CRAFTING PROSPERITY

CRAFTING PROSPERITY

At Hemas, prosperity has never been left to chance. We have always pursued it with purpose, resilience, and vision - and now, the time to surge ahead is here.

Standing at the threshold of a transformative new chapter, we are more prepared than ever to realise our full potential. Over the past year, we have built a strong and strategic foundation by aligning teams, streamlining our operations, and investing in the future, placing us in the ideal position for rapid, meaningful growth.

This is more than just momentum. It's a movement - powered by innovation, inspired by impact, and driven by a renewed commitment to creating better outcomes for people, communities and shareholders

Our passion for progress runs deep. And today, every part of Hemas is aligned to move forward with agility and strength. Across our diverse operations with sustainability embedded in all we do - we are reimagining what's possible, not just for the business, but for Sri Lanka and beyond.

The road ahead is full of opportunity, and we are moving with energy, confidence, and clarity as we craft prosperity for today, tomorrow, and generations to come.

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ABOUT US

Hemas started with simple intent: to empower families to aspire for a better tomorrow. This core belief has informed our growth for over 75 years. Today, we empower families to aspire for a better tomorrow through our focus in Consumer, Healthcare and Mobility. Woven into the socioeconomic fabric of Sri Lanka, Hemas has also expanded operations to Bangladesh.

In our onward journey, we will continue to invest in diverse and passionate teams, create meaningful offerings, cultivate trusted partnerships, and champion a more inclusive world, so that we continue to create positive impact for all our stakeholders.

CONSUMER BRANDS

- Home and Personal Care
- Learning Segment
- Over the Counter Consumer Products

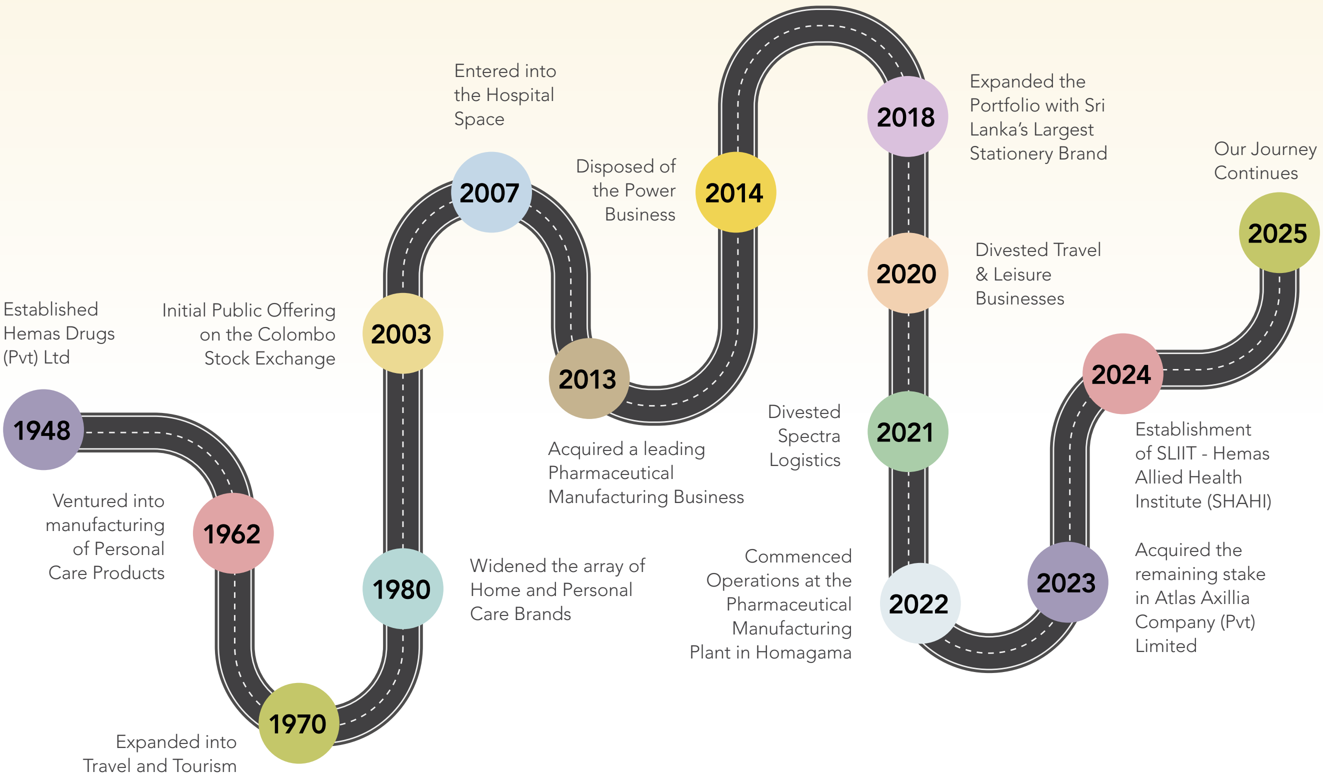
HEALTHCARE

- Hospitals
- Pharmaceutical Distribution
- Pharmaceutical Manufacturing

MOBILITY

- Aviation
- Maritime

OUR JOURNEY



OUR PURPOSE

Empower families to aspire for a better tomorrow

OUR VALUES

- Passion for customers
- Obsession for performance
- Driven by innovation
- Concern for people

KEY HIGHLIGHTS

- In operation for over 75 years
- AAA (lka) Stable Outlook Rating by Fitch Ratings for the sixth consecutive year
- Signatory of the United Nations Global Compact since 2023
- Ranked among the Top 10 Most Loved Corporate Brands in Sri Lanka by LMD
- Ranked among the Top 10 of LMD's Most Respected Entities in Sri Lanka
- Ranked among the Top 10 Women Friendly Workplaces by Satyn Magazine
- Recognised among the Top 10 Best Corporate Citizens in Sri Lanka at the Best Corporate Citizen Sustainability Awards 2024
- Bronze Award - 'Diversified Holdings' at the TAGS Awards 2024 by the Institute of Charted Accountants of Sri Lanka
- Group efforts to protect two critically endangered endemic plant species recognised at the 8th Global Botanical Gardens Congress in Singapore

SUSTAINABILITY JOURNEY

- **2002** – First Strategic CSR Initiative: Opening of the First Piyawara Preschool in Kurunegala
- **2005** – Established Hemas Outreach Foundation
- **2010** – Hemas Pharmaceuticals published the first GRI aligned Sustainability Report.
- **2011** – Adoption of GRI based strategic approach to Group Sustainability
- **2013** – Establishment of Sustainability Framework and Polices

  Published the first Group Annual Report aligned to GRI
- **2014** – Launch of Hemas Abhimana Initiative focused on making sustainability a lifestyle at Hemas
- **2015** – Tracking of Environmental and Social Risks and Impacts based on 'Enriching Lives' Plan
- **2016** – Introduction of Supplier Code of Conduct
- **2017** – Establishment of Group Environmental Committee
- **2018** – Five-part Materiality Assessment conducted to identify relevant material topics
- **2018** – Introduction of Disclosure of Management Approach and Standard Operating Procedures

  First Integrated Annual Report aligned to GRI Standards
- **2022** – Early Adoption of GRI Universal Standards

  Launch of Group Environmental Agenda
- **2023** – Commitment to United Nations Global Compact as a signatory
- **2024** – Early Adoption of SLFRS S1 and S2 Standards
- **2025** – Our Journey Continues

ABOUT THIS REPORT

- **Available Mediums**

Digital Presence (www.hemas.com) and Printed

The Integrated Annual Report of Hemas Holdings PLC is prepared with the aim of providing a balanced, comprehensive and concise assessment of the Group's performance during the financial year ending March 31, 2025. The report presents an overview of the Group's operations, including its financial performance, governance and risk management strategies, and its commitment to environmental stewardship and social responsibility.

It also seeks to improve on the Group's previous Annual Report for the financial year ending March 31, 2024, continuing the journey to adopt international best practices in corporate reporting.

SCOPE & BOUNDARY

The financial reporting boundary covers 40 legal entities and the parent company, collectively referred to as "the Group". The sustainability reporting boundary of the report covers 17 legal entities. Geographically, the non-financial information included in this report has been limited to operations of the Group within Sri Lanka.

During the year, there were no significant changes to the reporting boundary and any restatements, along with their underlying reasons, have been clearly disclosed in the relevant sections of this report, where applicable.

Entities included in the financial and non-financial reporting boundary

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REGULATORY FRAMEWORK

The report complies with the reporting requirements of the following regulatory frameworks:

- Companies Act No.7 of 2007
- Sri Lanka Financial Reporting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- Listing rules of the Colombo Stock Exchange

Assurance on financial statements has been provided by Ernst & Young

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VOLUNTARY FRAMEWORK

The following voluntary frameworks have been adopted in preparing the report:

- Hemas Holdings Annual Report 2024/25 has reported in accordance with the GRI Standards for the period April 1, 2024 to March 31, 2025
- Adoption of SLFRS S1 and S2 Standards
- Aligned to United Nations Sustainable Development Goals
- Aligned to Ten Principals of United Nations Global Compact
- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka

Assurance on GRI Universal Standards aligned sustainability information has been provided by Ernst & Young

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NAVIGATING THIS REPORT

The following navigation icons have been used across the Report to showcase connectivity between strategy, Key Performance Indicators (KPIs), resource allocation, risks and other relevant information.

CAPITALS

Financial Capital | Manufactured Capital | Intellectual Capital | Human Capital | Natural Capital | Social and Relationship Capital

STAKEHOLDERS

Consumers | Employees | Business Partners | Investors | Government | Community

SUSTAINABILITY AND SUSTAINABILITY RELATED DISCLOSURES

The content of this report is determined by the Sustainability Management Framework established within the Group. This framework defines the methodology in determining materiality, data collection, setting targets, and monitoring the social and environmental impacts, and the Sustainability Related Risks and Opportunities (SRROs) of Group operations. It encompasses the governance mechanism, strategies and initiatives that the Group undertakes to manage its material impact topics and Group's SRROs and financial impacts.

REPORTING PRINCIPLE

In preparing and presenting this Report, the Group has given due consideration to the guiding principles of the GRI Universal Standards.

The Group adopts a Double Materiality approach, integrating both Impact Materiality and Financial Materiality to determine the disclosures presented in this report.

All indicators, measurement methodologies, assumptions, and estimations related to sustainability topics in this report comply with GRI Universal Standards guidelines, standard industry practices, and SLFRS S1 and S2 reporting requirements. There have been no significant changes to the Group's structure or supply chain during the reporting period. Any restatements of reported figures and statements, along with their underlying reasons, have been clearly disclosed in the relevant sections of this report, where applicable.

ADOPTION OF SLFRS S1 AND S2

The Group has also aligned its investor-focused sustainability disclosures with SLFRS S1 and S2 reporting requirements. This alignment follows a Double Materiality assessment, incorporating the identification of SRROs arising from its material impacts.

By applying this approach, the Group ensures comprehensive disclosures, enabling the communication of business operation impacts to its stakeholders while providing sustainability-related information relevant to investors and shareholders.

The Sustainability Integration section provides an overview of how the Group identifies and addresses its approach to double materiality. This process begins with identifying impact-based sustainability topics, which subsequently lead to the identification of SRROs, taking into account dependencies on environmental and social resources.

The material impact topics outlined in the Sustainability Integration section represent key sustainability areas identified and addressed through the Group's Sustainability Management Framework. The SRROs detailed in the Risk Management Framework correspond to the risks and opportunities arising from these material impact topics.

The governance and management of sustainability impacts are structured within the Sustainability Management Framework, whereas SRROs are overseen through the Enterprise Risk Management function. The Capital Review sections of this report provide insights into the execution of the Group's strategies for managing both sustainability impacts and SRROs.

APPLYING THE PRECAUTIONARY PRINCIPLE

The Group's operational decisions are guided by the precautionary principle, with a strong focus on resource consumption, environmental pollution, and climate change as priority areas. The Group ensures full compliance with all applicable laws and regulations in the countries of its operations and goes beyond statutory requirements by benchmarking against global best practices to maintain industry leadership.

The Group recognises the importance of transparent reporting and is committed to providing stakeholders with accurate and reliable information which is both internally reviewed and externally assured. It has implemented appropriate systems and processes to ensure that the information presented in this Report is complete, timely, and in accordance with applicable reporting standards. The Group will continue to refine its reporting practices and to seek feedback from stakeholders to ensure that its reporting remains relevant and meaningful.

FORWARD-LOOKING STATEMENTS

Forward-looking statements have been included in this report, particularly in assessing risk and opportunities and discussion of the future plans of the Group, which are based on perceptions, opinions and views of external and internal information available at present as the Group believe these support the assessment of its future performance. These statements, assessments and estimates have varying degrees of uncertainty associated with them which the Group will know only with the benefit of hindsight as they relate to future events, outcomes and impacts which are beyond the control of the Group. This information is provided without recourse or any liability whatsoever to the Board or other preparers of the Annual Report due to uncertainty regarding the current economic conditions.

ACKNOWLEDGEMENT

All information contained in this report has been reviewed internally by the senior management team of the Group, and verified independently, in accordance with policies and methodologies carried in the 'Corporate Governance' section of this report.

The Board of Directors acknowledges its responsibility to ensure the integrity of the Integrated Report and is of the opinion that the Integrated Annual Report of Hemas Holdings PLC for the financial year ending 31st March 2025 is presented in line with the reporting principles mentioned.

PUBLICATION DATE:

May 22, 2025

FEEDBACK & INQUIRIES

Your feedback is valued and will be used in improving the Annual Report in the year that has commenced.

Hemas Corporate Services (Pvt) Ltd,
Hemas House, No 75, Braybrooke Place, Colombo 2.

+94 11 4731731 Ext - 1106

PERFORMANCE HIGHLIGHTS

	Unit	FY 25	FY 24	FY 23
Financial Performance				
Revenue	Rs. million	117,970	121,614	113,940
Gross Profit	Rs. million	37,073	35,997	31,793
Gross Profit Margin	%	31.4	29.6	27.9
EBITDA	Rs. million	15,705	13,604	12,566
EBITDA Margin	%	13.3	11.2	11.0
EBIT	Rs. million	13,707	11,921	10,963
EBIT Margin	%	11.6	9.8	9.6
Net Finance Cost	Rs. million	978	2,453	3,198
Profit Before Tax (PBT)	Rs. million	12,729	9,468	7,765
Profit After Tax (PAT)	Rs. million	8,339	6,355	5,069
Earnings	Rs. million	8,057	6,109	4,269
Earnings Margin	%	6.8	5.0	3.7
Interest Cover	times	9.1	3.7	2.7
Financial Position				
Total Assets	Rs. million	96,891	93,723	98,498
Total Equity	Rs. million	50,320	44,120	39,120
Total Liabilities	Rs. million	46,570	49,603	59,378
Net Working Capital	Rs. million	15,214	18,226	24,433
Gross Debt	Rs. million	7,874	12,705	21,457
Net Cash Flows from/(used in) Operating Activities	Rs. million	13,389	13,906	(9,262)
Net Cash Flows from/(used in) Investing Activities	Rs. million	(5,009)	(5,698)	(1,308)
Net Cash Flows from/(used in) Financing Activities	Rs. million	(7,852)	(8,523)	9,597
Cash and Short Term Deposits	Rs. million	12,579	13,223	16,331
Net Debt/(Cash)	Rs. million	(4,705)	(518)	5,127
Debt/EBITDA	times	0.5	0.9	1.7
Current Ratio	times	1.6	1.6	1.4
Quick Ratio	times	1.1	1.0	0.9
Gearing	%	13.5	22.4	35.4
Net Gearing Ratio	%	(10.3)	(1.2)	11.6
ROCE	%	25.6	22.1	22.9
Market and Shareholder				
Market Capitalisation	Rs. million	71,677	47,972	38,775
Market Share Price	Rs.	120.00	80.40	65.00
No. of Shares in Issue *	No	2,986,537,000	2,983,363,085	2,982,730,125
Basic Earnings per Share *	Rs.	2.70	2.05	1.43
Price Earnings Ratio	times	8.9	7.9	9.1
Net Asset Value per Share	Rs.	83.34	72.79	64.38
Dividend per Share	Rs.	4.00	2.35	2.35
Dividend Cover	times	3.4	4.4	3.0
Dividend Payout Ratio	%	29.6	23.0	32.8
Return on Equity (ROE)	%	17.7	15.3	13.4

** Adjusted for 5 for 1 share split announced in February 2025*

Indicator	Unit	FY 25	FY 24	FY 23
Manufactured Capital				
Property,Plant and Equipment (PPE)	Rs. million	24,397	20,052	19,913
Depreciation	Rs. million	1,589	1,326	1,220
Investment in PPE	Rs. million	5,081	2,379	1,420
Intellectual Capital				
Trademarks Owned by the Group	No.	943	801	724
Industrial Designs Held by Group Companies	No.	31	30	30
Human Capital				
Total Workforce	No.	5,620	5,826	5,380
Average training hours per employee	No.	9.7	11.5	10.3
New Employee hires	No.	1,741	1,447	1,130
Employee Attrition Rate	%	29.3	26.1	19.8
Work-related injuries (per 100 employees)	No.	0.7	0.8	0.4
Natural Capital				
Total Carbon Footprint	MT	10,608*	10,999*	15,660
Direct (Scope 1) Green House Gas emissions	MT	2,272	2,156	2,161
Direct (Scope 2) Green House Gas Emissions	MT	8,336*	8,843*	14,296
Other indirect (Scope 3) Green House Gas Emissions	MT	4,458	2,013	-
Carbon Intensity		0.09	0.09	0.14
Energy Consumption within the organization	GJ	107,826	106,627	101,950
Energy Intensity	GJ	0.9	0.9	0.9
Total Water Withdrawn	m3	175,412	192,626	175,994
Total Water Discharge	m3	115,911	130,541	128,575
Total Water Consumption	m3	59,501	62,085	47,419
Waste Reduced, Reused, Recycled	%	64%	69%	38%
Total Waste Generated	Kg	1,734,791	1,728,791	687,822
Social and Relationship Capital				
Lives Impacted through Social Projects	No	255,800+	399,695+	525,500+
'Piyawara' Schools Added	No	4	4	4
Children with Disabilities Registered at 'Ayati' to date	No	14,100	12,900	10,200

**The values for FY 24 have been restated due the change in the Grid Emission Factor published by the Sri Lanka Sustainability Energy Authority Energy Balance Report 2021*

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EXECUTIVE REVIEWS

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Vision

Our leadership shares bold perspectives and strategic priorities that define the next phase of growth. With clarity and confidence, we reflect on progress and outline the path forward—one shaped by purpose, innovation, and long-term value.

CHAIRMAN'S MESSAGE

> THE GROUP HAS DEMONSTRATED STRONG PERFORMANCE DELIVERING RECORD EARNINGS OF RS. 8.1 BILLION, A 31.9% GROWTH OVER THE PREVIOUS YEAR.

Dear Shareholders,
It is with great pleasure that I present to you the Annual Report of Hemas Holdings PLC for the financial year ended 31st March 2025.

The Group has demonstrated strong performance delivering record Earnings of Rs. 8.1 billion, a 31.9% growth over the previous year. Group Revenues declined marginally by 3.0% to Rs. 118.0 billion, which was primarily attributed to price adjustments made by Consumer Brands and Healthcare sectors in response to the strengthening of the Rupee and evolving market conditions.

The continuous focus on operational excellence through process optimisation and efficiency improvements has further strengthened the Group's performance. As a result, Operating margins improved to 11.6% from 9.8%, reaffirming the Group's agility and readiness to thrive in a dynamic economic environment.

The Group maintained a strong emphasis on cash flow generation, delivering Operating cashflows of Rs. 13.4 billion. The Net cash position improved significantly to Rs. 4.7 billion from Rs. 0.5 billion while Gearing declined from 22.4% to 13.5%. Net finance expenses also fell by 60.1%, driven by lower borrowings through working capital optimisation, and a favourable interest rate environment. These improvements provide a solid financial foundation for the Group to pursue future growth opportunities.

17.7%
Return on Equity

THE EVOLVING SRI LANKAN ECONOMY

Sri Lanka's economic environment saw a significant shift towards stability and growth during the year under review. In December 2024, the country concluded its external debt restructuring efforts, including the successful renegotiation of International Sovereign Bonds. This milestone led to credit rating upgrades by Fitch Ratings and Moody's.

Further progress was marked in February 2025, when the International Monetary Fund's (IMF) Executive Board completed the Third Review under the 48-month Extended Fund Facility, granting access to the next tranche of funding. Following a challenging period, Sri Lanka recorded a GDP growth rate of 5.0% in 2024, signalling ongoing economic recovery. Inflation, which stood at 0.9% at the beginning of the financial year, steadily declined and entered deflationary territory from September, driven by lower utility and food prices. By March 2025, year-on-year monthly inflation stood at -2.6%, marking seven consecutive months of price declines.

As inflation eased, interest rates also continued to fall, with the Average Weighted Prime Lending Rate (AWPLR) dropping from 11.1% to 8.4% per annum—substantially lowering finance costs for businesses.

The Sri Lankan Rupee remained stable during the year, appreciating by a modest 1.6% against the United States Dollar by year-end. Politically, the financial year was a landmark one for the country, with both the Presidential and Parliamentary elections taking place. The National People's Power (NPP) led by President Anura Kumara Dissanayake secured a two-thirds majority in Parliament, ushering in expectations for consistent policymaking and strong governance.

In February 2025, the Government presented its maiden budget, aiming to balance public relief measures with the fiscal discipline required under the IMF's Extended Fund Facility.

Overall, 2024 marked a year of meaningful progress for Sri Lanka, laying the groundwork for sustained recovery and long-term growth. With continued reforms and political stability, the country is well-positioned for the future.

PERFORMANCE AT A GLANCE

The Consumer Brands sector navigated a challenging environment, with revenues declining primarily due to price reductions. While operating profits declined, improved supply chain and operational efficiencies contributed to stronger margins. Despite intense competition, market shares across key categories remained broadly unchanged. The business continued to focus on innovations, launching new products including '*Vivya*' sunscreen and the Vitamin C range, and *'Goya'* deodorant and fruity fragrances range. The Learning segment forayed into the educational toys segment with the launch of *'PlayPalz'*, a range designed to make learning fun, safe and interactive for children.

The Healthcare Sector benefitted from positive regulatory developments, including the Government's introduction of a transparent pricing mechanism for essential medicines and a more equitable quota allocation process for public sector pharmaceutical procurement. The sector delivered a strong performance with all businesses recording growth in profitability. The Pharmaceutical Manufacturing business introduced several Morison branded new products, including two therapies in the fast-growing Cardiovascular segment. Hemas Hospital Wattala also marked a key milestone with the commissioning of its state-of-the-art Catheterisation Laboratory, equipped with the most advanced cardiovascular diagnostic and interventional technology in Sri Lanka.

Over the past year the Group significantly advanced its digital and AI capabilities, focusing on enhancing internal productivity and efficiency while enriching the experiences offered to consumers and patients. The Group also prioritised data governance, cybersecurity, and the ethical use of technology.

On the back of improved financial performance and a renewed sense of optimism, the Company's share price rose significantly by 49.3% during the year, outperforming the All Share Price Index (ASPI), which grew by 38.2% in the corresponding period. Shareholders approved a subdivision of the Company's shares with each existing share being split into five.

The credit profile of the Group remained strong, with Fitch Ratings reaffirming the Group's AAA (lka) rating with a Stable Outlook for the sixth consecutive year, highlighting the Group's financial stability and positive outlook.

In line with the commitment to providing sustained shareholder returns, an Interim dividend of Rs. 1.00 per share (Post-subdivision equivalent of Rs. 0.20 per share) for the 2024/25 financial year was paid in November 2024, followed by a Final dividend, post the subdivision of shares, of Rs. 0.70 per share, which was declared on May 22nd 2025. The dividend payout for the year was 29.6%.

AAA (lka)
Stable Outlook
Sixth Consecutive Year

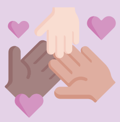
49.3%
Share Price Growth

SUSTAINABILITY AT THE HEART OF OUR BUSINESS

The Group continued to advance its integrated Environmental, Social, and Governance (ESG) strategy, ensuring that sustainability remains at the core of its business operations and a key driver of long-term stakeholder value. With a focus on minimising and mitigating its environmental footprint, the Group's Environmental Agenda 2030 aligned with responsible consumption of plastic, safeguarding our ecosystem and the protection of natural resources. Significant progress was made in key environmental metrics, including a 6.2% reduction in water intensity and a rise in renewable energy usage to 10.6% of total electricity consumption, supported by ongoing investments in solar infrastructure. In line with our commitment to responsible plastic consumption, over 1.6 million kilogrammes of plastic have been recovered through targeted collection initiatives, advancing the Group's goals around extended producer responsibility and ecosystem preservation.

Reflecting these sustained efforts, Hemas was named among Sri Lanka's Top 10 Best Corporate Citizens by the Ceylon Chamber of Commerce. The Group's social sustainability agenda remains centred on creating inclusive communities and empowering

CHAIRMAN'S MESSAGE



255,800+
Families Empowered

families across Sri Lanka. Structured around three key pillars—Creating Equal Opportunities for Learning, Supporting Health and Well-being, and Empowering Vulnerable Communities—these purpose-led initiatives reached over 255,800 families during the year, delivering measurable impact by improving access to education, promoting health and mental well-being, and enabling economic inclusion.

GUIDING OUR TRAJECTORY

Hemas Holdings PLC experienced several changes to the Board of Directors this year. Mr. Shaktha Amaratunga resigned from the Board having completed nine years of service, both as an Independent Director and Chair of the Audit committee. Having reached the age of 70, Mr. Jyotindra Trivedi retired from the Board. Ms. Kasturi C. Wilson also retired as a Non-Executive Director. On behalf of the Board of Directors, I express our sincere gratitude for their invaluable contributions and wish each of them the very best in their future endeavours.

Dr. Anura Ekanayake transitioned from his role as an Independent Non-Executive Director to that of a Non-Executive Director with effect from 1st January 2025. During the year under review, we were pleased to welcome three new Independent Non-Executive Directors to the Board; Ms. Thusitha Perera, Mr. Ajith Fernando, and Mr. Supun Weerasinghe. In line with these changes, all Board Sub-Committees were reconstituted to reflect the new composition.

At the time of writing, we have announced the appointment of Mr. Ashish Chandra as the Group Chief Executive Officer with effect from 1st July 2025. Post this date, Mr. Ravi Jayasekera, who assumed the role of Acting Chief Executive Officer on 22nd May 2024, will function in the expanded capacity of Chief People and Corporate Affairs Officer for the Group.

TOWARDS A BRIGHTER FUTURE

With Sri Lanka having completed the restructuring of its external debt, it is our hope that the Government stays the course and advances the long-awaited structural reforms needed to sustain our economic recovery.

On our part, we continue to be focused on the evolving needs of our patients and customers in order to drive innovation and competitiveness in our core businesses. At the same time, we will actively look to accelerate growth by entering larger emerging markets, expanding into adjacencies, and driving technology-led transformation to position the business for sustained success.

I am deeply grateful to my fellow Board members for their continued guidance and insight as we drive the next phase of our growth and transformation. A sincere thank you to Acting Chief Executive Officer Mr. Ravi Jayasekera, the management team, and every member of the Hemas family for their commitment and drive, which made this year's record performance possible.

I am equally humbled by the trust placed in us by our consumers, both customers and patients, as we continue to serve their needs with dedication and care. To our business partners, thank you for your continued support in our shared journey to uplift families and empower futures.

> **WE WILL ACTIVELY LOOK TO ACCELERATE GROWTH BY ENTERING LARGER EMERGING MARKETS, EXPANDING INTO ADJACENCIES, AND DRIVING TECHNOLOGY-LED TRANSFORMATION.**

Finally, I extend my sincere gratitude to you—our shareholders—for your unwavering confidence. We look forward to your continued support as we accelerate our growth ambitions in Sri Lanka and beyond.

Husein Esufally
Chairman

May 22, 2025

ACTING CEO'S REVIEW

HEMAS REMAINED FOCUSED ON DELIVERING SUSTAINABLE VALUE TO OUR STAKEHOLDERS, GUIDED BY OUR PURPOSE-DRIVEN APPROACH AND A DEEP SENSE OF RESPONSIBILITY AS A DIVERSIFIED CONGLOMERATE.

I am honoured to present to you the Annual Report of Hemas Holdings PLC for the financial year ended 31 March 2025. This year's report reflects not only our operational resilience and strategic progress but also our unwavering commitment in creating meaningful impact across the communities we serve. The Group remained focused on delivering sustainable value to our stakeholders, guided by our purpose-driven approach and a deep sense of responsibility as a diversified conglomerate.

SIGNS OF STABILITY, STEPS TOWARD RECOVERY

The Group continued to face macroeconomic headwinds in the first half of the year, stemming from the previous financial period. However, the latter half presented a more favourable outlook, marked by signs of political stability following the conclusion of both Presidential and Parliamentary elections, and improved economic indicators.

The macroeconomic landscape showed encouraging signs of recovery during the year. GDP growth returned to positive territory, recording a robust 5.0% expansion in 2024 following two consecutive years of contraction. Per capita GDP rose to an all-time high of USD 4,516, reflecting improved economic momentum. The Sri Lankan Rupee remained relatively stable, appreciating marginally by 1.6%, while inflation continued to ease, entering deflationary territory from September onwards.

In December 2024, Sri Lanka achieved a key milestone in its debt restructuring efforts, marking tangible progress in addressing its first-ever external default and moving closer to economic stabilisation. The Government's successful completion of the International Sovereign Bond (ISB) restructuring led Fitch Ratings to upgrade the country's credit rating from Restricted Default to CCC+, with Moody's issuing a similar upgrade. The completion of the third review of Sri Lanka's Extended Fund Facility arrangement with the IMF in February 2025 enabled the disbursement of the fourth tranche of USD 334 million, reinforcing the Government's reform agenda and overall macroeconomic stability.

The Government's maiden budget provided relief to the public while preserving fiscal discipline. Increased foreign inflows from worker remittances,

ACTING CEO'S REVIEW

tourism receipts, and conversion of export earnings bolstered reserves and enabled a further relaxation of import restrictions. Declining interest rates - with the AWPLR falling to 8.4% - helped ease net finance expenses for businesses, while reduced energy tariffs lowered operating costs across sectors.

Nonetheless, the year concluded with emerging external uncertainties, particularly the potential introduction of new tariffs by the United States. If implemented as proposed, these measures could affect the competitiveness of Sri Lankan exports to this key market.

Financial Snapshot		
LKR Mn	FY25	Vs FY24
Revenue	117,970.2	-3.0%
Gross Profit	37,073.3	3.0%
Gross Profit Margin	31.4%	1.8%
EBITDA	15,704.3	15.4%
EBITDA Margin	13.3%	2.1%
Operating Profit	13,706.6	15.0%
Operating Profit Margin	11.6%	1.8%
Net Interest Cost	(977.8)	(60.1%)
Income Tax Expenses	(4,390.1)	41.0%
Earnings	8,057.0	31.9%

DELIVERING STRONG FINANCIAL RESULTS

In this challenging yet gradually improving macroeconomic landscape, the Group delivered a commendable performance, recording cumulative earnings of Rs. 8.1 billion, reflecting a significant growth of 31.9% over the previous year. While the Healthcare and Mobility sectors saw strong revenue growth, the Consumer Brands sector faced significant pricing and volume pressures for most of the year, leading to a decline of 9.4% in its revenue. As a result, the Group's cumulative revenue experienced a marginal decline of 3.0%, totalling Rs. 118.0 billion for the year.

This decrease in revenue compared to the same period last year was primarily driven by cautious consumer spending and strategic price adjustments in certain categories, particularly within the Consumer Brands segment. However, the Group's continued focus on efficiency improvements, alongside favourable foreign exchange movements and supply chain optimisations, contributed to enhanced profitability margins.

The Group's ongoing efforts to optimise working capital, combined with the benefits of a declining interest rate environment, led to a further reduction in finance costs, thus boosting margins and overall profitability.

The Group's disciplined approach to better working capital management, productivity improvements, and cost rationalisation initiatives enabled margin increases across all sectors, with overall operating profit margins improving to 11.6% compared to 9.8% the previous year. Reduced borrowings, supported by stronger cash flows, along with lower interest rates, resulted in a 60.1% decrease in net interest expenses for the year.

The Group's financial position remains robust, supported by strong operating cash flows. Fitch Ratings reaffirmed Hemas' national long-term rating at "AAA (lka) – Outlook Stable" for the sixth consecutive year, underscoring the Group's solid balance sheet, robust cash flows, and prudent financial management.

Hemas' share price appreciated by 49.3% during the year, outperforming both the ASPI and the S&P SL20 indexes, which rose by 38.2% and 42.7%, respectively. Considering this strong performance, and with a view to further enhance market accessibility, the Company announced a 5-for-1 share subdivision.

INVESTING TO SHAPE THE FUTURE

While the Group delivered strong financial results this year, we remained equally focused on building a resilient foundation for future success. As we navigate an evolving landscape, the Group continues to make strategic investments to develop high-calibre leaders, foster innovation, and strengthen our capabilities for sustainable, long-term growth.

The Hemas Leadership Academy, launched in partnership with RBL USA, was created to develop a new generation of leaders and build a strong leadership pipeline. The inaugural batch of twenty six emerging leaders from across the Group embarked on a six-month experiential journey to hone their leadership skills.

In line with efforts to continuously upgrade our technology backbone, the Group invested in the SAP RISE platform—marking the first implementation of its kind by a conglomerate in Sri Lanka. The resultant transformation is expected to unlock efficiencies, strengthen operational synergies, and deliver meaningful cost savings across the Group.

To further enable strategic execution, the Group is rolling out a new operating model aimed at increasing responsiveness, sharpening strategic focus, and aligning more closely with our long-term objectives. This initiative will enhance organisational agility, decentralise decision-making, and better position Hemas to capture emerging growth opportunities in a rapidly changing business environment.

Looking ahead, the Group is positioning itself for the long-term by pursuing growth across larger emerging markets, expanding into adjacencies, and driving technology-led transformation. Whether through acquisitions, strategic partnerships, or new market entry, our focus remains on accelerating sustainably.

The Group's international business aims to leverage Sri Lanka's natural ingredients and core expertise to offer authentic, high-quality products to global consumers. With a strong base in Sri Lanka and experience in Bangladesh, we are exploring strategic expansion into Southeast Asia and Africa through mergers, acquisitions, and partnerships.

Reflecting this strong performance and strategic confidence, the Company declared its highest-ever dividend for the financial year—demonstrating our commitment to rewarding shareholders while continuing to invest for the future.

PERFORMANCE BEYOND THE NUMBERS

CONSUMER BRANDS

Consumer Brands	
Rs. 46.0 Bn ↓ Revenue	**Rs. 6.9 Bn** ↓ Operating Profit
Rs. 5.1 Bn ↓ Earnings	**Rs. 6.8 Bn** ↓ Profit Before Tax

With the broader macroeconomic environment showing signs of improvement, consumer sentiment began to recover towards the end of the year. However, constraints on consumer purchasing power continued to influence buying behaviour. Consumers increasingly favoured value-for-money (VFM) offerings, and overall consumption levels remained subdued, with a noticeable slowdown in demand across general trade channels. This was further influenced by previous market-wide price reductions, driven by the strengthening of the Rupee and declining global commodity prices. This weighed in on the Sector performance with Revenue declining by 9.4% while earnings were flat at Rs. 5.1 billion.

Despite these headwinds, the sector retained its market shares across most categories—reflecting the enduring trust placed in its brands.

Home and Personal Care (HPC) Sri Lanka

The trend observed during the previous year continued with consumers focusing on value-for-money (VFM) options, reflecting the current constraints on purchasing power. Despite the reduction in overall market volumes, the business has successfully maintained its market shares across most categories, even achieving marginal growth in several categories. While the Personal Care and Beauty categories experienced encouraging volume growth, the Home Care segment saw a decline in market share due to increased preference for generic products in a price-sensitive segment.

As part of its commitment to product innovation and portfolio expansion, the business launched and revamped several products across its key brands. Some of the notable products introduced during the year were the '*Vivya*' sunscreen and Vitamin C body lotion range, '*Velvet*' body wash Naturals range and fruity fragrances along with soap variants and deodorants from '*Goya*'. During the year the '*Velvet*' soap range and '*Clogard*' natural salt-based toothpaste and mouth wash products were relaunched to meet evolving consumer preferences while strengthening its brands across key market segments.

In response to evolving market dynamics and to increase product awareness, the business launched several successful marketing and promotional initiatives, including the innovative '*Kumarika*' Hair Play Studio with its mobile truck-based salon concept, offering Personal Care products directly to consumers in a distinctive and engaging manner.

Marking a milestone in operational excellence and global trade compliance, Hemas Manufacturing (Pvt) Ltd. was awarded the 'Authorised Economic Operator (AEO) Tier 1 Certification', by Sri Lanka Customs, reinforcing its position as a leader in compliance, operational efficiency and global trade facilitation. This achievement is a testament to its unwavering commitment to compliance, efficiency and global trade excellence.

Consumer Brands – International

The socio-political unrest and macroeconomic challenges in Bangladesh that impacted the first half of the year significantly subsided during the latter half. The newly formed Interim Government effectively stabilised the economy and brought inflation under control, reducing it to single digits by the fourth quarter. Prices of essential commodities eased towards the end of the year, driven by a strong domestic harvest, Government measures such as reducing or eliminating taxes on imported essential goods, and enhanced market monitoring. These steps provided much-needed relief to low- and middle-income families.

> **HEMAS MANUFACTURING (PVT) LTD. WAS AWARDED THE 'AUTHORISED ECONOMIC OPERATOR (AEO) TIER 1 CERTIFICATION', BY SRI LANKA CUSTOMS, REINFORCING ITS POSITION AS A LEADER IN COMPLIANCE, OPERATIONAL EFFICIENCY AND GLOBAL TRADE FACILITATION.**

ACTING CEO'S REVIEW

The Value-Added Hair Oil (VAHO) segment, which includes the '*Kumarika*' and '*EVA*' branded hair oil products, experienced growth in both volumes and revenues. At the start of the year, prices were reduced to address the declining purchasing power of consumers. However, rising input costs due to higher raw material prices and the depreciation of the Taka during the latter half of the year led to an increase in selling prices in line with market trends, helping to maintain profit margins.

Leveraging market insights and its distribution strengths, the business also ventured into the male grooming segment with the successful launch of the '*Vibe*' perfume range, expanding the brand's footprint and product offerings in the country.

Learning

The Learning segment worked towards creating meaningful learning opportunities for all by easing financial burdens and delivering high-quality, safe and innovative tools that help students, teachers and parents thrive in supportive learning environments. Dedicated to empowering the champions of tomorrow, '*Atlas*' remains committed to making learning fun and accessible for every Sri Lankan child. Through initiatives such as Atlas Sipsavi, GuruGaru and Atlas Learn, the Learning Segment business continued to extend its support beyond students, empowering parents and teachers to build a more inclusive and collaborative learning ecosystem.

With the easing of import restrictions and the stabilisation of the Rupee, the stationery market experienced added competition with an influx of new entrants offering products at lower price points and varying quality. In response, several initiatives were launched to create a unique and innovative point of difference, including the relaunch of its '*Innovate*' range and the expansion of its '*Homerun*' stationery line to include books, providing an accessible and a cost-effective range for consumers. As a result of these initiatives, despite severe competition in the market, the business managed to successfully defend its market leading position. Reaffirming its role as the nation's most trusted partner in making learning a joyful and enriching experience for every child, '*Atlas*' was awarded School Supply Brand of the Year at SLIM-Kantar People's Awards 2025, for the sixth consecutive year.

Furthermore, the Government's financial assistance programme for underprivileged school children has positively impacted demand for school stationery, ensuring a more inclusive learning environment for all children.

The Learning Segment launched its first-ever collection of educational toys under the '*PlayPalz*' range, marking a strategic entry into the educational toys market, providing quality and safe aids which not only diversifies the product portfolio but also reinforces the brand's commitment to enhancing learning experiences for children.

HEALTHCARE

Healthcare	
Rs.70.0 Bn ↑ Revenue	**Rs. 6.5 Bn** ↑ Operating Profit
Rs. 4.3 Bn ↑ Earnings	**Rs. 5.8 Bn** ↑ Profit Before Tax

The Healthcare Sector earnings increased to Rs. 4.3 billion, supported by cost management initiatives, improved working capital efficiency, and lower finance costs while cumulative revenues were Rs. 70.0 billion.

The recent gazette notifications on pharmaceutical pricing have prompted the need for a thorough review. In response, the business is working closely with the Sri Lanka Chamber of the Pharmaceutical Industry (SLCPI) to engage with all relevant stakeholders and evaluate the basis of these directives. This collaborative approach is essential to ensure that implementation is guided by principles of fairness and transparency—standards that are crucial for the industry to continue providing high-quality, innovative pharmaceutical products to the market.

Pharmaceuticals

For over seven decades, the Pharmaceutical Distribution business has played a pivotal role in strengthening Sri Lanka's healthcare sector. Through long-standing partnerships with globally renowned healthcare principals, the business has consistently ensured access to high-quality, safe, and effective healthcare solutions across the country. As a trusted partner of all stakeholders, the business remains dedicated to advancing access to innovative healthcare solutions, while upholding the highest standards of quality, compliance, and ethical practice.

During the year, the Pharmaceutical Distribution business reinforced its market leadership position and commitment to delivering innovative healthcare solutions by onboarding several new partnerships including Vexxa Lifesciences and Aculife, with the added objective of addressing underleveraged areas of strategic interest, further strengthening its position in the market.

Having successfully fulfilled all Government orders for 2024, the Pharmaceutical Manufacturing business secured an extension to the buyback agreement for 2025, with new orders already confirmed. It is encouraging to note that the buyback quotas are now allocated in an equitable manner providing a fair opportunity and a level playing field for all.

The Pharmaceutical Manufacturing business continued to expand its product range further with the production of several Morison branded medicines mainly for the treatment of non-communicable diseases. This strategic initiative delivers high-quality treatments at significantly lower costs, enhancing accessibility for patients. In a landmark achievement for Sri Lanka's pharmaceutical industry, the business introduced two cardiovascular medications—Cilnidipine and Rivaroxaban—manufactured locally for the first time. Cilnidipine, a fourth-generation calcium channel blocker, addresses hypertension (high blood pressure), while Rivaroxaban, a direct

Factor Xa inhibitor, is a next-generation oral anticoagulant used in the prevention and treatment of thromboembolic disorders.

The recent budget proposal to provide Value Added Tax (VAT) exemptions for imported packing materials used in the pharmaceutical manufacturing sector is a positive incentive for local manufacturing.

Pharmaceutical Manufacturing businesses' recognition as the "Sector Winner for Pharmaceuticals" in LMD's Most Respected Entities in Sri Lanka 2024 highlights its strong standing in the industry.

Hospitals

While a significant increase in channelling consultations and inpatient admissions relating to surgeries were observed, the segment witnessed a moderate decline in overall inpatient admissions and outpatient visits. This change in mix together with a continued enhancement in profit margins and a reduction in finance expenses enabled the Hospital segment to deliver an improved performance during the year.

Hemas Hospital Wattala achieved a significant milestone in the advancement of its cardiac care capabilities with the commissioning of a state-of-the-art Catheterisation Laboratory (CATH Lab), with an investment of Rs. 1.0 billion. Equipped with Sri Lanka's most advanced cardiovascular diagnostic and interventional technology, this facility enhances the hospital's ability to deliver precise, minimally invasive cardiac procedures.

The planned acquisition of land for the expansion of the Thalawathugoda hospital was completed with an investment of Rs. 1.9 billion and the next steps of this expansion project are being finalised.

Hemas Hospitals have been honoured as the Category Winner in the Hospitals & Medical Laboratory sector at the Best Management Practices Company Awards 2025 organized by the Institute of Chartered Professional Managers of Sri Lanka. This prestigious accolade reinforces the hospital's leadership in delivering high-quality, patient-focused healthcare services and highlights Hemas Hospitals' steadfast commitment to clinical excellence, strategic adoption of digital innovations, and a deeply embedded patient-centric ethos. Through these pillars, the hospitals continue to set industry benchmarks, strengthen operational effectiveness, and deliver outstanding value to patients and stakeholders alike.

> **HEMAS HOSPITAL WATTALA ACHIEVED A SIGNIFICANT MILESTONE IN THE ADVANCEMENT OF ITS CARDIAC CARE CAPABILITIES WITH THE COMMISSIONING OF A STATE-OF-THE-ART CATHETERISATION LABORATORY (CATH LAB).**

MOBILITY

Mobility	
Rs.1.9 Bn ↑ Revenue	**Rs. 1.5 Bn** ↑ Operating Profit
Rs. 0.8 Bn ↑ Earnings	**Rs. 1.5 Bn** ↑ Profit Before Tax

The easing of import restrictions together with the appreciation of the Rupee saw a comparative increase in import volumes. Increase in cargo volumes was also driven by the growth of sea-air general cargo movements related to the Red Sea situation and heightened demand for shipments to Europe and the USA. These developments supported the Sector earnings to grow to Rs. 0.8 billion with revenues increasing by 14.2% to Rs. 1.9 billion.

In the Maritime segment, both freight rates and volumes saw significant increases in the import and export operations compared to the previous year, which led to a notable rise in cumulative revenue, despite the appreciation of the Rupee during the period.

The Aviation segment saw a growth in cargo revenues due to higher yields and expanded market share. However, passenger revenue faced a decline due to intense fare competition among the key players.

Emirates SkyCargo (CMB) was recognised for its outstanding service and major contributions to Sri Lanka's logistics sector, receiving the prestigious Gold Award in the Airline Category at the 2024 National Logistics Awards, hosted by the Sri Lanka Logistics and Freight Forwarders Association.

LEADING WITH ESG

ESG Impact	
1,5m^3 ↓ Water Intensity	**10.6%** ↑ Renewable Energy Usage
225,800+ Families Empowered	**1.1 Mn Kg** ↑ Plastic Collected

In alignment with the Group's Environmental Agenda 2030, significant progress was made across key environmental performance indicators. Water intensity across significant operations was reduced by 6.2%, moving towards the 2030 target of a 50% reduction. Renewable energy now accounts for 10.6% of total electricity consumption, driven by sustained investments in solar infrastructure. These achievements reflect the Group's commitment to embedding resource efficiency and low-carbon practices across its operations. Further, the Group has collected over 1.1 million kilogrammes of plastic to date through its ongoing recovery initiatives, demonstrating a proactive approach to reducing environmental impact across the value chain.

Under the three focus areas—Creating Equal Opportunities for Learning, Supporting Health and Well-being, and Empowering Vulnerable Communities—the Group continued to deliver meaningful social impact. During the year, over 255,800 families benefited from initiatives spanning education access, healthcare awareness, mental well-being, economic inclusion, and skills development. These programmes are designed to support diverse communities across Sri Lanka, strengthening resilience and enhancing quality of life. Complementing these efforts, new environmental and purpose-led projects were launched to broaden the Group's impact and reinforce its commitment to long-term, inclusive value creation for all stakeholders.

THE PATH AHEAD

During the reporting period, Sri Lanka made encouraging progress on the path to macroeconomic stability. The Government's commitment to the IMF programme has ensured greater policy consistency, rebuilding stakeholder confidence, and enabled the country to exceed several key quantitative targets. However, we must remain vigilant—continued structural reforms and fiscal discipline are crucial to ensuring long-term stability, debt sustainability, and inclusive growth.

Building on a year of solid performance, we are now focused on laying the foundation for the next phase of growth. Our core businesses continue their strong performance, generating strong cash flows and improving the balance sheet—creating the headroom for sustained investment in strategic growth initiatives.

We are actively pursuing opportunities to expand our foreign exchange earnings footprint—one of the Group's long-term priorities. Our efforts span export growth across key business lines, strategic international acquisitions and partnerships, and deepening our operations in Bangladesh. In parallel, we are exploring targeted organic and inorganic investments in areas where we have a strong right to play and scale sustainably.

Sri Lanka's ongoing infrastructure investments, such as expansions at Colombo Port and the Katunayake International Airport, are expected to enhance the country's logistics competitiveness and support the continued growth of our Mobility Sector. At the same time, we are mindful of external risks, including shifting global trade dynamics.

As we look to FY2026, we are entering a phase of growth in line with our strategic plans. Our main priorities are to grow across larger emerging markets, expand into adjacencies, and drive technology-led transformation that unlock value for our stakeholders.

What makes all this possible is our people. I remain grateful to our passionate teams across the Group for their contributions, our Board for its steadfast guidance, and our customers, partners, and shareholders for their continued trust and belief in Hemas. We are proud of what we've achieved and excited about what lies ahead.

Ravi Jayasekera
Acting Chief Executive Officer

May 22, 2025

Colombo

"RENEWABLE ENERGY NOW ACCOUNTS FOR 10.6% OF TOTAL ELECTRICITY CONSUMPTION, DRIVEN BY SUSTAINED INVESTMENTS IN SOLAR INFRASTRUCTURE."

BOARD OF DIRECTORS

HUSEIN ESUFALLY

Chairman
Non-Executive Director

Appointed
October 1997

Skills & Experience

Husein Esufally commenced his career with the Group's Fast-Moving Consumer Goods business, where he steered the Company for a period of 19 years, during which, the business established a strong consumer franchise. Thereafter, he served for 13 years as the Chief Executive Officer of the Hemas Group until he relinquished his position in March 2014. He was appointed the Chairman of the Board of Directors in 2014.

He also serves as the Chairman of Hemas Manufacturing (Pvt) Ltd and Atlas Axillia Company (Pvt) Ltd of the Group of Hemas.

Husein Esufally holds a Bachelor of Science (Honors) Degree in Electronics from the University of Sussex, UK.

Other Current Appointments

Husein Esufally holds several directorships in the subsidiaries of the Group of Hemas.

He serves as a committee member of the Ceylon Chamber of Commerce. He is an active supporter of many social projects.

ANURA EKANAYAKE

Deputy Chairman
Non-Executive Director

Appointed
October 2013

Member - Nominations and Governance Committee

Skills & Experience

Anura Ekanayake has had an illustrious career in public service, serving as a Senior Economist of the Mahaweli Authority, Director on the Boards of the State Plantations Corporation and JEDB, Director of Planning to the Ministry of Plantation Industries and Director General of the Ministry of Public Administration. He has held directorships in all 23 regional plantation companies and also served on the Tea Research Board, Postgraduate Institute of Agriculture and Plantation Housing and Social Welfare Development Trust.

Following his two decade long public service, he joined Unilever Sri Lanka and served as Director – Human Resources and Corporate Relations for eight years.

He holds a B.A. (Hons) and MSc (Agriculture) from the University of Peradeniya and a Ph.D. in Economics from the Australian National University. He is also a Fellow Member of the Institute of Certified Professional Managers.

Other Current Appointments

Anura Ekanayake serves on a number of boards of listed companies and non-listed companies.

ABBAS ESUFALLY

Non-Executive Director

Appointed
May 1991

Member - Nominations and Governance Committee

Skills & Experience

With over 40 years' experience in the tourism industry, Abbas Esufally has played a pivotal role in expanding the Group's Leisure interest.

He has played an active part in the growth and development of the Country's tourism industry.

Abbas Esufally is a Fellow Member of both the Institute of Chartered Accountants of England & Wales and the Institute of Chartered Accountants of Sri Lanka.

Other Current Appointments

Abbas Esufally serves as the Chairman of Printcare PLC and DTH Travel Sri Lanka (Pvt) Ltd.

He also serves on several other listed and unlisted company boards.

He also acts as the Deputy Chairperson for AYATI Trust, Sri Lanka, a Center of Excellence for children with disabilities.

He is an all-Island Justice of Peace and serves as the Honorary Consul General of Bhutan in Sri Lanka.

BOARD OF DIRECTORS

IMTIAZ ESUFALLY

Non-Executive Director

Appointed

May 1991

Member - Audit Committee

Member - Related Party Transactions Review Committee

Skills & Experience

With over 30 years of management experience, Imtiaz Esufally has been at the forefront of the Transportation industry in Sri Lanka.

Imtiaz Esufally is the Chairman of Hemas Transportation (Private) Limited which incorporates the Maritime and Aviation Sectors of the Group.

He has earned an Honours degree in Accounting and Economics from the University of Kent, UK, and is an executive education alumnus of the International Institute for Management Development (IMD) in Switzerland.

Other Current Appointments

Imtiaz Esufally holds several board positions within the Group including Evergreen Shipping Agency Lanka (Pvt) Ltd, Far Shipping (Pvt) Ltd, and Forbes Air Services (Pvt) Ltd.

He is a member of the Advisory Council of the Ceylon Association of Ships' Agents.

MURTAZA ESUFALLY

Non-Executive Director

Appointed

September 1998

Member - Human Resources and Remuneration Committee

Skills & Experience

Murtaza Esufally counts more than 30 years of experience in senior management.

He leads the Healthcare Sector of the Group of Hemas and has played a vital role in expanding the Group's healthcare portfolio.

Murtaza Esufally is the Chairman of Hemas Hospitals (Pvt) Ltd, Hemas Pharmaceuticals (Pvt) Ltd and Morison Limited.

Murtaza Esufally is an Attorney-at-Law of the Supreme Court of Sri Lanka. He is also a Barrister of the Lincoln's Inn and holds a Bachelor of Law Degree from the University of Essex, UK.

He holds a Master's degree in Business Administration from the Melbourne Business School of the University of Melbourne.

Other Current Appointments

Murtaza Esufally holds several other directorships in the subsidiaries of the Group of Hemas.

Murtaza Esufally also serves as a Council member of National Institute of Education and is the Co-Founder of Learn4Lifelanka.

PRABHASH SUBASINGHE

Independent Non-Executive Director

Appointed

January 2022

Chairman - Nominations and Governance Committee

Skills & Experience

Prabhash Subasinghe is the founder/ Managing Director of Global Rubber Industries (Pvt) Ltd, established in 2001.

He is also the founder of Ayenka Holdings, an Investment Company that includes a large and diverse portfolio of investments in the Colombo Stock Exchange

Prabhash Subasinghe holds a bachelor's degree in applied economics and business from Cornell University and is an Alumni of Harvard Business School.

Other Current Appointments

Prabhash Subasinghe serves as a member of the main committee of the Ceylon Chamber of Commerce.

RANIL PATHIRANA

Independent Non-Executive Director

Appointed

January 2023

Member - Audit Committee

Member - Related Party Transactions Review Committee

Skills & Experience

Ranil Pathirana has extensive experience in finance and management in the financial, apparel and energy sectors.

Ranil Pathirana is a Fellow Member of the Chartered Institute of Management Accountants, UK (FCMA - UK) and holds a Bachelor of Commerce Degree from the University of Sri Jayewardenepura.

Other Current Appointments

Ranil Pathirana serves as a Director of the Hirdaramani Group, including Apparel, Leisure & Investment Holding Companies.

He is also the Managing Director of Hirdaramani International Exports (Pvt) Ltd. The Hirdaramani Group has apparel manufacturing facilities across Sri Lanka, Bangladesh, Vietnam and Ethiopia.

He also serves on the Boards of several listed entities.

AJITH FERNANDO

Independent Non-Executive Director

Appointed

July 2024

Member - Nominations and Governance Committee

Skills & Experience

Ajith Fernando has over 35 years of experience in the financial sector, focusing on capital markets. He founded Capital Alliance Group in 2000 and served as its CEO until December 2023. Under his leadership, the company became a leading investment bank in Sri Lanka and expanded to Bangladesh.

Ajith Fernando is a Fellow of the Chartered Institute of Management Accountants (UK) and holds an MA in Financial Economics from the University of Colombo.

Other Current Appointments

Outside of finance, he serves as Chairman of Sri Lanka Technology Campus (Pvt) Ltd., an educational institution, and operates as Director of Ceylon Tea Brokers PLC and many private companies.

SUPUN WEERASINGHE

Independent Non-Executive Director

Appointed

July 2024

Chairman - Human Resources and Remuneration Committee

Skills & Experience

Supun Weerasinghe is the Executive Director and Group Chief Executive at Dialog Axiata PLC, a position he holds since 2017. His career in telecommunications began with Dialog in 1999, where he progressed through various key roles, including Head of Strategy, CEO of the Mobile Business, and Group Chief Operating Officer.

He is a Fellow Certified Management Accountant, Sri Lanka, Fellow Member of the Chartered Institute of Management Accountants, UK, and holds a Bachelor of Science in Accountancy and Financial Management from the University of Sri Jayewardenepura, Sri Lanka. Supun Weerasinghe holds an MBA from the University of Western Sydney, Australia, and is an alumnus of the Harvard Business School.

Other Current Appointments

In 2013, he functioned as the Group Chief Strategy Officer at Axiata Group Berhad in Malaysia. He then led Robi Axiata Limited in Bangladesh as the CEO and Managing Director from 2014 to 2016. Supun Weerasinghe serves on the Board of The Ceylon Chamber of Commerce and UNGC Network, Sri Lanka.

BOARD OF DIRECTORS

THUSITHA PERERA

Independent Non-Executive Director

Appointed

September 2024

Chairperson - Audit Committee

Chairperson - Related Party Transactions Review Committee

Member - Human Resources and Remuneration Committee

Skills & Experience

Thusitha Perera has many years of local and international experiences in International Finance, managing Global Business Services, Financial Planning, Business development and People Development. She counts 23 years of experience with two Global multinationals Holcim and Michelin.

She held multiple international roles in Holcim, namely Commercial Controller in Australia, Regional Controller based in Switzerland for South-east Asia (in Indonesia, Vietnam and Thailand) and Finance Director in Philippines.

The last role held was the CFO/ Executive Director of Michelin Lanka Pvt Ltd upto August 2024. She also currently serves on the Board of Capital Alliance Holdings Limited as an Independent Non-Executive Director.

Other Current Appointments

Thusitha Perera is a passionate contributor to people development, Diversity and Process excellence. Thusitha Perera is a Member of CPA Australia and holds a Master's Degree from QUT Australia on International Business.

BOARD OF MANAGEMENT

RAVI JAYASEKERA

Acting Chief Executive Officer

Chief People Officer

Ravi Jayasekera is the Acting CEO and the Chief People Officer of Hemas Holdings PLC and counts over 20 years of leadership experience in Human Resources.

Ravi Jayasekera was the Vice President HR at Union Bank of Colombo PLC immediately prior to joining Hemas and brings with him over 20 years of senior management experience in Human Resources. Prior to joining Union Bank, Ravi Jayasekera held multiple senior management roles in Human Resources both in Sri Lanka and overseas with Multinational Banks. During the period 2004 to 2014, he worked at HSBC as its Head of HR for Sri Lanka and Maldives, Head of HR for HSBC Australia, Head of HR for Mauritius and Senior Manager Group HR for Retail Banking and Wealth Management based in Hong Kong. Prior to joining HSBC in 2004, Ravi Jayasekera worked at Standard Chartered Bank and Standard Chartered Grindlays Bank in several HR roles which included HR Operations, Employee Relations, Industrial Relations and Compensation and Benefits.

Ravi Jayasekera started his career with ANZ Grindlays Bank and worked In Information Technology and Credit Card business prior to moving to a career in Human Resources.

Ravi Jayasekera is a past pupil of Royal College, Colombo and holds a MBA from the University of Western Sydney, Australia.

MOIZ REHMANJEE

Group Chief Financial Officer

Moiz H. Rehmanjee is the Chief Financial Officer of Hemas Holdings PLC, bringing over 20 years of diverse experience across multiple industries and multinational corporations, during which period he has held leadership roles in Sri Lanka and overseas, including in Forbes listed companies.

His career began at KPMG, progressing through significant roles including Finance Director at Reckitt Benckiser Philippines and Sri Lanka, Chief Operating Officer at Teejay Lanka PLC, and Group Chief Financial Officer at Hela Apparel Holdings. Moiz's expertise spans corporate finance, supply chain management, investor relations, tax planning, and IT projects, making him a versatile leader in the finance domain.

Moiz has demonstrated exceptional leadership and strategic vision, successfully driving growth, acquisition integrations, and new business development. His efforts in spearheading investor roadshows have led to double digit market-cap growth, while his operational roadmaps have doubled business profit margins.

Additionally, Moiz Rehmanjee has been appointed as a member of the ACCA Sri Lanka Member Network Panel. He is a member of ACCA (UK), CA Sri Lanka, and CIMA / CGMA (UK).

SABRINA ESUFALLY

Managing Director- Hemas Manufacturing (Private) Limited

Sabrina Esufally is the Managing Director of Hemas Consumer Brands. She leads cross functional teams in sales, marketing, innovation and supply chain to drive growth and market share in the company's home and personal care business. She joined the Hemas group in 2019, where she headed Business Development at Morison Limited, the Group's pharmaceutical and OTC manufacturing vertical. She then transitioned to Hemas Consumer Brands in 2020, where she drove portfolio growth and brand development in emerging categories in beauty and wellness.

Prior to joining the Hemas Group, Sabrina Esufally was the Head of Legal Research at Verité Research, a leading think tank in Colombo. Sabrina has published widely on matters of public policy reform including access to information, government procurement and judicial reform.

Sabrina Esufally is an Attorney - at - Law of the Supreme Court of Sri Lanka and holds a First Class Honours from the University of Durham, UK. She also holds a LLM from Harvard Law School. Sabrina is an alumni of Harvard Business School.

BOARD OF MANAGEMENT

MAHESHA RANASOMA

Managing Director- Hemas Pharmaceuticals (Private) Limited and Hemas Surgical and Diagnostics (Private) Limited

Mahesha Ranasoma joined Hemas Pharmaceuticals in April 2025 and is the Managing Director of Hemas Pharmaceuticals (Private) Limited.

Mahesha brings with him over 25 years of leadership experience across both multinational and leading local organizations. His career has spanned diverse industries including manufacturing, energy, and international trade, with a strong track record in market expansion, regulatory compliance, and operational excellence.

Prior to joining Hemas, he served as CEO of Global Rubber Industries (GRI), Managing Director of Dipped Products PLC under the Hayleys Group, and held key roles such as Country Chairman of Shell Sri Lanka and General Manager of Shell Vietnam. His experience leading complex operations, building strategic partnerships, and engaging with regulators across multiple markets will be invaluable as we continue to strengthen and grow our healthcare businesses.

Mahesha holds a PhD from the University of Cambridge, an MBA from the University of Wales, and an Engineering degree from the University of Peradeniya.

LAKITH PEIRIS

Managing Director – Hemas Hospitals (Private) Limited

Lakith Peiris is the Managing Director of Hemas Hospitals and the Laboratory Chain. He is also the Lead CRT for Hemas Group.

Lakith Peiris has over 30 years leadership heading hospitals, laboratories and MNCs in pharmaceuticals, devices and medical equipment. He was the CEO of Lanka Hospitals for over seven years prior to joining Hemas in 2015.

He is currently the chair for Health sector in the Singapore-Sri Lanka Business Council, member of the Private Health Services Regulatory Council of the Ministry of Health, Immediate Past President of the Association of Private Hospitals & Nursing Homes. Lakith was also the Chairman of the Advisory Committee of Wellness Tourism of Export Development Board of Sri Lanka and was appointed by the Ceylon Chamber of Commerce as the lead to formulate the 2025 health sector strategy for economic acceleration framework 2020 to 2025 roadmap of Sri Lanka.

Lakith Peiris holds a Doctorate in Business and Management from Malaysia and a master's degree in business administration from the University of Western Sydney, Australia. A certified Professional Marketer from the Asia Pacific Marketing Federation and holds a Postgraduate Diploma in Marketing from the Sri Lanka Institute of Marketing.

DINESH ATHAPATHTHU

Managing Director – Morison Limited

Dinesh Athapaththu is the Managing Director of Morison Limited. He joined Morison Limited in 2016 as Director Finance and Commercial and was appointed as the Chief Operating Officer in 2019.

Dinesh Athapaththu has over 16 years of experience in local and international business. He started his career at Brandix as a Cost Executive and progressed up to be the Finance Controller at Brandix Textile Ltd. He held positions of Financial Controller and Regional Financial Controller for Indonesian-based plantations of Good Hope Asia Holdings from 2010 to 2016.

Dinesh Athapaththu is a Senior Vice President of the Sri Lanka Pharmaceutical Manufacturers' Association (SLPMA).

Dinesh Athapaththu is a Fellow member of the Chartered Institute of Management Accountants (UK) and has a Bachelor of Science degree from the University of Kelaniya. He also completed his MBA from the same university.

ASITHA SAMARAWEERA

Managing Director - Atlas Axillia Company (Private) Limited

Asitha Samaraweera currently is the Managing Director of Atlas Axillia Co. (Pvt) Ltd, a leading company in school and office stationery.

Prior to his current role, he counts over 12 years' of experience in leading FMCG businesses both in Sri Lanka and overseas. Asitha Samaraweera was the CEO of CBL Cocos (Pvt) Ltd., and CBL Global Foods, both subsidiaries of Ceylon Biscuits Limited, prior to joining Atlas Axillia Co. (Pvt) Ltd. Prior to his role at CBL, Asitha Samaraweera headed IFFCO (Frozen Foods) and GFI – leading Dubai-based FMCG companies for six years. Prior to his stint in the Middle East, he served as CEO of Keells Food Products PLC and Vice President at John Keells Holdings PLC. Asitha Samaraweera began his career with Nestle.

He has a background in Marketing with an MSc in International Accounting and Finance, London School of Economics one of the leading universities in the world. He also has a BSc in Business Administration, Washington University, St Louis, MO, USA.

MUSHIN KITCHILAN

Director- Hemas Transportation (Private) Limited

Mushin Kitchilan leads the Mobility Sector of the Hemas Group and was appointed as the Director of the sector in January 2022. Having started his career in 2007 when he joined Hemas as a Trainee Finance Executive, he rose through the ranks of the Group, holding several leadership roles in Finance, including serving the Mobility Sector as Finance Controller. In 2017, he was assigned to head the Evergreen Line Agency Operations, which kickstarted his career in commercial operations. Having spearheaded many logistics and maritime initiatives for the sector, he was appointed the Director of the Mobility sector in 2022.

In addition to his career at Hemas, he is actively engaged in shaping Sri Lanka's Logistics and Maritime industry, and has been serving as an Executive Committee Member of the Ceylon Association of Shipping Agents since 2020/2021. He is also a member of the sector committee on Transport and Logistics of the Ceylon Chamber of Commerce since 2021.

Mushin Kitchilan holds an MBA from the University of Wales and is an Associate member of the Chartered Institute of Management Accountants (UK).

RIZNY FAISAL

Chief Strategy and Growth Officer

Rizny Faisal leads Growth and Strategy for the Hemas Group and has over 15 years of combined experience in these domains

Prior to his role in Hemas, Rizny Faisal headed the Equity Capital Markets and Mergers & Acquisitions team at CAL, a leading Investment Bank in Sri Lanka, where he has been at the forefront of concluding several landmark ECM and M&A transactions across diverse sectors.

Prior to CAL, he was an integral part of the Mergers and Acquisitions team at PwC Sri Lanka for five years.

Rizny Faisal has also had stints at Amba Research, and KPMG Sri Lanka.

Rizny Faisal is a CFA charter holder (USA) and an Associate Member of the Chartered Institute of Management Accountants (UK). Rizny Faisal also serves on the Investment Committee of Aberdeen Holdings (Private) Limited.

BOARD OF MANAGEMENT

CHULANGA PERERA

Group Chief Transformation and Technology Officer

Chulanga Perera is the Group Chief Technology and Transformation officer and leads the IT, Digital, Shared Services and Transformation for the Hemas Group.

Prior to joining Hemas, his career started out in Investment Banking after which he transitioned into the field of technology and innovation.

He graduated from New York with an honors dual degree in Finance, Mathematics and Business Administration. Throughout his career, he has established and led global high performing teams as their Chief Information Officer and Chief Transformation Officer in leading MNCs in the manufacturing and automotive industry focusing on complete business transformation enabled by technology, cost optimization, data analytics and digitalization.

He has also served on the Board of a luxury automotive firm and was promoted as the youngest VP globally for that firm.

MANAGEMENT DISCUSSION AND ANALYSIS

CRAFTING Strategy

Our approach is built on careful planning and execution, ensuring that every decision we make is aligned with long-term success and meaningful impact. For over seven decade, this has helped us navigate challenges, seize opportunities, and optimise performance to drive sustainable growth.

CREATING VALUE

PURPOSE: Empower Families to Aspire for a Better Tomorrow

VALUES: Passion for Customers | Obsession for Performance | Driven by Innovation | Concern for People

Consumer Brands | **Healthcare**

Group Finance | Group Risk & Control | Group Corporate Affairs | Group HR | Group Transformation | Group IT

Inputs	Outputs/Impacts
FINANCIAL CAPITAL	
• Shareholder funds: Rs. 49.8 billion • Net Debt: Rs. 4.7 billion • Investment in solar: Rs. 746 million • Strengthened risk and control processes	• Rs. 5.1 billion capital expenditure • RS. 15.2 billion admin expenses • Investment in energy transition and digital transformation • Financial resilience and risk-managed operations
MANUFACTURED CAPITAL	
• 10+ key manufacturing facilities across Consumer Brands and Healthcare, including largest pharmaceutical manufacturing facility • Investments in automation and process optimisation • Ongoing upgrading in infrastructure	• Operational uptime and productivity gains • Lean manufacturing improvements • Quality assurance across products
INTELLECTUAL CAPITAL	
• Portfolio of 86 market-leading brands with strong consumer trust • Rs. 440 million invested in R&D and innovation • Investments in marketing and brand equity	• 86 leading brands in portfolio • 31 Industrial Designs, 943 Trademarks • 23 New-to-market product launches
HUMAN CAPITAL	
• 5,620 diverse and skilled workforce • Investment in training: 45,114 training hours • Occupational health & safety (H&S) protocols • DE&I, anti-discrimination and anti-corruption policies • Human rights due diligence in supply chain	• 33 injuries recorded • Staff health and safety audits and grievance redressal systems • Ongoing compliance monitoring in suppliers • Robust employee engagement and leadership development • Rs. 364.5 Mn insurance premium
NATURAL CAPITAL	
• Implementation of 2030 Environmental Agenda • Investments in energy and water conservation initiatives: Rs. 5.6 million • Partnerships and investments for biodiversity restoration projects: Rs. 18.9 million • Sustainable sourcing policies across supply chains	• 0.09 MT CO_2 per Rs. Mn revenue • 107,826 GJ energy used; 11% renewable • 64% waste recycled • Plastic recovered: 1,634,800+Kg
SOCIAL & RELATIONSHIP CAPITAL	
• Investment in social impact project: Rs. 64.5 Mn • Active stakeholder engagement frameworks • Regular ESG disclosures and investor updates ensuring transparency and trust	• 255,800+ individuals reached through health, education, and livelihood programs addressing national needs • Active community grievance mechanisms

Mobility

Group Corporate Secretarial | Group Legal | Group Mergers & Acquisition

Responsible Growth Outcomes

HEALTH, HYGIENE & WELLBEING

- Essential healthcare services delivered across hospitals, labs, and diagnostics
- Access to affordable pharmaceuticals products 23 new product development
- Wide range of pharmaceutical products ensuring access to critical medication
- Expanded access to hygiene and personal care products through trusted brands
- Improved community health outcomes in rural and underserved areas
- Contribution to health literacy through awareness campaigns and impact programmes

GROUP EARNING CAPACITY

- Rs. 15.7 Bn EBITDA and Rs. 8.3 Bn PAT, reflecting strong sectoral performance
- Rs. 5.1 Bn in capital expenditure enabling long-term growth, innovation, and decarbonisation
- Shareholder returns supported by consistent dividend payouts
- Increase in market value and share price appreciation, reinforcing investor confidence
- Optimised capital structure ensuring liquidity and resilience

ECONOMIC EMPOWERMENT

- Job creation across the value chain, including indirect employment through suppliers, distributors, and service partners
- Career development pathways enabling upward mobility
- 82% of procurement from local suppliers, strengthening domestic supply chains
- Partnerships with SMEs for capacity building
- Enhanced employability through community training and entrepreneurship support

GOVERNANCE, TRANSPARENCY & INVESTOR RELATIONS

- Ranked among LMD's Most Respected Entities and Top 10 Best Corporate Citizens
- Transparent investor communications and regular ESG reporting
- Robust compliance with regulatory standards and ethical business practices
- Strengthened governance, risk, and internal control frameworks

ENVIRONMENTAL IMPACT

- 0.09 MT per Rs. Mn revenue, with reductions through solar adoption and energy efficiency
- 107,826 GJ of energy consumed, with 11% renewable
- Scope 3 emissions assessment underway with supplier engagement
- 61% waste reused or recycled
- 1,634,800+Kg of plastic recovered through Extended Producer Responsibility (EPR)
- Efficient disposal of effluents and hazardous waste
- Water conservation measures implemented, including rainwater harvesting
- Initiatives supporting biodiversity and reforestation

CREATING VALUE

Value Created for Stakeholders

CONSUMERS

- Access to high-quality, affordable healthcare, FMCG, and mobility products and services
- Improved health outcomes through trusted services
- Responsibly sourced and safe consumer offerings

PRINCIPALS (GLOBAL AND LOCAL PARTNERS/BRANDS)

- Market expansion and brand growth through strong distribution and retail network
- Local market insights and consumer intelligence for strategic positioning
- Operational excellence in manufacturing, logistics, and last-mile delivery

* (Global and Local Partners/Brands)

COMMUNITIES

- Access to education, health, and livelihood opportunities through structured social impact initiatives.
- Resilient communities through long-term partnerships
- Empowerment of women and vulnerable groups

SHAREHOLDERS

- Consistent dividend payouts and capital appreciation
- Long-term value through innovation and prudent risk-taking
- Transparent investor communications and ESG reporting

EMPLOYEES

- Stable, meaningful employment across regions and roles
- Structured learning, career mobility, and leadership pathways
- Physically and psychologically safe work environments
- Inclusive workplace with a purpose-driven culture

BUSINESS PARTNERS

- Stable and ethical business relationships based on mutual growth
- Opportunities for capacity building and skills development
- Access to new markets and innovations through Group's scale and insights
- Transparent procurement processes and fair trading practices

GOVERNMENT AND REGULATORY BODIES

- Contribution to national health and development goals
- Significant tax contributions and regulatory compliance
- Support for local manufacturing and value addition
- Advocacy for sustainable policies in health, education, and environment

SAFE, EQUITABLE & PURPOSE-DRIVEN WORKPLACES

- Strong workplace safety culture with 33 injuries reported and continual improvements
- Gender equity demonstrated by 3:1 Male:Female ratio
- Increased inclusion through DE&I hiring and leadership development
- Safe working conditions aligned with global labour standards
- Employee well-being strengthened through physical and mental health programmes

COMMUNITY DEVELOPMENT & SOCIAL IMPACT

- 255,800+ individuals impacted through education, health, and livelihood interventions
- Community skills development programmes leading to resilience and self-reliance
- Structured partnerships with NGOs and local authorities for inclusive growth
- Addressing national priorities in health, education, and economic inclusion
- Increased trust and goodwill among communities and stakeholders

INVESTOR RELATIONS

Investor Relations (IR) serves as a vital conduit between Hemas and its stakeholders, encompassing current and potential investors, analysts, and regulatory bodies. Its primary objective is to facilitate transparent and effective communication whilst maintaining accountability and integrity, to ensure that the Group's financial status, strategic direction, and operational performance are clearly conveyed to the shareholders and the financial community.

At its core, Investor Relations is anchored in three fundamental principles: transparency, regular communication, and a demonstrable commitment to shareholders' interests. Transparency involves the clear and accurate disclosure of financial and operational information, allowing investors to make informed decisions. Regular communication ensures that stakeholders are consistently updated on company developments, fostering trust and credibility. A commitment to shareholders' interests underscores the Group's dedication to aligning its strategies and operations with the goal of enhancing shareholder value.

The Group has established a policy to ensure effective communication and engagement with shareholders and investors, in accordance with Listing Rule No. 9.4.2. In alignment with the Code of Best Practice on Corporate Governance 2023, issued by The Institute of Chartered Accountants of Sri Lanka and the Colombo Stock Exchange (CSE) listing requirements, the "Investor Relations" section of the Hemas corporate website is regularly updated with relevant information to support the needs of both current and potential investors.

IR Policy

Investor Relations

Announcements

Sustainability

INVESTOR RELATIONS ACTIVITIES

Shareholder Engagement

- Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs): Voting, shareholder queries.
- One-on-One meetings: Institutional investor interactions.
- Dedicated email address and contact person

Financial Reporting and Disclosures

- Publication of Integrated Annual Reports
- Publication of Quarterly Interim Reports
- Regulatory Filings / Announcements to the CSE

Investor Communications

- One-on-One discussions
- Webinars
- Roadshows
- Guided tours
- Attending Forums and Conferences
- Quarterly Earnings Calls
- Investor Presentations
- Press Releases
- Live Question and Answers (Q&A) sessions with analysts

Digital Communications

- Corporate and subsidiary websites
- Use of IR Bots
- Social media
- Email

ESG and Sustainability

- Integrated Reporting
- Press Releases
- Updates on Social media

Contact for Investor Relations:

Telephone : +94 0114 731731 Ext 1214

Email : ir@hemas.com

Website : www.hemas.com/investor.html

SHARE PERFORMANCE

CSE Ticker Symbol: HHL.N0000

Hemas Holdings PLC gained a listing on the Colombo Stock Exchange (CSE) through an Initial Public Offering (IPO) in 2003. The Hemas share is included in S&P SL20 Index.

During the year, the share price of Hemas increased to Rs. 120.00 from Rs. 80.40, recording a 49.3% increase while the All Share Price Index (ASPI) and the S&P SL 20 Index increased by 38.2% and 42.7% respectively.

SHARE SUB-DIVISION

In February 2025, the Company announced a subdivision of shares where by one Ordinary share was proposed to be sub-divided into five Ordinary Shares. At an Extraordinary General Meeting (EGM) held on 28th April 2025, the Ordinary Resolution pertaining to sub-division of shares of the company was approved by the shareholders. The share resumed trading after the sub-division on 07th May 2025.

DIVIDEND PAYMENTS

An Interim dividend of Rs. 1.00 per share for the 2024/25 financial year was paid in November 2024, followed by a Final dividend of Rs. 0.70 per share, which was declared on 22nd May 2025 (post the sub-division of shares) and to be paid by 16th July 2025.

534,513

Average Daily Share Volume

(FY 24: 232,871)

Rs. **50.2** million
(US $ **167,800**)

Average Daily Turnover

(FY 24: Rs. 17.1 million/US $ 55,600)

Rs. **71.7** billion
(US $ **241.3** million)

Market Capitalisation

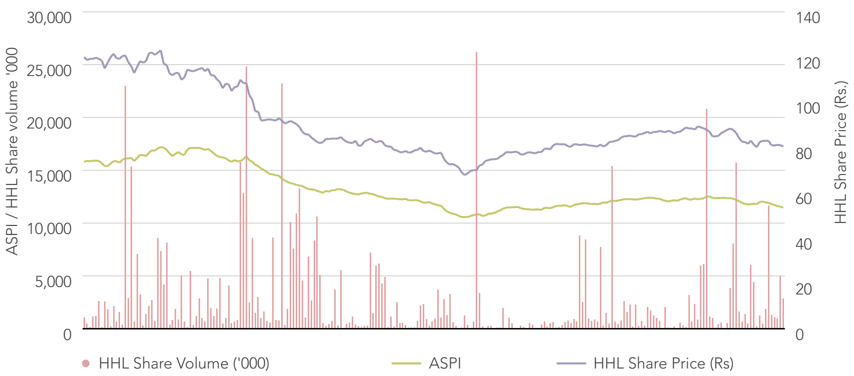
(FY 24: Rs. 48.0 billion/ US $ 159.3 million)

Key Indicators

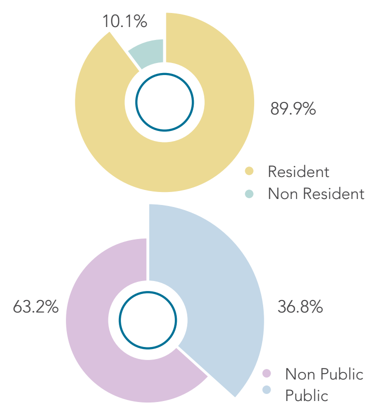
	Unit	FY 25	FY 24
Earnings per Share*	Rs.	2.70	2.05
Price to Earnings	times	8.9	7.9
Return on Capital Employed	%	25.6	22.1
Return on Equity	%	17.7	15.3
Dividend per Share	Rs.	4.00	2.35
Dividend Payout Ratio	%	29.6	23.0
Total Shareholder Return	%	57.2	27.3

** Adjusted for the 5 for 1 share sub-division*

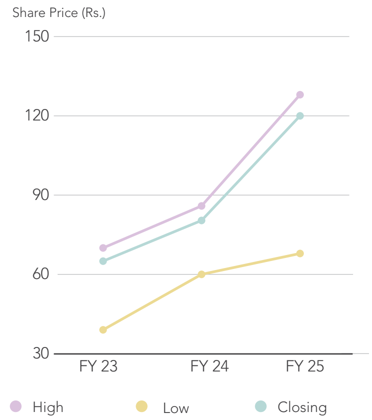
Three Year Trajectory



Share Ownership



High, Low and Closing Share Prices



OPERATING ENVIRONMENT

GLOBAL ECONOMY

The global economy in 2024 remained under pressure from geopolitical tensions, inflation, and tight monetary policies. Global GDP grew moderately from 3.1% in 2023 to 3.2% in 2024, despite subdued demand in advanced economies. Emerging markets remained resilient but were challenged by high borrowing costs and currency volatility. Trade flows were disrupted by supply chain issues, while energy prices stayed volatile amid conflicts and OPEC adjustments.

Despite volatility, developed markets showed resilience, aided by easing inflation and cautious monetary support. Geopolitical conflicts continued to strain logistics and energy markets. However, improved supply chain flexibility and energy diversification lessened broader economic risks.

Growth is expected to gradually ease, with global GDP projected to decline from 3.2% in 2024 to 3.1% in 2025 and 3.0% in 2026, as trade barriers and policy uncertainty weigh on investment and consumption.

Global Economy vs Sri Lankan Economy

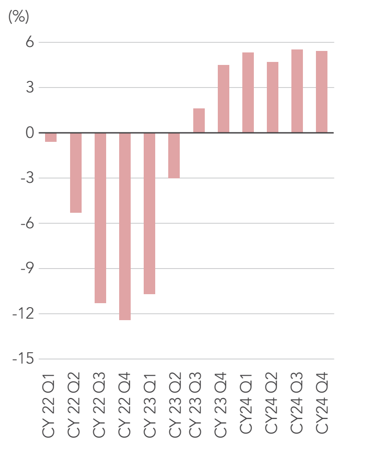
SRI LANKAN ECONOMY

Sri Lanka made continued strides toward economic stabilisation in FY 2024/25, supported by improved macro-economic conditions and sustained policy alignment with the IMF's Extended Fund Facility (EFF). The conclusion of both the Presidential and Parliamentary elections resulted in a strong mandate being given to President Anura Kumara Dissanayake led National Peoples Power (NPP) party, creating expectations for greater political stability and policy consistency. Key reforms in public finance and initiatives to provide greater transparency in governance will support sustained economic recovery. However, the recovery of domestic consumption was tempered by cost of living concerns and cautious consumer sentiment.

GROSS DOMESTIC PRODUCT (GDP)

In 2024, with the economy growing by 5.4% in the fourth quarter, Sri Lanka achieved a 5.0% GDP growth for the year, marking a significant recovery from the economic challenges faced in 2022 and 2023 which resulted in negative GDP growth during those two years. This rebound was driven by robust performances across most sectors, notably industry and services, supported by international financial assistance and structural reforms. Sri Lanka's industrial output expanded by 25.5%, and services grew by 57.5% while the agriculture sector experienced an 8.3% growth in 2024 from a year earlier.

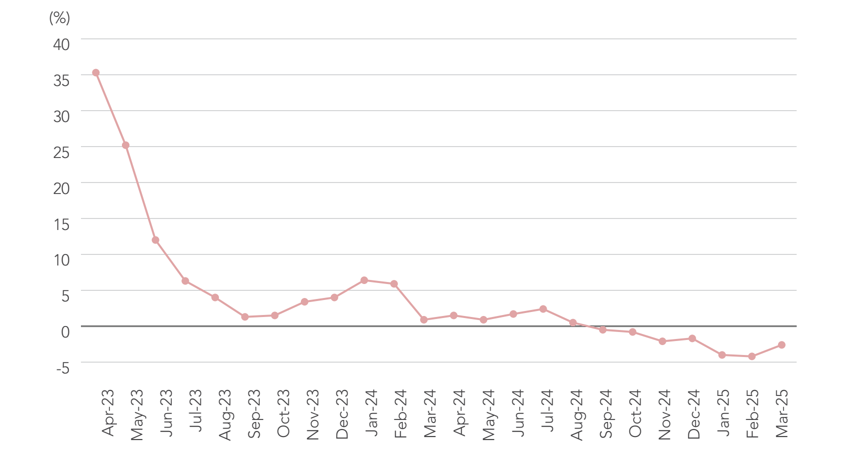
Quarterly GDP Growth in Sri Lanka



INFLATION

Inflationary pressures in Sri Lanka continued to ease over the course of the financial year, culminating in a transition into deflationary territory from September 2024 onwards. This development represented a marked deviation from the country's historical inflation trajectory. According to the Colombo Consumer Price Index (CCPI), year-on-year inflation turned negative in September 2024 at -0.5%, easing further to -4.2% by February 2025 before moderating to -2.6% in March 2025. The decline in price levels was primarily attributable to a substantial easing in food and energy prices—two components with significant weight in the consumer basket. Additionally, statistical base effects from the elevated inflation experienced during the 2022–2023 period further amplified the disinflationary trend.

Colombo Consumer Price Index (CCPI)

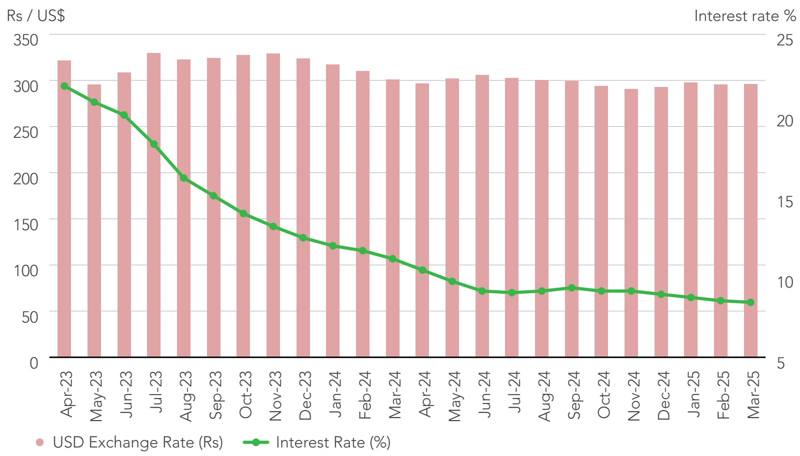


OPERATING ENVIRONMENT

EXCHANGE RATES AND INTEREST RATES

The Rupee remained relatively stable against the United States Dollar with a marginal appreciation of 1.6% during the year. Rising foreign reserves together with subdued import demand kept the currency steady.

End of the Month Exchange Rates and Interest Rates



The Average Weighted Prime Lending Rate (AWPLR) further continued its declining trend reducing to 8.4%, which is a 24.1% drop for the year. Easing inflation and a stable Rupee together with the Central Bank reducing its policy rates to stimulate growth kept the AWPLR on a downward trajectory.

EXTERNAL TRADE

The significant increase in Sri Lanka's Gross Official Reserves from US $ 4.4 billion at the end of 2023 to US $ 6.1 billion by the close of 2024 was primarily achieved through record-high foreign exchange purchases by the Central Bank from the domestic market, exceeding US $ 2.8 billion on a net basis. This was complemented by continued support from the IMF under its Extended Fund Facility arrangement, a favourable current account position and the renewal of the US $ 1.4 billion currency swap arrangement with China.

