1.7	Complied	Reason for such an EGM has not risen as yet but would be complied with if such a situation arises.
Disclosure of Related Party Transactions	D.1.8	Complied	The Directors have instituted an effective and comprehensive system of internal control for identifying, recording and disclosing related party transactions. All related party transactions, as defined in Sri Lanka Accounting Standard - (LKAS 24) on 'Related Party Transactions, are disclosed in Note 37 to Financial Statements.

Corporate Governance Report

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2024/2025
D.2 Risk Management and Internal Control			
The Board should have a sound system of internal controls to safeguard shareholders' investments and the Company's assets.			
Annual Evaluation of the Internal Controls System	D.2.1,D.2.1.1, D.2.1.2, D.2.1.3	Complied	The Board is responsible for the Group's internal control and its effectiveness. Internal control is established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision-making. It covers all controls, including financial, operational and compliance controls and risk management. It is important to state, however, that any system can ensure only reasonable, and not absolute, assurance that errors and irregularities are prevented or detected within a reasonable time. The Hayleys Management Audit & System Review Department (MA & SRD) plays a significant role in assessing the effectiveness and successful implementation of existing controls and strengthening these and establishing new controls where necessary. The MA & SRD's reports are made available to the Chairman and Managing Director and the Chairman of the Audit Committee. The Board has reviewed the effectiveness of the system of financial controls for the period up to the date of signing the accounts. There is a direct channel of communication between the Head of MA & SRD and the Chairman of the Audit Committee without the interference of any Directors or Executives.
Directors' Responsibility of Maintaining a Sound Internal Control System	D.2.2 & D2.2.1	Complied	The Board has established a process to ensure internal controls are designed, implemented and monitored, to provide reasonable assurance of the achievement of an entity's objectives on reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The board obtains a review of the effectiveness of the internal control systems. Please refer Statement of Directors' Responsibilities on page 139.
Need for Internal Audit Function	D.2.2.2	Complied	The Hayleys Management Audit & System Review Department (MA & SRD) is responsible for the internal audit function of the Company and Group.
Review of the Process and Effectiveness of Risk Management and Internal Control	D.2.2.3	Complied	The Audit Committee reviews internal control issues and risk management measures and evaluates the adequacy and effectiveness of the risk management and internal control systems including financial reporting.
D.3 Audit Committee			
The Board should have formal and transparent arrangements in selecting and applying the accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's External Auditor.			
Composition of the Audit Committee	D.3.1	Complied	<p>The Audit Committee comprises of Independent Non Executive Directors i.e. Mr. D. K. De Silva Wijeyeratne (Chairman), Dr. T. K. D. A. P. Samarasinghe, Mr. M. J. S. Rajakariar and a majority of the Members have relevant experience in financial reporting and control. Please refer Audit Committee report on pages 136 to 138.</p> <p>Hayleys Group Services (Private) limited, the Company Secretaries serves as its Secretary. The Chairman, Managing Director, Chief Financial Office ('CFO') and the Hayleys Group CFO are invited to attend meetings as required. The input of the statutory auditors will be obtained where necessary.</p> <p>The Audit Committee is required to help the Company to achieve a balance between conformance and performance.</p>

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2024/2025
Duties of the Audit Committee	D.3.2	Complied	The Audit Committee keeps under review the scope and results of the audit and its effectiveness, and the independence and objectivity of the auditors. Review of nature and extent of non-audit services provided by the auditors to seek balance objectivity and independence. Refer Audit Committee report on pages 136 to 138 for the duties.
Terms of Reference of the Audit Committee	D.3.2	Complied	Terms of Reference of the Audit Committee is clearly defined in the Charter of the Audit Committee approved by the Board of Directors. This clearly explains the purpose of the Committee, its duties and responsibilities together with the scope and functions of the Committee. The Committee is required mainly to deal with the matters pertaining to statutory and regulatory compliance in financial reporting, matters with regard to the External Auditors, Internal Audit and Risk Management procedures of the Company. Please refer Audit Committee report on pages 136 to 138.
Disclosures of the Audit Committee	D.3.3	Complied	Please refer Audit Committee report on pages 136 to 138.
Risk Committee	D.4	Complied	The scope of the Audit Committee has been widened to include risk management duties. Refer to the Audit Committee Report on pages 136 to 138 of this Annual Report for further information.
D.5 Related Party Transactions Review Committee			
The Company should establish a procedure that it will not engage in "Related Party Transactions" which is more favourable treatment than with third parties in the normal course of business.			
Adhere to LKAS 24	D.5.1	Complied	The Company adopts the definition of a related party and related party transactions as defined in LKAS 24.
Related Party Transactions Review Committee	D.5.2	Complied	The Committee makes recommendations and gives directions to the Board. The Company established its own Related Party Transactions Review Committee (RPTRC) on 2nd February 2024. Please refer RPTRC Report on page 132 of the Annual Report.
Terms of References of Related Party Transactions Review Committee	D.5.3	Complied	The RPTRC has written Terms of Reference.
D.6 Code of Business Conduct and Ethics			
The Company should develop a Code of Business Conduct and Ethics for Directors and Members of the Senior Management team and must promptly disclose any waivers of the Code for Directors or others.			
Code of Business Conduct and Ethics	D.6.1	Complied	The Directors and the Members of the Senior Management are bound by the 'Hayleys Way' which is the code of business conduct and ethics of the Hayleys Group. The Company adopted the Internal Code of business conduct and Ethics Policy with effect from 01st October 2024. This Code addresses conflict of interest, corporate opportunities, confidentiality of information, fair dealing, protection and proper use of the Company's assets, compliance with laws and regulations and encouraging the reporting of any illegal or unethical behaviour, among a range of other criteria.
Material and Price Sensitive Information	D.6.2	Complied	Material and price sensitive information is promptly identified and reported to the shareholders via Colombo Stock Exchange disclosures.
Policy and Disclosures on Share Purchases by Directors	D.6.3	Complied	The Company has a policy and process for monitoring and disclosure of shares purchased by any Director, key management personnel or any other employee involved in financial reporting. All disclosures are duly made in the Colombo Stock Exchange.

GRI 2-15

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2024/2025
Policy on Whistleblowing	D.6.4	Complied	The Company adopted the Policy on Whistleblowing with effect from 01st October 2024.
Training on Code of Business Conduct and Dissemination of information	D.6.5 & D.6.6	Complied	The Company conducts trainings on the Conduct of Business Conduct to its employees on regular basis and to new employees upon them joining the Group.
Affirmative Statement by the Chairman	D.6.7	Complied	See the 'Joint Statement by the Chairman and Managing Director' on pages 22 to 25 for required details.
D.7 Corporate Governance Disclosure			
Directors of the Company disclose annually the Company's adherence to the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.			
Disclosure of Corporate Governance	D.7.1	Complied	This requirement is met through the presentation of this report.
Section 02			
E. Institutional Investors			
E.1 Shareholders' Voting			
Institutional shareholders are required to make considered use of their votes and are encouraged to ensure their voting intentions are translated into practice.			
Communication with Shareholders	E.1.1	Complied	In order to avoid conflicts of interest by nurturing mutual understanding, the Board carries out dialogues with its shareholders at General Meetings. In this regard, the AGM of the Company plays a critical role. Voting by the shareholders is crucial in carrying a resolution at the AGM. The Chairman, who plays the role of the agent, communicates the views and queries of the shareholders to the Board and the Senior Management, in order to ensure that the views are properly communicated to the Company.
E.2 Evaluation of Governance Disclosures			
The Code requires the Company to encourage institutional investors to give due weightage to all relevant factors drawn to their attention			
Due weightage by Institutional Investors	E.2	Complied	The institutional investors are encouraged to give due weightage to all relevant matters relating to Board structure and composition.
F. Other Investors			
F.1 Investing/Divesting Decisions			
Seek Independent Advice	F.1	Complied	Individual investors are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions. The Company's website serves to provide a wide range of information on the Group.
F.2 Shareholder Voting			
Encourage Voting by Individual Investors	F.2	Complied	Individual shareholders are encouraged to participate in General Meetings of the Company and exercise their voting rights.
G. Internet of Things and Cybersecurity			
Internal and External IT Devices Connected to the Business Model	G.1	Complied	Connection of internal and external IT devices to the organisation network has been allowed with necessary access controls and firewalls to safeguard the integrity of information.
Cyber Information Security Officer and Cyber Security Risk Management Policy	G.2	Complied	The Hayleys Group Chief Information Security Officer (CISO) continuously monitors and reviews the security requirements of the Company's information system and has introduced and implemented a Cyber Security Risk Management Policy.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2024/2025
Discussions on Cyber Risk Management	G.3	Complied	This is a regular agenda item of the risk management discussion of the Board and has been given due attention.
Independent Periodic Reviews and Assurance	G.4	Complied	Periodic reviews are carried out by the external auditors and consultants and observations are submitted to the Board for review and actions.
Disclosure on Cyber Security Risk Management	G.5	Complied	A detailed disclosure has been made on the cyber security process in this Annual Report. Please refer Information Technology & Cyber Security on page 115
H. Environment, Society and Governance (ESG)			
H.1 ESG Reporting			
Provision of Information on ESG	H.1.1	Complied	The Company has included the environmental, social and governance factors in its business models and provided sufficient information on all aspects in the Annual Report. Refer pages 43 to 45.
Process to recognize significant stakeholders and material matters	H.2.1	Complied	The Group has a process to recognize significant stakeholders and material matters relating to significant stakeholders. A method of engagement relevant to their level of interest and influence is adopted.
The Environment	H.3.1.1	Complied	The Company adopts an integrated approach which mitigates the environmental threats and improves best practices in Company's engagements to fulfill the obligation towards the environment. Such best practices are pollution prevention, sustainable resource use, protection of environment and restoration of natural resources. Refer pages 104 to 110.
Social Factors	H.3.1.2	Complied	The Company adopts an integrated approach to build strong relationships with the community and strives towards sustainable development. Refer pages 80 to 90.
Governance	H.4	Complied	The Group has established a governance structure to support its ability to create value and manage risks on all pertinent aspects of ESG. The Company also launched its ESG Framework "Entwine" on 19 February 2024. Prior to that the Group was governed by the ESG Framework of the Hayleys Group, the Hayleys Lifecode. Refer Corporate Governance on pages 112 to 131 and Risk Management on pages 34 to 38 in this Annual Report.
Disclosure relating to ESG in Annual Report	H.5.1 - H.5.3	Complied	This Report contains sufficient information to enable investors and other stakeholders to assess how ESG risks and opportunities are recognized, managed, measured and reported. Please refer pages 43 to 45.
Board's role on ESG Factors	H.5.4	Complied	The Annual Report complies with the integrated framework and the GRI Standards for sustainability reporting. The Board recognises its responsibility regarding Sustainability/ESG reporting which is designed to add value by providing a credible account of the Company's economic, social and environmental impacts.
Policies	I.1	Complied	The Company has established policies on Matters relating to the Board of Directors, Board Committees, Corporate Governance, Remuneration, Risk Management and Internal Control, Relations with Shareholders and Investors, Environment, Social and Governance Sustainability, Control and Management of Assets, Corporate Disclosures, Whistleblowing and Anti Bribery and Corruption, with effect from 1st October 2024. These policies are available on the Company website https://www.hayleysfibre.com/investor-relations/

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee (RPTRC) of the Company was formed on 2nd February 2024. Until such time, the Related Party Transactions Review Committee of the Parent Company, Hayleys PLC functioned as the Related Party Transactions Review Committee ('the Committee') to the Company.

The Members who served on the Committee during the Financial Year 2024/25 are as follows:

Mr. D. K. D. S. Wijeyeratne - Chairman, Senior Independent Director**

Dr. T. K. D. A. P. Samarasinghe**

Mr. S. C. Ganegoda*

**Independent Non-Executive Director

*Non-Executive Director

Attendance at Committee Meetings

The Senior Independent Director serves as the Chairman of the Committee. Profiles of the Committee Members are given in Pages 08 to 13.

The Committee met 4 times on a quarterly basis during the year under review.

Attendance at these meetings are as follows:

Name of Directors	No. of meetings eligible to attend	No. of meetings attended
Mr. D. K. D. S. Wijeyeratne- Chairman**	4	4
Dr. T. K. D. A. P. Samarasinghe**	4	4
Mr. S. C. Ganegoda*	4	4

Hayleys Group Services (Private) Limited, the Secretaries of the Company, acts as the Secretary to the Committee. Minutes of the Committee meetings are tabled at the Board meetings thereby providing the Directors access to the deliberations of the Committee.

The Chairman, Managing Director, Chief Financial Officer and any other officers as may be required by the Committee attend the meetings by invitation.

The Duties of the Committee

- To review in advance all proposed related party transactions of the Group companies 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 Group companies 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.

Task of the Committee

The Committee reviewed the related party transactions of the Group companies and their compliances and communicated the same to the Board.

The Committee in its review process recognised the adequacy of the content and quality of the information forwarded to its members by the Management.

Disclosures

Policy and Terms of Reference

The Committee has established a clear Policy and Terms of Reference approved by the Board, setting forth the procedure to identify the related parties and the process of reporting the transactions with related parties to the Committee 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.

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 37 to the financial statements given in pages 214 to 215 of 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 143 of this Report.



D. K. De Silva Wijeyeratne

Chairman - Related Party Transactions Review Committee

7th May 2025

Remuneration Committee Report

The Remuneration Committee ('the Committee') of the Company was formed on 2nd February 2024. Until such time, the Remuneration Committee of the Parent Company, Hayleys PLC functioned as the Remuneration Committee to the Company.

The Committee is appointed by and is responsible to the Board of Directors. The Members who served on the Committee during the Financial Year 2024/25 are as follows:

Mr. D. K. D. S. Wijeyeratne - Chairman, Senior Independent Director**

Dr. T. K. D. A. P. Samarasinghe**

Mr. S. C. Ganegoda*

**Independent Non-Executive Director

*Non-Executive Director

Attendance at Committee Meetings

The Committee met once during the year under review.

Name of Directors	No. of meetings eligible to attend	No. of meetings attended
Mr. D. K. D. S. Wijeyeratne- Chairman**	1	1
Dr. T. K. D. A. P. Samarasinghe**	1	1
Mr. S. C. Ganegoda*	1	1

Hayleys Group Services (Private) Limited, the Secretaries of the Company, acts as the Secretary to the Committee.

The Chairman of the Committee is an Independent Non-Executive Director. He assists the Committee by providing relevant information and participating in its analysis and deliberations.

The Remuneration Committee has well defined Terms of Reference outlining the Committee's composition, quorum, authority, responsibilities and meeting related matters. The Committee, comprising two Independent Non-Executive Directors and one Non-Executive Director, 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.

The Committee evaluates, assesses and recommends to the Board of Directors on any matter 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 Executive Directors and the Senior Management.
- Lay down guidelines and parameters for the compensation structures of all management staff within the Company taking into consideration industry norms.
- 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's 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.

GRI 2-19

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 Company's short term and long-term strategy.

All Non-Executive Directors (other than Directors who are employed by Hayleys PLC) 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 Managing Director, Executive Directors and Senior Management based on the targets set in the previous year. The Committee also reviewed Executives' compensation and implemented market corrections to Executives' total compensation in line with the market median.

The aggregate remuneration of the Executive and Non-Executive Directors for the financial year amounted to Rs. 55 million.



D. K. De Silva Wijeyeratne

Chairman – Remuneration Committee

7th May 2025

Audit Committee Report

Composition

The Audit Committee ('the Committee') is appointed by and is responsible to the Board of Directors of the Company in fulfilling its oversight responsibilities on financial reporting. It will review the financial reporting process, the integrity of the financial statements, the systems of internal control, the audit process and the Company's process for monitoring compliance with laws and regulations.

The Members who served on the Committee during the Financial Year 2024/25 are as follows:

Mr. D. K. D. S. Wijeyeratne (Chairman)**

Dr. T. K. D. A. P. Samarasinghe**

Mr. M. J. S. Rajakariar**

**Independent Non-Executive Director

The Chairman of the Committee is a senior Chartered Accountant. He is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants, UK. The other Members possess relevant knowledge, qualifications and experiences in financial reporting, control, electronics and telecommunications.

Brief profiles of each member are provided on pages 08 to 13 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.

Hayleys Group Services (Private) Limited, the Secretaries of the Company, acts as the secretary to the Committee.

Charter of the Audit Committee

The Audit Committee Charter is periodically reviewed and revised with the concurrence of the Board of Directors to make sure that new developments relating to the functions of the Committee are updated.

The Terms of Reference of the Committee are clearly defined in the Charter of the Committee. The Terms of Reference of the Committee were last reviewed and approved by the Committee on November 2023.

The 'Rules on Corporate Governance' under the Listing Rules of the Colombo Stock Exchange and 'Code of Best Practice on Corporate Governance' issued by the Institute of Chartered Accountants of Sri Lanka in 2023, further regulate the composition, roles and functions of the Committee.

Meetings of the Audit Committee

The Committee meets as often as may be deemed necessary. It met 4 times to discuss the quarterly and annual Financial Statements for the financial year under review.

Attendance at Committee Meetings

Name of Directors	No. of meetings eligible to attend	No. of meetings attended
Mr. D. K. D. S. Wijeyeratne**	4	4
Dr. T. K. D. A. P. Samarasinghe**	4	4
Mr. M. J. S. Rajakariar**	4	3

**Independent Non-Executive Director

The Chairman of the Board, Managing Director, Executive Directors and the Chief Financial Officer of the Company, Hayleys Group Chief Financial Officer and Head of Group Management Audit and System Review Department (MA&SRD) attend the meetings of the Committee by invitation. The External Auditors are also invited to be present where relevant.

The proceedings of the Committee are regularly reported to the Board of Directors. Audit Committee meeting papers, including the agenda, minutes and related reports and documents, are circulated to the Committee members in advance.

The Authority of the Audit Committee

- Recommend the appointment, reappointment, dismissal, service period and fees of the External Auditors.
- 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 Auditor and internal audit service providers.
- Seek any information it requires from employees or external parties relating to investigations.
- Meet with the Management and External Auditor as necessary to carry out the assigned duties.

Activities in 2024/25

The Audit Committee, inter alia, engaged in the following activities during the financial year under review:

Financial Reporting System

The Committee reviewed the quality and integrity of 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 and from the Chief Financial Officer. The Committee recommended the Financial Statements to the Board for its deliberations and approval. The Committee, in its evaluation of the financial reporting system, also recognised the adequacy of the content and quality of routine management information reports forwarded to the management, regulatory authorities and shareholders.

Further, the Committee reviewed the procedures established by the Management to comply with regulatory requirements and is satisfied that financial reporting requirements under the Listing Rules of the Colombo Stock Exchange, Companies Act No. 07 of 2007, Securities and Exchange Commission Act and other relevant financial reporting related regulations and requirement are met.

Internal Control Systems

The Committee reviewed the process to assess the adequacy and effectiveness of the Internal Financial Controls that have been designed to provide reasonable assurance to the Directors that assets are safeguarded and the financial reporting system can be relied upon in preparation and presentation of Financial Statements.

The Hayleys Group MA&SRD reports on key control elements and procedures in Group companies that are selected according to a Group annual audit plan. Internal Audits are outsourced wherever necessary, to leading audit firms in line with the annual audit plan. The Committee obtained significant findings and recommendations together with the Management's responses on the review of the internal controls carried out by the internal auditors and provided recommendations for improvement. Follow up reviews were scheduled to ascertain that audit recommendations are being acted upon.

