



Enriching Lives Through

**PURPOSEFUL**

**PROGRESS**

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# Enriching Lives Through **PURPOSEFUL PROGRESS**

At Hemas, our purpose is to create meaningful impact through the businesses we build and the communities we serve. Guided by responsible growth, we embed sustainability into every aspect of our operations; ensuring that progress delivers value for people, society, and the environment.

As one of Sri Lanka's respected and diversified corporates, Hemas continues to evolve through innovation, strong fundamentals, and a steady focus on long-term value creation. Our business philosophy reflects this commitment; encouraging collaboration, supporting our people and partners, and contributing to a future where business success and societal well-being progress together.

In the pages that follow, we share how this thinking comes to life in what we do. Through consistent, purposeful actions and a shared sense of responsibility, we continue our journey of enriching lives and supporting meaningful progress for the communities we serve.



Scan the QR code with  
your smart device to  
view this report online

# ABOUT US

Hemas was founded with a simple intent to enrich the lives of our communities. This core belief has shaped our growth for over 77 years.

Today, we continue to enrich the lives of our communities through our focus in Consumer, Healthcare, and Mobility. Woven into the socioeconomic fabric of Sri Lanka, Hemas has also extended its footprint to Bangladesh.

As we look ahead, we remain committed to investing in passionate and diverse teams, creating meaningful offerings, nurturing trusted partnerships, and championing a more inclusive world, so we can continue enriching lives and delivering lasting value to all our stakeholders.



## Our Purpose

Enriching Lives

## Our Values

Passion for customers

Obsession for performance

Driven by innovation

Concern for people

## OUR SECTORS



### Consumer Brands

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



### Healthcare

- Hospitals
- Pharmaceutical Distribution
- Pharmaceutical Manufacturing



### Mobility

- Aviation
- Maritime

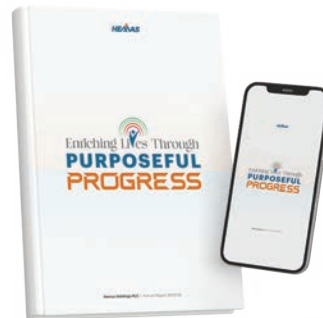
## Key Highlights

- In operation for over 77 years.
- AAA (lka) Stable Outlook Rating by Fitch Ratings.
- Recognised among Forbes Asia's 200 Best Under a Billion 2025.
- 2nd Runner-up at the Best Corporate Citizen Sustainability Awards 2025.
- Recognised among the Top 10 Best Corporate Citizens in Sri Lanka at the Best Corporate Citizen Sustainability Awards 2025.
- Sector Winner of the Diversified Category at the Best Corporate Citizen Sustainability Awards 2025.
- Ranked 1st place in the Diversified Sector of the LMD's Most Awarded Companies in Sri Lanka.
- 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.
- Recognised as the Most Outstanding Women Friendly Workplaces by Satyn Magazine.
- Runner-up - Best Integrated Report in the Diversified Category at the CMA Excellence in Integrated Reporting Awards 2025.
- Overall Winner of the JASTECA Awards 2025.
- Signatory of the United Nations Global Compact since 2023.

# ABOUT THIS REPORT

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 31st March 2026. The report presents an overview of the Group's operations, including its financial performance, governance and risk management strategies, and the Group commitment to environmental stewardship and social responsibility.

It also seeks to improve on the Group's previous Annual Report for the financial year ending 31st March 2025, continuing the journey to adopt international best practice in corporate reporting.



### Available Mediums

Digital Presence  
(www.hemas.com)  
and Printed



### Scope & Boundary

The financial reporting boundary covers 43 legal entities and the parent company, collectively referred to as "the Group".

The sustainability reporting boundary of the report covers 20 legal entities. Geographically, the non-financial information included in this report has been limited to operations of the Group within Sri Lanka and Bangladesh.

During the year, the reporting boundary was expanded to include the Home and Personal Care operations in Bangladesh. There is no restatement of information.

*Entities included in the financial and non-financial reporting boundary (page 226)*

### 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 (page 150)*

### Voluntary Framework

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

- Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka
- Hemas Holdings Annual Report 2025/26 has reported in accordance with the GRI Standards for the period April 1, 2025 to March 31, 2026
- Adoption of SLFRS S1 and S2 Standards
- Aligned to United Nations Sustainable Development Goals
- Aligned to Ten Principals of United Nations Global Compact

*Assurance on GRI Universal Standards and SLFRS aligned sustainability information has been provided by Ernst & Young (page 103 & 237)*

## SUSTAINABILITY AND SUSTAINABILITY RELATED DISCLOSURES

The content of this Report is guided by the Group's Sustainability Management Framework, which establishes the methodology for determining material topics, data collection, target setting, and the monitoring of environmental and social impacts, as well as sustainability-related risks and opportunities (SRROs).

The framework also outlines the governance structures, strategies, and initiatives adopted by the Group to manage its material impact areas, together with the processes and metrics used to monitor SRROs and their associated financial implications.

## REPORTING PRINCIPLE

In preparing and presenting this Report, the Group has given due consideration to the guiding principles of the GRI Universal Standards, and Hemas Holdings PLC has reported in accordance with these GRI Standards for the period 1 April 2025 to 31 March 2026.

The Group adopts a Double Materiality approach, integrating both Impact Materiality and Financial Materiality to determine the disclosures presented in this report. This double materiality approach enabled the Group to prioritise both impact topics as well as Sustainability related risks and opportunities. The material impact topics listed in the section 'Sustainability Integration' refers to the key sustainability topics determined and addressed by the Group's Sustainability Management Framework, while the SRROs contained in the Risk Management Framework refers to the risks and opportunities applicable to the Group arising from these material impact topics.

All indicators, measurement methodologies, assumptions, and estimations related to sustainability topics in this report comply with GRI 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

In addition to reporting sustainability impacts in accordance with the GRI Universal Standards, 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 Sustainability-Related Risks and Opportunities (SRROs) arising from its material impacts.

# ABOUT THIS REPORT

By applying this approach, the Group ensures comprehensive disclosures, enabling the communication of business operation impacts to a broad range of 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 Sustainability-Related Risks and Opportunities (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. Meanwhile, 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. At a minimum level, the Group ensures full compliance with all applicable laws and regulations in the countries of its operations. However, the Group goes beyond statutory requirements by benchmarking against industry standards and global best practices to maintain its leadership position in the industry.

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 the relatively high levels of uncertainty regarding the current economic conditions.

## 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



### Stakeholders



## FURTHER READING



## 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 acknowledge their responsibility to ensure the integrity of the Integrated Report and are of the opinion that the Integrated Annual Report of Hemas Holdings PLC for the financial year ending 31st March 2026 is presented in line with the reporting principles mentioned above.

## PUBLICATION DATE:

May 22, 2026

### FEEDBACK

Your feedback is valued and will be used in improving our disclosures going forward.

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[www.hemas.com/investor.html](http://www.hemas.com/investor.html)

# PERFORMANCE HIGHLIGHTS

	Unit	FY 26	FY 25	FY 24
<b>Financial Performance</b>				
Revenue	Rs. million	127,362	117,970	121,614
Gross Profit	Rs. million	41,428	37,073	35,997
Gross Profit Margin	%	32.5	31.4	29.6
EBITDA	Rs. million	16,449	15,705	13,604
EBITDA Margin	%	12.9	13.3	11.2
EBIT	Rs. million	14,145	13,707	11,921
EBIT Margin	%	11.1	11.6	9.8
Net Finance Cost	Rs. million	421	978	2,453
Profit Before Tax (PBT)	Rs. million	13,723	12,729	9,468
Profit After Tax (PAT)	Rs. million	9,292	8,339	6,355
Earnings	Rs. million	8,921	8,057	6,109
Earnings Margin	%	7.0	6.8	5.0
Interest Cover	times	13.8	9.1	3.7
<b>Financial Position</b>				
Total Assets	Rs. million	106,862	96,891	93,723
Total Equity	Rs. million	57,727	50,320	44,120
Total Liabilities	Rs. million	49,135	46,570	49,603
Working Capital	Rs. million	15,806	15,214	18,226
Gross Debt	Rs. million	7,533	7,874	12,705
Net Cash Flows from/(used in) Operating Activities	Rs. million	11,808	13,389	13,906
Net Cash Flows from/(used in) Investing Activities	Rs. million	(2,638)	(5,009)	(5,698)
Net Cash Flows from/(used in) Financing Activities	Rs. million	(5,056)	(7,852)	(8,523)
Cash and Balance with Banks	Rs. million	17,783	12,579	13,223
Net Debt/(Cash)	Rs. million	(10,250)	(4,705)	(518)
Debt/EBITDA	times	0.46	0.5	0.9
Current Ratio	times	1.7	1.6	1.6
Quick Ratio	times	1.1	1.1	1.0
Gearing Ratio	%	11.54	13.5	22.4
Net Gearing Ratio	%	(21.6)	(10.3)	(1.2)
ROCE	%	32.1%	32.0%	27.8%
<b>Market and Shareholder</b>				
Market Capitalisation	Rs. million	88,681	71,677	47,972
Market Share Price	Rs.	29.60	120.00	80.40
No. of Shares in Issue *	No	2,995,985,015	2,986,537,000	2,983,363,085
Basic Earnings per Share *	Rs.	2.98	2.70	2.05
Price Earnings Ratio	times	9.9	8.9	7.9
Net Asset Value per Share *	Rs.	19.03	16.7	14.6
Dividend per Share	Rs.	0.95	4.00	2.35
Dividend Cover	times	3.1	3.4	4.4
Dividend Payout Ratio	%	31.8	29.6	23.0
Return on Equity (ROE)	%	17.2	17.7	15.3

\* Adjusted to reflect 1-into-5 share split approved by shareholders on April 28, 2025.

# PERFORMANCE HIGHLIGHTS

	Unit	FY 26	FY 25	FY 24
 <b>Manufactured Capital</b>				
Property, Plant and Equipment (PPE)	Rs. million	25,967	24,397	20,052
Depreciation	Rs. million	1,817	1,589	1,326
Investment in PPE	Rs. million	2,409	5,081	2,379
 <b>Intellectual Capital</b>				
Trademarks Owned by the Group	No.	1,815	943	801
Industrial Designs Held by Group Companies	No.	63	31	30
 <b>Human Capital</b>				
Total Workforce	No.	6,504	5,620	5,826
Average training hours per employee	No.	14.2	9.7	11.5
New Employee hires	No.	2,185	1,741	1,447
Employee Attrition Rate	%	27.4	29.3	26.1
Work-related injuries (per 100 employees)	No.	1.20	0.7	0.8
 <b>Natural Capital</b>				
Total Carbon Footprint	MT	14,622	10,420*	10,999
Direct (Scope 1) Green House Gas Emissions	MT	2,836	2,501*	2,156
Direct (Scope 2) Green House Gas Emissions	MT	11,786	7,919*	8,843
Other indirect (Scope 3) Green House Gas Emissions	MT	14,415	4,458	2,013
Carbon Intensity		0.11	0.09	0.09
Energy Consumption within the organisation	GJ	148,507	110,761**	106,627
Energy Intensity	GJ	1.2	0.9	0.9
Total Water Withdrawn	ML	201	175	193
Total Water Discharge	ML	132	116	130
Total Water Consumption	ML	71	60	62
Waste Reduced, Reused, Recycled	%	70	64	69
Total Waste Generated	MT	2,023	1,725	1,729
 <b>Social and Relationship Capital</b>				
Lives Impacted through Social Projects	No	143,100+	255,800+	399,695+
'Piyawara' Schools Added	No	6	4	4

\* The carbon emissions for FY 25 has been restated based on the latest Grid Emission factors and the emission factors of the IPCC 6th Assessment Report (AR6), as well as updating of conversion factors for energy sources, to be in line with the basis used in the current period reporting.

\*\*The energy consumption for FY 25 has been restated based on updated conversion factors for energy sources to be in line with the basis used in the current period reporting.

# CHAIRMAN'S MESSAGE



## Dear Stakeholders,

It is with great pleasure that I present the Annual Report of Hemas Holdings PLC for the year ended 31 March 2026. In its 77th year of enriching lives, the Group delivered another strong performance, achieving record earnings of Rs. 8.92 Bn. All three key business segments contributed to this milestone, each recording year-on-year growth in both revenue and earnings.

On the back of this performance, I am honoured to assume the role of Chairman, succeeding Mr. Husein Esufally, who retired on 31 December 2025 after more than four decades of exemplary service to the Group, including tenures as Group CEO and Chairman. On behalf of the Board, I extend our sincere appreciation for his exceptional leadership and the pivotal role he played in shaping Hemas into the conglomerate it is today.

The past financial year also saw several other Board-level changes.

Mr. Ashish Chandra assumed the role of Group Chief Executive Officer and Executive Director with effect from 1 July 2025. Ashish brings over 27 years of leadership experience which includes launching new ventures, scaling large businesses, driving financial turnarounds, and carrying out significant cross-border mergers and acquisitions - a breadth of international experience directly aligned with Hemas' future ambitions. We look forward to the strategic clarity, global ambition, and performance discipline he brings to leading the Group into its next phase of growth.

We extend our sincere gratitude to Mr. Prabhash Subasinghe, who served on the Board for three and a half years, and to Dr. Anura Ekanayake, who retired as Deputy Chairman on 31 December 2025 upon completion of his term. We are deeply grateful for the contributions both have made to Hemas and wish them success in their chapters ahead.

With effect from 1 January 2026, Mr. Murtaza Esufally was appointed Deputy Chairman, ensuring continuity of leadership and further strengthening Board oversight.

## SUSTAINABILITY

The Group continues to integrate sustainability considerations into its long-term strategic direction, reflecting its commitment to responsible business practices that drive resilience, competitiveness, and stakeholder trust.

During the year, Hemas was recognised at the Best Corporate Citizen Sustainability Awards 2025 as Overall Second Runner-up, a Top 10 Best Corporate Citizen, and Sector Winner in the Diversified category - accolades that reflect the Group's consistent and disciplined approach to responsible business conduct.

The evolving external landscape, particularly in relation to climate-related risks, resource constraints, and emerging regulatory requirements, continues to shape the Group's priorities. In response, the businesses have strengthened their focus on improving energy efficiency, increasing the use of renewable energy, enhancing water management, and scaling post-consumer waste recovery systems in line with upcoming regulatory requirements. Sustainability considerations are increasingly embedded into investment decisions, operational planning, and supply chain strategies, ensuring the Group remains well-positioned to navigate future challenges.

The Group also recognises the importance of maintaining strong relationships with the communities in which it operates. Its ongoing initiatives in education, health, and inclusion are designed to support long-term engagement, uphold its social licence to operate, and ensure continued alignment with stakeholder expectations.

## OPERATING ENVIRONMENT AND MACRO CONTEXT

FY 26 was broadly characterised by improved political and macroeconomic stability, alongside the continuation of structural economic reforms, providing a conducive environment for corporate investment and planning. Reflecting renewed confidence from the international community, S&P upgraded Sri Lanka's sovereign credit rating to CCC+ with a stable outlook in September 2025. Sri Lanka continued on its IMF programme-led reform trajectory, reaching agreement with just under 99% of external creditors as of February 2026, with the country's debt now assessed to be on a sustainable path and below IMF targets.

The escalation of conflict in the Middle East disrupted flow through the Strait of Hormuz, a critical passage for approximately 20% of global fuel supply. The resulting spike in energy costs poses the most significant near-term threat to the Sri Lankan economy, given that fuel is the country's single largest import and directly impacts transport and electricity generation, both heavily weighted in the household consumption basket.

# CHAIRMAN'S MESSAGE

In April 2026, the IMF reached a staff-level agreement with Sri Lanka on the combined fifth and sixth reviews under the Extended Fund Facility, unlocking approximately USD 700 Mn in additional financing. This expected disbursement provides a meaningful buffer to the country's external position at a critical juncture - supporting reserve accumulation and currency stability at a time when the trade deficit is expected to widen under pressure from rising energy prices and higher global freight costs driven by Middle East supply chain disruptions. Under these conditions, inflation forecasts for Calendar Year 2026 (CY 26) are expected to exceed pre-war projections, with GDP growth potentially moderating to approximately 3.5%.

## STRATEGY, VALUE CREATION AND OUTLOOK

Despite potential headwinds from external events and commodity price pressures, the Group remains strategically focused on growing its share of household consumption. In Consumer, this means innovating to meet future needs, 'premiumising' the portfolio anchored on consumer trend insights, and expanding into underpenetrated categories. In Healthcare, the Group continues to invest in capacity and service offerings in line with growing demand, while Mobility remains focused on revenue growth through adjacency expansions.

Over the past five years, through Sri Lanka's most severe economic crisis, the Group delivered a revenue CAGR of 15% and an earnings CAGR of 22%. Backed by a strong balance sheet, Hemas is well-positioned to accelerate growth within its existing portfolio while selectively pursuing entry into high-growth platforms, including expanding its international footprint, with over USD 100 Mn earmarked for investment over the next four years. The proposed Kenyan acquisition, Hemas' first presence outside Asia and inaugural entry into East Africa exemplifies this ambition, providing a strong local platform and a springboard for broader regional expansion across consumer product categories.

Drawing on the experience and resilience built through navigating multiple economic cycles, Hemas enters FY 27 with agility at its core, staying close to customers and scaling capabilities across people, digital, and supply chain - sustaining the momentum needed to deliver its next phase of growth.



**Ajith Fernando**  
Chairman

May 22, 2026



It gives me great pleasure to reflect on the Group's performance during a landmark year - the Group delivered record annual earnings of Rs. 8.92 Bn, a milestone reinforced by the strongest quarter in the Group's history at Rs. 3.03 Bn in Q4. I am also delighted to share that Hemas was recognised as one of Forbes Asia's 200 Best Under a Billion companies during the year - a strong validation of our strategy, disciplined growth, and ability to deliver sustained returns on par with the best in the region.

Having assumed the role of Group CEO in July 2025, I lead an organisation with over seven decades of legacy, supported by strong and capable leaders across its business units. My priority is to drive meaningful Group-level strategic initiatives over the next five years - initiatives that will position Hemas for sustained relevance and growth in the decades ahead.

Three key areas of strategic focus have been identified, with a clear blueprint drawn up for each, and projects already underway. We expect to see tangible results from these initiatives within the ensuing year.

## I. Future-Proofing Hemas

This pillar centres on equipping the organisation to thrive in a rapidly evolving landscape, through two key enablers:

**Digital Transformation** - We are directing significant investment toward modernising the Group's technology infrastructure, including ERP systems, HR information systems, hospital management platforms, salesforce automation, cyber security, data lake with agentic and generative AI - based solutions.

**Cultural Transformation and Talent Development** - Beyond technology, we are investing in our people: strengthening performance and talent management, fostering a growth mindset, and building the skills and capabilities our workforce will need to succeed in an increasingly digital and AI-driven environment. This talent pipeline will be a cornerstone of Hemas' long-term competitiveness and resilience.

## II. Creating Long-Term Value and Growth

Two significant investments have already been announced:

**Hospital Expansion** - reinforcing our commitment to healthcare excellence with the expansion of the Hemas Thalawathugoda hospital.

**The proposed Kenyan Acquisition** - a strategic entry into East Africa via Kenya, chosen for its position as the region's commercial gateway. We selected it as our entry point into the Kenyan market given its strong local presence and alignment with our consumer products strategy, opening broader opportunities to expand across other consumer product categories in the region going forward.

We will pursue growth organically and inorganically - through M&A opportunities within Sri Lanka and internationally, the development of one new vertical, and deliberate expansion into adjacencies that complement our existing businesses. Over USD 100 Mn has been earmarked for new investments.

## III. Deepening Synergies Across the Group

The third pillar focuses on unlocking greater value from within by strengthening collaboration across Hemas' businesses to deliver more integrated consumer experiences, while driving efficiency and accelerating growth at the Group level.

## FINANCIAL AND OPERATING PERFORMANCE

In CY 25, the Sri Lankan economy grew at 5.0% - Agriculture, Industry, and Services expanded by 1.4%, 7.8%, and 3.3% respectively.

The year was shaped by two key events with notable economic impact. First, the Ditwah cyclone struck in late November to early December, affecting all 25 districts of the country. The cyclone caused an estimated USD 4.1 Bn in direct physical damage, though Sri Lanka's GDP still recorded a 4.8% growth in Q4 of CY 25. The impact on Hemas businesses was temporary, and operations recovered thereafter. Second, March 2026 brought unexpected volatility in price and availability of essential commodities - particularly fuel prices and key raw materials - driven by the escalating conflict in the Middle East. The most immediate and meaningful impact within the Group was on the Forbes Air Services business under the Mobility sector due to global supply chain disruptions.

Despite these headwinds, the Group delivered record earnings of LKR 8.92 Bn, led by revenue and earnings growth of 8.0% and 10.7%, respectively.

Gross profit margin expanded 110 basis points, reflecting stronger commercial execution. Hemas elected to reinvest that gain, and incrementally more, into the operating platform required to sustain the next phase of growth including manpower capabilities, digital infrastructure, and an expanding healthcare network. As a result, EBITDA and EBIT margins compressed by 40 and 50 basis points respectively; the expected consequence of running operating expenditure ahead of revenue during an accelerating investment cycle. However, finance cost management more than offset these EBIT and EBITDA margin compressions at the net profit level, as net profit margin and earnings per share expanded.

# GROUP CEO'S REVIEW

The modest compression in ROE reflects retained earnings accumulation as the Group elects to self-fund its investment pipeline from internally generated cash flows; a deliberate choice that reflects both the quality of earnings and the resilience of the balance sheet. Debt will be considered prudently, ensuring capital structure decisions are driven by return maximisation for shareholders.

	FY 26	YoY
Group Revenue	Rs. 127,362 Mn	8.0%
Consumer Brands	Rs. 47,027 Mn	2.2%
Healthcare	Rs. 78,009 Mn	11.5%
Mobility	Rs. 2,293 Mn	17.8%
GP	Rs. 41,428 Mn	11.7%
GP Margin	32.5%	1.1%
EBITDA	Rs. 16,449 Mn	4.7%
EBITDA Margin	12.9%	-0.4%
EBIT	Rs. 14,145 Mn	3.2%
EBIT Margin	11.1%	-0.5%
Group Earnings	Rs. 8,921 Mn	10.7%
Earnings Margin	7.0%	0.2%
Net Finance Cost	Rs. 421 Mn	-56.9%
ROCE	32.1%	0.1%
ROE	17.2%	-0.5%

## SECTOR PERFORMANCE

### Consumer Brands

	FY 26	YoY
Revenue	Rs. 47,027 Mn	2.2%
EBITDA	Rs. 7,627 Mn	0.1%
EBITDA Margin	16.2%	-0.4%
Earnings	Rs. 5,386 Mn	6.5%
Earnings Margin	11.5%	0.5%

### Home and Personal Care - Sri Lanka

The Home and Personal Care (HPC) industry delivered stable rupee growth led by Personal Care at 17.4%. Personal Wash and Home Care posted modest gains of 1.1% and 0.2% respectively, while the Baby Care category recorded solid growth of 13% year-on-year.

Consumer preference in Personal Care and Personal Wash is increasingly shaped by product performance and science-backed efficacy. Home Care remains a price-sensitive segment where value continues to be the primary purchase driver.

Home and Personal Care - Sri Lanka grew HPC volumes by 4.2% over the period, with a price degrowth of 1.3%. Personal Wash and Personal Care volumes expanded by 6.8% and 7.7% respectively. Beauty, a strategic focus for Home and Personal Care - Sri Lanka, recorded the fastest volume growth at 12.2%. Home Care weighed on overall results, recording a volume decline; however, recent monthly volume trends signal a positive inflection following the category relaunch.

Personal Care which accounts for 61% of Home and Personal Care - Sri Lanka's portfolio, remains the cornerstone of the business, with Beauty as a strategic growth priority within the category. Home and Personal Care - Sri Lanka will continue to pioneer the introduction of global consumer product trends to Sri Lanka, tailoring them with local insights to meet local needs and driving value through this differentiated approach. Growing urbanisation is opening opportunities in underpenetrated categories and surfacing unmet consumer needs that Home and Personal Care - Sri Lanka is actively positioning itself to capture. Value chain optimisation will serve as a key lever to drive gross profit expansion.

### Home and Personal Care - Bangladesh

The value added hair oil (VAHO) industry in Bangladesh grew YTD as of December 2025, as a result of industry price growth. In the VAHO category, consumer preferences are shaped by natural ingredients and higher-order benefits such as hair fall control, with convenience emerging as a key purchase driver when paired with these functional attributes.

Home and Personal Care - Bangladesh closed Q3 FY 26 with a VAHO market share of 17.7%, reflecting steady quarterly improvement from the 16% recorded in FY 25, a testament to the brand's growing resonance with Bangladeshi consumers. This momentum is underpinned by the success of the *Build for Bangladesh* strategy, which has meaningfully elevated perceived value among consumers and translated into stronger margins, enabling the business to move from breakeven in FY 25 to a profitable FY 26.

With distribution strength as a foundation, the business is now focused on sustaining and growing this profitability trajectory - supported by a pipeline of new product developments spanning multiple price points and newer personal care categories.

### Learning

The National Institute of Education introduced reforms from 2023, transitioning Grade 1-5 education from a textbook-based model to activity book-based learning; placing greater emphasis on kinesthetic, tactile, auditory, and olfactory engagement, alongside play-based and experiential approaches. This represents a significant shift in early childhood education, and one that Atlas was well-positioned to support.

Atlas PlayPalz, launched in 2024, is well positioned to benefit from this transition, supported by its EduToy range designed to complement the new curriculum. To accelerate adoption, Atlas Axillia trained 10,000 early childhood educators on adapting to the evolving learning environment, reinforcing its role as a trusted partner in education.

Atlas continues to lead the market and marked an overall volume growth of 6.1% as of March 2026, with industry price correction leading to price degrowth. On the product front, Atlas is strengthening its portfolio through premium additions - including Raze, a professional sign pen - alongside new offerings within the *Back to School* range. *Back to School* remains a strategic priority, as consumers increasingly shift toward quality and specialised benefits such as spine support and BPA-free materials, moving away from lower-quality grey market

alternatives. Distribution was extended to fashion retail outlets to drive uptake of higher-value ranges, particularly toys positioned for gifting. As the market leader in learning, Atlas is also championing e-learning in Sri Lanka, continuing to lead the evolution toward enhanced, technology-enabled educational experiences for students.

Beyond Sri Lanka, Hemas is extending its ambitions into new geographies. The proposed acquisition of a stationery manufacturer based in Kenya, marks Hemas' entry into East Africa - a significant step in the Group's global growth strategy and a platform from which to deliver operational and product excellence to new markets.

## Healthcare

	FY 26	YoY
Revenue	Rs. 78,009 Mn	11.5%
EBITDA	Rs. 8,633 Mn	13.7%
EBITDA Margin	11.1%	0.2%
Earnings	Rs 4,907 Mn	14.2%
Earnings Margin	6.3%	0.1%

## Pharmaceutical Distribution

The private pharmaceutical market returned to meaningful growth, with volumes expanding by 1% in CY 24 and 8% in CY 25, following two consecutive years of decline. End 2025, the twelve-month private pharma market value reached LKR 113 Bn, reflecting a 9.6% increase - a clear signal of the sector's recovery and sustained momentum.

The Group continues to lead the market, recording stable revenue growth. As a core value driver for Hemas, Hemas Pharma's strategic priorities for FY 27 centre on expanding early into emerging and underpenetrated therapy areas, broadening the portfolio by leveraging global partnerships, and growing its presence in surgical products and diagnostic devices through new offerings and strategic alliances.

While National Medicines Regulatory Authority (NMRA) price controls continue to present an industry-wide challenge, the local private pharmaceutical market is projected to grow at moderate growth rate. Operational efficiency remains a key lever, with distribution re-engineering and digitalisation expected to drive margin improvement. In parallel, Hemas Pharma is actively growing its consumer wellness portfolio as an additional driver of profitability.

## Pharmaceutical Manufacturing

For the twelve months to December 2025, the private pharmaceutical market recorded value growth of 9.6% and volume growth of 8%, reflecting continued recovery. Against this backdrop, Morison delivered a strong performance for the twelve months ending March 2026, achieving volume growth of 18.6% in pharma manufacturing.

Pharmaceutical Manufacturing has made remarkable strides in market positioning, while holding the 2<sup>nd</sup> position in volume

market share, it is now ranked 23<sup>rd</sup> in terms of the value in the total pharmaceutical market - an ascent of 20 places over four years.

In line with Morison's purpose of "Making Premium Healthcare Affordable", a key differentiator has been their pioneering approach of introducing niche and novel therapies - trending globally - to Sri Lanka at prices accessible to the masses. As the first local manufacturer to introduce Empagliflozin, Cilnidipine, and Rivaroxaban in Sri Lanka - all latest therapies in diabetes and cardiology - the business has redefined what local pharmaceutical manufacturing can deliver. Within just two years of launch, the Empagliflozin brand EmpaMor has grown to command a market-leading position in volumes, while generating savings of over Rs. 300 Mn annually for patients. The newer cardiology range - CilniMor, BisoMor, and RivoMor - is gaining meaningful traction across the market.

During the year, Pharmaceutical Manufacturing discontinued its import and distribution of pharmaceuticals and transferred it within the group for better focus and strategic fit. Looking ahead, Morison is actively pursuing export opportunities, with the EU-GMP certification currently underway - a significant step that will open access to international markets and further elevate the Morison brand on the global stage.

## Hospitals

Through the first three quarters of FY 26, Hemas Hospitals recorded revenue growth of 26%, significantly outpacing the listed hospital industry. For FY 26, revenue growth stood at 24%, driven by volume growth across all services.

The expansion at Wattala marked a significant milestone with the opening of HealthPlus, home to the first multi-disciplinary liver unit in Sri Lanka's private sector, alongside a Cosmetic Centre, a fully equipped Emergency Treatment Unit, a range of other specialised centres and a Catheterisation Lab entering the cardiac space in Sri Lanka; benchmarking global best practices to provide accessibility to high end cardiac services.

The network expanded through ten new laboratory collection centres and two primary care centres. The Medical Intensive Care Unit at Wattala was upgraded with state-of-the-art equipment to strengthen emergency care capacity. Digitalisation drove meaningful efficiency gains, with streamlined workflows, and digital administrative processes collectively reducing patient waiting times and improving resource utilisation.

With groundbreaking at Thalawathugoda now complete, the Group is actively engaged with the relevant regulatory authorities and advancing the project with purpose, with the facility targeted to begin contributing to revenue in 2029.

Looking ahead, Hemas Hospitals is scaling its capabilities across high-demand specialties, including cardiology, neurology, orthopaedics, and nephrology, as well as advancing complex tertiary offerings such as transplants, sophisticated surgeries, and robotic-assisted procedures, reinforcing its position at the forefront of private healthcare in Sri Lanka. Underpinning this clinical ambition is a clear drive to establish Hemas Hospitals as a digitally mature, insight-driven healthcare brand by building on

# GROUP CEO'S REVIEW

strong intellectual capital, trusted brand equity, and robust data assets to unlock new services, deepen partnerships, and build enduring relationships with patients and communities.

## Mobility

	FY 26	YoY
Revenue	Rs. 2,293 Mn	17.8%
EBITDA	Rs. 1,599 Mn	4.4%
EBITDA Margin	69.7%	-8.9%
Earnings	Rs. 861 Mn	6.1%
Earnings Margin	37.5%	-4.1%

The Mobility Sector delivered solid performance during the year, with the maritime business achieving exceptional results and aviation demonstrating resilience against a more challenging operating environment.

The Maritime segment recorded strong year-on-year growth, underpinned by enhanced service capacity, increased vessel calls, and robust contributions across core revenue streams. Container throughput grew 9% in FY 26, with transshipment activity accounting for 82% of incremental TEU volume, while Evergreen shipping market share strengthened over the same period - reflecting both the depth of Hemas' principal relationships and Colombo's growing prominence as a regional transshipment hub.

The Aviation segment navigated a more demanding year, facing headwinds from intensified competition and geopolitical disruptions, most notably the impact of the Middle East crisis on passenger volumes and network capacity toward year end. Despite these pressures, the sector demonstrated commendable resilience through disciplined yield optimisation and strategic capacity management. Emirates maintained its air cargo market leadership, while ranking second in passenger market share across operated routes.

As a core value generator for the Group, Mobility is strategically well-positioned to capitalise on the growth of regional trade and travel. Planned expansions at the Colombo Port and Bandaranaike International Airport are expected to further stimulate demand, particularly in cargo and air travel, creating meaningful opportunities for the business to deepen its impact. Leveraging on established partnerships with two of the world's leading international service providers, Mobility is focused on deepening existing principal relationships while growing its agency portfolio with particular emphasis on expanding maritime support services, including ship spare logistics, crew logistics, and outer harbour services, as adjacencies that complement and strengthen the core agency business.

## PEOPLE, CULTURE AND FUTURE-READY SKILLS

We are building capabilities across all levels with a strong focus on artificial intelligence, as this will be essential to securing the Group's future and ensuring our people are equipped to excel in an increasingly technology-driven world. Several emerging areas also demand closer attention, notably, evolving compliance requirements and the obligations introduced under the Personal Data Protection Act. Through deliberate talent development,

structured succession planning, and purposeful movement of talent across the Group, we are harnessing the depth of skills that already exists within our organisation while opening meaningful growth opportunities for our people. Average training hours per employee grew to 14.2 – a 46% increase from FY 25.

To deepen alignment and cultivate a stronger sense of shared purpose, we relaunched Employee and Senior Management Town Halls - establishing open lines of communication, raising internal visibility of the Group's direction and ambitions, and unlocking the synergies that emerge when people feel genuinely connected to a common mission rooted in our overarching purpose of enriching lives through purposeful progress. Hemas' values have been reimagined for the future - not as a departure from what we stand for, but as a sharpening of our care for people, infused with the urgency and performance discipline needed to bring our future aspirations to life.

## SUSTAINABILITY

Sustainability remains a key driver of resilience and long-term value creation for the Group, with continued progress made during the year in line with our sustainability strategy.

Water intensity across significant operations reduced by 33% from the base year, demonstrating steady progress toward our 2030 target of a 50% reduction. While some variability was observed during the year, we are accelerating targeted initiatives to improve efficiency, particularly in higher-risk locations. Renewable energy accounted for 7.0% of total electricity consumption, supported by continued investments in solar and energy optimisation - contributing to improved cost stability while reducing exposure to carbon-related risks. Post-consumer waste recovery efforts improved, with cumulative plastic collection exceeding 2.9 Mn Kgs, positioning the business to meet its commitments and prepare for the introduction of Extended Producer Responsibility (EPR) requirements.

We continue to strengthen our approach to identifying and managing sustainability-related risks and opportunities - particularly those linked to climate, resources, and regulation - with increasing integration into business planning.

Social impact initiatives across education, health and wellbeing, and inclusion reached over 143,100 beneficiaries, reinforcing community engagement and strengthening the Group's licence to operate. Key initiatives included *Atlas Learn* and *Atlas Sipsavi*, which together supported nearly 60,000 children and teachers through quality learning experiences, teacher training, and scholarships to create equal educational opportunities. Through the Hemas Outreach Foundation, *Piyawara* further strengthened inclusive early childhood education by adding six new preschools increasing the total number to 79.

In health and wellbeing, *Fems HER Foundation* supported over 30,600 women and girls by addressing menstrual health and hygiene challenges nationwide, while *Baby Cheramy Daru Patiyata Surakshitha Lowak* parental clinics provided expert guidance on infant care and safety to over 8,000 parents. Other initiatives included *Kumarika Sonduru Diriyawanthi*, which provided wigs to women undergoing chemotherapy, and

*Upakara*, which supported low-income chronic kidney disease patients through free dialysis cycles.

Baby Cheramy launched Sri Lanka's first generative AI-powered, tri-lingual diaper advisory platform via WhatsApp, providing real-time, expert-validated guidance to parents. *Fio by Fems* is Sri Lanka's first trilingual, free period tracking app, enabling users to track cycles, access trustworthy menstrual education, and engage in discussions with medical professionals. Both initiatives reflect Hemas' commitment to digital-first, inclusive consumer engagement - extending meaningful health and wellness support to underserved communities at scale. By embedding purpose into product ecosystems, these platforms advance the Group's broader sustainability agenda by democratising access to health information and promoting wellbeing.

Priority areas for the coming year include accelerating renewable energy adoption, improving water efficiency in high-risk locations, and scaling waste recovery systems to meet our 2030 commitments.

## STRATEGY AND OUTLOOK

Four core themes will shape the Group's capital allocation, investment priorities, and strategy in driving the development of a resilient, integrated consumer portfolio built to grow its share of household spending, sustain reliable performance, and unlock long-term growth.

**Balancing the Portfolio and Driving Value Accretion** - Blending cash-generative stability with high-growth platforms to compound long-term, purpose-led value creation.

**Building Brands and Capturing Consumer Wallet Share** - Anticipating trends, accelerating innovation, and deepening market penetration through premiumisation to grow our share of consumer spending.

**Shaping and Leading Markets** - Setting category benchmarks through innovation, quality, and responsible stewardship to define and lead the markets we operate in.

**Integration and Operational Excellence** - Unifying and automating operations to drive agility, resilience, and smarter, data-driven decision-making.

The ongoing conflict in the Middle East represents a long-term structural challenge for all economies. While we do not anticipate further escalation, it is equally unlikely that the business ecosystem will revert to its pre-war state in the near term, even if hostilities were to cease. The IMF and World Bank have revised global GDP growth forecasts downward, albeit marginally, reflecting heightened uncertainty and acknowledging that the broader economic impact remains uncertain.

Against this backdrop, businesses must adapt to an extended period of disruption as the new operating reality. Ensuring foreign exchange availability and supply chain continuity will be critical, as these remain the pressure points most likely to weigh on business performance. Elevated commodity prices, rising freight rates, and higher energy costs are expected to drive inflation above earlier projections, that will periodically necessitate price adjustments across our product portfolio. That said, Sri Lanka's businesses are better prepared than in previous

crises. The experience of navigating multiple economic shocks has built a robust playbook, and Hemas' ongoing shift toward local manufacturing and domestic sourcing will soften the impact relative to what was felt historically. It is precisely this spirit of perseverance and adaptation that defines our commitment to enriching lives through purposeful progress, even in the most challenging of environments.

Digitalisation continues to advance at pace, locally and globally, and across the Group, creating new efficiencies and sharper insights. In parallel, cybersecurity risks are growing, and we are making significant investments to protect the Group while enabling the full benefits of digital transformation.

On the business front, each Group entity is well-positioned to pursue focused, deliberate growth. Home and Personal Care - Sri Lanka will lead the introduction of global consumer trends and customising them with local insights. This value-added proposition will drive the Personal Care category. Home and Personal Care - Sri Lanka will also leverage urbanisation-led demand for convenience products, expanding into underpenetrated categories and addressing unmet consumer needs. Home and Personal Care Bangladesh will define its growth trajectory through new category development, leveraging extensive distribution to drive profitability. Under Learning, Atlas Axillia will increase operational efficiencies, pursue market leadership in the Back to School vertical, and advance its EduToys business and e-learning capabilities. Establishing operations in Kenya and embedding operational and product excellence will also continue under the Learning segment. In Healthcare, each business unit will align its strategy around two defining demographic realities: an ageing population and the rising incidence of non-communicable diseases. In FY 27, healthcare will focus on growing own-branded products, exploring exports, introducing novel therapies, and broadening service offerings. Mobility will focus on adjacencies including ship spare logistics, crew logistics, and outer harbour services and growing its agency portfolio while deepening existing principal relationships.

Hemas is entering FY 27 ready to grow, with over USD 100 Mn earmarked for investments in the next four years. Incorporating this war chest is the Long Range Plan anchored by a FY 30 vision being finalised at present and defined by two strategic priorities. The first is internationalisation, thereby reducing single-market dependency. International revenue currently stands at 3%; the planned FY 27 acquisition is expected to lift this to 10%. The second priority is growth through adjacencies by deliberately expanding into related categories that complement and strengthen our core portfolio. Further details on both strategic pillars will follow in due course.



Ashish Chandra  
Group CEO

May 22, 2026

# CREATING VALUE & OUR BUSINESS MODEL



**Purpose:** Enriching Lives



Consumer Brands



Healthcare



Mobility

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

## INPUTS

### Financial Capital



- Rs. 2.4 Bn invested in capital expenditure
- Strong balance sheet with disciplined capital allocation
- Continued investment in digital transformation and sustainability

### Manufactured Capital



- 10+ manufacturing facilities, including one of the largest pharmaceutical manufacturers in Sri Lanka
- Ongoing investment in automation and process optimisation
- High operational uptime and quality assurance standards

### Intellectual Capital



- 130+ market-leading brands with strong consumer trust
- Rs. 350 Mn invested in R&D and innovation
- Investment in marketing and brand equity

### Human Capital



- 5,171 employees across diverse operations
- Investment in training: 14.2 training hours per employee annually
- Strong health & safety performance with continuous improvements

### Natural Capital



- Implementation of Environmental Agenda 2030
- Investment in energy and waster conservation initiatives
- Partnerships and investments for biodiversity restoration projects
- Sustainable sourcing policies across supply chains

### Social & Relationship Capital



- Investments in social impact initiatives
- Strong stakeholder engagement and adherence to international best practice in sustainability s global standards

## OUTPUTS/IMPACTS

- Rs. 127.4 Bn revenue | Rs. 16.4 Bn EBITDA | Rs. 9.3 Bn PAT
- Sustained cash flow generation supporting reinvestment for future growth and dividends

- Improved operational uptime and productivity gains
- Lean manufacturing improvements
- Quality assurance across products

- 26 new products launched and commercialised
- Strengthened brand market share across key categories
- Expanded portfolio of trademarks and proprietary assets

- 53 injuries recorded
- Staff health and safety audits and grievances redressal systems
- Ongoing compliance monitoring in suppliers
- Robust employee engagement and leadership development

- 0.11 MT CO<sub>2</sub> per Rs. Mn revenue
- 1.8m<sup>3</sup> water intensitiy
- 70% non-hazardous waste recycled
- Plastic recovered: 2,939,699 Kg

- 143,100+ individuals reached through health, education and livelihood programmes
- Expanded supplier and SME partnerships across value chain
- Strengthened stakeholder trust and brand reputation



**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 Hemas' strong distribution and retail network
- Local market insights and consumer intelligence for strategic positioning
- Operational excellence in manufacturing, logistics, and last-mile delivery

**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

**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 Hemas' 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

**RESPONSIBLE GROWTH OUTCOMES**

**Health, Hygiene & Wellbeing**

- Essential healthcare services delivered nationwide
- Access to affordable pharmaceuticals and personal care products
- Trusted brands improved hygiene and wellbeing outcomes
- Rural health awareness and literacy programmes strengthened communities

**Group Earning Capacity**

- Double-digit growth supported long-term value creation
- Balanced portfolio enabled growth, innovation, and decarbonisation
- Consistent dividends and market value appreciation enhanced investor confidence
- Strong liquidity and capital resilience maintained

**Economic Empowerment**

- Employment generated across the value chain
- Local sourcing strengthened domestic supply chains
- SME partnerships enhanced supplier capability
- Community training and entrepreneurship improved employability

**Governance, Transparency & Investor Relations**

- Ranked among LMD's Most Respected Entities and Top 3 Best Corporate Citizens
- Forbes Best Under a Billion in Asia
- Transparent reporting and investor engagement maintained
- Strong compliance and ethical governance upheld
- Risk and internal control frameworks strengthened

**Environmental Impact**

- Responsible waste and effluent management maintained
- Water conservation and rainwater harvesting expanded
- Biodiversity and reforestation initiatives supported

**Safe, Equitable & Purpose-Driven Workplaces**

- Workplace safety culture continuously strengthened
- Gender diversity and inclusive leadership advanced
- Safe and equitable working conditions maintained
- Employee wellbeing supported through health programmes

**Community Development & Social Impact**

- Education, health, and livelihood initiatives reached vulnerable communities
- Skills development programmes improved resilience and self-reliance
- Partnerships with NGOs and local authorities enabled inclusive growth
- Social investments strengthened community trust and goodwill

# THE GROUP'S STRATEGY

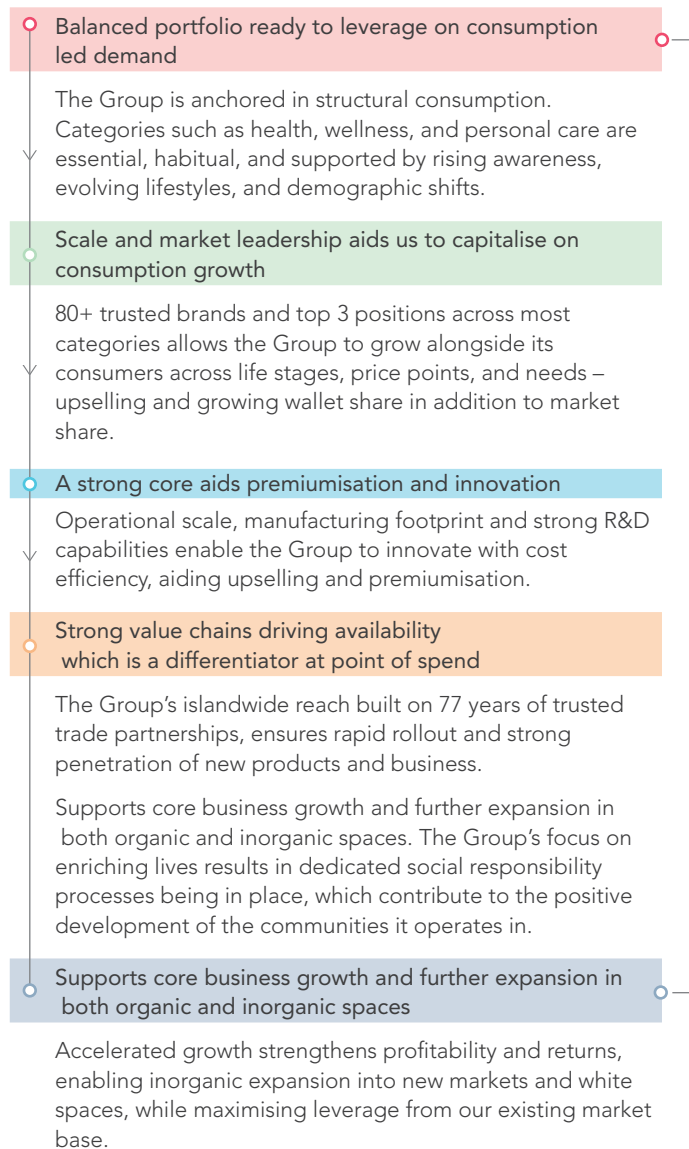
## POSITIONING HEMAS FOR THE FUTURE

The Group's strategy is grounded in its purpose of enriching lives and the belief that essential consumer demand will continue to expand over the long term. As incomes rise, urbanisation accelerates, and consumer awareness deepens, households increasingly prioritise quality, trust, and value across everyday categories.

The Group believe that structurally driven consumption growth, rather than cyclical expansion, will define the next phase of value creation in markets.

Within this context, its strategy is to build a resilient, integrated consumer-facing portfolio, encompassing consumer brands, healthcare, and other adjacent segments, focused on increasing its share of the household consumption basket, while delivering steady performance today and extending the growth runway for the future.

### The Group's Self-Reinforcing Growth Model



## THE GROUP'S STRATEGIC THEMES AND PRIORITIES

### Balancing its portfolio and driving value accretion

- Drive value through growth platforms that command stronger margins, enhance the long-term earnings trajectory and amplify core strengths and Hemas' purpose-led aspirations.
- Guide the foray into new verticals with scalable and lucrative prospects, both locally and internationally, where long-term value creation is the strongest.
- Maintain a well-diversified portfolio of businesses in terms of growth cycle, cash generation profiles and investment needs, while continually refining it to unlock capital, sharpen strategic focus and channel investments into scalable, resilient consumption platforms.

### Building brands and increasing share of the consumer wallet

- Scale and capture new business by anticipating emerging trends and lifestyle shifts.
- Accelerate innovation cycles to capture growth in essential and habitual categories.
- Deepen penetration and premiumisation to expand share of the consumption basket.

### Shaping and leading markets

- Shape category standards through innovation, quality and trusted consumer experiences.
- Strengthen leadership by embedding purpose-led value creation across markets.
- Position Hemas as the benchmark for reliability and brand stewardship in core sectors.

### Integration and operational excellence

- Drive end-to-end integration to increase speed, scalability and execution consistency.
- Automate and streamline processes for cost competitiveness and resilience.
- Enable rapid decision-making through a unified operating rhythm.

The Group funds growth without compromise through its purposefully balanced portfolio which combines established market leaders that generate dependable cash flows with innovation-led and high-growth businesses that extend its long-term growth runway.

📄 For Sector Strategy – Consumer Brands (page 58), Healthcare (page 63) and Mobility (page 67)

## KEY ENABLERS



### People and Culture

- Building future-ready skills and strengthen leadership talent to drive growth, adjacencies and internationalisation.
- Aligning decision rights, incentives and remuneration with the Group's strategic priorities and aspirations.
- Fostering a culture of ownership, agility and high performance.



### Digitalisation and Technology

- Investing in digital platforms and data intelligence for sharper consumer insights.
- Modernising systems to boost speed, productivity and ecosystem connectivity.
- Scaling analytics-driven decision-making across functions.



### Governance and Processes

- Driving faster, better decisions through lean, integrated processes that cut complexity and enable agility.
- Strengthening calculated and informed risk-taking, balancing opportunity with resilience.
- Aligning risks and rewards, ensuring accountability, transparency and cohesive execution of Group priorities.
- Augmenting the 'Parenting advantage' by standardising and centralising core services to unlock efficiency, consistency and synergies across Group businesses.

## HOW THE GROUP DELIVERS VALUE

### Profitability

- Strengthen margins through operational efficiency and value-led growth.
- Improve mix through premiumisation and innovation-focused categories.
- Build a resilient earnings base that supports reinvestment.

### Investments that build for the future

- Pursue inorganic growth opportunities through mergers & acquisitions (M&A), partnerships and other collaborations.
- Focus investments on innovation, digital capabilities and regional expansion.
- Channel capital to scalable business models that extend strategic runway.
- Invest in modern infrastructure that improves resilience and competitiveness.

The Group has earmarked a sizable portion of current and future cash reserves of USD 100 Mn+ (above already committed investments) to seize growth opportunities over the medium-term.

 For Strategy Formulation & Portfolio Management - page 74

### Sustainability

- Further integrate sustainability into business value drivers and brand differentiation.
- Strengthen climate resilience, circularity and responsible sourcing.
- Use trust and environmental and social stewardship as competitive advantages.

# OPERATING ENVIRONMENT

## GLOBAL ECONOMIC REVIEW

The global economy expanded at approximately 3.2% in Calendar Year 2025 (CY 25), consistent with 2024 and broadly in line with projections at the time. Advanced economies grew at around 1.5%, led by a still-resilient US economy, while emerging market and developing economies expanded at just above 4.0%, with India sustaining its position as the world's fastest-growing major economy. China grew at approximately 5.0% in CY 25, though persistent property sector headwinds and subdued domestic consumption pointed to a continued moderation in its longer-term trajectory. Global trade recovered modestly following the front-loading of exports ahead of US Liberation Day tariff measures in early 2025, though policy uncertainty remained a drag on investment sentiment.

The most consequential development of the period was the outbreak of conflict in the Middle East from late February 2026, which drove sharp volatility across energy and commodity markets. The average oil price for CY 25 stood at USD 67.74 per barrel, while IMF futures-based projections placed the 2026 average at USD 82.22 - a significant increase with material implications for energy-importing economies such as Sri Lanka. The IMF revised the 2026 global growth forecast down to 3.1%, citing elevated energy prices, disrupted shipping routes, and tightening financial conditions. Global inflation, which had been declining steadily through CY 25, faced renewed upside pressure from the conflict - raising the prospect of a pause in easing cycles by Central Banks and introducing broader uncertainty into financial markets heading into 2026.

## SRI LANKA MACROECONOMIC REVIEW - FY2025/26

### GDP & Growth Performance

Sri Lanka's economy grew 5.0% in CY 25, with industries as the primary engine - expanding 7.8% for the full year, alongside agriculture at 1.4% and services at 3.3%. Q4 CY 25 recorded a 4.8% year-on-year growth, where services led growth expanding 3.1%. Construction as an economic activity contributed the most in both CY 25 and Q4 CY 25, followed by financial services for CY 25. Cyclone Ditwah, which struck in late November 2025, caused an estimated USD 4.1 billion in direct physical damage, equivalent to approximately 4% of GDP, yet proved insufficient to derail the year's growth trajectory. The IMF confirmed that Sri Lanka's ambitious reform agenda continues to deliver commendable outcomes, with fiscal and external performance consistently outpacing targets under the Extended Fund Facility.

Movements in key economic, monetary, fiscal and external sector indicators were as follows:

	FY25	FY26	Change
<b>Production</b>			
GDP (at current prices, in Rs. Bn, CY24 & CY25)	30,096	32,751	8.8%
GDP (at constant prices, in Rs. Bn, CY24 & CY25)	12,509	13,129	5.0%
Index of Industrial Production (index value, end March)	103.8	106.9	3.0%
<b>Monetary Policy &amp; Rates</b>			
Inflation (YoY as of end March)	-2.60%	2.20%	4.8%
Central Bank Policy Rate (end March)	8.00%	7.75%	-0.25%
Interest rates (weekly average weighted prime lending rate, end March)	8.43%	9.28%	0.85%
Private Sector Credit (LKR Bn, 12m to end March)	8,415	10,697	27.1%
<b>Fiscal</b>			
Primary Balance (Rs. Bn, CY24 & CY25)	650	1,756	170.3%
Primary Balance to GDP	2.2%	5.4%	3.2%
Budget Surplus / (Deficit) (Rs. Bn, CY24 & CY25)	(2,040)	(745)	63.5%
Budget Surplus / (Deficit) to GDP (%)	-6.8%	-2.3%	4.5%
<b>External Sector</b>			
Trade Deficit (USD Mn, 12m to end March)	(6,390)	(8,669)	35.7%
Worker Remittances (USD Mn, 12m to end March)	6,854	8,557	24.8%
Tourism Earnings (USD Mn, 12m to end March)	3,265	3,051	-6.6%
Current Account (USD Mn, 12m to end March)	1,427	1,303	-8.7%
Exchange Rate (LKR / USD, as at end March)	296.35	315.19	6.4%
Gross Official Reserves (USD Mn, as at March)	6,517	7,019	7.7%

### Fiscal Performance and Debt Restructuring

The government's fiscal performance in 2025 was strong, primarily supported by taxes on motor vehicle imports, and the primary surplus surpassed IMF EFF targets for a second consecutive year. As of February 2026, Sri Lanka reached agreement with just under 99% of external creditors - placing debt sustainability on a credible path. The IMF's combined fifth and sixth EFF review awaits Executive Board approval after the staff-level agreement to unlock approximately USD 700 Mn in financing.

### Monetary Policy and Inflation

The Central Bank reduced the Overnight Policy Rate by 25 basis points to 7.75% in May 2025 - reflecting an accommodative stance as inflation remained well below the 5% target. Headline inflation (CCPI) rose to 5.4% year-on-year in April 2026, up from 2.2% in March and 1.6% in February, driven by non-food costs - particularly transport and utilities - as Middle East conflict pressures began transmitting into domestic energy prices.

### External Position and Reserves

Gross official reserves reached USD 7.0 Bn by end-March 2026, a 7.7% growth YoY built through net foreign exchange purchases by the Central Bank and inflows from multilateral agencies. The current account surpluses recorded over the past two years were underpinned by strong workers' remittance inflows, even as the merchandise trade deficit widened. Looking ahead, fuel - Sri Lanka's largest single import - poses a risk of further trade deficit deterioration, particularly in the context of elevated global energy prices.

## GLOBAL OUTLOOK

The IMF's April 2026 World Economic Outlook projects global growth at 3.1% for CY 26, revised downward from earlier forecasts on account of the Middle East conflict. The key themes shaping the global economy over the next 12 months are:

- Energy price volatility: Higher energy costs will continue to transmit into inflation across energy-importing economies.
- Geopolitical risk as a structural factor: The Middle East conflict, Russia-Ukraine war, and US-China trade tensions represent ongoing structural drags on global economic confidence, investment, and supply chain integration.
- Monetary policy divergence: While advanced economy central banks had been easing, rising inflation risks from energy shocks may delay or reverse rate cuts.

## SRI LANKA OUTLOOK

Sri Lanka enters the next 12 months in its strongest macroeconomic position since the 2022 crisis, though elevated external risks demand continued policy discipline. GDP growth is projected to moderate to 4.0% in CY 26 (ADB, April 2026), with post-cyclone reconstruction partially offsetting a fading post-crisis rebound, while the Middle East conflict poses a meaningful downside risk - already reflected in April 2026 inflation spiking to 5.4%, above the Central Bank's 5% target, driven by energy price pass-throughs.

On the fiscal and external front, the government must balance cost-reflective fuel and electricity pricing, a key IMF EFF condition, against social protection obligations, while higher energy import costs and weaker tourism inflows from Middle East airspace disruptions weigh on the current account. The USD 700 Mn IMF disbursement and continued bilateral inflows provide near-term financing support, and with debt restructuring agreements now covering just under 99% of external creditors, completion will reduce refinancing risk and is expected to restore access to international capital markets.

The Central Bank's reserve buffer of USD 7.0 billion at end-March 2026 provides meaningful exchange rate insulation, though the IMF has identified rebuilding reserves as a priority ahead of the programme's conclusion in mid-2027. Sustaining reform momentum across governance, energy transition, and private sector development will ultimately determine whether Sri Lanka's recovery endures on a durable, self-sustaining basis beyond the programme horizon.

# FINANCIAL CAPITAL



Financial Capital represents the full spectrum of monetary means available to the organisation, comprising equity, debt instruments, and operational cash flows and forms the Group's economic bridge between present obligations and future ambitions, transforming financial resources into strategic resilience and competitive advantage.

Notably, Financial Capital enables three interconnected imperatives: first, operational continuity and risk mitigation, ensuring the Group can meet all financial obligations as they fall due—from supplier payments to debt servicing—thereby safeguarding business integrity, while a resilient capital base acts as a buffer against market volatility, supply chain disruptions, or macroeconomic shocks, reinforcing long-term stability; second, strategic investment and growth, as Financial Capital powers deliberate expansion by funding capital expenditures, R&D, acquisitions, and market entry initiatives, and through efficient deployment of equity and debt, the Group transforms liquidity into strategic assets, converting available funds into future earnings streams; and third, stakeholder value delivery, given that Financial Capital ultimately exists to generate sustained

returns for stakeholders, including dividends to shareholders, interest payments to debt holders, and reinvestment in people, infrastructure, and innovation.

## ECONOMIC VALUE-ADDED STATEMENT

Rs. Mn	FY26	FY25	FY24
Revenue	127,362	117,970	121,614
Share of result of Joint ventures/ Associates	322	452	93
Other investment income	604	526	767
Profit on sale of assets and other income	48	48	526
Valuation gain on investment properties	106	253	265
<b>Value generated</b>	<b>128,443</b>	<b>119,249</b>	<b>123,265</b>
Operating overheads	88,907	83,397	90,851
Employee wages and benefits	14,382	12,474	11,541
Payments to providers of funds	4,070	3,938	4,802
Payments to government	11,930	10,939	10,146
Community investments	67	35	32
<b>Value distributed</b>	<b>119,355</b>	<b>110,783</b>	<b>117,372</b>
Depreciation	1,828	1,589	1,326
Amortization	536	409	364
Profits after dividends	6,723	6,468	4,201
<b>Value retained for expansion and growth</b>	<b>9,087</b>	<b>8,466</b>	<b>5,891</b>

## QUARTERLY FINANCIAL SNAPSHOT

Rs. '000	Q1		Q2		Q3		Q4	
	FY 26	YoY	FY 26	YoY	FY 26	YoY	FY 26	YoY
Consumer Brands	8,636,075	-2.6%	13,376,653	21.7%	14,468,763	-9.9%	10,545,024	4.5%
Healthcare	19,391,291	20.2%	18,284,527	4.8%	19,924,074	19.6%	20,408,660	3.4%
Mobility	494,879	4.0%	622,983	30.7%	612,446	18.1%	562,826	15.6%
Other	3,600	-30.0%	2,782	14.2%	3,674	0.5%	23,741	-12.1%
Revenue	28,525,845	12.0%	32,286,945	11.7%	35,008,957	5.3%	31,540,251	3.9%
Gross Profit	8,600,815	13.0%	10,599,961	16.0%	11,337,808	3.0%	10,889,150	16.9%
Gross Profit Margin %	30.2%	0.3%	32.8%	1.2%	32.4%	-0.7%	34.5%	3.8%
EBIT	2,063,999	6.9%	3,495,291	13.0%	4,248,294	-12.7%	4,336,980	13.5%
EBIT Margin %	7.2%	-0.3%	10.8%	0.1%	12.1%	-2.5%	13.8%	1.2%
Net Interest Cost	(111,580)	-48.0%	(55,531)	-78.6%	(81,966)	-69.8%	(172,268)	-25.9%
Income Tax Expense	(697,139)	-2.3%	(1,279,315)	2.8%	(1,422,462)	-4.4%	(1,032,139)	9.3%
Earnings	1,191,893	26.1%	2,060,655	36.6%	2,638,601	-12.8%	3,029,538	17.6%
Earnings Margin %	4.2%	0.5%	6.4%	1.2%	7.5%	-1.6%	9.6%	1.1%

## ENHANCING PROFITABILITY

		FY 26	FY 25	YoY
Revenue (Group)	Rs. Bn	127.4	118.0	8.0% ↑

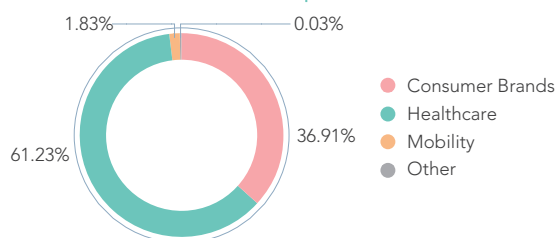
Despite the macro economic challenges, and disruptions caused by Cyclone Ditwah during the 3rd quarter and Middle East conflict during the latter part of the 4th quarter, the Group revenue grew on the back of strong volume growth across its businesses, especially in the Healthcare & Mobility Segments.

While deflation kept prices lower during the early part of the year, inflation picked up towards the latter period, necessitating price increases across some categories to maintain margins.

		FY 26	FY 25	YoY
<b>Revenue (Segments)</b>				
Consumer Brands	Rs. Bn	47.0	46.0	2.2% ↑
Healthcare	Rs. Bn	78.0	70.0	11.5% ↑
Mobility & Other	Rs. Bn	2.3	2.0	17.2% ↑

The Group leveraged the diversity of its businesses, to remain resilient in a year of consolidation and improving consumer sentiment. All three core segments recorded growth in revenues despite the adverse impacts from cyclone Ditwah to the economy.

Revenue Composition - FY 26



The Consumer Brands Sector saw volume growth across most product lines. Several innovative products were introduced while relaunches were done across the Baby Cheramy and Diva ranges. Atlas successfully rolled out new products across its back-to-school segment comprising of school bags and water bottles. These new offerings gained notable market traction and contributed positively to the Sector's revenue performance during the period.

The Healthcare Sector delivered a standout performance, registering strong revenue growth across its constituent segments, driven predominantly by sustained volume increases. Robust consumer demand remained a consistent feature throughout the year, providing a solid foundation for growth. The onboarding of new agency partnerships by the pharmaceutical distribution business, the introduction of innovative products within the Non-Communicable Disease (NCD) space by Morison, and the expansion of medical services at the Group's hospital facilities collectively gained considerable traction, reinforcing the sector's strong revenue momentum.

On the back of increasing import and export volumes and higher outbound air passenger numbers, propelled Mobility Sector

profits. The newly introduced India-China express service provided a significant boost to sea cargo volumes.

		FY 26	FY 25	YoY
Gross Profit	Rs. Bn	41.4	37.1	11.7% ↑

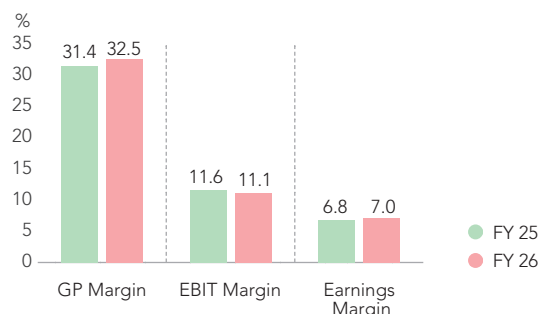
The Group's gross profit growth outpaced revenue growth during the financial year, driven by a combination of favourable external conditions and disciplined internal initiatives that collectively strengthened gross profit margins.

The global commodity environment remained broadly supportive, with stable prices across key raw materials — including palm oil, crude oil, paper, and plastics — complemented by steady freight rates, subdued inflation, and the limited depreciation of the Rupee. These conditions, reinforced by the Group's proactive procurement strategies, enabled effective containment of input costs during the year.

Selective price increases implemented across certain product and service categories during the latter part of the year, together with an increased contribution from higher-margin products and services across the Group's verticals, resulted in a favourable shift in the sales mix, thereby enhancing Gross Profit margins.

The cumulative impact of these factors enabled the Group to expand its Gross Profit Margin to 32.5% from 31.4% in the prior year.

Profit Margins



		FY 26	FY 25	Variance
Operating Expenses	Rs. Bn	(28.5)	(24.9)	14.4% ↑

The increase in operating costs was primarily attributable to the expansion of production and service operations across key business verticals, which necessitated a corresponding enhancement of operational infrastructure and related support functions. Depreciation expenses also increased, reflecting the phased recognition of significant capital investments undertaken during both the current and preceding financial years.

Staff costs rose in line with the Group's expanding operational scale, while selling and distribution expenses increased by 10.1%, driven by higher investments in promotional campaigns and market activation initiatives across key verticals. These strategic expenditures were directed towards strengthening brand equity, enhancing market penetration, and supporting sustainable volume growth across the Group's businesses.

## FINANCIAL CAPITAL

		FY 26	FY 25	YoY
EBITDA	Rs. Bn	16.4	15.7	4.7% ↑
EBIT	Rs. Bn	14.1	13.7	3.2% ↑

The Group recorded growth in both EBIT and EBITDA during the financial year, although margins were tempered by the strategic increase in operating expenditure associated with the Group's ongoing expansion initiatives. Notwithstanding this, both EBIT (11.1%) and EBITDA (12.9%) margins remained strong, reflecting the underlying resilience and earnings quality of the Group's core operations.

This performance is largely attributable to the Group's sustained focus on operational excellence, delivered through a suite of structured improvement programmes encompassing 5S, Kaizen, lean initiatives, route optimisation, and process standardisation, complemented by the realisation of Group-wide synergies. Furthermore, the progressive digitalisation of business processes and the expansion of automation across operations have yielded tangible efficiency gains and productivity improvements, partially offsetting the impact of higher operating costs and reinforcing the Group's commitment to disciplined, sustainable performance.

		FY 26	FY 25	YoY
Net Finance Expenses	Rs. Bn	(0.4)	(1.0)	56.9% ↓

The Group net finance costs continued to reduce during the financial year, nearly halving compared to the prior year, which is a reflection of focussed treasury management initiatives and disciplined capital stewardship. This improvement was driven by a substantially reduced debt base and lower interest rates, which correspondingly lowered interest expenses, whilst growing cash and cash balances generated increased interest income — further improving the net finance cost position.

