Hayleys LEISURE

PREFERRED IN EVERY HUE

ANNUAL REPORT 2025/2026

PREFERRED IN EVERY HUE

At Hayleys Leisure PLC, we bring together a spectrum of experiences that reflect the many ways in which hospitality is felt and remembered. The preference of our clientele is something we earn through experience across each destination, each interaction and each moment. Every action we take is designed to resonate differently while consistently delivering the same standard of excellence.

This diversity is our strength. It allows us to connect with our guests in ways that are meaningful and memorable, creating experiences that feel vibrant, distinct and thoughtfully curated. Our recognition this year reinforces our position as a brand that is preferred across every touchpoint.

As we continue to evolve, we remain committed to enhancing this spectrum, guaranteeing that every experience reflects care, quality and individuality, and ensuring that Hayleys Leisure PLC continues to be preferred in every hue.

Hayleys LEISURE

CONTENTS

ABOUT US

OUR VALUES

- Never say "No"
- Get it right the first time, all the time
- Innovative culture
- Take care of our employees and their families
- Truly sustainable

OUR PROMISE

We will always be an exciting and innovative sector who will create raving fans and not simply satisfied customers

OUR PURPOSE

Curating Happiness

OUR VISION

To be the most preferred leisure service provider in Sri Lanka

At Hayleys Leisure, we bring together luxury, authenticity, and Sri Lankan hospitality to create distinctive travel experiences across the island. Through our flagship brand, Amaya Resorts & Spas, we offer a diverse collection of properties that showcase the beauty, culture, and spirit of Sri Lanka.

From sun-kissed beaches to serene hill country landscapes, each destination is thoughtfully crafted to reflect its natural surroundings while delivering exceptional comfort, personalised service, and memorable experiences. Whether guests seek cultural exploration, wellness and relaxation, or immersive encounters with nature, our properties are designed to offer experiences that are both enriching and unforgettable.

Driven by a passion for meaningful travel, we remain committed to elevating hospitality standards through warm Sri Lankan hospitality, world-class facilities, and experiences that celebrate the island's rich heritage and charm.

OWNERSHIP STRUCTURE

Hayleys LEISURE

Hayleys Holidays (Private) Limited
100%

Hayleys Hotel Management Services (Private) Limited
100%

Kandyan Resorts (Private) Limited
100%

CDC Convention (Private) Limited
100%

Culture Club Resorts (Private) Limited
100%

Sun Tan Beach Resorts Limited
84.09%

OWNED PROPERTIES

RESORTS

- Amaya Hills, Kandy
- Amaya Beach, Passikudah
- Amaya Lake, Dambulla

MANAGED PROPERTIES

CITY HOTEL

- The Kingsbury, Colombo

RESORT

- The Fortress Resort & Spa, Koggala

BOUTIQUE COLLECTIONS

- Amuna Ayurveda Retreat, Dambulla
- Oliphant Boutique Villa, Nuwara Eliya
- Langdale Boutique Hotel, Nuwara Eliya
- The Villas, Wadduwa

ABOUT THIS REPORT

WELCOME TO THE 4TH INTEGRATED ANNUAL REPORT PUBLISHED BY HAYLEYS LEISURE PLC. THE THEME FOR THIS YEAR'S REPORT, "PREFERRED IN EVERY HUE" HAS BEEN DESIGNED TO CONVEY THE GROUP'S COMMITMENT TO BE A TRUSTED AND PREFERRED PARTNER TO GUESTS, EMPLOYEES, SHAREHOLDERS, BUSINESS PARTNERS, COMMUNITIES, AND ALL OTHER STAKEHOLDERS CONNECTED TO THE GROUP.

GRI 2 -5

REPORT PROFILE

The Integrated Annual Report of Hayleys Leisure PLC for the financial year 2025/26 has been prepared to provide stakeholders with a balanced overview of how the Group creates sustainable value over the short, medium, and long term. Being the 4th integrated report published by the Group, the current report improves upon the disclosures made in the past by clearly demonstrating how integrated thinking is embedded across the Group to ensure strategy, governance, operational performance, risk management, and sustainability considerations are interconnected within the Group's decision-making processes.

Previous Annual Reports, including the Integrated Annual Report for FY 2024/25, are available for viewing and download

KEY IMPROVEMENTS IN FY 2025/26 REPORT

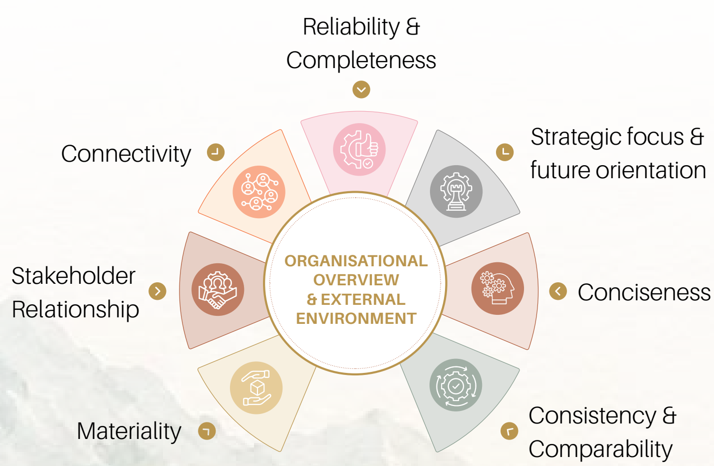
- Comprehensive disclosures to align with SLFRS S1 and S2 Sustainability and Climate Related Disclosures
- Additional screening of Material Topics using the double materiality filter
- Introduction of the Strategy and Resource Allocation to depict the deployment of financial and non-financial resources to support strategy
- Improving connectivity of information between stakeholder engagement, material topics, strategy & resource allocation and risks

FINANCIAL AND STATUTORY REPORTING BOUNDARY

01st April 2025 to 31st March 2026

HAYLEYS LEISURE PLC

AMAYA BEACH · PASIKUDAH SRI LANKA | AMAYA HILLS · KANDY SRI LANKA | AMAYA LAKE · KANDALAMA | DAMBULLA SRI LANKA



CONNECTIVITY OF INFORMATION

CAPITALS

- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Social & Relationship Capital
- Natural Capital

STAKEHOLDERS

- Consumers
- Investors
- Employees
- Business Partners
- Government & Regulators
- Communities

SCOPE AND BOUNDARY

This Integrated Annual Report of Hayleys Leisure PLC covers the financial year from 1st April 2025 to 31st March 2026, in line with the Group's annual financial reporting cycle. The scope of the Report encompasses the operations and activities of all entities under Hayleys Leisure PLC during the reporting period, covering both financial and non-financial aspects relevant to the Group's value creation process.