The Committee also 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 Hayleys Group MA&SRD, in the conduct of their assignments.

The Annual Internal Audit Plan is approved by the Audit Committee and its progress is reviewed on a quarterly basis in order to reflect the changing business needs and to ensure new and emerging risks are considered. During the financial year 2024/25, two internal audits were performed.

Risk Management

The Committee obtained and reviewed statements from the Heads of Business Sectors identifying their respective major business risks, and mitigation action taken or contemplated for the management of these risks. The COSO Enterprise Risk Reporting Process is presently being implemented within the Group.

The Committee also conducted ESG risk assessments during the year, thereby identifying, prioritising and monitoring sustainability-related-risks and opportunities.

The Committee reviewed the risk management, internal controls, business continuity planning, information security system and potential cyber risks in the Group and appropriate remedial actions were recommended to the Management and the Board.

A review of the insurance policies and their adequacy was also carried out.

External Audit

During the year under review, the Committee held meetings with the External Auditor to review the nature, approach, scope of the audit, Audit Plan 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 Committee has reviewed the other services provided by the External Auditor to the Group to ensure that their objectivity and independence as External Auditor has not been impaired. The Committee provides the opportunity for External Auditor to meet the Audit Committee Members independently, if necessary.

The Committee annually reviews the appointment of the External Auditors and makes recommendations to the Board accordingly. During the year under review, the Committee assessed the independence and effectiveness of the External Audit function and is satisfied that the independence of the External Auditors had not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the External Auditors and the level of audit and non-audit fees received by the Auditor, in order to ensure that it did not compromise their independence.

The Committee obtained written assurance from the External Auditors that they are and have been Independent throughout the conduct of the audit engagement in terms of all relevant professional and regulatory requirements and has made a determination of the independence of Auditor based on the same. The current External Auditor, Messrs. Ernst & Young, Chartered Accountants was initially appointed as External Auditor in Financial Year 2011/12 and continues to hold that position at present. A partner rotation of the Auditors takes place periodically. A rotation of partner took place in Financial Year 2018/19.

Audit Committee Report

Appointment of External Auditors

The Audit Committee has recommended to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants, continue as External 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 financial year 2024/25.

Compliance

The Committee obtained written assurances from the respective Managing Director and Chief Financial Officer on the status of the Group's operations and finances. The Committee also received representations 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 the 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, the Internal Code of Business Conduct and Ethics, the policies on Whistleblowing and Anti-Bribery and Corruption were put in place. The Policies were followed by educating and encouraging all members of the staff. All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistleblowing or identified through other means. The Whistleblower Policy guarantees strict confidentiality of the identity of the Whistleblowers.

Sri Lanka Accounting Standards

The Committee reviewed the revised policy decisions relating to adoption of

new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Company and made recommendation to the Board of Directors. 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 assistance of Messrs. Ernst & Young to assess and review the existing SLFRS policies and procedures adopted by the Group and continuously monitors the progress of implementation of SLFRS as per the requirements of Sri Lanka Accounting Standards.

Support to the Committee

The Committee received information and support from the Management during the year to enable it to carry out its duties and responsibilities effectively.

Evaluation of the Committee

An independent evaluation of the effectiveness of the Committee was carried out by the other members of the Board during the year, and considering the overall conduct of the Committee and its contribution on the overall performance of the Company, the Committee has been rated as highly effective.



D. K. De Silva Wijeyeratne
Chairman - Audit Committee

7th May 2025

Statement of Directors' Responsibility

The Directors are responsible, under Sections 150 (1), 151, 152 (1), 153 (1) & 153 (2) of the Companies Act No. 07 of 2007, 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 & loss of the Company and the Group for the financial year. The Directors are also responsible, under Section 148 for ensuring that proper accounting records are kept to disclose, with reasonable accuracy, the financial position and enable preparation of the Financial Statements.

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 judgments 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 Financial Reporting Standards/ Sri Lanka Accounting Standards (SLFRS/ LKAS). The Financial Statements provide the information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken reasonable measures to safeguard the assets of the Group, and in that context, have instituted appropriate systems of internal control with a view to preventing and detecting frauds and other irregularities.

The Directors are also required to ensure that Company has adequate resources to continue in operations to justify applying the going concern basis in preparing these financial statements.

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 155 to 158 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 where relevant, provided for.

By Order of the Board,



Hayleys Group Services (Private) Limited.
Secretaries

7th May 2025

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

General

The Board of Directors of Hayleys Fibre PLC ('the Company') have pleasure in presenting the Annual Report of the Board of Directors on the affairs of the Company together with the Audited Financial Statements of the Company and Group for the year ended 31st March 2025.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007 ('the Companies Act'), Listing Rules of the Colombo Stock Exchange ('Listing Rules'), the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and are guided by recommended best accounting practices.

The Financial Statements were reviewed and approved by the Board of Directors on 7th May 2025.

Principal Activities and Business Review of the Year

The Company and its subsidiary Bonterra Limited are primarily involved in the manufacture and export of coir fiber products. The subsidiary Creative Polymats (Private) Limited produces polyurethane mattresses and other related products for local markets.

There were no material changes in the nature of business of the Company and the Group during the financial year.

There has been no non-compliance with laws or regulations and the Directors to the best of their knowledge and belief, confirm that the Company and the Group have not engaged in any activity that contravenes applicable laws and regulations. There have been no material fines imposed on the Company by the Government or any regulatory authority in any jurisdiction where the Group companies operate.

The Group's businesses and their performance during the year, with comments on financial results, as well as future business developments are appraised in the Chairman and Managing Director's Message on page 22 and Review of Group Operations on page 60 of this Report. Those also provide an overall assessment of the state of affairs of the Group and the Company with details of important events that took place during the period.

These reports together with the Financial Statements reflect the state of affairs of the Company and Group.

The Company was listed on the Colombo Stock Exchange on 17th March 1992 subsequent to an Initial Public Offering.

Financial Statements

The Financial Statements of the Company and Group are given on pages 159 to 165.

Independent Auditor's Report

The Independent Auditor's Report on the Financial Statements is given on pages 155 to 158.

Accounting Policies

The accounting policies adopted by the Company and the Group in the preparation of the Financial Statements are given on pages 166 to 178.

The Financial Statements and Notes thereto give a true and fair view of the Company's and Group's financial position as of 31st March 2025 and of their performance for the year-ended on that date.

There were no material changes in the Accounting Policies adopted with those of the last year other than disclosed in Note 03 to the Financial Statements.

Directors' Interests 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 37 to the Financial Statements dealing with related party disclosures includes details of their interests in transactions.

Directors' Interests In Shares

Directors of the Company who have relevant interests in the shares of the Company have disclosed their shareholding and any acquisitions/disposals to their Boards, in compliance with Section 200 of the Companies Act.

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 192 (2) of the Companies Act are detailed in note 37 in page 214.

Particulars of entries in the Interests Register are detailed below;

Mr. Dhammika Perera directly and indirectly holds 51.01% of the total issued shares of Hayleys PLC which in return holds 65% of shares in the Company.

Hayleys PLC, in which Mr. Mohan Pandithage, Mr. Rajitha Kariyawasan and Mr. Sarath Ganegoda, are Directors, holds 15,600,000 shares (65%) in the Company.

Directors' Shareholdings

Details of Directors' shareholdings in the Company are given below.

Name of Director	No of Shares as at 31.03.2025	No of Shares as at 31.03.2024
Mr. A. M. Pandithage	960	960
Mr. H. S. R. Kariyawasan	Nil	Nil
Mr. M. M. A. R. P. Goonetilleke	Nil	Nil
Mr. S. C. Ganegoda	1,824	1,824
Mr. L. A. K. I. Kodytuakku	Nil	Nil
Dr. T. K. D. A. P. Samarasinghe	Nil	Nil
Mr. D. K. De Silva Wijeyeratne	Nil	Nil
Mr. M. C. Sampath (Resigned w.e.f. 20.02.2025)	Nil	Nil
Mr. L. Uralagamage	Nil	Nil
Mrs. S. Amarasekera, PC	Nil	Nil
Mr. M. J. S. Rajakariar	Nil	Nil
Dr. N. S. J. Nawaratne	Nil	Nil
Total	2,784	2,784

Directors' Remuneration

Executive Directors' Remuneration is determined within an established framework. The total remuneration of Executive Directors for the year ended 31st March 2025 was Rs. 51.29 million (2023/24 - Rs. 71.94 million), which 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 was Rs. 4.20 million (2023/24 - Rs. 3.82 million), determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of this remuneration is fair to the Company.

Directors' Indemnity and Insurance

The ultimate parent of the Company, Hayleys PLC has obtained a Directors' and Officers' Liability insurance from a reputed insurance Company in Sri Lanka providing worldwide cover to indemnify all past, present and future Directors and Officers of the Group.

Donations

No donations were made for the year ended 31st March 2025. (2023/24 - Nil).

Group Revenue and International Trade

The gross revenue of the Group during the year was Rs. 4,751 million. (2023/2024 - Rs. 5,125 million) of which Rs. 3,769 million (2023/2024 - Rs. 3,956 million) was exported by the Group.

Results of Operations

The Group profit before taxation amounted to Rs. 39 million. After deducting Rs. 5 million. for taxation, the Group profit attributed to equity holders of the Group for the year was Rs 34 million. The Group's Statement of Profit or Loss for the year is given on page 159 Details of transfer to/ from reserves in respect of the Group are shown in the Statement of Changes in Equity on pages 162 to 163.

Reserves

The Group revenue reserves as at 31st March 2025 amounts to Rs. 1,116 million. (2023/2024 - Rs. 1,157 million), other component of equity Rs. 119 million. (2023/2024 - Rs. 110 million) and other reserves of Rs. 51 million (2023/2024 - Rs. 51 million). The composition of reserves is shown in the Statement of Changes in Equity in the Financial Statements.

Dividend

The Company did not pay dividends during the financial year 2024/25.

Property, Plant and Equipment

Information relating to the movement in Property, Plant and Equipment is given in note 10 to the Financial Statements.

Investments

Details of investments held by the Company and by the Group are given in note 14 to the Financial Statements.

Taxation

It is the policy to provide for deferred taxation on all temporary differences on the liability method. The tax liability on profits derived on business is explained under note 8 of the financial statements.

Stated Capital and Debentures

The stated capital of the Company as at 31st March 2025 is Rs.80 million comprising 24,000,000 ordinary shares. There was no change in the stated capital during the year. The Company did not issue any shares or debentures during the year ended 31st March 2025.

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

Share Information

Information relating to earnings, dividend, net assets per share and share trading are given on page 216 and 227.

Shareholders

It is the Company's policy to endeavor to ensure equitable treatment to its shareholders. The Company has an established Policy on Relations with Shareholders and Investors and it is published on the Company's website, <https://www.hayleysfibre.com/investor-relations/>

The Twenty major shareholders as at 31st March 2025 are given on page 228 in this Report.

Public holding

There were 5,233 registered shareholders as at 31st March 2025 (2023/24 – 5,167). The percentage of shares held by the public, as per the Listing Rules is 34.99% representing 5,230 (2023/24 – 34.99%). Details are given on page 227 and 228.

Directors

The names of the Directors who served during the year under review are given below and their brief profiles appear on pages 08 and 13 of this report.

Executive Directors

1. Mr. A. M. Pandithage (Chairman)
2. Mr. H. S. R. Kariyawasan (Deputy Chairman)
3. Mr. M. M. A. R. P. Goonetilleke (Managing Director)
4. Mr. L. A. K. I. Kodytuakku (Deputy Managing Director)
5. Mr. M. C. Sampath (resigned w.e.f. 20.02.2025)
6. Mr. L. Uralagamage

Non-Executive Directors

7. Mr. S. C. Ganegoda
8. Dr. N. S. J. Nawaratne

Independent Non-Executive Directors

9. Dr. T. K. D. A. P. Samarasinghe
10. Mr. D. K. De Silva Wijeyeratne
11. Mr. M. J. S. Rajakariar
12. Mrs. S. Amarasekera, PC

With a view to improving the collective effectiveness and performance of the Board, Board and Sub-committee evaluations were carried out during the year, including an assessment of the systems and processes which are in place.

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

In terms of Article 29(1) of the Articles of Association of the Company, Messrs. Mr. D. K. D. S. Wijeyeratne, L. A. K. I. Kodytuakku and H. S. R. Kariyawasan retire by rotation and being eligible offer themselves for re-election.

Notice has been given of the intention to propose an Ordinary Resolution in terms of Section 211 of the Companies Act for the re-appointment of Mr. A. M. Pandithage who is over Seventy years of age, resolving that the age limit of Seventy years stipulated in Section 210 of the Companies Act shall not apply to the aforesaid director.

The Directors have provided declarations in terms of the Listing Rules on the fitness of Directors and CEO and the Board is satisfied that the Directors have continuously satisfied the 'fit and proper' criteria.

Directors' Meeting

The number of Directors' meetings comprises Board meetings, Sub-committee meetings and the attendance of Directors at Board meetings are given on page 112. Furthermore, the Directors contributed towards policy advocacy and direction by participating in the deliberations of the Board-appointed Sub-committees on strategic review, procurement and disposal of assets.

Board Sub Committees

The Board has established and maintains the following Sub Committees:

- Audit Committee
- Related Party Transactions Review Committee
- Nominations and Governance Committee
- Remuneration Committee

Please refer page 132, 134, 136 and 149 for the Board Sub-committee reports.

Related Party Transactions

The related party transactions of the Company and Group during the year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 9 of the Listing Rules. Please refer the Related Party Transactions Review Committee Report on page 132.

The Board of Directors hereby declare that the Company and the Group have complied with the Listing Rules pertaining to related party transactions.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company and Group to present a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, The Companies Act and the Listing Rules. The Statement of Directors' Responsibility for Financial Reporting is given on page 139 which forms an integral part of the Annual Report of the Board of Directors.

Auditors

The Financial Statements for the year have been audited by Messrs. Ernst & Young, Chartered Accountants.

The Auditors, Messrs Ernst & Young, Chartered Accountants, will be paid Rs. 2.92 million (2023/24 – Rs. 2.66 million) and Rs. 4.33 million (2023/24-Rs.3.95 million) as audit fees by the Company and the Group respectively. Messrs Ernst & Young, Chartered Accountants will be paid Rs. 0.95 million (2023/24 – Rs. 0.85 million) and Rs. 1.84 million (2023/24 - Rs. 1.02 million) by the Company and the Group, for non-audit related work, which consisted mainly of tax consultancy services.

As far as the Directors are aware, the Auditors of the Company and of the subsidiaries do not have any relationships (other than that of an Auditor) with the Company or any of its subsidiaries other than those disclosed above. The Auditors also do not have any interests in the Company or any of its Group Companies.

Messrs. Ernst & Young, Chartered Accountants have expressed their willingness to continue in office and in accordance with the Companies Act, a resolution proposing the re-appointment of Messrs. Ernst & Young, Chartered Accountants, as Auditors for the Financial Year 2025/26 and to authorize the directors to determine their remuneration is being proposed at the Annual General Meeting.

Future Developments

Information on future developments are contained in the Joint Statement by the Chairman and Managing Director on page 22 of this Report.

Employment

The Company has a structure and a culture that recognises the aspirations, competencies and commitment of its employees. Career growth and advancement within the Company is promoted. The number of persons employed by the Company at the year-end was 452. The Company does not operate any share option schemes. There have been no material issues pertaining to employees and industrial relation of the Company during the Financial Year. Details of the Group's human resource practices and employee and industrial relationships are given in the Social Performance section of the Sustainability Review.

Ratios and Market Price Information

Ratios relating to equity and debt and market price information are given on pages 216 and 228.

Events after the Reporting Period

No circumstances have arisen since the Reporting date that would require adjustments, other than those disclosed in Note 35 to the Financial Statements.

Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due in relation to employees, the Government and other regulatory institutions have been made promptly and are up to date.

Going Concern

The Directors, after making necessary inquiries and reviews including reviews of the Company's and the Group's budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities, 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.

The declaration relating to statutory payments is made in the Statement of Directors Responsibilities on page 139.

ESG Risk and Opportunities

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 104 to 110 of this Report.

Exposure to Risk

The Group has a structured risk management process in place to support its operations. The Audit Committee plays a major role in this process. The Risk Management section referred in pages 34 to 38 of this Report elaborates these practices and the Group's risk factors.

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, reliability of financial information generated and cyber security.

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

All internal controls which include financial controls, operational and compliance controls and risk management have been reviewed by the Board of Directors and they have obtained reasonable assurance of the effectiveness of the existing controls. The successful adherence to existing controls has been ascertained and improvements have been carried out where necessary. The Board is satisfied with the Company's adherence to and the effectiveness of these controls.

Policies

The Company has adopted the following policies, with effect from 1st October 2024 and has uploaded them to the Company's website;

- Policy on the Matters relating to the Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance
- Policy on Rewards and Remuneration
- Business Code of Conduct
- Policy on Risk Management and Internal Control
- Policy on Shareholder and Investor Communications
- ESG - Environmental Policies
- ESG - Social Policies
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Corporate Disclosure
- Policy on Whistleblowing
- Policy on Good Governance and Business Ethics

The Hayleys Way' serves as the Internal Code of Business conduct and Ethics for all Directors, Key Management Personnel and other employees. The 'Hayleys Lifecode' includes a suite of environmental, social and governance related policies which are applicable across the Company.

The Company has adopted 'Entwine' which is its ESG Roadmap in line with the ESG framework of Hayleys PLC.

Corporate Governance

The Company has complied with the revised Corporate Governance rules laid down under the Listing Rules and the recommendations provided in the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka. The Corporate Governance Report on pages from 112 to 131 of this Report discusses this further.

Mr. D. K. D. S. Wijeyeratne was appointed as the Senior Independent Director on 1st November 2023 in accordance with the Corporate Governance requirements. The Board is of the opinion that Mr. A. M. Pandithage should remain as the Executive Chairman of the Company due to his extensive experience, deep insights and domain knowledge evidenced through the leadership provided to the Company. Please refer the Senior Independent Director's Report on page 151.

The Directors satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules. There were no non-compliances by any Director during the financial year.

The Directors have declared all material interests in contracts involving the Company and the Group and they refrain from voting on matters in which they have a material interest.

The Board has updated themselves with the applicable laws, rules and regulations and are aware of the changes to the Listing Rules and other regulatory requirements.

Annual General Meeting

The Annual General Meeting of the Company will be held on, Thursday, 26th June 2025 at 1:00 P.M. at the Chas P. Hayley Lounge of Hayleys PLC, No. 400, Deans Road, Colombo 10. The Notice of the Annual General Meeting appears on page 229 of this Report.