The cumulative impact of these factors is evident in the Group's strengthened interest cover ratio, which improved to 13.8 times from 9.1 times in the prior year.

		FY 26	FY 25	YoY
Taxation	Rs. Bn	(4.43)	(4.39)	0.9% ↑

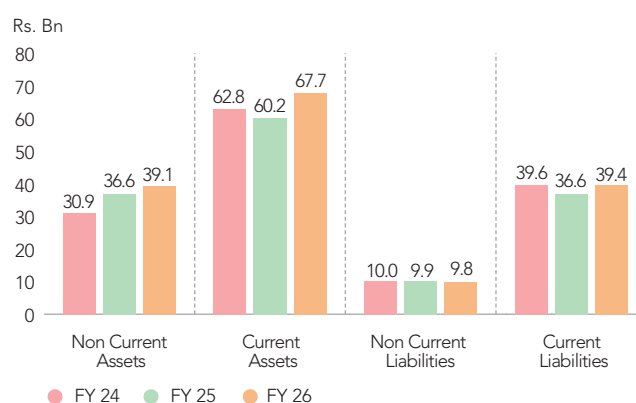
The Group's tax charge recorded a marginal increase during the financial year, reflecting the impact of effective tax planning initiatives. Further, lower dividend upstreaming from subsidiaries during the year contributed to a reduction in dividend tax expenses. Overall, the Group continued to maintain a prudent and efficient approach to tax management, while ensuring full compliance with applicable regulatory and fiscal requirements.

		FY 26	FY 25	YoY
Profit After Tax	Rs. Bn	9.3	8.3	11.4% ↑
Earnings	Rs. Bn	8.9	8.1	10.7% ↑

The Group delivered a superior financial performance during the year, recording its highest ever Profit After Tax (PAT) and Earnings, a milestone that reflects the culmination of the Group's disciplined financial strategy, operational excellence, and sustained focus on value creation. This exceptional outcome was underpinned by robust operating profit growth and the significant reduction in net finance costs, both of which combined to drive a notable uplift in bottom-line performance. The Group's three-year CAGR for PAT and Earnings of 22.4% and 27.8% respectively further underscores the consistency and quality of this growth trajectory over the medium term. At a segmental level, Consumer Brands Sector remained the largest contributor to Group Earnings, contributing Rs. 5.4 Bn, followed by Rs. 4.9 Bn from the Healthcare Sector and Rs. 860 Mn from the Mobility Sector. Earnings per Share correspondingly improved to Rs. 2.98 from Rs. 2.70, recorded last year reinforcing the tangible and growing returns being delivered to shareholders.

### STRENGTHENING THE FINANCIAL POSITION

#### Assets & Liabilities



		FY 26	FY 25	YoY
Total Assets	Rs. Bn	106.9	96.9	10.3% ↑

Considering the broadly conducive operating environment, the Group maintained an optimistic outlook on the growth potential of its businesses and markets, continuing to deploy capital strategically to enhance its earnings generation capacity.

Property, Plant and Equipment increased during the year, reflecting capital expenditure investments of Rs. 2.4 Bn directed towards expanding and modernising the Group's service and manufacturing infrastructure. Inventories also increased towards the end of the financial year, reflecting the Group's proactive decision to accelerate raw material purchases in anticipation of potential supply chain disruptions arising from evolving geopolitical developments. Reflecting the positive cash generation, cash and cash equivalent balances grew, further strengthening the Group's asset base. Collectively, these movements resulted in Net Assets per Share increasing to Rs. 19.03 from Rs. 16.70.

		FY 26	FY 25	YoY
Total Liabilities	Rs. Bn	49.1	46.6	5.5% ↑

The Group's total liabilities increased primarily due to an increase in Trade and Other Payables during the year. This is attributable to the higher raw material procurements towards the end of the reporting period, linked to the Group's proactive decision to accelerate raw material purchases in response to anticipated supply chain disruptions stemming from evolving geopolitical developments — a prudent risk mitigation measure designed to safeguard operational continuity and protect the Group's businesses from potential input cost volatility and supply chain disruptions.

		FY 26	FY 25	YoY
Working Capital	Rs. Bn	15.8	15.2	3.9% ↑

The increase in working capital during the year remained relatively modest, as growth in receivables and inventories was largely offset by a corresponding increase in trade payables. However, working capital as a percentage of revenue declined to 12.4% from 12.9%, highlighting the continuous efforts to manage working capital amidst business expansion.

		FY 26	FY 25	YoY
Group Debt				
Short Term Debt	Rs. Bn	4.1	3.3	24.8% ↑
Long Term Debt	Rs. Bn	3.5	4.6	-24.9% ↓
Gross Debt	Rs. Bn	7.5	7.9	-4.3% ↓
Net Debt (Cash)	Rs. Bn	(10.2)	(4.7)	117.9% ↑

Group's long term debt decreased due to significant capital repayments by Pharmaceutical Distribution and Manufacturing businesses. However, short term debt increased towards the latter part of the year owing to new borrowings taken for working capital purposes, benefiting from low short term interest rates. Cash and balances with banks increased during the year, driving the net cash position of the Group. With a view to maintaining the optimal capital structure, constant review of the mix between debt to equity, fixed to variable debt and long-term to short-term debt is undertaken across the Group.

		FY 26	FY 25	YoY
Cash and Balances with Banks	Rs. Bn	17.8	12.6	41.4% ↑

Group's Cash & balances with banks increased due to strong operating performance, significantly lower investment costs and decreased finance repayments during the year.

		FY 26	FY 25	YoY
Total Equity	Rs. Bn	57.7	50.3	14.7% ↑

The Group's total equity grew during the year, driven predominantly by retained earnings of Rs. 8.9 Bn, reflecting the strong bottom-line performance for the year. This was partially offset by dividend payments totalling to Rs. 2.8 Bn, an increase of Rs. 449.5 Mn compared to the previous year, with the dividend per share increasing to Rs. 0.95 (post share division) from Rs. 4.00 (post share sub-division implied comparative dividend per share of Rs. 0.80) in the prior year, underscoring the Board's

commitment to delivering sustained returns to shareholders whilst retaining sufficient earnings to fund the Group's ongoing growth agenda. The Group's strong financial performance and favourable outlook were further reflected in an appreciation of its share price during the year, lifting market capitalisation by 23.7% to Rs. 88.7 Bn as at end March 2026 from Rs. 71.7 Bn recorded during the previous year end — a tangible endorsement of investor confidence in the Group's strategy and prospects. Return on Equity declined marginally to 17.2% from 17.7% due to the build up of cash reserves to fund its proposed investments. The combination of increased equity and a reduced debt levels resulted in the Group's Gearing Ratio reducing further to 11.5 % from 13.5 %.

### SUSTAINING CASHFLOW GENERATION

		FY 26	FY 25	YoY
Net Cashflows from Operating Activities	Rs. Bn	11.8	13.4	(11.8%) ↓

The Group recorded a net cashflow generated from operations of 15.9 Bn. While the Group had significantly higher operating cashflows before working capital changes, working capital increase of Rs. 553 Mn incurred this year (the reasons for which were explained previously) compared to a reduction in working capital of Rs. 3.8 Bn during previous year resulted in a decrease of the net cashflows compared to previous year.

		FY 26	FY 25	YoY
Net Cashflows from Investing Activities	Rs. Bn	(2.6)	(5.0)	(47.3%) ↓

This year's investments included the purchase of fixed assets of Rs. 2.4 Bn and intangible assets of Rs. 267 Mn. Comparatively, the previous year capital expenditure included a one-off investment of Rs. 1.9 Bn to acquire land for the Thalawathugoda hospital expansion.

		FY 26	FY 25	YoY
Cash used in Financing Activities	Rs. Bn	(5.1)	(7.9)	(35.6%) ↓

The above includes capital repayments amounting to Rs. 2.1 Bn (a decrease of Rs. 2.6 Bn in line with reduced debt levels) and dividend payments amounting to Rs. 2.8 Bn (which is an increase of Rs. 449.5 Mn compared to previous year).

### OUTLOOK

The geopolitical risks which emerged towards the end of the year is expected to continue for an extended period, posing considerable challenges to the local economy and business operations. To maintain profitability and financial stability, the immediate focus will be to address and minimise possible supply chain disruptions while guided by the Group's Long Range Plan, the Group will continue to invest in strengthening the core verticals on the local front while fuelling entry and expansion in the international space, as outlined in the Group's Strategy section of the Report (Pages 16 to 17).

# MANUFACTURED CAPITAL



Manufactured Capital comprises the tangible assets, infrastructure, and enabling technologies that are available to the Group for use in the production of goods and delivery of services. This includes manufacturing facilities, plant and machinery, and supporting operational and digital infrastructure.

The Group creates value through the effective stewardship, utilisation, and continuous enhancement of these assets-driving productivity, operational efficiency, quality, and resilience-while incorporating innovation and process improvements to reduce waste, manage costs, and support environmentally responsible operations.

## THE GROUP'S MANUFACTURED CAPITAL AT A GLANCE

	<b>Consumer Brands</b>
	<b>Home and Personal Care Business</b>
	5 Manufacturing locations in Dankotuwa, Horana, Waikkal, Minuwangoda and Ragama
	29 production lines    40,300 tons production capacity
	<b>Learning Segment</b>
	2 Factories in Peliyagoda and Welisara
	5 product categories
	804 Mn EQs per annum production capacity
	<b>Healthcare</b>
	<b>Pharmaceutical Manufacturing</b>
	2 Factories in Homagama and Mutwal
	6.8 Bn tablets per annum production capacity
	2.4 Mn litres of liquid per annum production capacity



### Pharmaceutical Distribution

1 Warehouse in Elakanda    1,300 m<sup>3</sup> capacity



### Hospitals

2 Hospitals in Thalawathugoda and Wattala

209 Beds    21 Laboratories

29 Collection Centres    03 Primary Centres

## CAPACITY EXPANSION

### Equipment Installed in Hospitals (Invested Rs. 155 Mn)

The Equipment Sales Division of Morison strengthened its market presence through the acquisition and installation of advanced screening instruments across a number of leading private and government hospitals. These investments enhance the diagnostic capabilities of partner institutions, enabling the delivery of superior patient care through access to cutting-edge, globally benchmarked technologies.

### Enhancing Storage Facilities (Invested Rs. 39 Mn)

As a market leader in Sri Lanka's pharmaceutical distribution sector, the Hemas Pharmaceutical Distribution business upgraded its warehousing and cold chain infrastructure to support rising demand and maintaining product quality. This investment resulted in a 50% expansion of the cold storage capacity while an additional generator and backup compressors were also installed to prevent cooling system failures.

## UPGRADING EQUIPMENT AND INFRASTRUCTURE

### Upgrading the Medical Intensive Care Unit (MICU) (Invested Rs. 34 Mn)

The MICU at the Wattala Hospital was upgraded with the latest state-of-the-art equipment to provide enhanced emergency patient care.

### Water Purification (Invested Rs. 20 Mn)

With the aim of boosting the availability of high-purity water across its production process, Hemas Consumer Brands invested in a Deionization (DI) water production system and further expanded its Raw Water Handling System. Similarly, Pharmaceutical manufacturing business installed an Electrodeionization (EDI) combined with Reverse Osmosis (RO) purification unit.

### Injection Moulding Machine (Invested Rs. 20 Mn)

A new injection moulding machine was installed by Atlas to boost efficiency in its pen manufacturing plant.

## INVESTING IN DIGITALISATION AND AUTOMATION

### Packing Automation (Invested Rs. 73 Mn)

A cartoning machine was installed in the Velvet range manufacturing plant while packing machines were introduced at the pen and pencil manufacturing lines of Atlas. These investments have increased the packing efficiency across the respective production lines.

### Optimising Capacity Utilisation

During the year, Hemas Hospitals enhanced operational performance by optimising capacity and streamlining workflows through digitalisation. By improving patient flow management and diagnostic equipment utilisation, the Group successfully reduced waiting times and maximised resource use. These efforts were further supported by the implementation of digital administrative processes and real-time dashboard monitoring, which collectively ensured more efficient service delivery and better overall resource management. While the above enhancements were done this year, the relevant investments were made during previous years.

## DEVELOPING SAFE AND SUSTAINABLE MANUFACTURING

### Strengthening Hygiene, Safety and Environmental Compliance (Invested Rs. 208 Mn)

As part of its ongoing factory improvement programme, Hemas Consumer Brands undertook a series of targeted infrastructure and process enhancements during the period under review. These included the implementation of Phase 2 of the Clean-in-Place (CIP) system. In addition, the Group enhanced its safety standards through upgrades to fire detection and electrical systems, alongside the installation of epoxy flooring within the Personal Care manufacturing plant.

## FUTURE OUTLOOK

### Rising Input Costs and Supply Chain Constraints

Manufacturers will face persistent increases in raw material, fuel, and logistics costs, compounded by global supply chain disruptions. Delays in supplier deliveries and shipping bottlenecks have lengthened procurement timelines and increased inventory holding requirements.

### Macroeconomic and Policy Uncertainty

Businesses continue to operate in a fragile macroeconomic environment following the financial crisis and further compounded by recent geopolitical issues. Debt pressures, policy shifts, and delays in public investment create uncertainty for long-term planning. While recovery is underway, sustained reforms and policy consistency are critical to improving investor confidence and enabling industrial growth.

### Increasing Automation, Digitisation and Employee Upskilling

To address technological gaps and low use of automation, businesses must adopt a structured digital transformation strategy aligned with operational priorities. This includes investing in modern machinery, automation systems, AI and data analytics to enhance productivity and quality. In parallel, workforce upskilling, particularly in advanced manufacturing and digital competencies, is essential. Collaboration with universities and technical institutes can support innovation and R&D.

### Embedding Sustainability

Sustainability considerations will increasingly reshape the manufacturing sector through regulatory, market, and financial pressures. Frameworks such as the International Sustainability Standards Board standards (SLFRS S1 and S2) and procedures such as the EU Carbon Border Adjustment Mechanism will

require greater focus on emissions, resource use, and climate risks. Proactive adoption and embedding sustainability into core strategy will not only reduce regulatory and operational risks but also unlock new markets and improve brand positioning.

## THE GROUP'S RESPONSE

In response to emerging market opportunities, the Group has outlined a comprehensive investment programme aimed at strengthening capacity, enhancing operational efficiency, and accelerating digital transformation across the Group.

Key initiatives include the upgrade and expansion of the HCB manufacturing facilities, together with targeted enhancements at the Atlas factory, to further improve both its production capacity and safety standards.

Within the Healthcare Segment, investments will focus on expanding the Outer Labs network, sample collection points, and primary care centres, complemented by a significant capital allocation towards acquiring advanced medical equipment within the hospitals sector. In parallel, the Pharmaceutical Distribution business will seek to expand its office and warehouse infrastructure, while planned capacity enhancements within Morison, will support new product development and increased production capabilities.

In addition, the Group continues to advance a robust digital transformation agenda, encompassing the development of data lakes, SAP system upgrades, and the integration of AI-driven capabilities to enable more informed, data-led decision-making.

# INTELLECTUAL CAPITAL



Intellectual capital represents the collective knowledge, capabilities, and intangible assets that underpin an organisation's ability to innovate and sustain competitive advantage. It encompasses elements such as employee expertise and experience, organisational know-how, proprietary technologies, systems, processes, and intellectual property.

Value creation through intellectual capital is realised by leveraging these knowledge-based resources to develop innovative products, services, and operational processes. Such innovation not only enhances efficiency and productivity but also strengthens the organisation's strategic positioning, supports long-term growth, and fosters resilience.

## GROUP'S INTELLECTUAL CAPITAL AT A GLANCE

### Knowledge

The organisation's knowledge base is built on a broad and diverse workforce, enriched by specialised expertise and a strong culture of collaboration and internal mobility that promotes continuous learning across functions. Its capability to gather and interpret insights from multiple industries, particularly through long-term strategic planning initiatives, supports informed and forward-looking decision-making. This is complemented by deep experience in operating within highly regulated environments, ensuring robust quality and compliance standards, while ongoing investment in research and development strengthens its portfolio of intellectual property, brands, and proprietary capabilities.

**1,815**

Trademarks

**63**

Industrial Designs

### Structures

The organisation's structural capital is underpinned by robust systems and frameworks that enable efficient and streamlined operations, supported by a strong commitment to continuous improvement, innovation and process enhancement.

**40+**

Quality Standards

**90+**

Policies, guidelines and manuals

Comprehensive policies and standards promote effective governance, oversight and responsible stewardship of resources, while adherence to internationally recognised quality standards and certifications reinforces operational excellence. In parallel, well-established data protection mechanisms ensure the security and integrity of critical information, safeguarding the organisation against evolving cybersecurity threats.

### Relationships

The organisation's relational capital is anchored in a strong and trusted brand, supported by an extensive customer network spanning multiple product categories. Strategic partnerships across diverse sectors further enhance its ability to drive sustainable development, contribute to economic growth, and build capacity. This commitment to fostering meaningful stakeholder relationships is reinforced by consistently upholding high standards of integrity and trust, as reflected in the numerous awards and accolades received.

Top Ten Best Corporate Citizens

Top 10 Most Loved Corporate Brand

80+ Awards and Recognitions

Recognised as Forbes Asia Best under a billion

Outlined below are the key incitive undertaken by the Group to strengthen organisational knowledge enhance operational and governance structures and cultivate strategic stakeholder relationships that support long term value creation and sustainable growth.

### Promoting Knowledge Development and Capacity Building

#### Institutional Knowledge and Expertise

**Developing Data Lakes** - In its endeavour towards becoming a data-driven conglomerate, the Group launched Project HIVE-Hemas Group data lake built on the Databricks platform. This project unifies fragmented data streams across the Group's diverse business sectors into a single, high-performance ecosystem, providing a scalable foundation for both descriptive and advanced analytics.

By centralising the Group's information assets, Project HIVE streamlines the delivery of standardised reporting and real-time business intelligence, ensuring greater accuracy and consistency in performance tracking. This modernisation effort eliminates data silos and enhances operational transparency, empowering the organisation to leverage machine learning and AI-driven insights to drive informed, agile decision-making across the Group.

**Project Fusion** - Group commenced a structured, enterprise-wide digital transformation programme focused on standardising core business processes, implementing integrated enterprise systems, and strengthening real-time data and

reporting capabilities across the Group. This programme is aimed at improving decision-making speed, operational control and execution consistency across businesses. The initiative is expected to enhance demand planning, working capital management, and supply chain responsiveness, while enabling closer collaboration with distributors, suppliers and other ecosystem partners. Importantly, it establishes a common digital and data backbone for the Group, supporting scalable growth, disciplined capital deployment and the progressive rollout of advanced digital, analytics and automation-led initiatives over time.

### Learning And Development

#### Leadership Capability Framework -

**Transcend** - Hemas Group marked the successful completion of the 2025 cohort, reaffirming its commitment to building a strong pipeline of future-ready leaders. Transcend is a structured leadership development initiative designed to strengthen strategic thinking, people leadership, and enterprise-wide perspective among senior and high-potential leaders across the Group. The programme combines curated learning modules, experiential assignments, leadership assessments, and facilitated peer learning to enable participants to translate leadership concepts into practical impact within their respective businesses.

**ElevateHER** - Hemas Group celebrated the successful graduation of the ElevateHER Programme – Batch of 2025, its flagship initiative aimed at accelerating the development and progression of high-potential female talent across the organisation. Designed to strengthen leadership capability and build a robust pipeline of future-ready women leaders, ElevateHER provides participants with a structured development journey combining targeted leadership training, executive coaching, mentoring, and experiential learning, reflecting the Group's long-term commitment to diversity, equity, and inclusion.

**AI Upskilling initiatives (AI Labs)** : The Group strengthened its AI capability-building agenda through the establishment of Hemas AI Labs, a structured platform to develop internal capabilities and incubate use-case-led AI solutions across businesses. In parallel, targeted training programmes were rolled out to equip teams with practical AI tools, aimed at improving decision quality, productivity and speed of execution. Cross-functional pilot teams have been set up, to explore possible use cases utilising AI across business operations.

#### Building A Culture of Innovation

**Driving Research and Development** - Research and Development (R&D) plays a pivotal role in strengthening the organisation's intellectual capital by continually expanding its knowledge base, technical expertise, and innovation capability. Intellectual growth within the Group is driven through deep scientific expertise, proprietary formulations, structured product development methodologies, robust quality assurance systems, and strong regulatory know-how embedded within the R&D function. Through continuous research, data-driven insights, and cross-functional collaboration, R&D translates knowledge into high-performing, safe, and sustainable products that respond to evolving consumer and market needs. This disciplined approach

to innovation not only supports product differentiation and regulatory compliance but also enables cost optimisation and sustainability-led formulation advancements, reinforcing the Group's long-term competitiveness and capacity for value creation.

**Living Hemas Values Award (awarded quarterly)** - The Award recognises initiatives of employees / teams that exemplify the Hemas values – passion for customers, obsession for performance, driven by innovation and concern for people, acting as springboard to raise the bar across the group and reinforce its values.

**Baby Cheramy Diaper Helpdesk** - Baby Cheramy, Sri Lanka's No. 1 baby care brand, has introduced the nation's first-ever Generative AI-based WhatsApp chatbot-the Baby Cheramy Diaper Helpdesk-positioning itself as a trusted parenting partner available 24/7. Powered by advanced natural language processing (NLP) and machine learning, the platform delivers tri-lingual, context-aware, medically verified responses in real time, with all content reviewed by a panel of experts.

**Slingshot 3.0** - The Hemas Slingshot Accelerator program, powered by Hatch, successfully concluded its third cohort with a Demo Day that showcased some of Sri Lanka's most promising startups. Throughout the programme, participating ventures benefited from the expertise of Hemas domain specialists and experienced business mentors from the Hatch network, who provided structured, industry-relevant guidance on scaling, sustainability, and long-term value creation. The accelerator reflects the Group's continued commitment to fostering innovation and nurturing the next generation of entrepreneurs in Sri Lanka.

**134**

**No. of own Brands**

**73,212**

**Total Training Hours**

#### Robust Structures and Systems

##### Digital Platforms

**Darwinbox** - A Group-wide Human Resources Information System (HRIS), was launched as a single, integrated platform to support end-to-end HR operations. The system enables the Group to efficiently design, scale, and deliver human resource processes across the employee lifecycle, providing a comprehensive, user-friendly solution with multi-access and self-service capabilities, enhancing process efficiency, consistency, and employee experience.

**Service Delivery Platform (ManageEngine) for the Shared Services Unit** - A new Service Management Platform was launched by the Hemas Centre of Excellence (COE), the Group's Shared Services Unit. The platform is designed to streamline the management of requests from business units by enabling a more efficient, transparent, and structured service delivery process. Powered by ManageEngine, this platform provides streamlined workflows, faster resolution times, and improved visibility through a single, centralised system, thereby strengthening service delivery and enhancing the overall user experience.

# INTELLECTUAL CAPITAL

## Garnering Recognition For Excellence

Award	Awarding Institution
<b>Hemas Holdings</b>	
Overall Best Corporate Citizen - 2nd Runner-up	Ceylon Chamber of Commerce Best Corporate Citizen Sustainability Awards 2025
Top Ten Best Corporate Citizens	
Sector Winner - Best Supplier Relations - Diversified Category	
Sector Winner - Diversified Category	
Merit Project Award - Hemas x WNPS Critically Endangered Endemic Species Project	
Silver - Best Investor Relations	2025 Annual Capital Market Awards
Most Outstanding Women-Friendly Workplaces	Satynmag Women Friendly Workplace Awards 2025
Most Women-Friendly Innovation - 'She Grows' for Male Allyship	
Runner-up - Best Integrated Report in the Diversified Category	CMA Excellence in Integrated Reporting Awards 2025
Overall Ten Best Integrated Reports	
Silver Award in the Extra Large Category	Sri Lanka Corporate Health and Productivity Awards (SLCHPA)
Recognised Among Forbes Asia's 200 Best Under a Billion 2025	Forbes Asia's 200 Best Under a Billion 2025
Certificate of Merit	25th Best Presented Annual Report Awards, Integrated Reporting Awards 2024
<b>Hemas Pharmaceuticals</b>	
1 Bronze	SLIM Digis
1 Gold, 1 Silver, 2 Merits across Multiple Categories	SLIM National Sales Awards 2025
Runner-up - Healthcare & Pharamaceuticals and Related Services Category	Great HR Awards 2025
<b>Hemas Hospitals</b>	
Category Winner in the Hospitals & Medical Laboratory sector	Best Management Practices Company Awards 2025
Merit Award for Digital Literacy	
21 Gold and 6 Silver Awards for its contribution to Quality Circles	National Convention on Quality & Productivity (NCQP) 2025
1st Runner-up	Great HR Debate 2025
Asia Best Employer Brand Award 2025	20th Employer Branding Awards
Best Derma, Cosmetic and Plastic Surgery Hospital Based Clinic - Adora Cosmetic Clinic	Global Health Aesthetic & Wellness Awards 2025
Dermatology Clinic of the Year - Adora Cosmetic Clinic	
1st Runner-Up in the Private Western Medicine Hospitals category	Best Management Practices Company Awards 2026
Sector Winner (Gold) - Healthcare & Pharamaceuticals Category	Great HR Awards 2025
<b>Hemas Consumer Brands (HCB)</b>	
Silver Award for Best use of AI technologies - Fems	SLIM Digis
Silver Award for Best use of Experiential Marketing- Fems	
5 Bronzes, 2 Merits	
1 Gold, 3 Silver, 6 Bronze and 4 Merits across Multiple Categories	SLIM National Sales Awards 2025
Gold for CSR Brand of the Year - Fems	SLIM Brand Excellence Awards 2025
Gold for Innovative Brand of the Year - Fems	
Bronze for Local Brand of the Year- Fems	
Runner Up - FMCG & Retail Category	Great HR Awards 2025
Gold Award (Overall Winner)	JASTECA Awards 2025
Gold Award for Taiki Akimoto 5S Awards (Large Category)	JASTECA Awards 2025
Silver Award for Nagaaki Yamamoto - Kaizen Awards	JASTECA Awards 2025
Sri Lanka's Most Loved Baby Care Brand	SLIM-Kantar People's Awards 2026.

Award	Awarding Institution
Two Silver Effies for its Forward and Fearless campaign - Fems	Effie Awards 2025
Bronze Award in Home Supplies and Services - Diva	
Finalist in Social Good - Diva	
Finalist in the David vs. Goliath (Traditional) category - Kumarika	
Silver Award - Pharmaceutical Products, including Medicinal-related Ayurvedic and Herbal Products (Medium Category)	Export Awards 2025
Brand Building and /or Awareness - Diva	Black Dragon 2025
Special Commendation award - Extra Large Scale (Manufacturing)	National Supply Chain Excellence Award 2025
<b>Atlas Axillia</b>	
Company with Great Managers – 2024	Great Managers Awards
Six Atlas Axillia Managers were individually awarded	
Honourable Mention - Most Outstanding Women-Friendly Workplaces	Satynmag Women Friendly Workplace Awards 2025
Silver Award for Best Use of Experiential/Immersive Marketing	SLIM Digis
1 Bronze, 1 Merit	
2 Silver, 1 Bronze, 1 Merit across Multiple Categories	SLIM National Sales Awards 2025
HR Excellence in the Manufacturing, Printing and Packaging Services, and Gem and Jewellery Sectors	Great HR Awards 2025
Winner in People / HR Governance (ESG)	Best Management Practices Company Awards 2026
Ranked amongst the Top 40 Outstanding Companies	Best Management Practices Company Awards 2026
Silver Award Taiki Akimoto 5S Awards (Large Category)	JASTECA Awards 2025
School Supply Brand of the Year	SLIM-Kantar People's Awards 2026.
Responsible Care Excellence Award – Bronze	Responsible Care Excellence Awards 2025
Top Women-Led Sustainability Projects	
Occupational Health & Safety Management and Material & Resource Efficiency Merit Award	
Silver Effie in Education & Training	Effie Awards 2025
Bronze Effie in Experiential Commercial Marketing	
Gold Award for Nagaaki Yamamoto - Kaizen Awards	JASTECA Awards 2025
<b>Recognition</b>	
<b>Recognising Body</b>	
<b>Hemas Holdings PLC</b>	
Top Ten Most Loved Brands	LMD
Most Awarded Rankings - Diversified Sector - 1st place	LMD
Top 10 Most Respected Entities in Sri Lanka	LMD
<b>Hemas Consumer Brands</b>	
Sri Lanka's Most Loved Baby Personal Care Brand - Baby CheraMy	LMD
Among the Leading Adult Personal Care Brands - Clogard	
Among the Top Home Care Category - Diva	
Among the Top Brands in Hair Care - Kumarika	
Most Awarded Rankings - Movers and Shakers Top 50	
Most Awarded Rankings - Top 20	
Black Dragon 2025 - Diva	Marketing Agencies Associations World Wide
Clogard recognised among 20 of Sri Lanka's Most Impactful Brands	Essentials of Modern Marketing: Sri Lankan Edition by Phillip Kotler
<b>Atlas Axillia</b>	
6th Most Visible Brand Online	Digital Outlook 2025 report
Most Loved Stationary Brands	LMD

# INTELLECTUAL CAPITAL

## Embedding Quality to Strengthen Customer Confidence

The Group operates a robust and integrated quality management framework across all business segments, ensuring that its products and services consistently meet stringent quality benchmarks. This framework is supported by well-defined processes, disciplined controls, and clear governance structures that collectively minimise defects, enhance reliability, and drive continuous improvement.

The Group's adherence to internationally recognised certifications further reinforces its commitment to operational excellence and alignment with global best practices. Through these disciplined quality assurance mechanisms, the Group consistently delivers dependable, high-quality offerings, thereby strengthening customer confidence, and reinforcing brand credibility.

### Home and Personal Care

- 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 Distribution

- 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.

### Pharmaceutical Manufacturing

- Good Manufacturing Practices (GMP) Certification

### 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

### Enhancing Business Opportunities

The Learning Segment entered into a strategic collaboration seeking to develop possible digital learning solutions designed to enhance technology-enabled educational experiences for students.

Althia (the joint venture between Hemas & SLIIT) which is also supported by Hemas Hospitals as a clinical training partner, broadened its academic portfolio in the fields of Nursing and Psychology with the introduction of Biomedical Sciences during the year.

### Collaboration with Academia

Hemas Consumer Brands has formed strategic partnerships with the University of Sri Jayewardenepura - Department of Technical Education and Training, and the Institute of Supply and Materials Management to bridge the gap between industry and academia by providing future professionals with practical exposure, mentoring, and professional development opportunities.

The fourth intake of the Certificate Training Course in Diabetes Care, conducted in partnership with the Sri Lanka College of Endocrinologists (SLCE), commenced during the year. The course content developed and delivered by the SLCE is designed to strengthen the clinical knowledge and practical capabilities of primary healthcare physicians as per the latest guidelines, with a focus to equip them as the first line of defence against the growing burden of Diabetes.

### Uplifting Communities

Fems, in partnership with the Ministries of Health and Education and the Sri Lanka Red Cross Society, launched "Api Katha Karamu" (Let's Talk), Sri Lanka's largest menstrual health education initiative, reaching over 180,000 students across nine provinces. Complementing this effort, Fems also introduced the Purple Bin initiative, marking a significant milestone in its commitment to making menstrual hygiene accessible, safe, and dignified for every Sri Lankan woman and girl. The Purple Bin Project addresses a critical and often overlooked aspect of menstrual health-safe and dignified disposal-through a structured solution supported by Sisili Hanaro Encare (Private) Limited, the service provider responsible for the safe collection and recycling of sanitary napkins. Encare operates Sri Lanka's largest centralised clinical waste management facility, ensuring environmentally responsible and compliant waste management practices.

The Hemas Outreach Foundation expanded its early childhood development initiatives with the opening of its 76th Piyawara Pre-school, improving access to quality early learning in underserved communities. Established in collaboration with the National Secretariat for Early Childhood Development under the Ministry of Women and Child Affairs and supported by Fly & Help, Germany, the Piyawara programme currently benefits more than 4,000 preschoolers annually through a model that emphasises child-friendly environments, access to trained educators, and a nurturing approach to early learning.

# HUMAN CAPITAL



The Group recognises that the strength of its workforce underpins its long-term success and remains firmly committed to developing its human capital. It fosters a performance driven environment that encourages innovation, collaboration, and continuous growth, supported by a structured governance framework comprising robust human resource policies and systems.

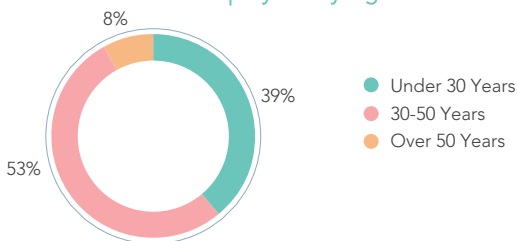
Each business operates with a dedicated human resource function to address its specific operational requirements, ensuring agility and relevance. At a Group level, HR provides strategic direction and oversight, ensures alignment and consistency across entities, drives leadership development, and reinforces the Group’s culture and core values.

## GROUP HUMAN CAPITAL COMPOSITION

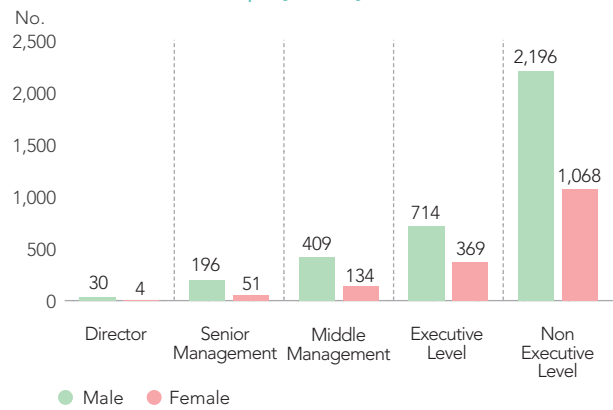
Full Time	3,545	1,626
Part- Time	1	1
Permanent	3,445	1,440
Temporary (Contract)	100	186
Non-Guaranteed Hours	86	169
Out-Sourced	1,191	142

Employees by Sector		
Consumer Brands	1,317	231
Healthcare	2,048	1,283
Mobility	92	42
Other	88	70

## Employees by Age



## Employees by Grade

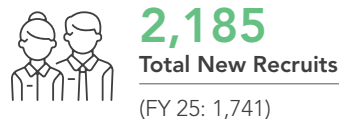


The Group comprises of 5,171 employees and 1,333 outsourced workers in Sri Lanka and Bangladesh. Out of the 5,171 employees 3,545 were male employees and 1,626 were female employees. The Bangladesh operations consists of 68 employees (63 male employees and 5 female employees) and 370 outsourced workers (368 male workers and 2 female workers). The Group predominately employed full-time employees who are engaged in core operational activities, while outsourced personnel are primarily deployed in non-core functions, including janitorial, security, and related support services.

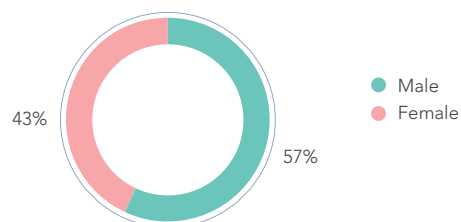
Data related to employees and outsourced workers are monitored on a quarterly basis, with respective Human Resource functions responsible for reporting in line with maintained records. During the year the overall workforce composition remained largely stable, with no material fluctuations observed across the Group. The information in the Annual Report is headcount data related to its Sri Lanka and Bangladesh operations as at the end of the reporting period which is March 31st, 2026.

The Group maintains full compliance with the Shop and Office Employees Act of 1954 and the Factories Ordinance of 1942, both of which are aligned with the core principles of applicable International Labour Organization conventions. These regulatory frameworks explicitly prohibit child labour, as well as forced or compulsory labour. The Group ensures strict adherence to these requirements across all its operations. 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



## New Recruits



# HUMAN CAPITAL

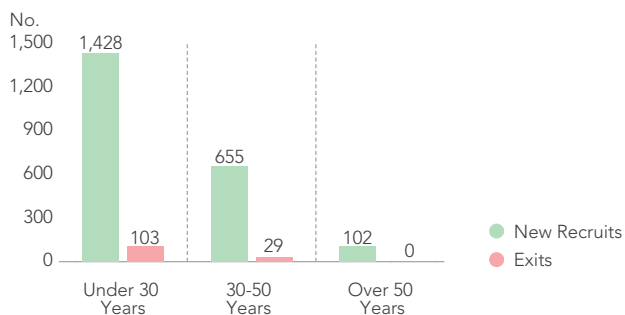
The Group's employment policies are aligned to attract and retain high-calibre talent, supported by a structured learning and development initiatives designed to drive continuous capability enhancement. The Group places strong emphasis on recognising individual competencies and fostering an inclusive work environment that enables equitable career progression, irrespective of gender, ethnicity, or religious affiliation.

During the reporting period, the Group recruited 2,185 new employees. Of these, 1,827 were permanent employees, subject to an initial probationary period, while 358 individuals were engaged on a contractual basis. Out of the new employees recruited 1,428 employees (65.35%) were below 30 years of age, 655 (29.97%) were between 30 and 50 years, and 102 (4.66%) were above 50 years.

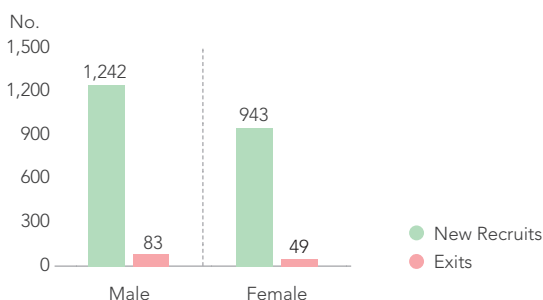
At the point of induction, employees within key operational businesses are required to formally acknowledge and comply with the Hemas Way document, which sets out the Group's standards on ethical conduct, including clear directives relating to bribery and corruption.

The Group's Whistleblowing Policy establishes a robust and confidential reporting framework, enabling employees and external stakeholders to raise concerns relating to suspected misconduct, unlawful activities, or breaches of the Code of Conduct. Reports may be submitted through formal channels, including electronic mail or written correspondence addressed to designated members of the Board, ensuring appropriate oversight and accountability. During the year, 100% of Group operations were assessed for risks related to corruption and no significant risks were identified relating to corruption within the business processes.

New Recruits & Exits by Age



New Recruits & Exits by Gender



During the reporting period, 1,418 employees left the Group, resulting in an overall attrition rate of 27.4% [FY 25: 29.3%], a decrease of 6.48% in the prior financial year. From the total number of employees who left 67.9% were male employees.

From the total number of employees who left, 807 (56.9%) were under 30 years of age, 568 (40.1%) were between 30 and 50 years, and 43 (3.0%) were over 50 years old. The attrition rate among new hires were 6.4%. [FY 25: 9.8%].

## ENSURING SAFE, RESPECTFUL, AND ENGAGED WORKPLACES

The Group has established a range of structured mechanisms and programmes designed to facilitate active employee engagement. Fostering a culture of open and transparent communication remains a priority, enabling the Group to sustain high levels of employee engagement across its operations. This is achieved by providing employees with multiple formal channels through which they can raise concerns, share feedback, propose suggestions, and seek clarification on relevant matters.

### 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. As of the reporting period, none of the Group employees were covered under collective bargaining agreements. During the year, the Group did not identify any operations posing risks to freedom of association. Annual supplier self-declarations and limited audits are undertaken of selected suppliers by the Group's business units and no suppliers were identified posed risks to freedom of association or collective bargaining rights during the year.

The Group has in place a robust grievance mechanism supported by clearly defined escalation protocols, ensuring a safe and structured channel for employees to raise concerns. All grievances are treated with due seriousness, with comprehensive investigations undertaken to identify and address underlying issues effectively.

### Access to the Leadership Team

Employees are encouraged to engage proactively with Human Resource representatives, direct supervisors, and senior leadership. Open-door policies and structured skip-level meetings enable direct interaction with senior management, including members of the Board, facilitating the transparent escalation of concerns and viewpoints.

Across key operational sectors, Joint Consultative Committees are established to ensure continuous dialogue between management and employees, supplemented by regular management-worker engagement forums. In addition, employee forums and town hall sessions provide structured platforms for communication with senior leadership, while dedicated engagement initiatives further promote collaboration and employee-driven innovation.

The Group's Whistleblowing Policy ensures the availability of a confidential and secure channel for reporting suspected misconduct directly to designated Directors, reinforcing accountability and ethical conduct across the organisation.

**Encouraging Employee Participation**

The Group actively encourages employee participation in environmental and social initiatives, fostering a workforce that is aligned with and committed to sustainability objectives.

Employee motivation is reinforced through structured reward and recognition programmes.

In addition, the Group promotes a well-rounded employee experience by encouraging participation in religious celebrations, corporate competitions, and sporting events, thereby strengthening employee engagement and organisational cohesion.

**HEMAS AWARDS 2025**



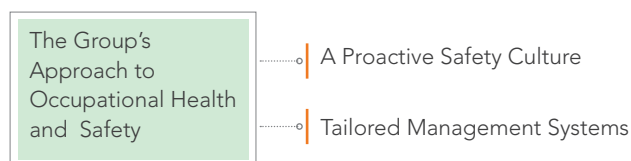
Winner of CEO's Pride Award 2025 - Hemas Hospitals and Laboratories

Hemas Annual Awards were held in November 2025 where businesses and employees from each of its business units were recognised for their outstanding service throughout the past year.

**EMPLOYEE HEALTH AND SAFETY**

The health, safety, and well-being of its workforce remain a 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:

**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:



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 OHS 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 are developed and continuously improved with the involvement of workers, and worker representatives, ensuring that operational insights inform safety planning, risk mitigation, compliance tracking, and emergency preparedness. Structured mechanisms, including safety committees and consultation processes, enable worker participation in hazard identification and decision-making. Key OHS performance metrics are tracked, reviewed monthly, and reported quarterly to the Human Resources and Remuneration Committee, ensuring Board-level oversight and accountability.

# HUMAN CAPITAL

## 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 by operational health and safety officers 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. An integrated near-miss and hazard reporting system provides multiple channels, including dedicated WhatsApp groups, QR codes, and manual Safety Observation Cards (SOCs), enabling employees to promptly and transparently report unsafe working conditions and environments. Workers are also empowered to remove themselves from unsafe situations without fear of reprisal. 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

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 our safety protocols and standards
- Conducting capacity-building sessions and safety awareness programs
- Performing monthly audits of contracted operations and bi-annual assessments of third-party partners
- Requiring compliance with Group OHS policies and standards

During the reporting period, the Group recorded 53 recordable injuries across its workforce, and the most common type of injury was injuries related to cuts, pricks and sharp objects. These included 18 incidents involving male employees and 35 involving female employees.

Employees by	Employees		Contract Personnel	
	FY 26	FY 25	FY 26	FY 25
High Consequence Injuries (No.) <i>Recovery time more than 6 months</i>	0	0	0	0
High Consequence Injury Rate <i>(per 100 workers)</i>	0	0	0	0
Recordable Injuries (No.) <i>Recovery time between 3 days and 6 months</i>	53	33	0	2
Recordable Injury rate <i>(per 100 worker)</i>	1.02	0.71	0	0.20
Total Work Related Injury Rate	1.02	0.71	0	0.20
Fatalities (No.)	0	0	0	0

## HEMAS WELLNESS

The Group demonstrates a strong institutional commitment to employee well-being through Hemas Wellness, a dedicated and independently funded programme. The initiative delivers measurable impact beyond individual health outcomes, contributing positively to organisational productivity and employee engagement.

### Key Initiatives:



A key initiative undertaken during the year was the "Fit for Life Fitness Challenge," an inter-company team-based competition aimed at improving physical fitness, with a particular focus on office-based employees with predominantly sedentary work patterns. The programme recorded strong engagement, with participation of over 475 employees across all business units.

Physical well-being was further strengthened through the provision of on-site fitness opportunities and the active encouragement of participation in mercantile sports. Employees achieved commendable performance across multiple sporting disciplines, including badminton, hockey, athletics, basketball, and cricket, reflecting both individual talent and the Group's continued emphasis on promoting an active and health-oriented workforce.



The Group places strong emphasis on mental health through structured and accessible support mechanisms under Hemas Wellness.

Employees are provided with company-sponsored on-site and online counselling and psychotherapy services at no cost, ensuring confidential and equitable access to professional mental health support.

Targeted interventions, including mindfulness sessions for factory employees, have been introduced to enhance focus, reduce occupational stress, and contribute to improved production efficiency and reduced error rates.



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.



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.



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



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

### BUILDING FUTURE-READY SKILLS AND LEADERSHIP



**73,212**  
Total Training Hours  
FY 25: 45,114

**14.2**  
Average Training Hours (Per Employee)  
FY 25: 9.7

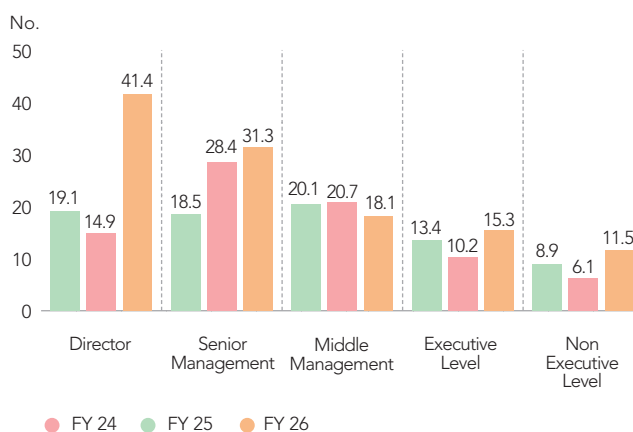
The Group continues to place strong emphasis on training and development, recognising the direct link between employee capability and sustained organisational performance. A learning-oriented culture has been actively embedded across business units, resulting in measurable improvements in operational efficiency, innovation capacity, and customer engagement quality.

To ensure targeted capability building, the Group applies a structured and data-driven approach to identify learning needs. This includes the use of assessment centres, talent review discussions, and performance feedback mechanisms to ensure accuracy and relevance in development planning. This approach

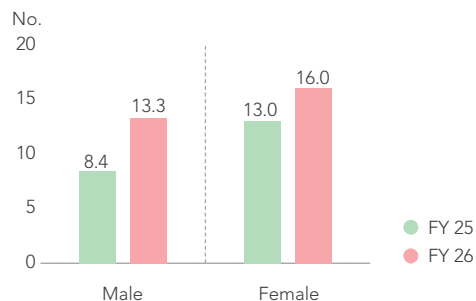
ensures that individual development priorities are closely aligned with the Group's strategic objectives and long-term capability requirements.

During the year, male employees received 47,149 training hours and female employees receiving 26,063 training hours. The Group continues to focus on upskilling and enhancing employee capabilities to meet evolving industry demands and maintain competitive advantage.

Average Training Hours by Employee Category



Average Training Hours by Gender



During the year, the Group demonstrated a sustained commitment to workforce capability development through learning interventions aligned with key strategic priorities. These initiatives focused on reinforcing core values and organisational culture, strengthening business leadership at both local and global levels, and enhancing technical and functional competencies critical to operational excellence. An emphasis was also placed on employee health, safety, and overall well-being.

The Group invested in equipping employees with essential skills in collaboration, communication, and personal development to support both individual and organisational growth. Leveraging a combination of internal expertise and external partnerships, a blended learning model was adopted. This integrated approach combined e-learning platforms enabling continuous, self-paced learning with structured workshops, targeted training programmes, and specialised certifications designed to address the specific needs of different business segments and employee categories.

# HUMAN CAPITAL



## Leadership Development and Succession Planning

The Group considers the Annual Talent Review process a critical governance mechanism for proactively managing people-related risks and safeguarding long-term organisational sustainability. The process is designed to identify and develop high-potential employees, define structured development pathways, and strengthen succession pipelines to ensure continuity of leadership across key roles.

A key enhancement to the talent management framework has been improved communication with identified high-potential employees, ensuring transparency regarding their status and reinforcing the Group's commitment to their career development. The mid-year talent reviews using the 9-Box Matrix enables timely identification of performance and potential shifts, facilitating early intervention and targeted support, particularly for high-performing new hires. This approach plays a vital role in strengthening retention of talent with strong growth aspirations.

The expansion of talent pools to include diverse career pathways, together with structured cross-business unit mobility facilitated through Talent Councils, supports the development of a more agile and adaptable workforce. The refinement of succession planning practices, with a focus on critical roles and assessed readiness levels, further strengthens the Group's ability to anticipate and mitigate leadership continuity risks.

The Group implements structured talent identification and development processes at business unit level through dedicated annual talent management sessions. Oversight by the Human Resources and Remuneration Committee provides governance assurance at Group level, ensuring sustained development of a strong talent pipeline and reinforcing a culture of continuous learning and capability building.

In addition, the Group has in place initiatives to strengthen talent mobility and leadership continuity, which include:

- The Leadership Capability Framework to strengthen leadership alignment with organisational strategy and future capability needs.

- The Transcend Senior Leadership Development Programme to enhance strategic leadership capacity across senior management.
- The ElevateHER Programme to accelerate the development of female leaders and strengthen the leadership pipeline.
- The Hemas Leadership Academy continued to institutionalise structured leadership development across multiple organisational levels.
- Leadership Connects sessions were facilitated to strengthen engagement, alignment, and knowledge sharing among leaders.
- AI upskilling initiatives to build digital capability and support workforce readiness for emerging technologies.
- Executive education programmes in collaboration with Harvard Business School to enhance strategic and global leadership competencies.
- Executive coaching engagements in partnership with the Centre for Creative Leadership and the RBL Group to strengthen individual leadership effectiveness.

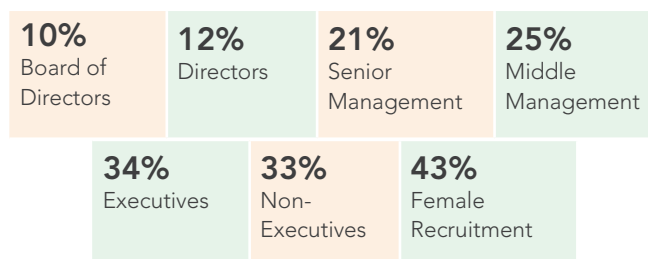
## Fostering Inclusion, Equity, and Well-being

The Group remains committed to fostering a diverse, equitable, and inclusive workplace through well-defined policies, structured interventions, and measurable outcomes.

During the year, the Group further strengthened its DEI agenda through the implementation of a comprehensive policy framework and targeted initiatives focused on advancing gender parity, inclusive leadership, and fair and consistent employee treatment. These efforts are embedded within The Hemas Way, which is formally acknowledged by all employees upon induction and explicitly prohibits discrimination on grounds including race, colour, religion, national origin, sex, age, disability, marital status, and other similar attributes.

By reinforcing inclusive practices and promoting a culture of respect and collaboration, the Group continues to leverage diverse perspectives to drive innovation and support long-term sustainable growth.

## Female Representation Across Categories



## Policy on Diversity, Equity and Inclusion

The Group has in place a comprehensive Diversity, Equity, and Inclusion (DEI) policy that reinforces equitable access to opportunities, the value of workforce diversity, and the maintenance of a respectful and inclusive working environment for all employees.

The policy emphasises fair and unbiased recruitment practices, inclusive talent development pathways, and accessible grievance mechanisms. During the year, the Group made consistent progress in embedding DEI principles across core HR processes, including recruitment, training, performance management, and promotions.

To further strengthen meritocracy, performance appraisal and promotion decisions are governed by a diverse review committee, ensuring that recognition and career progression are determined strictly on merit and performance, independent of gender, race, ethnicity, sexual orientation, or other personal attributes.

### DEI Related Interventions

#### Voice of Women

Hemas Voice of Women (VOW) is an employee resource group established to advance an inclusive workplace culture and strengthen the attraction, development, and retention of female talent across the Group. The network comprises both female and male employees and works in close collaboration with Human Resources and the Group DEI Committee to identify workplace challenges, address business unit-level concerns, and escalate specialised matters to ensure women's voices are effectively represented at all organisational levels.

#### Key initiatives undertaken during the year included:

- **Menstrual hygiene support:** Ensured continuous availability of essential hygiene products for female employees through the systematic replenishment of sanitary napkin dispensers across all Business Unit locations.
- **International Women's Day (IWD):** Led organisation-wide IWD programmes focused on recognising women's contributions, addressing workplace challenges, and reinforcing organisational commitments to inclusion and diversity.
- **Well-being and empowerment initiatives:** Promoted self-defence awareness, facilitated access to counselling services, and encouraged participation of female employees in sports activities to strengthen confidence, safety, and overall well-being.
- **Capacity building and awareness programmes:** Conducted structured workshops and awareness sessions aimed at enhancing career development, leadership capability, and personal growth among female employees.
- **Women-centric health and safety interventions:** Implemented targeted initiatives including health screening programmes, inclusive parenting awareness, and sensitisation sessions on critical workplace issues such as bullying and harassment.

**50+** Members

#### 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

<b>78</b>	<b>41</b>
Males	Females

Total number of Employees that returned to work after Parental Leave

<b>43</b>	<b>23</b>
Males (55%)	Females (56%)

#### Sexual Harassment Committee

The Group enforces a strict zero-tolerance stance on sexual harassment, recognising its severe implications for employee well-being, organisational culture, and reputational integrity. A formal governance structure is in place through an eight-member Sexual Harassment Committee, with representation from each Business Unit to ensure organisation-wide coverage and responsiveness.

Employees are encouraged to report concerns directly to committee members via telephone or email, or through a dedicated reporting channel at reachout@hemas.com, ensuring multiple accessible and confidential avenues for escalation.

The Group conducts regular awareness and sensitisation programmes to reinforce policy understanding and reporting mechanisms across all levels of the organisation. All reported incidents are treated with strict confidentiality and are subject to prompt, thorough, and impartial investigation in line with established procedures.

#### Flexible Working Hours

Hemas Corporate Office has implemented a Flexy Work Policy to enhance workplace flexibility and employee autonomy in managing work schedules. The policy offers two structured options: Hybrid Work, which permits employees to work remotely for up to four days per month subject to supervisory approval, and Flexy Work, which allows flexible start times between 6:30 a.m. and 9:30 a.m., with an 8.5-hour workday and corresponding departure between 3:00 p.m. and 6:00 p.m., also subject to approval.

#### The Group DEI Council

The Group has established a Group Diversity, Equity, and Inclusion (DEI) Council comprising 20 representatives drawn from across all Business Units. The Council plays a central governance role in steering the Group's DEI agenda and strengthening the embedding of inclusive practices across operations.

# HUMAN CAPITAL

## 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.

During the year, the Group launched a Policy to Prevent Workplace Discrimination, Harassment and Bullying. This policy framework was designed to encourage employees to report any incidents, including previously unreported cases. A transparent committee has been established to handle such matters, which reports to the REMCO and includes an external chairperson to ensure impartiality and accountability.

## Group Grievance Handling System

The Group Employee Grievance Handling System provides 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.

## Masterclasses, Sensitisation Programs, and Trainings

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

## Workplace Gender Parity

The Group is committed to cultivating an inclusive workplace culture with a strong emphasis on gender parity, ensuring equitable access to opportunities for growth, development, and fair remuneration across all employee levels. This commitment is demonstrated through sustained initiatives aimed at strengthening gender balance and fostering a supportive environment in which all employees can meaningfully contribute to organisational performance and success.

## Strategic Focus and Goals for Gender Parity

The Group's DEI approach extends beyond gender representation metrics, with a strong emphasis on meritocracy, fairness, and transparency across the employee lifecycle, including recruitment, development, and promotion. The organisation remains committed to enabling women to perform effectively and progress within the workplace, while supporting sustainable work-life integration.

The Group upholds gender pay equity, ensuring equal remuneration for equal work across comparable roles. While parity is maintained at equivalent job levels, a gender pay gap persists in certain Business Units, primarily attributable to lower female representation in leadership positions. In response, gender equity principles are embedded within the DEI policy under "Equal Opportunities and Fair Treatment."

To address representation gaps, the Group has implemented targeted interventions, leadership development programmes, and awareness initiatives aimed at strengthening the female leadership pipeline. Progress is systematically tracked through regular reviews and performance dashboards to identify gaps and drive corrective action. In parallel, unconscious bias training is conducted to reinforce fair and objective decision-making in recruitment and career progression processes.

## Key Initiatives Driving Gender Equality

### Empowerment and Leadership Development

- The Group drives female leadership development through programs like "Elevate Her," empowering high-potential women with the skills and confidence to assume leadership roles. To date, 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.

### External Recognition and Industry Leadership

Hemas has been recognised as one of Sri Lanka's most outstanding women-friendly workplaces in 2025 and Most Women-Friendly Innovation - 'She Grows' for Male Allyship by Satynmag, reinforcing the Group's commitment to supporting women in the workplace.

## PERFORMANCE MANAGEMENT

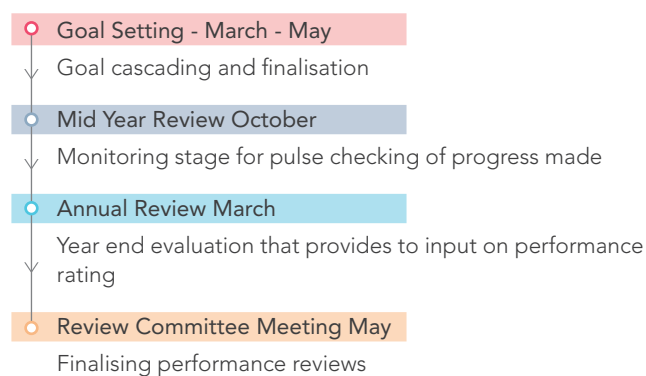
The Group's performance management framework is a structured and continuously evolving process aligned with strategic business objectives, incorporating annual goal setting, mid-year and year-end reviews, and ongoing feedback to drive performance improvement and accountability.

A strong meritocracy lens is embedded within the process, with performance appraisals and promotion decisions reviewed by a diverse Career Committee. This governance mechanism ensures that outcomes are based strictly on merit and performance, without bias related to gender, race, colour, sexual orientation, or any other personal attribute, thereby reinforcing fairness, transparency, and consistency in talent decisions.

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 bi-annually 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.

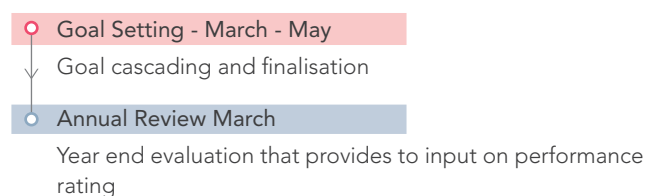
The process begins with individual goal setting in collaboration with immediate supervisors, followed by formal reviews that include self-assessments, supervisor evaluations, and one-on-one performance discussions. A calibration process is conducted at the end of the cycle to ensure fairness and consistency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

## 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. 875.7 million for ETF/MSPS/EPF.

Employees are also eligible for gratuity payments, with the total benefit liability recorded as Rs. 1.9 billion as of March 31, 2026. 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 alignment with market rates for the similar work roles and the Group does not discriminate on the basis of demographics such as gender, race, sexual orientation or political affiliations etc, 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 remains focused on responsible stewardship of natural resources and embedding sustainability considerations across its operations. Guided by its Environmental Agenda and supported by structured governance frameworks, the Group integrates environmental responsibility into decision-making and day-to-day business activities. In addressing emerging challenges such as climate change, evolving regulations, and resource constraints, Hemas continues to strengthen its approach through targeted initiatives in energy management, water stewardship, waste reduction, and circularity. These efforts aim to minimise environmental impact while enhancing operational resilience and supporting the Group’s long-term commitment to sustainable value creation.

## ENVIRONMENTAL GOVERNANCE

The Hemas Group maintains a structured and accountable approach to environmental stewardship through its Group sustainability strategy, Group Environmental Policy, and the Environmental Agenda 2030. This policies entails the management of both impacts and risk and opportunities. In line with its commitment to environmental stewardship the Group undertakes operations based on the precautionary principle and its commitments, Policies, procedures and management approaches 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 of 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.

Going forward, oversight will be provided by the Group Audit Committee in overseeing the Group environmental and risk and opportunities including its climate related risks and opportunities. Further details on the governance, risk management, strategy, and monitoring of KPIs and targets related to SRROs can be found in the SLFRS disclosures within this report.

Environmental performance is reviewed annually by senior management and quarterly by the Corporate Affairs Division 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 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 26**

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.

**Focus Areas:**

- 
**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	FY 26 Update
Facilitate the collection of 100% of plastic sent to the market/consumers through initiatives across the country	50% of plastic sent to the market collected
Protect and sustain 1,000 acres of forest cover in Sri Lanka	Reforestation of 107.8 Acres to date
Protect 52 critically endangered endemic species	Intervention for the protection of 26 critically endangered endemic species
25% of energy obtained through renewable sources	7% of energy obtained through renewable sources
50% reduction of water intensity	33% reduction of water intensity from base year

## 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. 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.

### Measuring Performance

The Environmental Governance Framework, together with the Group’s Sustainability Management Framework and carbon reduction strategies and risk management functions have led to the development of GHG Emission 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. The Group also tracks its Scope 3 carbon footprint for selected material categories with a view to influencing its employees and supply chain partners to reduce GHG emissions.

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 the Group carbon footprint. The Group has established 2019 as the base year for tracking and monitoring greenhouse gas (GHG) emissions. Currently, the carbon intensity of the Group is calculated using the total Group revenue, and internal Carbon Footprint reduction targets have also been established.

## FUTURE-PROOFING THE BUSINESS

### The Hemas Transition & Adaptation Plan

The Group’s Transition and Adaptation Plan (T&A Plan) is a key component of its long-term strategy to build climate resilience, safeguard business continuity, and enable the transition to a low-carbon, resource-efficient economy. Aligned with the Environmental Agenda 2030, the Plan adopts a risk-based approach to managing climate-related risks and opportunities across the value chain, integrating climate adaptation, energy transition, biodiversity protection, and operational resilience.

### Governance and Oversight

The Plan will be governed by the Audit Committee of the Board, 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<sub>2</sub>e per LKR 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 LKR 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 2.0 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

# NATURAL CAPITAL

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

**14,622**

**Total Carbon Footprint (MT)**

(FY 25: 10,420\*)

**2,836**

**Scope 1 (MT)**

(FY 25: 2,501\*)

**11,786**

**Scope 2\*\* (MT)**

(FY 25: 7,919\*)

**0.11**

**Carbon Intensity**

(MT per Rs. Million Revenue)

(FY 25: 0.09)

\*The carbon emissions for FY 25 has been restated based on the latest Grid Emission factors and the emission factors of the IPCC 6th Assessment Report (AR6), as well as updating of conversion factors for energy sources, to be in line with the basis used in the current period reporting.

\*\*Scope 2 carbon footprint is location based.

**14,415 MT**  
**Scope 3**

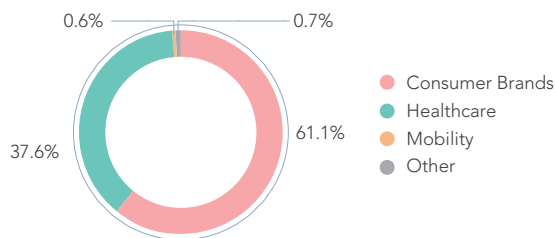
(Employee Commute, Business Travel  
Waste Generated in Operations, and Fuel  
and Energy Related Activities)

### Tracking of Scope 3 of Group Carbon Footprint

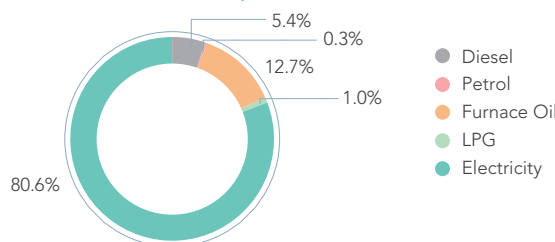
The Group has evaluated all 15 categories of the GHG protocol for Scope 3 Carbon Footprint and identified categories such as, purchased goods and services, Capital goods, Upstream transportation and distribution, Waste generated in operations, Business travel, Employee commuting, Upstream leased assets, 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, local business travel and international business travel as part of its Scope 3 carbon footprint. In the current reporting year, this was expanded to waste generated in operations. In the upcoming financial year, the Group plans to further enhance its tracking process by incorporating additional relevant categories outlined in the GHG Protocol.

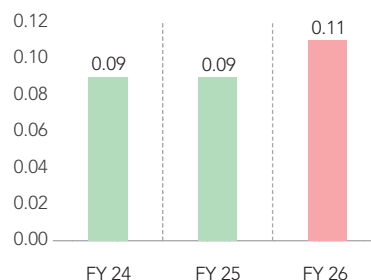
### Scope 1 and 2 GHG Emissions by Sector



### Source of Scope 1 and 2 GHG Emissions



### Scope 1 and Scope 2 GHG Energy Intensity



Fugitive emissions from refrigerants, primarily R32 and R401, contributed 44 metric tonnes to the Group's total carbon footprint. The Group did not utilise any gases with ozone-depleting potential during the reporting period.

### ENERGY CONSUMPTION

#### Energy Reduction Goal:

**25%** through renewable sources by 2030

#### Progress:

**7%** 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.

The Group actively works towards reducing its reliance on fossil fuels and made significant strides towards renewable energy sources by investing in roof mounted solar in significant business operations. 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 2,038,852 kWh of electricity was obtained from renewable sources resulting in a renewable energy percentage of 7%. 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.

## ENERGY CONSUMPTION OF THE GROUP

GJ	FY 26	FY 25*	FY 24
<b>Direct Energy</b>	<b>44,050</b>	<b>40,576</b>	<b>32,211</b>
Fossil Fuel	36,710	32,880	28,471
Diesel	10,746	9,761	9,056
Petrol	706	715	263
Furnace Oil	24,057	21,404	18,058
LPG	1,201	1,001	1,095
Renewable Energy			
Solar Power	7,340	7,697	3,739
<b>Indirect Energy</b>	<b>104,458</b>	<b>70,185</b>	<b>74,416</b>
Hydro and Renewable	51,184	34,391	36,464
Thermal	53,273	35,794	37,952
<b>Total Energy</b>	<b>148,507</b>	<b>110,761</b>	<b>106,627</b>
<b>Energy Intensity GJ Per LKR Mn Revenue</b>	<b>1.2</b>	<b>0.9</b>	<b>0.9</b>

\*The energy consumption for FY 25 has been restated based on updated conversion factors for energy sources to be in line with the basis used in the current period reporting.

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 GHG Emissions.