By the end of 2024, the import coverage of Gross Official Reserves (including the Peoples Bank of China swap) stood at 3.9 months improving from 3.0 months as at the end of 2023. The accumulation of reserves represents a significant achievement in Sri Lanka's economic stabilisation efforts, improving the country's resilience against external shocks and potentially setting the stage for sustained economic recovery.

US $ **3.2** billion

Earnings from Tourism

[CY 23: US $ 2.1 billion]

US $ **6.6** billion

Worker Remittances

[CY 23: US $ 6.0 billion]

US $ **12.8** billion

Exports

[CY 23: US $ 11.9 billion]

US $ **18.8** billion

Imports

[CY 23: US $ 16.8 billion]

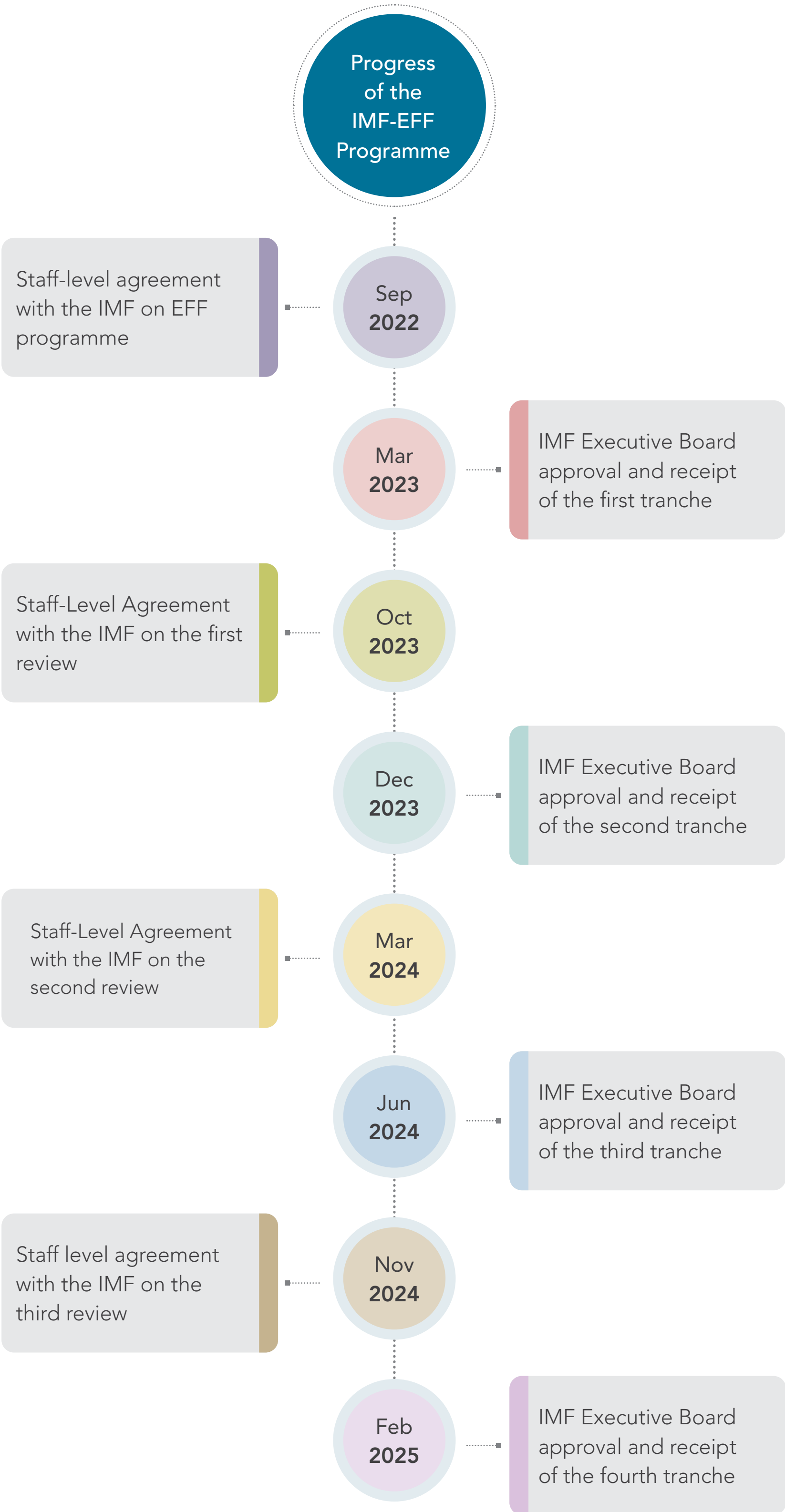
SOVEREIGN CREDIT RATING AND DEBT POSITION

The Executive Board of the International Monetary Fund (IMF) completed the second review under the 48-month Extended Fund Facility (EFF) Arrangement in June 2024, allowing Sri Lanka to draw Special Drawing Rights (SDR) 254 million (approx. US $ 336 million).

Sri Lanka's newly elected government, has been actively engaging with the IMF and has demonstrated a strong commitment to continue with the programme, implementing necessary reforms while striving to balance fiscal responsibility with social equity and economic growth.

In December 2024, Sri Lanka achieved a significant milestone in its economic recovery by finalising a comprehensive debt restructuring agreement with international bondholders. This agreement, alongside other agreements with bilateral creditors such as China, India, and Japan, was crucial for the country to exit its sovereign debt default declared in April 2022 and to continue receiving support from the IMF. Furthermore, two major credit rating agencies—Moody's Investors Service and Fitch Ratings—upgraded the country's sovereign credit ratings, reflecting improved fiscal stability and reduced default risk. Moody's upgraded Sri Lanka's long-term foreign currency issuer rating from 'Ca' to 'Caa1', assigning a stable outlook and Fitch Ratings upgraded Sri Lanka's long-term foreign-currency issuer default rating from 'Restricted Default (RD)' to 'CCC+'.

Recognising the successful completion of the external debt restructuring effort along with the achievement of most quantitative targets and structural benchmarks, the IMF Executive Board concluded the third Review under the EFF Arrangement, providing Sri Lanka with further access to SDR 254 million (approx. US $ 334 million) in February 2025 to support it's economic policies and reforms. While the reform efforts are progressing well with the economic recovery gaining momentum, sustaining this reform agenda is critical to put the country's economy on a path towards lasting recovery and debt sustainability.



OPERATING ENVIRONMENT – IMPACT TO THE GROUP

Exchange Rate

With the Group's businesses importing a significant share of raw materials and other inputs, exchange rate stability remains essential for maintaining cost predictability and safeguarding profit margins. Any depreciation of the Sri Lankan Rupee increases the cost of these imports, which in turn inflates production costs. Such dynamics not only compress margins but also contribute to broader inflationary pressures in the economy, potentially dampening consumer demand. Therefore, a stable and predictable exchange rate environment is vital for sustaining operational efficiency and financial performance.

Interest Rates

Interest rates directly affect the Group's cost of financing. A reduction in interest rates contributes to a decrease in finance expenses, thereby improving overall profitability. Additionally, a low interest rate environment enhances the Group's ability to undertake new investments using debt capital. This access to cost-effective funding provides the flexibility to pursue strategic growth opportunities while aiming for higher returns on investment. A favourable interest rate climate is thus instrumental in supporting both ongoing operations and future expansion plans.

Inflation

Inflation has a broad impact on both consumer behaviour and cost structures. High inflation erodes consumer purchasing power, which can negatively affect demand across the Group's product and service offerings. It also leads to increased, utilities, and other overhead expenses, thereby impacting operating margins. Moreover, persistent inflationary pressures tend to influence monetary policy, resulting in higher interest rates that further increase borrowing costs. In contrast, low and stable inflation helps maintain pricing stability, fosters consumer confidence, and can stimulate spending—all of which support the Group's revenue growth and margin preservation.

OPERATING ENVIRONMENT

GDP Growth

Economic growth, as measured by GDP, is a key determinant of market conditions. A growing economy typically boosts household incomes and consumer confidence, enhancing purchasing power and demand for goods and services. For the Group, such an environment supports volume growth and business expansion across sectors. On the other hand, sluggish or negative GDP growth may weaken overall economic stability and reduce consumer spending. It may also impair the ability of businesses and individuals to service debt obligations, which could contribute to broader financial system stress.

Sovereign Rating and Government Debt Position

The Government's debt sustainability and the country's sovereign credit rating have a significant influence on macroeconomic stability and investor sentiment. A stable or improving debt position contributes to stronger credit ratings, which in turn encourages foreign investor participation in local capital markets. This creates opportunities for the Group to attract foreign investment into its shares, enhancing liquidity and potentially driving up the share price. Furthermore, better credit ratings tend to facilitate inflows of foreign direct investment into the broader economy, which can stimulate job creation and economic activity, indirectly benefiting the Group's operations. Conversely, a deteriorating fiscal position could lead to rating downgrades, diminishing investor confidence and limiting the country's ability to raise capital—factors that could negatively impact both the operating environment and the Group's growth prospects.

OUR RESPONSE TO EMERGING GLOBAL TRENDS

Geopolitical Instability	Cybersecurity Threats	Climate Change and Sustainability Pressures
Escalating geopolitical tensions such as ongoing conflicts between nations, trade tensions, sanctions, policy shifts and political instability in developing regions are disrupting global trade, impacting supply chains, increasing operating costs, and introducing uncertainty into international markets.	The rise in remote work, interconnected supply chains, and sophisticated hacking methods have led to increased incidents of data breaches which have paralysed operations, damaged reputations, and resulted in substantial legal and financial liabilities.	Extreme weather events, rising global temperatures, stricter emissions regulations, and growing stakeholder expectations around environmental stewardship require clear ESG strategies, action and disclosures, with regulatory bodies mandating comprehensive sustainability reporting.
Group's Response:	Group's Response:	Group's Response:
Businesses aim to diversify operational footprints and reduce overdependence on any single region while building strategic inventory buffers and developing alternative supply sources to enhance resilience.	A Group-wide cybersecurity and data privacy strategy was implemented, including advanced threat detection, incident response planning, and continuous monitoring together with regular testing, third-party audits and employee training to create greater awareness and compliance.	The Group has adopted a structured ESG strategy and has in place an Environmental Agenda to address key environmental issues—climate change, water use, waste reduction, energy efficiency, and biodiversity—through clear goals, action plans and continuous monitoring to ensure focus, accountability and sustainable value creation.

THE GROUP'S STRATEGY

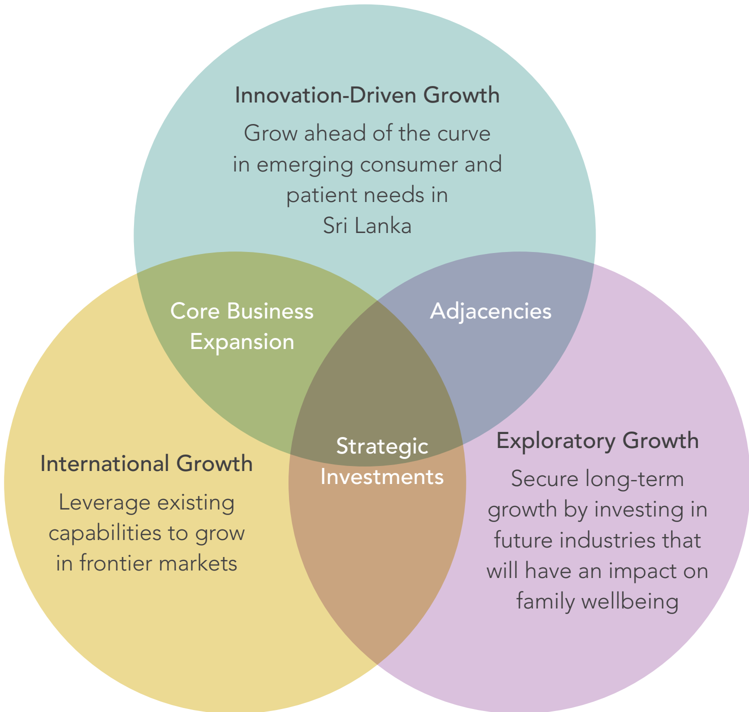
Throughout the Group's history, it has been dedicated to identifying and resolving genuine challenges for customers particularly by leading the adaptation of global practices locally. The Group prides upon solving need gaps in its markets with greater efficiency, speed, and effectiveness than its competitors by leveraging upon its superior understanding of consumers whilst upholding its values of honesty, transparency and fairness.

THE LONG-RANGE PLAN

The Annual Report for FY 2024 sets out the Group's approach to formulating a Long-Range Plan (LRP) spanning FY 2025 to 2027. As the first year of setting the LRP in motion, this year was marked by numerous successes as well as challenges. The Group is confident of its ability to navigate uncertain environments, remaining agile and adaptable to change to achieve its objectives.

The trajectory of the Group's portfolio, anchored around Consumer Brands and Healthcare, appears promising with persistent opportunities to succeed by delivering enhanced value to its customers both in existing markets and similar frontier markets. The Group's businesses will continue to retain dominant positions in their respective markets, enabling the generation of strong free cashflows and superior return on equity (ROE).

The Group has earmarked a sizable portion of current and future cash reserves of approximately USD 100 million to seize growth opportunities over the horizon of the LRP. These investments will be deployed to pursue growth levers that have been identified as illustrated below.



THE GROUP'S STRATEGY

ROLE OF EACH BUSINESS WITHIN THE GROUP'S PORTFOLIO

As the parent company, Hemas Holdings PLC is committed to maintaining a well-rounded portfolio of businesses – some of which will act as a strong foundation to leverage upon as we seek sustainable growth opportunities. We believe that this will allow us to continue to generate exceptional shareholder value whilst driving the evolution of local markets as well as foraying into new markets.

Being In or Moving to **New High-Growth Markets**	Strategic Shift for a **Successful Turnaround**	Offering **New and Enhanced Products & Services**	Superior Business Outcomes Through **Effective Resource Management**
Leveraging expertise in brand building, localisation and operational excellence in new business verticals & frontier markets.	Value creation through a pivot from generic pharmaceuticals to a building a patient-centric local brand of highest quality.	Pursuing market segments where local consumers and patients have significant unmet needs or have lagged evolution.	Retaining market leadership and generating efficiencies through process and digital transformation.
International Business; Consumer Brands - Bangladesh	Pharmaceutical Manufacturing	Hospitals; Consumer Brands - Sri Lanka	Pharmaceutical Distribution; Mobility; Learning

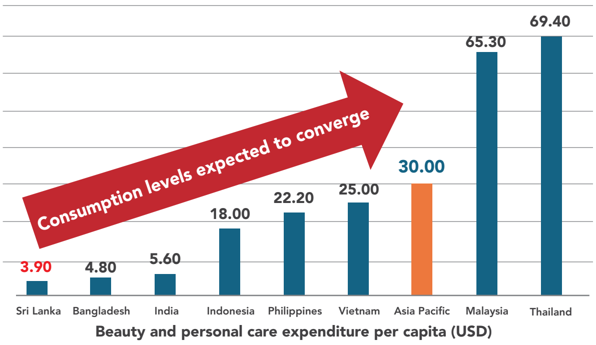
STRATEGIC PRIORITIES OF THE GROUP

Group/ Corporate Office	
	◆ Maintaining a well-diversified portfolio of businesses in terms of growth cycle, cash generation and investment requirement to be value accretive to the Group ◆ Guide the foray into new verticals with scalable and lucrative prospects, both locally and internationally, via acquisitions and/ or partnerships ◆ Driving initiatives to strengthen enablers for new initiatives: - Digitalisation and Transformation - People & Culture - Strategic Partnerships/ M&A - Governance & Processes ◆ Augmenting the 'Parenting advantage' by enabling the realization of synergies across the Group's businesses

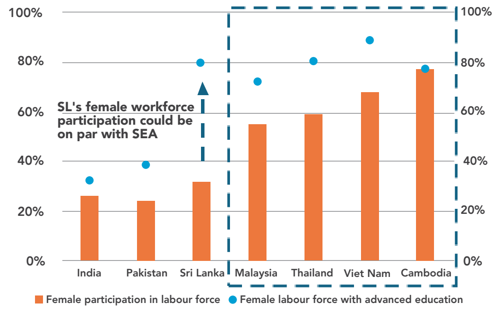
Significant growth potential in Sri Lanka's USD 500 Mn Beauty & Personal care market

Beauty & Personal Care Market | Global USD 500 - USD 550 Billion | **+7%** 5-year USD CAGR

Sri Lankans' expenditure on Beauty & Personal Care is significantly lower than regional peers



Immense potential for female employment to accelerate driven by higher skill levels



Source: Euromonitor, World Bank

As the second largest player in Beauty & Personal care in Sri Lanka, Hemas Consumer Brands is well positioned to capture the growing consumer spend

A house of brands offering 'made for SL' daily-use products across a distribution network of 82,000 stores

Dermatologically Tested Face Care Routine with *local ingredients – a successful new product launch*

Hair oil with botanicals and natural ingredients

1

Clinically proven hair wash

Male Fragrances & Grooming

2

Oral care for the entire family

2

Skin care, fragrances and female grooming products

**Number in circles represent market position*

The Consumer Brands business has refined Go-to-Market and Route-to-Market strategies leveraging on:

1. **Broad-based stakeholder engagement:** winning market leadership by advocating and innovating with brands such as *'Fems' and 'Baby Cheramy'*
2. **Improving accessibility to higher efficacy:** fulfilling unmet needs through robust R&D across brands such as *'Vivya', 'Dandex' and 'Kumarika'*
3. **Superior consumer insights:** tailoring to local preferences and concerns to fortify our competitive advantage with *'Velvet', 'Goya'* and *'Gold'*
4. **Strong brand equity:** : increasing the affinity of loyal users with brands such as *'Clogard'* and *'Baby Cheramy'*

THE GROUP'S STRATEGY

Hemas Consumer Brands is strongly aligned with enabling Sri Lanka's female workforce to improve participation in the economy

Stakeholder engagement to drive growth in under penetrated/ under-served categories

The local brand in menstrual hygiene
(#2 in the market with 35% market share)

Purpose driven brand supporting female empowerment with a journey of over 18 years

Championing affordability and access to a scientifically developed product matching international standards

Sanitary napkin usage in Sri Lanka is well below regional norms
(29% in SL vs. 40-60% in Southeast Asian peers)

Fems AYA (Her Foundation) promotes awareness around menstrual health to alleviate period poverty

Growing shift to hygienic menstruation products stemming from:

- Rise in **female employment**
- **Lifestyle changes** (eg. being more active, social engagements)

Bangladesh's USD 1.7 Billion personal care market is poised to grow exponentially with a Middle and Affluent Class of 34 million consumers

Building a multi brand Personal Care portfolio catering to evolving needs and aspirations

'Kumarika' commands share of over 15% in the Value Added Hair Oil (VAHO) market

Strong differentiation with effective blends of natural ingredients, to deliver nourishment and combat hair fall.

Continuing to invest in new product development, particularly catering to the growing youth population (28% of 171 million).

Made significant headway in establishing critical distribution infrastructure:

- Sales force strength of over 400
- Extensive reach of over 130,000+ stores

Consumer landscape is undergoing a rapid evolution on the back of:

Strong mobile penetration (108%)

Growth in internet users (increasing from 18.4 Mn in 2014 to 77.4 Mn (44.5%) in 2024)

Rising social media influence on purchasing decisions

Rapid urbanization (39%)

Strategic priorities of the Consumer Brands businesses

HCB Sri Lanka	• Be the home for innovative 'made for Sri Lanka' brands by solving emerging consumer needs ahead of competition
	• Be the Group's 'engine of growth' by:
	  • Establishing a stronger presence in fast growing and premiumised skin care & beauty segments
	  • Leading the evolution of local consumers in under-served categories eg. Sanitary napkins
	• Continue to be a leading local brand and grow market leadership positions beyond hair oil and baby care categories

HCB Bangladesh	• Building a broader personal care offering through a 'build for Bangladesh' strategy • Invest towards strengthening market presence by leveraging its extensive distribution network

High social-impact purpose driven brands that promote accessibility to learning

A Sri Lankan brand with **60+ years heritage**

Most loved Peoples' brand with 63% Equity

Undisputed Market Leader of Stationery Industry with **60%+ Share**

Assist in creating equal learning opportunities for underprivileged children thereby enabling them to continue their education

Facilitates learning by changing mindsets to create quality educational experiences for every child

Homerun Mau Diriya aims to lend a helping hand towards underprivileged yet resilient mothers to win life's battles by empowering them on a journey of entrepreneurship

Skill development project of Teachers collaboration with Ministry of Education

Consistent with the purpose of 'Making Learning Fun', the Learning business ventured into Educational Toys with a particular focus on Early Childhood development.

This segment stands to benefit from the growing appeal of a premiumised offering not only for learning value but also for gifting purposes across a spectrum of age ranges.

The Learning space stands to be a key beneficiary of Government initiatives

- The Government mandate on early childhood education for children completing the age of 4 years augurs well to drive pre-primary enrollment rate from (60-70%) closer to the primary enrollment ratio of ~95%
- The Government's renewed focus on the education sector, particularly on tertiary education, should help elevate tertiary enrollment rates from 23% to 30-35% witnessed in regional peers

However, muted growth is envisaged in Sri Lanka's 4.2 million school going student population, on the back of demographic changes, which limits growth prospects of the sector

Strategic priorities of the Learning business

Learning	
	- Continue to be the undisputed market leader in the Stationery sector with over 60% market share - Develop and offer innovative and effective learning experiences through Educational Toys and Digital platforms - Strengthening presence in adjacent schooling products and accessories eg. Water bottles and Lunch boxes

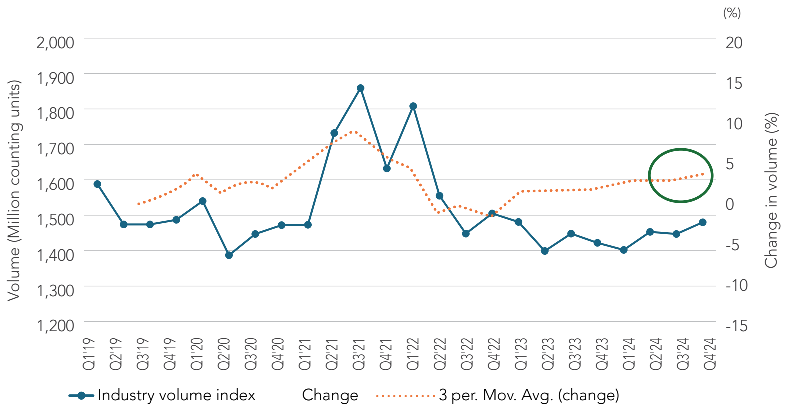
THE GROUP'S STRATEGY

SEGMENT REVIEW: HEALTHCARE

Sri Lanka's USD 360 million private pharmaceutical market is expected to grow at a USD CAGR of 5% up to FY27 on the back of a rapidly aging population and occurrences of non-communicable diseases (NCDs)

GROWTH DRIVERS

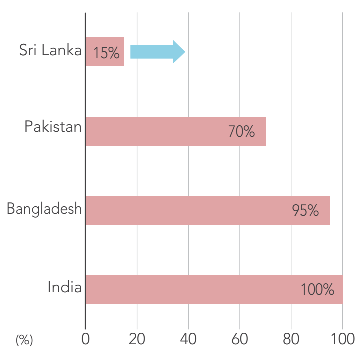
1. The stabilization of the economy is expected to gradually improve industry volumes in the short-medium term.



Growth in private consumption augurs well for localised pharmaceutical manufacturing, with a national ambition to manufacture 40% of the local market requirements by 2030

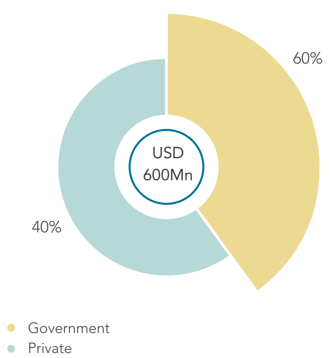
- Localised manufacturing rapidly expanded over the last decade, particularly accelerated post-COVID as concentration of supply chains were exposed.
- Before the government buy-back programme was initiated in the mid-2010s, local manufacturing made up approximately 5% of consumption.
- Opportunity to capitalize on patent laws related to Least Developed Countries (LDC) with localized production and tap into higher profit pools as well as secure greater control over the supply chain.

Regional Self Sufficiency



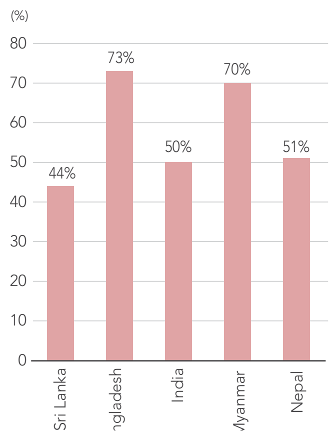
Shortages of essential medicine in the Government sector, creating room for more private participation for fulfillment of national requirement.

Sri Lanka's Pharmaceutical Market



Shift from public to private spends, in line with regional peers, will lead to higher out of pocket expenditure in the future.

Out of Pocket Expenditure



Our pharmaceutical manufacturing business is focused on the NCD segment - the second highest cause of hospital admissions and the leading cause of death in the hospital setting

	Sri Lankan context	Making premium healthcare affordable for everyone
Diabetes	In Sri Lanka, 21% (1 in 5) of the urban adult population is diabetic and another 20% is estimated to be in the pre-diabetic stage.	EmpaMor (Empagliflozin), became the market leader within two years of launch. As the first local manufacturer, our attractive pricing proposition induced a significant price correction among imported competition.
Cardiovascular diseases	Cardiovascular disease is the highest cause of mortality in Sri Lanka.	Entry into the cardiovascular space with the launch of three advanced therapies in March 2025, manufactured locally, enabling patients to save up to Rs. 30,000+ annually (30-50% lesser than competition).
Hypertension	Approximately 28% of Sri Lankan adults suffer from hypertension.	Cilnidipine and Bisoprolol are used in the treatment of hypertension, in addition to cardiovascular diseases

Strategic priorities of the Pharmaceutical businesses

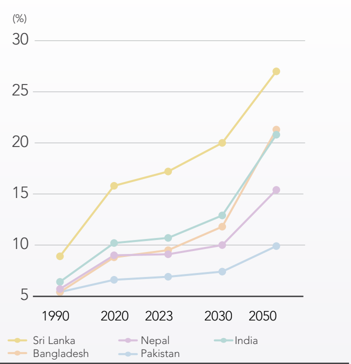
Pharmaceutical Manufacturing	• Realise the vision of "Making premium healthcare affordable for everyone" by taking on niche/novel therapeutic classes • Morison to be the preferred pharmaceutical brand to combat the most significant NCDs (eg. Cardiac and diabetes) • Hone manufacturing excellence to become the local brand/ preferred supplier to state sector sought after for quality on par with international standards

Pharmaceutical Distribution	• Continue to be the undisputed leader of pharmaceutical distribution in Sri Lanka:
	  • Maintaining leadership in top 10 therapeutic classes with highest growth
	  • Pursuing growth via early entry into underleveraged spaces/new age therapeutic classes
	• Augment the consumer healthcare portfolio with a focus on nutrition and well-being
	• Growing market share in surgical products, medical and diagnostic devices through new offerings and partnerships

SEGMENT REVIEW: HOSPITALS

Demand for private healthcare to increase in Sri Lanka due to ageing population and thereby surge in occurrences of NCDs

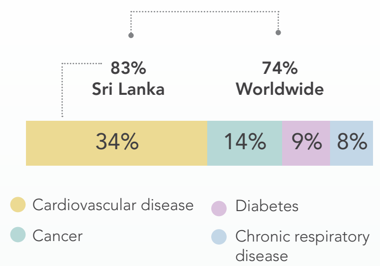
% of Population Above 60



Sri Lanka is one of the fastest ageing populations in the region.

1 in 5 persons will be aged above 60 by 2030.

Deaths Caused by NCDs



High occurrence of NCDs due to lifestyles, unhealthy diets, physical inactivity, smoking, alcohol consumption etc.

Strong correlation between an ageing population and developing NCDs with a gradual increase seen after age of 25.

Hospitalisation Rates

Hospitalisation rate expected to increase from 394 to 466 per 1,000 persons.

Total bed demand is estimated to go up by 20% between 2024 and 2030 to meet the higher hospitalization rates.

Translates to a total bed requirement of-2,400 per year.

THE GROUP'S STRATEGY

Increasing burden on Public sector infrastructure calls for higher private sector participation in fulfilling demand

Public sector remains cash-trapped leading to higher private sector participation in fulfilling demand

Extended Waiting Times In The Public Sector

Popular procedures/ investigations such as MRI/ CT scans, hernia surgery and mammograms have an **average wait time of 1-2 months.**

Other critical cardiovascular related surgical procedures may extend to as much as **6 months**.

Elevated occupancies of~75% for public sector tertiary care facilities.

94:6
Public: Private Sector Bed Mix

Sri Lanka already has a **higher public sector participation** compared to regional peers like India (60:40) and Bangladesh (58:42).

Excess bed demand will spillover to the private sector.

Supply Constraints in Public Sector

Government Expenditure as a % of GDP

Decreased from 1.7% to 1.3% (2018-2022)

Capital Expenditure as a % of Total Govt Expenditure

Expected to decrease from 17% to 14.1% (2023-2026)

Public tertiary care facilities are stressed due to supply constraints, lack of a referral system, low specialist doctor and nurse staffing ratios. Onus falls on the private sector to bridge the demand gap.

Onus falls on the private sector to bridge the demand gap and ensure continued access to essential healthcare services. The hospitals are well placed to expanding their tertiary care offerings, catering to the large suburban population and where occupancies have reached ~75%.

- Our value proposition is centered around affordable/accessible care, which will attract patients are looking to transition from the public sector.
- The Hospitals business is one of the most efficient hospital operators, consistently achieving strong EBITDA margins.

Strategic priorities of the Hospitals business

Hospitals

- Become the most trusted and leading provider in tertiary healthcare, surgical and laboratory services spaces in Sri Lanka
- Continue to build centers of excellence in high-demand specialties (cardiology, neurology, orthopedics, etc.)
- Offer a seamless connected care model to integrate all patient touch points and digital innovation for a seamless patient experience

SECTOR REVIEW: MOBILITY

Macroeconomic context

- Additional container handling capacity at Port of Colombo of 6.5 million TEUs per annum between 2025 to 2028, with the operationalisation of the East & West Container Terminals
- Passenger growth is envisaged to grow in tandem with demand for outbound tourism and migration for employment
- Growth in regional and international trade create demand for air cargo, where our Emirates GSA offers capacity and services

Strategic priorities of our businesses

- Continue to strenghten a lean business model
- Pursuing new pricipals by leveraging on the Group's appeal as a "partner of choice"
- Developing new capabilities to provide more value added services

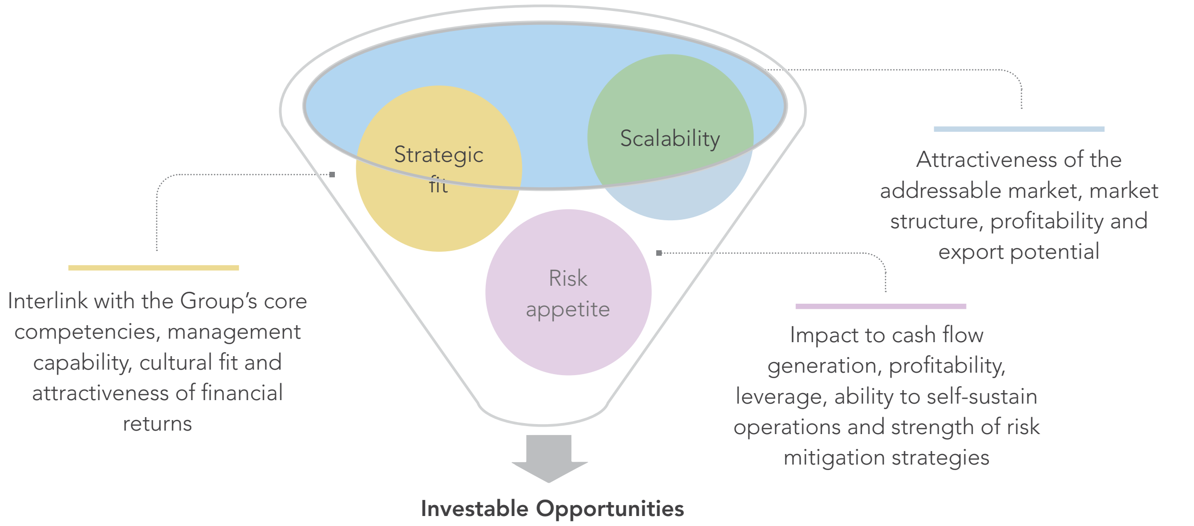
Current Trajectory

As an asset light business, the strong profitability of this sector contributes substantial cash conversion to the Group

Gold Award in the Airline Category at the 2024 National Logistics Awards, hosted by the Sri Lanka Logistics and Freight Forwarders Association

A fourth weekly flight of Emirates commenced from January 2025 served by the novel **Airbus A350** featuring its highly acclaimed Premium Economy and next generation Business Class cabins

INVESTMENT THESIS



A long-term hurdle rate (Weighted Average Cost of Capital) of 17.0% has been defined for capital deployment to sectors that are familiar to the Group, whilst new verticals are evaluated on a risk adjusted basis. The hurdle rate has been formulated considering the Group's current ROCE, targeted incremental value creation and preference to remain within comfortable levels of gearing.

The Investment Committee, a sub-committee of the Board, provides the Board with increased visibility of large-scale new investments and assists the Board to assess risks associated with significant investments, particularly at the initial stages of discussions, by providing feedback and suggestions in relation to mitigating risks and structuring arrangements. Comprehensive and periodic review mechanisms have also been defined together with the establishment of compensation/ incentive structures to ensure alignment of project owners.

The Group is confident that executing the strategy and investment pipeline with rigour will be well received by the investment community and augment total shareholder returns in the medium term.

THE GROUP'S STRATEGY

NOTABLE NEW INITIATIVES

Home and Personal Care – Sri Lanka: *Strengthening presence in the Beauty segment*	Vivya pioneered the use of Sri Lankan heirloom rice to offer a dermatologically tested face care regimen for women with clinically proven efficacy. During the year, 'Vivya' extended the portfolio with the launch of sunscreen made with the goodness of Heirloom Rice and a Vitamin C range of face care products, infused with Sri Lankan Orange. The Vivya Skin Analyzer – a tool to personalize skincare routines, won the Silver SLIM Digi Award for 'Best Use of AI Technologies'. The success of this portfolio has been encouraging with consumers increasingly moving towards a beauty regime upon entering the brand with a single product such as face wash. Moreover, repeat purchase rates, since the launch of new SKUs in December, have also been healthy.
Home and Personal Care – Sri Lanka: *Augmenting direct consumer engagement through "Fio" app*	Fems, feminine hygiene brand, launched 'Fio', Sri Lanka's first trilingual period tracking app which is designed to empower women by providing credible menstrual health education, cycle tracking, and a safe space for personalized health advice. Fio is designed to be a 100% free resource, enabling users to track their menstrual cycles, access trustworthy menstrual education, and engage in discussions with medical professionals.
Learning: *Educational Toys*	Entered a segment of the children's toys market via the 'PlayPalz' range of educational toys such as – flash cards, colour sands, finger paints and puzzles. Following an initial launch in August 2024, the second phase of the roll-out took place in October 2024. Further product development is ongoing targeting launches during FY26. The portfolio was well received by the market, particularly pre-schools that act as key influencers for early adoption amongst children and parents. The products were also positively received as premium gifting options with learning value among aspirational buyers.
Locally manufactured medications for Cardiovascular diseases	Launched Cilnidipine and Rivaroxaban, manufactured in Sri Lanka for the first time, along with Bisoprolol enabling patients to save up to LKR 30,000 or more per year (30-50% lesser than competition). Cilnidipine is a 4th generation calcium channel blocker for hypertension (high blood pressure) which stops plaque-forming calcium from entering the cells of the heart and arteries. Rivaroxaban, a direct factor Xa inhibitor, is a blood thinner that prevent blood clots. Bisoprolol, a cardio-selective beta blocker is a medication used in the treatment of hypertension, heart failure, arrhythmias (irregular or abnormal heart rhythm) and heart attacks.
Sri Lanka's most advanced Catheterization Lab at Hemas Hospitals Wattala	The first private facility in Gampaha to offer emergency cardiac care was launched in March 2025, catering to a significant market demand with existing strong outpatient footfall. This initiative is expected to drive substantial increases in cardiac-related admissions and cardiology channels while enhancing Hemas' image as a comprehensive tertiary care provider.
SLIIT-Hemas Allied Health Institute – *the Group's foray into higher education*	Entered into a Joint Venture agreement with Sri Lanka Institute of Information Technology (SLIIT), for the provision of tertiary education in allied health sciences (nursing, psychology, biomedical sciences etc.). This venture will offer its own programmes and those of affiliate universities along with career pathways both locally and internationally. SLIIT, the education partner, is the highest ranked private university in Sri Lanka with a history of 25 years and a student body of over 25,000. Hemas, with an extensive presence in healthcare and pharmaceutical sectors, will act as the industry partner. Subject to satisfaction of conditions precedent, Hemas became the shareholder of a 50% stake on 17th April 2025.

SUSTAINABILITY INTEGRATION

Hemas prioritises sustainability, recognising its impact on the financial performance of the Group, its brand reputation, and long-term success. The Group believes strong corporate governance, product and service excellence, environmental stewardship, and social responsibility are the cornerstones of a sustainable business.

As a result of this commitment, the Group integrates responsible business practices throughout its operations and identifies and tracks key environmental, social, and governance (ESG) performance indicators. This section of the Annual Report details the ESG strategy of the Group, its governance structure, key initiatives, and performance metrics.

Environmental

Recognise and work towards **minimisation** and **mitigation** of Group **environmental footprint** by focusing on **responsible consumption and disposal** of **plastic** with focus on extended producer responsibility, **safeguarding** our eco system, and **protecting** our natural resources

Social

Empowering families to aspire for a better tomorrow while creating an **inclusive world** and **championing equality** and **diversity** in our workforce and society

Governance

Ensure compliance to the highest corporate **governance** and **regulatory standards** while making **fair return to shareholder** and providing customers **products and services** they require in a **responsible manner**

ESG AT HEMAS

At Hemas, ESG principles are not just a compliance exercise, but a way of life. The Group fosters a work culture that embraces ESG as a natural choice for every business decision and daily operations. The Group inculcates ESG into its day-to-day operations through learning, sharing, collaborating, and reinforcing.

The Group's overarching Sustainability Policy and management framework has been developed after taking into consideration the results of an internal materiality assessment and external independent stakeholder engagement exercise undertaken by the Group.

Internal Materiality Assessment

External Independent Stakeholder Engagement

Determines the Group's impact on three components of sustainability

Environment

Society

Economy

Founded on:

Corporate Governance Framework

Enterprise Risk Management

Outcome

Sustainability efforts focused on

Alleviating operational impacts on the environment and society

Assess and mitigate the risks and opportunities of dependencies on external environmental and social aspects on the Group's financial performance

The Group Sustainability Policy, consisting of policies on environment, society, and economy, embeds the Precautionary Principle wherein the Group commits to take preventative action in the face of uncertainty to prevent potential risk and associated impact to its stakeholders and environment.

SUSTAINABILITY INTEGRATION

COMPLIANCE ACROSS THE VALUE CHAIN

Being a predominantly manufacturing organisation, the Group focuses significantly on the human rights of its workforce and as a result, the Group Human Resources policies, processes, and practices are fully in adherence to Sri Lanka labour regulations which are aligned to the International Labour Organisation (ILO), guaranteeing the respect of human rights of its workforce, whilst ensuring the respect of human rights in its value chains as practicably as possible.

Refer **pages 100 - 114** for the Group's approach to Human Resource Management

Third-party contract manufacturing operations undertaking dedicated production for the Group are audited by the respective businesses on the adherence to Sri Lanka labour regulations, environmental compliance and health and safety practices in their factories. The Group's Supplier Code of Conduct and its policy on supplier assessments on their environmental and social compliances also form part of the Group's efforts to encourage third parties with business relationships to align to the Group's sustainability and other related policies.

Refer **pages 139 - 142** for the Group's approach to Supplier Relationships

POLICY COMMITMENTS AND INTEGRATION

All Group policies including the Sustainability Policy, Environmental Policies, Economic Policies, Labour Policies, Product-related policies and Health and Safety Policies are approved and ratified by Group CEO and the Board of Management. Commitment to these policies, the manner of implementation and handling any grievances are implemented as part of the business specific management process and is contained in the Disclosures of Management Approach (DMA) which is hosted on the Group website www.hemas.com. However, certain policy commitments relating to Group Human Resources policies are confidential in nature and are not considered a public disclosure by the Group. These policies are available to employees through the Group Intranet or by contacting their respective HR divisions.

All employees of significant sectors at the time of induction sign the 'Hemas Way' document, the Group's Code of Conduct which provides guidance on Hemas' ethical standards and culture. The Group's Environmental and Social initiatives including initiatives of the Hemas Outreach Foundation are aligned to the United Nations Sustainable Development Goals and have been ratified by the Board of Management of the Group.

The Group relies on its ESG management framework to identify and remediate any negative impacts of its operations have on the environment, society, and employees. The Group also has in place an Environmental Agenda that addresses its environmental footprint, prioritising initiatives that promote responsible plastic consumption, safeguard the ecosystem, and protect natural resources.

Highlights

- All Group policies are approved and ratified by the Group CEO and the Board of Management.
- The Group's policy commitments, as well as the approach to their implementation and grievance management are contained in the DMA found at www.hemas.com.
- Confidential policies are available to employees via the Group Intranet or by contacting their respective HR divisions.
- All employees of significant sectors sign the Group's Code of Conduct, the 'Hemas Way'.
- The Group's Environmental and Social initiatives are aligned to the UNSDGs and have been ratified by the Board of Management.

GRIEVANCE HANDLING MECHANISMS

A grievance handling mechanism is in place for employees which includes suggestion boxes, joint consultative committees, and employee surveys. Additionally, each business unit has a dedicated senior team member(s) responsible for engaging with both formal and informal stakeholders to identify and, if necessary, address community grievances in and around its operational areas. All grievances are reported to the relevant Division within the Group for appropriate action, with senior leadership kept informed. Subsequently, the relevant team members engage with the affected parties to ensure their concerns are addressed satisfactorily, and where feasible, seek confirmation from the stakeholder.

REPORTING ON ESG PERFORMANCE

Aligned with the Group's commitment to reporting best practices, external assurance is obtained annually on both financial and non-financial disclosures in the Group Annual Report through a reputable accounting body. The sustainability assurance statement for the Group Annual Report 24/25, detailing the assurance process, standards used, and the level of assurance obtained, can be found on page 291 of the report.

The Group Management Approaches are supported by Key Sustainability Performance Indicators (KSPIs) to support the implementation of its sustainability policies. This enables the Group to identify, measure, track and report on the Group's identified material topics, leading to the mitigation of any ESG risks . The performance of each of the Group's material topics and its contribution to the value creation to each of the six capitals of Financial Capital, Manufacturing Capital, Intellectual Capital, Natural Capital, Human Capital and Social/Relationship Capital, is contained in the Integrated Group Review sections of this report. While the Disclosure of Management Approach are summarised within the relevant capital reports, and the full text is available online on the Group website, www.hemas.com.

The Group has also developed Standard Operating Procedures (SOP) for each material sustainability topic to ensure consistency, accuracy and completeness of data and conducts regular training to familiarise the Sustainability Champions and users of the policies, management approaches and SOPs.

Page 51

ESG Management Framework
Used to identify and remediate any negative impacts of the Group's operations on the environment, society, and employees.

Page 116

Environmental Agenda
Addresses the Group's environmental footprint, prioritising initiatives that promote responsible plastic consumption, safeguard the ecosystem, and protect natural resources.

Page 110

Grievance Handling Mechanism
Supports employees through grievance handling mechanisms such as suggestion boxes, joint consultative committees, and employee surveys.

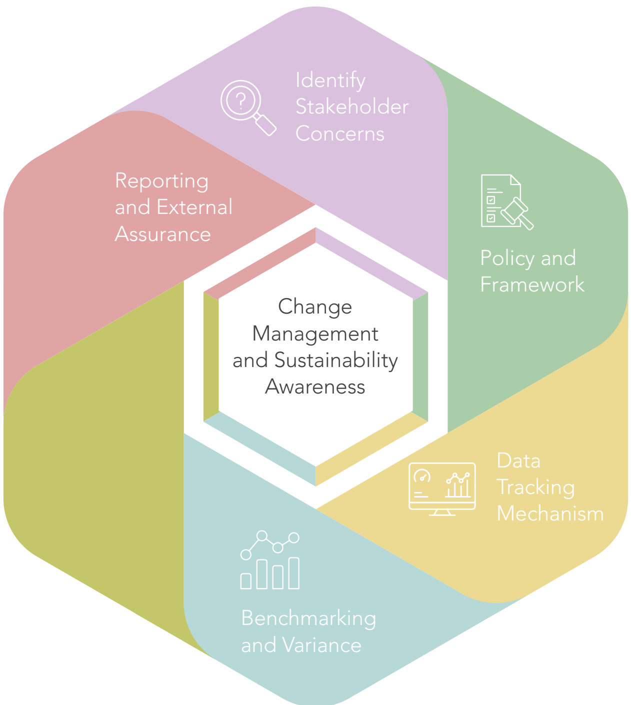
Page 204 & 291

External Assurance of Reporting Content
Obtained annually in terms of both financial and non-financial disclosures in the Group Annual Report through a reputable accounting body.

Page 60

Performance on Material Topics
Performance of material topics and their contribution to value creation is reported in relation to the six capitals, and contained in the Group Integrated Review.

ESG MANAGEMENT FRAMEWORK



Recognising the importance of integrating sustainability practices into the core of its business operations, the Group has in place a comprehensive ESG Management Framework which provides a systematic approach to achieving long-term sustainability goals and fostering a culture of responsible business conduct.

SUSTAINABILITY INTEGRATION

The Group ESG framework is anchored by a well-defined organisational structure:

Dedicated champions from each subsidiary spearhead ESG initiatives within their respective business units, fostering a collaborative approach

The Group maintain a regular quarterly reporting process to track and communicate Group-wide sustainability performance

A robust spreadsheet platform, developed in collaboration with an external consultant, facilitates data collection and analysis, enabling informed decision-making

The Group actively promote ESG awareness through ongoing training and communication programmes

The Group leverages internal and external sustainability assurance processes to maintain transparency and accountability

The Group's senior leadership team champions ESG, setting the strategic direction and ensuring its effective integration across all business units

The Group also has established clear benchmarks and targets for its key ESG indicators. This ensures the Group prioritises impactful initiatives that align with the principles of a triple-bottom-line approach, considering environmental, social, and economic factors.

The Group ESG Management Framework is further strengthened by its integration with established management systems:

Quality, Environmental, Health & Safety Management

Group entities with significant operations are certified under ISO 14001 (Environmental Management System), ISO 45001 (Occupational Health & Safety Management System), and ISO 9001 (Quality Management System), while the remaining entities have adopted the Group policies on quality, environment and safety.

Risk Management

ESG considerations are embedded within the Group comprehensive risk management processes.

Internal Audit

Regular internal audits ensure adherence to ESG policies and best practices.

Compliance

Strong compliance culture of the Group ensures alignment with relevant ESG regulations.

Social Responsibility

The Group's focus on empowering families to aspire for a better tomorrow results in dedicated social responsibility processes being in place, which contribute to the positive development of the communities it operates in.

The Group ESG Management Framework is also periodically reviewed and updated, ensuring it remains aligned with evolving operational needs and industry best practices, enabling the Group to continuously elevate its ESG performance.

ESG GOVERNANCE

The following diagram sets out the various roles and responsibilities of the Group's governing bodies and employees with respect to ESG Governance.

The Board of Directors

- The Board of Directors of the Group is responsible for and drives the integration of sustainability within the Group.
- The Board of Directors delegates various aspects of the Group's ESG Management Framework to the Board of Management which is led by the Group CEO.

Group CEO and The Board of Management

The Board of Management, which includes Managing Directors of each of the Group business units reviews and approves the Group's Sustainability Policy and other related policies including Groups' Environmental policies, Human Resources policies, its policies on product quality and health and safety etc, which are developed, owned, reviewed, and updated by the respective divisions within the Group and its businesses.

The Board of Directors has also delegated to the Group CEO and the Managing Directors (MD) of each of the business units to:

- Work with the Group Corporate Affairs Division (GCA) to carry out internal materiality assessment to identify the material ESG topics covering areas of economic impact, social impact, and environmental impacts, including impacts from climate change and emissions.
- The implementation of the overarching Group Policies in their respective sectors to manage the identified material topics.
- The responsibility for implementation of Management Approach and SOPs within their businesses.
- Improving the performance of the Sustainability KPIs which are aligned to the Group's material sustainability topics.
- Undertaking internal and external assurances of the sustainability processes
- Review of external stakeholder engagement studies.

Group CEO and The Board of Management

The ESG and Sustainability Champions of each business, who have been appointed by the respective MD's are delegated the authority to:

- Provide ESG performance data for the Group's Key ESG Performance Indicators on a quarterly basis which includes aspects such as emissions and mitigating the impacts of climate change,
- Communicate ESG level risks,
- Champion ESG initiatives,
- Assist in the implementation of the Management Approaches and SOPs.

SUSTAINABILITY INTEGRATION

ESG RISK MANAGEMENT

As a part of its Enterprise Risk Management process the Group assesses and identifies mitigation action for its enterprise levels risks, which includes the management of Physical Risks and Transitional Risks related to climate change.

To address the physical risks arising from climate change, such as natural disasters that could disrupt the operations of the Group, each business has in place Business Continuity plans, evacuation preparedness, and relevant insurance coverage to safeguard the safety of workers and protect property, plant, and equipment. The Group has also assessed the risks associated with transitioning to a low carbon operation from both financial and non-financial perspectives. To mitigate these transitional risks, the Group has commissioned the installation of rooftop solar panels across its businesses with significant operations, including its Head Office. The Group addresses its supply chain risks by diversifying the supply chain and mapping its critical suppliers.

Refer **pages 74-75** for more information on the Group's approach to ESG Risk Management.

Mitigating Physical Risks

- Business continuity plans
- Evacuation preparedness
- Relevant insurance coverage to safeguard the safety of workers and protect property, plant, and equipment
- Addressing supply chain risks by diversifying the supply chain and mapping its critical suppliers

Mitigating Transitional Risks

- Commissioning the installation of rooftop solar panels across businesses with significant operations, including its Head Office, to reduce reliance on fossil fuels and align with evolving energy standards.

MANAGING AND MEASURING ESG PERFORMANCE

The Board of Directors and Board of Management together with the Corporate Affairs team review the Group's Key Sustainability Performance Indicators (KSPIs) quarterly, assessing any changes, their underlying causes, and emerging ESG risks, including climate-related impacts requiring attention. Based on these reviews, they provide strategic direction to the Board of Management, who then guide ESG/Sustainability Champions and operational teams to take corrective actions or enhance performance.

Further details on KSPI performance can be found in the relevant capital write-ups in this report.

The Group's KSPIs encompass metrics such as climate impact, waste management, water consumption, occupational health and safety, and other environmental, social responsibility, and compliance metrics. Further details on KSPI performance can be found in the relevant capital write-ups in this report.

RESPONSIBILITIES OF THE GROUP CORPORATE AFFAIRS TEAM:

The Group Corporate Affairs (GCA) team is responsible for formulating Group-level environmental initiatives.

The following processes form the basis of communicating frontier risks and emerging areas of concern to the various decision-making bodies. The sustainability performance analysis and outstanding critical areas in relation the Group's material topics are communicated to the Board of Management on a quarterly basis.

Partnering with External Consultants to:

- Undertake periodic assessments of the Group's material sustainability topics,
- Update the sustainability standard operating procedures in line with changes in operating environment,
- Undertake quarterly data capture and analysis of sustainability performance based on established KSPIs via an automated performance monitoring system for reporting of such information to the Board of Directors and Board of Management.

Partnering with Sustainability Champions to:

- Track the performance and progress of the Group's KSPIs,
- Determine their contribution towards achieving Group level goals
- Facilitate internal audits of the Group's key operational facilities on a random basis.

Providing Updates to the Board of Directors on:

- The GCA's function
- Its challenges and deliverables
- Any improvements to the organisation's sustainability integration process, followed by discussions and implementation.

Responsible for Formulating Group-Level Environmental Initiatives

In addition to the above, sector-specific initiatives are undertaken by the sustainability and brand champions of the particular sector.

The ESG Champions meet regularly to share best practices and knowledge, facilitating a common understanding of sustainability across the Group. Furthermore, the Environment Committee comprising of Chief Engineers of the businesses meets with the Group Corporate Affairs team on a bi-monthly basis to discuss progress on agreed initiatives and share knowledge.

ENGAGING WITH STAKEHOLDERS

Businesses need the goodwill of stakeholders throughout its supply chain to drive sustainable growth.

The Group considers its key stakeholders to be stakeholders that have a significant influence over the Group, or who would be significantly impacted by Group operations.

The Hemas Group takes a structured approach to stakeholder engagement to identify their motivations, concerns of the operations of the Group, create awareness on Group policy and best practices on responsible business conduct, and views on the implementation of such policies.

The stakeholders are able to use the Group hotline or e-mail that is available on its products, relevant stakeholder communication channels and websites to highlight any concerns regarding the operations and business conduct of the Group. When a concern is raised the relevant division or party is informed of such concern and an investigation is carried out in line with the SOP in place.

The following diagram provides a description of our key stakeholders and their identified concerns .

Engagement with External Experts

Objective

To address the environmental impact of the Group operations and bio-diversity concerns within the country

Action taken

The Group's partnership with the Wildlife and Nature Protection Society continued, with action taken to protect 17 critically endangered endemic species in Sri Lanka, out of a total commitment of 52 such species.

The Group with Clean Ocean Force and Eco Spindle to tackle marine pollution in Sri Lanka.

Consumers

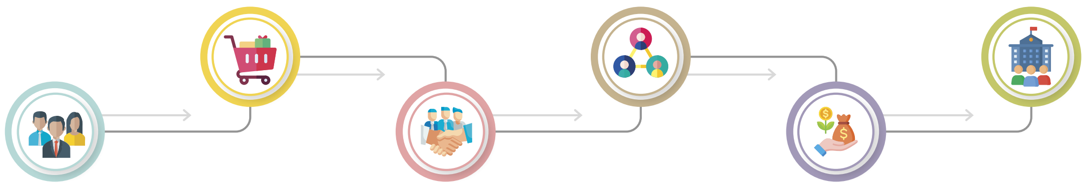
Consumers include individuals and organisations that use the Group's products and services. Meeting their needs is central to the Group's value creation efforts.

Community

The Group engages actively with communities across Sri Lanka, particularly those located near its operations, with a focus on creating inclusive and sustainable impact.

Government

The Government is a key stakeholder, serving as a regulator, tax authority, and policymaker. It plays a vital role in ensuring a stable and enabling environment for responsible business conduct and investment.



Employees

Employees are a key driver of the Group's performance and long-term growth. Their motivation and engagement are critical to unlocking the Group's full potential.

Business Partners

Business partners consist of a wide network of principals, suppliers, distributors, retailers, and agents, both in Sri Lanka and overseas, who support the Group's operations and value chain.

Investors

Investors include institutional and individual shareholders, fund managers, analysts, and related agencies. Their trust and continued engagement are essential to the Group's financial sustainability and strategic direction.

SUSTAINABILITY INTEGRATION

	Consumers	Employees	Business Partners
Key Concerns	• Quality of products, and efficient and effective services • Affordability and accessibility • Environmental and social responsibility	• Fair remuneration • Opportunities for growth • Concern for employees • Safety and dignity/respect • Engagement, feedback and grievance mechanisms	• Shared growth • Technical assistance and knowledge transfer • Domain knowledge, skills and expertise • Long term partnerships
Group Response	• Growing portfolio of affordable products and services to enrich the lives of the communities • Efficient distribution networks to reach consumers	• Strategic management of HR processes with Board oversight • Healthy workforce initiatives	• Timely payments • Fair play and transparent processes • Initiatives to share knowledge and build capacity

Across all Stakeholders

- Meetings
- Press releases
- Websites
- Social media
- Correspondence
- Industry exhibitions
- Roadshows

Specialised Mechanisms

Consumers:
- Satisfaction Survey (ongoing)
- Annual Engagement Survey
- Hotlines

Employees
- Annual Engagement Survey
- Performance Reviews
- Joint Consultative Committees

Specialised Mechanisms

Business Partners
- Annual Supplier Registration

Investors
- Annual and Quarterly Reports
- Notices to CSE (needs basis)

Government
- Regulatory Reports (as specified)

	Investors	Government	Community
Key Concerns	• Sustainable growth and returns • Good governance and transparency • Risk management • Timely communications	• Compliance with regulatory requirements • Partner socioeconomic development in country	• Environmental and social responsibility • Opportunities for shared growth • Support for community needs
Group Response	• Regular dividends • Continuous enhancement of earning capacity • Maintaining strong governance and risk management processes • Continuous transparent communication	• Established processes to ensure compliance with regulatory requirements • Investments in growth sectors of the economy • Timely payment of regulatory dues	• Established two trusts for engaging in projects at national level • Engagement with local communities by businesses • Maximise inputs from SMEs where possible

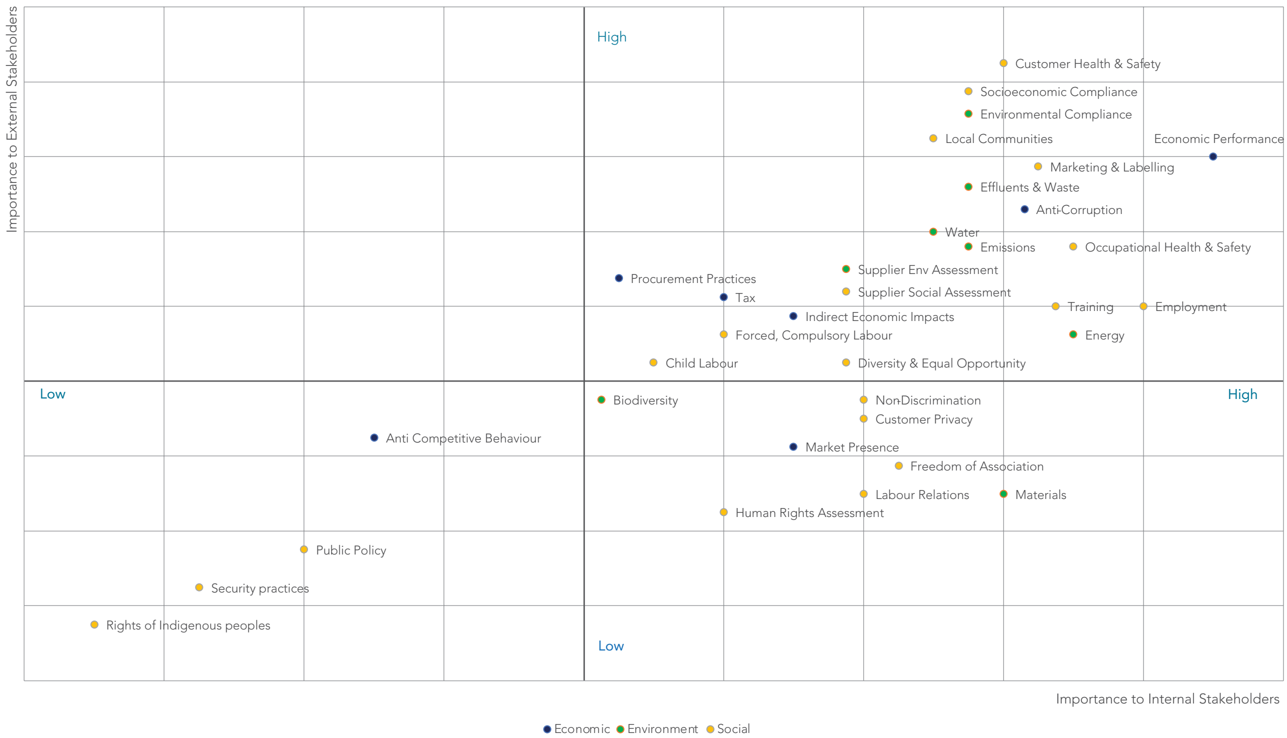
IDENTIFICATION OF SUSTAINABILITY TOPICS

The Group aligns all identified key sustainability concerns of significant stakeholders to the relevant sustainability topics of the GRI framework.

During FY 22, in an effort to further entrench ESG practices across its operations, the Group revisited its sustainability topics. This resulted in the Group prioritising its impacts from operations using the GRI Standards Topics as a baseline of potential impact areas, and then utilising those material impacts to identify the ESG risks and sustainability-related risks and opportunities (SRROs) that arise from such impacts, with consideration also provided to dependencies of resources. This ESG risks assessment exercise to understand the organisation's SRROs were undertaken based on the principles of the COSO Risk Management Framework utilising the severity of impact and likelihood of occurrence, leading to the Group identifying its financially material topics. This framework was used in tandem with the six-part materiality assessment of the AA1000 Standard of Accountability (UK) to prioritise the material topics from an impact perspective, thereby ensuring that the Group's materiality assessment encompassed an approach of double materiality. The materiality assessment process was undertaken based on the actual and potential negative and positive impacts considering the severity of impacts and the likelihood of occurrence. The identified topics were reviewed by the Managing Directors of each business and Group CEO, and once approved was consolidated at Group level.

In defining report content, the Group prioritises material topics according to their impacts and importance to significant internal and external stakeholder groups.

Mapping of Material Topics



SUSTAINABILITY INTEGRATION

Prioritised material topics are categorised according to the Group's management approaches accordingly. More information of the Group's Disclosure of Management Approach can be found on the Group website www.hemas.com/sustainability.

Material Topic	GRI Standard	Disclosure of Management Approach	Management of Capital	Relevant UNSDGs
Economic Performance	**GRI 201: Economic Performance** **GRI 201-1:** Direct Economic Value Generated **GRI 201-3:** Defined Benefit Plan Obligation and Other Retirement Plans and Distributed	Economic Performance	Financial and Manufactured Capital	1, 8, 10
Anti- Corruption	**GRI 205: Anti-Corruption** **GRI 205-1:** Operations Assessed for Risk Related to Corruption			16
Energy	**GRI 302: Energy** **GRI 302-1:** Energy Consumption within the Organization **GRI 302-3:** Energy intensity	Environment	Natural Capital	12, 13
Water	**GRI 303: Water** **303-1:** Interactions with water as a shared resource 303-2 Management of water discharge-related impacts **303-3:** Water Withdrawals **303-4:** Water Discharge 303-5 Water consumption			6, 12
Emissions	**GRI 305: Emissions** **GRI 305-1:** Direct (Scope 1) GHG Emissions **GRI 305 -2:** Energy Indirect (Scope 2) GHG Emissions **305-4:** GHG emissions intensity **305-5:** Reduction of GHG emissions			7, 12, 13
Waste	**GRI 306: Waste** **GRI 306-1:** Waste Generation and significant waste related impacts **GRI 306-2:** Management of significant waste related impacts. **GRI 306-3:** Waste generated			12, 14, 15
Employment	**GRI 401: Employment** **GRI 401-1:** New Employee Hire and Employee Turnover	Labour Practices and Decent Work	Intellectual and Human Capital	10
Occupational Health & Safety	**GRI 403: Occupational Health & Safety** **GRI 403-1:** Occupational health and safety management system **GRI 403-2:** Hazard identification, risk assessment, and incident investigation **GRI 403-3:** Occupational health services **GRI 403-4:** Worker participation, consultation, and communication on occupational health and safety			3, 8

Material Topic	GRI Standard	Disclosure of Management Approach	Management of Capital	Relevant UNSDGs
Occupational Health & Safety	**GRI 403-5:** Worker training on occupational health and safety **GRI 403-6:** Promotion of worker health **GRI 403-7:** Prevention and mitigation of occupational health and safety impacts directly linked by business relationships **GRI 403-9:** Work related injuries			
Training	**GRI 404: Training** **GRI 404-1:** Average hours of training per year per employee **GRI 404-3:** Percentage of employees receiving regular performance and career development reviews	Labour Practices and Decent Work	Intellectual and Human Capital	
Freedom of Association and Collective Bargaining	**GRI 407: Freedom of Association and Collective Bargaining** **GRI 407-1 :** Operations and suppliers in which the right to freedom of association and collective bargaining might be at risk			
Prevention of Child Labour	**GRI 408: Prevention of Child Labour** **GRI 408-1:** Operations and suppliers at significant risk for incidence of Child Labour			
Prevention of Forced of Compulsory Labour	**GRI 409: Prevention of Forced and Compulsory Labour** **GRI 409-1:** Operations and Suppliers at Significant Risks for Incidents of Forced or Compulsory Labour			
Local Communities	**GRI 413: Local Communities** **GRI 413-1:** Operations with Local Community Engagement, Impact Assessments, and Development Programs	Society	Social and Relationship Capital	
Customer Health and Safety	**GRI 416: Customer Health and Safety** **GRI 416-2:** Incidents of non compliance concerning the health and safety impacts of products and services	Product and Service Responsibility		
Marketing and Labelling	**GRI 417: Marketing and Labelling** **GRI 417-2:** Incidents of non compliance concerning product and service information and labelling			
Customer Privacy	GRI 418: Customer Privacy 418 – 1: Substantiated complaints concerning breaches of customer privacy and losses of customer data			

CAPITAL REPORTS

Financial Capital

Financial Capital refers to the monetary resources available to the Group, including equity, debt, and cash flow. It reflects the Group's capacity to support operations, engage in investments, and facilitate growth, while reflecting its ability to mitigate risks and maintain long-term stability. It enables the organisation to meet financial obligations, fund strategic initiatives, and deliver continuous value to stakeholders.

HIGHLIGHTS FOR FY 25

34.4%	3.4%	8.9%	17.7%
Increase in PBT year-on-year	Growth in Assets	Reduction in Gearing Ratio	Return on Equity

THE GROUP'S FINANCIAL CAPITAL AT A GLANCE

Trends and Identified Dynamics:

- Rising costs in key sectors due to global supply chain disruptions.
- Evolving local and international regulations, taxation, and reporting requirements.
- Volatile macro conditions in Sri Lanka and international markets, including inflationary pressures, currency fluctuations and consumer demand.
- Shift in consumer preference and demographics, resulting in businesses reassessing their product/service portfolios, thereby influencing capital allocation.

Key Focus Areas for FY 25:

- Enhancing Financial Performance by pursuing efficient operations and higher productivity, to achieve increased profitability.
- Strengthening Financial Position to create long-term stability and enable business continuity.
- Elevating Investor Value by driving consistent returns and achieving growth year-on-year.

HOW FINANCIAL CAPITAL SUPPORTS VALUE CREATION

- The effective utilisation of financial capital supports stakeholder value, while playing a key role in contributing towards socio-economic development, and driving sustainable goals.
- Strengthens potential for expansion and growth and drives business continuity and stability, thereby fostering confidence and trust in the organisation's long-term viability.

Impacted Stakeholders:

Consumers | Employees | Investors | Community

UNSDGs

QUARTERLY FINANCIAL SNAPSHOT

Rs. '000	Q1		Q2		Q3		Q4	
	FY 25	Vs FY 24	FY 25	Vs FY 24	FY 25	Vs FY 24	FY 25	Vs FY 24
Consumer Brands	8,864,775		10,990,832		16,054,892		10,087,128	
Healthcare	16,130,329		17,442,107		16,657,470		19,746,158	
Mobility	475,914		476,704		518,674		486,953	
Other	5,145		2,437		3,654		27,002	
Revenue	25,476,163	(12.5%) ↓	28,912,080	(3.1%) ↓	33,234,690	6.4% ↑	30,347,241	(3.5%) ↓
Gross Profit	7,610,260	(3.1%) ↓	9,139,743	5.6% ↑	11,005,656	11.7% ↑	9,317,630	(3.3%) ↓
Gross Profit Margin	29.9%		31.6%		33.1%		30.7%	
EBIT	1,930,481	(10.3%) ↓	3,092,731	11.8% ↑	4,863,645	25.7% ↑	3,819,772	21.9% ↑
EBIT Margin	7.6%		10.7%		14.6%		12.6%	
Net interest cost	(214,592)	(71.1%) ↓	(259,559)	(66.0%) ↓	(271,190)	(47.4%) ↓	(232,486)	(46.3%) ↓
Income Tax Expense	(713,593)	149.7% ↑	(1,243,950)	71.3% ↑	(1,487,898)	41.0% ↑	(944,700)	(9.7%) ↓
Earnings	945,559	(13.5%) ↓	1,508,766	23.7% ↑	3,026,198	36.3% ↑	2,576,438	63.6% ↑
Earnings Margin	3.7%		5.2%		9.1%		8.5%	

SWOT OVERVIEW

Strengths

- A diverse talent pool representing multiple industries and facets of society.
- Internal mobility and knowledge sharing that enables employees to gain cross-functional skills.
- A specialised talent pool indicates our ability to attract talent in specialised fields.

Weaknesses

- High dependency on domestic markets
- Capital allocation complexity

Opportunities

- Expansion into regional and international markets
- Digital transformation
- Sustainable financing
- Strategic M&A
- Untapped group synergies

Threats

- Global supply chain disruptions
- Increased cost of regulatory and compliance risks
- Economic and political instability
- Increase in taxation

PROGRESS IN FY 25:

Targets for 2030 / Key Focus Areas	Status	Activities in FY 25	Outlook	Impact
Return on Equity (ROE): Sustain above 17%	On Track	Enhancing capital efficiency, reinvesting for growth	Strong returns for investors	Shareholders
Debt-to-Equity Ratio: Maintain ≤30%	On Track	Prudent debt management, optimising leverage	Ensuring financial stability	Investors, Lenders
CapEx Allocation: 25% towards innovation and digital	On Track	Funding tech transformation and automation	Strengthening competitiveness	Employees, Customers
Expansion and M&A investments	Delayed	Leads have made steadfast progress within the investment approval process.	Most of the leads should be approved and finalised, and investments mobilised.	Shareholders, Employees
Total Shareholder Return (TSR) at 15%	On Track	Consolidated and further strengthened existing portfolio. Maintained commitment to LRP growth plans Drove cash flow efficiency to increase dividend payout.	Execute investments for long-term TSR growth.	Shareholders, Employees

On Track Delayed

ENHANCING FINANCIAL PERFORMANCE

Gross Profit	EBITDA	Profit Before Tax
Rs. **37.1** Bn ↑	Rs. **15.7** Bn ↑	Rs. **12.7** Bn ↑
(Rs. 36.0 Bn FY 24)	*(Rs. 13.6 Bn in FY 24)*	*(Rs. 9.5 Bn in FY 24)*

Earnings	Net Finance Cost	Interest Cover
Rs. **8.1** Bn ↑	Rs. **1.0** Bn ↓	**9.1** times ↑
(Rs. 6.1 Bn in FY 24)	*(Rs. 2.5 Bn in FY 24)*	*(3.7 times in FY 24)*

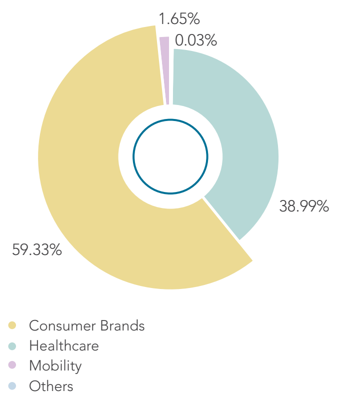
REVENUE

The Sri Lankan operating environment was characterised by persistent macroeconomic pressures in the first half of the year. However, the second half signalled a gradual shift toward recovery, supported by improving political stability.

The overall product portfolio underwent multiple downward price revisions, driven by market sentiment amid easing inflationary pressures.

Against this backdrop, the Group reported a revenue of Rs. 118.0 billion for the year, reflecting a 3.0% decline from the previous year's Rs. 121.6 billion. As outlined previously, the decrease was primarily driven by price adjustments across the product portfolio, particularly in the Consumer Brands segment. The three year Compound Annual Growth Rate (CAGR) stood at 14.4% during the year.

Revenue Composition



118.0 Bn
Group Revenue
(3.0%)

Consumer Brands
46.0 Bn
(9.4%)

Healthcare
70.0 Bn
(1.3%)

Mobility
1.9 Bn
(14.2%)

SECTOR PERFORMANCE

The Healthcare and Mobility sectors demonstrated positive growth during the year, with the former achieving a growth of approximately 1.3%, driven by an increasing demand for essential health products and healthcare solutions. The Mobility sector experienced a robust 14.2% growth, reflecting strong consumer demand for mobility solutions as the country began to recover from prior economic disruptions.

However, the Consumer sector navigated a challenging environment, recording a 9.4% dip in revenue. The Home and Personal Care segment was especially influenced by market fluctuations and shifts in consumer spending patterns. The Learning segment experienced a slowdown in demand, shaped by evolving consumer preferences for value-driven solutions and a more competitive market landscape.

However, the Group demonstrated resilience through strategic product innovations, expansion into new market segments, and leveraging technology and data analytics to enhance operational efficiency. Furthermore, initiatives such as increased distribution reach, expanded brand footprints, and product innovations helped mitigate challenges, thereby positioning the Group for long-term recovery and growth.

Gross Profit

The increase in Gross Profit to Rs. 37.0 billion (Rs. 36.0 billion in FY24) and the improvement in Gross Profit Margin to 31.4% (29.6% in FY24) were driven by enhanced supply chain and operational efficiencies, a reduction in raw material prices, and the appreciation of the Sri Lankan Rupee (LKR). Additionally, strategic adjustments in the product mix have contributed positively to margin expansion, supporting improved profitability for the period.

Operating Expenses

Operating expenses decreased by 2.2% year-on-year, reflecting the Group's ongoing commitment to cost optimisation and efficient resource management. This reduction was primarily driven by a series of initiatives focused on process improvements, enhanced sourcing practices, and the decline in energy prices, all contributing to more streamlined operations and reduced overheads.

OPERATING PROFITS (EARNINGS BEFORE INTEREST AND TAX)

The EBITDA increased to Rs. 15.4 billion from Rs. 13.6 billion, reflecting an improvement of 15.4% year-on-year. This growth was primarily driven by the afore-mentioned gross profit improvements, alongside the Group's strategic cost optimisation initiatives. The EBITDA margin also improved, rising to 13.3% from 11.2%, further highlighting the enhanced operational efficiencies and cost optimisation measures implemented throughout the year.

Similarly, EBIT rose to Rs. 13.7 billion, up from Rs. 12.0 billion, a direct result of the improvements in gross profit, cost optimisation, and the reduction in energy costs. The EBIT margin improved to 11.6% from 9.8%, indicating better profitability after accounting for operating expenses. These positive results demonstrate the Group's ability to enhance its operational performance, reduce costs, and manage external challenges effectively, leading to stronger earnings and margins.

The three-year CAGR of EBITDA and EBIT stood at 24.0% and 26.4% respectively.

ECONOMIC VALUE ADDED STATEMENTS

Rs. million	FY 25	FY 24	%
Revenue	117,970	121,614	(3.0%)
Share of Result of Joint Ventures/Associates	452	93	383.3%
Other Investment Income	526	767	(31.3%)
Profit on Sale of Assets & Other Income	48	526	(90.8%)
Valuation Gain on Investment Properties	253	265	(4.6%)
Value Generated	119,249	123,265	(3.3%)
Operating Overheads	83,115	90,851	(8.5%)
Employee Wages & Benefits	12,756	11,541	10.5%
Payments to Providers of Funds	3,938	4,802	(18.0%)
Payments to Government	10,939	10,146	7.8%
Community Investments	35	32	7.9%
Value Distributed	110,783	117,374	(5.6%)
Depreciation	1,589	1,326	19.8%
Amortisation	409	364	12.2%
Profit after Dividends	6,468	4,201	54.0%
Value Retained for Expansion and Growth	8,466	5,891	43.7%

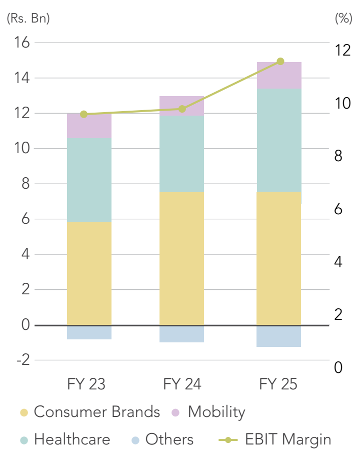
PROFITABILITY

31.4%
Gross Profit Margin
(29.6% in FY 24)

11.6%
EBIT Margin
(9.8% in FY 24)

6.8%
Earnings Margin
(5.0% in FY 24)

EBIT & EBIT Margin



FINANCE EXPENSES

The Group recorded a significant reduction in Net Finance Costs, which declined to Rs. 977.8 million from Rs. 2.5 billion, reflecting improved financial efficiency and prudent capital management. This reduction was primarily driven by a lower loan base, a result of effective working capital optimisation, particularly in the management of inventory and receivables.

Additionally, favourable movements in interest rates during the period further contributed to the decrease in interest expenses. These combined efforts reflect the Group's disciplined financial strategy, focused on maintaining a leaner capital structure and enhancing profitability through reduced financing costs.

TAXATION

The Group's tax expenses increased by 41.0%, rising from Rs. 3.1 billion to Rs. 4.4 billion during the year. This increase was primarily driven by the Group's improvement in profitability and this increase was primarily due to improved Group profitability, higher upstreaming of dividend from subsidiaries, and rise in deferred tax provisions.

The Group has established a dedicated Group Tax division, responsible for developing policies and ensuring compliance protocols to guarantee the accuracy, reliability, and timely submission of tax returns across its entities. By maintaining regular engagement with local tax authorities, the Group strengthens its understanding of changing tax laws, ensuring accurate compliance and minimising risks associated with regulatory complexities. For complex transactions, the Group seeks guidance from external tax experts to ensure full legal compliance. Additionally, ongoing training initiatives for staff are prioritised to effectively manage the Group's tax positions.

PROFIT AFTER TAX ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (EARNINGS)

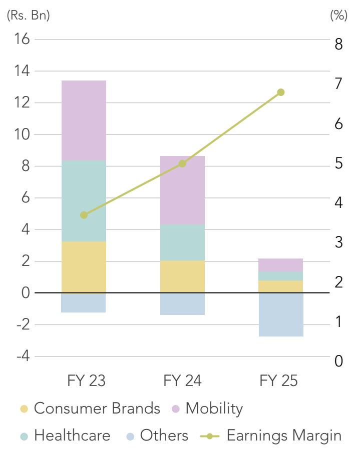
The Group delivered a strong performance during the year, with Profit After Tax (PAT) increasing to Rs. 8.3 billion, compared to Rs. 6.4 billion in the previous year, reflecting a year-on-year growth of 31.2%. Similarly, Earnings rose to Rs. 8.1 billion, up from Rs. 6.1 billion last year, marking an increase of 31.9%. This robust growth was driven by the improved profitability from core business operations and the ongoing impact of cost optimisation efforts, including reduced finance costs. Resultantly, the Group achieved its highest-ever earnings, building on strong operational results and strategic initiatives, thereby setting a solid foundation for future growth and profitability.

The Earnings Margin also witnessed a significant improvement, rising to 6.8% from 5.0% in the previous year. This represents an increase of 1.8%, highlighting the Group's ability to translate revenue into profitability.

This performance reflects the combined effect of increased operational efficiencies, effective cost management, and an ability to leverage on market trends to drive results. The Group's ability to improve margins while expanding earnings demonstrates its continued focus on delivering sustainable growth and value creation for stakeholders.

Furthermore, the Group's commitment to a thoughtfully devised, forward-thinking strategy, prudent financial management, and steadfast adherence to ESG principles ensures that the demonstrated growth in profitability is sustainable over the long term. The Group's focus on responsible business practices and strategic foresight positions it well for continued success in the future.

Earnings & Earnings Margin



STRENGTHENING FINANCIAL POSITION

Assets and Liabilities

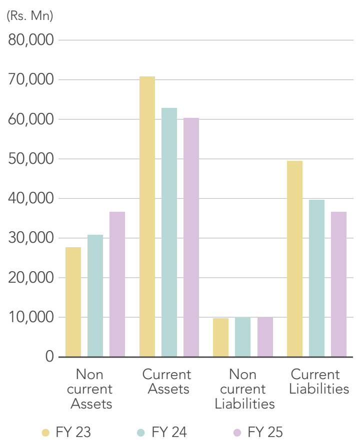
The Group's total assets increased to Rs. 97.2 billion from Rs. 93.7 billion, reflecting a 3.7% year-on-year growth. A key contributor to this growth was the increase in Property, Plant and Equipment (PPE), which rose to Rs. 24.4 billion from Rs. 20.1 billion, largely due to the acquisition of a land in Thalawathugoda and other routine capital expenditure across the Group.

The aforementioned land acquisition marked a strategic investment under the Group's Hospitals segment, focused on supporting the Healthcare sector's expansion and enhancing its service capacity. The Group's capital expenditure activities, largely focused on investments in infrastructure, technology, and other essential assets to sustain long-term operational efficiency and business growth.

The Group invested Rs. 5.1 billion in PPE during the year, more than doubling the previous year's investment of Rs. 2.3 billion, reflecting its continued focus on strengthening operational infrastructure and supporting long-term strategic priorities. Depreciation for the year stood at Rs. 1.6 billion, compared to Rs. 1.3 billion in the prior year, in line with the increase in the asset base.

In contrast, total liabilities decreased to Rs. 46.8 billion from Rs. 50.0 billion, marking a reduction of 5.6%. This decline was largely driven by the Group's ongoing efforts to optimise its loan base, which involved strategic measures aimed at improving working capital management and reducing debt levels. The reduction in liabilities strengthens the Group's financial stability, lowers interest-bearing debt, and further enhances its capacity to invest in future growth opportunities.

Assets & Liabilities Composition



Assets

1.6
Current Ratio
(FY 24: 1.6)

1.1 ↑
Quick Ratio
(FY 24: 1.0)

1.2 ↓
Asset Turnover Ratio
(FY 24: 1.3)

Equity

25.6% ↑
ROCE
(FY 24: 22.1%)

15.6% ↓
Debt/Equity Ratio
(FY 24: 28.8%)

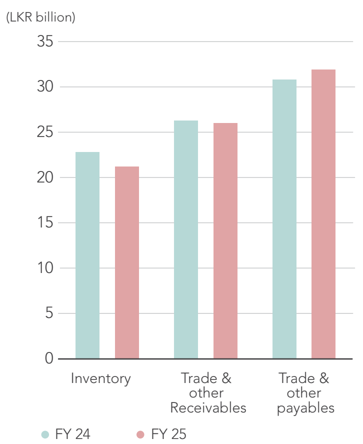
Liabilities

(10.3%) ↑
Net Gearing Ratio
(FY 24: (1.2%))

Group Debt and Capital Structure

The net working capital decreased by 16.5%, from Rs. 18.2 billion to Rs. 15.2 billion, reflecting the Group's strategic optimisation initiatives in managing inventory and debtor levels. These efforts have led to improved liquidity and operational efficiency by reducing the amount of working capital tied up in less-productive assets.

Working Capital



Description	FY25	FY24
Short-term debt	Rs. 3,256 million	Rs. 7,298 million
Long-term debt	Rs. 4,617 million	Rs. 5,408 million
Gross debt	Rs. 7,874 million	Rs. 12,705 million
Net debt (Cash)	Rs. 4,705 million	Rs. (517) million
Net debt (Cash) to EBITDA	(0.30) times	(0.04) times
Debt to EBITDA	0.5 times	0.9 times
Gearing ratio	13.5%	22.4%
Net Gearing ratio	(10.3%)	(1.2%)
EBITDA to interest cover	10.4 times	4.2 times

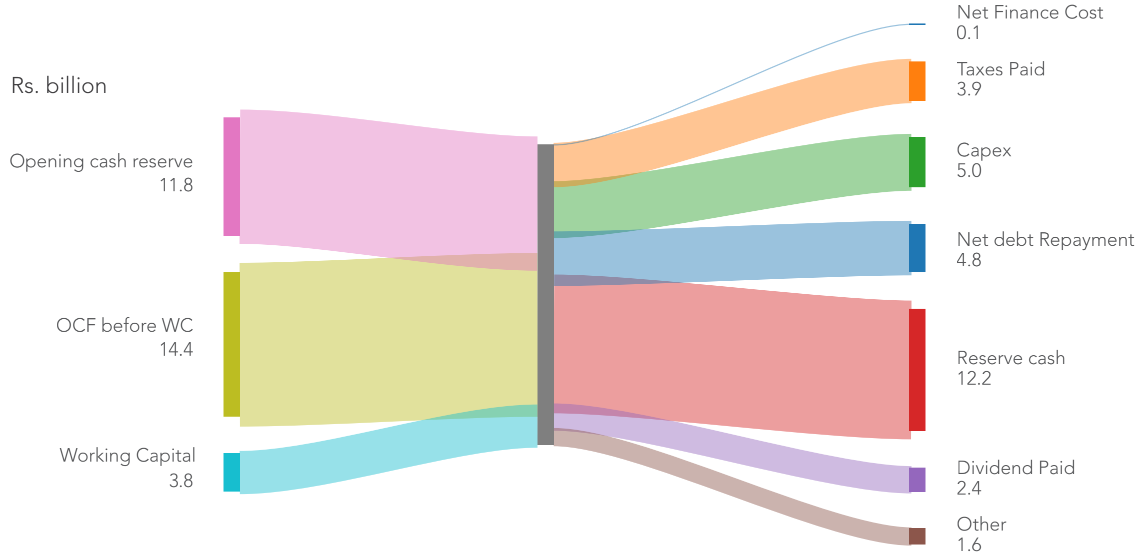
CASH AND SHORT-TERM DEPOSITS

The Group maintained a healthy liquidity position during the financial year, reflecting disciplined cash flow management across operating, investing, and financing activities.

Net cash flows from operating activities remained strong at Rs. 13.4 billion, compared to Rs. 14.0 billion in the previous year. This consistent inflow underscores the Group's robust operational performance and effective working capital management, which continued to generate solid cash returns despite external economic headwinds.

Net cash flows used in investing activities amounted to Rs. 5.0 billion, compared to Rs. 5.7 billion in the prior year, reflecting a 12.1% decrease. This outflow primarily reflects capital investments in key strategic assets as outlined on page 77, driven largely by a significant land acquisition and other routine CAPEX activities aligned with the Group's long-term strategic priorities.

Cash used in financing activities totalled Rs. 7.9 billion, a from Rs. 8.5 billion in the preceding year. This decline in outflows is consistent with the Group's strategic reduction of financial liabilities, dividend distributions, and scheduled repayment of borrowings—contributing to an



overall improvement in capital efficiency and balance sheet strength.

The Group's cash and short-term deposits stood at Rs. 12.6 billion at year-end, marginally lower than Rs. 13.2 billion in the previous year, a 4.9% decrease. Despite the decline, the Group maintained a strong liquidity buffer to support operational requirements and strategic opportunities.

As a result, the Group reported a net cash position of Rs. 4.7 billion, a substantial improvement from Rs. 518 million in the previous year. This shift underscores the Group's enhanced financial resilience, reduced dependency on external borrowings, and improved flexibility to fund future investments while delivering sustained value to shareholders.

Key Highlights

- Hemas Holdings PLC acquired the minority interest in Hemas Hospitals, increasing its stake from 89% to 98%.
- In July 2024, Hemas Capital Hospital acquired land in Thalawathugoda for Rs. 1.9 billion to support the planned expansion of its healthcare operations.
- Fitch Ratings reaffirmed Hemas Holdings PLC's AAA (lka) rating with a stable outlook for the sixth consecutive time, reflecting the Group's strong financial profile and resilient cash flows.
- In February 2025, the Company announced a share subdivision, proposing that each ordinary share be split into five. The resolution was approved by shareholders at an Extraordinary General Meeting held on 28th April 2025.