For and on behalf of the Board,



Mohan Pandithage
Chairman



Rajeeve Goonetilleke
Managing Director



Hayleys Group Services (Private) Limited
Secretaries

No. 400, Deans Road
Colombo 10

7th May 2025

Number and Name of Directorships Held in Sri Lanka

Name of the Director	Classification	Listed Companies		Unlisted Companies	
		Executive	Non-Executive	Executive	Non-Executive
Mr. Mohan Pandithage Listed Companies; Executive - 11 and Non-Executive - 01 Unlisted Companies; Executive - 120 and Non-Executive - 10	Executive Chairman	Hayleys PLC Haycarb 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 Dipped Products PLC Alumex PLC	Diesel & Motor Engineering PLC	Hayleys Group - 120 Companies	Beata 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. Rajitha Kariyawasan Listed Companies; Executive - 03 and Non-Executive - Nil Unlisted Companies; Executive - 14 and Non-Executive - 01	Deputy Chairman	Hayleys PLC Haycarb PLC Dipped Products PLC	-	Hayleys Group - 14 Companies	Sri Lanka Institute of Nanotechnology (Pvt) Ltd
Mr. Rajeeve Goonetilleke Listed Companies; Executive - Nil and Non-Executive - Nil Unlisted Companies; Executive - 09 and Non-Executive - Nil	Managing Director	-	-	Hayleys Group - 9 Companies	-
Mr. Kositha Kodituakku Listed Companies; Executive - Nil and Non-Executive - Nil Unlisted Companies; Executive - 07 and Non-Executive - Nil	Deputy Managing Director	-	-	Hayleys Group - 7 Companies	-

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

Name of the Director	Classification	Listed Companies		Unlisted Companies	
		Executive	Non-Executive	Executive	Non-Executive
Mr. Sarath Ganegoda Listed Companies; Executive - 02 and Non-Executive - 08 Unlisted Companies; Executive - Nil and Non-Executive - 54	Non-Executive Director	Hayleys PLC Alumex PLC	Haycarb PLC Hayleys Fabric PLC Singer (Sri Lanka) PLC Hayleys Leisure PLC Horana Plantations PLC Kelani Valley Plantations PLC Dipped Products PLC The Kingsbury PLC	-	Hayleys Group - 52 Companies Sri Lankan Airlines Ltd Sri Lankan Catering Limited
Mr. Lasantha Uralagamage Listed Companies; Executive - Nil and Non-Executive - Nil Unlisted Companies; Executive - 01 and Non-Executive - Nil	Executive Director	-	-	Hayleys Group - 1 Company	-
Mr. Dilip De Silva Wijeyeratne Listed Companies; Executive - Nil and Non-Executive - 03 Unlisted Companies; Executive - Nil and Non-Executive - Nil	Independent Non-Executive Director	-	Singer (Sri Lanka) PLC Sampath Bank PLC Janashakthi Insurance PLC	-	-
Dr. Prasad Samarasinghe Listed Companies; Executive - Nil and Non-Executive - 03 Unlisted Companies; Executive - 04 and Non-Executive - 02	Independent Non-Executive Director	-	Hatton National Bank PLC HNB Finance PLC Chemanex PLC	Lanka Bell (Pvt) Ltd Bell Active (Pvt) Ltd Bell Solutions (Pvt) Ltd Bellvantage (P Bell Active (Pvt) Ltd	Lanka Number Portability Services (Guaratnee) Ltd PranayaPulse (Pvt) Ltd

Name of the Director	Classification	Listed Companies		Unlisted Companies	
		Executive	Non-Executive	Executive	Non-Executive
Mr. Manoha Rajakariar Listed Companies; Executive - Nil and Non-Executive - 03 Unlisted Companies; Executive - Nil and Non-Executive - 02	Independent Non-Executive Director -		Alumex PLC Access Engineering PLC Elpitiya Plantations PLC	-	Digital Mobility Solutions Lanka PLC (Pick-Me) Asset Line Finance Limited
Mrs. Saumya Amarasekera PC Listed Companies; Executive - Nil and Non-Executive - 02 Unlisted Companies; Executive - Nil and Non-Executive - 04	Independent Non-Executive Director -		Kelani Valley Plantations PLC Windforce PLC	-	Silver Aisle (Pvt) Ltd Manson Investments (Pvt) Ltd Leisure Holdings (Pvt) Ltd Leisure Lines Lanka (Pvt) Ltd
Dr. Sunil Navaratne Listed Companies; Executive - Nil and Non-Executive - Nil Unlisted Companies; Executive - Nil and Non-Executive - 1	Non-Executive Director -			-	Associated Newspaper Co. Ltd.

Responsibility Statement of Chairman, Managing Director and Chief Financial Officer

The Financial Statements of Hayleys Fibre 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 the Institute of Chartered Accountants of Sri Lanka
- The Companies Act No. 07 of 2007
- The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Listing Rules of the Colombo Stock Exchange
- The Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka

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.

We have also taken proper and sufficient care in installing systems of internal controls 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 controls, 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, Messrs Ernst & Young, Chartered Accountants. Their report is given on pages 155 to 158 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,

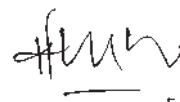
- The Company and its Subsidiaries have complied with all applicable laws, regulations and prudential requirements;
- There are no material non-compliances; and
- There are no material litigations that are pending against the Group.



Mohan Pandithage
Chairman/Chief Executive



Rajeeve Goonetilleke
Managing Director



Ajith Karunaratna
Chief Financial Officer

7th May 2025

Nominations and Governance Committee Report

The Nominations and Governance Committee ('the Committee') of the Company was formed on 2nd February 2024. Until such time, the Nominations and Governance Committee of the Parent Company, Hayleys PLC functioned as the Nominations and Governance Committee of the Company.

The Committee is appointed by and is responsible to the Board of Directors. The Members who served on the Committee during the Financial Year 2024/25 are as follows:

Mr. D. K. D. S. Wijeyeratne (Chairman, Senior Independent Director)**

Dr. T. K. D. A. P. Samarasinghe**

Mr. S. C. Ganegoda*

**Independent Non-Executive Director

*Non-Executive Director

Attendance at Committee Meetings

Name of Directors	Date of Appointment to the Committee	No. of meetings eligible to attend	No. of meetings attended
Mr. D. K. D. S. Wijeyeratne	2nd February 2024	2	2
Dr. T. K. D. A. P. Samarasinghe	2nd February 2024	2	2
Mr. S. C. Ganegoda	2nd February 2024	2	2

Hayleys Group Services (Private) Limited, the Secretaries of the Company, acts as the secretary to the Committee.

Terms of Reference of the Committee

The Committee has written terms of reference defining its scope, authority and duties. It was last approved by the Committee and Board on 6th November 2024.

Duties of the 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 of 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.

Disclosure of Activities

The Board performance evaluation has been carried out and discussed at Board meetings. Any major issues relating to the Company are updated to the Independent Directors by the Chairman or Managing Director. Special Board meetings are called if the need arises to discuss an important or critical matter with the Board. Further, the fitness and propriety of the Directors were examined.

Newly appointed Directors were given an induction to the Company and the orientation programme includes inviting the Directors to the manufacturing facilities to gain an understanding of the operations of the Company. Requirements as per the Listing Rules and applicable rules and regulations are informed to the new Directors. Existing Directors are regularly updated with corporate governance requirements, Listing Rules and other applicable laws.

Nominations and Governance Committee Report

Non Executive Directors have submitted declarations regarding their independence / non independence.

The Committee also checked the Independence of the Directors against the criteria for independence as set out in the Listing Rules and is satisfied that all Independent directors meet the 'Independence' criteria in terms of the Listing Rules.

The Company has adopted the following policies, with effect from 1st October 2024, and has uploaded them to the Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange:

1. Policy on the Matters relating to the Board of Directors
2. Policy on Board Committees
3. Policy on Corporate Governance
4. Policy on Rewards and Remuneration
5. Business Code of Conduct
6. Policy on Risk Management and Internal Control
7. Policy on Shareholder and Investor Communications
8. ESG - Environmental Policies
9. ESG - Social Policies
10. Policy on Control and Management of Company Assets and Shareholder Investments
11. Policy on Corporate Disclosure
12. Policy on Whistleblowing
13. Policy on Good Governance and Business Ethics

The policies and processes relating to the nomination of new Members to the Board are governed by the Policy on Corporate Governance.

Re-Appointments / Re- Elections

One Third (1/3) of the all the directors, except those who have been appointed to the Board since the last Annual General Meeting, and the Managing Director 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. D.K.D.S. Wijeyeratne, L.A.K.I. Kodytuakku and H.S.R. Kariyawasan to the Board at the Annual General Meeting to be held on 26th June 2025, based on their performance and the contribution made to achieve the objectives of the Board.

Mr. Wijeyeratne, Independent, Non Executive Director, was appointed to the Board on 01st April 2018, and was last re-appointed as a Director in June 2023. His directorships and other principal commitments are given in the profile on page 11. He serves on the Audit Committee, Related Party Transactions Review Committee, Remuneration Committee and the Nominations and Governance Committee of the Company.

Mr. Kodytuakku, Executive Director, was appointed to the Board on 17th November 2017, and was last re-appointed as a Director in June 2023. His directorships and other principal commitments are given in the profile on page 11. He does not serve on any Board Sub-Committees.

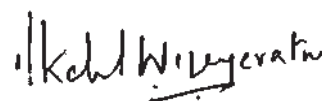
Mr. Kariyawasan, Executive Director and Deputy Chairman, was appointed to the Board on 16th May 2017 and was re-appointed as a Director in June 2022. His directorships and other principal commitments are given in the profile on page 10. He does not serve on any Board Sub-Committees.

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. Abeyakumar Mohan Pandithage who is over seventy years and who retires in terms of Section 210 of the Companies Act No. 7 of 2007.

None of the Directors who are being proposed for re-election or their family members, have any relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company.

The Company is committed to ensuring Board diversity by bringing a wide range of experience and skills to the Board. Age and gender diversity have been essential factors contributing to the effective performance of the Company's Board.

The Corporate Governance requirements stipulated under the Listing Rules are met by the Company and details are given in page 112 of this Report.



D. K. De Silva Wijeyeratne
Chairman - Nominations and Governance Committee

7th May 2025

Statement by the Senior Independent Director

Profile of Mr. D. K. De Silva Wijeyeratne is given on page 11 of this Report.

In order to comply with Section 9.6.3 of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of the Company designated me as the Senior Independent Director (SID) of the Company with effect from 1st November 2023.

Section 9.6.3 of the Listing Rules and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka provide that in situations where the Chairman and CEO are the same person or where the Chairman is not an Independent Director, a Senior Independent Director (SID) shall be appointed. At Hayleys Fibre PLC although the Chairman is not the CEO, he is not an Independent Director.

Role of the Senior Independent Director

The Senior Independent Director (SID) provides guidance to the Chairman on matters of governance of the Company.

The role of the SID also provides emphasis to transparency on matters relating to governance and calls for a review of the effectiveness of the Board.

The SID makes himself available to any Director or any employee to have confidential discussions on the affairs of the Company, should the need arise.

Activities during the Year

In line with the regulatory requirements, I presided over the following meetings and exercised my voting rights where necessary.

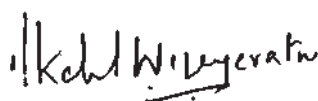
A Meeting was held with the Non-Executive Directors without the presence of the Executive Directors. At this meeting the performance of the Chairman and the Executive Directors were appraised.

A meeting was held with only the Independent Directors. Discussions were held on matters relating to the Company and the operation of the Board.

The outcome of these meetings together with recommendations was duly informed to the Chairman and the Board.

The Company follows a policy of strict compliance with mandatory requirements while embracing voluntary adherence, in order to enhance stakeholder acceptance and making a positive impact on value creation.

I believe that I have fulfilled the obligations entrusted to the SID in accordance with the Corporate Governance guidelines.



D. K. De Silva Wijeyeratne
Senior Independent Director

7th May 2025

Say Goodbye To Restless Nights!

Upgrade to a premium
Hayleys mattress model
and experience the
difference in your sleep.

Spring,
Coir and
PU Mattresses.



Hayleys
MATTRESSES
 SLEEP HAPPILY EVER AFTER

077 32 950 32 www.hayleymattress.com

Strength in Numbers

Working collectively helps us to thrive and grow together. It helps build bridges and to collaborate seamlessly in driving innovation and excellence in natural fibre solutions.



Financial Calendar

1st Quarter Report	7th August 2024
2nd Quarter Report	6th November 2024
3rd Quarter Report	10th February 2025
4th Quarter Report	7th May 2025
Annual Report 2024/25	3rd June 2025
39th Annual General Meeting	26th June 2025

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Independent Auditor's Report



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Chartered Accountants
Rotunda Towers
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P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
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Email: eysl@lk.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HAYLEYS FIBRE PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hayleys Fibre PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as of 31 March 2025, and the statement of profit or loss, 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 of 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.

Partners: D K Hulangemuwa 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, 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, B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (US-JSL), G B Goudian ACMA, Ms. P S Paranevitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shaktiwal B.Com (Sp)

A member firm of Ernst & Young Global Limited

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
<p>Carrying value of inventories</p> <p>As at 31 March 2025, the carrying value of inventory amounted to Rs. 724 million net of provision of Rs. 51 million for slow moving and obsolete inventory as disclosed in Note 16 to the financial statements.</p> <p>We considered the carrying value of inventories as a key audit matter due to:</p> <ul style="list-style-type: none"> the materiality of the reported inventory balance which represented 18% of the Group's total assets as of the reporting date; and significant judgment applied by the management in measuring the quantity of inventories such as the use of estimation techniques to measure the quantity of coir fibre inventories included in raw materials and judgments applied by management in determining provision for slow moving and obsolete inventory, as disclosed in note 2.3.9, 2.4.8 and 16 to the financial statements. 	<p>Our procedures included the following key procedures:</p> <ul style="list-style-type: none"> understood the process involved in the measurement of the inventories observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported as at the period end. As a part of our procedures over measurement of coir fibre inventories, we assessed whether the actual moisture levels as at the count date has been appropriately considered when measuring inventories tested the unit costs of inventory to underlying accounting records and supporting documents tested whether inventory was stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices of such items assessed the reasonableness of significant management judgements applied in determining provision for slow-moving and obsolete inventory. Our assessment included reviewing the inventory ageing to identify whether slow-moving and obsolete items have been appropriately provided for and testing the mathematical accuracy of provision calculations. <p>We also assessed the adequacy of the disclosures made in Note 2.3.9, 2.4.8 and 16 to the financial statements.</p>
<p>Assessment of fair value of the equity investment classified as Fair Value through Other Comprehensive Income (FVOCI)</p> <p>Non-current financial assets of the Group consist of unquoted equity investments in Toyo Cushion Lanka (Private) Limited and Rileys (Private) Limited in accordance with the accounting policy disclosed in note 14 to the financial statements.</p> <p>The fair value is determined by management based on the discounted cash flow approach, which is derived based on the projected cash flows of Toyo Cushion Lanka (Private) Limited and Rileys (Private) Limited.</p> <p>This was a Key Audit Matter due to:</p> <ul style="list-style-type: none"> the materiality of the reported unquoted equity investment balance which amounted to Rs. 144 million and represented 4% of the Group's total assets as of the reporting date; and the degree of management assumptions, judgements and estimates associated in deriving the Discounted Cash Flows used in the unquoted equity investment valuation. <p>Key areas of significant management assumptions, judgements and estimates used in the valuation of unquoted equity investment include cash flow projections and unobservable inputs including revenue growth rate, EBITDA margins, discount rate, etc. as further disclosed in note 2.3.8.1.2, 2.4.1 and 14 to the financial statements.</p>	<p>Our audit procedures focused on the valuation of the investment performed by the management, and included the following key procedures:</p> <ul style="list-style-type: none"> assessed the appropriateness of the valuation technique and reasonableness of the cash flow forecast including significant assumptions, judgements and estimates such as revenue growth rate and EBITDA margins, discount rate, etc. used by the management to ascertain the fair value of the unquoted equity investments agreed key information to supporting documents and accounting records and tested the calculations of discounted cash flows. <p>Further, we evaluated the adequacy of the related disclosures in note 2.3.8.1.2, 2.4.1 and 14 to the financial statements.</p>

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.

Independent Auditor's Report

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.

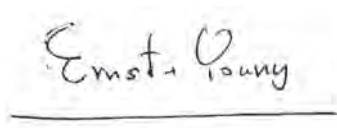
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken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

A handwritten signature in dark ink, appearing to read "Ernst & Young", is written over a horizontal line.

07 May 2025
Colombo

Statement of Profit or Loss

For the year ended 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Revenue	4	4,750,742	5,125,081	2,280,591	2,826,346
Cost of sales		(4,208,686)	(4,445,292)	(2,272,515)	(2,698,943)
Gross profit		542,056	679,789	8,076	127,403
Other income	5	14,797	3,998	21,455	9,931
Selling and distribution expenses		(45,433)	(134,975)	29,324	(57,251)
Administrative expenses		(398,769)	(316,401)	(201,410)	(183,785)
Results from operating activities		112,651	232,411	(142,555)	(103,702)
Finance income	6	47,089	55,006	82,801	75,066
Finance cost	6	(120,395)	(154,842)	(66,457)	(55,029)
Net finance income/(cost)		(73,306)	(99,836)	16,344	20,037
Profit/(loss) before tax		39,345	132,575	(126,211)	(83,665)
Tax expense	8	(4,948)	(74,123)	66,049	13,878
Profit/(loss) for the year		34,397	58,452	(60,162)	(69,787)
Profit/(loss) for the year attributable to:					
Owners of the Company		(42,694)	(25,279)	(60,162)	(69,787)
Non-controlling interest		77,091	83,731	-	-
		34,397	58,452	(60,162)	(69,787)
Basic earnings per share (Rs.)	9	(1.78)	(1.05)	(2.51)	(2.91)
Dividend per share (Rs.)		-	-	-	-

Notes from pages 166 to 215 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

Statement of Comprehensive Income

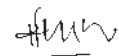
For the year ended 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Profit/(loss) for the year		34,397	58,452	(60,162)	(69,787)
Other comprehensive income					
Other comprehensive income that may not be reclassified to the profit or loss in subsequent periods					
Re-measurement gain/(loss) on employee benefit obligations	25	356	(3,325)	804	(1,633)
Income tax effect on re-measurement gain/(loss) on employee benefit obligations	8	(107)	998	(241)	490
		249	(2,327)	563	(1,143)
Revaluation of lands	10	11,089	-	11,089	-
Income tax effect on revaluation of lands	8	(3,327)	-	(3,327)	-
		7,762	-	7,762	-
Net gain/(loss) on equity instruments designated at FVOCI	14	1,367	12,987	1,367	12,987
Income tax effect on net gain/(loss) on equity instrument designated at FVOCI	8	(410)	(3,878)	(410)	(3,878)
		957	9,109	957	9,109
Other comprehensive income that may be reclassified to the profit or loss in subsequent periods					
Net gain/(loss) on cash flow hedges		-	13,436	-	-
		-	13,436	-	-
Total other comprehensive income/(expense) for the year, net of tax		8,968	20,218	9,282	7,966
Total comprehensive income/(expense) for the year, net of tax		43,365	78,670	(50,880)	(61,821)
Total comprehensive income/(expense) for the year attributable to:					
Owners of the Company		(33,562)	(11,293)	(50,880)	(61,821)
Non-controlling Interest		76,927	89,963	-	-
		43,365	78,670	(50,880)	(61,821)

Notes from pages 166 to 215 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