### Energy Reduction Initiatives

<b>Business Unit</b>	<b>Learning Segment</b>
<b>Initiative</b>	Reduction of compressed air consumption through operational best practices to minimise unnecessary energy use
<b>Location</b>	Manufacturing Facilities in Peliyagoda and Welisara
<b>Impact</b>	Approximately LKR 3 million annual cost savings from reduced electricity usage
<b>Business Unit</b>	<b>Pharmaceutical Manufacturing</b>
<b>Initiative</b>	Installation of automatic transfer systems with timers for VRV systems and canteen operations to reduce idle energy consumption
<b>Location</b>	Manufacturing Facility in Pitipana
<b>Impact</b>	Approximately 3% reduction in total electricity bill value

### Energy Efficiency Initiatives

<b>Business Unit</b>	<b>Home &amp; Personal Care</b>
<b>Initiative</b>	Replacement of existing 90T chillers with high-efficiency chillers to optimise cooling energy use
<b>Location</b>	Manufacturing Facility in Dankotuwa
<b>Impact</b>	Approximately 300,000 kWh annual energy saving and reduced electricity costs
<b>Business Unit</b>	<b>Learning Segment</b>
<b>Initiative</b>	Process optimisation and Kaizen-driven efficiency improvements (printing optimisation, machine parameter tuning, material efficiency improvements)
<b>Location</b>	Manufacturing Facilities in Peliyagoda and Welisara
<b>Impact</b>	Significant reduction in energy intensity and material usage

### Shift to Renewable Energy

<b>Business Unit</b>	<b>Pharmaceutical Manufacturing</b>
<b>Initiative</b>	Rooftop solar installations to reduce dependency on grid electricity
<b>Location</b>	Manufacturing Facility - Homagama
<b>Impact</b>	Capacity : 968.7kWp Annual generation: 1,325,724 kWh Approximate cost saving: Rs. 48 Mn (annually)
<b>Business Unit</b>	<b>Learning Segment</b>
<b>Initiative</b>	Solar energy generation from rooftop systems
<b>Location</b>	Manufacturing Facility - Peliyagoda
<b>Impact</b>	Capacity : 595.6 kWp Annual generation: 814,092 kWh Approximate cost saving: Rs. 30.12 Mn Annually
<b>Business Unit</b>	<b>Hemas Corporate Office</b>
<b>Initiative</b>	Solar energy generation from rooftop systems
<b>Location</b>	Corporate Office Braybrooke Place
<b>Impact</b>	Capacity: 55.5 kWp Annual generation: 73,728 kWh Approximate cost saving: Rs. 3.4 Mn Annually

### 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.

# NATURAL CAPITAL

During the year, the Group advanced several biodiversity initiatives:

Project	Objective	Land Extent
Thalawakele Forest Corridor Restoration	Restore forest connectivity and biodiversity by reforesting key corridors, enabling safe wildlife movement, and strengthening riparian ecosystems for long-term environmental sustainability.	12 acres
Maskeliya Forest Corridor Restoration	Restore critical forest corridors to enhance biodiversity, enable safe wildlife movement, and strengthen riparian ecosystems for long-term environmental resilience.	13 acres
Kotakanda Restoration (Dankotuwa)	Reforestation and ecological enhancement of land.	8 acres
Hatton Oya Riparian Restoration	Restore degraded riverbank ecosystems through reforestation to stabilise banks, improve water quality, and enhance biodiversity in a critical headwater region.	5 KM
Nanu Oya 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 implement 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 and WNPS Partner on Critically Endangered Endemic Species Conservation Project

**Focus:** Protecting 52 critically endangered species by 2030.

The Group partnered with the Wildlife and Nature Protection Society (WNPS) to protect critically endangered endemic species in Sri Lanka. Sri Lanka is a global hotspot for endemism, with a remarkably high percentage of species found nowhere else on Earth. However, many of these species face grave threats due to habitat loss, pollution, and overexploitation.

The WNPS and Hemas partnership aims to address these threats through a comprehensive program focused on 52 critically endangered species by 2030. The project is making significant strides in conserving Sri Lanka's rich natural heritage. The project's focus on scientific research, practical conservation actions, and community engagement will ensure the long-term survival of these irreplaceable species for generations to come.

**No. of Critically Endangered Endemic Species Conserved during FY 26:**

-  **3** Fresh Water Fish Species
-  **1** Butterfly Species
-  **10** Amphibians
-  **1** Ant Species
-  **11** Plant Species

The recent Cyclone Ditwah, followed by severe flooding, had a significant adverse impact on the project, with multiple conservation sites damaged and portions of established populations lost. Despite these setbacks, the initiative maintained momentum and continued to deliver measurable progress in conserving critically endangered endemic species.

## WATER MANAGEMENT

### Water Consumption and Effluent

**Water Intensity Reduction Goal:**

**50%** in water intensity by 2030

**Progress:**

**33%** reduction against the base year

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.

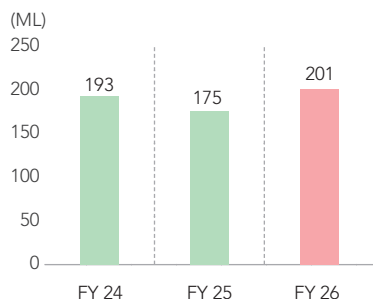
Water use is managed as a standard business practice, with regular tracking, monitoring, and efficiency reviews in place across operational sites. Water withdrawals and discharges are measured primarily through installed water meters, and where meters are not available, estimates are calculated based 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.

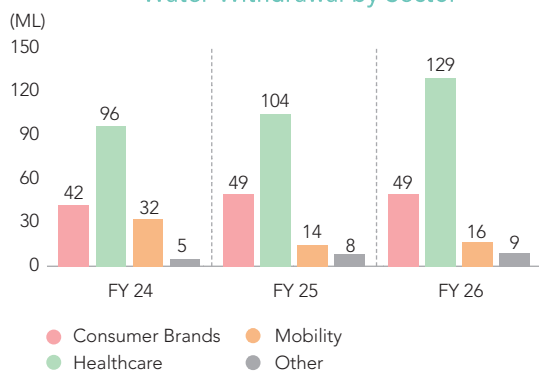
Water is extensively used in many of the production processes in the Consumer Brands and Healthcare Sectors, and by staff and patients in the Hospitals. In addition, water is utilised for staff

consumption, cleaning and sanitation purposes in all three sectors and office-based locations.

### Total Water Withdrawal



### Water Withdrawal by Sector

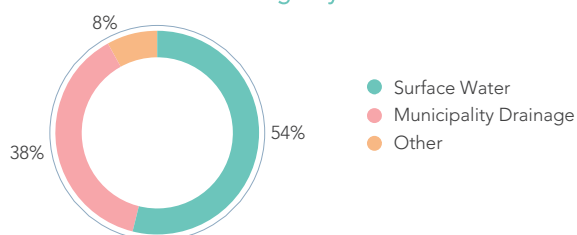


During the year, the total water withdrawal amounted to 201ML [FY 25: 175ML]. The Group meets 90.0% of water requirement through third party water sources (municipal water suppliers) and the rest through well water. 90.1% of the Group's water withdrawal is from non-water stressed areas where annual rainfall is over 1,500 mm/ year. All water used were freshwater. The total water consumption of the Group was 71ML [FY 25: 59mL].

During the year the Group discharged 132ML [FY 25: 116ML] of wastewater. Water was discharged through effluent treatment plants at sectors and all water discharged took place as per the standards stipulated in respective Environment Protection License (EPL)'s. The Group discharged 94.7% 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.

### Water Discharge by Destination



#### 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 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.

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.

### Water Recycling and Reuse

<b>Business Unit</b>	Home & Personal Care
<b>Initiative</b>	Implementation of city water supply system to reduce dependency on bowser water usage
<b>Impact</b>	Reduced water procurement costs; improved long-term water supply stability
<b>Business Unit</b>	Home & Personal Care
<b>Initiative</b>	Installation of DI water generation plant to improve purification efficiency and reduce chemical consumption
<b>Impact</b>	Reduced chemical usage and operational costs; Approximately LKR 0.5 Mn annual savings
<b>Business Unit</b>	Pharmaceutical Manufacturing
<b>Initiative</b>	Treated water from ETP is processed through a reverse osmosis (RO) system and fully reused for cooling tower operations and toilet flushing
<b>Impact</b>	80 m <sup>3</sup> per day water reuse capacity

# NATURAL CAPITAL

## Rainwater Harvesting

<b>Business Unit</b>	Pharmaceutical Manufacturing
<b>Initiative</b>	Rainwater harvesting tank collects and stores rainwater for garden irrigation
<b>Impact</b>	Up to 40 KL storage capacity

## 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 largest share of total waste generated, due to the nature and scale of its operations. The Group's waste management strategy prioritises the following:



Given the Group's manufacturing operations, waste streams are generated from its sourcing, manufacturing as well as at the point of end user consumption. These waste streams are mainly waste generated 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 responsibly 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. 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.

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	
<b>Consumer Brands Sector</b>	
➤	Recycling of plastic cans, wood pellets, steel and plastic barrels, paper, cardboard, iron waste and waste oil through 3rd 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.

## Healthcare Sector

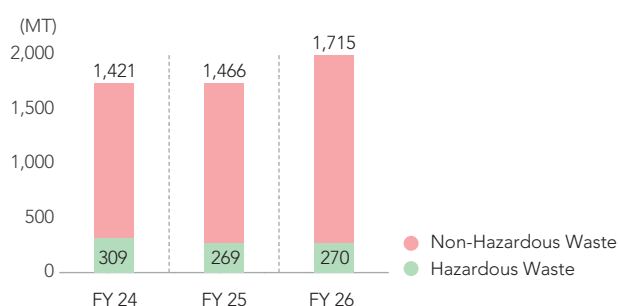
- Clinical waste generated at Hemas Hospitals is subject to stringent procedures pertaining to waste storage, management, handling, and disposal stipulated in the Environmental Protection License and/or the Scheduled Waste Management License issued by the Central Environmental Authority (CEA).
- Waste 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 CMC, INSEE, N-care, and Neptune Papers for safe disposal of general waste, pharmaceutical waste, e-waste, and paper waste.
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- 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-authorized third-party supplier for recycling purposes.

The Group closely monitors waste generated and reports on disposal methods of operational waste generated.

Disposal Method	Hazardous Waste (MT)		
	FY 24	FY 25	FY 26
Reuse	9.3	18.1	42.7
Recycling	2.9	0.03	1.8
Recovery	0.3	1.5	1.6
Incineration	261.2	224.3	175.9
On-Site Storage	33.8	25.2	47.5
<b>Total</b>	<b>307.5</b>	<b>269.2</b>	<b>270.4</b>

Disposal Method	Non-Hazardous Waste (MT)		
	FY 24	FY 25	FY 26
Reuse	44.0	40.9	77.9
Recycling	1,145.3	1,002.8	1,245.3
Composting	20.4	46.1	46.9
Incineration	196.4	144.1	148.4
Landfill	12.6	206.2	196.1
On-Site Storage	2.6	5.4	0.4
<b>Total</b>	<b>1,421.2</b>	<b>1,465.6</b>	<b>1,715.3</b>

Total Waste



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. The following table outlines the waste management and plastic stewardship efforts undertaken across key business units.

#### Waste Reduction and Minimisation at Source

<b>Business Unit</b>	Learning Segment
<b>Initiative</b>	Kaizen-driven waste reduction through process improvements, material optimisation, and product design changes
<b>Location</b>	Manufacturing Facilities – Peliyagoda & Welisara
<b>Impact</b>	Reduced raw material consumption, improved production yield, and minimised waste generation at source
<b>Business Unit</b>	Learning Segment
<b>Initiative</b>	Artwork redesign and board size optimisation to eliminate unnecessary material use
<b>Location</b>	Manufacturing Facilities
<b>Impact</b>	~7,897 kg annual material reduction

#### Waste Recycling and Reuse

<b>Business Unit</b>	Learning Segment
<b>Initiative</b>	Strengthened waste segregation at source across paper, polythene, wood, and ink streams
<b>Location</b>	Manufacturing Facilities – Peliyagoda & Welisara
<b>Impact</b>	1,305,883 kg recycled; 69,470 kg reused; 2,842 kg recovered for energy
<b>Business Unit</b>	Pharmaceutical Manufacturing
<b>Initiative</b>	Recycling of non-hazardous waste via third-party providers and safe disposal of hazardous waste (e.g., INSEE)
<b>Location</b>	Manufacturing Facility
<b>Impact</b>	Improved recycling and compliant hazardous waste disposal

#### Material Efficiency and Process Optimisation

<b>Business Unit</b>	Learning Segment (Atlas Axillia)
<b>Initiative</b>	Ink optimisation through printing parameter standardisation
<b>Location</b>	Manufacturing Facilities
<b>Impact</b>	26.3% reduction in ink use; ~LKR 11.6 Mn annual savings
<b>Business Unit</b>	Learning Segment (Atlas Axillia)
<b>Initiative</b>	Reduction of unnecessary orange ink printing
<b>Location</b>	Manufacturing Facilities
<b>Impact</b>	247.6 kg annual reduction; ~LKR 967,560 savings
<b>Business Unit</b>	Learning Segment (Atlas Axillia)
<b>Initiative</b>	UV varnish consumption optimisation
<b>Location</b>	Manufacturing Facilities
<b>Impact</b>	16% reduction (~250 kg/month); ~LKR 3.44 Mn annual savings
<b>Business Unit</b>	Learning Segment (Atlas Axillia)
<b>Initiative</b>	Elimination of Iso Propyl Alcohol (IPA) in cleaning process
<b>Location</b>	Manufacturing Facilities
<b>Impact</b>	864 kg annual reduction; reduced VOC emissions and improved workplace safety

#### Responsibly Managing Plastic, from Design to Disposal

**2,939,699 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 goal to collect back 100% of the plastic it sends to the market. This year, the Group set an interim target to collect 50% of the plastic it placed on the market, a goal that was successfully achieved.

# SOCIAL AND RELATIONSHIP CAPITAL



The Group places strategic emphasis on building resilient, value-driven relationships with key stakeholders, namely customers, suppliers, business partners, and the wider community. This is anchored in a governance approach that prioritises transparency, ethical conduct, and accountability across all interactions. Through consistent and meaningful stakeholder engagement embedded within its operations, the Group seeks to align shared priorities, enabling collaborative value creation while supporting sustained, long-term growth.

## CUSTOMER RELATIONSHIPS

The Group adopts a customer-centric approach by continuously evolving its product and service portfolio to address diverse needs across segments and regions. Through ongoing engagement, it gains insight into customer expectations, enabling the consistent delivery of high-quality offerings while upholding strict ethical standards and regulatory compliance.

### Customer Engagement

Customer engagement remains a core pillar of the Group's strategy. Through structured feedback mechanisms such as surveys, complaint management systems, focus groups, social media, and direct engagement with retailers and distributors, the Group maintains continuous dialogue with customers. This enables a deeper understanding of evolving needs and supports the alignment of products and services accordingly.

**100+** surveys conducted

**592 Mn+** social media interactions

**15,200+** direct interactions with retailers and distributors.

### Customer Feedback and Complaint Handling

The Group actively captures and responds to customer feedback through multiple touchpoints, including consumer care lines, online complaint platforms, and direct engagement. All feedback is systematically reviewed and addressed in a timely manner. In the hospital segment, structured feedback is gathered through dedicated officers, digital platforms, and QR code-enabled customer satisfaction surveys placed across hospital premises, enabling patients and visitors to conveniently share their experiences. Critical feedback is escalated for prompt attention by senior management.

Additionally, the Pharmaceutical Distribution Business maintains a 24/7 pharmacovigilance hotline to ensure immediate reporting and management of adverse drug reactions.

**99.3%** Complaint Resolution Rate

### Customer Health and Safety

Customer health and safety remain priority across all Group operations. This is reinforced through stringent quality and safety standards applied to all products and services, with a strong focus on delivering reliable customer solutions and ensuring product accountability.

Within the healthcare segment, dedicated mechanisms for adverse drug reaction reporting and product complaint handling enable direct patient engagement and support timely corrective action.

### Manufacturing Excellence and Quality Assurance

The Pharmaceutical Manufacturing business has strictly adhered to Good Manufacturing Practices (GMP), ensuring consistent production of high-quality medicines through robust monitoring of critical control points and minimising contamination risks.

Quality remains a core priority across both manufacturing and distribution operations. In distribution, end-to-end cold chain systems with 24/7 monitoring safeguard product integrity, supported by regular internal compliance audits, adherence to Good Distribution Practices (GDP), and ongoing employee training to strengthen cold chain management capabilities and industry standards.

### Regulatory Compliance

The Group places strong emphasis on regulatory compliance across all operations. Within the Pharmaceutical Distribution business, full adherence to National Medicines Regulatory Authority (NMRA) requirements including product registration, labelling, and information disclosure has been consistently maintained since inception.

A dedicated Regulatory Department, comprising qualified pharmacists, provides oversight to ensure all products meet stringent regulatory and quality standards.

### Ethical Communication and Conduct

The Group maintains the highest ethical standards across all internal and external communications. A Group-wide Communication Policy and Playbook governs all communication activities, providing clear guidance and reinforcing principles of honesty, transparency, and non-discrimination.

### Customer Data Protection and Privacy

The Group ensures full compliance with applicable data protection regulations, including Sri Lanka's Personal Data Protection Act No. 9 of 2022 (PDPA), with internal practices aligned accordingly. A Group-wide Data Protection and Privacy Policy governs the collection, use, processing, storage, retention, and disposal of personal data across all stakeholders, including customers, employees, and suppliers. A structured governance framework is in place, supported by designated leadership oversight and the Group Data Protection Officer, who monitors compliance, advises on regulatory requirements, and drives the implementation of privacy best practices across the organisation. Employee accountability is further strengthened through mandatory policy acknowledgements, targeted training, and continuous awareness programmes, fostering a consistent culture of responsible and secure data management across the Group.

### INNOVATING FOR CUSTOMER WELLBEING

By placing strong emphasis on customer needs, the Group has developed and introduced innovative product solutions that are safe, cost-effective, and easily accessible to a broad consumer base.



#### Consumer Brands



#### Home and Personal Care Business

- Baby Cheramy Product Relaunch
- Diva Fresh Product Relaunch
- Gold Hair Wax
- Kumarika Nil Katarolu Shampoo
- Baby Cheramy Rathmal Soap
- Clogard Charcoal Toothbrush
- Diva Laundry Pods



#### Learning Segment

- Atlas Active Fit School Bag
- Akuru by Innovate
- Atlas Glyde
- Atlas Kids Pro Water Bottle
- Kids Design Water Bottle
- Aqua Water Bottles
- XL Water Bottles
- Atlas Kids Bentgo
- Snacker Lunch Box
- Atlas PlayPalz BlockBuddiesGo
- Atlas PlayPalz Wonder Dough
- Atlas PlayPalz SmartyPops
- Atlas PlayPalz Magic Sand
- Colour Sand Activity kit



#### Healthcare



#### Pharmaceutical Distribution

- Hair Buddy
- AussieSupps Collagen
- Ancient Nutra



#### Hospitals

- Catheterisation Lab
- Premium Channelling

### 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 health and safety of products and services, product and service information and labelling, marketing communications or breaches in customer privacy and no loss of customer data.

#### Customer Health and Safety Measures

The Group prioritises customer health and safety across its diverse business units through rigorous and comprehensive measures:



#### Consumer Brands



#### Home and Personal Care

The business maintains a robust raw material qualification process aligned with EU regulations, IFRA standards, and FDA approvals. Packaging uses safe, food-grade and virgin plastics with FDA-compliant master batches, while baby care products are ergonomically designed. Formulations undergo rigorous chemical and microbiological testing.

Manufacturing is governed by GMP and ISO 9001 standards, supported by advanced safety controls such as sievers and iron detectors, alongside strict cleaning protocols. All products are dermatologically tested, with baby care ranges validated by pediatricians and safety assessors. Continuous third-party audits reinforce ongoing compliance and quality assurance.



#### Learning Segment

The Learning Segment prioritises child safety through the use of non-toxic materials across its product range. In addition to reducing plastic use, it incorporates Tritan, widely regarded as a safe material specifically in its water bottle and lunch box ranges.

# SOCIAL AND RELATIONSHIP CAPITAL



## Healthcare



### Pharmaceutical Manufacturing

The business ensures product safety and quality through comprehensive raw material testing, including water, in line with pharmacopeial monographs to control heavy metals and impurities. All finished products are also subjected to 100% testing for microbial and harmful contaminants, fully complying with pharmacopeial standards.



### Pharmaceutical Distribution

The business adheres to strict sanitary standards in the application of stickers on pharmaceutical products, ensuring hygiene and product integrity throughout the process.



### Hospitals & Laboratories

Customer health and safety are safeguarded through structured systems aligned with ISO 45001:2018. Hospitals use internationally validated clinical indicators to assess performance and benchmark against global standards. These metrics are reviewed monthly by management to drive continuous improvement through both corrective and preventive actions.

## RESPONSIBLE MARKETING

### Responding to Customer Complaints

The Group addresses customer complaints through defined SOPs designed to ensure prompt responsiveness and efficient resolution.



## Consumer Brands



### Home and Personal Care

The segment's consumer care framework is built on accessibility, responsiveness, and structured follow-up.

- A dedicated consumer care number is displayed on every product carton, supported by a 24-hour hotline that enables customers to raise queries or complaints at any time, handled promptly by a trained team.
- All complaints are managed through a defined SOP-driven protocol to ensure consistent and effective resolution.

### 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 operates a structured customer complaint management system aligned to defined SOPs.
- Complaints are classified into critical, major, and minor categories and addressed within agreed SLA (Service Level Agreements) timelines, received across five channels such as Careline Centre, Email, WhatsApp, Social Media Platforms and Letters.
- Each complaint is logged into the system with a unique tracking number. Product-related cases are reviewed and categorised by QA managers within 48 hours before being routed to relevant departments for initial validation. Thereafter, they progress through root cause analysis (RCA) and the implementation of corrective and preventive actions (CAPA).
- Progress is monitored monthly, with quarterly summaries submitted to the Managing Director. Overall performance is tracked using the CCUPMU metric (consumer complaint units per million units sold).



## Healthcare



### Pharmaceutical Manufacturing & Distribution

- The Pharmaceutical Manufacturing segment has established SOP-driven systems to ensure structured and effective handling of customer complaints.
- The Pharmaceutical Distribution segment operates a dedicated pharmacovigilance hotline, enabling end consumers to report product-related concerns directly. The hotline is managed by an MBBS-qualified doctor, ensuring clinically appropriate guidance, with a 100% resolution rate and no adverse communications reported.



### Hospitals & Laboratories

- Patient feedback is centrally monitored, with all negative inputs systematically converted into corrective actions.
- A structured incident reporting system is in place to capture and track all hospital incidents. These are reviewed weekly by leadership teams, with appropriate corrective measures implemented to ensure continuous improvement.

## Responsible and Ethical Advertising, Promotions, and Sales



### Consumer Brands



#### Home and Personal Care

- All communication materials for personal care, personal wash, and feminine hygiene products are subject to mandatory NMRA approval.
- Fems and Baby Cheramy Soap carry SLS certification and voluntarily comply with national standards.
- Clogard packaging prominently displays SLDA and SLS certifications.
- Baby Cheramy range (soap, cream, cologne, diapers) highlights certifications such as IFRA compliance, dermatological testing, and "Certified Safe for Baby" across packaging and TVCs.
- All products comply with applicable legal requirements, with Maximum Retail Price clearly communicated across all channels.



### Healthcare



#### Pharmaceutical Manufacturing & Distribution

- The Pharmaceutical Manufacturing segment executes all promotional activities following a stringent promotional code, based on thorough impact evaluation, with a strong patient-centric focus and without extending personal benefits to any stakeholders.
- The Pharmaceutical Distribution segment operates within a strictly governed framework, ensuring full compliance with NMRA guidelines across all promotional activities.



#### Hospitals & Laboratories

- Hospitals & Laboratories maintain a structured governance system to ensure ethical and responsible marketing practices.
- All promotional materials undergo internal review prior to release, with approval from the Head of Marketing and clinical clearance from the Director of Medical Services where required.
- Marketing activities fully comply with applicable legal and regulatory standards, ensuring all claims are accurate, evidence-based, and non-misleading.
- A strict ethical code is followed, avoiding exploitation of vulnerable groups and ensuring transparency in all promotional communications, including clear disclosure of terms and conditions.

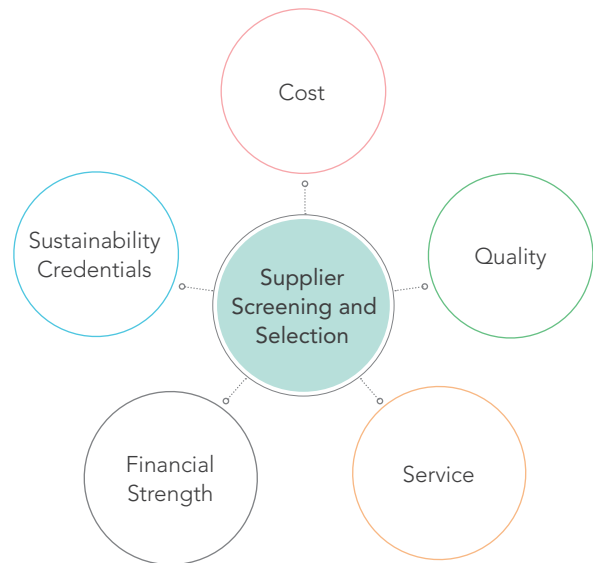
## BUSINESS PARTNER RELATIONSHIPS

The Group's Supply Chain includes:

- Local and International Principals
- Raw material suppliers
- Packaging suppliers
- Contract manufacturers
- 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 adopts a holistic supplier screening and selection framework covering multiple dimensions



### Ensuring Alignment with Corporate Values:

- A comprehensive Supplier Code of Conduct defines clear ethical expectations for all suppliers and business partners.
- Each sector applies structured screening processes aligned with industry best practices and regulatory standards.
- All brands undergo formal registration and ethical vetting prior to engagement.
- Relevant regulatory and quality certifications are secured to ensure full compliance with applicable standards.
- A Group-wide Significant Supplier Engagement Methodology is implemented across key SBUs, incorporating self-declarations, annual audits, supplier forums, and a structured supplier rating system.

# SOCIAL AND RELATIONSHIP CAPITAL

## SUPPLIER ASSESSMENT ON ENVIRONMENTAL AND SOCIAL PRACTICES

The Group is committed to ensuring supplier compliance with environmental and social standards through a structured evaluation framework. All new suppliers undergo a comprehensive assessment process prior to onboarding.

 **Consumer Brands**

 **Home and Personal Care Business**

Defines clear environmental and social requirements for prospective suppliers, focusing on carbon footprint, labour practices, and community impact. Prequalification includes sustainability assessments, verification of certifications such as ISO 14001, and due diligence on compliance history. Sustainability clauses are embedded in contracts, with suppliers required to submit periodic environmental and social performance reports.

 **Learning Segment**

Supplier credentials are verified through certification checks and structured audit processes to ensure compliance and reliability.

 **Healthcare**

 **Pharmaceutical Manufacturing**

Supplier qualification follows a multi-pronged approach, including on-site audits, structured questionnaires, and detailed documentation reviews. Requalification is conducted every three years in line with GMP guidelines to ensure ongoing compliance.

 **Hospitals**

All suppliers are required to formally sign a Code of Conduct and disclose their compliance with environmental and social standards. Periodic on-site audits are conducted to ensure continued adherence.

A robust due diligence framework is applied to contract manufacturers across the Group. The Home and Personal Care business conducts on-site inspections to assess labour conditions, environmental compliance, and workplace practices, including worker interviews, health and safety evaluations, and monitoring of waste and emissions.

The Learning Segment validates contract manufacturers through certification checks, document verification, and structured sustainability audits.

## ENTRENCHING SUSTAINABILITY WITHIN THE SUPPLY CHAIN

The Group embeds sustainability and efficiency across procurement, production, and distribution, with systematic identification of social and environmental risks throughout the supply chain. This ensures all business partners operate in alignment with responsible and compliant practices.

## SUPPLIER ENGAGEMENT AND IDENTIFICATION OF NEEDS

The Group employs a range of channels to ensure consistent and frequent dialogue with suppliers.

**380+**

In-person and online meetings

**140+**

Review meetings with key suppliers/principals

**80+**

Supplier surveys


 **Consumer Brands**


 **Home and Personal Care Business**

- 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 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 the Group:

**150+**

**Quality Audits Conducted**

- The Home and Personal Care business conducts monthly engagements with key material suppliers to strengthen quality monitoring systems and enable the exchange of best practices and continuous improvement insights.
- The Learning Segment delivers regular upskilling programmes focused on documentation standards, communication protocols, and quality improvement methodologies.
- Knowledge-sharing sessions are held to drive efficiency and performance improvements. Hemas Hospitals & Laboratories also maintains a structured knowledge base, providing access to case studies, industry insights, and operational guidelines.
- Regular training sessions and workshops are conducted Group-wide to strengthen capabilities and support continuous professional development.
- Improvement opportunities are identified through CAPA processes, site visits, benchmarking, and RFP evaluations, with targeted guidance and support provided to enable effective supplier development and transformation.
- Suppliers are regularly updated on evolving industry standards and policy changes, along with required actions to ensure continued alignment and compliance.
- Collaborative sourcing improvement projects are undertaken to enhance resource efficiency, reduce waste, and optimise costs, while jointly addressing operational bottlenecks.
- Regular quality audits are conducted, with structured feedback shared with suppliers to drive continuous improvement and compliance.

**STRENGTHENING PARTNERSHIPS**

The Group considers suppliers as strategic partners critical to long-term success and provides structured support to enable their development. Key support mechanisms include:

Provision of financial support through flexible payment terms and access to working capital financing to strengthen supplier liquidity and operational stability.

Provision of technical assistance, training, and advisory support to enhance supplier capabilities and ensure alignment with Group standards.

Access to in-house experts is provided to support suppliers with quality enhancement, process optimisation, and regulatory compliance guidance.

Ongoing engagement is maintained through regular discussions and collaborative projects to drive innovation and continuous development.




Selected segments share rolling forecasts to support informed discussions on commercial terms and anticipated risks.

**LOCAL PROCUREMENT**

The Group actively seeks out local suppliers in order to prioritise national development.

**1,600+**  
Local suppliers

**63%**  
Percentage of Local Suppliers

Business	Local Procurement Practices
 Home and Personal Care	Local sourcing is a key element of the segment's procurement strategy, especially for packaging materials. Preference is given to local suppliers that meet defined specifications, with around 90% of packaging materials currently sourced domestically. The segment also actively explores opportunities to localise previously imported components within its portfolio.
 Learning Segment	The segment prioritises over 800 local suppliers under its green procurement framework, reinforcing sustainable and locally driven sourcing practices.
 Hospitals & Laboratories	A structured programme is in place to identify and develop local suppliers, offering preferential commercial terms, technical support, and capacity-building initiatives to enable compliance with Group standards.

# SOCIAL AND RELATIONSHIP CAPITAL

## PURCHASING SCHEMES AND SUPPLIER SUPPORT

The Group implements guaranteed purchasing arrangements with suppliers to enhance stability and provide long-term operational security.

### Home and Personal Care Segment:

Suppliers were supported during the economic crisis through targeted financial interventions, including reduced credit terms, advance payments, and fuel assistance where feasible, ensuring operational continuity and job security. Rolling volume forecasts are also shared to enable improved planning and inventory management.

### Learning Segment:

Promotes inclusive sourcing by extending packaging and assembly opportunities to small-scale vendors, including cottage industries, while maintaining close collaboration with SMEs to strengthen supply chain resilience and flexibility.

### Hemas Hospitals & Laboratories:

Ensures supplier stability through commitment-based procurement, including agreed purchase volumes at pre-determined prices, providing predictability and operational security. Additional support is extended through bulk purchasing arrangements, enabling suppliers to reduce costs and expand market reach.

## REWARD MECHANISMS

### The Home and Personal Care Business

Suppliers demonstrating strong reliability and performance are accorded preferred status, receiving priority in evaluations and consideration for future development opportunities. Supplier loyalty and commitment are also formally recognised, including through platforms such as Innovation Day and Award Ceremonies.

### Learning Segment

Uses annual supplier evaluation outcomes to acknowledge high-performing partners and is currently developing a formal, Group-wide supplier recognition framework.

### Pharmaceutical Distribution Business

Outstanding contributions from key principals are formally recognised through an annual Awards Ceremony, reinforcing performance excellence and partnership value. processes being in place, which contribute to the positive development of the communities it operates in.

## 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
- 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 and Laboratories

- The Association of Private Hospitals and Nursing Homes (APHNH)
- Private Medical Laboratories Society Limited

### Shipping Aviation and Logistics

- 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 committed to fostering inclusive and resilient communities by aligning its operations with its broader purpose of enriching lives. It maintains proactive and structured engagement with a diverse range of stakeholders including local leaders, residents, employees, regulators, and key community influencers to better understand ground-level realities and address emerging concerns.

These continuous interactions enable the Group to anticipate community expectations and mitigate potential risks, ensuring its operations remain socially responsible and contextually relevant. Backed by robust grievance handling mechanisms, the Group ensures that concerns are addressed in a timely, transparent, and effective manner, reinforcing trust and accountability across all community touchpoints.

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 continuous community engagement, the Group identifies and delivers targeted initiatives that enhance local livelihoods and improve overall well-being, while also supporting disaster relief and emergency response efforts when needed. This approach strengthens its social licence to operate, reinforces brand credibility, and underscores its commitment to sustainable and inclusive development.

The Group's social impact initiatives are centred around the following priority areas:

<p><b>Creating Equal Opportunities for Learning</b></p> 	<ul style="list-style-type: none"> <li>➤ Creating quality educational experiences for every child.</li> <li>➤ Creating equal learning opportunities for children from underprivileged and underserved backgrounds to continue their education.</li> </ul>
<p><b>Supporting Health and Well-being</b></p> 	<ul style="list-style-type: none"> <li>➤ Offers expert guidance and advisory support to individuals and communities affected by prevalent health challenges in contemporary society.</li> <li>➤ Enables access to screening and a range of preventive and intervention-based measures to reduce or manage emerging health risks.</li> </ul>
<p><b>Empowering Vulnerable Communities</b></p> 	<ul style="list-style-type: none"> <li>➤ Strengthens women's economic participation through entrepreneurship support, capacity building, and skills development initiatives.</li> <li>➤ Enables children with disabilities to achieve their full potential through targeted empowerment and inclusive development programmes.</li> <li>➤ Provided timely support to communities affected by Cyclone Ditwah and adverse weather conditions through essential medicines, medical camps and donations of critical consumer goods.</li> </ul>

Enriched the lives of **143,100+** individuals

	<p><b>Creating Quality Learning Experiences</b> for every child via online learning and seminars and children's awareness sessions</p> <ul style="list-style-type: none"> <li>➤ 36,300+ Children</li> </ul>
	<p><b>Creating Equal Learning Opportunities</b> through teacher trainings and scholarship programmes for children.</p> <ul style="list-style-type: none"> <li>➤ 23,500+ Teachers and Children</li> </ul>
	<p><b>Creating a Safer World</b> by providing expert advice to parents with the aim of creating a safer world for babies.</p> <ul style="list-style-type: none"> <li>➤ 8,000+ Parents</li> </ul>
	<p><b>Tackling Period Poverty</b> addressing menstrual health and hygiene concerns.</p> <ul style="list-style-type: none"> <li>➤ 30,600+ Women and Girls</li> </ul>
	<p><b>Providing Wigs to Cancer Patients</b> undergoing chemotherapy and advocating the strength of a woman</p> <ul style="list-style-type: none"> <li>➤ 700+ Women</li> </ul>
	<p><b>Enabling women to better manage work life stress</b></p> <ul style="list-style-type: none"> <li>➤ 1,000+ Women</li> </ul>
	<p><b>Providing free dialysis cycles</b> for patients battling Chronic Kidney Diseases</p> <ul style="list-style-type: none"> <li>➤ 30+ Patients</li> </ul>

<p><b>HEMASOUTREACH</b> Foundation</p>	
	<p><b>Enabling Children with Disabilities to Reach their Full Potential</b> by delivering integrated, multi-disciplinary clinical care addressing a broad range of physical and developmental disabilities.</p> <ul style="list-style-type: none"> <li>➤ 1,800+ Differently abled Children</li> </ul>
	<p><b>Creating an Inclusive World Where No Child is Left behind</b> by focusing on nurturing young children through quality care and support.</p> <ul style="list-style-type: none"> <li>➤ 6 Piyawara pre schools added</li> </ul>
<p><b>Feed a Future</b></p>	<p><b>Providing a Social Security Net for Communities</b> by providing nutrition packs to underprivileged children.</p> <ul style="list-style-type: none"> <li>➤ 1,262 Kids in 13 Districts</li> <li>➤ 40 Piyawara pre schools</li> </ul>
<p><b>Be an Angel</b></p>	<p><b>Bringing festive cheer to underprivileged children</b> during the Christmas season moments of joy and celebration.</p> <ul style="list-style-type: none"> <li>➤ 1,500+ children</li> </ul>

During the year, the Group supported communities affected by Cyclone Ditwah and adverse weather conditions through the provision of essential medicines, the conduct of medical camps to improve access to healthcare, and the donation of essential consumer goods.

# SHARE PERFORMANCE

## SUMMARY

Hemas Holdings PLC (CSE Ticker: HHL.N0000) has been listed on the Colombo Stock Exchange since 15 October 2003. The Company's shares are constituents of both the All Share Price Index (ASPI) and the S&P SL20 Index, reflecting its standing among Sri Lanka's foremost blue-chip equities.

The Hemas Holdings PLC share demonstrated a resilient performance during FY 26, underpinned by strong fundamental earnings, strategic portfolio investments, and increasingly favourable market sentiment. The 1-into-5 share split executed in April 2025 contributed to enhanced share liquidity. Looking ahead, the Board and management remain committed to delivering consistent shareholder returns through disciplined capital allocation and continued operational excellence across all business segments.

## THREE-YEAR SHARE PRICE PERFORMANCE

During FY 26, HHL returned 23.3% against ASPI 33.2% and S&P SL20 24.7%.

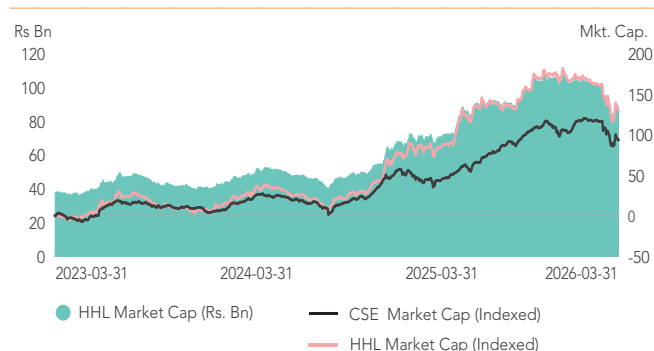
Over a three year period, Hemas delivered a cumulative total return of 127.7%, outpacing both the ASPI (126.5%) and the S&P SL20 Index (120.1%). On a compound annual growth rate (CAGR) basis, Hemas generated a return of 31.6% per annum, compared with 31.3% for the ASPI and 30.1% for the S&P SL20, reflecting the Company's ability to create sustained shareholder value.

### Three-year total return comparison - HHL.N0000 vs market indices

	FY24	FY25	FY26	Cumulative Return	CAGR
HHL.N0000	23.7%	49.3%	23.3%	127.7%	31.6%
ASPI	23.0%	38.2%	33.2%	126.5%	31.3%
S&P SL20	23.7%	42.7%	24.7%	120.1%	30.1%

Market capitalisation increased significantly during FY 26, propelled by stronger earnings delivery and improved investor confidence, at one point breaching the LKR 100 billion threshold. This milestone was followed by a decline triggered by developments related to the Ditwah cyclone and broader market decline arising from the Middle East crisis, before stabilising by March 2026. Hemas remains focused on the long-term value drivers that underpin the Company's market standing.

### HHL Market Capitalization versus the CSE



## KEY SHARE INDICATORS

The table below presents the principal share metrics for FY2025/26 alongside the prior-year comparative. Earnings per share improved to Rs. 2.98, reflecting continued profit growth across the Group's diversified portfolio. The expansion in the price-to-earnings ratio from 8.90x to 9.93x indicates a meaningful re-rating of the stock, consistent with the broader recovery in market valuations and heightened investor appetite for quality large-cap equities. The modest compression in ROE reflects the effect of a higher equity base - driven by retained earnings growth - rather than any deterioration in underlying business performance.

### Key share indicators - FY26 vs FY25

Key Indicator	Unit	FY26	FY25
Earnings per Share	Rs.	2.98 ↑	2.70
Price to Earnings Ratio	times	9.93 ↑	8.90
Return on Capital Employed	%	32.1 ↑	32.0
Return on Equity	%	17.2 ↓	17.7

## SHARE LIQUIDITY

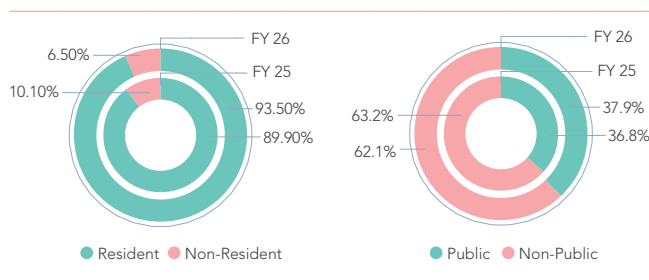
On a full-year basis, all three trading metrics improved year-on-year. Notably, three of the top 20 shareholders collectively accounted for nearly 30% of total share volume traded during the year - underscoring the strong conviction that significant, long-term investors place in Hemas as a sustained value-creating conglomerate.

### HHL trading statistics against CSE comparative growth rates

Metric	HHL			CSE Growth (YoY)
	FY26	FY25	YoY	
Number of Trades	108,776	26,757	3.1x	0.7x
Share Volume (Mns)	792.3 (actual) 158.5*	127.7	1.2x*	0.5x
Turnover (Rs. Mn)	25,938.6	11,990.6	1.2x	0.6x

\* Adjusted for 1-into-5 split

## SHARE OWNERSHIP



# SECTOR REVIEW & STRATEGY - CONSUMER BRANDS



The Hemas Consumer Brands Sector represents an impressive portfolio of Sri Lanka's most trusted and loved brands, spanning key consumer categories such as personal care, home care, stationery, educational toys, and back-to-school essentials, and continues to build on this legacy by expanding its operational horizons beyond the country's borders, with a growing presence in the Bangladeshi market.

## Home and Personal Care (HPC) Sri Lanka

A leader in the home and personal care space in Sri Lanka encompassing an innovative range of products for babies and adults in hair care, skin care, oral care, beauty, fragrances and personal hygiene.

## Consumer Brands – International

Bangladesh based operations predominantly focused on the Value Added Hair Oil (VAHO) category under the 'Kumarika' brand and a portfolio extending to the male grooming and fragrances segment.

## Learning Segment

'Atlas' is the market leader in stationery, while expanding into the arts and crafts based educational toys, school bags and water bottles segments.

## CONTRIBUTION TO GROUP



Revenue  
**36.9%**



EBITDA  
**46.4%**



Capital Employed  
**32.6%**



Carbon Footprint  
**61.1%**



Employees  
**29.9%**

## PERFORMANCE HIGHLIGHTS

**Rs.47,027Mn.**

Revenue

FY 25: Rs. 45,998 Mn

**Rs.7,627Mn.**

EBITDA

FY 25: Rs. 7,621 Mn

**39.8%**

ROCE

FY 25: 49.0%

**24,102Hrs**

Training Hours

FY 25: 21,520Hrs

**45ML**

Water Usage

FY 25: 48.7ML

**8,940Mt**

Carbon Footprint

FY 25: 5,310Mt



## HIGHLIGHTS AND STRENGTHS

### Home and Personal Care

- Strong brand equity with 50+ years of local manufacturing expertise
- Superior consumer insights supporting 'made in SL'
- Island wide distribution with access to 85,000 + outlets.
- #1 in Baby care & value added hair oil, #2 in Oral care, face care and sanitary napkins
- Introducing first to market products through continuous innovation and strong R&D expertise

### Consumer Brands - International

- Well established operations (since 2010)
- Extensive distribution network covering over 130,000+ stores
- Ability to provide products well suited to local aspirations
- Commanding 17.7% of the VAHO market share
- On shore manufacturing capability

### Learning

- "Atlas", a Sri Lankan brand with 60 years heritage
- Market leader in stationery
- Strong relationships with stakeholders - students, teachers, parents, preschools & bookshops
- Local manufacturing with lean operational excellence
- Island wide distribution network
- New products in arts & crafts and back-to-school categories gaining traction

# SECTOR REVIEW & STRATEGY - CONSUMER BRANDS



## OPPORTUNITIES AND CHALLENGES

### Home and Personal Care

Markets remain structurally geared for robust growth

- Opportunities to innovate through customisation/ specific needs resulting in premiumisation especially in the beauty category
- Growth opportunities in underpenetrated categories (eg. hygiene)
- Consumers are increasingly seeking localisation (for skin types, concerns etc.)

However, near term volatilities persist

- Increasing inflation, commodity/ crude oil prices and the depreciation of the local currency driving input costs
- Geopolitical tensions causing supply chain disruptions

### Learning

Well positioned to capture structural shifts

- Opportunities to move into adjacencies in the learning space, leveraging upon brand strength and stakeholder networks
- EduToys, colour products etc. are well positioned to address growing concerns around screen time usage of children
- Opportunities to enhance ergonomics, functionality and quality in back-to-school products (water bottles, lunch boxes and bags) with the introduction of standards and regulation

However, near term volatilities persist

- Decline in birth rate causing a drop in student population, leading to a drop in consumption across categories
- Educational reforms, especially the planned introduction of workbooks in schools, will adversely impact demand for exercise books
- Inflation, volatility in market prices and currency depreciation impacting inputs costs

Refer ensuing section titled "Strategy" for a detailed discussion.



## ACTION

### Home and Personal Care

- Optimisation of branding, packaging, sourcing and product formulations to remain ahead of the curve in terms of serving the needs of the consumer at an attractive price point
- Enhancing automation and digitisation of processes to gain production efficiencies
- Use of AI and digitisation to enhance consumer experience and support greater customer insights

### Learning

- Continuing to enhance design, consumer insights and sourcing capabilities to support upgrading value of the portfolio



## STRATEGY

### HOME AND PERSONAL CARE BUSINESS

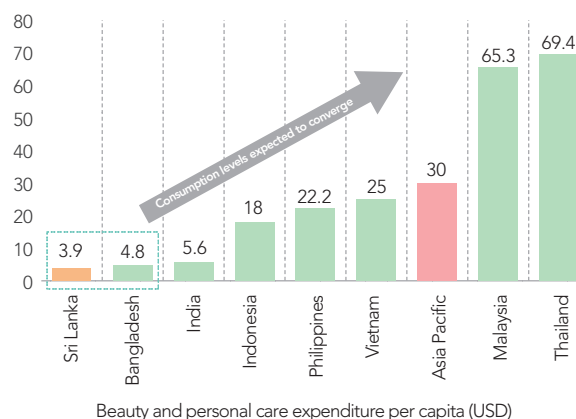
Home and Personal Care represents a multi-year structural growth opportunity driven by under-penetration, rising female workforce participation, and premiumisation. As a market leader with strong brands and distribution, Hemas Consumer Brands (HCB) is positioned to drive both volume growth and margin expansion locally and regionally.

Statista estimates the Global Beauty and Personal Care (BPC) market at ~USD 700 Bn in 2026, with the Asia Pacific region being the key contributor.

Sri Lanka and Bangladesh BPC expenditure is far below regional peers. This market is expected to converge to regional averages, aided by an increase in BPC expenditure per capita and higher female labour force participation, as illustrated below.

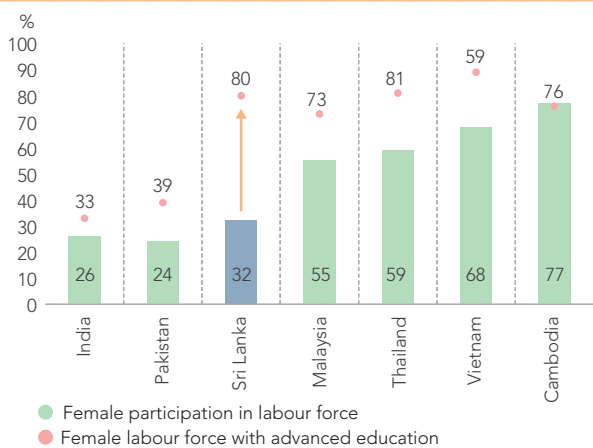
### ➤ Sri Lankan Beauty & Personal Care Market at USD 500 Mn

Expenditure on Beauty & Personal Care lower than regional peers



Female labour force participation lags regional peers despite higher skill levels

Higher education levels among women create latent demand that will unlock as participation rises



HCB Sri Lanka



As one of the largest players in BPC in Sri Lanka, Hemas Consumer Brands in Sri Lanka is well positioned to fuel growth in underpenetrated categories.

**Aspiration:** Building a multi brand Beauty and Personal Care portfolio catering to evolving needs and aspirations of all Sri Lankans

**Role in Portfolio:** Innovation & Expansion Catalyst - page 75



Strategic Priorities/Way Forward:

1. Win Market Share Through Differentiated Brand-Led Growth

- Drive meaningful differentiation through innovation, communication, and superior execution customised for the Sri Lankan consumer.
- Extend brands into emerging new need spaces in beauty and personal care, creating a first mover advantage (e.g. Baby Cheramy extension into Sleep Care).
- Deploy AI to deepen understanding and ability to personalise for the Sri Lankan consumer.

2. Expand Category Participation in Underpenetrated Segments

- Unlock growth by increasing household penetration and usage frequency in key categories, especially hygiene and beauty segments (e.g., sanitary napkins, skincare).

- Drive adoption through consumer education, sampling, and scalable activation models.
- Build partnerships and on-ground engagement to accelerate behavioural changes.

3. Capture Value Growth by Balancing Affordability with Premiumisation

- Introduce tiered portfolios to cater to diverse income segments.
- Premiumise through enhanced formulations, formats, and brand experiences (e.g. Vivya).

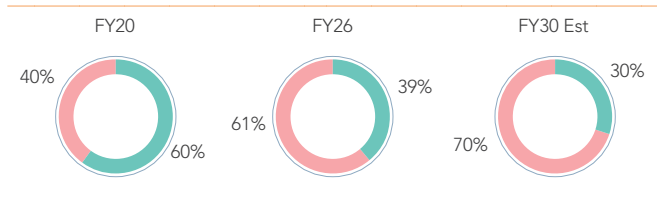
4. Strengthen Route-to-Market and Consumer Reach

- Improve distribution quality and coverage, especially in high-growth and emerging channels.
- Leverage data-driven consumer insights to tailor go-to-market strategies.
- Increase velocity through focused activations, sampling, and channel execution excellence.

5. Lead with Purpose: Enabling Women and Society

- Champion affordable, high-quality hygiene solutions aligned with international standards as sanitary napkin usage in Sri Lanka is well below regional norms (29% in Sri Lanka vs. 40-60% in Southeast Asian peers).
- Drive awareness and impact through initiatives like Fems AYA (Her Foundation).
- Support increased female workforce participation by improving access to hygienic menstrual products.

Shift in Personal Care: Other\* mix which is expected to boost margins in the medium-term.



\*Other includes household and personal wash related items.

# SECTOR REVIEW & STRATEGY - CONSUMER BRANDS

## HCB Bangladesh



HCB Bangladesh is poised to capitalise on Bangladesh's USD 1.7 billion personal care market, which is characterised by a strong consumer base - expanding Middle and Affluent Class (34Mn by 2025) coupled with rapid urbanisation (39%).



**Aspiration:** Building a multi-brand Beauty and Personal Care portfolio catering to evolving needs and aspirations of the Middle and Upper Income Bangladeshi Consumer



**Role in Portfolio:** Innovation & Expansion Catalyst - page 75



### Strategic Priorities/Way Forward:

#### 1. Localised Growth through a 'Build for Bangladesh' Model aimed at a Country-Specific, Consumer-Led Portfolio

- Shift to a decentralised, market-specific approach to better capture local consumer needs.
- Being a first mover in developing solutions tailored to Bangladesh's unique consumer, climate, and channel dynamics and tailor offerings to local preferences, skin types, and usage habits.
- Strengthen offerings for middle and affluent class (MAC) while addressing evolving aspirations.

#### 2. Drive Premiumisation through Micro-Segmentation

- Develop customised skincare regimes and premium solutions for specific consumer cohorts in fast growing segments (>10%).
- Continue to win in value-added hair oil through differentiation and innovation.
- Leverage micro-segmentation to differentiate and capture higher-value consumers.

#### 3. Accelerate Distribution-Led Scale

- Leverage our extensive distribution network for deeper market penetration.
- Focus on scalable models to improve coverage, visibility, and throughput to augment profitability.

#### 4. Create Strategic Optionality for Inorganic Expansion

- Pursue opportunities that complement the portfolio or accelerate market access.
- Maintain flexibility to scale quickly in attractive segments.

## LEARNING SEGMENT

Learning represents a structurally resilient growth opportunity driven by rising enrolment across early childhood, school, and tertiary education, alongside a secular shift toward activity-based and outcome-oriented learning. With category leadership in Sri Lanka and a purpose-led brand portfolio, the business is well positioned to drive sustainable growth through adjacencies, premiumisation, and regional expansion.

The learning market in Sri Lanka is characterised by:

- Activity-based learning driving demand for educational, arts and craft aids.
- Proposed educational reforms will present opportunities for new products such as workbooks.
- Renewed focus on tertiary education, to elevate tertiary enrolment rates from 23% to 30-35% witnessed in regional peers.
- The mandate on early childhood education will aid drive pre-primary enrolment rates closer to the primary enrolment ratio of ~90-95%.
- 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.

## Atlas Axillia



Atlas, which is a high social impact, purpose-driven brand, is uniquely placed to promote accessibility to learning, leveraging on its market leadership position in the stationery market in Sri Lanka.



**Aspiration:** Retain leadership position in the stationery space and strengthen its position as a learning brand.



**Role in Portfolio:** Core Value Generators – page 75



### Strategic Priorities/Way Forward:

#### 1. Sustain Market Leadership in Core Stationery

- Defend and extend leadership in the stationery category through continuous value enhancement.
- Upgrade and differentiate products through design, functionality, and user experience whilst positioning products as learning enablers, not just tools.

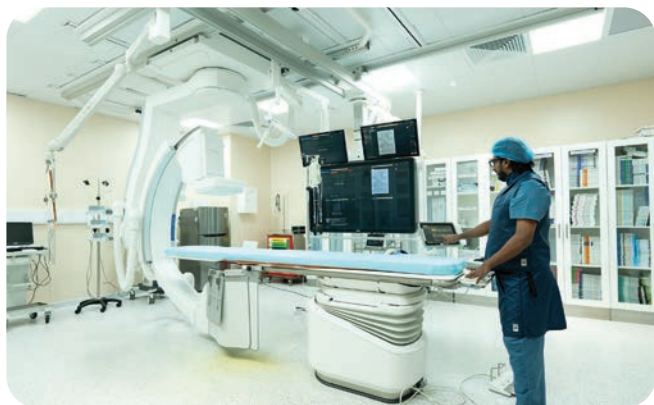
#### 2. Expand into Adjacent Schooling Categories

- Strengthen the back-to-school portfolio (e.g. bags, water bottles, lunch boxes, and accessories).
- Differentiate through ergonomics, quality, and perceived value.

#### 3. Build a Scalable Educational Toys and Learning Solutions Platform

- Scale 'Play Palz' as a core platform for educational toys and activity-based learning, anchored in early childhood development (ECD) and the 'Making Learning Fun' proposition.
- Build a curriculum-aligned portfolio of activity kits, workbooks, arts & crafts, and learning aids to drive school adoption and support skills-based education.
- Capture premium and gifting demand to accelerate category growth and enhance value perception.
- Expand into digital learning over time, leveraging rising digital literacy to offer interactive and scalable learning solutions.
- Enable better learning outcomes by supporting both schools and parents with engaging, outcome-oriented tools.

# SECTOR REVIEW & STRATEGY - HEALTHCARE



Hemas Healthcare Sector is Sri Lanka's largest integrated healthcare player, operating across multiple segments of the healthcare eco system, including pharmaceutical manufacturing and distribution of pharmaceuticals, surgical and diagnostics and hospitals. This enables the sector to deliver a range of healthcare solutions to a broad customer base across the country.

## Pharmaceutical Distribution

The largest and most extensive pharmaceutical distribution operation in Sri Lanka, providing a wide portfolio of reputed pharmaceutical products, medical equipment, and healthcare solutions through a well-established nationwide distribution network.

## Pharmaceutical Manufacturing

The largest local private pharmaceutical manufacturer (by volume) in the country with a growing range of homegrown brands addressing the Non-Communicable Diseases (NCD) segment, backed by a state-of-the-art manufacturing facility. EmpaMor (Empagliflozin), became the market leader within two years of launch. As the first local manufacturer of this molecule, the attractive pricing proposition induced a significant price correction among imported competition.

## Hospitals

Two multi-specialty hospitals offering tertiary care, accredited by the Australian Council on Healthcare Standards International (ACHSI) and also operating an expanding chain of medical laboratories, sample collection centres and Primary Care Centres.

## CONTRIBUTION TO GROUP



Revenue  
**61.2%**



EBITDA  
**52.5%**



Capital Employed  
**54.4%**



Carbon Footprint  
**37.6%**



Employees  
**64.4%**

## PERFORMANCE HIGHLIGHTS

**Rs.78,009Mn.**

Revenue

FY 25: Rs.69,987Mn

**Rs.8,633Mn.**

EBITDA

FY 25: Rs.7,594Mn

**26.4%**

ROCE

FY 25: 27.9%

**46,912Hrs**

Training Hours

FY 25: 21,585Hrs

**127.2ML**

Water Usage

FY 25:104.4ML

**5,492Mt**

Carbon Footprint

FY 25: 5,099Mt



## HIGHLIGHTS AND STRENGTHS

### Pharmaceutical Distribution

- Operations spanning nearly 8 decades
- Longstanding partnerships with principals
- Extensive product portfolio and working with reputed and leading international drug / equipment manufacturers
- Island-wide distribution network servicing 2,300+ outlets and pharmacies
- Market leader in private channels and key therapeutic classes in Sri Lanka

### Pharmaceutical Manufacturing

- Trusted brand and household name in existence for over 6 decades
- An established portfolio of legacy brands – Lacto Calamine, Gripe Water and Valmelix
- Largest private sector local manufacturer of oral solid dosage format in the private market (by volume)
- Newly introduced own branded products gaining market share in the NCD space; EmpaMor, used for treating Type 2 diabetes, gained market leadership
- State-of-the-art, newly commissioned manufacturing facility designed in compliance with EU and WHO GMP standards, currently undergoing certification processes.
- Ability to provide quality medicines at competitive prices owing to manufacturing excellence with cost efficiency
- In-house R&D capability resulting in a strong and futuristic product pipeline

### Hospitals

- 2 hospitals in key sub urban, underserved locations (200+ beds)
- Well established (since 2007)
- Expanding lab network and sample collection centres (50+)
- Recognised for operational excellence and digitisation initiatives

# SECTOR REVIEW & STRATEGY - HEALTHCARE

- New services such as the Cath Lab and Liver Centre gaining traction
- Australian Council on Healthcare Standards International Accredited facilities



## OPPORTUNITIES AND CHALLENGES

*The healthcare market remains structurally geared for robust growth*

- An ageing population and rising burden of non-communicable diseases are driving sustained demand across pharmaceutical distribution, manufacturing, and private hospital services.

### Pharmaceutical Distribution

- Hemas' established market reputation and distribution infrastructure has positioned the business to attract new international principals.
- Growing patient awareness and health consciousness post-pandemic are broadening demand beyond traditional medicine categories into wellness and preventive care.

*However, near term volatilities persist*

- NMRA price controls continue to present an industry-wide challenge
- Protracted regulatory approval timelines constrain revenue growth and delay the introduction of new medicines to market

### Pharmaceutical Manufacturing

*The local pharma manufacturing landscape is expected to continue its growth trajectory*

- Potential to expand the own-branded product portfolio, offering quality medicines at competitive price points.
- Active export opportunities present a meaningful avenue to diversify revenue beyond the domestic market.

*However, near term challenges persist*

- Absence of clear and consistent policy frameworks to support domestic pharmaceutical manufacturing limits long-term investment planning and competitiveness.
- Disruptions to supply chain from geopolitical tensions, including the resultant depreciation of the Sri Lankan Rupee inflates input costs and constrain pricing flexibility.

### Hospitals

*Private tertiary care is envisaged to become systemically essential over the years*

- Constrained public sector capacity and fiscal pressures are accelerating the structural shift toward private healthcare, supporting long-term demand for private hospitals.
- Increasing health awareness and preventive testing culture post-pandemic are broadening demand for new spaces, including consumer-oriented health products.

*However, near term volatilities persist..*

- The pace of global healthcare technology advancement continues to outstrip local adoption rates.

- A shortage of clinical talent, especially consultants and nurses, poses ongoing operational and growth constraints.

 Refer ensuing section titled "Strategy" for a detailed discussion.



## ACTION

### Pharmaceutical Distribution

- Partnered with new principals to introduce innovative medicines to the market.
- Onboarded the Morison's agency portfolio to capitalise on commercial and operational synergies.
- Continued to optimise overheads and working capital management, including the use of FX derivatives to mitigate adverse currency impacts.
- Upgraded warehouse and cold room facilities to enhance storage and distribution capabilities.
- Continued engagement with industry associations and regulators to address key regulatory matters.

### Pharmaceutical Manufacturing

- Maintained a strong product pipeline, with 4 product launches in FY26, 8 products under registration, and 10+ high-potential molecules in development.
- Continued investment in strengthening R&D capabilities.
- Secured a further one-year extension to the Government buyback agreement.
- Focused efforts and worked towards the completion of initial groundwork on entering regional export markets.
- Launched the Morison Toolkit initiative to foster a resilient organisational mindset.
- Transferred the agency portfolio to the pharmaceutical distribution segment to sharpen focus on manufacturing operations.
- Collaborated with industry stakeholders and presented a strategic blueprint to the Government to position local pharmaceutical manufacturing as a key thrust industry in Sri Lanka.
- Continued partnership with the Sri Lanka College of Endocrinologists to support healthcare professional training and development.

### Hospitals

- Opened Hemas Health Plus in Wattala, a purpose-built facility integrating advanced clinical services with comfort and convenience.
- Expanded the network of labs, collection centres, and primary care centres to 53 during the year.
- Advanced IT and digitisation initiatives to streamline clinical workflows and patient management.
- Following two successful intakes in July and October 2025, Althia (the joint venture between Hemas and SLIIT) expanded its academic portfolio with the introduction of Biomedical Sciences.



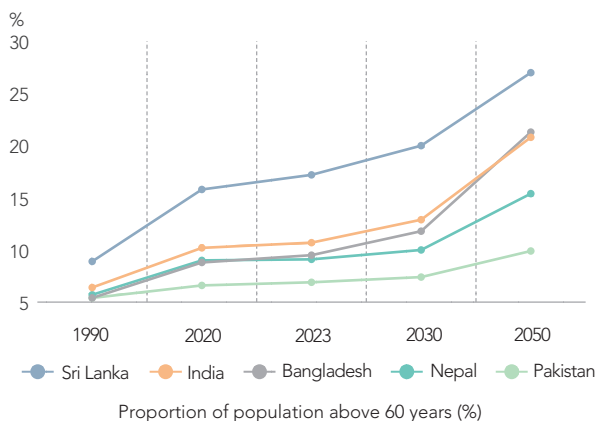
**STRATEGY**

**HOSPITALS**

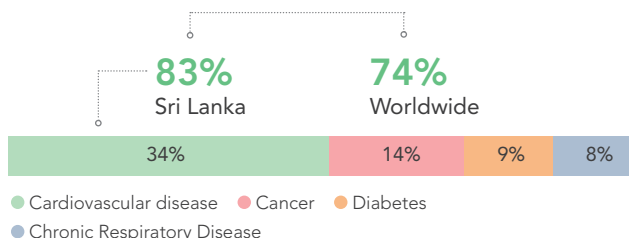
The Hospitals segment represent a structural growth opportunity driven by rapid population ageing, rising non-communicable disease (NCD) prevalence, and increasing hospitalisation rates. Patients increasingly seek more than episodic treatment. They seek reassurance, continuity, transparency, and human connection. Patients are also becoming significantly more informed, experience-conscious, and outcome-driven. The healthcare industry is also experiencing rapid technical evolution driven by advancement in artificial intelligence (AI), digital health platforms, telemedicine, data analytics, and connectivity assistance which are reshaping how healthcare is delivered globally. As a result, healthcare brands can no longer compete only on facilities or pricing models. They must compete on credibility, consistency, safety, and emotional trust. Hemas Hospitals is therefore well positioned to capture the evolving healthcare market and strengthen its competitive positioning within the sector.

❏ **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 in Sri Lanka is higher than global average**



- ❏ 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.

❏ **Demand for beds due to higher hospitalisation rates**



Hospitalisation rate is 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 hospitalisation rates.

Public tertiary care facilities are under severe strain due to limited capacity, absence of an effective referral system, and shortages of specialist doctors and nursing staff. With rising demand placing additional pressure on already constrained infrastructure, and public finances unable to keep pace, there is a clear need for greater private sector involvement to help bridge the gap as illustrated in the ensuing section.

**The public sector structurally cannot close the gap due to fiscal, capacity and workforce constraints. Hence, private tertiary care becomes systemically essential, not optional.**

**94:6**

**Public : Private Sector Bed Mix in Sri Lanka**

Sri Lanka already has a higher public sector participation compared to regional peers like India (38:62) and Bangladesh (42:58). Hence, excess bed demand will spillover to the private sector.



**Supply Constraints in Public Sector**

Government expenditure on health as a percentage of GDP decreased from 1.7% to 1.3% (2018 – 2022) and rebounded to 1.5% (2023) whilst capital expenditure on health as a percentage of total Government expenditure is expected to decrease from 17% to 14.1% (2023 – 2026).



**Extended Waiting Times given the high occupancy of public sector tertiary care facilities**

**Hospital**



Hemas Hospitals is well positioned to capitalise on the increasing demand for private tertiary healthcare, particularly as public tertiary care facilities remain overstretched and unable to adequately meet patient needs.



**Aspiration:** Become the most trusted and leading provider in tertiary healthcare, surgical and laboratory services spaces in Sri Lanka.



**Role in Portfolio:** Innovation & Expansion Catalyst - page 75

# SECTOR REVIEW & STRATEGY - HEALTHCARE



## Strategic Priorities/Way Forward:

### 1. Strengthen Leadership in Tertiary Healthcare & Build Centres of Excellence in High-Demand Specialties

- Drive differentiation through focused clinical depth and specialisation.
- Scale capabilities in cardiology, neurology, orthopaedics, and nephrology etc.
- Develop advanced offerings (e.g., transplants, complex surgeries, robotic and AI-assisted procedures).

### 2. Deliver an Integrated, Patient-Centric Care Ecosystem

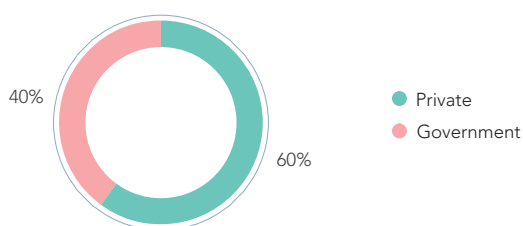
- Create a seamless, connected care model across the patient journey.
- Integrate hospitals, labs, primary care, and digital platforms whilst scaling the lab networks, primary care centres, and HealthPlus formats.
- Enhance patient experience through digitisation and coordinated care pathways.

## PHARMACEUTICAL DISTRIBUTION

The Sri Lankan pharmaceutical market, estimated at ~USD 600 Mn+, is expected to sustain its growth trajectory, driven by an ageing population, high NCD prevalence, and gradual normalisation of healthcare access and pharmaceutical volumes following recent economic stabilisation. These factors, coupled with improving supply conditions, are expected to drive higher per capita pharmaceutical consumption over time.

➤ **Sri Lankan Pharmaceutical Market is valued at ~USD 600 Mn+**

The market remains highly concentrated, with the top four therapeutic spaces of cardiovascular, diabetes, respiratory and neurology accounting for over 50% of total value.