The Report presents a comprehensive overview of the Group's strategic priorities, operational performance, governance practices, sustainability initiatives, and risk management approach within the context of the evolving tourism and hospitality landscape. In doing so, it reflects how the Group continues to respond to changing market conditions and emerging industry trends to balance current performance with long-term value creation objectives.

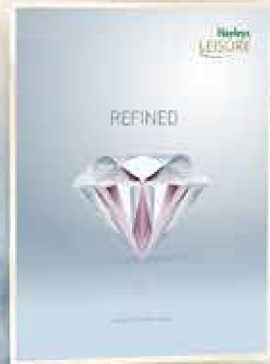
GRI 2 -5

NAVIGATIONAL ICONS

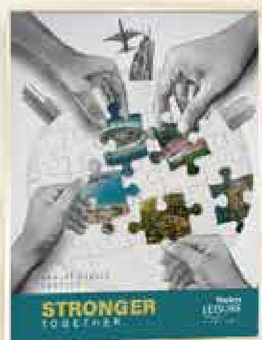
STAKEHOLDERS | CAPITALS | STRATEGIC PILLARS

Our Journey

2024/25
ANNUAL REPORT
HAYLEYS LEISURE PLC



2023/24
ANNUAL REPORT
HAYLEYS LEISURE PLC



2022/23
ANNUAL REPORT
HAYLEYS LEISURE PLC

ABOUT THIS REPORT

M-Mandatory V-Voluntary

REPORTING FRAMEWORKS.

Financial Reporting (M)	Governance and Risk Reporting (M)	Integrated Reporting (V)	Sustainability Reporting
• The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 • Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka • Companies Act no. 7 of 2007 (Amended) • Independent Auditors' Report by Messrs. Ernst and Young	• Listing Rules of the Colombo Stock Exchange • Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka • Code of Best Practices on Related Party Transactions issued by The Securities & Exchange Commission of Sri Lanka	• Integrated Reporting Framework <IR> by the International Integrated Reporting Council (IIRC)	• SLFRS S1 and S2 Sustainability and Climate Related Financial Disclosures (M) • Global Reporting Initiative (GRI) Standards "In Accordance" (V) • Standards Board (Hotels & Lodging - Sustainability Disclosure topics and accounting metrics) - (V) • United Nations Sustainable Development Goals (SDG's) - (V)

GATHERING INFORMATION AND REPORT COMPILATION

The preparation of this Integrated Annual Report was a coordinated Group-wide process with information presented in the Report gathered through internal reporting mechanisms across the Group's properties, business units, and support functions.

Financial information included in the Report has been derived from the Group's audited financial statements and supporting management reports, while non-financial information was compiled from operational data, sustainability performance records, human resource metrics, governance disclosures, risk management processes, and stakeholder engagement outcomes maintained across the organisation.

The reporting process involved collaboration across multiple functions including finance, Sales & Marketing, operations, human resources, sustainability, risk management, corporate communications, and property-level management teams to ensure that the information disclosed is relevant, balanced, and reflective of the Group's activities and performance during the reporting period.

MATERIALITY

The content of this Integrated Annual Report has been determined on the basis of materiality as defined by the Global Reporting Initiative (GRI), which identifies material topics as those representing the organisation's most significant economic, environmental, and social impacts, or those that substantially influence the assessments and decisions of stakeholders. By using these material topics as the foundation for Report content, disclosures are focused on the issues that are most significant to the Group's ability to create and sustain long-term value.

The process adopted to determine material topics is presented on Page 52.

GRI 2 -5

COMBINED ASSURANCE

The integrity of the financial and non-financial information presented in this report has been verified through a combined assurance approach designed to enhance the reliability, accuracy, and consistency of disclosures.

Internally, The Board & Audit Committee played a key role in overseeing the reporting process and reviewing the Integrated Report to ensure alignment with applicable reporting frameworks and standards.

In addition, the Group's external auditors, M/s Ernst & Young Messrs, have provided independent assurance on the financial statements for the year ended 31st March 2026. Their report is on Page 177.

FORWARD LOOKING STATEMENTS

This Integrated Annual Report may contain forward-looking statements that reflect the Group's current expectations, estimates, assumptions, and projections regarding future performance, business conditions, and strategic outcomes.

Such statements are based on information available at the time of preparation and are inherently subject to known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those expressed or implied. These include, but are not limited to, changes in economic conditions, industry dynamics, regulatory developments, and other external factors affecting the tourism and hospitality sector.

The Group does not undertake any obligation to update or revise forward-looking statements to reflect events or circumstances arising after the date of this Report, except as required by applicable laws and regulations.

There are no restatements to any previous annual reports published by Hayleys Leisure PLC

BOARD RESPONSIBILITY STATEMENT

The Board of Directors of Hayleys Leisure PLC assumes collective responsibility for the completeness, accuracy, and integrity of this Integrated Annual Report. The Board confirms that it has reviewed the Report in its entirety, supported by appropriate internal validation processes and relevant external assurance inputs, where applicable.

Based on this review, the Board is satisfied that the Integrated Annual Report for the financial year 2025/26 presents a balanced and comprehensive account of the material matters influencing the Group's ability to create, preserve, and deliver sustainable value to its stakeholders over the short, medium, and long term.

The Annual Report of the Board of Directors, included on Page 157, provides further details on the Directors' responsibilities in relation to the preparation and presentation of this Report.

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

FEEDBACK

In line with its commitment to continuously enhance the quality, relevance, and transparency of its reporting, Hayleys Leisure PLC welcomes feedback from all stakeholders on this Report and any related matters.