Statement of Financial Position

As at 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Assets					
Non-current assets					
Property, plant and equipment	10	1,251,797	935,737	876,940	531,894
Right-of-use assets	11	1,801	12,345	-	10,444
Intangible assets	12	46,433	29,918	1,232	4,597
Investments in subsidiaries	13	-	-	233,034	233,034
Other non-current financial assets	14	144,262	142,895	144,262	142,895
Deferred tax assets	24	55,864	-	55,864	-
Total non-current assets		1,500,157	1,120,895	1,311,332	922,864
Current assets					
Inventories	16	723,981	762,634	287,314	383,982
Trade and other receivables	17	1,179,536	1,288,913	619,864	769,209
Other current assets	18	12,648	12,707	4,280	3,962
Income tax recoverable	30	12,799	12,799	12,799	12,799
Amounts due from other related companies	19	465,254	706,317	177,942	255,863
Cash in hand and at bank	20	146,816	62,434	19,605	23,654
Total current assets		2,541,034	2,845,804	1,121,804	1,449,469
Total assets		4,041,191	3,966,699	2,433,136	2,372,333
Equity and liabilities					
Stated capital	21	80,000	80,000	80,000	80,000
Other components of equity	22	118,730	110,011	118,730	110,011
Amalgamation reserves	22	50,625	50,625	50,625	50,625
Revenue reserves	22	1,116,011	1,156,513	864,037	921,856
Total Equity attributable to equity holders of the company		1,365,366	1,397,149	1,113,392	1,162,492
Non-controlling interest		279,773	266,498	-	-
Total equity		1,645,139	1,663,647	1,113,392	1,162,492
Non-current liabilities					
Interest-bearing borrowings	23	-	313,333	-	313,333
Non-current lease liabilities	11	4,825	18,328	-	13,948
Deferred tax liabilities	24	49,116	54,016	-	6,207
Employee benefit obligations	25	44,728	37,489	36,096	31,176
Total non-current liabilities		98,669	423,166	36,096	364,664
Current liabilities					
Trade and other payables	27	547,397	600,307	198,843	262,322
Current lease liabilities	11	146	3,373	-	3,259
Other current liabilities	28	36,435	41,951	7,438	7,720
Amounts due to other related companies	29	92,875	146,378	89,710	164,511
Current portion of interest bearing borrowings	23	313,333	6,667	313,333	6,667
Short-term interest bearing borrowings	26	1,279,267	1,068,502	674,324	400,698
Income tax payable	30	27,930	12,708	-	-
Total current liabilities		2,297,383	1,879,886	1,283,648	845,177
Total liabilities		2,396,052	2,303,052	1,319,744	1,209,841
Total equity and liabilities		4,041,191	3,966,699	2,433,136	2,372,333

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



Ajith Karunaratna
Chief Financial Officer

The Board of Directors are responsible for these Financial Statements. Signed for and on behalf of the Board,



Mohan Pandithage
Chairman



Rajeeve Goonetilleke
Managing Director

Notes from pages 166 to 215 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

7th May 2025
Colombo

Statement of Changes in Equity

For the year ended 31 March	Group	Attributable to equity holders of the Group							Non-controlling interest	Total
		Stated capital	Other components of equity			Amalgamation reserves		Revenue reserves		
			Fair value reserve of financial assets at FVOCI	Revaluation reserve	Cash flow hedge reserve	Capital reserve	Revenue reserve	Retained earnings		
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01 April 2023		80,000	78,021	22,881	(6,718)	14,000	36,625	1,183,633	240,244	1,648,686
Profit/(loss) for the year		-	-	-	-	-	-	(25,279)	83,731	58,452
Net gain/(loss) on equity instruments designated at FVOCI	14	-	12,987	-	-	-	-	-	-	12,987
Re-measurement gain/(loss) on employee benefit obligations	25	-	-	-	-	-	-	(2,630)	(695)	(3,325)
Net gain/(loss) on cash flow hedges		-	-	-	6,718	-	-	-	6,718	13,436
Income tax on other comprehensive income	8	-	(3,878)	-	-	-	-	789	209	(2,880)
Total other comprehensive income/(expense) for the year		-	9,109	-	6,718	-	-	(27,120)	89,963	78,670
Dividends to equity holders		-	-	-	-	-	-	-	(63,709)	(63,709)
Balance as at 01 April 2024		80,000	87,130	22,881	-	14,000	36,625	1,156,513	266,498	1,663,647
Profit/(loss) for the year		-	-	-	-	-	-	(42,694)	77,091	34,397
Revaluation of lands		-	-	11,089	-	-	-	-	-	11,089
Net gain/(loss) on equity instruments designated at FVOCI	14	-	1,367	-	-	-	-	-	-	1,367
Re-measurement gain/(loss) on employee benefit obligations	25	-	-	-	-	-	-	589	(233)	356
Income tax on other comprehensive income	8	-	(410)	(3,327)	-	-	-	(177)	70	(3,844)
Total other comprehensive income/(expense) for the year		-	957	7,762	-	-	-	(42,282)	76,928	43,365
Unclaimed dividends		-	-	-	-	-	-	1,780	-	1,780
Dividends to equity holders		-	-	-	-	-	-	-	(63,653)	(63,653)
Balance as at 31 March 2025		80,000	88,087	30,643	-	14,000	36,625	1,116,011	279,773	1,645,139

Notes from pages 166 to 215 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

For the year ended 31 March Company		Attributable to equity holders of the Company						Total
		Stated capital	Other components of equity		Amalgamation reserves		Revenue reserves	
			Fair value reserve of financial assets at FVOCI	Revaluation reserve	Capital reserve	Revenue reserve	Retained earnings	
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01 April 2023		80,000	78,021	22,881	14,000	36,625	992,786	1,224,313
Profit/(loss) for the year		-	-	-	-	-	(69,787)	(69,787)
Net gain/(loss) on equity instruments designated at FVOCI	14	-	12,987	-	-	-	-	12,987
Re-measurement gain/(loss) on employee benefit obligations	25	-	-	-	-	-	(1,633)	(1,633)
Income tax on other comprehensive income	8	-	(3,878)	-	-	-	490	(3,388)
Total other comprehensive income/(expense) for the year		-	9,109	-	-	-	(70,930)	(61,821)
Balance as at 01 April 2024		80,000	87,130	22,881	14,000	36,625	921,856	1,162,492
Profit/(loss) for the year		-	-	-	-	-	(60,162)	(60,162)
Revaluation of lands		-	-	11,089	-	-	-	11,089
Net gain/(loss) on equity instruments designated at FVOCI	14	-	1,367	-	-	-	-	1,367
Re-measurement gain/(loss) on employee benefit obligations	25	-	-	-	-	-	804	804
Income tax on other comprehensive income	8	-	(410)	(3,327)	-	-	(241)	(3,978)
Total other comprehensive income/(expense) for the year		-	957	7,762	-	-	(59,599)	(50,880)
Unclaimed dividends		-	-	-	-	-	1,780	1,780
Balance as at 31 March 2025		80,000	88,087	30,643	14,000	36,625	864,037	1,113,392

Notes from pages 166 to 215 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

Statement of Cash Flows

For the year ended 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Cash flows from operating activities					
Profit/(loss) before taxation		39,345	132,575	(126,211)	(83,665)
Adjustments for:					
Finance cost	6	120,395	154,842	66,457	55,029
Finance income	6	(47,089)	(55,006)	(28,394)	(20,913)
Provision for employee benefit obligations	25	8,358	8,310	5,828	5,964
Depreciation of property, plant and equipment	10	66,065	59,510	31,510	27,374
Depreciation of right-of-use assets	11	2,322	2,767	2,222	2,666
Derecognition of right of use	11	5,394	-	5,394	-
Amortisation of intangible assets	12	12,143	7,672	3,365	3,365
(Profit)/loss on disposal of property, plant and equipment		(375)	31	(375)	31
Dividend income	6	-	-	(54,407)	(54,153)
Provision/(reversal) for bad and doubtful debts	17	(42,318)	25,021	(46,716)	35,512
Provision/(reversal) for slow moving inventories	16	12,774	13,614	2,457	14,696
Operating profit before working capital changes		177,014	349,336	(138,870)	(14,094)
(Increase)/decrease in inventories	16	25,879	259,638	94,211	(31,468)
(Increase)/decrease in trade and other receivables	17	165,042	(685,706)	195,902	(665,411)
(Increase)/decrease in amounts due from related companies	19	241,063	(473,112)	77,921	(16,392)
Increase/(decrease) in trade and other payables	27	(58,044)	188,399	(67,020)	78,951
Increase/(decrease) in amounts due to related companies	29	(53,503)	49,825	(74,801)	95,767
Cash generated from operating activities		497,451	(311,620)	87,343	(552,647)
Interest paid	6	(91,644)	(133,215)	(38,526)	(35,362)
Income tax paid		(54,334)	(104,366)	-	(32,836)
Employee benefit paid	25	(887)	(6,496)	(228)	(1,596)
Net cash used in operating activities		350,586	(555,697)	48,589	(622,441)
Cash flows from investing activities					
Purchase of property, plant and equipment	10	(371,036)	(198,829)	(376,557)	(169,444)
Acquisition of intangible assets		(28,658)	(1,389)	-	-
Proceeds from sale of property, plant and equipment		375	-	375	-
Finance income	6	1,442	21,007	304	20,555
Dividend income	6	-	-	54,407	54,153
Net cash flows used in investing activities		(397,877)	(179,211)	(321,471)	(94,736)

For the year ended 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Cash flows from financing activities					
Dividend paid		-	-	-	-
Dividend paid to non-controlling interest		(63,653)	(63,709)	-	-
Capital payment on lease		(4,792)	(5,326)	(4,792)	(4,979)
Proceeds from interest-bearing borrowings		2,782,429	2,212,749	994,308	1,017,863
Repayments of interest-bearing borrowings		(2,871,297)	(1,535,614)	(1,045,621)	(480,828)
Net cash flows from financing activities		(157,313)	608,100	(56,105)	532,056
Net increase/(decrease) in cash & cash equivalents		(204,604)	(126,808)	(328,987)	(185,121)
Cash & cash equivalents at the beginning of the year		(117,756)	9,052	(94,341)	90,780
Cash & cash equivalents at the end of the year (Note - A)		(322,360)	(117,756)	(423,328)	(94,341)
A. Analysis of cash and cash equivalents as at 31 March					
Cash in hand and at bank	20	146,816	62,434	19,605	23,654
Bank overdrafts	26	(469,176)	(180,190)	(442,933)	(117,995)
Cash and cash equivalents at the end of the year		(322,360)	(117,756)	(423,328)	(94,341)

Notes from pages 166 to 215 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

Notes to the Financial Statements

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1. CORPORATE INFORMATION

1.1 Reporting Entity

Hayleys Fibre 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. The address of the Company's registered office is Hayleys Building, No. 400, Deans Road, Colombo 10, Sri Lanka and the principal place of business is located at No. 131, Minuwangoda Road, Ekala, Ja-ela. Corporate information is presented in the inner back cover of this Annual Report.

1.2 Consolidated Financial Statements

The Financial Statements for the year ended 31 March 2025 comprise "the Company" referring to Hayleys Fibre PLC as the holding Company and the "Group" referring to Companies that have been consolidated therein.

1.3 Nature of Operations and Principal Activities of the Company and the Group

The Company and its subsidiary, Bonterra Ltd are primarily involved in the manufacture and export of coir fibre products. The subsidiary, Creative Polymats (Pvt) Ltd, produces polyurethane mattresses and other related products for local markets.

Hayleys PLC is the direct and ultimate parent undertaking of Hayleys Fibre PLC.

1.4 Approval of Financial Statements

The Group Financial Statements of Hayleys Fibre PLC and its subsidiaries (collectively, the Group) for the year ended 31 March 2025 were authorised for issue by the Directors on 7 May 2025.

1.5 Responsibility for Financial Statements

The responsibility of the Directors in relation to the Group Financial Statements is set out in the Statement of Directors' Responsibility Report in the annual report.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

2.1.1 Statement of compliance

The Group Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 07 of 2007.

2.1.2 Basis of Measurement

The Group 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 at the time of the acquisition and subsequently carried at fair value.
- Financial instruments designated at Fair Value through Other Comprehensive Income (FVOCI) which are measured at fair value.
- Employee benefit obligations which are determined based on actuarial valuations.

Where appropriate, the specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the consolidated Financial Statements.

2.1.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs.), which is also the Company's and Subsidiaries functional currency.

2.1.4 Rounding

All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand (Rs.'000), except when otherwise indicated.

2.1.5 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

2.1.6 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function is presented separately unless they are immaterial.

2.1.7 Comparative Information

The presentation and classification of the Group Financial Statements of the previous years have been amended, where relevant including the following for better presentation and to be comparable with those of the current year.

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.

2.2 Basis of Consolidation

The consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at 31 March 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

- Specifically, the Group controls an investee if, and only if, the Group has:
- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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

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

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made 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 de-recognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 Summary of Significant Accounting Policies

2.3.1 Business Combinations 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 interests in the acquiree. For each business combination, the Group elects whether to measure 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.

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 remeasured 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 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 reassesses 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 reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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 in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Notes to the Financial Statements

2.3.2 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 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.

2.3.3 Fair Value Measurement

The Group measures financial instruments such as investments which are designated at fair value through other comprehensive income (FVOCI), and non-financial assets such as owner-occupied land, at fair value as 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 date of measurement. 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 best economic 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 Group 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 Group 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.

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:

- Investment in non-listed equity shares (FVOCI) note 14
- Land under revaluation model note 10
- Financial instruments (including those carried at amortised cost) note 15
- Disclosures for valuation methods, significant estimates and assumptions notes 14 and 15
- Quantitative disclosures of fair value measurement hierarchy note 15.

2.3.4 Property, Plant and Equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any, buildings, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any, such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. 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.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold lands are measured at fair value and impairment losses recognised after the date of revaluation. Valuations are

performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in 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 surplus.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings	50 Years
Plant and machinery	10 Years
Furniture, fittings and office equipment	5-7 Years
Fixtures and fittings	7 Years
Motor vehicles	5 Years

An item of property, plant and equipment and any significant part initially recognised is de-recognised 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 on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is de-recognised.

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

2.3.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value 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 profit or loss in the period in which the expenditure is incurred.

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. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are 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.

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.

Research and development costs

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 the asset 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.

Notes to the Financial Statements

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.

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

	Product Development costs	ERP System
Useful lives	Finite (10 years)	5 years
Amortisation method used	Amortised on a straight-line basis over the period of expected future sales from the related project	Amortised on a straight-line basis
Internally generated or acquired	Internally generated	Acquired

2.3.6 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.

2.3.6.1 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.

2.3.6.1.1 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 remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and buildings 10 to 30 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. Refer to the accounting policies in section impairment of non-financial assets.

2.3.6.1.2 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.

2.3.6.1.3 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). 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.

2.3.6.2 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.

2.3.7 Borrowing Costs

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

2.3.8 Financial Instruments

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

2.3.8.1 Financial Assets

Initial Recognition and Measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through other comprehensive income (FVOCI).

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. Refer to the accounting policies in note 2.3.15 for Revenue from contracts with customers.

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.

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.

Subsequent Measurement

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

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

2.3.8.1.1 Financial Assets at Amortised Cost (Debt Instruments)

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

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

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding
- Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (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 and other receivables.

2.3.8.1.2 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.

Notes to the Financial Statements

The Group elected to classify irrevocably its non-listed equity investments under this category.

2.3.8.1.3 De-recognition

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

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

(a) the Group has transferred substantially all the risks and rewards of the asset, or

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

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

For trade receivables 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 Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when

internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Trade receivables note 17.

2.3.8.2 Financial Liabilities

Initial Recognition and Measurement of Financial liabilities are classified, at initial recognition, as loans and borrowings and payables. 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, loans and borrowings including bank overdrafts.

Subsequent Measurement

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

2.3.8.2.1 Financial liabilities at amortised cost (loans and borrowings)

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.

This category generally applies to interest bearing loans and borrowings. For more information, refer to notes 23 and 26.

2.3.8.2.2 De-recognition

A financial liability is de-recognised 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 de-recognition 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.

2.3.8.3 Offsetting of Financial Instruments

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

2.3.8.4 Derivative financial instruments and hedge accounting

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.

2.3.9 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:

- Raw materials: purchase cost on a first-in first-out basis
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.3.10 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

Notes to the Financial Statements

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 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.

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 OCI. For such properties, the impairment is recognised in OCI 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.

2.3.11 Cash and Short-term Deposits

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

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

2.3.12 Provisions

2.3.12.1 General

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

GRI 201-3

2.3.13 Employee Benefits

2.3.13.1 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.

GRI 201-3

2.3.13.2 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 25. 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

2.3.13.3 Short-term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

2.3.14 Investment in Subsidiaries

Investments in subsidiaries in the Company's Financial Statements of the parent are stated initially at cost and subsequently at cost less accumulated impairment losses if any.

Bonterra Limited was accounted for under Equity Accounted Investee method up to 31st March 2020. Having considered the level of Company's involvement in relevant activities of the investee together with changes in key management personnel, management concluded such investment to be accounted for as a subsidiary of the Group with effect from 1st April 2020 as per SLFRS 10 - Consolidated Financial Statements.

2.3.15 Revenue from Contracts with Customers

The Group is in the business of manufacturing, exporting coir fibre products. Revenue from contracts with customers is recognised when control of the goods 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.

2.3.15.1 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, considering relevant terms of delivery. The normal credit term is 30 to 90 days upon delivery.

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 coir fibre products, 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).

2.3.15.2 Significant Financing Component

Generally, the Group receives short-term advances from its customers. Using the practical expedient 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.

2.3.15.3 Contract Balances

2.3.15.3.1 Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 15.1 financial instruments – initial recognition and subsequent measurement.

2.3.15.3.2 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 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.

2.3.16 Other Income

Rental income is recognised in the statement of profit or loss as it accrues. Dividend income is recognised when the Company's right to receive payment is established.

2.3.17 Taxes

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.

2.3.17.1 Current Income 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

Notes to the Financial Statements

at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity 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.

2.3.17.2 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, associates and interests in joint arrangements, when the timing of the reversal of the temporary difference 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 joint arrangements, deferred tax asset is 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 re-assessed 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 (and tax laws) 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 (OCI) or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated

as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in 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.

2.3.17.3 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.

2.3.18 Foreign Currencies

The Group's consolidated Financial Statements are presented in Rs. which is also the parent Company's functional currency.

Transactions in foreign currencies are initially recorded by the Parent Company and subsidiaries 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 rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

2.3.19 Cash Dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

2.3.20 Earnings per Share (EPS)

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.

2.4 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group 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 Group Financial Statements is included in the following notes.

2.4.1 Fair Value Measurement of Financial Assets Designated at Fair Value through OCI (Equity Instruments)

The Group assesses fair value of unquoted equity shares as at 31 March 2025. The primary approach adopted was the income approach using discounted cash flow method. A degree of judgment is required in establishing fair value and changes in assumptions could affect the reported fair value. The key assumptions used to determine the fair value of unquoted equity shares and sensitivity analysis are provided in note 14.

2.4.2 Revaluation of Lands

The Group measures lands which are recognised as property, plant & equipment at revalued amount with change in value being recognised in the Statement of Other comprehensive income. The valuer has used the open market approach in determining the fair value of the land. Further details on revaluation of lands are disclosed in note 10 to the Group Financial Statements.

2.4.3 Development costs

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 March 2025, the carrying amount was Rs. 19.97 million (2024: Rs. 24.10 million) Refer note 12. This amount includes significant investment in the development of Polyurethane (PU) foam product portfolio.