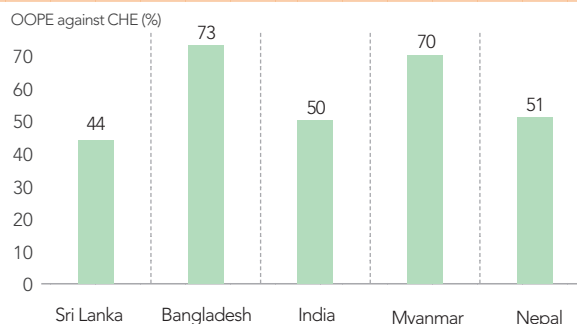
Source: SLCPI (2020)

The private sector pharmaceutical market is projected to grow at ~5% CAGR (CY24–CY27), supported by:

- Structural shift towards private healthcare delivery, driven by accessibility, reliability, and patient preference.
- Progressive increase in out-of-pocket expenditure, with Sri Lanka currently below regional benchmarks and expected to converge over time.

➤ Sri Lanka currently reflects lower out-of-pocket expenditure (OOPE) as a % of current healthcare expenditure (CHE) relative to regional peers, indicating headroom for private sector expansion over the medium term.

This is expected to increase to regional averages across time



Source: World Bank (2021)

## Hemas Pharmaceuticals



Hemas Pharmaceuticals will strengthen and extend its market leadership by actively shaping the market through portfolio expansion via strategic partnerships, distribution re-engineering and digital transformation.

**Aspiration:** Continue to be the undisputed leader in pharmaceutical distribution

**Role in Portfolio:** Core Value Generators – page 75



## Strategic Priorities/Way Forward:

### 1. Sustain Leadership in Pharmaceutical Distribution

- Maintain leadership across the top 10 therapeutic classes, reinforcing depth in distribution leadership.
- Proactively build portfolios in emerging and underpenetrated therapy areas, guided by long-term disease and consumption trends.

### 2. Expand Portfolio Through Partnerships and New Offerings

- Deepen and expand global principal partnerships to enhance portfolio breadth.
- Strengthen the consumer health platform, with a focused play in preventive health, nutrition, and wellness.

### 3. Scale Surgical, Diagnostics and Adjacent Healthcare Segments

- Expand presence in high-growth Surgical & Diagnostics categories, including consumables and critical care solutions.
- Build strategic alliances with global innovators to introduce differentiated technologies and enhance market access.
- Progressively build integrated plays within selected therapeutic ecosystems, increasing relevance across the patient journey.

#### 4. Reengineer Distribution for Reach and Efficiency

- Evolve towards an optimal distribution model enabling closer proximity to patients.
- Optimise the distribution network to maximise coverage, improve channel productivity, and enhance service levels, while driving cost efficiency

#### 5. Accelerate Digitalisation for Operational Excellence

- Scale digital capabilities across the value chain to drive end-to-end visibility, agility, and scalability.
- Enable data-driven decision-making, including demand forecasting, micro-market shaping, and channel optimisation, to enhance responsiveness and execution quality.

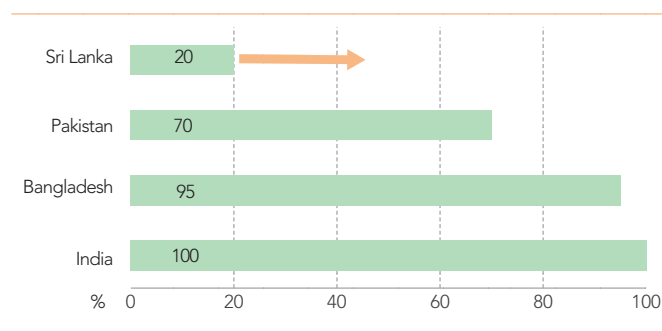
### PHARMACEUTICAL MANUFACTURING

Pharmaceutical manufacturing is a long-term strategic growth platform anchored in Sri Lanka's push for medicine self-sufficiency and structurally low local manufacturing penetration. Morison is now positioned to scale a differentiated, own-brand NCD manufacturing platform with domestic and regional relevance.

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

#### ➤ Regional Self-Sufficiency

*SL significantly lags behind regional peers in terms of fulfilling its national medicine requirement*



Local pharmaceutical manufacturing has expanded significantly over the past decade, accelerating further after COVID-19 pandemic exposed the risks of concentrated global supply chains. Before the government buy-back programme was initiated in 2015, local manufacturing made up ~5% of consumption. At present, Sri Lanka locally manufactures only 20% of the local market requirement.

### Morison



As one of the fastest-growing pharmaceutical manufacturing companies in Sri Lanka (position increased from 71<sup>st</sup> to 23<sup>rd</sup> as per IQVIA rankings, across five years) and brand trust spanning over 6+ decades, Morison is well positioned to benefit from the economic opportunity created by the country's ambition to source 40% of its pharmaceutical requirements through local production.



**Aspiration:** Focus is to be the most trusted pharma brand in SL by 2030



**Role in Portfolio:** Innovation and Expansion Catalyst – page 75



#### Strategic Priorities/Way Forward:

##### 1. Lead in Affordable, High-Quality Healthcare

- Focus on niche and novel therapies to address unmet needs.
- Position Morison as a trusted brand in key NCD segments (e.g., cardio, diabetes) as the NCD segment is the leading cause of death in the hospital setting. For example:
  - Diabetes - in Sri Lanka, 25% (1 in 4) of the urban adult population is diabetic and another notable segment of population is estimated to be in the pre-diabetic stage.
  - Cardiovascular disease - highest cause of mortality in Sri Lanka.
  - Hypertension - ~28% of Sri Lankan adults suffer from hypertension.

##### 2. Build a Scalable Own-Branded NCD Portfolio

- Drive a strategic shift towards owned brands in high-burden disease areas.
- Expand presence in chronic and high-growth NCD categories.
- Strengthen brand equity and long-term value through owned product portfolio.

##### 3. Achieve Manufacturing Excellence with Cost Leadership

- Deliver international-quality standards at competitive cost.
- Become the supplier of choice for the state sector through reliability and quality.

##### 4. Expand into Export Markets

- Obtain EU GMP and leverage capabilities to enter and scale in export markets.

##### 5. Build a Strong and Sustainable Product Pipeline

- Ensure long-term growth through consistent innovation and launches.
- Accelerate a pipeline across registered and in-development molecules.
- Maintain a steady cadence of new product introductions.

# SECTOR REVIEW & STRATEGY - MOBILITY



Based in Sri Lanka, the Hemas Mobility Sector stands as a versatile and dynamic force in the logistics and passenger services landscape, providing an array of sea and air cargo solutions complemented by air passenger services achieved through partnerships with a leading international airline, a major shipping line, and several established international shipping agencies.

## Maritime

The Maritime segment represents Evergreen Line and Far Shipping Line and offers an extensive portfolio of services catering to the country's import and export industry and the transshipment segment.

## Aviation

As the designated General Sales Agent (GSA) for Emirates in Sri Lanka, Hemas plays a pivotal role in driving the airline's commercial presence in the country. Emirates, recognised as one of the largest international carriers operating within Sri Lanka, offers an extensive range of services, including outbound passenger travel and cargo solutions, ensuring that both individual travellers and businesses across Sri Lanka have seamless access to Emirates' global network.

## CONTRIBUTION TO GROUP



Revenue  
**1.8%**



EBITDA  
**9.7%**



Capital Employed  
**1.9%**



Carbon Footprint  
**0.6%**



Employees  
**2.6%**

## PERFORMANCE HIGHLIGHTS

**Rs.2,293Mn.**

Revenue

FY 25: Rs.1,947Mn

**Rs.1,599Mn.**

EBITDA

FY 25: Rs.1,531Mn

**213.3%**

ROCE

FY 25: 102.5%

**1,380Hrs**

Training Hours

FY 25: 572Hrs

**16.1ML**

Water Usage

FY 25:14.4ML

**85Mt**

Carbon Footprint

FY 25:86Mt



## HIGHLIGHTS AND STRENGTHS

### Maritime

- Longstanding partnership with principals (over 10 years)
- Represents a leading player in the sea cargo market in Sri Lanka (by volume)

### Aviation

- Longstanding partnership with principals (over 30 years)
- Represent a leading carrier in the air freight segment (by volume) in the country



## CHALLENGES AND OPPORTUNITIES


### Maritime and Aviation

*Sri Lanka is uniquely positioned to capitalise on robust trade growth*

- Sri Lanka's strategic location along major shipping routes positions it as a key trans-shipment hub for regional trade flows
- Proximity to India, the world's 4th largest economy and a key driver of regional trade, enhances access to a large and growing market
- Recovering domestic economy, with exports and imports continuing to grow following recent economic challenges
- Expansion of local and regional trade driving increased import, export, and transshipment volumes

However, downside risks remain in the short term

- Geopolitical tensions in the Middle East are forcing vessel rerouting, increasing freight costs and transit times
- Rising oil prices and US trade tariffs are creating uncertainty and disrupting global trade flows, leading to higher freight volatility and increasing flight costs
- Stricter environmental regulations, including EU ETS expansion and potential global GHG pricing from 2028, are raising operating costs

 Refer ensuing section titled "Strategy" for a detailed discussion.



## ACTION

### Maritime

- Engaged with principals to manage service disruptions and capacity constraints
- Delivered enhanced customer service across key accounts
- Optimised working capital to strengthen cash flow generation
- Introduced the China-India Express service to expand connectivity and trade lanes
- Implemented IT automation initiatives to improve efficiency, reduce manual intervention, and strengthen control in Electronic Delivery Order (EDO) issuance

### Aviation

- Strengthened collaboration with agents to drive sales growth
- Supported the introduction of a second daily Emirates flight to Sri Lanka, featuring Premium Economy seats to enhance passenger experience
- Advanced digitisation through backend IT system enhancements and rollout of AI-driven initiatives



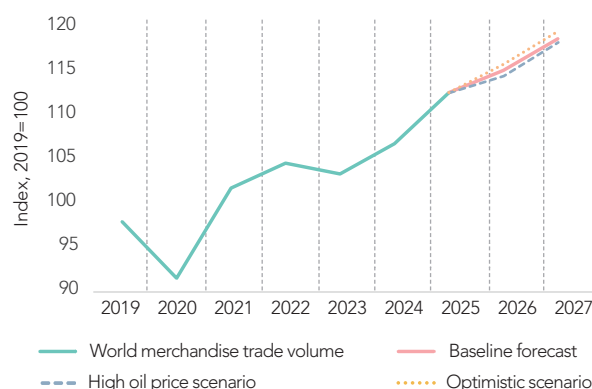
## STRATEGY

Against a backdrop of modest global trade growth, geopolitical disruptions and regional competition, Hemas Mobility is positioned to deliver resilient performance through disciplined execution, strong strategic partnerships and agility in responding to evolving regional dynamics. The sector's asset-light, cash-generative model and exposure to long-term structural growth drivers support its role as a core contributor to Group value creation.

In 2025, world goods and services trade grew around 4.7%, exceeding world GDP growth of 2.9%. In 2026, the World Trade Organisation (WTO) expects goods and services trade and GDP to grow in tandem with trade expected at a growth of 2.7% and GDP at 2.8%.

➤ **World merchandise trade volume growth was expected at 1.9% in 2026 and 2.6% in 2027**

*If the Middle Eastern conflict persists, growth could slow to 1.4% in 2026 and pick up to 2.8% in 2027.*



Note: Trade refers to average of exports and imports. Figures for 2026 and 2027 are projections.

Sources: WTO for historical trade statistics. WTO Secretariat estimates for trade forecasts.

### Strategic relevance of Sri Lanka

Sri Lanka's location along key East-West maritime and aviation routes positions it as an important regional connectivity and transshipment hub within the Indian Ocean. This geographic advantage, combined with ongoing infrastructure investments and positioning as a neutral Indian Ocean logistics and maritime services hub, underpins the country's ability to attract trade and logistics flows.

# SECTOR REVIEW & STRATEGY - MOBILITY

- India, now the world's fourth-largest economy, continues to be a key demand anchor for South Asia. Growth in Indian trade volumes, particularly transshipment, augurs well for Sri Lanka's ports given its proximity to major Indian ports. As India's container traffic expands, Sri Lanka is well-positioned to strengthen its role as a regional transshipment hub, supported by established infrastructure and deep-water vessel handling capabilities.
- Strong consumption, manufacturing growth, deeper trade integration and demand for inbound and outbound air travel are driving passenger and cargo movements, particularly across regional trade corridors.

## Port- and airport-led expansion

The Port of Colombo is expected to expand its annual container handling capacity to ~14 Mn TEUs by 2028, reinforcing Colombo's positioning as a leading regional transshipment hub.



Source: Lanka Hydraulic Institute

Global tourism fully rebounded in 2025, with an estimated 1.52 Bn international arrivals in 2025, a 4% increase over 2024 and exceeding pre-pandemic levels. Sri Lanka's aviation sector also continued to recover strongly with growth in passenger supported by tourism recovery, outbound travel, labour mobility, and a gradual improvement in business travel.

Air cargo volumes continued to improve in 2025, supported by normalising trade flows and growing demand for time-sensitive shipments such as pharmaceuticals, perishables, garments, electronics components, and e-commerce cargo.

The Bandaranaike International Airport expansion shall result in an increase in capacity:

- Passenger: Current 6 Mn to 15 Mn
- Cargo: 250,000 MT to 500,000 MT



Source: Aviation Voice

## Hemas Mobility

The Hemas Mobility sector is strategically placed to capitalise on growing regional trade and travel flows, leveraging on strong partnerships with global leaders in the transportation industry.



**Aspiration:** To be a regional leader in integrated logistics solutions



**Role in Portfolio:** Core Value Generators – page 75



### Strategic Priorities/Way Forward:

#### 1. Strengthen the Lean, Asset-Light Business Model

- As an asset-light platform, the sector will continue to prioritise cost discipline, operating efficiency, and capital-light expansion.

- Envisaged to aid strong margins, high returns on capital, and consistent cash generation for the Group.

#### 2. Diversifying and Growing the Agency Portfolio

- Focusing on the maritime support service space, such as ship spare logistics, crew logistics, and outer harbour services to strengthen and complement the core agency business.

- Pursuing new principals by leveraging the Group's reputation as a trusted "partner of choice".

#### 3. Expand into High Potential Logistics and Maritime Adjacencies

- Develop capabilities in regional logistics and value-added services to capture value from evolving regional trade dynamics, leveraging on Sri Lanka's strategic positioning.

# BOARD OF DIRECTORS

## AJITH FERNANDO

Chairman/ Independent Non-Executive Director

Appointed as Chairman w.e.f January 2026

Appointed to the Board w.e.f July 2024

Member – Nominations and Governance Committee

### Skills & Experience

Ajith Fernando brings over 35 years of extensive experience in the financial sector, with a strong focus on capital markets. He is the founder of Capital Alliance Group, established in 2000, and served as its Chief Executive Officer until December 2023. Under his strategic leadership, the Group evolved into one of Sri Lanka's leading investment banks and successfully expanded its footprint into Bangladesh. His expertise spans investment banking, corporate finance, and strategic leadership, contributing significantly to the development of capital markets in the region.

He is a Fellow of the Chartered Institute of Management Accountants (UK) and holds a Master's degree in Financial Economics from the University of Colombo.

### Other Current Appointments

Beyond the financial sector, he serves as Chairman of Sri Lanka Technology Campus (Pvt) Ltd. and as a Director of Ceylon Tea Brokers PLC, in addition to holding directorships in several private companies.

## MURTAZA ESUFALLY

Deputy Chairman/ Non Executive Director

Appointed as Deputy Chairman w.e.f January 2026

Appointed to the Board w.e.f 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 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 is the Chairman of Hemas Hospitals (Pvt) Ltd, Hemas Pharmaceuticals (Pvt) Ltd and Morison Limited.

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.

## ASHISH CHANDRA

Group Chief Executive Officer/Executive Director

Appointed as Chief Executive Officer w.e.f July 2025

Appointed to the Board w.e.f July 2025

### Skills & Experience

He brings over 27 years of leadership experience across large-scale operations, strategic growth, financial turnarounds, mergers and acquisitions, and market expansion. Prior to joining Hemas, he served as CEO and Managing Director of Bharti Airtel Sri Lanka and held senior leadership roles across Airtel, Vodafone, Vodafone Idea, Reliance Communications.

He has led large and complex businesses with annual turnover of approximately USD 4 billion, serving over 300 million retail and enterprise customers across extensive distribution, channel, and retail networks. His experience spans P&L leadership, digital transformation, advanced analytics, customer lifecycle management, regulatory engagement, operational transformation, and cross-border business integration.

He holds an MBA in Marketing and a Bachelor's degree in Mechanical Engineering, and is an alumnus of IMD Lausanne, IIM Ahmedabad, and ISB Hyderabad.

### Other Current Appointments

Ashish Chandra is the Group CEO of Hemas and he holds several other directorships in the subsidiaries of the Group of Hemas.

## ABBAS ESUFALLY

Non-Executive Director

Appointed to the Board w.e.f May 1991

Member - Nominations and Governance Committee

### Skills & Experience

With several decades of 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 and serves on several other company boards.

He also acts as the Chairman of the 'Hemas Outreach Foundation' and the Deputy Chairperson for 'AYATI Trust, Sri Lanka', a Centre 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 to the Board w.e.f 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.

## RANIL PATHIRANA

*Independent Non-Executive Director*

Appointed to the Board w.e.f 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.

## SUPUN WEERASINGHE

*Independent Non-Executive Director*

Appointed to the Board w.e.f 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. 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.

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

Supun Weerasinghe serves on the Board of The Ceylon Chamber of Commerce and UNGC Network, Sri Lanka.

## THUSITHA PERERA

*Independent Non-Executive Director*

Appointed to the Board w.e.f September 2024

Chairperson - Audit Committee, Related Party Transactions Review Committee and Nominations and Governance 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

## ASHISH CHANDRA

Group Chief Executive Officer (Group CEO)  
Executive Director

Please refer Board of Directors Profiles on page 69

## 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 20 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.

## SABRINA ESUFALLY

Managing Director- Hemas Manufacturing (Private) Limited  
and Hemas Consumer Brands Bangladesh (Pvt) Ltd

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 in Sri Lanka and Bangladesh. 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.

## RIZNY FAISAL

Chief Strategy and Growth Officer

Rizny Faisal leads Growth, Strategy, PMO and Investor Relations Functions for the Hemas Group and has over 15 years of combined experience in these domains. He has been at the forefront of concluding several landmark ECM and M&A transactions across diverse sectors and has been involved in over 100 M&A transactions in various capacities during his career.

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.

Prior to CAL, he was an integral part of the Mergers and Acquisitions team at PwC Sri Lanka. Rizny Faisal has also had stints at Amba Research and KPMG Sri Lanka.

Rizny Faisal is a CFA charter holder (USA) and is a Fellow of the Chartered Institute of Management Accountants (UK).

Rizny Faisal also serves on the Investment Committee of Aberdeen Holdings (Private) Limited.

## RAVI JAYASEKERA

Chief People Officer & Chief Corporate Affairs Officer

Ravi Jayasekera serves as the Chief People Officer and Chief Corporate Affairs Officer of Hemas Holdings PLC, with over two decades of local & global leadership experience spanning human capital strategy, organisational transformation, and enterprise leadership.

He leads the Group's people strategy, talent agenda, and organisational culture, while overseeing corporate affairs, including stakeholder engagement, communications, and sustainability. In this capacity, he plays a key role in aligning people and reputation priorities with the Group's long-term business objectives.

Prior to joining Hemas, Ravi built his career predominantly in the banking sector, holding senior leadership roles across leading local & multinational financial institutions. He has held a series of senior regional and country leadership roles at HSBC across Asia-Pacific, including Sri Lanka and the Maldives, Australia, and Mauritius, as well as a Group Human Resources role for Retail Banking and Wealth Management based in Hong Kong. He began his career with ANZ Grindlays Bank and subsequently held human resources roles at Standard Chartered Bank, building broad expertise across core HR disciplines.

Ravi is an alumnus of Royal College, Colombo, and holds a MBA from the University of Western Sydney, Australia.

# BOARD OF MANAGEMENT

## MUSHIN KITCHILAN

Director- Hemas Transportation (Private) Limited

Mushin has been an integral part of Hemas Mobility since 2007, bringing over 17 years of industry experience across finance, commercial operations, and strategic leadership. He began his career as a Trainee Finance Executive and progressed through several key leadership roles in the Finance function before transitioning into commercial operations. He headed the Evergreen Agency business, where he was instrumental in strengthening the company's maritime presence.

In 2022, he was appointed as Director of the Mobility Sector, where he now oversees the overall strategic direction and performance of Hemas Mobility Sector. Over the years, he has played a pivotal role in driving growth-oriented initiatives and industry partnerships across both the logistics and maritime sectors.

Beyond Hemas, he actively contributes to the wider shipping and aviation community. He currently serves as the Treasurer of the Ceylon Association of Shipping Agents (CASA) and as an Executive Committee Member of the Sri Lanka Association of Airline Representatives (SLAAR).

He holds an MBA from the University of Wales (UK) and is an Associate Member of the Chartered Institute of Management Accountants (CIMA), UK.

## LAKITH PEIRIS

Managing Director – Hemas Hospitals (Private) Limited and Hemas Capital Hospital (Private) Limited

Lakith Peiris is the Managing Director of Hemas Hospitals and the Laboratory Chain.

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 eight years prior to joining Hemas in 2015.

He currently serves in the Singapore-Sri Lanka Business Council as well as the Health Committee of Ceylon Chamber of Commerce, a member of the Private Health Services Regulatory Council of the Ministry of Health appointed by the Minister of Health, a 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.

Lakith Peiris holds a Doctorate in Business and Management from MSU 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. Lakith is an executive coach certified by CFI, India.

## MOIZ REHMANJEE

Group Chief Financial Officer

Moiz H Rehmanjee is the Chief Financial Officer of Hemas Holdings PLC, bringing over twenty 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 leadership roles in other leading corporates. 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).

## 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 organisations. 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.

### **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. He is also currently holding the position as the Managing Director of Hemas International Business.

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.

### **THAMARI SENANAYAKE**

*Group Chief Legal, Regulatory and Compliance Officer*

Thamari Senanayake is the Group Chief Legal, Regulatory and Compliance Officer at Hemas Holdings PLC, providing strategic oversight across legal affairs, regulatory compliance, and governance throughout the Group. With over 25 years of distinguished experience spanning both public and private sectors, she brings deep expertise in regulatory strategy, multinational operations, corporate governance, sustainability, and stakeholder engagement.

Prior to joining Hemas, Thamari served as Director – Public Affairs, Communications, Regulatory and Sustainability at Coca-Cola Beverages Sri Lanka Ltd, where she led external engagement, sustainability initiatives, and policy advocacy in areas including environmental management and food regulation. She previously held the role of Director – Corporate Affairs, Regulatory, Health & Safety and Legal at Fonterra Brands Lanka (Pvt) Ltd, driving regulatory excellence and strengthening corporate governance.

Thamari entered the private sector in 2006 as Senior Manager – Regulatory Affairs at Ceylon Tobacco Company, becoming the first female to hold the role and to receive the Chairman's Award for establishing the company's first regulatory strategy.

Her public sector career started at the Securities and Exchange Commission of Sri Lanka playing a pivotal role in developing laws for takeovers and mergers, unit trusts, and listing rules and as Director – Investigation at the Insurance Board of Sri Lanka, Spearheading the investigations' function and claims review process.

Thamari is an Attorney-at-Law, and was the recipient of the Top 50 Career Women Career Achievement Award (2019).

# STRATEGY FORMULATION AND PORTFOLIO MANAGEMENT

## STRATEGY FORMULATION AND PORTFOLIO MANAGEMENT

Sound strategy demands equally sound governance. At Hemas, the structures that govern strategy are not procedural formalities, but architecture through which ambition is tested, decisions are made with rigour, and accountability is held at every level of the organisation. This section describes how strategic oversight is structured, how capital allocation decisions are governed, and how the Board ensures that the Group's long-range direction remains coherent, sustainable, and aligned with stakeholder interests.

### Strategic Governance Structure

The governance of strategy at Hemas operates across five distinct but interconnected tiers. Each tier carries defined authority, specific accountability, and a clear mandate as articulated below.

#### Group Board of Directors

- Overall direction and oversight

The Board holds ultimate responsibility for the Group's strategic direction, which includes approval of the long-range plan, sanctioning significant capital allocation decisions, and governing portfolio entry and exit.

#### Investment Committee

- Capital and portfolio discipline

The Investment Committee (IC) provides dedicated governance over capital allocation, merger and acquisition activity, and portfolio review. The IC assists the Board to assess the strategic fit/feasibility of investments, risks associated with significant investments, particularly at the initial stages of discussions, aids with structuring arrangements, and the establishment of comprehensive review mechanisms and incentive structures to ensure alignment of project owners.

#### Cluster Board of Directors

- Industry leadership, synergy identification and performance oversight

The Cluster Board provides sector-specific strategic direction and oversight, translating Group strategy into actionable priorities within the industry context. It monitors performance across cluster businesses, drives synergy identification and realisation, and supports capital prioritisation within the cluster. The Board also fosters industry-specific opportunity identification, ensures robust governance of industry-specific risks while fostering collaboration and capability development across businesses within the cluster.

#### Group CEO & Board of Management

- Formulation and execution

The Board of Management (BOM) headed by the Group CEO leads strategy development and is accountable for its execution. The BOM is also responsible for formulating and implementing the Group strategic plan, ensuring cross-functional coherence and high-performance delivery across all operating conditions.

#### Growth & Strategy Team

- Enablement and integration

The Growth & Strategy team, headed by the Chief Strategy and Growth Officer, acts as the central engine supporting strategy development and execution across the Group. The team works closely with businesses and Business Units to shape strategic initiatives, drive inorganic growth opportunities, and ensure rigorous evaluation of investments. The team also champions white spaces and develops new verticals. It also plays a key role in embedding strategic discipline across the organisation, linking long-range planning, capital allocation, and execution tracking, thereby ensuring alignment between Group priorities and business-level actions.

### Principles Underpinning Strategic Governance

The Group's approach to governing strategy is guided by four underlying principles that have shaped decision-making across Hemas' 77-year history and remain as relevant in a period of accelerated growth as in times of crisis:

- Purpose-led direction - Strategic decisions are assessed against the Group's purpose, ensuring that portfolio choices and capital allocation balance commercial ambition with societal contribution.
- Disciplined portfolio renewal - The portfolio is actively reviewed, with capital redeployed from businesses that no longer meet strategic fit or return thresholds into areas of structural advantage.
- Accountability - Beyond the Board, business unit heads within the BOM carry explicit ownership for performance against strategic objectives.
- Transparency and assured reporting - Strategic risks and opportunities, including sustainability considerations, are embedded within enterprise risk management and reflected in externally assured reporting.

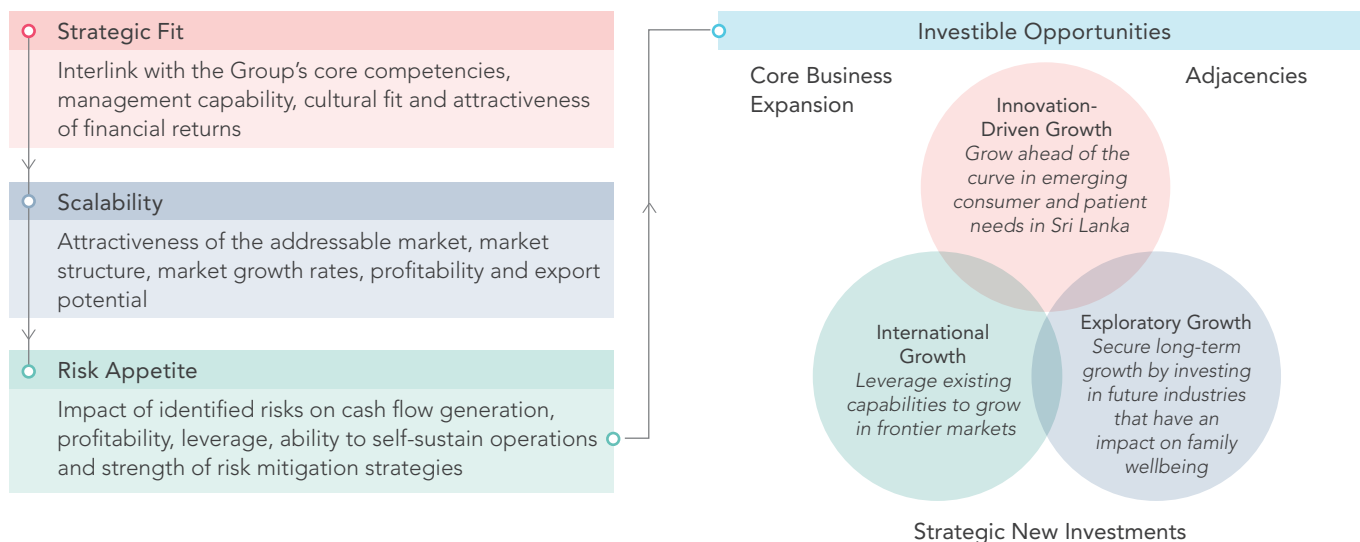
### Translation of Strategy into the Long-Range Plan (LRP)

Strategy at Hemas is translated into action through the Group's Long-Range Plan (LRP), which is refreshed every three years. The LRP sets out the Group's aspirations across all business verticals as well as white spaces and identifies the key strategic priorities and shifts required to deliver long-term objectives. Led by the BOM and approved by the Board, the LRP provides a structured roadmap that aligns portfolio direction, capital allocation priorities, and execution plans, ensuring consistency between long-term strategy and near-term decision-making. As part of the LRP process, emphasis is also placed on ensuring that each strategy and identified priority is adequately resourced to fully materialise, with decision rights, incentive and remuneration structures aligned to support delivery. These frameworks help create a strong foundation for new initiatives, enabling them to develop effectively and reach their full potential.

### Investment Decision Cycle

Capital allocation is therefore guided by the priorities and investment envelopes established through the Group's Long-Range Plan, ensuring that capital follows strategy in a deliberate and governed manner. The Group applies a consistent return hurdle, strategic fit assessment, and time-to-value lens before committing Group resources. This cycle applies equally to organic investments such as capacity expansion, digital transformation, brand building as well as inorganic opportunities such as acquisitions and joint ventures.

Accordingly, the Group's capital will be deployed based on the following investment thesis to pursue growth levels:



### 17.0% Long-term hurdle rate (Weighted Average Cost of Capital)

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 planned capital structure.

### BALANCED PORTFOLIO WITH DISTINCT ROLES

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 it seeks sustainable growth opportunities. This is envisaged to continue generating exceptional shareholder value whilst driving the evolution of local markets as well as foraying into new markets.

	New Growth Engines Growth markets & new verticals	Innovation & Expansion Catalysts New products, Unmet needs	Core Value Generators Cash cows & efficiency leaders		
<b>Role</b>	<i>Designed to drive scale and long-term future growth</i>	<i>Pursuing adjacent or disruptive growth opportunities for medium-term growth</i>	<i>Focused on profitability and cash generation, through efficiency, to optimise current returns</i>		
<b>Features</b>	<ul style="list-style-type: none"> <li>High-growth markets</li> <li>Heavy investment phase</li> <li>Leverages localisation, brand building &amp; operating excellence</li> </ul>	<ul style="list-style-type: none"> <li>Addresses unmet consumer needs</li> <li>New offerings, formats, or service models</li> <li>Higher uncertainty, selective scaling</li> </ul>	<ul style="list-style-type: none"> <li>Market leadership positions</li> <li>Strong, predictable cash flows</li> <li>Continuous improvement via digital/process transformation</li> </ul>		
<b>BU's within each Role</b>	ALTHIA White Spaces	hcb Consumer Brands - Sri Lanka HEMAS HOSPITALS Hospitals	hcb Consumer Brands - Bangladesh Morison Pharmaceutical Manufacturing	HEMAS PHARMACEUTICALS Pharmaceutical Distribution atlasaxillia Learning	HEMAS MOBILITY Mobility
		↑ Investments	↓ Pool Contributors	↓	
War Chest of USD 100 Mn+ for next 4 years for new investments/opportunities					

# RISK MANAGEMENT

Effective risk management is critical to 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, provides a structured and standardised approach to managing risk across all business units. Robust risk management practices are supported by clearly defined roles and responsibilities, ensuring strong governance, oversight, accountability, and transparency.

The Group adopts a holistic, enterprise-wide approach to proactively manage risks and opportunities across all categories, thereby strengthening both strategic and operational resilience. Recognising the diverse range of internal and external factors that impact the business, Hemas continuously assesses and manages a broad spectrum of risks and opportunities.

## A. GOVERNANCE AND OVERSIGHT

The Board is responsible for overseeing the Group's operations, ensuring 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 active involvement of multiple governance stakeholders across the organisation, each with clearly defined responsibilities for identifying, assessing, mitigating, and overseeing risks. The key governing bodies and their roles are outlined below:

### Group Board

Plays a critical role in overseeing operational and strategic risks including sustainability related risks and opportunities (SRROs), ensuring transparency, integrating risk considerations into decision-making, establishing and communicating risk tolerance levels, and refining strategy to mitigate threats while capitalising on opportunities.

### Group Audit Committee

Focuses on governance and accountability by overseeing operational risks and SRROs, reviewing the adequacy and effectiveness of risk management processes and strategies, and providing assurance to the Board on the strength of the Enterprise Risk Management (ERM) framework.

### Board of Management (BOM)

Evaluates key business risks, promotes 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 actions across the organisation.

### Group Risk and Control

The Risk Management Function (RMF) promotes a strong risk management culture by developing frameworks and policies, ensuring alignment with ERM standards, identifying areas for improvement, and working closely with stakeholders, including Risk Champions, to facilitate risk management across the Group.

### Group Corporate Affairs

The Sustainability Function, within Group Corporate Affairs, works closely with Strategic Business Units (SBUs), with support from the RMF, to identify SRROs, maintain the risk register, and oversee the implementation of mitigation plans.

### SBU Board

Oversees risks at the SBU level, ensuring alignment with the Group's risk management framework, integrating risk considerations into decision-making, adopting the risk appetite framework, and setting risk tolerance levels for the SBU.

### SBU Audit Committee

Monitors and reviews the effectiveness of risk management within the business unit, ensuring alignment with the Group's governance framework, providing assurance on risk management practices, and escalating significant issues to the SBU Board or Group Audit Committee where necessary.

### SBU Executive Committee (SBU EXCO)

Responsible for identifying, assessing, and managing risks at the SBU level, ensuring alignment with business objectives, driving risk management initiatives, and embedding risk considerations into operational decision-making in collaboration with key stakeholders.

### Risk Champions

Supports the effective implementation of risk management practices within the SBU, coordinates risk-related activities, drives risk initiatives, and works closely with the RMF.

## Embedding Resilience Through Integrated Risk Management

The Group continues to strengthen its risk management practices through effective leadership, ongoing capability development, and structured monitoring. Senior Management, the RMF, and Risk Champions actively enhance their expertise by engaging with external consultants, assurance partners, and training providers to stay updated on emerging trends and best practices.

Risk monitoring is carried out on an ongoing basis, with quarterly updates provided to the Board and Audit Committees, ensuring visibility of risk profiles, mitigation actions, and emerging risks.

During FY26, several key enhancements were introduced to support a more structured and data-driven approach to managing risks and opportunities. These improvements are aimed at strengthening accountability, enhancing the quality of risk discussions, and ensuring a more integrated and proactive approach to risk management across the Group.

### ➤ Enhancements in Risk Management Practices

During the year, the Group continued to strengthen its approach to risk management through several focused initiatives aimed at improving governance, better integration across functions, and overall organisational resilience.

**Strengthened Risk Governance Structure**

Governance structures were further strengthened by clarifying roles, responsibilities, and escalation protocols across the organisation. This has helped improve oversight, accountability, and the timeliness of decision-making.

**Enhanced Cross-Functional Risk Collaboration**

There has been a stronger emphasis on collaboration between SBUs and support functions, allowing for a more integrated and enterprise-wide approach to identifying, assessing, and managing risks.

**Enhanced Business Continuity & Resilience Planning**

Business continuity and crisis management frameworks of Group and SBUs were further enhanced to improve readiness for potential disruptions, including supply chain challenges, infrastructure limitations, and external shocks.

**Improved Risk Insights and Decision Support**

The Group has also improved how it looks at risk by placing greater focus on understanding the potential impact of key risks on operations, cost structures, and overall financial performance, supporting more informed and practical decision-making.

**Approach towards Sustainability-Related Risks and Opportunities**

The Group adopts a proactive approach to identifying and managing sustainability-related risks, ensuring ESG considerations are embedded within the overall risk framework. While scenario analysis is not currently applied for identifying SRROs, these risks are assessed based on their impact on the environment, society, workforce, and other stakeholders, as well as the Group’s reliance on environmental and social resources.

**B. RISK MANAGEMENT PROCESS**

The Group follows a structured and collaborative approach to managing risks and opportunities.



**Risk Identification and Assessment**

- Risk identification is carried out through collaboration between frontline teams, Risk Champions, RMF, and the Sustainability Function, with Risk Owners responsible for managing risks within their respective areas.
- Risks are assessed using the ERM Framework, supported by data, expert judgment, and forward-looking insights.
- Key risks across business units are reviewed at the Group level to identify those with broader organisational impact.



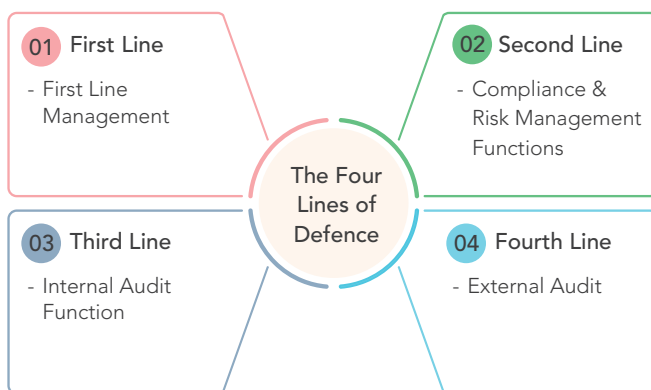
**Risk Evaluation and Treatment**

- Risks are evaluated to determine the most appropriate treatment approach, including avoidance, mitigation, transfer, or acceptance, based on the potential impact, likelihood, and effectiveness of existing controls.
- Risks are prioritised based on their ratings and assessed against predefined criteria to determine whether they fall within acceptable limits and align with the Group’s risk appetite and strategy.



**Risk Recording, Monitoring and Communication**

- Identified risks are formally recorded, monitored, and tracked, with SRROs overseen by the Sustainability Function. Significant risks are escalated to the Board through a structured reporting process.
- The “Four Lines of Defence” framework is applied to monitor and review Group activities, ensuring effective risk management and optimal performance.



**KEY BUSINESS RISKS AND MITIGATION STRATEGIES: NAVIGATING UNCERTAINTIES**

Following the identification and prioritisation of material risks and opportunities, a range of strategies have been implemented to enhance organisational resilience. Relevant metrics and targets are detailed within the respective capital reports, while the associated financial implications are presented in the Financial Capital section.

**Market Risk**

**Description**

During the year, the Group faced increased competition across its business segments. This was driven by more aggressive pricing, stronger promotional activity, and the introduction of new products by both local and international players. In several key categories, competitors leveraged pricing strategies, pack size variations, and heavy marketing investments to gain market share. As a result, there has been noticeable pressure on volumes, margins, and overall brand positioning in certain areas.

**Mitigation Strategies**

Continued focus on strengthening brand positioning and clearly communicating product value, while further expanding distribution reach and improving in-market execution. This will be supported by more targeted marketing and promotional initiatives, along with ongoing portfolio optimisation through product innovation and repositioning. At the same time, the Group will explore

# RISK MANAGEMENT

regional expansion opportunities, including entry into new markets through strategic partnerships and potential acquisitions, to diversify revenue streams and reduce reliance on the domestic market.

## Regulatory and Policy Risk

### 📌 Description

The Group continues to operate in a fast-changing regulatory environment, particularly within the pharmaceutical and healthcare sectors. During the year, increased government intervention such as price controls, licensing requirements, and evolving compliance expectations had an impact on margins and operational flexibility. Ongoing developments, including pricing caps, approval delays, and increased scrutiny, have also made planning and execution more challenging across key business areas.

### 📌 Mitigation Strategies

Maintaining regular engagement with regulators and industry bodies to improve clarity on policy direction, closely monitoring regulatory changes, adapting pricing and operational approaches where needed, and strengthening internal capabilities to respond effectively to evolving compliance requirements.

## Talent Management Risk

### 📌 Description

Attracting and retaining skilled talent remains a challenge across the Group, driven by competitive labour market conditions, increased migration, and active hiring by competitors. This has created pressure on maintaining critical capabilities, particularly in specialised and operational roles, which could affect execution and service delivery if not managed carefully.

### 📌 Mitigation Strategies

Strengthening talent development and succession planning, introducing targeted retention and incentive programmes for key roles, enhancing employee engagement and career development opportunities, and continuously monitoring workforce trends to proactively address capability gaps.

## Technology and Cybersecurity Risk

### 📌 Description

As the Group continues to expand its use of digital platforms and systems, exposure to cybersecurity threats, system vulnerabilities, and potential data breaches has increased. Greater reliance on enterprise systems, cloud platforms, and digital tools heightens the risk of both external attacks and internal vulnerabilities, which could disrupt operations or compromise sensitive data.

### 📌 Mitigation Strategies

Continuing to invest in cybersecurity infrastructure, including stronger access controls, multi-factor authentication, and network protection, conducting regular system monitoring and vulnerability assessments, strengthening security protocols across applications, and increasing employee awareness to reduce exposure to cyber risks.

## Operational Resilience and Supply Chain Risk

### 📌 Description

The Group's operations remain exposed to potential disruptions from supply chain constraints, infrastructure dependencies, and gaps in business continuity readiness. During the year, certain challenges including supply disruptions and operational dependencies highlighted the need to further strengthen resilience to ensure uninterrupted operations.

### 📌 Mitigation Strategies

Enhancing business continuity planning across operations strengthening supply chain resilience through supplier diversification, improving operational processes and monitoring, and implementing practical contingency measures to minimise disruptions and maintain continuity of critical activities.

## Brand and Reputational Risk

### 📌 Description

The Group's reputation could be impacted by issues such as product quality concerns, regulatory non-compliance, service gaps, or negative publicity. Given how strongly the business depends on brand trust especially across consumer, healthcare, and pharmaceutical segments any such incident could affect customer confidence, stakeholder relationships, and overall market positioning.

### 📌 Mitigation Strategies

Maintaining strong quality and compliance standards (HACCP, GMP, ISO 9001, etc.), Community engagement programmes with stakeholders and Key Opinion Leaders (KOLs) to mitigate reputational risks, engaging proactively with stakeholders through clear and timely communication and continuously monitoring brand perception to respond quickly to any emerging concerns.

## Legal, Compliance and Governance Risk

### 📌 Description

The Group operates in an increasingly complex regulatory environment, with growing expectations around areas such as anti-bribery, data protection, and corporate governance. Any failure to meet these requirements or uphold expected ethical standards could lead to financial penalties, legal consequences, and reputational damage, while also affecting the Group's ability to operate effectively.

### 📌 Mitigation Strategies

Strengthening governance frameworks and oversight across the Group by embedding compliance considerations into day-to-day operations and decision-making, conducting regular training and awareness programmes, and maintaining robust monitoring and internal control systems to identify and address potential issues in a timely manner.

### Geopolitical and Macroeconomic Risk

#### ➤ Description

The Group operates in an environment shaped by both global and local geopolitical developments, as well as broader economic conditions. During the year, factors such as inflation and currency volatility, have had a direct impact on input costs and consumer demand.

In addition, local challenges such as fuel supply disruptions and power interruptions have, at times, affected operational continuity and cost structures across certain business segments. Ongoing global supply chain disruptions and geopolitical tensions continue to add uncertainty around the availability and pricing of raw materials and imported goods.

#### ➤ Mitigation Strategies

Closely monitoring economic and geopolitical developments, diversifying the supplier base and sourcing locations, implementing practical contingency measures, including alternative power solutions where needed, and adopting prudent cost management and pricing strategies to navigate ongoing volatility.

### Product Quality and Safety Risk

#### ➤ Description

The Group continues to face risks related to product quality and safety, particularly across its healthcare and consumer segments. Any failure to meet required quality standards or safety expectations could lead to regulatory action, product recalls, and a loss of customer trust, ultimately impacting the brand's reputation.

#### ➤ Mitigation Strategies

Maintaining strong end-to-end quality management practices across sourcing, manufacturing, and distribution; supported by well-established systems aligned with internationally recognised standards such as HACCP, GMP, and ISO 9001. This includes regular monitoring, testing, and audits to ensure compliance, along with clear processes to quickly identify and address any quality issues and minimise their impact.

Kindly refer to the Financial Capital Report (pages 20 to 23) for details on the financial implications of SRROs on Group operations.

While the Group places strong emphasis on identifying and managing potential risks, it also actively pursues opportunities that support performance enhancement and the achievement of strategic objectives. By leveraging these opportunities, the Group strengthens its ability to deliver sustainable growth and long-term value creation.

## C. BUSINESS CONTINUITY AND RESILIENCE: ENHANCING ADAPTABILITY IN AN EVOLVING ENVIRONMENT

The Group places strong emphasis on business continuity planning to ensure resilience against potential disruptions. In support of this, a Crisis Management Guideline has been implemented across all SBUs, with a clear 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 areas such as fire drills, medical training, fire safety protocols, and other critical preparedness measures. Any identified gaps or issues are reviewed in detail and addressed promptly to support continuous improvement.

In addition, Business Continuity Plans (BCPs) across all SBUs have continued to mature and evolve, strengthening the Group's resilience and operational readiness. Building on the established foundations within several SBUs, ongoing enhancements have focused on improving consistency, expanding coverage of critical processes, and embedding greater adaptability to emerging and evolving risks. These frameworks are regularly reviewed, tested, and refined to ensure continued effectiveness, enabling the Group to respond proactively to disruptions while maintaining operational stability and business continuity.

## D. DRIVING NEXT-GENERATION RISK MANAGEMENT

Looking ahead, the Group intends to place greater emphasis on embedding risk considerations more meaningfully into everyday business decisions. One of the key priorities for the upcoming financial year will be to further refine the Group's risk appetite, so that it provides clearer direction and more practical boundaries when making strategic, operational, and financial decisions. This will help provide clearer direction and practical boundaries when making strategic, operational, and financial decisions across the Group. This approach will support more consistent and balanced decision-making, particularly when evaluating trade-offs between risk and return in areas such as capital allocation, market expansion, and operational execution.

At the same time, the Group will continue to strengthen its governance framework and internal controls to ensure that key risks are effectively identified, monitored, and managed. There will also be a focus on improving the quality and timeliness of risk-related information available to management, enabling more informed and proactive decision-making. The Risk Management function will work closely with Senior Management to integrate risk thinking into day-to-day activities, encouraging greater ownership and accountability across all levels of the organisation. In addition, sustainability-related risks and opportunities will continue to be managed through the Group's existing sustainability framework, ensuring they receive appropriate focus while remaining aligned with evolving reporting expectations.

# SUSTAINABILITY INTEGRATION

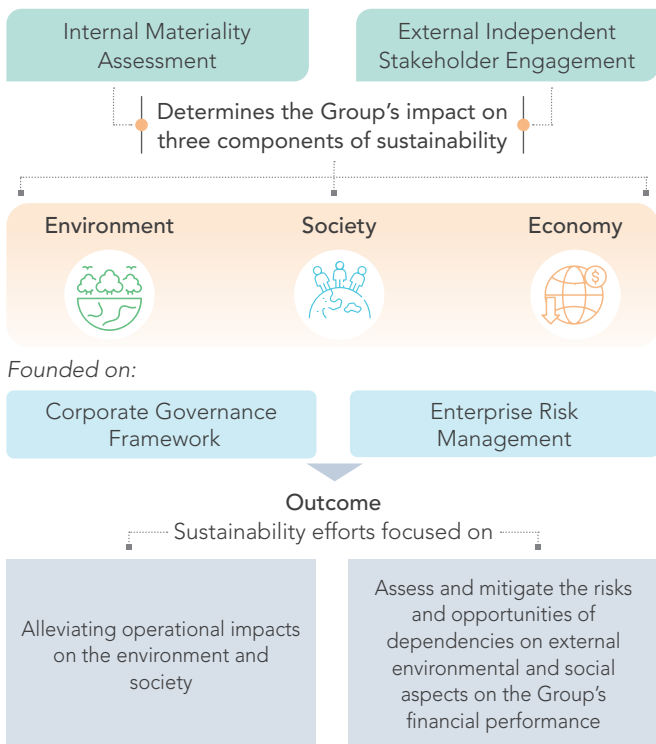
The Group places strong emphasis on sustainability, recognising its influence on financial performance, brand reputation, and long-term value creation. The Group’s approach is anchored in sound corporate governance, product and service excellence, environmental stewardship, and social responsibility. In line with this commitment, responsible business practices are integrated across operations, with key sustainability indicators continuously monitored and managed.

## SUSTAINABILITY AT HEMAS

At Hemas, sustainability extends beyond compliance and is embedded as a core aspect of the Group’s culture and decision-making. This mindset is reinforced through continuous learning, collaboration, and engagement across all levels of the organisation.

The Group’s Sustainability Policy and Management Framework have been developed based on international best practice with material topics, key sustainability themes identified through internal materiality assessments and external stakeholder engagement. These processes help identify and prioritise impacts across environmental, social, and economic dimensions, supported by strong governance structures and enterprise risk management practices.

Accordingly, sustainability efforts are directed towards minimising operational impacts while proactively managing risks and opportunities arising from environmental and social dependencies on financial performance. The Group adopts the precautionary principle, taking preventive action in the face of uncertainty to mitigate potential risks.



This principle underpins its commitment to environmental stewardship and social responsibility and is reflected in Group-wide policies covering energy and emissions, water and effluent management, waste, occupational health and safety, human rights, and product quality and customer health and safety.

## COMPLIANCE ACROSS THE VALUE CHAIN

As a predominantly manufacturing organisation, Hemas places significant importance on safeguarding human rights across its workforce and value chain. All human resource policies and practices comply with Sri Lankan labour regulations aligned with International Labour Organisation (ILO) standards.

Third-party manufacturing partners are regularly assessed to ensure adherence to labour, environmental, and health and safety requirements. In addition, the Group’s Supplier Code of Conduct and supplier assessment processes promote alignment with its sustainability standards.

All Group policies are approved by the Group CEO and Board of Management, with implementation guided through established management approaches. Employees are required to adhere to the “Hemas Way” code of conduct, while environmental and social initiatives remain aligned with the United Nations Sustainable Development Goals (UN SDGs).

## Policy Commitments and Integration

All Group policies are approved and ratified by the 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](http://www.hemas.com).

Certain policy commitments, particularly those relating to Group Human Resources, are confidential in nature and are therefore not publicly disclosed. These policies are accessible to employees via the Group Intranet or through their respective HR divisions.

At the point of induction, employees across key sectors formally acknowledge the “Hemas Way,” the Group’s code of conduct, which sets out its ethical standards and cultural expectations. In addition, the Group’s environmental and social initiatives, including those undertaken by the Hemas Outreach Foundation, are aligned with the United Nations Sustainable Development Goals (UN SDGs) and have been ratified by the Board of Management.

The Group leverages its sustainability management framework to identify and address any adverse impacts arising from its operations on the environment, society, and its workforce. Complementing this, the Group’s Environmental Agenda focuses on managing its environmental footprint, with priority given to initiatives that promote responsible plastic consumption, protect ecosystems, and conserve natural resources.

### GRIEVANCE HANDLING MECHANISMS

The Group maintains structured grievance handling mechanisms to ensure transparency, accountability, and timely resolution of concerns. For employees, these include suggestion boxes, joint consultative committees, and employee surveys.

At the operational level, each business unit designates senior personnel to engage with both formal and informal stakeholders, enabling the identification and resolution of community-related grievances. All reported concerns are escalated to the relevant division for appropriate action, with senior leadership kept informed throughout the process.

Following this, designated team members engage directly with affected stakeholders to ensure that issues are resolved satisfactorily and, where possible, obtain confirmation that concerns have been adequately addressed.

#### Reporting on Sustainability Performance

In line with the Group’s commitment to reporting best practices and transparency, independent external assurance is obtained annually on both financial and non-financial disclosures presented in the Annual Report, through a reputable accounting body. The Sustainability Assurance Statement for the 2025/26 Annual Report, which outlines the assurance scope, standards applied, and level of assurance obtained, is provided on page 237 of this Report.

The Group’s Management Approaches are supported by clearly defined Key Sustainability Performance Indicators (KSPIs), which facilitate the effective implementation of sustainability policies. These indicators enable the Group to systematically identify, measure, monitor, and report on its material sustainability topics, thereby supporting the proactive management and mitigation of sustainability and climate-related risks. This approach reflects the Group’s management of both impact and financial materiality, in line with the concept of double materiality.

Performance against each material topic, including its impacts on a broader stakeholder groups, mitigation of sustainability and climate related risks and opportunities and the contribution to value creation across the six capitals; Financial, Manufactured, Intellectual, Natural, Human, and Social and Relationship Capital is presented within the MD&A sections of this Report. While summaries of the Management Approaches are included within the respective capital sections, the full disclosures are available on the Group website: [www.hemas.com](http://www.hemas.com).

To ensure consistency, accuracy, and completeness of sustainability data, the Group has established Standard Operating Procedures (SOPs) for each material sustainability topic. These are supported by regular training programmes to equip Sustainability Champions and relevant personnel with the necessary knowledge to effectively implement policies, Management Approaches, and SOPs.

### SUSTAINABILITY MANAGEMENT FRAMEWORK



The Group has established a comprehensive Sustainability Management Framework to embed sustainability into its core business operations, providing a structured approach to achieving long-term objectives and promoting responsible business conduct.

The Group’s Sustainability Framework is underpinned by a well-defined organisational structure that supports effective governance and implementation.

Senior Management Leadership	The Group’s senior leadership drives sustainability strategy and ensures its effective integration across all business units.
Sustainability Champions	Designated champions across business units lead sustainability initiatives and promote a collaborative approach.
Data Driven Decision Making	A centralised platform supports consistent data collection, analysis, and informed decision-making.
Transparent Communications	Quarterly reporting processes enable tracking and communication of Group-wide sustainability performance.
Building Awareness	The Group promotes sustainability awareness through ongoing training and communication initiatives.
Independent Assurance	Internal and external assurance processes support transparency, accountability, and credibility of disclosures.

The Group has defined clear benchmarks and targets for its key sustainability indicators, supporting the prioritisation of impactful initiatives aligned with a triple bottom line approach across environmental, social, and economic dimensions.

# SUSTAINABILITY INTEGRATION

The Sustainability Management Framework is further reinforced through 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

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

## Internal Audit

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

## Compliance

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

## Social Responsibility

The Group's focus on enriching lives results in dedicated social responsibility processes being in place, which contribute to the positive development of the communities it operates in.

The Sustainability Management Framework is regularly reviewed to remain aligned with evolving operational needs and best practices, enabling continuous improvement in sustainability performance.

## SUSTAINABILITY GOVERNANCE

The Group has established a robust sustainability governance structure to ensure effective oversight, accountability, and integration of sustainability across its operations. The roles and responsibilities of the Group's governing bodies and management are clearly defined to support the implementation of its Sustainability Management Framework.

### The Board of Directors

The Board of Directors provides overall oversight and strategic direction on sustainability, ensuring its integration into the Group's business strategy and operations. The Board delegates the implementation of the Sustainability Management Framework to the Board of Management, led by the Group CEO.

During the financial year, the Board delegated oversight of sustainability to the Board Audit Committee. The Audit Committee supports the Board by overseeing the Group's sustainability strategy and policies, monitoring sustainability-related risks and opportunities (SRROs), reviewing targets and performance, and ensuring the integration of sustainability into the Group's business model, culture, and operations.

### Group CEO and The Board of Management

The Board of Management, which includes the Managing Directors of each business, is responsible for reviewing and approving the Group's Sustainability Policy and related policies, including environmental, human resources, product quality, and health and safety policies. These policies are developed and periodically reviewed by the respective business units and functional divisions.

The Board of Directors has delegated responsibility to the Group CEO and Managing Directors to:

- Conduct internal materiality assessments, in collaboration with the Group Corporate Affairs Division, to identify key sustainability topics across environmental, social, and economic dimensions, including climate-related impacts
- Implement Group-wide policies within their respective business units to address identified material topics
- Oversee the execution of Management Approaches and Standard Operating Procedures (SOPs)
- Monitor and improve performance against Key Sustainability Performance Indicators (KSPIs)
- Facilitate internal and external assurance processes relating to sustainability performance
- Review outcomes of stakeholder engagement initiatives

### Sustainability Champions

Sustainability Champions, appointed across business units, support the operationalisation of sustainability initiatives. Their responsibilities include:

- Providing quarterly data on Key Sustainability Performance Indicators, including climate-related metrics such as emissions
- Identifying and communicating sustainability-related risks
- Driving sustainability initiatives within their respective business units
- Supporting the implementation of Management Approaches and SOPs

## SUSTAINABILITY RISK MANAGEMENT

Sustainability-related risks are managed as part of the Group's Enterprise Risk Management framework, including the identification, assessment, and mitigation of sustainability-related physical and transition risks.

Physical risks, such as extreme weather events and natural disasters, are mitigated through established business continuity plans, evacuation procedures, and appropriate insurance coverage to safeguard employees and protect property, plant, and equipment.

Transition risks arising from the shift to a low-carbon economy are assessed from both financial and operational perspectives. Mitigation measures include investments in renewable energy, such as rooftop solar installations across key operational locations, including the Head Office.

In addition to climate-related risks, the Group also manages broader sustainability-related risks and opportunities, including those relating to resource availability, regulatory developments, and evolving stakeholder expectations.

Supply chain risks are addressed through diversification strategies and the identification and monitoring of critical suppliers to enhance resilience and operational continuity.

### MANAGING AND MEASURING SUSTAINABILITY PERFORMANCE

The Board of Directors reviews the Group's Key Sustainability Performance Indicators (KSPIs) on an annual basis, while the Corporate Affairs team monitors and reviews performance on a quarterly basis. These reviews assess performance trends, underlying drivers, and emerging sustainability-related risks, including climate-related impacts, and inform strategic direction and corrective actions across business units.

KSPIs are embedded within the Group's management processes and are used to monitor performance across key areas, including climate impact, waste management, water consumption, occupational health and safety, and broader environmental, social, and compliance metrics, as well as the mitigation and strategies to manage key sustainability and climate related risks.

Further details on performance against these indicators are provided within the relevant capital sections of this Report.

#### Responsibilities of the Group Corporate Affairs Team:

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

### ESCALATION OF FRONTIER RISKS AND EMERGING AREAS OF CONCERN

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.

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

The Sustainability 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 quarterly basis to discuss progress on agreed initiatives and share knowledge.

#### 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 sustainability KSPIs,
- determine their contribution towards achieving Group level goals,
- facilitate internal audits for 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

## STAKEHOLDER MANAGEMENT

### Engaging with Stakeholders

Sustainable growth is supported by strong relationships across the Group's value chain. The Group defines its key stakeholders as those who have a significant influence on its operations or are significantly impacted (financially or non-financially) by them.

Hemas adopts a structured approach to stakeholder engagement to understand stakeholder expectations, concerns, and priorities, while creating awareness of its policies and responsible business practices. This engagement also enables the Group to gather feedback on the effectiveness of policy implementation.

Stakeholders are able to raise concerns through established channels, including dedicated hotlines, email, product interfaces, and other communication platforms. All concerns are directed to the relevant division for review and are investigated in accordance with established standard operating procedures (SOPs).

# SUSTAINABILITY INTEGRATION

Consumers	Employees	Business Partners
Individuals and organisations that use the Group's products and services. Meeting their needs is central to the Group's value creation.	Individuals employed across the Group's operations who contribute to its activities and performance. Their engagement and wellbeing are critical to sustaining long-term performance.	Principals, suppliers, distributors, retailers, and agents across local and international markets. They enable the effective functioning of the Group's value chain.
Key Concerns		
<ul style="list-style-type: none"> <li>➤ Product quality and service effectiveness</li> <li>➤ Affordability and accessibility</li> <li>➤ Environmental and social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>➤ Fair remuneration</li> <li>➤ Opportunities for growth and development</li> <li>➤ Employee wellbeing, safety, and dignity</li> <li>➤ Engagement, feedback, and grievance mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>➤ Shared value creation</li> <li>➤ Technical support and knowledge transfer</li> <li>➤ Access to skills and expertise</li> <li>➤ Long-term partnerships</li> </ul>
Group Response		
<ul style="list-style-type: none"> <li>➤ Expanding a portfolio of affordable products and services</li> <li>➤ Strengthening distribution networks to enhance accessibility</li> </ul>	<ul style="list-style-type: none"> <li>➤ Strengthened HR processes with Board oversight</li> <li>➤ Implementation of employee wellbeing initiatives</li> </ul>	<ul style="list-style-type: none"> <li>➤ Ensuring timely payments</li> <li>➤ Promoting fair and transparent processes</li> <li>➤ Supporting capacity building and knowledge sharing</li> </ul>
Engagement Mechanisms		
<ul style="list-style-type: none"> <li>➤ Customer satisfaction surveys</li> <li>➤ Annual engagement surveys</li> <li>➤ Customer hotlines and feedback channels</li> </ul>	<ul style="list-style-type: none"> <li>➤ Annual engagement surveys</li> <li>➤ Performance reviews</li> <li>➤ Joint consultative committees</li> </ul>	<ul style="list-style-type: none"> <li>➤ Annual supplier registration and evaluations</li> </ul>
Engagement Mechanisms Across All Stakeholders		
<ul style="list-style-type: none"> <li style="width: 50%;">- Meetings and stakeholder forums</li> <li style="width: 50%;">- Press releases and corporate communications</li> <li style="width: 50%;">- Websites and digital platforms</li> <li style="width: 50%;">- Social media engagement</li> <li style="width: 50%;">- Correspondence and stakeholder inquiries</li> <li style="width: 50%;">- Industry exhibitions and roadshows</li> </ul>		
Investors	Government	Community
Institutional and individual shareholders, fund managers, analysts, and related financial stakeholders.  Their confidence supports the Group's financial sustainability and strategic direction.	Regulatory and public sector authorities responsible for policy, taxation, and oversight.  They provide the regulatory framework for responsible business conduct.	Communities in which the Group operates, including those in proximity to its facilities.  Their wellbeing is essential to creating sustainable and inclusive impact.
Key Concerns		
<ul style="list-style-type: none"> <li>➤ Sustainable growth and returns</li> <li>➤ Governance and transparency</li> <li>➤ Risk management</li> <li>➤ Timely communication</li> </ul>	<ul style="list-style-type: none"> <li>➤ Compliance with regulatory requirements</li> <li>➤ Contribution to national socio-economic development</li> </ul>	<ul style="list-style-type: none"> <li>➤ Environmental and social responsibility</li> <li>➤ Opportunities for shared value creation</li> <li>➤ Support for community development</li> </ul>
Group Response		
<ul style="list-style-type: none"> <li>➤ Consistent dividend distribution</li> <li>➤ Strengthening earnings capacity</li> <li>➤ Maintaining robust governance and risk management practices</li> <li>➤ Enhancing transparency and communication</li> </ul>	<ul style="list-style-type: none"> <li>➤ Ensuring compliance with applicable regulations</li> <li>➤ Investing in key sectors of the economy</li> <li>➤ Timely settlement of statutory obligations</li> </ul>	<ul style="list-style-type: none"> <li>➤ Addressing environmental and social impacts through targeted initiatives</li> <li>➤ Promoting inclusive growth through community engagement</li> <li>➤ Supporting community development through structured programmes and trusts</li> </ul>
Engagement Mechanisms		
<ul style="list-style-type: none"> <li>➤ Annual General Meeting and Extraordinary General Meetings</li> <li>➤ Annual and quarterly financial reporting</li> <li>➤ CSE disclosures/announcements</li> <li>➤ Quarterly earnings call</li> <li>➤ Dedicated IR webpage</li> </ul>	<ul style="list-style-type: none"> <li>➤ Regulatory and statutory reporting</li> </ul>	<ul style="list-style-type: none"> <li>➤ Community engagement programmes and consultations</li> <li>➤ Partnerships through social impact initiatives</li> </ul>

### IDENTIFICATION OF SUSTAINABILITY TOPICS

The Group aligns key sustainability concerns of its significant stakeholders with relevant topics under the Global Reporting Initiative (GRI) Standards.

During FY 22, the Group undertook a comprehensive review of its sustainability topics to further strengthen the integration of sustainability across its operations. This process involved identifying and prioritising operational impacts using GRI topic standards as a baseline, and subsequently assessing the associated sustainability risks and sustainability-related risks and opportunities (SRROs), including those arising from dependencies on environmental and social resources, through a lifecycle assessment of the Group’s sectors and assessing the specific dependencies, impacts, risks and opportunities across each Sector’s value chain.

The assessment of risks and opportunities was conducted in line with the principles of the COSO Enterprise Risk Management Framework, considering the financial impact severity for identified SRROs together with the likelihood of such impacts, while other also considering non-financial impacts and likelihood of occurrence for its sustainability impacts. The Group applied the AA1000 AccountAbility principles to qualitatively evaluate impacts from a broader stakeholder perspective, whilst undertaking an initial quantitative assessment of the financial impacts of identified SRROs. This combined approach enabled the Group to adopt a double materiality assessment in identifying its material impact topics and financial material topics.

The identified Material impact topics and financially material SRROs and CRROs were reviewed and validated by the Managing Directors of each business and the Group CEO before being consolidated at a Group level.

### Mapping of Material Topics



# SUSTAINABILITY INTEGRATION

Prioritised material topics are categorised according to the Group's management approaches.

Impact Topic	Relevant SRRO/CRRO	Management of Capital	Relevant UNSDG
GRI 201: Economic Performance		Financial and Manufactured Capital	
GRI 205: Anti – Corruption	Vulnerabilities to corruption, discrimination, and data security breaches		
GRI 302: Energy	Increased energy consumption and costs	Natural Capital	
GRI 303: Water	Water Scarcity and rising water costs		
GRI 305: Emissions			
GRI 306: Waste	Waste generation and improper disposal leading to environmental pollution and regulatory fines		
GRI 401: Employment	High employee turnover resulting in loss of knowledge and expertise	Intellectual and Human Capital	
GRI 403: Occupational Health & Safety	Employee injuries and illnesses leading to lost productivity and potential legal costs		
GRI 404: Training			
GRI 407: Freedom of Association and Collective Bargaining			
GRI 408: Prevention of Child Labour			
GRI 409: Prevention of Forced and Compulsory Labour			
GRI 413: Local Communities		Social and Relationship Capital	
GRI 416: Customer Health and Safety			
GRI 417: Marketing and Labelling			
GRI 418: Customer Privacy			

# CORPORATE GOVERNANCE REPORT

Good governance has remained a key aspect of Hemas Holdings' success since its founding over 77 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:

- Maintaining High Levels of Transparency (📄 page 94)
- Maintaining High Standards of Accountability (📄 page 93)
- A Reinforced Risk Awareness and Culture (📄 page 93)
- Effective Oversight and Leadership (📄 page 87)

### 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)
- Personal Data Protection Act No. 9 of 2022
- Anti-Corruption Act No. 9 of 2023

### Internal Frameworks

- Articles of Association
- Board Charter
- Terms of Reference of Board Sub-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

### Group 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, are similar to those found in the parent company. 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.

# CORPORATE GOVERNANCE REPORT

The structure on the previous 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 recognises 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.