ELEVATING INVESTOR VALUE

ROCE **25.6%** ↑ *(22.1 in FY 24)*	Market Capitalisation Rs. **71,677** ↑ *(Rs. 47,972 in FY 24)*
Share Price **120.0** ↑ *(80.40 in FY 24)*	Price/Earnings Ratio **8.9 times** ↑ *(7.7 times in FY 24)*
Earnings per Share **13.50** ↑ *(10.23 in FY 24)*	Dividends per Share **4.00** ↑ *(2.35 in FY 24)*

Equity

Total equity rose significantly to Rs. 50.3 billion from Rs. 44.1 billion, representing a 14.1% increase. This growth in equity is a result of the Group's robust profitability and effective retention of earnings, further solidifying its financial foundation. The increase underscores the Group's ability to generate value for shareholders and to fund future growth initiatives through internal resources, thereby reducing reliance on external financing.

Overall, the Group's improved financial position—driven by prudent investment strategies, a solid increase in equity, and effective debt reduction—provides a strong platform for sustainable growth and future financial flexibility.

The Group continued to deliver enhanced shareholder returns in FY 25, underpinned by strong operational performance, strategic financial management, and consistent value creation initiatives.

Market Capitalisation increased significantly to Rs. 71.7 billion, up from Rs. 48.0 billion, reflecting a robust 49.4% year-on-year growth. This surge was primarily driven by a marked increase in the share price, which rose from Rs. 80.40 to Rs. 120.00, highlighting improved investor confidence and market perception of the Group's performance and long-term prospects.

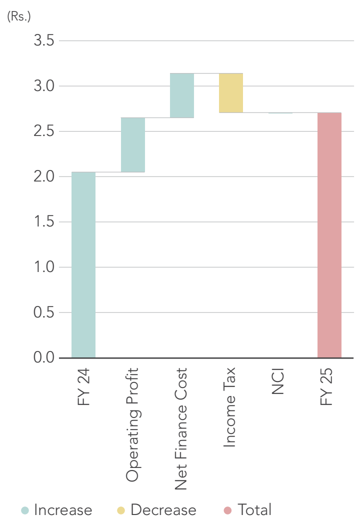
Basic Earnings Per Share (EPS) prior to the share subdivision increased to Rs. 13.50 from Rs. 10.24 in the previous year, reflecting the Group's strong earnings momentum, underpinned by improved profitability, enhanced operational efficiency, and disciplined cost management. Following the 1:5 share subdivision, the adjusted EPS stood at Rs. 2.70, compared to Rs. 2.05 recorded in the previous year on a similarly adjusted basis. This growth in earnings contributed to a Price-to-Earnings (P/E) ratio improvement to 8.9 times from 7.7 times, indicating a higher market valuation on improved fundamentals.

The Net Asset Value per Share rose to Rs. 83.34 from Rs. 72.79, evidencing the Group's continued focus on building a strong balance sheet and enhancing intrinsic value for shareholders.

In line with its commitment to shareholder returns, the Group paid a dividend per share of Rs. 4.00, up from Rs. 2.35 in the previous year, representing a 70.2% increase. The dividend cover decreased from 4.36 times to 3.37 times, and the dividend payout ratio rose from 23.0% to 29.6%, reflecting a balanced capital distribution policy that focuses on rewarding shareholders while retaining sufficient earnings to fund future growth.

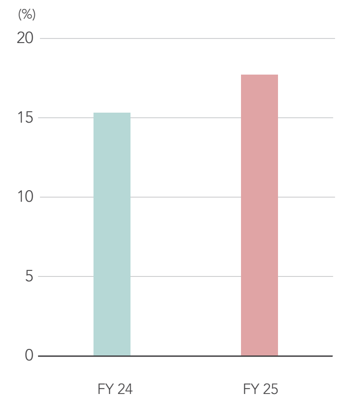
Furthermore, Return on Equity (ROE) strengthened to 17.7%, up from 15.3%, demonstrating enhanced profitability relative to shareholder equity, and reinforcing the Group's ability to generate attractive returns on invested capital.

EPS

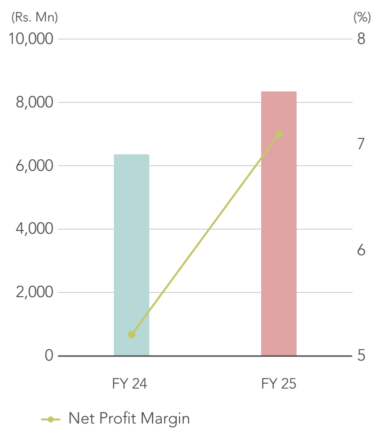


Return on Equity

ROE



Net Profit Margin



Asset Turnover

Equity Multiplier

DRIVING STABILITY AND SUSTAINABILITY

As part of its integrated business approach, the Hemas Group embeds sustainability principles within its overall risk management framework. The Group acknowledges that its operations, along with their reliance on environmental and social resources, give rise to Sustainability-Related Risks and Opportunities (SRROs). In response, sustainability efforts focused on managing and mitigating the organisation's impact have been closely aligned with the Group's risk management practices.

By incorporating ESG factors into risk evaluations and strategic decision-making (refer to page 146 for further details), the Group aims to proactively address potential risks and capitalise on sustainability-related opportunities that support long-term value creation. This integrated approach enhances business resilience and sustainability, while reinforcing stakeholder confidence and strengthening competitive positioning. The Group's commitment is further demonstrated through its forward-looking sustainability disclosures, in line with the reporting frameworks of SLFRS S1 and S2.

Risk/Opportunity	Description	Impact on Business Model	Impact on Value Chain	Impact on Financials
Energy	Increased energy consumption and costs	Reduces cost efficiency of operations	Raises production and logistics costs	Erodes operating margins
		Increases dependency on non-renewable resources	Impacts supplier pricing and reliability	Increases utility and overhead expenses
		Pressures shift toward sustainable models	Drives need for energy-efficient practices across partners	May trigger capital expenditure for energy-efficient upgrades
Water	Water scarcity and rising water costs	Threatens resource-intensive operations	Disrupts supply chain continuity	Increases operational costs
		Requires adaptation to sustainable water use	Increases input costs for water-dependent suppliers	Potential for regulatory fines or penalties
		Limits scalability in water-stressed regions	Necessitates collaboration on water stewardship	Higher capex for water recycling or conservation systems

Impact on Strategy	Resource Allocation and Investments	Results
Accelerates focus on energy transition and sustainability Influences investment in green technologies Drives energy risk mitigation in strategic planning	Renewable Energy Investments: Ongoing investments to reduce reliance on fossil fuels and lower emissions across all feasible locations. Targeted Projects: New industrial chiller at HCB Dankotuwa and compressed air leak detection to boost energy efficiency. Energy Audits: Regular audits to identify inefficiencies and prioritize energy-saving opportunities. Adoption of Energy Technologies: Invested in LED lighting, smart automation, and BMS software for real-time energy optimization. Operational Efficiency: Optimized AHU operations by shutting down non-critical units during peak hours. Employee Engagement: Promoted energy conservation through staff training and internal campaigns.	Rs. 746.0 million invested Rs. 39 million saved
Promotes investment in water-efficient technologies Drives location-specific risk assessments Encourages integration of water risk into ESG and resilience planning	Water Monitoring: Installed water meters and monitoring systems to track usage and detect anomalies. Leak Detection: Conducted regular inspections and leak detection through annual ESG audits. Employee Awareness: Educated staff on water conservation and encouraged water-saving behaviours. Rainwater Harvesting & Reuse: Implemented systems for rainwater harvesting and wastewater recycling for non-potable uses. Water-Efficient Infrastructure: Upgraded to low-flow fixtures and water-efficient equipment. Innovative Solutions: Exploring dry cleaning systems, closed-loop water systems, and waterless production methods to reduce consumption and enhance sustainability.	Rs. 2.6 million invested Rs. 850,000 approximately saved

Risk/Opportunity	Description	Impact on Business Model	Impact on Value Chain	Impact on Financials
Waste	Waste generation and improper disposal	Increases environmental compliance risk Undermines sustainable value creation Necessitates shift to circular economy practices	Affects supplier compliance and reputation Disrupts downstream waste management logistics Raises costs for sustainable packaging and disposal	Potential regulatory fines and cleanup costs Increased waste management expenses Reputational damage impacting revenue
Occupational Health & Safety (H&S)	Employee injuries and illnesses	Disrupts operational continuity Impacts workforce reliability and efficiency Increases focus on workplace safety and compliance	Delays in production and service delivery Affects supplier and partner performance through shared risks Raises health and safety requirements across the chain	Loss of productivity increases operational costs Legal claims, compensation, and insurance premium Additional costs for temporary staffing or overtime
Staff Training and Retention	High employee turnover	Disruption to continuity and long-term planning Reduced ability to deliver consistent value	Weakening of institutional knowledge across functions Increased pressure on recruitment and training systems	Higher recruitment and training costs Productivity loss and reduced operational efficiency
Business Ethics and Governance	Vulnerabilities to corruption, discrimination, and data security breaches	Undermines ethical culture and stakeholder trust Threatens long-term sustainability and reputation	Disrupts supplier and partner relationships Reduces confidence in compliance and governance standards	Legal penalties, fines, and potential lawsuits Increased costs for risk mitigation and remediation

Impact on Strategy	Resource Allocation and Investments	Results
Drives adoption of zero-waste initiatives Encourages design-for-disposal or recyclability Enhances ESG integration and stakeholder engagement	Waste Minimisation & Packaging Redesign: Reduced excess packaging, increased use of PCR content, and shifted away from 100% virgin plastics with a focus on recyclability and material efficiency. Product Stewardship & EPR: Implemented post-consumer waste collection and recycling programmes; active in Extended Producer Responsibility (EPR) schemes. Employee & Stakeholder Engagement: Conducted awareness campaigns and training on waste segregation and responsible disposal across the value chain. Partnerships for Impact: Collaborated with Eco Spindles, Clean Ocean Force, MEPA, and local communities to scale plastic recovery and recycling efforts. Innovation & R&D: Invested in developing compostable, bio-based, and recyclable packaging aligned with circular economy principles.	Rs. 49 million invested
Prioritises investment in health and safety infrastructure Strengthens risk mitigation and employee wellbeing initiatives Drives alignment with ESG and responsible business standards	Training & Awareness: Regular safety training, fire drills, and adherence to safe work procedures. Safety Management: Robust system with inspections, incident reporting, and ISO 45001:2018 certification for key sites. Infrastructure: Secondary containment and safety pathways to prevent leaks and ensure safe operations. Audits & Compliance: Annual ISO 14001 and 45001 audits, and four EHS audits per year. Fire Safety: Comprehensive fire safety coverage across all locations.	Rs. 6.4 million invested
Slower execution of strategic initiatives Loss of critical expertise needed for innovation and transformation	Competitive Rewards: Offer attractive compensation and benefits to retain and motivate talent. Continuous Development: Provide ongoing training, mentorship, and skill-building opportunities. Inclusive Work Culture: Foster a positive, inclusive environment through strong employer branding, engagement, and social impact initiatives.	Rs. 120 million invested
Slows ESG progress and digital transformation Necessitates reactive policy changes instead of proactive innovation	Anti-Corruption Measures: Implemented a comprehensive anti-corruption policy with clear reporting and accountability procedures. Whistleblowing Framework: Established a formal whistleblowing policy with mechanisms for confidential reporting and prompt investigation. Cybersecurity & Data Protection: Invested in robust data security infrastructure and conducted regular employee training on cybersecurity best practices.	Rs. 150 million invested

Risk/Opportunity	Description	Impact on Business Model	Impact on Value Chain	Impact on Financials	
Climate Change	Physical Risks Chronic Physical Risks Acute Physical Risks Transition Risks	Disruption of core operations and resource availability Need to shift toward low-carbon, climate-resilient models Increased compliance and sustainability integration	Supply chain disruptions due to extreme weather or chronic changes Increased scrutiny of sourcing and environmental practices Shift toward climate-resilient and local suppliers	Higher operating and insurance costs Capital expenditures for mitigation and adaptation measures Potential asset impairments and regulatory penalties	

	Impact on Strategy	Resource Allocation and Investments	Results
	Reprioritisation of ESG and climate-aligned goals Investment in green technologies and innovation	Renewable Energy Investments: Committed over Rs. 746 million in renewable energy projects, including rooftop solar installations across all feasible locations. Energy Efficiency: Implemented group-wide energy-saving measures to reduce emissions and operational costs. Reforestation & Blue Carbon Projects: Actively restoring 56 acres through tree planting and mangrove conservation (e.g., Anavilundawa), enhancing carbon sequestration. Waste Management: Reduced use of virgin plastics (e.g., Kumarika packaging redesign), promoted recyclable/compostable product designs (e.g., Baby Cheramy paper-based cotton buds), and minimized landfill emissions through 3R practices. Sustainable Supply Chain: Sourced 82% of supplies locally and conducted annual ESG audits for significant suppliers. Water Conservation: Implemented water recycling and footprint assessments at key sites; promoted treated water use across operations (except Hemas Hospitals). Biodiversity Protection: Invested Rs. 500,000 annually in ecosystem preservation around HCB Dankotuwa; partnered with conservation bodies for broader impact.	Rs. 799.5 million invested

FUTURE OUTLOOK

Key Industry Trends	
Global Supply Chain Disruptions Ongoing supply chain disruptions are affecting cost structures, lead times, and working capital management. Digital Transformation Digital transformation is accelerating the need for investment in technology and infrastructure. Sustainability and ESG Expectations Stakeholders are demanding greater transparency and accountability in sustainability and ESG practices. Regulatory Changes Frequent regulatory changes are impacting tax planning, compliance, and financial disclosures.	
Risks	**Opportunities**
Market Volatility and Economic Slowdown Economic uncertainty may reduce investor confidence and limit access to capital.	Access to Green and Impact Financing Green bonds and sustainability-linked loans offer new funding avenues for ESG-aligned projects.
Currency Depreciation and Exchange Rate Fluctuations Exchange rate volatility can impact profitability, especially in cross-border operations.	Regional Expansion and Diversification Entering high-growth markets helps spread risk and tap into new revenue streams.
Credit Risk and Rising Default Rates Exposure to financially vulnerable customers can strain cash flow and liquidity.	Capitalising on Digital Revenue Models Digital platforms such as e-commerce and fintech present scalable, high-margin opportunities.
Geopolitical Instability Regional conflicts or instability can disrupt markets and increase the cost of capital.	Public-Private Partnerships (PPPs) Collaborating with the government to drive infrastructure or social projects can unlock long-term value.
Group Strategic Response	
Robust Capital Allocation Framework Focused on value-accretive investments while maintaining financial discipline. Cost Optimisation and Operational Resilience Driving lean operations and flexible cost structures to manage downturns. Prudent Debt Management Managing leverage and refinancing to lower interest burdens and preserve ratings. Strengthening Liquidity Buffers Enhancing cash reserves and access to credit lines for financial flexibility. Sustainable Financing Initiatives Exploring green finance and ESG-linked capital instruments to align with stakeholder expectations. Active Risk Monitoring and Scenario Planning Using predictive analytics and agile decision-making to navigate uncertainties.	

Manufactured Capital

Manufactured Capital encompasses the tangible assets, infrastructure, and technology that underpin the Group's operations and production capabilities.

HIGHLIGHTS FOR FY 25

Rs. 5.1 Bn

Capex Investment

Rs. 30.8 Bn

Tangible Asset Value

THE GROUP'S MANUFACTURED CAPITAL AT A GLANCE

Trends and Identified Dynamics:

- High inflation and the reduction in disposable income has led consumers to seek affordable solutions, balanced with a need to maintain high levels of quality.
- An increasing need for ethical, sustainable manufacturing, in the wake of growing climate change concerns, and a changing regulatory landscape.

Key Focus Areas for FY 25

- Upgrading Equipment and Infrastructure to enhance the customer value proposition, and achieve greater productivity.
- Investing in Digitalisation and Automation to achieve increased productivity and cost efficiencies.
- Developing safe and sustainable manufacturing to support responsible consumption and optimise resource efficiency.

HOW MANUFACTURED CAPITAL SUPPORTS VALUE CREATION

- Contributes to streamlined operations and process efficiencies, enabling higher productivity, increased profitability, higher affordability, and operational excellence.
- Enables the delivery of high quality goods and services, ensuring customer satisfaction and trust.
- A physical network contributes towards increased reach and accessibility, aiding customer convenience and a positive impact on the surrounding community through infrastructure development.

Impacted Stakeholders:

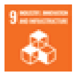
Consumers · Employees · Investors

UNSDGs

The Group's Manufactured Capital at a Glance:

Consumer Brands		
Home and Personal Care		
4 Manufacturing Locations in Dankotuwa, Horana, Waikkal, and Minuwangoda		
13 production lines		**40,300** tons production capacity
Learning Segment		
2 Factories in Peliyagoda and Welisara		
5 product categories		**804** Mn EQs per annum production capacity
Healthcare		
Pharmaceutical Manufacturing		
2 Factories in Homagama and Mutwal		
2.5 Bn tablets per annum production capacity		**1.4** Mn litres of liquid per annum production capacity
Pharmaceutical Distribution		
1 Warehouse in Elakanda		**1,300** m^3 capacity
Hospitals		
2 Hospitals in Thalawathugoda and Wattala		
208 Beds	**25** Laboratories	**19** Collection Centres

Targets for 2030 / Key Focus Areas	Status	Activities in FY 25	Outlook	Impact
Consumer Brands				
Home and Personal Care				
The expansion of automated production lines.	●	Investing Rs. 101 Mn to automate four processes across diverse production lines.	Engaging in the further automation of three new identified processes.	Driving technological innovation to ensure increased operational efficiency and productivity. Employees Shareholder
Learning Segment				
Ensuring high levels of machine productivity and manufacturing productivity An increased focus on digitalisation A journey of premiumisation and value upgrades	●	Invested Rs. 7 Mn in developing the injection moulding plant to support improved data visualisation. Capital investments to drive premiumisation and value upgrades.	A greater focus on improving machine productivity using the Overall Equipment Effectiveness (OEE) loss tree and value tree mapping. Investing in increasing pen production capacity owing to increased demand.	An 18% increase in productivity. Consumers Employees

Targets for 2030 / Key Focus Areas	Status	Activities in FY 25	Outlook	Impact
Healthcare				
Pharmaceutical Manufacturing				
To be a leading pharmaceuticals brand in Sri Lanka by making premium healthcare affordable.	On Track	Launched three promising advanced therapies for cardiovascular health.	Building a strong NPD pipeline to address identified market gaps.	A total of 10+ therapies spanning diabetes and cardiovascular health. Enabling access to advanced therapies at affordable prices.   Consumers  Community
Pharmaceutical Distribution				
Upgrading the Elakanda warehouse infrastructure.	On Track	Redesigned the layout of the premises to achieve optimal storage conditions. Executing activities to address identified Business Continuity Plan (BCP) gaps.	Continuing the execution of the next stage of the project.	Achieving operational efficiency, compliance and business continuity.   Employees  Distributors

On Track Delayed

Upgrading Equipment and Infrastructure

Consumer Brands

Home and Personal Care

Crusher Mill Upgrade for Fems Production

Upgraded the crusher mill to improve overall product quality in the Fems production line.

Rs. 50 Million Investment in GMP Enhancements at the PC and Soap Plants

Carried out floor epoxy coating and installed quick-opening doors in both Personal Care and Soap plants to elevate Good Manufacturing Practice (GMP) standards.

Installation of Rs. 13 Million Ventilation System in the Soap Plant

Installed a state-of-the-art ventilation system to significantly improve thermal comfort and working conditions for employees in the Soap plant.

Installation of the Ventilation System in the Soap Plant

Learning Segment

Developing the Injection Moulding Plant

The segment is focusing on digitally connecting all injection moulding machines, enabling real-time machine performance data to be streamed directly into centralised dashboards. Additionally, separate dashboards will be designated for machine operators. This system will support the collection of both live performance data and historical records for each machine. The insights gained from this initiative will be used to drive improvements in machine efficiency and overall product quality.

Healthcare
Pharmaceutical Manufacturing

Investing in a Water Filter

Rs. 0.17 million was invested to fulfill the drinking water requirements of the Homagama pharmaceutical manufacturing plant, eliminating the need for water bottles and dispensers within the premises. This resulted in an annual saving of Rs. 0.5 Mn per year.

Pharmaceutical Distribution

Upgrading Warehouse Infrastructure

Rs. 113 million invested in upgrading warehouse infrastructure to optimise storage conditions, fulfil compliance requirements, and bridge gaps in business continuity planning.

Hospitals

Opening of an Advanced Cardiac Centre

Hemas Hospital Wattala opened Sri Lanka's most advanced Cardiac Center featuring a cutting-edge Philips Azurion 7 Cath Lab. The facility was designed for faster and more effective diagnosis and treatment in interventional cardiology.

Introducing New Rooms and Facilities

In addition to 5 new patient rooms being added to the Thalawathugoda Hospital, 1 new patient room and 1 OPD room was added to the Wattala Hospital.

The new OPD facility marks a strategic expansion for Hemas Hospitals Wattala, enhancing its service portfolio with 24x7 paediatric care, specialised paediatric clinics, cosmetic services, wellness clinics, and a dedicated liver care unit. This addition strengthens
the hospital's position in the market by broadening access to high-demand outpatient specialties within a single integrated setup.

Advanced cardiac center at Hemas Hospitals Wattala

Investing in Digitalisation and Automation

Installation of New Napkin Packing Machines Automated the sanitary napkin packing process, with the aim of achieving enhanced speed, consistency, and reduced manual intervention.	Rs. **47** Mn Invested **31%** ↑ in productivity
Deployment of a Cologne Cartoning Machine The cologne line was upgraded with a new cartoning machine, with the aim of streamlining the packaging process and reducing manual operations.	Rs. **14** Mn Invested **26%** ↑ in productivity

Automation with Box Forming Robots at the Soap Plant
Deployed robotic box-forming systems to automate secondary packaging operations, resulting in minimising manual handling and improving packaging efficiency.

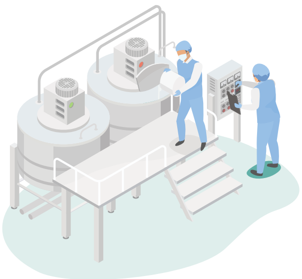
Rs. **19** Mn
Invested
10% ↑ in productivity

Installation of a New Tube Filler Machine for the Personal Care (PC) plant
Replaced the existing filler with advanced technology, supporting faster changeovers, enhanced filling accuracy, and the flexibility to manage both new product developments (NPDs) and existing Stock Keeping Units (SKU)s.

Rs. **21** Mn
Invested
50% ↑ in productivity

Enhancing Digital Capabilities for Future Growth
The Group strengthened its digital foundations by investing in robust systems, automated processes, and AI-driven solutions. These initiatives drive the digital transformation journey, ensuring a secure, efficient, and future-ready operational environment across the Group.

Rs. **250** Mn+
Invested



Developing Safe and Sustainable Manufacturing

A State-of-the-Art Pharmaceutical Manufacturing Facility in Homagama
The facility is designed in accordance with EU GMP specifications, spans a 5-acre plot with a built-up area of 14,000 m2 and is equipped with advanced manufacturing technology that minimises human interaction. The facility features:

- Dedicated Air Handling Units (AHUs) with terminal High Efficiency Particulate Air (HEPA) filters.
- A bubble airlock system with pressure control.
- Separate entry pathways for personnel and materials to ensure stringent contamination control.
- A high-end water purification system that complies with British Pharmacopoeia (BP) specifications, featuring a continuous water circulation loop to prevent microbial growth due to stagnation.

The facility houses Sri Lanka's first zero liquid discharge effluent treatment plant, reinforcing the Group's commitment to sustainable and environmentally responsible operations.

The Conversion of HDPE Bottles to PET Bottles
Owing to operational challenges related to waste and rework, and the high cost of High-density polyethylene (HDPE), the Group focused on transitioning to PET bottles.

In accordance with pharmaceutical guidelines and compliance constraints, the Group is unable to fully eliminate plastic usage, thus opting to utilise PET bottles, which have a lower plastic consumption compared to other alternatives.

Refer **page 130** for more details

Investment into Renewable Energy
The Group invested Rs 746 Million on renewable energy across its facilities with significant operations, thereby contributing towards national energy grid and supporting climate action.

Refer **page 121** for more details

Future Outlook

- The Government's drive towards building a manufacturing economy will extend significant support towards manufacturing-oriented companies. This will be further reinforced by rapidly growing technological advancements in the form of Artificial Intelligence, machine learning, Internet of Things (IoT), and robotics, to name a few.
- Consumer consumption is anticipated to increase in the upcoming year, driven by improving consumer sentiment and a positive trajectory in both disposable income and the savings index. In terms of the learning segment in particular, overall industry consumption is displaying a reduction, which impacts production volumes and employee motivation.
- The market is likely to see intensified competition from both multinational corporations and local players. This heightened competitive landscape may lead to aggressive pricing strategies, thereby raising the need to offer unique value propositions and affordable solutions, while driving down costs.

The Group's Response:

Consumer Brands

Home and Personal Care

- A coordinated focus on upgrading digital infrastructure across operations, aligning with national efforts to modernise corporate infrastructure and improve technological capabilities across industries.
- Implementing a three-year plan to phase out outdated IT hardware and upgrade them with the latest technology to drive improved performance and security.
- Investing in interactive panels to ensure visibility, foster accurate decision-making, and improve monitoring and collaboration.
- Upgrading server infrastructure to ensure optimal performance, security, and compliance with industry standards.
- Implementation of an automated palletising system at the soap plant – With an investment of Rs. 9 Mn, this project will automate end-of-line operations, significantly improving workplace ergonomics, reducing manual handling, and increasing overall throughput.
- Efficiency enhancement of Velvet production via new cartoning machines – Rs. 76 Mn will be invested in new cartoning technology to streamline the Velvet production line. This initiative will improve packing speed, enhance operational consistency, and support capacity expansion by minimising downtime.
- New soap drying plant – A Rs. 350 Mn investment will be made to establish a modern soap drying facility. The new plant will improve product quality, increase energy efficiency, support higher production volumes, and ensure continued compliance with regulatory requirements.

Learning Segment

- Further improve and strengthen the segment's culture of operational excellence.
- Focus on innovation, while investing in machine and material productivity.

Healthcare

Pharmaceutical Manufacturing

- Introduction of the latest therapies for NCDs including diabetes, cardio, arthritis and urology.

Pharmaceutical Distribution

- Improving processes and technology at the warehouse.

Intellectual Capital

Intellectual Capital constitutes the Group's intangible assets, collective knowledge and skills developed over time, systems and processes unique to the organisation, and the strength of longstanding partnerships with stakeholders.

HIGHLIGHTS FOR FY 25

Rs. 440+ Mn	23	Rs. 120 Mn	86
Invested in R & D	New products developed	Invested in Training and Development	No. of Own Brands

THE GROUP'S INTELLECTUAL CAPITAL AT A GLANCE

Trends and Identified Dynamics:

- The retention of skilled talent has remained a challenge, particularly in specialised areas.
- Opportunities to leverage on new technology and systems to drive increased efficiency and productivity.
- As new technologies and trends emerge, there is a challenge to bridge the gap and gain access to new fields in order to remain competitive.

Key Focus Areas for FY 25:

- Promoting Knowledge Development and Capacity Building to improve employee skills and create a future-fit workforce.
- Investing in Process Improvements and Strengthening Digitalisation to drive efficiency, streamlined operations, and an elevated value proposition.
- Achieving Brand and Product Excellence by delivering products and services in alignment with the highest quality standards.

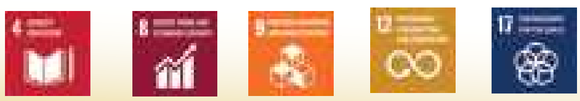
HOW INTELLECTUAL CAPITAL SUPPORTS VALUE CREATION:

- Enhances an organisation's capacity for innovation and generate proprietary knowledge and skills, thereby offering a competitive advantage in the market.
- Increases organisational efficiency and productivity via streamlined systems and processes, and the development of best practices and skills.
- Strengthens stakeholder relationships through an increased reputation for trust, brand reputation, and enhanced decision -making.

Impacted Stakeholders:

Consumers | Employees | Investors

UNSDGs



THE GROUP'S INTELLECTUAL CAPITAL AT A GLANCE

Knowledge

- A diverse talent pool representing multiple industries and facets of society.
- Internal mobility and knowledge sharing that enables employees to gain cross-functional skills.
- A specialised talent pool indicates our ability to attract talent in specialised fields.
- The Group's Long Range Plans (LRP) that transcends core business is a testament to the organisation's capacity to collect and analyse data from various sectors to inform strategic decisions.
- Rigorous quality and compliance standards implemented, and knowledge gained across highly regulated sectors.
- Intellectual property, brands, and proprietary knowledge, reinforced by research and development.

943
Trademarks

31
Industrial Design

380+
Training programmes conducted

Linked to:

Human Capital

Structures

- Robust structures and systems that support streamlined, efficient operations.
- A commitment towards continuous improvement and the upgrading of processes to drive effective results.
- Data protection mechanisms that safeguard valuable information from the growing threat of cybersecurity attacks.
- Wide-ranging policies and standards that enable good governance and stewardship of resources.
- A deep-seated commitment to quality, reinforced by global standards and certifications.

40+
Quality standards and certifications

90+
Policies, guidelines, and manuals

Linked to:

Corporate Governance

Manufactured Capital

Human Capital

Natural Capital

Relationships

- A strong brand reputation and a customer network built across various product categories.
- Partnerships to drive sustainable development, economic growth, and capacity building across diverse sectors.
- Maintaining the highest standards of trust, as evidenced by a wide range of awards and accolades.

8
Partnerships and joint ventures

21%
Growth in top-of-mind recall

6th
Most loved corporate brand

80+
Awards and recognition

Linked to:

Social and Relationship Capital

PROGRESS IN FY 25

Targets for 2030 / Key Focus Areas	Status	Activities in FY 25	Impact	Outlook
Consumer Brands				
Home and Personal Care				
Employee skill development and training programmes.	●	Implementation of new learning and development programmes. Strengthening knowledge-sharing platforms.	Increased employee productivity. Employees	
Learning Segment				
Enhance employee skill-sets and leadership.	●	Continuing investment in leadership and skill development programs, such as the empowerX Supervisory Development Program and Business Storytelling Masterclass.	Enhancing employee stability, job security, and engaging in knowledge development and capacity building. Employees	
Strengthening organisational culture and values.	●	Conducting onboarding programs and internal culture-building initiatives.		Opportunities for positive scalability.
Developing future leaders and succession plans.	●	Focus on succession planning through comprehensive programmes.		
Enhance functional and technical capabilities.	●	Conducting succession planning programmes and specialised training on quality control, AI in marketing, and Lean Management.		
Healthcare				
Pharmaceutical Manufacturing				
Conducting comprehensive development programmes among employees and stakeholders.	●	Strengthening the leadership capabilities of middle management.	Nurtures a more productive, future-fit workforce, promotes knowledge development and sharing, and creates stable employment with opportunities for growth. Employees	Engaging in the transfer of acquired knowledge and skills to the next employee level.

Targets for 2030 / Key Focus Areas	Status	Activities in FY 25	Impact	Outlook
	●	Mindset shifting and rapport building within the medical marketing team of the Pharmaceutical Manufacturing business.		Deploying acquired skills when conducting business operations.
	●	Skill grading programme for Pharma-manufacturing technicians.		
	●	Partnership with the Sri Lanka College of Endocrinologists (SLCE) for enhancing knowledge on Diabetic care among primary healthcare professionals (General Practitioners).		Continue with the remaining two batches in FY 25/26.
	●	Building close relationships with key officials of National Medicines Regulatory Authority (NMRA), Medical Supplies Division of the Ministry of Health and State Pharmaceutical Manufacturing Corporation (SPMC)		
Hospitals				
Upgrading the customer experience through digitisation and increased accessibility.	●	Pioneered the development and launch of a comprehensive self-care mobile app, introducing a new digital experience for private hospital customers in Sri Lanka with multiple innovative features.	20,000 app downloads recorded. Empowering customers with convenience, and increased accessibility to health. Consumers	Actively promoting the app as the primary platform for patient connectivity.

● On Track ● Delayed

Strengths	Weaknesses	Opportunities	Threats
• An agile, highly skilled workforce with specialised knowledge • Innovation as an institutional capability • Strong brands and reputation • Investment in learning and development	• Gaps in effective knowledge transfer mechanisms • Limited collaboration across the Group • Under utilisation integration of novel systems and technology	• Leveraging AI, data analytics, and other technologies to enhance knowledge management. • Strategic partnerships • Culture of knowledge sharing • Key talent development managed by the centre	• Increased competition for skilled talent • Maintaining competitive market rates • Brain drain • Rapid changes in technology

PROMOTING KNOWLEDGE DEVELOPMENT AND CAPACITY BUILDING

Institutional Knowledge and Expertise

Across the Group, each sector has integrated institutional knowledge and expertise which they have gained over the years, thereby offering unique insights into their respective operations, and enabling the elevation of the stakeholder value proposition at every stage.

Consumer Brands

Home and Personal Care

- The segment demonstrates excellence across key areas such as product innovation, consumer insight analysis, global sourcing strategies, and brand management. With robust capabilities in retail distribution, trade marketing, risk management, and digital transformation, the team is well-positioned to adapt global strategies to local markets and drive sustainable growth.
- The segment embraces a forward-looking approach by enhancing internal communication and knowledge sharing through platforms like the HR and IT SharePoint sites. A strong focus on training and development is supported by expert-led sessions, while significant technology upgrades (including SAP system modernisation and full cloud migration) have led to improved operational efficiency and security.

Learning Segment

- The learning segment demonstrates a distinctive approach to leadership and capability development through the Atlas Axillia Academy. With a strong emphasis on generational leadership, deep local market insight, and internally developed cultural transformation frameworks, the segment fosters growth at every level. For instance, programmes such as empowerX, sparX, and Glo-Bus provide tailored leadership journeys aligned with business needs and employee grade levels.
- The segment's In-house expertise holds the capacity to deliver specialised technical training ranging from Microsoft Power Apps to Root Cause Analysis, reflecting a robust and hard-to-replicate institutional knowledge base.
- The "OneAtlas" cultural blueprint and internal trainer network further reinforce a cohesive learning culture and ensure the retention of core organizational knowledge.

Healthcare

Pharmaceutical Manufacturing

- The Pharmaceutical Manufacturing segment offers end-to-end capabilities across the value chain, spanning from formulation to market readiness. This integrated approach supports the delivery of reliable pharmaceutical solutions, balancing technical expertise with commercial understanding.
- Key strengths include advanced formulation development, where teams work to design and refine drug formulations with a focus on efficacy, stability, and user needs. This is supported by analytical method development, which helps ensure consistent and accurate testing aligned with regulatory expectations.
- Manufacturing operations are guided by established quality systems and modern facilities that help maintain consistency and compliance with globally acknowledged industry standards and regulatory requirements.
- In addition, the segment offers experience in brand development, drawing on scientific knowledge, market understanding, and targeted communication, enabling the building of a meaningful presence in a competitive landscape.

Pharmaceutical Distribution

- The Pharmaceutical Distribution business is supported by a skilled team with practical experience in specific therapeutic areas, allowing for a more informed and responsive service to healthcare providers. This includes hands-on familiarity with selected surgical devices and the ability to assist in their handling when required.
- The team is also equipped with the ability to troubleshoot and perform minor repairs on surgical devices, helping to reduce delays and support streamlined, smoother day-to-day operations.
- These capabilities collectively contribute to a more dependable and service-oriented approach within the healthcare distribution space.

Hospitals

- Hemas Hospitals delivers clinical excellence through a multidisciplinary team of locally and internationally experienced consultants, integrating global best practices into patient care. Its strong culture of learning is fostered through platforms like the Hemas Learning Academy and leadership programs that support talent development across clinical and non-clinical roles.
- With a focus on Lean Healthcare and process excellence, the hospital ensures efficient, quality-centric operations. Patient care is enhanced by a robust knowledge-sharing culture, structured customer experience initiatives, and a commitment to empathetic service delivery.
- Hemas also stands out for its adaptability to advanced healthcare technologies, international benchmarking efforts, and the structured development of allied health services, reinforcing its holistic, patient-focused approach.

Mobility

- The mobility sector offers comprehensive experience in airline operations, including reservations and ticketing, sales and marketing, cargo logistics, ground handling, and customer service—thereby ensuring smooth end-to-end travel and freight experiences.
- With a proficiency in global reservation systems like Amadeus, Sabre, and Galileo, the teams possess a deep knowledge of aviation regulations, including International Air Transport Association (IATA) and International Civil Aviation Organization (ICAO) standards, as well as specialised certifications in dangerous goods and live animal transport.
- The team's capabilities span crisis management, stakeholder engagement, and analytical decision-making, supported by strong attention to detail and cross-functional leadership, positioning them to be well-equipped to manage complex, compliance-driven aviation environments.

LEARNING AND DEVELOPMENT

The Group promotes a strong learning culture, with HR teams within each business unit empowered to lead learning strategies that build leadership and functional capabilities aligned to their respective industries.

Leadership Development

A clearly defined set of leadership capabilities have been established. These are closely linked with succession planning to ensure a steady pipeline of future-ready leaders.

Knowledge Sharing

Knowledge sharing is actively encouraged through leadership connect sessions, where employees engage with senior leaders to gain insights and guidance. Formal and informal mentorship programs, including those involving board members, provide additional support to emerging talent.

Talent Identification and Development

Structured talent identification and development processes are deployed across the Group, including individual development plans, enabling data-driven, personalised decisions that empower individuals to grow and succeed within the organisation.

The Hemas Leadership Academy

In 2024, Hemas took a strategic step toward future-proofing its leadership pipeline by establishing the Hemas Leadership Academy, a dedicated platform designed to equip key talent with access to globally acclaimed leadership resources.

Leadership Capability Framework

This served as the cornerstone of all leadership development interventions during the year. It was refined and brought to life through experiential learning, real-world case studies, and strategic conversations aimed at fostering a consistent leadership identity across the Group.

Promoting Diversity in Leadership

Recognising the importance of diversity in leadership, Hemas also conducted targeted female talent development interventions to enhance gender representation in management roles. Together, these efforts reflect a deliberate, structured, and future-focused approach to building a resilient and high-impact leadership culture within the organisation.

HEMAS LEADERSHIP ACADEMY

Collaboration with Global Partners

To support senior leadership development, Hemas also implemented a comprehensive assessment and development protocol in collaboration with global partners including Mercer & Mettl, Spencer Stuart, and Caliper. Further strengthening its leadership agenda, Hemas maintained long-standing executive education partnerships with institutions such as Harvard Business School and the Center for Creative Leadership (CCL). Senior executives participated in prestigious programs including Harvard's Owner/President Management Program and the Senior Executive Leadership Development Programme – India. Leadership coaching engagements with CCL continued to support growth at the executive level.

Transcend: A Leadership Experience

This served as the Academy's flagship initiative, which constituted a six-month immersive programme for 26 emerging leaders across the Group. The programmes explored the eight core leadership capabilities that define the Hemas Leadership Brand through workshops, leadership connects, business simulations, and one-on-one coaching sessions. Delivered in partnership with the RBL Group, GoodLife X, and Next Education Group, Transcend was designed to be a transformative experience, with continuity plans in place to extend its long-term impact.

The Hemas Leadership Brand

Central to this effort was the development of a unified Hemas Leadership Brand, based on the RBL model by Dave Ulrich. This model outlines a six-stage process—ranging from building a business case for leadership to measuring effectiveness and ensuring leadership reputation—forming the architecture of Hemas' leadership development journey.

Across all business sectors, learning and development is a strategic priority, guided by diverse structured frameworks and tailored approaches, outlined below:

Approach	Core Focus	Initiatives in FY 25
Consumer Brands		
Home and Personal Care		
Supported by structured onboarding, career development plans, mentoring, job rotations, and regular feedback cycles. The focus is on building well-rounded capabilities through stretch assignments, industry exposure, and a learning environment that encourages growth through experience and collaboration.	An emphasis on building future-ready teams aligned with market needs.	Professional Development Initiatives: ◆ Leadership programs, coaching, mentorship, and certification opportunities. Reskilling and Upskilling: ◆ Areas include data analytics, digital skills, shopper and customer marketing, innovation, and product knowledge. ◆ Sales force development and training on emerging industry trends.
Learning Segment		
The Learning segment promotes learning through a tiered training framework that addresses leadership, technical, and functional development. The Atlas Axillia Academy supports annual training needs identification, digital learning platforms, and expert-led coaching, thereby helping to institutionalise knowledge and build a future-ready workforce.	An enhanced focus on reinforcing the Functional and Technical Capabilities pillar, reflecting a deliberate shift toward building a future-ready, cross-functional workforce.	Multiskilling Projects: ◆ Training in multiple technical areas to enhance flexibility, and reduce reliance on single-skill roles, while improving productivity and operational resilience. ◆ Hands-on exposure included: - Heavy vehicle maintenance - Screen printing - Viscosity meter handling - Mechanical competency for blow machines - Safety procedures Reskilling and Upskilling Initiatives: ◆ AI in talent acquisition and marketing ◆ SAP production planning and costing ◆ Power apps and power automate ◆ Lean training and root cause analysis

Healthcare		
Pharmaceutical Manufacturing		
Centred around practical, hands-on training supported by both internal expertise and external consultants. Employees engage in continuous upskilling through structured programmes designed to build technical capability and ensure high standards in formulation, quality, and production processes.	Strengthening both leadership and technical capabilities across teams.	Structured Development Programmes: Technical and General Training: • Conducted onboarding and refresher sessions to build technical skills, with general training facilitated by external institutes.
Pharmaceutical Distribution		
This segment fosters capability development through an internal faculty of senior trainers and a learning management system that supports consistent knowledge transfer. Training programs are focused on technical skills, product expertise, and field-readiness, ensuring teams are equipped to meet both clinical and operational distribution needs.	Focused on building domain knowledge, qualifications, and long-term career growth.	Training programs were implemented across medico marketing, compliance, and customer relationship management to enhance employee capabilities.
Hospitals		
Hemas Hospitals operates under a structured learning academy that supports technical, leadership, and service-focused training across all staff levels. Career pathways, on-the-job mentoring, and performance-linked development are key features, along with active participation in quality circles and improvement initiatives that drive both learning and operational excellence.	The overall aim during the year was to build a skilled, agile, and multi-competent nursing workforce.	Multiskilling of Nursing Staff: • Trained nurses across multiple units (medical, surgical, OPD, ICU) and improved staffing efficiency with ratio management. Clinical Upskilling: • Conducted regular Continuing Medical Education (CME) sessions and workshops on clinical protocols, emergency care, and infection control. Soft Skills and Leadership Training: • Focused on communication, empathy, and leadership readiness. • Participation in Lead Smart and Technocrats leadership programmes. Digital Literacy: • Structured training on digital documentation and health IT systems.

BUILDING A CULTURE OF INNOVATION

Intrapreneurship is a key pillar of the Hemas leadership framework. The Group makes every effort to institutionalise this capability by assessing talent potential against behavioural indicators, and deliver learning experiences that hone this capability at every employee level. Additionally, the Group recognises those who live by one of its core values: 'driven by innovation'.

Collaboration that Drives Innovation

Hemas Holdings is dedicated to creating a thriving entrepreneurial ecosystem in Sri Lanka. This commitment to innovation and support for startups underscores the Group's shared vision of driving sustainable economic growth and development across the nation.

The Hemas Slingshot 2.0 Accelerator Programme in partnership with Hatch took place during the year, focusing on high-potential startups in sectors like EdTech, FMCG, Healthcare, and Logistics. This was the second iteration of a continuing programme reflecting Hemas' commitment to fostering entrepreneurship in Sri Lanka. Initially launched in 2023, this aims to support 75 startups over three years, providing access to infrastructure, mentorship, and funding.

25
participants

08
finalists

Winner
Wheelchair House

Runner-Up
ExamHUB

Refer **page 133-135** for more information on the Group's new product developments

Research and Development

The Group demonstrates a strong and consistent commitment to research and development (R&D) as a key driver of innovation and long-term growth. The Group invests in R&D to create locally relevant, high-quality solutions that meet evolving market and societal needs.

Home and Personal Care: Integrates consumer-centric R&D into every stage of product development. The segment adopts a consumer-centric, "glocal" R&D approach—combining global best practices with local insights gathered through surveys and focus groups. The team closely monitors industry trends and collaborates with suppliers to access new technologies that enhance product efficacy, safety, and sustainability. All new products undergo rigorous validation and regulatory review to ensure quality and compliance before launch.

Learning Segment: Follows an insight-driven R&D approach, using structured research and stakeholder input to guide product development. Each new learning tool is carefully analysed to align with educational needs and market expectations, ensuring relevance and meaningful impact for students, teachers, and schools in Sri Lanka.

Pharmaceutical Manufacturing: Ensures product manufacturing complies with international pharmacopoeia standards and adheres strictly to Standard Operating Procedures (SOPs) in line with WHO Good Manufacturing Practices (GMP) guidelines.

Rs. **440+** Mn
Invested

23
new products developed

The Group's various business units incorporated innovation and new product development into its operations as follows during the year:

Home and Personal Care

Empowering Employees:
Employees are empowered through structured training, cross-functional collaboration, and idea generation platforms that foster creativity.

Embedding Sustainability:
Sustainability is a major driver, with initiatives to develop eco-friendly products and packaging as part of the innovation process.

The Right Support: Agile and lean approaches help accelerate product development and enhance operational efficiency. Additionally, digital transformation supports smarter consumer engagement and enables data-driven decision-making in product innovation. The Leadership demonstrates a strong commitment to innovation, reinforced by a robust R&D function focused on market-aligned product development.

Pharmaceutical Manufacturing

A Focus on Research and Development: The segment invests significantly into R&D initiatives to develop pharmaceuticals tailored to Sri Lanka's healthcare needs. This localised innovation strategy positions the segment as a leader in domestic pharmaceutical manufacturing, while this commitment to targeted innovation strengthens the brand's relevance and ability to serve critical health demands effectively.

Learning Segment

Offering Diverse Perspectives: The segment fosters innovation through cross-functional HR think tanks and communities that encourage collaboration and knowledge-sharing. Leadership programmes such as "Innovation Leadership with Stuart Hardy" and Gen Z-focused platforms like "Rising Stars" help integrate diverse perspectives. Partnerships with creative institutions like Miami Ad School bring in fresh thinking and enhance organisational creativity.

Offering Support and Recognition: Lean training and root cause analysis workshops promote continuous improvement and build a mindset for problem-solving. Innovation is acknowledged through awards like the Atlas Awards and Hemas Awards, reinforcing its value across the Group.

Hospitals

Digitisation and Analytics: Hemas Hospitals utilises data analytics to improve operational efficiency and drive ongoing innovation across clinical and administrative functions. Healthcare innovation also includes the integration of telemedicine, electronic health records, lean practices, and customer-focused service models like "ipledge".

Integrating a Culture of Innovation: Innovation is embedded in business strategy and Key Performance Indicators (KPIs). Senior leaders actively encourage calculated risk-taking and new thinking to solve customer challenges. Employees contribute to innovation through platforms like internal hackathons and "Battle of Minds," where they identify issues and propose creative solutions. Staff are recognised and rewarded for successfully implementing innovations that deliver measurable impact, and innovation is celebrated through internal awards and knowledge fairs.

A Culture of Training and Collaboration: A culture of knowledge-sharing is supported through Clinical Governance meetings, CME sessions, and interdisciplinary reviews, thereby enhancing care quality and safety. The company also collaborates with startups, universities, and global tech partners to co-create innovative solutions and pilot emerging technologies. Employees are supported with training in design thinking, agile methods, and leadership development labs.

The Group deploys a range of robust, ever-evolving structures including systems, policies, and processes to support its ability to deliver long-term stakeholder value, outlined below:

Cybersecurity Structures and Systems

- An ongoing enhancement of processes to align with leading global cybersecurity standards.
- Promoting an organisation-wide awareness and understanding of cybersecurity practices and protocols.

Data Privacy and Protection Processes and Policies

- The implementation of robust policies to strengthen data privacy and protection, ensuring the security of sensitive information, operational integrity, and compliance with regulatory requirements.

Transformational Structures

- A dedicated transformation team with in-house expertise in diverse fields spanning Business Re-engineering, Data Science, Advanced Analytics, Automation, and Technology Solution Development.

Operational Processes

- Innovative operating models introduced across key business functions—such as IT, Supply Chain, Shared Services, and Procurement—designed to improve efficiency and optimise overall performance.

Learning Frameworks

- Strategic initiatives focused on upskilling, reskilling, and cultivating a culture of adaptability reflect the Group's commitment to driving transformation through its greatest asset—its people.

Governance Policies and Procedures

- The Group's comprehensive governance framework, anchored by the Hemas Way and its Whistleblowing Policy, fosters a culture of integrity, transparency, and accountability—enabling strong stewardship and ethical decision-making across all levels of the organisation.

Financial Management

- The Group financial and extensive governance policies ensure efficient resource allocation, enhance profitability, and uphold ethical standards, promoting long-term growth and stakeholder trust.

INITIATIVES IN FY 25:

The Group undertook a wide range of initiatives to enhance its policies, processes, and structural frameworks during the year. A few highlights are featured below:

Data Protection

Enhancing Data Protection Structures: The Group recognises the importance of the Personal Data Protection Act, No. 9 of 2022 ("the Act"). Hemas Holdings has appointed a Data Protection Officer to oversee this critical area and is currently in an active phase of streamlining business operations to ensure full compliance with the Act. This ongoing effort includes a comprehensive review and adaptation of data handling practices across all business units.
The Company remains committed to upholding data protection principles and will continue to prioritise the implementation of necessary measures to meet the requirements outlined in the Act.

Process Optimisation

SAP RISE Adoption: The Group became the first Sri Lankan conglomerate to implement SAP RISE, emphasising a commitment to process optimisation, scalability, and digital excellence.

Operational Efficiency: Investments in system integration, automation, and advanced technology continue to strengthen the organisation's ability to streamline operations and enhance productivity across its businesses.

Engagement Platforms

Self-Care App: Hospitals launched a first-of-its-kind mobile health solution designed to enhance the healthcare experience beyond traditional applications. Unlike conventional appointment booking apps, the Self-Care App is aligned with global standards, addressing real patient challenges and improving access to care.

FIO App: A digital platform designed to challenge societal stigmas and promote social change, reinforcing the Group's commitment towards nurturing a positive impact on society.

Empowering Employee Productivity

Digital Upskilling Programme: The Group has invested in a comprehensive digital upskilling programme to ensure employees are equipped with the necessary skills to adapt to the future work landscape.

Human Capital Management (HCM) System: The introduction of this advanced system helps improve HR processes and empowers employees to manage their performance and development in a more efficient manner.

Data Analytics

A Data-Driven Organisation: The Group has developed a comprehensive data strategy to create value from insights and explore monetisation opportunities, with a focus on embedding data-driven decision-making throughout the business. The adoption of SAP RISE also facilitates seamless data integration, advanced analytics, and process automation across the business, enabling informed and strategic decision-making. The focus on optimising core systems and upgrading infrastructure further strengthens Hemas' ability to efficiently analyse data and scale operations.

Artificial Intelligence and Machine Learning

AI-Powered Initiatives: The Group has incorporated AI-driven solutions across its business functions to improve operational effectiveness, drive innovation, and optimise workflows.

Knowledge Management: AI is currently is being utilised across the Group to streamline access to knowledge, generate actionable consumer insights, and support informed decision-making within teams.

Collaboration and Innovation: AI tools further enhance collaboration across business units, empowering teams to innovate and adapt in a rapidly evolving digital landscape.

ACHIEVING BRAND AND PRODUCT EXCELLENCE

The Group undertakes a multi-pronged approach towards achieving holistic excellence across its area of impact and beyond, spanning the following focus areas:

BRAND DEVELOPMENT AND EQUITY

Ranked 3rd

Among Selected 13 Corporates

(Ranked 6th in 2023)

21% ↑

Top of Mind (TOM) Recall

(Rated 12th in 2023)

46% ↑

Spontaneous Recall

(Rated 33% in 2023)

80% ↑

Brand Familiarity

(Rated 72% in 2023)

25% ↑

Future Consideration (Among Those Aware) - 1st Choice

(Rated 14% in 2023)

* Survey conducted during the FY 25 by Kantar Research among stakeholders, who were asked to evaluate 13 selected companies.

Hemas Holdings PLC made significant strides in brand development and equity in 2024 through purpose-driven initiatives, stakeholder engagement, and strategic communication. The company achieved third place in brand equity rankings among selected corporates in a Kantar study, reflecting strong gains in top-of-mind recall, spontaneous awareness, and brand familiarity. These improvements were particularly notable among key stakeholder groups such as medical professionals and educators. Hemas also enhanced its reputation through meaningful differentiation, increased trust, and visibility in Corporate Social Responsibility (CSR) and sustainability efforts. The success of initiatives like the Hemas Slingshot 2.0 accelerator and the impactful campaigns by Home and Personal Care Business such as *Fems* and *Diva* further reinforced the Group's positioning as a progressive and socially responsible Sri Lankan brand.

GARNERING RECOGNITION FOR EXCELLENCE

The Group continued to achieve significant recognition in FY 25, underscoring its leadership across diverse industries, as well as its commitment to quality, sustainability, and operational excellence:

Corporate Rankings and Awards

- 17th in LMD 100 (turnover > Rs. 100 billion).
- 10th in LMD's Most Respected Entities.
- 6th in LMD's Most Loved Brands.
- Top 10 Best Corporate Citizens at the Best Corporate Citizen Awards organized by the Ceylon Chamber of Commerce
- Bronze Award - Diversified Category concluded at the Tags Awards 2024 organised by the Institute of Chartered Accountants of Sri Lanka.
- Merit Award at the CMA Excellence in Integrated Reporting Awards 2024.

Home and Personal Care

Fems

- Gold Award - Product Brand of the Year at SLIM Brand Excellence 2024.
- Silver Award - CSR Brand of the Year at SLIM Brand Excellence 2024.
- Silver Award - Innovative Brand of the Year at SLIM Brand Excellence 2024.
- Silver Award - Best Digital Marketing Campaign in FMCG at SLIM Digis.
- Silver Award - CSR Purpose-Driven Digital Marketing Campaign at SLIM Digis.

Diva

- Bronze Award – Best New Entrant at SLIM Brand Excellence 2024.
- Bronze Award - Diva Fresh – Home Supplies and Services Category at SLIM Effie.

Vivya

- Silver Award - Best Use of AI Technologies at SLIM Digi Awards.

Baby Cheramy

- Gold Award - Product Brand of the Year at SLIM Brand Excellence 2024.
- Silver Award - CSR Brand of the Year at SLIM Brand Excellence 2024.
- People's Best Baby Care Brand of the Year at SLIM Kantar People's Choice Awards 2024.
- Merit – SLIM Kantar People's Choice Awards 2025.

Other

- 11 Awards at the SLIM National Sales Conference.
- Silver Award - Brand Identity Award at 4A's Advertising Awards 2024.

Learning Segment

- 18 Gold Awards and 2 Silver Awards at ICQCC Awards 2024/25.
- School Supply Brand of the Year' at the SLIM Kantar People's Choice Awards 2025.
- Gold Award - Education and Traning at the Effie Awards 2025.
- Bronze Award - Youth Marketing at the Effie Awards 2025.

Pharmaceutical Manufacturing

- Most Respected Pharmaceutical Entity for 2024 by LMD

Pharmaceutical Distribution

- 1 Silver Award and 2 Bronze Awards in the Healthcare Category (Front Liner and Territory Manage) at the SLIM National Sales Awards 2024
- Bronze Award - Territory Manager Category at the SLIM National Sales Awards 2024.

Hospitals
◆ Green Productivity Award (Silver) at SLAAQP.
◆ 15 Gold Awards at SLAAQP at the NCQP Awards 2024/2025.
◆ 5 Gold Awards at SLAAQP at ICQCC Awards 2024/2025.
◆ Patient Excellence Award at Management Asia (HMA) Award – Patient Excellence Award.
◆ Category Winner at CPM at the Management Practices Company Award.
◆ Merit Winner at the Management Practices Company Award.
Mobility
Emirates SkyCargo-CMB
◆ Gold Award - Airline Category at the National Logistics Awards 2024

INTEGRATING QUALITY AND TRUST

The Group maintains a comprehensive quality assurance system across its diverse business segments, ensuring that all products and services consistently meet high-quality standards. This approach is grounded in systematic processes, policies, and controls designed to prevent defects, enhance customer satisfaction, and foster continuous improvement.

The Group's commitment to quality is reinforced by its adherence to internationally recognised certifications, which underscore its dedication to operational excellence and compliance with global standards. By maintaining rigorous quality management practices, The Group aims to deliver exceptional value to its customers, build trust, and sustain its reputation as a reliable and responsible corporate entity.

79
Awards

4
Recognitions

Home and Personal Care
Demonstrates a commitment to quality, product safety, and environmental responsibility through several certifications:
◆ ISO 9001:2015 – Quality Management System
◆ ISO 14001 – Environmental Management System
◆ ISO 45001 – Occupational Health & Safety Management System
◆ ISO 22716 – Good Manufacturing Practices for Cosmetics
◆ SLS Product Certifications (SLS 275, SLS 276, SLS 547, SLS 1732)
Learning Segment
◆ ISO 9001:2015 – Quality Management System
Pharmaceutical Manufacturing
Adheres to certifications which ensure all products are produced in compliance with stringent quality standards for safety and efficacy.
◆ Good Manufacturing Practices (GMP) Certification
Pharmaceutical Distribution
Upholds certifications reflecting the segment's commitment to ensuring high-quality production, distribution, and compliance with global pharmaceutical standards.
◆ ISO 9001:2015 – Quality Management System
◆ Good Distribution Practices (GDP) Certification from Bureau Veritas, affirming compliance with World Health Organization standards for the distribution of pharmaceutical products.

Hemas Hospitals
• ISO 9001:2015 – Quality Management System • ISO 14001:2015 – Environmental Management System • ISO 45001:2018 – Occupational Health & Safety Management System • ISO 15189:2022 – Medical Laboratory Standard • All clinical-related SOPs and protocols have been developed based on ACHSI guidelines. Additionally, the segment holds regulatory licenses for hospital operations, including valid fire safety and environmental protection certifications, ensuring safety and compliance across its facilities.

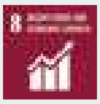
FOSTERING PARTNERSHIPS OF VALUE

The Group has formed a range of powerful partnerships that drive meaningful change across key areas, from health to sustainability and community empowerment. These collaborations enhance its corporate mission and amplify its impact.

Driving Innovation and Entrepreneurship

Hemas x Hatch: Slingshot Programme: In partnership with Hatch, the Group is on a journey of supporting 75 startups over the course of three years, focusing on high-potential sectors such as Education Technology (EdTech), FMCG, Healthcare, and Logistics. This accelerator programme is designed to foster innovation and create an entrepreneurial ecosystem in Sri Lanka, enabling startups to scale and drive sustainable economic growth.

Impacted UNSDGs:




Transforming Healthcare and Community Well-being

SLIIT-HEMAS Allied Health Sciences Institute: The Group and the Sri Lanka Institute of Information Technology (SLIIT) launched the aforementioned institute, which offers cutting-edge training in nursing and allied health sciences to address the global shortage of skilled healthcare professionals. This initiative aims to equip hundreds of healthcare workers with the knowledge and expertise to meet critical health challenges.

Indira Cancer Trust: Partnering with the Indira Cancer Trust, the Group is improving access to cancer care, providing emotional and financial support, and promoting early detection and treatment awareness. This collaboration helps hundreds of cancer patients and their families, ensuring comprehensive support throughout their healthcare journey.

Impacted UNSDGs


Promoting Environmental Sustainability

Clean Ocean Force: the Group's partnership with Clean Ocean Force aims to combat plastic pollution, with operations in Jaffna and Negombo. The initiative removes 350-500 kg of plastic waste weekly, protecting Sri Lanka's marine ecosystems while providing livelihoods for local communities involved in clean-up efforts. This collaboration is helping preserve Sri Lanka's pristine beaches and waterways.

Wildlife and Nature Protection Society (WNPS):

Through this partnership, Hemas is:

- Contributing to the protection critically endangered endemic species and promoting environmental sustainability across Sri Lanka's rich biodiversity. Hemas' efforts with WNPS are focused on preserving critical habitats and protecting vulnerable wildlife species.
- Supporting the Mangrove Restoration Project in Anawilundawa, aimed at restoring and protecting vital mangrove ecosystems. These ecosystems play a crucial role in reducing coastal erosion, supporting biodiversity, and serving as carbon sinks. This mangrove restoration initiative also contributed to Sri Lanka receiving the UN Decade of Restoration Flagship Award for 2024, recognising the country's significant efforts in environmental restoration and sustainability.

Impacted UNSDGs:

Empowering Women & Fostering Gender Equality

Women in Management (WIM) Sri Lanka: The Group collaborated with WIM Sri Lanka to empower women leaders in the corporate world, promote gender equality, and enhance workforce diversity within the company. This partnership drives initiatives that support the professional development of women and create opportunities for them to excel in leadership roles across various sectors.

Impacted UNSDG:

Strengthening Rural Communities and Social Impact

A Strong Reputation

Reputation management and crisis management are crucial components of the Group's strategy to maintain its corporate integrity and stakeholder trust. The company proactively monitors its public image, ensuring that its values and actions align with stakeholder expectations. To effectively manage potential risks, the Group actively engages with key stakeholder groups—including customers, employees, regulatory bodies, investors, and local communities—through regular consultations, feedback mechanisms, and risk assessments. This engagement helps identify emerging issues and grievances early, allowing the Group to address concerns before they escalate.

In the event of a crisis, the Group has a well-structured crisis management framework in place, supported by a dedicated Crisis Response Team (CRT). This team is trained to act swiftly, ensuring transparent communication and prompt resolution to minimise reputational damage.

By anticipating potential risks and addressing issues proactively, the Group strengthens its resilience, upholding its reputation for ethical governance, operational excellence, and corporate social responsibility.

Sarvodaya: Hemas has partnered with Sarvodaya, Sri Lanka's largest grassroots organisation, to improve the livelihoods of over 3,000 rural families through education, healthcare, and sustainable development initiatives. This collaboration addresses the social and economic needs of underserved communities, contributing to long-term rural development.

The Arka Initiative: In partnership with the Arka Initiative, Hemas is supporting marginalised communities by providing access to educational resources, sustainable livelihoods, and empowerment programmes. This partnership focuses on driving social change through education and community development across Sri Lanka.

Impacted UNSDG:

Refer **page 55-56** for more information on the Group's approach to stakeholder engagement and grievance management

Human Capital

The Group recognises that the collective talents, skills, and expertise of its workforce are fundamental to its success. Demonstrating a strong commitment to Human Capital development, the Group cultivates an organisational environment that actively promotes innovation, collaborative endeavours, and opportunities for individual advancement.

HIGHLIGHTS FOR FY 25:

1,741 New Recruits	**26%** Females in Workforce	**45,114** Total Employees Training Hours	**Rs. 120.0 Mn** Invested in Training and Development

IMPACT

Strategic Pillars

- Redesigning the operating model for agility and efficiency.
- Simplifying organisational layers for greater impact.
- Driving high performance through accountability and capability.
- Aligning rewards to performance and long-term growth.
- Strengthening culture through inclusion and leadership.
- Accelerating talent development through strategic resourcing.

Risks and Opportunities

- Talent attrition due to economic migration and evolving workforce expectations.
- Rising demand for inclusive, flexible, and purpose-driven workplaces.
- Opportunities to attract and retain critical talent through DEI, holistic well-being programmes, upskilling, and flexible work policies.
- Potential to strengthen leadership pipelines through robust succession planning and performance management systems.
- Proactive investments in employee safety, training, and engagement to mitigate productivity loss and compliance risks.

GRI Topics

GRI 2-7: Employees

GRI 2-8: Workers who are not employees

GRI 408-1: Operations and suppliers at significant risk for incidents of child labor

GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labour

GRI 401-1: New employee hires and employee turnover

GRI 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

GRI 2-30: Collective bargaining agreements

GRI 403-1: Occupational health and safety management system

GRI 403 -2: Hazard identification, risk assessment, and incident investigation

GRI 403-3: Occupational health services

GRI 403-4: Worker participation, consultation, and communication on occupational health and safety

GRI 403-5: Worker training on occupational health and safety

GRI 403-6: Promotion of worker health

GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

GRI 403-9: Work-related injuries

UNSDGs

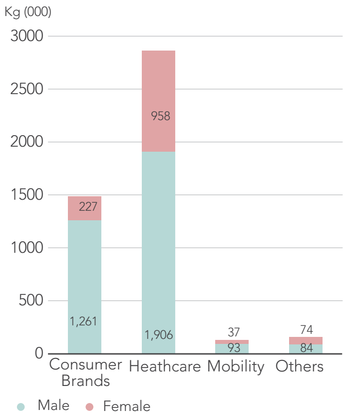
HUMAN CAPITAL GOVERNANCE FRAMEWORK

Through a well-defined governance framework, encompassing comprehensive human resource policies and robust operational systems, the Group diligently invests in and nurtures its human capital assets.

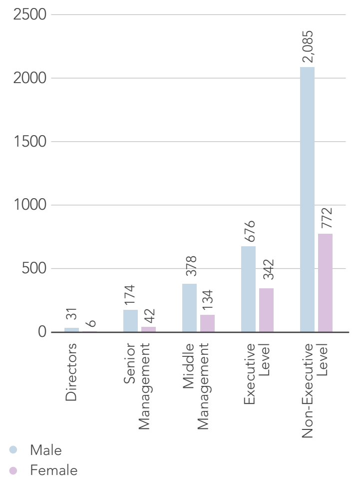
To effectively address the unique requirements of its diverse business operations, each business within the Group maintains its own specialised human resource function, enabling the customisation of procedures to align with specific business needs. Group HR focuses on strategic priorities such as leadership development, succession planning for critical roles, and embedding the Group's culture and core values, while providing oversight to ensure consistency across subsidiaries.

	Full Time	Part - Time	Permanent	Temporary (Contract)	Non-Guaranteed Hours	Out-Sourced
	3,344	1	3,252	92	82	823
	1,296	0	1,210	86	160	157

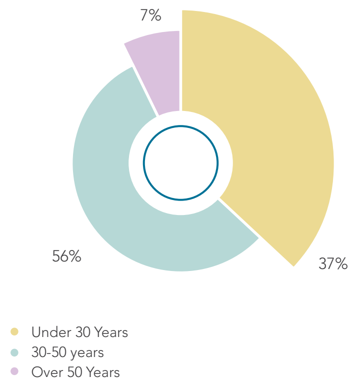
Employees by Sector



Employees by Grade



Employees by Age



The Group comprises of 4,640 employees, and a total of 980 outsourced workers in Sri Lanka and has no employees working outside Sri Lanka. The Group predominantly employs full-time employees who are engaged in its core operations. The outsourced personnel of the Group are individuals who perform tasks such as janitorial and security services, and other non-core operational roles.

Data related to employees and outsourced staff is tracked on a quarterly basis, with relevant HR departments providing necessary information based on their maintained records. Throughout the reporting year, the overall number of employees and outsourced staff across the Group remained relatively stable, without significant variations. The information in the Annual Report is data related to its Sri Lanka operations and as the end of the reporting period which is March 31st, 2025.

The Group fully complies with the Sri Lankan Shop and Office Employees Act of 1954 and the Factories Ordinance of 1942, both of which are based on the principles of relevant International Labour Organisation (ILO) Conventions. These laws prohibit child labour and forced or compulsory labour, and the Group strictly adheres to them. There were no reported incidents of child labour or forced/compulsory labour within the Group during the year, reflecting the Group's commitment to ethical and responsible business practices.

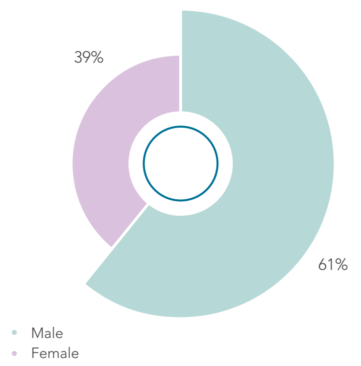
ATTRACTING AND RETAINING TOP TALENT

1,741

Total New Recruits

(2024: 1,447)

New Recruits by Gender



The Group's employment policies prioritises the acquisition of high-calibre talent, coupled with comprehensive training initiatives aimed at skill enhancement. The Group places significant emphasis on recognising the inherent abilities and competencies of each employee, while ensuring equitable career advancement opportunities irrespective of gender, ethnicity, or religious affiliation.

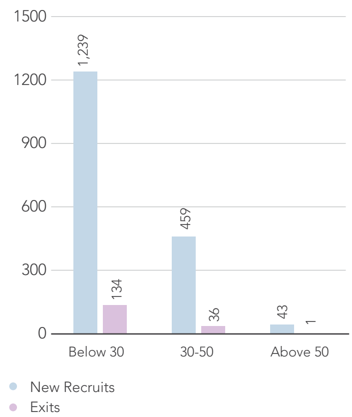
During the reporting period, the Group onboarded a total of 1,741 new employees. Of these, 1,347 individuals were permanent employees (subject to an initial probationary period), and 394 individuals were engaged on a contractual basis.

Out of the new employees recruited, 1,239 (71.14%) were below 30 years of age, 459 (26.36%) were between 30 and 50 years, and 43 (2.47%) were above 50 years.

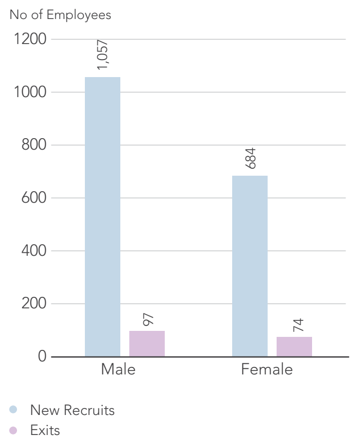
At the time of induction, all employees within significant operational sectors are required to sign the "Hemas Way" (Group Code of Conduct) document, which provides guidelines and relevant information concerning bribery and corruption.

The Group's Whistleblowing Policy establishes a mechanism for employees or external parties to report any suspected misconduct, illegal activities, or non-compliance with the Group Code of Conduct. Such reports can be submitted via electronic mail or postal correspondence to designated Board Members. During the year, all Group operations were assessed for risks related to corruption and no significant risks were identified relating to corruption within the business processes.

New Recruits and Exits by Age



New Recruits and Exits by Gender



During the reporting period, the total number of employees who left were 1,358 resulting in an overall attrition rate of 29.3% [FY 24: 26.1%], an increase from 12.3% in the prior financial year. From the total number of employees who left 63.6% were male employees.

From the total number of employees who left, 772 (56.8%) were under 30 years of age, 545 (40.1%) were between 30 and 50 years, and 41(3.0%) were over 50 years old. The attrition rate among new hires were 9.8%. [FY 24: 8.6%]

The increase in Group's attrition rate is primarily a consequence of the current economic difficulties in the nation, leading employees to pursue more stable economic conditions and improved career opportunities overseas. To address the ongoing migration of skilled workers, the Group proactively deployed several strategies across its diverse business units. These initiatives involved identifying key personnel and offering retention incentives, nurturing a strong and appealing organisational culture, and actively facilitating internal career progression through established talent assessment procedures. Additionally, the Group concentrated on creating an attractive employment proposition by providing remote work options where applicable, ensuring competitive remuneration and benefits, and supporting employee professional advancement.

ENSURING SAFE, RESPECTFUL, AND ENGAGED WORKPLACES

The Group has in place various mechanisms and programmes that provides opportunities to actively engage with employees. Maintaining a culture of open communication is a primary objective that ensures the Group can maintain high levels of employee engagement. This is accomplished by giving staff members platforms to voice concerns, make suggestions, and raise any queries.

Encouraging Employee Participation

The company encourages employees to volunteer in environmental and social projects to nurture a workforce that is passionate towards sustainability.

- The Group motivates employees through rewards and recognition, including the Hemas Awards, through which businesses and employees from each business unit is recognised annually for outstanding service.
- The Group encourages employees to participate in the celebration of religious events, corporate competitions, and sporting events.

Access to the Leadership Team

Staff members are encouraged to communicate with HR representatives, senior leadership teams, and their direct supervisors. Open-door policies for all employees and skip-level meetings for executives allow staff members to speak directly with the senior management, including Directors, regarding their issues or viewpoints.

All significant sectors have in place Joint Consultative Committees with employees and maintain constant dialogue between management and employees through periodic direct management worker meetings.

- Employee forums and town hall meetings are in place to facilitate communication with the senior management levels.
- The organisation also offers engagement sessions with the leadership team, in addition to fostering a platform for employee creativity.
- The Whistle Blowing Policy provides a confidential means for staff members to report potential misconduct to Directors.

A Collaborative Environment

Employee satisfaction surveys are carried out to evaluate employee sentiments and identify areas that need improvement.

All employees of the Group have the right to freely associate, and this right is respected across all operations. The Group's Pharmaceutical Manufacturing business has a formal collective bargaining agreement in place. As of the reporting period, 0.7% of Group employees are covered by such an agreement. No operations or suppliers were identified as posing risks to freedom of association or collective bargaining rights during the year.

The Group has set up a strong grievance system with clear escalation protocols in order to create an environment in which workers feel they may safely voice any issues. All complaints are treated seriously, with in-depth investigations conducted to address any underlying concerns.

HEMAS AWARDS 2024

Hemas Annual Awards were held in November 2024 where businesses and employees from each of its business units were recognised for their outstanding service throughout the past year.

Winner of CEO's Pride Award - Hemas Consumer Brands

Winner of Special Recognition Award - Morison Limited

EMPLOYEE HEALTH AND SAFETY

The health, safety, and well-being of its workforce remain a top priority for the Group. The Group's Occupational Health and Safety (OHS) practices go beyond compliance to foster a safe, healthy, and empowered workforce across all operations. Its approach towards OHS is outlined below:

The Group's Approach to Occupational Health and Safety

- A Strong Governance Framework
- Tailored Management Systems
- A Proactive Safety Culture

A STRONG GOVERNANCE FRAMEWORK

Health and Safety Committees operate within each business unit, comprising cross-functional employee representation. These forums play a key role in addressing workplace concerns, proposing safety enhancements, and reviewing progress. Additionally, the Group Safety, Health, and Environment (SHE) Committee, which includes employees from all levels, meets monthly to oversee group-wide initiatives and safety performance.

These structures empower employees to actively participate in decision-making and contribute to a strong safety culture.

All employees and contract personnel are provided with regular training conducted by certified Health and Safety Officers. The training modules cover:

- Fire safety and emergency response
- Chemical safety and hazardous material handling
- First aid and Cardiopulmonary Resuscitation (CPR)
- Personal Protective Equipment (PPE) usage and safety best practices
- Equipment operation and hazard identification
- Incident reporting and investigation procedures

Training content is continuously updated to reflect audit feedback and evolving international best practices. The Group also invests in awareness campaigns to build a culture of accountability and continuous learning.

TAILORED MANAGEMENT SYSTEMS

The Group's OHS management system applies to all employees and contractor personnel and is embedded across operational sites, including office, manufacturing, and healthcare facilities. All manufacturing facilities adhere to ISO 45001:2018, reflecting the Group's commitment to continuous improvement in health and safety management.

Each operational site implements tailored management systems underpinned by Group-wide OHS policies. These systems govern safety planning, risk mitigation, compliance tracking, and emergency preparedness. Key OHS performance metrics are tracked, reviewed monthly, and reported quarterly to the Human Resources and Remuneration Committee, ensuring Board-level oversight and accountability.

A PROACTIVE SAFETY CULTURE

The Group adopts a proactive approach to hazard identification through the following initiatives:

Robust Assessment Processes and Preventive Action

- Hazard Identification and Risk Assessments (HIRAs) are conducted for all routine activities. Risks associated with machinery, chemical use, ergonomic factors, and occupational hygiene are evaluated regularly. For changes in processes or infrastructure, a Management of Change (MOC) process is employed.
- Non-routine and contractor-related activities are governed through a robust Permit to Work (PTW) procedure. The integrated near miss and hazard reporting system offers multiple channels—dedicated WhatsApp groups, QR codes, and manual Safety Observation Cards (SOCs)—to encourage prompt and transparent reporting. Weekly reviews ensure timely resolution and root cause identification.
- All incidents, regardless of severity, undergo detailed root cause analysis by designated Health and Safety Officers. Findings and corrective actions are documented, tracked, and shared across business units to prevent recurrence. To reinforce compliance and improvement, weekly and monthly Environment, Health, and Safety (EHS) audits are conducted, supplemented by internal and external audits.

Access to Supportive Facilities

- Comprehensive occupational health support is available at all manufacturing locations. On-site clinics staffed by qualified nurses and visiting doctors offer immediate medical care. Additional health infrastructure includes:
  - First aid kits at strategic locations
  - Eyewash stations near chemical storage areas
  - Emergency fire showers
  - Fire safety systems including smoke detectors, fire hydrants, extinguishers, and designated assembly points
  - Regular fire drills and training sessions

These facilities are complemented by wheel blocks for lorry parking, reducing loading/unloading risks, and ensuring safety beyond typical workspaces.

Recognising that health goes beyond physical safety, the Group relies on a broad range of well-being initiatives, including mental health and wellness programs, stress management and resilience workshops, employee assistance initiatives and health check-ups and awareness campaigns.

The Group's commitment to safety extends to contract manufacturers, logistics providers, and supply chain partners to mitigate health and safety risks linked the broader operations and foster a culture of shared responsibility, The Group actively promotes safe work practices by:

- Sharing its safety protocols and standards.
- Conducting capacity-building sessions and safety awareness programs.
- Performing monthly audits of contracted operations and biannual assessments of third-party partners.
- Requiring compliance with Group OHS policies and standards.

During the reporting period, the Group recorded 33 recordable injuries across its workforce, and the most common type of injury was injuries related to cuts, pricks and sharp objects.

	Employees		Contract Personnel	
	FY 25	FY 24	FY 25	F Y24
High Consequence Injuries (No.) *Recovery time more than 6 months*	0	1	0	0
High Consequence Injury Rate *(per 100 workers)*	0	0.02	0	0
Recordable Injuries (No.) *Recovery time between 3 days and 6 months*	33	38	2	4
Recordable Injury rate *(per 100 workers)*	0.71	0.78	0.20	0.41
Total Work Related Injury Rate	0.71	0.80	0.20	0.41
Fatalities (No.)	0	0	0	0

HEMAS WELLNESS

The Group demonstrates a strong commitment to employee well-being through Hemas Wellness, a dedicated and independently funded programme. The impact of these comprehensive wellness activities extends beyond individual health improvements, positively influencing overall organisational productivity and employee engagement.

Objective:
The initiative aims to cultivate a thriving and healthy workforce by proactively promoting mental and physical healthcare access and awareness across the organisation.

Oversight:
The effective implementation of wellness initiatives across all business units is driven by the Wellness Operations Champions (WOC) team. This dedicated team operates under the strategic guidance of the group wellness programme, ensuring consistent and impactful execution of wellness activities.

Key Initiatives

A key initiative during the year was the “Fit for Life” fitness challenge, an inter-company team competition designed to enhance physical fitness, particularly among office-based employees with sedentary work styles. This challenge saw significant participation of 340 + employees across all business units, fostering teamwork, healthy competition, and a greater emphasis on physical activity, thereby contributing to a culture of wellness.

Physical well-being is further supported through on-site workout opportunities and the encouragement of participation in mercantile sports. The Group employees achieved notable success in various sporting disciplines, including badminton, hockey, athletics, basketball, and cricket, showcasing talent and promoting physical activity.

To empower employees in their wellness journey, Hemas Wellness actively disseminates informative communications covering both mental health and physical fitness. These resources aim to ensure employees are well-informed and motivated to adopt healthier lifestyle choices.

Recognising the critical importance of mental health, Hemas Wellness provides robust support mechanisms.

- Company-sponsored on-site and online counselling and psychotherapy sessions are readily available to employees at no cost, ensuring confidential access to professional assistance. Furthermore, Employee Assistance Programs (EAPs) offered through external partners provide an additional layer of confidential support.
- Targeted mental well-being interventions, such as mindfulness sessions for factory employees, have also been implemented to improve focus and reduce stress, demonstrably contributing to enhanced production efficiency and reduced error rates.
- Yoga sessions are offered to promote improved respiration, flexibility, and mental relaxation.

To further support physical health, healthy and affordable meal options are provided at company events and in cafeterias across all operation locations, encouraging nutritious dietary choices.

Proactive healthcare management is facilitated through regular health screenings offered to all employees, enabling the early detection of non-communicable diseases (NCDs). A significant portion of the workforce participated in baseline screenings, and individuals identified with elevated risk factors received personalised NCD intervention plans and follow-up screenings to monitor progress and encourage proactive health management.

First Aid training is provided to equip staff members with essential emergency response skills.

BUILDING FUTURE-READY SKILLS AND LEADERSHIP

45,114

Total Training Hours

(FY24: 55,932)

9.7 ↓

Average Training Hours (Per Employee)

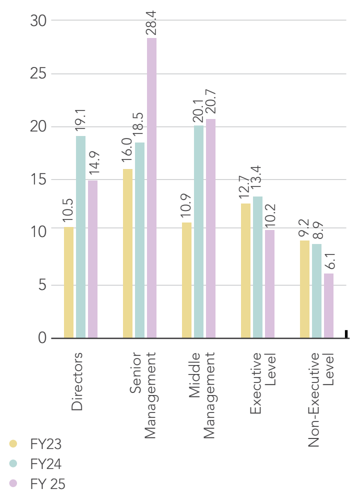
(FY24: 11.5)

Recognising the critical link between employee proficiency and organisational advancement, the Group maintained a strong emphasis on training and development initiatives. By cultivating a learning-oriented environment across its various businesses, the Group has witnessed clear benefits, including improved efficiency, greater innovation, and superior customer interactions. To accurately pinpoint the specific learning needs within each business unit, the Group employs a detailed methodology that incorporates assessment centers, talent discussions, and performance feedback mechanisms. This ensures a direct alignment between individual development objectives and the overarching strategic goals of the company.

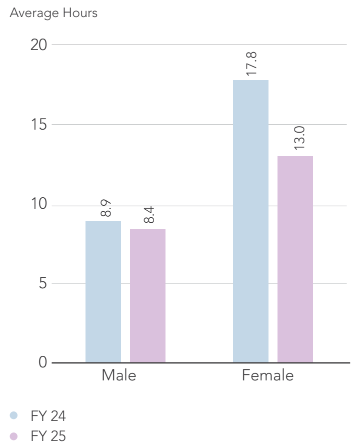
During the year, male employees received 28,218 training hours and female employees receiving 16,897 training hours. The Group continues to focus on upskilling and enhancing employee capabilities to meet evolving industry demands and maintain competitive advantage.

During the year, the Group demonstrated a significant commitment to the continuous development of its workforce through a diverse range of learning interventions strategically aligned with key organisational priorities. These initiatives included embedding the core values and culture across the Group, cultivating strong business leadership at both local and global levels, and enhancing technical and functional capabilities essential for operational excellence, alongside a dedicated focus on the health, safety, and overall well-being of employees. The Group invested in ensuring its employees had the necessary skills for effective collaboration, communication, and personal growth. Leveraging both internal expertise and external partnerships, the Group utilised a blended learning approach, incorporating e-learning solutions to facilitate continuous and self-paced development, alongside structured workshops, training programs, and specialised certifications tailored to the unique needs of its various business segments and employee cadres.

Average Training Hours by Employment Category



Average Training Hours By Gender



LEADERSHIP DEVELOPMENT AND SUCCESSION PLANNING

The Group views its Annual Talent Review process as a critical mechanism for proactively managing people-related risks and ensuring the organisation's long-term viability. This process focuses on identifying and cultivating high-potential employees, developing targeted growth strategies, and establishing a robust succession pipeline to secure future leadership.

A key enhancement to the talent management strategy is improved communication with identified high-potential individuals, ensuring clarity regarding their status, and the Group's dedication to their professional advancement. The introduction of mid-year updates using the 9 Box matrix allows for timely intervention and support for high-performing new hires, a crucial element in retaining talent that values continuous growth opportunities. In addition, the expansion of talent pools to encompass diverse career trajectories and the facilitation of cross-business unit movements through Talent Councils aim to create a more dynamic and agile workforce. The refinement of succession planning, focusing on critical roles and individual readiness, ensures a proactive approach to addressing talent pipeline needs and minimising potential disruptions to business operations.

Beyond the formal Annual Talent Review, the Group employs structured mechanisms to identify and develop key individuals, with dedicated talent management sessions conducted annually at the business unit level. Regular oversight by the Human Resources and Remuneration Committee ensures a strong talent pool at the Group level, fostering a culture of continuous learning and development.

Building on this momentum, the Group introduced several initiatives to strengthen talent mobility and leadership continuity, listed below:

- The rollout of an enterprise-level platform enabled enhanced visibility of internal talent and opportunities.
- The prioritisation of key talent for internal roles.
- Efforts to embed a culture that views talent movement as an organisational strength.
- Succession planning was reinforced through standardised internal transfer procedures and structured frameworks to build leadership depth.
- To future-proof the organisation, the Group adopted a forward-looking competency model, integrated it into development and evaluation processes, and partnered with external experts to tailor growth pathways.
- A focus on early identification of high-potential talent, combined with mentorship, sponsorship, and fast-track development, further supported succession pipelines.
- Retention was strengthened through competitive rewards and meaningful development experiences aligned with emerging business needs.

FOSTERING INCLUSION, EQUITY, AND WELL-BEING

The Group remains committed to building a diverse, equitable, and inclusive workplace through clearly defined policies, structured initiatives, and measurable outcomes.

In FY 25, the Group strengthened its DEI agenda with the implementation of a comprehensive policy and targeted programmes aimed at advancing gender parity, inclusive leadership, and fair treatment for all employees.

These efforts are guided by The Hemas Way, acknowledged by all employees upon induction, which explicitly prohibits discrimination on the basis of race, colour, religion, national origin, sex, age, disability, marital status, or similar grounds. By embracing diverse perspectives and fostering an environment of respect and collaboration, the Group continues to drive innovation and long-term sustainable growth.