STAKEHOLDERS ARE ENCOURAGED TO SHARE THEIR VIEWS, SUGGESTIONS, OR QUERIES TO:

Mr. Piyal Senadeera
Chief Financial Officer

Level 27, East Tower,
World Trade Center,
Colombo 01

piyal.s@hayleysleisure.com

OUR COLLECTION OF STAYS

THE KINGSBURY, COLOMBO

Located in the heart of Colombo's commercial and leisure district, The Kingsbury delivers an exceptional blend of luxury, comfort, and gracious hospitality.

Tripadvisor Rating: 4.5

Number of rooms: **229**

Restaurants and bars: **10**

Our team: **737**

AMAYA LAKE, DAMBULLA

Surrounded by the timeless beauty of Sri Lanka's Cultural Triangle, Amaya Lake offers seamless access to Dambulla's treasured attractions and experiences.

Tripadvisor Rating: 4.5

Number of rooms: **119**

Restaurants and bars: **03**

Our team: **222**

AMAYA HILLS, KANDY

Perched amidst the hills of Kandy, Amaya Hills offers a tranquil retreat overlooking Sri Lanka's last royal kingdom. Inspired by Kandyan architecture and surrounded by breathtaking landscapes, the resort provides the perfect base from which to explore the city's rich cultural heritage.

Tripadvisor Rating: 4.3

Number of rooms: **112**

Restaurants and bars: **03**

Our team: **199**

AMAYA BEACH, PASSIKUDAH

Located on the pristine shores of Pasikudah Bay, Amaya Beach offers the perfect gateway to the East Coast's most captivating experiences.

Tripadvisor Rating: 4.5

Number of rooms: **125**

Restaurants and bars: **05**

Our team: **195**

AMUNA AYURVEDA RETREAT, DAMBULLA

Immersed in the beauty of its natural surroundings, Amuna is a wellness retreat that draws inspiration from Sri Lanka's ancient traditions of healing and mindful living.

Tripadvisor Rating: 4.9

Number of rooms: **12**

Restaurants and bars: **01**

Our team: **29**

OLIPHANT, NUWARA ELIYA

Rich in history and colonial charm, Oliphant is a distinguished highland villa set amongst verdant tea estates and flourishing gardens.

Tripadvisor Rating: 4.9

Number of rooms: **07**

Restaurants and bars: **01**

Our team: **09**

LANGDALE, NUWARA ELIYA
Surrounded by rose gardens and misty mountains, the colonial hotel blends with comfort, charm and elegance.

Tripadvisor Rating: 4.3

Number of rooms: **13**

Restaurants and bars: **01**

Our team: **20**

THE VILLAS, WADDUWA
Nestled along the coastal town of Wadduwa, The Villas offers an idyllic setting for family getaways, romantic retreats, and memorable beachside gatherings.

Tripadvisor Rating: 4.6

Number of rooms: **32**

Restaurants and bars: **02**

Our team: **55**

THE FORTRESS RESORT & SPA
Set along the picturesque coastline of Koggala, The Fortress Resort & Spa is perfect for romantic escapes, family getaways, and memorable beachfront retreats.

Tripadvisor Rating: 4.7

Number of rooms: **55**

Restaurants and bars: **04**

Our team: **177**

FINANCIAL HIGHLIGHTS

	2025/2026	2024/2025	% Change
FINANCIAL CAPITAL RS. '000			
Revenue	3,555,235	3,332,079	7%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	249,376	670,932	(63%)
Results from Operating Activities	21,978	470,768	(95%)
Profit/ (Loss) Before Tax	(131,333)	277,370	(147%)
Profit/ (Loss) After Tax	(240,957)	159,512	(251%)
Profit/ (Loss) attributable to owners of the parent	(239,295)	156,840	(253%)
PROFITABILITY RATIOS			
Gross Profit Margin	65%	63%	3%
Operating Profit/ (Loss) Margin	1%	14%	(93%)
Net Profit/ (Loss) Margin	(7%)	5%	(240%)
Return on Assets (ROA)	(5%)	3%	(267%)
Return on Capital Employed (ROCE)	1%	13%	(92%)
FINANCIAL POSITION - RS. '000			
Total Assets	5,071,977	5,877,285	(14%)
Total Debts	1,518,230	2,173,634	(30%)
Equity attributable to equity holders of the parent	1,245,210	1,501,803	(17%)
BALANCE SHEET PERFORMANCE RATIOS			
Gearing	71%	74%	(4%)
Debt/ Equity (Times)	1.23	1.63	(25%)
Equity Asset Ratio	24%	23%	4%
Current Ratio (Times)	0.32	0.62	(48%)
Quick Asset Ratio (Times)	0.27	0.58	(53%)
Interest Cover (Times)	0.13	2.03	(94%)
MARKET/SHAREHOLDERS INFORMATION			
Number of Shares in Issue	107,989,958	107,989,958	-
Market Value Per Share - Rs.	28.40	28.20	1%
Market Capitalisation - Rs. '000	3,066,915	3,045,317	1%
Net Assets Per Share - Rs.	11.53	13.91	(17%)
Earnings/ (Loss) Per Share (Basic) - Rs.	(2.22)	1.45	(253%)
Price Earnings/ (Loss) Ratio (Times)	(12.82)	19.42	(166%)

NON-FINANCIAL HIGHLIGHTS

	2025/2026	2024/2025	YOY Change
HUMAN CAPITAL			
Total Employees	699	706	(1%)
Economic Value Added Per Employee - Rs. '000	5,314	4,720	13%
Training Hours Per Employee	41.40	23.18	79%
Total Training Hours	28,840	16,366	76%
SOCIAL AND RELATIONSHIP CAPITAL			
Investment in CSR Initiatives - Rs. '000	5,358	3,497	53%
Supplier Size	978	817	20%
Payment to Suppliers - Rs. '000	2,622,915	2,438,127	8%
MANUFACTURED CAPITAL			
Property, Plant and Equipment - Rs. '000	4,455,795	4,475,992	(1%)
Capital Expenditure - Rs. '000	202,293	161,678	25%
Room Inventory - Owned	368	368	-
Room Inventory - Managed	336	301	12%
INTELLECTUAL CAPITAL			
Global Review Index (GRI) (%)	96	91	5%
Number of awards won during the year	5	2	3
Average service tenure of employee (Over 10 years)	12%	12%	-
NATURAL CAPITAL			
Energy consumption - MJ per Occupied Room Night	308	292	5%
Water consumption – Litres per Occupied Room Night	1,661	1,634	2%
Carbon footprint - kgCO_2eq per Occupied Room Night	55	44	25%

STRENGTHENED IN EVERY HUE

Our leaders at Hayleys Leisure PLC guide across the board with clarity, foresight, and care, ensuring every team operates harmoniously. Their influence cultivates alignment, inspires confidence, and sustains a culture where every decision embodies excellence.