## THE ROLE OF THE BOARD

The Board of Hemas Holdings PLC holds the ultimate responsibility for ensuring 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 2026

- ↘ Executive Director/CEO
- ↘ Independent Non-Executive Directors
- ↘ Non-Independent Non-Executive Directors

Directors	8
Independent Non-Executive Directors	4
Non-Independent Non-Executive Directors	3
Executive Director	1

Age	
50-60 years	25%
60+ years	75%

Gender	
Male	87.5%
Female	12.5%

Tenure	
0-2 years	12.5%
2-5 years	50%
More than 5 years	37.5%

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 Nominations 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, 2026, 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 of the Group is not an executive of the organisation.

#### 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 2025/26

- Mr. Ashish Chandra  
(appointed w.e.f. 01.07.2025)

#### ➤ Re-elections in 2025/26

- Mr. Imtiaz Esufally and Mr. Ranil Pathirana  
Retire in terms of Article 84 of the Company's Articles of Association.

#### ➤ Resignations in 2025/26

- Mr. Prabhash Subasinghe  
(resigned from the Board w.e.f. 31.07.2025)
- Mr. Husein Nuruddin Esufally  
(retired from the Board w.e.f. 31.12.2025)
- Dr. Sumitha Anura Bandara Ekanayake  
(retired from the Board w.e.f. 31.12.2025)

#### ➤ Re-appointments

- Mr. Abbas Esufally  
Retires in terms of Section 210 (2) (a) 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 eight 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.

# CORPORATE GOVERNANCE REPORT

## SUPPLY OF INFORMATION

The Group's commitment to good governance transcends 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. 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 and Corporate Affairs Officer
- Chief Strategy and Growth Officer
- Chief Regulatory, Legal and Compliance Officer
- Group Chief Risk Officer - Director, Group Risk & Control

### Regular Updates and Presentations

With the CEO's support, the Group's Corporate Affairs 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.

During the year under review, the Board held 8 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. A. Fernando	● ●	8/8			4/4	
Mr. A N Esufally	●	8/8			4/4	
Mr. I A H Esufally	●	7/8	7/7			4/4
Mr. M A H Esufally	●	8/8		8/8		
Mr. R. Pathirana	●	8/8	7/7			4/4
Mr. S. Weerasinghe	●	8/8		8/8 ●		
Ms. T. Perera	●	8/8	7/7 ●	8/8	4/4 ●	4/4 ●
Mr. A. Chandra (Appointed w.e.f. 01.07.2025)	●	5/6				
Mr. H N Esufally (Retired w.e.f. 31.12.2025)		6/6				
Dr. S A B Ekanayake (Retired w.e.f. 31.12.2025)		6/6			3/3	
Mr. P Subasinghe (Resigned w.e.f. 31.07.2025)		1/2			1/1	

● Chairman ● INED - (Independent Non-Executive Director) ● NINED - (Non-Independent Non-Executive Director) ● ED - Executive Director

## 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 rescue 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. A. Fernando	● ●	-	3	-	7
Mr. A N Esufally	●	-	1	-	14
Mr. I A H Esufally	●	-	-	-	10
Mr. M A H Esufally	●	-	-	-	8
Mr. R. Pathirana	●	-	5	1	11
Mr. S. Weerasinghe	●	2	-	1	10
Ms. T. Perera	●	-	1	-	2
Mr. A. Chandra	●	-	-	2	-

● Chairman ● INED - (Independent Non-Executive Director) ● NINED - (Non-Independent Non-Executive Director) ● ED - Executive Director

## 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.

### Audit Committee

Ms. Thusitha Perera (INED) (Chairperson)  
Mr. Ranil Pathirana (INED)  
Mr. Imtiaz Esufally (NINED)

#### Main Area/s of Oversight

- Financial Reporting
- Internal Controls and Risk Management
- Internal Audit
- External Audit

### Human Resources and Remuneration Committee

Mr. Supun Weerasinghe (INED) (Chairman)  
Ms. Thusitha Perera (INED)  
Mr. Murtaza Esufally (NINED)

#### Main Area/s of Oversight

- Remuneration Policy for Key Management Personnel
- Remuneration Structure
- Performance Evaluation
- Succession Planning

### Related Party Transactions Review Committee

Ms. Thusitha Perera (INED) (Chairperson)  
Mr. Ranil Pathirana (INED)  
Mr. Imtiaz Esufally (NINED)

#### Main Area/s of Oversight

- Review of Related Party Transactions

### Nomination and Governance Committee

Ms. Thusitha Perera (INED) (Chairperson)  
Mr. Abbas Esufally (NINED)  
Mr. Ajith Fernando (INED)  
Mr. Prabhash Subasinghe (INED) (resigned w.e.f. 31.07.2025)  
Dr. Anura Ekanayake (INED) (resigned w.e.f. 31.12.2025)

#### Main Area/s of Oversight

- Appointment of Key Management Personnel/ Directors
- Effectiveness of the Board and its Committees
- Ensuring an effective corporate governance framework

# CORPORATE GOVERNANCE REPORT

## Company Secretaries

In addition to supporting individual Directors, Company Secretaries advise and assist the Board in fulfilling its duties and obligations, with a broader mandate to counsel the Board on corporate governance matters and promote best governance practices. Appointed by the Board, they ensure Directors remain apprised of relevant legislative and regulatory developments, while reinforcing accountability, safeguarding stakeholder interests, and supporting sustainable long-term value creation through transparent, independent and well-informed decision-making. Secretaries have unrestricted access to Directors to effectively discharge their responsibilities, and their performance is subject to an annual 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:

### Board Effectiveness

The following factors for 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 Nominations and Governance Committee assesses the efficacy of the governing body and offers recommendations for the future based on the formation presented. Committee reviews and discusses the evaluation results of the Subsidiary Boards with the Chairman.

### 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
<p><b>Frequency</b> A minimum of twice a year without the participation of the Executive Directors.</p>	<p><b>Frequency</b> A minimum of once a year without the participation of the Non-Independent Non-Executive Directors and Executive Directors.</p>
<p><b>Objective</b> 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.</p>	<p><b>Objective</b> 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.</p>
<p><b>Feedback Mechanism</b> Feedback on meetings are communicated to the Executive Directors.</p>	<p><b>Feedback Mechanism</b> Immediately following the conclusion of the meeting, feedback is provided to the Board Chairman.</p>

## 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 Non-Executive Directors is determined 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

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.

#### Sustainability Principles

ESG training is extended to Directors and facilitated by third-party consultants.

Additionally, Board members have participated in ESG training in their own capacity.

#### Knowledge Enhancement

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.

#### Key Trends and Dynamics

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 provide 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)	●	●	97
Listing Rules of the Colombo Stock Exchange (CSE)	●	●	98
Securities and Exchange Commission of Sri Lanka Act, No.19 of 2021, including Directives and Circulars	●	●	98
Code of Best Practice on Corporate Governance (2017) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	●	●	99

● Mandatory ● Voluntary ● Compliant

*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 235 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 76 for a comprehensive outline of the Group's approach to mitigating potential risks.*

## Governance of SRROs and CRROs

### Responsibility

The Audit Committee is responsible for overseeing Sustainability-Related Risks and Opportunities (SRROs) and Climate-Related Risks and Opportunities (CRROs) and their mitigation and informs the Board thereof. 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 76 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 93 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 76 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 76 on how risks are addressed, and their impact on resource allocation.

## Governance of SRROs and CRROs

### 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 manner.

Refer page 76 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 132 for the Directors' Report

 Refer page 149 for the Statement of Directors' Responsibility

 Refer page 150 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. ”

## POLICIES OF THE GROUP

The Nominations and Governance Committee actively oversees the governance framework of the organisation and accordingly, makes recommendations to the Board of Directors on policy development. The Company inter alia has 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
- (m) Policy on Personal Data Protection

## 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:

### Comprehensive Guideline on Anti-Bribery and Anti-Corruption (ABAC 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.

### Whistleblowing Policy

The policy provides a platform for anonymous reporting of potential operational and 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.

### Personal Data Protection Policy

At Hemas Holdings PLC and its Group companies, we treat the personal data entrusted to us by our employees, customers, patients, business partners and other stakeholders with the care and confidentiality it deserves. Guided by our Group Personal Data Protection Policy and aligned with the Personal Data Protection Act No. 9 of 2022, we work to embed lawful, fair and secure data processing practices across the Group. Through our Data Protection Management Programme and the Working Group on Data Protection, we continue to strengthen our approach through training and awareness as the regulatory landscape evolves.

# CORPORATE GOVERNANCE REPORT

## 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.

### 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.

Director of Group IT and Process, oversees 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 Development

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.

## 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.

## 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

- The Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs)
- One-on-One meetings
- Dedicated lead and email address
- Webinars, quarterly earnings calls
- Roadshows, forums and conferences
- Guided tours
- Investor Presentations
- Press Releases, regulatory filings and announcements to the stock exchange
- Live Question and Answers (Q&A) sessions with analysts
- Regular updates through the corporate and subsidiary websites, including a dedicated Investor Relations page on the Hemas website, social media and press coverages
- Use of IR Bots
- Regulatory reports
- A dedicated investor relations page on the Hemas website
- Announcements on the CSE website

### Responsibility

The Board communicates with shareholders via the Group CEO, Group Chief Strategy and Growth Officer who lead the Investor Relations and the Chief People and Corporate Affairs Officer, who oversees the Corporate Communications teams. Shareholders are also encouraged to raise concerns or share feedback through Company Secretaries.

### Key Considerations for Disclosures

- Integrity and Fairness
- Timeliness
- Relevance to Decision-Making
- Accuracy
- Transparency

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 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.



IR Policy

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.

## 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](http://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 would take 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 26th of June 2026.

## Appendix I: Statement of Compliance Pertaining to Companies Act No. 07 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	2
168 (1) (b)	Signed Financial Statements of the Group and the Company.	Yes	Financial Statements	154
168 (1) (c)	Auditors' Report on Financial Statements.	Yes	Independent Auditor's Report	150
168 (1) (d)	Accounting policies and any changes therein.	Yes	Note 1 to 3 of the Financial Statements	160 to 165
168 (1) (e)	Particulars of the entries made in the Interests Register.	Yes	Annual Report of the Board of Directors	132
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company.	Yes	Note 8 to the Financial Statements	172
168 (1) (g)	Corporate donations made by the Company.	Yes	Note 8 to the Financial Statements	172
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	132
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered.	Yes	Note 8 to the Financial Statements	172
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries.	Yes	Report of the Group Audit Committee	138
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	132

# CORPORATE GOVERNANCE REPORT

## 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	132
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein.	Yes	Focus Areas	132
(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	233
(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	132
(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	132
(vi)	Information pertaining to material foreseeable risk factors of the entity.	Yes	Risk Management	76
(vii)	Details of material issues pertaining to employees and industrial relations of the entity.	Yes	Human Resources (HR) Report	142
(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	178 to 187
(ix)	Number of shares representing the entity's stated capital.	Yes	Note 22 to the Financial Statements	204
(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	233
(xi)	Financial ratios and market price information.	Yes	Ten year summary and Shareholder Information	232
(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	178
(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	233
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules.	Yes	Corporate Governance Report	87
(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	146

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
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

# CORPORATE GOVERNANCE REPORT

Code Ref.	Requirement	Complied	Reference within the Report
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>B.</b>	<b>Directors Remuneration</b>		
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
<b>C.</b>	<b>Relations with Shareholders</b>		
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 the Company.
<b>D.</b>	<b>Accountability and Audit</b>		
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.
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

Code Ref.	Requirement	Complied	Reference within the Report
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	Principles of Sustainability Reporting	Yes	Sustainability Governance

### LIST OF OTHER DIRECTORSHIPS

Name of the Director	Name of the Company	Capacity
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
Mr. R. Pathirana	Windforce PLC	NED
	BPPL Holdings PLC	NED
	Ceylon Hotels Corporation PLC	NED
	Dankotuwa Porcelain PLC	NED
	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	

# CORPORATE GOVERNANCE REPORT

Name of the Director	Name of the Company	Capacity
Mr. A. Fernando	Ashthi Holdings (Pvt) Ltd	NED
	Capital Alliance Holdings PLC	NED
	Capital Alliance PLC	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
	Sri Lanka Technology 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
	Scybers (Private) Limited	NED
Ms. T. Perera	Capital Alliance PLC	INED
	Multiplus (Pvt) Ltd	ED
	Vividha Options (Pvt) Ltd	ED
Mr. A. Chandra	Hemas Hospitals (Private) Limited	NED
	Hemas Transportation (Private) Limited	NED

INED - (Independent Non-Executive Director) NINED - (Non-Independent Non-Executive Director) ED - Executive Director

In addition to the above, 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.

# INDEPENDENT ASSURANCE REPORT



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## INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF HEMAS HOLDINGS PLC ON THE SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES PRESENTED IN THE INTEGRATED ANNUAL REPORT 2025/26

### 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 SLFRS Sustainability-related Financial Disclosures (the "Subject Matter") contained in Hemas Holdings PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (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 Sri Lanka Sustainability Disclosure Standards, SLFRS S1 – General Requirements for Disclosure of Sustainability related Financial Information and SLFRS S2 – Sustainability-related Disclosures ("Criteria"):

Such Criteria were specifically designed for the disclosure of material information on sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity; 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 Hemas Holdings PLC on 23 February 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

# INDEPENDENT ASSURANCE REPORT

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:

- Conducted interviews with selected key management personnel and relevant staff to understand the business, value chain and sustainability reporting process of the Company
- Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified.
- Performed procedures to understand the Company's disclosures in relation to the Conceptual Foundation of SLFRS S1, including fair presentation, materiality, reporting entity, and connected information
- Conducted procedures to understand the governance processes, controls and procedures employed by the Company to monitor, manage and oversee sustainability-related risks and opportunities, supported by relevant evidence.
- Perused the minutes of the Board of Directors and Board Audit Committee meetings from the financial year to ensure alignment with the content of governance related disclosures
- Conducted procedures to comprehend the Company's strategy for managing identified sustainability-related risks and opportunities, supported by relevant evidence and calculations
- Performed analytical procedures to obtain explanations and supporting evidence regarding the Company's processes for identifying, assessing, prioritising, and monitoring sustainability-related risks and opportunities, including their integration into the overall risk management framework.
- Conducted analytical procedures to gather explanations and supporting evidence to evaluate the Company's performance in relation to its identified sustainability-related risks and opportunities, including progress towards any targets the Company has set during the assurance engagement.
- Conducted analytical procedures to gather explanations and supporting evidence to evaluate the Company's performance in relation to its identified sustainability-related risks and opportunities, including progress towards any targets the Company has set.

- Performed procedures to assess the Company's disclosures and compliance with the General Requirements of SLFRS S1.
- Conducted procedures to evaluate the disclosures regarding judgments and uncertainties in the process of preparing the Company's sustainability-related financial disclosures.

We also performed such other procedures as we considered necessary in the circumstances.

## EMPHASIS OF MATTER

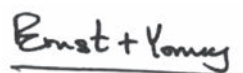
There are inherent limitations in the identification, measurement and disclosure of underlying Subject Matter against the applicable Criteria due to forward looking information, uncertainties and management judgements. For clarity, our engagement does not extend to providing assurance on the accuracy or achievability of these forward-looking information, uncertainties and management judgements.

## CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to SLFRS Sustainability-related Financial Disclosures for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.

## RESTRICTED USE

This report is intended solely for the information and use of Hemas Holdings PLC for the purpose of providing an assurance conclusion on the Subject Matter based on the Criteria and is not intended to be and should not be used by anyone other than those specified parties.



Chartered Accountants

20 May 2026

Colombo

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

## BASIS OF PREPARATION

### 1. REPORTING ENTITY, ORGANIZATION BOUNDARY AND REPORTING PERIOD

The sustainability-related financial disclosures presented in this section apply to Hemas Holdings PLC and its subsidiaries (together referred to as the “Group”), within the financial reporting boundary, in line with the Group’s general purpose financial reports.

These disclosures are prepared for the same reporting entity as the consolidated financial statements, ensuring consistency and comparability in accordance with SLFRS Sustainability Disclosure Standards requirements. The disclosures are presented on a consolidated basis, incorporating all entities over which Hemas Holdings PLC exercises control.

The organizational boundary reflects the Group’s diversified operations across its Consumer Brands, Healthcare and Mobility sectors, capturing sustainability-related risks and opportunities across its operational footprint.

### 2. APPLICATION OF SLFRS SUSTAINABILITY DISCLOSURE STANDARD

This section has been prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS) Sustainability Disclosure Standards, namely SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures, issued by The Institute of Chartered Accountants of Sri Lanka, in alignment with IFRS S1 and IFRS S2 issued by the International Sustainability Standards Board (ISSB).

These Standards establish a consistent framework for the disclosure of material sustainability-related financial information, enabling primary users to assess how sustainability-related risks and opportunities may affect the Group’s long-term prospects.

The disclosures presented herein are intended to support primary users of general purpose financial reports in understanding the climate-related and broader sustainability-related risks and opportunities that could reasonably be expected to affect the Group’s:

- cash flows;
- access to finance; and
- cost of capital over the short, medium or long term.

In applying these Standards, the Group has adopted the key principles of relevance, faithful representation and comparability, while ensuring that disclosures remain clear, concise and decision-useful.

The disclosures are structured in line with the core content pillars of governance, strategy, risk management, and metrics and targets, providing a holistic view of how sustainability considerations are embedded within the Group’s decision-making processes and overall risk management framework.

Consistent with SLFRS Sustainability Disclosure Standards, the Group has ensured that sustainability-related disclosures are integrated and connected with its financial reporting, enabling users to understand the linkages between sustainability matters and the Group’s financial position, performance and future outlook

### 3. VALUE CHAIN

The Group operates within a diversified and interconnected value chain spanning its Consumer, Healthcare and Mobility sectors. This value chain comprises a network of upstream suppliers, internal operations and downstream distribution and service channels, supported by key stakeholders including regulators, employees, customers and capital providers.

The Group’s business model is dependent on a range of resources and relationships across this value chain. These interactions give rise to both dependencies and impacts, influencing the Group’s ability to create, preserve and deliver value over the short, medium or long term.

In assessing sustainability-related and climate-related risks and opportunities, the Group considers its upstream, internal and downstream value chain using available internal and external information to develop a comprehensive understanding of potential exposures.

#### Upstream Value Chain

The Group’s upstream value chain includes a wide network of local and international suppliers, service providers and strategic partners that provide essential inputs across all sectors.

These include:

- Suppliers of raw materials, packaging materials, pharmaceutical inputs and consumables
- Service providers offering outsourced manufacturing, technical, IT, laboratory and quality assurance services
- Logistics and distribution partners, including freight forwarders and cold chain providers
- Utilities and natural resource providers supplying energy and water
- Regulators and government authorities providing licenses, approvals and compliance frameworks
- Financial institutions and investors providing capital

The Group relies on these stakeholders for the continuous supply of goods, services, infrastructure and capital required for its operations. Disruptions within the upstream value chain—such as supply chain interruptions, resource constraints or regulatory changes—may affect operational continuity and cost structures. At the same time, opportunities exist to strengthen resilience through supplier diversification, sustainable sourcing and strategic partnerships.

#### Internal Operations

Internal operations represent the Group’s core value-generating activities across its three sectors:

- **Consumer Sector:** product development, manufacturing, packaging, marketing and distribution
- **Healthcare Sector:** pharmaceutical manufacturing, distribution, hospital operations and clinical service delivery
- **Mobility Sector:** airline and shipping representation, logistics coordination, booking and customer service

These activities transform inputs sourced from the upstream value chain into products and services delivered to customers.

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Key processes include procurement, production, quality assurance, workforce deployment, logistics management and customer engagement. These operations are influenced by a range of factors including resource availability, cost dynamics, regulatory requirements and operational efficiency.

Climate-related and broader sustainability risks may affect these operations through physical disruptions, resource constraints and evolving regulatory and market expectations. At the same time, the Group continues to identify opportunities to enhance operational efficiency, improve resource utilisation, adopt cleaner technologies and strengthen resilience.

## Downstream Value Chain

The downstream value chain includes the Group's interactions with customers, distribution channels and end-users across all sectors.

This includes:

- ↳ Distributors, wholesalers and retailers
- ↳ Hospitals, pharmacies and healthcare institutions
- ↳ Corporate and business customers
- ↳ E-commerce and direct-to-consumer channels
- ↳ Passenger and cargo customers within the Mobility sector

Through these channels, the Group delivers products and services while generating revenue and contributing to economic, social and environmental outcomes.

The downstream value chain exposes the Group to risks related to changes in customer demand, regulatory requirements, market conditions and potential disruptions to distribution networks. It also provides opportunities to enhance customer value through sustainable products and services, strengthen market positioning and support responsible consumption.

## Value Chain Integration

The Group's value chain functions as an interconnected system in which upstream dependencies, internal operations and downstream activities collectively influence overall performance.

Risks and opportunities may arise at any stage of the value chain and can have implications for operations, cost structures, market access and long-term value creation. The Group therefore considers value chain linkages in identifying and assessing sustainability-related and climate-related risks and opportunities, enabling a more integrated understanding of potential impacts on the business.

Climate-related and sustainability-related risks and opportunities are primarily concentrated in areas such as energy-intensive operations, supply chain dependencies, and distribution networks. These exposures may influence the Group's cost structures, operational continuity and market access, thereby affecting its ability to create value over time.

## 4. BASIS OF MATERIALITY

The Group applies the principle of materiality in determining the sustainability-related financial information to be disclosed. Material sustainability-related risks and opportunities are those that could reasonably be expected to affect the Group's prospects, including its financial position, financial performance and cash flows over the short, medium or long term.

In the context of sustainability-related financial disclosures, information is considered material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions made by primary users of general purpose financial reports.

The Group's materiality assessment is designed to identify and prioritise sustainability-related and climate-related risks and opportunities that may have a direct or indirect financial impact on the business. This assessment considers both current and anticipated effects across the Group's operations and value chain, taking into account internal risk management processes and external environmental and regulatory developments.

The identification and prioritisation of material matters are supported by the Group's Sustainability function for the identification on material impact topics, and the enterprise risk management framework, which evaluates risks based on their likelihood of occurrence and potential financial impact of dependencies on externalities. Sector-level assessments are undertaken across the Consumer, Healthcare and Mobility businesses, and common or high-impact risks are consolidated at Group level to determine the most financial material sustainability-related risks and opportunities.

This approach enables the Group to focus its disclosures on matters that are most relevant to its strategy, operations and long-term value creation, while ensuring that sustainability-related considerations are appropriately integrated into decision-making processes.

While SLFRS Sustainability Disclosure Standards require sustainability related disclosures based on financial materiality, the Group has mapped impact materiality alongside financial materiality to provide stakeholders with a broader view of sustainability considerations on how business operations create impacts on the economy, environment and society in accordance with GRI Standards, as presented in the section on "Material Matters" on page 85.

## Finance Materiality Threshold

### Financial Materiality Assessment Methodology

The financial materiality assessment commenced with the identification of a comprehensive set of factors that could reasonably be expected to influence the financial performance, position, or cash flows across the Group's sectors. In addition to the financial impacts, this assessment covered material impacts that may arise from matters affecting the Company's strategic priorities (as identified in its Long Range Plan and Sustainability Goals), brand reputation, regulatory compliance obligations, or exposure to legal and regulatory actions, even where the immediate financial effect may not be quantitatively significant. These factors were subsequently evaluated by the respective business units, with potential financial impacts quantified where applicable. The quantified impacts were then benchmarked against a defined materiality threshold of 3% of Group's 3 year historical average Earnings Before Interest and Tax (EBIT). Impacts exceeding this threshold were classified as financially material, given their potential to significantly affect both sector-level performance as well as the overall performance of the Group.

## 5. FUNCTIONAL CURRENCY

The Group determines the functional currency of each entity based on the primary economic environment in which it operates. The consolidated sustainability disclosures are presented in Sri Lankan Rupees (LKR), unless otherwise stated.

## 6. SOURCES OF GUIDANCE

The Group has applied relevant international and local frameworks, standards and guidance in identifying and disclosing sustainability-related and climate-related risks and opportunities.

These include:

- SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information
- SLFRS S2 – Climate-related Disclosures
- SASB Standards, with reference to applicable industry-specific metrics relevant to the Group's sectors:
  - Toys & Sporting Goods Sustainability Accounting Standard (Version 2023-12)
  - Biotechnology & Pharmaceuticals Sustainability Accounting Standard (Version 2023-12)
  - Health Care Distributors Sustainability Accounting Standard (Version 2023-12)
  - Health Care Delivery Sustainability Accounting Standard (Version 2023-12)
  - Household & Personal Products Sustainability Accounting Standard (Version 2023-12)

The Group has identified its sustainability-related and climate-related risks and opportunities by applying the above guidance, incorporating both external reference points and internal operational data across its value chain. This approach enables a structured and consistent assessment of risks and opportunities, supporting the Group's understanding of potential impacts on its operations and long-term value creation.

## 7. REPORTING PERIOD

These sustainability-related financial disclosures cover the financial year from April 1, 2025 to March 31, 2026, and are aligned with the Group's annual financial reporting cycle to ensure consistency and comparability.

## 8. TIME HORIZON

The Group defines short-, medium- and long-term time horizons in line with its internal planning and decision-making processes, including the annual budgeting cycle and Long-Range Plan (LRP).

Time Horizon	Denoted by	Period
Short term	S	Financial Year 2026/27
Medium term	M	Financial Years 2027/28 – 2029/30
Long term	L	Financial Year 2030/31 and beyond

The short-term horizon aligns with the Group's annual budgeting cycle, while the medium term reflects its LRP. The long term extends beyond the formal planning horizon and is used to assess emerging risks and opportunities.

## 9. CONNECTED INFORMATION

The sustainability-related financial disclosures presented in this section are interconnected with other sections of the Annual Report. These linkages support a holistic understanding of how sustainability-related and climate-related risks and opportunities are governed, managed, and integrated into the Group's strategy and performance.

Relevant Section in Annual Report	Description of Connectivity
<b>Governance</b>	
Corporate Governance Section	Provides details on the roles and responsibilities of the Board of Directors, Board Audit Committee, and management in overseeing sustainability-related and climate-related risks and opportunities (SRROs/CRROs), including governance structures and oversight mechanisms.
<b>Risk Management</b>	
Enterprise Risk Management (ERM) Section	Describes the Group's overall risk management framework, within which sustainability-related and climate-related risks are identified, assessed, monitored and managed alongside other principal risks.
<b>Strategy</b>	
Chairman's and CEO Message, Management Discussion & Analysis (MD&A), Outlook	Outlines how sustainability-related and climate-related risks and opportunities influence the Group's strategic direction, business model, capital allocation and future outlook.
<b>Metrics and Targets</b>	
Capital Sections and SASB Disclosures	Presents quantitative and qualitative performance indicators, including Key Sustainability Performance Indicators (KSPIs), environmental metrics, and targets used to monitor and manage sustainability-related and climate-related performance.

## 10. TRANSITIONAL RELIEF

The Group has applied certain transitional reliefs permitted under SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 Climate-related Disclosures in preparing these sustainability-related financial disclosures for the reporting period.

- SLFRS S1 - Comparative information is only provided for climate related risks and opportunities (CRROs).
- SLFRS S2 – Disclosure of qualitative information regarding anticipated financial effects of climate-related risks and opportunities: Entities are permitted to defer the disclosure

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

of qualitative information regarding anticipated financial effects for a period of two years following the mandatory application of the standard.

- ↘ SLFRS S2 – Climate resilience - The Group has applied the transitional relief providing a two-year period to comply with climate resilience disclosure requirements, including climate-related scenario analysis. During this period, the Group will continue to enhance its processes, data and analytical capabilities to support the development of scenario analysis and comprehensive climate resilience disclosures in future reporting periods.
- ↘ SLFRS S2 – Disclosure of Scope 3 greenhouse gas emissions: The Group has applied the transitional relief available under SLFRS S2 and has deferred the disclosure of Scope 3 greenhouse gas emissions for two years from the date of initial application. Accordingly, only Scope 1 and Scope 2 greenhouse gas emissions are disclosed during the transitional period.

## 11. SIGNIFICANT JUDGEMENTS, UNCERTAINTIES AND PROPORTIONALITY

Category	Basis of Evaluation	Significant limitations and uncertainties
a. Materiality	Financial impacts of individual risk were compared with a predetermined threshold value which was derived as a % of the total Group 3 year historical average Earnings Before Interest and Tax (EBIT). Any impacts which exceeded these threshold values were identified as material impacts to the Sector and the Group.	<ul style="list-style-type: none"> <li>↘ There were no material impacts during the reporting period.</li> <li>↘ Climate-related risks and opportunities arising from the transition to a low-carbon economy are inherently uncertain, with their probability and potential impact shifting in response to evolving policies, technological advancements, and changing stakeholder expectations. Accordingly, such assessments are underpinned by assumptions and judgements regarding climate, regulatory, and market developments, which may differ from actual outcomes.</li> <li>↘ The frequency, timing, and intensity of climate-related physical risks remain uncertain, limiting the ability to precisely quantify their potential effects on the Group's financial performance.</li> <li>↘ The evaluation of non-financial impacts, such as reputational considerations linked to both transition and physical climate risks is subject to a degree of inherent judgement and estimation uncertainty.</li> </ul>
b. Time horizon classification	Time horizons are aligned with the Group's budgeting cycle and the Long Range Planning process	<ul style="list-style-type: none"> <li>↘ Certain impacts would take a longer time horizon to materialise such as impacts from temperature increases due to Global warming</li> <li>↘ Currently, the Group's long range plan does not extend beyond 2030.</li> </ul>
c. Assessment of assets vulnerable to climate-related physical risk  (floods & extreme weather events)	Based on an analysis of flooding incidents and extreme weather events over the past five years within and around the Group's operating environment, alongside observed meteorological trends during the period	<ul style="list-style-type: none"> <li>↘ While adequate insurance cover has been obtained across the group to recover losses arising from interruptions to operations, this benefit has not been considered in the current evaluations</li> <li>↘ The following percentage impact to the value of asset classes are considered: Land – 0%, Building -50%, Plant &amp; machinery, furniture, fittings, office equipment, capital WIP – 75%, Motor vehicles – 25%</li> <li>↘ Past experiences, data and trends may not provide a reliable prediction of future occurrences.</li> <li>↘ Sri Lanka does not have any country specific medium to long term climate predictions</li> </ul>
d. Assessment of assets vulnerable to climate-related transition risk	Based on the past 5 year experience of instances where there was vulnerability to assets from to climate-related transition risk.  Transition risks were evaluated based on current and potential policies, regulations, and market developments	<ul style="list-style-type: none"> <li>↘ Past experiences, data and trends may not provide a reliable prediction of future occurrences and impacts.</li> <li>↘ Laws and regulations can be introduced or tightened at short notice in response to environmental developments.</li> </ul>
e. Significant risk of material adjustments to carrying value of assets and liabilities within the next annual reporting period (i.e. in Financial Year 2026/2027)	Based on the past 5 year experience of impacts to assets and liabilities from climate-related physical and transition risk factors	<ul style="list-style-type: none"> <li>↘ Past experiences, data and trends may not provide a reliable prediction of future occurrences.</li> </ul>

## 11. PROPORTIONALITY

In alignment with the adoption of SLFRS S1 and S2, the Group's sustainability reporting framework utilises the principle of proportionality to provide investors with material, decision-useful information while ensuring the disclosure process remains cost-effective and operationally feasible. By leveraging the "reasonable and supportable information" criterion, the Group discloses its most significant climate-related risks and opportunities using methodologies consistent with its current organisational capabilities and resources.

To ensure a robust long-term transition, the Group is utilising permitted transitional reliefs, including a phased approach to Scope 3 emissions and the initial prioritisation of climate-related disclosures. This balanced approach allows the Group to maintain transparency and accountability regarding long-term value creation without incurring undue cost or effort, ensuring that the sustainability strategy remains integrated with core financial objectives.

## 12. STATEMENT OF COMPLIANCE

This report represents a complete set of sustainability-related financial disclosures for Hemas Holdings PLC and its subsidiaries (collectively, the Group) for the year ended 31 March 2026. The Group's sustainability-related disclosures have been prepared in accordance with SLFRS Sustainability Disclosure Standards as issued by the Institute of Chartered Accountants of Sri Lanka.

## GOVERNANCE

### 1. Board Oversight Role

#### Responsibility

The Board of Directors retains overall responsibility for the oversight of sustainability-related and climate-related risks and opportunities (SRROs/CRROs), ensuring their integration into the Group's strategy, risk management processes and long-term value creation. During the financial year, the Board delegated oversight of sustainability-related matters to the Board Audit Committee. The Audit Committee supports the Board by overseeing the Group's sustainability strategy and policies, monitoring sustainability-related and climate-related risks and opportunities, reviewing related targets and performance, and overseeing the Group's enterprise risk management (ERM) framework.

#### Skills and Competencies

The Board of Directors brings a diverse range of skills and experience across areas including corporate governance, finance, risk management and strategic oversight, supporting the effective supervision of sustainability-related and climate-related risks and opportunities (SRROs/CRROs).

During the financial year, the Board delegated oversight of sustainability-related matters to the Board Audit Committee. In line with this expanded responsibility, the Group recognises the importance of strengthening the sustainability-related competencies of the Board and its Committees. The Board and its Committees have access to internal expertise and external guidance to support the oversight of sustainability-related matters. The Group intends to facilitate targeted training and capacity-building initiatives for members of the Board and the

Audit Committee on sustainability governance and the management of SRROs and CRROs in future reporting periods. During the year, the Group facilitated a sustainability-related awareness session for the Chairman of the Audit Committee, conducted by external advisors, to support the strengthening of oversight on sustainability-related and climate-related matters.

#### Inform

The Group's Sustainability Management Framework, together with its enterprise risk management processes, ensures that sustainability-related and climate-related risks and opportunities (SRROs/CRROs), as well as performance on material sustainability topics, are regularly monitored and communicated to relevant management teams. This is further supported by internal audit processes and internal sustainability assurance activities undertaken by the Corporate Affairs and Internal Audit functions, which provide additional oversight and insights, strengthening the identification and ongoing assessment of SRROs/CRROs.

Information on SRROs/CRROs and performance against Key Sustainability Performance Indicators (KSPIs) will be reported to the Board Audit Committee on a quarterly basis. The Audit Committee of the Board meets at a minimum on a quarterly basis. These updates include performance trends, emerging risks and key developments, enabling the Committee to effectively discharge its oversight responsibilities.

#### Address

The Board Audit Committee considers sustainability-related and climate-related risks and opportunities (SRROs/CRROs) as part of its oversight of the Group's strategy, decision-making and risk management processes.

In discharging its responsibilities, the Committee will review information relating to the impacts of the Group's operations on the economy, environment and society, together with the associated risks and opportunities and their potential financial implications.

Based on this review, the Board Audit Committee will provide recommendations to the Board and management to support decision-making relating to strategy, risk mitigation and the management of sustainability-related impacts.

#### Monitor

The Group's sustainability-related targets were established in 2022 and approved by the Board of Directors. These targets form part of the Group's approach to managing sustainability-related and climate-related risks and opportunities (SRROs/CRROs) and impacts on broader stakeholder groups.

Progress against these targets is monitored on a quarterly basis by the Group Corporate Affairs team, supported by inputs from across business units.

As part of its delegated authority, the Board Audit Committee reviews performance against these targets on a periodic basis, including progress trends and any deviations, to support effective oversight and informed decision-making.

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

## 2. Management Role

### Delegation

The Group Corporate Affairs team plays a central coordinating role in driving sustainability initiatives at Group level. This includes supporting the identification and assessment of sustainability-related risks and opportunities, facilitating data collection and reporting, monitoring performance against KSPIs, and providing regular updates to management and the Board on sustainability performance and emerging risks. In carrying out these responsibilities, the Corporate Affairs team works in coordination with the Enterprise Risk Management (ERM) function to identify dependencies on external environmental and social factors, which, together with the Group's material impacts, inform the identification of sustainability-related and climate-related risks and opportunities (SRROs/CRROs). Operational responsibility is further supported through designated Sustainability Champions across business units, who facilitate the identification and monitoring of sustainability-related risks, including climate-related exposures, and provide periodic data and performance inputs.

### Policies and procedures

The Group has established policies, controls and procedures to support the oversight of sustainability-related and climate-related risks and opportunities (SRROs/CRROs), primarily through its enterprise risk management (ERM) framework.

The ERM framework includes periodic risk identification, assessment and reporting processes, with updates provided to the Board Audit Committee on a quarterly basis by the Head of Risk. These updates incorporate sustainability-related and climate-related risks, enabling their monitoring alongside other principal risks of the Group. The Group continues to strengthen its existing control environment to further integrate SRROs/CRROs into its risk management processes, ensuring that sustainability-related considerations are systematically embedded within governance and decision-making.

## STRATEGY

### Background

The Group recognises climate change as a material and systemic risk with the potential to significantly influence the operating landscape across its business sectors. The Group is exposed to both physical risks—such as extreme weather events—and transition risks associated with the shift toward a low-carbon economy, including evolving regulatory frameworks, market expectations, and technological advancements.

This approach is designed not only to manage risk and safeguard long-term value creation, but also to position the Group to capitalise on emerging opportunities arising from the transition to a low-carbon, climate-resilient economy. In response, the Group has established a comprehensive climate strategy that integrates both mitigation and adaptation measures as follows:

### Adaptation

#### Strengthening resilience

The Group continues to strengthen its resilience to climate-related physical risks, including floods, extreme rainfall, and

severe weather events. This is achieved through the integration of climate risk considerations into enterprise risk management frameworks, proactive asset protection measures, and enhanced business continuity planning. These efforts are aimed at safeguarding operational stability, preserving asset value, and maintaining a robust risk profile over the long term.

**Supporting stakeholders' climate adaptation**  
Recognising the interdependencies within its value chain, the Group actively supports suppliers, distributors, and other stakeholders in enhancing their climate resilience. This includes facilitating knowledge sharing, conducting climate risk assessments, and promoting adaptive practices to mitigate disruptions and ensure continuity across the supply chain.

### Mitigation

#### Supporting transition

The Group is committed to aligning its operations with a low-carbon future by systematically reducing its carbon footprint and emissions intensity. This includes the adoption of energy-efficient technologies, increased utilisation of renewable energy, and the integration of sustainable practices across business operations.

**Exploring opportunities in sustainable packaging**  
Leveraging research and development capabilities alongside global best practices, the Group is advancing the use of sustainable packaging solutions. This includes the incorporation of recyclable, biodegradable, and resource-efficient materials to reduce environmental impact while meeting evolving consumer and regulatory expectations.

**Addressing plastic waste pollution in collaboration with established partners**, the Group is implementing structured plastic waste collection and recycling initiatives. These efforts are designed to minimise environmental leakage, support circular economy principles, and contribute to the reduction of plastic pollution across ecosystems.

To advance its climate strategy, the Group intends to make greater emphasis on internal awareness-building, and will endeavour to embed climate scenario analysis into its strategic and portfolio decision-making process, aiming to progressively align performance targets with national climate priorities in Sri Lanka.

As a result of integrating sustainability into its core business strategy, the Group has expanded its investments in renewable energy, leveraged its research and development capabilities to introduce environmentally responsible products, and deployed energy-efficient technologies to optimise operational performance.

The Group recognises that effective climate action requires a collaborative approach. Accordingly, it engages proactively with regulators, industry bodies, and community stakeholders to support a just and orderly transition to a low-carbon, climate-resilient economy. Key enablers of this strategy include ongoing capacity building across the organisation, investments in digital transformation, transparent stakeholder engagement, and strategic partnerships that enhance collective impact and long-term value creation.

SRRO	RISK : Extreme Weather Events	
CRROs impact on Prospects	Description	Climate change in Sri Lanka poses several operational and financial challenges for Businesses. Variability in rainfall and increasing incidence of extreme weather events, such as floods and droughts, can disrupt manufacturing operations and damage infrastructure. These conditions also affect the availability of raw materials, stability of local supply chains, drive food inflation and energy supply and cost volatility stemming from variability in hydropower generation.
	Physical Risk or Transition Risk	Physical Risk
	Time Horizon	S, M, L
	Define time horizon	Refer Note 8
Business Model and Value Chain	Current Effects on Business Model and Value Chain	No material impact to current business model and value chain.
	Anticipated Effects on Business Model and Value Chain	<p>Adverse weather events, including floods, droughts, heatwaves, and severe storms, could materially affect the business model and value chain of Hemas Holdings PLC by disrupting operations, supply chains, distribution networks, and consumer demand across its diversified sectors. Physical impacts on manufacturing facilities, warehouses, healthcare operations, and logistics infrastructure could result in production interruptions, inventory losses, and delays in product availability. In addition, extreme weather may affect the availability and pricing of key raw materials, particularly imported inputs, while also increasing energy, transportation, and insurance costs. Consumer purchasing patterns may shift during adverse conditions, affecting demand across consumer and healthcare segments. The Group may also face workforce productivity challenges, health and safety risks, and potential reputational impacts if service continuity is affected.</p> <p>Collectively, these factors could influence revenue generation, operating margins, cash flows, asset resilience, and long-term value creation.</p> <p>Ability to meet continuous customer demands fosters stronger relationships with customers underpinned by brand loyalty contributing to long-term client retention.</p>
	Where is it Concentrated?	<p><b>Credit Risk</b></p> <p>Extreme weather events can adversely affect stakeholders who are part of the distribution network such as distributors, retailers and pharmacies. This can lead to can longer credit periods, bad debts and stock losses.</p> <p><b>Market Risk</b></p> <p>Extreme weather events can cause fluctuations in market demand, affecting availability of products and driving inflation.</p> <p><b>Operational Risk</b></p> <p>Extreme weather can cause significant disruptions to operations, including damage to physical assets, IT infrastructure, and communication systems. This can lead to service outages and production stoppages. Further, there can be negative impacts to the timely procuring of inputs and the distribution of products and services.</p>
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	<p><b>Adaptive Business Models:</b> Shift towards more sustainable and resilient business models which incorporate greater importance to related risks and proactively address mitigatory strategies.</p> <p><b>Enhanced Risk Assessment Frameworks:</b> Use of industry best practices and more up to date risk assessment frameworks and techniques.</p> <p><b>Increased Operational Resilience:</b> Invest in robust infrastructure and technology to withstand extreme weather events. This includes putting in place mechanisms to withstand floods and other adverse weather conditions, enhancing disaster recovery plans and increasing resilience across the value chain.</p>

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

SRRO	RISK : Extreme Weather Events
	<p><b>Working Capital Management Strategies:</b> Anticipating increased working capital costs in anticipation of and during extreme weather events, such as higher stock holding costs and longer credit terms.</p> <p><b>Regulatory Compliance and Reporting:</b> As regulatory scrutiny on climate-related risks intensifies, the Group improved its compliance frameworks, data collection systems, impact evaluation methodologies and reporting practices. This involved greater integration of climate risk assessments into overall risk management strategies and investment appraisals in a more comprehensive manner and providing transparent disclosures to stakeholders regarding exposure to extreme weather events.</p> <p><b>Disaster Recovery Plans:</b> Developed and regularly updated comprehensive disaster recovery and business continuity plans to ensure operational resilience during extreme weather events.</p> <p><b>Employee Training:</b> Provided training for employees on emergency response procedures and business continuity protocols to ensure preparedness during crises.</p> <p><b>Collaboration with Local Authorities:</b> Partnered with local emergency services and government agencies to enhance response capabilities and support community resilience.</p>
<p>How the Company is Resourcing and Plan to Resource Activities</p>	<p><b>Financial Investment</b></p> <p><b>Budget Allocation:</b> Funds will be allocated to identified initiatives which address the relevant risks, after a comprehensive analysis as per the requirements of each business unit</p> <p><b>Insurance:</b> Invest in insurance products that cover potential losses from extreme weather events, thereby transferring some of the financial risks associated with these events. Specifically, the Group has obtained insurance cover for Business Interruption which also addresses disruptions to operations stemming from extreme weather conditions at a total cost of Rs. 34.1 Mn for Financial Year</p> <p><b>Human Capital Development</b></p> <p><b>Training and Development Programs:</b> Implement training programs for employees focused on climate risk management, disaster recovery, and stakeholder engagement strategies related to extreme weather events.</p> <p><b>Seeking External Expertise:</b> Using services of specialists to independently identify and to advise on developing mitigating strategies to address related risks.</p> <p><b>Cross-Functional Teams:</b> Establish cross-functional teams within businesses that include representatives from risk management, operations, EHS, and engineering to ensure a holistic approach to implementing climate risk strategies.</p> <p>Strategic Partnerships</p> <p><b>Collaboration with Government Agencies:</b> collaborate with local government agencies to achieve national objectives and to address community initiatives when such disasters occur.</p> <p><b>Engagement with Industry Groups:</b> Work with industry associations to address issues relating to climate risk such as mitigatory actions, regulatory policies and legal frameworks.</p> <p><b>Stakeholder Engagement</b></p> <p><b>Strengthen stakeholder resilience:</b> Share knowledge and best practices relating to climate risk resilience with key stakeholders to increase their awareness and preparedness.</p> <p><b>Continuous Monitoring and Evaluation</b></p> <p><b>Performance Metrics:</b> Develop key performance indicators (KPIs) to measure the effectiveness of climate risk strategies and resource allocation, allowing for adjustments as needed.</p> <p><b>Regular Reviews:</b> Conduct regular reviews by the Sustainability team on climate risk management initiatives to assess their impact and identify areas for improvement, ensuring that resources are effectively utilised.</p>

SRRO	RISK : Extreme Weather Events	
	Progress (qualitative and quantitative)	<p><b>Financial Investment</b></p> <p><b>Budget Allocation:</b> While no significant investments were done during the current year relating to this area, plans are being drawn up to install a flood prevention system in a manufacturing facility of the Group which is currently operating in an which is prone to flooding risk</p> <p><b>Investments in Renewable Energy Projects:</b> While there were no related investments made during the reporting year, to-date the company has invested Rs. 750 million in solar energy projects across the Group, contributing to lowering carbon emissions.</p> <p><b>Training and Development</b></p> <p><b>Training Programs:</b> Employees participate in climate risk management training sessions in 2025, focusing on disaster recovery, customer engagement, and sustainability practices.</p> <p><b>Disaster Recovery Planning:</b> Businesses have put in place comprehensive disaster recovery plans to address contingencies which are annually reviewed and updated. Further, continuous awareness sessions are conducted to keep employees updated on these plans &amp; latest developments.</p> <p><b>Continuous Monitoring and Evaluation</b></p> <p><b>Performance Metrics:</b> The Group has established key performance indicators (KPIs) to measure the effectiveness of the climate risk initiatives.</p> <p><b>Regular Reviews:</b> The Group's Climate Risk Management Committee conducts quarterly reviews of our initiatives, ensuring that resources are effectively utilised and strategies are adjusted as needed.</p>
Financial Effects	<p>Current year financial effects to PL, BS and CF</p> <p>Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year</p> <p>Anticipated financial effect over short, medium and long term to PL, BS and CF</p>	<p>No material financial impacts arising from this risk were identified during the current financial year.</p> <p>While significant risks and potential material financial impacts exist, no material adjustments to the carrying values of assets and liabilities have been identified for the forthcoming financial year due to the inherent uncertainty and limited predictability associated with these risks.</p> <p>Refer <b>Note 10</b> Transitional Relief</p>
Climate resilience	<p>Resilience Assessment</p> <p>How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out</p>	<p>Refer <b>Note 10</b> Transitional Relief</p> <p>Refer <b>Note 10</b> Transitional Relief</p>
Judgements and Uncertainties	Refer section on Significant Judgements, Uncertainties and Proportionality (Note 11)	

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

SRRO 1	RISK: Disruption to Production from Supply Chain Issues	
CRROs impact on Prospects	<p>Description</p> <hr/> <p>Physical Risk or Transition Risk</p> <hr/> <p>Time Horizon</p> <hr/> <p>Define time horizon</p>	<p>Disruptions in the supply of raw materials can adversely impact production continuity, resulting in potential revenue losses. In response to such disruptions, the Group may be required to source alternative materials or implement contingency procurement arrangements, leading to an increase in input costs. Additionally, supply chain instability may necessitate higher inventory buffers to mitigate operational interruptions, thereby increasing stock holding costs above the projected levels for the year, across both raw materials and finished goods. These factors collectively place pressure on margins and working capital efficiency.</p> <hr/> <p>Physical</p> <hr/> <p>S, M and L</p> <hr/> <p>Refer Note 8</p>
Business Model and Value Chain	<p>Current Effects on Business Model and Value Chain</p> <hr/> <p>Anticipated Effects on Business Model and Value Chain</p>	<p>Disruptions to production arising from supply chain issues could significantly affect the business model and value chain of the Group by constraining the timely availability of raw materials, packaging components, imported goods, and critical operational inputs across its diversified sectors. Such disruptions could lead to production delays, reduced manufacturing efficiency, stock shortages, and an inability to meet customer demand, potentially resulting in revenue losses and weakened market competitiveness. Prolonged supply chain interruptions could also increase procurement and logistics costs due to reliance on alternative suppliers, expedited freight arrangements, or higher input prices, thereby exerting pressure on profit margins and working capital requirements. In addition, disruptions may affect distribution networks, retailer relationships, and service delivery standards, while also creating operational inefficiencies across procurement, inventory management, and production planning processes. These challenges could ultimately impact customer satisfaction, brand reputation, and profitability, highlighting the importance of supplier diversification, strategic inventory management and local sourcing initiatives.</p> <p>Ensuring operational continuity, especially during times of volatility, will enhance the Group's reputation and brand image indicating that the Group is a reliable and a resilient stakeholder. This perception can lead to increased business opportunities and partnerships.</p> <hr/> <p><b>Strategic Business Model Evolution:</b> Businesses will need to continuously evaluate new sources and suppliers from different geographic regions to ensure ability to source inputs even during times of geopolitical tensions and other market disruption.</p> <p><b>Enhanced Risk Mitigation:</b> Proactive approach to risk management will lead to minimal disruptions to production and operations.</p> <p><b>Strengthened Stakeholder Relationships:</b> The Group continues to cultivate strong, collaborative partnerships with its suppliers, fostering mutual trust and operational alignment. These relationships enhance resilience during periods of market volatility, enabling sustained access to raw materials and critical inputs while supporting continuity of operations.</p>
	<p>Where is it Concentrated?</p>	<p><b>Financial Risk</b></p> <p>Sourcing constraints have the potential to disrupt production and service delivery, which may adversely impact revenue generation. In addition, upward pressure on input and logistics costs is likely to compress margins and affect overall profitability. The Group may also experience increased working capital requirements, driven by the need to maintain higher levels of raw material inventory and the tightening of supplier credit terms.</p> <p><b>Competition Risk</b></p> <p>Production disruptions could lead to stockout situations leading to competitors gaining market share.</p> <p><b>Reputational Risk</b></p> <p>Inability to cater to market demand will lead to customer and distributor dissatisfaction, resulting in an erosion of brand loyalty and posing significant reputational risk.</p>

SRRO 1	RISK: Disruption to Production from Supply Chain Issues	
Strategy and Decision Making	Strategic responses and risk management.	<p><b>Flexible Operating Models:</b> Adopting models that allow supply chain flexibility and diversification which mitigates the over-reliance on limited or single-source suppliers and supplies from a single geographic area.</p> <p><b>Enhanced Risk Management:</b> Supply chain flexibility and diversification increases operational complexity. Thus, the organisation's risk management frameworks and strategies monitored and adapted to the address the challenges in the evolving operating environment.</p> <p><b>Promote Innovation:</b> The businesses continuously explores the possibility of using different types of inputs and raw materials from different sources at their production, packaging or service points. This requires driving innovation along with R&amp;D in evaluating possible alternative inputs.</p> <p><b>Continuous Operational Monitoring:</b> The Group has strengthened cross-functional integration across procurement, logistics, warehousing, production, engineering, and research and development to enable enhanced visibility over supply chain activities. This coordinated approach facilitates the early identification of potential disruptions and supports timely, proactive interventions to ensure operational resilience and continuity.</p> <p><b>Provision for Increased Stockholding:</b> The Group has financial strength and operational flexibility to strategically increase inventory levels of both raw materials and finished goods. This approach is designed to mitigate the risk of supply disruptions, ensuring consistent product availability and the ability to meet market demand without stock-out situations, thereby safeguarding customer trust and brand reputation.</p>
	How the Company is Resourcing and Plan to Resource Activities	<p><b>Human Capital Development</b></p> <p><b>Training and Development Programs:</b> The Group is committed to strengthening the capabilities of its sourcing teams through structured training initiatives focused on technical proficiency, supplier evaluation, and strategic negotiation. In addition, employees are provided with opportunities for continuous learning and market exposure through participation in relevant industry exhibitions, conferences, and professional forums, both locally and internationally, thereby enhancing commercial insight and supporting informed decision-making.</p> <p><b>Increasing Focus on R&amp;D</b></p> <p>The Group continues to prioritise investment in research and development to identify and evaluate alternative raw materials for its production processes. This strategic focus enhances procurement flexibility, broadens the range of viable input options, and supports the diversification of supply sources, thereby strengthening supply chain resilience.</p> <p><b>Stakeholder Engagement</b></p> <p><b>Collaborations with Suppliers:</b> Establish mechanisms for obtaining information on new raw materials in line with new developments and innovations adopted by suppliers.</p> <p><b>Continuous Monitoring and Evaluation</b></p> <p><b>Performance Metrics:</b> Develop key performance indicators (KPIs) to measure the effectiveness of sourcing strategies.</p> <p><b>Regular Reviews:</b> Conduct regular reviews of procurement initiatives to assess their impact and identify areas for improvement.</p>

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

SRRO 1	RISK: Disruption to Production from Supply Chain Issues	
	Progress (qualitative and quantitative)	<p><b>Financial Investment</b></p> <p><b>Budget Allocation:</b> Adequate budgetary provisions have been made to strengthen the operations of the procurement and R&amp;D functions across the businesses.</p> <p><b>Technology Integration</b></p> <p><b>Data Analytics Tools:</b> The Group is in the process of rolling out advanced SAP and AI based data analytics and modeling tools to monitor and improve the procurement process.</p> <p><b>Certifications</b></p> <p>Hemas Manufacturing (Pvt) Ltd has achieved a significant milestone in its operational strategy by securing the Authorized Economic Operator (AEO) Tier 1 Certification from Sri Lanka Customs. This prestigious recognition, aligned with the World Customs Organization (WCO) framework, offers the benefit of expedited "green channel" customs clearances and a marked reduction in regulatory hurdles, effectively minimizing operational risks associated with imports.</p>
Financial Effects	Current year financial effects to PL, BS and CF	No material financial impacts arising from this risk were identified during the current financial year.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	<p>Amid an increasingly complex geopolitical landscape that has intensified supply chain risks and uncertainties, the Group has undertaken comprehensive mitigation measures to safeguard operational continuity and financial stability.</p> <p>Based on the effectiveness of these strategies and current assessments, the Group does not anticipate any material adjustments to the carrying values of its assets and liabilities in the forthcoming financial year.</p>
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer <b>Note 10</b> Transitional Relief
Climate resilience	Resilience Assessment	Refer <b>Note 10</b> Transitional Relief
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	Refer <b>Note 10</b> Transitional Relief
Judgements and Uncertainties	Refer section on Significant Judgements, Uncertainties and Proportionality (Note 11 )	

## RISK MANAGEMENT

### Processes and Policies Relating to Sustainability-related Risks

#### Identification

##### i. Inputs and Parameters the Company Use

The Group identifies sustainability-related and climate-related risks and opportunities (SRROs/CRROs) using a combination of internal and external inputs across its operations and value chain.

As an initial step, the Group identifies its material impact topics, which may give rise to potential sustainability-related risks and opportunities. In addition, the Group considers dependencies on external environmental and social factors, including resource availability and regulatory developments, as a further source of risk.

Key inputs used in this process include:

- Internal operational data such as energy use, resource consumption, infrastructure capacity and supply chain performance
- Historical experience of disruptions, including energy shortages and supply chain constraints
- External information such as regulatory developments, industry trends and evolving stakeholder expectations

These inputs are assessed using parameters such as the potential financial impact, likelihood of occurrence, and exposure across different stages of the value chain, to identify and prioritise financially material SRROs/CRROs.

During the year, the Group applied a qualitative assessment approach to evaluate these risks and opportunities. The Group intends to progressively enhance this approach through the incorporation of quantitative analysis to further support the prioritisation and measurement of financially material SRROs/CRROs in future periods.

### ii. Whether the Company Uses Climate-related Scenario Analysis

The Group has not undertaken climate-related scenario analysis during the financial year. This is in line with the transitional relief provisions available under SLFRS S2.

The Group intends to progressively develop its capabilities in this area in future reporting periods.

### Assessment

#### iii. How the Company Assesses:

The Group has undertaken the assessment of sustainability-related and climate-related risks and opportunities (SRROs/CRROs) on a judgemental and qualitative basis during the financial year to identify financially material risks and opportunities.

#### Nature

Climate-related risks are classified into physical and transition risks. Physical risks include acute events such as floods, droughts and disruptions to energy supply, and chronic events such as sustained increase in ambient temperatures which may impact operations and infrastructure. Transition risks arise from changes associated with the shift to a lower-carbon economy, including regulatory developments, market dynamics and cost pressures. In addition, the Group considers broader sustainability-related risks and opportunities, beyond climate-related risks, based on their potential impact on the Group's financial position, performance and cash flows

#### Likelihood

The Group assesses the likelihood of identified risks using a likelihood of occurrence and impact-based approach, in line with its enterprise risk management framework. This approach evaluates the probability of occurrence of risks across different stages of the value chain, taking into account their frequency and timing.

Likelihood Level	Description
Rare	The risk is highly unlikely to occur and may arise only under exceptional circumstances.
Unlikely	The risk could occur at some point but is not expected to occur frequently.
Possible	The risk may occur occasionally based on operational or external conditions.
Likely	The risk is expected to occur in several circumstances and may arise regularly across operations or the value chain.
Almost Certain	The risk is expected to occur frequently or under most circumstances based on current trends and conditions.

This approach supports a more consistent assessment of risk exposure and enables the prioritisation of sustainability-related and climate-related risks and opportunities within the Group's risk management processes.

The Group assesses the likelihood of identified risks using a structured five-level scale, based on defined probability ranges and how frequently such risks are expected to occur, in line with its enterprise risk management framework. This approach combines both quantitative thresholds and some level of qualitative judgment, considering how often similar risks have occurred in the past and how likely they are to recur across the value chain.

Risks are then classified from "Rare" to "Almost Certain," reflecting increasing levels of likelihood based on both historical trends and forward-looking considerations. This helps ensure a more consistent and well-rounded evaluation of overall risk exposure.

Risks are then classified from "Rare" to "Almost Certain," reflecting increasing levels of likelihood based on both historical trends and forward-looking considerations. This helps ensure a more consistent and well-rounded evaluation of overall risk exposure.

#### Magnitude / Exposure

The magnitude or exposure of sustainability-related and climate-related risks is assessed based on the potential level of operational disruption and financial impact on the Group. This assessment takes into consideration both quantitative and qualitative factors, including past experiences, key operational dependencies, the expected duration of disruptions, and the potential impact across the value chain.

Financial exposure is evaluated by considering the possible effect on key financial indicators such as earnings before interest and tax (EBIT), operating costs, revenue generation, and cash flows. In assessing the overall magnitude of these risks, the Group also considers a range of impact areas, including operational disruption, supply chain continuity, regulatory exposure, reputational impact, as well as health, safety, and environmental consequences.

Magnitude Level	Description
Insignificant	Minimal operational or financial impact with limited disruption to business activities and no significant effect on stakeholders or operations.
Minor	Limited operational disruption or financial impact that can be managed through routine processes and controls.
Moderate	Noticeable operational or financial impact requiring management attention and mitigation measures to minimise disruption.
Major	Significant operational disruption, financial impact, or supply chain interruption that may affect business performance and require substantial management intervention.
Severe	Critical impact with the potential to materially affect business continuity, financial performance, stakeholder confidence, or long-term operational resilience.

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

This approach supports a more structured and consistent evaluation of financially material sustainability-related risks and opportunities across the Group.

## Prioritization

### iv. whether and how the entity prioritises sustainability-related risks relative to other types of risk

Climate-related risks are prioritised as part of the Group's overall risk management framework, where they are considered alongside other sustainability-related and principal business risks, including supply chain disruptions as such disruptions will have a common source in sustainability related risks.

The Group applies a structured prioritisation approach, evaluating risks based on key parameters including:

- the likelihood of occurrence
- the potential magnitude of financial and operational impact

Risks that are assessed to have a higher likelihood of occurrence and/or a greater potential impact on the Group's operations, cost structures or supply chain stability are given greater priority.

In this context, climate-related risks are not assessed in isolation but are integrated within the broader enterprise risk management framework, enabling them to be prioritised relative to other risks faced by the Group.

Higher priority risks are escalated to management and incorporated into relevant processes, including business continuity planning and operational decision-making, to enhance the Group's preparedness and resilience.

## Monitoring

### v. how the entity monitors sustainability-related risks

The Group monitors sustainability-related risks through an integrated approach that combines its enterprise risk management (ERM) processes, Sustainability Management Framework and business continuity planning (BCP) mechanisms.

The Group follows a structured, bottom-up approach to risk identification and management, where risks are first identified and assessed at the SBU level by operational teams, Risk Champions, and the SBU EXCO. These risks are then consolidated into risk reports and reviewed at the SBU Audit Committees, before being escalated to the SBU Board and further to the Group Audit Committee and the Group Board

At the Group level, key risks, including sustainability-related risks and opportunities (SRROs), are evaluated, prioritised, and aligned with the Group's risk appetite and overall strategic objectives. The outcomes from this process also feed into the annual internal audit plan, with Internal Audit adopting a risk-based approach to focus on the higher-risk areas identified through the ERM framework. Climate-related risks are periodically reviewed as part of the Group's risk management processes, with inputs from business units across the value chain. These risks are monitored through established governance structures, including management-level and Board-level oversight.

The Sustainability Management Framework supports ongoing monitoring by tracking key environmental performance indicators and evaluating emerging external developments, including regulatory changes and climate trends.

In addition, the BCP framework enables the monitoring of potential disruption scenarios such as power outages, fuel shortages and extreme weather events, while ensuring that appropriate response and recovery mechanisms are in place to support operational continuity.

## Changes in the Process

### vi. whether and how the entity has changed the processes it uses compared with the previous reporting period

During the financial year, the Group has taken steps to enhance its processes for identifying and assessing sustainability-related and climate-related risks and opportunities (SRROs/CRROs).

These include the formal identification of SRROs/CRROs based on material impact topics and value chain assessments, as well as the strengthening of governance through the delegation of sustainability-related oversight to the Board Audit Committee.

While SRROs/CRROs are currently assessed through dedicated sustainability and risk processes, the Group is in the process of progressively integrating these risks into its enterprise risk management framework.

The Group will continue to refine its approach, including the incorporation of more quantitative assessment techniques in future reporting periods.

## Processes and Policies Relating to sustainability-related Opportunities

### vi. The processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities.

The Group identifies climate-related opportunities through its sustainability and risk management processes, including the assessment of material impact topics, value chain dependencies and external developments such as regulatory changes, market trends and evolving stakeholder expectations.

These opportunities are assessed on a qualitative basis, considering factors such as potential operational and financial benefits, alignment with the Group's strategic priorities, and feasibility of implementation. This includes opportunities related to resource efficiency, adoption of renewable energy, and improved operational resilience.

Climate-related opportunities are prioritised based on their potential impact and relevance to the Group's operations, and are considered alongside other business and sustainability-related initiatives.

Monitoring of climate-related opportunities is undertaken through the Group's Sustainability Management Framework and Key Sustainability Performance Indicators (KSPIs), with periodic

reviews by management and reporting through established governance structures.

The Group has not undertaken climate-related scenario analysis during the financial year and therefore does not use scenario analysis to inform the identification of climate-related opportunities. The Group intends to progressively develop its capabilities in this area in future reporting periods.

#### Integration to Overall ERM

the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process

The Group's processes for identifying, assessing, prioritising and monitoring sustainability-related and climate-related risks and opportunities (SRROs/CRROs) are aligned with its overall risk management approach.

These processes are currently supported through the Group's Sustainability Management Framework and enterprise risk management (ERM) processes, with inputs from across business units and the value chain. Identified SRROs/CRROs are assessed using similar parameters applied to other risks, including likelihood of occurrence and potential financial and operational impact.

While SRROs/CRROs are presently evaluated through dedicated sustainability and risk processes, the Group is in the process of progressively integrating these risks into its ERM framework, enabling more structured alignment with overall risk identification, assessment and reporting processes.

Outputs from these processes inform management discussions, operational planning and governance oversight, supporting a more integrated understanding of the Group's risk profile.

## METRICS AND TARGETS

### Cross Industry Metrics

#### 1. Greenhouse Gas Emissions (GHG)

##### Basis of Determination of Organizational Boundary and Operational Boundary

The Group determines its organizational boundary for greenhouse gas (GHG) emissions based on the entities included within its financial reporting boundary, covering all operations under its control across the Consumer, Healthcare and Mobility sectors.

The operational boundary includes Scope 1 and Scope 2 emissions, representing direct emissions from owned or controlled sources and indirect emissions from purchased electricity. In addition, the Group measures selected categories of Scope 3 emissions, including employee commuting, business travel and waste generated in operations, based on relevance and data availability.

GHG emissions are measured using the GHG Protocol, applying internationally recognised emission factors, including those from the IPCC guidelines. Emissions are monitored and reported as part of the Group's sustainability performance framework.

#### Methodology used for the measurement and disclosure of GHG Emissions

The Group measures and reports its greenhouse gas (GHG) emissions in accordance with the GHG Protocol (Corporate Accounting and Reporting Standard).

Emissions are calculated using activity data (such as fuel consumption and electricity usage) combined with internationally recognised emission factors, including those published by the Intergovernmental Panel on Climate Change (IPCC) and other relevant sources.

Scope 1 emissions are calculated based on direct fuel consumption from owned or controlled operations, while Scope 2 emissions are measured using a location-based approach for purchased electricity. Selected Scope 3 emissions are measured for relevant categories based on data availability and materiality.

The Group's emissions are reported in metric tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e), and performance is monitored through established sustainability Key Performance Indicators (KSPIs) and internal reporting systems to ensure consistency, accuracy and completeness of disclosures.

#### Summary of GHG Emissions

Scope	2024/25 (mtCO <sub>2</sub> e)	2025/26 (mtCO <sub>2</sub> e)
Scope 1	2,501	2,836
Scope 2*	7,919	11,786
<b>Total</b>	<b>10,420</b>	<b>14,622</b>

\*Scope 2 is location based

#### GHG Scope 1 and Scope 2 Emissions

Description	Greenhouse gas emissions (metric tonnes CO <sub>2</sub> e) 2025/26		
	Scope 1	Scope 2	Total
Consolidated accounting group	2,836	11,786	14,622
Other investee (investment in associate, joint ventures)	N/A	N/A	N/A
<b>Total (Operational control approach)</b>	<b>2,836</b>	<b>11,786</b>	<b>14,622</b>

#### GHG Scope 3 Emissions

Refer Note 10 for Transitional Relief

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

## Key Assumptions and Sources of GHG Measurement

Scope	Emission Sub-category	Activity	Data Source	Emission Factor	Source of GWP Values
Scope 1	Stationary combustion	Fuel consumption (diesel, furnace oil, LPG) in boilers, generators and manufacturing processes	Utility records, fuel purchase invoices, facility logs	IPCC / DEFRA standard emission factors for fuel combustion	IPCC (AR6)
Scope 1	Mobile combustion	Fuel consumption from company-owned vehicles and logistics fleet	Fuel records, mileage logs, fleet management systems	IPCC / DEFRA emission factors for transport fuels	IPCC (AR6)
Scope 1	Process combustion	Emissions from manufacturing processes	Production records, process data from manufacturing facilities	Industry-specific or IPCC emission factors (where applicable)	IPCC (AR6)
Scope 1	Fugitive Emissions	Refrigerant leakage from air conditioning and cooling systems	Maintenance logs, refrigerant refill records	IPCC emission factors based on refrigerant type (HFCs, etc.)	IPCC (AR6)
Scope 2	Electricity Consumption	Purchased electricity used in operations and facilities	Electricity bills, utility provider data	Grid emission factor (Sri Lanka grid factor / IEA / DEFRA)	IPCC (AR6)

## 2. Climate-related Physical Risks

The Group's Consumer and Healthcare sectors, which together account for approximately 98% of Group revenue, and 50% – 55% of the Group's assets (based on total value of assets) are considered to be exposed to climate-related physical risks.