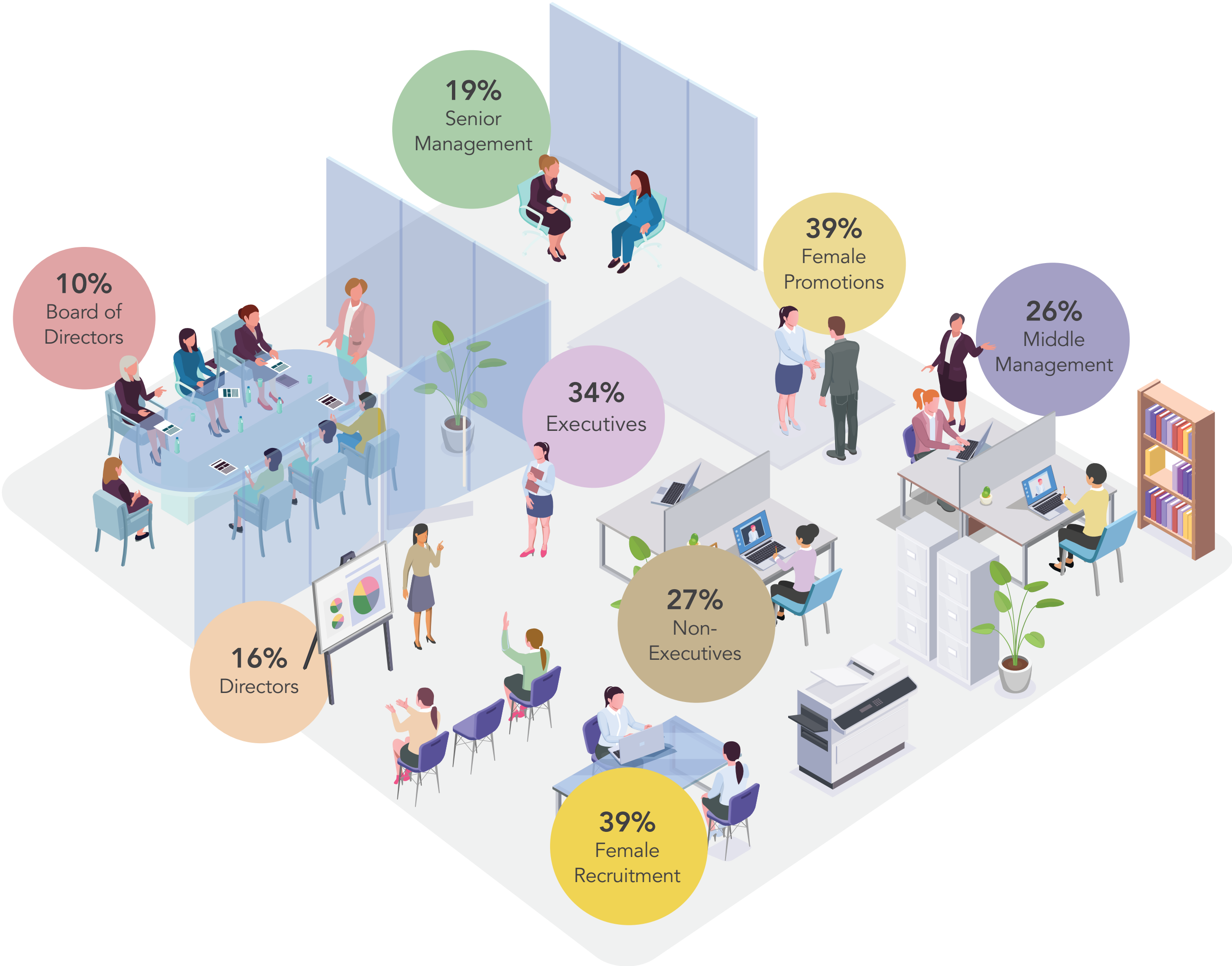
Hemas Leadership Academy

First cohort of the Transcend Programme Hemas Leadership Academy

The Group also focused on developing people leader capabilities by redefining the Hemas Leadership Capability Framework, launching the Hemas Leadership Academy, completing the Transcend leadership development programme, and revising the talent review process to align with the new organisational design. The efforts were directed towards increasing succession depth through the utilisation of multi-dimensional assessments that considered behavioural aspects, 360-degree feedback, and psychometric evaluations.

This included scaling talent identification and development through the creation of tailored assessment centers for recruitment and talent reviews for higher-grade employees, introducing a Senior Leadership Assessment & Development Protocol, and embedding customised development actions within assessment reports.

Female Representation Across Categories



POLICY ON DIVERSITY, EQUITY AND INCLUSION

During the year, the Group formalised its commitment to fostering an inclusive workplace culture through the launch of a comprehensive Diversity, Equity, and Inclusion (DEI) policy. This policy underscores the importance of equitable opportunities, the value of diversity, and a respectful environment for all employees. Key elements include fair and unbiased recruitment practices, inclusive employee development, and accessible grievance mechanisms. Within the period under review, the Group made steady progress in embedding DEI principles across its operations—from recruitment and training to promotions and employee treatment. In order to reinforce a culture of meritocracy, both performance appraisals and promotion decisions are overseen by a diverse committee, thereby ensuring that recognition and advancement are based solely on the merit of one's work, regardless of gender, race, ethnicity, sexual orientation, or other personal attributes.

DEI RELATED INTERVENTIONS

Voice of Women

50+ Members

Hemas Voice of Women (VOW) is an employee resource group dedicated to fostering a more inclusive workplace environment and attracting/retaining female talent. VOW, which includes both female and male employees, actively advocates for the support and empowerment of women across the Group, collaborating closely with HR and the Group DEI committee to address challenges in each business unit and escalating specialised issues to ensure women's concerns are heard and addressed at all levels.

VOW's key activities during the year included:

- Ensuring the consistent availability of essential hygiene products for female employees by overseeing the regular refilling of sanitary napkin dispensers across all Hemas BU locations.
- Organising impactful International Women's Day celebrations that not only honour women but also address the key challenges they face, while promoting the values of inclusion and diversity throughout the organisation.
- Promoting self-defence practices, counselling services, and encouraging female employees to participate in sports to enhance their confidence, personal safety, and overall well-being.
- Conducting regular awareness sessions and workshops designed to empower women in various areas, including career development, leadership skills, and personal growth.
- Addressing health-related matters specific to women, such as organising health screenings, promoting inclusive parenting practices, and providing sensitisation training on critical issues like bullying and harassment.


Celebrating International Women's Day across the Group operations

Sanitary napkin disposal units installed at all Group washrooms

Winners of the Women's 'D' Division Champions of the 40th MBA Inter-firm Team Badminton Championship 2024

Flexible Working Hours

Hemas Corporate Office has in place a Flexi Work Policy, providing employees with greater flexibility and autonomy in managing their work schedules. The policy offers two options: Hybrid Work, which allows employees to work from any location for up to four days per month with supervisor approval, and Flexi Work, which allows employees to choose their arrival time between 6:30 am and 9:30 am, work an 8.5-hour day, and depart between 3:00 pm and 6:00 pm, also with supervisor approval.

Group Grievance Handling System

The Group introduced an Employee Grievance Handling System to provide a clear and transparent process for addressing employee concerns. This system ensures that complaints are appropriately allocated, diligently followed up on, and resolved with due care. Furthermore, a mechanism is in place to allow for the reopening of cases when necessary, ensuring continuous attention to employee concerns and promoting a fair and accountable resolution process.

Parental Leave

All Group employees are entitled to a Maternity, Paternity, and Adoption Leave Policy that exceeds statutory requirements. The policy provides 100 days of maternity leave and 10 days of paternity leave. The Group Adoption Leave Policy offers the same maternity and paternity leave benefits for the adoption of a child under 1 year old, and half those benefits for a child between 1 and 5 years old.

Employees that took Parental Leave

49	33
Males	Females

Total number of Employees that returned to work after Parental Leave

49	11
Males (100%)	Females (33%)

Respectful Workplace Policy and Framework

Group launched a comprehensive Respectful Workplace Policy that established a foundation for a safe, respectful, and inclusive work environment, ensuring that all employees are consistently treated with dignity and respect.

Strategic Partnerships

The Group actively cultivates and strengthens strategic partnerships with organisations such as the International Finance Corporation (IFC) Japan International Corporation Agency (JAICA) United Nations Global Compact (UNGC) Diversity Collective Lanka (DCLK). These collaborations provide access to global best practices and valuable insights, enriching the Group's DE&I efforts and ensuring alignment with international standards.

Sexual Harassment Committee

The Group maintains a strict zero-tolerance policy regarding sexual harassment, recognising its detrimental impact on both individuals and the organisation. To ensure that concerns are addressed promptly, an eight-member Sexual Harassment Committee, with representation from each business unit is in place. Employees are encouraged to report any incidents directly to a committee member via phone or email, or collectively through a dedicated channel at reachout@hemas.com. Regular awareness campaigns are conducted to ensure all employees are well-informed about the policy, and all reported incidents are treated with confidentiality and thoroughly investigated.

Baseline Survey on Employee Perceptions

To gain a comprehensive understanding of employee needs and experiences, the Group conducted a baseline survey, made available in three languages. This survey, completed voluntarily by 30% of the workforce across all business units, job levels, genders, and generations, provided invaluable insights that have been instrumental in shaping the Group's Diversity, Equity, and Inclusion (DE&I) strategy.

Focal Point Network and Training

To effectively promote respect and inclusion throughout the organisation, a network of 60 focal points was developed across the Group. These individuals, along with 2 internal corporate trainers certified by the International Finance Corporation (IFC), play a crucial role in delivering consistent, in-house training to the workforce.

Masterclasses, Sensitisation Programmes, and Trainings

The Group has conducted a series of internal and external masterclasses, sensitisation programmes, and workshops to raise awareness about inclusion in the workplace, promote inclusive parenting practices, and address unconscious biases.

The Group DEI Council

The Group has in place a Group Diversity, Equity, and Inclusion (DEI) Council comprising of 20 diverse individuals from each business unit. The Council will play a pivotal role in guiding the Group's DE&I strategy and promoting inclusivity across operations.

Celebrating Cultural Diversity

The Group actively celebrates its rich cultural diversity through meaningful events such as Christmas, Ramadan, Thai Pongal, Vesak, and Sinhala and Hindu New Year. These celebrations foster a strong sense of community and inclusivity, providing employees with opportunities to share and appreciate each other's cultural traditions.

Upskilling HR Teams and Inquiry Officers

Recognising the importance of fair and impartial grievance resolution, the Group has provided specialised training to its HR teams and Inquiry Officers. This upskilling initiative reinforces the Group's commitment to ensuring equitable treatment for all employees.

WORKPLACE GENDER PARITY

The Group is committed to fostering an inclusive culture that prioritises gender parity, ensuring equal opportunities for growth, development, and fair compensation for all employees. This commitment is reflected in ongoing initiatives that promote gender balance, creating a supportive environment where every employee can contribute to the Group's success.

STRATEGIC FOCUS AND GOALS FOR GENDER PARITY

The Group's focus extends beyond simple gender ratios, emphasising meritocracy, fairness, and transparency across all stages of the employee lifecycle—recruitment, development, and promotion. It remains dedicated to empowering women through initiatives that enable them to perform at their best and thrive, while also supporting a healthy work-life integration.

The Group is also committed to gender pay equity, ensuring equal pay for equal work across all roles. While parity is maintained for equivalent positions, the company recognises a gender pay gap in certain business units, mainly due to fewer women in leadership. Gender equity principles are embedded in the DEI policy under "Equal Opportunities and Fair Treatment." The Group is actively addressing the gender representation gap, which is the primary contributor to existing gender pay disparities. To promote female leadership, the Group has implemented targeted initiatives, awareness sessions, and leadership development programs. Regular assessments and dashboards are used to monitor progress and identify areas for improvement. Additionally, unconscious bias training is conducted to support fair and equitable decision-making, particularly in recruitment and advancement processes.

Key Initiatives Driving Gender Equality

Empowerment and Leadership Development

- The Group drives female leadership development through programmes like "Elevate Her," empowering high-potential women with the skills and confidence to assume leadership roles. So far, 25 women have been groomed as future leaders.
- Specific efforts are made to ensure women take on leadership roles within male-dominated sectors, supported by programs like "Voice of Women," which encourages women's representation across traditionally male fields.

Creating Inclusive and Safe Work Environments

- The Group's "We Respect Champs" network of 80 trained advocates ensures a harassment-free workplace, promoting a culture of respect and addressing grievances with a survivor-centred approach. This initiative underscores the importance of psychological safety, particularly for women.
- The Group strengthens diversity, equity, and inclusion through a variety of initiatives, such as the DEI Council, unconscious bias training, and leadership-driven engagement in DEI surveys and workshops.

Gender Parity in Governance and Decision-Making

- The Group's commitment to gender parity extends to its governance structures, with a 50:50 gender split in the Group-Level Committee responsible for addressing sexual harassment and workplace violence.
- Leadership support for gender equality is reinforced at all organisational levels, with regular assessments to ensure fair decision-making processes.

External Recognition and Industry Leadership

- Hemas has advanced from "Improver" to "Achiever" status in the United Nations Global Compact Women Empowerment Principles, highlighting the Group's robust and holistic approach to gender equality.
- Hemas has been recognised as one of Sri Lanka's most outstanding women-friendly workplaces in 2024 by Satynmag, reinforcing the Group's commitment to supporting women in the workplace.

Allyship and Organisational Culture Transformation

- The Group actively promotes allyship, with leaders advocating for gender equality through initiatives like "Voice of Women." This helps dismantle stereotypes and create increased opportunities for women, especially in male-dominated sectors.
- Through leadership sponsorship and ongoing education, the Group fosters a workplace culture that prioritises respect, fairness, and inclusion, enhancing the employee experience for all genders.

Expanding Opportunities for Women in Non-Traditional Roles

- The Group takes targeted steps to integrate women into traditionally male-dominated sectors, including mobile laboratory teams, field sales, and women-led distributors within the Learning Segment.
- During they year, awareness campaigns have been conducted across the Group, aimed at increasing women's participation in roles traditionally held by men.

Supporting Work-Life Integration and Well-Being

- The Group prioritises the mental well-being of employees, offering free access to mental health services through the "Happy Mind" platform and Employee Assistance Programme (EAP).
- The Group promotes work-life integration through flexible work options such as hybrid work, flexible hours, and extended parental leave, ensuring employees can balance personal and professional responsibilities effectively.

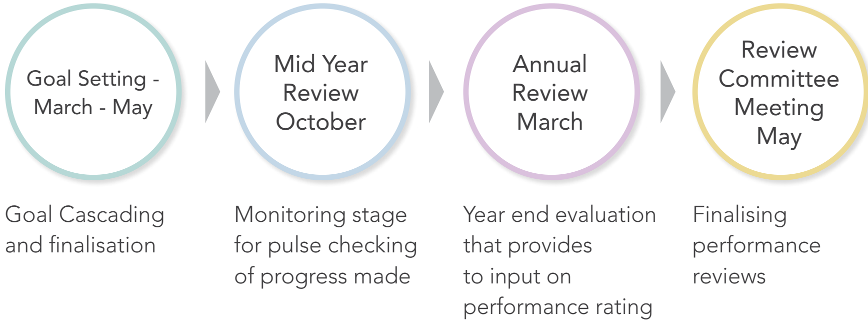
PERFORMANCE MANAGEMENT

The Group's performance management is a structured and evolving process designed to align individual contributions with the Group's strategic goals. It encompasses annual goal setting, mid-year and year-end evaluations, and ongoing feedback to support continuous improvement and accountability. Upholding a strong culture of meritocracy, performance appraisals and promotion decisions are overseen by a diverse Career Committee. This ensures that recognition and advancement are based on the merit of one's work, irrespective of gender, race, colour, sexual orientation, or other personal characteristics.

Performance goals are set at the beginning of each financial year for all executive-level and above employees, with clear alignment to business objectives. Performance reviews based on set goals are conducted biannually for all executives and annually for all non-executives. The review process is a two-step process where the initial review is conducted by respective supervisors with opportunities for employees to discuss performance, understand areas of improvement and establish future goals. A bell curve of employee performance evaluations is then evaluated by a panel

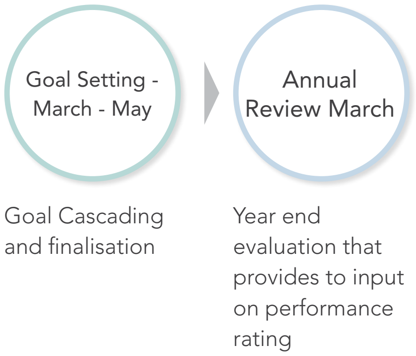
The process begins with individual goal setting in collaboration with immediate supervisors, followed by formal reviews that include self-assessments, supervisor evaluations, and one-on-one performance discussions. A calibration process is conducted at the end of the cycle to ensure fairness and consistency across the Group.

For executives and higher-grade employees, this cycle includes structured discussions supported by self and supervisor evaluations. While most teams still use manual documentation, parts of the Group have adopted system-based tools for goal setting and performance tracking.



Employee Review Process for Executives

Non-executive employees follow a similarly personalised review process, involving direct discussions with their supervisors and HR Business Partners. These sessions focus on performance against goals, soft skills, and development needs. All assessments are documented and submitted to HR for processing and tracking.



Employee Review Process for Non - Executives

During the year, the Group revised the performance goals of the Managing Director and introduced a new goal-setting framework for Directors. This integrated short, medium and long-term KPIs across strategic and operational areas, ensures alignment with the Group's Long-Range Plan (LRP). The Group also introduced changes to the rewards framework for Directors reinforcing our commitment to performance-linked and accountable leadership.

Remuneration and Benefits

The Group's remuneration framework comprises a base salary and an annual bonus, the structure of which (fixed or performance-based) varies according to employee grade and business unit. In compliance with Sri Lankan law, all employees based in the country are entitled to contributions to the Mercantile Service Provident Society (MSPS) or Employee Provident Fund (EPF), as well as the Employees' Trust Fund (ETF). For the reporting year, the Group's total contributions amounted to Rs. 140.2 million for ETF and Rs. 625.3 million for MSPS/EPF.

Employees are also eligible for gratuity payments, with the total benefit liability recorded as Rs. 1.6 billion as of March 31, 2025. Beyond these statutory provisions, full-time employees benefit from a comprehensive suite of additional perks, including medical insurance coverage, staff loans, subsidised meals in certain operational areas, transportation facilities, travel allowances, and various other benefits designed to support their overall well-being and engagement. All wages and remuneration are commensurate with the work undertaken, and in all cases higher than a minimum wage requirement and aligned to market remunerations. The Group considers the annual total compensation ratio confidential.

Natural Capital

The Group is committed to environmental stewardship by efficiently using natural resources and embedding sustainability into all aspects of its operations, guided by a strong Environmental Agenda and governance frameworks. In response to growing environmental risks, the Group has made strategic investments in renewable energy, biodiversity protection, and circular economy models to mitigate ecological impact and enhance long-term resilience and regulatory readiness.

HIGHLIGHTS FOR FY 25

0.09 MT Carbon Intensity	**1.5 m^3** Water Intensity	**11%** Use of Renewable Energy	**1,634,800+ Kg** To Date Collection of Plastic

IMPACT

Strategic Pillars

- Minimising environmental impact across the value chain
- Advancing circularity in plastic and waste management
- Enhancing resource efficiency (energy and water)
- Strengthening climate resilience and biodiversity conservation

GRI Topics

- **GRI 2-27:** Compliance with laws and regulations
- **GRI 305-1:** Direct (Scope 1) GHG emissions
- **GRI 305-2:** Energy indirect (Scope 2) GHG emissions
- **GRI 305-4:** GHG emissions intensity
- **GRI 303-5:** Water consumption
- **GRI 303-1:** Interactions with water as a shared resource
- **GRI 303-2:** Management of water discharge-related impacts
- **GRI 303-3:** Water withdrawal
- **GRI 303-4:** Water discharge
- **GRI 306-1:** Waste generation and significant waste-related impacts
- **GRI 306-2:** Management of significant waste-related impacts

Risks and Opportunities

- Rising energy, water, and waste management costs, with exposure to climate-related physical and transition risks.
- Regulatory pressures on use of virgin plastic, Extended Producer Responsibility (EPR), and emissions.
- Opportunities to future-proof operations through renewable energy, water conservation, and circular economy models.
- Strategic investments to drive low-carbon transitions, and plastic stewardship to enhance compliance and long-term resilience.

UNSDGs

ENVIRONMENTAL GOVERNANCE

The Hemas Group maintains a structured and accountable approach to environmental stewardship through its Group ESG strategy, Group Environmental Policy, and the Environmental Agenda 2030. These frameworks outline targeted strategies to address material environmental topics such as climate change, water use, minimisation of waste, energy efficiency, and biodiversity protection, supported by defined goals, timelines, and action plans.

Environmental performance across the Group is monitored and guided by the Corporate Affairs Division, which conducts quarterly assessments focused on risk identification and mitigation aligned with sustainability priorities. Each business unit has a Sustainability Champions responsible for reporting progress and an ESG Champion supporting the implementation of Group-level commitments, ensuring consistency across operations.

Oversight is provided by the Group Environment Committee (GEC), comprising Chief Engineers from all business units and representatives from the Corporate Affairs Division. The GEC convenes quarterly to review ongoing initiatives, address implementation challenges, and recommend improvements. These efforts are supported by quarterly field visits, enabling technical knowledge sharing and reinforcement of sustainable practices.

Environmental Governance at Hemas

Underlying Frameworks:
- Group ESG Strategy
- Group Environmental Policy
- Environmental Agenda 2030

Responsibility and Oversight:
- Corporate Affairs Division
- Sustainability Champions
- ESG Champion
- Group Environment Committee (GEC)
- Senior Management

Data Collection and Monitoring Mechanisms:
- SOPs to support accuracy and consistency
- Dedicated system to track and analyse environmental data
- Sustainability assurance

Environmental performance is reviewed on a quarterly basis by senior management as part of the Group's integrated sustainability performance framework. Standard Operating Procedures (SOPs) are in place across all operations to support consistency in data collection and ensure sustainability information is captured accurately. A dedicated system is used to track environmental data and perform calculations, supporting robust analysis and consistent reporting. Internal sustainability assurance audits—conducted by the Group's internal team and external consultants—help identify gaps and promote continuous improvement.

The Group ensures compliance with environmental laws and regulations and tracks and monitors of any environmental fines incurred for non-compliance with Sri Lankan legislation. No significant fines worth over Rs 1 million on environmental non-compliance or spillages were reported in the year under review.

Internal Sustainability Assurance Audits FY 25

Sustainability Assurance audits were done at all locations of the Group by the internal team and with an external sustainability consultant to ensure adherence to sustainability guidelines, international standards and best practices

Group Environmental Agenda

The Group's Environmental Agenda focuses on raising awareness, advocating for partnerships, pursuing responsible use of natural resources, minimising the impact of operations, and reducing harmful plastic use. The Group is committed to implementing initiatives and interventions that will protect Sri Lanka's endangered endemic species.

Protect our Natural Resources

Actively pursue the use of natural resources in a responsible manner limiting the impact Group operations have on the environment.

Safeguard our Eco-system

The Group will embrace and champion initiatives that protect and nurture our unique eco-system.

Responsible Plastic Manufacture and Disposal Practices

From design to disposal, the Group will strive to reduce use of plastic that are harmful to the environment.

ENVIRONMENTAL AGENDA PROGRESS OVERVIEW

This section highlights the progress the Group made toward achieving its Environmental Agenda goals. These milestones reflect the Group's continued commitment to sustainability and the positive impact it is making in areas such as plastic offsetting, biodiversity protection, renewable energy adoption, and water conservation.

2030 Goal

Facilitate the collection of 100% of plastic sent to the market/consumers through initiatives across the country

FY 25 Milestone

Collect back 37.5% of plastic sent to the market

Achieved

Refer **page 130** for the more information

2030 Goal

Protect and sustain 1,000 acres of forest cover in Sri Lanka

FY 25 Milestone

Reforestation of 30 Acres

Achieved

Refer **page 123** for the more information

2030 Goal

25% of Energy obtained through renewable sources

FY 25 Milestone

10.6% of energy obtained through renewable sources

Achieved

Refer **pages 118-122** for the more information

2030 Goal

Protect 52 critically endangered endemic species

FY 25 Milestone

Intervention for the protection of 17 critically endangered endemic species

Achieved

Refer **pages 124 - 126** for the more information

2030 Goal

50% reduction of water intensity in significant operations

FY 25 Milestone

19% reduction of water intensity in significant operations

In Progress

Refer **pages 127 - 128** for the more information

ENERGY MANAGEMENT

The Group considers the managing of its carbon footprint and risks to operations arising from climate change as a vital component in the Group's Environmental Governance.

Management of Carbon Footprint
Oversight
The Board of Management, in collaboration with the Group Corporate Affairs Division, oversees the monitoring, review, and decision-making processes related to the Group's carbon footprint and overall energy management.
Strategy
The Group's main approach to achieving a low carbon strategy involves prioritising energy efficiency and implementing carbon offsetting initiatives, which includes shift to renewable energy and reforestation.
Progress in FY 25
The Group's solar initiative is a key strategy in its transition towards low-carbon operations, with an investment of over Rs. 22 million during the year contributing to a total investment of Rs. 746 million to date. During the year this investment has provided the Group with an overall 2,137,937 kWh savings of electricity from the National Grid, which is 11% of Group electricity consumption.

Management of Climate-related Risks
Oversight
The Board of Management, in collaboration with the Group's Risk Management Division and Finance Division oversees the review, and mitigation of risks and financial impacts arising from the Physical Risks and Transition Risks of Climate Change through the Group's Risk Management process.
Physical Risks
Types of Risks: The Group recognises the physical risks of climate change impacts as a moderate risk of business stemming from changing rainfall patterns and prolonged period of drought which could impact manufacturing capabilities as well as potential risks in sourcing raw materials in the future.
Assessment: Physical risks associated with climate change are assessed across all operational locations through risk registers and regular reviews. These assessments identify locations vulnerable to climate-related natural disasters and evaluate the processes and measures in place to mitigate their impacts.
Transition Risks
Type of Risk: The Group is cognisant of the transition risks of climate change arising from its strategy towards a low carbon operation through its solar initiative.
Assessment: The Group's Environment Committee, which includes the engineers of each business unit, conducts ongoing assessments of the risk of energy security and potential delays in transitioning to renewable energy.
Mitigating Strategy: The Group undertook comprehensive financial and non-financial analysis including that of pay-back period assessments, technology used and the financing mechanism of the solar initiative prior to being implemented within the Group. Currently the Group does not operate in geographies that have regimes of carbon pricing or carbon tax.

MEASURING PERFORMANCE

The Environmental Governance Framework, together with the Group's carbon reduction strategies and risk management functions have led to the development of Carbon footprint KPIs as part of the Group's Key Sustainability Performance Indicators, which include the total carbon footprint, Scope 1, Scope 2 footprints, carbon footprint by sector, carbon intensity and review of progress of initiatives to minimise carbon emissions and energy usage. These are compiled by the Group Corporate Affairs team and presented to Board of Management on a quarterly basis for monitoring and review.

The Scope 2 carbon footprint is calculated based on location-specific data, considering emissions from the electricity purchased and consumed by the Group

The Group tracks and measures its carbon footprint based on the GRI Standards using internationally accepted emission factors. The Green House Gas (GHG) protocol of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) is used to measure the Group's carbon emissions, while carbon emission factors found in the IPCC guidelines for national greenhouse gas inventories published by the Institute of Global Environmental Strategies (IGES) are also used for calculating our carbon footprint. Currently, the carbon intensity of the Group is calculated using the total Group revenue, and internal Carbon Footprint reduction targets have also been established.

Key Performance Indicators:

- Total Carbon Footprint
  - Scope 1
  - Scope 2
- Carbon Footprint by Sector
- Carbon Intensity
- Progress Reviews of carbon reduction and energy usage reduction initiatives

Oversight:

- Compiled by the Group Corporate Affairs Team
- Reviewed on a quarterly basis by the Board of Management

Future-Proofing the Business

The Hemas Transition & Adaptation Plan

The Group Transition and Adaptation (T&A) Plan forms a cornerstone of its long-term strategy to build climate resilience, safeguard business continuity, and enable a transition to a low-carbon, resource-efficient economy. Aligned with the Group's ESG Strategy and Environmental Agenda 2030, the T&A Plan brings together a comprehensive set of measures to manage climate-related risks and opportunities across the Group's value chain — integrating climate adaptation, energy transition, biodiversity protection, and operational preparedness.

Governance and Oversight

The Plan is governed by the Board of Directors, with operational accountability resting with the Board of Management, including the Group CEO and Managing Directors of each business unit. Strategic implementation is driven by the Corporate Affairs, Risk Management, and Finance Divisions, while ESG Champions and the Group Environment Committee provide cross-functional coordination and performance tracking. This structure ensures that climate action is embedded within the Group's Enterprise Risk Management (ERM) framework, enabling the identification, mitigation, and monitoring of both physical and transition risks related to climate change.

Key Pillars

Energy and Emissions Reduction

The Group targets a 25% reduction in energy consumption by 2030, with performance tracked against a 2018 base year. Scope 1, 2, and 3 emissions are monitored using the IPCC-aligned GHG Protocol, with carbon intensity (measured as MT CO_2 per Rs. million in revenue) serving as a key performance indicator. Emissions and energy-related KPIs are reviewed quarterly by the Board and Sustainability Champions.

Strategic Investments

Over Rs. 746 million has been invested in solar energy infrastructure, with additional capital allocated to energy-efficient chillers, Building Management Systems (BMS), and lighting upgrades. These initiatives have collectively enabled savings of approximately 2.1 million kWh from the national grid, reducing both emissions and energy costs.

Operational Alignment and Climate Resilience

All business units have integrated climate-responsive practices into their operations — including rainwater harvesting, water recycling, zero-liquid discharge systems, and Business Continuity Planning (BCPs). These measures mitigate disruption from floods and droughts, supporting revenue continuity, regulatory compliance, and brand resilience.

Nature-Based Adaptation and Biodiversity Protection

The Group actively contributes to climate mitigation through ecosystem restoration programs in Talawakella, Balangoda, Anawilundawa, and Kotakanda, enhancing biodiversity while delivering carbon sequestration benefits. These efforts complement the Group's environmental stewardship commitments and support the resilience of Sri Lanka's endemic species threatened by climate change.

Stakeholder and Community Engagement

The T&A Plan is shaped through ongoing engagement with employees, senior leadership, suppliers, and local communities. Initiatives like the partnership with the Wildlife and Nature Protection Society demonstrate the Groups' collaborative approach to biodiversity and conservation-linked climate strategies.

Capacity Building and Climate Literacy

The Group fosters a climate-smart workforce by training employees in solar power deployment, BMS management, and water management systems.

Group Carbon Footprint

10,608
(FY 24: 10,999)*
Total Carbon Footprint (MT)

2,272
(FY 24: 2,156*)
Scope 1 (MT)

8,336
(FY 24: 8,843*)
Scope 2 (MT)

0.09
(FY 24: 0.09*)
Carbon Intensity
(MT per Rs. Million Revenue)

**The values for FY 24 have been restated due to the change in the Grid Emission Factor published by the Sri Lanka Sustainability Energy Authority Energy Balance Report 2021*

Tracking of Scope 3 of Group Carbon Footprint

4,458 MT

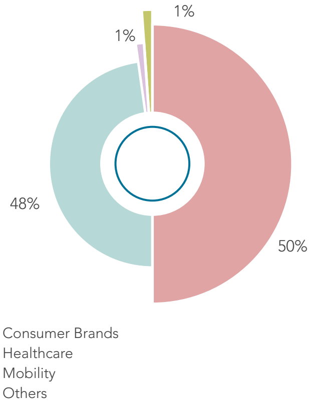
Scope 3

(Employee Commute and Business Travel)

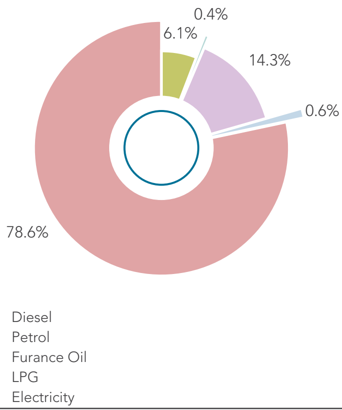
During the year, the Group evaluated all 15 categories of the GHG protocol for Scope 3 Carbon Footprint and identified categories such as, purchased goods and services, Capital goods, Upstream transportation and distribution, Waste generated in operations, Business travel, Employee commuting, Upstream leased assets, Downstream transportation and distribution, and End-of-life treatment of sold products and as relevant to the business.

In the previous reporting year, the Group tracked employee commuting and local business travel as part of its Scope 3 carbon footprint. In the current reporting year, this was expanded to include international business travel. In the upcoming financial year, the Group plans to further enhance its tracking process by incorporating additional relevant categories outlined in the GHG Protocol.

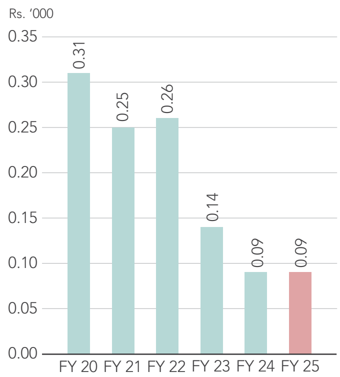
Carbon Footprint by Sector



Source of Carbon Footprint



Carbon Intensity of Group



ENERGY CONSUMPTION

Energy Reduction Goal:

25%
through renewable sources by 2030

Progress:

Rs. 746 Mn
invested in renewable energy

11%
of all energy generated from renewable sources

The Group strives to minimise its environmental impact, and energy consumption is a key focus area in its efforts. The Group is committed to efficient use of fossil fuels and electricity, striving to reduce its carbon footprint. As part of its comprehensive Group Environmental Agenda, the Group has established an energy reduction goal, which strives to obtain 25% of energy through renewable sources

The Group actively works towards reducing its reliance on fossil fuels and has made significant strides towards renewable energy sources. During the last financial year, the Group invested Rs. 746 million to install solar panels on rooftops across key operational locations. This expansion complements Group's existing commitment to solar energy, with Hemas Hospitals already utilising solar energy since 2014. By investing in roof-mounted solar, the Group aims to minimise its carbon footprint and reduce the impact of its operations on the environment. In addition to reducing atmospheric carbon footprint and ozone depletion, this shift towards alternative energy sources has prepared the Group to face price volatility and reduction of GHG emissions that create Climate Change.

During the year 2,137,937 kWh of electricity was obtained from renewable sources resulting in a renewable energy percentage of 11%. The expansion of the renewable energy portfolio will continue with Home and Personal Care factory in Dankotuwa transitioning to solar power in the coming year.

During the year, the Group continued to make strategic investments in energy efficiency and renewable energy across its operations. These initiatives focused on reducing dependency on fossil fuels, optimising operational energy use, and lowering the Group's carbon footprint.

ENERGY CONSUMPTION OF THE GROUP

GJ	FY 25	FY 24*	FY 23
Direct Energy	37,681	32,211	28, 860
Fossil Fuel	29,985	28,471	28,432
Diesel	8,710	9,056	10,428
Petrol	632	263	382
Furnace Oil	19,594	18,058	16,751
LPG	1,049	1,095	871
Renewable Energy			
Solar Power	7,697	3,739	428
Indirect Energy	70,145	74,416	73,090
Hydro and Renewable	34,371	36,464	35814
Thermal	35,774	37,952	37,276
Total Energy	107,826	106,627	101,950
Energy Intensity GJ Per Rs. Mn Revenue	0.9	0.9	0.9

**The values for FY 24 have been restated due the change in the Grid Emission Factor published by the Sri Lanka Sustainability Energy Authority Energy Balance Report 2021*



Shift to renewable energy at significant operational locations

Energy Reduction Initiatives

Home & Personal Care

Compressed air leak elimination in personal care plant to reduce unnecessary energy use.

Manufacturing Facility - Dankotuwa

24,000 kWh annual reduction in electricity use

Rs. 288,000 approximate cost savings

Pharmaceutical Distribution

Relocation of outdoor AC units to reduce energy draw by minimising distance and height.

Head Office - Colombo

6,000 kWh annual estimated energy savings

Rs. 204,000 approximate cost saving

Impact of Energy Saving Initiatives

3,466,148 kWh

Annual Energy Saved

Rs. **44.6** Mn

Approximate Cost Savings

Energy Efficiency Initiatives

Home & Personal Care

Installation of new industrial chiller system to optimise cooling efficiency.

Manufacturing Facility - Dankotuwa

246,000 kWh annual reduction in grid electricity use

Rs. 2,952,000 approximate cost saving

Learning Segment

Operational energy efficiency improvements through equipment upgrades and system optimisation.

Manufacturing Facility - Peliyagoda

315,108 kWh annual energy saved

Rs. 4,096,404 approximate cost saving

Pharmaceutical Manufacturing

BMS Optimisation: Economical Air Handling Unit (AHU) operation, Supervisory Control and Data Acquisition (SCADA) automation, humidity control adjustments, and timer installations.

Manufacturing Facility - Pitipana

1,824,000 kWh reduction in annual energy usage

Rs. 21,888,000 approximate cost saving

Shift to Renewable Energy

Hemas Corporate Office

Solar energy generation from rooftop systems.

Corporate Office Braybrooke Place

73,728 kWh generated annually

Rs. 2,506,752 approximate cost saving

Learning Segment

Solar energy generation from rooftop systems.

Manufacturing Facility - Peliyagoda

814,092 kWh generated annually

Rs. 10,583,196 approximate cost saving

Pharmaceutical Manufacturing

Rooftop solar installations to reduce dependency on grid electricity.

Manufacturing Facility - Homagama

1,325,724 kWh Projected annual generation

Rs. 15,908,688 approximate cost saving

SAFEGUARDING OUR ECOSYSTEMS AND EFFORTS TO OFFSET THE GROUP CARBON FOOTPRINT

The Group continues to prioritise the protection of Sri Lanka's ecosystems as a core aspect of its environmental sustainability strategy. Recognising the increasing risk posed by biodiversity loss and the intrinsic value of natural ecosystems, the Group supports forest restoration, sustainable land use, and conservation-focused partnerships to both mitigate environmental impacts and contribute to carbon offsetting goals.

During the year, the Group advanced several biodiversity initiatives:

Project	Objective	Land Extent	Impact
Balangoda Reforestation Project	Restoration of degraded forest land	15 acres	**57.8** acres
Anawilundawa Mangrove Restoration	Conservation and restoration of coastal mangrove ecosystems.	9.8 acres	
Kotakanda Restoration (Dankotuwa)	Reforestation and ecological enhancement of land.	8 acres	
Maskeliya Oya Waterway	Build linking foliage corridors to connect key protected Forested areas	13 acres	
NanuOya and Ogra Oya Waterway in Thalawakele	Build linking foliage corridors to connect key protected Forested areas	12 acres	

These projects were implemented in collaboration with key environmental stakeholders including the Wildlife and Nature Protection Society, Rainforest Protectors, and local communities.

To minimise its operational impacts on biodiversity, the Group implemented robust risk mitigation and impact management processes, including responsible waste disposal, energy and emission monitoring with reduction initiatives, water recycling and rainwater harvesting to conserve resources. Additionally, secondary containment systems and proper storage protocols safeguard against accidental spills and leaks, further protecting biodiversity.

The Group recognises the importance of biodiversity and are committed to integrating this consideration into its supplier selection process in the forthcoming years, focusing on significant suppliers where it has the greatest influence.

Hemas volunteers join our partners in reforestation initiatives

HEMAS X WNPS: SAFEGUARDING SRI LANKA'S NATURAL HERITAGE

Protecting **52** Critically Endangered Endemic Species

Over **6** Years

Sri Lanka is a global biodiversity hotspot. Yet, habitat loss, pollution, and overexploitation threaten many endemic species. In response, the Group partnered with the **Wildlife and Nature Protection Society (WNPS)** to launch a landmark conservation project.

- Scientific Research
- Practical Conservation
- Community Engagement

17
Species to date

10
Extinct amphibian species with conservation just initiated

Rare & Endemic Plant Conservation

12 Plant Species

Species Name	Common Name	Significance	Conservation Actions
Cryptocoryne walkeri	Athiudayan	Helps prevent soil erosion and provides shade for fish	• Plants were grown using tissue culture to increase their numbers. • Planted in natural streams in Badulu Oya. • Some plants were planted at Seethawaka Botanical Garden. • Awareness sessions conducted for school children and officials about the plant's importance.
Aponogeton jacobsenii	Kekatiya	Supports life in clean river streams	• Plants were grown from seeds. • New plants were added to areas where the species used to grow. • Students and officers were educated about the plant and how to protect it.
Impatiens subcordata	Kudalu	A rare flower rediscovered after many years	• Plants were grown from stem pieces. • New plants were placed in forest areas. • Awareness programs were held for students and officials.
Vanilla moonii	–	A rare local orchid with cultural and ecological value	• Plants were grown from stem pieces. • They were planted in suitable forest areas. • Some are kept at Seethawaka Garden for safety. • Awareness programs were held in nearby schools.
Kayea stylosa	Suwanda	A fragrant tree found only in one forest	• Seeds were collected and grown into young trees. • Some trees were planted at Seethawaka Garden. • A survey was done to assess the size of the natural population. • Plantlets were propagated through seed germination. • Some trees were planted at Seethawaka Botanical Garden.
Stemonoporus moonii	Hora Wel	A forest tree with special flowers	• Young plants were produced using layering methods. • Some were planted at Seethawaka Botanical Garden.
Aponogeton rigidifolius	Kekatiya	Found in southern rivers and supports freshwater life	• A survey was done to assess the size of the natural population and distribution. • Healthy plants were collected to perform tissue culturing. • Seeds were used to grow young plants. • Plants are being prepared for planting in the wild.
Cryptocoryne bogneri	–	Grows in shaded streams and is very rare	• The distribution of the plant was assessed using field surveys. • Mother plants were collected for tissue culturing. • Plantlets were propagated through rhizome.
Justicia capitata	–	Supports riverbank health and biodiversity	• Plants were collected from the wild. • New plants were grown at the university.

Species Name	Common Name	Significance	Conservation Actions
Polyspora dassanayakei	–	A tall tree with pink flowers found in high hills	• Seeds were collected and planted. • Some young trees were grown in a forest research center. • A plant house was improved to care for these trees.
Shorea ovalifolia	Pini-Beraliya	Large tree once thought extinct	• The tree was rediscovered in the wild. • Seeds are being collected to propagate.
Alphonsea hortensis	–	A tree now only found in gardens	• Over 150 new trees were grown from seeds. • Suitable places are being chosen to plant them back in nature.

Freshwater Fish Conservation

3 Freshwater Species

Species Name	Local/English Name	Significance	Location	Conservation Actions
Systomus asoka	Asoka Pethiya	A strong-swimming river fish important to ecosystems	Seethawaka & Kelani Rivers	• Two fish tanks were set up at the zoo to breed the fish. • Ten fish were caught and brought to start breeding.
Devario monticola	Mountain Danio	Found only in clean mountain streams	Agra Oya, Nuwara Eliya	• Three fish were caught and taken to Uva Wellassa University. • Breeding was started in tanks.
Schistura madhavai	–	Rare fish found in forest streams	Suriyakanda, Sinharaja	• A plant nursery was built to protect its stream habitat. • Surveys were done to understand its needs. • Awareness signs and school programmes were introduced.

Endangered Insect Conservation

2 Rare Insect Species

Species Name	Common Name	Significance	Location	Conservation Actions
Aneuretus simoni	Sri Lankan Relict Ant	A rare ancient ant found only in Sri Lanka	Meethirigala, Lenagala, Knuckles	• Rubbish was cleared from the forest. • Dead wood was added to help with nesting. • Ant colonies were moved to safer forest areas. • Awareness sessions and signboards were put up.
Arhopala ormistoni	Ormiston's Oakblue	A butterfly seen again after nearly 100 years	Gal Oya NP, Walawwatta-Wathurana	• Plant studies were done to identify its food and habitat.

WATER MANAGEMENT

Water Consumption and Effluent

The Group recognises water as a critical and increasingly scarce global resource. In line with its Environmental Agenda 2030, the Group is committed to being a responsible steward of water across all its operations. A Group-wide target has been set to reduce overall water consumption by 50% by 2030, and all business units are expected to contribute towards this goal through site-specific conservation and reuse initiatives.

Water use is managed as a standard business practice, with regular tracking, monitoring, and efficiency reviews in place across operational sites. Water withdrawals and discharges are measured primarily through installed water meters, and where meters are not available, estimates are calculated based on pump runtime and flow rates.

To minimise impact on surrounding ecosystems, all wastewater discharge is treated and monitored to ensure full compliance with relevant regulatory requirements, including the Environmental Protection License (EPL) standards. In certain locations, the Standards for Wastewater Management and Licensing (SWML) also apply, and all requirements under both the EPL and SWML are fully complied with.

Water Intensity Reduction Goal:

50%

reduction in water intensity by 2030

Progress:

56,442m^3

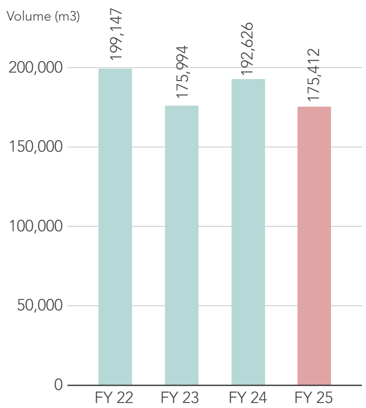
of water consumed across the Group

6.2%

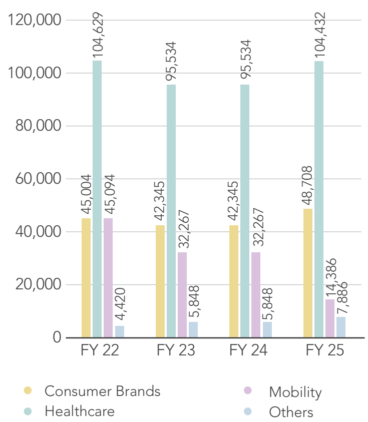
reduction against the previous year

Water is extensively used in many of the production processes in the Consumer Brands and Healthcare Sectors, and by staff and patients in the Hospitals. In addition, water is utilised for staff consumption, cleaning and sanitation purposes in all three sectors and office-based locations.

Total Water Withdrawal



Water Withdrawal by Sector



During the year, the total water withdrawal amounted to 175,412 m3 [FY 24: 192,626m3]. The Group meets 87.9% of water requirement through third-party water sources (municipal water suppliers) and the rest through well water. 88.1% of the Group's water withdrawal is from non-water stressed areas where annual rainfall is over 1,500 mm/year. All water used were freshwater. The total water consumption of the Group was 59,501m3 [FY 24: 62,085m3].

During the year, the Group discharged 115,911m3 [FY 24: 130,541m3] of wastewater. Water was discharged through effluent treatment plants at sectors and all water discharged took place as per the standards stipulated in the respective Environment Protection License (EPL)s. The Group discharged 93% of its water to areas that are considered as not water-stressed.

All production facilities have onsite Effluent Treatment Plants to ensure that wastewater released into the environment is treated and meets the stipulated standards mandated in the EPLs of the sectors. In accordance with respective EPLs, effluent quality in terms of BOD, COD, TSS, pH and Oil and Grease is monitored multiple times during the year, both by internal teams and external labs.

Home and Personal Care

The manufacturing factory has regular in-house and quarterly external testing of wastewater and spill kits in place to prevent any spills of chemicals, oils, fuel, or waste.

Learning Segment

The factory has two wastewater treatment plants, where all waste is collected, and the remaining chemical sludge is incinerated with a licensed supplier.

Pharmaceutical Manufacturing

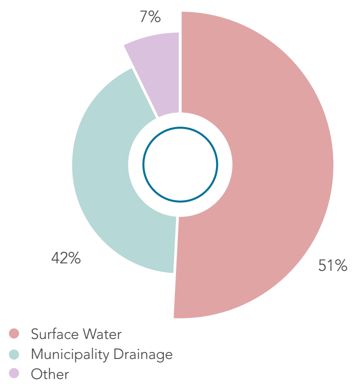
The facility records zero liquid discharge, and as a result any wastewater is treated to a level where it can be reused or safely evaporated, with no liquid waste released into the environment. Any residual solid waste is securely disposed of by a certified waste management company, ensuring a comprehensive and responsible approach.

Hospitals

The Hospitals maintain their Sewerage Treatment Plants (STP) and test the effluent water quality quarterly by a Central Environmental Authority (CEA.) accredited laboratory, ensuring no spills of chemicals, oils, fuel, or water through strict SOPs.

All locations have secondary containments in place for chemicals, fuels, hazardous materials, and other substances to prevent environmental contamination in the event of a spill or leak. There were no recorded significant spills during the year and there were no instances of non - compliance with EPL terms during the year.

Water Discharge by Destination



The Group is committed to water stewardship across its operations and a variety of initiatives have been implemented to reduce water usage and ensure efficient water management.

Impact of Water Management Initiatives

33,984 m^3

Water reused

40,000 l

Rainwater harvested

Water Recycling and Reuse

Personal and Home Care

Recycles treated effluent water for in-facility use

3,384 m³ annual water reused

Learning Segment

Treated wastewater reused for agriculture and horticulture

1,800 m³ annual water reused

Pharmaceutical Manufacturing

Treated water reused for toilet flushing and cooling tower operations

28,800 m³ annual water reused

Rainwater Harvesting

Pharmaceutical Manufacturing

With the use of rainwater harvesting tanks, rainwater is collected and used for secondary purposes including garden irrigation

Up to **40,000** litres storage capacity

Rainwater harvesting tanks at Pharmaceutical Manufacturing

WASTE MANAGEMENT

Solid waste management remains a material topic for the Group, as all core sectors generate significant amounts of solid waste as part of its production process or operations. Amongst these, the Consumer Brands and Healthcare Sectors account for the for the largest share of total waste generated, due to the nature and scale of its operations. The Group's waste management strategy prioritises the following:

Waste Management Strategy

- Enhanced segregation
- Reduction at source
- Diversion of waste away from landfills through recycling, recovery, and responsible disposal practices

Given the Group's manufacturing operations, waste generated are mainly from packaging material, both sourcing and end-user consumption points as well as solid waste and scheduled waste during the manufacturing process. The impacts of these waste streams are managed holistically, by adopting global best practices in waste management and incorporating them throughout the product lifecycle.

Production technology and processes are continuously upgraded to ensure minimal wastage during production, stringent processes are in place to dispose of waste responsibility in line with conditions stipulated in respective EPLs and ongoing research is carried out to reduce waste in packaging materials, being cognisant of our target segment as well.

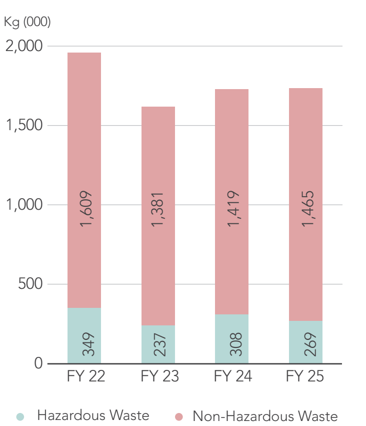
Meanwhile, R&D teams within the Consumer Brands Sector are also actively working with the Central Environmental Authority (CEA) to analyse consumption patterns and develop future action plans to reduce and better manage end user waste disposal.

Waste Management Processes of the Significant Sectors	
Consumer Brands Sector	Healthcare Sector
◆ Recycling of plastic cans, wood pellets, steel and plastic barrels, paper, cardboard, iron waste and waste oil through third party partner. ◆ The Learning Segment follows the 4R concept to ensure responsible disposal of waste and ensures zero waste to landfill. ◆ Food waste sent to piggery farms to avoid landfill. ◆ Chemical sludge is co-processed via INSEE cement kiln, an environmentally sound disposal method. ◆ Ink and glue waste at the Learning Segment is treated before disposal and cotton waste is segregated at source for improved recovery.	◆ Clinical waste generated at Hemas Hospitals is subject to stringent procedures pertaining to waste storage, management, handling, and disposal stipulated the EPL and/or the SWML issued by the CEA. ◆ Waste segregation is practiced across all locations and non-hazardous waste is sent to be recycled by third parties. ◆ Hazardous waste including chemical sludge and powder waste are sent to INSEE for co-processing. ◆ The Pharmaceutical Distribution business collaborates with Colombo Municipal Council (CMC), INSEE, N-care, and Neptune Papers for safe disposal of general waste, pharmaceutical waste, e-waste, and paper waste. ◆ Data logger dismantling at the Pharmaceutical Distribution business warehouse is conducted via Infinity Green International to prevent hazardous e-waste leakage. ◆ Non-hazardous waste is sent to a CEA-authorised third-party supplier for recycling purposes.

The Group closely monitors waste generated and reports on disposal methods of operational waste generated.

Hazardous Waste (Kg)			Disposal Method	Non-Hazardous Waste (Kg)		
FY 23	FY 24	FY 25		FY 25	FY 24	FY 23
7,478	9,303	18,126	Reuse	40,929	43,976	33,332
548	2,893	33	Recycling	1,002,836	1,145,255	1,073,389
			Composting	46,125	20,384	19,514
	320	1,492	Recovery			
211,148	261,246	224,320	Incineration	144,130	196,429	212,425
			Deep Well Injection			
			Landfill	206,196	12,601	33,379
18,788	33,784	25,197	On-Site Storage	5,407	2,600	3,084
237,962	**307,546**	**269,168**	**Total**	**1,465,623**	**1,421,245**	**1,381,563**

Total Waste



The Hemas Group remains committed to reducing its environmental footprint by embedding responsible waste management practices across its operations. Recognising the diverse nature of waste generated across its sectors, the Group has implemented targeted initiatives focused on minimisation at source, improved segregation, increased recycling, and safe disposal. These initiatives not only reduce landfill dependency but also contribute to a circular economy and support community engagement.

WASTE REDUCTION AND MINIMISATION AT SOURCE

Home & Personal Care

Relaunched Kumarika shampoo with redesigned packaging, resulting in SKU-wise plastic savings.

80ml SKU: 14.73% Annual plastic saving

180ml SKU: 3.4% Annual plastic saving

Reduced the inner bag length of Fems products to minimise plastic consumption.

120 Kg annual plastic reduction

Reduced the pouch thickness of Fems products by 10 microns to lower plastic usage.

327 Kg annual plastic reduction

Eliminated plastic wrappers for Velvet soap and transitioned to carton packaging.

7,244.4 Kg annual plastic reduction

Replaced the Baby Cheramy laundry bottle with the Diva 600ml bottle to improve plastic efficiency.

21% plastic saving

Learning Segment

Improved segregation of cotton and other waste types at source.

Manufacturing Facility – Peliyagoda and Welisara

60% improvement in waste segregation

Pharmaceutical Manufacturing

Reduction of polythene use by replacing triple polybags with single-layer polybags; reuse for internal handling.

Manufacturing Facility - Pitipana

70% reduction in polythene usage (from 0.8Mn to 0.16Mn)

Optimised Bill of Materials (BOM) and supplier engagement to reduce packaging rejection

Bottles: reduced from **6.07% to 4.16%**

Caps: from **5.18% to 2.17%**

Transition from High Density Polyethlyne to Polyethylene Terephthalate bottles for cost and material efficiency.

36% reduction in plastic use

Switched from plastic to glass bottles for water.

Approximately **100** bottles/month reduction in plastic use

Responsible Management of Plastic - From Design to Disposal

1,634,800+ KG

Plastic collected to date

As part of its commitment to responsible plastic manufacture and disposal, the Group has adopted a comprehensive approach that spans from sustainable product design to post-consumer waste recovery. The Group has set a clear and ambitious goal to collect back 100% of the plastic it sends to the market, reinforcing its commitment to tackling plastic pollution. This year, the Group set an interim target to collect 37.5% of the plastic it placed on the market, a goal that was successfully achieved. Initiatives supporting this commitment include bale sites in Galle, Ampara, and Polonnaruwa, as well as community collection bins and structured internal recycling practices. Hemas was also the first corporate to initiate a beach caretaker project in Jaffna, in partnership with Clean Ocean Force, setting a precedent for private sector engagement in coastal conservation. Today, Hemas continues to support ongoing beach caretaker programmes to protect Sri Lanka's coastline. These initiatives form a critical part of the Group's agenda to ensure that plastic is managed responsibly across its lifecycle and aligned with national and global sustainability goals.

Social and Relationship Capital

The Group recognises the importance of fostering strong and mutually beneficial relationships with its stakeholders, including customers, business partners, and the community. This approach is underpinned by transparency and integrity, guiding the Group's commitment to actively engage with stakeholders throughout its operations. By aligning mutual interests, the Group aims to drive sustainable value creation and foster long-term growth.

HIGHLIGHTS FOR 2024/25

23
New products introduced

17
Industry partnerships

2,900+
Suppliers

Rs. 64.5 Mn+
Invested in Social Impact Projects

IMPACT

Strategic Pillars

- Driving purpose-led social impact.
- Building trust and transparency.
- Enhancing customer-centricity.
- Promoting responsible supply chain practices.

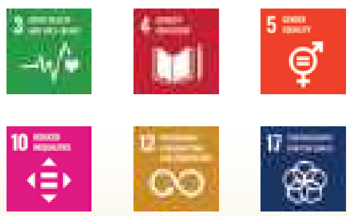
GRI Topics

- **GRI 2-6:** Activities, value chain and other business relationships
- **GRI 2-27:** Compliance with laws and regulations
- **GRI 2-28:** Membership associations
- **GRI 413-1:** Operations with local community engagement, impact assessments, and development programs
- **GRI 416-2:** Operations with significant actual and potential negative impacts on local communities

Risks and Opportunities

- Shifting customer expectations in quality, safety, and ethics.
- Supply chain disruptions.
- Opportunities to strengthen customer trust through ethical conduct, responsive feedback systems, and innovation.
- Potential to deepen social license through impactful community engagement and inclusive development.

UNSDGs



CUSTOMER RELATIONSHIPS

The Group fosters strong customer relationships by continuously expanding its product and service offerings to meet the diverse needs of customers across various socioeconomic backgrounds and geographic locations. Through ongoing engagement initiatives, the Group strives to deepen its understanding of customer preferences and expectations. This customer-centric approach ensures that the Group consistently delivers high-quality products and services while maintaining the highest ethical standards and regulatory compliance throughout all interactions.

Customer Engagement

The Group prioritises customer engagement as a cornerstone of its business strategy. By actively seeking customer feedback through various channels, including surveys, complaint management systems, focus group meetings, social media, and direct interactions with retailers and distributors, the Group fosters an ongoing dialogue with its customers. This approach allows the Group to understand evolving customer needs, deepen connections and tailor its product and service offerings accordingly.

390+

surveys conducted

60+

focus group meetings facilitated

138 Million+

social media interactions

1200+

direct interactions with retailers and distributors.

Customer Feedback and Complaint Handling

The Group actively seeks and responds to customer feedback through various channels, including consumer care lines, online complaint forms, and direct interactions with customers. This feedback, encompassing both positive and negative sentiments, is carefully analysed and addressed promptly. The Pharmaceutical Distribution business of the Group operates a 24/7 Pharmacovigilance hotline for the prompt reporting of adverse drug reactions. In Hospitals, dedicated officers and online platforms facilitate the collection of feedback from both in-patients and outpatients, with negative feedback escalated for immediate attention by Senior Management.

98%

complaint resolution rate of complaints received

Manufacturing Excellence and Quality Assurance

Since 2015, the Pharmaceutical Manufacturing business has adhered strictly to Good Manufacturing Practices (GMP), significantly reducing the risk of contamination and ensuring the consistent production of high-quality medicines through meticulous monitoring of critical quality control points. The Pharmaceutical Manufacturing business prioritises quality throughout its operations, encompassing both manufacturing and distribution. In distribution, rigorous cold chain management with 24/7 monitoring ensures the integrity of imported pharmaceuticals. Comprehensive employee training programs on cold chain management enhance industry standards while also regular internal compliance audits and adherence to GDP requirements are integral across the distribution.

20+

Training Hours in Cold Chain Management

Customer Health and Safety

Ensuring customer health and safety is paramount across all Group operations. This commitment is reflected in the quality and safety of the products and services offered, with a strong emphasis on customer solutions and product accountability. In the Healthcare Sector, dedicated channels for adverse drug reaction reporting and product complaints facilitate direct communication with patients and enable prompt action.

Regulatory Compliance

The Group places strong emphasis on regulatory compliance across all its operations. In the Pharmaceuticals Distribution business, strict adherence to all requirements mandated by the National Medicines Regulatory Authority (NMRA) regarding product and service labelling, information dissemination and registration is ensured. This has been strictly adhered to since the inception of its operations. The Regulatory Department, staffed with qualified pharmacists, plays a crucial role in overseeing regulatory compliance and ensuring that all products meet the highest standards.

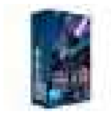
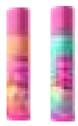
Ethical Communication and Conduct

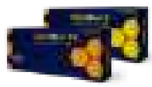
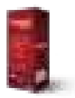
The Group upholds the highest ethical standards in all its communications, both internally and externally. A Group-wide Communication Policy and Playbook is in place which provides direction and guidance to all Group-wide communication activities, emphasising honesty, non-discrimination, and transparency. In line with our commitment to responsible communication and conduct, the Group practices are aligned to the Personal Data Protection Act and the Anti-Corruption Act.

INNOVATING FOR CUSTOMER WELLBEING

By understanding and prioritising customer needs, the Group has introduced innovative products that are safe, affordable and accessible to consumers.

Sector		Product/Service	Value to Customers
Consumer Brands	Home and Personal Care	 Baby Cheramy Liquid Soap	Baby Cheramy Liquid Soap: Offers superior moisturization for baby's skin in a convenient liquid format, ensuring gentle cleansing and preventing dryness.
		 Clogard Black Pro Clean Limited Edition	Clogard Black Pro Clean Limited Edition: Makes the act of brushing more appealing through its aesthetic design, encouraging consistent oral hygiene habits.
		 Diva Gardenia & Rose variant Powder	Diva Gardenia & Rose variant Powder: Effectively eliminates unpleasant odors with its advanced fragrance technology, leaving a lasting and delightful floral scent of rose and gardenia.

Sector		Product/Service	Value to Customers
Consumer Brands	Home and Personal Care	 Gold Aloe Range	**Gold Aloe Range:** Simplifies the skincare routine with a versatile product suitable for hair, face, and body, providing a refreshing and soothing experience with aloe vera.
		 Gold Galaxy Limited Edition	**Gold Galaxy Limited Edition:** Delivers a sense of exclusivity and wonder through its captivating fragrance and galaxy-inspired packaging, making the user feel special and indulged.
		 Goya Bloom	**Goya Bloom:** Provides a refreshing and enjoyable fragrance experience with its appealing fruity flavour.
		 Goya Deo Spray	**Goya Deo Spray:** Offers reliable, all-day protection against body odor without aluminum, coupled with a long-lasting pleasant fragrance.
		 Vivya Sunscreen	**Vivya Sunscreen:** Ensures comfortable and invisible sun protection with its lightweight, non-sticky formula that prevents sweating and white cast.
		 Vivya Vitamin C Range	**Vivya Vitamin C Range:** Effectively reduces excess oil and visibly brightens the skin within two weeks, harnessing the power of Vitamin C, rice extract, and Sri Lankan orange extract.
Consumer Brands	Learning Segment	 Colour Sparx – Pastel	**Colour Sparx Pastels:** Designed to integrate educational elements with imaginative play. Each package incorporates interactive, themed designs that transform the act of colouring into a learning experience. This unique product aims to foster creative exploration in children, positioning it as a suitable gift and a valuable addition to any child's art supplies.
		 Zippy Water Bottle	**Zippy Water Bottles:** Provide a safe and durable means of maintaining hydration, frequently incorporating a leak-proof design and appealing colour options.
		 Luncher Pro lunch box	**The Luncher Pro Lunch Box:** Provides a durable, airtight, and safe solution for transporting meals, featuring a stainless steel interior to maintain food freshness and security.

Sector	Product/Service	Value to Customers
	 Atlas Sharp Pen	**The Atlas Sharp Pen:** Provides a smooth and consistent writing experience, rendering it suitable for daily use in educational, professional, or domestic settings.
	 Innovate Urban Vibes Water Bottle	**The Innovate Urban Vibes Water Bottle:** Designed for younger demographics, integrates contemporary styling with functional design, promoting hydration through an appealing aesthetic and construction utilizing safe Tritan material.
Healthcare Pharmaceutical Manufacturing	 RivoMor (Rivaroxaban Tablets 10 mg & 20 mg 10x3)	These locally manufactured medications offer access to premium healthcare at affordable prices: RivoMor (Rivaroxaban Tablets 10 mg & 20 mg 10x3): Direct factor Xa inhibitor anticoagulant, preventing blood clot formation.
	 CliniMor (Cilnidipine Tablets IP 5 mg and 10 mg 10x3)	CliniMor (Cilnidipine Tablets IP 5 mg & 10 mg 10x3): 4th generation Calcium Channel Blocker for management of Hypertension.
	 BisoMor (Bisoprolol Tablets BP 2.5 mg & 5 mg 10x3)	BisoMor (Bisoprolol Tablets BP 2.5 mg & 5 mg 10x3): A cardio-selective Beta Blocker for management of Hypertension and Coronary Artery Disease.
	 MorSartan (Losartan Tablets BP 50 mg 10x10)	MorSartan (Losartan Tablets BP 50 mg 10x10): an Angiotensin II Receptor Blocker (ARB) for management of Hypertension.
	 SalMor (Salbutamol Oral Solution BP 2 mg/5 ml 100 ml)	SalMor Syrup (Salbutamol Oral Solution BP 2 mg/ 5 ml 100 ml): Used for respiratory conditions.
	 Paracetol Oral Solution BP 120 mg/5ml 100 ml	Paracetol Syrup (Paracetamol Oral Solution BP 120 mg/ 5 ml): Used for pain relief.

PRODUCT AND SERVICE RESPONSIBILITY

During the year, there were no instances of significant fines over Rs. 1 million, or incidents of non-compliance relating to the health and safety of products and services, product and service information and labelling, marketing communications or breaches in customer privacy.

Customer Health and Safety Measures

The Group prioritises customer health and safety across its diverse business units through rigorous and comprehensive measures:

Business	Customer Health and Safety Measures
Home and Personal Care Business	The business has in place a stringent raw material qualification process, ensuring compliance with European Union (EU) regulations, International Fragrance Association (IFRA) standards, and Food and Drug Administration (FDA) approvals. Packaging utilises safe materials, including virgin and food-grade plastics with FDA-compliant master batches, and baby care products feature ergonomic designs. Formulations adhere to international standards and undergo thorough chemical and microbiological testing. Manufacturing follows Good Manufacturing Practices (GMP) and ISO 9001 standards, incorporating advanced safety measures like iron detectors, along with thorough cleaning protocols. All products are dermatologically tested, with baby care items validated by paediatricians and safety assessors. Continuous third-party audits ensure ongoing compliance with safety standards.
Learning Segment	Emphasising the safety of products for children, the Learning Segment uses non-toxic materials in the production of its products. Beyond plastic reduction, the learning segment is also committed to using safer materials, exemplified by the "Innovate Urban Vibes" water bottle introduced which utilises Tritan, considered the safest plastic material in the industry.
Pharmaceutical Manufacturing	The Pharmaceutical Manufacturing business ensures the safety and quality of its products by fully testing all raw materials, including water, according to pharmacopeial monographs, to limit heavy metals and impurities. All finished goods undergo 100% testing for micro and harmful impurities, adhering to pharmacopeial monograph limits.
Pharmaceutical Distribution	The Pharmaceutical Distribution business follows sanitary standards when pasting stickers on pharmaceutical products.
Hospitals & Laboratories	Customer health and safety are ensured through comprehensive measures based on the ISO 45001:2018 standard. Hospitals employs internationally validated clinical indicators to monitor process effectiveness, benchmarking against international targets. These indicators are reviewed monthly by management to implement both reactive and proactive measures for continuous improvement.

RESPONSIBLE MARKETING

Responding to Customer Complaints

The Group focuses on responding to customer complaints through stringent Standard Operating Procedures (SOP)s and processes that ensure increased responsiveness and rapid resolution.

CONSUMER BRANDS

HOME AND PERSONAL CARE

The segment's consumer care management is built on accessibility, responsiveness, and a comprehensive follow-up:

- The consumer care line number is clearly printed on every product carton. The 24-hour hotline allows customers to lodge complaints or make inquiries at any time, with calls answered promptly by a well-trained team.
- Complaints are addressed according to a standard protocol, outlined below:

Sample Collection

Samples are collected within three days by a Hemas representative who provides the consumer with two larger replacement units, depending on the issue. The consumer is informed about the company's advanced production processes and certifications, thereby reinforcing confidence in the organisation's products.

Analysis

The collected sample is then analysed by the quality team, who conduct a root cause analysis and implement corrective actions to prevent recurrence.

Monitoring

The organisation consistently follows up on these actions, aiming to eliminate defects.

LEARNING SEGMENT

The business has in place a robust customer complaint handling process, outlined below:

- Complaints are categorised under three segments such as critical, major, minor, with all complaints responded to as per the agreed upon Service Level Agreement (SLA) times. They are received through 5 channels:

- All complaints are recorded into the system and registered, with relevant tracking numbers assigned. All the product related complaints and responses are set by Category Quality Assurance Managers within 48 hours. Once the tracking number is released, the complaint flows to the relevant service departments for initial validation. The complaint then flows to the next stakeholder department to initiate root cause analysis (RCA), and undertake Corrective Actions and Preventive Actions (CAPA).
- The action progress is monitored and reviewed on a monthly basis, and with a summary presented to the Managing Director on a quarterly basis. Complaints are measured on the basis of CCUPMU value (Consumer complaint units per million units sold).

HEALTHCARE

PHARMACEUTICAL MANUFACTURING & DISTRIBUTION

- The Pharmaceutical Manufacturing segment has established SOPs to ensure customer complaints are addressed.
- The Pharmaceutical Distribution segment relies on a dedicated hotline for Pharmacovigilance activities that enables end consumers to get in touch with the Company with respect to any product complaints. The hotline is manned by a MBBS qualified doctor in order to provide professional guidance on any matters. All complaints received have been handled with a 100% success rate with no adverse communication reported.

HOSPITALS & LABORATORIES

- Patient feedback is centrally monitored, with all negative feedback converted to corrective actions.
- A robust incident reporting system is in place to report and track all incidents in the Hospital. All incidents reported are discussed on a weekly basis with the leadership teams with the necessary corrective actions taken.

Responsible and Ethical Advertising, Promotions, and Sales

CONSUMER BRANDS

Home and Personal Care

All communication materials for personal care, personal wash, and feminine hygiene categories undergo mandatory approval by the NMRA.

- Fems and Baby Cheramy Soap hold Sri Lanka Standards Institution (SLS) certification and voluntarily adhere to these national standards.
- Clogard product packaging prominently displays certifications obtained from the Sri Lanka Dental Association (SLDA) and the Sri SLS.
- Baby Cheramy packaging for soap, cream, cologne, and diapers features relevant certifications, which are also clearly communicated in television advertisements (e.g., International Fragrance Association (IFAR) compliance, Certified Safe for Baby designation, dermatological testing).
- All products comply with pertinent legal frameworks, and the Maximum Retail Price is indicated across all communication channels.

HEALTHCARE

Pharmaceutical Manufacturing & Distribution

- All promotional initiatives undertaken by the Pharmaceutical Manufacturing business are executed following a thorough evaluation of the anticipated impact. This process adheres to a stringent promotional code, emphasizing a patient-centric approach. Consequently, no personal benefits are extended to other stakeholders.
- The Pharmaceutical Distribution sector operates within a stringently governed framework, adhering fully to NMRA guidelines across all promotional activities.

Hospitals & Laboratories

- Hospitals & Laboratories has in place systems and processes to maintain responsible and ethical marketing standards:
- Internal review processes have been established to vet all promotional materials prior to their release to the public. All branding is released with the approval of the Head of Marketing (HOM), and if any clinical clearance is needed, it is obtained through the Director of Medical Services (DMS).
- All marketing and promotional activities comply with the relevant legal and regulatory requirements. This includes adhering to advertising standards and regulations set by health authorities in Sri Lanka, ensuring that all claims made in advertisements are truthful, evidence-based, and not misleading.
- Hospitals follows a strict code of ethics in its marketing practices. This includes avoiding the exploitation of vulnerable populations, such as children or the elderly, in their advertising campaigns. It also emphasises transparency in its promotions, ensuring that customers are fully informed about the terms and conditions of any offers.

BUSINESS PARTNER RELATIONSHIPS

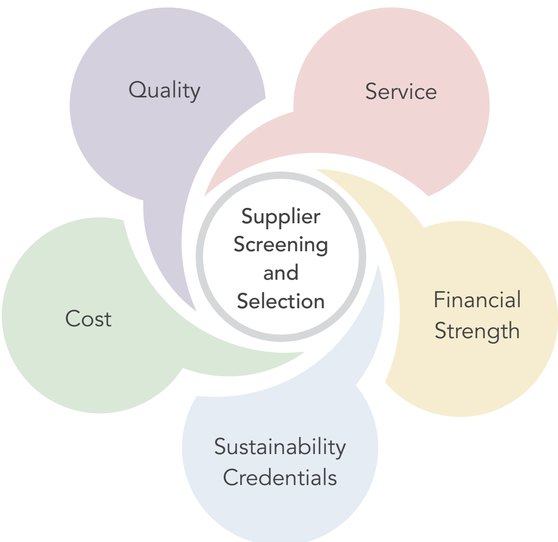
The Group's Supply Chain includes:

- Local and international principals
- Raw material suppliers
- Packaging suppliers
- Contract manufactures
- Manpower suppliers
- PPE suppliers
- Consumable good suppliers
- Medical equipment supplier

- Amenity and utility suppliers
- Equipment suppliers
- Waste management suppliers
- Distributors
- Outsourced warehouses
- Pharmacies
- Retail outlets
- Maintenance and support services

Supplier Screening and Selection

The Group relies on a holistic approach towards supplier screening and selection, spanning the following aspects:



Ensuring Alignment with Corporate Values:

- A comprehensive Supplier Code of Conduct outlines ethical expectations for all suppliers and business partners.
- Each sector within the Group undertakes specific screening methodologies and criteria that align with industry best practices and standards.
- Brands undergo registration and ethical screening.
- Regulatory and quality certificates are obtained to ensure compliance with applicable standards.
- The Significant Supplier Engagement Methodology is employed by all Group SBUs with significant operations. This policy strengthens supplier engagement through a 5-point process, which includes self-declaration forms, annual audits, supplier forums, and a supplier rating system.

SUPPLIER ASSESSMENT ON ENVIRONMENTAL AND SOCIAL PRACTICES

The Group maintains a strong commitment to ensuring supplier adherence to environmental and social standards. To this end, a comprehensive evaluation process is employed for the assessment of all new suppliers. During the year, the Group added 327 new suppliers across various categories, supporting operational resilience and aligning with sustainability and ethical sourcing priorities.

Business	Supplier Assessment Methodology
Home and Personal Care Business	Establishes clear environmental and social expectations for prospective suppliers, with a focus on key areas such as carbon footprint, labour rights, and community impact. The pre-qualification stage involves the administration of ESG surveys, verification of compliance with relevant certifications including ISO 14001, and thorough screening for any history of violations. Sustainability clauses are integrated into contractual agreements, and suppliers are mandated to provide regular reports on their environmental and social performance.
Learning Segment	Validates the credentials of its suppliers through the verification of relevant certificates and the conduct of audits.
Pharmaceutical Manufacturing	Employs a multi-faceted approach to supplier qualification, including on-site audits, detailed questionnaires, and comprehensive documentation review. Supplier qualification is conducted every three years in accordance with Good Manufacturing Practice (GMP) guidelines.
Hospitals	Requires all suppliers to formally sign a code of conduct and provide detailed information regarding their compliance with environmental and social standards. Occasional on-site audits are also conducted to ensure ongoing adherence.

A similar rigorous procedure is applied to contract manufacturers across the Group. The Home and Personal Care business conducts on-site visits to these facilities to verify working conditions, environmental compliance, and labour practices. These visits include conducting interviews with workers, performing health and safety checks, and monitoring waste generation and emissions levels. The Learning Segment undertakes the validation of contract manufacturers through the scrutiny of certificates, proof documents, and the execution of sustainability audits.

ENTRENCHING SUSTAINABILITY WITHIN THE SUPPLY CHAIN

The Group prioritises sustainability and efficiency in all aspects of procurement, production, and distribution, and maps out any social and environmental risks along the supply chain, which in turn guarantees that all business partners adhere to responsible practices.

Supplier Engagement and Identification of Needs

The Group employs a range of channels to ensure consistent and frequent dialogue with suppliers.

120+
in-person and online meetings

40+
Review meetings with key suppliers/ principals

10+
Supplier surveys

30+
Supplier evaluations

30+
Supplier audits

Consumer Brands	
Home and Personal Care • Regular communication is maintained via emails, scheduled meetings (both in-person and online), calls discussing opportunities, market trends and any bottlenecks with regular operations. • Quarterly review meetings are scheduled with key suppliers to discuss on operations, quality, project updates, cost optimisation initiatives and any other key areas. • Supplier evaluations are conducted on an annual basis, which provides suppliers with the opportunity of providing feedback and potential areas for improvement. • Supplier surveys are given priority and honest open feedback is given so that informed decisions and improvements can be made by the supplier.	**Learning Segment** • The segment maintains open discussions with its suppliers to provide flexible solutions that provide mutually beneficial results. • The segment additionally relies on emails, telephone conversations, and face-to-face discussions as channels of communication, in addition to maintaining bi-annual in-person visits.
Healthcare	
Pharmaceuticals Manufacturing and Distribution • Annual audits are conducted by the Group's reputed principals to support feedback and correction cycles. • The Demand Planning Team and the Warehouse Teams constantly engage with principals to maintain smooth, seamless operations.	**Hospitals & Laboratories** • Regular communication is maintained via a multi-channel approach, including emails, phone calls, regular discussions, and meeting sessions. • Data analytics are utilised to assess order patterns, lead times, and performance metrics, allowing the segment to anticipate supplier needs and adjust processes accordingly. • A structured feedback loop enables suppliers to provide input on processes, raise concerns, and suggest improvements. • Audits are conducted to evaluate performance, address issues, and discuss future strategies.

UPSKILLING AND SHARING BEST PRACTICES FOR SUPPLIERS

The following activities are conducted across various segments of the Group:

30+

Quality Audits Conducted

- The Home and Personal Care business established monthly engagements with key material suppliers to facilitate ongoing enhancement of its quality monitoring protocols and to exchange learnings and best practices.
- The Learning Segment conducts regular upskilling sessions, concentrating on documentation procedures, communication protocols and quality improvement methodologies.
- Knowledge exchange sessions are conducted to enhance efficiency and performance. Additionally, Hospitals & Laboratories provides access to a knowledge base that includes case studies, industry insights, and operational guidelines.
- Regular training sessions and workshops are conducted across the Group.
- Identifying areas for improvement through Corrective and Preventive Action (CAPA), site visits, benchmarking, and RFP processes, and providing the necessary advice and assistance to support their transformation.
- Keeping suppliers apprised of the latest industry standards and policy changes, and the necessary steps to be taken to ensure alignment with the same.
- Joint projects on sourcing improvements takes place, thereby, fostering a spirit of collaboration that drives resource responsibility, waste reduction, and cost optimisation, while addressing any bottlenecks.
- Quality audits are performed on a regular basis with feedback provided to suppliers on areas of improvement.

STRENGTHENING PARTNERSHIPS

The Group believes in treating its suppliers as strategic partners who are essential to the Group's long-term success. To this end, the Group offers several facilities to support their development, many of which are discussed in the previous page. These include:

- Offering financial support via flexible payment terms and access to working capital financing.
- Providing technical assistance, training and advice.
- Access to in-house experts who extend guidance on quality improvement, process optimisation, and compliance with regulations.
- Consistent discussions are maintained with joint projects conducted regularly to fuel innovation and development
- Certain segments provide rolling forecasts to foster discussions on commercial terms and anticipated risks.

LOCAL PROCUREMENT

The Group actively seeks out local suppliers in order to prioritise national development.

2,300+
Local suppliers

82%
Percentage of Local Suppliers

Business	Local Procurement Practices
Home and Personal Care	Local sourcing is part of the business's procurement strategy, particularly in relation to packaging material. Preference is given to local sources which meet the Group's specifications and criteria, and at present approximately 90% of packaging materials are locally sourced. The business continuously seeks out opportunities to develop parts of the portfolio which was previously imported.
Learning Segment	The segment prioritises 1400+ local suppliers under its green procurement concept.
Hospitals & Laboratories	A dedicated programme has been established that identifies and supports local suppliers. This initiative includes preferential terms, technical assistance, and capacity-building efforts to help these suppliers meet the Group standards.

PURCHASING SCHEMES AND SUPPLIER SUPPORT

The Group focuses on extending guaranteed purchasing schemes to suppliers in order to provide them with security.

Home and Personal Care Segment:

Ensured suppliers received adequate support during the economic crisis by providing financial assistance and job security through reduced credit terms / advance payments, and by supplying fuel where possible. Business volume rolling forecasts are shared with the suppliers to enable better planning and material management.

Learning Segment:

Offers flexibility by sharing packaging and assembling processes with small-scale vendors, including cottage industries, and works closely with small and medium-scale suppliers.

Hemas Hospitals & Laboratories:

Commits to buying a specified quantity of products at a pre-agreed price, providing stability and predictability to its suppliers. Additionally, support is provided in the form of bulk purchasing to reduce costs and increase their market reach.

REWARD MECHANISMS

The Home and Personal Care Business

Offering preferred supplier status to those who have displayed high standards of reliability and performance. Such suppliers are given preference in evaluations and decision making for future development opportunities.

Learning Segment

Relies on annual supplier evaluation results to recognise their suppliers, and in the process of establishing a fully-fledged recognition system via the Group.

Pharmaceutical Distribution Business

Offering recognition for the outstanding contribution of its principals through an annual Awards Ceremony.

INDUSTRY RELATIONSHIPS

The Group's involvement in a wide range of industry and business associations has enabled it to be a thought- leader and change- maker in the industries it operates in. Key associations of the Group are listed below:

General Business/Trade	• Ceylon National Chamber of Commerce • Ceylon National Chamber of Industries • Sri Lanka Pakistan Business Council • The Industrial Association of Sri Lanka • Cosmetic Manufacturers Association in Sri Lanka • Employers' Federation of Ceylon
Pharmaceutical Manufacturing and Distribution	• Sri Lanka Chamber of the Pharmaceutical Industry • Sri Lanka Chamber of Pharmaceuticals Manufacturing Association • Sri Lanka Chamber of Medical Devices Industry • Pharmaceutical Society of Sri Lanka
Hospitals & Laboratories	• The Association of Private Hospitals and Nursing Homes (APHNH) • Private Medical Laboratories Society Limited
Shipping Aviation and Logistics	• Sri Lanka Association of NVOCC Agents (SLANA) • Sri Lanka Association of Vessel Operators (SLAVO) • Ceylon Association of Ship Agents (CASA) • Sri Lanka Association of Airline Representatives
Other	• Biodiversity Sri Lanka

COMMUNITY RELATIONSHIPS

The Group is deeply committed to fostering equitable and thriving communities, aligning its business operations with its overarching purpose of empowering families to aspire for a better tomorrow. Recognising the significant impact its operations can have on surrounding communities, the Group proactively engages with local leaders and other stakeholders, including residents, employees, regulators, and key opinion leaders such as religious and educational leaders. These interactions involve a diverse range of community members and aim to understand and address potential concerns.

The Group robust grievance handling mechanisms ensures that any community concerns are promptly addressed and resolved. By actively listening to and addressing community grievances, the Group ensures that its operations are conducted responsibly.

During the year all community grievances that were brought forward were resolved by the Group. Further, there were no instances of significant non-compliance with laws and regulations that apply to the organisation. The Group defines significant as fines exceeding Rs. 1 million.

Through ongoing community engagement activities, the Group identifies and implements community service programs that support local livelihoods and improve the well-being of residents. In addition, the Group extends this commitment by providing emergency relief and addressing disaster response needs of adversely affected communities.

This proactive approach to community engagement strengthens the Group's social license to operate, enhances its brand image, and demonstrates a commitment to sustainable and equitable development.

The Group focuses on the following priority areas for its social impact projects

Creating Equal Opportunities for Learning

- Creating quality educational experiences for every child.
- Creating equal learning opportunities for children from underprivileged and underserved backgrounds to continue their education.

Supporting Health and Well-being

- Providing expert advise and guidance to support those impacted by key health issues prevalent in today's society.
- Facilitating, testing and a range of interventions to prevent or mitigate emerging health impacts.

Empowering Vulnerable Communities

- Empowering women with entrepreneurship, knowledge-building and skills development.
- Empowering children with disabilities to reach their full potential.
- Distribution of dry rations and other essentials for vulnerable communities.

Hemas commits to empowering families to aspire for a better tomorrow

01

Creating Quality Learning Experiences

- Facilitating learning by creating quality educational experiences for every child.
- **31,900+** Children Supported via: Online Learning and Seminars.

02

Creating Equal Learning Opportunities

- Creating equal learning opportunities for children from underprivileged and underserved backgrounds to continue their education.
- **101,800+** Teachers, Parents, and Children Supported via: Teacher Trainings, Parental Awareness Sessions, Children's Awareness Sessions, and Scholarship Distributions.

03

Creating a Safer World

- Providing expert advice to parents with the aim of creating a safer world for babies.
- **17,800+** Parents Impacted.

255,800+ Families Empowered

12

Enabling Children with Disabilities to Reach their Full Potential

- Offers access to multi-disciplinary clinical operations encompassing all disabilities (physical and mental) including, but not limited to: Cerebral Palsy, Downs Syndrome, Autism Spectrum Disorder, etc.
- **14,100+** Differently-abled Children Supported via: Initial screening and interventions that include Speech & Language Therapy, Audiology, Physiotherapy, Family Therapy, Occupational Therapy, Education and Nutrition Therapy.

11

Providing a Social Security Net for Communities

- Donation of nutrition packs to underprivileged kids studying in Piyawara Preschools across the island.
- **1,275** Kids
- **12** Districts
- **37** Piyawara pre-schools

10

Uplifting the Spirits of Underprivileged Children during the Christmas Season

- Group employees generously donated stationery and toys to children facing hardship. These gifts aimed to support their education and bring joy during the holiday season.
- **3,500+** Children Impacted.

04

Empowering Women and Providing Solutions to Aspire for More

- Empowering women with entrepreneurship and skills development to help them market their home-grown products and services.
- **500+** Women Supported via: Training Sessions Conducted for Female Entrepreneurs.

05

Enabling women to better manage work life stress

- Educating and supporting women to manage their stress.
- **140+** Women impacted via awareness sessions and open forum discussions.

06

Providing Wigs to Cancer Patients

- Providing natural hair wigs for patients undergoing chemotherapy and advocating the strength of a woman.
- **1,700+** Women Supported via: Donation of Wigs to Cancer Patients.

09

Creating an inclusive world where no child is left behind

- To nurture young children with good care in order to provide a solid foundation for a lifelong journey.
- **4+** Piyawara pre-schools added to the national network.

08

Providing free dialysis cycles for patients battling Chronic Kidney Diseases

- Offering free monthly dialysis cycles to a selected number of Chronic Kidney Disease (CKD) patients from low-income backgrounds.
- **90+** Patients were given free dialysis cycles.

07

Tackling Period Poverty

- Nationwide initiative which pioneers in addressing menstrual health and hygiene concerns.
- **58,500+** Women and Girls Supported via: Awareness Sessions on Period Poverty, Free Napkin Distributions, Improving the Overall Hygiene of 90+ Schools.

SECTOR REVIEW

CONSUMER BRANDS

CONTRIBUTION TO GROUP

Revenue	Profit Before Tax	Capital Employed	Carbon Footprint	Employees
39.0%	53.7%	31.1%	50.1%	43.1%

Hemas Consumer Brands Sector represents some of Sri Lanka's most trusted brands in personal care, home care and school and office stationery.

Home and Personal Care (HPC) Sri Lanka

A leading FMCG player with a presence in many need spaces including hair care, skin care, baby care, oral care, laundry, feminine hygiene and beauty.

Consumer Brands - International

Established in Bangladesh with a portfolio predominantly focused on Hair Oil category under the 'Kumarika' brand.

Learning Segment

'Atlas' is the market leader in school and office stationery in Sri Lanka with an islandwide market presence.