CHAIRMAN'S MESSAGE

OUR CORPORATE PURPOSE OF 'CURATING HAPPINESS' PLACES HUMAN WELLBEING AND RESPONSIBILITY AT THE HEART OF EVERYTHING WE DO. OVER THE PAST YEAR, WE TRANSLATED THIS PHILOSOPHY INTO ACTION BY ESTABLISHING CLEAR NEAR-TERM TARGETS ACROSS OUR KEY SUSTAINABILITY PILLARS, STRENGTHENING ACCOUNTABILITY AND FOCUS AS WE ADVANCE TOWARDS OUR 2030 AMBITIONS.

Dear Shareholders,

It is my great pleasure to present the Fourth Integrated Annual Report and Audited Financial Statements of Hayleys Leisure PLC for the year ending 31st March 2026.

The past year marked a pivotal turning point for Sri Lanka's tourism sector, experiencing strong growth supported by higher tourist arrival numbers and stronger international visibility. The resurgence of the sector coincided with the gradual stabilisation of the broader economy, characterised by improving business confidence, easing macroeconomic pressures, gradually improving currency stability, and the progressive normalisation of economic activity across the country.

SRI LANKA'S TOURISM RENAISSANCE

Sri Lanka's tourism industry recorded its strongest growth in 2025 following several years of challenges. Tourist arrivals reached a record 2.36 million, reflecting a 15% increase over 2024 and marking the highest annual arrival figure in the country's history. The sector demonstrated sustained growth momentum, with tourist arrivals recording robust growth to surpass pre-pandemic levels. This positive momentum was further reflected in tourism revenues, with the current year earnings reinforcing tourism as one of Sri Lanka's leading foreign exchange earners and a critical amplifier of economic activity across multiple sectors of the economy.

Another key inflection point was Sri Lanka's reinvigoration as a highly sought-after global travel destination. The country's visibility on the international tourism stage strengthened significantly during the year, with Sri Lanka frequently recognised as one of the world's most popular experiential travel destinations. It is no secret that our unique blend of beaches, wildlife, heritage, wellness, adventure, and authentic cultural experiences places Sri Lanka in a league of its own within the regional tourism landscape. Therefore, it is very encouraging to see this diversity of experiences finally receiving the global recognition it deserves.

Equally, Sri Lanka's readiness for tourism has evolved considerably compared to the pre-pandemic era. The sector today is built around offering a far broader range of hospitality experiences across multiple price points, from luxury resorts and boutique wellness retreats to lifestyle hotels, villas, and experiential concepts catering to evolving traveller expectations.

Additionally, favourable policy measures, including the introduction of visa-free entry for multiple countries, have helped improve ease of travel and strengthen inbound tourism flows. Simultaneously, the sector has witnessed continued growth in supporting tourism infrastructure, including leisure attractions, transport connectivity, lifestyle offerings, and destination experiences, collectively improving the overall visitor proposition.

Digital connectivity across the industry has also accelerated sharply in recent years, fundamentally transforming how travellers discover, engage with, and experience Sri Lanka. From online booking ecosystems and personalised guest engagement to strategic destination marketing and technology-enabled experiences, the industry today is far more connected, responsive, and globally accessible than ever before.

Progress has been further augmented by improved air connectivity and expanding international flight access, which continue to strengthen Sri Lanka's accessibility across key global source markets.

MACROECONOMIC TURNAROUND

Sri Lanka's economy gained significant traction in 2025, with the country witnessing a more stable and conducive macroeconomic environment compared to the turbulence experienced in preceding years. Lower inflation, easing interest rates, and improved currency stability collectively helped restore business confidence, stimulate business and consumption activity.

From a tourism perspective, the continued development of infrastructure is particularly encouraging, as it reflects growing investment confidence, improved connectivity, and enhanced destination readiness. These advancements are critical to strengthening the long-term competitiveness, accessibility, and growth potential of Sri Lanka's tourism industry.

STRATEGY AND PERFORMANCE

Strong contributions from all segments saw the Hayleys Leisure Group recording Profit Before Tax (PBT) of LKR 285 million pre-impairment of receivables.

Our strategic direction for financial year 2025/26 was firmly anchored on strengthening the Group's competitive positioning within Sri Lanka's evolving leisure and tourism landscape. The focus was on reinforcing our flagship brand "Amaya" as a differentiated hospitality offering amidst stiff competitive pressure and rising global expectations of destination quality.

CHAIRMAN'S MESSAGE

The Hayleys Leisure Group assumed management of The Fortress Resort & Spa, a super-luxury beachfront boutique property in Koggala owned by The Fortress Resorts PLC, as part of its efforts to diversify its footprint across Sri Lanka's tourism sector ecosystem.

Strategic precision translated into consistently strong performances across the portfolio, with all properties under Amaya brand delivering a solid set of results for the financial year. I am also pleased to note that all properties under management, including the latest addition - The Fortress Resort & Spa, performed in line with overall expectations.

THE "HIVE EFFECT"

The year under review marked the launch of The Hive Effect – Hayleys Leisure PLC's 2030 ESG Roadmap outlining our long-term ESG aspirations and commitment to positioning the Leisure Sector as a leader in regenerative tourism. The Hive Effect" embodies our commitment to champion responsible practices that protect the environment, empower communities, and enhance guest experiences. This resonates with our corporate purpose of "Curating Happiness," which places human wellbeing and responsibility at the heart of everything we do.