These risks arise from acute (event-driven) and chronic (long-term) climate events, including extreme weather conditions, disruptions to energy supply, and impacts on logistics and supply chains, which may affect operational continuity and infrastructure.

Accordingly, a significant portion of the Group's business activities is exposed to physical risks through these sectors such as:

The Group has several manufacturing (e.g. plants located at Dankotuwa, Peliyagoda and Homagama), warehousing (e.g. at Wattala and Welisara) and service facilities (e.g. Hospitals located in Wattala and Thalawathugoda and the Medical lab network across the country) which could get impacted by such risks, resulting in disruptions to its operations. During the year, none of the manufacturing or service facilities of the Group were directly impacted by Cyclone Ditwah or any other extreme weather event.

While the Group currently monitors such impacts through its operational and risk management processes, it is in the process of enhancing its capability to quantify the financial and operational effects of climate-related physical risks, including metrics such as downtime and cost impacts, in future reporting periods.

## 3. Climate-related Transition Risks

The Group's Consumer and Healthcare sectors are exposed to climate-related transition risks, including changes in regulatory requirements, evolving market expectations, and increasing energy and input costs associated with the transition to a low-carbon economy.

During the reporting period there was no material impacts to the Group from this risk while no assets of the Group are considered to be exposed to this risk, given the present regulatory and operating environment.

While the Group currently monitors such impacts through its operational and risk management processes, it is in the process of enhancing its capability to quantify the financial and operational effects of climate-related transition risks.

These risks are managed and monitored through a combination of operational and investment-related metrics, including:

- ▾ the percentage of energy derived from renewable sources, with a target of 25% renewable energy by 2030;
- ▾ progress in renewable energy adoption, including investments in rooftop solar installations across key operational locations; and
- ▾ energy consumption and carbon footprint metrics, which are tracked through the Group's sustainability Key Performance Indicators (KSPIs).

Investments in renewable energy and energy efficiency initiatives form part of the Group's broader capital expenditure programmes. While the Group does not currently disclose climate-related capital expenditure as a percentage of total capex, such investments are monitored internally and contribute to mitigating transition risks associated with energy costs and regulatory developments.

#### 4. Climate-related Opportunities

The Group evaluates the strategic nature and operational feasibility and information sensitivity of opportunities prior to public disclosure. If information is deemed to be commercially sensitive the Group applies the principle of proportionate and optional disclosure in line with SLFRS S1 and S2.

#### 5. Capital Expenditure

The Group undertakes capital expenditure and investment initiatives that contribute to the management of sustainability-related and climate-related risks and opportunities, including investments in energy efficiency improvements and renewable energy solutions, such as rooftop solar installations.

While such investments support the Group's transition towards a lower-carbon and more resource-efficient operating model, the Group does not currently track or disclose climate-related capital expenditure as a proportion of total capital expenditure.

The Group is in the process of enhancing its internal processes to enable the identification, monitoring and reporting of climate-related capital deployment, including investments in renewable energy and energy efficiency, in future reporting periods. During the reporting period, no investments were made specifically to address sustainability-related and climate-related risks and opportunities. The Group had previously invested Rs. 750 Mn in solar power projects and are in the process of evaluating further opportunities for solar across several other locations of the Group. Also, the Group is evaluating the installation of a flood prevention system at a manufacturing facility located in an area which could be prone to flooding risk in the future.

#### 6. Internal Carbon Pricing

The Group does not currently apply an internal carbon price in its investment decision-making processes. However, it continues to evaluate opportunities to enhance the integration of climate-related considerations into capital allocation and performance measurement frameworks over time.

#### 7. Remuneration

Climate-related considerations are not currently incorporated into executive remuneration structures. The Group continues to evaluate opportunities to further integrate sustainability-related metrics into performance management and incentive frameworks over time.

### Industry Specific Metrics

Sustainability Accounting Standards Board (SASB) Index

Toys & Sporting Goods Sustainability Accounting Standard (Version 2023-12)					
Table 1: Sustainability Disclosure Topics and Metrics					
Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Chemical & Safety Hazards of Products	(1) Number of recalls and (2) total units recalled	Quantitative	Number	CG-TS-250a.1	No Recalls
	Total amount of monetary losses as a result of legal proceedings associated with product safety	Quantitative	Presentation currency	CG-TS-250a.3	None
	Discussion of processes to assess and manage risks or hazards associated with chemicals in products	Discussion and Analysis	n/a	CG-TS-250a.4	Sourcing QA and Regulatory compliance SOP are in place and being followed.
Labour Conditions in the Supply Chain	Number of facilities audited to a social responsibility code of conduct	Quantitative	Number	CG-TS-430a.1	Currently, managed through supplier on boarding, performance evaluation and quality audits.
	Direct suppliers' social responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	Quantitative	Rate	CG-TS-430a.2	A risk-based supplier monitoring approach is planned under category plan.

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

**Table 2. Activity Metrics**

Activity Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Annual production	Quantitative	Number of units	CG-TS-000.A	Number of Units - 959 million 80 Pages equalant
Number of manufacturing facilities, percentage outsourced <sup>4</sup>	Quantitative	Number, Percentage (%)	CG-TS-000.B	Number of Facilities - 2 Number Percentage (%) - 10 to 13

## Biotechnology & Pharmaceuticals Sustainability Accounting Standard (Version 2023-12)

**Table 1: Sustainability Disclosure Topics and Metrics**

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Safety of Clinical Trial Participants	Discussion, by region, of management process for ensuring quality and patient safety during clinical trials	Discussion and Analysis	n/a	HC-BP-210a.1	As per guidelines, clinical trials are only required to be done by medicine innovators for drug discovery.
	Number of inspections related to clinical trial management and pharmacovigilance that resulted in: (1) entity voluntary remediation or (2) regulatory or administrative actions taken against the entity	Quantitative	Number	HC-BP-210a.2	
	Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries	Quantitative	Presentation currency	HC-BP-210a.3	
Access to Medicines	Description of actions and initiatives to promote access to health care products for priority diseases and in priority countries as defined by the Access to Medicine Index	Discussion and Analysis	n/a	HC-BP-240a.1	Our key focus is on providing access to niche and novel therapies at affordable prices to the masses (minimum 20% price reduction from weighted average market price)
	List of products on the WHO List of Prequalified Medicinal Products as part of its Prequalification of Medicines Programme (PQP)	Discussion and Analysis	n/a	HC-BP-240a.2	Our medicines are not listed under PQP
Affordability & Pricing	Percentage change in: (1) weighted average list price and (2) weighted average net price across product portfolio compared to previous reporting period	Quantitative	Percentage (%)	HC-BP-240b.2	1) List price not relevant 2) -3% (predominantly from Buyback supplies)
	Percentage change in: (1) list price and (2) net price of product with largest increase compared to previous reporting period	Quantitative	Percentage (%)	HC-BP-240b.3	1) List price not relevant 2) -16% (Buyback supplies)
Drug Safety	Products listed in public medical product safety or adverse event alert databases	Discussion and Analysis	n/a	HC-BP-250a.1	None
	Number of fatalities associated with products	Quantitative	Number	HC-BP-250a.2	None
	(1) Number of recalls issued, (2) total units recalled	Quantitative	Number	HC-BP-250a.3	None
	Total amount of product accepted for takeback, reuse, or disposal	Quantitative	Metric tonnes	HC-BP-250a.4	None
	Number of enforcement actions taken in response to violations of good manufacturing practices (GMP) or equivalent standards, by type	Quantitative	Number	HC-BP-250a.5	None

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Counterfeit Drugs	Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting	Discussion and Analysis	n/a	HC-BP-260a.1	To maintain traceability and identification Morison uses 1) Exclusive punches engraved with "MSJ" marking in tablets 2) Exclusive Morison packaging
	Discussion of process for alerting customers and business partners to potential or known risks associated with counterfeit products	Discussion and Analysis	n/a	HC-BP-260a.2	Can inform through the sales and medical marketing representatives if such a situation occurs
	Number of actions that led to raids, seizure, arrests, or filing of criminal charges related to counterfeit products	Quantitative	Number	HC-BP-260a.3	0
Ethical Marketing	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	Quantitative	Presentation currency	HC-BP-270a.1	0
	Description of code of ethics governing promotion of off-label use of products	Discussion and Analysis	n/a	HC-BP-270a.2	Promotion of off-label use is not used in our products
Employee Recruitment, Development & Retention	Discussion of talent recruitment and retention efforts for scientists and research and development staff	Discussion and Analysis	n/a	HC-BP-330a.1	Creating a purpose driven culture that rewards the right attitude and aptitude. As Morison is in a growth stage, lot of opportunities emerge for scientists
	1) Voluntary and (2) involuntary turnover rate for: (a) executives/senior managers, (b) mid-level managers, (c) professionals, and (d) all others	Quantitative	Percentage (%)	HC-BP-330a.2	Voluntary - 2.24% Involuntary - 0%
Supply Chain Management	Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in the Rx-360 International Pharmaceutical Supply Chain Consortium audit programme or equivalent third-party audit programmes for integrity of supply chain and ingredients	Quantitative	Percentage (%)	HC-BP-430a.1	Total percentage - 28%  Total Packing material sources - 15 Audited - 9 Percentage - 60% Total Raw material sources - 46 Audited - 8 Percentage - 17%
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery	Quantitative	Presentation currency	HC-BP-510a.1	0
	Description of code of ethics governing interactions with health care professionals	Discussion and Analysis	n/a	HC-BP-510a.2	A strictly ethical route is followed in product promotions. No healthcare professional will be rewarded on personal gains. Educational engagements are considered based on ROI and cost limits

**Table 2. Activity Metrics**

Activity Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Number of drugs (1) in portfolio and (2) in research and development (Phases 1-3)	Quantitative	Number	HC-BP-000.B	1) 53 2) N/A as phase 1-3 refers to drug discovery"

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

## Health Care Distributors Sustainability Accounting Standard (Version 2023-12) Pharmaceutical Distribution / Warehousing

Table 1: Sustainability Disclosure Topics and Metrics

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Fleet Fuel Management	Payload fuel economy	Quantitative	Litres/RTK	HC-DI-110a.1	2,800l per month
Product Safety	Description of efforts to reduce the environmental impact of logistics	Discussion and Analysis	n/a	HC-DI-110a.2	Expired and damaged pharmaceutical products are destroyed through incineration by INSEE Ecocycle, an authorized service provider. This process eliminates environmental contamination from drugs.
	Total amount of monetary losses as a result of legal proceedings associated with product safety 1	Quantitative	Presentation currency	HC-DI-250a.1	There has been no monetary losses from legal proceedings
	Description of efforts to minimise health and safety risks of products sold associated with toxicity/chemical safety, high abuse potential, or delivery	Discussion and Analysis	n/a	HC-DI-250a.2	Health and safety risks are minimized through strict regulatory compliance, pharmacovigilance systems to capture product complaints and cold chain maintenance throughout the distribution channel to ensure product safety and quality.
Counterfeit Drugs	Description of methods and technologies used to maintain traceability of products throughout the distribution chain and prevent counterfeiting	Discussion and Analysis	n/a	HC-DI-260a.1	All products are traceable through their unique batch numbers. These batch numbers are recorded in inbound documents, maintained within the SAP system, and included on customer invoices. This ensures end-to-end traceability throughout the distribution chain and helps prevent counterfeiting by enabling verification at every stage.
	Discussion of due diligence process to qualify suppliers of drug products and medical equipment and devices	Discussion and Analysis	n/a	HC-DI-260a.2	<p>Our due diligence process to verify authenticity and avoid engagement with counterfeit drugs and medical devices includes both corporate and regulatory verification.</p> <p>Corporate Verification We obtain and review the following documents to confirm the legitimacy of the principal/company:</p> <ol style="list-style-type: none"> <li>1. Certificate of Incorporation / Business Registration Certificate</li> <li>2. Forms containing particulars of Directors and Secretaries</li> <li>3. Form indicating the Registered Office Address of the Company</li> <li>4. Memorandum and Articles of Association / Company Constitution</li> </ol> <p>Regulatory and Quality Verification In addition, we verify:</p> <ol style="list-style-type: none"> <li>5. Valid manufacturing licenses and GMP certifications</li> <li>6. Product registration status and regulatory approvals in the country of origin</li> </ol>

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
					<p>7. Authorization letters or agreements confirming the principal's ownership and supply rights</p> <p>8. Quality certifications such as ISO certifications where applicable</p> <p>9. Product traceability documents including batch records and COA where required</p> <p>10. Background checks on the supplier's market reputation, compliance history, and any regulatory warnings or recalls</p> <p>These steps help ensure that we engage only with legitimate principals and minimize the risk of counterfeit or unauthorized products entering the supply chain.</p>
	Discussion of process for alerting customers and business partners to potential or known risks associated with counterfeit products	Discussion and Analysis	n/a	HC-DI-260a.3	<p>Currently Hemas Pharmaceuticals does not have a clear cut process. Since Pharmacies do not sell counterfeit Drugs on shelves and our Sales Delegates does not hold any authority to check if a Pharmacy is selling counterfeit drugs.</p> <p>If by chance one of our Sales Delegates come across any counterfeit drug belong to an agency affiliated with Hemas Pharma, then the Sales Team will inform the respective Country Manager.</p>
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Discussion and Analysis	n/a	HC-DI-410a.1	The business is responsible solely for the storage and distribution of finished products received from suppliers and does not undertake any packaging-related activities.
Product Lifecycle Management	Amount (by weight) of products accepted for take-back and reused, recycled, or donated	Quantitative	Metric tonnes	HC-DI-410a.2	<p>The business does not currently undertake the reuse, recycling, or donation of products accepted for take-back. Expired and damaged products are disposed of through authorized third-party service providers in accordance with applicable regulatory and waste management requirements.</p> <p>Approximately 15 tons of products are sent for destruction annually.</p>
	Description of efforts to minimise conflicts of interest and unethical business practices	Discussion and Analysis	n/a	HC-DI-510a.1	Conflicts of interest and unethical business practices are minimized through clear policies, employee declarations, regular training, internal SOPs aligned with relevant guidelines such as the SLCPPI guideline, and audits to ensure ethical and transparent operations
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with bribery, corruption, or other unethical business practices	Quantitative	Presentation currency	HC-DI-510a.2	No monetary losses as a result of legal proceedings

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

**Table 2. Activity Metrics**

Activity Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Number of pharmaceutical units sold by product category	Quantitative	Number	HC-DI-000.A	OTC - 51 Pharmaceuticals - 809 Veterinary - 3
Number of medical devices sold by product category	Quantitative	Number	HC-DI-000.B	Diagnostics - 1459 Surgical - 2535

## Health Care Delivery Sustainability Accounting Standard (Version 2023-12) Hospitals

**Table 1: Sustainability Disclosure Topics and Metrics**

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Energy Management	1) Total energy consumed	Quantitative	Gigajoules (GJ),	HC-DY-130a.1	1. 18,001GJ
	2) percentage grid electricity and				2. 97%
	3) percentage renewable				3. 3%
Waste Management	Total amount of medical waste: percentage (a) incinerated, (b) recycled or treated and (c) landfilled	Quantitative	Metric tonnes (t)	HC-DY-150a.1	134 MT a) 100% b) 0% c) 0%
	Total amount of: (1) hazardous and (2) non-hazardous pharmaceutical waste, percentage (a) incinerated, (b) recycled or treated and (c) landfilled	Quantitative	Metric tonnes (t), Percentage (%)	HC-DY-150a.2	(1) Hazardous -134 MT(2) Non Hazardous -=58 MT, Percentage (%) -No pharmaceutical waste
Patient Privacy & Electronic Health Records	Description of policies and practices to secure customers' personal health data records and other personal data	Discussion and Analysis	n/a	HC-DY-230a.2	A Patient Privacy Policy and Data Protection Notice are available on our website, and access to sensitive data is restricted on a strict "need-to-know" basis. Employees are bound by confidentiality obligations and supported with regular awareness, including PDPA training programs
	(1) Number of data breaches, (2) percentage involving (a) personal data only and (b) personal health data, (3) number of customers affected in each category, (a) personal data only and (b) personal health data	Quantitative	Number, Percentage (%)	HC-DY-230a.3	No material data breaches.
	Total amount of monetary losses as a result of legal proceedings associated with data security and privacy	Quantitative	Presentation currency	HC-DY-230a.4	None
	Access for Low-Income Patients	Discussion of strategy to manage the mix of patient insurance status	Discussion and Analysis	n/a	HC-DY-240a.1

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Quality of Care & Patient Satisfaction	Number of serious reportable events	Quantitative	Number	HC-DY-250a.2	None
	Hospital-acquired condition rates per hospital	Quantitative	Percentage (%)	HC-DY-250a.3	0.26 - Hemas Hospitals Wattala, 0.11 Hemas Hospitals Thalawathugoda
	Number of (1) unplanned and (2) total readmissions per hospital	Quantitative	Number	HC-DY-250a.6	Infection control related Readmission - Total number 23 Other Readmission - Total Number 49
Management of Controlled Substances	Description of policies and practices to manage the number of prescriptions issued for controlled substances	Discussion and Analysis	n/a	HC-DY-260a.1	<p>The management of controlled substances within the organization is governed by a comprehensive policy framework that emphasizes strict authorization, accountability, and regulatory compliance. Prescribing and issuing narcotic medications are limited to authorized personnel, with clearly defined roles for pharmacists and nursing staff to ensure that no uncontrolled access or distribution occurs. Importantly, no OPD prescriptions are generated for narcotics, and all such medications are restricted strictly to inpatient use, thereby significantly limiting external access and reducing the risk of misuse. In addition, narcotics are issued only during specified time windows, with any exceptions treated as emergencies requiring additional approvals and documentation. This structured control over access and dispensing inherently regulates the number of prescriptions issued, ensuring that all requests are clinically justified and appropriately vetted before fulfillment.</p> <p>Robust documentation and monitoring mechanisms further strengthen control over prescription practices. The mandatory use of bound narcotic registers, real-time recording of administration with dual verification, and daily audits by department in-charges establish continuous oversight of all narcotic utilization. Measures such as limiting discharge quantities to short durations, reconciling stock through the return of empty vials, and enforcing strict accountability for any discrepancies ensure that every unit issued is traceable to a valid clinical need. Collectively, these practices enable early identification of irregular prescribing patterns, prevent over-prescription, and ensure that the use of controlled substances remains tightly regulated, transparent, and aligned with institutional policy and national legal requirements.</p>

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Pricing & Billing Transparency	Description of policies or initiatives to ensure that patients are adequately informed about price before undergoing a procedure	Discussion and Analysis	n/a	HC-DY-270a.1	As per the company pricing policy, All prices are reviewed and decided by pricing committee. Pricing committee structure was decided by management
	Discussion of how pricing information for services is made publicly available	Discussion and Analysis	n/a	HC-DY-270a.2	As per the regulatory requirement, price lists are displayed
	Number of the entity's 25 most common services for which pricing information is publicly available, percentage of total services performed (by volume) that these represent	Quantitative	Number, Percentage (%)	HC-DY-270a.3	N/A
Workforce Health & Safety	Total recordable incident rate (TRIR) for (a) direct employees and (b) contract employees	Quantitative	Rate	HC-DY-320a.1	Direct Employees - 84 Contract Employees - None
Employee Recruitment, Development & Retention	(1) Voluntary and (2) involuntary turnover rate for: (a) physicians, (b) non-physician health care practitioners, and (c) all other employees	Quantitative	Percentage (%)	HC-DY-330a.1	Physicians: Voluntary - 22% and Involuntary - 4% Non-Physicians: Voluntary - 30% and Involuntary - 3% All Other Employees: Voluntary - 28% and Involuntary - 2.5%
	Description of talent recruitment and retention efforts for health care practitioners	Discussion and Analysis	n/a	HC-DY-330a.2	Strengthens candidate pool through collaborating with institutes/ Universities  Retention One to one session with MD to discuss issues Career development opportunities and suggest personal development plans
Climate Change Impacts on Human Health & Infrastructure	Description of policies and practices to address: (1) the physical risks because of an increased frequency and intensity of extreme weather events, (2) changes in the morbidity and mortality rates of illnesses and diseases associated with climate change and (3) emergency preparedness and response	Discussion and Analysis		HC-DY-450a.1	1. The organization has established policies and practices to identify, assess, and mitigate physical risks associated with extreme weather events such as floods, and heatwaves. This includes conducting regular risk assessments, strengthening infrastructure resilience, and implementing preventive maintenance programs. Emergency preparedness plans are in place to ensure continuity of critical services, including backup power systems, water supply management, and safe evacuation procedures. The organization also conducts regular drills and staff training to enhance readiness and response capacity. Additionally, coordination with local authorities and early warning systems enables timely action to minimize risks to patients, staff, and facilities, ensuring safety and operational continuity.

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
					<p>2. The organization has implemented policies and practices to monitor and respond to changes in morbidity and mortality patterns linked to climate change. This includes strengthening disease surveillance systems to identify trends in climate-sensitive conditions such as dengue, heat-related illnesses, respiratory diseases, and waterborne infections. Preventive strategies focus on early detection, vaccination programs where applicable, public awareness, and health education initiatives to reduce risk factors. Clinical protocols are regularly updated to ensure timely diagnosis and effective management of emerging and re-emerging diseases. Capacity building through staff training, resource allocation, and collaboration with public health authorities supports an adaptive response. Continuous data analysis and reporting are utilized to guide decision-making, improve patient outcomes, and reduce climate-related health risks.</p> <p>3. The organization has established comprehensive emergency preparedness and response policies to effectively manage climate-related and other emergencies. This includes the development of emergency response plans, clearly defined roles and responsibilities, and activation protocols for various scenarios. Regular drills and simulations are conducted to ensure staff readiness, while essential resources such as emergency equipment, backup power, and medical supplies are maintained and readily available. Communication systems are in place to ensure timely information flow during emergencies. The organization also collaborates with local authorities and external agencies to coordinate response efforts. Continuous evaluation and improvement of emergency plans are carried out based on drills, incidents, and emerging risks to ensure patient, staff, and facility safety.</p>
Fraud & Unnecessary Procedures	Total amount of monetary losses as a result of legal proceedings associated with medical fraud 3	Quantitative	Presentation currency	HC-DY-510a.1	None

**Table 2. Activity Metrics**

Activity Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Number of (1) facilities and (2) beds, by type	Quantitative	Number	HC-DY-000.A	1. Hospital -TWG,WTL , Lab- 21 ,Collection Center-29,Primary Care - 3 (2)Beds TWG-88 WTL -121 = 209
Number of (1) inpatient admissions and (2) outpatient visits	Quantitative	Number	HC-DY-000.B	inpatient admissions - 19,329 outpatient visits - 559,684

# SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

## Household & Personal Products Sustainability Accounting Standard (Version 2023-12) FMCG Manufacturing (Dankotua / Consumer Brands)

**Table 1: Sustainability Disclosure Topics and Metrics**

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m <sup>3</sup> ), Percentage (%)	CG-HP-140a.1	Total water withdrawn amounted to 29,611 m <sup>3</sup> , of which approximately 67.4% was withdrawn from areas classified as having high or extremely high baseline water stress. Total water consumed amounted to 17,596 m <sup>3</sup> , with approximately 73.1% of consumption occurring in water-stressed regions.
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	CG-HP-140a.2	Please refer page 44 to 45
Product Environmental, Health and Safety Performance	Revenue from products that contain substances of high concern	Quantitative	Presentation currency	CG-HP-250a.1	None
	Discussion of process to identify and manage emerging materials and chemicals of concern	Discussion and Analysis	n/a	CG-HP-250a.3	New Product Development – Pre validation before lab testing. Existing – Periodic Validation.
	Revenue from products designed with green chemistry principles	Quantitative	Presentation currency	CG-HP-250a.4	None
Packaging Lifecycle Management	(1) Total weight of packaging, (2) percentage made from recycled or renewable materials, and (3) percentage that is recyclable, reusable or compostable	Quantitative	Metric tonnes (t), Percentage (%)	CG-HP-410a.1	Plastic : 1,158,259 Kg 2 ) 0% (Plastics) 3 ) 76% (Plastics) – Recyclable, 0.4% Reusable, 0% Compostable.
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Discussion and Analysis	n/a	CG-HP-410a.2	Please refer page 47
Environmental & Social Impacts of Palm Oil Supply Chain	Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as (a) Identity Preserved, (b) Segregated, (c) Mass Balance or (d) Book & Claim	Quantitative	Metric tonnes (t), Percentage (%)	CG-HP-430a.1	Total palm oil sourced 4794 T. RSPO (0%)

**Table 2. Activity Metrics**

Activity Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Units of products sold, total weight of products sold	Quantitative	Number, Metric tonnes (t)	CG-HP-000.A	Units: 181,442,954 Weight: 26,580 T
Number of manufacturing facilities	Quantitative	Number	CG-HP-000.B	1

**Climate-related Targets****GHG Emission Related Targets**

SRRO 2	Transition to Low Carbon Source
Metric/measurement/KPI	25% of total electricity consumption derived from renewable sources; total carbon footprint (Scope 1 and Scope 2); carbon intensity (tCO <sub>2</sub> e per LKR Mn revenue).
Objective	To reduce the Group's carbon footprint by transitioning to renewable energy sources, improving energy efficiency, and supporting a low-carbon and resource-efficient business model
Scope	Applies primarily to Scope 2 greenhouse gas emissions, with indirect benefits towards reducing overall carbon footprint (Scope 1 and Scope 2) through improved energy efficiency and reduced reliance on fossil fuel-based energy sources
Period	By 2030, aligned with the Group's Environmental Agenda 2030.
Base Period	2018 (baseline used for energy and emissions tracking and performance measurement).
Milestones and interim targets	Interim progress tracked through annual and quarterly KPIs; Financial Year 2025/26 renewable energy usage at 7%, with continued expansion of rooftop solar installations
Target type (Gross or Net GHG emission target)	Not applicable – this is not a direct GHG emission reduction target. The Group's target is an intensity-based operational target relating to the proportion of energy derived from renewable sources.
Target type (absolute or intensity)	Quantitative intensity target – 25% of total energy to be derived from renewable sources by 2030
Alignment to sectorial decarbonization approach	The Group has not formally aligned its targets to a specific sectoral decarbonisation pathway or framework. However, the transition towards increased use of renewable energy supports broader decarbonisation trends within the manufacturing and consumer sectors and contributes to reducing greenhouse gas emissions associated with purchased electricity.
Entity's plan to use Carbon credits to offset GHG emissions	<p>The Group does not currently have a net greenhouse gas (GHG) emissions target and does not utilise carbon credits to offset its emissions. Accordingly, the Group does not rely on carbon credits in achieving its climate-related targets.</p> <p>As such:</p> <ul style="list-style-type: none"> <li>➤ The Group does not apply any third-party carbon credit verification or certification schemes;</li> <li>➤ the Group does not engage in the use of nature-based or technological carbon offsets; and</li> <li>➤ no assumptions have been made regarding the use, permanence or integrity of carbon credits.</li> </ul> <p>The Group's current approach is focused on direct emission reduction initiatives, including increasing the use of renewable energy and improving energy efficiency. The Group will continue to monitor developments in carbon markets and assess their relevance in future.</p>
Alignment with jurisdiction	The Group has not formally aligned its targets to specific jurisdictional climate commitments or international climate agreements. However, the Group's target to increase the use of renewable energy supports broader national and global efforts to transition towards a low-carbon economy, including commitments under the Paris Agreement and Sri Lanka's Nationally Determined Contributions (NDCs).
Commitment	
Validation	Targets are internally established and monitored; no external third-party validation currently in place.
Review Process	Performance is reviewed quarterly by the Corporate Affairs team and Sustainability Champions, with oversight from management and the Board through established governance structures
Metrics for monitoring progress	Renewable energy percentage, total energy consumption, Scope 1 and Scope 2 emissions, carbon intensity, and progress of energy efficiency and solar initiative
Revision	No revisions to the target during the reporting period.
Progress achieved during the year and status at year end	Achieved 10.2% renewable energy usage, progressing towards the 25% target by 2030, supported by investments in rooftop solar and energy efficiency initiatives

# 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 2026 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 2026.

## 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 76 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 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 Group Chief Financial Officer and approved by two Directors in compliance with Sections 152, 153 and 168 of the Companies Act are given from page 154 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 2026. The Auditors' Report on the Financial Statements is given on page 150 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 160 to 165 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. The 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 2026 was Rs. 127.4 billion (2025 - Rs. 118.0 billion). An analysis of the income is given in Note 05 to the Financial Statements on page 168 of this Annual Report.

### 6.2 Profit and Appropriations

The Profit Before Tax of the Group for the year ended 31 March 2026 was Rs. 13.7 billion (2025 - Rs. 12.7 billion) and the Profit After Tax for the year ended 31 March 2026 was Rs. 9.3 billion (2025 - Rs. 8.3 billion). The Group profit attributable to equity holders of the parent was Rs. 8.9 billion (2025 - Rs. 8.1 billion).

The details of Profit relating to the Group are given on pages 154 to 155 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. 0.25 per Ordinary Share on 5th December 2025.

#### 6.3.2 Final Dividend

The Directors recommend a Final Dividend for the year of Rs. 0.75 per Ordinary Share which will be payable on 17th July 2026 to Shareholders registered as at 1st July 2026.

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 172 of the Annual Report.

## 8. RESERVES

The Group's total Reserves as at 31 March 2026 amounted to Rs. 49.0 billion (2025 - Rs. 42.0 billion).

The movement of the Reserves is given on page 157 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 178 to 189 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 2026. 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 178 to 187 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 161 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 161 to 162 of the Annual Report.

## 13. AMALGAMATION OF SUBSIDIARIES

During the year under review, there were no amalgamations 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 Eight (08) 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 69 to 70 of the Annual Report.

The names of the persons who held office as Directors of the Company as at 31 March 2026 are given below:

### Independent Non-Executive Directors

Mr. A. Fernando – Chairman  
Mr. R. P. Pathirana  
Mr. S. Weerasinghe  
Ms. T. Perera

### Non-Executive Directors

Mr. M. A. H. Esufally - Deputy Chairman  
Mr. A. N. Esufally  
Mr. I. A. H. Esufally

### Executive Director

Mr. A. Chandra

### 15.2 Independence of the Directors

The Board has made a determination as to the independence of each Independent Non-Executive Director and confirms that four of the eight 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 26th June 2026 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. I. A. H. Esufally and Mr. R. P. Pathirana 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.

#### Mr. Ashish Chandra

In terms of Article 72 of the Articles of Association, Mr. A. Chandra retires at the AGM and being eligible, offers himself 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 138 to 147 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.

# ANNUAL REPORT OF THE DIRECTORS ON THE AFFAIRS OF THE COMPANY AND THE GROUP

The profiles of the members of the BoM are set out on pages 71 to 73 of the Annual Report.

## 15.4 Disclosures of Directors Dealing in Shares

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 2026 is given in Note 8 to the Financial Statements on page 172 of this Annual Report as required by Section 168 (1) (f) of the Companies Act.

## 15.6 Directors' Interests in Contracts or Proposed Contracts

Name of Director	No. of Shares as at	
	31 March 2026	31 March 2025
Mr. A. N. Esufally	86,765	17,353
Mr. I. A. H. Esufally	431,420	86,284
Mr. M. A. H. Esufally	2,913,165	582,633
Mr. Ranil Prasad Pathirana	Nil	Nil
Mr. Ajith Fernando	Nil	Nil
Mr. Supun Weerasinghe	Nil	Nil
Ms. Thusitha Perera	Nil	Nil
Mr. Ashish Chandra	Nil	Nil

Name of Director	No. of Shares as at	
	31 March 2026	31 March 2025
AZ Holdings (Pvt) Ltd	470,461,525	94,092,305
Blueberry Investments (Pvt) Ltd	444,639,700	88,927,940
Amagroup (Pvt) Ltd	457,136,665	91,427,333
Mrs. Bilquis Esufally	3,625	725
Ms. Sakina Esufally	10,366,825	2,073,365
Mr. Husein I. Esufally	10,000,000	2,000,000
Mr. Amaar Esufally	12,125,000	2,425,000
Ms. Zara Esufally	12,125,000	2,425,000
Mr. Akhil M. Esufally	2,910,000	582,000

The Directors have no direct or indirect interest in any contract or proposed contract with the Company for the year ended 31 March 2026, other than those disclosed on pages 221 to 224 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 - Change of other Directorships

- **Mr. Prabhash Subasinghe**  
Hemas Holdings PLC – resigned w.e.f. 31st July 2025
- **Mr. Ashish Chandra**  
Hemas Holdings PLC – appointed w.e.f. 1st July 2025
- **Mr. Husein Esufally**  
Hemas Holdings PLC – resigned w.e.f. 31st December 2025
- **Dr. Anura Ekanayake**  
Hemas Holdings PLC – resigned w.e.f. 31st December 2025

### 2. Subsidiaries of the Hemas Group

#### Hemas Transportation (Private) Limited

- Mr. Ashish Chandra - appointed w.e.f. 01.07.2025

#### Hemas Maritime (Private) Limited

- Wickrama Achchilage Upul Nishantha Wickrama Achchilage- appointed w.e.f. 05.06.2025

#### Mazu Shipping (Private) Limited

- Wickrama Achchilage Upul Nishantha Wickrama Achchilage- appointed w.e.f. 05.06.2025

#### Shipping Agency Services (Private) Limited

- Wickrama Achchilage Upul Nishantha Wickrama Achchilage- appointed w.e.f. 30.05.2025
- Capt. Lalita Nimal Jayasooriya - resigned w.e.f. 31.05.2025

#### Far Shipping Agency Lanka (Private) Limited

- Wickrama Achchilage Upul Nishantha Wickrama Achchilage- appointed w.e.f. 30.05.2025

#### Hemas Manufacturing (Private) Limited

- Vettakoramakankav Subramaniam Sitaram - resigned w.e.f. 30.06.2025
- Sabeen Fazli Alavi - resigned w.e.f. 30.06.2025
- Md. Mamun Ur Rashid - resigned w.e.f. 30.06.2025
- Dandeniya Nilika Upulini De Alwis Goonetilleke-appointed w.e.f. 30.12.2025
- Husein Nuruddin Esufally - resigned w.e.f. 31.12.2025
- Agulugaha Gamage Jeewantha Sanjeewa-appointed w.e.f. 01.01.2026
- Dandeniya Nilika Upulini De Alwis Goonetilleke - resigned w.e.f. 31.03.2026

#### Atlas Axillia Company (Private) Limited

- Sabrina Esufally -appointed w.e.f. 25.08.2025
- Dilhan Samidda Jayasundara-appointed w.e.f. 01.01.2026

#### Hemas C O E (Private) Limited

- Haputhanthirige Chulanga Ishan Ama Perera -appointed w.e.f. 29.05.2025
- Moiz Hydere Adamally Rehmanjee- resigned w.e.f. 30.05.2025
- Haputhanthirige Chulanga Ishan Ama Perera- resigned w.e.f. 30.12.2025
- Moiz Hydere Adamally Rehmanjee-appointed w.e.f. 31.12.2025

#### Leisure Asia Investments Limited

- Husein Nuruddin Esufally - resigned w.e.f. 31.12.2025

#### Althia Health Uni (Private) Limited

- Prof. Bamunawita Gamage Lalith Deepthi Kumara- resigned w.e.f. 31.03.2026
- Prof. Rajapakse Kankanamalage Nimalsiri Dharmakeerthi Rajapakse-appointed w.e.f. 01.04.2025

#### Morison Limited

- Ranjan Chakravarti - resigned w.e.f. 04.07.2025
- Ashish Chandra -appointed w.e.f. 01.04.2025
- Sanjit Singh Lamba- resigned w.e.f. 30.09.2025
- Ahmed Zalmi Fazeel - resigned w.e.f. 30.09.2025
- Murtaza Ali Abidhusein Hasanally Esufally - resigned w.e.f. 08.10.2025
- Ashish Chandra - resigned w.e.f. 08.10.2025
- Dilhan Samidda Jayasundara-appointed w.e.f. 24.10.2026
- Moiz Hydere Adamally Rehmanjee - resigned w.e.f. 27.10.2025

#### Healthnet International (Private) Limited

- Koruwaga Indrakeerthi Mahesha Ranasoma-appointed w.e.f. 01.04.2026
- Hazel Phelicia Pereira- resigned w.e.f. 11.11.2025
- Agulugaha Gamage Jeewantha Sanjeewa-appointed w.e.f. 01.02.2026
- Mohamed Rizny Faisal - resigned w.e.f. 02.02.2026

#### Lifeconnect Solutions (Pvt) Ltd

- Koruwaga Indrakeerthi Mahesha Ranasoma -appointed w.e.f. 01.04.2026
- Hazel Phelicia Pereira- resigned w.e.f. 11.11.2025
- Agulugaha Gamage Jeewantha Sanjeewa -appointed w.e.f. 01.02.2026
- Kiriellage Chinthaka Perera - resigned w.e.f. 02.02.2026
- Moiz Hydere Adamally Rehmanjee - resigned w.e.f. 02.02.2026
- Athapaththu Mudiyansele Dinesh Kumar Athapaththu- resigned w.e.f. 02.02.2026

#### Hemas Surgicals and Diagnostics (Private Limited)

- Agulugaha Gamage Jeewantha Sanjeewa -appointed w.e.f. 01.02.2026
- Moiz Hydere Adamally Rehmanjee - resigned w.e.f. 02.02.2026

#### Hemas Hospitals (Private) Limited

- Ashish Chandra-appointed w.e.f. 14.07.2025
- Gershu Chandy Paul - resigned w.e.f. 29.07.2025
- Lokurallage Ravindra Jayasekera-appointed w.e.f. 20.08.2025
- Athapaththu Mudiyansele Dinesh Kumar Athapaththu - resigned w.e.f. 20.09.2025

#### Hemas Pharmaceuticals (Private) Limited

- Koruwaga Indrakeerthi Mahesha Ranasoma- appointed w.e.f. 01.04.2025
- Ashish Chandra-appointed w.e.f. 14.07.2025
- Murtaza Ali Abidhusein Hasanally Esufally- resigned w.e.f. 29.07.2025

- Ashish Chandra - resigned w.e.f. 30.09.2025
- Miriam Coralie Pietersz - resigned w.e.f. 30.09.2025
- Stuart Anthony Chapman - resigned w.e.f. 30.09.2025
- Sakina Imtiaz Esufally - resigned w.e.f. 30.09.2025
- Arun Gupta - resigned w.e.f. 30.09.2025
- Agulugaha Gamage Jeewantha Sanjeewa-appointed w.e.f. 24.10.2025
- Moiz Hydere Adamally Rehmanjee - resigned w.e.f. 27.10.2025
- Paththamperume Arrachchige Don Jude Shantha- appointed w.e.f. 01.01.2026

## 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 exceed 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 2026.

The details of all Related Party Transactions carried out during the year are disclosed on page 221 of this Report.

## 17. REGISTRARS

Messrs. 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 31st March 2026.

## 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 2026 was Rs.7.99 billion comprising 2,995,985,015 ordinary shares (2025 - 2,986,537,000 ordinary shares - Rs. 7.82 billion). Details of the Stated Capital are given in Note 22 to the Financial Statements on page 204 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.

# ANNUAL REPORT OF THE DIRECTORS ON THE AFFAIRS OF THE COMPANY AND THE GROUP

## 20. SHARE INFORMATION

Details of share related information are given on pages 233 to 236 of this Annual Report and information relating to Earnings, Dividends and Net Assets per share is given in the Financial Highlights on pages 5 to 6 of the Annual Report. The twenty major shareholders of the Company as at 31 March 2026 are indicated on page 234 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 236 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 31 March 2026 was 37.548% of the Issued Capital of the Company.

The Company complies with the minimum public holding requirement as at 31 March 2026 as per section 7.6(iv) of the Listing Rules as follows:

## 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.

Float Adjusted Market Capitalisation (Rs.)	33,298,000,622
Public Holding Percentage	37.548%
No of Public Shareholders	18,215
Option	1

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.

The aforesaid Employee Share Options Scheme 2021 will be completed in 2026 and the Directors recommend the new Employee Share Options Scheme for the approval of the Shareholders.

## 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 are as follows. 5,171 employees and 1,333 outsourced employees.

## 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 31 to the Financial Statements.

## 26. CORPORATE DONATIONS

During the year, the Group made donations to charity amounting to Rs. 67.2 million (2025 - Rs. 34.9 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 80 to 86 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 225 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 161 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 76 to 79 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 138 to 141 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 138 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 87 to 102 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.

## 36. AUDITORS' REMUNERATION AND INTEREST IN CONTRACTS WITH THE COMPANY

The Auditors, Messrs. Ernst & Young were paid Rs. 23.6 million (Rs. 21.8 million in 2025) 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 2026, 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 77th Annual General Meeting of the Company will be held on 26 June 2026, 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 beforehand 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. A. Fernando  
Chairman



Mr. A. Chandra  
Director/ Group Chief Executive Officer



Hemas Corporate Services (Private) Limited  
Secretaries

22 May, 2026

# REPORT OF THE AUDIT COMMITTEE

“ The Audit Committee provides structured oversight of the Group’s financial reporting, governance, risk management, and internal control frameworks. Through this oversight, the Committee strengthens confidence in the integrity and effectiveness of these processes, ensures compliance with regulatory and corporate governance requirements, and promotes transparency and accountability across the Group. ”

## PURPOSE/OBJECTIVES OF THE COMMITTEE

The Group Audit Committee (GAC) supports the Board in discharging its oversight responsibilities, with a focus on maintaining the integrity, transparency, and effectiveness of the Group’s governance framework. The GAC oversees the financial reporting process, ensuring the reliability of financial statements and the adequacy of frameworks for compliance with legal, regulatory, and corporate governance requirements.

In fulfilling its mandate, the GAC assesses the effectiveness of the Group’s internal control environment and risk management processes, oversees the Internal Audit function, and evaluates the independence and performance of the External Auditors, with the objective of safeguarding shareholder and stakeholder interests.

The GAC operates under a Board-approved Charter, which is periodically reviewed to ensure alignment with the Code of Best Practice on Corporate Governance and the rules of the Colombo Stock Exchange. GAC reports its activities, key observations, recommendations, and areas of concern to the Board periodically to support informed decision-making and effective oversight.

The scope of the GAC’s oversight extends across the Group. In discharging its responsibilities, the GAC leverages the work of Subsidiary Audit Committees, where key matters are escalated to the GAC for review and feedback in line with established governance protocols.

The GAC fulfils its responsibilities through systematic review of financial statements, interim financial information, audit findings, and management reports across Group entities.

## ACTIVITIES IN 2025/26

### Financial Reporting

The GAC reviewed and discussed the quarterly unaudited financial statements and the annual audited financial statements with Management prior to recommending them for approval by the Board.

In doing so, the GAC placed continued emphasis on the integrity and robustness of financial reporting processes, including the effectiveness of controls over financial reporting systems and underlying data governance. Particular attention was given to information security considerations to ensure the reliability and completeness of financial data.

The GAC engaged closely with the External Auditors to review audit outcomes, including key audit matters, significant judgments and estimates, and the appropriateness of accounting policies. The GAC also challenged management on key assumptions, estimates, and judgments underlying the financial statements to ensure they were reasonable, supportable, and

Composition and Attendance		
Members		Attendance
Ms. Thusitha Perera	Independent Non-Executive Director (Chairperson)	7/7
Mr. Imtiaz Esufally	Non-Executive Director	7/7
Mr. Ranil Pathirana	Independent Non-Executive Director	7/7
Attendees by Invitation		
<ul style="list-style-type: none"> <li>➤ Group Chief Executive Officer</li> <li>➤ Group Chief Financial Officer</li> <li>➤ Group Chief Regulatory, Legal and Compliance Officer</li> <li>➤ Director, Group Risk &amp; Control</li> <li>➤ General Manager, Group Finance</li> <li>➤ Head, Group Risk &amp; Control</li> </ul>		
External Auditors, Internal Auditors including those who carried out outsourced assignments and other officials of the Group attended meetings as required.		
Secretary to the Committee		
Director, Group Risk & Control		

aligned with prevailing market conditions. Specific focus was placed on areas involving heightened estimation uncertainty, including impairment assessments, fair value measurements, and other critical accounting judgments, together with the review of certain accounts subject to periodic reconciliation and monitoring.

The GAC also considered the impact of new and revised accounting standards and regulatory developments on the Group’s financial reporting and disclosures and reviewed the risk of material misstatement due to fraud and the effectiveness of related controls.

Further, the GAC reviewed the consistency and integrity of non-financial and sustainability-related disclosures included in the Integrated Report, ensuring alignment with the financial statements and applicable reporting frameworks.

### Risk Management, Internal Audit and Controls

The GAC maintained active oversight of the Group’s risk management and internal control environment, with a continued focus on strengthening the effectiveness of controls, accountability, and governance across the Group.

Regular updates were received from the Group Chief Executive Officer and the Director – Group Risk & Control on the evolving risk landscape. During the year, particular attention was given to external developments, including geopolitical uncertainties in the Middle East, and their potential implications on the Group’s operations, supply chains, and broader risk profile. The GAC assessed management responses and the adequacy of mitigation strategies in place.

The GAC undertook focused deep-dive reviews on selected key risk areas to evaluate the robustness of controls and the effectiveness of mitigation actions. In doing so, increased emphasis was placed on assessing the operating effectiveness of controls, moving beyond design adequacy to ensure that controls are functioning as intended in practice.

Internal Audit completed audits across the Group in line with the approved annual plan, along with additional reviews in response to emerging requirements and at the direction of Subsidiary Audit Committees and the GAC. These audits covered a broad range of areas including financial, operational, information technology, human resources, compliance, and regulatory domains.

The GAC also reviewed emerging and forward-looking operational risks, including macroeconomic and technology-related developments, and considered their potential impact on the Group’s strategic and operational objectives.

The GAC further monitored initiatives undertaken to strengthen control awareness across the Group, with increased focus on embedding a culture of ownership and accountability for risk and controls at all levels. Particular emphasis was placed on consequence management mechanisms to reinforce accountability and ensure appropriate follow-through on control failures and risk events.

Updates on Crisis Management, Disaster Recovery, and Business Continuity were reviewed. The GAC provided feedback and direction, including assessing the readiness of Business Continuity Plans across key business units to respond effectively to potential disruptions, with business units managing disruptions broadly in line with established plans.

Periodic reports from the Director – Group Risk & Control, submitted to the GAC provided an assessment of the effectiveness of internal controls across the Group, incorporating insights from internal audit activities and compliance reviews, with timely feedback provided to management.

The Internal Audit function continued to evolve its approach during the year, with increased focus on strategic and risk-based reviews, providing deeper insights into governance, risk management, and control effectiveness. The GAC reviewed the Internal Audit plan to ensure alignment with evolving business priorities and assessed the adequacy of resources and capabilities of the function.

The GAC further reviewed the goals and mandate of the Risk and Control function, with particular focus on its strategic roadmap, enhancing value addition and ensuring the function is fit for purpose to support the Group’s governance, risk and control agenda.

### 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.
- Overseeing the Company’s sustainability strategy, including the management of related risks and opportunities, and monitor progress against key objectives.

# REPORT OF THE AUDIT COMMITTEE

The GAC also monitored the timely closure of audit findings and risk mitigation actions, with a strengthened focus on accountability and the sustainability of remediation efforts.

In addition, the GAC reviewed the effectiveness of the four lines of defense model, including the clarity of roles, responsibilities, and coordination across assurance functions. The GAC has identified strengthening the first line as a key focus area for 2026/27, with efforts directed towards enhancing clarity of responsibilities, building capability, and reinforcing accountability for effective risk management and control discipline.

During the year, the GAC convened seven meetings, comprising four focused on financial reporting matters and three dedicated to risk, governance, and internal control oversight. Further, the GAC convened two special meetings during the year to review specific matters. Additionally, members of the GAC attended multiple Subsidiary Audit Committee meetings in an invitee capacity to gain deeper insight into Business Unit specific risks, as well as the internal audit and financial reporting landscape.

## External Audit

The GAC maintained ongoing engagement with the External Auditors throughout the year to safeguard their independence and ensure the effectiveness of the audit process. Four meetings were held to review the audit plan, interim findings, final audit outcomes, key audit matters, and opportunities for strengthening internal controls with focused attention on the timely resolution of matters arising from the management letter. The GAC also placed emphasis on strengthening internal coordination between functions and establishing robust processes to address management letter observations, including those relating to financial controls and IT General Controls (ITGC).

The GAC also met privately with the External Auditors, during which no additional concerns were raised beyond those already discussed with Management. Any potential threats to auditor independence, including those identified by the External Auditors, were reviewed and appropriately addressed.

In discharging its oversight responsibilities, the GAC closely monitored the nature, scope, and fees of non-audit services provided by the External Auditors to ensure that such services did not impair their independence or objectivity. All proposed non-audit engagements were subject to a structured evaluation process in line with approved policies. The GAC also reviewed the overall quantum of non-audit services and the related fee split between audit and non-audit services to ensure these remained within acceptable thresholds.

The GAC ensured a high degree of coordination between Internal Audit and the External Auditors. Internal audit reports and investigation findings were shared with the External Auditors, while relevant insights and observations from the external audit process were communicated to Internal Audit. This two-way exchange supported a more comprehensive audit approach and strengthened the overall control environment.

The Group has maintained a long-standing relationship with Messrs. Ernst & Young (EY), who were appointed as External Auditors prior to the Company's listing in 2003, with appropriate safeguards in place to ensure the relationship remains at arm's

length. The Group continues to comply with all applicable regulatory requirements, including ensuring mandatory audit partner rotation within prescribed timelines, with the most recent rotation completed in 2023.

For the financial year ended 31 March 2026, EY provided written confirmation of their independence throughout the audit engagement. Based on this assurance, together with its own assessment, the GAC concluded that the External Auditors remained independent and objective in accordance with applicable ethical and regulatory standards.

The GAC also evaluated the performance of the External Auditors, incorporating feedback from Senior Management. Based on this evaluation, the GAC has recommended the reappointment of Messrs. EY Chartered Accountants as External Auditors for the ensuing financial year, subject to shareholder approval at the forthcoming Annual General Meeting.

## Compliance and Conformance Confirmation

The GAC reviewed management compliance statements submitted on a quarterly basis, covering financial, operational and statutory payment compliance across the Group. These statements are prepared at the Business Unit level comprising the Group's Legal Entities and consolidated to facilitate a structured bottom-up assessment of compliance. Financial compliance statements are subject to review by the respective Business Unit Finance Directors and the Group Chief Financial Officer, prior to the preparation of Group level confirmations.

In addition, annual compliance confirmations were obtained from key functions, including IT and HR, to ensure adherence to statutory, regulatory, and best practice requirements. The Internal Audit function further supports this process by independently highlighting any compliance gaps or control deficiencies identified in the course of its reviews.

To reinforce consistency and accountability, a quarterly conformity letter is provided to the GAC by the Group Chief Executive Officer and Group Chief Financial Officer. This confirmation affirms that the financial statements comply with applicable accounting standards, that adequate records and disclosures are maintained, and that effective internal control and risk management frameworks are in place, in line with applicable regulatory requirements.

These processes and assurances provide the basis for the GAC's oversight of the Group's compliance with all applicable financial reporting requirements, including the Listing Rules of the Colombo Stock Exchange, the Companies Act, the SEC Act, and other relevant regulatory requirements.

## Good Governance and Whistleblowing

The GAC oversees the effectiveness of the Group's ethical governance framework, including the Hemas Way and the Whistleblowing Policy, with emphasis on ensuring that matters of misconduct are addressed with due seriousness and integrity. Quarterly reviews of whistleblowing matters were conducted, alongside case-specific reviews where required.

A key area of focus during the year was strengthening awareness and understanding of ethical standards across the Group through structured training and communication initiatives. Mandatory online training programmes, including Anti-Bribery and Anti-Corruption (ABAC), were rolled out, alongside Groupwide communications on the Whistleblowing framework. All employees have completed the training and provided formal sign-off on the requirements, with robust onboarding processes in place to ensure ongoing coverage.

The GAC reviewed the adequacy of processes in place to facilitate reporting, investigation, and resolution of misconduct and unethical behavior. Digitally enabled platforms are in place to support accessible and, where required, anonymous reporting, thereby encouraging transparency and early escalation of concerns.

Matters relating to fraud, sexual harassment, bullying, and other forms of misconduct are addressed through the established Whistleblowing framework, supported by appropriate governance structures to ensure independent review and resolution. The GAC received periodic updates on reported matters to support oversight of their timely and appropriate resolution.

The GAC strengthened the Group's framework for addressing workplace harassment through the enhancement of related policies and the inclusion of independent external parties in review committees to ensure objectivity, fairness, and credibility in the resolution process.

These processes reinforce a culture of accountability, ethical conduct, and transparency across the Group.

### Information Security

The GAC reviewed the management of cybersecurity and broader information security risks, with a focus on the adequacy and effectiveness of controls in place to safeguard the Group's systems, data, and digital assets. This included consideration of evolving cyber threats and the Group's overall resilience and preparedness to respond to potential incidents. During the year, a Chief Information Security Officer (CISO) was appointed to further strengthen the Group's cybersecurity governance, oversight, and capabilities.

In this context, the GAC assessed controls relating to data privacy and protection, user access management, and privileged access to critical systems, ensuring alignment with applicable regulatory requirements and best practices. The GAC also reviewed incident response protocols and the Group's readiness to effectively manage and mitigate cybersecurity incidents. IT policies and frameworks were reviewed and updated during the year to reflect evolving risks and regulatory expectations.

Cybersecurity risks were considered within the broader enterprise risk management framework, ensuring alignment with the Group's overall risk profile and mitigation strategies. An Information Security Steering Committee was established during the year to strengthen governance and provide focused oversight on cybersecurity risk management and related initiatives. The GAC further monitored initiatives aimed at enhancing employee awareness of cybersecurity risks and promoting responsible digital practices across the Group. In addition, members of the Board

participated in targeted cybersecurity awareness and training programmes to enhance oversight capability.

In addition, the GAC reviewed governance frameworks supporting key transformation and digitalization initiatives, ensuring appropriate oversight, risk management, and control structures were in place to support effective execution. Risks arising from technology-enabled changes were evaluated to ensure alignment with the Group's strategic objectives. The Board also approved targeted investments to strengthen IT infrastructure, controls, and governance frameworks across the Group.

A new Human Resource Information System (HRIS) was implemented during the year, with appropriate controls and oversight mechanisms established to support data integrity, access management, and process standardization. Further, a Group-wide initiative was commenced to consolidate and optimize SAP usage across entities, aimed at driving greater standardization of processes and controls, enhancing data consistency and reporting quality, and facilitating the implementation of a standardized chart of accounts across the Group.

Significant emphasis was placed on enhancing employee awareness and understanding of data privacy, protection and information security requirements across the Group through structured training and communication initiatives. Mandatory online training programmes on the Personal Data Protection Act (PDPA) were rolled out, alongside Groupwide communications on data handling responsibilities, confidentiality obligations, and information security practices. All employees completed the required training and provided formal acknowledgement of the requirements, with robust onboarding processes in place to ensure continuous awareness and compliance across the Group.

Observations and insights arising from the External Auditor's review of information systems and controls as part of the financial audit were also considered by the GAC in strengthening oversight in this area.

### Performance Evaluation of the Committee and its Members

The Committee periodically evaluated its performance and that of its members to ensure continued alignment with the Group's governance objectives and reported the outcomes to the Board. This evaluation process assesses the effectiveness of the Committee in discharging its responsibilities and identifies areas for enhancement. Feedback from the Board is incorporated to support continuous improvement and to ensure adherence to high standards of governance.



**Thusitha Perera**  
Chairperson – Audit Committee

Colombo, Sri Lanka  
May 20th 2026

# REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

## COMPOSITION AND ATTENDANCE

The Human Resources and Remuneration 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. The attendance of members at meetings held during the year is set out below.

## ATTENDEES BY INVITATION

The Group CEO and the Chief People Officer attended meetings by invitation, as required, to support the Committee's deliberations.

## SECRETARY TO THE COMMITTEE

Hemas Corporate Services (Private) Limited served as Secretary to the Committee during the year under review.

## PURPOSE/OBJECTIVES OF THE COMMITTEE

The objective of the Human Resources and Remuneration Committee ("the Committee") is to support the Board in overseeing the Group's human capital strategy, leadership succession, talent management and remuneration framework, and to ensure that relevant policies and practices remain fair, robust, transparent and aligned with the long-term interests of the Group.

## HEMAS' COMPENSATION POLICY

- Attract, retain and motivate high-calibre talent required to deliver the Group's strategy.
- Provide a competitive total reward framework, including salary, benefits and performance-linked incentives.
- Promote fair, equitable and transparent remuneration practices across the Group.
- Balance market competitiveness with affordability and the prudent use of financial resources.
- Ensure remuneration practices comply with applicable laws, regulations and governance requirements.

## KEY RESPONSIBILITIES

- Review the overall remuneration philosophy, strategy, policies and practices of the Company and the Group.
- Review remuneration for the Chief Executive Officer, Executive Directors and such other senior executives as the Board may determine.
- Review performance appraisal outcomes for the Chief Executive Officer, Executive Directors and senior executives, as applicable.
- Review the principal terms of employment contracts relating to the Chief Executive Officer, Executive Directors and senior executives, where relevant.
- Review the terms of the Company's short-term and long-term incentive schemes, including employee and director share-based schemes where applicable.
- Consider other remuneration-related matters referred to the Committee by the Board.

- Oversee succession planning for key positions across the Company and the Group.
- Review leadership development initiatives for senior management and other critical talent pools.
- Support career progression and talent development planning for managerial roles and above.

## MEETING GOVERNANCE

The Committee ordinarily meets on a quarterly basis and operates against a thematic calendar designed to support structured deliberations and focused oversight of key human resources and remuneration matters. Special meetings may be convened by the Chairman of the Committee as circumstances require. During the year under review, the Committee met nine times. The attendance of members at these meetings is set out in this report. The quorum for Committee meetings is two members, and matters placed before the Committee are decided by a majority of the members present and voting. The Chairman of the Committee provides the Board with an update on the proceedings of Committee meetings held prior to the respective Board meeting.

## ACTIVITIES IN 2025/26

### Succession Planning and Talent Management

Succession planning and talent management remained important focus areas for the Committee during the year under review. The Committee reviewed critical roles across the Group, assessed leadership bench strength and considered the readiness of identified successors for key positions. These discussions supported the Group's ongoing efforts to strengthen leadership continuity and develop a sustainable pipeline of talent.

### Rewards and Remuneration

The Committee devoted significant attention to ensuring that the Group's remuneration policy remained fair, transparent and competitive, while reinforcing alignment between remuneration outcomes, business strategy and sustainable performance. During the year, the Committee reviewed the Group's performance and reward philosophy with a view to maintaining alignment with strategic priorities, employee engagement considerations and relevant market practices.

The Committee also considered the performance of senior management against agreed goals and targets in determining the basis for increments, bonuses and other performance-based incentives for the year under review. Directors' emoluments are disclosed in Note 8 to the Financial Statements for the year ended 31 March 2026 on page 172 of the Annual Report.

During the year under review, the Committee reviewed enhancements to the performance management framework and monitored progress on the Group's human resources digital transformation agenda. The Committee also provided guidance on the process and principles to be followed in performance goal-setting across the Group in order to support accountability, performance and entrepreneurship.




## Policy Review

During the year under review, the Committee reviewed key human resource indicators, including matters relating to employee health and safety. The Committee also considered the employee share option arrangements proposed within the current Employees Share Options Scheme ("ESOS Scheme") 2021 and deliberated on the introduction of a successor scheme upon the conclusion of the existing plan.


### 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)	8/8
 Ms. T. Perera	8/8
 Mr. M. A. H. Esufally	8/8

 Independent Non-Executive Director

 Non-Executive Director

The profiles of the members are found on pages 69 to 70 of the Annual Report.

### Attendees by Invitation

 Group Chief Executive Officer

 Chief People Officer

### Secretary to the Committee

Hemas Corporate Services (Private) Limited

## CORPORATE CULTURE

The Committee continued to oversee the preservation and strengthening of the Group's corporate culture and values. This included consideration of initiatives intended to promote an inclusive and respectful workplace and to reinforce behaviours aligned with the Group's values and people practices.

## EVALUATION OF THE COMMITTEE

The Committee carried out a self-evaluation of its performance and effectiveness at the end of the year and was satisfied that it had discharged its responsibilities effectively 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, including, but not limited to, Section 9 of the Listing Rules.

## CONCLUSION

The Committee will continue to support the Board in strengthening human capital policies, practices and systems across the Group, while enabling opportunities for employees to build new capabilities and progress in their careers.



Mr. S. Weerasinghe

Chairman of the Human Resources and Remuneration Committee

Colombo, Sri Lanka

May 22, 2026

# REPORT OF THE NOMINATIONS AND THE 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 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 Terms of Reference to ensure both compliance with the applicable regulations and adopt industry best practices. The Chairperson of the NAGC presents an update of the proceedings of each NAGC Meeting at the Board Meeting.

## ACTIVITIES IN 2025/26

### Review the structure and the composition of the Board

The Committee reviewed the structure and composition of the Boards of the Company and its subsidiaries and evaluated potential candidates for Board appointments in line with the Group's governance framework and strategic requirements.

The NAGC considers and recommends the re-appointment or re-election of existing Directors based on their collective knowledge, experience, performance, contribution and diversity factors such as gender and age, as well as other commitments, including directorships in other companies and other principal commitments.

During the year under review, the Board experienced significant changes in its composition. Following the retirement of the former Chairman and Deputy Chairman, the Committee oversaw the transition process and facilitated the appointment of the new Chairman and Deputy Chairman, ensuring adherence to documented policy and processes on nominations and established governance procedures and continuity in Board leadership.

### Improve Board effectiveness

During the year, under review, the Committee met four times. The Committee continued review of the Governance Roadmap of the Group and ways to improve Board effectiveness within the Group.

The Board maintains a suitable process to inform the Independent Directors of major issues relating to the Company through the CEO, Deputy Chairman, Chairman and Secretaries.

### 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.

## Board Succession

During the year under review, the Committee monitored the process leading to the appointment of a new Chief Executive Officer and accordingly exercised oversight over the appointment process 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. I.A.H Esufally, Mr. R.P. Pathirana, 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 26th June 2026.

### Composition and Attendance

The Committee comprises three Non-Executive Directors, including 2 Independent Non-Executive Directors.

Members	Attendance
 Ms. T Perera (Chairperson of the Committee)	3/3
 Mr. A.N. Esufally	4/4
 Mr. A Fernando	4/4

 Non-Executive Director

 Independent Non-Executive Director

The profiles of the members are found on pages 69 to 70 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
Ms. T Perera	01.08.2025
Mr. A.N Esufally	06.11.2013
Mr. A Fernando	01.07.2024

### Secretary to the Committee

Hemas Corporate Services (Private) Limited

The Committee also decided to recommend the re-appointment of 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.

Further, the Committee decided to recommend the re-appointment of Mr. A Chandra who retires 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.

## RE-ELECTION OF DIRECTORS

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. R P. Pathirana	Independent Non-Executive Director	01.01.2023	30.06.2023	Dankotuwa PLC Ceylon Hotels Corporation PLC BPPL Holdings PLC Windforce PLC Access Engineering PLC	
Mr. I. A. H Esufally	Non-Independent Non-Executive Director	06.05.1991	30.06.2023	-	Director of Blueberry Investments (Pvt) Ltd
Mr. A. N. Esufally	Non- Independent Non-Executive Director	06.05.1991	25.06.2025	Printcare PLC	Director of AZ Holdings (Pvt) Ltd
Mr. A. Chandra	Executive Director	01.07.2025	N/A	-	

## 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 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.



Chairperson of the Nominations and Governance Committee

Colombo, Sri Lanka  
May 20, 2026

## 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”/ “RPTRC”) 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 2025/26

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 2025/26 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 Chairperson 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 KMP and the Heads of Finance of the subsidiary companies and has communicated its comments/ observations to the Board of Directors.

The RPTRC exercised oversight over the training initiatives conducted by Management on Related Party Transactions (RPTs) and related regulatory compliance requirements, with the objective of promoting continued awareness, strengthening understanding, and ensuring adherence to applicable regulatory and governance standards across the organization.

Furthermore, the RPTRC reviewed the centralized approval mechanism established within the organization in relation to Related Party Transactions (RPTs) among subsidiary companies of the organization.

## Composition and Attendance

The Related Party Transactions Review 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
 Ms. T Perera (Chairperson of the Committee)	4/4
 Mr. Ranil Pathirana	4/4
 Mr. I. A. H. Esufally	4/4

 Independent Non-Executive Director

 Non-Executive Director

The profiles of the members are found on pages 69 to 70 of the Annual Report.

## Attendees by Invitation

Group Chief Executive Officer, Group Chief Financial Officer, and General Manager Group Finance.

## Secretary to the Committee

Hemas Corporate Services (Private) Limited

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 2025/26 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, as per the latest audited Financial Statement.

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 2025/26. 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, as per the latest audited Financial Statements. 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.

## DECLARATION BY THE COMMITTEE

The Committee declares that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions.

## DECLARATION BY THE BOARD

The Board of Directors has reviewed and deliberated on the updates and information received from the RPTRC subsequent to each meeting of the RPTRC.

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.

### 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 Shareholders' 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, 2026

#### 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.

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# 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 from 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 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, Messrs. 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 150 to 153 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, 2026

# INDEPENDENT AUDITOR'S REPORT



Ernst & Young  
Chartered Accountants  
Rotunda Towers  
No. 109, Galle Road  
P.O. Box 101  
Colombo 03, Sri Lanka

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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 2026, 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 2026, 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
<p><b>Existence and carrying value of inventory</b></p> <p>As at 31 March 2026, the carrying value of inventory amounted to Rs.23.0 Bn net of provision of Rs.504 Mn for slow moving and obsolete inventory as disclosed in note 20 to the financial statements.</p> <p>Existence and carrying value of inventory was a key audit matter due to:</p> <ul style="list-style-type: none"><li>materiality of the reported inventory balance which represented 22% of the Group's total assets as of the reporting date; and</li></ul> <p>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.</p>	<p><b>Our audit procedures included the following key procedures:</b></p> <ul style="list-style-type: none"><li>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.</li><li>tested whether inventory was stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices of such items.</li><li>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.</li></ul> <p>We also assessed the adequacy of the disclosures made in Note 20 to the financial statements.</p>

Key Audit Matter	How we addressed the Key Audit Matter
<p><b>Assessment of Impairment of Trade Receivables.</b></p> <p>As at 31 March 2026, the carrying value of trade receivables amounted to LKR 21.4 Bn net of provision for impairment of Rs. 464 Mn, as disclosed in Note 21 to the financial statements.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>➤ the materiality of the reported trade receivable balance which represented 20% of the Group's total assets as of the reporting date; and</li> <li>➤ the degree of management judgements and assumptions associated with evaluating the probability of recoverability as disclosed in note 21 to the financial statements.</li> </ul>	<p><b>Our audit procedures included the following key procedures:</b></p> <ul style="list-style-type: none"> <li>➤ obtained an understanding of and evaluated the process used by the management to assess impairment of trade receivables.</li> <li>➤ tested the aged analysis of trade receivables by agreeing to the source documents.</li> <li>➤ 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.</li> </ul> <p>We have also assessed the adequacy of the disclosures made in Note 21 to the financial statements.</p>
<p><b>Assessment of Impairment test of Goodwill</b></p> <p>The Group's Statement of Financial Position includes an amount of Rs. 3.0Bn 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).</p> <p>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.</p> <p>Impairment assessment of Goodwill and Brands was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>➤ the degree of management assumptions, judgements and estimates associated with deriving the estimated future cashflows used for value in use calculations.</li> </ul> <p>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.</p>	<p><b>Our audit procedures included the following:</b></p> <ul style="list-style-type: none"> <li>➤ We gained an understanding of how Management has forecasted its discounted future cash flows.</li> <li>➤ We tested the calculations of the discounted future cash flows and agreed the underlying data used to supporting documents and accounting records.</li> <li>➤ 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.</li> </ul> <p>We assessed the adequacy of the disclosures made in Notes 15 and in the financial statements.</p>

# INDEPENDENT AUDITOR'S REPORT

## OTHER INFORMATION INCLUDED IN THE 2026 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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.