SLFRS S2 Indicators

Home and Personal Care (Sri Lanka)

No of units of products sold
191,264,167 units

Total weight of products sold
27,397,661 Kg

Number of manufacturing facilities
6

Learning Segment

No of units of products sold
234,507,706 units

Number of manufacturing facilities
2

STRENGTHS

HOME AND PERSONAL CARE

- Well-established long standing business
- A portfolio of strong brands with market leadership positions and significant share across multiple categories
- Operating largely within a defensive market underpinned by a portfolio of essential, high-demand
- Ability to innovate through strong R&D expertise
- Wide distribution network across the country ensuring coverage of over 85,000+ general and modern trade outlets
- Ability to withstand shocks due to strong financial position

CONSUMER BRANDS - INTERNATIONAL

- Wide distribution network and reach
- 100% onshore manufacturing
- 'Kumarika' is a well established brand with growing market share
- Ability to provide products well suited to local conditions

LEARNING

- Strong brands - 'Atlas', 'Innovate' and 'Homerun'
- Wide product range and market penetration
- Sustained market leadership with over 50% market share
- Consumer centric innovations to enhance learning experiences

PERFORMANCE HIGHLIGHTS

Revenue	EBITDA	ROCE	Training Hours	Water Usage	Carbon Footprint
Rs.45,998Mn	Rs.7,621Mn	38.2%	21,520Hrs	48,702m3	5,310Mt
(FY 24: Rs. 50,750 Mn)	(FY 24: Rs. 8,150 Mn)	(FY 24: 39.9%)	(FY 24: 17,365 Hrs)	(FY 24: 53,815 m3)	(FY 24: 8,088 Mt)

CHALLENGES

HOME AND PERSONAL CARE

- Cost of living pressures increased number of consumers seeking low priced alternatives
- Currency appreciation led to negative pricing impact on revenue
- Increased retailer bargaining power led to inventory challenges with higher demands for rebates and discounts
- Competitive pressure intensified, especially in the discount segment from local players leveraging pricing flexibility
- Higher proportion of promoted volumes in key categories

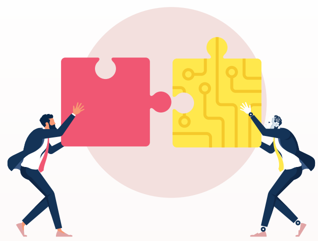
CONSUMER BRANDS - INTERNATIONAL

- Macro economic challenges including high inflation and currency depreciation together with political instability impacting consumer confidence in Bangladesh
- Increasing cost of inputs creating margin pressure
- Customers preferring value-for-money options
- Proposed US tariffs impacting exports to the US market resulting in an adverse impact to the country's economy

LEARNING

- Low barriers to entry prompting an influx of competitors offering value-for-money products in certain commoditised product categories
- Raw material price fluctuations due to volatility in world market prices and exchange rates
- Volume contractions observed across market segments

ACTION



HOME AND PERSONAL CARE

- Market share gains in the beauty and personal care categories supported by differentiated marketing strategies and RTM improvements
- Gains in the personal wash market share driven by relaunches and product innovations, helping to strengthen its market position
- Cost optimization initiatives carried out across the value chain
- received the Authorised Economic Operator (AEO) Tier 1 Certification from Sri Lanka Customs

CONSUMER BRANDS - INTERNATIONAL

- Further expand distribution to reach more households currently reach at 16% +.
- Using R&D to introduce New products better suited to the local market preferences
- Expansion into male grooming segment with 'Vibe' Body sprays

LEARNING

- Move into educational toys segment to address seasonality impacts
- Increasing automation and use of AI in operations
- Use of Foreign Exchange Forward contracts and long term supplier contracts to lock in rates for imports to reduce the impact of exchange rate volatility

WAY FORWARD

HOME AND PERSONAL CARE

- Accelerate the integration of automation and AI across the business
- Drive portfolio growth through category expansion and market penetration initiatives
- Capitalise on opportunities for product premiumization through innovation and strategic brand development
- Strengthen pricing strategies to optimize competitiveness and profitability
- Implement factory modernisation initiatives to upgrade manufacturing facilities, enhancing efficiency and capacity

CONSUMER BRANDS - INTERNATIONAL

- Increase product and brand footprint
- Venture into new high potential emerging markets
- Targeting opportunities presented by increasing urbanisation and the large and expanding middle income segment.

LEARNING

- Increase exports and tie ups with overseas brands
- Venture into new markets through acquisitions
- Increase automation and upgrade manufacturing facilities
- Expand the educational aids range and move into ajacent spaces

SECTOR REVIEW

HEALTHCARE

CONTRIBUTION TO GROUP

Revenue	Profit Before Tax	Capital Employed	Carbon Footprint	Employees
59.3%	45.3%	52.4%	48.1%	51.7%

Hemas Healthcare Sector is one of Sri Lanka's largest private healthcare providers with a strong presence across the healthcare value chain.

Pharmaceutical Distribution

The largest pharmaceutical distribution operation in the country representing over 50 global principals through its well-established distribution network.

Pharmaceutical Manufacturing

One of the largest private pharmaceutical manufacturers in the country focusing on building homegrown brands, having a world class manufacturing facility.

Hospitals

Two multi-specialty hospitals accredited by the Australian Council on Healthcare Standards International and chain of medical laboratories.

SLFRS S2 Indicators

Pharmaceutical Distribution

No. of pharmacy locations
3,200+

Total area of retail space
850,000 m²

Number of surgical units sold (Both Surgicals and diagnostics)
6,133,221 units

Number of pharmacists
8,000+

Number of pharmaceutical units sold
43,075,775 units

Hospitals

Number of Facilities
2 Hospitals

Wattala - **129** Beds,
Thalawathugoda - **79** Beds

Labs - **25**

Collection Centers - **19**

In patient admissions
17,593

Out patient visits
453,279

STRENGTHS

PHARMACEUTICAL DISTRIBUTION

- Well established with over seven decades of existence
- Strong and enduring partnerships with principals
- Offering a wide range of products
- Sustained market leadership
- Wide distribution and sales network spanning the entire country

PHARMACEUTICAL MANUFACTURING

- Trusted household Over the Counter (OTC)/ consumer range
- The new state-of-th-art wordlclass pharma manufacturing facility at Homagama
- Healthy traction for Morison's new branded pharma range with a unique value blend - EmpaMor is now the highest selling Empagliflozin brand in SL
- Strong new product development pipeline in the Non-Communicable Diseases (NCD) space with niche novel molecules
- Synergies of being part of the Hemas Healthcare ecosystem

HOSPITALS

- Trusted Healthcare brand (since 2007)
- Located in underserved areas, having high potential
- Achieved operational excellence
- Provision of a wide variety of services & specialities
- Lab network and sample collection centers currently in 44 key locations

PERFORMANCE HIGHLIGHTS

Revenue	EBITDA	ROCE	Training Hours	Water Usage	Carbon Footprint
Rs.69,988Mn	Rs.7,594Mn	22.3%	21,585Hrs	104,432m3	5,099Mt
(FY 24: Rs. 69,120 Mn)	(FY 24: Rs. 5,313 Mn)	(FY 24: 14.7%)	(FY 24: 37,303 Hrs)	(FY 24: 114,808 m3)	(FY 24: 8,128 Mt)

CHALLENGES

PHARMACEUTICAL DISTRIBUTION

- Highly regulated market
- Price fluctuations due to volatility in world market prices and exchange rates.

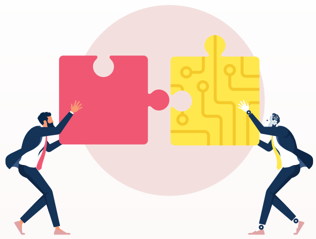
PHARMACEUTICAL MANUFACTURING

- Lack of clear and consistent policies to support the development of local pharma manufacturing industry
- Lack of a proper promotional code for pharmaceutical marketing creates challenges when attempting to increase awareness about the benefits and standards of our products among the medical fraternity
- Intense competition
- Retention of skilled and trained staff
- Inherent capital intensive nature of the industry with higher payback periods

HOSPITALS

- Relatively smaller player
- Retention of skilled staff
- Increasing cost of healthcare and reduced purchasing power impacting overall demand
- Constantly evolving and emerging technologies

ACTION



PHARMACEUTICAL DISTRIBUTION

- Increase partnerships to provide greater range and the latest medicines and medical equipment
- Leading the consultations with stakeholders on industry matters such as the finalisation of the pricing formula
- Reduce working capital requirement through enhanced working cycle management

PHARMACEUTICAL MANUFACTURING

- Ensuring strict quality standards with a patient centric approach
- Entry into the cardiovascular segment with three promising advanced molecules.
- Intensified focus on pharmaceutical manufacturing and brand building
- Liaise with industry bodies to develop a strong policy framework for pharmaceutical manufacturing
- Partnership with the Sri Lanka College of Endocrinologists (SLCE), to launch a training course for primary healthcare professionals on diabetes management

HOSPITALS

- Introduction of new specialities (Cardiology)
- Introduction of new services - Home care
- Digitisation initiatives
- Tie up with SLIIT to promote healthcare education
- Land acquired for Thalawathugoda hospital expansion

WAY FORWARD

PHARMACEUTICAL DISTRIBUTION

- Finalise and operationalise the pricing formula in a manner which is fair for all stakeholders
- Increase distribution network
- Explore more partnerships with the added objective of addressing underleveraged areas of strategic interest to further strengthen its market position.

PHARMACEUTICAL MANUFACTURING

- Pursue EU GMP accreditation
- Further strengthen the new product development pipeline
- Explore export opportunities
- Conducting capability building initiatives for teams
- Strengthen engagement with the medical fraternity with a meaningful and professional approach

HOSPITALS

- Increase in insurance penetration will drive greater demand for private healthcare
- Expansion of the Thalawathugoda hospital
- Capacity and Government spending constraints provides an opportunity for the Private sector to step in.
- Introduction of new specialities such as Oncology and Neurology
- Further expand the Lab network

SECTOR REVIEW

MOBILITY

CONTRIBUTION TO GROUP

Revenue	Profit Before Tax	Capital Employed	Carbon Footprint	Employees
1.7%	11.9%	5.2%	0.8%	2.3%

Hemas Mobility Sector offers cargo solutions and air passenger services, representing several international shipping agencies and a leading airline.

Maritime

The Maritime vertical represents Evergreen Line and Far Shipping Line and offers a range of services for the import and export sector in the country.

Aviation

General Sales Agent for Emirates, the largest international airline operating in Sri Lanka offering both passenger and cargo services.

STRENGTHS

MARITIME

- Strong partnership with Principals (since 2016)
- Reputed global brand
- Maintaining high level of customer service (Service excellence)
- Ability to achieve operational excellence resulting in sustaining margin growth

AVIATION

- Strong partnership with Principals (since 1996)
- Trusted global brand
- Maintaining high level of customer service
- High sector market share for cargo segment

PERFORMANCE HIGHLIGHTS

Revenue	EBITDA	ROCE	Training Hours	Water Usage	Carbon Footprint
Rs. 1,947 Mn	Rs. 1,531 Mn	54.2%	572 Hrs	14,386 m3	86 Mt
(FY 24: Rs. 1,705 Mn)	(FY 24: Rs. 1,154 Mn)	(FY 24: 63.9%)	(FY 24: 701 Hrs)	(FY 24: 16,437 m3)	(FY 24: 154 Mt)

CHALLENGES

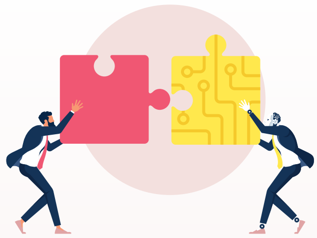
MARITIME

- Fluctuation of freight rates
- Fluctuation of the Rupee
- Transshipment volumes impacted with the development of new and strategically located regional ports such as the Vizhinjam International Seaport in India
- Scheduling issues due to capacity variations
- Proposed US tariffs will affect global trade

AVIATION

- Intense passenger fare competition due to increased capacity
- Fluctuation of freight rates
- Fluctuation of the Rupee
- Proposed US tariffs will affect global trade
- Global pandemics and wars would impact air travel
- Trend of increasing direct online bookings by customers

ACTION



MARITIME

- Closer collaboration with partners
- Achieving operational and service excellence
- Achievement of higher profit margins through optimising working capital management and process efficiencies

AVIATION

- Increase in frequencies of flights (to 4)
- Strengthened marketing
- Offering world class service excellence
- Working closely with current Agents and attracting potential Agents

WAY FORWARD

MARITIME

- Increasing capacity in Colombo Port through East & West Container terminal development
- Relaxation of import restrictions / stable Rupee / Better macroeconomic conditions will increase imports
- Work with principles to increase frequencies to address capacity constraints
- Exploring opportunities for other partnerships

AVIATION

- Increasing capacity at Katunayake airport will enhance air cargo and passenger volumes
- Further increase frequencies to provide greater convenience and support Sri Lanka's tourism initiatives
- Potential to increase market penetration with the introduction of new routes such as the Sri Lanka - India route
- Step up brand building initiatives in Sri Lanka
- Securing other partnerships

C R A F

GOVERNANCE

T  NG

Integrity

Governance provides the foundation for principled decision-making and enduring value. Through robust frameworks and a long-term perspective, we remain committed to building trust, strengthening stakeholder confidence, and upholding our responsibilities with clarity and purpose.

CORPORATE GOVERNANCE REPORT

Good governance has remained a key aspect of Hemas Holdings' success since its founding over 75 years ago. The organisation follows a comprehensive governance framework that directs operations across the various sectors within the Hemas Group. By prioritising the key focus areas of accountability, transparency, risk management, and leadership and oversight, the Group ensures that the interests of its key stakeholder groups are safeguarded, and business continuity and stability is achieved at all times.

GROUP GOVERNANCE FRAMEWORK

Hemas' dedication to good governance goes beyond mere regulatory compliance, reinforced by robust internal frameworks and the adoption of voluntary codes and best practices, as detailed below:

Regulatory Requirements

- Companies Act No. 7 of 2007
- Listing Rules of Colombo Stock Exchange
- Securities and Exchange Commission of Sri Lanka Act, No. 19 of 2021, including Directives and Circulars
- Shop and Office Employees (Regulation of Employment and Remuneration) Act, No. 19 of 1954
- Factories Ordinance (No. 45 of 1942)

Internal Frameworks

- Articles of Association
- Board Charter
- Terms of Reference of Board Committees
- Board approved policy frameworks for governance, risk and operational areas

Voluntary Codes and Best Practices

- Code of Best Practice on Corporate Governance 2017
- GRI Standards issued by the Global Reporting Initiative
- IR Framework issued by IIRC
- United Nations Sustainable Development Goals (UNSDGs)
- SLFRS S1 and S2 Standards

EFFECTIVE OVERSIGHT AND LEADERSHIP

Governance Structure

The Board has implemented a Group-wide corporate governance framework to ensure that all subsidiaries adhere to the parent company's policies, procedures, and governance standards. Consequently, many of the policies and procedures adopted by the private companies within the Group, such as the establishment of Board Sub-Committees for business entities within the Group, similar to those found in publicly listed companies. The appointment of Directors and/or Key Management Personnel to subsidiary boards strengthens the Group's governance policies across all business entities. The Board of Directors holds ultimate responsibility for overseeing the governance of Hemas Holdings PLC.

The structure on the following page showcases the Group's top-down approach towards governance, beginning with the Board and extending through the management levels and individual business sectors. While the Board acknowledges the delegation of authority, it recognizes that this does not relieve Directors of their statutory and common-law fiduciary duties. Additionally, each business maintains its own Audit Committee, which reports both to the parent company's Audit Committee and the respective subsidiary's Board.

Group Governance Structure

Board of Directors

05 Independent Non-Executive, 05 Non-Executive as at 31st March 2025

Assumes collective responsibility for the overall governance, performance, strategy, and affairs of the Company.

Board Sub-Committees

04 Board appointed Sub-Committees

- Group Audit Committee
- Human Resources and Remuneration Committee
- Related Party Transactions Review Committee
- Nomination and Governance Committee

Ensures in-depth focus on delegated matters in line with the Board's mandate that require greater attention.

Group CEO

Leads the Board of Management.
Responsible for developing and implementing the Group's strategic plan
Oversees the management of daily operations

Board of Management

10 Senior Leadership Team Members as at 31st March 2025

- Group CEO
- Group CFO
- Chief People Officer
- Chief Strategy and Growth Officer
- Chief Technology and Transformation Officer
- Managing Directors from the Group's 06 Key Businesses

Collaboration to ensure peak performance irrespective of the Group's operating landscape

Management Teams

- Group Risk & Control Division
- Group HR Division
- Group Finance and Treasury Division
- Group Transformation Office
- Group IT Division
- Group Legal Division
- Growth and M&A Division
- Group Corporate Affairs Division
- Group Corporate Secretarial Division

Business Sector Governance Structure

Board of Directors

Audit Committee

Managing Director

Management Teams

CORPORATE GOVERNANCE REPORT

THE ROLE OF THE BOARD

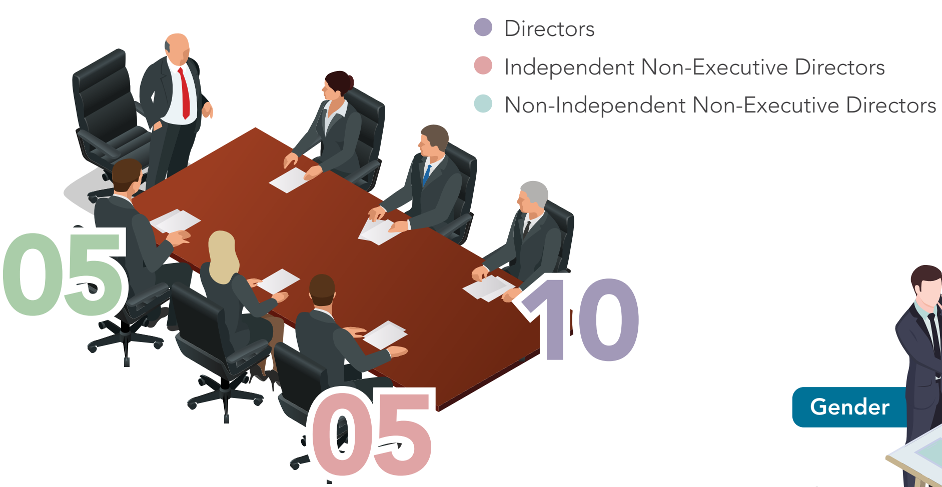
The Board of Hemas Holdings PLC holds the ultimate responsibility for ensuring the adherence to strong corporate governance policies and procedures. It ensures that all companies within the Group, across its diverse industries, operate with the highest ethical standards, maintaining fairness, accountability, and transparency.

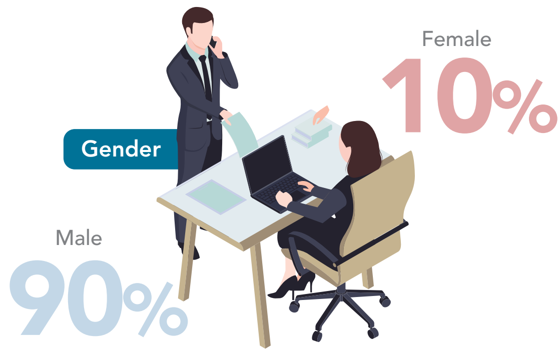
Beyond providing visionary leadership, strategic guidance, and innovative ideas that help bring the Group's vision, purpose, values, and strategy to life, the Board ensures that all operations align with stakeholder expectations. Drawing on its collective experience, the Board makes independent decisions while overseeing the performance and management of the Group's companies, ensuring that the interests of stakeholders are consistently prioritised.

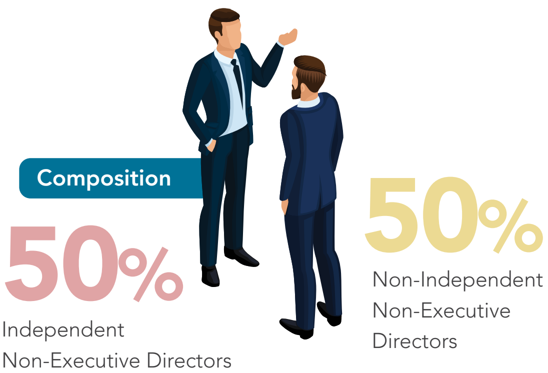
BOARD DIVERSITY AND COMPOSITION

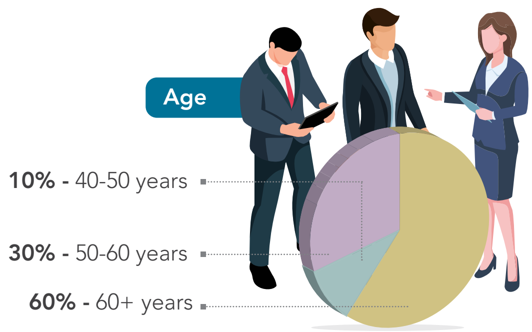
Hemas Holdings PLC ensures that the Board's composition complies with the Listing Rules of the Colombo Stock Exchange and the Company's Articles of Association. This structure ensures a fair distribution of power, preventing any single Director from holding unrestricted decision-making authority. Changes such as new appointments, resignations, retirements, and director re-elections may influence the composition of the Board.

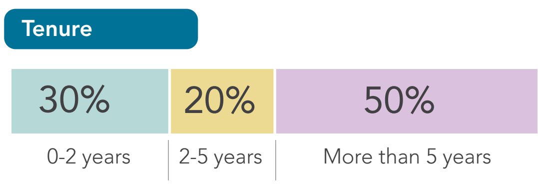
Board Composition as at 31st March 2025











Hemas Holdings PLC adheres to statutorily mandated Board composition standards while recognising the importance of diversity for effective leadership. To support the effective execution of the Group's strategy, the organisation strives to enhance diversity and representation at the Board level. The Board, alongside the Nomination and Governance Committee (NAGC), regularly reviews its composition and balance, considering talent, experience, and capabilities. The Directors bring decades of unrivalled expertise from leading reputable organisations across various sectors. Notably, five Directors, including the Chairperson of the Board Audit Committee, have financial expertise, ensuring the Group has the necessary financial knowledge and acumen that supports informed decision-making. As of March 31, 2025, the Board's composition, size, and diverse areas of expertise were deemed appropriate to enable the achievement of the Group's strategic goals.

ASSURING DIRECTOR'S INDEPENDENCE

The policies outlined in the Group Corporate Governance Framework (listed below) guarantee the independence of non-executive directors on the Board of Directors of Hemas Holdings PLC. All of the Group's Independent Non-Executive Directors met the independence criteria set out in the Listing Rules of the Colombo Stock Exchange, during the year under review.

How the Group...

Defines Independence:
Independence is determined in compliance with the criteria outlined in the Listing Rules of the Colombo Stock Exchange and in line with schedule K of the CA Code 2017.

Assesses Independence:
An annual assessment is conducted by the Board, based on an annual declaration and other information submitted by Non- Executive Directors.

The Board is satisfied that there were no relationships or circumstances likely to affect or appearing to affect Directors' independence during the year.

Division of Responsibility between the Chairman and CEO

The Chairman's role is clearly distinct from that of the CEO to maintain a proper balance of power and to ensure no single individual holds access to unimpeded power, and that no sole decision-making authority exists.

THE CHAIRMAN'S ROLES AND RESPONSIBILITIES

- Leading the Board.
- Ensuring the integrity and effectiveness of the Board.
- Safeguarding high standards of corporate governance and ethical behaviour.

THE CEO'S ROLES AND RESPONSIBILITIES

- Leading the operations of the Group.
- Nurturing an organisational culture based on Group values.
- Maintaining an ethical environment.
- Driving the Group's operational performance within the Board-approved risk appetite.
- Appointing the executive management team. Ensuring appropriate succession planning to drive the Group's future strategy.

APPOINTMENT, RE-ELECTION AND RESIGNATION OF DIRECTORS

The formal and transparent process for appointing Board members ensures that Directors have the requisite qualifications and skills for discharging their roles effectively. The Nominations and Governance Committee (NAGC) is responsible for selecting suitable candidates for the Board.

Criteria for Board Selection:

- Candidates must meet the "fit and proper" criteria outlined in the Listing Rules of the Colombo Stock Exchange.
- Candidates should possess the necessary skills and expertise to effectively perform their duties.
- Board diversity must be upheld.
- The strengths and capabilities of each individual should enhance the overall balance of the Board.
- The integrity and trust of candidates must be ensured.
- Candidates must be capable of exercising due care, skill, and diligence in their role as a Director.

An immediate announcement is made to the Colombo Stock Exchange, followed by a corporate communication, whenever there is a new appointment to the Board. Such appointments must be re-approved by shareholders at the next Annual General Meeting (AGM) following the appointment. Additionally, any re-appointments are also reported to the Colombo Stock Exchange.

The Articles of Association state that no more than one-third of the Board should retire at each AGM, with those retiring being eligible for re-election by the shareholders. As a result, all directors are required to submit themselves for re-election at least once every three years. The NAGC reviews the eligibility of these directors for re-election, considering their previous involvement, engagement, and commitment to Board-related matters. A Director appointed by the Board to fill a casual vacancy after an AGM is also eligible to stand for re-election at the next AGM, subject to the approval of the NAGC. If a Board member resigns, the Colombo Stock Exchange is promptly notified.

THE BOARD OF DIRECTORS CONFIRMS THAT ALL MEMBERS OF THE BOARD, MEET THE FIT AND PROPER ASSESSMENT CRITERIA AS OUTLINED IN THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE.

BOARD MEETINGS

New Appointments in 2024/25

- Mr. Ajith Fernando *(appointed w.e.f. 01.07.2024)*
- Mr. Supun Weerasinghe *(appointed w.e.f. 01.07.2024)*
- Ms. Thusitha Perera *(appointed w.e.f. 01.09.2024)*

Re-elections in 2024/25

- Mr. Murtaza Esufally and Mr. Prabhash Subasinghe
  Retire in terms of Article 84 of the Company's Articles of Association.

Resignations in 2024/25

- Mr. J. M. Trivedi *(retired w.e.f. 27.06.2024)*
- Ms. Kasturi C Wilson *(resigned w.e.f. 31.08.2024)*
- Mr. A. S. Amaratunga *(resigned w.e.f. 29.11.2024)*

Re-appointments

- Mr. Abbas Esufally and Dr. Anura Ekanayake
  Retire in terms of Section 207 of the Companies Act No. 7 of 2007.

Frequency

Board meetings are required to be held at least once per quarter, though additional meetings may be scheduled as necessary. Accordingly, the Board met six times during the year.

Preparation

A structured framework is utilised to effectively plan Board Meetings. The meeting dates are scheduled in advance each year and shared with all Board Members to ensure their attendance.

Accessibility to Information

The Group's Management team is easily accessible to the Board, and every effort is taken to ensure that all necessary quantitative and qualitative data and resources are made available to support Board members in carrying out their responsibilities effectively. Additionally, at the Group's expense, Directors are entitled to seek independent professional advice when needed, with the Secretaries overseeing the process if they choose to avail themselves of this option. Any information or advice obtained is distributed to the Directors upon request.

SUPPLY OF INFORMATION

The Group's commitment to good governance transcends beyond regulatory compliance, reinforced by robust internal frameworks and the adoption of voluntary codes and best practices. Before each scheduled Board meeting, the Chairman, with the support of the Secretaries, sets the meeting agenda. In collaboration with the CEO, this process ensures that key issues relevant to the Group's operations are identified, prioritised, and included for discussion. Post resignation of the former CEO, the above role has been fulfilled by the Acting CEO. To help Directors make informed and sound decisions, all necessary information is provided through the following mechanisms:

Prior Circulation of Information

Board papers are prepared and distributed to Board members seven (7) days before each meeting. These papers include:

- Qualitative and quantitative information on topics to be discussed at the meeting.
- The CEO's review of business operations.
- Financial performance of the Group and its sectors, along with industry trends and market developments.

Availability of Hands-on Knowledge

The Group's Key Management Personnel (KMP) are invited to attend Board meetings to raise any concerns or discuss their relevant areas of business. They include the:

- Group Chief Financial Officer
- Chief People Officer
- Chief Strategy and Growth Officer
- Chief Technology and Transformation Officer
- Group Chief Risk Officer

Regular Updates and Presentations

With the CEO's support, the Group's Corporate Communication and Sustainability Division consistently keeps the Board informed about the Group's sustainability performance. Periodic presentations are also made to the Directors during Board Meetings. Additionally, the Board is regularly updated on key issues related to compliance, attrition, carbon footprint, resource consumption (such as water and energy), and training hours. Post resignation of the former CEO, the above role has been fulfilled by the Acting CEO.

During the year under review, the Board held 6 meetings as scheduled, with full attendance maintained in most meetings. Active participation in Board matters was consistently evident throughout the proceedings. A detailed record of the events, discussions, and decisions from each Board Meeting is meticulously documented in the Board Minute Book. After each meeting, Management is promptly informed of the action points arising from the Board's discussions, along with the deadlines for their implementation and completion. Progress reports on these action items are presented at each subsequent meeting.

Name of Director	Directorship Status in HHL	Board	Group Audit Committee	Human Resources and Remuneration Committee	Nomination and Governance Committee	Related Party Transactions Review Committee
Mr. H N Esufally	NINED, Chairman	6/6		2/3		
Mr. A N Esufally	NINED	6/6			4/4	
Mr. I A H Esufally	NINED	6/6	7/7			3/4
Mr. M A H Esufally	NINED	6/6		2/2		
Dr. S A B Ekanayake	INED	6/6		3/3	4/4	
Mr. R. Pathirana	INED	5/6	7/7			4/4
Mr. P Subasinghe	INED	6/6			1/1	
Mr. A. Fernando *(Appointed w.e.f. 01.07.2024)*	INED	5/5			3/3	
Mr. S. Weerasinghe *(Appointed w.e.f. 01.07.2024)*	INED	5/5		1/1		
Ms. T. Perera *(Appointed w.e.f.01.09.2024)*	INED	4/4	4/4	2/2		2/2
Mr. J. M. Trivedi *(Retired w.e.f. 27.06.2024)*		1/1			1/1	
Ms. K. C. Wilson *(Resigned w.e.f. 31.08.2024)*		2/2				
Mr. A. S. Amaratunga *(Resigned w.e.f. 29.11.2024)*		3/3	5/5	2/2		3/3

NINED - *(Non-Independent Non-Executive Director)* **INED** - *(Independent Non-Executive Director)* *Chairman*

DIRECTORS' INTERESTS, RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

Board Members are expected to act in the best interests of the organisation, demonstrating honesty, integrity, and good faith in all interactions with or on behalf of the Group. Directors have a responsibility to disclose any actual or potential conflicts of interest to the Board, regardless of their nature. As such, all direct, indirect, beneficial, and non-beneficial interests in any contract or proposed contract must be reported to the Secretaries in writing. The Secretaries are responsible for notifying these disclosures to the Board and other relevant stakeholders in compliance with regulations and best practices of corporate governance practices. If a conflict of interest is identified, the relevant Director must recuse themselves from any meetings where the matter is being discussed.

Name of Director	Directorship Status in HHL	Number of Board Seats held in Other Listed Companies		Number of Board Seats held in Unlisted Companies	
		Executive Capacity	Non-Executive Capacity	Executive Capacity	Non-Executive Capacity
Mr. H N Esufally	NINED, Chairman	-	-	-	6
Mr. A N Esufally	NINED	-	1	-	13
Mr. I A H Esufally	NINED	-	-	-	10
Mr. M A H Esufally	NINED	-	-	-	11
Dr. S A B Ekanayake	NINED	-	2	-	3
Mr. R. Pathirana	INED	-	4	-	12
Mr. P Subasinghe	INED	-	-	-	5
Mr. A. Fernando	INED	-	2	-	10
Mr. S. Weerasinghe	INED	2	-	-	10
Ms. T. Perera	INED	-	1	-	2

NINED - *(Non-Independent Non-Executive Director)* | **INED** - *(Independent Non-Executive Director)* | *Chairman*

THE ROLE OF THE BOARD SUB-COMMITTEES

The Board Sub-Committees support the Board in fulfilling its supervisory role, ensuring greater focus on key aspects of governance. The responsibilities of each Sub-Committee are approved by the Group's Board of Directors and are clearly outlined in the respective Committee's Terms of Reference (TOR). After each Committee meeting, the Chairman of the respective Committee must report its proceedings to the Board, ensuring transparent and open communication between Directors and covering all areas of the Board's mandate. Each Sub-Committee conducts an annual self-assessment to evaluate its effectiveness and performance. Independent Non-Executive Directors form the majority of all the Sub-Committees.

Additionally, Board Sub-Committees may be formed to support special projects and initiatives as needed. The Board determines the composition of such Sub-Committees based on the specific needs of the project or initiative and the relevant expertise of the Committee members.

Board Sub-Committee	Main Area/s of Oversight
Audit Committee Ms. Thusitha Perera (INED) *(Chairperson)* Mr. Ranil Pathirana (INED) Mr. Imtiaz Esufally (NINED) Mr. A. S. Amaratunga (INED) *(resigned from the committee w.e.f. 29.11.2024)*	• Financial Reporting • Internal Controls and Risk Management • Internal Audit • External Audit
Related Party Transactions Review Committee Ms. Thusitha Perera (INED) *(Chairperson)* Mr. Ranil Pathirana (INED) Mr. Imtiaz Esufally (NINED) Mr. A. S. Amaratunga (INED) *(resigned from the committee w.e.f. 29.11.2024)*	• Review of Related Party Transactions

Board Sub-Committee	Main Area/s of Oversight
Human Resources and Remuneration Committee Mr. Supun Weerasinghe (INED) *(Chairman)* Ms. Thusitha Perera (INED) Mr. Murtaza Esufally (NINED) Mr. A. S. Amaratunga (INED) *(resigned from the committee w.e.f. 29.11.2024)* Dr. A. Ekanayaka (NINED) *(resigned from the committee w.e.f. 01.01.2025)* Mr. H. N. Esufally (NINED) *(resigned from the committee w.e.f. 01.01.2025)*	• Remuneration Policy for Key Management Personnel • Remuneration Structure • Performance Evaluation • Succession Planning
Nomination and Governance Committee Mr. Prabash Subasinghe (INED) *(Chairman)* Dr. Anura Ekanayake (NINED) Mr. Abbas Esufally (NINED) Mr. Ajith Fernando (INED) Mr. J. M. Trivedi (NINED) *(resigned from the committee w.e.f. 27.06.2024)*	• Appointment of Key Management Personnel/ Directors • Effectiveness of the Board and its Committees • Ensuring an effective corporate governance framework

Company Secretaries

In addition to supporting individual directors, Company Secretaries are responsible for advising and assisting the entire Board in fulfilling their duties and obligations. They are appointed by the Board, and ensure that Board members remain apprised of relevant legislation and regulations that may affect the Group's operations. Secretaries have unrestricted access to Directors to ensure they can effectively carry out their responsibilities. The performance of the Secretaries is reviewed annually through an evaluation process.

Board and Sub-Committee Evaluation

The performance of the Board, Board Sub-Committees and Subsidiary Boards are evaluated and reviewed on an annual basis to determine the effectiveness of the Group's corporate governance. The process is outlined below:

Prior Circulation of Information

The following factors effectiveness are taken into consideration, among others:

- the balance and mix of skills, experience, independence, and knowledge,
- gender representation,
- the ability to function as a collective unit,
- alignment with growth strategies of each SBU,
- the ability to address the impact of the nation's unprecedented socioeconomic dynamics.

Report on Effectiveness

The results of the assessment are reported to the Nomination and Governance Committee for discussion and review.

Regular Updates and Presentations

The Committee assesses the efficacy of the governing body and offers recommendations for the future based on the formation presented. The Nomination and Governance Committee reviews and discusses the evaluation results of the Subsidiary Boards with the Chairman of that particular Board.

Evaluating the Performance of the CEO

- **Frequency:** Bi-annual
- **Responsibility and Oversight:** The Board Chairman evaluates the performance of the CEO. The Board is then informed of the results of the evaluation as well as the Chairman's viewpoints. The Board recommends to the HR and Remuneration Committee (HR and REMCO) if any changes are to be made to the CEO's remuneration after the year-end evaluation of the CEO's performance.
- **Basis of Determination:** Performance is evaluated in relation to the predetermined goals and objectives for each financial year, which are set forth at the outset of that specific year.

	Meeting of the Non-Executive Directors	Meeting of the Independent Non-Executive Directors
Frequency	A minimum of twice a year without the participation of the Executive Directors.	A minimum of once a year without the participation of the Non-Independent Non-Executive Directors and Executive Directors. Discussions are led by Senior Non-Executive Director who is also a member of the Nominations and Governance Committee.
Objective	To assess the performance of the Executive Directors. Following the conclusion of the primary proceedings, the Group CEO may be invited to present the performance of the Key Management Personnel under the Group CEO's purview.	To review the performance of the Group Chairman. The meeting also serves as a forum to address other matters related to the Group's governance structures or policy framework.
Feedback Mechanism	Feedback on meetings are communicated to the Executive Directors.	Immediately following the conclusion of the meeting, the Senior Non-Executive Director provides feedback to the Board Chairman.

REMUNERATION FOR DIRECTORS AND KEY MANAGEMENT PERSONNEL

The Group's approach towards remuneration is outlined below. Accordingly, the remuneration for Key Management Personnel (KMP) is determined on the same basis as that of Executive Directors, while the compensation for Non-Executive and Independent Directors is calculated using a different approach.

Remuneration for Non-Executive and Independent Directors

Responsibility and Oversight: The Board of Directors

Basis of Determination: Remuneration is regularly reviewed and determined based on local market dynamics. The fees paid to Independent and Non-Executive Directors in similar businesses or peer organisations are also considered in the decision-making process.

Structure: A fee is given for their membership in a Subcommittee or as a Director of the Board.

Remuneration for Executive Directors

Responsibility and Oversight: The Human Resources and Remuneration Committee presents recommendations to the Board that align with the Directors' skills, experience, and established terms of reference.

Compliance: Remuneration conforms to the guidelines of Schedule E of the Code of Best Practice on Corporate Governance published by the Sri Lankan Institute of Chartered Accountants in 2017.

Basis of Determination: Compensation is aligned with local market rates, as determined through regular market assessments. It is also linked to sustainable value creation objectives that support the Group's strategy and is based on clearly defined performance targets, allowing for an appropriate level of flexibility.

Structure: Fixed (base) compensation, short-term incentives, and long-term incentives in the form of Hemas Holdings PLC employee share options (ESOS).

DIRECTORS' TRAINING

To support informed and effective decision-making, all directors receive comprehensive training to enhance their knowledge in the following key areas:

Group Strategy and Activities	Sustainability Principles	Knowledge Enhancement	Key Trends and Dynamics
Following their appointment to the Board, all new Directors are required to attend a formal induction. With the use of both internal and external documents and information, new Directors receive sufficient training to gain a basic understanding of the Group and its operations. The opportunity to visit production facilities and conduct meetings with the Board, KMPs, business executives and leadership teams is extended to new Directors.	ESG training is extended to Directors and facilitated by third-party consultants. Additionally, Board members have participated in ESG training in their own capacity.	Throughout the Board members' term, regular training interventions are carried out to assist ongoing development and knowledge enhancement. Members often participate in programmes in their own capacity.	Periodic training sessions ensure that Directors remain apprised of current and emerging industry, legal, social, and economic developments.

MAINTAINING HIGH STANDARDS OF ACCOUNTABILITY

Board Accountability

At Hemas, Board accountability covers a wide range of key areas, reflecting the Board's commitment to conducting all Group business operations with fairness, transparency, and trust.

Compliance

The Board ensures that the Group complies with all relevant laws, regulations, codes, and standards. Its members advocate for the early adoption of new regulations and provides the necessary oversight to ensure full compliance with all applicable requirements. The Board of Directors hereby affirms that the Company, along with the Board of Directors, Management, and Employees, is confident in their adherence to the principles of good governance as outlined in the applicable regulatory frameworks.

Regulation/Code	Adoption	Adherence	Disclosure Table
The Companies Act No.7 of 2007 (Companies Act)	Mandatory	Compliant	Page 170
Listing Rules of the Colombo Stock Exchange (CSE)	Mandatory	Compliant	Page 171
Securities and Exchange Commission of Sri Lanka Act, No.19 of 2021, including Directives and Circulars	Mandatory	Compliant	Page 171
Code of Best Practice on Corporate Governance (2017) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	Voluntary	Compliant	Page 172

The Group discloses all its ultimate beneficial owner/s, and all of its holdings, spanning subsidiaries, associates and joint-ventures), without limiting disclosure to the material entities. Refer **page 289** for more details.

A REINFORCED RISK AWARENESS AND CULTURE

Risk Management and Internal Control

The Board actively oversees the implementation of effective risk management systems, internal controls, and compliance frameworks, recognising the key risks faced by the Group. With the support of the Audit Committee, it has established a strong internal control and risk management framework tailored to the Group's size and operations. This framework provides a reasonable level of assurance in achieving the Group's objectives.

During the year under review, the Group enhanced its risk oversight, particularly with respect to the management of Sustainability-Related Risks and Opportunities and Climate-Related Risks and Opportunities. The process of identifying and managing such risks and opportunities involves cross-divisional collaboration and participation that permeates across the Group's functions.

Refer the Risk Management Report from **page 178** for a comprehensive outline of the Group's approach to mitigating potential risks.

Governance of SRROs and CRROs	
Responsibility	The Board is responsible for overseeing Sustainability-Related Risks and Opportunities (SRROs) and Climate-Related Risks and Opportunities (CRROs) their mitigation. This process is supported by the ERM Division and the Sustainability Division, which work together to identify SRROs and CRROs arising from both impacts and dependencies. The same governance structure applies to managing the environmental, social, and governance (ESG) impacts resulting from the company's operations. The Board Mandate outlines the Board's responsibility towards risk management. Refer page 178 for more information on the roles and responsibilities of the various divisions with respect to Risk Management.
Competency	The Board has appointed competent and experienced personnel across the BOM, ERM division and the Sustainability Division. Performance appraisals are conducted annually and bi-annually for all executive staff of the Group which allows for continual assessment of the individuals tasked with managing the Group's impacts, CRROs, and SRROs. The Group works closely with its external consultants, assurance partners, and various other training providers, attending training sessions from bodies such as CA Sri Lanka to ensure that the knowledge of its staff is enhanced and kept relevant. Refer page 163 for more information on sustainability training for the Board.
Inform	The Board and the BOM are: apprised quarterly on SRROs via updates of the ERM Risk Register to the Board by the Corporate Affairs Division, apprised via annual updates from the Sustainability Division regarding the nation's impacts on the broader stakeholder groups. Refer page 178 for more information on how the Board and BOM are apprised of risks.
Address	The Board and BOM consider SRROs and CRROs, as well as their impacts and impact-related performance, as part of their regular oversight of the company's progress towards its stated goals and objectives. Refer page 178 on how risks are addressed, and their impact on resource allocation.
Monitor	The Group is structured based on both central management functions and operational sector-based functions. While the members of the BOM are responsible for the achievement of sector-based goals and targets, the management of sector-based risks and opportunities and sector-based impacts, the central management functions are responsible for the coordination and alignment of the Group's efforts in a cohesive manger. Refer page 178 for information on the risk monitoring process.

MAINTAINING HIGH LEVELS OF TRANSPARENCY

Financial Reporting

The Board ensures that stakeholders are kept well-informed of the Group's performance and financial status through a comprehensive and up-to-date reporting suite. The Group's Integrated Annual Report serves as the main resource in this suite, providing a fair and transparent evaluation of the Group's performance, financial position, and future outlook. This report includes the following key disclosures and statements, all in compliance with legal requirements.

The Audit Committee reviews the Annual Report and provides recommendations before it is submitted to the Board for approval and publication. The CSE receives the Annual Report in both print and digital formats. In addition to the Annual Report, the Group also shares its performance through interim quarterly reports submitted to the CSE and via quarterly press releases.

External Auditor

The External Auditor's primary role is to assess whether there are any material misstatements in the Financial Statements, verify their compliance with the relevant accounting framework, and provide reasonable assurance on their accuracy. The Board receives recommendations from the Audit Committee regarding the appointment, reappointment, or dismissal of the External Auditor. This process is conducted in line with professional and ethical standards and is governed by the Companies Act.

The Audit Committee is responsible for overseeing and ensuring the objectivity and independence of the External Auditor, as well as evaluating the effectiveness of the audit process in accordance with legal and professional standards. The Auditors provide an annual statement confirming their independence in relation to the external audit. When non-audit services are outsourced to the External Auditors, the Audit Committee ensures that the auditors have the necessary expertise and qualifications to perform the tasks effectively, and that their independence and objectivity is not compromised throughout the process.

Refer **page 184** for the Directors' Report

Refer **page 203** for the Statement of Directors' Responsibility

Refer **page 204** for the Report of the Auditors

THE GROUP PLEDGES TO COMPLY WITH ALL APPLICABLE LAWS, PARTICULARLY THOSE THAT COMBAT CORRUPTION. ALL OF THE DIRECTORS PERSONALLY COMMIT TO RESPECT THE GROUP'S STANCE ON ANTI-CORRUPTION AND ADHERE TO ITS CODE OF CONDUCT, WHICH INCLUDES ANTI-CORRUPTION POLICIES.

POLICES OF THE GROUP

Nominations and Governance Committee actively oversees the governance framework of the organization and accordingly, makes recommendations to the Board of Directors on policy development. During the year under review there were 9 new policies implemented w.e.f 1st October 2024. The Board of Directors confirm that as at 1st October 2024, the Company inter alia had implemented the following policies and is fully compliant with Rule 9.2.1 of the Listing Rules of the Colombo Stock Exchange.

(a) Policy on the matters relating to the Board of Directors

(b) Policy on Board Committees

(c) Policy on Corporate Governance, Nominations and Re-election

(d) Policy on Remuneration

(e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities

(f) Policy on Risk management and Internal controls

(g) Policy on Relations with Shareholders and Investors

(h) Policy on Environmental, Social and Governance Sustainability

(i) Policy on Control and Management of Company Assets and Shareholder Investments

(j) Policy on Corporate Disclosures

(k) Policy on Whistleblowing

(l) Policy on Anti-Bribery and Corruption

CORPORATE GOVERNANCE REPORT

CULTURE AND CONDUCT

The Board is governed by the Code of Conduct and Ethics for Directors, and it plays a key role in fostering a culture of fairness and ethical behaviour across the Group. The Board sets the highest standards of business ethics and integrity, promoting values that flow from the top down to all levels of the organisation. By leading through example, the Board establishes clear expectations for the culture, beliefs, and behaviour of the Group's employees. All personnel are required to adhere to the Group's Code of Conduct, "The Hemas Way," which covers the following ethics-related topics:

Anti-Corruption Policy

The Group's Anti-Corruption Policy is applicable to all Directors and employees of the Group, without exception.

It outlines the framework established to combat corruption and bribery inside the organisation, which encompasses the following aspects:

- Prohibitions against bribery, kickbacks and facilitation payments when engaging in business
- The specific compliance requirements relating to these prohibitions.
- Regular training on the policy is conducted for employees and Directors to further reinforce these principles.
- The Group's business partners and external parties that represent the Group are aware of, and obligated to follow the guidelines outlined in this policy.

Gift Policy

The aim of this policy is to establish greater consistency in the gifting culture by setting standard thresholds for gifts given to or received by Group employees. It applies to gifts exchanged within the Group, as well as those from third parties, and is enforced for all permanent employees and the Board of Directors. The policy regulates the offering and acceptance of business courtesies and gifts among the Group's employees.

Whistleblowing Policy

The policy provides a platform for anonymous reporting of potential financial irregularities, improper financial reporting, violations of internal controls, or other issues that may require internal investigation. All whistleblower complaints are reviewed by the Group's Whistleblowing Committee, which consists of two Non-Executive Directors.

Two-way communication is maintained throughout the process to keep the whistleblower informed of the investigation's progress. Regular awareness sessions are held to educate staff about the whistleblowing process, and all information regarding the policy and its implementation is accessible on the intranet.

Share-Trading Policy

The policy informs all relevant parties and individuals associated with the Group about the restrictions set by the Securities and Exchange Commission (SEC) Act of Sri Lanka and the Listing Rules of the Colombo Stock Exchange for those wishing to trade in the Group's shares while in possession of unpublished, price-sensitive information regarding the Group and its operations. It also outlines the consequences of "insider trading" and provides the Group's recommendations on this matter.

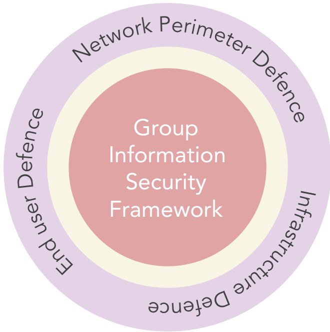
IT GOVERNANCE

The Board recognises that information technology has the potential to unlock opportunities and drive business value. As a result, it demonstrates its commitment to safeguarding the Group's operating systems and information assets by making substantial investments in cyber risk management technologies.

Investing in industry leading next generation family of firewalls including the 'Palo Alto' network security system to avoid a potential breach

Investing in next generation end point security systems for physical, virtual, cloud, and mobile endpoints and email

Investment in end user training and development to enhance awareness of potential implications of cyber threats and improve user adoption of system safeguards



Moving all business applications to 'cloud' infrastructure enabling a higher level of security including off-site Disaster Recovery Plans

Performing regular Vulnerability Assessment and Penetration Testing by launching simulated cyber attacks to identify potential flaws and weaknesses. The tests are conducted internally, and externally through third party professionals offering assurance certification

The Group's Approach to IT Governance and Strategy

Oversight

The Board holds ultimate responsibility for IT governance. The role is discharged through the Audit and Risk Committee.

The Chief Technology and Transformation Officer (CTO) and Director of Group IT and Process, oversee and ensure the security of the organisation's digital assets.

Strategy Development

Cybersecurity and digital strategy are standard topics on the agenda for Audit and Risk Committee meetings. Important issues related to IT governance are escalated to the Board.

Strategy Implementation

In addition to developing IT policies and protecting the Group's digital assets against cyber-attacks and threats, the HHL Group IT Department is responsible for carrying out the Group's digital strategy.

SUSTAINABILITY GOVERNANCE AND REPORTING

The Board is committed to integrating sustainability into all aspects of Hemas Group's operations and has delegated authority over sustainability-related matters within the Group Management Framework to the Board of Management. Additionally, the Board has tasked the CEO and Managing Directors of each business unit with working alongside the Group Sustainability and Corporate Communications teams to conduct internal materiality assessments, identify and manage key topics, and ensure the implementation of the Group's policies, management approach, and relevant SOPs. They are also responsible for overseeing the Group's impacts and driving improvements in its sustainability performance. Throughout the year, the Board reviewed both quarterly performance and sustainability assurance reports, including assessments of the ERM process, sustainability process, CSR process, and the internal audit report.

Refer the materiality assessment (**page 49**) for information on the integration of sustainability-related matters into Group operations.

Refer **page 49** for information on this report's sustainability reporting standards.

STAKEHOLDER ENGAGEMENT

The Board believes that ongoing, transparent engagement with both external and internal stakeholders fosters greater trust and provides deeper insights into their expectations and needs from the organisation. The Board has instructed the management teams across the Group to take a proactive approach in engaging and communicating with stakeholders, under the guidance of the Group CEO.

For more details on the Group's approach to Stakeholder Engagement, please refer to **page 55** of the annual report.

SHAREHOLDER RELATIONS

The Board recognises its responsibility to the Group's stakeholders and ensures that all relevant information is disclosed transparently and fairly, with a focus on integrity, timeliness, and relevance to decision-making. All information is thoroughly verified for accuracy before being shared to avoid creating a false market. As part of this process, the Board reviews and approves the Company's Annual Report at a Board Meeting before it is presented to the Group's shareholders and other stakeholders.

Engagement with Shareholders

Any significant concerns or issues raised by shareholders are brought to the Board's attention, along with the management's response and views.

Engagement Channels	Responsibility	Key Considerations for Disclosures
• The Annual General Meeting • Regulatory reports • A dedicated investor relations page on the Hemas website • Announcements on the CSE website	The Board communicates with shareholders via the Group CEO and Group CFO who lead the Investor Relations and Corporate Communications teams. Shareholders are also encouraged to raise concerns or share feedback through Company Secretaries.	• Integrity and Fairness • Timeliness • Relevance to Decision-Making • Accuracy • Transparency

ANNUAL GENERAL MEETING

Shareholders are provided with a minimum of 15 working days' notice of the Annual General Meeting (AGM). The Annual Report and accounts, along with any other resolutions and relevant information that may be discussed at the AGM, are circulated to shareholders within the same timeframe, allowing ample time for review prior to the meeting. Additionally, the digital version of the Annual Report is available under the Investor Relations section on the company's website (www.hemas.com). Shareholders are also given the opportunity to vote on any separate resolutions that the Group may present for a specific business item, if applicable.

All shareholders are encouraged to exercise their voting rights at the AGM, with voting procedures provided in advance. The Group employs a reliable system to record and tally all proxy votes for each resolution. If a significant number of votes are cast against a particular resolution, the Board takes appropriate action to assess the need for any remedial steps and to understand the underlying reasons for such results. The Chairman of the AGM announces the voting outcomes for each resolution, and the CSE is notified after the meeting concludes.

Business Continuity Planning

After thoroughly reviewing the business continuity plans for the Group's core operations, the Board of Directors is confident that these plans are strong, comprehensive, and fully encompassing, ensuring the Group's stability in the event of a disruption.

The next AGM of Hemas Holdings PLC will take place at 3.00 p.m. on the 25th of June 2025.

Appendix I: Statement of Compliance pertaining to Companies Act No. 7 of 2007

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Requirement	Complied	Reference (within the Report)	Page
168 (1) (a)	The nature of the business together with any change thereof.	Yes	About Us	04
168 (1) (b)	Signed Financial Statements of the Group and the Company.	Yes	Financial Statements	208
168 (1) (c)	Auditors' Report on Financial Statements.	Yes	Independent Auditor's Report	204
168 (1) (d)	Accounting policies and any changes therein.	Yes	Note 1 to 3 of the Financial Statements	214 to 219
168 (1) (e)	Particulars of the entries made in the Interests Register.	Yes	Annual Report of the Board of Directors	184
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company.	Yes	Note 8 to the Financial Statements	225
168 (1) (g)	Corporate donations made by the Company.	Yes	Note 8 to the Financial Statements	225
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period.	Yes	Annual Report of the Board of Directors on the Affairs of the Company	184
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered.	Yes	Note 8 the Financial Statements	225
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries.	Yes	Report of the Group Audit Committee	191
168 (1) (k)	Acknowledgment of the contents of this Report and signatures on behalf of the Board.	Yes	Annual Report of the Board of Directors on the Affairs of the Company	184

Appendix II: Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Requirement	Complied	Reference (within the Report)	Page
(i)	Names of persons who were Directors of the entity.	Yes	Annual Report of Directors on the Affairs of the Company	184
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein.	Yes	Focus Areas	184
(iii)	The names and the number of shares held by the 20 largest holders of voting shares and the percentage of such shares held.	Yes	Shareholder Information	288
(iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement.	Yes	Annual Report of Directors on the Affairs of the Company	184
(v)	A statement of each Director's holding and Chief Executive officer's holding in shares of the entity at the beginning and end of each financial year.	Yes	Annual Report of Directors on the Affairs of the Company	184
(vi)	Information pertaining to material foreseeable risk factors of the entity.	Yes	Risk Management	178
(vii)	Details of material issues pertaining to employees and industrial relations of the entity.	Yes	Human Resources (HR) Report	194
(viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties.	Yes	Note 12 and 13 to the Financial Statements	236 to 241
(ix)	Number of shares representing the entity's stated capital.	Yes	Note 22 to the Financial Statements	260
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	Yes	Shareholder Information	287
(xi)	Financial ratios and market price information.	Yes	Ten year summary and Shareholder Information	286
(xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year.	Yes	Note 12 - Property, plant and Equipment to the Financial Statements	236 to 238
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year.	Not Applicable		-
(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes.	Yes	Shareholder Information	290
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules.	Yes	Corporate Governance Report	153 to 175
(xvi)	Related Party transactions exceeding 10% of the equity or 5% of the total assets of the entity as per audited financial statements, whichever is lower.	Not Applicable	Related Party Transactions Review Committee Report	199

Appendix III: Compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2017

VOLUNTARY PROVISIONS

Code Ref.	Requirement	Complied	Reference within the Report
A.1	An effective Board should direct, lead and control the company.		
A.1.1	Regular Board meetings, provide information to the Board on a structured and regular basis.	Yes	Board Meetings
A.1.2	Role and Responsibilities of the Board.	Yes	Role of the Board
A.1.3	Act in accordance with laws of the country. Independent professional advice.	Yes	Compliance Accessibility to Information
A.1.4	Access to advice and services of the Company Secretary.	Yes	Company Secretaries
A.1.5	Independent judgement.	Yes	Accessibility to Information
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company.	Yes	Appointment/Re-election and Resignation of Directors
A.1.7	Calls for resolutions by at least 1/3rd of Directors.	Yes	Board Meetings
A.1.8	Board induction and Training.	Yes	Directors' Training
A.2	Chairman and CEO.	Yes	Division of Responsibility between the Chairman and CEO
A.3	Chairman's role in preserving good corporate governance.	Yes	Division of Responsibility between the Chairman and CEO
A.4	Availability of financial acumen.	Yes	Board Composition
A.5	Board balance.	Yes	Board Composition
A.5.1	The Board should include sufficient number of NEDs.	Yes	Board Composition
A.5.2	If the Board includes only 3 NEDs, they should be independent.	N/A	
A.5.3	Independence of Directors.	Yes	Directors' independence
A.5.4	Annual declaration of independence by Directors.	Yes	Directors' independence
A.5.5	Annual determination of independence of NEDs.	Yes	Directors' independence
A.5.6	Alternate Directors.	Not Applicable	
A.5.7 and A.5.8	Senior Independent Director (SID).	Not Applicable	
A.5.9	Annual meeting with NEDs.	Yes	Meeting of the Non-Executive Directors
A.5.10	Recording of dissent in minutes.	Yes	Board Meetings
A.6	Supply of Information.	Yes	Supply of Information
A.7	Appointments to the Board and Re-election.	Yes	Appointment/Re-election and Resignation of Directors
A.7.1	Establishing a Nomination Committee, Chairman and Terms of Reference.	Yes	Nomination and Governance Committee Report
A.7.2	Annual assessment of Board composition.	Yes	Appointment/Re-election and Resignation of Directors

Code Ref.	Requirement	Complied	Reference within the Report
A.7.3	Disclosures on appointment of new directors.	Yes	Appointment/Re-election and Resignation of Directors
A.8	Directors to submit themselves for re-election.	Yes	Appointment/Re-election and Resignation of Directors
A.9	Appraisal of Board and Sub-Committee Performances.	Yes	Board and Sub-Committee Evaluation
A.10	Annual Report to disclose specified information regarding Directors.	Yes	Board Profiles Annual Report of the Directors on the Affairs of the Company
A.11	Appraisal of the CEO.	Yes	Evaluating the Performance of the CEO
B.	Directors Remuneration		
B.1	Establish process for developing policy on Executive and Director remuneration.		Remuneration for Executive Director and Key Management Personnel
B.2	Level and Make Up of Remuneration.	Yes	Remuneration Policy
B.3	Disclosures related to remuneration in Annual Report. - Remuneration Policy statement. - Aggregate Board remuneration paid. - HRRC report.	Yes	Human Resources and Remuneration Committee Report
C.	Relations with Shareholders		
C.1	Constructive use of the AGM and Other General Meetings.	Yes	Annual Report of the Directors on the Affairs of the Company and the Group - Annual General Meeting (AGM)
C.2	Communication with shareholders.	Yes	Annual Report of the Directors on the Affairs of the Company and the Group - Shareholder Relations
C.3	Disclosure of major and material transactions.	Yes	There were no major or material transactions during the year, which materially affected the net asset base of Company.
D.	Accountability and Audit		
D. 1	Present a balanced and understandable assessment of the Company's financial position, performance, and prospects.	Yes	Financial and Business Reporting
D1.1	Balanced Annual Report.	Yes	Financial and Business Reporting
D.1.2	Balanced and understandable communication	Yes	Financial and Business Reporting
D.1.3	CEO/CFO declaration.	Yes	Directors' Statement of Responsibility
D.1.4	Directors Report declarations.	Yes	Annual Report of the Board of Directors on the Affairs of the Company
D.1.5	Financial reporting statement on Board responsibilities. Statement on internal control.	Yes	Directors' Responsibility for Financial Reporting Directors' Statement on Internal Control
D.1.6	Management Discussion and Analysis.	Yes	Capital reports
D.1.7	Net Assets < 50%.	Yes	In the unlikely event of the net assets of the company falling below 50% of Shareholders' Funds the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken.

Code Ref.	Requirement	Complied	Reference within the Report
D.1.8	Related Party Transactions	Yes	Other Business Interests
D.2	Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets.	Yes	Risk Management and Internal control Report of the Audit Committee Directors' Statement of Internal Control Risk Review
D.3	Audit Committee.	Yes	Group Audit Committee Report
D.4	Related Party Transactions Review Committee.	Yes	Related Party Transactions Review Committee report
D.5	Code of Business Conduct and Ethics.	Yes	Code of Conduct and Ethics
D.6	Corporate Governance Disclosures.	Yes	Corporate Governance Report
E/F	Institutional and other investors	Yes	Relations with Shareholders
G	Internet of Things and Cyber security	Yes	Digital Oversight and Cyber Security
H	Principals of Sustainability Reporting	Yes	Sustainability Governance

LIST OF OTHER DIRECTORSHIPS

Name of the Director	Name of the Company	Capacity
Mr. H. N. Esufally	Saraz Investments (Pvt) Ltd	NED
Mr. A.N. Esufally	A Z Holdings (Pvt) Ltd	NED
	Printcare PLC	NED
	E T Properties (Private) Limited	NED
	DTH Travels Sri Lanka (Pvt) Ltd	NED
	Ibrahim Jafferjee (Pvt) Ltd	NED
	DTH Travels Maldives	NED
Mr. I.A.H Esufally	Blueberry Investments (Pvt) Ltd	NED
	Stafford Tea Company (Pvt) Ltd	NED
Mr. M.A.H Esufally	Ama Group (Pvt) Ltd	NED
Dr. S.A.B. Ekanayake	AE Consultants (Pvt) Ltd	INED
	Chemanex PLC	INED
	Aitken Spence Plantation Managements PLC	INED
	Ceylon Agro Food Technologies (Pvt) Ltd	INED
	Link Natural Products (Pvt) Ltd	INED
Mr. P. Subasinghe	Global Rubber Industries Pvt Ltd	ED
	Global Sea Foods Pvt Ltd	ED
	Ayenka Holding Pvt Ltd	ED
	GRI Global Pvt Ltd	ED
	GRI Tires Pvt Ltd	ED
Mr. R. Pathirana	Windforce PLC	NED
	BPPL Holdings PLC	NED
	Ceylon Hotels Corporation PLC	NED
	Dankotuwa Porcelain PLC	NED

Name of the Director	Name of the Company	Capacity
Mr. R. Pathirana	Hirdaramani Apparel Holdings (Private) Limited	ED
	Hirdaramani Investment Holdings (Private) Limited	ED
	Hirdaramani International Exports (Private) Limited	ED
	Hirdaramani (Private) Limited	ED
	H Connect (Private) Limited	ED
	Hirdaramani Clothing (Private) Limited	ED
	Hirdaramani Mercury Apparel (Private) Limited	ED
	Hi Fashion Holdings (Private) Limited	ED
	Ceylon Knit Trend (Private) Limited	ED
	Rosewood (Private) Limited	ED
	Union Residencies (Private) Limited	ED
	H- Emblishment (Private) Limited	ED
Mr. A. Fernando	Ashthi Holdings (Pvt) Ltd	NED
	Capital Alliance Holdings Limited (CALH)	NED
	Capital Alliance PLC	NED
	CAL Bangladesh Ltd	NED
	CAL Securities Ltd	NED
	CAL Investment Consultancy FZ-LLC'	NED
	Ceylon Tea Brokers PLC	NED
	Logicare (Pvt) Ltd	NED
	ADZ Insurance Brokers (Pvt) Ltd	NED
	The Metal Factor	NED
	SLT Campus (Pvt) Ltd	NED
	Rockland Distilleries (Pvt) Ltd	NED
Mr. S. Weerasinghe	Dialog Axiata PLC	ED
	Dialog Finance PLC	ED
	Dialog Broadband Networks (Pvt) Ltd	ED
	Dialog Television (Pvt) Ltd	ED
	Digital Commerce Lanka (Pvt) Ltd	ED
	Digital Health (Pvt) Ltd	ED
	Digital Holdings Lanka (Pvt) Ltd	ED
	Dialog Device Trading (Pvt) Ltd	ED
	Communiq Broadband (Pvt) Ltd	ED
	Firstsource- Dialog Solutions (Pvt) Ltd	ED
	Digital Realty (Pvt) Ltd	ED
	Dialog Network Services (Private) Limited	ED
Ms. T. Perera	Capital Alliance PLC	INED
	Multiplus (Pvt) Ltd	ED
	Vividha Options (Pvt) Ltd	ED

INED - *Independent Non-Executive Director* NINED - *Non-Independent Non-Executive Director* ED - *Executive Director*

In addition to the above, Mr. H. N. Esufally, Mr. A. N. Esufally, Mr. I.A.H. Esufally and Mr. M.A.H. Esufally hold directorships in companies within the Group of Hemas which are not public listed entities.

THE GROUP INTERNAL AUDIT

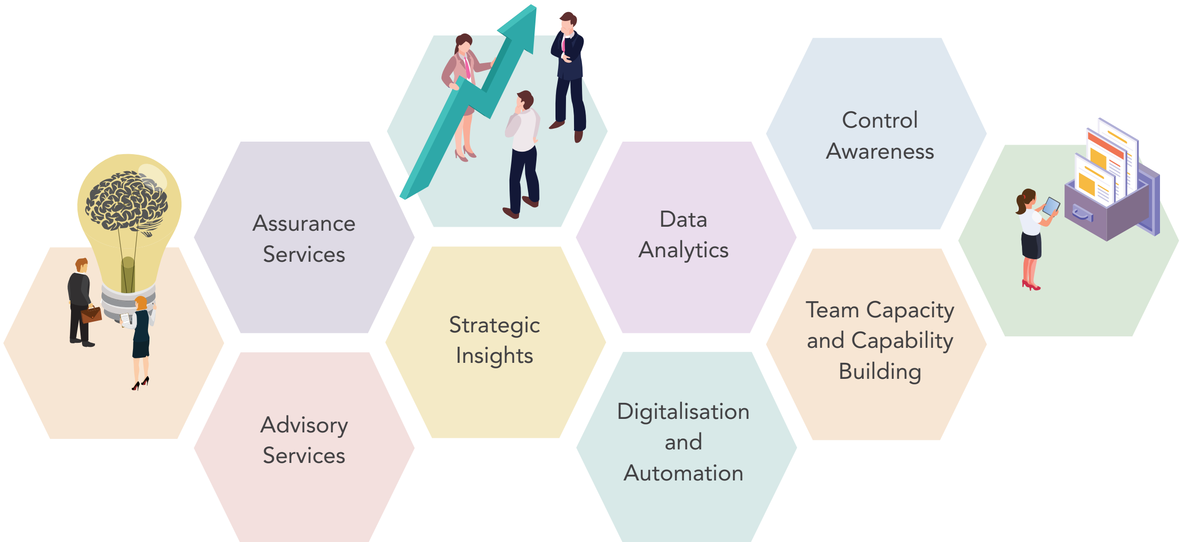
INTERNAL AUDIT OVERVIEW

The Internal Audit Function (IAF) of the Group plays a crucial role in strengthening the internal control environment across all the businesses of the Group. Entrusted with safeguarding governance frameworks and promoting robust internal control practices, the IAF is committed to supporting the Audit Committees within the Group in fulfilling their oversight responsibilities. This involves evaluation of the adequacy and effectiveness of internal controls, identifying areas for improvement, and fostering a culture of accountability and transparency throughout the organisation.

Moving beyond conventional approaches to internal auditing, the IAF has effectively embraced new and advanced methodologies in conducting its internal audit activities. This strategic shift has yielded significant value for the businesses, fostering a culture of continuous improvement and adaptive resilience. Consequently, it also provides stakeholders with a heightened level of confidence, affirming the integrity of the organisation's operations and governance framework.

INTERNAL AUDIT HIGHLIGHTS

The diagram below illustrates the key internal audit highlights of the Group, for the year under review.



One of the core mandates of the IAF involves conducting independent and objective assessments, spanning strategic, financial, operational, compliance, and IT domains. The areas for these assessments are derived during the internal audit planning phase which follows a risk-based approach to ensure that resources are focused on areas with the highest potential for risk exposure and impact on the organisation's objectives. This approach involves a thorough assessment of both current and emerging risks, taking into consideration factors such as financial impact, regulatory compliance requirements, operational efficiency, and strategic priorities. The process includes consultations with Senior Management, a review of historical audit findings, and an analysis of risk assessments across various departments and functions.

By aligning the audit plan with the organisation's risk profile, the IAF is able to prioritise key areas for review and provide valuable insights to mitigate risks, enhance controls, and support the achievement of organisational goals. During the financial year, the IAF placed increased emphasis on strategic assessments, enabling the organisation to proactively identify opportunities for improvement, mitigate risks, and adapt to changing market conditions, ultimately driving better informed decision-making and sustainable growth.

In addition to its assurance role, the IAF offers valuable advisory services aimed at improving business processes and support informed decision-making. By leveraging its expertise, the IAF provides strategic recommendations for enhancing operational efficiency, strengthening controls, and fostering a culture of accountability. These advisory services ensure that the organisation is well-positioned to address emerging challenges and capitalise on opportunities for improvement.

The function also plays a key role in providing strategic insights that guide decision-making at the highest levels of the organisation. By analysing risks, identifying trends, and evaluating key business operations, IAF offers a unique perspective that aligns with the organisation's long-term objectives. These insights help drive informed decisions, support business growth, and ensure that the organisation remains resilient and agile in a dynamic market environment.

In response to increasing technological and business complexities, the Group has strategically integrated data analytics into its internal audit processes to further strengthen the control environment and enable more informed, data-driven decision-making. By embedding advanced analytics techniques into audit procedures, the IAF is now better equipped to proactively detect anomalies, uncover patterns, and analyse trends within operational and financial datasets.

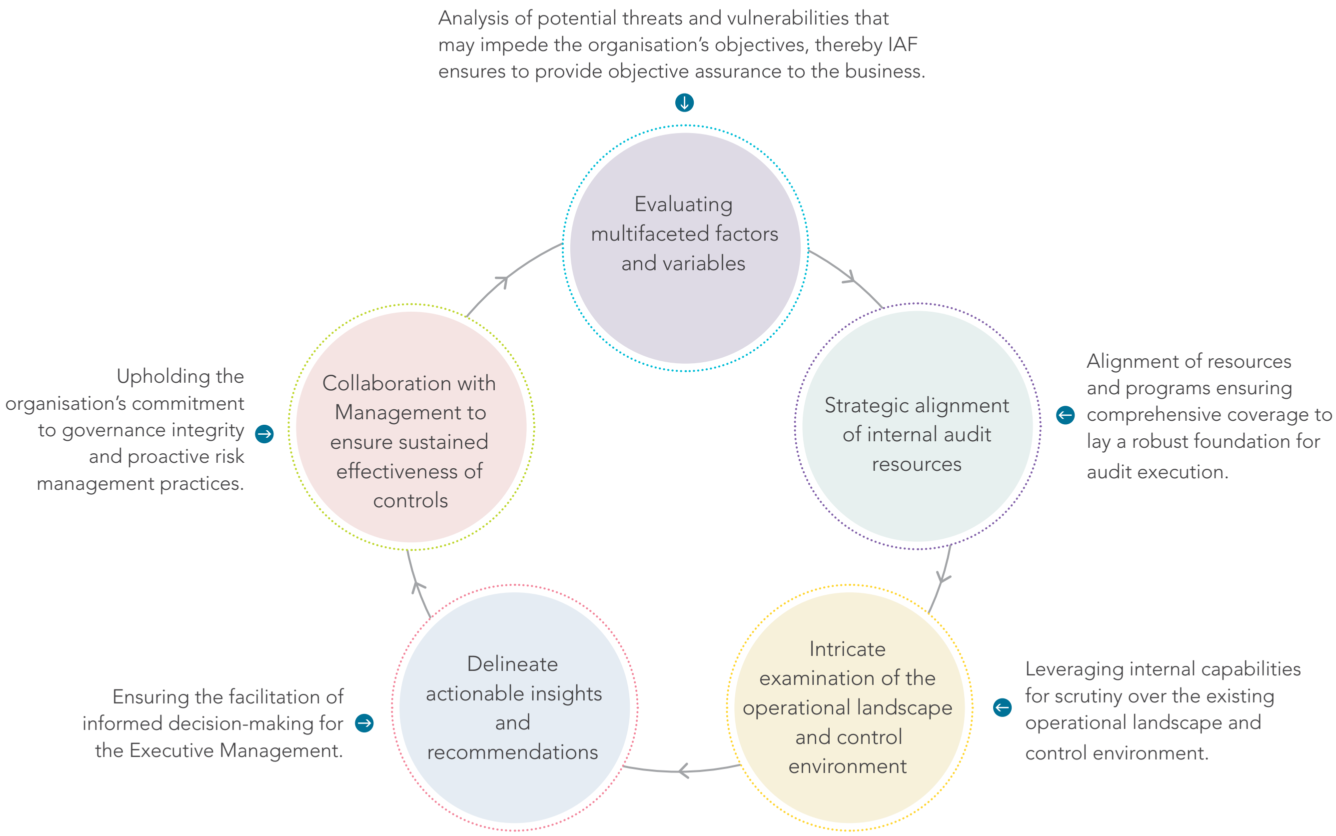
As a part of its digitalisation journey, the IAF has initiated efforts to automate the internal audit processes, leveraging technology to improve efficiency and accuracy. These technology-driven efforts aim to reduce manual interventions, accelerate audit cycles, and improve risk detection. As the digitalisation process continues, the Group is committed to further enhancing the IAF, ensuring it remains agile, data-driven, and aligned with modern business practices.

To enhance control awareness across the organisation, the Group has established a centralised repository for Group-wide and business-specific policies and procedures, providing a single, accessible platform for all relevant documentation. This initiative ensures consistent access to key controls, promoting clarity and standardisation throughout the organisation. By enhancing awareness of these essential guidelines, it fosters a culture of compliance and accountability, empowering employees to understand and adhere to internal controls. This initiative aligns staff with the best practices and organisational standards, further reinforcing a strong and transparent control environment.

With a steadfast commitment to continuous improvement, the IAF has actively participated in a series of targeted training programs, fostering a culture of continuous learning and professional growth. These programs have been tailored based on the skills and competencies assessments conducted within the team in identifying the key strengths essential for delivering quality results. Further to external training programs, IAF has an internal development plan, with scheduled learning sessions taking place at a steady pace.

INTERNAL AUDIT APPROACH

The IAF predominantly navigates its internal audit activities through the following approach.



MANAGING RISKS AND OPPORTUNITIES

Effective risk management is essential for sustainable growth and long-term success, aligning with the Group's commitment to "Empower Families to Aspire for a Better Tomorrow."

The Group's risk management framework, aligned with ISO 31000:2018, ensures a standardised and structured approach to risk management across all business units. Effective risk management is established through clearly defined roles and responsibilities, ensuring strong governance, oversight, accountability, and transparency.

The Group adopts a holistic, enterprise-wide approach, ensuring that risks and opportunities across all categories are proactively managed to enhance strategic and operational resilience. Recognising the diverse factors impacting the Group, Hemas proactively assesses and manages a broad spectrum of threats and opportunities.

A. GOVERNANCE AND OVERSIGHT

The Board is responsible for overseeing the Group's operations to ensure alignment with its vision, mission, and strategic objectives. Risks are defined as potential events or conditions that may hinder the organisation's ability to achieve its strategic goals.

Effective risk management requires the involvement of various governance stakeholders across the organisation, each playing a defined role in identifying, assessing, mitigating, and overseeing risks. Below outlines the governing bodies and their respective responsibilities in managing risk:

Group Board

Plays a critical role in overseeing strategic risk and SRROs, ensuring transparency, integrating risk management into decision-making, establishing and communicating risk tolerances, and refining the Group's strategy to mitigate threats and capitalise on opportunities.

Group Audit Committee

Focuses on governance and accountability by overseeing operational risk management, reviewing the adequacy and effectiveness of risk management process and strategies, and providing assurance to the Board on the robustness of the Enterprise Risk Management (ERM) framework.

Board of Management (BOM)

Evaluates key business risks, fosters a risk-aware culture, supports the implementation of robust risk frameworks, advises the Board on risk appetite and exposure, and ensures effective execution of mitigation measures at all levels.

Group Risk and Control

The Risk Management Function (RMF) of Group Risk and Control promotes a culture of risk management by developing frameworks and policies, ensuring compliance with ERM standards, identifying areas for improvement, and collaborating with all stakeholders, including Risk Champions, to facilitate risk management across the Group.

Group Corporate Affairs

The Sustainability Function of Group Corporate Affairs collaborates with Strategic Business Units (SBUs) with support from RMF, to identify SRROs, maintain a risk register, and oversee the implementation of mitigation plans for these risks.

SBU Board

Overseeing the risks within the SBU, ensuring alignment with the Group's overall risk management framework, integrating risk considerations into decision-making at the business unit level, adopting the risk appetite framework and setting the risk tolerance for the SBU.

SBU Audit Committee

Monitors and oversees the effectiveness of risk management within the business unit, ensuring risk management processes align with the Group's overall governance framework, provides assurance on the adequacy of risk management practices at the SBU level and escalates significant issues to the SBU Board or Group Audit Committee for informed decision-making.

SBU Executive Committee (SBU EXCO)

Identifies, assesses, and manages risks at the SBU level to ensure alignment with the SBU objectives, driving risk management initiatives, integrating risk considerations into operational decision-making, and collaborating with key stakeholders.

Risk Champion

Ensures effective implementation and management of risk practices within the SBU, coordinates risk-related activities, supports risk initiatives, and collaborates with the RMF.

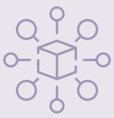
ENHANCING RISK MANAGEMENT: BUILDING A RESILIENT FOUNDATION

The Group maintains robust risk management practices through effective leadership, continuous expertise development, and structured monitoring. Senior Management, the RMF, and Risk Champions actively enhance their capabilities by engaging with external consultants, assurance partners, and training providers to stay abreast of emerging trends and best practices.

Ongoing risk monitoring is ensured through quarterly updates to the Board and Audit Committees, keeping them informed about risk profiles, mitigation strategies and emerging risks.

During FY 25, several key enhancements were made to adopt a more structured, data-driven approach to managing and overseeing risks and opportunities. These improvements aim to strengthen accountability, improve the quality of risk-related discussions, and ensure a more integrated approach to risk management across the Group, with a focus on driving proactive risk identification, assessment, and mitigation.

Refined Risk Framework



Redefined the approach for identifying and assessing the quarterly movement of risks, enhancing the focus and actionability of risk oversight by transitioning to a comprehensive, collaborative dialogue with leadership teams across the Group.

Enhance Risk Reporting

Enhanced the clarity and effectiveness of risk discussions by incorporating robust tracking mechanisms for KRIs and comprehensive mitigation updates, ensuring more informed and decisive risk management decisions.

Improved Risk Visualisation

Revamped the risk heatmap to provide deeper insights into risk exposure, enabling more accurate understanding, prioritisation, and effective communication of critical risks.

Empowered Risk Champions

Strengthened the Risk Champion role through targeted training, enabling them to lead SBU risk forums with greater authority and impact, ensuring a more rigorous and proactive approach to risk management.

Promoted Risk Awareness

Delivered trainings and workshops to cultivate a robust risk-aware culture across the Group, ensuring a proactive and comprehensive approach to risk management at all levels.

Enhancement of Risk Rating Guideline

Redefined the risk rating guidelines, establishing a rigorous framework that ensures precise, consistent assessments while aligning with global best practices to enhance the objectivity, accuracy and reliability of risk evaluations across the organisation.

MANAGING RISKS AND OPPORTUNITIES

Approach towards Sustainability-Related Risks and Opportunities

The Group takes a proactive approach in identifying and managing sustainability-related risks, ensuring that Environmental, Social, and Governance (ESG) considerations are embedded within its overall risk framework. While scenario analysis is not currently used to identify SRRO, these risks are determined based on the operational impacts on the environment, society, workforce, and other relevant stakeholders, as well as the Group's dependencies on environmental and social resources.

Adopting a double materiality approach, the Group leverages management insights, past incidents, current events, and expected future outcomes to assess risks, relying on leadership expertise and experience. Both the Board and the BOM carefully evaluate SRROs and their broader organisational implications, recognising that unmanaged internal impacts can translate into significant sustainability risks. This ensures a comprehensive, forward-looking approach to sustainability, seamlessly integrating risk considerations into the ERM framework.

DOUBLE MATERIALITY

Impact Materiality

Topics that have an impact on the environment, society and economy as a result of the Group's operations.

Financial Materiality

Topics that have a significant financial effect on financial stakeholders and primary report users

B. RISK MANAGEMENT PROCESS

The Group employs a collaborative and structured process to mitigate and manage its risks and opportunities.

01 Risk Identification and Assessment

- Risk identification involves collaboration between frontline teams, Risk Champions, RMF, and Sustainability Function, with Risk Owners responsible for managing risks in their areas.
- Risks are assessed using the ERM Framework, supported by data, expert judgment, and future outlooks.
- Key risks across business units are reviewed at the Group level to identify major risks affecting the entire organisation.

02 Risk Evaluation and Treatment

- Risks are prioritised based on their ratings and compared against set criteria to determine if they fall within acceptable limits and align with the organisation's risk appetite and strategy.
- Risk Champions and SBU EXCO assess the effectiveness of existing controls, evaluate the remaining (net) risk, and agree on target risk levels during dedicated risk forums.

03 Risk Recording, Monitoring and Communication

- Identified risks are recorded, monitored, and tracked, with SRROs overseen by Sustainability Function. Significant risks are escalated to the Board through a structured pathway.
- SRROs and other risks are discussed with the BOM and escalated to the relevant governing body (Board for SRROs, Audit Committee for operational risks).
- The "Four Lines of Defence" framework is used to monitor and review Group activities, ensuring effective risk management and optimal performance.

THE FOUR LINES OF DEFENCE

01 First Line
- First Line Management

02 Second Line
- Compliance Functions of SBUs
- Group Corporate Functions
- Risk Management Function

03 Third Line
- Internal Audit

04 Fourth Line
- External Audit

KEY BUSINESS RISKS AND MITIGATION STRATEGIES: NAVIGATING UNCERTAINTIES

Following the identification and prioritisation of material threats and opportunities, the following strategies have been deployed to strengthen organisational resilience. Relevant metrics and targets are outlined across the respective capital reports, while financial implications are presented in the Financial Capital section.

Risk	Description	Mitigation Strategies
Market Risk	A market slowdown and intense competition leading to reduced demand, pricing pressures, and loss of market share, affecting revenue growth and profitability.	• Implementation of targeted marketing strategies to strengthen brand visibility. • Focus on delivering affordable, value-for-money products to expand market reach.
People Risk	Challenges in attracting, retaining, and developing skilled employees may lead to loss of knowledge and expertise impacting operational efficiency, business continuity, and long-term strategic objectives.	• Development of internal talent pipelines and promotion of internal mobility. • Enhancement of the recruitment process to improve job matching and ensure a better fit for roles within the organisation. Refer to Human Capital section (pages 100 to 114) for Metrics and Targets.
Regulatory and Policy Uncertainty Risk	Increased Government intervention and unpredictable policy changes could create compliance challenges, increase operational costs, and disrupt business strategies.	• Active engagement with key industry bodies to promote policy clarity and stability. • Frequent review and adjustment of pricing strategies.
Business Ethics and Governance Risk	Failure to comply with statutory and regulatory obligations, including data protection laws, anti-corruption regulations, and evolving tax frameworks, may result in significant financial penalties, legal liabilities, and reputational harm. Such non-compliance also presents broader ethical and governance concerns, potentially undermining the organisation's integrity, eroding stakeholder confidence, and impacting long-term sustainability.	• Enforcement of robust governance frameworks and ethics standards. • Conducting Group-wide awareness and training on key regulatory areas. Refer to Governance section (pages 154 to 175) for Metrics and Targets.
Information System and Data Security Risk	Cyberattacks, system failures, or data breaches can disrupt operations, compromise sensitive information, and lead to financial or reputational losses.	• Investments in cybersecurity infrastructure, including firewalls and encryption. • Regular cybersecurity training and comprehensive assessments. Refer to Intellectual Capital section (pages 83 to 99) for Metrics and Targets.
Brand and Reputational Risk	Product or service failures, adverse publicity, or aggressive competitor strategies may erode stakeholder trust and damage the Group's market position.	• Availability of robust quality management systems aligned with international certifications (HACCP, GMP, ISO 9001, etc.). • Community engagement programmes with stakeholders and Key Opinion Leaders (KOLs) to mitigate reputational risks.
Energy Risk	Rising energy consumption and associated costs may adversely affect financial performance and sustainability commitments.	• Investment in energy-efficient equipment and sustainable procurement practices. • Implementation of energy-saving technologies and operational optimisation. Refer to Natural Capital section (pages 115 to 130) for Metrics and Targets.

MANAGING RISKS AND OPPORTUNITIES

Risk	Description	Mitigation Strategies
Water Supply Risk	Water scarcity and rising costs could disrupt operations, increase expenses, and impact sustainability efforts. Regulatory changes and resource limitations may escalate risks further.	• Adoption of water conservation initiatives in production processes. • Installation of metering and monitoring systems to track and optimise usage. Refer to Natural Capital sections (pages 115 to 130) and Manufactured Capital sections (pages 77 to 82) for Metrics and Targets.
Waste Management Related Risks	Excessive waste generation and improper disposal can cause environmental pollution, regulatory fines, and reputational damage, impacting sustainability efforts.	• Strengthening waste segregation practices across operations. • Implementation of collection and take-back programs to ensure responsible disposal and recycling. Refer to Natural Capital section (pages 115 to 130) for Metrics and Targets.
Health and Safety (H&S) Risk	Employee injuries or illnesses can lead to lost productivity, legal liabilities, and compliance issues, impacting overall workplace safety and efficiency.	• Comprehensive H&S training programs, covering hazard recognition and emergency preparedness. • Deployment of safety management systems with regular inspections and reporting. Refer to Human Capital section (pages 100 to 114) for Metrics and Targets.
Climate Change Risk	Physical impacts, such as extreme weather events and long-term changes in climate patterns, and transition impacts arising from new regulations, market shifts, and evolving stakeholder expectations may disrupt operations, increase costs, and affect the Group's ability to meet its sustainability goals.	• Investment in renewable energy and energy-efficiency programs to reduce greenhouse gas emissions and support the transition to a low-carbon economy. • Execution of reforestation initiatives aligned with the Group's sustainability goals through tree planting and forest restoration, complemented by waste management strategies. Refer to Natural Capital section (pages 115 to 130) for Metrics and Targets.

Kindly refer to the Financial Capital Report from pages 60 to 76 for the financial implications of SRROs on Group operations.

The Group not only focuses on identifying and managing potential threats but also actively seeks opportunities that can enhance its performance and contribute to achieving its objectives. By seizing these opportunities, the Group maximises its ability to drive long-term success and sustainable growth. For further details, please refer to the Capital Report section.

C. BUSINESS CONTINUITY AND RESILIENCE: STRENGTHENING AGILITY IN A DYNAMIC LANDSCAPE

The Group places significant emphasis on business continuity planning to ensure resilience in the face of potential disruptions. Supporting this, a Crisis Management Guideline has been established across all SBUs with a strong focus on disaster preparedness and response.

A quarterly status update on crisis management and disaster recovery is presented to the Audit Committee through a dashboard developed by the RMF. This report covers key aspects such as fire drills, medical training, fire safety protocols, and other critical preparedness measures. Any identified gaps or issues are thoroughly reviewed and addressed to ensure swift resolution and continuous improvement.

Additionally, Business Continuity Plans (BCPs) are being developed and enhanced across all SBUs to strengthen resilience and agility. While some SBUs have well-established BCPs, others are at various stages of development, review, or updates, ensuring comprehensive coverage of all critical aspects and adaptability to evolving risks. These frameworks undergo regular reviews and updates, reinforcing the Group's organisational resilience and ensuring it remains well-prepared to navigate unforeseen challenges while maintaining operational stability.