2.4.4 Taxes

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. 364 million (2024: Rs. 85 million) of tax losses carried forward. Refer note 8.3. These losses relates to the Companies in the Group those 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.

2.4.5 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.

Notes to the Financial Statements

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 25 to the Financial Statements.

2.4.6 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.

2.4.7 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 a valuation specialist 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 analysis are provided in notes 10 and 14 to the Financial Statements.

2.4.8 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 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.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

3.1 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.

3.2 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.

3.2.1 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.

4 REVENUE

For the year ended 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Export sales	3,648,753	3,628,002	1,994,580	2,228,908
Indirect export sales	120,331	327,880	103,505	321,100
Local sales	981,658	1,169,199	182,506	276,338
	4,750,742	5,125,081	2,280,591	2,826,346

5 OTHER INCOME

For the year ended 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Rent income	-	-	8,491	8,087
Gain on disposal of property, plant and equipment	375	-	375	-
Sundry income	14,422	3,998	12,589	1,844
	14,797	3,998	21,455	9,931

6 NET FINANCE INCOME**6.1 Finance Income**

For the year ended 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Interest income	1,442	21,007	304	20,555
Dividend income	-	-	54,407	54,153
Foreign exchange gain	45,647	33,999	28,090	358
	47,089	55,006	82,801	75,066

6.2 Finance Cost

For the year ended 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Interest on debts and borrowings	(92,215)	(133,215)	(39,938)	(35,362)
Foreign exchange loss	(28,751)	(18,816)	(27,931)	(17,332)
Foreign exchange loss on forward contracts	(3,163)	-	(2,799)	-
Interest (expense)/ reversal on lease liabilities	3,734	(2,811)	4,211	(2,335)
	(120,395)	(154,842)	(66,457)	(55,029)
Net finance income/(cost)	(73,306)	(99,836)	16,344	20,037

Notes to the Financial Statements

7 PROFIT BEFORE TAX

Profit before tax is stated after charging all expenses including the following:

For the year ended 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Ernst & Young : Audit fees		4,338	3,953	2,924	2,662
Non audit services		1,844	1,022	956	856
Depreciation on property, plant and equipment	10	66,065	59,510	31,510	27,374
Provision for inventories	16	12,774	13,614	2,457	14,696
Employee benefits including the following					
- Defined contribution plan cost - EPF and ETF		8,466	9,022	6,954	5,836
- Employee benefit plan cost	25	8,358	8,310	5,828	5,964
Impairment / (reversal) bad debts	17	(42,338)	25,021	(46,717)	35,512
Directors' emoluments including Non-Executive Directors' fees		55,490	75,764	45,029	42,171

8 TAXATION

8.1 Tax Expense

For the year ended 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Current income tax				
Income tax on current year profits	60,310	52,908	-	-
Tax on dividend of subsidiary	9,246	9,556	-	-
Deferred tax				
Relating to origination and reversal of temporary differences	(64,608)	11,659	(66,049)	(13,878)
Tax expense/ (reversal) reported in the Statement of Profit or Loss	4,948	74,123	(66,049)	(13,878)

A reconciliation between tax expense and the result of accounting profit multiplied by domestic tax rate for the year ended 31 March 2025 and 2024 is given on note 8.3.

8.2 Deferred Tax on Other Comprehensive Income

For the year ended 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Deferred tax related to items recognised in other comprehensive income during the year				
Re-measurement gain/(loss) on employee benefit obligations	(107)	998	(241)	490
Tax on land revaluation reserve	(3,327)	-	(3,327)	-
Revaluation of financial assets designated at FVOCI	(410)	(3,878)	(410)	(3,878)
Deferred tax charged directly to other comprehensive income	(3,844)	(2,880)	(3,978)	(3,388)

8.3 Reconciliation of Accounting Profit to Income Tax Expense

For the year ended 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Profit/(Loss) before tax	39,345	132,575	(126,211)	(83,665)
Disallowable expenses	150,050	205,466	73,850	147,565
Allowable expenses	(275,263)	(231,929)	(234,539)	(169,447)
Tax loss brought forward	(85,060)	(35,787)	(85,060)	-
Adjustment for tax loss brought forward	8,389	20,975	8,389	20,487
Tax loss carried forward	363,571	85,060	363,571	85,060
Taxable income	201,032	176,360	-	-
Income tax @ 30%	60,310	52,908	-	-
Income tax on current year profit	60,310	52,908	-	-
Tax on dividend of subsidiary	9,246	9,556	-	-
Tax on temporary difference - tax @ 30%	(64,608)	11,659	(66,049)	(13,878)
Tax expense/(reversal) reported in the Statement of Profit or Loss	4,948	74,123	(66,049)	(13,878)

Notes to the Financial Statements

- 8.4** As per the Inland Revenue (Amendment) Act, No. 45 of 2022 certified on 19th of December, 2022, w.e.f. 1st October 2022. Income tax has been calculated based on a tax rate of 30%.

9 BASIC EARNINGS PER SHARE

Basic Earnings Per Share (EPS) is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

- 9.1** The following reflects the income and share data used in the basic Earnings Per Share computation.

For the year ended 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Amounts used as numerator :				
Profit/ (loss) attributable to ordinary equity holders of the Company	(42,694)	(25,279)	(60,162)	(69,787)

For the year ended 31 March	Group		Company	
	2025 Number	2024 Number	2025 Number	2024 Number
Number of ordinary shares used as denominator :				
Weighted average number of ordinary shares issued	24,000,000	24,000,000	24,000,000	24,000,000
Basic earnings per share (Rs.)	(1.78)	(1.05)	(2.51)	(2.91)

10 PROPERTY, PLANT AND EQUIPMENT

10.1 Group	Freehold land	Freehold buildings	Building on leasehold land	Furniture, fittings & office equipment	Machinery & stores equipment	Fixtures & fittings	Motor vehicles	Total 2025	Total 2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost/Valuation									
As at 01 of April	207,136	453,541	15,804	41,905	443,919	15,809	19,374	1,197,488	1,026,399
Revaluation of lands	11,089	-	-	-	-	-	-	11,089	-
Additions	-	203,849	-	2,753	36,995	408	12,409	256,414	177,449
Transfer (Note 10.7)	-	2,379	-	-	-	-	-	2,379	895
Disposals	-	-	-	-	(2,191)	-	-	(2,191)	(7,255)
As at 31 March	218,225	659,769	15,804	44,658	478,723	16,217	31,783	1,465,179	1,197,488
Depreciation									
As at 01 of April	-	79,804	2,500	25,757	155,892	10,368	8,810	283,131	230,845
Charge for the year	-	15,801	790	4,494	38,195	2,363	4,422	66,065	59,510
Disposals	-	-	-	-	(2,191)	-	-	(2,191)	(7,224)
As at 31 March	-	95,605	3,290	30,251	191,896	12,731	13,232	347,005	283,131
Net book value as at 31 March	218,225	564,164	12,514	14,407	286,827	3,486	18,551	1,118,174	914,357
Capital work in progress (Note 10.7)	-	-	-	-	-	-	-	133,623	21,380
Carrying amount as at 31 March	218,225	564,164	12,514	14,407	286,827	3,486	18,551	1,251,797	935,737

10.2 Company	Freehold land	Freehold buildings	Furniture, fittings & office equipment	Machinery & stores equipment	Fixtures & fittings	Motor vehicles	Total 2025	Total 2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost/Valuation								
As at 01 April	207,136	205,800	18,430	169,426	15,809	19,374	635,975	475,270
Revaluation of lands	11,089	-	-	-	-	-	11,089	-
Additions	-	203,372	2,452	32,205	408	12,409	250,846	167,065
Transfer (Note 10.7)	-	2,379	-	-	-	-	2,379	895
Disposals	-	-	-	(2,191)	-	-	(2,191)	(7,255)
As at 31 March	218,225	411,551	20,882	199,440	16,217	31,783	898,098	635,975
Depreciation								
As at 01 of April	-	24,554	7,823	54,905	10,369	8,810	106,461	86,310
Charge for the year	-	5,154	2,872	16,699	2,363	4,422	31,510	27,374
Disposals	-	-	-	(2,191)	-	-	(2,191)	(7,224)
As at 31 March	-	29,708	10,695	69,413	12,732	13,232	135,780	106,460
Net book value as at 31 March	218,225	381,843	10,187	130,027	3,485	18,551	762,318	529,515
Capital work in progress (Note 10.7)	-	-	-	-	-	-	114,622	2,379
Carrying amount as at 31 March	218,225	381,843	10,187	130,027	3,485	18,551	876,940	531,894

Notes to the Financial Statements

10.3 Group/Company - Revaluation of lands

Fair value of the lands were determined using the market comparable method. The most recent valuations had been performed by the valuer and were based on prices of transactions for properties of similar nature, location and condition. As at the dates of revaluation on 31 March 2025, the land valuations was performed by KPMG Real Estate & Valuation Services (Pvt) Ltd, an accredited independent valuer who has valuation experience for similar properties.

Amounts by which values have been increased in respect of land revalued by independent qualified valuers are indicated below.

As at 31 March Company	Location	Revaluation surplus	
		2025 Rs. '000	2024 Rs. '000
Hayleys Fibre PLC	Kuliyapitiya (Valuation date 31.03.2025)	37,794	30,894
	Bingiriya (Valuation date 31.03.2025)	3,810	2,060
	Nikaweratiya (Valuation date 31.03.2025)	2,439	-
		44,043	32,954

10.4 Description of valuation techniques used and key inputs to valuation of land

Type of Instrument	Location	Significant unobservable input	Fair value measurement sensitivity to unobservable input	Valuation technique	Extent (Perches)	Original cost Rs. '000	Fair value as at 31 March 2025 Rs. '000
Free hold land	Kuliyapitiya (Valuation date 31.03.2025)	Estimated price per perch (Rs. 85,000)	Significant increase/ (decrease)	Open market basis	460	1,306	39,100
	Bingiriya (Valuation date 31.03.2025)	Estimated price per perch (Rs. 32,813)	in estimated price per perch in isolation		1,120	32,940	36,750
	Nikaweratiya (Valuation date 31.03.2025)	Estimated price per perch (Rs.26,562)	would result in a significantly higher/(lower) fair value		5,360	139,935	142,374
					6,940	174,181	218,224

10.5 Buildings Owned by the Group/Company

Company	Location	Address	Buildings Sq.ft.	No of buildings at each locations	Carrying Value at cost - 31 March 2025 Rs. '000
Hayleys Fibre PLC	Kuliyapitiya	Biginhill Estate,Hettipola Road, Karagahagedara, Kuliyapitiya	47,389	15	39,807
Hayleys Fibre PLC	Bingiriya	Siri Sumangala Mawatha, Mahagama North, Chilaw	65,200	9	139,600
Hayleys Fibre PLC	Nikaweratiya	Yaya 02, Kadigawa, Rasnayakapura, Nikaweratiya	24,000	4	202,435
Creative Polymats (Pvt) Ltd	Dankotuwa	Industrial Estate, Bujjampola, Dankotuwa	65,767	11	182,322
			202,356	39	564,164

Company	Location	Address	Buildings Sq.ft.	No of buildings at each locations	Carrying Value at cost - 31 March 2024 Rs. '000
Hayleys Fibre PLC	Kuliyapitiya	Biginhill Estate,Hettipola Road,Karagahagedara, Kuliyapitiya	47,389	15	40,900
Hayleys Fibre PLC	Bingiriya	Siri Sumangala Mawatha, Mahagama North, Chilaw	65,200	9	140,346
Creative Polymats (Pvt) Ltd	Dankotuwa	Industrial Estate, Bujjampola, Dankotuwa	65,767	11	192,491
			178,356	35	373,737

10.6 The cost of fully depreciated property plant and equipment which are still in use as at the reporting date is as follows:

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Freehold buildings	973	973	973	973
Machinery and stores equipment	33,479	28,755	17,011	12,287
Fixtures & fittings	7,448	-	6,869	-
Furniture, fittings and office equipment	15,139	15,185	1,660	1,407
Motor vehicles	323	323	323	323
	57,362	45,236	26,836	14,990

Notes to the Financial Statements

10.7 Capital Work In Progress

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
As at 01 April	21,380	895	2,379	895
Additions during the year	114,622	21,380	114,622	2,379
Transferred to property, plant and equipment during the year	(2,379)	(895)	(2,379)	(895)
	133,623	21,380	114,622	2,379

11 RIGHT OF USE ASSETS / LEASES

Amounts recognised in the Statement of Financial Position and Income Statement for the year ended 31 March 2025.

11.1 Right of Use Assets

As at 31 March	Group		Company	
	Land & Buildings		Land & Buildings	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
As at 01 April	12,345	15,112	10,444	13,110
De-recognition	(8,222)		(8,222)	
Amortisation of right of use assets	(2,322)	(2,767)	(2,222)	(2,666)
	1,801	12,345	-	10,444

11.2 Lease Liabilities

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
As at 01 April	21,701	24,216	17,207	19,851
Interest cost	2,147	2,811	1,670	2,335
Payments	(4,792)	(5,326)	(4,792)	(4,979)
De-recognition	(14,085)	-	(14,085)	-
	4,971	21,701	-	17,207
Repayable within one year	146	3,373	-	3,259
Repayable after one year	4,825	18,328	-	13,948

11.3 Amounts Recognised in the Income Statement relating to Right of Use Assets

Following are the amounts recognised in the Income Statement for the year ended 31 March 2025.

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Amounts recognised in the income statement				
Amortisation of right of use assets	2,322	2,767	2,222	2,666
Interest expense/ (reversal) on lease liabilities	(3,734)	2,811	(4,211)	2,335
	(1,412)	5,578	(1,989)	5,001

The table below summarises the maturity profile of the Group's/Company's lease liabilities based on contractual undiscounted payments:

Group	0 - 1 year Rs. '000	1 to 2 years Rs. '000	2 to 5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
As at 31 March 2025	596	596	1,788	5,366	8,346
As at 31 March 2024	5,694	5,955	12,843	8,640	33,132

Company	0 - 1 year Rs. '000	1 to 2 years Rs. '000	2 to 5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
As at 31 March 2024	5,229	5,490	11,291	-	22,010

Since the company has de-recognised its right of use asset, there are no contractual undiscounted lease payments as at 31 March 2025.

Notes to the Financial Statements

12 INTANGIBLE ASSETS

12.1 Group

As at 31 March	Group					Total 2025 Rs. '000	Total 2024 Rs. '000
	Patents and Trade Marks	ERP System	Development Cost	Computer Software			
	Rs. '000	Rs. '000	Rs. '000	Rs. '000			
Cost							
As at 01 April	-	16,384	41,325	1,389		59,098	57,709
Additions	28,658	-	-	-		28,658	1,389
As at 31 March	28,658	16,384	41,325	1,389		87,756	59,098
Amortisation							
As at 01 April	-	11,787	17,218	175		29,180	21,508
Amortisation during the year	4,299	3,365	4,132	347		12,143	7,672
As at 31 March	4,299	15,152	21,350	522		41,323	29,180
Net book value							
As at 31 March	24,359	1,232	19,975	867		46,433	29,918

12.2 Company

As at 31 March	Company		
	ERP System	Total 2025	Total 2024
	Rs. '000	Rs. '000	Rs. '000
Cost			
As at 01 April	16,384	16,384	16,384
Additions	-	-	-
As at 31 March	16,384	16,384	16,384
Amortisation			
As at 01 April	11,787	11,787	8,422
Amortisation during the year	3,365	3,365	3,365
As at 31 March	15,152	15,152	11,787
Net book value			
As at 31 March	1,232	1,232	4,597

No impairment has been recognised on intangible assets.

13 INVESTMENT IN SUBSIDIARIES

As at 31 March	Holding %		No. of shares		Company	
	2025	2024	2025	2024	2025	2024
					Rs. '000	Rs. '000
Unquoted						
Bonterra Ltd	50	50	803,400	803,400	8,034	8,034
Creative Polymats (Pvt) Ltd	74	74	22,500,000	22,500,000	225,000	225,000
			23,303,400	23,303,400	233,034	233,034

13.1 Summarised Financial Information of Subsidiaries**13.1.1 Summarised Statement of Profit or Loss:**

For the year ended 31 March	Creative Polymats (Pvt) Ltd		Bonterra Ltd		Total	
	2025	2024	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Group share of:						
Revenue from contracts with customers	796,155	898,104	1,697,469	1,428,990	2,493,624	2,327,094
Cost of sales	(610,462)	(652,558)	(1,349,182)	(1,122,150)	(1,959,644)	(1,774,708)
Other income	1,824	2,154	9	-	1,833	2,154
Selling and distribution expenses	(65,693)	(61,279)	(9,064)	(16,445)	(74,757)	(77,724)
Administrative expenses	(61,354)	(32,259)	(142,457)	(106,809)	(203,811)	(139,068)
Net financial income/(expenses)	(42,021)	(79,886)	6,416	13,267	(35,605)	(66,619)
Profit before tax	18,449	74,276	203,191	196,853	221,640	271,129
Income tax	(10,044)	(23,258)	(52,206)	(55,407)	(62,250)	(78,665)
Profit for the year	8,405	51,018	150,985	141,446	159,390	192,464

The above shown information is based on amounts before inter-company eliminations.

Notes to the Financial Statements

13.1.2 Summarised statement of financial position:

As at 31 March	Creative Polymats (Pvt) Ltd		Bonterra Ltd		Total	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Group share of:						
Non-current assets	257,480	284,476	143,823	132,476	401,303	416,952
Current assets, including cash in hand and at bank	704,552	820,552	745,547	611,504	1,450,099	1,432,056
Total assets	962,032	1,105,028	889,370	743,980	1,851,402	1,849,008
Total Equity	406,738	398,305	337,160	313,822	743,898	712,127
Non-current liabilities	27,350	29,232	35,455	29,093	62,805	58,325
Current liabilities, including trade and other payable	527,944	677,491	516,755	401,065	1,044,699	1,078,556
Total liabilities	555,294	706,723	552,210	430,158	1,107,504	1,136,881
Total equity and liabilities	962,032	1,105,028	889,370	743,980	1,851,402	1,849,008

The above shown information is based on amounts before inter-company eliminations.

13.1.3 Summarised Statement of Cash Flows

For the year ended 31 March	Creative Polymats (Pvt) Ltd		Bonterra Ltd		Total	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Cash flows from operating activities	240,840	(181,336)	79,558	266,177	320,398	84,841
Cash flows from investing activities	(1,586)	(26,776)	(32,639)	(4,344)	(34,225)	(31,120)
Cash flows from financing activities	916	(2,917)	(77,707)	(192,486)	(76,791)	(195,403)

This information is based on amounts before inter-company eliminations.

14 GROUP/COMPANY - OTHER NON CURRENT FINANCIAL ASSETS

As at 31 March	2025 Rs. '000	2024 Rs. '000
Equity instruments designated at fair value through OCI		
As at 01 April	142,895	129,908
Net gain/(loss)	1,367	12,987
As at 31 March	144,262	142,895

Equity instruments designated at fair value through OCI (FVOCI) consist of Investment in Toyo Cushion Lanka (Pvt) Ltd and Rileys (Pvt) Ltd as at 31 March 2025. The Investment in Toyo Cushion Lanka (Pvt) Ltd and Rileys (Pvt) Ltd have been valued using Cash Flow Models.