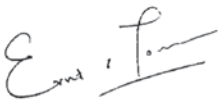
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken 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 2026  
Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

# STATEMENT OF PROFIT OR LOSS

Year ended 31 March	Note	Group		Company	
		2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Revenue from Contracts with Customers	5	127,361,997	117,970,174	2,324,743	1,605,874
Cost of Sales		(85,934,263)	(80,896,885)	-	-
<b>Gross Profit</b>		<b>41,427,734</b>	<b>37,073,289</b>	<b>2,324,743</b>	<b>1,605,874</b>
Other Operating Income	6	893,104	1,092,243	2,614,270	3,701,606
Selling and Distribution Expenses		(10,656,465)	(9,675,474)	-	-
Administrative Expenses		(17,841,396)	(15,235,236)	(2,111,847)	(1,887,806)
Share of Results of Equity Accounted Investees (Net of Tax)	17	321,587	451,807	-	-
<b>Operating Profit</b>		<b>14,144,564</b>	<b>13,706,629</b>	<b>2,827,166</b>	<b>3,419,674</b>
Finance Cost	7.1	(1,025,729)	(1,504,274)	(257,847)	(261,344)
Finance Income	7.2	604,385	526,447	7,784	4,459
<b>Profit Before Tax</b>	8	<b>13,723,220</b>	<b>12,728,802</b>	<b>2,577,103</b>	<b>3,162,789</b>
Income Tax Expenses	9	(4,431,055)	(4,390,141)	(19,489)	(69,469)
<b>Profit for the Year</b>		<b>9,292,165</b>	<b>8,338,661</b>	<b>2,557,614</b>	<b>3,093,320</b>
<b>Attributable to:</b>					
Equity Holders of the Parent		8,920,688	8,056,961		
Non-Controlling Interests		371,477	281,700		
		9,292,165	8,338,661		
		LKR	LKR		
<b>Earnings Per Share</b>					
Basic Earnings Per Share	10.1	2.98	2.70		
Diluted Earnings Per Share	10.2	2.97	2.70		
Dividend Per Share	11.2	0.95	4.00		

The Accounting Policies and Notes on the Pages 160 to 229 form an integral part of these financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March	Note	Group		Company	
		2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Profit for the Year		9,292,165	8,338,661	2,557,614	3,093,320
<b>Other Comprehensive Income</b>					
<b>Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax)</b>					
Exchange Differences on Translation of Foreign Operations		13,056	(74,604)	-	-
Share of Other Comprehensive Profit/(Loss) of Equity Accounted Investees (Cash flow hedge)	17	(23,041)	57,557	-	-
<b>Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax)</b>					
Net Gain/(Loss) on Financial Assets at FVOCI		(9,959)	23,519	(2,226)	4,143
Actuarial Gain/(Loss) on Employee Benefit Obligations	26	(240,443)	(35,602)	(8,012)	(4,687)
Deferred Tax Impact on Employee Benefit Obligations		66,187	5,197	2,404	1,406
Revaluation of Land and Buildings		1,011,969	1,090,439	-	-
Deferred Tax Impact on Revaluation of Land and Buildings		(255,586)	(281,924)	-	-
Share of Other Comprehensive Income of Equity Accounted Investees	17	344,255	170,103	-	-
<b>Other Comprehensive Income/(Loss) for the Year, Net of Tax</b>		<b>906,438</b>	<b>954,685</b>	<b>(7,834)</b>	<b>862</b>
<b>Total Comprehensive Income for the Year, Net of Tax</b>		<b>10,198,603</b>	<b>9,293,346</b>	<b>2,549,780</b>	<b>3,094,182</b>
<b>Attributable to:</b>					
Equity Holders of the Parent		9,815,774	8,997,071		
Non-Controlling Interests		382,829	296,275		
		<b>10,198,603</b>	<b>9,293,346</b>		

The Accounting Policies and Notes on the Pages 160 to 229 form an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group		Company	
		2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	12	25,966,682	24,396,797	71,009	82,544
Investment Properties	13	4,415,106	4,305,782	1,300,098	1,260,522
Right-of-Use Assets	14	2,003,920	1,889,329	85,887	-
Intangible Assets	15	3,480,054	3,333,057	26,204	30,712
Investment in Subsidiaries	16	-	-	19,261,726	19,116,227
Investment in Equity Accounted Investees	17	2,786,257	2,153,877	-	-
Lease Receivables	18	2,635	22,648	-	-
Other Financial Assets	19	301,930	254,797	25,784	21,322
Deferred Tax Assets	9	185,512	228,746	-	-
		<b>39,142,096</b>	<b>36,585,033</b>	<b>20,770,708</b>	<b>20,511,327</b>
<b>Current Assets</b>					
Inventories	20	23,006,773	21,182,560	-	-
Trade and Other Receivables	21	26,417,903	25,971,470	793,820	562,781
Tax Recoverable		308,422	301,130	37,387	33,005
Lease Receivables	18	14,897	15,369	-	-
Other Financial Assets	19	177,958	183,326	3,514	23,455
Cash and Balances with Banks	28	17,783,292	12,578,510	1,469,981	84,078
		<b>67,709,245</b>	<b>60,232,365</b>	<b>2,304,702</b>	<b>703,319</b>
Assets Held for Sale	29	11,013	73,128	-	-
<b>TOTAL ASSETS</b>		<b>106,862,354</b>	<b>96,890,526</b>	<b>23,075,410</b>	<b>21,214,646</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated Capital	22	7,989,306	7,824,276	7,989,306	7,824,276
Other Capital and Revenue Reserves	23	139,808	75,567	361,159	296,918
Other Components of Equity	23	9,539,638	8,471,295	4,762	6,988
Retained Earnings		39,342,550	33,409,249	9,275,810	9,548,151
<b>Equity Attributable to Equity Holders of the Parent</b>		<b>57,011,302</b>	<b>49,780,387</b>	<b>17,631,037</b>	<b>17,676,333</b>
Non-Controlling Interests		716,165	540,045	-	-
<b>Total Equity</b>		<b>57,727,467</b>	<b>50,320,432</b>	<b>17,631,037</b>	<b>17,676,333</b>
<b>Non-Current Liabilities</b>					
Interest Bearing Loans and Borrowings	24	3,469,021	4,617,055	173,000	346,000
Other Financial Liabilities	25	275,575	275,375	-	-
Deferred Tax Liability	9	4,094,685	3,473,577	313,257	296,172
Employee Benefit Liability	26	1,917,604	1,561,558	69,708	58,572
		<b>9,756,885</b>	<b>9,927,565</b>	<b>555,965</b>	<b>700,744</b>
<b>Current Liabilities</b>					
Trade and Other Payables	27	33,618,719	31,940,411	1,139,119	931,090
Income Tax Liabilities		1,692,826	1,440,936	-	-
Interest Bearing Loans and Borrowings	24	2,676,904	2,939,338	3,197,197	1,842,217
Bank Overdraft	28	1,387,532	317,185	552,092	64,262
		<b>39,375,981</b>	<b>36,637,870</b>	<b>4,888,408</b>	<b>2,837,569</b>
Liabilities Associated with Assets Held for Sale	29	2,021	4,659	-	-
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>106,862,354</b>	<b>96,890,526</b>	<b>23,075,410</b>	<b>21,214,646</b>

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,



**Ajith Fernando**  
Chairman



**Ashish Chandra**  
Group Chief Executive Officer

The Accounting Policies and Notes on the Pages 160 to 229 form an integral part of these financial statements.

22 May 2026  
Colombo

# STATEMENT OF CHANGES IN EQUITY (GROUP)

	Attributable to Equity Holders of the Parent									
	Stated Capital	Other Capital and Revenue Reserves	Revaluation Reserve	Other Components of Equity	Retained Earnings	Total	Non-Controlling Interests	Total Equity		
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>As at 01 April 2024</b>	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
<b>Total Comprehensive Income</b>	-	-	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)
<b>As at 31 March 2025</b>	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
Profit for the Year	-	-	-	-	-	-	8,920,688	8,920,688	371,477	9,292,165
Other Comprehensive Income	-	-	1,088,287	13,056	(9,959)	(23,041)	(173,257)	895,086	11,352	906,438
<b>Total Comprehensive Income</b>	-	-	1,088,287	13,056	(9,959)	(23,041)	8,747,431	9,815,774	382,829	10,198,603
Share Based Payments	-	64,241	-	-	-	-	-	64,241	-	64,241
Exercise of ESOS	165,030	-	-	-	-	-	-	165,030	-	165,030
Forfeiture of Unclaimed Dividend	-	-	-	-	-	-	23,271	23,271	-	23,271
Final Dividend - 2024/25	-	-	-	-	-	-	(2,090,576)	(2,090,576)	-	(2,090,576)
Interim Dividend - 2025/26	-	-	-	-	-	-	(746,825)	(746,825)	-	(746,825)
Subsidiary Dividend Paid to Non-Controlling Interest	-	-	-	-	-	-	-	-	(206,709)	(206,709)
<b>As at 31 March 2026</b>	7,989,306	139,808	9,773,353	347,744	(30,492)	(550,967)	39,342,550	57,011,302	716,165	57,727,467

The Accounting Policies and Notes on the Pages 160 to 229 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY (COMPANY)

	Stated Capital	Other Capital Reserves	Other Component of Equity <u>Fair Value Reserve</u>	Retained Earnings	Total Equity
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>As at 1 April 2024</b>	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
<b>Total Comprehensive Income</b>	-	-	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 - 2024/25	-	-	-	(597,181)	(597,181)
<b>As at 31 March 2025</b>	7,824,276	296,918	6,988	9,548,151	17,676,333
Profit for the Year	-	-	-	2,557,614	2,557,614
Other Comprehensive Income	-	-	(2,226)	(5,608)	(7,834)
<b>Total Comprehensive Income</b>	-	-	(2,226)	2,552,006	2,549,780
Share Based Payments	-	64,241	-	-	64,241
Exercise of ESOS	165,030	-	-	-	165,030
Forfeiture of Unclaimed Dividend	-	-	-	13,054	13,054
Final Dividend - 2024/25	-	-	-	(2,090,576)	(2,090,576)
Interim Dividend - 2025/26	-	-	-	(746,825)	(746,825)
<b>As at 31 March 2026</b>	7,989,306	361,159	4,762	9,275,810	17,631,037

The Accounting Policies and Notes on the Pages 160 to 229 form an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

Year ended 31 March	Note	Group		Company	
		2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Profit Before Taxation		13,723,220	12,728,802	2,577,103	3,162,789
<b>Adjustments for,</b>					
Depreciation and Impairment	12	1,827,946	1,588,743	25,595	30,870
Amortisation of Right of Use Assets	14	414,632	339,675	85,887	70,742
Gain on Disposal of Property, Plant and Equipment/ Intangible Assets	6	(47,873)	(48,283)	(13,805)	(8)
Gain on Fair Value Adjustment of Investment Properties	13	(106,398)	(252,681)	(39,577)	(117,522)
Amortisation and Impairment of Intangible Assets	15	121,762	69,266	6,290	8,501
Provision/ (Reversal) for Obsolete and Slow-moving Stocks	20	(50,544)	(616,135)	-	-
Provision/ (Reversal) for Impairment of Trade and Other Receivables	21	80,505	(113,239)	(34,383)	10,048
Gain on termination of leases	6	(2,557)	(83,556)	-	-
Share Based Payment Expense	23	92,706	(4,562)	34,473	1,257
Finance Cost	7.1	1,025,729	1,504,274	257,847	261,344
Finance Income	7.2	(604,385)	(526,447)	(7,784)	(4,459)
Investment Income	6	(59)	-	(2,552,365)	(3,574,024)
Share of Results of Equity Accounted Investees (Net of Tax)	17	(321,587)	(451,807)	-	-
Provision for Employee Benefit Liability	26	299,552	303,311	15,593	11,498
<b>Operating Cash Flows before Working Capital Changes</b>		<b>16,452,650</b>	<b>14,437,361</b>	<b>354,874</b>	<b>(138,964)</b>
<b>Working Capital Adjustments</b>					
(Increase)/Decrease in Inventories		(1,773,669)	2,208,720	-	-
(Increase)/Decrease in Trade and Other Receivables		(461,895)	483,160	(138,392)	(136,898)
Increase/(Decrease) in Trade and Other Payables		1,698,941	1,092,758	219,043	167,880
Increase/(Decrease) in Other Non-Current Financial Liabilities		200	(4,130)	-	-
<b>Cash Generated from/(used in) Operations</b>		<b>15,916,227</b>	<b>18,217,869</b>	<b>435,525</b>	<b>(107,983)</b>
Finance Cost Paid		(752,914)	(1,264,594)	(247,202)	(253,248)
Finance Income Received	7	591,460	501,716	7,754	4,293
Income Tax Paid		(3,762,856)	(3,905,812)	(4,380)	(32,589)
Employee Retirement Benefit Paid	26	(183,906)	(161,210)	(10,428)	(2,336)
<b>Net Cash flows from/(used in) Operating Activities</b>		<b>11,808,011</b>	<b>13,387,969</b>	<b>181,269</b>	<b>(391,862)</b>
<b>Investing Activities</b>					
Purchase of Property, Plant and Equipment	12	(2,409,354)	(5,080,094)	(14,060)	(26,545)
Purchase of Intangible Assets	15	(267,150)	(115,845)	(1,783)	(18,130)
Investment in Associate/ Equity Accounted Investee		(190,001)	-	-	-
Acquisition of Subsidiaries		-	-	(145,500)	(844,680)
Net Change in Financial Assets		(44,173)	(1,791)	13,253	298,400
Dividend Received from Equity Accounted Investees		200,422	-	-	-
Proceeds from Disposal of Property, Plant and Equipment/ Intangible Assets		71,699	188,350	13,805	8
Investment Income Received	6	59	-	2,552,365	3,574,024
<b>Net Cash flows from/(used in) Investing Activities</b>		<b>(2,638,498)</b>	<b>(5,009,380)</b>	<b>2,418,080</b>	<b>2,983,078</b>
<b>Financing Activities</b>					
Proceeds from Interest Bearing Loans and Borrowings	24	7,760,392	19,524,186	7,880,500	5,599,000
Repayments of Interest Bearing Loans and Borrowings	24	(9,908,559)	(24,288,040)	(6,880,940)	(5,651,107)
Proceed from Exercise of Employee Share Options		136,565	34,489	136,565	34,489
Proceeds from/ (to) Non-Controlling Interest		-	(688,530)	-	-
Dividends Paid to Equity Holders of the Parent	11	(2,837,401)	(2,387,900)	(2,837,401)	(2,387,900)
Dividends Paid to Non-Controlling Interest		(206,709)	(46,009)	-	-
<b>Net Cash flows from/(used in) Financing Activities</b>		<b>(5,055,712)</b>	<b>(7,851,804)</b>	<b>(1,701,276)</b>	<b>(2,405,518)</b>
Net Increase/(Decrease) in Cash and Balances with Banks		4,113,801	526,785	898,073	185,698
Net Foreign Exchange Difference		20,634	(78,044)	-	-
Cash and balances with banks at the Beginning of the Year	28	12,261,325	11,812,583	19,816	(165,882)
<b>Cash and Balances with Banks at the End of the Year</b>	28	<b>16,395,760</b>	<b>12,261,325</b>	<b>917,889</b>	<b>19,816</b>

The Accounting Policies and Notes on the Pages 160 to 229 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 2026 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 Balances with Banks 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 page 149 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 2026 were authorised for issue, in accordance with a resolution of the Board of Directors on 22 May 2026.

## 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, employee benefit liability, 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	178
Land and building recognised as Investment Property	Measured at cost at the time of acquisition and subsequently carried at fair value	Note 13	184
Financial Instruments reflected as Fair value through Profit or Loss (FVTPL) / Fair value through Other Comprehensive Income (FVOCI)	Measured at Fair Value	Note 19	196
Employee Benefit Liability	Measured at the present value	Note 26	211

### 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 2026.

#### **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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Balances with Banks consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts. Cash and Balances with Banks 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).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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 2026 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	161
2.4	Business Combination: whether the Group has de facto control over an investee.	161
5	Revenue Recognition – estimate of expected returns Revenue Recognition: whether revenue is recognised over time or at a point in time.	168
9	Deferred Taxes: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised	172
12& 13	Valuation of land and buildings under property, plant & equipment and investment property	178
14	Right-of-Use Assets and Lease Liabilities – estimating the incremental borrowing rate	187
15	Impairment of non-financial assets including intangible assets: key assumptions underlying recoverable amounts	189
17	Equity Accounted Investees: whether the Group has significant influence over an investee.	193
19	Fair value measurement of financial instruments	196
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26	Employee Benefit Liability: Key actuarial assumptions	211
34	Recognition and Measurement of Provisions and Contingencies: key assumptions about the likelihood and magnitude of an outflow of resources	225

### 3 NEW OR AMENDED ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT THE REPORTING DATE

New and amended accounting standards issued up to the date of authorization of these financial statements, but not yet effective for the current reporting period, are disclosed below. These standards and amendments will be adopted, where applicable, upon becoming effective.

#### SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 18 on the financial statements and the related notes is currently being identified and evaluated.

#### SLFRS 19 Subsidiaries without public accountability: Disclosures

SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles.

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that financial statements remain high-quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 19 is currently being identified and evaluated.

#### Classification and Measurement of Financial Instruments - Amendments to SLFRS 9 and SLFRS 7

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability-linked terms and nature-dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

The impact of these amendments is currently being identified and evaluated.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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.

Year ended 31 March	Consumer Brands		Healthcare		Mobility		Others		Group	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
<b>Revenue</b>										
Segmental Revenue - Gross	47,208,641	46,192,452	86,066,256	76,155,152	2,344,966	1,992,586	2,902,197	2,133,417	138,522,060	126,473,607
Intra Segmental Revenue	(182,126)	(194,825)	(8,057,704)	(6,167,906)	(51,832)	(45,523)	(249,068)	(243,856)	(8,540,730)	(6,652,110)
Segment Revenue	47,026,515	45,997,627	78,008,552	69,987,246	2,293,134	1,947,063	2,653,129	1,889,561	129,981,330	119,821,497
Inter Segmental Revenue	-	-	-	-	-	-	(2,619,333)	(1,851,323)	(2,619,333)	(1,851,323)
<b>Total Revenue</b>	<b>47,026,515</b>	<b>45,997,627</b>	<b>78,008,552</b>	<b>69,987,246</b>	<b>2,293,134</b>	<b>1,947,063</b>	<b>33,796</b>	<b>38,238</b>	<b>127,361,997</b>	<b>117,970,174</b>
<b>Results</b>										
<b>Segmental Results</b>	<b>6,837,156</b>	<b>6,916,791</b>	<b>7,259,444</b>	<b>6,520,786</b>	<b>1,495,076</b>	<b>1,240,924</b>	<b>(1,875,097)</b>	<b>(1,676,361)</b>	<b>13,716,579</b>	<b>13,002,141</b>
Finance Cost	(209,293)	(326,035)	(647,103)	(981,794)	(9,441)	(34,938)	(159,892)	(161,507)	(1,025,729)	(1,504,274)
Finance Income	293,099	238,325	157,183	223,883	136,099	63,849	18,004	390	604,385	526,447
Change in Fair Value of Investment Properties	325	800	-	-	45,610	101,850	60,463	150,031	106,398	252,681
Share of Results of Equity Accounted Investees (net of tax)	(5,963)	-	-	-	20,834	146,156	306,716	305,651	321,587	451,807
<b>Profit/(Loss) Before Tax</b>	<b>6,915,324</b>	<b>6,829,881</b>	<b>6,769,524</b>	<b>5,762,875</b>	<b>1,688,178</b>	<b>1,517,841</b>	<b>(1,649,806)</b>	<b>(1,381,796)</b>	<b>13,723,220</b>	<b>12,728,802</b>
Income Tax	(1,526,726)	(1,764,737)	(1,822,632)	(1,398,046)	(498,441)	(498,114)	(583,256)	(729,244)	(4,431,055)	(4,390,141)
<b>Profit / (Loss) for the Year</b>	<b>5,388,598</b>	<b>5,065,144</b>	<b>4,946,892</b>	<b>4,364,829</b>	<b>1,189,737</b>	<b>1,019,727</b>	<b>(2,233,062)</b>	<b>(2,111,040)</b>	<b>9,292,165</b>	<b>8,338,662</b>
<b>Attributable to:</b>										
Equity Holders of the Parent	5,386,379	5,059,101	4,906,558	4,297,332	860,813	811,567	(2,233,062)	(2,111,040)	8,920,688	8,056,962
Non-Controlling Interests	2,219	6,043	40,334	67,497	328,924	208,160	-	-	371,477	281,700
	<b>5,388,598</b>	<b>5,065,144</b>	<b>4,946,892</b>	<b>4,364,829</b>	<b>1,189,737</b>	<b>1,019,727</b>	<b>(2,233,062)</b>	<b>(2,111,040)</b>	<b>9,292,165</b>	<b>8,338,662</b>

The leisure sector is considered Non-Core to the Group's operations and is included within "Others" segment

Information based on the primary segments (Business Segment)

As at 31 March	Consumer Brands		Healthcare		Mobility		Others		Group	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>Assets and Liabilities</b>										
<b>Non-Current Assets</b>										
Property, Plant and Equipment	6,965,065	6,460,433	15,040,308	13,943,192	52,251	59,630	738,783	793,812	22,796,407	21,257,067
Right-of-Use Assets	503,345	431,575	1,562,496	1,418,410	107,250	1,246	99,109	38,096	2,272,200	1,889,327
Investment Properties	3,325	3,000	-	-	1,486,960	1,441,350	6,327,609	6,166,205	7,817,894	7,610,555
Other Financial Assets	41,559	40,613	928,527	134,197	4,958	-	165,211	103,022	1,140,255	277,832
Other Assets	6,353,872	6,230,847	2,592,907	1,738,254	1,224,702	1,436,381	27,477,004	27,942,427	37,648,484	37,347,909
Segmental Non-Current Assets	13,867,166	13,166,468	20,124,238	17,234,053	2,876,121	2,938,607	34,807,715	35,043,562	71,675,240	68,382,690
Deferred Tax Assets	-	-	-	-	-	-	-	-	185,512	228,746
Eliminations/Adjustments	-	-	-	-	-	-	-	-	(32,718,656)	(32,026,403)
<b>Total Non-Current Assets</b>									39,142,096	36,585,033
<b>Segmental Current Assets</b>										
Other Financial Assets	2,395,729	1,366,832	111,036	788,110	76,790	12,973	556,299	535,941	3,139,854	2,703,856
Segmental Current Assets	22,720,965	19,400,865	39,652,642	36,793,287	5,618,037	5,399,973	3,465,071	986,906	71,456,715	62,581,031
Tax Recoverable	-	-	-	-	-	-	-	-	308,422	301,130
Eliminations/Adjustments	-	-	-	-	-	-	-	-	(7,195,747)	(5,353,652)
<b>Total Current Assets</b>									67,709,245	60,232,365
Assets Held for Sale	11,013	73,128	-	-	-	-	-	-	11,013	73,128
<b>Total Assets</b>									106,862,354	96,890,526
<b>Non-Current Liabilities</b>										
Segmental Non-Current Liabilities	1,279,180	1,085,211	4,558,681	4,594,257	96,605	58,647	286,590	440,498	6,221,056	6,178,613
Other Non-Current Financial Liabilities	-	-	240	40	335	335	275,000	275,000	275,575	275,375
Deferred Tax Liability	-	-	-	-	-	-	-	-	4,094,685	3,473,577
Eliminations/Adjustments	-	-	-	-	-	-	-	-	(834,431)	-
<b>Total Non-Current Liabilities</b>									9,756,885	9,927,565
<b>Current Liabilities</b>										
Segmental Current Liabilities	8,101,953	7,633,585	28,027,096	25,811,321	3,194,307	3,706,149	5,145,174	3,128,316	44,468,530	40,279,371
Income Tax Liability	-	-	-	-	-	-	-	-	1,692,826	1,440,936
Eliminations/Adjustments	-	-	-	-	-	-	-	-	(6,785,375)	(5,082,437)
<b>Total Current Liabilities</b>									39,375,981	36,637,870
Liabilities associated with assets held for sale	2,021	4,659	-	-	-	-	-	-	2,021	4,659
<b>Total Liabilities</b>									49,134,887	46,570,094
<b>Total Segment Assets</b>	38,994,874	33,934,165	59,887,916	54,815,450	8,570,949	8,351,553	38,829,085	36,566,409	146,282,824	133,667,577
<b>Total Segment Liabilities</b>	9,383,154	8,718,796	32,586,017	30,405,618	3,291,247	3,765,131	5,706,764	3,843,814	50,967,182	46,733,359
<b>Other Segmental Information</b>										
Acquisition Cost of Property Plant and Equipment	831,354	1,095,850	1,547,250	3,849,768	9,408	51,033	21,342	83,443	2,409,354	5,080,094
Depreciation and impairment of Segmental Assets	680,813	595,338	987,398	820,006	15,951	23,589	143,784	149,810	1,827,946	1,588,743
Provision for Employee Benefit Liability	117,417	119,210	154,107	154,361	6,316	12,501	21,712	17,239	299,552	303,311
Impairment and Amortisation of Intangible Assets	19,150	15,867	96,004	44,690	104	170	6,504	8,539	121,762	69,266
Amortisation of Right-of-Use Assets	95,230	92,547	289,996	208,581	20,940	18,344	8,466	20,203	414,632	339,675

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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.

Year ended 31 March	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Goods Transferred at a Point in Time	114,097,367	107,180,557	-	-
Services Transferred Over Time	13,264,630	10,789,617	2,324,743	1,605,874
	127,361,997	117,970,174	2,324,743	1,605,874

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 recognized 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 Consideration 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 Recognition**

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 Contracts 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	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Sri Lanka	123,709,444	114,700,445	2,324,743	1,605,874
Asia (Excluding Sri Lanka)	3,652,553	3,269,729	-	-
	127,361,997	117,970,174	2,324,743	1,605,874

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.

Year ended 31 March	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Gain on Disposal of Property Plant & Equipment/Intangible Assets	47,873	48,283	13,805	8
Change in Fair Value of Investment Properties	106,398	252,681	39,577	117,522
Rental Income	5,842	4,876	-	-
Gain on termination of leases	2,557	83,556	-	-
Foreign Exchange Gain	430,310	400,396	1,838	-
Dividend Income from Investments in;				
- Related Parties	-	-	2,552,358	3,574,020
- Third Parties	59	5	7	4
Sundry Income	300,065	302,446	6,685	10,052
	<b>893,104</b>	<b>1,092,243</b>	<b>2,614,270</b>	<b>3,701,606</b>

## 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	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
<b>7.1 Finance Cost</b>				
Interest Expense on Overdrafts	146,974	278,374	8,659	14,736
Interest Expense on Loans and Borrowings				
- Related Parties	-	-	150,587	105,182
- Bank and Other Financial Institutes	569,652	912,422	87,956	133,330
Foreign Exchange Loss	8,788	46,298	-	-
Interest Expense on Other Financial Liabilities	27,500	27,500	-	-
Finance Charges on Lease Liabilities	267,441	235,799	10,645	8,096
<b>Total Interest Expense</b>	<b>1,020,355</b>	<b>1,500,393</b>	<b>257,847</b>	<b>261,344</b>
Unwinding of Fair Value Differences on Financial Assets Measured at Amortised Cost	5,374	3,881	-	-
	<b>1,025,729</b>	<b>1,504,274</b>	<b>257,847</b>	<b>261,344</b>
<b>7.2 Finance Income</b>				
Interest Income on Loans and Receivables				
- Related Parties	-	-	238	3,125
- Bank and Other Financial Institutes	591,460	501,716	7,516	1,168
<b>Total Interest Income</b>	<b>591,460</b>	<b>501,716</b>	<b>7,754</b>	<b>4,293</b>
Unwinding of Fair Value Differences on Financial Assets Measured at Amortised Cost	12,925	24,731	30	166
<b>Total Finance Income</b>	<b>604,385</b>	<b>526,447</b>	<b>7,784</b>	<b>4,459</b>
<b>Net Finance Cost</b>	<b>(421,344)</b>	<b>(977,827)</b>	<b>(250,063)</b>	<b>(256,885)</b>

## 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."

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8 PROFIT BEFORE TAX (CONTD.)

Profit before tax is stated after charging/(crediting) all expenses including the following :

Year ended 31 March	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Staff Expenses	12,549,112	10,910,554	745,937	661,999
Directors Emoluments	657,464	494,468	228,121	47,690
Costs of Defined Employees Benefits,				
- Defined Benefit Plan Cost - Gratuity	299,552	303,311	15,593	11,498
- Defined Contribution Plan Cost - MSPS/EPF/ETF	875,749	765,564	63,968	56,434
Depreciation and Impairment	1,827,946	1,588,743	25,595	30,870
Amortisation of Right-of-Use Assets	414,632	339,675	85,887	70,742
Amortisation of Intangible Assets	72,659	69,266	6,290	8,501
Auditors' Remuneration				
- Audit	23,624	21,834	3,350	3,068
- Non Audit	22,297	42,594	11,042	6,848
Legal Fees	19,528	17,464	133	-
Donations	67,198	34,858	62,934	30,034
Provision/(Reversal) for Obsolete Stocks & Slow Moving	(50,544)	(616,135)	-	-
Provision/ (Reversal) for Impairment of Trade Receivables	80,505	(113,239)	(34,383)	10,261

## 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 recognized in other comprehensive income shall be recognized in other comprehensive income, and current tax related to items recognized directly in equity shall be recognized 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9 TAXES (CONTD.)

### 9.1 Income Tax Expenses

Year ended 31 March	Note	Group		Company	
		2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
<b>Statement of Profit or Loss</b>					
<b>Current Income Tax</b>					
Current Income Tax Charge	9.1	3,469,438	3,173,279	-	-
Adjustment in Respect of Income Tax of Prior Years		18,757	78,699	-	29,057
Tax on Dividends		467,917	574,851	-	-
<b>Deferred Tax Charge/(Reversal)</b>					
Relating to Origination and Reversal of Temporary Differences	9.1.2	474,943	563,312	19,489	40,412
		4,431,055	4,390,141	19,489	69,469
<b>Effective Tax Rate</b>		32%	34%	-	-

### 9.1.1 Reconciliation Between Income Tax Expenses and Accounting Profit

Year ended 31 March	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Accounting Profit Before Tax	13,723,220	12,728,802	2,577,103	3,162,789
Intra Group Adjustments/Share of Results of Joint Ventures/Associates	(321,587)	(451,807)	-	-
Income not Subject to Income Tax	(424,591)	(456,734)	(2,614,052)	(3,691,720)
Exempt Profit	(96,250)	(177,376)	-	-
Aggregate Disallowed Expenses	4,757,048	4,058,764	430,996	394,804
Aggregate Allowable Expenses	(4,361,213)	(5,350,792)	(173,178)	(137,186)
Adjustment for Tax Losses	(1,262,621)	(142,438)	(220,869)	-
Qualifying Payments	(16,542)	(7,500)	-	-
<b>Taxable Profit</b>	11,997,464	10,200,919	-	(271,313)
Standard Rates	2,904,149	2,580,300	-	-
Concessionary Rates	565,289	592,979	-	-
<b>Current Income Tax Charge</b>	3,469,438	3,173,279	-	-

### 9.1.2 Deferred Tax Charge/(Reversal) Relate to the Following;

Year ended 31 March	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Revaluation of Investment Properties to Fair Value	31,919	82,401	11,873	35,256
Accelerated Depreciation for Tax Purposes	270,598	240,212	736	(2,374)
Employee Benefit Liability	(36,331)	(31,648)	(937)	(4,542)
Losses Available for offset against Future Taxable Income	59,609	33,377	-	-
Net Impact from Right of Use Asset and Lease Liability	143,165	(140,986)	(1,077)	2,087
Provisions	(80,589)	244,219	10,315	(78)
Unrealized Exchange Gain/(Loss)	55,189	29,282	(1,421)	10,063
Others	31,383	106,455	-	-
	474,943	563,312	19,489	40,412

## 9.2 Deferred Tax Assets and Liabilities

As at 31 March	Group			
	Deferred Tax Assets		Deferred Tax Liabilities	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Balance at the Beginning of the Year	228,746	496,400	3,473,577	2,898,818
Recognised through Profit or Loss	(60,362)	(252,988)	411,974	310,324
Recognised through Other Comprehensive Income	17,097	(9,797)	206,497	268,876
Transfers	31	(4,441)	2,637	(4,441)
Recognised through Changes in Equity	-	(428)	-	-
<b>Balance at the End of the Year</b>	<b>185,512</b>	<b>228,746</b>	<b>4,094,685</b>	<b>3,473,577</b>

As at 31 March	Company	
	Deferred Tax Liabilities	
	2026 LKR '000	2025 LKR '000
Balance as at Beginning of the Year	296,172	257,166
Recognised through Profit or Loss	19,489	40,412
Recognised through Other Comprehensive Income	(2,404)	(1,406)
<b>Balance at the End of the Year</b>	<b>313,257</b>	<b>296,172</b>

### 9.2.1 The Closing Deferred Tax Liability/(Asset) Balances Relate to the Following:

As at 31 March	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
	Revaluation of Land and Buildings to Fair Value	3,228,836	2,973,250	-
Revaluation of Investment Properties to Fair Value	409,126	377,207	355,520	343,647
Accelerated Depreciation for Tax Purposes	1,476,270	1,205,672	(16,955)	(17,691)
Employee Benefit Liability	(524,187)	(421,669)	(20,913)	(17,572)
Losses Available for Offset Against Future Taxable Income	(240,578)	(300,187)	-	-
Net Impact from Right of Use Asset and Lease Liability	(79,348)	(222,513)	(1,077)	-
Provisions	(323,551)	(242,962)	(1,579)	(11,894)
Unrealized gains/ losses	(38,249)	(93,438)	(1,739)	(318)
Others	854	(30,529)	-	-
	<b>3,909,173</b>	<b>3,244,831</b>	<b>313,257</b>	<b>296,172</b>

## 9.3 Tax Losses Carried Forward

Unutilised carry forward Group tax losses as at 31 March 2026 is LKR 3.1 Bn. (Provisional) (2025 - LKR 4.2 Bn). During the year, the Group incurred a tax loss of LKR 194 Mn and utilised LKR 1,264 Mn of brought forward tax losses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9.4 Applicable Tax Rates

As per the Inland Revenue Act, No. 24 of 2017 and the subsequent amendments thereto, all Group 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.

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

### 9.4.1 Exemptions/Concessions Granted Under the Inland Revenue Act

Company	Nature	Exemption or Concession
Shipping Agency Services (Pvt) Ltd	Profits from Foreign Service Income	15%
Evergreen Shipping Agency Lanka (Pvt) Ltd	Profits from Transshipment income	15%

### 9.4.2 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 (Pvt) 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	
	2026 LKR '000	2025 LKR '000
<i>Amount Used as the Numerator:</i>		
Profit for the Year Attributable to Ordinary Shareholders for Basic Earnings Per Share	8,920,688	8,056,961
<i>Number of Ordinary Shares Used as Denominator:</i>		
Weighted Average Number of Ordinary Shares in Issue Applicable to Basic Earnings Per Share	2,988,553	2,985,550
<b>Basic Earnings Per Share</b>	<b>2.98</b>	<b>2.70</b>

### Share split

The Sub-division of Ordinary Shares in the ratio of one (1) share into five (5) Ordinary Shares was approved by the shareholders 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 subdivision was Five Hundred and Ninety Seven Million Three Hundred and Seven Thousand Four Hundred (597,307,400) shares ("Pre – Subdivision of Shares") and pursuant to the subdivision the number of shares of the Company was Two Billion Nine Hundred and Eighty Six Million Five Hundred and Thirty Seven Thousand (2,986,537,000) shares ("Post- Subdivision Shares").

## 10.2 Diluted Earnings Per Share

Year ended 31 March	Group	
	2026 LKR '000	2025 LKR '000
<i>Amount Used as the Numerator:</i>		
Profit for the Year Attributable to Ordinary Shareholders for Diluted Earnings Per Share	8,920,688	8,056,961
<i>Number of Ordinary Shares Used as Denominator:</i>		
Weighted Average Number of Ordinary Shares in Issue Applicable to Diluted Earnings Per Share	3,000,929	2,986,153
<b>Diluted Earnings Per Share</b>	<b>2.97</b>	<b>2.70</b>

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	
	2026 LKR '000	2025 LKR '000
<b>Declared and Paid During the Year</b>		
Dividends on Ordinary Shares;		
Final Dividend - 2024/2025 (2025-2023/2024)	2,090,576	1,790,719
Interim Dividend - 2025/2026 (2025-2024/2025)	746,825	597,181
<b>Total Dividend</b>	<b>2,837,401</b>	<b>2,387,900</b>

### 11.2 Dividend Per Share

Year ended 31 March	Group	
	2026 LKR	2025 LKR
Final Dividend - 2024/2025 (2025-2023/2024)	0.70	3.00
Interim Dividend - 2025/2026 (2025-2024/2025)	0.25	1.00
	<b>0.95</b>	<b>4.00</b>
<b>Dividend Payout</b>	<b>32%</b>	<b>30%</b>

Dividends per share for 2026 has been adjusted to reflect the share split approved by the shareholders on 28th April 2025.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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 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 capitalized 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 capitalized 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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	
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>Cost or Valuation</b>																
Balance at the Beginning of the Year	5,538,545	5,809,750	4,767,489	7,262,587	8,345,505	620,019	767,965	27,836,036								
Additions	-	109,022	62,438	822,368	1,315,997	2,843	96,686	5,080,094								
Increase due to Revaluations	516,074	236,413	259,482	-	-	-	-	1,011,969								
Transfers due to Revaluations	-	(243,943)	(157,331)	-	-	-	-	(401,274)								
Disposals	-	-	-	(119,448)	(57,266)	(38,877)	-	(335,338)								
Foreign Currency Translation Difference	1,576	1,117	-	170	(207)	77	-	(41,784)								
Transfers and Reclassifications	-	5,410	-	43,148	2,998	-	(51,556)	(179,386)								
<b>Balance at the End of the Year</b>	<b>6,056,195</b>	<b>5,917,769</b>	<b>4,932,077</b>	<b>8,008,825</b>	<b>9,607,027</b>	<b>584,062</b>	<b>813,095</b>	<b>33,111,860</b>								
<b>Accumulated Depreciation/Impairment</b>																
Balance at the Beginning of the Year	-	-	-	3,455,148	4,671,505	588,409	-	7,783,673								
Charge for the Year	-	243,894	157,331	659,289	749,892	6,890	-	1,588,743								
Transfers due to Revaluations	-	(243,943)	(157,331)	-	-	-	-	(338,201)								
Disposals	-	-	-	(99,363)	(54,448)	(37,953)	-	(273,617)								
Foreign Currency Translation Difference	-	49	-	1,254	(229)	1,324	-	(3,528)								
Transfers and Reclassifications	-	-	-	-	-	-	-	(42,008)								
Impairment	-	-	-	2,692	-	-	7,958	-								
<b>Balance at the End of the Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,019,021</b>	<b>5,366,720</b>	<b>558,670</b>	<b>7,958</b>	<b>8,715,062</b>								
<b>Carrying Value</b>																
At the End of the Year	6,056,195	5,917,769	4,932,077	3,989,804	4,240,307	25,392	805,137	25,966,682								
At the Beginning 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								

### 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	
<b>Hemas Manufacturing (Pvt) Ltd</b>						
Land at Dankotuwa		16A-0R-12.8P		192,500 per perch	482,116	2026-03-31
Buildings at Dankotuwa	13	200,609.5 Sq. ft.	Market Comparable Method	4,750 to 11,500 per sq.ft.	1,207,877	
				Depreciation rate 12.5%- 30%		
Land at Welisara		1A-0R-33.12P		1.82Mn per perch	352,444	2026-03-31
Buildings at Welisara	3	55,094 Sq.ft.	Market Comparable Method	4,500 - 11,125 per sq.ft.	305,368	
				Depreciation rate 45%		
<b>Hemas Pharmaceuticals (Pvt) Ltd.</b>						
Land at Hendala, Wattala		1A-0R-17.8P		1.74Mn per perch	310,000	2026-03-31
Building at Hendala	2	39,863 sq.ft.	Market Comparable Method	5,400 - 10,750 per sq.ft.	266,300	
				Depreciation rate 40%		
<b>Hemas Hospitals (Pvt) Ltd.</b>						
Buildings on Leasehold Land at Wattala	2	120,133 Sq.ft.	Investment Method	Rate of return 7.25%	1,019,608	2026-03-31
<b>Hemas Capital Hospital (Pvt) Ltd.</b>						
Land at Thalawathugoda		1A – 1R – 29.80P			1,453,237	
Buildings on Leasehold Land at Thalawathugoda	2	60,512 Sq.ft.	Investment Method	Rate of return 7.50%	1,392,295	2026-03-31
<b>Morison Limited</b>						
Land at Aluthmawatha		27.78 P		Rate of return 7.0%	184,956	2026-03-31
Building at Aluthmawatha	1	21,930 Sq.ft.	Investment Method		146,144	
Land at Aluthmawatha		1R 19.15 P		Rate of return 6.5%	374,506	2026-03-31
Building at Aluthmawatha	1	21,901 Sq.ft.	Investment Method		138,794	
Building on Leasehold Land at Pitipana, Homagama	4	113,387 Sq ft	Investment Method	Rate of return 8.5%	3,887,995	2026-03-31
<b>Atlas Axillia Co. (Pvt) Ltd.</b>						
Land at Peliyagoda		28.94 P		2.12Mn per perch	61,500	2026-03-31
Land at Peliyagoda		1A 3R 13.3 P		3.5 Mn per perch	1,026,500	
Building at Peliyagoda	3	96,112 Sq.ft.	Market Comparable Method	6,250 - 9,800 per sq.ft.	429,250	
				Depreciation rate 65%		
Building at Welisara	1	69,145 Sq.ft.	Market Comparable Method	400 per sq. ft.	34,569	2026-03-31
<b>Professional Valuer : Ahsan Manzur &amp; Company</b>						
<b>Hemas Consumer Brands (Pvt) Ltd.</b>						
Land at Bhadurpur, Bangladesh		466.63 Decimals	Market Comparable Method	704,000 per perch	525,612	2026-03-31
<b>Non Current Assets held for Sale</b>						
Building at Kandy	3	9,240 Sq. ft.	Market Comparable Method	400 - 450 per sq. ft.	3,905	2026-03-31

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 12 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

### 12.1.2 Details of the Investment Properties used by the Group companies are as follows:

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	
<b>Hemas Holdings PLC</b>						
Freehold Property at Welisara						
Land		1A-3R-8P	Market Comparable Method	1.65Mn - 1.7Mn per perch	479,200	2026-03-31
Building	4	67,300 sq.ft.		5,750-11,650 per sq.ft.	407,300	
				Depreciation rate 45%		
<b>Hemas Developments (Pvt) Ltd.</b>						
Freehold Property at Braybrooke Place						
Land		1R-10P	Investment Method	Rate of Return 6.0%	852,850	2026-03-31
Building	1	99,372 Sq.ft.		1,656,150		

### 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
<b>Market Comparable Method</b>		
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	Estimated fair value would increase (decrease) if;
	Price per square foot for building	<ul style="list-style-type: none"> <li>↘ Price per perch increases/(decreases)</li> <li>↘ Price per square foot increases/(decreases)</li> </ul>
<b>Investment Method</b>		
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	Estimated fair value would increase (decrease) if;
	Years from purchase (Present value of 1 unit per period)	<ul style="list-style-type: none"> <li>↘ Gross Annual Rental increases/(decreases)</li> <li>↘ Years from Purchase increases/(decreases)</li> </ul>
	Void Period	<ul style="list-style-type: none"> <li>↘ Void Period increases / (decreases)</li> </ul>

### 12.1.4 Carrying Value

As at 31 March	Group	
	2026 LKR '000	2025 LKR '000
At Cost	9,060,640	8,281,014
At Valuation	16,906,042	16,115,783
	25,966,682	24,396,797

**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,

As at 31 March	Cost LKR '000	Accumulated Depreciation LKR '000	Net Carrying Amount	
			2026 LKR '000	2025 LKR '000
Freehold Land	2,780,163	-	2,780,163	2,376,705
Building on Freehold Land	4,838,304	(1,112,597)	3,725,707	3,727,732
Building on Leasehold Land	1,127,336	(377,812)	749,524	722,497
	8,745,803	(1,490,409)	7,255,394	6,826,934

**12.1.6** During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of LKR 2,409 Mn (2025-LKR 5,080 Mn) by means of cash.

**12.1.7** Property, Plant and Equipment includes fully depreciated assets having a gross carrying value of LKR 4,888 Mn (2025-LKR 4,486 Mn).

**12.1.8** Details of the assets pledged as a security for liabilities are given in Note 35 to these financial statements..

### 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 2026 LKR '000	Total 2025 LKR '000
<b>Cost or Valuation</b>						
Balance at the Beginning of the Year	122,788	44,558	134,163	60,032	361,541	344,087
Additions	8,106	939	5,015	-	14,060	26,545
Disposals	(81)	-	(7,328)	(16,500)	(23,909)	(9,091)
<b>Balance at the End of the Year</b>	<b>130,813</b>	<b>45,497</b>	<b>131,850</b>	<b>43,532</b>	<b>351,692</b>	<b>361,541</b>
<b>Accumulated Depreciation</b>						
Balance at the Beginning of the Year	68,266	33,270	117,429	60,032	278,997	249,562
Charge for the Year	9,848	4,303	11,444	-	25,595	30,870
Disposals	(81)	-	(7,329)	(16,500)	(23,910)	(1,435)
<b>Balance at the End of the Year</b>	<b>78,033</b>	<b>37,573</b>	<b>121,545</b>	<b>43,532</b>	<b>280,683</b>	<b>278,997</b>
<b>Carrying value</b>						
At the End of the Year	52,780	7,924	10,305	-	71,009	
At the Beginning of the Year	54,522	11,288	16,734	-	82,544	

**12.2.1** During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 14,060,284/- (2025 - 26,544,733/-) by means of cash.

**12.2.2** Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 233,791,285/- (2025 - Rs.212,496,955/-).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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	2026 LKR '000	2025 LKR '000
<b>At the beginning of the year</b>	<b>4,305,782</b>	4,008,116
Addition	-	6,785
Transfers	2,926	38,200
Change in Fair Value	106,398	252,681
<b>At the End of the Year</b>	<b>4,415,106</b>	4,305,782
Rental Income Derived from Investment Properties	23,581	21,444
Direct Operating Expenses Generating Rental Income (Including Repair and Maintenance)	(16,990)	(20,317)
Direct Operating Expenses that did not Generate Rental Income (Including Repair and Maintenance)	-	(220)
<b>Net Profit Arising from Investment Properties Carried at Fair Value</b>	<b>6,591</b>	907

#### 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
<b>Hemas Holdings PLC</b>						
Freehold Land at Tangalle		1A-2R-26.06P	Market Comparable Method	800,000 per perch	+/- 21.3Mn	212,848 3/31/2026
					+/- 10% in each input	
<b>Freehold Property at Hendala</b>						
Land		2R-4.13P	Market Comparable Method	2.15Mn per perch	+/- 10% 19.2 Mn	192,250 2026-03-31
Building	1	2,960 sq.ft.		8,250 per sq.ft.	+5% 0.4 Mn	8,500
				Depreciation rate 65%	+/- 10% in each input	
<b>Peace Haven Resorts Limited</b>						
Land at Tangalle		19A-2R-34.16P	Market Comparable Method	625,000 -750,000 per perch	+/- 428.8 Mn	2,144,423 2026-03-31
Building at Tangalle	3	6,028 sq.ft.		4,125-12,500 per sq.ft.	+/- 10% in each input	33,077
				Depreciation rate 45% -60%		
<b>Mowbray Hotels Limited</b>						
Land at Kandy		32A-1R-29P	Market Comparable Method	55,000 per perch	+/- 10% 29Mn	278,108 2026-03-31
Buildings at Kandy	1	5,314 Sq.ft.		5,000-6,250 per sq.ft.	+/- 5% 0.5 Mn	10,616
				Depreciation rate 80%		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 13 INVESTMENT PROPERTIES (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 (%)	Sensitivity		
<b>Atlas Axillia Co. (Pvt) Ltd.</b>							
Land at Morahela - Balangoda	-	0A – 1R – 30.70P	Market Comparable Method	45,000 - 50,000 per perch	+/- 0.66Mn +/- 10% in each input	3,325	3/31/2026
<b>Sanctuary Resorts Wilpattu Lanka (Private) Limited</b>							
Land at Wanathawilluwa		42A 3R 25.17P	Market Comparable Method	1,050,000 per acre	+/- 10% in each input +/- 9Mn	45,000	3/31/2026
<b>Morlan (Private) Limited</b>							
Land at Pethiyagoda, Kelaniya		7A 3R 7P	Investment Method	Rate of return 9%	+/- 10% in rate of return 104Mn	1,041,680	3/31/2026
Building at Pethiyagoda, Kelaniya	13	75,542 Sq.ft.		+/- 0.5% in rate of return 58Mn	445,279		

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	2026 LKR '000	2025 LKR '000
<b>At the Beginning of the Year</b>	<b>1,260,522</b>	1,143,000
Change in Fair Value	39,576	117,522
<b>At the End of the Year</b>	<b>1,300,098</b>	1,260,522
Rental Income Derived from Investment Properties	42,472	28,808
Direct Operating Expenses Generating Rental Income (Including Repair and Maintenance)	(2,231)	(1,842)
Direct Operating Expenses that did not Generate Rental Income (Including Repair and Maintenance)	(20)	(81)
<b>Net Profit Arising from Investment Properties Carried at Fair Value</b>	<b>40,221</b>	26,885

### 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	Sensitivity	Valuation	Date
				Estimated price per perch (LKR) / Estimated price per square foot (LKR) / Estimated discount rate (%) / Depreciation rate (%)		LKR' 000	
<b>Freehold Property at Welisara</b>							
Land		1A-3R-8P	Market Comparable Method	Rs. 1.65 Mn - 1.7 Mn per perch	+/- 10% 47.9 Mn	479,200	2026-03-31
Building	4	67,300 sq.ft.		Rs. 5,750 - 11,650 per sq.ft.	+/- 5% 20.4 Mn	407,300	
				Depreciation rate 45%			
<b>Freehold Property at Hendala</b>							
Land		2R-0.09P	Market Comparable Method	2.4Mn per perch	+/- 10% 19.2 Mn	192,250	2026-03-31
Building	1	2,960 sq.ft.		8,250 per sq.ft.	+5% 0.4 Mn	8,500	
				Depreciation rate 65%			
Freehold Land at Tangalle		1A-2R-26.06P	Market Comparable Method	800,000 per perch	+/- 21.3Mn	212,848	2026-03-31
					+/- 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.

### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2026.

### 14.1 Right-of-Use Assets

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
As at 31 March				
<b>At the Beginning of the Year</b>	1,889,329	1,314,167	-	64,267
Additions	558,655	1,077,285	171,774	-
Re-assessment of Lease	-	-	-	6,475
Amortisation	(414,632)	(339,675)	(85,887)	(70,742)
Disposal	(29,630)	(164,931)	-	-
Foreign Currency Translation Difference	198	2,483	-	-
<b>At the End of the Year</b>	<b>2,003,920</b>	<b>1,889,329</b>	<b>85,887</b>	<b>-</b>

Right of Use Assets represent the land and buildings.

### 14.2 Lease Liabilities

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
As at 31 March				
<b>At the Beginning of the Year</b>	2,132,393	1,617,372	-	71,223
Additions	501,548	1,033,144	171,774	-
Re-assessment of Lease	-	-	-	6,475
Disposal	(31,290)	(215,818)	-	-
Interest Expense	267,441	235,799	10,645	8,096
Payments	(536,109)	(536,315)	(92,944)	(85,794)
Foreign Currency Translation Difference	593	(1,789)	-	-
<b>At the End of the Year</b>	<b>2,334,576</b>	<b>2,132,393</b>	<b>89,475</b>	<b>-</b>

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
As at 31 March				
Current	307,425	236,338	89,475	-
Non-Current	2,027,151	1,896,055	-	-
<b>Total</b>	<b>2,334,576</b>	<b>2,132,393</b>	<b>89,475</b>	<b>-</b>

The following are the amounts recognised in the Statement of Profit or Loss:

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Year ended 31 March				
Amortisation Expense of Right-of-Use Assets	414,632	339,675	85,887	70,742
Interest Expense on Lease Liabilities	267,441	235,799	10,645	8,096
Expense Relating to Short Term Leases and Low Value Assets	119,903	134,595	-	-

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 15 INTANGIBLE ASSETS (CONTD.)

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.

The key assumptions used to determine the recoverable amount for the different CGUs, are as follows;

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 - 13.5% - 16.5% (2025 - 14% - 17%).	Increases By 1%	-8.6%	No Impact
		Decreases By 1%	10.0%	No Impact
Long-Term Growth Rate for Cash Flows for Subsequent Years	Based on historical growth rate and business plan 2% - 4% (2025 - 2% - 3%)	Increases By 1%	6.7%	No Impact
		Decreases By 1%	-5.8%	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	Brands	Goodwill	Total	Total
	LKR '000	LKR '000	LKR '000	2026	2025
				LKR '000	LKR '000
<b>Cost</b>					
Balance at the Beginning of the Year	909,380	1,150,721	2,112,900	4,173,001	4,075,499
Additions	254,576	-	-	254,576	97,715
Transfers	1,740	-	-	1,740	1,239
Disposals	-	-	-	-	(1,452)
Balance at the End of the Year	1,165,696	1,150,721	2,112,900	4,429,317	4,173,001
<b>Accumulated Amortisation / Impairment</b>					
Balance at the Beginning of the Year	691,364	166,710	-	858,074	792,503
Amortisation	72,659	-	-	72,659	69,266
Transfers	-	-	-	-	(2,243)
Disposals	-	-	-	-	(1,452)
Translation difference	130	-	-	130	-
Impairment	49,104	-	-	49,104	-
Balance at the End of the Year	813,257	166,710	-	979,967	858,074
Work in Progress	30,704	-	-	30,704	18,130
<b>Carrying Value</b>					
At the End of the Year	383,143	984,011	2,112,900	3,480,054	
At the Beginning of the Year	236,146	984,011	2,112,900	3,333,057	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 15.1 Group (CONTD.)

The aggregate carrying amount of goodwill allocated to each unit is as follows;

As at 31 March	Group	
	2026 LKR '000	2025 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	
	2026 LKR '000	2025 LKR '000
<b>Cost</b>		
Balance at the Beginning of the Year	279,630	279,630
Additions	5,040	-
Balance at the End of the Year	284,670	279,630
<b>Accumulated Amortisation</b>		
Balance at the Beginning of the Year	267,048	258,547
Amortisation	6,290	8,501
Balance at the End of the Year	273,338	267,048
	11,332	12,582
Work in Progress	14,872	18,130
Carrying Value	26,204	30,712

## 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		Direct Investment	
	2026	2025	2026 LKR '000	2025 LKR '000
<b>Non-Quoted Investments</b>				
Hemas Corporate Services (Pvt) Ltd.	100%	100%	124,891	124,891
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%	700	200
Hemascorp (Pvt) Ltd.	100%	100%	188,189	188,189
Hemas Ecopower (Pvt) Ltd	100%	100%	727,810	727,810
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	3,533,402
Atlas Axillia Co. (Pvt) Ltd.	75%	75%	5,658,706	5,658,706
Morison Limited	0%	0%	126	126
Exchange & Finance Investments (Pvt) Ltd.	0%	100%	-	9,412
Far Shipping Lanka (Pvt) Ltd.	100%	100%	3,000	3,000
Concept Ventures (Pvt) Ltd.	100%	100%	517,023	372,024
			<b>19,636,750</b>	<b>19,500,663</b>
Impairment of Investment in;				
FAR Shipping Lanka (Pvt) Ltd.			(3,000)	(3,000)
Exchange & Finance Investments (Pvt) Ltd.			-	(9,412)
Concept Ventures (Pvt) Ltd.			(372,024)	(372,024)
			<b>(375,024)</b>	<b>(384,436)</b>
<b>Total</b>			<b>19,261,726</b>	<b>19,116,227</b>

Refer Note 36 for effective equity holding percentages Group entities.

## 17 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 17 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (CONTD.)

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 recognized 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	Note	Statement of Financial Position	
		2026 LKR '000	2025 LKR '000
Investment in Joint Ventures	17.1	2,562,655	1,995,146
Investment in Associates	17.2	223,602	158,731
		<b>2,786,257</b>	<b>2,153,877</b>

Year ended 31 March	Share of Profit or Loss		Share of Other Comprehensive Income	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Investment in Joint Ventures	306,716	305,651	321,214	227,578
Investment in Associates	14,871	146,156	-	82
	<b>321,587</b>	<b>451,807</b>	<b>321,214</b>	<b>227,660</b>

### 17.1 Investment in Joint Ventures

As at 31 March	Holding		2026 LKR '000	2025 LKR '000
	2026	2025		
<b>Cost</b>				
PH Resorts (Pvt) Ltd.	50.1%	50.1%	1,411,398	1,411,398
ALTHIA Health Uni (Private) Limited	50.0%	-	140,000	-
			<b>1,551,398</b>	<b>1,411,398</b>
Cumulative Loss Accruing to the Group Net of Dividend			(1,415,972)	(1,522,267)
Cumulative Other Comprehensive Income Accruing to the Group			2,427,229	2,106,015
			<b>1,011,257</b>	<b>583,748</b>
<b>Carrying Amount of the Investment</b>			<b>2,562,655</b>	<b>1,995,146</b>

	2026 LKR '000	2025 LKR '000
<b>Group Share of Joint Venture's Statement of Financial Position;</b>		
Current Assets	795,399	692,637
Non-Current Assets	6,245,988	5,850,305
Current Liabilities	(701,553)	(872,773)
Non-Current Liabilities	(3,777,179)	(3,675,023)
<b>Carrying Amount of the Investment</b>	<b>2,562,655</b>	<b>1,995,146</b>
<b>Group Share of Joint Venture's Statement of Profit or Loss;</b>		
Share of the Joint Venture Revenue	2,196,993	1,878,871
Share of the Joint Venture Profit Before Tax	312,685	319,064
Share of the Joint Venture Profit After Tax	306,716	305,651
<b>Share of the Joint Venture Other Comprehensive Income</b>		
To be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax)	(23,041)	57,557
Not to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax)	344,255	170,103

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		2026 LKR '000	2025 LKR '000
	2026	2025		
<b>Unquoted</b>				
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
Fonix Edu (Pvt) Ltd	46%	0%	50,001	-
			<b>228,029</b>	<b>178,028</b>
Cumulative Profit/ (Loss) Accruing to the Group Net of Dividend			35,822	20,952
Cumulative Other Comprehensive Income Accruing to the Group			(665)	(665)
Impairment of Investment in Associates			(39,584)	(39,584)
<b>Carrying Amount of the Investment</b>			<b>223,602</b>	<b>158,731</b>

### Summarised Financial Information of Associate

	2026 LKR '000	2025 LKR '000
<b>Group Share of Associates' Statement of Financial Position;</b>		
Current Assets	208,802	180,100
Non-Current Assets	33,990	2,637
Current Liabilities	(13,362)	(18,622)
Non-Current Liabilities	(5,828)	(5,384)
<b>Carrying Amount of Associates</b>	<b>223,602</b>	<b>158,731</b>
<b>Group Share of Associates' Statement of Profit or Loss;</b>		
Share of the Associate Revenue	70,214	39,586
Share of the Associate Profits Before Tax	26,646	156,622
Share of the Associate Profits After of Tax	14,871	146,156
<b>Share of the Associate Other Comprehensive Income</b>		
Not to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax)	-	82

Details of the Commitments and Contingencies are given in Note 34 to these financial statements.

# NOTES TO THE CONSOLIDATED 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	2026 LKR '000		2025 LKR '000	
	Gross Investment in Lease	Present Value of Minimum Lease Receipts	Gross Investment in Lease	Present Value of Minimum Lease Receipts
Non-Current - Between One to Five Years	2,649	2,635	24,151	22,648
Current	15,664	14,897	19,561	15,369
	18,313	17,532	43,712	38,017

## 19 FINANCIAL INSTRUMENT

### 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 (FVTPL), 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 2026.
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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 19 FINANCIAL INSTRUMENTS (CONTD.)

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).

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

	Note	Group		Company	
		2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
As at 31 March					
Non-Current	19.1	301,930	254,797	25,784	21,322
Current	19.2	177,958	183,326	3,514	23,455
<b>Total Financial Assets</b>		<b>479,888</b>	<b>438,123</b>	<b>29,298</b>	<b>44,777</b>

### 19.1 Other Financial Assets - Non Current

	Note	Group		Company	
		2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Investment In Equity Securities	19.1.1	89,523	98,975	15,555	17,781
Loans to Company Employees		102,361	49,245	10,229	3,541
Refundable Deposits		110,046	106,577	-	-
		301,930	254,797	25,784	21,322

#### 19.1.1 Investment In Equity Securities - Non Current

##### Group

(a) Quoted	No. of Shares		Carrying Value		Fair Value	
	2026	2025	2026	2025	2026	2025
			LKR '000	LKR '000	LKR '000	LKR '000
Overseas Realty (Ceylon) PLC	1,000	1,000	41	24	41	24
Eden Hotels Lanka PLC	127	127	1	2	1	2
Galadari Hotels PLC	1,500	1,500	24	25	24	25
CT Holdings PLC	10,934	10,934	6,342	4,283	6,342	4,283
CIC Holdings PLC	1,480	296	44	35	44	35
Royal Palm Beach Hotels PLC	85	85	4	3	4	3
Hayleys PLC	13	13	3	2	3	2
Lankem Ceylon PLC	100	50	4	4	4	4
John Keells Holdings PLC	27,466	27,466	524	570	524	570
Mercantile Shipping Company PLC	484,334	484,334	-	-	-	-
Dolphin Hotel PLC	2,068,555	2,068,555	82,536	94,027	82,536	94,027
			89,523	98,975	89,523	98,975

##### (b) Unquoted

	No. of Shares		Carrying Value	
	2026	2025	2026	2025
			LKR '000	LKR '000
Digital Healthcare Solutions (Pvt) Ltd - Preference Shares	3,950,000	3,950,000	-	-
<b>Total Group</b>			<b>89,523</b>	<b>98,975</b>

##### Company

			Carrying Value		Fair Value	
			2026	2025	2026	2025
			LKR '000	LKR '000	LKR '000	LKR '000
Overseas Realty (Ceylon) PLC	500	500	20	12	20	12
John Keells Holdings PLC	27,170	27,170	500	549	500	549
Mercantile Shipping Company PLC	484,334	484,334	-	-	-	-
Dolphin Hotel PLC	376,808	376,808	15,035	17,220	15,035	17,220
			15,555	17,781	15,555	17,781

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 19 FINANCIAL INSTRUMENTS (CONTD.)

### 19.2 Other Financial Assets - Current

	Note	Group		Company	
		2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Loans to Company Employees		177,705	183,145	3,514	5,955
Loans Due From Related Parties	19.2.1	-	-	-	17,500
Refundable Deposits		253	181	-	-
		177,958	183,326	3,514	23,455

#### 19.2.1 Loans Due From Related Parties

	Relationship	Company	
		2026 LKR '000	2025 LKR '000
Hemas Developments (Pvt) Ltd	Subsidiary	-	17,500
		-	17,500
Current		-	17,500
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

As at 31 March	Note	Group		Company	
		2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
<b>Financial Assets</b>					
<b>Financial Assets at Amortised Cost</b>					
Trade and Other Receivables (Excluding Advances and Prepayments)	21	24,598,498	24,428,335	747,597	527,757
<b>Other Financial Assets</b>					
Loans to Company Employees	19	280,066	232,390	13,743	9,496
Loans Due from Related parties	19	-	-	-	17,500
Refundable Deposits	19	110,299	106,758	-	-
Cash and Short Term Deposits	28	17,783,292	12,578,510	1,469,981	84,078
<b>Financial Assets at FVOCI</b>					
Equity Share Investment	19	89,523	98,975	15,555	17,781
<b>Financial Liabilities</b>					
<b>Loans &amp; Borrowings</b>					
Interest Bearing Loans and Borrowings	24	3,811,349	5,424,000	476,000	519,000
Loans Due to Related Parties	24	-	-	2,804,722	1,669,217
Lease Liability	14	2,334,576	2,132,393	89,475	-
Trade and Other Payables	27	33,618,719	31,940,411	1,139,119	931,089
Bank Overdraft	28	1,387,532	317,185	552,092	64,262
<b>Other Financial Liabilities</b>					
Preference Share	25	275,000	275,000	-	-
Rent Deposits/Advances	25	575	375	-	-

## 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.

As at 31 March	Group	
	2026 LKR '000	2025 LKR '000
Raw Materials	3,359,575	3,447,884
Work In Progress	477,601	549,694
Finished Goods	18,510,938	16,161,357
Other Stocks	570,444	954,218
Goods In Transit	592,647	624,383
Less: Provision for Slow-Moving and Obsolete Inventory	(504,432)	(554,976)
	<b>23,006,773</b>	<b>21,182,560</b>

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.

	Note	Group		Company	
		2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
<b>Trade Receivables</b>					
-Related Parties	21.2	-	-	601,237	487,806
-Third Parties		21,933,549	21,677,686	4,128	1,092
		<b>21,933,549</b>	<b>21,677,686</b>	<b>605,365</b>	<b>488,898</b>
Less: Allowance for Impairment					
-Related Parties	21.1	-	-	(2,192)	(38,185)
-Third Parties		(464,462)	(374,112)	(1,836)	(731)
		<b>(464,462)</b>	<b>(374,112)</b>	<b>(4,028)</b>	<b>(38,916)</b>
		<b>21,469,087</b>	<b>21,303,574</b>	<b>601,337</b>	<b>449,982</b>
<b>Other Receivables</b>					
-Related Parties	21.3	-	-	101,575	75,345
-Third Parties		3,188,259	3,193,454	45,920	3,160
Less: Allowance for Impairment		(58,848)	(68,693)	(1,235)	(730)
Advances and Prepayments		1,819,405	1,543,135	46,223	35,024
		<b>26,417,903</b>	<b>25,971,470</b>	<b>793,820</b>	<b>562,781</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 21 TRADE AND OTHER RECEIVABLES (CONTD.)