D. FUTURE-READY RISK MANAGEMENT

Looking ahead, the Group will continue to enhance its risk management processes by reviewing and refining its risk appetite and governance frameworks and processes to ensure alignment with evolving business objectives. The ERM roadmap will serve as a guide for proactive risk management, supported by the adoption of advanced technologies to enhance risk visibility, responsiveness, and resilience. Strengthening governance and internal controls remains a key focus, alongside embedding a risk-aware culture across the organisation. The RMF will continue to work closely with Senior Management to integrate risk considerations into decision-making. As part of its commitment to sustainability, the Group will place greater emphasis on managing SRROs and building resilience for long-term sustainability.

ANNUAL REPORT OF THE DIRECTORS ON THE AFFAIRS OF THE COMPANY AND THE GROUP

GENERAL

The Directors have pleasure in presenting their Report and the Audited Financial Statements of the Company and the Group for the year ended 31 March 2025 and the Auditors' Report on the Consolidated Financial Statements.

Hemas Holdings PLC is a public limited liability company incorporated in Sri Lanka on 10 December 1948 under the Companies Ordinance, No. 51 of 1938 and re-registered under the Companies Act, No. 07 of 2007.

The ordinary shares of the Company are quoted on the Main Board of the Colombo Stock Exchange since October 2003.

The Registered Office of the Company is situated at 'Hemas House' No. 75, Braybrooke Place, Colombo 02.

This Report provides the information as required by the Companies Act No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange (Listing Rules) and the Code of Best Practice of Corporate Governance 2017.

This Report was approved by the Board of Directors on 22 May 2025.

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Hemas Holdings PLC is the holding Company that owns, directly and indirectly, investments in a number of companies constituting the Hemas Group. The Chairman's and CEO's Review, Financial Capital and Sector Integrated Reviews are incorporated into this Directors' Report by reference. They contain details of the development and performance of the Group's businesses during the year, an indication of the key performance indicators and information regarding principal risks and uncertainties, together with information equivalent to that required for a business review. The measures taken by the Company to manage its risks are detailed in the report titled 'Risk Management' on page 111 of the Annual Report.

2. FUTURE DEVELOPMENTS

The Group intends to pursue its strategy of focusing on enhancing the performance of its core businesses of Consumer, Wellness and Healthcare segments and also drive growth in the Mobility segment and new businesses.

Further information on future developments is provided in the Sector Integrated Reviews of the Annual Report.

3. FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP

The Financial Statements of both the Company and the Group, duly certified by the Chief Financial Officer and approved by two Directors in compliance with Sections 152, 153 and 168 of the Companies Act are given from page 142 of the Annual Report.

4. AUDITORS' REPORT

The Group's External Auditors, Messrs. Ernst & Young, performed the audit on the Financial Statements for the year ended 31 March 2025. The Auditors' Report on the Financial Statements is given on page 136 of the Annual Report as required by Section 168 (1) (c) of the Companies Act.

5. ACCOUNTING POLICIES

A summary of the significant Accounting Policies adopted in the preparation of the Financial Statements is given from pages 140 to 217 of the Annual Report as required by Section 168 (1) (d) of the Companies Act.

There have been no changes in the accounting policies adopted by the Group during the year under review. Group prepared its Financial Statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) which have materially converged with the International Financial Reporting Standards (IFRS) as Issued by the International Accounting Standards Board (IASB).

6. RESULTS AND DIVIDENDS

6.1 Gross Revenue

The Total Revenue of the Group for the year ended 31 March 2025 was Rs. 118.0 billion (2024 - Rs. 121.6 billion). An analysis of the income is given in Note 05 to the Financial Statements on page 222 of this Annual Report.

6.2 Profit and Appropriations

The Profit Before Tax of the Group for the year ended 31 March 2025 was Rs. 12.7 billion (2024 - Rs. 9.5 billion) and the Profit After Tax for the year ended 31 March 2025 was Rs. 8.3 billion (2024 - Rs. 6.4 billion). Whilst the Group profit attributable to equity holders of the parent was Rs. 8.1 billion (2024 - Rs. 6.1 billion).

The details of Profit relating to the Group are given on pages 208 to 209 of the Annual Report.

6.3 Dividend on Ordinary Shares

6.3.1 Interim Dividend

The Directors declared and paid an Interim Dividend of Rs.1 per Ordinary Share on 5 December 2024.

6.3.2 Final Dividend

Post subdivision of the shares in issue, the number of shares held by the shareholders has increased on a ratio of 1:5. The Directors recommend a Final Dividend for the year of Rs.0.70 per Ordinary Share which will be payable on 16 July 2025 to Shareholders registered as at 27th June 2025. While the Total Dividend for the year under review will amount to Rs. 0.90 per Ordinary Share, as the number of shares held by shareholders has increased, the total value of dividends received would be Rs.4.50 (2024/25- Rs. 3.40).

Prior to recommending the Final Dividend and in accordance with Section 56 (2) and (3) of the Companies Act, the Board of Directors signed a certificate stating that, in their opinion and based on available information, the Company will satisfy the Solvency Test immediately after the distribution is made and have obtained a Certificate from the Auditors in terms of Section 57 of the Companies Act.

Shareholder approval will be sought on the day of the Annual General Meeting, to declare and pay the Final Dividend.

7. PROVISION FOR TAXATION

Income Tax on taxable income arising from the operations of the Group has been calculated in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017 and any amendments thereto.

The deferred tax on all known temporary differences using the liability method have been calculated and disclosed in accordance with the Sri Lanka Accounting Standard LKAS 12 – Income Taxes.

Disclosures on Income Tax Expenses and Deferred Taxes are given in Note 9 to the Financial Statements on page 228 of the Annual Report.

8. RESERVES

The Group's total Reserves as at 31 March 2025 amounted to Rs. 42.0 billion (2024 - Rs. 35.6 billion).

The movement of the Reserves are given on page 211 under Statement of Changes in Equity and in the Notes to the Financial Statements of the Annual Report.

9. PROPERTY, PLANT & EQUIPMENT, INVESTMENT PROPERTIES, RIGHT OF USE ASSETS/LEASEHOLD PROPERTIES AND INTANGIBLE ASSETS

The details of Property, Plant & Equipment, Investment Properties, Right of Use Assets and Intangible Assets are given in the Notes 12 to 15 to the Financial Statements found on pages 232 to 246 of the Annual Report.

10. MARKET VALUE OF THE PROPERTIES

The Land and Buildings of the Group classified as Property, Plant and Equipment and Investment Properties are revalued by professionally qualified independent valuers and carried at revalued amounts as at 31 March 2025. The Directors are of the opinion that the revalued amounts are not in excess of the current market values of such properties. Details of freehold properties owned by the Group are given in Notes 12 and 13 to the Financial Statements from pages 232 to 241 of the Annual Report.

11. INVESTMENTS AND ACQUISITIONS

The Group Investments and Acquisitions are detailed in Note 2.4 to the Financial Statements found on page 215 of the Annual Report.

12. DIVESTMENTS AND DISPOSALS

The Group divestments and disposals are detailed In Note 2.4 to the Financial Statements found on pages 215 to 216 of the Annual Report.

13. AMALGAMATION OF SUBSIDIARIES

During the year under review, there were no amalgamation of subsidiaries within the Group.

14. CREDITOR PAYMENT

For all trade creditors/suppliers, it is the Group policy to:

- Agree and confirm the terms of payment at the commencement of business with such suppliers;
- Pay in accordance with any contract agreed with the suppliers or as required by law;
- Continually review payment procedures and liaise with suppliers as a means of eliminating difficulties and maintaining good working relationships.

15. DIRECTORS

15.1 Change in the Directorate

The Board of Directors of the Company as at the date of this Report comprises Ten (10) Directors with extensive financial, governance and commercial knowledge and experience. The profiles of the Directors are set out in the 'Board of Directors' section from pages 21 to 24 of the Annual Report.

The names of the persons who held office as Directors of the Company as at 31 March 2025 are given below:

Non-Executive Directors
Mr. H. N. Esufally – Chairman
Dr. S. A. B. Ekanayake - Deputy Chairman
Mr. A. N. Esufally
Mr. I. A. H. Esufally
Mr. M. A. H. Esufally

Independent Non-Executive Directors
Mr. P. Subasinghe
Mr. R. P. Pathirana
Mr. A. Fernando
Mr. S. Weerasinghe
Ms. T. Perera

15.2 Independence of the Directors

The Board has made a determination as to the independence of each Non-Executive Independent Director and confirms that four of the nine Non-Executive Directors meet the criteria for independence in terms of Rule 9.8.3 of the Listing Rules. Each of the Independent Directors has submitted a signed and dated declaration of his independence against the specified criteria.

15.3 Re-election of Directors

In accordance with the Articles of Association of the Company and the Corporate Governance Code, one third of the Directors will retire at the Annual General Meeting on 25 June 2025 and being eligible, will offer themselves for re-election.

15.3.1 Recommendation for re-election

In terms of Article 84 of the Articles of Association, Mr. M.A. H. Esufally and Mr. P. Subasinghe retire by rotation and being eligible, offer themselves for re-election, with the unanimous consent of the Board of Directors.

Mr. Abbas Esufally

Mr. A. N. Esufally who has completed 70 years of age and vacates office as a Director of the Company in terms of Section 210 (2) (a) of the Companies Act No. 7 of 2007 offers himself for re-election, with the unanimous consent of the Board of Directors.

Dr. Anura Ekanayake

Dr. A. Ekanayake who has completed 70 years of age and vacates office as a Director of the Company in terms of Section 210 (2) (a) of the Companies Act No. 7 of 2007 offers himself for re-election, with the unanimous consent of the Board of Directors.

In terms of Article 72 of the Articles of Association, Mr. A. Fernando, Mr. S.

ANNUAL REPORT OF THE DIRECTORS ON THE AFFAIRS OF THE COMPANY AND THE GROUP

Weerasinghe and Ms. T. Perera retire at the AGM and being eligible, offer themselves for re-appointment, with the unanimous consent of the Board of Directors.

15.3.2 Board Sub-committees and Board of Management (BoM)
Information on Board Sub-committees is given under Corporate Governance and the related Sub-committee reports are given on pages 191 to 200 of this Annual Report.

In addition to the mandatory Board Sub-committees in operation, the Board of Management ("BoM") has been devolved with the responsibility of reviewing Group performance and providing oversight of Group's affairs.

The profiles of the members of the BoM are set out on pages 25 to 28 of the Annual Report.

Name of Director	No of Shares as at 31 March 2025	No of Shares as at 31 March 2024
Mr. H. N. Esufally	2,291,640	2,291,640
Mr. A. N. Esufally	17,353	167,353
Mr. I. A. H. Esufally	86,284	7,086,284
Mr. M. A. H. Esufally	582,633	6,164,633
Dr. S. A. B. Ekanayake	Nil	Nil
Mr. P. Subasinghe	Nil	Nil
Mr. Ranil Prasad Pathirana	Nil	Nil
Mr. Ajith Fernando	Nil	Nil
Mr. Supun Weerasinghe	Nil	Nil
Ms. Thusitha Perera	Nil	Nil

15.4 Disclosures of Directors Dealing in Shares

Name	No of Shares as at 31 March 2025	No of Shares as at 31 March 2024
AZ Holdings (Pvt) Ltd	94,092,305	94,092,305
Saraz Investments (Pvt) Ltd	89,565,277	89,565,277
Blueberry Investments (Pvt) Ltd	88,927,940	88,927,940
Amagroup (Pvt) Ltd	91,427,333	91,427,333
Ms. Sabrina Esufally	259,170	259,170
Mr. Adam Esufally	259,170	259,170
Ms. Razia Esufally	259,170	259,170
Mrs. Billiquis Esufally	725	725
Ms. Sakina Esufally	2,073,365	2,073,365
Mr. Husein I. Esufally	2,000,000	Nil
Mr. Amaar Esufally	2,425,000	2,350,000
Ms. Zara Esufally	2,425,000	2,350,000
Mr. Akhil M. Esufally	582,000	Nil
Ms. Sanya Subasinghe	2,300	2,300

Directors' Interest in Ordinary Shares of the Company – Direct

Directors' Interest in Ordinary Shares of the Company – Indirect

15.5 Directors' remuneration and other Benefits

The Directors' remuneration and other benefits, in respect of the Company for the financial year ended 31 March 2025 is given in Note 8 to the Financial Statements on page 226 of this Annual Report as required by Section 168 (1) (f) of the Companies Act.

15.6 Directors' Interests in Contracts or Proposed Contracts

The Directors have no direct or indirect interest in any contract or proposed contract with the Company for the year ended 31 March 2025, other than those disclosed on pages 275 to 278 of the Annual Report.

The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested. They have also disclosed their interest in other companies so as to ensure that they refrain from voting on a matter in which they have an interest.

15.7 Interests Register

The Company has maintained an Interest Register as per the Companies Act No 7 of 2007 and all the Directors have made declarations as provided for in Section 192 (1) & (2) of the Companies Act. This Annual Report contains the particulars entered in the Interest Registers of subsidiaries which are public and private companies which have not dispensed with the requirement to maintain an Interests Register as permitted by Section 30 of the Companies Act No 7 of 2007.

The Directors have all made a general disclosure relating to share dealings, indemnities and remuneration to the Board as per section 192(2) of the Companies Act No 7 of 2007 and no other additional interests have been disclosed by any Director. The Interest Register is available for inspection at the Registered Office of the Company as required by Section 119 (1) (d) of the Companies Act.

During the year under review the following entries have been made in the Interest Register of the Company and its subsidiaries.

1. Hemas Holdings PLC

a. Share Dealings of Directors

During the year under review, the directors' share dealings were as follows.

Mr. Murtaza Esufally disposed of 582,000 shares by way of gift

Ms. Kasturi C. Wilson* purchased 189,540 shares by way of ESOS

Ms. Kasturi C. Wilson* disposed 124,542 shares by way of sale

Mr. Abbas Esufally disposed of 150,000 shares by way of gift

Mr. Imtiaz Esufally disposed of 2,000,000 shares by way of gift

* Ms. Kasturi C. Wilson resigned from the Board of Directors with effect from 31st August 2024.

b. Change of other Directorships

- Mr. Jyotindra Trivedi
Hemas Holdings PLC – resigned w.e.f. 27th June 2024

- Mr. Ajith Fernando
Hemas Holdings PLC – appointed w.e.f. 1st July 2024

- Mr. Supun Weerasinghe
Hemas Holdings PLC – appointed w.e.f. 1st July 2024

- Ms. Kasturi Angella Chellaraja Wilson
Hemas Holdings PLC – resigned w.e.f. 31st August 2024

- Ms. Thusitha Perera
Hemas Holdings PLC – appointed w.e.f. 1st September 2024

- Mr. Shaktha Amaratunga
Hemas Holdings PLC – resigned w.e.f. 29th November 2024

2. Subsidiaries of the Hemas Group

Morison Limited
Mr. Moiz Hydery Adamally Rehmanjee - appointed w.e.f. 20.06.2024

Hemas Capital Hospital (Private) Limited
Mr. Moiz Hydery Adamally Rehmanjee - appointed w.e.f. 06.08.2024

Hemas Pharmaceuticals (Private) Limited
Mr. Manamalabaduge Saman Jude Fernando - resigned w.e.f. 31.03.2024

Dr. Koruwage Indrakeerthi Mahesha Ranasoma - appointed w.e.f. 01.04.2025

Far Shipping Agency Lanka (Private) Limited
Mr. Alston Ricky Barnett - resigned w.e.f. 14.06.2024

Hemas Surgical & Diagnostics (Private) Limited
Mr. Manamalabaduge Saman Jude Fernando - resigned w.e.f. 31.03.2025

Dr. Koruwage Indrakeerthi Mahesha Ranasoma - appointed w.e.f. 31.03.2025

Healthnet International (Private) Limited
Mr. Manamalabaduge Saman Jude Fernando - resigned w.e.f. 31.03.2025

Dr. Koruwage Indrakeerthi Mahesha Ranasoma - appointed w.e.f. 01.04.2025

Lifeconnect Solutions (Pvt) Ltd
Mr. Manamalabaduge Saman Jude Fernando - resigned w.e.f. 31.03.2025

Dr. Koruwage Indrakeerthi Mahesha Ranasoma - appointed w.e.f. 01.04.2025

Hemas Transportation (Private) Limited
Mr. Alston Ricky Barnett - resigned w.e.f. 14.06.2024

Mr. Lokurallage Ravindra Jayasekera - appointed w.e.f. 01.08.2024

Hemas Maritime (Private) Limited
Mr. Alston Ricky Barnett - resigned w.e.f. 14.06.2024

Mazu Shipping (Private) Limited
Mr. Alston Ricky Barnett - resigned w.e.f. 14.06.2024

Shipping Agency Services (Private) Limited
Mr. Alston Ricky Barnett - resigned w.e.f. 14.06.2024

16. RELATED PARTY TRANSACTIONS

Non-recurrent Related Party Transactions

There were no other non-recurrent Related Party Transactions of the Company which in aggregate value exceeded 10% of the equity or 5% of the total assets as per 31 March 2025 Audited Financial Statements, which required additional disclosures in the Annual Report under the Colombo Stock Exchange Listing Rule 9.14.8 and the Code of Best Practices on Related Party Transactions published in accordance with the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Recurrent Related Party Transactions

There were no other recurrent Related Party Transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2025 Audited Financial Statements, which required additional disclosures in the Annual Report under the Colombo Stock Exchange Listing Rule 9.14.8 and the 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.

The Directors declare that they have complied with Section 9 of the listing rules of the Colombo Stock Exchange and the provisions of the Code relating to full disclosure of Related Party Transactions entered into during the Financial Year ended 31 March 2025.

The details of all Related Party Transactions carried out during the year are disclosed on page 210 of this Report.

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17. REGISTRARS

M/s SSP Corporate Services (Private) Limited of No. 101, Inner Flower Road, Colombo 03 functioned as the Registrars for the Company during the Financial Year ended 31 March 2024.

18. INSURANCE AND THIRD-PARTY INDEMNIFICATION

During the year under review and up to the date of approval of this Annual Report, the Company maintained liability insurance and third-party indemnification provisions for its Directors.

19. STATED CAPITAL

The Stated Capital of the Company as at 31 March 2025 was Rs.7,82 billion comprising of 597,307,400 (prior to the sub-division of shares) ordinary shares (2024 - 596,672,617 Ordinary Shares - Rs. 7.78 Bn). The movement of the Issued Share Capital is given below: Details of the Stated Capital are given in Note 22 to the Financial Statements on page 258 of the Annual Report. The rights and obligations attaching to the ordinary shares are set out in the Articles of Association of the Company, a copy of which can be obtained from the Secretaries upon request.

At the Extraordinary General Meeting of the Shareholders held on 28th April 2025, a subdivision of the Company's shares was approved. The number of shares after the sub-division is 2,986,537,000. The Stated Capital of the Company remain the same.

20. SHARE INFORMATION

Details of share related information are given on pages 287 to 290 of this Annual Report and information relating to Earnings, Dividends and Net Assets per share is given in the Financial Highlights on pages 7 to 8 of the Annual Report. The twenty major shareholders of the Company as at 31 March 2025 are indicated on page 288 of this Annual Report.

20.1 Issue of Shares - ESOS

The details of the grants/vesting of ESOS scheme 2015 and ESOS scheme 2021 are given under Shareholder Information found on page 290 of the Annual Report.

20.2 Listed Debentures

The Company did not issue any debentures during the year under review.

20.3 Status of Compliance to Minimum Public Holding requirement of the Listing Rules

The number of ordinary shares held by the Public as at 28 March 2025 was 36.837% of the Issued Capital of the Company.

The Company complies with the minimum public holding requirement as at 31 March 2025 as per section 7.6(iv) of the Listing Rules as follows:

Category	Float Adjusted Market Capitalisation	Public Holding Percentage	No of Public Shareholders	Option
Ordinary Shares	13,602,442,462	36.837%	7,836	1

21. SHARE-BASED PLANS

The Human Resources and Remuneration Committee is responsible for reviewing recommendations with respect to issues or grants under the Company's share- based plans. Directors approve issues or grants under the plans only after being satisfied that this is in accordance with the terms of Shareholder approval.

22. EMPLOYEE SHARE OPTION SCHEME

The Company has established an Employee Share Option Scheme (ESOS) where shares are issued to Executive Directors and Senior Executives of the Company and its Subsidiaries whom the Board deems to be eligible to be awarded the shares. The Directors confirm that the Company or any of its subsidiaries have not granted any funding to employees directly or indirectly to exercise share options and purchase any shares under this Scheme.

The Employee Share Option Scheme 2015 has been completed and the Board of Directors recommended a new Employee Share Option Scheme for approval of the shareholders, which was approved at the Extraordinary General Meeting held on 30 June 2021.

23. EMPLOYMENT POLICIES

Group employment policies are based on recruiting the best people, providing them training to enhance their skills, recognition of innate skills and competencies of each individual while offering equal career opportunities regardless of gender, race or religion and to retain them with the Group as long as possible. Health and Safety of the employees has always received priority on the HR agenda.

The number of persons employed by the Company and its subsidiaries as at the year-end was 5,620.

24. EMPLOYEE INVOLVEMENT

Hemas is committed to employee involvement throughout the business and is intent on motivating and keeping staff informed on matters that concern them in the context of their employment and involving them through local consultative procedures.

Employees are kept well informed on matters of interest and the financial and economic factors affecting the Group's performance through management channels, meetings, publications and intranet sites. More details on employee engagement, together with information on diversity, succession planning and talent development, can be found in the sustainability Report section of this Report.

Hemas continues to support employee share ownership through the provision of employee share plan arrangements which are intended to align the interests of employees with those of Shareholders.

25. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

Hemas' treasury and risk management objectives and policies are set out in the Financial Capital section of this Report and also in Note 30 to the Financial Statements.

26. CORPORATE DONATIONS

During the year, the Group made donations to charity amounting to Rs. 34.9 million (2024 - Rs. 32.3 million).

The information given above on donations, forms an integral part of the Report of the Board of Directors as required by Section 168 (1) (g) of the Companies Act.

27. STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due to the Government and in relation to employees have been made up to date.

28. ENVIRONMENTAL PROTECTION

28.1 The Environment

The Directors, to the best of their knowledge and belief, are satisfied that the Company has not engaged in any activities which have caused adverse effects on the environment and that the Company has complied with the relevant environmental regulations.

28.2 Sustainability Reporting

Sustainability practices have been built into every aspect of our businesses and we consider sustainability goals along with our operational and financial goals. Detailed information on our sustainability initiatives can be found on pages 49 to 59 of the Annual Report.

29. EVENTS AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet Date that would require adjustments to or disclosure in the Financial Statements other than as disclosed in Note 33 to the Financial Statements on page 278 of this Annual Report.

30. GOING CONCERN

The Board of Directors has reviewed the Company's business plans and is satisfied that the Company has adequate resources to continue its operation in the foreseeable future. After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the Corporate Governance Code, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt a going concern basis in preparing the Financial Statements. Details of the adoption by the Group and the Company of the going concern basis in preparing the Financial Statements are set out in Note 2.3 to the Financial Statement found on page 215 of the Annual Report.

31. RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROLS

31.1 Risk Management

Specific steps that have been taken by the Company in risk management are detailed on pages 178 to 182 of this Annual Report.

31.2 System of Internal Controls

The Board of Directors has established an effective and comprehensive system of internal controls to ensure that proper controls are in place to safeguard the assets of the Company, to detect and prevent fraud and irregularities, to ensure that proper records are maintained, and the Financial Statements presented are reliable. Monthly Management Accounts are prepared, providing the Management with relevant, reliable and up-to-date Financial Statements and key performance indicators. The Audit Committee reviews on a regular basis, the reports, policies and procedures to ensure that a comprehensive internal control framework is in place. More details in this regard can be seen on pages 191 to 193 of the Annual Report. The Board has conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith for the period up to the date of signing the Financial Statements.

31.3 Audit Committee

The composition of the Audit Committee and their Report is given on page 191 of the Annual Report.

32. CORPORATE GOVERNANCE

The Company is committed to high standards of Corporate Governance. The main Corporate Governance practices of the Company are set out on pages 153 to 175 of the Annual Report. The Directors acknowledge their responsibility for the Group's Corporate Governance and the system of internal controls.

33. COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

To the best of their knowledge, the Board believes that the Company has not engaged in any activity which contravenes laws and regulations. There have been no irregularities involving Management or employees, that could have any material financial effect or otherwise.

34. OUTSTANDING LITIGATION

In the opinion of the Directors and in consultation with the Company Lawyers, there is no litigation currently pending against the Company, other than those disclosed in Note 34 to the Financial Statements, which will have a material impact on the reported financial results or future operations of the Company.

35. APPOINTMENT OF EXTERNAL AUDITORS

The Financial Statements for the year under review have been audited by Messrs. Ernst & Young, Chartered Accountants, who offer themselves for re-appointment. A resolution to re-appoint them as Auditors to the Company and authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

ANNUAL REPORT OF THE DIRECTORS ON THE AFFAIRS OF THE COMPANY AND THE GROUP

36. AUDITORS' REMUNERATION AND INTEREST IN CONTRACTS WITH THE COMPANY

The Auditors, Messrs. Ernst & Young were paid Rs. 20.4 million (Rs. 18.5 million in 2024) as audit fees by the Company. Apart from the above, the Company has engaged the Auditors to advise on taxation and accounting matters for the year under consideration. As far as the Directors are aware, the Auditors do not have any other relationship or interest in contracts with the Company.

37. RELEVANT AUDIT INFORMATION

As at 22 May 2025, so far as each Director is aware, there is no relevant audit information, being information needed by the Auditors in connection with preparing their report, of which the Auditors are unaware and each Director has taken all steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Auditors are aware of that information.

38. ANNUAL GENERAL MEETING

The 76th Annual General Meeting of the Company will be held on 25 June 2025, at 3.00p.m., as a Virtual AGM, emanating from the Registered Office of the Company, 'Hemas House' No. 75, Braybrooke Place, Colombo 2. Shareholders who are unable to attend in person may submit questions before hand via email to peshalaf@hemas.com

39. ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

As required by Section 168 (1) (k) of the Companies Act, the Board of Directors hereby acknowledges the contents of this Report.

For and behalf of the Board,

HEMAS HOLDINGS PLC

Mr. H. N. Esufally
Chairman

Dr. A. Ekanayake
Director

Hemas Corporate Services (Private) Limited
Secretaries

22 May, 2025

REPORT OF THE AUDIT COMMITTEE

> The Audit Committee plays a vital role in overseeing financial reporting, governance, risk management, and internal control frameworks across the Group. Through this structured oversight, the Committee enhances confidence in the integrity and effectiveness of these frameworks and processes, ensuring compliance with regulatory and corporate governance requirements while fostering transparency and accountability.

Areas of Focus in FY 25

- Financial Reporting & Compliance
- Risk Management & Internal Controls
- Internal & External Audit
- Corporate Governance & Ethics
- Information Security

PURPOSE/OBJECTIVES OF THE COMMITTEE

The primary role of the Group Audit Committee (AC) is to support the Board in fulfilling its oversight responsibilities. This includes reviewing the Group's financial reporting processes, ensuring the integrity of financial statements, evaluating the processes and frameworks in place to ensure compliance with legal and regulatory requirements, assessing the system of internal controls and risk management processes, overseeing the Internal Audit Function, and evaluating the independence and performance of the External Auditors. These activities are conducted with the aim of safeguarding the interests of shareholders and all other stakeholders.

The Committee carries out its duties in accordance with the Audit Committee Charter, which is reviewed and approved by the Board. The Charter is aligned with the 'Code of Best Practice on Corporate Governance' issued by the Institute of Chartered Accountants of Sri Lanka and the Corporate Governance Rules issued by Colombo Stock Exchange (CSE) in collaboration with the Securities and Exchange Commission of Sri Lanka (SEC).

The Committee's responsibilities span across the entire Group. In order to further strengthen the governance framework, Audit Committees have been voluntarily established at the Strategic Business Unit (SBU) level, even though this is not a regulatory requirement. The Committee places reliance on the work performed by the Subsidiary Audit Committees and, where appropriate, provides feedback for their consideration and necessary action, while ensuring their independence is respected and preserved.

The AC fulfills its responsibilities by reviewing the financial reports, interim statements, audit findings, and management reports of all Group companies. To ensure effective communication, a structured process facilitates mutual updates between the Group Audit Committee and Subsidiary Audit Committees. The Committee's activities and key matters are communicated to the Board of Directors quarterly.

ACTIVITIES IN FY 25

Financial Reporting

Throughout the year, the Committee engaged in a comprehensive review and discussion with Management regarding the unaudited quarterly financial statements and the final audited financial statements before recommending them for Board approval.

The Committee remained focused on evaluating the effectiveness of controls related to the information systems used in financial reporting. Given the heightened risks associated with information security both locally and globally, this area continues to receive ongoing attention to safeguard the integrity of financial data and information.

Composition and Attendance

Members		Attendance
Mr. A S Amaratunga*	Independent Non-Executive Director	5/5
Ms. Thusitha Perera*	Independent Non-Executive Director	4/4
Mr. Imtiaz Esufally	Non-Executive Director	7/7
Mr. Ranil Pathirana	Independent Non-Executive Director	7/7

Independent Non-Executive Director
Non-Executive Director

* Ms. Thusitha Perera was appointed as a member of the Committee, effective from 1st September 2024, and subsequently assumed the role of Chairperson, effective from 29th November 2024.

Mr. A. S. Amaratunga stepped down from the Board and consequently, from the Audit Committee, with effect from 29th November 2024.

Attendees by Invitation

- Acting Chief Executive Officer
- Group Chief Financial Officer
- Director, Group Risk and Control
- Director, Group Finance and Treasury
- Head of Group Risk and Control
- Head of Group Finance

External Auditors, Internal Auditors including those who carried out outsourced assignments and other officials of the Group attended meetings as per the requirement.

Secretary to the Committee

Director, Group Risk and Control

REPORT OF THE AUDIT COMMITTEE

Additionally, the Committee engaged with the Group's External Auditors to review the results of their audit. These discussions covered key audit matters, significant management judgments and estimates, and the overall appropriateness of the Group's accounting policies. The External Auditors formally presented their audit report to the Committee, and any matters arising were discussed in detail by the Committee.

In evaluating the Group's ability to continue as a going concern, the AC closely monitored cash flow projections and funding arrangements to ensure financial stability. No material issues impacting the Group's going concern were identified. Additionally, the Committee reviewed correspondence from the Sri Lanka Accounting and Auditing Standards Monitoring Board and the SEC of Sri Lanka, ensuring that the Group responded appropriately to all regulatory requirements.

Risk Management, Internal Audit and Controls

Throughout the year, the Committee remained actively engaged in overseeing risk management and internal controls, ensuring that key risks were effectively identified, evaluated, and mitigated.

The Acting CEO, along with the Director, Group Risk and Control, provided regular updates on the evolving business risk profile and the measures taken by Management to address these risks. Particular emphasis was placed on the quarterly movement of key risks, considering macroeconomic trends, Management actions, and other contributory factors influencing the risk profile. Additionally, the Committee will continue to contribute to the enhancement of the Group's risk management practices by refining its risk appetite and governance frameworks, ensuring alignment with the evolving business landscape and fostering a culture of self-governance across the organisation.

The Committee placed strong emphasis on reinforcing accountability, actively encouraging Management to assume greater ownership of risk management and the effective implementation of mitigation strategies. This proactive approach has led to noticeable improvements in risk ownership, strengthened accountability, and a more robust execution of mitigation strategies. The focus is progressively evolving from the identification of risks to a comprehensive assessment of adequacy and effectiveness of controls and mitigatory actions to minimise exposure and achieve target risk levels.

Additionally, quarterly updates were provided on crisis management and disaster recovery processes, with the Committee closely monitoring the progress of strategic refinement of Business Continuity Plans (BCPs) across key business units to ensure their effectiveness in mitigating potential disruptions and ensuring sustained business operations. This approach enhances the Group's resilience and ensures preparedness for potential disruptions, thereby reinforcing its capacity to manage and mitigate risks effectively.

The Director, Group Risk and Control, submitted periodic reports assessing the adequacy and effectiveness of internal controls across the Group, incorporating valuable insights from internal audits conducted throughout the organisation. These reports offered a comprehensive overview of compliance with Group policies, procedures, and regulatory requirements, while also providing guidance on industry standards and best practices. To further strengthen the control environment, the Audit Committee rigorously reviews key findings from both internal and external audits, ensuring prompt and accountable follow-up until all identified issues are fully resolved.

The Committee reviewed the Internal Audit Plan, ensuring it remained flexible and aligned with the Group's evolving operational and business needs. Furthermore, Committee reviewed the performance, resource requirements, and overall capacity of the Internal Audit Function, with a view to strengthening its effectiveness and ensuring it remains a robust safeguard for the Group's

Key Responsibilities

- Reviewing controls in the preparation and presentation of financial statements, ensuring compliance with Sri Lanka Accounting Standards.
- Overseeing compliance with the Companies Act, legal requirements, and reporting standards.
- Recommending the approval of the Integrated Report, Audited Annual Financial Statements and Interim Report to the Board.
- Monitoring the effectiveness of the Group's internal control system and ensuring Group assets are safeguarded.
- Providing oversight on significant risk exposures, including fraud and governance issues.
- Monitoring the Internal Audit Function and ensuring the execution of the approved audit plan.
- Reviewing significant findings from internal audits and recommending improvements.
- Assessing the performance and independence of External Auditors.
- Approving the appointment, reappointment, removal and terms of engagement of External Auditors.
- Reviewing the audit plan, scope and the methodology proposed to be adopted in conducting the audit with the External Auditors.
- Reviewing non-audit services provided by External Auditors and setting appropriate boundaries.
- Considering findings from the annual financial audit and recommending approval of the audited statements to the Board.
- Reviewing systems for monitoring compliance with laws, regulations, and ethical standards.
- Overseeing governance structures and ensuring accountability for internal control responsibilities.
- Monitoring the effectiveness of information systems and cybersecurity controls across the Group.
- Ensuring the effectiveness of fraud response mechanisms, whistleblower protection and business continuity planning.
- Evaluating the Committee's and its members' performance to align with governance objectives.

operations. For details of the work carried out by the Internal Audit Function refer pages 176-177.

To strengthen governance and oversight, the Committee has convened seven meetings during the year, with four dedicated to financial matters and three focusing on non-financial aspects enabling thorough scrutiny of financial reporting while allowing adequate attention to broader governance and risk-related concerns.

External Audit

The Committee maintained regular engagement with the External Auditors to ensure both their independence and the effectiveness of the audit process. During the year, four meetings were held to discuss key matters, including the audit plan, interim findings, final audit results, significant audit issues, and areas for improvement in internal controls. Additionally, the Committee met privately with the External Auditors, during which no matters of concern were raised beyond those previously discussed with Management. The Committee also reviewed and assessed any potential threats to auditor independence, including those self-identified or reported by the External Auditor.

In fulfilling its oversight responsibilities, the AC closely monitored the nature, scope and fees of non-audit services provided by the Group's External Auditor to ensure these did not compromise their independence or objectivity. Each instance of proposed non-audit services was subject to thorough evaluation by the Committee, taking into account the associated risks and ensuring the services remained within acceptable and pre-defined parameters.

The Group has maintained a long-standing professional relationship with Messrs. Ernst & Young (EY), who were first appointed as External Auditors prior to the Company's listing in 2003. The Group continues to comply fully with all applicable regulatory requirements, including those pertaining to audit partner rotation. The most recent rotation of the engagement partner was completed in 2023.

For the financial year ended 31st March 2025, EY provided the AC with a written assurance confirming their independence throughout the audit engagement. Based on this confirmation and the Committee's evaluation, the AC determined that the External Auditor remained independent, in accordance with applicable ethical standards and regulatory requirements.

The performance of the External Auditors was reviewed by the Committee, incorporating feedback from Senior Management. Based on this assessment, the AC recommended the reappointment of Messrs. EY, Chartered Accountants, as the External Auditors for the forthcoming financial year, subject to shareholder approval at the Annual General Meeting.

Compliance and Conformance Confirmation

The Committee conducted a thorough review of the management compliance statements, encompassing detailed quarterly reports on financial, operational, and regulatory compliance. Furthermore, annual compliance confirmations were obtained from IT and HR functions, ensuring strict adherence to statutory, regulatory and best practice standards.

In addition to this, to ensure the highest level of consistency and accountability, a quarterly conformity letter is signed by the Acting CEO and Group CFO, affirming that the financial statements fully comply with applicable accounting standards, maintain accurate records and disclosures, uphold robust internal controls, and risk management frameworks meet all relevant regulatory requirements. This letter serves as a critical validation of the integrity and transparency of the Group's financial reporting and operational compliance. Based on this the Committee is of the opinion that the Group complies with all relevant financial reporting requirements in accordance with the CSE Listing Rules, the Companies Act, SEC Act and other relevant financial reporting related regulations and requirements.

Good Governance and Whistleblowing

The Committee maintains a steadfast commitment to upholding the highest standards of ethical governance, diligently overseeing the implementation of the Hemas Way and the Group whistleblowing policy. Employees are strongly encouraged to report any instances of misconduct or wrongdoing, with the AC ensuring that all such reports are subject to thorough, independent investigations and the prompt initiation of appropriate corrective actions. These robust measures are integral to reinforcing the Group's commitment to good governance, while safeguarding the interests of all stakeholders and ensuring accountability at all levels.

Information Security and Other

The AC engaged in comprehensive discussions on the management of cybersecurity and other critical information security-related risks. The AC closely reviewed the progress of key transformation and digitalisation initiatives, ensuring that these projects were being effectively managed and advancing in line with the Group's objectives. These deliberations played a crucial role in strengthening the Group's resilience against evolving cyber threats and ensuring that transformation efforts were progressing as intended.

Performance Evaluation of the Committee and Its Members

The Committee evaluated its own performance and that of its members to ensure alignment with the Group's governance objectives and provided an update to the Board. This process assesses the effectiveness of the Committee in fulfilling its responsibilities and identifies opportunities for improvement. Feedback is gathered from the Board to enhance overall performance and ensure continued adherence to the highest governance standards.

Thusitha Perera
Chairperson - Audit Committee

Colombo, Sri Lanka
May 20, 2025

REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

PURPOSE/OBJECTIVES OF THE COMMITTEE

The objective of the Human Resources and Remuneration Committee ("the Committee") is to ensure that consistent and robust human resource policies including a remuneration framework are adopted and practiced for Executive Directors as well as all others in the Group.

HEMAS' COMPENSATION POLICY

- Encourage the attraction and retention of high calibre individuals.
- Provide a competitive total compensation package including benefits.
- Ensure that pay is fair and equitable.
- Balance the need to be competitive with the limits of available financial resources.
- Ensure compensation schemes are compliant with the laws and regulations applicable in the country.

MEETING GOVERNANCE

- The Human Resources and Remuneration Committee meets once a quarter and the Chairman of the Committee convenes special meetings of the Committee if circumstances warrant.
- During the year under review the Committee met four times and the attendance of the members at these meetings is indicated in this report.
- The quorum required for meetings of the committee is two.
- All matters for determination at Committee Meetings is decided by a majority of the members present and voting.

At each Board Meeting, the Chairman of the Committee Presents an update to the Board of Directors on the proceedings of the HR & REMCO meeting/s held prior to the respective Board Meeting.

ACTIVITIES IN 2024/25

Succession Planning and Talent Management

Succession planning, and talent management continued to be a key area of focus in the deliberations of the Committee during the year under review. The Committee conducted in depth talent reviews covering critical roles of the Group, the incumbents in such roles and the potential successors.

Rewards and Remuneration

The Committee also dedicated adequate time to ensure that the Remuneration Policy of the Group remains fair, transparent and competitive, and that remuneration is linked to business strategy and drives sustainable performance and entrepreneurship.

During the year under review, the Committee; considered the performance of the senior management against the set goals and targets, and determined the basis of revising their increments, bonuses and other performance- based incentives during the year under review.

Directors Emoluments are disclosed in Note 08 to the Financial Statements for the year ended 31 March 2025 found on page 225 of the Annual Report.

Policy Review

During the year under review, the Committee reviewed the HR performance indicators including health and safety of the employees of the Group and deliberated on the ESOS proposed to be offered to the employees.

Further, the Committee deliberated on the process and guidelines on performance goal setting applied across the Group in driving performance and entrepreneurship.

Composition and Attendance

The Human Resources and Remuneration Committee consists of three Non- Executive Directors, the majority of whom are independent.

The composition of the Committee is in compliance with the Listing Rules of the Colombo Stock Exchange.

Members		Attendance
Mr. S. Weerasinghe *(Chairman of the Committee)*	Independent Non-Executive Director	1/1
Ms. T. Perera	Independent Non-Executive Director	2/2
Mr. M. A. H. Esufally	Non-Executive Director	3/3

Independent Non-Executive Director
Non-Executive Director

The profiles of the members are found on pages 21 to 24 of the Annual Report.

During the year under review, Mr. S. Weerasinghe was appointed to the Committee and as Chairman of the Committee w.e.f. 1st January 2025.

Further, Ms. T. Perera and Mr. Murtaza Esufally were appointed to the Committee w.e.f. 29th November 2024 and 1st July 2024 respectively.

During the year under review Dr. A. Ekanayake and Mr. H. Esufally resigned from the Committee w.e.f.1st January 2025.

Further, Mr. S. Amaratunga resigned from the Committee w.e.f. 29th November 2024, following his retirement from the Board of Directors w.e.f. 29th November 2024.

Attendees by Invitation

Acting CEO/ Chief People Officer

Secretary to the Committee

Hemas Corporate Services (Private) Limited

CORPORATE CULTURE

The Committee also dedicated its time to actively oversee the preservation of the corporate culture and values and, the changes driven to improve corporate culture by embedding DEI and respectful workplace practices.

EVALUATION OF THE COMMITTEE

The Committee carried out a self-evaluation of the performance and effectiveness of the Committee at year-end and was satisfied that it had carried out its responsibilities in an effective manner during the year under review.

DECLARATION BY THE COMMITTEE

The Company is in compliance with the Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange (CSE) including but not limited to Section 9 of the Listing Rules of the Colombo Stock Exchange.

CONCLUSION

The Committee will continue to assist the Board of Directors by strengthening and introducing policies, practices and systems in the development of Human Capital and provide opportunities to the employees to enhance and acquire new skills and knowledge within the group for their career development.

Mr. S. Weerasinghe
Chairman of the Human Resources and Remuneration Committee

Colombo, Sri Lanka
May 16, 2025

Key Responsibilities

- Review and approve the overall remuneration philosophy, strategy, policies and practices of the Company and the Group.
- Set and review all components of the remuneration of the Chief Executive Officer, Executive Directors and such other Senior Executives as the Board may determine.
- Review and approve the performance appraisal for the Chief Executive Officer, Executive Directors and Senior Executives.
- Review and approve as appropriate the terms of the employment contracts of the Chief Executive Officer, Executive Directors and Senior Executives.
- Review and approve the terms of the Company's short-term/ long-term incentive schemes including any share option schemes for employees and/or Directors.
- Review and approve all components of the remuneration and all other benefits of the executive directors.
- Consider such other matters relating to remuneration as may be referred to it by the Board.
- Succession Planning for Key positions of the Company and the Group.
- Reviewing and monitoring C-Suite development programmes
- Career Progression planning for managerial level and above

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

OBJECTIVE OF THE COMMITTEE

The Objective of the Nominations and Governance Committee (the Committee) is to review the structure and the composition of the Board annually and ensure that the combined knowledge and experience complement the corporate strategy. Further the Committee undertakes to set eligibility criteria and ensure that Directors and KMPs are fit and proper individuals to hold their respective offices in terms of the criteria set out in the statutory and regulatory requirements, as applicable. The Committee also reviews, evaluates and recommends changes to the Company's Corporate Governance Framework in line with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance ("Code"). The Committee also conducts periodic reviews of the Terns of Reference to ensure both compliance with the applicable regulations and adopt industry best practices. The Chairman of the NAGC presents an update of the proceedings of each NAGC Meeting at the Board Meeting.

ACTIVITIES IN 2024/25

Improve Board effectiveness

During the year, under review, the Committee met four times. The Committee reviewed the Governance Roadmap of the Group and ways to improve Board effectiveness within the Group. Further, the Committee reviewed the composition of the Board and the Board sub-committees with respect to the recent amendments to the Listing Rules of the Colombo Stock Exchange, effective 1st October 2024. Necessary changes were proposed to the Board by the Committee.

Review the structure and the composition of the Board

The Committee reviewed the structure and composition of the Company and its subsidiaries, and new candidates were evaluated by the Committee.

Implementation of Policies

During the year under review, the Committee recommended 9 new policies for approval of the Board, to be implemented in terms of the recent amendments to the Listing Rules of the Colombo Stock Exchange.

Board Evaluation

The Board of Directors performs an annual self-evaluation of its own performance and effectiveness. The Committee reviewed the results of the Board Evaluation of the Company and discussed the governing structure of the Company. Further, the Board identified and reviewed the Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance.

The Deputy Chairman, conducted a separate meeting of the Independent Directors to evaluate the performance of the Chairman of the Board of Directors and also to discuss any major issues in terms of the Listing Rules of the Colombo Stock Exchange and Board Governance.

Board Succession

During the year under review, the progress and performance of the Acting Chief Executive Officer and the new heads of businesses was reviewed by the Committee.

The Committee actively evaluated candidates for the Board and for the position of CEO, and recommended the appointment of the new CEO for approval of the board.

Re-election of Directors

In terms of the Articles of Association of the Company all directors are required to offer themselves for re-election at regular intervals. Every year, not exceeding 1/3 of the Board must retire by rotation.

The Committee decided to recommend Mr. M.A.H Esufally, Mr. P Subasinghe, who retire in terms of Article 84 of the Company's Articles of Association, to be re-elected to the Board at the Annual General Meeting to be held on 25th June 2025.

Composition and Attendance

The Committee comprises four Non-Executive Directors, including 2 Independent Non-Executive Directors. The Board Chairman attends the meetings by Invitation.

Members		Attendance
Mr. P Subasinghe *(Chairman of the Committee)*	Independent Non-Executive Director	1/1
Dr. S.A.B Ekanayake	Non-Executive Director	4/4
Mr. A.N. Esufally	Non-Executive Director	4/4
Mr. A Fernando	Independent Non-Executive Director	3/3

Independent Non-Executive Director
Non-Executive Director

The profiles of the members are found on pages 21 to 24 of the Annual Report.

The Committee members date of first appointment to the Committee is as follows.

Member	Date of first appointment to the Committee
Dr. S.A.B Ekanayake	01.01.2016
Mr. A.N Esufally	06.11.2013
Mr. A Fernando	01.07.2024
Mr. P Subasinghe	01.01.2025

Attendees by Invitation

The Board Chairman

Secretary to the Committee

Hemas Corporate Services (Private) Limited

The Committee also decided to recommend the re-appointment of Mr. A.N. Esufally and Dr. A Ekanayake who have completed 70 years of age and vacates office as a Director of the Company in terms of Section 210 (2) (a) of the Companies Act No. 7 of 2007.

Further, the Committee decided to recommend the re-appointment of Mr. A Fernando, Mr. S. Weerasinghe and Ms. T Perera who retire in Terms of Article 72 of the Company's Articles of Association.

Induction Programme

Induction programmes are conducted for newly appointed Directors on Corporate Governance, Listing Rules of the Colombo Stock Exchange, securities market regulations and other applicable laws and regulations along with the familiarisation on the key focus areas of Hemas Holdings PLC and its subsidiaries of the Group.

The Board of Directors are periodically apprised on Corporate Governance, Listing Rules of the Colombo Stock Exchange, securities market regulations and other applicable laws and regulations as appropriate.

EVALUATION OF THE COMMITTEE

The Committee carried out a self-evaluation of the performance and effectiveness of the Committee at year-end and was satisfied that it had carried out its responsibilities in an effective manner during the year under review.

Board Member	Directorship Status	Date of Appointment to the Board	Date of last re-appointment to the Board	Directorships in other listed entities	Material relationships
Mr. M. A. H Esufally	Non-Independent Non-Executive Director	08.09.1998	28.06.2022		Director of Amagroup (Pvt) Ltd
Mr. P. Subasinghe	Independent Non-Executive Director	01.01.2022	28.06.2022		
Mr. A. N. Esufally	Non- Independent Non-Executive Director	06.05.1991	27.06.2024	Printcare PLC Chairman	Director of AZ Holdings (Pvt) Ltd
Dr. S. A. B. Ekanayake	Non-Independent Non-Executive Director	01.10.2013	30.06.2021	Chemanex PLC	
				Aitken Spence Plantation Managements PLC	
Mr. A. Fernando	Independent Non-Executive Director	01.07.2024	N/A	Capital Alliance PLC	
				Ceylon Tea Brokers PLC	
Mr. S. Weerasinghe	Independent Non-Executive Director	01.07.2024	N/A	Dialog Axiata PLC	
				Dialog Finance PLC	
Ms. T. Perera	Independent Non-Executive Director	01.09.2024	N/A	Capital Alliance PLC	

REPORT OF THE NOMINATION AND GOVERNANCE COMMITTEE

DECLARATION BY THE COMMITTEE

The NAGC maintains a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO to ensure that their responsibilities are satisfactorily discharged.

The Independent Non-Executive Directors of the Company meet the criteria for determining independence in terms of the Listing Rules of the Colombo Stock Exchange.

The Company is in compliance with the Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange

(CSE) including but not limited to Section 9 of the Listing Rules of the Colombo Stock Exchange.

CONCLUSION

The Committee will continue to assist the Board in selecting the right candidates with the necessary skills, knowledge and experience, ensuring the desired diversity of the Board to meet the strategic demands of the Company and Group and compliance with the Listing Rules of the Colombo Stock Exchange.

In addition, the Committee ensures uniform Governance mechanisms exist to enhance transparency and accountability.

Mr. P Subasinghe
Chairman of the Nominations and Governance Committee

Colombo, Sri Lanka
May 21, 2025

Key Responsibilities

- Propose suitable Guidelines for the appointment and re-appointment of Directors to the Board.
- Review the results of the Performance Evaluation of the Board of Directors of the Company and its Subsidiaries.
- The Chairman of the Committee shall discuss with the independent Directors and provides feedback to the Chairman of the Board on board effectiveness.
- To monitor compliance with the Corporate Governance Guidelines.
- Ratification of Subsidiary Board appointments in consultation with the relevant Subsidiary Board Chairman.
- Monitor compliance with the Corporate Governance Statutory Guidelines.
- Establish the process for conducting the review of the Chief Executive Officer's performance annually.

- Propose suitable Guidelines for the appointment and re-appointment of Directors to the Board.
- Review the results of the Performance Evaluation of the Board of Directors of the Company and its Subsidiaries.
- The Chairman of the Committee shall discuss with the independent Directors and provides feedback to the Chairman of the Board on board effectiveness.
- To monitor compliance with the Corporate Governance Guidelines.
- Ratification of Subsidiary Board appointments in consultation with the relevant Subsidiary Board Chairman.
- Monitor compliance with the Corporate Governance Statutory Guidelines.
- Establish the process for conducting the review of the Chief Executive Officer's performance annually.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee (the Committee) was formally appointed by the Board of Directors in 2016. The Committee is governed by the 'Terms of Reference', approved by the Board of Directors.

PURPOSE/OBJECTIVES OF THE COMMITTEE

The main objective of the Committee is to exercise on behalf of the Board, oversight of all Related Party Transactions of Hemas Holdings PLC (the Company) with its subsidiary companies and Key Management Personnel (KMP), and to ensure compliance with respect to the Code of Best Practice on Related Party Transactions (RPT), issued by the Securities and Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE).

The Committee meetings are held on a quarterly basis. In addition to the above, special meetings are convened to review any non-recurrent transactions, as required.

ACTIVITIES IN 2024/25

During the year under review, the Committee discharged its duties in compliance with the Terms of Reference. Accordingly, all RPTs of the Company have been reviewed by the Committee and comments and observations have been communicated to the Board. The Committee has exercised oversight on behalf of the Board, on all RPTs of the Company to ensure that these transactions are in compliance with the Code of Best Practice on Related Party transactions, issued by the Securities and Exchange Commission of Sri Lanka and with Section 9 of the Listing Rules of the Colombo Stock Exchange.

During the financial year 2024/25 the Committee has met four times in total. The minutes of all Related Party Transactions Review Committee meetings were tabled at the Board Meetings thereby providing the Board members with access to the deliberations of the Committee. The Committee Chairman also provides a verbal update to the Board on the key outcomes from the Committee meetings.

The Committee further exercised oversight on all RPTs of the Company to ensure adherence to the established practices and processes within the company in terms of the RPT manual of the company.

The Committee reviewed the Annual RPT Declarations of the Key Management Personnel and the Heads of Finance of the subsidiary companies and has communicated its comments/ observations to the Board of Directors.

During the year under review, the Committee had access to independent legal, financial and technical advice as required in the Committee's deliberations.

All recurrent Related Party Transactions of the company during the financial year 2024/25 were reviewed and approved by the Committee. The aggregate value of the recurrent related party transactions did not exceed 10% of the gross revenue/income of the Company during the year.

Therefore, a requirement to make a disclosure in terms of Section 9.14.8 (2) of the Listing Rules of the CSE has not arisen during the year under review.

The Committee also reviewed and approved the non-recurrent Related Party Transactions of the Company during financial year 2024/25. The aggregate value of non-recurrent related party transactions did not exceed 10% of the equity or 5% of the total assets of the Company during the year. Therefore, a requirement to make a disclosure in terms of Section 9.14.8(1) of the Listing Rules of the CSE did not arise.

The Board of Directors declares that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions.

EVALUATION OF THE COMMITTEE

The Committee carried out a self-evaluation of the performance and effectiveness of the Committee during the year and was satisfied that it had carried out its responsibilities in an effective manner during the year.

Composition and Attendance

The Related Party Transactions Review Committee comprises three Non-Executive Directors, the majority of whom are independent.

The composition of the Committee is in compliance with the Listing Rules of the Colombo Stock Exchange.

Members		Attendance
Ms. T Perera *(Chairperson of the Committee)*	Independent Non-Executive Director	2/2
Mr. Ranil Pathirana	Independent Non-Executive Director	4/4
Mr. I. A. H. Esufally	Non-Executive Director	3/4

Independent Non-Executive Director
Non-Executive Director

The profiles of the members are found on pages 21 to 24 of the Annual Report.

Mr. A. Amaratunga served as the chairman of the Committee till 29th November 2024 and resigned from the Committee following his retirement from the Board of Directors w.e.f. 29th November 2024.

Attendees by Invitation

Group Chief Financial Officer, Director Group Finance and Treasury and Head of Group Finance and Treasury

Secretary to the Committee

Hemas Corporate Services (Private) Limited

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

CONCLUSION

The Committee will continue to assist the Board of Directors by reviewing all Related Party Transactions and ensuring that they are:

- In compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange
- The Shareholder interests are safeguarded
- Fair and transparent and on commercial terms

Ms. T. Perera
Chairperson of the Related Party Transactions Review Committee

Colombo, Sri Lanka May 19, 2025

Key Responsibilities

- Defining and establishing threshold values for each of the listed companies as per the Code which require discussion in detail; RPTs which have to be pre-approved by the Board, those that require immediate market disclosure, those that require Shareholder approval and RPTs which require disclosure in the Annual Report.
- Establishing the principles that guide RPTs which require pre-approval of the Board and those transactions that do not require prior Board approval and therefore, can be reviewed retrospectively.
- Establishing a process to identify the recurrent RPTs from the total RPTs and to review the economic and commercial substance of the RPTs.
- Providing guidelines that the Senior Management must follow in dealing with Related Parties, including conformance with the Transfer Pricing regulations and the Code.
- Obtaining 'competent independent advice' from independent professional experts with regard to acquisition or disposal of substantial assets between related parties.
- Identifying instances where an immediate market disclosure of a Related Party Transaction is required in line with the definitions of the Code.
- Introducing standardised documentation that should be used by the companies in the Group when presenting the RPT information to the Committee.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

CRAFTING Accountability

By providing a transparent and comprehensive view of our financial position and performance, we reinforce our unwavering commitment to integrity, responsibility, and delivering long-term value. This transparency ensures that we remain accountable to our stakeholders and continue to build trust for the future.

INDEX TO FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors (Board) of the Company is responsible for the adequacy of the Company's system of internal controls and for reviewing its design and effectiveness regularly. However, such a system is designed to manage, rather than eliminate the risk of failure to achieve business objectives of the Group. Accordingly, the system of internal controls can only provide reasonable and not absolute assurance against material misstatements of losses or frauds.

The Board is of the view that the prevalent internal control systems instituted, by them, and which comprise internal checks, internal audits, risk management policies and financial and other controls are so designed that, there is reasonable assurance that all assets are safeguarded and transactions properly authorised and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

The Board of Management (BoM) assists the Board in the implementation of the Board's policies and procedures on Risk and Control by identifying potential risks and its implications; and in the design, operation and monitoring of the suitable internal controls to mitigate and control such risks identified.

Further, the Board has established various committees, such as the Audit Committee, Human Resources and the Remuneration Committee, Related Party Transactions Review Committee and Nominations and Governance Committee to strengthen the process of identifying and reviewing the adequacy and integrity of the system of internal controls and risk management.

The Directors are of the view that the Company and its Group have adequate resources to continue operations in the foreseeable future and have continued to use the going concern basis in the preparation of these Financial Statements.

The Directors have provided the Auditors M/s. Ernst & Young, Chartered Accountants, with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities. The Auditors have examined the Financial Statements together with all financial records and related data and expressed their opinion, which appears as reported by them on pages 204 to 207 of this Report.

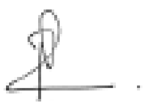
The Directors are responsible for:

- preparing the Annual Report and Financial Statements of the Group and Parent Company in accordance with applicable laws and regulations;
- preparing Financial Statements which give a true and fair view of the state of affairs as at the Balance Sheet date and the profit or loss for the period then ended of the Company and the Group in accordance with SLFRSs and LKASs;
- keeping proper accounting records which disclose, with reasonable accuracy, the financial position of the Group and the Company enabling them to ensure that the Group Financial Statements comply with applicable laws and regulations;
- establishing an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, and regularly reviewing the effectiveness of such process; and
- taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities; and maintaining the integrity of the statutory and audited information available to the public.

In addition, the Directors consider that, in preparing the Financial Statements:

- suitable accounting policies have been selected and applied consistently;
- judgments and estimates made have been reasonable and prudent;
- the Financial Statements comply with IFRS as adopted for use in Sri Lanka (SLFRSs/LKASs);
- all Accounting Standards which they consider applicable have been followed in preparing the Parent Company Financial Statements; and
- it is appropriate that the Group and Parent Company Financial Statements have been prepared on a "Going Concern" basis.

The Directors also confirm that to the best of their knowledge, the Financial Statements are prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit of the Company and the Group taken as a whole; and this Directors' Report contains a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face.



Hemas Corporate Services (Private) Limited
Secretaries

May 22, 2025

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF HEMAS HOLDINGS PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Hemas Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How we addressed the Key Audit Matter
Existence and carrying value of inventory As at 31 March 2025, the carrying value of inventory amounted to Rs.21.2 Bn net of provision of Rs.555 Mn for slow moving and obsolete inventory as disclosed in Note 20 to the financial statements. Existence and carrying value of inventory was a key audit matter due to: • materiality of the reported inventory balance which represented 22% of the Group's total assets as of the reporting date; and judgements applied by the management in determining the provision for slow-moving and obsolete inventory on account of short expiry and shelf life, as disclosed in Note 20 to the financial statements.	**Our audit procedures included the following key procedures:** • 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. • tested whether inventory was stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices of such items. • understood the process followed by management to determine the provision for inventory and assessed the reasonableness of judgements applied by the management in determining provision for slow-moving and obsolete inventory. Our assessment included the basis applied to identify expiry dates and determine shelf life. We also assessed the adequacy of the disclosures made in Note 20 to the financial statement.

Key Audit Matter	How we addressed the Key Audit Matter
Assessment of Impairment of Trade Receivables As at 31 March 2025, the carrying value of trade receivables amounted to LKR 21.3 Bn net of provision for impairment of Rs. 374 Mn, as disclosed in Note 21 to the financial statements. This was a key audit matter due to: • the materiality of the reported trade receivable balance which represented 22% of the Group's total assets as of the reporting date; and • the degree of management judgements and assumptions associated with evaluating the probability of recoverability as disclosed in Note 21 to the financial statements.	**Our audit procedures included the following key procedures:** • obtained an understanding of and evaluated the process used by the management to assess impairment of trade receivables. • tested the aged analysis of trade receivables by referring to the source documents. • tested the calculation of the provision for impairment and evaluated the reasonableness of the judgements and assumptions used by the management in determining the provision, including the impact of current economic conditions. We have also assessed the adequacy of the disclosures made in Note 21 to the financial statement.
Assessment of Impairment test of Goodwill The Group's Statement of Financial Position includes an amount of Rs. 3.3Bn relating to Goodwill and Brands, as further described in Note 15 to the financial statements. Goodwill is tested annually for impairment based on the recoverable amount determined by Management using value in use computations (VIU). Such Management VIU calculations are based on the discounted future cashflows of each Cash Generating Unit (CGU) to which Goodwill and Brand have been allocated. A deficit between the recoverable value and the carrying values of the CGUs including Goodwill would result in an impairment. Impairment assessment of Goodwill and Brands was a key audit matter due to: • the degree of management assumptions, judgements and estimates associated with deriving the estimated future cashflows used for value in use calculations. Key areas of significant management judgments, estimates and assumptions included key inputs and assumptions related to the value in use computations such as growth rates used for extrapolation purposes, discount rates and terminal growth rates as disclosed in Note 15 to the financial statements.	**Our audit procedures included the following;** • We gained an understanding of how Management has forecasted its discounted future cash flows. • We tested the calculations of the discounted future cash flows and agreed the underlying data used to supporting documents and accounting records. • We assessed the reasonableness of significant assumptions, judgements and estimates including growth rates and discount rate and performed sensitivity analysis of significant assumptions to evaluate the effect on the value in-use calculations. We assessed the adequacy of the disclosures made in Notes 15 and in the financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE 2025 ANNUAL REPORT

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS.

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

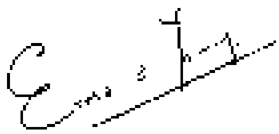
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4169.



22 May 2025.
Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 March	Note	Group 2025 LKR '000	Group 2024 LKR '000	Company 2025 LKR '000	Company 2024 LKR '000
Revenue from Contracts with Customers	5	117,970,174	121,613,772	1,605,874	1,123,014
Cost of Sales		(80,896,885)	(85,616,543)	-	-
Gross Profit		37,073,289	35,997,229	1,605,874	1,123,014
Other Operating Income	6	1,092,243	754,088	3,701,606	1,610,053
Selling and Distribution Expenses		(9,675,474)	(9,343,986)	-	-
Administrative Expenses		(15,235,236)	(15,579,844)	(1,887,806)	(1,743,952)
Share of Results of Equity Accounted Investees (Net of Tax)	17	451,807	93,491	-	-
Operating Profit		13,706,629	11,920,978	3,419,674	989,115
Finance Cost	7.1	(1,504,274)	(3,256,477)	(261,344)	(438,645)
Finance Income	7.2	526,447	803,487	4,459	79,028
Profit Before Tax	8	12,728,802	9,467,988	3,162,789	629,498
Income Tax Expenses	9	(4,390,141)	(3,113,335)	(69,469)	(17,807)
Profit for the Year		8,338,661	6,354,653	3,093,320	611,691
Attributable to:					
Equity Holders of the Parent		8,056,961	6,108,520		
Non-Controlling Interests		281,700	246,133		
		8,338,661	6,354,653		
		LKR	LKR		
Earnings Per Share					
Basic Earnings Per Share	10.1	2.70	2.05		
Diluted Earnings Per Share	10.2	2.70	2.05		
Dividend Per Share	11.2	4.00	2.35		

The Accounting Policies and Notes on the Pages 214 to 283 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March	Note	Group 2025 LKR '000	Group 2024 LKR '000	Company 2025 LKR '000	Company 2024 LKR '000
Profit for the Year		8,338,661	6,354,653	3,093,320	611,691
Other Comprehensive Income					
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax)					
Exchange Differences on Translation of Foreign Operations		(74,604)	(113,319)	-	-
Share of Other Comprehensive Profit/Loss of Equity Accounted Investees (Cash flow hedge)	17	57,557	189,551	-	-
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax)					
Net Gain/(Loss) on Financial Assets at FVOCI		23,519	7,723	4,143	1,281
Actuarial Gain/(Loss) on Defined Benefit Plans	26	(30,405)	(42,738)	(3,281)	(1,381)
Revaluation of Land and Buildings		808,515	391,893	-	-
Share of Other Comprehensive Income of Equity Accounted Investees	17	170,103	500,050	-	-
Other Comprehensive Income for the Year, Net of Tax		954,685	933,160	862	(100)
Total Comprehensive Income for the Year, Net of Tax		9,293,346	7,287,813	3,094,182	611,591
Attributable to:					
Equity Holders of the Parent		8,997,071	7,025,665		
Non-Controlling Interests		296,275	262,148		
		9,293,346	7,287,813		

The Accounting Policies and Notes on the Pages 214 to 283 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group 2025 LKR '000	Group 2024 LKR '000	Company 2025 LKR '000	Company 2024 LKR '000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	12	24,396,797	20,052,363	82,544	94,525
Investment Properties	13	4,305,782	4,008,116	1,260,522	1,143,000
Right-of-Use Assets	14	1,889,329	1,314,167	-	64,267
Intangible Assets	15	3,333,057	3,282,996	30,712	21,083
Investment in Subsidiaries	16	-	-	19,116,227	18,271,547
Investment in Equity Accounted Investees	17	2,153,877	1,473,663	-	-
Lease Receivables	18	22,648	42,186	-	-
Other Financial Assets	19	254,797	209,633	21,322	15,143
Deferred Tax Assets	9	228,746	496,400	-	-
		36,585,033	30,879,524	20,511,327	19,609,565
Current Assets					
Inventories	20	21,182,560	22,775,145	-	-
Trade and Other Receivables	21	25,971,470	26,298,715	562,781	440,943
Tax Recoverable		301,130	347,038	33,005	29,473
Lease Receivables	18	15,369	30,639	-	-
Other Financial Assets	19	183,326	168,880	23,455	316,878
Cash and Cash Equivalents	28	12,578,510	13,222,991	84,078	24,589
		60,232,365	62,843,408	703,318	811,883
Assets Held for Sale	29	73,128	-	-	-
TOTAL ASSETS		96,890,526	93,722,932	21,214,646	20,421,448
EQUITY AND LIABILITIES					
Equity					
Stated Capital	22	7,824,276	7,783,875	7,824,276	7,783,875
Other Capital and Revenue Reserves	23	75,567	103,084	296,918	324,435
Other Components of Equity	23	8,471,295	7,501,243	6,988	2,845
Retained Earnings		33,409,249	28,043,567	9,548,151	8,828,968
Equity Attributable to Equity Holders of the Parent		49,780,387	43,431,769	17,676,333	16,940,123
Non-Controlling Interests		540,045	687,829	-	-
Total Equity		50,320,432	44,119,598	17,676,333	16,940,123
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	24	4,617,055	5,407,779	346,000	519,000
Other Financial Liabilities	25	275,375	279,505	-	-
Deferred Tax Liability	9	3,473,577	2,898,818	296,172	257,166
Employee Benefit Liability	26	1,561,558	1,383,856	58,572	38,746
		9,927,565	9,969,958	700,744	814,912
Current Liabilities					
Trade and Other Payables	27	31,940,411	30,847,653	931,090	769,189
Income Tax Liabilities		1,440,936	1,488,137	-	-
Interest Bearing Loans and Borrowings	24	2,939,338	5,887,178	1,842,217	1,706,753
Bank Overdraft	28	317,185	1,410,408	64,262	190,471
		36,637,870	39,633,376	2,837,569	2,666,413
Liabilities Associated with Assets Held for Sale	29	4,659	-	-	-
TOTAL EQUITY & LIABILITIES		96,890,526	93,722,932	21,214,646	20,421,448

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

Moiz Rehmanjee
Group Chief Financial Officer

The Board of Directors is responsible for these financial statements.
Signed for and on behalf of the Board by,

Husein Esufally
Chairman

Imtiaz Esufally
Director

The Accounting Policies and Notes on the Pages 214 to 283 form an integral part of these financial statements.

22 May 2025
Colombo

STATEMENT OF CHANGES IN EQUITY (GROUP)

	Attributable to Equity Holders of the Parent									
	Stated Capital	Other Capital and Revenue Reserves	Other Components of Equity				Retained Earnings	Total	Non-Controlling Interests	Total Equity
			Revaluation Reserve	Foreign Currency Translation Reserve	Fair Value Reserve	Hedge Reserve				
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
As at 01 April 2023	7,776,111	119,164	6,845,833	522,611	(51,775)	(775,034)	23,967,649	38,404,559	715,842	39,120,401
Profit for the Year	-	-	-	-	-	-	6,108,520	6,108,520	246,133	6,354,653
Other Comprehensive Income	-	-	875,653	(113,319)	7,723	189,551	(42,462)	917,145	16,015	933,160
Total Comprehensive Income	-	-	875,653	(113,319)	7,723	189,551	6,066,058	7,025,665	262,148	7,287,813
Share Based Payments	-	8,890	-	-	-	-	-	8,890	-	8,890
Exercise of ESOS	7,764	-					-	7,764	-	7,764
Transfer Due to the Expiry of ESOS	-	(24,970)	-	-	-	-	24,970	-	-	-
Final Dividend - 2022/23	-	-	-	-	-	-	(1,163,274)	(1,163,274)	-	(1,163,274)
Interim Dividend - 2023/24	-	-	-	-	-	-	(238,669)	(238,669)	-	(238,669)
Subsidiary Dividend Paid to Non-Controlling Interest	-	-	-	-	-	-	-	-	(144,000)	(144,000)
Reclassification of Non-Controlling Interest to be Acquired	-	-	-	-	-	-	-	-	4,296	4,296
Fair Value Changes in Non-Controlling Interest to be Acquired	-	-	-	-	-	-	(464,909)	(464,909)	-	(464,909)
Acquisition of Subsidiaries	-	-	-	-	-	-	-	-	4,286	4,286
Adjustment in Respect of Changes in Group Holding	-	-	-	-	-	-	(148,257)	(148,257)	(154,743)	(303,000)
As at 31 March 2024	7,783,875	103,084	7,721,486	409,292	(44,052)	(585,483)	28,043,567	43,431,769	687,829	44,119,598
Profit for the Year	-	-		-	-	-	8,056,961	8,056,961	281,700	8,338,661
Other Comprehensive Income	-	-	963,580	(74,604)	23,519	57,557	(29,942)	940,110	14,575	954,685
Total Comprehensive Income	-	-	963,580	(74,604)	23,519	57,557	8,027,019	8,997,071	296,275	9,293,346
Share Based Payments	-	(10,474)	-	-	-	-	-	(10,474)	-	(10,474)
Exercise of ESOS	40,401	-	-	-	-	-	-	40,401	-	40,401
Transfer Due to the Expiry of ESOS	-	(17,043)	-	-	-	-	17,043	-	-	-
Final Dividend - 2023/24	-	-	-	-	-	-	(1,790,719)	(1,790,719)	-	(1,790,719)
Interim Dividend - 2024/25	-	-	-	-	-	-	(597,181)	(597,181)	-	(597,181)
Subsidiary Dividend Paid to Non-Controlling Interest	-	-	-	-	-	-	-	-	(46,009)	(46,009)
Adjustment in Respect of Changes in Group Holding	-	-	-	-	-	-	(290,480)	(290,480)	(398,050)	(688,530)
As at 31 March 2025	7,824,276	75,567	8,685,066	334,688	(20,533)	(527,926)	33,409,249	49,780,387	540,045	50,320,432

The Accounting Policies and Notes on the Pages 214 to 283 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (COMPANY)

	Stated Capital	Other Capital Reserves	Other Component of Equity Fair Value Reserve	Retained Earnings	Total Equity
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
As at 1 April 2023	7,776,111	340,515	1,564	9,595,631	17,713,821
Profit for the Year	-	-	-	611,691	611,691
Other Comprehensive Income	-	-	1,281	(1,381)	(100)
Total Comprehensive Income	-	-	1,281	610,310	611,591
Share Based Payments	-	8,890	-	-	8,890
Exercise of ESOS	7,764	-	-	-	7,764
Transfer due to the Expiry of ESOS	-	(24,970)	-	24,970	-
Final Dividend - 2022/23	-	-	-	(1,163,274)	(1,163,274)
Interim Dividend Paid - 2023/24	-	-	-	(238,669)	(238,669)
As at 31 March 2024	7,783,875	324,435	2,845	8,828,968	16,940,123
Profit for the Year	-	-	-	3,093,320	3,093,320
Other Comprehensive Income	-	-	4,143	(3,281)	862
Total Comprehensive Income	-	-	4,143	3,090,039	3,094,182
Share Based Payments	-	(10,474)	-	-	(10,474)
Exercise of ESOS	40,401	-	-	-	40,401
Transfer due to the Expiry of ESOS	-	(17,043)	-	17,043	-
Final Dividend - 2023/24	-	-	-	(1,790,719)	(1,790,719)
Interim Dividend Paid - 2024/25	-	-	-	(597,181)	(597,181)
As at 31 March 2025	7,824,276	296,918	6,988	9,548,151	17,676,333

The Accounting Policies and Notes on the Pages 214 to 283 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 March	Note	Group 2025 LKR '000	Group 2024 LKR '000	Company 2025 LKR '000	Company 2024 LKR '000
Profit Before Taxation		12,728,802	9,467,988	3,162,789	629,498
Adjustments for,					
Depreciation	12	1,588,743	1,325,520	30,870	29,612
Amortisation of Right-of-Use Assets	14	339,675	278,279	70,742	63,261
Gain on Disposal of Property, Plant and Equipment/ Intangible Assets	6	(48,283)	(32,638)	(8)	(21,574)
Gain on Fair Value Adjustment of Investment Properties	13	(252,681)	(264,973)	(117,522)	(77,695)
Amortisation and Impairment of Intangible Assets	15	69,266	79,155	8,501	28,401
Provision/ (Reversal) for Obsolete and Slow-moving Stocks	20	(616,135)	755,882	-	-
Provision/ (Reversal) for Impairment of Trade and Other Receivables	21	(113,239)	(121,936)	10,048	(15,737)
Impairment of Investment in Subsidiaries		-	-	-	80,000
Gain on termination of leases	6	(83,556)	-	-	-
Share Based Payment Expense	22	(4,562)	10,548	1,257	3,395
Finance Cost	7.1	1,504,274	3,256,477	261,344	438,645
Finance Income	7.2	(526,447)	(803,487)	(4,459)	(79,028)
Investment Income	6	-	-	(3,574,024)	(1,507,409)
Share of Results of Equity Accounted Investees (Net of Tax)	17	(451,807)	(93,491)	-	-
Provision for Employee Benefit Liability	26	303,311	330,799	11,498	21,900
Operating Cash Flows before Working Capital Changes		14,437,361	14,188,123	(138,964)	(406,731)
Working Capital Adjustments					
(Increase)/Decrease in Inventories		2,208,720	5,071,433	-	-
(Increase)/Decrease in Trade and Other Receivables		483,160	(615,865)	(136,898)	616,078
Increase/(Decrease) in Trade and Other Payables		1,092,758	1,164,924	167,880	(10,510)
Increase/(Decrease) in Other Non-Current Financial Liabilities		(4,130)	4,000	-	-
Cash Generated from/(used in) Operations		18,217,869	19,812,615	(107,982)	198,837
Finance Cost Paid		(1,264,594)	(3,047,964)	(253,248)	(417,504)
Finance Income Received	7	501,716	794,218	4,293	78,877
Income Tax Paid		(3,905,812)	(3,440,339)	(32,589)	(3,928)
Employee Retirement Benefit Paid	26	(161,210)	(212,938)	(2,336)	(62,049)
Net Cash flows from/(used in) Operating Activities		13,387,969	13,905,592	(391,862)	(205,767)
Investing Activities					
Purchase of Property, Plant and Equipment	12	(5,080,094)	(2,379,134)	(26,545)	(75,191)
Purchase of Intangible Assets	15	(115,845)	(26,948)	(18,130)	-
Exercise of NCI Put Option		-	(3,410,096)	-	-
Acquisition of Subsidiaries		-	(2,121)	(844,680)	(351,650)
Net Change in Financial Assets		(1,791)	22,298	298,400	218,850
Dividend Received from Equity Accounted Investees		-	12,240	-	-
Proceeds from Disposal of Property, Plant and Equipment/ Intangible Assets		188,350	85,475	8	33,170
Investment Income Received	6	-	-	3,574,024	1,507,409
Net Cash flows from/(used in) Investing Activities		(5,009,380)	(5,698,286)	2,983,078	1,332,588
Financing Activities					
Proceeds from Interest Bearing Loans and Borrowings	24	19,524,186	46,425,488	5,599,000	10,085,353
Repayments of Interest Bearing Loans and Borrowings	24	(24,288,040)	(53,105,484)	(5,651,107)	(9,270,509)
Proceed from Exercise of Employee Share Option		34,489	6,106	34,489	6,106
Proceeds from/ (to) Non-Controlling Interest		(688,530)	(303,000)	-	-
Dividends Paid to Equity Holders of the Parent	11	(2,387,900)	(1,401,944)	(2,387,900)	(1,401,944)
Dividends Paid to Non-Controlling Interest		(46,009)	(144,000)	-	-
Net Cash flows from/(used in) Financing Activities		(7,851,804)	(8,522,834)	(2,405,518)	(580,993)
Net Increase/(Decrease) in Cash and Cash Equivalents		526,785	(315,528)	185,698	545,828
Net Foreign Exchange Difference		(78,044)	65,971	-	-
Cash and Cash Equivalents at the Beginning of the Year	28	11,812,583	12,062,140	(165,882)	(711,710)
Cash and Cash Equivalents at the End of the Year	28	12,261,325	11,812,583	19,816	(165,882)

The Accounting Policies and Notes on the Pages 214 to 283 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE AND GROUP INFORMATION

1.1 Reporting Entity

Hemas Holdings PLC is a public limited liability Company listed on the Colombo Stock Exchange (CSE) incorporated and domiciled in Sri Lanka. The registered office and the principal place of business is situated at 'Hemas House', No. 75, Braybrooke Place, Colombo 02. Hemas Holdings PLC does not have an identifiable parent of its own.

Corporate information is presented in the inner cover page of this Annual Report.

1.2 Principal Activities and Nature of Operations

The Company directs investment activities and provides advisory services to other companies in the Group. The principal activities of the Subsidiaries, Joint Ventures and Associates with their business activities are disclosed in Note 36 to the Financial Statements.

There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

1.3 Consolidated Financial Statements

The Consolidated Financial Statements of the Company for the year ended 31 March 2025 comprises of Hemas Holdings PLC ('the Company') and all its Subsidiaries and Equity Accounted Investees (collectively referred to as the "Group" and individually as "Subsidiaries") whose Financial Statements have been consolidated therein.

1.4 Components of Financial Statements

The Financial Statements include the following components:

Statement of Profit or Loss and Statement of Comprehensive Income providing the information on the financial performance of the Group and the Company for the year under review.

Statement of Financial Position providing the information on the financial position of the Group and the Company as at the year end.

Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and the Company.

Statement of Cash Flows providing the information to the users, the amount of cash and cash equivalents inflows to and outflows from the Group and the Company.

Notes to the Financial Statements comprising material accounting policy information and other explanatory information.

1.5 Responsibility for Financial Statements

The responsibility of the Directors in relation to these Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

1.6 Date of Authorisation for Issue

The Consolidated Financial Statements of Hemas Holdings PLC for the year ended 31 March 2025 were authorised for issue, in accordance with a resolution of the Board of Directors on 22 May 2025.

2 MATERIAL ACCOUNTING POLICY INFORMATION

A summary of material accounting policies has been disclosed together with the relevant individual notes in the subsequent pages. The Group has consistently applied the accounting policies outlined with each note.

2.1 Statement of Compliance

The Financial Statements which comprises the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows, together with the Accounting Policies and Notes (the "Financial Statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 7 of 2007.

2.2 Basis of Preparation & Measurement

The Consolidated Financial Statements of the Group and Separate Financial Statements of the Company have been prepared on an accrual basis and under the historical cost convention except for land and building included under property, plant and equipment and investment properties, derivative financial instruments and financial assets at fair value through other comprehensive income that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

Items	Basis of Measurement	Note No.	Page
Land and buildings recognised as Property, Plant and Equipment	Measured at cost at the time of acquisition and subsequently carried at fair value at the date of revaluation	Note 12	232
Land and building recognised as Investment Property	Measured at cost at the time of acquisition and subsequently carried at fair value	Note 13	238
Financial Instruments reflected as Fair value through Profit or Loss (FVTPL) / Fair value through Other Comprehensive Income (FVOCI)	Measured at Fair Value	Note 19	249
Employee Benefit Liability	Measured at the present value	Note 26	265

2.3 Going Concern

The Management has made an assessment on the Group's ability to continue as a going concern based on the most recent information available and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements of the Group continue to be prepared on a going concern basis.

2.4 Business Combinations

Basis of Consolidation

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the 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.

If the business combination is achieved in stages, the previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in Statement of Profit or Loss or Other Comprehensive Income as applicable.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be 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 either in Statement of Profit or Loss. If the contingent consideration is not within the scope of SLFRS 9, it is measured in accordance with the appropriate SLFRS contingent consideration that is classified as equity not re-measured and subsequent settlement is measured at fair value with changes in fair value either in the Statement of Profit or Loss or as a change to the Other Comprehensive Income (OCI).

The Consolidated Financial Statements comprise the Financial Statements of the Parent and its Subsidiaries for the year ended 31 March 2025.

Control Over an Investee

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

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 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 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 during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the Subsidiary.

Profit or Loss and each component of Other Comprehensive Income (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.

A change in the ownership interest of a Subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a Subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The Financial Statements of the Subsidiaries are prepared for the same reporting period as the Group.

Transactions Eliminated on Consolidation

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.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non-Controlling Interests

The proportion of the profits or losses after taxation applicable to outside shareholders of subsidiary companies is included under the heading "Non-Controlling Interests "in the Consolidated Income Statement. Losses applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interest even if doing so causes the non-controlling interests to have a deficit balance.

Common Control Transactions

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

No entries are recognised in Profit and Loss on the Consolidated Financial Statements arising from common control transactions.

Measurement of Fair Value

In accordance with SLFRS 3-Business Combinations, the amounts recorded for the transaction are provisional and are subject to adjustments during the measurement period if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

2.5 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (LKR), which is the Group's functional and presentation currency.

For each entity, the Group determines the functional currency and items included in the Financial Statements of each entity are measured using that functional currency.

There was no change in the Group's presentation and functional currency during the year under review.

Functional currency of all the Group companies is Sri Lankan Rupees other than the following companies whose functional currency is given below.

Name of the Entity	Relationship	Country of Incorporation	Functional Currency
Hemas Consumer Brands (Pvt) Ltd.	Subsidiary	Bangladesh	Bangladesh Taka (BDT)
Hemas Consumer Products (Pvt) Ltd.	Subsidiary	Pakistan	Pakistani Rupee (PKR)
Hemas Consumer Brands India (Pvt) Ltd.	Subsidiary	India	Indian Rupee (INR)
Hemascorp (Pvt) Ltd	Subsidiary	Singapore	US Dollar (USD)

2.6 Materiality, Aggregation, Offsetting and Rounding

Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements.

Offsetting

Assets and liabilities or income and expenses are not set off unless required or permitted by a Sri Lanka Accounting Standards.

Rounding

Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand, unless indicated otherwise.

2.7 Comparative Information

The presentations and classification of the Consolidated Financial Statements of the Group and Separate Financial Statements of the Company of the previous years have been amended for better presentation and to be comparable with those of the current year.

2.8 Other Material Accounting Policies

The following accounting policies, which the Group has continuously applied, are regarded important yet are not covered in any other sections.

2.8.1 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 sell or consumed in the 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 the 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.

2.8.2 Statement of Cash Flows

The Statement of Cash Flows is prepared using the "Indirect Method" in accordance with the Sri Lanka Accounting Standard – LKAS 7 on "Statement of Cash Flows". Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits and money market investments with a maturity of three months or less. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts. Cash and cash equivalents as referred to in the Statement of Cash Flows are comprised of those items as explained in Note 28.

2.8.3 Foreign Currency Translation, Foreign Currency Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the Statement of Profit or Loss with the exception of all monetary items that form a part of a net investment in a foreign operation. These are recognised in Other Comprehensive Income until the disposal of the net investment, upon which time they are reclassified to the Statement of Profit or Loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in Other Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (Translation differences on items whose gain, or loss is recognised in Other Comprehensive Income or Statement of Profit or Loss is also recognised in Other Comprehensive Income or Profit or Loss respectively).

2.8.4 Foreign Operations

The assets and liabilities of foreign operations are translated into Sri Lankan Rupees at the rate of exchange prevailed at the reporting date and their Statement of Profit or Loss is translated at exchange rates prevailed at the dates of the transactions. The exchange differences arising on the translation are recognised in Other Comprehensive Income. On disposal of a foreign operation, the component of Other Comprehensive Income relating to that particular foreign operation is recognised in the Statement of Profit or Loss.

2.9 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Consolidated Financial Statements require management to make judgments, estimates and assumptions that affect the reported amounts of Revenues, Expenses, Assets and Liabilities, and the disclosure of Contingent Liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Note 31 – Financial Risk Management
- Note 31 – Sensitivity Analysis

Judgements

In the process of applying the Group's accounting policies, management has made various judgments. Those which management has assessed to have the most significant effect on the amounts recognised in the Consolidated Financial Statements have been discussed in the individual notes of the related financial statement line items.

Estimates and Assumptions

Information about assumptions and estimation uncertainties at 31 March 2025 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year have been discussed in the individual notes of the related financial statement line items.

The line items which have most significant effect on accounting judgements, estimate and assumptions are as follows:

Note No	Description	Page
2.3	Going Concern	215
2.4	Business Combination: whether the Group has de facto control over an investee.	215
5	Revenue Recognition – estimate of expected returns Revenue Recognition: whether revenue is recognised over time or at a point in time.	222
9	Deferred Taxes: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised	226
12& 13	Valuation of land and buildings under property, plant & equipment and investment property	232 & 238
14	Right-of-Use Assets and Lease Liabilities – estimating the incremental borrowing rate	241
15	Impairment of non-financial assets including intangible assets: key assumptions underlying recoverable amounts	243
17	Equity Accounted Investees: whether the Group has significant influence over an investee.	247
19	Fair value measurement of financial instruments	249
22	Share based payments	258
26	Employee benefit liability: key actuarial assumptions	264
34	Recognition and Measurement of Provisions and Contingencies: key assumptions about the likelihood and magnitude of an outflow of resources	279

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Lack of exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's financial statement.

4 SEGMENTAL INFORMATION

Accounting Policy

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group has now organised its business units into four reportable operating segments based on their products and services. The activities of each of the operating business segments of the Group are detailed in the Note 36 in the Annual report.