14.1 Rileys (Pvt) Ltd

As at 31 March	Company	
	2025 Rs. '000	2024 Rs. '000
As at 01 April	32,324	63,025
Net gain/(loss)	(7,276)	(30,701)
As at 31 March	25,048	32,324

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Equity securities	FVOCI investments in equity securities are valued by using the cash flow model.	* Forecast annual revenue growth rate (2025: 15%; 2024: 20%)	The estimate fair value would increase/ (decrease) if:
		* Forecast EBITDA margin (2025: 3%; 2024: 6%)	* The annual revenue growth rate were higher/ (lower)
		* Discount rate (2025: 15%; 2024: 16%)	* The EBITDA margin were higher/(lower) * The discount rate were lower/(higher)

14.2 Toyo Cushion Lanka (Pvt) Ltd

As at 31 March	Company	
	2025 Rs. '000	2024 Rs. '000
As at 01 April	110,571	66,883
Net gain/(loss)	8,643	43,688
As at 31 March	119,214	110,571

Notes to the Financial Statements

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Equity securities	FVOCI investments in equity securities are valued by using the cash flow model.	* Forecast annual revenue growth rate (2025: 14%; 2024: 8%)	The estimate fair value would increase/ (decrease) if:
			* The annual revenue growth rate were higher/ (lower)
		* Forecast EBITDA margin (2025: 11%; 2024: 13%)	* The EBITDA margin were higher/(lower)
		* Discount rate (2025: 15%; 2024: 14%)	* The discount rate were lower/(higher)

14.3 Sensitivity Analysis

For the fair values of equity securities - Equity instruments designated at fair value through OCI (FVOCI), reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

Un-quoted Equity Instruments Designated at Fair Value through OCI

	2025		2024	
	Increase Rs. '000	Decrease Rs. '000	Increase Rs. '000	Decrease Rs. '000
Effect to the other comprehensive income				
Annual revenue growth rate (±0.5%)	21,769	(21,769)	16,038	(16,028)
EBITDA margin (±0.25%)	1,053	(1,053)	964	(964)
Discount rate (±0.25%)	(3,327)	3,451	(4,083)	4,257

15 FINANCIAL ASSETS & FINANCIAL LIABILITIES

15.1 Financial Assets

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Equity instruments designated at fair value through OCI				
Rileys (Pvt) Ltd	25,048	32,324	25,048	32,324
Toyo Cushion Lanka (Pvt) Ltd	119,214	110,571	119,214	110,571
Total non-current financial assets	144,262	142,895	144,262	142,895
Loans and receivables				
Trade & other receivables	1,058,403	1,134,448	543,262	749,176
Amounts due from other related companies	465,254	706,317	177,942	255,863
Cash in hand and at bank	146,816	62,434	19,605	23,654
Total current financial assets	1,670,473	1,903,199	740,809	1,028,693
Carrying value of financial assets	1,814,735	2,046,094	885,071	1,171,588
Fair value of financial assets	1,814,735	2,046,094	885,071	1,171,588

15.2 Financial Liabilities

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Financial liabilities measured at amortised cost				
Trade & other payables	547,397	600,307	198,843	262,322
Amounts due to other related companies	92,875	146,378	89,710	164,511
Current portion of interest bearing borrowings	313,333	6,667	313,333	6,667
Bank overdrafts and short-term borrowings	1,279,267	1,068,502	674,324	400,698
Carrying value of financial liabilities	2,232,872	1,821,854	1,276,210	834,198
Fair value of financial liabilities	2,232,872	1,821,854	1,276,210	834,198

The management has assessed that, cash in hand and at bank, short-term investments, amounts due from related parties, trade and other receivables, trade and other payables, amounts due to related parties and bank overdrafts approximate to their fair value largely due to the short-term maturities of these instruments. The fair value of loans and receivables and financial liabilities does not significantly vary from the value based on the amortised cost methodology for the Group/Company.

15.3 Fair Value Hierarchy

The Group/Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Notes to the Financial Statements

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

The Group/Company held the following financial instruments carried at fair value in the Statement of Financial Position.

Assets Measured at Fair Value

As at 31 March	2025 Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000
Freehold lands carried at fair value (Note 10)	218,225	-	-	218,225
Unquoted equity shares - financial assets designated at FVOCI (Note 14)	144,262	-	-	144,262

As at 31 March	2024 Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000
Freehold lands carried at fair value (Note 10)	207,136	-	-	207,136
Unquoted equity shares - financial assets designated at FVOCI (Note 14)	142,895	-	-	142,895

During the reporting period ended 31st March 2025, there were no transfers between Level 1 and Level 2 fair value measurements.

16 INVENTORIES

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Raw materials and consumables*	618,464	621,637	230,317	324,196
Finished goods	23,623	39,441	10,888	10,146
Spares stocks	73,769	62,719	37,957	27,573
Working-in-progress	59,018	76,956	39,652	51,110
	774,874	800,753	318,814	413,025
Less: Provision for write down of inventories (Note 16.1)	(50,893)	(38,119)	(31,500)	(29,043)
	723,981	762,634	287,314	383,982

*Cair fibre inventory amounts to Rs. 175 million (2,853 tons in quantity). Inherent nature of the inventories, requires use of estimation techniques and judgments in ascertaining the physical quantities of inventories.

16.1 Movement in the Provision for Write Down of Inventories

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
As at 01 April	38,119	24,505	29,043	14,347
Provision made/(reversed) during the year	12,774	13,614	2,457	14,696
	50,893	38,119	31,500	29,043

17. TRADE AND OTHER RECEIVABLES

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Trade receivables (Note 17.1)	1,043,417	1,115,657	529,870	731,375
Deposits and prepayments	35,293	35,215	16,521	16,504
Advance to suppliers	85,840	119,250	60,081	3,529
Other receivables	14,986	18,791	13,392	17,801
	1,179,536	1,288,913	619,864	769,209

17.1 Trade Receivables

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Gross trade receivables	1,058,874	1,173,432	531,027	779,248
Less: Provision for doubtful debts (Note 17.1 (a))	(15,457)	(57,775)	(1,157)	(47,873)
Net trade receivables	1,043,417	1,115,657	529,870	731,375

17.1 (a) Movement in the Provision for Doubtful Debts

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
As at 01 April	57,775	32,754	47,873	12,361
Provision made during the year	7,046	47,932	1,157	47,873
Provision reversed during the year	(49,364)	(22,911)	(47,873)	(12,361)
As at 31 March	15,457	57,775	1,157	47,873

Notes to the Financial Statements

17.2 The Aging Analysis of Trade Receivables is as follows:

Group	Past due but not impaired					Total (Gross)	Provisions	Total (Net)
	Neither past due nor impaired	<60 Days	61-120 Days	121-180 Days	>180 Days			
	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn
As at 31 March 2025	498.75	469.16	71.52	3.98	15.45	1,058.86	(15.45)	1,043.41
As at 31 March 2024	722.11	330.53	57.13	5.88	57.77	1,173.42	(57.77)	1,115.65

Company	Past due but not impaired					Total (Gross)	Provisions	Total (Net)
	Neither past due nor impaired	<60 Days	61-120 Days	121-180 Days	>180 Days			
	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn
As at 31 March 2025	165.74	316.85	47.28	-	1.15	531.02	(1.15)	529.87
As at 31 March 2024	491.25	195.49	40.75	3.88	47.87	779.24	(47.87)	731.37

18. OTHER CURRENT ASSETS

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Other tax receivables	-	440	-	-
Withholding tax refunds	886	20	846	-
VAT receivables	11,762	12,247	3,434	3,962
	12,648	12,707	4,280	3,962

19. AMOUNTS DUE FROM OTHER RELATED COMPANIES

As at 31 March	Relationship	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Quality Seed Co. (Pvt) Ltd	Affiliate	3,857	4,945	3,857	4,945
Toyo Cushion Lanka (Pvt) Ltd	Affiliate	254,846	188,439	26,145	39,129
Ravi Industries Ltd	Affiliate	-	88	-	88
Volanka Exports Ltd	Affiliate	65,466	67,024	65,466	67,024
Advantis Projects & Engineering (Pvt) Ltd	Affiliate	-	-	-	50
Chas P Hayley & Co. (Pvt) Ltd	Affiliate	40,146	19,765	31,361	11,975
Haymat (Pvt) Ltd	Affiliate	-	3,688	-	-
Rileys (Pvt) Ltd	Affiliate	15,422	214,069	5,582	-
Singer (Sri Lanka) PLC	Affiliate	85,517	85,630	-	-
Haycarb USA, INC	Affiliate	-	122,669	-	122,669
Bonterra Ltd	Subsidiary	-	-	45,531	9,983
		465,254	706,317	177,942	255,863

20. CASH IN HAND AND AT BANK

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Cash in hand	586	486	336	236
Cash at bank	146,230	61,948	19,269	23,418
Cash in hand and at bank	146,816	62,434	19,605	23,654

21. STATED CAPITAL

As at 31 March	No. of Shares		Company	
	2025	2024	2025 Rs. '000	2024 Rs. '000
Fully paid ordinary shares	24,000,000	24,000,000	80,000	80,000

Notes to the Financial Statements

22. RESERVES

As at 31 March	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Other components of equity					
Revaluation reserves	22.1	30,643	22,881	30,643	22,881
Fair value reserves of financial assets designated at FVOCI		88,087	87,130	88,087	87,130
		118,730	110,011	118,730	110,011
Amalgamation reserves					
Amalgamation revenue reserves	22.3	36,625	36,625	36,625	36,625
Amalgamation capital reserves	22.3	14,000	14,000	14,000	14,000
		50,625	50,625	50,625	50,625
Retained earnings	22.2	1,116,011	1,156,513	864,037	921,856
		1,285,366	1,317,149	1,033,392	1,082,492

22.1 Revaluation Reserves

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
As at 01 April	22,881	22,881	22,881	22,881
Revaluation surplus during the year	11,089	-	11,089	-
Income tax effect on revaluation surplus	(3,327)	-	(3,327)	-
As at 31 March	30,643	22,881	30,643	22,881

22.2 Retained Earnings

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
As at 01 April	1,156,513	1,183,633	921,856	992,786
Profit/(loss) for the year	(42,694)	(25,279)	(60,162)	(69,787)
Re-measurement gain/(loss) on employee benefit obligations	589	(2,630)	804	(1,633)
Income tax on other comprehensive income	(177)	789	(241)	490
Unclaimed dividends	1,780	-	1,780	-
As at 31 March	1,116,011	1,156,513	864,037	921,856

22.3 Amalgamation reserves consist of net surplus arisen from the amalgamation as per the provisions for amalgamation, in the Companies Act No. 07 of 2007.

23. LONG-TERM INTEREST BEARING BORROWINGS

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
As at 01 April	320,000	33,752	320,000	-
New loan obtained	-	320,000	-	320,000
Repayments	(6,667)	(33,752)	(6,667)	-
Effect of movements in exchange rates	-	-	-	-
At the end of the year	313,333	320,000	313,333	320,000
Repayable within one year	313,333	6,667	313,333	6,667
Repayable after one year	-	313,333	-	313,333

23.1 Analysis of Long-Term Borrowings by Year of Repayment

Group	On demand Rs. '000	1 to 2 years Rs. '000	2 to 5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
As at 31 March 2025	313,333	-	-	-	313,333
As at 31 March 2024	-	80,004	233,329	-	313,333

Company	On demand Rs. '000	1 to 2 years Rs. '000	2 to 5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
As at 31 March 2025	313,333	-	-	-	313,333
As at 31 March 2024	-	80,004	233,329	-	313,333

24.2 Long Term Borrowings Repayable After One Year

Company	Lender/Rate of Interest %	Repayment Terms	2025 Rs. '000	2024 Rs. '000
Hayleys Fibre PLC	HSBC (SLF+2.25%)	48 Monthly installments commenced from March 2025	313,333	313,333
			313,333	313,333

Notes to the Financial Statements

24. DEFERRED TAXATION

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Deferred tax assets (Note 24.1)	(55,864)	-	(55,864)	-
Deferred tax liabilities (Note 24.1)	49,116	54,016	-	6,207
As at 31 March	(6,748)	54,016	(55,864)	6,207

24.1 Net Deferred Tax Liabilities

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
As at 01 April	54,016	39,477	6,207	16,697
Deferred tax recognised in profit or loss	(64,608)	11,659	(66,049)	(13,878)
Deferred tax recognised in other comprehensive income	3,844	2,880	3,978	3,388
As at 31 March	(6,748)	54,016	(55,864)	6,207

24.2 The closing deferred tax assets and liabilities are related to the following:

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Deferred tax assets				
Employee benefit obligations	(13,659)	(11,246)	(11,070)	(9,352)
Amortisation of intangible assets for tax purposes	(3,311)	(2,639)	(3,370)	(2,607)
Effect of unrealised exchange gain	-	(9,128)	-	(6,401)
Effect of transition to SLFRS 16	(951)	(2,807)	-	(2,029)
Losses available for off-setting against future taxable income	(109,072)	(25,518)	(109,072)	(25,518)
	(126,993)	(51,338)	(123,512)	(45,907)
Deferred tax liabilities				
Accelerated depreciation for tax purposes	88,665	79,294	36,011	27,087
Amortisation of intangible assets for tax purposes	-	1,033	-	-
Effect of transition to SLFRS 16	241	-	241	-
Revaluation on freehold land	13,400	10,073	13,400	10,073
Revaluation of financial assets designated at FVOCI	15,364	14,954	15,364	14,954
Effect of unrealised exchange gain	2,575	-	2,632	-
	120,245	105,354	67,648	52,114
Net deferred tax liabilities	(6,748)	54,016	(55,864)	6,207

The Company has tax losses amounting to Rs. 364 million (2023 - Rs. 85 million) available to offset against future taxable profits and has utilised for recognition of these losses as deferred tax assets.

As per the Gazette Notification No. 2064/53 issued by the Department of Inland Revenue in relation to the transitional provisions, any unclaimed loss as at 31 March 2018 is deemed to be a loss incurred for the year of assessment commencing on or after 01 April 2018 and shall be carried forward up to 6 years.

25. EMPLOYEE BENEFIT OBLIGATIONS

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
As at 01 April	37,489	32,350	31,176	25,175
Current service cost	3,891	3,228	2,080	1,732
Interest cost	4,467	5,082	3,748	4,232
Transfers	124	-	124	-
Re-measurement (gain)/ loss on employee benefit obligations	(356)	3,325	(804)	1,633
	45,615	43,985	36,324	32,772
Employee benefits paid	(887)	(6,496)	(228)	(1,596)
As at 31 March	44,728	37,489	36,096	31,176

25.1 Expense recognised during the year in the Statement of Profit or Loss

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Current service cost	3,891	3,228	2,080	1,732
Interest cost	4,467	5,082	3,748	4,232
	8,358	8,310	5,828	5,964
Re-measurement (gain)/loss recognised in other comprehensive income	(356)	3,325	(804)	1,633

25.2 LKAS 19 - requires the use of actuarial techniques to make a reliable estimate of the amount of employee benefit that employees have earned in return for their service in the current and prior periods and discount the benefit using the Projected Unit Credit Method in order to determine the present value of the employee benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure.

The key assumptions used in determining the cost of employee benefits were:

Rate of discount	11% (2024 : 12%)
Rate of salary increase	10% (2024 : 11%)
Retirement age	60 years as specified by the Company (2024 : 55-60 Years)
Mortality	Based on A1967/70 mortality table.

Notes to the Financial Statements

Employee contribution plans - EPF/ETF

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The Companies contribute the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund and to the Employees' Trust Fund respectively, which are externally funded.

Employee defined benefit plan - Gratuity

The liability recognized in the statement of financial position is the present value of the defined benefit obligation as at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognized immediately in other comprehensive income. 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 obligation is not externally funded.

Accounting judgments, estimates and assumptions employee benefit liability - Gratuity

The employee benefit liability of the Group is based on the actuarial valuation carried out by independent actuarial specialists. The actuarial valuations are involved with assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The demographic assumptions underlying the valuations are with respect to retirement age, early withdrawals from service and retirement on medical grounds.

The present value of employee benefit obligation is carried on annual basis.

The following payments are expected from the defined benefit plan obligation in future years.

25.3 Distribution of Employee Benefit Obligation Over Future Working Lifetime

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Expected future working life				
Within the next twelve months	2,051	1,517	1,218	964
Between one to five years	17,353	15,266	14,370	12,932
Between five to ten years	15,028	12,692	13,500	11,741
More than ten years	10,296	8,014	7,008	5,539
As at 31 March	44,728	37,489	36,096	31,176

The Company's weighted average duration of the defined benefit plan obligation at the end of the reporting period is 7.3 years.

25.4 Sensitivity Analysis - Salary Escalation Rate and Discount Rate

Values appearing in the financial statements are very sensitive to the changes of financial and non financial assumptions used. The sensitivity was carried for the rate of wage increment & salary increment and discount rate. Simulation made for Employee benefit obligation show that a rise or decrease by 1% of the rate of wage & salary and discount rate have the following changes related to Employee benefit obligation.