Over the past year, we worked diligently to translate this philosophy into action and spearhead our journey towards achieving our 2030 ambitions. We established clear near-term targets across key sustainability pillars, strengthening accountability and focus across the organisation.

We embarked on our climate action strategy by working to reduce energy intensity and to achieve sustained reductions in emissions across all three scopes. We also strengthened our commitment to responsible material use and waste reduction, with a clear focus on minimising landfill waste. In parallel, we made progress in building a more responsible and inclusive workplace, with initiatives aimed at strengthening employee wellbeing, enhancing engagement, and fostering a culture of care, safety, and respect across all levels of the organisation. Sustainable sourcing was another key priority area that led us to deepen our focus on integrated procurement practices to support both environmental outcomes and community value creation.

Taken together, these initiatives mark an important step forward in embedding the "Hive Effect" into our everyday operations, underscoring our commitment to shaping a more responsible and regenerative future for Sri Lanka's leisure industry.

GOVERNANCE AND STEWARDSHIP

The Group is led by a skilled, diverse and well-balanced Board, comprising members with strong expertise across hospitality, finance, strategy, and governance, underpinned by a shared commitment to integrity, accountability, and long-term value creation.

The Board assumes primary responsibility for ensuring full compliance with applicable regulatory requirements, including adherence to the Listing Rules of the Colombo Stock Exchange ("CSE") and other relevant statutory obligations. We continued to strengthen stewardship frameworks in line with evolving governance expectations and regulatory alignment.

In addition, an alternate director provision was incorporated into the Articles of Association of Hayleys Leisure PLC to further align with updated regulatory requirements and to support continuity in Board representation where necessary.

FORWARD STRATEGY

The medium-term outlook for Sri Lanka's tourism sector remains positive although, in the near term, we will remain mindful of the broader global-political backdrop, particularly the ongoing geopolitical tensions which has already impacted global travel patterns.

Notwithstanding these short-term considerations, I remain confident in the resilience and long-term growth trajectory of Sri Lanka's tourism industry. The fundamentals of the destination remain strong, and the structural drivers of demand for experiential, nature-based, and culturally rich travel continue to work in Sri Lanka's favour.

For Hayleys Leisure PLC, our strategic thrust going forward will be on positioning Amaya as the most preferred Sri Lankan Hospitality Brand via a differentiated expression of Sri Lanka's diverse hospitality offering. At the same time, we will continue to build momentum across all properties under management, with a strong focus on delivering consistently superior experiences that reinforces Sri Lanka's positioning as a high-quality global tourism destination.

APPRECIATIONS

Before I sign off, I wish to place on record my deep appreciation to Mr. Rohan Karr - Managing Director of Hayleys Leisure PLC for his leadership, guidance, and unwavering commitment to the continued progress and success of Hayleys Leisure PLC.

I would also like to thank the Board of directors for their continued support and invaluable contribution to all Board deliberations throughout the year.

To our management team and all Group employees - thank you for your dedication, professionalism, and steadfast commitment to excellence, which have been central to the Group's operational performance and achievements.

Finally, to our valued shareholders, business partners, bankers, and all other stakeholders, I extend my sincere gratitude for your continued trust and confidence in the Group's vision and long-term direction.

Looking ahead, I seek your continued support to enable the Hayleys Leisure Group to navigate challenges, scale new opportunities, and continue to deliver sustained long-term value creation.

Mohan Pandithage
Executive Chairman

29th May 2026

MANAGING DIRECTOR'S REVIEW

OUR FORWARD STRATEGY WILL FOCUS ON STRENGTHENING BRAND VISIBILITY AND DRIVING MOMENTUM ACROSS ALL MAJOR SOURCE MARKETS, THIS WAS FURTHER REINFORCED BY INTERNATIONAL RECOGNITION AT THE SOUTH ASIAN TRAVEL AWARDS (SATA) 2025 WITH THE SILVER AWARD FOR LEADING RESORT BRAND IN SOUTH ASIA. AS THE ONLY SRI LANKAN LEISURE BRAND TO RECEIVE RECOGNITION IN THIS CATEGORY.

Dear Shareholders,

Amid a rapidly evolving operating landscape, Hayleys Leisure PLC continued to build on its momentum, delivering stronger financial and operational performance during the year ended 31st March 2026. This Integrated Annual Report reflects the resilience, adaptability, and strategic progress that characterised our journey throughout the year. From the serenity of lakeside retreats to the vibrancy of coastal escapes and the richness of cultural heartlands, our journey through the year was shaped by experiences that made us preferred in every hue, resonating meaningfully with diverse travellers and evolving aspirations.

The year under review was marked by expanded optimism and momentum across Sri Lanka's tourism industry, creating opportunities for the Group to further strengthen its position across a diverse portfolio of hospitality experiences and destinations. The resurgence witnessed during the year reflected not only the steady recovery of global travel demand, but also the reaffirmation of Sri Lanka as a highly sought-after destination among international travellers.

Sri Lanka continued to gain increasing visibility across several leading global travel platforms, publications, and tourism rankings, many of which recognised the country for its unique blend of natural beauty, cultural richness, biodiversity, wellness offerings, and authentic travel experiences. This growing appreciation for the many facets of Sri Lanka's tourism proposition aligns closely with the breadth and character of experiences offered across the Hayleys Leisure portfolio.

Recognition on the global stage has significantly strengthened Sri Lanka's destination appeal, positioning the country among the world's most desirable emerging travel destinations for experiential and lifestyle-oriented tourism. This growing international attention has translated into renewed traveler confidence and stronger destination interest across key source markets - creating tangible value across the diverse segments and destinations we represent. It is a transformation we are proud to be part of, and one that validates the quality of our collective industry efforts.

TOURISM MOMENTUM REBUILDS

The year 2025 marked a pivotal period for Sri Lanka's tourism industry, recording the highest performance levels since 2018. Following several years of unprecedented disruption stemming from the Easter Sunday attacks, the pandemic, and the subsequent economic crisis, Sri Lanka's tourism sector demonstrated the high-volume tourists' growth. Tourist arrivals grew from approximately 2.05 million in 2024 to 2.36 million in 2025, reflecting strong year-on-year growth and a steady upward trajectory that, for the most part, remained comparable to pre-pandemic levels until the latter part of the financial year.