All operating segments' operating results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results that are reported to the management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Consumer Brands		Healthcare		Mobility		Others		Group	
Year ended 31 March	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Revenue										
Segmental Revenue - Gross	46,192,452	50,903,366	76,155,152	74,573,483	1,992,586	1,729,487	2,133,417	1,578,672	126,473,607	128,785,008
Intra Segmental Revenue	(194,825)	(153,450)	(6,167,906)	(5,448,199)	(45,523)	(24,075)	(243,856)	(183,711)	(6,652,110)	(5,809,435)
Segment Revenue	45,997,627	50,749,916	69,987,246	69,125,284	1,947,063	1,705,412	1,889,561	1,394,961	119,821,497	122,975,573
Inter Segmental Revenue	-	-	-	(4,952)	-	-	(1,851,323)	(1,356,849)	(1,851,323)	(1,361,801)
Total Revenue	45,997,627	50,749,916	69,987,246	69,120,332	1,947,063	1,705,412	38,238	38,112	117,970,174	121,613,772
Results										
Segmental Results	6,916,791	7,569,270	6,520,786	4,384,907	1,240,924	1,031,987	(1,676,361)	(1,423,650)	13,002,141	11,562,514
Finance Cost	(326,035)	(832,876)	(981,794)	(2,025,489)	(34,938)	(94,541)	(161,507)	(303,571)	(1,504,274)	(3,256,477)
Finance Income	238,325	283,388	223,883	367,056	63,849	131,863	390	21,180	526,447	803,487
Change in Fair Value of Investment Properties	800	100	-	-	101,850	69,623	150,031	195,250	252,681	264,973
Share of Results of Equity Accounted Investees (net of tax)	-	-	-	-	146,156	1,111	305,651	92,380	451,807	93,491
Profit/(Loss) Before Tax	6,829,881	7,019,882	5,762,875	2,726,474	1,517,841	1,140,043	(1,381,796)	(1,418,411)	12,728,802	9,467,988
Income Tax	(1,764,737)	(1,946,327)	(1,398,046)	(341,480)	(498,115)	(401,792)	(729,244)	(423,736)	(4,390,141)	(3,113,335)
Profit / (Loss) for the Year	5,065,144	5,073,555	4,364,829	2,384,994	1,019,726	738,251	(2,111,040)	(1,842,147)	8,338,661	6,354,653
Attributable to:										
Equity Holders of the Parent	5,059,101	5,075,256	4,297,332	2,287,467	811,566	587,944	(2,111,040)	(1,842,147)	8,056,961	6,108,520
Non-Controlling Interests	6,043	(1,701)	67,497	97,527	208,160	150,307	-	-	281,700	246,133
	5,065,144	5,073,555	4,364,829	2,384,994	1,019,726	738,251	(2,111,040)	(1,842,147)	8,338,661	6,354,653

Information based on the primary segments (Business Segment)

As at 31 March	Consumer Brands		Healthcare		Mobility		Others		Group	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Assets and Liabilities										
Non-Current Assets										
Property, Plant and Equipment	6,460,433	5,809,925	13,943,192	10,376,065	59,630	32,350	793,812	880,601	21,257,067	17,098,941
Right-of-Use Assets	431,575	594,278	1,418,410	782,117	1,246	64,667	38,096	80,511	1,889,327	1,521,573
Investment Properties	3,000	2,200	-	-	1,441,350	1,334,331	6,166,205	5,724,800	7,610,555	7,061,331
Other Financial Assets	40,613	55,718	134,197	118,669	-	-	103,022	77,312	277,832	251,699
Other Assets	6,230,847	6,233,794	1,738,254	1,504,978	1,436,381	1,284,833	27,942,427	26,542,345	37,347,909	35,565,950
Segmental Non-Current Assets	13,166,468	12,695,915	17,234,053	12,781,829	2,938,607	2,716,181	35,043,562	33,305,569	68,382,690	61,499,494
Deferred Tax Assets	-	-	-	-	-	-	-	-	228,746	496,400
Eliminations/Adjustments	-	-	-	-	-	-	-	-	(32,026,403)	(31,116,370)
Total Non-Current Assets									36,585,033	30,879,524
Segmental Current Assets										
Other Financial Assets	1,366,832	65,720	788,110	821,802	12,973	134,887	535,941	1,012,287	2,703,856	2,034,696
Segmental Current Assets	19,400,865	18,601,479	36,793,287	39,941,520	5,399,973	4,428,512	986,906	795,877	62,581,031	63,767,388
Tax Recoverable	-	-	-	-	-	-	-	-	301,130	347,038
Eliminations/Adjustments	-	-	-	-	-	-	-	-	(5,353,652)	(3,305,714)
Total Current Assets									60,232,365	62,843,408
Assets Held for Sale	73,128	-	-	-	-	-	-	-	73,128	-
Total Assets									96,890,526	93,722,932
Non-Current Liabilities										
Segmental Non-Current Liabilities	1,085,211	1,065,034	4,594,257	5,357,511	58,647	64,049	440,498	600,963	6,178,613	7,087,557
Other Non-Current Financial Liabilities	-	-	40	40	335	4,465	275,000	275,000	275,375	279,505
Deferred Tax Liability	-	-	-	-	-	-	-	-	3,473,577	2,898,818
Eliminations/Adjustments	-	-	-	-	-	-	-	-		(295,922)
Total Non-Current Liabilities									9,927,565	9,969,958
Current Liabilities										
Segmental Current Liabilities	7,633,585	7,907,403	25,811,321	27,660,626	3,706,149	3,093,251	3,128,316	2,865,536	40,279,371	41,526,816
Income Tax Liability	-	-	-	-	-	-	-	-	1,440,936	1,488,137
Eliminations/Adjustments	-	-	-	-	-	-	-	-	(5,082,437)	(3,381,577)
Total Current Liabilities									36,637,870	39,633,376
Liabilities associated with assets held for sale	4,659	-	-	-	-	-	-	-	4,659	-
Total Liabilities									46,570,094	49,603,334
Total Segment Assets	33,934,165	31,363,114	54,815,450	53,545,151	8,351,553	7,279,580	36,566,409	35,113,733	133,667,577	127,301,578
Total Segment Liabilities	8,718,796	8,972,437	30,405,618	33,018,177	3,765,131	3,161,765	3,843,814	3,741,499	46,733,359	48,893,878
Other Segmental Information										
Acquisition Cost of Property Plant and Equipment	1,095,850	772,872	3,849,768	758,620	51,033	25,497	83,443	822,145	5,080,094	2,379,134
Depreciation of Segmental Assets	595,338	490,716	820,006	721,959	23,589	18,867	149,810	93,978	1,588,743	1,325,520
Provision for Employee Benefit Liability	119,210	125,230	154,361	166,819	12,501	9,487	17,239	29,263	303,311	330,799
Impairment and Amortisation of Intangible Assets	15,867	12,967	44,690	37,654	170	41	8,539	28,493	69,266	79,155
Amortisation of Right-of-Use Assets	92,547	76,461	208,581	168,704	18,344	32,349	20,203	765	339,675	278,279

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

Accounting Policy

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and value added tax.

Goods Transferred at a Point in Time

Under SLFRS 15, revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Services Transferred Over Time

Under SLFRS 15, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

	Group		Company	
Year ended 31 March	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Goods Transferred at a Point in Time	107,180,557	111,997,751	-	-
Services Transferred Over Time	10,789,617	9,616,021	1,605,874	1,123,014
	117,970,174	121,613,772	1,605,874	1,123,014

The different business segments of the Group are in the course of providing a variety of goods and services to its customers. Each segment of the Group uses following criteria in recognising the revenue.

Segment	Revenue Recognition Policies
Consumer	Revenue is recognised when the goods are delivered and have been accepted by customers.
	In relation to the contracts with the distributors, international suppliers and modern traders for the sale of FMCG products, the Group considered the upfront discounts, rights of return and the consideration payable to the customer in determining the transaction price. Revenue is recognised by reducing the above component from the transaction price.
Healthcare	Revenue is recognised over time as the services are provided and when the goods are delivered and have been accepted by customers.
	Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured, regardless of when the payment is being made after considering discounts, offers given to the customers, consultations, and services provided under packages.
Mobility & Other	Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Accounting Judgement, Estimate and Assumption

SLFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

In determining the transaction price for the revenue contracts, 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).

Variable Consideration

Some revenue contracts in the Consumer and Healthcare sector in the Group provide customers with a right to return, rebate, discounts and consideration payable to the customers. These give rise to variable consideration. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Principal versus Agent Considerations

In determining whether the Group is the principal or the agent pertaining to certain revenue contracts the Group has evaluated who has control over the goods before transferring it to the customer;

The following factors were also considered;

- The primary responsibility for fulfilling the promise to provide the specified goods or the service.
- Inventory risk before or after the specified goods has been transferred to the customer..
- The discretion in establishing the price for the specified equipment.

Based on the above factors if the Group concludes that it has control over the goods before transferring it to the customer, Group acts as the principal in which case revenue will be recognised at gross and if the Group does not have the control over the goods before transferring it to the customer, it will recognise revenue on the contract on net basis as an agent.

Determining Method to Estimate Variable Consider-ation and Assessing the Constraint

Certain revenue contracts especially in Consumer and Healthcare sector include a right of return, rebates and customer incentives that rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. .

The Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract.

The most likely amount method is used for those contracts with single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Evaluation of Point of Transfer of Control of Goods or Services to the Customer under Revenue Recogni-tion

The following factors were considered in determining the point of transfer of control to the customer.

The entity has a present right to payment for the goods or the service.

- The customer has legal title to the goods or the service.
- The entity has transferred physical possession of the goods or the service.
- The customer has the significant risks and rewards of ownership of the goods or the service.
- The customer has accepted the goods or the service.

Whilst the above indicators assist in the determination of transfer of control, none of the indicators above are meant to individually establish or conclude whether control has been transferred. Further all criteria need not be present. Hence, the above evaluation requires significant judgement.

Geographical Segmentation of Revenue from Con-tracts with Customers

The geographic information analysis the Group's revenue by the business units country of domicile. In presenting the geographic information, segment revenue has been based on the geographic location of the Strategic Business Units (SBUs).

	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Sri Lanka	114,700,445	118,404,260	1,605,874	1,123,014
Asia (Excluding Sri Lanka)	3,269,729	3,209,512	-	-
	117,970,174	121,613,772	1,605,874	1,123,014

The disaggregation of the Group's revenue from contracts with customers is set out in Note 4 to these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 OTHER OPERATING INCOME

Accounting Policy

Dividends

Dividend income is recognised when the Group's/Company's right to receive the payment is established.

Other Income and Gains

Other Income and gains are recognised on an accrual basis. Net gains from the disposal of Property, Plant and Equipment and other non-current assets, including investments in subsidiaries, joint ventures and associates, are accounted in the Statement of Profit or Loss, after deducting the carrying amount of such assets and the related selling expenses from the proceeds on disposal.

	Group		Company	
Year ended 31 March	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Gain on Disposal of Property Plant & Equipment/Intangible Assets	48,283	32,638	8	21,574
Change in Fair Value of Investment Properties	252,681	264,973	117,522	77,695
Rental Income	4,876	6,747	-	-
Gain on termination of leases	83,556	-	-	-
Foreign Exchange Gain	400,396	128,391	-	-
Dividend Income from Investments in ;				
- Related Parties	-	-	3,574,020	1,507,405
- Other	5	4	4	4
Sundry Income	302,446	321,335	10,052	3,375
	1,092,243	754,088	3,701,606	1,610,053

7 FINANCE COST AND INCOME

Accounting Policy

Finance income comprises of interest income and unwinding of fair value differences on financial assets measured at amortised cost.

Interest income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the Statement of Profit or Loss.

Finance costs comprise of interest expense on borrowings, Interest expense on other financial liabilities, Finance Charges on Lease Liabilities and Unwinding of Fair Value Differences on Financial Assets Measured at Amortised Cost.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs, depending on whether foreign currency movements are in a net gain or net loss position.

Year ended 31 March		Group		Company	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
7.1	**Finance Cost**				
	Interest Expense on Overdrafts	278,374	333,209	14,736	73,545
	Interest Expense on Loans and Borrowings				
	- Related Parties	-	-	105,182	106,454
	- Others	912,422	2,655,682	133,330	237,505
	Foreign Exchange Loss	46,298	31,573	-	-
	Interest Expense on Other Financial Liabilities	27,500	27,500	-	-
	Finance Charges on Lease Liabilities	235,799	206,661	8,096	21,141
	Total Interest Expense	1,500,393	3,254,625	261,344	438,645
	Unwinding of Fair Value Differences on Financial Assets Measured at Amortised Cost	3,881	1,852	-	-
	Total Finance Cost	1,504,274	3,256,477	261,344	438,645
7.2	**Finance Income**				
	Interest Income on Loans and Receivables				
	- Related Parties	-	-	3,125	76,711
	- Others	501,716	794,218	1,168	2,166
	Total Interest Income	501,716	794,218	4,293	78,877
	Unwinding of Fair Value Differences on Financial Assets Measured at Amortised Cost	24,731	9,269	166	151
	Total Finance Income	526,447	803,487	4,459	79,028
	Net Finance Cost	(977,827)	(2,452,990)	(256,885)	(359,617)

8 PROFIT BEFORE TAX

Accounting Policy

Expenditure Recognition

Expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to the Statement of Profit or Loss.

For the purpose of presentation of the Statement of Profit or Loss, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's and Group's performance.

8 PROFIT BEFORE TAX (CONTD.)

Profit before tax is stated after charging/(crediting) all expenses including the following:

	Group		Company	
Year ended 31 March	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Staff Expenses	11,979,429	10,929,473	480,506	545,551
Directors Emoluments	494,468	612,007	47,690	224,328
Costs of Defined Employees Benefits,				
- Defined Benefit Plan Cost - Gratuity	303,311	330,799	11,498	21,900
- Defined Contribution Plan Cost - MSPS/EPF/ETF	765,564	681,222	56,434	53,001
Depreciation	1,588,743	1,325,520	30,870	29,612
Amortisation of Right-of-Use Assets	339,675	278,279	70,742	63,261
Amortisation of Intangible Assets	69,266	79,155	8,501	28,401
Auditors' Remuneration				
- Audit	20,406	18,469	3,365	2,750
- Non Audit	42,594	21,490	6,848	2,675
Legal Fees	17,464	11,972	-	-
Donations	34,858	32,297	30,034	27,551
Provision/(Reversal) for Obsolete and Slow-moving Stocks	(616,135)	755,882	-	-
Provision/ (Reversal) for Impairment of Trade Receivables	(113,239)	(121,936)	10,261	(15,737)
Transport Cost	642,768	541,608	-	-
Advertising Cost	2,172,991	2,150,945	-	-

9 TAXES

Accounting Policy

Tax expense comprises of 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 combination, or items recognised directly in Equity or in Other Comprehensive Income.

Current Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the relevant tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current tax related to items that are recognised in other comprehensive income shall be recognised in other comprehensive income, and current tax related to items recognised directly in equity shall be recognised directly in equity.

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.

Provision for taxation is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017 as amended. This note also includes the major components of tax expense and a reconciliation between the Profit Before Tax and Tax Expense, as required by the Sri Lanka Accounting Standard – LKAS 12- Income Taxes.

Deferred Taxation

Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except;

- Where the deferred income tax liability 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; and
- In respect of taxable temporary differences associated with investments in Subsidiaries, Associates and interests in Joint Ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, 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:

(i) Where the deferred income 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; and

(ii) In respect of deductible temporary differences associated with investments in Subsidiaries, Associates and interests in Joint Ventures, deferred tax assets are only recognised 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 income 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 income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 as 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 relating to items recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

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.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments and it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

9 TAXES (CONTD.)

9.1 Income Tax Expenses

Year ended 31 March	Note	Group 2025 LKR '000	Group 2024 LKR '000	Company 2025 LKR '000	Company 2024 LKR '000
Statement of Profit or Loss					
Current Income Tax					
Current Income Tax Charge	9.1	3,173,279	3,118,263	-	-
Adjustment in Respect of Income Tax of Prior Years		78,699	239,289	29,057	-
Tax on Dividends		574,851	369,562	-	-
Deferred Tax Charge/(Reversal)					
Relating Origination and Reversal of Temporary Differences	9.1.2	563,312	(613,779)	40,412	17,807
		4,390,141	3,113,335	69,469	17,807
Effective Tax Rate		34%	33%	-	-

9.1.1 Reconciliation Between Income Tax Expenses and Accounting Profit

Year ended 31 March	Group 2025 LKR '000	Group 2024 LKR '000	Company 2025 LKR '000	Company 2024 LKR '000
Accounting Profit Before Tax	12,728,802	9,467,988	3,162,789	629,498
Intra Group Adjustments/Share of Results of Joint Ventures/Associates	(451,807)	(93,491)	-	-
Income not Subject to Income Tax	(456,734)	(423,444)	(3,691,720)	(1,507,408)
Exempt Profit	(177,376)	(611,969)	-	-
Aggregate Disallowed Expenses	4,058,764	5,518,406	394,804	605,459
Aggregate Allowable Expenses	(5,350,792)	(3,040,413)	(137,186)	(189,250)
Adjustment for Tax Losses	(142,438)	(144,674)	-	-
Qualifying Payments	(7,500)	-	-	-
Taxable Profit	10,200,919	10,672,403	(271,313)	(461,701)
Standard Rates	2,580,300	2,332,446	-	-
Concessionary Rates	592,979	785,817	-	-
Current Income Tax Charge	3,173,279	3,118,263	-	-

9.1.2 Deferred Tax Charge/(Reversal) Relate to the Following;

Year ended 31 March	Group 2025 LKR '000	Group 2024 LKR '000	Company 2025 LKR '000	Company 2024 LKR '000
Revaluation of Investment Properties to Fair Value	82,401	78,983	35,256	23,309
Accelerated Depreciation for Tax Purposes	240,212	(17,194)	(2,374)	(7,067)
Employee Benefit Liability	(31,648)	(35,382)	(4,542)	12,875
Losses Available for offset against Future Taxable Income	33,377	(21,086)	-	-
Net Impact from Right of Use Asset and Lease Liability	(140,986)	(21,012)	2,087	(2,086)
Provisions	244,219	(138,365)	(78)	3,425
Unrealised Exchange gain/loss	29,282	(361,933)	10,063	(12,649)
Others	106,455	(97,790)	-	-
	563,312	(613,779)	40,412	17,807

9.2 Deferred Tax Assets and Liabilities

As at 31 March	Group			
	Deferred Tax Assets		Deferred Tax Liabilities	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance at the Beginning of the Year	496,400	87,366	2,898,818	2,901,176
Recognised through Profit or Loss	(252,988)	129,734	310,324	(484,045)
Recognised through Other Comprehensive Income	(9,797)	2,610	268,876	200,895
Transfers	(4,441)	280,792	(4,441)	280,792
Recognised through Changes in Equity	(428)	(4,102)	-	-
Balance at the End of the Year	228,746	496,400	3,473,577	2,898,818

As at 31 March	Company	
	Deferred Tax Liabilities	
	2025 LKR '000	2024 LKR '000
Balance as at Beginning of the Year	257,166	239,951
Recognised through Profit or Loss	40,412	17,807
Recognised through Other Comprehensive Income	(1,406)	(592)
Balance at the End of the Year	296,172	257,166

9.2.1 The Closing Deferred Tax Liability/(Asset) Balances Relate to the Following;

As at 31 March	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Revaluation of Land and Buildings to Fair Value	3,154,141	2,797,979	-	-
Revaluation of Investment Properties to Fair Value	305,796	223,395	343,647	308,391
Accelerated Depreciation for Tax Purposes	1,205,672	923,807	(17,691)	(15,317)
Employee Benefit Liability	(421,669)	(378,516)	(17,572)	(11,624)
Losses Available for Offset Against Future Taxable Income	(300,187)	(336,725)	-	-
Net Impact from Right of Use Asset and Lease Liability	(222,513)	(79,553)	-	(2,086)
Provisions	(242,962)	(490,502)	(11,894)	(11,818)
Unrealised Gains/ Losses	(93,438)	(101,399)	(318)	(10,380)
Others	(140,009)	(156,068)	-	-
	3,244,831	2,402,418	296,172	257,166

9.3 Tax Losses Carried Forward

Unutilised carry forward Group tax losses as at 31 March 2025 is LKR 1.2 Bn. (Provisional) (2024 - LKR 1.1 Bn).

9.4 Applicable Tax Rates

As per the Inland Revenue Act, No. 24 of 2017, and the subsequent amendments thereto, all Companies which are resident in Sri Lanka are liable to Income Tax at 30% on taxable profit during the period with the exception of the Companies stated below.

Management has used its judgement in the application of tax laws including transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism.

9.4.1 Concessionary Rates Granted under the Board of Investment Law

Company	Nature	Concession	Period
Hemas Hospitals (Pvt) Ltd.	Profits of the Company are exempt from income tax for the first 5 years, taxed at 10% for the following 2 years, and at 20% thereafter.	20%	Open-ended
Hemas COE (Pvt) Ltd.	The Company is exempt from income tax for a period of 3 years, subject to a 10% tax rate for the following 2 years, and taxed at 20% thereafter.	20%	Open-ended
Hemas Manufacturing (Pvt) Ltd.	For the manufacturing and/or marketing of soap, personal care items, and other fast-moving consumer goods at its relocated factory in Dankotuwa under the '300 Enterprises Programme', the Company is exempt from income tax for a period of 5 years. Thereafter, profits are taxed at 10% for 2 years, and at 20% subsequently.	20%	Open-ended

9.4.2 Exemptions/Concessions Granted Under the Inland Revenue Act

Company	Nature	Exemption or Concession
Shipping Agency Services (Pvt) Ltd.	Profits from Foreign Service Income	Exempt

9.4.3 Applicable Tax Rates of Foreign Subsidiaries

Company	Applicable Tax Law	Tax Rate
Hemas Consumer Brands (Pvt) Ltd.	Income Tax Ordinance, 1984	27.5%
Hemas Consumer Products (Pvt) Ltd.	Income Tax Ordinance, 2001	29.0%
Hemas Consumer Brands India (Pvt) Ltd.	Income Tax Act, 1961	25.0%
Hemascorp (Private) Ltd.	Income Tax Act 1947 (Chapter 134)	17.0%

10 EARNINGS PER SHARE (EPS)

Accounting Policy

Basic Earnings Per Share is calculated by dividing the profit for the year attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year plus weighted average number of ordinary shares that would be issued on conversion of all the diluted potential ordinary shares.

The following reflect the income and share data used in the Earning Per Share computation.

10.1 Basic Earnings Per Share

Year ended 31 March	Group 2025	2024
Amount Used as the Numerator:		
Profit for the Year Attributable to Ordinary Shareholders for Basic Earnings Per Share	8,056,961	6,108,520
Number of Ordinary Shares Used as Denominator:		
Weighted Average Number of Ordinary Shares in Issue Applicable to Basic Earnings Per Share	2,985,550	2,983,083
Basic Earnings Per Share (LKR)	2.70	2.05

Share split

The Sub-division of Ordinary Shares in the ratio of one (1) share into five (5) Ordinary Shares was completed, after the reporting period, which shareholders approved on 28th April 2025. Accordingly this has been retrospectively adjusted when computing EPS.

The number of issued shares of the Company prior to the proposed sub-division is Five Hundred and Ninety Seven Million Three Hundred and Seven Thousand Four Hundred (597,307,400) shares ("Pre Sub-division of Shares") and pursuant to the proposed sub-division the number of shares of the Company is Two Billion Nine Hundred and Eighty Six Million Five Hundred and Thirty Seven Thousand (2,986,537,000) shares ("Post Sub-division Shares").

10.2 Diluted Earnings Per Share

Year ended 31 March	Group 2025	2024
Amount Used as the Numerator:		
Profit for the Year Attributable to Ordinary Shareholders for Diluted Earnings Per Share	8,056,961	6,108,520
Number of Ordinary Shares Used as Denominator:		
Weighted Average Number of Ordinary Shares in Issue Applicable to Diluted Earnings Per Share	2,986,194	2,983,686
Diluted Earnings Per Share (LKR)	2.70	2.05

The difference between weighted average number of shares used for basic EPS and diluted EPS is due to the potential number of shares from the Employee Share Option Scheme.

11 DIVIDEND PER SHARE (DPS)

11.1 Dividends Paid

Year ended 31 March	Group 2025 LKR '000	2024 LKR '000
Declared and Paid During the Year		
Dividends on Ordinary Shares;		
Final Dividend - 2023/2024 (2024-2022/2023)	1,790,719	1,163,274
Interim Dividend - 2024/2025 (2024-2023/2024)	597,181	238,669
Total Dividend	2,387,900	1,401,944

11.2 Dividend Per Share

Year ended 31 March	Group 2025 LKR	2024 LKR
Final Dividend - 2023/2024 (2024-2022/2023)	3.00	1.95
Interim Dividend - 2024/2025 (2024-2023/2024)	1.00	0.40
	4.00	2.35

11.3 Dividend Payout

	Group 2025	2024
Dividend Payout	30%	23%

12 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Basis of Recognition

Property, Plant and Equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Basis of Measurement

Property, Plant and Equipment is stated at cost except for land and building and building on leasehold land, net of accumulated depreciation and/or accumulated impairment losses, if any. Construction in progress is stated at cost net of impairment losses, if any. Such cost includes the cost of replacing component parts of the Property, Plant and Equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the Group/ Company derecognises the net book value of replaced part, and recognises the new part with its own associated useful life and depreciation. 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 the Statement of Profit or Loss as incurred.

Revaluation

When items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets is revalued. Any revaluation surplus is recognised in Other Comprehensive Income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Profit or Loss, in which case the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

The Group has adopted a policy of revaluing land and building by professional valuers at each reporting date.

The valuation methodology adopted and the key assumptions used to determine the fair value of the properties and sensitivity analysis are provided in Note 12.1.3.

Capital expenditure incurred in relation to fixed assets which are not completed as at the Reporting date are shown as capital work-in-progress and is stated at cost. On completion, the related assets are transferred to property, plant and equipment. Depreciation on such assets commences when the assets are ready for their intended use.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation

Depreciation is calculated on a straight line basis over the estimated useful lives of all Property, Plant and Equipment.

The principal annual rates used by the Group/Company are as follows:

Freehold Buildings	1.5% - 10%
Plant and Machinery	6% - 25%
Furniture and Fittings	7% - 25%
Office and Factory Equipment	10% - 33%
Computer Hardware	25% - 33%
Motor Vehicles	16% - 25%

Buildings on Leasehold Land are depreciated over the remaining useful life or lease period which ever is lower.

Derecognition

An item of Property, Plant and Equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on 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 when the asset is derecognised.

Impairment of Property, Plant & Equipment

At each reporting date, the Group evaluates whether there is indications that an asset may be impaired. If there is any such indication, or if annual impairment testing is required for an asset, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Estimated future cash flows are discounted to present value using a pre-tax discount rate that incorporates current market assessments of the time value of money and the risks specific to the asset when determining value in use. Impairment losses are recorded in the income statement, with the exception that impairment losses in respect of previously revalued property, plant, and equipment are recorded against the revaluation reserve through the statement of other comprehensive income to the extent that they reverse a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot 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 income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Borrowing Costs

Borrowing costs are recognised as an expense in the year in which they are incurred, except to the extent where borrowing costs that are 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 respective asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalised is calculated using Company's weighted average cost of borrowing after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investments. Interest is capitalised from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted.

Revaluation of land and buildings

Accounting Judgement, Estimate and Assumption

Fair value of the Land Buildings are ascertained by independent valuations carried out by Chartered valuation surveyors, who have recent experience in valuing properties of similar location and category. Land Buildings are appraised in accordance with LKAS 16, SLFRS 13 and the Valuation Standards published by the Institute of Valuers of Sri Lanka and by the RICS, UK. In determining the fair value, the current condition of the properties, future usability and associated re-development requirements have been considered. Further valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values. A sensitivity analysis on these assumptions is included in Note 12.1.3.

12 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

12.1 Group

As at 31 March	Freehold Land	Freehold Buildings	Buildings on Leasehold Land	Plant and Machinery	Furniture , Fittings & Other Equipment	Motor Vehicles	Capital Work-in-Progress	Total 2025	Total 2024
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Cost or Valuation									
Balance at the Beginning of the Year	3,949,454	4,134,900	5,175,644	6,290,407	6,951,460	699,337	634,834	27,836,036	26,800,760
Additions	1,303,605	816,618	48,145	860,585	1,509,142	9,398	532,601	5,080,094	2,379,134
Acquisition through Subsidiaries	-	-	-	-	-	-	-	-	13,673
Increase due to Revaluations	422,084	271,005	397,350	-	-	-	-	1,090,439	600,637
Transfers due to Revaluations	(63,726)	(137,187)	(137,288)	-	-	-	-	(338,201)	(251,114)
Disposals	-	-	-	(61,362)	(164,283)	(87,031)	(22,662)	(335,338)	(146,144)
Foreign Currency Translation Difference	(34,672)	(726)	-	(3,191)	(1,510)	(1,685)	-	(41,784)	(58,600)
Transfers and Reclassifications	(38,200)	725,140	(716,362)	176,148	50,696	-	(376,808)	(179,386)	(1,502,310)
Balance at the End of the Year	5,538,545	5,809,750	4,767,489	7,262,587	8,345,505	620,019	767,965	33,111,860	27,836,036
Accumulated Depreciation/Impairment									
Balance at the Beginning of the Year	-	-	-	3,012,783	4,139,892	630,998	-	7,783,673	6,887,882
Charge for the Year	-	177,561	167,169	531,271	688,103	24,639	-	1,588,743	1,325,520
Acquisition through Subsidiaries	-	-	-	-	-	-	-	-	13,289
Transfers due to Revaluations	-	(174,655)	(163,546)	-	-	-	-	(338,201)	(251,114)
Disposals	-	-	-	(51,837)	(153,776)	(68,004)	-	(273,617)	(129,720)
Foreign Currency Translation Difference	-	(438)	-	(2,320)	(1,546)	776	-	(3,528)	(12,603)
Transfers and Reclassifications	-	(2,468)	(3,623)	(34,749)	(1,168)	-	-	(42,008)	(49,582)
Balance at the End of the Year	-	-	-	3,455,148	4,671,505	588,409	-	8,715,062	7,783,672
Carrying Value									
At the End of the Year	5,538,545	5,809,750	4,767,489	3,807,439	3,674,000	31,610	767,965	24,396,797	
At the Beginning of the Year	3,949,454	4,134,900	5,175,644	3,277,624	2,811,568	68,339	634,834	20,052,363	

12.1.1 Following Companies have stated their properties at revalued amounts. The surplus arising from the revaluation was transferred to Revaluation Reserve.

Professional Valuer : Perera Sivaskantha & Co

Name of Company/ Location	No of Buildings	Extent	Method	Range of Estimates for Unobservable Inputs	Valuation	Date
				Estimated price per perch (LKR) / Estimated price per square foot (LKR) / Estimated discount rate (%) / Depreciation rate (%)	LKR' 000	
Hemas Manufacturing (Pvt) Ltd						
Land at Dankotuwa		16A-0R-12.8P	Market Comparable Method	175,000 per perch	438,288	3/31/25
Buildings at Dankotuwa	13	200,609.5 Sq. ft.		4,500 to 11,000 per sq.ft.	1,152,851	
				Depreciation rate 30%		
Land at Welisara		1A-0R-33.12P	Market Comparable Method	1.73Mn per perch	333,132	3/31/25
Buildings at Welisara	3	55,094 Sq.ft.		4,250 - 10,750 per sq.ft.	294,718	
				Depreciation rate 45%		
Hemas Pharmaceuticals (Pvt) Ltd.						
Land at Hendala, Wattala		1A-0R-17.8P	Market Comparable Method	1.55Mn per perch	275,600	3/31/25
Buildings at Hendala	2	37,863 Sq. ft.		5,250 - 10,500 per sq.ft.	239,160	
				Depreciation rate 40%		
Hemas Hospitals (Pvt) Ltd.						
Buildings on Leasehold Land at Wattala	2	120,133 Sq.ft.	Investment Method	Rate of return 7.25%	1,017,444	3/31/25
Hemas Capital Hospital (Pvt) Ltd.						
Land at Thalawathugoda		1A – 1R – 29.80P	Investment Method	Rate of return 7.25%	1,350,145	
Buildings at Thalawathugoda	2	60,512 Sq.ft.			1,385,855	3/31/25
Morison Limited						
Land at Aluthmawatha		27.78 P	Investment Method	Rate of return 7.0%	170,677	3/31/25
Building at Aluthmawatha	1	21,930 Sq.ft.			141,418	
Land at Aluthmawatha		1R 19.15 P	Investment Method	Rate of return 6.5%	353,470	3/31/25
Building at Aluthmawatha	1	21,901 Sq.ft.			137,370	
Buildings on Leasehold Land at Pitipana, Homagama	4	133,388 Sq. ft.	Investment Method	Rate of return 8.5%	3,716,320	3/31/25
Atlas Axillia Co. (Pvt) Ltd.						
Land at Peliyagoda		28.94 P	Market Comparable Method	1.9Mn per perch	55,350	3/31/25
Land at Peliyagoda		1A 3R 13.3 P		3Mn per perch	938,500	
Buildings at Peliyagoda	3	93,903 Sq.ft.		5,000 - 9,500 per sq.ft.	415,300	
				Depreciation rate 65%		
Building at Kerawalapitiya	1	11,164 Sq. ft.	Market Comparable Method	700 - 14,250 per sq. ft.	39,665	3/31/25

12 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Name of Company/ Location	No of Buildings	Extent	Method	Range of Estimates for Unobservable Inputs	Valuation	Date
				Estimated price per perch (LKR) / Estimated price per square foot (LKR) / Estimated discount rate (%) / Depreciation rate (%)	LKR' 000	
Professional Valuer : Ahsan Manzur & Company						
Hemas Consumer Brands (Pvt) Ltd.						
Land at Bhadurpur, Bangladesh		466.63 Decimals	Market Comparable Method	510,000 - 573,750 per perch	401,883	3/31/25
Non Current Assets held for Sale						
Buildings at Kandy	2	8,577 Sq. ft.	Market Comparable Method	2,500 - 5,000 per sq. ft.	7,278	3/31/25

12.1.2 Details of the Investment Properties used by the Group companies are as follows:

Professional Valuer : Perera Sivaskantha & Co

Name of Company / Location	No of Buildings	Extent	Method	Range of Estimates for Unobservable Inputs	Valuation	Date
				Estimated price per perch (LKR) / Estimated price per square foot (LKR) / Estimated discount rate (%) / Depreciation rate (%)	LKR' 000	
Hemas Holdings PLC						
Freehold Property at Welisara						
Land		1A-3R-8P	Market Comparable Method	1.6Mn - 1.7Mn per perch	466,765	3/31/25
Buildings	4	67,300 sq.ft.		5,500-11,300 per sq.ft.	394,460	
				Depreciation rate 45%		
Hemas Developments (Pvt) Ltd.						
Freehold Property at Braybrooke Place						
Land		1R-10P	Investment Method	Rate of Return 6.0%	801,465	3/31/25
Building	1	99,372 Sq.ft.			1,631,868	

12.1.3 Significant Unobservable Inputs

Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are tabulated below;

Valuation Technique	Significant Unobservable Valuation Inputs	Sensitivity of the Fair Value Measurement to Inputs
Market Comparable Method		
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property. In this process outlier transactions, indicative of particular motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for Land Price per square foot for building	Estimated fair value would increase (decrease) if; • Price per perch increases/ (decreases) • Price per square foot increases /(decreases)
Investment Method		
This method involves capitalisation of the expected rental income at an appropriate rate of years purchase currently characterised by the real estate market.	Gross monthly rental Years from purchase (Present value of 1 unit per period) Void Period	Estimated fair value would increase (decrease) if; • Gross Annual Rental increases/(decreases) • Years from Purchase increases /(decreases) • Void Period increases / (decreases)

12.1.4 Carrying Value

	Group	
As at 31 March	2025 LKR '000	2024 LKR '000
At Cost	8,281,014	6,792,365
At Valuation	16,115,783	13,259,998
	24,396,797	20,052,363

12.1.5 The carrying amount of revalued Freehold Land, Freehold Buildings & Buildings on Leasehold Land if they were carried at cost less depreciation would be as follows,

			Net Carrying Amount	
As at 31 March	Cost LKR '000	Accumulated Depreciation LKR '000	2025 LKR '000	2024 LKR '000
Freehold Land	838,077	-	838,077	869,063
Building on Freehold Land	5,373,913	1,585,133	3,788,780	3,822,945
Building on Leasehold Land	58,432	14,573	43,859	4887
	6,270,422	1,599,706	4,670,716	4,696,895

12.1.6 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of LKR 5,080 Mn (2024-LKR 2,379 Mn) by means of cash.

12.1.7 Property, Plant and Equipment includes fully depreciated assets having a gross carrying value of LKR 4,486 Mn (2024-LKR 3,359 Mn).

12.1.8 Details of the assets pledged as a security for liabilities are given in Note 35 to these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

12.2 Company

Year ended 31 March	Furniture and Fittings LKR '000	Office Equipment LKR '000	Computer Hardware LKR '000	Motor Vehicles LKR '000	Total 2025 LKR '000	Total 2024 LKR '000
Cost or Valuation						
Balance at the Beginning of the Year	110,123	44,255	129,676	60,032	344,087	326,570
Additions	20,884	576	5,085	-	26,545	75,191
Disposals	(8,219)	(274)	(598)	-	(9,091)	(57,674)
Balance at the End of the Year	122,789	44,558	134,163	60,032	361,541	344,087
Accumulated Depreciation						
Balance at the Beginning of the Year	57,782	27,894	103,853	60,032	249,562	266,027
Charge for the Year	11,511	5,467	13,892	-	30,870	29,612
Disposals	(1,027)	(91)	(316)	-	(1,435)	(46,077)
Balance at the End of the Year	68,266	33,270	117,429	60,032	278,997	249,562
Carrying value						
At the End of the Year	54,523	11,288	16,733	-	82,544	
At the Beginning of the Year	52,341	16,361	25,823	-	94,525	

12.2.1 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of LKR 27 Mn (2024-LKR 75 Mn) by means of cash.

12.2.2 Property, Plant and Equipment includes fully depreciated assets having a gross carrying value of LKR 467 Mn (2024-LKR 195 Mn).

13 INVESTMENT PROPERTIES

Accounting Policy

Investment property is a property held either to earn rental income or for capital appreciation or both, rather than sale in the ordinary course of business and use in the production or supply of goods or services or for administrative purposes.

Basis of Recognition

Investment Properties are recognised only if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the investment property can be reliably measured.

Basis of Measurement

Investment Properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, Investment Properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of Investment Properties are included in the Statement of Profit or Loss in the period in which they arise.

Investment Properties are derecognised when either they have been disposed of or when the Investment Property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit or Loss in the period of derecognition.

Reclassification to or from Investment Property

Transfers are made to or from Investment Property only when there is a change in use. For a transfer from Investment Property to owner occupied property, the value for subsequent accounting is the fair value at the date of change. If owner occupied property becomes an Investment Property, Group/Company accounts for such property in accordance with the policy stated under Property, Plant and Equipment up to the date of change.

Group companies occupy a significant portion of the Investment Property of a subsidiary, such Investment Properties are treated as Property, Plant and Equipment in the consolidated financial statements, and accounted using Group Accounting Policy for Property, Plant and Equipment.

Accounting Judgement, Estimate and Assumption

Fair value of the Investment Property is ascertained by independent valuations carried out by Chartered valuation surveyors, who have recent experience in valuing properties of similar location and category. Investment property is appraised in accordance with LKAS 40, SLFRS 13 and the Valuation Standards published by the Institute of Valuers of Sri Lanka and by the RICS, UK. In determining the fair value, the current condition of the properties, future usability and associated re-development requirements have been considered. Further valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

A sensitivity analysis on these assumptions is included in Note 13.1.1.

13.1 Group

As at 31 March	2025 LKR '000	2024 LKR '000
At the Beginning of the Year	4,008,116	2,310,150
Addition	6,785	1,208
Transfers	38,200	1,431,785
Change in Fair Value	252,681	264,973
At the End of the Year	4,305,782	4,008,116
Rental Income Derived from Investment Properties	21,444	16,305
Direct Operating Expenses Generating Rental Income (Including Repair and Maintenance)	(20,317)	(13,124)
Direct Operating Expenses that did not Generate Rental Income (Including Repair and Maintenance)	(220)	(650)
Net Profit Arising from Investment Properties Carried at Fair Value	907	2,531

13.1.1 Details of Investment Properties

Professional Valuer : Perera Sivaskantha & Co

Name of Company / Location	No of Buildings	Extent	Method	Range of Estimates for Unobservable Inputs		Valuation	Date
				Estimated price per perch (LKR) / Estimated price per square foot (LKR) / Estimated discount rate (%) / Depreciation rate (%)	Sensitivity	LKR' 000	
Hemas Holdings PLC							
Freehold Land at Tangalle		1A-2R-26.06P	Market Comparable Method	775,000 per perch	+/- 21Mn	206,197	3/31/25
					+/- 10% in each input		
Freehold Property at Hendala							
Land		2R-4.13P	Market Comparable Method	2.15Mn per perch	+/- 18.4Mn	184,200	3/31/25
Building	1	2,960 sq.ft.		6,250 per sq.ft.	+/- 445,000	8,900	
				Depreciation rate 62.5%			
					+/- 10% in each input		
Peace Haven Resorts Limited							
Land		19A-2R-34.16P	Market Comparable Method	625,000 -725,000 per perch	+/- 210.4Mn	2,104,300	3/31/25
Building	1	4,250 sq.ft.		12,000 per sq.ft.		31,800	
				Depreciation rate 45%	+/- 10% in each input		

13 INVESTMENT PROPERTIES (CONTD.)

Name of Company / Location	No of Buildings	Extent	Method	Range of Estimates for Unobservable Inputs: Estimated price per perch (LKR) / Estimated price per square foot (LKR) / Estimated discount rate (%) / Depreciation rate (%)	Sensitivity	Valuation LKR' 000	Date
Mowbray Hotels Limited							
Land at Kandy		32A-1R-29P	Market Comparable Method	55,000 per perch	+/- 29Mn	285,344	3/31/25
Building at Kandy	1	5,314 Sq.ft.		5,000-6,000 per sq.ft.	+/-508,000	10,156	
				Depreciation rate 80%	+/- 10% in each input		
Atlas Axillia Co. (Pvt) Ltd.							
Land at Morahela - Balangoda		0A – 1R – 30.70P	Market Comparable Method	40,000 - 42,500 per perch	+/- 0.3Mn	3,000	3/31/25
					+/- 10% in each input		
Sanctuary Resorts Wilpattu Lanka (Pvt) Ltd.							
Land at Wanathawilluwa		42A 3R 25.17P	Market Comparable Method	950,000 per acre	+/- 4Mn	40,750	3/31/25
					+/- 10% in each input		
Morlan (Pvt) Ltd.							
Land at Pethiyagoda, Kelaniya		7A 3R 7P	Investment Method	Rate of return 9%	+/- 10% in rate of return 100Mn	1,003,650	3/31/25
Buildings at Pethiyagoda, Kelaniya	13	75,542 Sq.ft.			+/- 0.5% in rate of return 22Mn	437,700	

Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are the same as disclosed in Note 12.1.3.

13.2 Company

Year ended 31 March	2025 LKR '000	2024 LKR '000
At the Beginning of the Year	1,143,000	1,065,305
Change in Fair Value	117,522	77,695
At the End of the Year	1,260,522	1,143,000
Rental Income Derived from Investment Properties	28,808	28,807
Direct Operating Expenses Generating Rental Income (Including Repair and Maintenance)	(1,842)	(780)
Direct Operating Expenses that did not Generate Rental Income (Including Repair and Maintenance)	(81)	(90)
Net Profit Arising from Investment Properties Carried at Fair Value	26,885	27,937

13.2.1 Details of Investment Properties

Professional Valuer : Perera Sivaskantha & Co

Name of Company / Location	No of Buildings	Extent	Method	Range of Estimates for Unobservable Inputs		Valuation	Date
				Estimated price per perch (LKR) / Estimated price per square foot (LKR) / Estimated discount rate (%) / Depreciation rate (%)	Sensitivity	LKR' 000	
Freehold Property at Welisara							
Land		1A-3R-8P	Market Comparable Method	1.6Mn - 1.7Mn per perch	+/- 47Mn	466,765	3/31/25
Buildings	4	67,300 sq.ft.		5,500-11,300 per sq.ft.	+/- 20Mn	394,460	
				Depreciation rate 45%	+/- 10% in each input		
Freehold Property at Hendala							
Land		2R-4.13P	Market Comparable Method	2.15Mn per perch	+/- 18.4Mn	184,200	3/31/25
Building	1	2,960 sq.ft.		6,250 per sq.ft.	+/- 445,000	8,900	
				Depreciation rate 62.5%	+/- 10% in each input		
Freehold Land at Tangalle		1A-2R-26.06P	Market Comparable Method	775,000 per perch	+/- 21Mn	206,197	3/31/25
					+/- 10% in each input		

14 RIGHT-OF-USE ASSETS

Accounting Policy

The Group/ Company 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.

Group as Lessee

The Group/ Company 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.

The Group/ Company only reassesses whether a contract is, or contains, a lease subsequent to initial recognition if the terms and conditions of the contract are changed.

Right-of-Use Assets

The Group/ Company recognises Right-of-Use Assets when 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. Unless the Group/ Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised Right-of-Use Assets are depreciated on a straight line basis over the shorter of its estimated useful life or the lease term. If ownership of the leased asset transfers to the Group/ Company at the end of the lease term or the cost reflects the exercise of a purchase option, amortisation is calculated using the estimated useful life of the asset (Land and Building 2-30 years). Right-of-Use Assets are subject to impairment.

14 RIGHT-OF-USE ASSETS (CONTD.)

Lease Liabilities

At the commencement date of the lease, the Group/ Company 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.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if 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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The Group's lease liabilities are included in Interest-bearing loans and borrowings.

Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of 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.

Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset is 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.

Set out below, are the carrying amounts of the Group's Right-of-Use assets and lease liabilities (Included under Interest Bearing Borrowings) and the movements for the period ended 31 March 2025.

14.1 Right-of-Use Assets

	Group		Company	
As at 31 March	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
At the Beginning of the Year	1,314,167	995,097	64,267	-
Additions	1,077,285	587,303	-	127,528
Re-assessment of Lease	-	-	6,475	-
Amortisation	(339,675)	(278,279)	(70,742)	(63,261)
Disposal	(164,931)	-	-	-
Foreign Currency Translation Difference	2,483	10,046	-	-
At the End of the Year	1,889,329	1,314,167	-	64,267

Right-of-Use Assets represent the land and buildings.

14.2 Lease Liabilities

	Group		Company	
As at 31 March	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
As at 1 April 2024	1,617,372	1,228,626	71,223	-
Additions	1,033,144	587,202	-	127,528
Re-assessment of Lease	-	-	6,475	-
Transfers / Disposal	(215,819)	-	-	-
Interest Expense	235,799	206,661	8,096	21,141
Payments	(536,315)	(401,698)	(85,794)	(77,446)
Foreign Currency Translation Difference	(1,789)	(3,419)	-	-
As at 31 March 2025	2,132,393	1,617,372	-	71,223

As at 31 March	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Current	236,338	283,592	-	71,223
Non-Current	1,896,055	1,333,780	-	-
Total	2,132,393	1,617,372	-	71,223

The following are the amounts recognised in the Statement of Profit or Loss from Continuing Operation:

Year ended 31 March	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Amortisation Expense of Right-of-Use Assets	339,675	278,279	70,742	63,261
Interest Expense on Lease Liabilities	235,729	206,661	8,096	21,141
Expense Relating to Short Term Leases and Low Value Assets	134,595	134,049	-	-

15 INTANGIBLE ASSETS

Accounting Policy

Basis of Recognition

Intangible Assets are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Basis of Measurement

Intangible Assets acquired separately are measured on initial recognition at cost. The cost of Intangible Assets acquired in a business combination is recognised at their fair value as at the date of acquisition. Following initial recognition, Intangible Assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated Intangible Assets (excluding capitalised development costs) are not capitalised and expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

Purchased Software

Purchased software is recognised as an Intangible Asset and is amortised on a straight line basis over its useful life.

Research and Development Costs

Research costs are expensed as incurred. Intangible Assets arising from development expenditure on an individual project is recognised only when the Group can demonstrate, the technical feasibility of completing the Intangible Assets so that it will be available for use or sale, its intention to complete and its ability to use or sell the assets, how the assets will generate future economic benefits, the availability of resources to complete the assets and the ability to measure reliably the expenditure during the development.

During the period of development, the assets are tested for impairment annually. Following the initial recognition of the development expenditure, the cost model is applied requiring the assets to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the assets begins when development is completed and the asset is available for use. It is amortised over the period of expected future benefit. During the period where the asset is not yet in use it is tested for impairment annually.

Brands

Brands acquired as part of a business combination are capitalised if the Brand meets the definition of an intangible asset and the recognition criteria are satisfied.

Brands with finite lives are amortised over their useful economic lives & assessed for impairment whenever there is an indication for impairment.

Brands with the indefinite useful life are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in Intangible Assets. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for Non- Controlling Interests 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 gain is recognised in Statement of Profit or Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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 operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is allocated to the carrying amount of the equity accounted investee..

Useful economic lives, Amortisation / Impairment

The useful lives of Intangible Assets are assessed as either finite or indefinite.

Intangible Assets with finite lives are amortised over their useful economic lives 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 is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing 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 consistent with the function of the Intangible Assets.

Intangible Assets with infinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of infinite life is reviewed annually to determine whether the infinite life continues to be supportable. If not, the change in useful life from infinite to finite is made on a prospective basis. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

A summary of the policies applied to the Group's intangible assets is, as follows:

Intangible Assets	Useful Life	Type	Subsequent Measurement	Impairment Testing	Rate
Software	Finite	Acquired	Cost Model	-	10% - 33.3% p.a
Brands	Finite / Indefinite	Acquired	Cost Model	Tested for Impairment	6.7% - 10% p.a
Goodwill	Indefinite	Acquired	Cost Model	Tested for Impairment	-

Derecognition

Gains or Losses arising from derecognition of an Intangible Asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

Accounting Judgement, Estimate and Assumption

Recoverable amounts of the CGU have been ascertained based on value in use calculations and the assumptions used are as follows.

Goodwill The business acquisition to which the goodwill is attributable is valued based on the earnings growth method Assumptions applied in such computations are reviewed each year.

Brands Brands are valued based on the earnings growth method, and assumptions applied are reviewed each year.

Variable	Assumptions Used	Sensitivity		
		Change	Impact on Value In Use	Impact on Goodwill and Brands
Discount Rate	The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium - 14% - 17% (2024 - 16% - 20%).	Increases By 1%	-8.3%	No Impact
		Decreases By 1%	9.7%	No Impact
Long-Term Growth Rate for Cash Flows for Subsequent Years	Based on historical growth rate and business plan 2% - 3% (2024 - 3% - 4%)	Increases By 1%	6.2%	No Impact
		Decreases By 1%	-5.3%	No Impact
Inflation Rate	Based on the current inflation rate and the percentage of the total cost subject to the inflation.			

Above assumptions are affected by expected future market and future economic conditions.

15.1 Group

	Software LKR '000	Brands LKR '000	Goodwill LKR '000	Total 2025 LKR '000	Total 2024 LKR '000
Cost					
Balance at the Beginning of the Year	811,878	1,150,721	2,112,900	4,075,499	4,029,510
Additions	97,715	-	-	115,845	26,948
Acquisition of Subsidiaries	-	-	-	-	5,614
Transfers	1,239	-	-	1,239	14,896
Disposals	(1,452)	-	-	(1,452)	(1,469)
Balance at the End of the Year	909,380	1,150,721	2,112,900	4,191,131	4,075,499
Accumulated Amortisation/Impairment					
Balance at the Beginning of the Year	625,793	166,710	-	792,503	718,137
Amortisation	69,266	-	-	69,266	79,155
Acquisition of Subsidiaries	-	-	-	-	81
Transfers	(2,243)	-	-	(2,243)	(4,053)
Disposals	(1,452)	-	-	(1,452)	(898)
Balance at the End of the Year	691,364	166,710	-	858,074	792,503
Work in Progress	18,130	-	-	18,130	-
Carrying Value					
At the End of the Year	236,146	984,011	2,112,900	3,333,057	
At the Beginning of the Year	186,085	984,011	2,112,900	3,282,996	

The aggregate carrying amount of goodwill allocated to each unit is as follows ;

As at 31 March	Group 2025 LKR '000	2024 LKR '000
Morison Limited	259,288	259,288
Atlas Axillia Company (Pvt) Ltd.	1,848,148	1,848,148
Shipping Agency Services (Pvt) Ltd.	5,464	5,464
	2,112,900	2,112,900

15.2 Company

As at 31 March	Software 2025 LKR '000	2024 LKR '000
Cost		
Balance at the Beginning of the Year	279,630	279,630
Balance at the End of the Year	279,630	279,630
Accumulated Amortisation		
Balance at the Beginning of the Year	258,547	230,146
Amortisation	8,501	28,401
Balance at the End of the Year	267,048	258,547
	12,582	21,083
Work in Progress	18,130	-
Carrying Value	30,712	21,083

16 INVESTMENT IN SUBSIDIARIES

Accounting Policy

Investment in Subsidiaries are initially recognised at cost in the Financial Statements of the Company. Any transaction cost relating to acquisition of subsidiaries are immediately recognised in the Statement of Profit or Loss. Following initial recognition, investment in subsidiaries are carried at cost less any accumulated impairment losses.

As at 31 March	Direct Holding 2025	Direct Holding 2024	Direct Investment 2025 LKR '000	Direct Investment 2024 LKR '000
Non-Quoted Investments				
Hemas Corporate Services (Pvt) Ltd.	100%	100%	124,891	39,891
Hemas Developments (Pvt) Ltd.	100%	100%	909,869	909,869
Hemas Manufacturing (Pvt) Ltd.	100%	100%	914,295	914,295
Hemas Pharmaceuticals (Pvt) Ltd.	100%	100%	213,331	213,331
Hemas Surgicals and Diagnostics (Pvt) Ltd.	100%	100%	273,957	273,957
Leisure Asia Investments Ltd.	100%	100%	5,533,371	5,533,371
Hemas Transportation (Pvt) Ltd.	100%	100%	723,029	723,029
Hemas COE Pvt Ltd.	100%	100%	6,172	6,172
Magnicare (Pvt) Ltd	100%	100%	200	200
Hemascorp (Pvt) Ltd.	100%	100%	188,189	127,789
Hemas Ecopower (Pvt) Ltd	100%	100%	727,810	711,810
Hemas Marketing (Pvt) Ltd	100%	100%	273,517	273,517
Hemas Trading (Pvt) Ltd	100%	100%	35,362	35,362
Hemas Hospitals (Pvt) Ltd.	98%	89%	3,533,402	2,850,122
Atlas Axillia Co. (Pvt) Ltd.	75%	75%	5,658,706	5,658,706
Morison Limited	0%	0%	126	126
Exchange & Finance Investments (Pvt) Ltd.	100%	100%	9,412	9,412
Far Shipping Lanka (Pvt) Ltd.	100%	100%	3,000	3,000
Concept Ventures (Pvt) Ltd.	100%	100%	372,024	372,024
			19,500,663	18,655,983
Impairment of Investment in;				
FAR Shipping Lanka (Pvt) Ltd.			(3,000)	(3,000)
Exchange & Finance Investments (Pvt) Ltd.			(9,412)	(9,412)
Concept Ventures (Pvt) Ltd.			(372,024)	(372,024)
			(384,436)	(384,436)
Total			19,116,227	18,271,547

Refer Note 36 for effective equity holding percentages Group entities.

17 INVESTMENT IN EQUITY ACCOUNTED INVESTEES

Accounting Policy

An Associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A Joint Venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the Joint Venture. Joint Control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its Associates and Joint Ventures are accounted for using the equity method.

Under the equity method, the investment in an Associate or Joint Venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the Associate or Joint Venture since the acquisition date.

Goodwill relating to the Associate or Joint Venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the Associate or Joint Venture. Any change in Other Comprehensive Income of those investees is presented as a part of the Group's Other Comprehensive Income. In addition, when there has been a change recognised directly in the equity of the Associate or Joint Venture, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the Associate or Joint Venture are eliminated to the extent of the interest in the Associate or Joint Venture.

The aggregate of the Group's share of profit or loss of an Associate and a Joint Venture is shown on the face of the Statement of Profit or Loss and represents profit or loss after tax.

Share of losses are recognised only to the extent that the investment becomes zero.

The Financial Statements of Associates and Joint Ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in Associate or Joint Venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the Associate or Joint Venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the Associate or Joint Venture and its carrying value, and then recognises the loss in the 'Share of results of Associates and Joint Ventures' in the Statement of Profit or Loss.

Upon loss of significant influence over the Associate or Joint Control over the Joint Venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the Associate or Joint Venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in Statement of Profit or Loss.

As at 31 March		Statement of Financial Position	
	Note	**2025** **LKR '000**	2024 LKR '000
Investment in Joint Ventures	17.1	**1,995,146**	1,461,835
Investment in Associates	17.2	**158,731**	11,828
		2,153,877	1,473,663

Year ended 31 March	Share of Profit or Loss		Share of Other Comprehensive Income	
	2025 **LKR '000**	2024 LKR '000	**2025** **LKR '000**	2024 LKR '000
Investment in Joint Ventures	**305,651**	92,380	**227,578**	689,644
Investment in Associates	**146,156**	1,111	**82**	(43)
	451,807	93,491	**227,660**	689,601

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INVESTMENT IN EQUITY ACCOUNTED INVESTEES (CONTD.)

17.1 Investment in Joint Ventures

As at 31 March	Holding 2025	Holding 2024	2025 LKR '000	2024 LKR '000
Cost				
PH Resorts (Pvt) Ltd.	50%	50%	1,411,398	1,411,398
			1,411,398	1,411,398
Cumulative Loss Accruing to the Group Net of Dividend			(1,522,267)	(1,827,918)
Cumulative Other Comprehensive Income Accruing to the Group			2,106,015	1,878,355
			583,748	50,437
Carrying Amount of the Investment			1,995,146	1,461,835

	2025 LKR '000	2024 LKR '000
Group Share of Joint Venture's Statement of Financial Position;		
Current Assets	692,637	659,537
Non-Current Assets	5,850,305	5,629,035
Current Liabilities	(872,773)	(766,783)
Non-Current Liabilities	(3,675,023)	(4,059,954)
Carrying Amount of the Investment	1,995,146	1,461,835
Group Share of Joint Venture's Statement of Profit or Loss;		
Share of the Joint Venture Revenue	1,878,871	1,812,876
Share of the Joint Venture Profit Before Tax	319,064	92,616
Share of the Joint Venture Profit After Tax	305,651	92,380
Share of the Joint Venture Other Comprehensive Income		
To be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax)	57,557	189,551
Not to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax)	170,021	500,093

Details of the Commitments and Contingencies are given in Note 34 to these financial statements.

17.2 Investment in Associates

As at 31 March	Holding 2025	Holding 2024	2025 LKR '000	2024 LKR '000
Unquoted				
Pulz Solutions (Pvt) Ltd.	30%	30%	6,500	6,500
Hire 1 Technologies (Pvt) Ltd.	20%	20%	29,500	29,500
VulcanD (Pvt) Ltd.	20%	20%	10,000	10,000
FAR Shipping Agency (Pvt) Ltd.	36%	36%	132,028	132,028
			178,028	178,028
Cumulative Profit/ (Loss) Accruing to the Group Net of Dividend			20,952	(125,869)
Cumulative Other Comprehensive Income Accruing to the Group			(665)	(747)
Impairment of Investment in Associate			(39,584)	(39,584)
			(19,297)	(166,200)
Carrying Amount of the Investment			158,731	11,828

Summarised Financial Information of Associate

	2025 LKR '000	2024 LKR '000
Group Share of Associates' Statement of Financial Position;		
Current Assets	180,100	52,942
Non-Current Assets	2,637	2,136
Current Liabilities	(18,622)	(38,609)
Non-Current Liabilities	(5,384)	(4,641)
Carrying Amount of Associates	158,731	11,828
Group Share of Associates' Statement of Profit or Loss;		
Share of the Associate Revenue	39,586	38,306
Share of the Associate Profits Before Tax	156,622	7,580
Share of the Associate Profits After Tax	146,156	1,111
Share of the Associate Other Comprehensive Income		
Not to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax)	82	(43)

Details of the Commitments and Contingencies are given in Note 34 to these financial statements.

18 LEASE RECEIVABLES

The assets are reported as receivables at an amount equal to the net investment in the lease. Lease income from finance leases is recognised over the term of the lease based on the effective interest rate method.

As at 31 March	2025 LKR '000 Gross Investment in Lease	2025 LKR '000 Present Value of Minimum Lease Receipts	2024 LKR '000 Gross Investment in Lease	2024 LKR '000 Present Value of Minimum Lease Receipts
Non-Current - Between One to Five Years	24,151	22,648	48,029	42,186
Current	19,561	15,369	35,824	30,639
	43,712	38,017	83,853	72,825

19 FINANCIAL INSTRUMENTS

Accounting Policy

Recognition and Initial Measurement

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.

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and Subsequent Measurement

Financial Assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

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.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets . On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. The Group did not classify any instrument under this category as of 31 March 2025.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. The Group's financial assets at amortised cost includes trade receivables, loans to an employees, loans to related parties and other investments included under other financial assets.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. The Group elected to classify irrevocably its listed and non-listed equity investments under this category.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial Assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

In these cases, the transferred assets are not derecognised.

Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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.

Derivative Financial Instruments and Hedge Accounting

Initial Recognition and Subsequent Measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. 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.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

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).

19 FINANCIAL INSTRUMENTS (CONTD.)

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements: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.
- The 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

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

Impairment of Financial Assets

The Company 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).

19 FINANCIAL ASSETS

As at 31 March	Note	Group 2025 LKR '000	Group 2024 LKR '000	Company 2025 LKR '000	Company 2024 LKR '000
Non-Current	19.1	254,797	209,633	21,322	15,143
Current	19.2	183,326	168,880	23,455	316,878
Total Financial Assets		438,123	378,513	44,777	332,021

19.1 Other Financial Assets - Non Current

	Note	Group 2025 LKR '000	Group 2024 LKR '000	Company 2025 LKR '000	Company 2024 LKR '000
Investment In Equity Securities	19.1.1	98,975	75,964	17,781	13,639
Loans to Company Employees		49,245	64,528	3,541	1,504
Refundable Deposits		106,577	69,141	-	-
		254,797	209,633	21,322	15,143

19.1.1 Investment In Equity Securities - Non Current

Group

(a) Quoted	No. of Shares 2025	No. of Shares 2024	Carrying Value 2025 LKR '000	Carrying Value 2024 LKR '000	Fair Value 2025 LKR '000	Fair Value 2024 LKR '000
Overseas Realty (Ceylon) PLC	1,000	1,000	24	18	24	18
Eden Hotels Lanka PLC	127	127	2	2	2	2
Galadari Hotels PLC	1,500	1,500	25	25	25	25
CT Holdings PLC	10,934	10,934	4,283	2,775	4,283	2,775
CIC Holdings PLC	296	296	35	21	35	21
Royal Palm Beach Hotels PLC	85	85	3	3	3	3
Hayleys PLC	13	13	2	1	2	1
Lankem Ceylon PLC	50	50	4	3	4	3
John Keells Holdings PLC	30,130	3,013	570	461	570	461
Mercantile Shipping Company PLC	484,334	484,334	-	-	-	-
Dolphin Hotel PLC	2,068,555	2,068,555	94,027	72,655	94,027	72,655
			98,975	75,964	98,975	75,964

(b) Unquoted	No. of Shares 2025	No. of Shares 2024	Carrying Value 2025 LKR '000	Carrying Value 2024 LKR '000
Digital Healthcare Solutions (Pvt) Ltd - Preference Shares	3,950,000	3,950,000	-	-
Total Group			98,975	75,964

Company

			Carrying Value 2025 LKR '000	Carrying Value 2024 LKR '000	Fair Value 2025 LKR '000	Fair Value 2024 LKR '000
Overseas Realty (Ceylon) PLC	500	500	12	9	12	9
John Keells Holdings PLC	27,170	2,717	549	404	549	404
Mercantile Shipping Company PLC	484,334	484,334	-	-	-	-
Dolphin Hotel PLC	376,808	376,808	17,220	13,226	17,220	13,226
			17,781	13,639	17,781	13,639

19 FINANCIAL INSTRUMENTS (CONTD.)

19.2 Other Financial Assets - Current

		Group		Company	
	Note	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Loans to Company Employees		183,145	168,691	5,955	978
Loans Due From Related Parties	19.2.1	-	-	17,500	315,900
Refundable Deposits		181	189	-	-
		183,326	168,880	23,455	316,878

19.2.1 Loans Due From Related Parties

		Company	
	Relationship	2025 LKR '000	2024 LKR '000
Hemas Manufacturing (Pvt) Ltd	Subsidiary	-	300,000
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	-	15,900
Hemas Developments (Pvt) Ltd	Subsidiary	17,500	-
		17,500	315,900
Current		17,500	315,900
Non-current		-	-

Terms and Conditions

Security - Unsecured

Repayment -To be Repaid on Demand

Interest - Based on Market Rates (AWPLR + Margin)

19.3 Financial Assets and Liabilities by Categories

		Group		Company	
As at 31 March	Note	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Financial Assets					
Financial Assets at Amortised Cost					
Trade and Other Receivables (Excluding Advances and Prepayments)	21	24,428,335	24,701,589	527,757	391,577
Other Financial Assets					
Loans to Company Employees	19	232,390	233,219	9,496	2,482
Loans Due from Related parties	19	-	-	17,500	315,900
Refundable Deposits	19	106,758	69,330	-	-
Cash and Short Term Deposits	28	12,578,510	13,222,991	84,078	24,589
Financial Assets at FVOCI					
Equity Share Investment	19	98,975	75,964	17,781	13,639
Financial Liabilities					
Loans & Borrowings					
Interest Bearing Loans and Borrowings	24	5,424,000	9,677,585	519,000	1,817,000
Loans Due to Related Parties	24	-	-	1,669,217	337,530
Lease Liability	14	2,132,391	1,617,372	-	71,223
Trade and Other Payables	27	31,940,411	30,847,653	931,090	769,189
Bank Overdraft	28	317,185	1,410,408	64,262	190,471
Other Financial Liabilities					
Preference Share	25	275,000	275,000	-	-
Rent Deposits/Advances	25	375	4,505	-	-

20 INVENTORIES

Accounting Policy

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw Materials - Weighted Average basis.
- Finished Goods and Work In Progress - at cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.
- Consumables and Spares - at actual cost on First In First Out basis.
- Goods In Transit and Other Stocks - at Actual Cost.
- Medical Supplies - Weighted Average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

The determination of inventory provisions for the Group (except specific items) was based on a comprehensive assessment of inventory age (expiry date) and shelf life.

	Group	
As at 31 March	2025 LKR '000	2024 LKR '000
Raw Materials	3,447,884	3,560,320
Work In Progress	549,694	606,861
Finished Goods	16,161,357	18,242,310
Other Stocks	954,218	874,551
Goods In Transit	624,383	662,214
Less: Provision for Slow-Moving and Obsolete Inventory	(554,976)	(1,171,111)
	21,182,560	22,775,145

As at the reporting date, the Group had not pledged any inventories as security for its liabilities.

21 TRADE AND OTHER RECEIVABLES

Accounting Policy.

A receivable represents the Group's right to an amount of consideration that is unconditional

Impairment of Trade Receivables

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs.

The Group 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 of the economic environment. To estimate loss given default (LGD) parameters, the Group analyses the historical recovery rates. GDP growth rates were used for forward-looking factors in the economic environment.

		Group		Company	
	Note	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Trade Receivables					
Related Parties	21.2	-	-	487,806	305,467
Others		21,677,686	21,480,494	1,092	1,442
		21,677,686	21,480,494	488,898	306,909
Less: Allowance for Impairment					
Related Parties	21.1	-	-	(38,185)	(27,981)
Others		(374,112)	(433,993)	(731)	(886)
		(374,112)	(433,993)	(38,916)	(28,867)
		21,303,574	21,046,501	449,982	278,042
Other Receivables					
Related Parties	21.3	-	-	75,345	66,368
Others		3,193,454	3,952,442	3,160	57,684
Less: Allowance for Impairment		(68,693)	(297,354)	(730)	(10,517)
Advances and Prepayments		1,543,135	1,597,126	35,024	49,366
		25,971,470	26,298,715	562,781	440,943

21 TRADE AND OTHER RECEIVABLES (CONTD.)

The Age Analysis of Trade Receivables as at 31 March, is as follows:

Group			Past due but not impaired				
	Total	Neither due nor impaired	< 30 days	31-60 days	61-90 days	91-120 days	> 120 days
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
2025	21,677,686	17,638,227	1,860,218	1,325,117	321,372	109,424	423,328
2024	21,480,494	17,326,028	2,395,375	818,738	326,933	130,534	482,886

Company			Past due but not impaired				
	Total	Neither due nor impaired	< 30 days	31-60 days	61-90 days	91-120 days	> 120 days
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
2025	488,898	286,673	152,587	138	2,721	939	45,840
2024	306,909	124,304	104,783	27,743	9,014	2,796	38,269

21.1 Movements in the allowance for impairment of Trade Receivables;

	Group			Company		
	Individually Impaired LKR '000	Collectively Impaired LKR '000	Total LKR '000	Individually Impaired LKR '000	Collectively Impaired LKR '000	Total LKR '000
As at 1 April 2023	-	562,619	562,619	-	44,604	44,604
Charge/ (Reversal) for the Year	-	(81,067)	(81,067)	-	(15,737)	(15,737)
Recovered during the year	-	(6,690)	(6,690)	-	-	-
Write off	-	(40,869)	(40,869)	-	-	-
As at 31 March 2024	-	433,993	433,993	-	28,867	28,867
Charge/ (Reversal) for the Year	-	97,785	97,785	-	10,048	10,048
Recovered during the year	-	(49,736)	(49,736)	-	-	-
Write off	-	(107,930)	(107,930)	-	-	-
As at 31 March 2025	-	374,112	374,112	-	38,916	38,916

21.2 Trade Dues From Related Parties

	Relationship	Company 2025 LKR '000	Company 2024 LKR '000
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	138,158	116,600
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	1,053	4,119
Hemas COE (Pvt) Ltd.	Subsidiary	12,807	9,225
Hemas Hospitals (Pvt) Ltd.	Subsidiary	54,805	6,316
Hemas Capital Hospital (Pvt) Ltd.	Subsidiary	50,733	4,754
Hemas Surgicals & Diagnostics (Pvt) Ltd.	Subsidiary	2,391	14,095
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	112,817	89,860
Forbes Air Services (Pvt) Ltd.	Subsidiary	4,090	436
Hemas Developments (Pvt) Ltd.	Subsidiary	2,825	43
FAR Shipping Agency Lanka (Pvt) Ltd.	Associate	102	76
Hemas Transportation (Pvt) Ltd.	Subsidiary	222	174
P H Resorts (Pvt) Ltd.	Joint Venture	988	7,404
Morison Limited	Subsidiary	14,748	3,102
Hemas Consumer Brands (Pvt) Ltd.	Subsidiary	55,910	46,614
Evergreen Shipping Agency Lanka (Pvt) Ltd.	Subsidiary	24	39
Atlas Axillia Company (Pvt) Ltd.	Subsidiary	33,978	1,538
Mazu Shipping (Pvt) Ltd.	Subsidiary	5	23
Life Connect Solutions (Pvt) Ltd.	Subsidiary	2,099	1,049
Shipping Agency Services (Pvt) Ltd.	Subsidiary	51	-
		487,806	305,467

21.3 Other Dues From Related Parties

	Relationship	Company 2025 LKR '000	Company 2024 LKR '000
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	15,353	24,265
Hemas Development (Pvt) Ltd.	Subsidiary	302	20
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	950	6,091
Forbes Air Services (Pvt) Ltd.	Subsidiary	4	41
Hemas COE Pvt Ltd.	Subsidiary	2,105	1,117
Hemas Surgicals and Diagnostics (Pvt) Ltd.	Subsidiary	91	81
Hemas Hospitals (Pvt) Ltd.	Subsidiary	12,137	4,002
Hemas Capital Hospital (Pvt) Ltd.	Subsidiary	-	711
FAR Shipping Agency Lanka (Pvt) Ltd.	Associate	-	24
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	4,471	5,791
Hemas Transportation (Pvt) Ltd.	Subsidiary	485	128
Evergreen Shipping Agency Lanka (Pvt) Ltd	Subsidiary	-	50
Morison Limited	Subsidiary	7,027	16,211
Life Connect Solutions (Pvt) Ltd.	Subsidiary	-	49
Hemas Consumer Brands (Pvt)Ltd.	Subsidiary	730	730
Mazu Shipping (Pvt) Ltd.	Subsidiary	-	3
Healthnet International (Pvt) Ltd.	Subsidiary	-	15
Atlas Axillia Company (Pvt) Ltd.	Subsidiary	31,688	7,039
		75,345	66,368

22 STATED CAPITAL

22.1 Fully Paid Ordinary Shares

	2025		2024	
	Number	LKR '000	Number	LKR '000
Balance at the Beginning of the Year	596,672,617	7,783,875	596,546,025	7,776,111
Exercise of Share Options	634,783	40,401	126,592	7,764
Balance at the End of the Year	597,307,400	7,824,276	596,672,617	7,783,875

22.2 Rights, Preferences and Restrictions of Classes of Capital

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company.

22.3 Share Based Payment Scheme

Accounting Policy

Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transactions).

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identifiable goods or services received at the grant date.

The Group applies SLFRS 2, Share based payments in accounting for employee remuneration in the form of shares.

Equity-Settled Transactions

The cost of Equity-Settled Transactions is recognised, together with a corresponding increase in other Capital Reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Statement of Profit or Loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Under the Group's Employee Share Option Scheme (ESOS), share options of the parent are granted to executives of the Group/ Company generally with more than 12 months of service. The exercise price of the share options is equal to the 30 day volume weighted average market price of the underlying shares on the date of grant. The share options vested after period of one year from the date of grant and it depends on the performance criteria and time criteria. The fair value of the share options is estimated at the grant date using the Black Scholes option pricing model taking into account the terms and conditions upon which the share options were granted.

Employee Share Option Scheme (ESOS) - 2015

The Board of Directors, with the approval in principal of the Colombo Stock Exchange, and authorised by the shareholders at an Extraordinary General Meeting dated 10 April 2015, to create a Employee Share Option Scheme (ESOS) to offer 13,900,000 ordinary shares being 2.4% of the total number of shares in issue to Executive Directors and Senior Executives of the Company and its Subsidiaries whom the Board deems to be eligible to be awarded the shares.

Accordingly the options were granted to the Executive Directors and Senior Executives of the Company and its subsidiaries as follows,

	Date of Grant	No of Shares Granted	Grant Price (LKR)	Vesting Period	Exercise Period	Date of Expiry
Grant 1	27.07.2015	3,053,750	82.00	1 Year	3 Years	27.07.2019
Grant 2	27.07.2016	3,008,750	87.50	1 Year	3 Years	27.07.2020
Grant 3	27.07.2017	3,420,000	149.50	1 Year	3 Years	27.07.2021
Grant 4	27.07.2018	3,491,250	108.81	1 Year	3 Years	27.07.2022
Grant 5	27.07.2019	4,115,000	69.00	1 Year	3 Years	27.07.2023
Grant 6	27.07.2020	2,630,758	60.00	1 Year	3 Years	27.07.2024

The exercise period for each option granted is three years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

Employee Share Option Scheme (ESOS) - 2021

The Board of Directors, with the approval in principal of the Colombo Stock Exchange, and authorised by the shareholders at an Extraordinary General Meeting dated 30 June 2021, to create a Employee Share Option Scheme (ESOS) to offer 13,500,000 ordinary shares being 2.26% of the total issued and fully paid ordinary voting shares of the Company. The ESOS 2021 is applicable to Eligible Employees, who are employees of a company in the Hemas Group (i.e. the Company and subsidiaries of the Company as identified by the Board whose employees are eligible to participate in the Scheme).

	Date of Grant	No of Shares Granted	Grant Price (LKR)	Vesting Period	Exercise Period	Date of Expiry
Grant 1	20.07.2021	3,538,112	82.46	1 Year	5 Years	20.07.2027
Grant 2	20.07.2022	3,071,647	43.84	1 Year	5 Years	20.07.2028
Grant 3	20.07.2023	3,375,000	71.02	1 Year	5 Years	20.07.2029
Grant 4	01.10.2024	5,850,000	72.23	1 Year	5 Years	20.07.2029

	Group		Company	
Year Ended 31 March	**2025 LKR '000**	2024 LKR '000	**2025 LKR '000**	2024 LKR '000
Total expense arising from Share-Based Payment Transactions	**(4,562)**	10,548	**1,257**	3,395

	Group			
As at 31 March	**2025**		2024	
	No of Shares	**WAEP***	No of Shares	WAEP*
Outstanding at the Beginning of the Year	**7,256,653**	**66.85**	7,854,050	58.94
Granted During the Year	**5,850,000**	**72.23**	3,375,000	71.02
Expired During the Year	**(1,682,628)**	**60.00**	(1,701,612)	69.00
Exercised During the Year	**(634,783)**	**50.59**	(126,592)	48.23
Cancelled during the Year	**(3,375,000)**	**-**	(2,144,193)	-
Outstanding at the End of the Year	**7,414,242**	**72.14**	7,256,653	66.85
Exercisable at the End of the Year	**1,564,242**	**71.80**	3,881,653	63.22

	Company			
As at 31 March	**2025**		2024	
	No of Shares	**WAEP***	No of Shares	WAEP*
Outstanding at the Beginning of the Year	**1,744,353**	**50.78**	1,531,717	80.12
Granted During the Year	**2,200,000**	**72.23**	950,000	71.02
Expired During the Year	**(428,706)**	**60.00**	(301,700)	69.00
Exercised During the Year	**(204,273)**	**45.01**	-	-
Cancelled during the Year	**(950,000)**	**-**	(435,664)	-
Outstanding at the End of the Year	**2,361,374**	**50.78**	1,744,353	50.78
Exercisable at the End of the Year	**161,374**	**79.27**	893,175	60.06

*WAEP - Weighted Average Exercise Price (LKR)

22 STATED CAPITAL (CONTD.)

The following information were used and results were generated using Black Scholes Option Pricing Model for ESOS granted and indicate only relating to active Grants.

	2021				2015
	Grant 1	Grant 2	Grant 3	Grant 4	Grant 6
Dividend Yield (%)	2.82	6.92	4.39	5.61	2.47
Expected Volatility (%)	1.85	2.19	1.94	1.17	1.77
Risk Free Interest Rate (%)	8.04	26.51	15.74	13.98	6.57
Expected Life of Share Options (Years)	6	6	6	6	4
Weighted Average Share Price at the Date of Exercise of these Options (LKR)	82.46	43.84	71.02	72.23	60.00
Weighted Average Remaining Contractual Life for the Share Options Outstanding (Years)	3.3	4.3	5.3	5.5	2.3
Weighted Average Fair Value of Options Granted During the Year (LKR)	27.12	20.29	29.31	20.96	14.47
Exercise Price for Options Outstanding at the End of the Year (LKR)	82.46	43.84	71.02	72.23	60.00

23 RESERVES

23.1 Other Capital and Revenue Reserves

	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance at the Beginning of the Year	103,084	119,164	324,435	340,515
Provision for Share-Based Payment	(10,474)	10,548	1,257	3,395
Exercise of Share Option	-	(1,658)	-	-
Charge from Group Companies	-	-	(11,731)	5,495
Transfer to Retained Earnings	(17,043)	(24,970)	(17,043)	(24,970)
Balance at the End of the Year	75,567	103,084	296,918	324,435

Group

Other Capital Reserve of Group is used to recognise the value of equity settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Company

Other Capital Reserves of the company represents the value of equity settled share-based payment provided to employees and the share of subsidiaries Capital Reserves accounted for using equity method until 31 March 2006. With effect from 1 April 2006 the investments in subsidiaries are accounted at carrying value as at that date and any investment made after 1 April 2006 are carried at cost, net of any provision for impairment.

23.2 Other Component of Equity

Revaluation Reserve

The Revaluation Reserve relates to the net surplus on revaluation of Property, Plant and Equipment.

Foreign Currency Translation Reserve

The Foreign Currency Translation Reserve comprise all foreign currency differences arising from the translation of the financial statements of foreign operations and equity accounted investees.

Fair Value Reserve

Fair Value Reserve comprises the cumulative net change in the fair value of Financial Assets at FVOCI.

Hedge Reserve

Cash Flow Hedge Reserve

The Group designates its identified foreign currency loans as a hedging instrument in order to hedge the variation in highly probable specifically identified future foreign currency revenue attributable to changes in foreign exchange rates.

The effective portion of the gain or loss on the hedging instrument is recognised in the Cash Flow Hedge Reserve, through Other Comprehensive Income while any ineffective portion is recognised immediately in the Statement of Profit or Loss.

Group	Revaluation Reserve	Foreign Currency Translation Reserve	Fair Value Reserve	Hedge Reserve Cash Flow Hedge	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
As at 1 April 2023	6,845,833	522,611	(51,775)	(775,034)	6,541,635
Other Comprehensive Income	875,653	(113,319)	7,723	189,551	959,608
As at 31 March 2024	7,721,486	409,292	(44,052)	(585,483)	7,501,243
Other Comprehensive Income	963,580	(74,604)	23,519	57,557	970,052
As at 31 March 2025	8,685,066	334,688	(20,533)	(527,926)	8,471,295

Company	Fair Value Reserve LKR '000
As at 1 April 2023	1,564
Other Comprehensive Income	1,281
As at 31 March 2024	2,845
Other Comprehensive Income	4,143
As at 31 March 2025	6,988

24 INTEREST BEARING LOANS AND BORROWINGS

		Group		Company	
	Note	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Term Loans	24.1	5,424,000	9,677,585	2,188,217	2,154,530
Lease Liability	14.2	2,132,393	1,617,372	-	71,223
		7,556,393	11,294,957	2,188,217	2,225,753

24.1 Movement of Interest Bearing Loans and Borrowings

	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Balance at the Beginning of the Year	11,294,957	17,188,766	2,225,753	1,262,240
Cash Movement				
Obtained During the Year	19,524,186	46,425,488	5,599,000	10,085,353
Repayments	(23,751,725)	(52,703,786)	(5,565,313)	(9,193,063)
Lease Payment	(536,315)	(401,698)	(85,794)	(77,446)
Non Cash Movement				
Re-assessment of Lease	-	-	6,475	-
Termination of Lease	(215,819)	-	-	-
Leases Obtained	1,033,144	587,202	-	127,528
Interest on Leases	235,799	206,661	8,096	21,141
Exchange Differences through Other Comprehensive Income	(27,833)	(7,676)	-	-
Balance at the End of the Year	7,556,393	11,294,957	2,188,217	2,225,753
Non-Current	4,617,055	5,407,779	346,000	519,000
Current	2,939,338	5,887,178	1,842,217	1,706,753
	7,556,393	11,294,957	2,188,217	2,225,753

24 INTEREST BEARING LOANS AND BORROWINGS (CONTD.)

24.2 Details of Interest Bearing Loans and Borrowings

Company	Lending Institution	Nature of Facility	Interest Rate	Repayment Terms	2025 LKR '000	2024 LKR '000
Hemas Pharmaceuticals (Pvt)Ltd.	The Hongkong & Shanghai Banking Corporation	Short Term Loan	Fixed	-	-	300,000
	The Hongkong & Shanghai Banking Corporation	Short Term Loan	Fixed	-	-	1,000,000
	The Hongkong & Shanghai Banking Corporation	Term Loan	Standard Lending Facility Rate Based Rate	Repayable in 36 Instalments starting from July 2023	750,000	1,350,000
Morison Limited	Commercial Bank	Term Loan	Fixed	Repayable in 48 Instalments starting from September 2023	1,425,000	1,850,000
	The Hongkong & Shanghai Banking Corporation	Short Term Loan	AWPLR Based Rate	-	-	1,200,000
	Hatton National Bank PLC	Short Term Loan	AWPLR Based Rate	Repayable in Sep 2025	650,000	-
	Commercial Bank	Short Term Loan	AWPLR Based Rate	Repayable in July 2025	300,000	-
Hemas Surgicals & Diagnostics (Pvt) Ltd.	DFCC Bank	Term Loan	Fixed	Repayable in 60 Instalments starting from April 2023	720,000	960,000
Life Connect Solutions (Pvt) Limited	DFCC Bank	Term Loan	Fixed	Repayable in 60 Instalments starting from January 2023	660,000	900,000
Hemas Consumer Brands (Pvt) Ltd.	The Hongkong & Shanghai Banking Corporation	Short Term Loan	AWPLR Based Rate	-	-	300,585
Hemas Holdings PLC	The Hongkong & Shanghai Banking Corporation	Term Loan	Fixed	Repayable in 60 Instalments starting from April 2023	519,000	692,000
	Commercial Bank	Short Term Loan	AWPLR Based Rate	-	-	100,000
	Hatton National Bank PLC	Short Term Loan	AWPLR Based Rate	-	-	1,025,000
Hemas Capital Hospital (Pvt) Ltd	The Hongkong & Shanghai Banking Corporation	Term Loan	Fixed	Repayable in 16 Instalments starting from September 2025	400,000	-

24.3 Company

	Note	2025 LKR '000	2024 LKR '000
Interest Bearing Loans & Borrowings-Non Current			
Bank Loans		346,000	519,000
		346,000	519,000
Interest Bearing Loans & Borrowings-Current			
Loans due to Related Parties	24.3.1	1,669,217	337,530
Bank Loans		173,000	1,298,000
Lease Liability	14.2	-	71,223
		1,842,217	1,706,753

24.3.1 Loans due to Related Parties

Subsidiaries	As at 01.04.2024 LKR '000	Obtained During the Year LKR '000	Repayments LKR '000	As at 31.03.2025 LKR '000	Non-Current LKR '000	Current LKR '000
Hemas Developments (Pvt) Ltd	115,230	7,500	(122,730)	-	-	-
Hemas COE (Pvt) Ltd	37,000	41,500	(78,500)	-	-	-
Hemtours (Pvt) Ltd	57,700	302,000	(7,000)	352,700	-	352,700
Hemas Corporate Services (Pvt) Ltd	-	25,000	-	25,000	-	25,000
Hemas Manufacturing (Pvt) Ltd	-	3,075,000	(1,783,483)	1,291,517	-	1,291,517
Hemas Marketing (Pvt) Ltd	127,600	-	(127,600)	-	-	-
Hemas Trading (Pvt) Ltd	-	28,000	(28,000)	-	-	-
	337,530	3,479,000	(2,147,313)	1,669,217	-	1,669,217

	As at 01.04.2023 LKR '000	Obtained During the Year LKR '000	Repayments LKR '000	As at 31.03.2024 LKR '000	Non-Current LKR '000	Current LKR '000
Total Loans due to Related Parties	397,240	1,860,353	(1,920,063)	337,530	-	337,530

Terms and Conditions

Treasury Loans
Security - Unsecured
Repayment - To be Repaid on Demand
Interest - Based on Market Rates (AWPLR + Margin)

25 OTHER FINANCIAL LIABILITIES

Accounting Policies

Put Option over Non-Controlling Interest

The option value related to the put options issued by the Group over the equity of subsidiary companies are accounted using the method below when the Group doesn't have a present ownership to such shares.

- At each period end, the Group determines the amount that would have been recognised for the non-controlling interest, including an allocations of profit or loss, allocations of changes in other comprehensive income and dividends declared for the reporting period, as required by SLFRS 10.

- The entity derecognises the non-controlling interest as if it was acquired at each reporting date.
- The value of the option on exercise is initially recognised at fair value within non-financial liabilities with a corresponding charge directly to equity. Such options are subsequently measured at fair value, in order to remeasure the liability. The difference between fair value and the carrying value is recognised in equity.
- In the event the option is not exercised, the non-controlling interest is recognised at the amount it would have been, as if the put option had never been granted. The financial liability is derecognised, with a corresponding credit to the equity.

25.1 Other Financial Liabilities - Non Current

	Group	
As at 31 March	2025 LKR '000	2024 LKR '000
Preference Shares*	275,000	275,000
Rent Deposits/Advances	375	4,505
	275,375	279,505

* In 2019 Hemas Development (Pvt) Ltd, a fully own subsidiary of Hemas Holdings PLC issued LKR 275 Mn Redeemable, Cumulative and Non - Convertible Preference Shares at LKR 10 each carrying a yield of 10%.