The Age Analysis of Trade Receivables as at 31 March, is as follows:

Group	Total LKR '000	Neither due nor impaired LKR '000	Past due but not impaired				
			< 30 days	31-60 days	61-90 days	91-120 days	> 120 days
			LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
2026	21,933,549	17,846,412	1,882,174	1,340,757	325,165	110,716	428,325
2025	21,677,686	17,638,227	1,860,218	1,325,117	321,372	109,424	423,328

Company	Total LKR '000	Neither due nor impaired LKR '000	Past due but not impaired				
			< 30 days	31-60 days	61-90 days	91-120 days	> 120 days
			LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
2026	605,365	493,242	71,869	24,639	5,770	1,081	8,764
2025	488,898	286,673	152,587	138	2,721	939	45,840

### 21.1 Movements in the allowance for impairment of Trade Receivables;

	Group	Company
	LKR '000	LKR '000
As at 1 April 2024	433,993	28,868
Charge/ (Reversal) for the Year	97,785	10,048
Recovered during the year	(49,736)	-
Write off	(107,930)	-
<b>As at 31 March 2025</b>	<b>374,112</b>	<b>38,916</b>
Charge/ (Reversal) for the Year	179,245	(34,888)
Recovered during the year	(13,168)	-
Write off	(75,727)	-
<b>As at 31 March 2026</b>	<b>464,462</b>	<b>4,028</b>

## 21.2 Trade Dues From Related Parties

	Relationship	Company	
		2026	2025
		LKR '000	LKR '000
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	194,880	138,158
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	881	1,053
Hemas COE Pvt Ltd.	Subsidiary	15,693	12,807
Hemas Hospitals (Pvt) Ltd.	Subsidiary	52,419	54,805
Hemas Capital Hospital (Pvt) Ltd.	Subsidiary	54,951	50,733
Hemas Surgicals & Diagnostics (Pvt) Ltd.	Subsidiary	9,469	2,391
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	155,460	112,817
Forbes Air Services (Pvt) Ltd.	Subsidiary	5,501	4,090
Hemas Developments (Pvt) Ltd.	Subsidiary	1,509	2,825
FAR Shipping Agency Lanka (Pvt) Ltd.	Associate	-	102
Hemas Transportation (Pvt) Ltd.	Subsidiary	648	222
P H Resorts (Pvt) Ltd.	Joint Venture	684	988
Morison Limited	Subsidiary	63,954	14,748
Hemas Consumer Brands (Pvt) Ltd.	Subsidiary	10,959	55,910
Evergreen Shipping Agency Lanka (Pvt) Ltd.	Subsidiary	704	24
Atlas Axillia Company (Pvt) Ltd.	Subsidiary	32,287	33,978
Mazu Shipping (Pvt) Ltd.	Subsidiary	-	5
Life Connect Solutions (Pvt) Ltd.	Subsidiary	1,188	2,099
Shipping Agency Services (Pvt) Ltd	Subsidiary	-	51
Hemas Maritime (Pvt) Ltd.	Subsidiary	50	-
		601,237	487,806

## 21.3 Other Dues From Related Parties

	Relationship	Company	
		2026	2025
		LKR '000	LKR '000
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	14,074	15,353
Hemas Development (Pvt) Ltd.	Subsidiary	226	302
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	905	950
Forbes Air Services (Pvt) Ltd.	Subsidiary	1,924	4
Hemas COE Pvt Ltd.	Subsidiary	4,570	2,106
Hemas Surgicals and Diagnostics (Pvt) Ltd.	Subsidiary	43	91
Hemas Hospitals (Pvt) Ltd.	Subsidiary	38,129	12,137
Hemas Capital Hospital (Pvt) Ltd.	Subsidiary	407	-
Shipping Agency Services (Pvt) Ltd	Subsidiary	34	-
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	6,495	4,471
Hemas Transportation (Pvt) Ltd.	Subsidiary	384	486
Evergreen Shipping Agency Lanka (Pvt) Ltd	Subsidiary	557	-
Morison Limited	Subsidiary	14,733	7,027
Hemas Consumer Brands (Pvt)Ltd.	Subsidiary	60	730
Atlas Axillia Company (Pvt) Ltd.	Subsidiary	19,034	31,688
		101,575	75,345

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 22 STATED CAPITAL

### 22.1 Fully Paid Ordinary Shares

	2026		2025	
	Number	LKR '000	Number	LKR '000
Balance at the Beginning of the Year	2,986,537,000	7,824,276	2,983,363,085	7,783,875
Exercise of Share Options	9,448,015	165,030	3,173,915	40,401
Balance at the End of the Year	2,995,985,015	7,989,306	2,986,537,000	7,824,276

The number of shares disclosed for 2025 has been adjusted to reflect the share split approved by shareholders on 28 April 2025.

### 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.

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.

### 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).

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.

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 dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The Group applies SLFRS 2, Share based payments in accounting for employee remuneration in the form of shares.

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.

#### 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.

### 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	01.10.2030
Grant 5	20.07.2025	5,000,000	29.79	1 Year	5 Years	20.07.2031

The exercise period for each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

Subsequent to the share split approved by the shareholders on 28 April 2025, the number of shares granted shall be multiplied by five, while the original exercise price shall be divided by five, in order to determine the post-split number of shares and the corresponding post-split exercise price.

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
<b>For the Year Ended 31 March</b>				
Total expense arising from Share-Based Payment Transactions	92,706	(4,562)	34,473	1,257

	Group			
	2026		2025	
As at 31 March	No of Shares	WAEP*	No of Shares	WAEP*
Outstanding at the Beginning of the Year	37,071,210	14.43	36,283,265	13.37
Granted During the Year	5,000,000	29.79	29,250,000	14.45
Exercised During the Year	(9,448,015)	14.45	(3,173,915)	10.12
Expired During the Year	-	-	(8,413,140)	12.00
Cancelled during the Year	(1,250,000)	14.45	(16,875,000)	-
<b>Outstanding at the End of the Year</b>	<b>31,373,195</b>	<b>10.30</b>	<b>37,071,210</b>	<b>14.43</b>
<b>Exercisable at the End of the Year</b>	<b>26,373,193</b>	<b>14.42</b>	<b>7,821,211</b>	<b>14.36</b>

	Company			
	2026		2025	
As at 31 March	No of Shares	WAEP*	No of Shares	WAEP*
Outstanding at the Beginning of the Year	11,806,869	10.16	8,721,764	10.16
Granted During the Year	1,600,000	29.79	11,000,000	14.45
Exercised During the Year	(4,250,000)	14.45	(1,021,365)	9.00
Expired During the Year	-	-	(2,143,530)	12.00
Cancelled during the Year	(250,000)	14.45	(4,750,000)	-
<b>Outstanding at the End of the Year</b>	<b>8,906,869</b>	<b>10.08</b>	<b>11,806,869</b>	<b>10.16</b>
<b>Exercisable at the End of the Year</b>	<b>7,306,869</b>	<b>14.60</b>	<b>806,869</b>	<b>15.85</b>

\*WAEP - Weighted Average Exercise Price (LKR)

The number of shares has been adjusted to reflect the share split approved by shareholders on 28 April 2025.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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				
	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5
Dividend Yield (%)	2.82	6.92	4.39	5.61	3.13
Expected Volatility (%)	1.85	2.19	1.94	1.17	1.60
Risk Free Interest Rate (%)	8.04	26.51	15.74	13.98	9.77
Expected Life of Share Options (Years)	6	6	6	6	6
Weighted Average Share Price at the Date of Exercise of these Options (LKR)	82.46	43.84	71.02	72.23	29.79
Weighted Average Remaining Contractual Life for the Share Options Outstanding (Years)	1.3	2.3	3.3	4.6	5.3
Weighted Average Fair Value of Options Granted During the Year (LKR)	27.12	20.29	29.31	20.96	9.75
Exercise Price for Options Outstanding at the End of the Year (LKR)	82.46	43.84	71.02	72.23	29.79

## 23 RESERVES

### 23.1 Other Capital and Revenue Reserves

	Group		Company	
	2026	2025	2026	2025
	LKR '000	LKR '000	LKR '000	LKR '000
Balance at the Beginning of the Year	75,567	103,084	296,918	324,435
Provision for Share-Based Payment	92,706	(2,186)	34,473	1,257
Exercise of Share Option	(28,465)	(8,288)	(28,465)	(8,288)
Charge from Group Companies	-	-	58,233	(3,443)
Transfer to Retained Earnings	-	(17,043)	-	(17,043)
Balance at the End of the Year	139,808	75,567	361,159	296,918

#### 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
<b>As at 1 April 2024</b>	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
<b>As at 31 March 2025</b>	8,685,066	334,688	(20,533)	(527,926)	8,471,295
Other Comprehensive Income	1,088,287	13,056	(9,959)	(23,041)	1,068,343
<b>As at 31 March 2026</b>	<b>9,773,353</b>	<b>347,744</b>	<b>(30,492)</b>	<b>(550,967)</b>	<b>9,539,638</b>

Company	Fair Value Reserve
	LKR '000
<b>As at 1 April 2024</b>	2,845
Other Comprehensive Income	4,143
<b>As at 31 March 2025</b>	6,988
Other Comprehensive Income	(2,226)
<b>As at 31 March 2026</b>	<b>4,762</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 24 INTEREST BEARING LOANS AND BORROWINGS

	Note	Group		Company	
		2026	2025	2026	2025
		LKR '000	LKR '000	LKR '000	LKR '000
Term Loans	24.1	3,811,349	5,424,000	3,280,722	2,188,217
Lease Liability	14.2	2,334,576	2,132,393	89,475	-
		6,145,925	7,556,393	3,370,197	2,188,217

### 24.1 Movement of Interest Bearing Loans and Borrowings

	Group		Company	
	2026	2025	2026	2025
	LKR '000	LKR '000	LKR '000	LKR '000
Balance at the Beginning of the Year	7,556,393	11,294,957	2,188,217	2,225,753
<b>Cash Movement</b>				
Obtained During the Year	7,760,392	19,524,186	7,880,500	5,599,000
Repayments	(9,372,450)	(23,751,725)	(6,787,996)	(5,565,313)
Lease Payment	(536,109)	(536,315)	(92,944)	(85,794)
<b>Non Cash Movement</b>				
Re-assessment of Lease	-	-	-	6,475
Termination of leases	(31,290)	(215,819)	-	-
Leases Obtained	500,955	1,033,144	171,774	-
Interest on Leases	267,441	235,799	10,645	8,096
Exchange Differences through Other Comprehensive Income	593	(27,833)	-	-
Balance at the End of the Year	6,145,925	7,556,393	3,370,197	2,188,217
Non-Current	3,469,021	4,617,055	173,000	346,000
Current	2,676,904	2,939,338	3,197,197	1,842,217
	6,145,925	7,556,393	3,370,197	2,188,217

## 24.2 Details of Interest Bearing Loans and Borrowings

Company	Lending Institution	Nature of Facility	Interest Rate	Repayment Terms	2026 LKR '000	2025 LKR '000
Hemas Pharmaceuticals (Pvt) Ltd.	The Hongkong & Shanghai Banking Corporation	Term Loan	Standard Lending Facility Rate Based Rate	Repayable in 36 Instalments starting from July 2023	150,000	750,000
Morison Limited	Commercial Bank of Ceylon PLC	Term Loan	Fixed	Repayable in 48 Instalments starting from September 2023	925,000	1,425,000
	Commercial Bank of Ceylon PLC	Short Term Loan	AWPLR Based Rate	Repayable in July 2025	-	300,000
	Sampath Bank	Short Term Loan	AWPLR Based Rate	Repayable in July 2026	500,000	-
Hemas Surgical & Diagnostics (Pvt) Ltd.	Hatton National Bank PLC	Short Term Loan	AWPLR Based Rate	Repayable in September 2025	-	650,000
	DFCC Bank	Term Loan	AWPLR Based Rate	Repayable in 60 Instalments starting from April 2023	-	720,000
	Commercial Bank of Ceylon PLC	Term Loan	Fixed	Repayable in 35 equal monthly installments starting from 29/10/2025	430,550	-
Life Connect Solutions (Pvt) Limited	DFCC Bank	Term Loan	AWPLR Based Rate	Repayable in 60 Instalments starting from January 2023	420,000	660,000
Hemascorp (Pvt) Ltd	NDB	Short Term Loan	SOFR based rate	Repayable in May 2026	34,799	-
Hemas Holdings PLC	The Hongkong & Shanghai Banking Corporation	Term Loan	Fixed	Repayable in 60 Instalments starting from April 2023	346,000	519,000
	Sampath Bank	Short Term Loan	AWPLR Based Rate	Settled in May 2026	130,000	-
Hemas Capital Hospital (Pvt) Ltd	The Hongkong & Shanghai Banking Corporation	Term Loan	Fixed	Repayable in 16 Instalments starting from September 2025	875,000	400,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 24 INTEREST BEARING LOANS AND BORROWINGS (CONTD.)

### 24.3 Company

	Note	2026 LKR '000	2025 LKR '000
<b>Interest Bearing Loans &amp; Borrowings-Non Current</b>			
Bank Loans		173,000	346,000
		173,000	346,000
<b>Interest Bearing Loans &amp; Borrowings-Current</b>			
Loans due to Related Parties	24.3.1	2,804,722	1,669,217
Bank Loans		303,000	173,000
Lease Liability	14.2	89,475	-
		3,197,197	1,842,217

#### 24.3.1 Loans due to Related Parties

Subsidiaries	As at 01.04.2025 LKR '000	Obtained During the Year LKR '000	Repayments LKR '000	As at 31.03.2026 LKR '000	Non-Current LKR '000	Current LKR '000
Hemas Developments (Pvt) Ltd	-	15,500	(15,500)	-	-	-
Hemtours (Pvt) Ltd	352,700	20,000	(4,496)	368,204	-	368,204
Hemas Corporate Services (Pvt) Ltd	25,000	10,000	(25,000)	10,000	-	10,000
Hemas Manufacturing (Pvt) Ltd	1,291,518	2,450,000	(1,425,000)	2,316,518	-	2,316,518
Atlas Axillia Company (Pvt) Ltd	-	300,000	(300,000)	-	-	-
Hemas Maritime (Pvt) Ltd	-	70,000	-	70,000	-	70,000
Hemas Ecopower (Pvt) Ltd	-	40,000	-	40,000	-	40,000
	1,669,218	2,905,500	(1,769,996)	2,804,722	-	2,804,722

	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
<b>Total Loans due to Related Parties</b>	337,530	3,479,000	(2,147,313)	1,669,217	-	1,669,217

#### 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

As at 31 March	Group	
	2026 LKR '000	2025 LKR '000
Preference Shares*	275,000	275,000
Rent Deposits/Advances	575	375
	275,575	275,375

\* 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		Company	
		2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Balance at the Beginning of the Year		1,561,558	1,383,856	58,572	38,746
Charge for the Year	26.1	299,552	303,311	15,593	11,498
Actuarial (Gain)/Loss	26.2	240,443	35,602	8,012	4,687
Benefits Paid		(183,906)	(161,210)	(10,428)	(2,336)
Transfers During the Year		-	-	(2,041)	5,977
Translation difference		(43)	-	-	-
Balance at the End of the Year		1,917,604	1,561,558	69,708	58,572

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 26 EMPLOYEE BENEFIT LIABILITY (CONTD.)

### 26.1 Post Employee Benefit Expenses for

Year ended 31 March	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Current Service Cost	139,257	161,423	9,560	6,810
Interest Cost	160,295	141,888	6,033	4,688
	299,552	303,311	15,593	11,498

### 26.2 Actuarial (Gain)/Loss

Year ended 31 March	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
<b>Actuarial (Gains)/Losses on Obligations;</b>				
Due to Change in Demographic Assumptions	13,321	7,763	(702)	(218)
Due to Change in Financial Assumptions	88,223	(13,053)	3,557	(552)
Due to Experience adjustment	138,899	40,892	5,157	5,457
	240,443	35,602	8,012	4,687

Messrs. K.A. Pandit Consultants and Actuaries, carried out an actuarial valuation of the defined benefit plan on 31 March 2026. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principle assumptions used are as follows:

As at 31 March	2026	2025
<b>Demographic Assumptions</b>		
Retirement Age	60 Years	60 Years
<b>Financial Assumptions</b>		
Discount Rate Assumed (%)	9.7	10.3
Future Salary Increase (%)	9.0	8.0

### 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.

#### Assumed Changes in Financial Assumptions

31 March 2026	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%	55,778	(55,778)	2,242	(2,242)
If Discount Rate Decreases By 1%	(60,079)	60,079	(2,409)	2,409
If Salary Increment Rate Increases By 1%	(59,912)	59,912	(2,402)	2,402
If Salary Increment Rate Decreases By 1%	56,625	(56,625)	2,276	(2,276)

31 March 2025	Group		Company	
	Effect on Profit or Loss	Post Employment Benefit Liability	Effect on Profit or Loss	Post Employment Benefit Liability
	LKR '000	LKR '000	LKR '000	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)

26.4 Following payments are the expected payments to the defined benefit plan for the future years:

	Group		Company	
	2026	2025	2026	2025
	LKR '000	LKR '000	LKR '000	LKR '000
Years From the Current Period				
1st Following Year	466,946	343,430	11,139	8,616
2nd Following Year	323,747	246,035	12,040	8,360
3rd Following Year	295,822	219,599	11,676	8,708
4th Following Year	259,167	206,527	10,395	8,722
5th Following Year	234,426	185,966	11,567	7,975
Sum of Years 6 to 10	769,411	728,579	31,933	33,440
Sum of Years 11 and above	429,254	573,805	15,224	22,926

## 27 TRADE AND OTHER PAYABLES

As at 31 March	Note	Group		Company	
		2026	2025	2026	2025
		LKR '000	LKR '000	LKR '000	LKR '000
Trade Payables					
-Third parties		22,292,344	21,645,805	-	-
Other Payables					
-Related Parties	27.1	-	-	137,902	57,277
-Third parties		4,779,089	4,880,460	240,625	182,812
Sundry Creditors including Accrued Expenses		6,528,855	5,374,561	742,161	661,633
Dividend Payable-Unclaimed		18,431	39,585	18,431	29,368
		33,618,719	31,940,411	1,139,119	931,090

### 27.1 Non Trade Dues to Related Parties

	Relationship	Company	
		2026	2025
		LKR '000	LKR '000
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	1,289	2,748
Hemas Corp (Pvt) Ltd	Subsidiary	72,789	-
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	26,707	38,213
Hemtours (Pvt) Ltd	Subsidiary	4,829	2,397
Hemas COE (Pvt) Ltd.	Subsidiary	3,080	1,644
Hemas Developments (Pvt) Ltd.	Subsidiary	23,631	12,258
Hemas Transportation (Pvt) Ltd.	Subsidiary	30	-
Atlas Axillia Company (Pvt) Ltd.	Subsidiary	4,710	17
Hemas Maritime (Pvt) Ltd	Subsidiary	482	-
Forbes Air Service (Pvt) Ltd	Subsidiary	80	-
Hemas Ecopower (Pvt) Ltd	Subsidiary	275	-
		137,902	57,277

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 28 CASH AND BALANCES WITH BANKS 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 Balances with Banks consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

### 28.1 Favourable Balances

	Group		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
As at 31 March				
Cash and Bank Balance	8,267,305	6,820,153	469,981	84,078
Fixed Deposits and REPO Investments	9,515,987	5,758,357	1,000,000	-
	17,783,292	12,578,510	1,469,981	84,078
<b>28.2 Unfavourable Balances</b>				
Bank Overdraft	(1,387,532)	(317,185)	(552,092)	(64,262)
<b>Total Cash and balances with banks for the Purpose of Statement of Cash Flows</b>	<b>16,395,760</b>	<b>12,261,325</b>	<b>917,889</b>	<b>19,816</b>

## 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 31st March 2026 are as follows:

	Group	
	2026 LKR '000	2025 LKR '000
<b>Assets</b>		
Property, Plant And Equipment	72,911	72,911
Right of Use Assets	217	217
(-) Disposal	(62,115)	-
	11,013	73,128
<b>Liabilities</b>		
Deferred Tax Liability	1,804	4,442
Lease liabilities	217	217
Liabilities directly associated with assets held for sale	2,021	4,659
Net assets directly associated with assets held for sale	8,992	68,469

During the financial year ended 31 March 2025, the management of Atlas Axillia Co (Pvt) Ltd approved the disposal of its Tissue Manufacturing segment and classified the related assets as "Assets Held for Sale" in accordance with applicable accounting standards. Accordingly, certain items of property, plant and equipment within this segment that were no longer in use were disposed of during the year.

As of 31 March 2026, the remaining assets relating to this segment continue to be classified as assets held for sale, as management is actively pursuing the sale of these assets. These assets are measured at the lower of their carrying amount and fair value less costs to sell, in accordance with applicable accounting standards.

No impairment loss was recognized upon the initial classification of these assets as held for sale.

## 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.

<b>Level 1</b>	Quoted (unadjusted) prices in active markets for identical assets or liabilities.
<b>Level 2</b>	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).
<b>Level 3</b>	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 and approval by the Group's Board 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 2026, 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 FAIR VALUE (CONTD.)

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

### 30.1 Fair Value Hierarchy

The Group/Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

Group		Total	Level 1	Level 2	Level 3
	Note	LKR '000	LKR '000	LKR '000	LKR '000
31 March 2026					
<b>Financial Assets Measured at Fair Value</b>					
Financial Assets at FVOCI					
- Quoted Equity Shares	19.1.1	89,523	89,523	-	-
<b>Non-Financial Assets Measured at Fair Value</b>					
Land and Building	12.1.4	16,906,042	-	-	16,906,042
Investment Properties	13.1	4,415,106	-	-	4,415,106
31 March 2025					
	Note	Total	Level 1	Level 2	Level 3
		LKR '000	LKR '000	LKR '000	LKR '000
<b>Financial Assets Measured at Fair Value</b>					
Financial Assets at FVOCI					
- Quoted Equity Shares	19.1.1	98,975	98,975	-	-
<b>Non-Financial Assets Measured at Fair Value</b>					
Land and Building	12.1.4	16,115,783	-	-	16,115,783
Investment Properties	13.1	4,305,782	-	-	4,305,782
31 March 2026					
<b>Company</b>					
	Note	Total	Level 1	Level 2	Level 3
		LKR '000	LKR '000	LKR '000	LKR '000
<b>Financial Assets Measured at Fair Value</b>					
Financial Assets at FVOCI					
- Quoted Equity Shares	19.1.1	15,555	15,555	-	-
<b>Non-Financial Assets Measured at Fair Value</b>					
Investment Properties	13.2	1,300,098	-	-	1,300,098
31 March 2025					
	Note	Total	Level 1	Level 2	Level 3
		LKR '000	LKR '000	LKR '000	LKR '000
<b>Financial Assets Measured at Fair Value</b>					
Financial Assets at FVOCI					
- Quoted Equity Shares	19.1.1	17,781	17,781	-	-
<b>Non-Financial Assets Measured at Fair Value</b>					
Investment Properties	13.2	1,260,522	-	-	1,260,522

## 30.2 Non-Financial Assets Measured at Fair Value

	Group		Company
	Land and Building LKR '000	Investment Properties LKR '000	Investment Properties LKR '000
<b>As at 31 March 2024</b>	13,259,998	4,008,116	1,143,000
Recognised in Profit or Loss	(379,691)	252,681	117,522
Recognised in Other Comprehensive Income	1,090,439	-	-
Purchased / Acquired	2,168,368	6,785	-
Transfers	(23,331)	38,200	-
<b>As at 31 March 2025</b>	<b>16,115,783</b>	<b>4,305,782</b>	<b>1,260,522</b>
Recognised in Profit or Loss	(398,581)	106,398	39,576
Recognised in Other Comprehensive Income	1,011,969	-	-
Purchased / Acquired	171,459	-	-
Transfers	5,410	2,926	-
<b>As at 31 March 2026</b>	<b>16,906,042</b>	<b>4,415,106</b>	<b>1,300,098</b>

## 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 risk.

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 2026 and 2025.

The overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity'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:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 FINANCIAL RISK MANAGEMENT (CONTD.)

Year ended 31 March	Increase / (Decrease) in basis points	Effect on Profit before tax ( LKR 000)	
		Group	Company
2026	+150	(18,680)	(1,950)
	-150	18,680	1,950
2025	+150	(25,500)	-
	-150	25,500	-

### 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 2026	Group	
	5% Movement	
	Strengthening Amount '000	Weakening Amount '000
USD	29,853	(29,853)
EURO	80	(80)
GBP	607	(607)
TAKA	69,203	(69,203)

### 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 Balances with Banks

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	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
As at 31 March 2026	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Interest Bearing Loans and Borrowings	130,000	632,867	882,607	2,165,875	-	3,811,349
Lease Liability	-	33,705	230,597	928,834	1,378,539	2,571,675
Other Financial Liabilities	-	-	-	275,575	-	275,575
Trade and Other Payable	-	33,618,719	-	-	-	33,618,719
Bank Overdraft	1,387,532	-	-	-	-	1,387,532
	1,517,532	34,285,291	1,113,204	3,370,284	1,378,539	41,664,850

Group	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
As at 31 March 2025	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	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	-	31,940,411	-	-	-	31,940,411
Bank Overdraft	317,185	-	-	-	-	317,185
	317,185	32,610,509	3,369,258	4,070,264	1,564,319	41,931,535

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 FINANCIAL RISK MANAGEMENT (CONTD.)

Company	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
As at 31 March 2026	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Interest Bearing Loans and Borrowings	2,804,722	173,250	129,750	173,000	-	3,280,722
Lease Liability	-	21,673	60,058	-	-	81,731
Trade and Other Payable	-	1,139,120	-	-	-	1,139,120
Bank Overdraft	552,092	-	-	-	-	552,092
	3,356,814	1,334,043	189,808	173,000	-	5,053,665

Company	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
As at 31 March 2025	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	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	-	931,090	-	-	-	931,090
Bank Overdraft	64,262	-	-	-	-	64,262
	1,733,479	974,340	129,750	346,000	-	3,183,569

### 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	
		2026 LKR '000	2025 LKR '000
Interest Bearing Borrowings	24	6,145,925	7,556,393
Bank Overdraft	28	1,387,532	317,185
<b>Debt</b>		<b>7,533,457</b>	<b>7,873,578</b>
Equity Attributable to Equity Holder of the Parent		57,011,302	49,780,387
Non-Controlling Interests		716,165	540,045
<b>Total Equity</b>		<b>57,727,467</b>	<b>50,320,432</b>
<b>Equity and Debt</b>		<b>65,260,924</b>	<b>58,194,010</b>
Gearing Ratio		12%	14%

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 managing capital during the years ended 31 March 2026 and 31 March 2025:

## 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 non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the company as per 31 March 2025 audited financial statements, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock

Exchange listing Rule 9.14.8 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

### Recurrent Related Party Transactions

There were no 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 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.14.8 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

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, 2026.

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 Nature of Transaction	Subsidiaries		Equity Accounted Investees		Others		Total	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Services Rendered	2,239,795	1,451,875	45	-	15	150	2,239,855	1,452,025
IT Charges	435,880	401,001	2,280	2,778	175	154	438,336	403,933
Rent	37,392	33,993	14,010	-	-	-	51,402	33,993
Loan Interest Income	238	3,125	-	-	-	-	238	3,125
Loans Granted to Subsidiaries	(9,400)	(113,300)	-	-	-	-	(9,400)	(113,300)
Loans Repaid by Subsidiaries	26,900	411,700	-	-	-	-	26,900	411,700
Loan Interest Expense	(150,587)	(105,182)	-	-	-	-	(150,587)	(105,182)
Receipt of Services	(143,198)	(139,134)	-	-	-	-	(143,198)	(139,134)
Shared Service Fee	(24,321)	(18,646)	-	-	-	-	(24,321)	(18,646)
Purchase of Goods	(229)	(231)	-	-	-	-	(229)	(231)
Loans Obtained from Subsidiaries	2,905,500	3,479,000	-	-	-	-	2,905,500	3,479,000
Loans Repaid to Subsidiaries	(1,769,996)	(2,147,313)	-	-	-	-	(1,769,996)	(2,147,313)

The provision made for on accounts of related party receivables is disclosed in Note 21 to these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Details of Transactions

Entity	Nature of Transaction	2026	2025
		LKR '000	LKR '000
Hemas Manufacturing (Pvt) Ltd.	Services Rendered	718,787	418,961
	IT Charges	168,632	166,996
	Rental Income	37,392	33,993
	Interest Income	-	79
	Interest Expense	(109,508)	(67,457)
	Treasury Loans Repaid	-	300,000
	Treasury Loans Obtained	2,450,000	3,075,000
	Treasury Loans Repaid	(1,425,000)	(1,783,483)
Hemas Pharmaceuticals (Pvt) Ltd.	Purchases	-	(123)
	Services Rendered	783,668	524,167
Hemas Hospitals (Pvt) Ltd.	IT Charges	105,975	87,218
	Services Rendered	115,939	110,055
Hemas Capital Hospital (Pvt) Ltd.	IT Charges	40,675	30,553
	Receipt of Services	23	-
	IT Charges	13,487	11,770
Hemtours (Pvt) Ltd.	Services Rendered	129,336	106,137
	Interest Expense	(29,225)	(22,959)
Forbes Air Services (Pvt) Ltd.	Services Rendered	-	843
	Treasury Loans Obtained	20,000	302,000
	Treasury Loans Repaid	(4,496)	(7,000)
	Services Rendered	17,605	17,096
Far Shipping Agency Lanka (Pvt) Ltd	IT Charges	5,246	5,302
	Interest Expense	-	-
	Treasury Loans Obtained	-	-
	Treasury Loans Repaid	-	-
	IT Charges	-	951
Hemas Transportation (Pvt) Ltd	Services Rendered	45	236
	IT Charges	1,765	1,982
Hemas Marketing (Pvt) Ltd	Services Rendered	1,524	21,380
	Interest Expense	-	(5,904)
	Services Rendered	-	18
Hemas Trading (Pvt) Ltd	Treasury Loans Repaid	-	(127,600)
	Services Rendered	-	18
	Interest Expense	-	(1,325)
	Treasury Loans Obtained	-	28,000
	Treasury Loans Repaid	-	(28,000)

Entity	Nature of Transaction	2026 LKR '000	2025 LKR '000
Hemas Developments (Pvt) Ltd.	Services Rendered	21,069	23,967
	IT Charges	78	60
	Interest Expense	(101)	(6,591)
	Interest Income	236	1,215
	Rental Expense, Service Charges and car parking	(117,957)	(109,382)
	Admin Charges	(18,815)	(14,529)
	Loans Granted to Subsidiaries	(8,000)	(52,500)
	Loans Repaid by Subsidiaries	25,500	35,000
	Treasury Loans Obtained	15,500	7,500
	Treasury Loans Repaid	(15,500)	(122,730)
Hemas COE (Pvt) Ltd	Services Rendered	7,905	14,613
	IT Charges	37,462	40,182
	Interest Expense	-	(924)
	Shared Services Expenses	(24,322)	(18,646)
	Treasury Loans Obtained	-	41,500
	Treasury Loans Repaid	-	(78,500)
Hemas Corporate Services (Pvt) Ltd.	IT Charges	3,182	2,972
	Interest Expense	(1,311)	(22)
	Interest Income	-	1,780
	Services Rendered	2,469	2,772
	Centralised Coporate Services	(6,448)	(15,223)
	Treasury Loans Obtained	10,000	25,000
	Treasury Loans Granted	-	(12,800)
	Treasury Loans Repaid	(25,000)	28,700
Morison Limited	Services Rendered	117,606	41,892
	IT Charges	14,227	11,571
P H Resorts (Pvt) Ltd.	IT Charges	2,280	2,778
	Rental Income	14,010	-
Hemas Maritime (Pvt.) Ltd.	Services Rendered	40	445
	Interest Expense	(5,285)	-
	IT Charges	102	-
	Treasury Loans Obtained	70,000	-
Mazu Shipping (Pvt) Ltd	IT Charges	44	145
	Services Rendered	-	447
Atlas Axillia Co. (Pvt) Ltd.	IT Charges	30,633	26,361
	Treasury Loans Obtained	300,000	-
	Treasury Loans Repaid	(300,000)	-
	Interest Expense	(2,905)	-
	Services Rendered	292,571	127,565
	Purchases	(229)	(231)
Hemas Consumer Brands Pvt Ltd	IT Charges	10,054	10,345
	Services Rendered	677	-
Evergreen Shipping Agency Lanka (Pvt) Ltd	IT Charges	229	51
	Services Rendered	783	112

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Entity	Nature of Transaction	2026	2025
		LKR '000	LKR '000
Hemas Surgicals & Diagnostics (Pvt) Ltd	Services Rendered	29,672	33,389
	Interest Income	-	50
	Loans Granted to Subsidiaries	-	(48,000)
	Loans Repaid by Subsidiaries	-	48,000
Life Connect Solutions (Pvt) Ltd	IT Charges	3,432	4,389
	Services Rendered	-	6,463
Shipping Agency Services (Pvt) Ltd	IT Charges	658	153
	Services Rendered	143	-
Hemas Ecopower (Pvt) Ltd	Services Rendered	-	1,302
	Interest Expense	(2,251)	-
	Treasury Loans Obtained	40,000	-
Lesuire Asia Investments Ltd	Interest Income	2	-
	Treasury Loans Granted	(1,400)	-
	Treasury Loans Repaid	1,400	-

## 32.2 Transaction with Related Entities

Company	Relationship	Name of Director	Nature of Transaction	Value	
				2026	2025
				LKR '000	LKR '000
ET Properties (Pvt) Ltd	Key Management Personnel	A.N. Esufally	Services Rendered	15	150
		I.A.H. Esufally	IT Charges	175	154
Printcare PLC	Key Management Personnel	A.N. Esufally	Services obtained	-	(1,751)
Chemanex PLC	Key Management Personnel	S. A. B. Ekanayake	Purchase of Goods	-	(4,832)

## 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		Company	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Short Term Benefits*	657,464	494,468	228,121	47,690
Post Employment Benefit	41,727	30,202	8,346	-
Share Based Payment	40,080	7,101	-	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 EVENT AFTER THE REPORTING DATE

The Board of Directors of the Company has declared a final dividend of LKR 0.75 per share for the financial year ended 31 March 2026 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 17 July 2026.

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 2026.

### 34 COMMITMENTS AND CONTINGENCIES

#### Accounting Policy

#### Provisions

Contingent assets are disclosed, where an inflow of economic benefit is probable.

#### 34.1 Capital Commitments

Year ended 31 March	Group	
	2026 LKR '000	2025 LKR '000
Capital commitments approved but not provided for	1,995,676	914,922
	1,995,676	914,922

The Group entered into a Conditional Share Sale and Purchase Agreement (“SPA”) dated 25 September 2025 to acquire a majority equity interest in a consumer products company based in Kenya. The purchase consideration conditions have been set out in the SPA.

#### 34.2 Other Commitments and 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 2008/2009 and 2009/2010 disputing the qualifying payment relief claimed on factory relocation under the 300 enterprise programme.

The Tax Appeals Commission and Court of Appeal provided determinations against the 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 2009/2010 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 2026 in this regard.

VAT Assessments relating to Years of Assessments 2017 to 2023

The Department of Inland Revenue has issued VAT assessments for the years of assessment 2017 to 2023. Having discussed with independent 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 submission, and no provisions has been made in the financial statement for the year ended 31st March 2026 in this regard.

##### (b) Hemas Pharmaceuticals (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 DFCC on behalf of Hemas Surgicals & Diagnostics (Pvt) Ltd amounting to Rs. 200,000,000 /-, relating to facilities obtained.

The Company has given a Letter of Comfort to DFCC on behalf of Lifeconnect Solutions (Pvt) Ltd amounting to Rs.1,200,000,000 /-, relating to facilities obtained.

The Company has given a Letter of Comfort to HNB on behalf of Lifeconnect Solutions (Pvt) Ltd amounting to Rs.750,000,000/-, relating to facilities obtained.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## (c) **Morison Limited**

The Department of Inland Revenue has issued VAT assessments for the taxable periods within the years 2014 and 2015 disputing the application of exemption for sale of pharmaceutical products under the provision of section 3 (1) of the Value Added Tax Act, No. 14 of 2002, as amended. The Tax Appeals Commission (TAC) provided a determination confirming such assessment, and the Company has filed cases against such determinations at the Court of Appeal which is ongoing.

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 provision has been made in the financial statements for the year ended 31 March 2026 in this regard.

## (d) **Evergreen Shipping Agency Lanka (Private) Limited**

The Company has obtained a guarantee from Standard Chartered Bank in favor of Lanka Ports Authority for the credit facility obtained amounting to Rs 2,000,000/-.

The Company has obtained a guarantee from Standard Chartered Bank in favor of Director of Merchant Shipping to obtain shipping license amounting Rs. 500,000/-.

The Company has obtained a guarantee from Standard Chartered Bank in favor of The Chairman, Sri Lanka Ports Authority amounting to Rs. 160,000,000/-.

## (e) **Forbes Air Services (Pvt) Ltd**

The Company has obtained a guarantee from Standard Chartered Bank favoring Emirates - Dubai amounting to Rs. 2,612,390,000/-

The Company has obtained a guarantee from Standard Chartered Bank in favor of Airport and Aviation amounting to Rs. 696,177/-

The Company has obtained a guarantee from Standard Chartered Bank in favor of Director General of Civil Aviation amounting to Rs.364,325,834/-

Other than stated above there were no material contingent liabilities pertaining to employees and industrial relations.

## (f) **Atlas Axillia Co.(Private) Limited**

The Department of Inland Revenue has issued Income Tax assessment for the year of assessment 2018/2019 for which the company has duly appealed. The matter was heard before the Tax Appeals Commission and subsequently referred back to the Inland Revenue Department. 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 31st March 2026 in this regard.

## **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 26.

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 43 in capturing its financial performance. For the purpose of reporting on its sustainability performance, the Group has considered 20 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 SOPs 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.

\* These companies have been excluded for sustainability reporting purposes.

Name /Principle Place of Business	Relationship	Effective Holding		Principal Activities	Board Members
		2026	2025		
<b>CONSUMER BRANDS</b>					
Hemas Manufacturing (Private) Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Manufacturing and Trading of Consumer Products	Sabrina Esufally, Jeewantha Sanjeewa, Dandeniya Nilika Upulini De Alwis Goonetilleke
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	
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	Dasaratharaman Kannan, Asitha Samaraweera
Unicorn Investment (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%	Importing and Distribution of Consumer Products	Dinesh Athapaththu, Dilhan Jayasundara
Atlas Axillia Singapore PTE. Ltd.* 531A Upper Cross Street, #04-95, Hong Lim Complex, Singapore 051531	Subsidiary	100%	100%	Wholesale on a fee or commission basis	Asitha Ruan Frank Samaraweera, Jackson Goh Keng Koon, Moiz Hyderi Adamally Rehmanjee, Sabrina Esufally
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, Sabrina Esufally, Dilhan Jayasundara
Fonix Edu (Pvt) Ltd.* 263/A, Eththota, Gallalla, Ratnapura, Sri Lanka	Associate	46%	0%	Software development and educational technology solutions	Jaganeththi Wahumpuralage Dilanka Sanjaya Wijethilaka, Binduhewa Upali Indrajith Amarathunga
<b>HEALTHCARE</b>					
Hemas Pharmaceuticals (Private) Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Distribution of Pharmaceutical Products	Dr. Mahesha Ransoma, Jeewantha Sanjeewa
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%	98%	Hospital Services	Murtaza Esufally, Dr. Lakith Peiris, Dr. Uma Kadamboor, Vajira Kulatilaka, Ravi Jayasekera, Moiz Rehmanjee, Ashish Chandra
Hemas Capital Hospital (Private) Limited No. 647, Pannipitiya Road, Thalwathugoda, Sri Lanka	Subsidiary	98%	98%	Hospital Services	Murtaza Esufally , Dr. Lakith Peiris, Moiz Rehmanjee
Healthnet International (Pvt) Ltd.* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Online Pharmacy Services	Dr. Mahesha Ransoma, Mohamed Rizny Faisal

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Name /Principle Place of Business	Relationship	Effective Holding		Principal Activities	Board Members
		2026	2025		
Lifecconnect 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, Chinthaka Perera
Morison Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	96%	96%	Manufacture and distribution of Pharmaceuticals	Dinesh Athapaththu, Dilhan Jayasundara
<b>MOBILITY</b>					
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, Upul Nishantha Wickrama Arachchillage
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 Jayasekera, Ashish Chandra
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, Upul Nishantha Wickrama Arachchillage
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, Ravi Jayasekera, Kuang-Hui Wu
Mazu Shipping (Private) Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Shipping Agents	Imtiaz Esufally, Mushin Kitchilan, Upul Nishantha Wickrama Arachchillage
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%	100%	Shipping Agents	Mushin Kitchilan, Upul Nishantha Wickrama Arachchillage
Morlan (Private) Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Warehousing	Murtaza Esufally, Moiz Rehmanjee
<b>OTHER</b>					
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

Name /Principle Place of Business	Relationship	Effective Holding		Principal Activities	Board Members
		2026	2025		
Hemtours (Pvt) Ltd.* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Destination Management Services	Abbas Esufally, Moiz Rehmanjee
Leisure Asia Investments Limited.* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Investment Holding Company	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.* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Joint Venture	50%	50%	Operating a Tourist Hotel	Abbas Esufally, Dillipraj 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.* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, 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
Ecopower (Private) Limited.* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka	Subsidiary	100%	100%	Investment Holding Company	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
Althia Health Uni (Private) Limited.* 16th Floor, BoC Merchant Tower, No. 28, St. Michael's Road, Colombo 03, Sri Lanka	Joint Venture	50%	0%	Carry on the business of providing tertiary educational programs pertaining to Allied Health Sciences.	Mr. Murtaza Esufally, Prof. Lalith Gamage, Dr. Malitha Wijesundara, Dr. Vathsala Sadanmr. Rizny Faisal

# QUARTERLY SNAPSHOT

## INFORMATION PURPOSES ONLY

Group	Q1		Q2		Q3		Q4		Group	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Revenue from Contracts with Customers	28,525,845	25,476,163	32,286,945	28,912,080	35,008,957	33,234,690	31,540,250	30,347,241	127,361,997	117,970,174
Gross Profit	8,600,815	7,610,260	10,599,961	9,139,743	11,337,808	11,005,656	10,889,150	9,317,630	41,427,734	37,073,289
Operating Profit	2,063,999	1,930,481	3,495,291	3,092,731	4,248,294	4,863,645	4,336,980	3,819,772	14,144,564	13,706,629
Net Finance Cost	(111,580)	(214,592)	(55,531)	(259,559)	(81,966)	(271,190)	(172,267)	(232,486)	(421,344)	(977,827)
Profit Before Tax	1,952,419	1,715,889	3,439,760	2,833,172	4,166,328	4,592,455	4,164,713	3,587,286	13,723,220	12,728,802
Income Tax Expenses	(697,139)	(713,593)	(1,279,315)	(1,243,950)	(1,422,462)	(1,487,898)	(1,032,139)	(944,700)	(4,431,055)	(4,390,141)
Profit for the Year	1,255,280	1,002,296	2,160,445	1,589,222	2,743,866	3,104,557	3,132,574	2,642,586	9,292,165	8,338,661
Attributable to:										
Equity Holders of the Parent	1,191,893	945,559	2,060,655	1,508,766	2,638,601	3,026,198	3,029,539	2,576,438	8,920,688	8,056,961
Non-Controlling Interests	63,387	56,737	99,790	80,456	105,265	78,359	103,035	66,148	371,477	281,700
Non Current Assets	36,816,003	30,881,896	37,148,131	32,743,972	37,161,153	33,175,756	39,142,096	36,585,033	39,142,096	36,585,033
Current Assets	60,994,230	64,041,870	63,005,589	61,364,350	69,944,797	64,273,022	67,720,258	60,305,493	67,720,258	60,305,493
Non Current Liabilities	7,936,343	9,694,654	10,217,044	8,989,907	9,935,402	8,907,075	9,756,885	9,927,565	9,756,885	9,927,565
Current Liabilities	40,428,522	41,930,290	38,281,525	40,254,260	43,526,462	41,181,413	39,378,002	36,642,529	39,378,002	36,642,528
Total Equity	49,445,368	43,298,822	51,655,151	44,864,155	53,644,086	47,360,290	57,727,467	50,320,433	57,727,467	50,320,433

# INDICATIVE US DOLLAR FINANCIAL STATEMENTS

## INFORMATION PURPOSES ONLY

	Group	
	2026 USD '000	2025 USD '000
Revenue from Contracts with Customers	418,683	394,121
Gross Profit	136,187	123,856
<b>Operating Profit</b>	<b>46,498</b>	<b>45,792</b>
Net Finance Cost	(1,385)	(3,267)
<b>Profit Before Tax</b>	<b>45,113</b>	<b>42,525</b>
Income Tax Expenses	(14,566)	(14,667)
<b>Profit for the Year</b>	<b>30,547</b>	<b>27,858</b>
Attributable to:		
Equity Holders of the Parent	29,325	26,917
Non-Controlling Interests	1,221	941
Non Current Assets	128,674	123,120
Current Assets	222,620	202,946
Non Current Liabilities	32,074	33,409
Current Liabilities	129,449	123,313
Total Equity	189,770	169,344
Closing exchange rate	316	297
Average exchange rate	304	299

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
LKR '000									Restated	
<b>Operating Results</b>										
Group Revenue	127,361,997	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
Gross Profit	41,427,734	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
Operating Profit	14,144,564	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
Profit Before Taxation	13,723,220	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
Taxation	4,431,055	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
Profit After Taxation	9,292,165	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
Profit Attributable to the Parent	8,920,688	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
<b>Equity &amp; Liabilities</b>										
Stated Capital	7,989,306	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
Other Reserves	9,679,446	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
Retained Earnings	39,342,550	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
Non-Controlling Interests	716,165	540,045	687,829	715,842	919,517	1,542,904	3,560,170	3,771,078	3,590,445	3,217,800
Non-Current Liabilities	9,756,885	9,927,565	9,969,958	9,825,126	6,084,689	5,869,395	9,696,699	6,105,593	6,817,837	3,193,557
Current Liabilities	39,375,981	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
Liabilities Associated with Assets Held for Sale	2,021	4,659	-	-	-	-	-	-	-	-
	106,862,354	96,890,526	93,722,932	98,497,883	76,307,670	63,594,388	64,380,417	62,749,400	57,698,581	47,318,551
<b>Assets</b>										
Non Current Assets	39,142,096	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
Current Assets	67,709,245	60,232,365	62,843,408	70,875,255	51,221,369	37,854,726	35,653,636	36,507,416	32,034,183	28,468,847
Assets Held for Sale	11,013	73,128	-	-	-	-	-	-	-	-
	106,862,354	96,890,526	93,722,932	98,497,883	76,307,670	63,594,388	64,380,417	62,749,400	57,698,581	47,318,551
<b>Cash Flows</b>										
Net cash flows from operating activities	11,808,011	13,387,969	13,905,592	(9,261,703)	8,052,336	6,539,456	1,589,246	1,813,421	5,782,146	3,005,374
Net cash flows from / (used in) investing activities	(2,638,498)	(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)
Net cash flows from / (used in) financing activities	(5,055,712)	(7,851,804)	(8,522,833)	9,597,012	(3,535,923)	(1,772,351)	833,566	(1,135,168)	(3,291,577)	(1,087,290)
Net increase / (decrease) in Cash and Balances with Banks	4,113,801	526,785	(315,528)	(972,858)	4,784,297	3,656,430	(76,911)	(1,519,079)	(4,867,036)	(290,924)
Capital Expenditure	2,409,354	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
<b>Key Indicators</b>										
Earnings Per Share (LKR) *	2.98	2.70	2.05	1.43	1.42	1.09	0.41	1.13	0.90	1.22
Dividends Per Share (LKR)**	0.95	4.00	2.35	2.35	4.35	0.40	1.45	4.93	1.85	1.40
Dividend Cover (No. of Times)	3.14	3.37	4.36	3.05	1.62	13.64	1.43	1.15	2.44	4.36
Dividend Payout Ratio (%)	31.81	29.6	23.0	32.8	61.1	7.3	70.0	87.3	40.9	23.0
Interest Cover (No. of Times)	13.79	9.11	3.66	2.77	7.26	9.87	3.68	5.41	6.87	9.21
Net Assets Per Share (LKR)*	19.03	16.67	14.56	12.88	11.93	10.69	9.37	9.43	8.86	8.70
Current Ratio (No. of Times)	1.72	1.64	1.59	1.43	1.52	1.60	1.50	1.47	1.47	1.78
Gearing (%)	11.54	13.5	22.4	35.4	15.2	17.2	23.2	18.2	19.7	16.0
ROE (%)	17.2	17.7	15.3	13.4	13.8	10.3	4.3	12.1	10.3	14.2
Asset Turnover (No. of times)	1.2	1.2	1.3	1.2	1.0	1.0	0.9	1.0	0.9	0.9
Debt : Equity (No. of times)	0.13	0.16	0.29	0.55	0.18	0.21	0.30	0.22	0.25	0.19
Debt : Total Asset (No. of times)	0.07	0.08	0.14	0.22	0.09	0.11	0.15	0.11	0.12	0.11
<b>Investor Information</b>										
Market Price (LKR)**	29.60	120.00	80.40	65.00	46.20	83.40	56.20	75.00	124.90	108.70
P/E Ratio	9.93	8.90	7.85	9.08	6.49	15.28	27.11	13.27	27.63	17.83
Shares in issue ('000)*	2,995,985	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
Market Capitalization (LKR Mn.)	88,681	71,677	47,972	38,775	27,560	49,752	33,497	44,703	71,809	65,256
52 - Week Market Share Price High (LKR)**	36.70	128.00	85.90	70.00	87.00	107.00	86.70	127.00	154.90	110.00
52 - Week Market Share Price Low (LKR)**	24.00	102.75	60.00	39.00	45.40	54.00	55.10	73.50	108.00	81.00

\*Reflects the 1-for-5 share split approved by shareholders on April 28, 2025.

\*\*Dividend per share and market price details for 2026 are presented on a post 1-for-5 share split basis.

# SHAREHOLDER INFORMATION

## 1. ANALYSIS OF SHAREHOLDERS AS AT 31.03.2026

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	8,620	2,941,442	0.10	35	17,400	0.00	8,655	2,958,842	0.10
1001 to 10,000 Shares	6,688	25,169,079	0.84	44	219,956	0.01	6,732	25,389,035	0.85
10,001 to 100,000 Shares	2,249	69,794,111	2.33	39	1,479,709	0.05	2,288	71,273,820	2.38
100,001 to 1000,000 Shares	415	125,973,552	4.20	17	7,570,946	0.25	432	133,544,498	4.45
Over 1,000,000 Shares	104	2,577,331,992	86.03	17	185,486,828	6.19	121	2,762,818,820	92.22
<b>TOTAL</b>	<b>18,076</b>	<b>2,801,210,176</b>	<b>93.5</b>	<b>152</b>	<b>194,774,839</b>	<b>6.50</b>	<b>18,228</b>	<b>2,995,985,015</b>	<b>100.00</b>

## 2. CATEGORIES OF SHAREHOLDERS

	No. of Shareholders	No. of Shares
Individual	17,626	494,452,268
Institutional	602	2,501,532,747
	<b>18,228</b>	<b>2,995,985,015</b>

## 3. SHARE TRADING

	2026	2025
<b>Market Price</b>		
Highest Price	123	128
Lowest Price	24.0	67.9
As at year-end (Rs.)	29.60	120
No. of Trades	108,749	26,616
No. of Shares Traded	792,270,174	127,748,704
Value of Shares Traded (Rs. Mn)	25,938	11,990

## 4. COMPUTATION OF PUBLIC SHAREHOLDING

	2026
Issued Share Capital as at 31 March	2,995,985,015
Less	
Parent Company	-
Subsidiaries of Parent	-
Directors' Shareholding (a)	3,431,350
Spouses and children of Directors and Chief Executive Officer	47,530,450
Key Management Personnel	-
Close Family Members (b)	-
Controlling Interest (c)	1,820,064,275
Over 10% Holding	-
Public Holding	1,124,958,940
Public Holding as a % of issued Share Capital	37.548%
Total Number of Shareholders	18,228
Number of Persons Holding Shares Excluded when Computing Public Holding %	13
Number of Shareholders representing the Public Holding	18,215

# SHAREHOLDER INFORMATION

## TOP 20 SHAREHOLDERS

List of 20 Major Shareholders as at 31 March		2026		2025	
		No of Shares	%	No of Shares	%
1.	A Z HOLDINGS (PRIVATE) LIMITED	470,461,525	15.70	94,092,305	15.75
2.	AMAGROUP PVT LTD	457,136,665	15.26	91,427,333	15.31
3.	SARAZ INVESTMENTS (PRIVATE) LIMITED	447,826,385	14.95	89,565,277	14.99
4.	BLUEBERRY INVESTMENTS (PVT) LTD	444,639,700	14.84	88,927,940	14.89
5.	MR. E.D. PIERIS	100,000,000	3.34	10,000,000	1.67
6.	EMPLOYEE'S PROVIDENT FUND	94,752,933	3.16	-	-
7.	MRS. R.G. ABDULHUSSEIN	50,058,310	1.67	10,011,662	1.68
8.	J.B. COCOSHELL (PVT) LTD	44,953,808	1.50	9,195,571	1.54
9.	BBH-KOPERNIK GLOBAL ALL-CAP FUND	41,603,360	1.39	13,149,737	2.20
10.	BBH-TUNDRA SUSTAINABLE FRONTIER FUND	35,009,640	1.17	7,001,928	1.17
11.	BBH-KOPERNIK GLOBAL ALL-CAP EQUITY FUND	30,705,975	1.02	8,677,203	1.45
12.	BBH -TUNDRA SHIKARI GLOBAL	29,945,000	1.00	5,989,000	1.00
13.	RUBBER INVESTMENT TRUST LTD A/C NO 01	28,035,990	0.94	8,145,002	1.36
14.	HATTON NATIONAL BANK PLC/PHANTOM INVESTMENTS (PRIVATE) LIMITED	26,944,305	0.90	-	-
15.	AKBAR BROTHERS PVT LTD	26,281,821	0.88	4,298,475	0.72
16.	MR. D.C. FERNANDO	16,344,480	0.55	-	-
17.	RANAVAV HOLDINGS (PVT) LTD	15,560,397	0.52	3,408,035	0.57
18.	CEYLON INVESTMENT PLC A/C # 02	14,933,595	0.50	3,706,719	0.62
19.	AMANA BANK PLC/MR.MOHAMED AYAZ DEEN	12,596,305	0.42	-	-
20.	DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND	12,193,436	0.41	3,280,622	0.55

a) **Directors' Shareholding**

	31 March 2026	31 March 2025
MR. A.N. ESUFALLY	86,765	17,353
MR. I.A.H. ESUFALLY	431,420	86,284
MR. M.A.H. ESUFALLY	2,913,165	582,633
MR. R. PATHIRANA	-	-
MR. W.V.S.D. WEERASINGHE	-	-
MR. W.A.T. FERNANDO	-	-
MS. W.T.V. PERERA	-	-
MR. A. CHANDRA	-	-
<b>TOTAL</b>	<b>3,431,350</b>	<b>686,270</b>

b) **Close Family Members**

	31 March 2026	31 March 2025
MISS. ZARA ESUFALLY	12,125,000	2,425,000
MR. AMAAR ESUFALLY	12,125,000	2,425,000
MRS. BILQUIS I. ESUFALLY	3,625	725
MRS. SAKINA I. ESUFALLY	10,366,825	2,073,365
MR. HUSEIN.I. ESUFALLY	10,000,000	2,000,000
MR. AKHEEL M. ESUFALLY	2,910,000	582,000
<b>TOTAL</b>	<b>47,530,450</b>	<b>9,506,090</b>

c) **Controlling Interest**

	31 March 2026	31 March 2025
A Z HOLDINGS (PRIVATE) LIMITED	470,461,525	94,092,305
SARAZ INVESTMENTS (PRIVATE) LIMITED	447,826,385	89,565,277
BLUEBERRY INVESTMENTS (PVT) LTD	444,639,700	88,927,940
AMAGROUP (PVT) LTD	457,136,665	91,427,333
<b>TOTAL</b>	<b>1,820,064,275</b>	<b>364,012,855</b>

# SHAREHOLDER INFORMATION

## Employee Share Option Plan as At 31 March 2026\*

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	
27.07.2020	Executive Directors	2,630,758	26.07.2024	60.00	241,437	76,500	630,193	1,682,628	-	-	60.00
	Senior Executives	547,188			-	-	166,423	380,765	-	-	
		2,083,570			241,437	76,500	463,770	1,301,863	-	-	
20.07.2021	Executive Directors	3,538,112	19.07.2027	82.46	202,485	457,959	1,923,427	-	954,241	954,241	82.46
	Senior Executives	778,815			-	-	673,515	-	105,300	105,300	
		2,759,297			202,485	457,959	1,249,912	-	848,941	848,941	
20.07.2022	Executive Directors	3,071,647	19.07.2028	43.84	557,056	-	2,144,194	-	370,398	370,398	43.84
	Senior Executives	526,500			-	-	336,960	-	189,540	189,540	
		2,545,147			557,056	-	1,807,234	-	180,858	180,858	
20.07.2023	Executive Directors	3,375,000	19.07.2029	71.02	-	-	3,375,000	-	-	-	71.02
	Senior Executives	3,375,000			-	-	-	-	-	-	
		-			-	-	-	-	-	-	
01.10.2024	Executive Directors	5,850,000	30.09.2030	72.23	1,650,000	250,000	-	-	3,950,000	3,950,000	72.23
	Senior Executives	5,850,000			1,650,000	250,000	-	-	3,950,000	3,950,000	
		-			-	-	-	-	-	-	
20.07.2025	Executive Directors	5,000,000	19.07.2031	29.79	-	-	-	-	5,000,000	5,000,000	29.79
	Senior Executives	5,000,000			-	-	-	-	-	-	
		-			-	-	-	-	-	-	

\*The sub-division of Ordinary Shares, where each share was split into five shares, was approved by shareholders on 28 April 2025. Grant 05 reflects the post-split position while other Grants reflect the pre-split position.

# INDEPENDENT ASSURANCE REPORT



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## 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 2025/26

### 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 2026 (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 23 February 2026. 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.

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

## OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.

- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

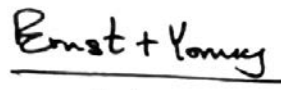
## EMPHASIS OF MATTER

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

## CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Hemas Holdings PLC for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.



22 May 2026

Colombo

# GRI CONTENT INDEX

Statement of Use		Hemas Holdings PLC has reported in accordance with the GRI Standards for the period April 1, 2025 to March 31, 2026				
GRI 1 used		GRI 1: Foundation 2021				
GRI Standard/ Other Source	Disclosure	Location	Omission			
			Requirement(S) Omitted	Reason	Explanation	
<b>General Disclosures</b>						
GRI 2: General Disclosures 2021	2-1 Organizational details	IBC				
	2-2 Entities included in the organization's sustainability reporting	3,226-229				
	2-3 Reporting period, frequency and contact point	3,4				
	2-4 Restatements of information	3				
	2-5 External assurance	3,81				
	2-6 Activities, value chain and other business relationships	2,3,51				
	2-7 Employees	31				
	2-8 Workers who are not employees	31				
	2-9 Governance structure and composition	87				
	2-10 Nomination and selection of the highest governance body	89				
	2-11 Chair of the highest governance body	89				
	2-12 Role of the highest governance body in overseeing the management of impacts	96				
	2-13 Delegation of responsibility for managing impacts	82,96				
	2-14 Role of the highest governance body in sustainability reporting	4,82				
	2-15 Conflicts of interest	91				
	2-16 Communication of critical concerns	83,90				
	2-17 Collective knowledge of the highest governance body	93				

# GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
	2-18 Evaluation of the performance of the highest governance body	92			
	2-19 Remuneration policies	92-93			
	2-20 Process to determine remuneration	142-143			
	2-21 Annual total compensation ratio		2-21	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	7-8			
	2-23 Policy commitments	79,80			
	2-24 Embedding policy commitments	79			
	2-25 Processes to remediate negative impacts	79-81			
	2-26 Mechanisms for seeking advice and raising concerns	32,83			
	2-27 Compliance with laws and regulations	40,54			
	2-28 Membership associations	54			
	2-29 Approach to stakeholder engagement	83-84			
	2-30 Collective bargaining agreements	32			
<b>Material Topics</b>					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	85			
	3-2 List of material topics	86			
<b>Economic Performance</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	81			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	20			
	201-2 Financial implications and other risks and opportunities due to climate change	110-111			

GRI Standard/ Other Source	Disclosure	Location	Omission		Explanation
			Requirement(s) Omitted	Reason	
	201-3 Defined benefit plan obligations and other retirement plans	39			
	201-4 Financial assistance received from government		201-4 a,b,c	Not applicable	The Group does not receive any assistance from the Government
<b>Anti-Corruption</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	81			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	32			
	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.
<b>Energy</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	81			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	43			
	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	43			
	302-4 Reduction of energy consumption	43	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
<b>Water and Effluents</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	81			

# GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(s) Omitted	Reason	Explanation
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	44-45			
	303-2 Management of water discharge-related impacts	44,45			
	303-3 Water withdrawal	45			
	303-4 Water discharge	45			
	303-5 Water consumption	45			
<b>Emissions</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	81			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	42			
	305-2 Energy indirect (Scope 2) GHG emissions	42			
	305-3 Other indirect (Scope 3) GHG emissions	42	GRI 305-3 a,b,c,d,e,f,g	Information unavailable/incomplete	The group partially tracks this information
	305-4 GHG emissions intensity	42			
	305-5 Reduction of GHG emissions	42			
	305-6 Emissions of ozone-depleting substances (ODS)	42	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
<b>Waste</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	81			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	46			
	306-2 Management of significant waste-related impacts	46			
	306-3 Waste generated	46-47			
	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	

GRI Standard/ Other Source	Disclosure	Location	Omission		Explanation
			Requirement(S) Omitted	Reason	
<b>Employment</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	81			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	31-32			
	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	37	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.
<b>Occupational Health and Safety</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	81			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	33			
	403-2 Hazard identification, risk assessment, and incident investigation	34			
	403-3 Occupational health services	34			
	403-4 Worker participation, consultation, and communication on occupational health and safety	33			
	403-5 Worker training on occupational health and safety	33,35			
	403-6 Promotion of worker health	34-35			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	34			
	403-8 Workers covered by an occupational health and safety management system	33	GRI 403-8 a,b,c	Information unavailable/incomplete	The Group does not track this data at present
	403-9 Work-related injuries	34			
	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

# GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission	
			Requirement(s) Omitted	Reason Explanation
<b>Training and Education</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	81		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	35-36		
	404-2 Programs for upgrading employee skills and transition assistance programs		GRI 404-2 a,b	Information unavailable/ The Group does not track this data at present incomplete
<b>404-3 Percentage of employees receiving regular performance and career development reviews</b>				
<b>Freedom of Association and Collective Bargaining</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	81		
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	32		
<b>Child Labor</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	81		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	31		
<b>Forced or Compulsory Labor</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	81		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	31		
<b>Local Communities</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	81		

GRI Standard/ Other Source	Disclosure	Location	Omission		Explanation
			Requirement(s) Omitted	Reason	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	54-55			
	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
<b>Customer Health and Safety</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	81			
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	49			
<b>Marketing and Labeling</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	81			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling			Not applicable	Many of the group businesses 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 regulatory labelling requirements.
	417-2 Incidents of non-compliance concerning product and service information and labeling	49			
	417-3 Incidents of non-compliance concerning marketing communications	49			
<b>Customer Privacy</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	81			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	49			

# 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 Shareholder's Funds plus debt and Non-Controlling Interests minus Cash and balances with banks.

## **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.

## **WORKING CAPITAL**

Inventories plus Trade and Other Receivables minus Trade and Other Payables.

# NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Seventy Seventh 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 Friday, 26th day of June 2026 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 2026 together with the Reports of the Directors and Auditors thereon.
2. To re-elect, Mr. I. 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. R. P. Pathirana who retires by rotation in terms of Article 84 of the Articles of Association, as a Director.
4. To re-elect, Mr. A. Chandra who retires In terms of Article 72 of the Articles of Association, as a Director.
5. 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 (2) (a) of the said Companies Act shall not apply to Mr. A. N. Esufally."
6. To declare a final dividend of Rs. 0.75 per Ordinary Share as recommended by the Board.
7. To re-appoint Messrs. Ernst & Young, Chartered Accountants, as Auditors of the Company and to authorise the Directors to determine their remuneration.
8. 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 2026

## 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 2026" 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.
- ✎ 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. Ajith Fernando of Colombo 7	whom failing
Mr. Murtaza Abidhusein Hassanally Esufally of Colombo 5	whom failing
Mr. Abbasally Nuruddin Esufally of Colombo 7	whom failing
Mr. Imtiaz Abidhusein Hassanally Esufally of Colombo 7	whom failing
Mr. Ranil Prasad Pathirana of Rajagiriya	whom failing
Mr. Supun Weerasinghe of Thalawathugoda	whom failing
Ms. Thusitha Perera of Colombo 5	whom failing
Mr. Ashish Chandra of Colombo 3	whom failing

as \*my/our Proxy to \*speak and /to vote for \*me/us on \*my/our behalf at the Seventy Seventh Annual General Meeting (AGM) of Hemas Holdings PLC to be held as a virtual AGM on Friday, 26th day of June 2026 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 2026 together with the Reports of the Directors and Auditors thereon.		
2.	To re-elect, Mr. I. 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. R. P. Pathirana who retires by rotation in terms of Article 84 of the Articles of Association, as a Director.		
4.	To re-elect, Mr. A. Chandra who retires in terms of Article 72 of the Articles of Association, as a Director.		
5.	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 (2) (a) of the said Companies Act shall not apply to Mr. A. N. Esufally."		
6.	To declare a final dividend of Rs. 0.75 per Ordinary Share as recommended by the Board.		
7.	To re-appoint Messrs. Ernst & Young, Chartered Accountants, as Auditors of the Company and to authorise the Directors to determine their remuneration.		
8.	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.

# FORM OF PROXY

## 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:	

Folio/CDS Account Number

Hemas Holdings PLC  
Annual General Meeting - 26th June 2026

**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 2025/2026**

I wish to obtain a printed copy of the Annual Report 2025/26 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	

.....  
*Principal Shareholder  
Signature and Date*

# 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

PQ 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

Mr. A. Fernando (Chairman)  
Mr. M. A. H. Esufally (Deputy Chairman)  
Mr. A. Chandra (Group CEO)  
Mr. A. N. Esufally  
Mr. I. A. H. Esufally  
Mr. R. P. Pathirana  
Mr. S. Weerasinghe  
Ms. T. Perera

## AUDIT COMMITTEE

Ms. T. Perera – Chairperson  
Mr. R. P. Pathirana  
Mr. I. A. H. Esufally

## HUMAN RESOURCES AND REMUNERATION COMMITTEE

Mr. S. Weerasinghe – Chairman  
Ms. T. Perera  
Mr. M. A. H. Esufally

## NOMINATION AND GOVERNANCE COMMITTEE

Ms. T. Perera – Chairperson  
Mr. A. Fernando  
Mr. A. N. Esufally

## RELATED PARTY TRANSACTION REVIEW COMMITTEE

Ms. T. Perera – Chairperson  
Mr. R. P. Pathirana  
Mr. I. A. H. Esufally

## 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  
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  
People's Bank  
The Hongkong and Shanghai Banking Corporation Limited

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'Hemas House'  
No. 75, Braybrooke Place, Colombo 2.  
Telephone: +94 11 4731731  
Website: [www.hemas.com](http://www.hemas.com)