While the expansion in arrivals signalled positive confidence in Sri Lanka as a destination, the industry landscape nevertheless continued to evolve. Seasonal variations were evident, with stronger performance during the traditional winter travel season supported by demand from key European source markets, while regional travellers from India and other Asian markets continued to play an increasingly important role in sustaining demand during shoulder seasons.

The competitive dynamics within Sri Lanka's hotel industry have intensified considerably in recent years, with the rapid emergence of hostels, homestays, and budget accommodation alongside a fundamental shift toward experiential travel. I view this evolution as positive - it raises the bar for our industry and positions Sri Lanka as a credible global travel destination. However, it also changes the rules of engagement. Hospitality operators can no longer rely solely on price and location. We must now compete with the best regional destinations on the strength of service excellence, authentic experiences, digital engagement, and our ability to consistently deliver differentiation. This is the competitive reality we operate in, and it demands both discipline and innovation.

At the same time, traveller behaviour and spend patterns also appears to have changed compared to pre-pandemic trends. Although arrival volumes recovered, we saw the current average duration of stay shortening considerably compared to historical norms, resulting in a notable decline in overall room nights relative to pre-pandemic periods. The shift which signals the emergence of more experience-driven travellers continued to influence occupancy dynamics and dampen overall sector earnings in the 2025 cycle.

Consumer spending patterns also appear to have undergone a degree of recalibration, with current traveller profile indicating a strong affinity for curated and experience-led offerings, wellness,

MANAGING DIRECTOR'S REVIEW

nature, and authentic local engagement, alongside a comparatively lower priority assigned to discretionary spending.

Meanwhile, Average Room Rates (ARR) continued to experience some volatility, influenced in part by exchange rate movements and inflation-induced cost adjustments. Consequently, tourism earnings improved only marginally to USD 3.2 billion in 2025, from USD 3.17 billion in 2024, with current still below the peak levels witnessed prior to 2019, indicating that while the industry has made meaningful progress, the recovery journey is still ongoing.

FINANCIAL POSITION

Bolstered by the strong overall operational performance, the Hayleys Leisure Group delivered a steady financial result for financial year 2025/26. Consolidated Group revenue rose to LKR 3.56 billion for the current financial year, reflecting a 7% expansion from LKR. 3.33 billion in the previous year. Group Profit Before Tax (PBT) stood at LKR 285 million before recognising impairment provisions on receivables.

COMPETING WITH DISTINCTION

As Sri Lanka moves to strengthen its competitive positioning within the regional tourism landscape, the Country's extraordinary diversity of experiences spanning beaches, wildlife, heritage, wellness, nature, and adventure has become one of its greatest strategic advantages in appealing to a broad spectrum of global travellers seeking authentic, immersive, and experience-driven journeys.

That said, I believe the Hayleys Leisure Group's portfolio of properties under the flagship Amaya brand stands as a true reflection of Sri Lanka's tourism proposition, with each property uniquely positioned to showcase a distinct dimension of the destination experience.

The year under review was, in many respects, a year of strong strategic execution across our resorts and boutique collection. Operational priorities around guest experience enhancement, people development and product innovation remained the central focus throughout the year, with clear emphasis placed on strengthening service excellence, improving online guest ratings and deepening customer satisfaction across, Online Travel Agencies (OTAs). I am deeply pleased to see these efforts translating into meaningful outcomes with all properties demonstrating, year-on-year improvements across key guest experience indicators such as TripAdvisor, Booking.com, etc.

This momentum was further reinforced by international recognition at the South Asian Travel Awards (SATA) 2025, where Amaya Resorts & Spas was honoured with the Silver Award for Leading Resort Brand in South Asia. As the only Sri Lankan leisure brand to receive recognition in this category, the accolade underscores the strength of the Amaya brand and its growing reputation across the region.

Among the Group's properties, Amaya Lake, benefiting significantly from the sustained appeal of Sri Lanka's Cultural Triangle, emerged as the strongest performer in financial year 2025/26 recording the highest occupancy levels within the portfolio and contributing the largest share of Group revenue for the current year. Amaya Lake, Dambulla clinched the Gold awards as the Leading Family Resort / Hotel in South Asia at SATA 2025, further reinforcing its positioning within the regional hospitality landscape.

Amaya Beach also delivered an encouraging performance during much of the year representing a notable turnaround from previous years. The property, which has markets within the Commonwealth of Independence States (CIS) markets, continued to experience pressure on occupancy levels due to the prolonged fallout from prolonged tensions in Eastern Europe. Over the past four years, subdued travel demand from the region has reduced the frequency of charter flights into Mattala International Airport, directly impacting Amaya Beach given its proximity on this key access point. Notably, Amaya Beach demonstrated encouraging recovery momentum during January and February ahead of the escalation of tensions in the Gulf Region which triggered a fresh wave of cancellations, further disrupting anticipated booking flows.

Amaya Hills faced a considerably more challenging year. While occupancy levels remained relatively stable, revenue performance declined owing to a slower start to the year followed by the severe disruptions caused by Cyclone Ditwah which hit during the peak travel season in November 2025. The wider Kandy hospitality market also continues to face structural challenges, particularly due to the rapid increase in room inventory and intensifying competition. With traditional volume-driven and rate-driven strategies proving increasingly ineffective within this environment, pressure on the sector continues to mount prompting some operators to exit the market.

Despite these challenges, the Group's resorts and boutique collection remained broadly on track in achieving their core business plan objectives, sustaining average occupancy at 66%, broadly in line with the previous financial year, and delivering a 5% improvement in Average Room Rate (ARR) in USD, which I believe demonstrates the strength of our operational discipline, the commitment of our teams, and above all the enduring appeal of the Amaya brand.