26 EMPLOYEE BENEFIT LIABILITY

Accounting Policy

Defined Contribution Plans –Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

Some employees of the Group are eligible for Mercantile Services Provident Society Fund, for which the Company contributes 12% of gross emoluments of such employees.

Defined Benefit Plans – Gratuity

The Group measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary using the Projected Unit Credit method (PUC). Actuarial gains and losses for defined benefit plans are recognised in full in the period in which they occur in Other Comprehensive Income.

However, as per the payment of Gratuity Act No. 12 of 1983 this liability only arises upon completion of 5 years of continued service based on half a month salary.

The gratuity liability is not externally funded.

As at 31 March	Note	Group 2025 LKR '000	Group 2024 LKR '000	Company 2025 LKR '000	Company 2024 LKR '000
Balance at the Beginning of the Year		1,383,856	1,198,963	38,746	79,692
Acquisition/ (Disposal) through Subsidiaries		-	7,688	-	-
Charge for the Year	26.1	303,311	330,799	11,498	21,900
Actuarial (Gain)/Loss	26.2	35,602	59,344	4,687	1,972
Benefits Paid		(161,210)	(212,938)	(2,336)	(62,049)
Transfers During the Year		-	-	5,977	(2,769)
Balance at the End of the Year		1,561,559	1,383,856	58,572	38,746

26.1 Post Employee Benefit Expenses for

Year ended 31 March	Group 2025 LKR '000	Group 2024 LKR '000	Company 2025 LKR '000	Company 2024 LKR '000
Current Service Cost	161,423	114,983	6,810	7,556
Interest Cost	141,888	215,816	4,688	14,344
	303,311	330,799	11,498	21,900

26.2 Actuarial (Gain)/Loss

Year ended 31 March	Group 2025 LKR '000	Group 2024 LKR '000	Company 2025 LKR '000	Company 2024 LKR '000
Actuarial (Gains)/Losses on Obligations;				
Due to Change in Demographic Assumptions	7,763	-	(218)	-
Due to Change in Financial Assumptions	(13,053)	39,762	(553)	1,257
Due to Experience adjustment	40,892	19,582	5,457	715
	35,602	59,344	4,687	1,972

Messrs. K.A. Pandit Consultants and Actuaries, carried out an actuarial valuation of the defined benefit plan on 31 March 2025. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principle assumptions used are as follows:

As at 31 March	2025	2024
Demographic Assumptions		
Retirement Age	60 Years	60 Years
Financial Assumptions		
Discount Rate Assumed (%)	10.3	12.1
Future Salary Increase (%)	8.0	10.0

26.3 Sensitivity of Assumptions Used in the Actuarial Valuation

The sensitivity analysis have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

26 EMPLOYEE BENEFIT LIABILITY (CONTD.)

Assumed Changes in Financial Assumptions

31 March 2025	Group		Company	
	Effect on Profit or Loss LKR '000	Post Employment Benefit Liability LKR '000	Effect on Profit or Loss LKR '000	Post Employment Benefit Liability LKR '000
If Discount Rate Increases By 1%	52,099	(52,099)	2,207	(2,207)
If Discount Rate Decreases By 1%	(56,602)	56,602	(2,397)	2,397
If Salary Increment Rate Increases By 1%	(57,306)	57,306	(2,426)	2,426
If Salary Increment Rate Decreases By 1%	53,639	(53,639)	2,272	(2,272)

31 March 2024	Group		Company	
	Effect on Profit or Loss LKR '000	Post Employment Benefit Liability LKR '000	Effect on Profit or Loss LKR '000	Post Employment Benefit Liability LKR '000
If Discount Rate Increases By 1%	51,156	(51,156)	1,617	(1,617)
If Discount Rate Decreases By 1%	(55,947)	55,947	(1,770)	1,770
If Salary Increment Rate Increases By 1%	(56,527)	56,527	(1,788)	1,788
If Salary Increment Rate Decreases By 1%	52,546	(52,546)	1,661	(1,661)

26.4 Following payments are the expected payments to the defined benefit plan for the future years:

	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Years From the Current Period				
1st Following Year	343,430	283,136	8,616	5,639
2nd Following Year	246,035	194,411	8,360	4,894
3rd Following Year	219,599	207,558	8,708	5,082
4th Following Year	206,527	179,121	8,722	5,440
5th Following Year	185,966	178,100	7,975	5,732
Sum of Years 6 to 10	728,579	762,366	33,440	26,928
Sum of Years 11 and above	573,805	960,585	22,926	27,501

27 TRADE AND OTHER PAYABLES

As at 31 March	Note	Group		Company	
		2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Trade Payables					
- Others		21,645,805	20,718,204	-	-
Other Payables					
- Related Parties	27.1	-	-	57,277	43,634
- Others		4,880,460	4,116,827	182,812	227,626
Sundry Creditors including Accrued Expenses		5,374,561	5,980,130	661,633	472,144
Dividend Payable-Unclaimed		39,585	32,492	29,368	25,785
		31,940,411	30,847,653	931,090	769,189

27.1 Non Trade Dues to Related Parties

	Relationship	Company	
		2025 LKR '000	2024 LKR '000
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	2,748	146
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	-	3,780
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	38,213	5,822
Hemtours (Pvt) Ltd	Subsidiary	2,397	1,908
Hemas COE (Pvt) Ltd.	Subsidiary	1,644	1,414
Hemas Developments (Pvt) Ltd.	Subsidiary	12,258	11,874
Hemas Transportation (Pvt) Ltd.	Subsidiary	-	13,259
Atlas Axillia Company (Pvt) Ltd.	Subsidiary	17	278
Magnicare (Pvt) Ltd	Subsidiary	-	150
Forbes Air Service (Pvt) Ltd	Subsidiary	-	2,991
Hemas Marketing (Pvt) Ltd	Subsidiary	-	2,009
		57,277	43,634

28 CASH AND CASH EQUIVALENTS IN STATEMENT OF CASH FLOWS

Accounting Policy

Cash and short term deposits in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits and money market investments with a maturity of three months or less.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

28.1 Favourable Balances

As at 31 March	Group		Company	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Cash and Bank Balance	6,820,153	7,618,591	84,078	24,589
Fixed Deposits and REPO Investments	5,758,357	5,604,400	-	-
	12,578,510	13,222,991	84,078	24,589
28.2 Unfavourable Balances				
Bank Overdraft	(317,185)	(1,410,408)	(64,262)	(190,471)
Total Cash and Cash Equivalents for the Purpose of Statement of Cash Flows	12,261,325	11,812,583	19,816	(165,882)

29 ASSETS HELD FOR SALE

Accounting Policy

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

The major classes of assets and liabilities of the company classified as held for sale as at 31 March 2025 are as follows:

As at 31 March	Group 2025 LKR '000
Assets	
Property, Plant and Equipment	72,911
Right-of-Use Assets	217
Assets Directly Associated with Assets Held for Sale	73,128
Liabilities	
Deferred Tax Liability	4,442
Lease Liabilities	217
Liabilities Directly Associated with Assets Held for Sale	4,659
Net Assets Directly Associated with Assets Held for Sale	68,469

On 28 March 2025, the Management of Atlas Axillia Co (Pvt) Ltd decided to sell its Tissue Manufacturing segment, expecting completion within two months from the agreement date. As at 31 March 2025, Property, Plant and Equipment and Right-of-Use Assets related to this segment were classified as held for sale. These assets are measured at the lower of carrying amount and fair value less costs to sell. No impairment loss was recognised upon classification.

30 FAIR VALUE

Accounting Policy

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated 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) prices in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the Consolidated Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as defined benefit obligations. Involvement of external valuers is decided upon annually after discussion with the Group's Audit Committee wherever necessary. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Management in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The following methods and assumptions were used to estimate the fair values:

- Cash and short term deposits and trade receivables approximate their carrying amounts largely due to the short term maturities of these instruments.
- Variable rate and long term fixed rate receivables/ borrowings are evaluated by the Group/Company based on parameters such as interest rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 March 2025, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.
- The fair value of the quoted equity shares recorded under FVOCI assets are determined by reference to published price quotations in an active market. The fair value of the unquoted equity shares are estimated using appropriate valuation techniques and if it's impracticable in assessing the fair value of the investment, primarily as a result of the unavailability of adequate and comparable market information are carried at cost.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 22.3 - Share-Based Payment Arrangement
- Note 12 - Property, Plant and Equipment
- Note 13 - Investment Properties
- Note 19 - Financial Instruments

30 FAIR VALUE (CONTD.)

30.1 Fair Value Hierarchy

The Group/Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

Group 31 March 2025	Note	Total LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000
Financial Assets Measured at Fair Value					
Financial Assets at FVOCI					
- Quoted Equity Shares	19.1.1	98,975	98,975	-	-
Non-Financial Assets Measured at Fair Value					
Land and Building	12.1.4	16,115,783	-	-	16,115,783
Investment Properties	13.1	4,305,782	-	-	4,305,782

31 March 2024	Note	Total LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000
Financial Assets Measured at Fair Value					
Financial Assets at FVOCI					
- Quoted Equity Shares	19.1.1	75,964	75,964	-	-
Non-Financial Assets Measured at Fair Value					
Land and Building	12.1.4	13,259,998	-	-	13,259,998
Investment Properties	13.1	4,008,116	-	-	4,008,116

Company 31 March 2025	Note	Total LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000
Financial Assets Measured at Fair Value					
Financial Assets at FVOCI					
- Quoted Equity Shares	19.1.1	17,781	17,781	-	-
Non-Financial Assets Measured at Fair Value					
Investment Properties	13.2	1,260,522	-	-	1,260,522

31 March 2024	Note	Total LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000
Financial Assets Measured at Fair Value					
Financial Assets at FVOCI					
- Quoted Equity Shares	19.1.1	13,639	13,639	-	-
Non-Financial Assets Measured at Fair Value					
Investment Properties	13.2	1,143,000	-	-	1,143,000

30.2 Non-Financial Assets Measured at Fair Value

	Group		Company
	Land and Building LKR '000	Investment Properties LKR '000	Investment Properties LKR '000
As at 1 April 2023	14,219,446	2,310,150	1,065,305
Recognised in Profit or Loss	(301,300)	264,973	77,695
Recognised in Other Comprehensive Income	544,926	-	-
Purchased / Acquired	166,041	1,208	-
Transfers	(1,369,114)	1,431,785	-
As at 31 March 2024	13,259,998	4,008,116	1,143,000
Recognised in Profit or Loss	(344,730)	252,681	117,522
Recognised in Other Comprehensive Income	1,055,479	-	-
Purchased / Acquired	2,168,368	6,785	-
Transfers	(23,331)	38,200	-
As at 31 March 2025	16,115,783	4,305,782	1,260,522

31 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits. The Group also holds investments in equity instruments and enters into derivative transactions to mitigate risks.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks and reassesses those frequently. The Group's senior management is supported by the Group Risk Management Committee and Group Treasury that advises on financial risks and the appropriate financial risk governance framework for the Group.

Group Risk Management Committee and Group Treasury provide the assurance to the Group's senior management and the Board of Directors that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision and external consultants advise is taken when ever its required according to the Group's Policy. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

31.1 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 various types of risks 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 and derivative financial Instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2025 and 2024.

The overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's/ Company's profit before tax affected through the impact on floating rate borrowings as follows:

31 FINANCIAL RISK MANAGEMENT (CONTD.)

Year ended 31 March	Increase / (Decrease) in basis points	Effect on Profit before tax (LKR '000)	
		Group	Company
2025	+150	(25,500)	-
	-150	25,500	-
2024	+150	(55,125)	(21,938)
	-150	55,125	21,938

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency), Foreign currency borrowings and the Group's net investments in foreign subsidiaries.

Group treasury analyses the market condition of foreign exchange and provides market updates to the Group Senior Management, with the use of external consultants' advice when required. Based on the suggestions made by Group treasury, Group Senior Management takes decisions on whether to enter in to, hold or sell derivative contracts.

Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EURO, GBP and TAKA exchange rates against LKR with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

As at 31 March 2025	Group	
	5% Movement	
	Strengthening LKR '000	Weakening LKR '000
USD	55,357	(55,357)
EURO	775	(775)
GBP	15,400	(15,400)
TAKA	(57,851)	57,851

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's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to quoted and unquoted equity securities at fair value is disclosed in Note 19.

31.2 Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks.

Trade Receivables

Customer credit risk is managed by each Company subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on the credit risk evaluation model and individual credit limits are defined in accordance with this assessment. The Group companies also obtains bank guarantees to mitigate the credit risks as required by the Group policy.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

Large number of minor receivables are grouped into homogenous groups and assessed for Impairment collectively. The calculation is based on expected loss approach with forward looking Expected Credit Loss (ECL) approach. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 19.

Cash and Cash Equivalents

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's Treasury Policy. Investments of surplus funds are made only with approved counterparties as per this policy and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board of Directors on an annual basis, and updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Company's maximum exposure to credit risk for the components of the Statement of Financial Position is the carrying amounts as illustrated in Note 28.

Liquidity Risk

The Group monitors its risk to a shortage of funds by setting up a minimum liquidity level. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and intercompany borrowings. 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.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Group As at 31 March 2025	On Demand LKR '000	Less than 3 Months LKR '000	3 to 12 Months LKR '000	1 to 5 Years LKR '000	> 5 Years LKR '000	Total LKR '000
Interest Bearing Loans and Borrowings	-	593,997	2,598,658	2,231,345	-	5,424,000
Lease Liability	-	76,101	770,600	1,563,544	1,564,319	3,974,564
Other Financial Liabilities	-	-	-	275,375	-	275,375
Trade and Other Payable	-	31,132,552	-	-	-	31,132,552
Bank Overdraft	317,185	-	-	-	-	317,185
	317,185	31,671,903	3,110,350	4,459,919	1,564,319	41,123,676

As at 31 March 2024	On Demand LKR '000	Less than 3 Months LKR '000	3 to 12 Months LKR '000	1 to 5 Years LKR '000	> 5 Years LKR '000	Total LKR '000
Interest Bearing Loans and Borrowings	-	-	5,603,586	4,073,999	-	9,677,585
Lease Liability	-	119,506	306,502	831,278	1,071,957	2,329,243
Other Financial Liabilities	-	-	-	279,505	-	279,505
Trade and Other Payable	-	29,851,322	-	-	-	29,851,322
Bank Overdraft	1,410,408	-	-	-	-	1,410,408
	1,410,408	29,970,828	5,910,088	5,184,782	1,071,957	43,548,063

31 FINANCIAL RISK MANAGEMENT (CONTD.)

Company As at 31 March 2025	On Demand LKR '000	Less than 3 Months LKR '000	3 to 12 Months LKR '000	1 to 5 Years LKR '000	> 5 Years LKR '000	Total LKR '000
Interest Bearing Loans and Borrowings	1,669,217	43,250	129,750	346,000	-	2,188,217
Lease Liability	-	-	-	-	-	-
Trade and Other Payable	-	850,643	-	-	-	850,643
Bank Overdraft	64,262	-	-	-	-	64,262
	1,733,479	893,893	129,750	346,000	-	3,103,122

As at 31 March 2024	On Demand LKR'000	Less than 3 Months LKR '000	3 to 12 Months LKR '000	1 to 5 Years LKR '000	> 5 Years LKR '000	Total LKR '000
Interest Bearing Loans and Borrowings	337,530	1,168,250	129,750	519,000	-	2,154,530
Lease Liability	-	13,107	65,536	-	-	78,643
Trade and Other Payable	-	711,312	-	-	-	711,312
Bank Overdraft	190,471	-	-	-	-	190,471
	528,001	1,892,669	195,286	519,000	-	3,134,956

Capital Management

Capital includes ordinary shares and preference shares. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is debt divided by total capital plus debt. The Group's policy is to keep the gearing ratio below 40%.

As at 31 March	Note	Group 2025 LKR '000	 2024 LKR '000
Interest Bearing Borrowings	24	7,556,393	11,294,957
Bank Overdraft	28	317,185	1,410,408
Debt		7,873,578	12,705,365
Equity Attributable to Equity Holders of the Parent		49,780,387	43,431,769
Non-Controlling Interests		540,045	687,829
Total Equity		50,320,432	44,119,598
Equity and Debt		58,194,010	56,824,963
Gearing Ratio		14%	22%

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2025 and 31 March 2024.

32 RELATED PARTY DISCLOSURES

Refer Note 36 for effective equity holding percentages and other key information of Group entities.

Terms and Conditions of Transactions with Related Parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash. The sales to and purchases from related parties and interest on interest bearing borrowings are made at terms equivalent to those that prevail in arm's length transactions.

Guarantees

Guarantees given by the Company to banks on behalf of related parties are disclosed in the Note 34 to these financial statements.

Non-recurrent Related Party Transactions

There were no other non-recurrent Related Party Transactions of the Company which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower as per March 31, 2025. Audited Financial Statements, which required additional disclosures in the Annual Report under Colombo Stock Exchange Listing Rule 9.14.8 and the Code of Best Practices on Related Party Transactions published in accordance with the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Recurrent Related Party Transactions

There were no other recurrent Related Party Transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2025 Audited Financial Statements, which required additional disclosures in the Annual Report under the Colombo Stock Exchange Listing Rule 9.14.8 and the Transactions under the Securities and Exchange Commission Directive issued The Directors declare that they have complied with the provisions of the Code relating to full disclosure of Related Party Transactions entered into during the Financial Year ended March 31, 2025.

Terms and conditions and other related information on loans obtained from related parties and loans granted to related parties are disclosed in Note 19.2.1 & 24.3.1 to these financial statements respectively.

32.1 Transactions with Related Entities

Details of significant related party disclosures are as follows:

Company	Subsidiaries		Equity Accounted Investees		Other		Total	
Nature of Transaction	2025	2024	2025	2024	2025	2024	2025	2024
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Services Rendered	1,451,875	952,549	-	-	150	157	1,452,025	952,706
Bank Guarantee Fees	-	-	-	16,594	-	-	-	16,594
IT Charges	401,001	292,889	2,778	2,100	2,931	2,194	406,710	297,183
Rent	33,993	33,345	-	-	-	-	33,993	33,345
Loan Interest Income	3,125	76,711	-	-	-	-	3,125	76,711
Loans Granted to Subsidiaries	113,300	2,642,900	-	-	-	-	113,300	2,642,900
Loans Repaid by Subsidiaries	(411,700)	(2,861,750)	-	-	-	-	(411,700)	(2,861,750)
Loan Interest Expense	(105,182)	(106,454)	-	-	-	-	(105,182)	(106,454)
Receipt of Services	(139,134)	(105,968)	-	-	-	-	(139,134)	(105,968)
Shared Service Fee	(18,646)	(15,739)	-	-	-	-	(18,646)	(15,739)
Purchase of Goods	(231)	(4,958)	-	-	-	-	(231)	(4,958)
Loans Obtained from Subsidiaries	3,479,000	1,860,353	-	-	-	-	3,479,000	1,860,353
Loans Repaid to Subsidiaries	(2,147,313)	(1,920,063)	-	-	-	-	(2,147,313)	(1,920,063)

The provision made for on accounts of related party receivables is disclosed in Note 21 to these financial statements.

32 RELATED PARTY DISCLOSURES (CONTD.)

Details of Transactions

Entity	Nature of Transaction	2025 LKR '000	2024 LKR '000
Hemas Manufacturing (Pvt) Ltd.	Services Rendered	418,961	238,079
	IT Charges	166,996	125,104
	Rental Income	33,993	33,345
	Interest Income	79	328
	Interest Expense	(67,457)	(39,290)
	Treasury Loans Granted	-	(300,000)
	Treasury Loans Repaid	300,000	-
	Treasury Loans Obtained	3,075,000	935,863
	Treasury Loans Repaid	(1,783,483)	(935,863)
	Purchases	(123)	(696)
Hemas Pharmaceuticals (Pvt) Ltd.	Services Rendered	524,167	634,835
	IT Charges	87,218	60,935
	Interest Income	-	54,241
	Treasury Loans Granted	-	(917,000)
	Treasury Loans Repaid	-	1,451,750
Hemas Hospitals (Pvt) Ltd.	Services Rendered	110,055	3,290
	IT Charges	30,553	17,684
	Receipt of Services	-	(3,375)
Hemas Capital Hospital (Pvt) Ltd.	IT Charges	11,770	8,349
	Services Rendered	106,137	1,060
Hemtours (Pvt) Ltd.	Interest Expense	(22,959)	(36,144)
	Services Rendered	843	-
	Treasury Loans Obtained	302,000	27,900
	Treasury Loans Repaid	(7,000)	(185,000)
Forbes Air Services (Pvt) Ltd.	Services Rendered	17,096	238
	IT Charges	5,302	4,907
	Interest Expense	-	(498)
	Treasury Loans Obtained	-	60,000
	Treasury Loans Repaid	-	(60,000)
Far Shipping Agency Lanka (Pvt) Ltd.	IT Charges	951	932
	Services Rendered	236	391
Hemas Transportation (Pvt) Ltd.	IT Charges	1,982	1,481
	Interest Income	-	346
	Treasury Loans Granted	-	(60,000)
	Treasury Loans Repaid	-	60,000
	Services Rendered	21,380	95
Hemas Marketing (Pvt) Ltd.	Interest Expense	(5,904)	(17,380)
	Services Rendered	18	-
	Treasury Loans Obtained	-	322,600
	Treasury Loans Repaid	(127,600)	(195,000)
Hemas Trading (Pvt) Ltd.	Services Rendered	18	-
	Interest Expense	(1,325)	-
	Treasury Loans Obtained	28,000	-
	Treasury Loans Repaid	(28,000)	-

Entity	Nature of Transaction	2025 LKR '000	2024 LKR '000
Hemas Developments (Pvt) Ltd.	Services Rendered	23,967	451
	IT Charges	60	31
	Interest Expense	(6,591)	(7,911)
	Interest Income	1,215	-
	Rental Expense, Service Charges and Car parking	(109,382)	(95,545)
	Admin Charges	(14,529)	(33,888)
	Treasury Loans Granted	(52,500)	-
	Treasury Loans Repaid	35,000	-
	Treasury Loans Obtained	7,500	71,990
	Treasury Loans Repaid	(122,730)	(139,000)
Hemas COE (Pvt) Ltd.	Services Rendered	14,613	3,408
	IT Charges	40,182	32,133
	Interest Expense	(924)	(47)
	Shared Services Expenses	(18,646)	(15,739)
	Treasury Loans Obtained	41,500	37,000
	Treasury Loans Repaid	(78,500)	-
Hemas Corporate Services (Pvt) Ltd.	IT Charges	2,972	2,056
	Interest Expense	(22)	-
	Interest Income	1,780	590
	Services Rendered	2,772	897
	Centralised Corporate Services	(15,223)	(2,046)
	Treasury Loans Obtained	25,000	-
	Treasury Loans Granted	(12,800)	(15,900)
	Treasury Loans Repaid	28,700	-
Morison Limited	Services Rendered	41,892	605
	IT Charges	11,571	7,248
	Interest Income	-	19,687
	Treasury Loans Granted	-	(1,200,000)
	Treasury Loans Repaid	-	1,200,000
P H Resorts (Pvt) Ltd.	IT Charges	2,778	2,100
	Corporate Guarantee Fees	-	16,594
Hemas Maritime (Pvt.) Ltd.	Services Rendered	445	-
Mazu Shipping (Pvt) Ltd	IT Charges	145	102
	Services Rendered	447	5
Atlas Axillia Co. (Pvt) Ltd.	IT Charges	26,361	16,365
	Treasury Loans Obtained	-	405,000
	Treasury Loans Repaid	-	(405,000)
	Interest Expense	-	(5,183)
	Services Rendered	127,565	249
	Purchases	(231)	(4,958)
Hemas Consumer Brands Pvt Ltd.	IT Charges	10,345	11,801
Evergreen Shipping Agency Lanka (Pvt) Ltd.	IT Charges	51	58
	Services Rendered	112	165
Hemas Surgicals & Diagnostics (Pvt) Ltd.	Services Rendered	33,389	68,665
	Interest Income	50	1,519
	Treasury Loans Granted	(48,000)	(150,000)
	Treasury Loans Repaid	48,000	150,000

32 RELATED PARTY DISCLOSURES (CONTD.)

Entity	Nature of Transaction	2025 LKR '000	2024 LKR '000
Life Connect Solutions (Pvt) Ltd	IT Charges	4,389	3,703
	Services Rendered	6,463	115
Shipping Agency Services (Pvt) Ltd	IT Charges	153	-
Hemas Ecopower (Pvt) Ltd	Services Rendered	1,302	-

32.2 Transactions with Related Entities

Group

Company	Relationship	Name of Director	Nature of Transaction	Value 2025 LKR '000	Value 2024 LKR '000
PH Resorts (Pvt) Ltd.	Joint Venture	A.N. Esufally	Services Rendered	3,212	2,343
			Corporate Guarantee Charges	-	16,594
ET Properties (Pvt) Ltd	Key Management Personnel	A.N. Esufally	Services Rendered	278	252
		I.A.H. Esufally	Rent & Utilities	(43,454)	(39,629)
Printcare PLC	Key Management Personnel	A.N. Esufally	Services obtained	(1,751)	(7,806)
			Rent & Utilities	-	16,304
Chemanex PLC	Key Management Personnel	S. A. B. Ekanayake	Purchase of Goods	(4,832)	(10,644)

32.3 Transactions with Key Management Personnel

The key Management Personnel are the all Executive and Non Executive Directors of Hemas Holdings PLC and its subsidiaries.

(a) Key Management Personnel Compensation

Year ended 31 March	Group 2025 LKR '000	Group 2024 LKR '000	Company 2025 LKR '000	Company 2024 LKR '000
Short Term Benefits	494,468	612,007	47,690	224,328
Post Employment Benefit	30,202	89,405	-	62,730
Share Based Payment	7,101	1,657	2,692	-

(b) Transactions, Arrangements and Agreements Involving Key Management Personnel

Other than above no significant transactions had taken place involving Key Management Personnel and their close family members.

33 EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company has declared a final dividend of LKR 0.70 per share for the financial year ended 31 March 2025 as required by section 56(2) of the companies Act No 07 of 2007 , the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the companies Act No. 07 of 2007, and has obtained a certificate from the Auditors, prior to declaring the final dividend which is to be paid on or before 16 July 2025.

In accordance with the Sri Lanka Accounting Standard (LKAS 10) - Events after the reporting date, the final dividend has not been recognised as a liability in the Financial Statements as at 31 March 2025.

Other than those mention above, no circumstances have arisen since the reporting date, which would require adjustment to or disclosure in the financial statements.

34 COMMITMENTS AND CONTINGENCIES

Accounting Policy

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resource is remote. A contingent liability recognised in a business combination is initially measured at its fair value.

Subsequently, it is measured at the higher of: the amount that would be recognised in accordance with the general guidance for provisions above (LKAS 37) or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition (SLFRS 15).

Contingent assets are disclosed, where inflow of economic benefit is probable.

34.1 Capital Commitments

	2025 LKR '000	2024 LKR '000
Hemas Hospitals (Pvt) Ltd.	254,260	212,770
	254,260	212,770

34.2 Other Commitments/ Contingencies

(a) Hemas Manufacturing (Pvt) Ltd.

Income Tax Assessments relating to years of assessments 2008/09 and 2009/10

The Department of Inland Revenue has issued Income Tax assessments for the years of assessment 2008/09 and 2009/10 disputing the qualifying payment relief claimed on factory relocation under the 300 enterprise programme.

The Tax Appeals Commission and the Court of Appeal provided determinations against Company for the year of assessment 2008/09 and the Company filed a case against such determinations at the Supreme Court which is ongoing. Appeal lodged for the year of assessment 2009/10 is due for hearing at the Court of Appeal. Having discussed with independent legal and tax experts and based on information available, the Directors are of the view that the Company has followed due process and acted in accordance with the prevailing laws in its tax submissions, and no provisions have been made in the financial statements for the year ended 31st March 2025 in this regard.

The Company has provided a Stand by Documentary Credit Facility to Hemas Consumer Brands India Private Limited for USD 160,000 in favour of The Hongkong and Shanghai Banking Corporation Limited.

(b) Hemas Pharmaceutical (Pvt) Ltd.

The Company has given a corporate Guarantee to HSBC on behalf of Hemas Surgicals & Diagnostics (Pvt) Ltd amounting to Rs. 395,000,000/- relating to facilities obtained.

The Company has given a corporate Guarantee to on behalf of Hemas Surgicals & Diagnostics (Pvt) Ltd amounting to Rs. 1,400,000,000/-.

The Company has given a Letter of Comfort on behalf of Lifeconnect Solutions (Pvt) Ltd amounting to Rs.1,200,000,000/-.

34.2 Other Commitments/ Contingencies (CONTD.)

(c) Morison Limited

The Department of Inland Revenue has issued VAT assessments for the taxable periods within the years 2014 to 2015 disputing the application of exemption for sale of pharmaceutical product under the provision of section 3 (1) of the Value Added Tax Act, No. 14 of 2002 and the subsequent amendment hereto.

The Tax Appeals Commission provided determinations against the Company for the said taxable periods and the company is seeking Court of Appeal remedy. Having discussed with independent legal and tax experts and based on information available, the Directors are of the view that the Company has followed due process and acted in accordance with the prevailing laws in its tax submissions, and no provisions has been made in the financial statements for the year ended 31 March 2025 in this regard.

The Company has given a bank guarantee of Rs. 5.7 Mn to Tax Appeals Commission with respect to the above tax appeal.

(d) Atlas Axillia Company (Pvt) Ltd.

The Department of Inland Revenue has issued an Income Tax assessment for the year of assessment 2018/2019 for which the Company has duly appealed. Currently 2018/2019 assessment is pending hearing by the Tax Appeal Commission. The Directors are of the view that the Company has followed due process and acted in accordance with the prevailing laws in its tax submissions, hence above assessment will not have any material adverse impact on the financial statements for the year ended 31 March 2025 in this regard.

(e) Evergreen Shipping Agency Lanka (Private) Limited

The Company has obtained a guarantee from Standard Chartered Bank in favour of Lanka Ports Authority for the Credits facility obtained amounting to Rs 2,000,000/-.

The Company has obtained a guarantee from Standard Chartered Bank in favour of Director of Merchant Shipping to obtain Shipping license amounting Rs. 500,000/-.

The Company has obtained a guarantee from Standard Chartered Bank in favour of The Chairman, Sri Lanka Ports Authority amounting to LKR 160,000,000/-.

(f) Forbes Air Services (Pvt) Ltd

The Company has obtained a guarantee from Standard Chartered Bank favouring Emirates - Dubai amounting to Rs. 2,612,390,000/-.

The Company has obtained a guarantee from Standard Chartered Bank favouring Airport and Aviation amounting to Rs. 589,981/-.

The Company has obtained a guarantee from Standard Chartered Bank favouring Director General of Civil Aviation amounting to Rs.385,359,085/-.

(g) Shipping Services Agency (Pvt) Ltd.

The Company has obtained a guarantees from Standard Chartered Bank in favour of the Chairman, Sri Lanka Ports Authority amounting to Rs.1,000,000/-.

The Company has obtained a guarantee from Standard Chartered Bank in favour of the Director General of Merchant Shipping amounting to Rs. 500,000/-.

35 ASSETS PLEDGED

There were no assets have been pledged as security for liabilities as at the reporting date.

36 GROUP COMPANIES

For the period under review Hemas Holdings PLC operates in three industry segments; Consumer Brands, Healthcare, and Mobility. More information of the Group brands and the market served can be found on page 83.

The holding company is located at Hemas House, No. 75, Braybrooke Place, Colombo 02. The Group has considered all its subsidiary and associate companies numbering 40 in capturing its financial performance. For the purpose of reporting on its sustainability performance, the Group has considered 17 companies which are the legal entities and for which the Group is accountable and has management control. The 23 companies not included for reporting on Sustainability Performance are companies that do not carry out any operations that significantly interact with the environment or society at large. These are either non-operational entities, investment entities, companies only holding lands, companies that are office based or overseas operations that have been excluded this year for sustainability reporting.

The companies included in the financial reporting boundary are listed below, with the companies that are not included in the sustainability reporting boundary marked clearly with an identifier against such entities. Any company that are merged or acquired are considered within the sustainability reporting boundary, unless they fall within the exclusions noted above. Information from all companies within the sustainability reporting boundary use Group-wide materiality assessment methodology, Group level policies, Management Approaches, a common data collection and analysis IT platform, and similar Standard Operating Procedures (SOP) for sustainability data gathering. The sustainability information is consolidated by the central Group Sustainability and Corporate Communications Division of the Group to ensure consistency of approach.

Name /Principal Place of Business	Relationship	Effective Holding 2025	2024	Principal Activities	Board Members
CONSUMER BRANDS					
Hemas Manufacturing (Private) Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Manufacturing and Trading of Consumer Products	Husein Esufally, V. S. Sitaram, Sabrina Esufally, Sabeen Fazli Alavi, Mamun Ur Rashid
Hemas Consumer Brands Pvt Ltd * House SE (H)-2, (Level -1), Road -142 Gulshan 1, Dhaka 1212. Bangladesh	Subsidiary	100%	100%	Manufacturing and Trading of Consumer Products	Naveedul I. Khan, Sabrina Esufally
Hemas Consumer Products (Pvt) Ltd.* No 1418, BRR Tower, I.I Chundrigar Road, Karachi, Pakistan	Subsidiary	100%	100%	Trading of Consumer Products	Husein Esufally, Steven Mark Enderby, Roy Gnankaran Joseph
Hemas Consumer Brands India (Pvt)* Ltd. No 1865, Rajdanga Main Road, The Chambers,6th Floor, Room No-605, Kolkata-700107, India	Subsidiary	100%	100%	Trading of Consumer Products	Asaratharaman Kannan, Asitha Samaraweera
Unicorn Investments (Private) Limited* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Research and Development Services	Sabrina Esufally, Dimuthu Jayasinghe
Morison Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	96%	96%	Manufacture and distribution of Pharmaceuticals	Murtaza Esufally, Dinesh Athapaththu, Zalmi Fazeel, Ranjan Chakravarti, Dr. Sanjit Singh Lamba
Atlas Axillia Co.(Private) Limited 96, Parakrama Road, Peliyagoda, Sri Lanka	Subsidiary	100%	100%	Manufacturing and trading of school and office stationery	Husein Esufally, Nilika Goonetilleke, Asitha Samaraweera
HEALTHCARE					
Hemas Pharmaceuticals (Private) Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Distribution of Pharmaceutical Products	Murtaza Esufally, Dr. Mahesha Ransoma, Stuart Chapman, Coralie Pietersz, Arun Gupta, Sakina Esufally, Moiz Rehmanjee
Hemas Surgicals & Diagnostics (Private) Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Distribution of Healthcare Products	Dr. Mahesha Ransoma, Moiz Rehmanjee
Hemas Hospitals (Private) Limited No 389, Negombo Road, Wattala, Sri Lanka	Subsidiary	98%	89%	Hospital Services	Murtaza Esufally, Dr. Lakith Peiris, Dr. Uma Kadamboor, Dr. Gershu Paul, Vajira Kulatilaka, Dinesh Athapaththu
Hemas Capital Hospital (Private) Limited No. 647, Pannipitiya Road, Thalwathugoda, Sri Lanka	Subsidiary	98%	89%	Hospital Services	Murtaza Esufally , Dr. Lakith Peiris
Healthnet International (Pvt) Ltd.* No. 25, Elibank Road, Colombo 05, Sri Lanka	Subsidiary	100%	100%	Online Pharmacy Services	Dr. Mahesha Ransoma, Mohamed Rizny Faisal, Hazel Philicia Pereira
Lifeconnect Solutions (Private) Limited* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Import and Distribution of Pharmaceuticals, Surgical and Diagnostics and other Products	Dr. Mahesha Ransoma, Dinesh Kumar Athapaththu, Moiz Rehmanjee, Hazel Pereira, Chinthaka Perera

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Name /Principal Place of Business	Relationship	Effective Holding 2025	2024	Principal Activities	Board Members
Morison Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	96%	96%	Importing and Distribution of Consumer Products	Murtaza Esufally, Dinesh Athapaththu, Zalmi Fazeel, Ranjan Chakravarti, Dr. Sanjit Singh Lamba
MOBILITY					
Far Shipping Lanka (Private) Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Shipping Agents	Imtiaz Esufally, Mushin Kitchilan
Far Shipping Agency Lanka(Private) Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Associate	36%	36%	Shipping Agents	Yu Yongjun, Samitha Mohan Perera, Mushin Kitchilan, Namal Perera
Hemas Transportation (Private) Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Investment Holding Company	Imtiaz Esufally, Moiz Rehmanjee, Mushin Kitchilan, Ravindra Jayasekara
Hemas Maritime (Private) Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Break Bulk Casual Callers & Cargo Handling	Imtiaz Esufally, Mushin Kitchilan
Evergreen Shipping Agency Lanka (Private) Limited Level 9, "Parkland", No:33, Park Street, Colombo 02, Sri Lanka	Subsidiary	60%	60%	Break Bulk Casual Callers & Cargo Handling	Imtiaz Esufally, Yen-I-Chang, Kuang-Hui Wu, Mushin Kitchilan
Mazu Shipping (Private) Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Shipping Agents	Imtiaz Esufally, Mushin Kitchilan
Forbes Air Services (Private) Limited "Emirates Office" Level 7, 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	GSA Emirates Airline	Husein Esufally, Imtiaz Esufally, Murtaza Esufally, Abbas Esufally, Mushin Kitchilan
Shipping Agency Services (Private)* Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	85%	Shipping Agents	Lalita Nimal Jayasooriya, Mushin Kitchilan
Morlan (Private) Limited* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Warehousing	Murtaza Esufally, Moiz Rehmanjee
OTHER					
Hemas Corporate Services (Private) Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Corporate Secretaries	Moiz Rehmanjee, Peshala Fernando
Hemas Developments (Private) Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Property Development	Abbas Esufally, Moiz Rehmanjee
Hemas COE (Pvt) Ltd 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Financial & Accounting BPO	Ravindra Jayasekera, Moiz Rehmanjee
Concept Ventures (Private) Limited* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Investment Holding	Moiz Rehmanjee, Mohamed Rizny Faisal
Hemtours (Pvt) Ltd * 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Destination Management Services	Abbas Esufally, Moiz Rehmanjee

Name /Principal Place of Business	Relationship	Effective Holding 2025	2024	Principal Activities	Board Members
Leisure Asia Investments Limited* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Investment Holding Company	Husein Esufally, Abbas Esufally, Imtiaz Esufally
Mowbray Hotels Limited* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Hotel Property	Abbas Esufally, Moiz Rehmanjee, Jayantha Panabokke, Shantha Kurumbalapitiya
PH Resorts (Private) Limited* Gayambokka Estate, Tangalle Sri Lanka	Joint Venture	50%	50%	Operating a Tourist Hotel	Abbas Esufally, Dilliparaj Rajakarier, Stephen Chojnaki, Micah Thamthai, Steven Enderby, Shantha Kurumbalapitiya
Sanctuary Resorts Wilpattu Lanka* (Private) Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Hotel Property	Abbas Esufally, Shantha Kurumbalapitiya
Peace Haven Resorts Limited* Gayambokka Estate, Tangalle Sri Lanka	Subsidiary	100%	100%	Hotel Property	Abbas Esufally, Shantha Kurumbalapitiya
Hemascorp (Private) Limited* 531A Upper Cross Street, #04-98, Hong Lim Complex, Singapore	Subsidiary	100%	100%	Distribution of Pharmaceutical Products	Sabrina Esufally, Moiz Rehmanjee, Safura Binte Sa'Ad
Magnicare (Private) Limited* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Investment Holding Company	Murtaza Esufally, Moiz Rehmanjee
Hemas Marketing (Private) Limited* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Trading & Distribution of Consumer Products	Sabrina Esufally, Moiz Rehmanjee
Hemas Trading (Private) Limited* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Import and sale of Food Products	Sabrina Esufally, Moiz Rehmanjee
Hemas Ecopower (Private) Limited* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Production, Transmission and Distribution of Renewable Electricity Using Solar Energy	Murtaza Esufally, Moiz Rehmanjee
Pulz Solutions (Pvt) Ltd.* 8th Floor, Concept Nursery, SLIIT, New Kandy Road, Malabe, Sri Lanka	Associate	30%	30%	Research & Development, Manufacturing and Sales & Distribution of Invention	Pramadhi Atapattu, Mithra Mayadunna
Hire 1 Technologies (Pvt) Ltd.* No.199/29, Obesekara Crescent, Rajagiriya, Sri Lanka	Associate	20%	20%	Providing digital Logistics Services	Yeshanth Gunewardena
VulcanD (Pvt) Ltd.* 570, Gothatuwa Watta, Baddegama, Galle, Sri Lanka	Associate	20%	20%	Development of Health related technology based products.	Dimuthu Lakmal, Ayesha Rathnayake

* These companies have been excluded for sustainability reporting purposes.

QUARTERLY SNAPSHOT

INFORMATION PURPOSES ONLY

Group	Q1		Q2		Q3		Q4	
	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000	2025 LKR '000	2024 LKR '000
Extract from Statement of Profit or Loss								
Revenue from Contracts with Customers	25,476,163	29,121,435	28,912,080	29,829,387	33,234,690	31,222,706	30,347,241	31,440,244
Gross Profit	7,610,260	7,855,379	9,139,743	8,654,858	11,005,656	9,851,289	9,317,630	9,635,703
Operating Profit	1,930,481	2,153,159	3,092,731	2,766,724	4,863,645	3,868,472	3,819,772	3,132,623
Net Finance Cost	(214,592)	(741,340)	(259,559)	(763,088)	(271,190)	(515,575)	(232,486)	(432,987)
Profit Before Tax	1,715,889	1,411,819	2,833,172	2,003,636	4,592,455	3,352,897	3,587,286	2,699,636
Income Tax Expenses	(713,593)	(285,834)	(1,243,950)	(726,347)	(1,487,898)	(1,055,468)	(944,700)	(1,045,686)
Profit for the Year	1,002,296	1,125,985	1,589,222	1,277,289	3,104,557	2,297,429	2,642,586	1,653,950
Attributable to:								
Equity Holders of the Parent	945,559	1,093,645	1,508,766	1,219,721	3,026,198	2,220,061	2,576,438	1,575,093
Non-Controlling Interests	56,737	32,340	80,456	57,568	78,359	77,368	66,148	78,857
Extract from Statement of Financial Position								
Non Current Assets	30,881,896	27,768,969	32,743,972	27,827,848	33,175,756	27,899,897	36,585,034	30,879,524
Current Assets	64,041,870	67,426,050	61,364,350	66,906,041	64,273,022	70,259,021	60,305,493	62,843,408
Non Current Liabilities	9,694,654	11,340,746	8,989,907	11,182,383	8,907,075	10,819,358	9,927,565	9,969,958
Current Liabilities	41,930,290	45,337,628	40,254,260	44,037,938	41,181,413	45,733,792	36,642,529	39,633,376
Total Equity	43,298,822	38,516,645	44,864,155	39,513,568	47,360,290	41,605,768	50,320,433	44,119,598

INDICATIVE US DOLLAR FINANCIAL STATEMENTS

INFORMATION PURPOSES ONLY

	Group	
	2025 USD '000	2024 USD '000
Extract from Statement of Profit or Loss		
Revenue from Contracts with Customers	394,121	379,204
Gross Profit	123,856	112,243
Operating Profit	45,792	37,171
Net Finance Cost	(3,267)	(7,649)
Profit Before Tax	42,525	29,522
Income Tax Expenses	(14,667)	(9,708)
Profit for the Year	27,858	19,814
Attributable to:		
Equity Holders of the Parent	26,917	19,047
Non-Controlling Interests	941	767
Extract from Statement of Financial Position		
Non Current Assets	123,120	101,913
Current Assets	202,946	207,404
Non Current Liabilities	33,409	32,904
Current Liabilities	123,313	130,803
Total Equity	169,344	145,609
Closing Exchange Rate	297	303
Average Exchange Rate	299	321

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS.

The above should be read together with the Auditors' opinion and the notes to the Financial Statements.

TEN YEAR SUMMARY

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
LKR '000								Restated		
Operating Results										
Group Revenue	**117,970,174**	121,613,772	113,939,574	78,830,850	64,500,748	60,043,490	64,082,154	49,874,384	43,404,452	37,976,564
Gross Profit	**37,073,289**	35,997,229	31,792,860	21,849,662	19,416,707	19,147,684	21,477,549	17,706,958	16,741,841	14,128,153
Operating Profit	**13,706,629**	11,920,978	10,963,151	6,782,644	6,060,661	3,531,779	5,661,325	4,245,095	4,783,801	3,943,929
Profit Before Taxation	**12,728,802**	9,467,988	7,765,000	6,648,180	5,669,910	2,840,724	5,093,140	4,392,336	5,086,894	4,074,369
Taxation	**4,390,141**	3,113,335	2,696,317	1,813,714	1,523,051	1,356,706	1,413,904	1,441,523	1,333,044	1,148,399
Profit After Taxation	**8,338,661**	6,354,653	5,068,683	4,834,466	3,342,026	1,362,707	3,679,236	2,950,813	3,753,850	2,925,970
Profit Attributable to the Parent	**8,056,961**	6,108,520	4,268,855	4,248,553	3,253,350	1,235,717	3,369,279	2,687,457	3,491,478	2,653,208
Equity & Liabilities										
Stated Capital	**7,824,276**	7,783,875	7,776,111	7,776,111	7,776,111	7,734,054	7,734,054	5,960,450	5,741,038	5,722,837
Other Reserves	**8,546,862**	7,604,327	6,660,799	4,605,943	2,341,732	1,606,005	1,867,941	2,097,672	2,262,995	2,081,186
Retained Earnings	**33,409,249**	28,043,567	23,967,649	23,205,732	21,777,539	18,574,233	18,496,649	17,420,761	16,907,218	14,187,670
Non-Controlling Interests	**540,045**	687,829	715,842	919,517	1,542,904	3,560,170	3,771,078	3,590,445	3,217,800	2,661,619
Non-Current Liabilities	**9,927,565**	9,969,958	9,825,126	6,084,689	5,869,395	9,696,699	6,105,593	6,817,837	3,195,557	4,236,430
Current Liabilities	**36,637,870**	39,633,376	49,552,354	33,715,678	24,286,707	23,209,256	24,774,085	21,811,416	15,993,943	13,437,433
Liabilities Associated with Assets Held for Sale	**4,658**	-	-	-	-	-	-	-	-	-
	96,890,525	93,722,932	98,497,883	76,307,670	63,594,388	64,380,417	62,749,400	57,698,581	47,318,551	42,327,175
Assets										
Non Current Assets	**36,585,033**	30,879,524	27,622,628	25,086,301	25,739,662	28,726,781	26,241,984	25,664,398	18,849,704	17,618,989
Current Assets	**60,232,364**	62,843,408	70,875,255	51,221,369	37,854,726	35,653,636	36,507,416	32,034,183	28,468,847	24,708,186
Assets Held for Sale	**73,128**	-	-	-	-	-	-	-	-	-
	96,890,525	93,722,932	98,497,883	76,307,670	63,594,388	64,380,417	62,749,400	57,698,581	47,318,551	42,327,175
Cash Flows										
Net cash flows from operating activities	**13,388,522**	13,905,592	(9,261,703)	8,052,336	6,539,456	1,589,246	1,813,421	5,782,146	3,005,374	4,250,945
Net cash flows from / (used in) investing activities	**(5,009,380)**	(5,698,286)	(1,308,167)	267,884	(1,110,675)	(2,499,723)	(2,197,332)	(7,357,605)	(2,209,008)	(952,068)
Net cash flows from / (used in) financing activities	**(7,851,807)**	(8,522,833)	9,597,012	(3,535,923)	(1,772,351)	833,566	(1,135,168)	(3,291,577)	(1,087,290)	2,693,583
Net increase / (decrease) in cash and cash equivalents	**527,335**	(315,528)	(972,858)	4,784,297	3,656,430	(76,911)	(1,519,079)	(4,867,036)	(290,924)	5,992,460
Capital Expenditure (LKR Mn.)	**5,080,094**	2,379,134	1,419,730	1,531,239	1,820,200	3,042,111	2,644,095	2,416,892	1,827,820	1,100,899
Key Indicators										
Earnings Per Share (LKR) *	**2.70**	2.05	1.43	1.42	1.09	0.41	1.13	0.90	1.22	0.94
Dividends Per Share (LKR)	**4.00**	2.35	2.35	4.35	0.40	1.45	4.93	1.85	1.40	1.10
Dividend Cover (No. of Times)	**3.37**	4.36	3.05	1.62	13.64	1.43	1.15	2.44	4.36	4.28
Dividend Payout Ratio (%)	**29.6**	23.0	32.8	61.1	7.3	70.0	87.3	40.9	23.0	23.4
Interest Cover (No. of Times)	**9.11**	3.66	2.77	7.26	9.87	3.68	5.41	6.87	9.21	7.70
Net Asset Per Share (LKR)	**83.34**	72.79	64.38	59.66	53.47	46.83	47.14	44.32	43.50	38.41
Current Ratio (No. of Times)	**1.64**	1.59	1.43	1.52	1.60	1.50	1.47	1.47	1.78	1.84
Gearing (%)	**13.5**	22.4	35.4	15.2	17.2	23.2	18.2	19.7	16.0	18.5
ROE (%)	**17.7**	15.3	13.4	13.8	10.3	4.3	12.1	10.3	14.2	13.7
Asset Turnover (No. of times)	**1.2**	1.3	1.2	1.0	1.0	0.9	1.0	0.9	0.9	0.9
Debt : Equity (No. of times)	**0.16**	0.29	0.55	0.18	0.21	0.30	0.22	0.25	0.19	0.23
Debt : Total Asset (No. of times)	**0.08**	0.14	0.22	0.09	0.11	0.15	0.11	0.12	0.11	0.13
Investor Information										
Market Price (LKR)	**120.00**	80.40	65.00	46.20	83.40	56.20	75.00	124.90	108.70	80.60
P/E Ratio	**8.90**	7.85	9.08	6.49	15.28	27.11	13.27	27.63	17.83	17.10
Shares in issue ('000)*	**2,986,537**	2,983,363	2,982,730	2,982,730	2,982,730	2,980,217	2,980,217	2,874,671	2,863,667	2,862,726
Market Capitalisation (LKR Mn.)	**71,677**	47,972	38,775	27,560	49,752	33,497	44,703	71,809	65,256	46,147
52 - Week Market Share Price High (LKR)	**128.00**	85.90	70.00	87.00	107.00	86.70	127.00	154.90	110.00	99.80
52 - Week Market Share Price Low (LKR)	**102.75**	60.00	39.00	45.40	54.00	55.10	73.50	108.00	81.00	71.00

* The number of shares represented after the 1-for-5 share split, which shareholders approved on 28th April 2025.

SHAREHOLDER INFORMATION

1. 1.ANALYSIS OF SHAREHOLDERS AS AT 28-MAR-2025

Shareholdings	Resident			Non-Resident			Total		
	No. of Shareholders	No. of Shares	Percentage (%)	No. of Shareholders	No. of Shares	Percentage (%)	No. of Shareholders	No. of Shares	Percentage (%)
1 to 1000 Shares	5,287	1,562,040	0.26	24	7,135	0.00	5,311	1,569,175	0.26
1001 to 10,000 Shares	1,738	6,040,514	1.01	35	161,471	0.03	1,773	6,201,985	1.04
10,001 to 100,000 shares	545	16,320,420	2.73	26	1,008,983	0.17	571	17,329,403	2.90
100,001 to 1,000,000 shares	135	38,589,245	6.46	16	7,214,302	1.21	151	45,803,547	7.67
Over 1,000,000 Shares	37	474,542,006	79.45	10	51,861,284	8.68	47	526,403,290	88.13
Total	7,742	537,054,225	89.91	111	60,253,175	10.09	7,853	597,307,400	100.00

2. CATEGORIES OF SHAREHOLDERS

	No. of Shareholders	No. of Shares
Individual	7,419	87,717,671
Institutional	434	509,589,729
	7,853	597,307,400

3. SHARE TRADING

	2025	2024
Market Price		
Highest Price	128.00	85.90
Lowest Price	67.90	60.00
As at year-end (Rs.)	120.00	80.40
No. of Trades	26,616	15,092
No. of Shares Traded	127,748,704	55,423,283
Value of Shares Traded (Rs. Mn)	11,990	4,060
Market Capitalisation (Rs. Mn)	71,677	47,972

4. COMPUTATION OF PUBLIC SHAREHOLDING

	2025
Issued Share Capital as at 28 March	597,307,400
Less	
Parent Company	0
Subsidiaries of Parent	0
Directors' Shareholding (a)	2,977,910
Spouses and children of Directors and Chief Executive Officer	10,285,900
Key Management Personnel	0
Close Family Members (b)	--
Controlling Interest (c)	364,012,855
Over 10% Holding	0
Public Holding	220,030,735
Public Holding as a % of issued Share Capital	36.837%
Total Number of Shareholders	7,853
Number of Persons Holding Shares Excluded when Computing Public Holding %	17
Number of Shareholders representing the Public Holding	7,836

SHAREHOLDER INFORMATION

TOP 20 SHAREHOLDERS

	List of 20 Major Shareholders as at 31 March	2025		2024	
		No of Shares	%	No of Shares	%
1.	A Z HOLDINGS (PRIVATE) LIMITED	94,092,305	15.75	94,092,305	15.77
2.	AMAGROUP (PVT) LTD	91,427,333	15.31	91,427,333	15.32
3.	SARAZ INVESTMENTS (PRIVATE) LIMITED	89,565,277	14.99	89,565,277	15.01
4.	BLUEBERRY INVESTMENTS (PVT) LTD	88,927,940	14.89	88,927,940	14.90
5.	BBH-KOPERNIK GLOBAL ALL-CAP FUND	13,149,737	2.20	16,019,905	2.68
6.	MRS. R.G. ABDULHUSSEIN	10,011,662	1.68	10,000,000	1.68
7.	MR. E.D. PIERIS	10,000,000	1.67	-	-
8.	J.B. COCOSHELL (PVT) LTD	9,195,571	1.54	9,473,029	1.59
9.	BBH - KOPERNIK GLOBAL ALL-CAP EQUITY FUND	8,677,203	1.45	12,263,194	2.06
10.	RUBBER INVESTMENT TRUST LTD A/C NO 01	8,145,002	1.36	8,345,002	1.40
11.	BBH-TUNDRA SUSTAINABLE FRONTIER FUND	7,001,928	1.17	7,001,928	1.17
12.	CITIBANK NEWYORK S/A NORGES BANK ACCOUNT 2	6,348,861	1.06	18,322,898	3.07
13.	BBH – TUNDRA SHIKARI GLOBAL	5,989,000	1.00	-	-
14.	HATTON NATIONAL BANK PLC – CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND	5,774,405	0.97	2,824,425	0.47
15.	EST. OF LAT M.J. FERNANDO	5,448,160	0.91	5,448,160	0.91
16.	DFCC BANK PLC A/C 1	5,002,829	0.84	2,642,933	0.44
17.	AKBAR BROTHERS (PVT) LTD A/C NO 1	4,298,475	0.72	3,968,420	0.67
18.	CEYLON INVESTMENT PLC A/C # 02	3,706,719	0.62	3,988,719	0.67
19.	MELLON BANK N.A-UNITED TECHNOLOGIES CORP. MASTER	3,499,470	0.59	5,488,757	1.00
20.	RANAVAV HOLDINGS (PVT) LTD	3,408,035	0.57	-	-

a) **Directors' Shareholding**

	31 March 2025	31 March 2024
A.N. ESUFALLY	17,353	167,353
H.N. ESUFALLY	2,291,640	2,291,640
I.A.H. ESUFALLY	86,284	2,086,284
M.A.H. ESUFALLY	582,633	1,164,633
DR. S.A.B. EKANAYAKE	-	-
P. SUBASINGHE	-	-
R. PATHIRANA	-	-
W.V.S.D. WEERAINGHE	-	-
W.A.T. FERNANDO	-	-
W.T.V. PERERA	-	-
TOTAL	2,977,910	5,709,910

b) **Close Family Members**

	31 March 2025	31 March 2024
MISS. ZARA ESUFALLY	2,425,000	2,350,000
MR. AMAAR ESUFALLY	2,425,000	2,350,000
MRS. SABRINA ESUFALLY	259,170	259,170
MR. ADAM ESUFALLY	259,170	259,170
MRS. RAZIA H. ESUFALLY	259,170	259,170
MRS. BILLIQUIS I. ESUFALLY	725	725
MRS. SAKINA I. ESUFALLY	2,073,365	2,073,365
MR. HUSEIN.I. ESUFALLY	2,000,000	0
MR. AKHEEL M. ESUFALLY	582,000	0
MS. SANYA SUBASINGHE	2,300	2,300
TOTAL	10,285,900	7,553,900

c) **Controlling Interest**

	31 March 2025	31 March 2024
A Z HOLDINGS (PRIVATE) LIMITED	94,092,305	94,092,305
SARAZ INVESTMENTS (PRIVATE) LIMITED	89,565,277	89,565,277
BLUEBERRY INVESTMENTS (PVT) LTD	88,927,940	88,927,940
AMAGROUP (PVT) LTD	91,427,333	91,427,333
TOTAL	364,012,855	364,012,855

Employee Share Option Plan as At 31 March 2025

	Date of Grant	Employee Category	Shares Granted	Expiry date	Option Grant Price (Rs.)	Exercised	Cancelled		Expired	Outstanding			End/Current price
							Due to Resignation	Due to Performance		Total	Vested	Unvested	
ESOS Scheme - 2015*													
Grant 6	27.07.2020		2,630,758	26.07.2024	60.00	-	241,437	630,193	1,682,628	-	-	-	60.00
		Executive Directors	547,188				-	166,423	380,765	-	-	-	
		Senior Executives	2,083,570				241,437	463,770	1,301,863	-	-	-	
ESOS Scheme - 2021													
Grant 1	20.07.2021		3,538,112	19.07.2027	82.46	-	24,300	1,947,727	-	1,132,426	1,132,426	-	82.46
		Executive Directors	778,815				-	673,515	-	105,300	105,300	-	
		Senior Executives	2,759,297				24,300	1,249,912	-	1,027,126	1,027,126	-	
Grant 2	20.07.2022		3,071,647	19.07.2028	43.84	-	495,638	2,144,194	-	431,816	431,816	-	43.84
		Executive Directors	526,500				-	336,960	-	189,540	189,540	-	
		Senior Executives	2,545,147				495,638	1,807,234	-	242,276	242,276	-	
Grant 3	20.07.2023		3,375,000	19.07.2029	71.02	-	-	3,375,000	-	-	-	-	71.02
		Executive Directors	-				-	-	-	-	-	-	
		Senior Executives	3,375,000				-	3,375,000	-	-	-	-	
Grant 4	01.10.2024		5,850,000	30.09.2030	72.23	-	-	-	-	5,850,000	-	5,850,000	72.23
		Executive Directors	-				-	-		-	-	-	
		Senior Executives	5,850,000				-	-		5,850,000	-	5,850,000	

*ESOS Scheme - 2015 - Grant 01,02,03, 04 and 05 was expired prior to the 01 April 2024.

INDEPENDENT ASSURANCE REPORT

Shape the future with confidence

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF HEMAS HOLDINGS PLC ON THE SUSTAINABILITY REPORTING CRITERIA PRESENTED IN THE INTEGRATED ANNUAL REPORT FY 2024/25

SCOPE

We have been engaged by Hemas Holdings 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 Hemas Holdings PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Hemas Holdings 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 HEMAS HOLDINGS PLC

In preparing the Subject Matter, Hemas Holdings 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.

HEMAS HOLDINGS PLC'S RESPONSIBILITIES

Hemas Holdings 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 Hemas Holdings PLC on 9 May 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 International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, 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.

INDEPENDENT ASSURANCE REPORT

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 organisation 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 organisation'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 Hemas Holdings PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.

Ernst + Young

22 May 2025
Colombo

GRI CONTENT INDEX

Statement of use	Hemas Holdings PLC has reported in accordance with the GRI Standards for the period April 1, 2024 to March 31, 2025
GRI 1 used	GRI 1: Foundation 2021

GRI Standard/ Other Source	Disclosure	Location	Omission			UNSDG Goals	UNGC 10 Principals
			Requirement(S) Omitted	Reason	Explanation		
GENERAL DISCLOSURES							
GRI 2: General Disclosures 2021	2-1 Organizational details	IBC	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	6,280-283					
	2-3 Reporting period, frequency and contact point	6-7					
	2-4 Restatements of information	6-7					
	2-5 External assurance	6,291,292					
	2-6 Activities, value chain and other business relationships	4,7,133-135,139-140					
	2-7 Employees	101				Goal 1	
	2-8 Workers who are not employees	101				Goal 5	
	2-9 Governance structure and composition	154-155				Goal 8 Goal 16	
	2-10 Nomination and selection of the highest governance body	158,196-197					
	2-11 Chair of the highest governance body	21					
	2-12 Role of the highest governance body in overseeing the management of impacts	168					
	2-13 Delegation of responsibility for managing impacts	53,168					
	2-14 Role of the highest governance body in sustainability reporting	53					
	2-15 Conflicts of interest	160					
	2-16 Communication of critical concerns	54,159					
	2-17 Collective knowledge of the highest governance body	163					
	2-18 Evaluation of the performance of the highest governance body	161					
	2-19 Remuneration policies	162					
	2-20 Process to determine remuneration	194-195					

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission			UNSDG Goals	UNGC 10 Principals
			Requirement(S) Omitted	Reason	Explanation		
	2-21 Annual total compensation ratio	114		Confidentiality constraints	All wages and remuneration are commensurate with the work undertaken, and in all cases higher than a minimum wage requirement and aligned to market remunerations. The Group considers the annual total compensation ratio confidential.		
	2-22 Statement on sustainable development strategy	12-14					
	2-23 Policy commitments	49-50				Goal 8 Goal 16	
	2-24 Embedding policy commitments	49-50					
	2-25 Processes to remediate negative impacts	50					
	2-26 Mechanisms for seeking advice and raising concerns	55					
	2-27 Compliance with laws and regulations	116,143				Goal 17	
	2-28 Membership associations	143					
	2-29 Approach to stakeholder engagement	55-56					
	2-30 Collective bargaining agreements	103				Goal 8	1,3
Material Topics							
GRI 3: Material Topics 2021	3-1 Process to determine material topics	57	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	58-59					
Economic Performance							
GRI 3: Material Topics 2021	3-3 Management of material topics	50					
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	64				Goal 1 Goal 8 Goal 10	
	201-2 Financial implications and other risks and opportunities due to climate change	74					
	201-3 Defined benefit plan obligations and other retirement plans	114				Goal 1 Goal 8 Goal 10	
	201-4 Financial assistance received from government	-	201-4 a,b,c	Not applicable	The Group does not receive any assistance from the Government		

GRI Standard/ Other Source	Disclosure	Location	Omission			UNSDG Goals	UNGC 10 Principals
			Requirement(S) Omitted	Reason	Explanation		
Anti-Corruption							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 16	10
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	102					
	205-2 Communication and training about anti-corruption policies and procedures	-	GRI 205-2 a,b,c,d,e	Information unavailable/ incomplete	Communication on anti-corruption is a mandatory requirement in the Group onboarding process for all employees, who signs a Hemas Way document that provides guidelines and relevant information on bribery and corruption. As a result, the training is not tracked by the Group.		
	205-3 Confirmed incidents of corruption and actions taken	-	GRI 205-3 a,b,c,d	Confidentiality constraints	The maintains confidentiality regarding confirmed incidents of corruption and the actions taken to protect ongoing investigations and ensure the safety of individuals involved. While transparency is valued, this approach aims to strike a balance between disclosure and safeguarding sensitive information.		

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission			UNSDG Goals	UNGC 10 Principals
			Requirement(S) Omitted	Reason	Explanation		
Energy							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 7	8
GRI 302: Energy 2016	302-1 Energy consumption within the organization	121				Goal 12 Goal 13	
	302-2 Energy consumption outside of the organization	-	GRI 302-2 a,b,c	Not applicable	The Group does not track this information at present		
	302-3 Energy intensity	121					
	302-4 Reduction of energy consumption	-	GRI 302 - 4 a,b,c,d	Not applicable	This information is partially reported		
	302-5 Reductions in energy requirements of products and services	-	GRI 302 - 5 a,b,c	Not applicable	The Group does not track this information at present		
Water and Effluents							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 6 Goal 12	8
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	127					
	303-2 Management of water discharge-related impacts	127					
	303-3 Water withdrawal	127					
	303-4 Water discharge	127-128					
	303-5 Water consumption	127					
Emissions							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 7 Goal 12 Goal 13	8
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	120					
	305-2 Energy indirect (Scope 2) GHG emissions	120					
	305-3 Other indirect (Scope 3) GHG emissions	120	GRI 305-3 a,b,c,d,e,f,g	Information unavailable/ incomplete	The group partially tracks this information		
	305-4 GHG emissions intensity	120					
	305-5 Reduction of GHG emissions	119					
	305-6 Emissions of ozone-depleting substances (ODS)	-	GRI 305-6 a,b,c,d	Not applicable	The Group does not track this information at present		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	GRI 305-7 a,b,c	Not applicable	The Group does not track this information at present		

GRI Standard/ Other Source	Disclosure	Location	Omission			UNSDG Goals	UNGC 10 Principals
			Requirement(S) Omitted	Reason	Explanation		
Waste							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 12 Goal 14 Goal 15	8
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	128					
	306-2 Management of significant waste-related impacts	128-129					
	306-3 Waste generated	129					
	306-4 Waste diverted from disposal	-	GRI 306-4 a,b,c,d,e	Information unavailable/ incomplete	The Group does not track this information at present		
	306-5 Waste directed to disposal	-	GRI 306 -5 a,b,c,d,e	Information unavailable/ incomplete			
Employment							
GRI 3: Material Topics 2021	3-3 Management of material topics	50					3,6
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	102				Goal 10	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	-	GRI 401-2 a, b	Not applicable	This information is not reported by the Group as employee remuneration and benefits are considered confidential		
	401-3 Parental leave	-	GRI 401-3 a.b.c.d.e	Information unavailable/ incomplete	While the Group has in place a robust parental leave policy that exceeds the legal requirement, this indicator is partially reported.		

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission			UNSDG Goals	UNGC 10 Principals
			Requirement(S) Omitted	Reason	Explanation		
Occupational Health and Safety							
GRI 3: Material Topics 2021	3-3 Management of material topics	50					
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	104-105				Goal 3 Goal 8	3,6
	403-2 Hazard identification, risk assessment, and incident investigation	104-105					
	403-3 Occupational health services	104-105					
	403-4 Worker participation, consultation, and communication on occupational health and safety	104-105					
	403-5 Worker training on occupational health and safety	104-105					
	403-6 Promotion of worker health	104-105					
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	104-105					
	403-8 Workers covered by an occupational health and safety management system	-	GRI 403-8 a,b,c	Information unavailable/ incomplete	The Group does not track this data at present		
	403-9 Work-related injuries	105				Goal 3 Goal 8	
	403-10 Work-related ill health	-	GRI 403-10 a,b,c,d,e	Information unavailable/ incomplete	The Group does not track this data at present		
Training and Education							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 5 Goal 8	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	107					6
	404-2 Programs for upgrading employee skills and transition assistance programs	-	GRI 404-2 a,b	Information unavailable/ incomplete	The Group does not track this data at present		
	404-3 Percentage of employees receiving regular performance and career development reviews	114					

GRI Standard/ Other Source	Disclosure	Location	Omission			UNSDG Goals	UNGC 10 Principals
			Requirement(S) Omitted	Reason	Explanation		
Freedom of Association and Collective Bargaining							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 8	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	103					
Child Labor							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 8 Goal 16	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	101					5
Forced or Compulsory Labor							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 8	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	101					4
Local Communities							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 11	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	143-145				Goal 1 Goal 2 Goal 6 Goal 10 Goal 11 Goal 17	
	413-2 Operations with significant actual and potential negative impacts on local communities	-	GRI 413-2 a	Not applicable	The Group has in place processes to identify any community grievances and has not identified any operations with significant negative impacts on local community		
Customer Health and Safety							
GRI 3: Material Topics 2021	3-3 Management of material topics	50					
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	-	GRI 416-1 a	Not applicable	The Group does not track this data at present		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	136					
Marketing and labelling							

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission			UNSDG Goals	UNGC 10 Principals
			Requirement(S) Omitted	Reason	Explanation		
	3-3 Management of material topics						
	417-1 Requirements for product and service information and labelling			Not applicable	Many of the group business such as hospitals, stationary manufacturing, and mobility does not involve product labelling. Where applicable, such as in pharmaceuticals and personal care, we comply with all relevant regulatory labelling requirements		
	417-2 Incidents of non-compliance concerning product and service information and labelling						
	417-3 Incidents of non-compliance concerning marketing communications						
Customer privacy							
GRI 3: Material Topics 2021	3-3 Management of material topics						
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data						

ALIGNMENT TO SLFRS STANDARDS (S1 AND S2)

SLFRS S1 (CORE CONTENT)

SLFRS No.	SLFRS S1 CORE CONTENT (CLAUSES 25 to 53 OF SLFRS S1)	Location
Governance		
26		53,154,155, 159,163,164, 168,178,
27	a-i, a-ii, a-iii, a-iv, a-v, b-i, b-ii	
Strategy		
28		70-75
29	a,b,c,d,e	
Sustainability-Related Risks and Opportunities		
30	a,b,c	70-75
31		
Business Codel and Value Chain		
32	a,b	70-75
Strategy and Decision-Making		
33	a,b,c	70-75
Financial Position, Financial Performance and Cash Flows		
34	a,b	70-75
35	a,b,c-i,c-ii,d	
36		
37	a,b	
38	a,b	
39		
40	a,b,c	
Resilience		
41		178-183
42		
Risk Management		
43	a,b	180
44	a-i, a-ii, a-iii, a-iv, a-v, a-vi, b,c	54,159,178-183
Metrics and Targets		
45		146-151
46	a,b-i,b-ii	
47		
48		
49		
50	a,b,c,d	
51	a,b,c,d,e,f,g,h	
52		
53		

SLFRS S2 (CORE CONTENT)

SLFRS No.	SLFRS S2 CORE CONTENT (CLAUSES 5 to 37 OF SLFRS S2)	Location
Governance		
5		12-14,55,49-50,54,159,162, 163,168, 194-195
6	a-i, a-ii, a-iii, a-iv, a-v, b-i, b-ii	
7		
Strategy		
8		70-75
9	a,b,c,d	
Climate-Related Risks and Opportunities		
10	a,b,c,d	70-75
11		
12		
Business Model and Value Chain		
13	a,b	70-75
Strategy and Decision-Making		
14	a-i,a-ii,a-iii,a-iv,a-v,b,c	70-75
Financial Position, Financial Performance and Cash Flows		
15	a,b	70-75
16	a,b,c-i,c-ii,d	
17		
18	a,b	75
19	a,b	
20		
21	a,b,c	
Climate Resilience		
22	a-i,a-ii,a-iii,b-i,b-ii,b-iii	70-75
23		180
24	Risk Management	
25	a-i,a-ii,a-iii,a-iv,a-v,a-vi,b,c	
26		
Metrics and Targets		
27		146-151
28	a,b,c	
Climate-Related Metrics		
29	a-i, a-ii, a-iii, a-iv,a-v,a-vi,b,c,d,e,f-i,f-ii,g-i.g-ii	118-121
30		
31		146-151
32		
Climate-Related Targets		
33	a,b,c,d,e,f,g,h	118-122
34	a,b,c,d	
35		
36	a,b,c,d,e-i,e-ii,e-iii,e-iv	
37		

GLOSSARY

ACCRUAL BASIS
Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

ASSET/CAPITAL EMPLOYED
Average total assets divided by average capital employed.

ASSET TURNOVER
Total revenue divided by average total assets.

CAPITAL EMPLOYED
Total Shareholders' funds plus debt and non-controlling interests.

CAPITAL RESERVES
Reserves identified for specific purposes and considered not available for distribution.

CURRENT RATIO
Current assets divided by current liabilities.

CONTINGENT LIABILITIES
Conditions or situations existing at the reporting date, the financial effect of which are to be determined by future events which may or may not occur.

DEBT
The sum of interest-bearing long-term and short-term loans and overdrafts.

DEBT/EQUITY RATIO
Debt as a percentage of shareholders' funds and non-controlling interests.

DEFERRED INCOME TAX
The net tax effect on items which have been included in the Income Statement, which would only qualify for inclusion on a tax return at a future date.

DILUTED EARNINGS PER SHARE
Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

DIVIDEND COVER
Net profit attributable to the Ordinary Shareholders divided by the total dividend paid and proposed.

DIVIDEND PAYOUT RATIO
Dividend paid as a percentage of Company profits adjusted for non-cash gains items.

EARNINGS
Profit after tax less Non Controlling Interests.

EARNINGS PER SHARE (EPS)
Profit attributable to Ordinary Shareholders divided by the weighted average number of Ordinary Shares in issue during the year.

EBIT
Earnings Before Interest and Tax.

EBITDA
Earnings before interest expense, tax, depreciation, amortisation.

EFFECTIVE RATE OF TAXATION
Income tax over Profit Before tax.

EQUITY
Equity attributable to Equity Holders of the Parent.

GEARING
Debt divided by the sum of equity, non-controlling interests and debt.

INTEREST COVER
Consolidated operating profits over finance cost.

MARKET CAPITALISATION
Number of shares in issue at the end of the period multiplied by the market price at the end of the period.

NON-CONTROLLING INTERESTS
Part of the net results of operations and net assets of a subsidiary attributable to interests which are not owned, directly or indirectly, through Subsidiaries, by the Parent.

NET ASSETS
Total assets minus current liabilities, long-term liabilities, and non-controlling interests.

NET ASSETS PER SHARE
Shareholders' funds divided by the number of Ordinary Shares in issue as at the end of the year.

NET DEBT (CASH)
Total debt minus cash and short-term deposits.

OPERATING PROFIT
Profit Before Interest and Tax.

PRICE EARNINGS RATIO
Market price per share divided by the earnings per share.

QUICK RATIO
Current assets minus inventory, divided by current liabilities.

RETURN ON EQUITY (ROE)
Profit attributable to shareholders as a percentage of average shareholders' funds.

RETURN ON CAPITAL EMPLOYED (ROCE)
Earnings Before Interest expense and Tax divided by average of capital employed at the beginning and end of the year.

REVENUE RESERVES
Reserves set aside for future distributions and investments.

SEGMENT
Constituent business units grouped in terms of similarity of operations and strategy.

SHAREHOLDERS' FUNDS
Total of stated capital, other components of equity and revenue reserves.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Seventy Sixth Annual General Meeting (AGM) of Hemas Holdings PLC will be held as a Virtual AGM, emanating from the Registered Office, 'Hemas House' No. 75, Braybrooke Place, Colombo 2, on Wednesday, 25th day of June 2025 at 3.00 p.m. for the following purposes;

AGENDA

1. To receive and consider the Statements of Accounts of the Company and of the Group for the Year ended 31st March 2025 together with the Reports of the Directors and Auditors thereon.

2. To re-elect, Mr. M. A. H. Esufally who retires by rotation in terms of Article 84 of the Articles of Association, as a Director.

3. To re-elect, Mr. P. Subasinghe who retires by rotation in terms of Article 84 of the Articles of Association, as a Director.

4. To re-appoint Mr. Ajith Fernando who retires in terms of Article 72 of the Articles of Association, as a Director.

5. To re-appoint Mr. Supun Weerasinghe who retires in terms of Article 72 of the Articles of Association, as a Director.

6. To re-appoint Ms. Thusitha Perera who retires in terms of Article 72 of the Articles of Association, as a Director.

7. To pass the following Ordinary Resolution set out below to re-appoint as Director Mr. A. N. Esufally who has completed 70 years of age and vacates office as a Director of the Company in terms of Section 210 (2) (a) of the Companies Act No. 7 of 2007.

   "RESOLVED that Mr. A. N. Esufally who has completed 70 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared as provided for in Section 211 (1) of the Companies Act No. 7 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Mr. A. N. Esufally."

8. To pass the following Ordinary Resolution set out below to re-appoint as Director Dr. S. A.B. Ekanayake who has completed 70 years of age and vacates office as a Director of the Company in terms of Section 210 of the Companies Act No. 7 of 2007.

   "RESOLVED that Dr. S. A. B. Ekanayake who has completed 70 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared as provided for in Section 211 (1) of the Companies Act No. 7 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Dr. S. A. B. Ekanayake."

9. To declare a final dividend of Rs. 0.70 per Ordinary Share as recommended by the Board.

10. To re-appoint M/s Ernst & Young, Chartered Accountants, as Auditors of the Company and to authorise the Directors to determine their remuneration.

11. To authorise the Directors to determine and make donations to Charity.

By order of the Board of,
HEMAS HOLDINGS PLC

Hemas Corporate Services (Private) Limited
Secretaries

22 May 2025

Notes:

- A member entitled to attend, and vote is entitled to appoint a Proxy to attend and vote online in his/her place.
- A Proxy need not be a member of the Company.
- A Form of Proxy is enclosed for this purpose.
- The Board of Directors, has decided to hold the Annual General Meeting (AGM) as a virtual AGM in conformity with the regulatory provisions of the Company and, the listing rules and the guidelines of the Colombo Stock Exchange.
- Shareholders who wish to participate in the Annual General Meeting through the Online Platform are kindly requested to complete and forward the Annexure 1 to the Annual Report, to the email address peshalaf@hemas.com with the email subject titled "Hemas Holdings PLC AGM 2025" or post it to the registered address mentioned below not less than 3 days before holding of the meeting. Shareholders are requested to provide their email address in the space provided in the annexure in order to forward the web link if they wish to view the proceedings through an online platform.
- The Chairman and certain members of the Board, the Company Secretary and key officials essential for the administration of formalities will be physically present at the Registered Office.
- Voting on the items listed in the agenda will be registered by using an online platform or a designated ancillary online application. All of such procedures will be explained to the shareholders prior to the commencement of the meeting.

NOTICE OF MEETING

- Shareholders who wish to appoint a member of the Board of Directors as his/her proxy to represent them at the AGM may do so by completing the Form of Proxy, in such event the email address of the proxyholder will not be required.
- Shareholders may send their questions/ comments on the items listed in the Agenda of the Notice Convening the AGM by email to peshalaf@hemas.com or by post to Company Secretarial Division, 9th Floor 'Hemas House' No. 75 Braybrooke Place, Colombo 2 not less than 3 days before holding of the meeting
- The instrument appointing a proxy should be deposited at the Registered Office at 'Hemas House' No. 75, Braybrooke Place Colombo 2 not less than 48 hours before holding of the meeting or scanned and emailed to peshalaf@hemas.com.
- Only registered shareholders and registered proxy holders will be permitted to log in and participate in the virtual AGM.
- The Annual Report, Form of Proxy and the Shareholder Information Form will be hosted in the Company's Website www.hemas.com
- The date fixed for the AGM will not be affected even if a public holiday is declared on such date since arrangements will be in place to proceed via the online platform.

FORM OF PROXY

I/We...

....of...

.... being a Member/s of Hemas Holdings PLC do

hereby appoint Mr/Mrs/Miss ....

....of ....

.... whom failing.

Mr. Husein Nuruddin Esufally of Colombo 7	whom failing
Dr. Sumitha Anura Bandara Ekanayake of Nugegoda	whom failing
Mr. Abbasally Nuruddin Esufally of Colombo 7	whom failing
Mr. Imtiaz Abidhusein Hassanally Esufally of Colombo 7	whom failing
Mr. Murtaza Abidhusein Hassanally Esufally of Colombo 7	whom failing
Mr. Prabhash Subasinghe of Colombo 4	whom failing
Mr. Ranil Prasad Pathirana of Rajagiriya	whom failing
Mr. Ajith Fernando of Colombo 7	whom failing
Mr. Supun Weerasinghe of Thalawathugoda	whom failing
Ms. Thusitha Perera of Colombo 5	

as *my/our Proxy to *speak and /to vote for *me/us on *my/our behalf at the Seventy Sixth Annual General Meeting (AGM) of Hemas Holdings PLC to be held as a virtual AGM on Wednesday, 25th day of June 2025 at 3.00 p.m. emanating from the Registered Office at 'Hemas House' No. 75, Braybrooke Place Colombo 2 and at any adjournment thereof.

I/We hereby authorise my/our proxy to vote for me/us and on my/our behalf in accordance with the preferences indicated below:

		For	Against
1.	To receive and consider the Statements of Accounts of the Company and of the Group for the Year ended 31st March 2025 together with the Reports of the Directors and Auditors thereon.		
2.	To re-elect, Mr. M. A. H. Esufally who retires by rotation in terms of Article 84 of the Articles of Association, as a Director.		
3.	To re-elect, Mr. P. Subasinghe who retires by rotation in terms of Article 84 of the Articles of Association, as a Director		
4.	To re-appoint Mr. Ajith Fernando who retires in terms of Article 72 of the Articles of Association, as a Director		
5.	To re-appoint Mr. Supun Weerasinghe who retires in terms of Article 72 of the Articles of Association, as a Director		
6.	To re-appoint Ms. Thusitha Perera who retires in terms of Article 72 of the Articles of Association, as a Director		
7.	To pass the following Ordinary Resolution set out below to re-appoint as Director Mr. A. N. Esufally who has completed 70 years of age and vacates office as a Director of the Company in terms of Section 210 (2) (a) of the Companies Act No. 7 of 2007 "RESOLVED that Mr. A. N. Esufally who has completed 70 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared as provided for in Section 211 (1) of the Companies Act No. 7 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Mr. A. N. Esufally."		
8.	To pass the following Ordinary Resolution set out below to re-appoint as Director Dr. S. A.B. Ekanayake who has completed 70 years of age and vacates office as a Director of the Company in terms of Section 210 (2) (a) of the Companies Act No. 7 of 2007. "RESOLVED that Dr. S. A. B. Ekanayake who has completed 70 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared as provided for in Section 211 (1) of the Companies Act No. 7 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Dr. S. A. B. Ekanayake."		

FORM OF PROXY

		For	Against
9.	To declare a final dividend of Rs. 0.70 per Ordinary Share as recommended by the Board.		
10.	To re-appoint M/s Ernst & Young, Chartered Accountants, as Auditors of the Company and to authorise the Directors to determine their remuneration.		
11.	To authorise the Directors to determine and make donations to Charity.		

*The Proxy may vote as he/she thinks fit on any other resolution brought before this Meeting

....

Signature/s and Date NIC No/PP No

Note:
Please delete the inappropriate words.

INSTRUCTIONS AS TO COMPLETION OF THE PROXY

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and by signing in the space provided. Please fill in the date of signature.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him/her.
3. In the case of Corporate Members, the Form of Proxy must be completed under the Common Seal, which should be affixed and attested in the manner prescribed by the Articles of Association /Statutes.
4. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy.
5. The completed Form of Proxy should either be:

   (i) addressed to the 'Company Secretary' and posted or hand delivered to the registered office of the Company at 'Hemas House' No. 75 Braybrooke Place, Colombo 2;

   or

   (ii) Scanned and emailed to the email address: peshalaf@hemas.com with the email subject titled "HEMAS HOLDINGS PROXY" not less than 48 hours before the time appointed for the holding of the AGM together with the following information.

CDS Account Number of the Shareholder (s):	
Shareholder's contact number/s:	
Proxy holder's telephone number (residence/work):	
Proxy holder's mobile number:	
Email address to which the online link should be forwarded for the proxy holder's participation at the AGM:	
Proxy holder's NIC number:	

ANNEXURE 1

Folio/CDS Account Number

Hemas Holdings PLC
Annual General Meeting - 25th June 2025

REGISTRATION OF SHAREHOLDER INFORMATION

1. Full Name of the Shareholder:
2. Address of the Shareholder:
3. Shareholder's NIC/Passport/Co. Reg. No.:
4. Shareholder's Contact No.

Residence		Mobile	

5. Name of the Proxyholder:
6. Proxyholder's NIC/Passport No.:
7. Shareholder's/Proxyholder's E-mail Address:
8. Participation at AGM via Online Platform: Yes/No
9. Name of Joint holders if any

   a. .... b. ....

10. NIC/Passport Nos. of Joint holder

   a. .... b. ....

....	....	....
Principal Shareholder Signature and Date	1st Joint holder Signature and Date	2nd Joint Holder Signature and Date

FORM OF REQUEST

Date:

Hemas Corporate Services (Private) Limited

'Hemas House' No. 75, Braybrooke Place, Colombo 2

Dear Sirs/ Madam,

HEMAS HOLDINGS PLC -
REQUEST FOR A PRINTED COPY OF THE ANNUAL REPORT 2024/25

I wish to obtain a printed copy of the Annual Report 2024/25 of Hemas Holdings PLC.

I will collect a copy from your Office

Please hand over copy to bearer

(Name of bearer..)

Please mail a copy to my address given below

Full name of Shareholder	
NIC/Passport no./ Company Registration no.	
Correspondence Address	
Contact number	

…………….…………………..

Signature of Shareholder

CORPORATE INFORMATION

LEGAL FORM
A Limited Liability Company incorporated in Sri Lanka and listed on the Colombo Stock Exchange on 15th October 2003

DATE OF INCORPORATION
10th December 1948

DATE OF RE-REGISTRATION
30th May 2007

COMPANY RE-REGISTRATION NUMBER
P Q 6

ACCOUNTING YEAR END
31st March

REGISTERED OFFICE
'Hemas House'
No. 75, Braybrooke Place,
Colombo 2.
Telephone: +94 11 4731731
Website: www.hemas.com

DIRECTORS
H. N. Esufally (Chairman)
Dr. S. A. B. Ekanayake (Deputy Chairman)
A. N. Esufally
I. A. H. Esufally
M. A. H. Esufally
P. Subasinghe
R. P. Pathirana
A. Fernando
S. Weerasinghe
T. Perera

AUDIT COMMITTEE
T. Perera – Chairperson
I. A. H. Esufally
R. P. Pathirana

HUMAN RESOURCES AND REMUNERATION COMMITTEE
S. Weerasinghe – Chairman
M. A. H. Esufally
T. Perera

NOMINATION AND GOVERNANCE COMMITTEE
P. Subasinghe - Chairman
A. Fernando
Dr. S. A. B. Ekanayake
A. N. Esufally

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
T. Perera – Chairperson
I. A. H. Esufally
R. P. Pathirana

SECRETARIES
Hemas Corporate Services (Private) Limited
'Hemas House' No. 75, Braybrooke Place, Colombo 2
Telephone: +94 11 4731731 (hunting)
Facsimile: +94 11 4731777

REGISTRARS
SSP Corporate Services (Pvt) Ltd
No.101, Inner Flower Road, Colombo 3
Tel.: +94 11 2573894, +94 11 2576871
Fax: +94 11 2573609
Email: sspsec@sltnet.lk

INVESTOR RELATIONS
Hemas Holdings PLC
'Hemas House' No. 75, Braybrooke Place,
Colombo 2
Telephone: +94 11 4731731 Email: ir@hemas.com

AUDITORS
Ernst & Young
Chartered Accountants
Rotunda Towers, No 109, Galle Road,
Colombo 03

LAWYERS TO THE COMPANY
Group Legal
Hemas Holdings PLC
'Hemas House' No. 75, Braybrooke Place, Colombo 2
Telephone: +94 11 4731731

BANKERS
Commercial Bank of Ceylon PLC
Deutsche Bank AG
The Hong Kong & Shanghai Banking Corp. Ltd
Hatton National Bank PLC
Standard Chartered Bank
Nations Trust Bank PLC
Seylan Bank PLC
Sampath Bank PLC
National Development Bank PLC
DFCC Bank
Citibank N A
Bank of Ceylon
Union Bank PLC

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Telephone: +94 11 4731731
Website: www.hemas.com