As at 31 March	Group		Company	
Salary escalation rate	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
1% Increase	48,350	40,638	38,788	33,659
1% Decrease	41,467	34,652	33,630	28,908

As at 31 March	Group		Company	
Rate of discount	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
1% Increase	41,688	34,836	33,806	29,059
1% Decrease	48,153	40,475	38,631	33,524

26. SHORT-TERM INTEREST-BEARING BORROWINGS

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Bank overdrafts (Note 26.1)	469,176	180,190	442,933	117,995
Short-term loans (Note 26.2)	810,091	888,312	231,391	282,703
	1,279,267	1,068,502	674,324	400,698

Notes to the Financial Statements

26.1 Bank Overdrafts

Company	Bank Name	2025 Rs. '000	2024 Rs. '000	Security
Hayleys Fibre PLC	Hatton National Bank PLC - LKR	8,978	-	Unsecured
	Hong Kong and Shanghai Banking Corporation Ltd - USD	96,043	52,956	Unsecured
	Hong Kong and Shanghai Banking Corporation Ltd - LKR	337,912	65,039	Unsecured
Bonterra Ltd	Hong Kong and Shanghai Banking Corporation Ltd - LKR	26,157	385	Unsecured
Creative Polymats (Pvt) Ltd	Hatton National Bank PLC - LKR	86	24,868	Unsecured
	Sampath Bank PLC - LKR	-	23,047	Unsecured
	Seylan Bank PLC - LKR	-	13,895	Unsecured
		469,176	180,190	

26.2 Short-term Loans

Company	Bank Name	2025 Rs. '000	2024 Rs. '000	Security
Hayleys Fibre PLC	Hatton National Bank PLC - USD	44,512	60,100	Export Orders
	Hatton National Bank PLC - EUR	111,879	222,603	Export Orders
	Hatton National Bank PLC - LKR	75,000	-	Export Orders
Bonterra Ltd	Hatton National Bank PLC - USD	118,700	125,609	Export Orders
	Hatton National Bank PLC - LKR	65,000	-	Stock & debtors
Creative Polymats (Pvt) Ltd	Commercial Bank PLC - LKR	75,000	70,000	Stock & debtors
	Sampath Bank PLC - LKR	195,000	235,000	Stock & debtors
	Hatton National Bank PLC - LKR	50,000	100,000	Stock & debtors
	Seylan Bank PLC - LKR	75,000	75,000	Stock & debtors
		810,091	888,312	

27 TRADE & OTHER PAYABLES

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Trade payables	196,957	137,839	60,093	57,224
Accruals and other payables	335,191	391,294	123,501	188,077
Dividend payables	-	54,153	-	-
Unclaimed dividends	15,249	17,021	15,249	17,021
	547,397	600,307	198,843	262,322

28. OTHER CURRENT LIABILITIES

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Advances (Contract liabilities)	23,866	26,301	7,438	7,720
Other tax payable	12,569	15,650	-	-
	36,435	41,951	7,438	7,720

29. AMOUNTS DUE TO OTHER RELATED COMPANIES

As at 31 March		Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
	Relationship				
Hayleys PLC	Parent	10,629	15,336	6,678	8,288
Charles Fibres (Pvt) Ltd	Affiliate	192	110,610	8,324	131,537
Haymat (Pvt) Ltd	Affiliate	16,356	-	10,336	1,812
Ravi Industries Ltd	Affiliate	3,923	-	4,185	-
Hayelys Agriculture Holdings Ltd	Affiliate	1,156	1,044	770	1,044
Hayleys Aventura (Pvt) Ltd	Affiliate	1,886	-	1,013	-
Mabroc Teas (Pvt) Ltd	Affiliate	-	9	-	-
Creative Polymats (Pvt) Ltd	Subsidiary	-	-	1,210	683
COSCO Shipping Lines Lanka (Pvt) Ltd	Affiliate	1,691	-	1,510	-
Advantis Projects & Engineering (Pvt) Ltd	Affiliate	46,855	39	46,766	-
Advantis Express (Pvt) Ltd	Affiliate	92	44	92	-
Hayleys Free Zone Ltd	Affiliate	-	345	-	-
Energynet (Pvt) Ltd	Affiliate	906	-	906	-
Clarion Shipping (Pvt) Ltd	Affiliate	-	4,735	-	4,735
Kelani Valley Plantations PLC	Affiliate	15	67	15	31
Hayleys Travels (Pvt) Ltd	Affiliate	2,473	257	2,335	144
The Kingsbury PLC	Affiliate	-	351	-	56
Haycarb USA, INC	Affiliate	1,668	-	1,588	-
Haycarb PLC	Affiliate	-	600	-	600
Advantis Freight (Pvt) Ltd	Affiliate	3,717	8,076	2,217	7,497
Puritas (Pvt) Ltd	Affiliate	562	576	26	92
Hayleys Business Solutions International (Pvt) Ltd	Affiliate	633	264	166	34
Volanka (Pvt) Ltd	Affiliate	121	4,025	1,573	1,453
Rileys (Pvt) Ltd	Affiliate	-	-	-	6,505
		92,875	146,378	89,710	164,511

Notes to the Financial Statements

30. INCOME TAX

30.1 Income Tax Recoverable

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Income tax recoverable	12,799	12,799	12,799	12,799

30.2 Income Tax Payable

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
As at 01 April	(91)	41,811	(12,799)	20,037
Taxation on current year's profit	60,310	52,908	-	-
Tax on dividend	9,246	9,556	-	-
Payments made during the year	(54,334)	(104,366)	-	(32,836)
Net income tax payable/(recoverable)	15,131	(91)	(12,799)	(12,799)
Income tax recoverable	12,799	12,799	12,799	12,799
As at 31 March	27,930	12,708	-	-

31. PRINCIPAL SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTEREST

Summarized financial information in respect of Hayleys Fibre PLC's subsidiaries that have material non controlling interest, reflecting amount after inter-company eliminations, is set out below.

The significant figures extracted from the financials of subsidiaries with material-non controlling interest

As at 31 March	Creative Polymats (Pvt) Ltd		Bonterra Ltd	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Revenue	796,155	898,104	1,697,469	1,428,990
Profit before tax	18,449	74,276	203,191	196,853
Cash flows from operating activities	240,840	(181,336)	79,558	266,177
Cash flows from investing activities	(1,586)	(26,776)	(32,639)	(4,344)
Cash flows from financing activities	916	(2,917)	(77,707)	(192,486)

As at 31 March	Creative Polymats (Pvt) Ltd		Bonterra Ltd	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Non-current assets	278,325	305,321	143,543	125,744
current assets	714,352	820,552	745,547	611,504
Total assets	992,677	1,125,873	889,090	737,248
Non-current liabilities	27,350	29,232	35,471	29,275
Current liabilities	537,744	677,491	516,419	392,935
Total liabilities	565,094	706,723	551,890	422,210
Equity attributable to the owners of the company	316,410	310,171	168,600	157,519
Non-controlling interest	111,173	108,979	168,600	157,519
Non-controlling interest in %	26	26	50	50

32 CAPITAL EXPENDITURE COMMITMENTS

There were no material commitments which required disclosure as at the date of the balance sheet.

33 CONTINGENT LIABILITIES

The Group/Company does not have significant contingent liabilities as at the reporting date. (2024: Nil)

34 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel compensation

Key management personnel comprise of Directors of the Company and details of Directors fees are given in note 7 to the Financial Statements.

Other transactions with key management personnel

Directors of the Company hold 0.01% of the voting Shares of the Company.

Transactions with key management personnel and their related parties have been conducted on relevant commercial terms with the respective parties.

Notes to the Financial Statements

35 EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the balance sheet date which required adjustment to or disclosure in the financial statements.

36 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from financial instruments :

- 1 Credit Risk
- 2 Liquidity Risk
- 3 Operational Risk
- 4 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 Group financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework as described in detailed in Risk Management Report on pages 34 to 38.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks, 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 Management 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 taken prior to the export.

More than 85 percent of the Company's customers have been transacting with the Company for over five years, and no significant impairment loss has been recognised against these customers. 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 whole sale customers. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the Management and future sales are made on a prepayment basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Company of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The maximum exposure to credit risk for trade and other receivables as at the reporting date by currency wise is as follows:

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Rupees	238,984	234,104	89,400	37,835
USD	585,720	453,531	203,047	139,070
GBP	9,147	-	2,816	-
EUR	345,685	591,570	324,601	582,596
RMB	-	9,708	-	9,708
	1,179,536	1,288,913	619,864	769,209

Investments

Credit risk from investments in equity market and balances with the financial institutions are managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counter-parties and within credit limits assigned to each counter-party. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counter-party's failure.

Cash in Hand and at Bank

The Group and Company held cash in hand and at bank of Rs. 147 million and Rs. 20 million respectively as at 31 March 2025 (2023/24 - Rs. 62 million and Rs. 24 million) which represents its maximum credit exposure on these assets.

Notes to the Financial Statements

Respective credit ratings of banks where cash balances held are as follows;

- People's Bank - AA- (lka)
- Standard Chartered Bank - AAA (lka)
- Hong Kong and Shanghai Banking Corporation Ltd - AA-
- Hatton National Bank PLC - AA- (lka)
- Seylan Bank PLC - A+ (lka)
- National Development Bank PLC - A (lka)
- Sampath Bank PLC - AA- (lka)
- Commercial Bank PLC - AA- (lka)
- Bank of Ceylon - AA- (lka)

Source -<http://www.fitchratings.com>

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.

Maturity Analysis

The table below summarises the maturity profile of the Group/Company financial liabilities as at 31 March 2025 based on contractual undiscounted payments.

As at 31 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
Group						
Interest-bearing loans and borrowings	313,333	1,279,267	-	-	-	1,592,600
Trade and other payables	18,399	328,197	43,086	157,715	-	547,397
Amounts due to other related companies	3,369	89,506	-	-	-	92,875
	335,187	1,696,884	43,086	157,715	-	2,232,872
Company						
Interest-bearing loans and borrowings	313,333	674,324	-	-	-	987,657
Trade and other payables	-	172,108	13,114	13,621	-	198,843
Amounts due to other related companies	-	89,710	-	-	-	89,710
	313,333	936,142	13,114	13,621	-	1,276,210

As at 31 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
Group						
Interest-bearing loans and borrowings	-	588,502	486,667	313,333	-	1,388,502
Trade and other payables	-	336,077	107,398	72,884	83,948	600,307
Amounts due to other related companies	-	145,213	829	336	-	146,378
	-	1,069,792	594,894	386,553	83,948	2,135,187
Company						
Interest-bearing loans and borrowings	-	400,698	6,667	313,333	-	720,698
Trade and other payables	-	209,368	26,532	21,870	4,552	262,322
Amounts due to other related companies	-	164,511	-	-	-	164,511
	-	774,577	33,199	335,203	4,552	1,147,531

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance when this is effective

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 at FVOCI/available-for-sale investments 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.

Notes to the Financial Statements

Interest Rate Risk

Interest Rate is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group mainly borrows in the short term to fund its working capital requirement which are linked and floating interest rates. For other funding needs the Group maintains a proper mix of fixed and floating interest rates based on the predictability of future cash flows.

	Increase / (decrease) in basis point	Group Effect on profit before tax Rs. '000	Company Effect on profit before tax Rs. '000
2025			
	+150	(19,189)	(10,115)
	-150	19,189	10,115
2024			
	+150	(18,761)	(6,010)
	-150	18,761	6,010

Foreign Currency Risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group, primarily the Euro, US Dollars (USD), Sterling Pound (GBP) and Chinese Renminbi (RMB). The currencies in which these transactions primarily are denominated are EUR, USD, GBP and RMB.

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in the US Dollars (USD), Sterling Pound (GBP), Euro and Chinese Renminbi (RMB) exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to change in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency change for all other currencies is not material.

	Increase / decrease in Exchange Rate	Effect on Profit Before Tax	
		Group Rs. '000	Company Rs. '000
2025			
USD	+5%	6,898	467
EUR	+5%	11,014	10,230
GBP	+5%	460	5
RMB	+5%	1,813	1,813
USD	-5%	(6,898)	(467)
EUR	-5%	(11,014)	(10,230)
GBP	-5%	(460)	(5)
RMB	-5%	(1,813)	(1,813)

	Increase / (decrease) in Exchange Rate	Effect on Profit Before Tax	
		Group Rs. '000	Company Rs. '000
2024			
USD	+5%	2,655	(2,598)
EUR	+5%	12,079	11,947
GBP	+5%	5	5
RMB	+5%	1,813	1,813
USD	-5%	(2,655)	2,598
EUR	-5%	(12,079)	(11,947)
GBP	-5%	(5)	(5)
RMB	-5%	(1,813)	(1,813)

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 Group's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

Equity price Risk

The Group's listed 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 Group Management Committee.

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, reserve, retained earnings. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group's net debt to adjusted equity ratio at the reporting date was as follows:

As at 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Long-term interest bearing borrowings	-	313,333	-	313,333
Current portion of interest bearing borrowings	313,333	6,667	313,333	6,667
Short-term interest bearing borrowings	1,279,267	1,068,502	674,324	400,698
	1,592,600	1,388,502	987,657	720,698
Equity	1,645,139	1,663,647	1,113,392	1,162,492
Equity and net debts	3,237,739	3,052,149	2,101,049	1,883,190
Gearing ratio	49%	45%	47%	38%

Notes to the Financial Statements

37. RELATED PARTY TRANSACTIONS

As at 31st March Relationship with the Company	Settlement Rs. '000	Net funds transfer from / (to) related parties Rs. '000	Sales to related parties Rs. '000	Purchases / services from related parties Rs. '000	2025 Amount due from / (due to) related parties Rs. '000	2024 Amount due from / (due to) related parties Rs. '000
Parent :						
Hayleys PLC	106,106	-	-	(104,496)	(6,678)	(8,288)
Subsidiaries :						
Bonterra Ltd	(61,826)	(80,096)	21,150	156,320	45,531	9,983
Creative Polymats (Pvt) Ltd	4	-	-	(531)	(1,210)	(683)
Affiliate :						
Chas P Hayley & Co. (Pvt) Ltd	2,435	495,999	207,130	(686,178)	31,361	11,975
Volanka (Pvt) Ltd	15,478	-	-	(15,598)	(1,573)	(1,453)
Volanka Exports Ltd	-	-	-	(1,558)	65,466	67,024
Toyo Cushion Lanka (Pvt) Ltd	-	(20,737)	9,830	(2,077)	26,145	39,129
Ravi Industries Ltd	3,249	1,088	-	(8,610)	(4,185)	88
Rileys (Pvt) Ltd	59,906	-	-	(47,819)	5,582	(6,505)
Quality Seed Co. (Pvt) Ltd	(12,301)	-	7,487	3,726	3,857	4,945
Haymat (Pvt) Ltd	-	-	-	(8,524)	(10,336)	(1,812)
Haycarb USA, INC	(130,562)	-	8,952	(2,647)	(1,588)	122,669
Haycarb PLC	5,087	-	-	(4,487)	-	(600)
Hayleys Business Solutions International (Pvt) Ltd	125,854	-	-	(125,986)	(166)	(34)
Charles Fibres (Pvt) Ltd	130,091	-	-	(6,878)	(8,324)	(131,537)
Hayleys Agriculture Holdings Ltd	12,103	-	-	(11,829)	(770)	(1,044)
Advantis Projects & Engineering (Pvt) Ltd	-	-	-	(46,816)	(46,766)	50
Puritas (Pvt) Ltd	158	-	-	(92)	(26)	(92)
Clarion Shipping (Pvt) Ltd	4,735	-	-	-	-	(4,735)
COSCO Shipping Lines Lanka (Pvt) Ltd	-	-	-	(1,510)	(1,510)	-
The Kingsbury PLC	655	-	-	(599)	-	(56)
Kelani Valley Plantations PLC	36	-	-	(20)	(15)	(31)
Hayleys Travels (Pvt) Ltd	1,487	-	-	(3,678)	(2,335)	(144)
Advantis Express (Pvt) Ltd	253	-	-	(345)	(92)	-
Hayleys Aventura (Pvt) Ltd	6,935	-	-	(7,948)	(1,013)	-
Energynet (Pvt) Ltd	-	-	-	(906)	(906)	-
Advantis Freight (Pvt) Ltd	9,737	-	-	(4,457)	(2,217)	(7,497)
Singer (Sri Lanka) PLC	(20,963)	-	-	20,963	-	-

37.1 Terms and Conditions of Transactions with Related Parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

37.2 Listing rules applicable to the Related Party Transactions

37.2.1 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 company as per 31 March 2024 audited financial statements, which required additional disclosures in the

2024/2025 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

37.2.2 Recurrent related party transactions

Except for the below, there were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2024 audited financial Statements, which required additional disclosures in the 2024/2025 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

For the year ended 31 March	2025	2024
Name of the company - Chas P Hayleys Co. (Pvt) Ltd		
Aggregate value of transaction during the year (Rs. '000)	686,178	455,981
Aggregate value of transactions as a percentage of net revenue	13%	10%

38 SEGMENT ANALYSIS

The segment information is based on the nature of the businesses carried out by the Group. The management is of the view that the chairman is considered the chief operating decision maker and resources are allocated and performances assessed based on the below mentioned segments.

	Coir Fibre products		Stitched blanket		PU Mattresses and related products		Inter segment		Total	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Revenue										
Total Segmental Revenue	2,280,591	2,826,346	1,697,469	1,428,990	796,155	898,104	(23,473)	(28,359)	4,750,742	5,125,081
Segment Results										
Result from operating activities	(142,555)	(103,702)	196,775	183,586	60,470	154,162	(2,039)	(1,635)	112,651	232,411
Net finance income/(expense)	16,344	20,037	6,416	13,267	(42,021)	(79,886)	(54,045)	(53,254)	(73,306)	(99,836)
Profit/(loss) before tax	(126,211)	(83,665)	203,191	196,853	18,449	74,276	(56,084)	(54,889)	39,345	132,575
Tax expenses	66,049	13,878	(52,206)	(55,407)	(10,044)	(23,258)	(8,747)	(9,336)	(4,948)	(74,123)
Depreciation on property, plant and equipment	31,510	27,374	10,197	9,743	24,358	22,393	-	-	66,065	59,510
Amortisation of intangible assets	3,365	3,365	4,646	175	4,132	4,132	-	-	12,143	7,672
Segment Financial Position										
Total assets	2,433,136	2,372,333	889,363	743,980	971,827	1,105,028	(253,135)	(254,642)	4,041,191	3,966,699
Additions to property, plant and equipment	253,225	167,960	3,981	2,955	1,587	7,429	-	-	258,793	178,344
Additions to intangible assets	-	-	28,658	1,389	-	-	-	-	28,658	1,389
Deferred tax liabilities	-	6,207	31,857	26,651	17,243	20,641	16	517	49,116	54,016
Employee benefit obligations	36,096	31,176	3,350	2,103	5,282	4,210	-	-	44,728	37,489
Trade and other payable	198,843	262,322	234,887	236,473	113,667	101,512	-	-	547,397	600,307
Segment Cash Flows										
Segment cash flows from operating activities	48,589	(622,441)	79,558	266,177	240,840	(181,336)	(18,401)	(18,097)	350,586	(555,697)
Segment cash flows from investing activities	(321,471)	(94,736)	(32,639)	(4,344)	(1,586)	(26,776)	(42,181)	(53,355)	(397,877)	(179,211)
Segment cash flows from financing activities	(56,105)	532,056	(77,707)	(192,486)	916	(2,917)	(22,585)	271,447	(157,313)	608,100

Ten Year Summary

TEN YEAR SUMMARY - GROUP

For the year ended 31 March	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
Trading results										
Revenue	4,750,742	5,125,081	4,388,616	3,698,646	2,000,736	789,625	886,099	562,659	478,976	442,038
Profit/(loss) before taxation	39,345	132,575	465,635	438,933	258,785	177,322	185,475	120,342	278,765*	16,019
Tax expenses	(4,948)	(74,123)	(81,448)	(99,250)	(15,542)	(31,034)	(32,927)	(19,377)	(11,495)	366
Profit/(loss) after taxation	34,397	58,452	384,187	339,683	243,243	146,288	152,548	100,965	267,270*	16,385
Share capital & reserves										
Stated capital	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Other components of equity	118,730	110,011	94,184	85,042	87,541	84,318	75,500	73,151	74,778	240,787
Revenue reserves	1,116,011	1,156,513	1,183,633	1,000,285	901,142	768,501	695,507	595,914	531,945	106,510
Amalgamation reserves	50,625	50,625	50,625	50,625	50,625	50,625	50,625	50,625	50,625	50,625
Equity attributable to equity holders of the Company	1,365,366	1,397,149	1,408,442	1,215,952	1,119,308	983,444	901,632	799,690	737,348	477,922
Non-controlling interest	279,773	266,498	240,244	264,028	228,597	81,426	81,656	-	-	-
Total equity	1,645,139	1,663,647	1,648,686	1,479,980	1,347,905	1,064,870	983,288	799,690	737,348	477,922
Assets less liabilities										
Property, plant & equipment	1,251,797	935,737	796,449	754,508	630,773	484,051	233,933	72,290	64,838	255,293
Investments	144,262	142,895	129,908	120,987	109,368	232,099	176,316	161,704	142,610	146,823
Other non-current assets	104,098	42,263	51,313	73,619	89,690	84,632	16,956	-	-	-
Total non-current assets	1,500,157	1,120,895	977,670	949,114	829,831	800,782	427,205	233,994	207,448	402,116
Current assets	2,541,034	2,845,804	2,056,943	2,462,183	1,508,634	884,878	735,601	662,067	614,392	181,736
Current liabilities	(2,297,383)	(1,879,886)	(1,292,642)	(1,621,840)	(830,631)	(546,772)	(142,344)	(72,758)	(69,157)	(91,298)
Working capital	243,651	965,918	764,304	840,343	678,003	338,106	593,257	589,309	545,235	90,438
Non-current liabilities	(98,669)	(423,166)	(93,285)	(309,477)	(159,929)	(74,018)	(37,174)	(23,613)	(15,335)	(14,632)
Net assets	1,645,139	1,663,647	1,648,686	1,479,980	1,347,905	1,064,870	983,288	799,690	737,348	477,922
Ratios and Other Information										
Basic earnings per share (Rs.)**	(1.78)	(1.05)	12.43	8.25	6.16	6.09	6.05	4.21	11.14	0.68
Net assets per share (Rs.)**	56.89	58.21	58.69	50.66	46.64	40.98	37.26	33.32	30.72	19.91
Current ratio (times)	1.11	1.51	1.59	1.52	1.82	1.62	5.17	9.09	8.88	1.99
Dividend per share - paid (Rs.)	-	-	3.80	4.00	0.58	2.83	2.25	1.33	0.67	-
Dividend payout (%)	-	-	30.57	48.50	9.47	46.53	35.40	31.70	5.99	-
Price earning ratio (times)	(25.91)	(49.62)	4.04	6.68	7.73	14.30	14.17	16.85	5.32	55.66

*PBT 2016/2017 includes a land disposal gain of Rs. 215 million

**All previous years' calculations are adjusted to the share sub division of 1:3 that took place on 10th February 2021 for the purpose of comparison.