I am happy to note that all properties under management performed well during the year, with the exception of our Nuwara Eliya properties, which were both significantly impacted by disruptions to road access caused by Cyclone Ditwah in the latter part of 2025. In a strategic expansion of our property management portfolio, we also assumed management of The Fortress Resort & Spa, a super-luxury beachfront boutique property in Koggala owned by The Fortress Resorts PLC, another key player within the Hayleys Leisure PLC umbrella.

ENHANCING GUEST JOURNEYS

Guided by our ambition to become Sri Lanka's most preferred hospitality brand, we sought to bring to life our vision to "Curate Happiness". In keeping with our belief that hospitality today extends beyond accommodation, we focused on creating highly personalised, and emotionally engaging experiences that allow guests to truly connect with each destination. Our intent was not only to meet expectations, but to go above and beyond to deliver a "wow" experience that resonates deeply and leaves a lasting impression.

Throughout the year, we strengthened this promise through consistent enhancements across all touchpoints of the guest journey, from pre-arrival engagement to on-property experience and post-stay interaction. A sharper focus on understanding evolving guest preferences enabled us to refine service delivery, personalise offerings, and curate experiences that reflect the distinct character of each resort, whether it is the cultural richness of the hill country, the tranquillity of the lakeside, or the vibrancy of the coastline.

This momentum was further supported by continued investment in digital enablement to ensure guest interactions are seamless, intuitive, and responsive. Simultaneously, we elevated experiential offerings - including curated dining experiences, wellness-focused activities, and locally inspired cultural engagements - that reinforce the authenticity of the Amaya brand.

STRENGTHENING THE TEAM

Retaining skilled hospitality talent remains an inherent challenge within Sri Lanka's highly competitive leisure sector. Conscious of these industry-wide dynamics, the Hayleys Leisure Group is deliberately reshaping this narrative by strengthening retention outcomes and building a more stable, engaged, and future-ready workforce.

Our focus on reducing staff attrition is through sustained investment in people development. Each year we increase the allocation towards training to strengthen technical capability and develop leadership skills. In financial year 2025/26, the Group invested LKR 1.4 million in training, delivering structured skill development programmes, amounting to a total of 28,840 training hours, which translated to 41.4 hours per employee, representing a 79% increase over the previous year.

During the year, our CSR and community engagement initiatives positively impacted 13,040 beneficiaries underscoring our continued commitment to inclusivity and sustainable value creation. The year also saw the introduction of several high-impact learning interventions, including specialised training programmes delivered by international F&B experts, all aimed at enhancing service sophistication, and culinary capability of our teams.

Succession planning also gathered momentum in line with the internal talent development efforts, where high-potential individuals were earmarked for further development to strengthen succession readiness and ensure a steady pipeline of talent to support the Group's long-term growth and operational excellence.

SUSTAINABILITY HIGHLIGHTS

The Hayleys Leisure Group remains unequivocally committed to leading by example in embedding sustainability across every dimension of our operations. Our commitment is anchored by "The Hive Effect" - the Hayleys Leisure ESG Roadmap 2030 - which serves as our strategic mandate for driving responsible, impact-driven practices throughout our portfolio. Over the past year, we translated this philosophy into tangible action,

MANAGING DIRECTOR'S REVIEW

establishing clear near-term targets across key sustainability pillars and accelerating our path toward our 2030 ambitions. This isn't aspirational rhetoric - it's operational discipline backed by measurable accountability and organisational commitment at every level.

The concept of the Hive Effect draws its inspiration from the bee farming initiative at Amaya Hills, where the interconnectedness, discipline, and collective purpose of a bee hive became a powerful symbol for sustainable living. Just like a hive, where every element works in harmony to sustain and strengthen the whole, the Hive Effect reflects our belief that true sustainability is achieved through collective action, balance, and shared responsibility across our ecosystem of stakeholders.

In line with our commitments under the "Hive Effect", we measure and report total greenhouse gas emissions across all three scopes in line with the ISO 14064:2018 standard, with data subject to annual third-party verification to ensure accuracy and credibility. In addition, we continuously track emissions intensity relative to room occupancy levels, enabling more targeted interventions to reduce our carbon footprint while improving operational efficiency. In the year under review, we noted energy reduction of 8% MJ per occupant in intensity and fresh water intensity reduction by 12% in year 2025/26 compared to financial year 2024/25.

Responsible waste management is a key priority of our sustainability agenda with Group-wide efforts to promote food waste reduction practices in kitchens, and eliminate single-use plastics, all with a view to minimising waste sent to landfills.

Beyond operational efficiency, we continue to invest in ecosystem-based "Concept Gardens" across all properties that enhance biodiversity and guest experience. These include herbal gardens at Amaya Lake, bee farming and mushroom cultivation at Amaya Hills, and organic vegetable gardens at Amaya Beach - all supporting sustainable food sourcing while creating unique experiential offerings for guests.

OUTLOOK AND PROSPECTS

The outlook for Sri Lanka's tourism sector remains broadly positive with the Country's strong natural and cultural appeal expected to complement the rise in demand for experiential and sustainable tourism. However, the escalation of geopolitical tensions and its resulting impact on global travel flows remains a key area of concern for the near term. These headwinds have introduced a degree of volatility into key source markets, and some of these pressures are expected to persist, particularly given the softer booking outlook and a slower-than-anticipated recovery in select international segments amid the current global environment.

While the external environment remains dynamic and, at times, unpredictable, I remain confident in the long-term resilience and potential of Sri Lanka's tourism industry. The fundamentals of the destination remain strong, and with the right collective focus, the sector is well positioned to regain momentum and accelerate its recovery trajectory over time.

For the Hayleys Leisure Group, our forward strategy will centre on strengthening brand visibility and actively driving momentum across all major source markets. In doing so, our vision to "Curate Happiness" will continue to define our positioning within Sri Lanka's leisure industry, by resonating our belief that hospitality is not merely about service delivery, but about creating meaningful, memorable, and emotionally resonant experiences.

A key priority will be to elevate the Amaya brand by clearly showcasing the diversity of experiences across our properties. Equally important, we will also focus on strengthening market presence across all properties under management.

Our goal will be to position the Group through strong brand differentiation that will enable us to build sustained demand, enhance competitiveness, and create long-term value across the portfolio.