Independent Assurance Report for the GRI Standard



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Independent practitioner's assurance report to the Board of Directors of Hayleys Fibre PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2024/25

Scope

We have been engaged by Hayleys Fibre PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Hayleys Fibre PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Hayleys Fibre PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Hayleys Fibre PLC

In preparing the Subject Matter, Hayleys Fibre PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at <https://www.globalreporting.org>

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

Hayleys Fibre PLC's responsibilities

Hayleys Fibre PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Hayleys Fibre PLC on 23 April 2025.

Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G S Manatunga FCA, W K B S P Fernando FCA FCMA, 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 Sajeevani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCCA FCCA MBA (USJ-SL), G B Goudan ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva BSc (Hons) - MIS MSc - IT, V Shalithivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

Independent Assurance Report for the GRI Standard

Description of procedures performed

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. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.

- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

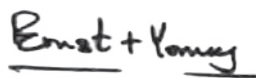
Emphasis of matter

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Hayleys Fibre PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.



29th May 2025
Colombo

GRI Content Index

Statement of use

Hayleys Fibre PLC has reported in accordance with the GRI Standards for the period 1st April 2024 to 31st March 2025

GRI 1 used

GRI 1: Foundation 2021

Applicable GRI Sector Standard(s)

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Require- ment(S) Omitted	Reason	Explanation	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	Inner Back Cover, Pg. 166	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	Pg. 4				
	2-3 Reporting period, frequency and contact point	Pg. 4, 6				
	2-4 Restatements of information	Pg. 4				
	2-5 External assurance	Pg. 5				
	2-6 Activities, value chain and other business relationships	Pg. 60, 82- 84, 86				
	2-7 Employees	Pg. 94				
	2-8 Workers who are not employees	Pg. 94				
	2-9 Governance structure and composition	Pg. 112				
	2-10 Nomination and selection of the highest governance body	Pg. 113				
	2-11 Chair of the highest governance body	Pg. 113				
	2-12 Role of the highest governance body in overseeing the management of impacts	Pg. 121				
	2-13 Delegation of responsibility for managing impacts	Pg. 120				
	2-14 Role of the highest governance body in sustainability reporting	Pg. 118, 119				
	2-15 Conflicts of interest	Pg. 130				
	2-16 Communication of critical concerns	Pg. 46				
	2-17 Collective knowledge of the highest governance body	Pg. 119				
	2-18 Evaluation of the performance of the highest governance body	Pg. 124				
	2-19 Remuneration policies	Pg. 135				
	2-20 Process to determine remuneration	Pg. 113				

GRI Content Index

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Require- ment(S) Omitted	Reason	Explanation	
	2-21 Annual total compensation ratio		2-21 a,b,c	Confidentiality constraints	Confidential information of the company	
	2-22 Statement on sustainable development strategy	Pg. 22-25				
	2-23 Policy commitments	Pg. 44, 45, 95, 96				
	2-24 Embedding policy commitments	Pg. 95				
	2-25 Processes to remediate negative impacts	Pg. 95, 99				
	2-26 Mechanisms for seeking advice and raising concerns	Pg. 99				
	2-27 Compliance with laws and regulations	Pg. 118				
	2-28 Membership associations	Pg. 79				
	2-29 Approach to stakeholder engagement	Pg. 28-30				
	2-30 Collective bargaining agreements	Pg. 95				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Pg. 31	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	Pg. 31-33				
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 62				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Pg. 20				
	201-2 Financial implications and other risks and opportunities due to climate change		201-2 a	Information incomplete	The financial implications due to climate change has not been quantified	
	201-3 Defined benefit plan obligations and other retirement plans	Pg. 174, 175				
	201-4 Financial assistance received from government	-		N/A	The Group does not receive any financial benefit from the Government	

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Require- ment(S) Omitted	Reason	Explanation	
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 92				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Pg. 97				
	202-2 Proportion of senior management hired from the local community	Pg. 96				
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 68				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Pg. 71, 88				
	203-2 Significant indirect economic impacts	Pg.88				
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 80				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Pg. 86				
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 104				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Pg. 106, 107				
	301-2 Recycled input materials used	Pg. 107				
	301-3 Reclaimed products and their packaging materials	Pg. 107				

GRI Content Index

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Require- ment(S) Omitted	Reason	Explanation	
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 104				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Pg. 108, 109				
	302-2 Energy consumption outside of the organization		302-2 a,b,c	Incomplete Data	Several outside energy consumptions are too uncertain	
	302-3 Energy intensity	Pg.109				
	302-4 Reduction of energy consumption	Pg. 109				
	302-5 Reductions in energy requirements of products and services		303-5 a,b,c	Incomplete data		
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 104				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Pg. 110				
	303-2 Management of water discharge-related impacts	Pg. 110				
	303-3 Water withdrawal		303-3 a, b, c, d	Incomplete Data	Not all water sources are measured	
	303-4 Water discharge		303-4 a, b, c, d, e			
	303-5 Water consumption		303-5 a, b, c, d			
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 104				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Pg. 109				
	305-2 Energy indirect (Scope 2) GHG emissions	Pg. 109				
	305-3 Other indirect (Scope 3) GHG emissions	Pg. 109				
	305-4 GHG emissions intensity	Pg. 109				
	305-5 Reduction of GHG emissions	Pg. 109				
	305-6 Emissions of ozone-depleting substances (ODS)		305-6 a,b,c,d	N/A	No emissions activity under this area	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		305-7 a,b,c			

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Require- ment(S) Omitted	Reason	Explanation	
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 104				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Pg. 107,108				
	306-2 Management of significant waste- related impacts	Pg. 107,108				
	306-3 Waste generated	Pg. 108				
	306-4 Waste diverted from disposal	Pg. 108				
	306-5 Waste directed to disposal	Pg. 108				
Supplier environmental assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 80				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Pg. 88	308-1 a	Incomplete data	The Company maintain a weighted average for supplier screening under the environmental practices. Plans to improve the screening process	
	308-2 Negative environmental impacts in the supply chain and actions taken	Pg. 88	308-2 a,b,c,d,e			
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 92				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Pg. 96				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pg. 97				
	401-3 Parental leave	Pg. 97				
Labor/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 92				
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Pg. 99				

GRI Content Index

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Require- ment(S) Omitted	Reason	Explanation	
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 92				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Pg. 100				
	403-2 Hazard identification, risk assessment, and incident investigation	Pg. 100, 101				
	403-3 Occupational health services	Pg. 101				
	403-4 Worker participation, consultation, and communication on occupational health and safety	Pg. 102				
	403-5 Worker training on occupational health and safety	Pg. 102				
	403-6 Promotion of worker health	Pg. 102				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pg. 102				
	403-8 Workers covered by an occupational health and safety management system	Pg.100				
	403-9 Work-related injuries	Pg. 101				
	403-10 Work-related ill health	Pg. 101				
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 92				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Pg. 99				
	404-2 Programs for upgrading employee skills and transition assistance programs	Pg. 98				
	404-3 Percentage of employees receiving regular performance and career development reviews	Pg. 98				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 92, 112				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Pg. 94, 113				
	405-2 Ratio of basic salary and remuneration of women to men	Pg. 97				

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Require- ment(S) Omitted	Reason	Explanation	
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 92				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Pg. 95				
Child labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 92				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Pg. 95				
Forced or compulsory labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 92				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Pg.95				
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 80				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Pg.88				
	413-2 Operations with significant actual and potential negative impacts on local communities	Pg.89				
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 80				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Pg. 84				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Pg. 84				

GRI Content Index

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Require- ment(S) Omitted	Reason	Explanation	
Marketing and labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 80				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Pg. 85				
	417-2 Incidents of non-compliance concerning product and service information and labeling	Pg. 85				
	417-3 Incidents of non-compliance concerning marketing communications	Pg. 85				
Customer privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Pg. 80				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pg. 86				

Share Information

Ordinary Shareholders as at 31 March 2025

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	4,432	1,720,011	7.17	15	6,355	0.02	4,447	1,726,366	7.19
1,001	- 10,000	656	2,111,746	8.80	6	21,660	0.09	662	2,133,406	8.89
10,001	- 100,000	113	3,143,987	13.10	3	121,628	0.51	116	3,265,615	13.61
100,001	- 1,000,000	7	1,274,613	5.31	-	-	-	7	1,274,613	5.31
OVER 1,000,000		1	15,600,000	65.00	-	-	-	1	15,600,000	65.00
		5,209	23,850,357	99.38	24	149,643	0.62	5,233	24,000,000	100.00

Category

Individuals	5,084	7,354,061	30.63	22	89,974	0.37	5,106	7,444,035	31.00
Institutions	125	16,496,296	68.75	2	59,669	0.25	127	16,555,965	69.00
	5,209	23,850,357	99.38	24	149,643	0.62	5,233	24,000,000	100.00

Directors' Shareholdings (as defined in Colombo Stock Exchange rules)

Name of Directors	As at 31.03.2025	As at 31.03.2024
Mr. A. M. Pandithage	960	960
Mr. H. S. R. Kariyawasan	Nil	Nil
Mr. M. M. A. R. P. Goonetilleke	Nil	Nil
Mr. S. C. Ganegoda	1,824	1,824
Dr. T. K. D. A. P. Samarasinghe	Nil	Nil
Mr. L. A. K. I. Kodytuakku	Nil	Nil
Mr. D. K. De Silva Wijeyeratne	Nil	Nil
Mr. L. Uralagamage	Nil	Nil
Mrs. S. Amarasekera, PC	Nil	Nil
Mr. M. J. S. Rajakariar	Nil	Nil
Dr. N. S. J. Nawaratne	Nil	Nil
Mr. M. C. Sampath (Resigned w.e.f. 20/02/2025)	Nil	Nil

Share Information

Market Value

The Market value of Hayleys Fibre PLC, ordinary shares during the year.

	2024/2025		2023/2024	
	Rs.	Date	Rs.	Date
Highest price	60.00	27.12.2024	66.00	31.07.2023
Lowest price	45.00	14.03.2025	48.00	30.01.2024
Closing price	46.10	28.03.2025	52.10	28.03.2024
Number of transactions	6,027		5,287	
Number of shares traded	3,541,986		1,278,980	
Value of shares traded (Rs.)	187,116,825		72,891,539	
Percentage of public holding as at 31.03.2025	34.99%		34.99%	
Total number of shareholders representing public holding	5,230		5,164	
Total number of shares held by public	8,397,216		8,397,216	
Float - adjusted market capitalization (Rs.)	387,111,658		437,514,960	

The Company complies with option 5 of the Listing Rules 7.13.1 (i) (a) – Less than Rs. 2.5 Bn Float Adjusted Market Capitalization which requires 20% minimum Public Holding.

First Twenty Shareholders

Name of the Shareholder	No of Shares as at 31. 03. 2025	%	No of Shares as at 31. 03. 2024	%
1 Hayleys PLC No. 3 Share Investment A/C	15,600,000	65.00	15,600,000	65.00
2 Mr.Iranjan Duminda Bandarigodage	359,000	1.50	334,000	1.39
3 Mr. Prakash Rajaratnam	180,000	0.75	19,500	0.08
4 Mrs. Sarasvathi Vasudevan & Mr. S. Vasudevan	174,000	0.73	545,625	2.27
5 Dr. Dilesh Jayanththa	170,700	0.71	170,700	0.71
6 Mr. Vigneswaramoorthy Sunilgavasker	145,000	0.60	-	-
7 Mr. Ravindra Erle Rambukwelle	138,837	0.58	158,237	0.66
8 New Benson Trading (Pvt) Ltd	107,076	0.45	107,076	0.45
9 Mr. R. Y. Alawatte & Mrs. G. T. N. De Silva	96,260	0.40	111,069	0.46
10 Merchant Bank of Sri Lanka & Finance PLC / U. D. Premakumara	82,472	0.34	82,472	0.34
11 Dr. Chandrasekara Alwishewa	80,000	0.33	-	-
12 Miss. Prethiva Navaratnam	78,156	0.33	78,156	0.33
13 Seylan Bank PLC / Mr. Don Kasun Thusara	75,000	0.31	-	-
14 Acuity Partners (Pvt) Limited / Mr. S. Vasudevan	74,545	0.31	103,484	0.43
15 Mr. S.K. Thenabadu & Mrs. L.P. Thenabadu, Ms. C. S. Thenabadu	74,496	0.31	74,496	0.31
16 Mr. Sameera Upeshala Bandara Herath	69,471	0.29	-	-
17 Mr. Theodore Dangles De Jonk	61,959	0.26	61,959	0.26
18 Mr. Hettiyadura Jude Osmund Silva	61,045	0.25	15,057	0.06
19 Miss.Mohamed Aroos Rasheda Nasreen	56,126	0.23	56,126	0.23
20 Hatton National Bank PLC/ Anuja Chamila Jayasinghe	53,180	0.22	-	-
	17,737,323	73.91	17,517,957	72.99

Notice of Meeting

Hayleys Fibre PLC
Company No. PQ 21

NOTICE IS HEREBY GIVEN THAT THE THIRTY NINTH ANNUAL GENERAL MEETING OF HAYLEYS FIBRE PLC, will be held on Thursday, 26th 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 Statements of Accounts for the year ended 31st March, 2025, with the Report of the Auditors thereon.
- 2) To re-elect as a Director Mr. D. K. De Silva, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.
- 3) To re-elect as a Director Mr. L. A. K. I. Kodytuakku, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.
- 4) To re-elect as a Director Mr. H. S. R. Kariyawasan, 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 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.”

- 6) To authorise the Directors to determine donations and contributions to charities for the ensuing year.
- 7) 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.
- 8) 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 twelve (12).”

Special Resolution (2)

IT IS HEREBY RESOLVED THAT Articles 27 (4), 27 (5), 27 (6), 27 (7) and 27 (8) 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.

Notice of Meeting

- 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 (9), Article 27 (10) and Article 27 (11) of the Articles of Association of the Company be renumbered as Article 27 (5), Article 27 (6) and Article 27 (7) respectively.

- 9) To consider any other business of which due notice has been given.

By Order of the Board
HAYLEYS FIBRE PLC



Hayleys Group Services (Private) Limited
Secretaries

Colombo
30th May 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.hayleysfibre.com 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.

Contact Person : Ranoja De Silva
Contact Number : +94 11 2627654
Email Address : Ranoja.desilva@secretarial.hayleys.com
Mailing Address : Hayleys Group Services (Private) Limited,
Secretaries for Hayleys Fibre PLC,
No. 400, Deans Road,
Colombo 10.

Form of Proxy

Hayleys Fibre PLC
Company No. PQ 21

I/We (full name of shareholder) NIC No./Reg. No. of Shareholder

..... of
being a shareholder/shareholders of HAYLEYS FIBRE PLC hereby appoint,

1 (full name of proxyholder) NIC No. of

Proxyholder of or failing him,

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 Thirty Ninth Annual General Meeting of the Company to be held on Thursday, 26th 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 Board of Directors and the Statements of Accounts for the year ended 31st March, 2025 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as a Director Mr. D. K. De Silva Wijeyeratne, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect as a Director Mr. Mr. L. A. K. I. Kodytuakku as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect as a Director Mr. H. S. R. Kariyawasan, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Mr. A. M. Pandithage in terms of Section 211 of the Companies Act No.07 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorize the Directors to determine donations and contributions to charities for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>
7. 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.	<input type="checkbox"/>	<input type="checkbox"/>
8. To pass the Special Resolutions to amend the Articles of Association of the Company as set out in the Notice.		
Special Resolution (1)	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution (2)	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution (3)	<input type="checkbox"/>	<input type="checkbox"/>

Signed on this day of2025.

.....
Signature of Shareholder
(Instructions are given overleaf)

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 Proxy Form 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.

Corporate Information

Legal Form

A Public Limited Company
Incorporated in Sri Lanka in 1987
Company Number PQ 21

Stock Exchange Listing

The ordinary shares of the company are listed with the Colombo Stock Exchange of Sri Lanka

Directors

Mr. A. M. Pandithage - Chairman
Mr. H. S. R. Kariyawasan - Deputy Chairman
Mr. M. M. A. R. P. Goonetilleke - Managing Director
Mr. L. A. K. I. Kodytuakku - Deputy Managing Director
Mr. S. C. Ganegoda
Dr. T. K. D. A. P. Samarasinghe
Mr. D. K. De Silva Wijeyeratne - Senior Independent Director
Mr. L. Uralagamage
Mrs. S. Amarasekera, PC
Mr. M. J. S. Rajakariar
Dr. N. S. J. Nawaratne
Mr. M. C. Sampath (Resigned w.e.f. 20/02/2025)

Registered Office

Hayleys Building
400, Deans Road, Colombo 10, Sri Lanka.
Telephone : (94-11) 2627000
Fax : (94-11) 2627645

Office

131, Minuwangoda Road, Ekala, Sri Lanka
Telephone : (94-11) 2232939
Fax : (94-11) 2232941
E-mail : info@hayleysfibre.com
Web Site : www.hayleysfibre.com

Bankers

Hatton National Bank PLC
Hongkong and Shanghai Banking Corporation Ltd
Standard Chartered Bank
Seylan Bank PLC
People's Bank
National Development Bank PLC
Sampath Bank PLC
Commercial Bank of Ceylon PLC
Bank of Ceylon

Auditors

Ernst & Young
Chartered Accountants,
Rotunda Towers,
No.109, Galle Road,
P.O. Box. 101,
Colombo 03, Sri Lanka.

Legal Advisors

Julius & Creasy, Attorneys-at-Law

Secretaries

Hayleys Group Services (Private) Limited
No. 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 shareholding to the Company Secretaries.



HAYLEYS FIBRE PLC
No: 25, Foster Lane, Colombo 10, Sri Lanka