APPRECIATIONS

I would like to extend my sincere appreciation to all those who have contributed to the Group's progress in what has been a year marked by both opportunity and challenge.

I wish to begin by thanking our Chairman, Mr. Mohan Pandithage, whose leadership, and guidance continue to provide clarity of direction and strategic strength as we navigate an evolving operating landscape. I also extend my sincere thanks to the Board of Directors for their continued support, strategic insight, and stewardship across all matters of governance and strategic oversight.

My heartfelt appreciation also goes to the staff across our properties. Your dedication, resilience, and consistent pursuit of excellence have been central to delivering our operational performance and strengthening the guest experience across our portfolio.

To all our valued stakeholders, I would like to express my sincere appreciation for your continued trust, confidence, and collaboration. Your support has been vital in enabling the Group to navigate a dynamic operating environment while continuing to pursue our long-term strategic ambitions.

As we look ahead, I am confident that the foundations we have built, the talent we have developed, and the strategic clarity we have established place Hayleys Leisure in a strong position to seize the opportunities that lie ahead. Sri Lanka's tourism story is still being written, and we intend to be at the forefront of it. With the continued trust of our stakeholders, the commitment of our people, and the ambition that defines this organisation, I believe our best years are firmly ahead of us.

Rohan Karr
Managing Director

29th May 2026

BOARD OF DIRECTORS

MOHAN PANDITHAGE

Executive Chairman

Appointed on 1st December 2011

Skills and experience

Since assuming the role of Chairman and Chief Executive of Hayleys PLC in 2009, Mr. Mohan Pandithage's strategic vision has redefined the growth trajectory of Hayleys, transforming the Hayleys Group to one of Sri Lanka's most diversified, sustainable and socio-economically impactful enterprises. His foresight in capturing emerging opportunities and driving strategic investments in key industries have significantly enhanced the Group's earnings potential and long-term resilience and he was named as 'Business Leader For the Year 2025' by LMD. Mr. Pandithage is an accomplished industry veteran and respected leader in the field of transportation and logistics, having led the Group's Transportation Sector prior to this appointment as Chairman of the Hayleys Group. He was the first Sri Lankan to be awarded the Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport and has been honoured with the prestigious 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers, in recognition of his outstanding contributions to the industry. He was also inducted as a 'Legend of Logistics' by the Sri Lanka Logistics and Freight Forwarding Association.

Mr. Pandithage is a Fellow of the Chartered Institute of Logistics and Transport (UK) and a Member of the Advisory Council of the Ceylon Association of Shipping Agents (CASA). He also serves as a Council Member of the Employers' Federation of Ceylon. Mr. Pandithage also serves as Honorary Consul of the United Mexican States (Mexico) to Sri Lanka.

Other appointments

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

ROHAN KARUNARAJAH (KARR)

Managing Director/ Executive

Appointed on 1st June 2019

Mr. Rohan Karr joined Hayleys Leisure PLC in 2019 as an Executive Director on the Board and the Managing Director of the Hayleys Leisure Sector, which includes The Kingsbury Colombo, the Amaya Resorts portfolio, and several managed properties including The Fortress Resort & Spa, Koggala.

Skills and experience

Mr. Karr has a distinguished career in the hospitality sector with core expertise in hotel operations, brand development, strategic leadership, and international hospitality management. Having served for over 16 years with John Keells Holdings PLC in senior leadership roles, including Chief Executive Officer, Executive Vice President, Sector Head, and General Manager of Cinnamon Hotels & Resorts, Mr. Karr oversaw both city hotel and resort operations and played a key role in shaping the strategic direction of the portfolio. As Head of Brand Development at Cinnamon Hotels & Resorts, he also led the launch of the "Cinnamon" brand in 2005 which significantly strengthened its positioning within Sri Lanka's hospitality industry. He holds a Master's Degree in Hospitality and Business Studies from the United Kingdom and brings over 40 years of extensive experience in the international hospitality industry, in Sri Lanka and the United Kingdom.

During his two decades in the United Kingdom hospitality industry, Mr. Karr served in several senior leadership positions, ending his stint as General Manager of Bristol Marriott and Marriott Marble Arch, London.

Other appointments

Mr. Karr also serves on the Boards of Hayleys PLC, The Kingsbury PLC, as well as Summer Seasons Ltd., The Fortress Resorts PLC, and Greener Water Ltd. under the Vallibel Group.

SARATH GANEGODA

Non-Executive Director

Appointed on 1st April 2021

Skills and experience

Mr. Sarath Ganegoda is an accomplished corporate leader counting over 30 years of multifaceted experience across diverse industries. He has held several senior leadership positions in large private sector organisations in Sri Lanka and overseas. Having served the Hayleys Group between 1987 and 2002, he rejoined in 2007 and was appointed to the Group Management Committee the same year. Mr. Ganegoda was appointed to the Board of Hayleys PLC on 24th September 2009. He is currently responsible for the Strategic Business Development Unit and Group Information Technology of Hayleys PLC. He is also the Deputy Chairman of Alumex PLC.

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

Other appointments

Mr. Ganegoda is an Executive Director of Hayleys PLC and Non-Executive Director of Haycarb PLC, Dipped Products PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Horana Plantations PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC. He serves on the Boards of several private and unlisted public companies in the Hayleys Group.

RAMANI PONNAMBALAM

Non-Executive Director
Appointed on 1st December 2011

Skills and experience

Ms. Ramani Ponnambalam has held several Senior Management positions in large private sector entities. She served as the Chairperson of Alliance Finance Company PLC, as a Director of McLarens Holdings Ltd & GAC Shipping Ltd. She has also been in roles of international and local business development and negotiation.

Other appointments

Ms. Ponnambalam currently serves as a Director of The Kingsbury PLC, Macbertan Holdings (Pvt) Ltd and Pidilite Lanka (Pvt) Ltd. She is presently the Managing Director of Macbertan (Pvt) Ltd. Ms. Ponnambalam was appointed as a Founder Member of the Commonwealth Business Women's Leadership Group (Sri Lanka) on 13th November 2013. She also currently serves as First Vice Chairperson & Head of Governance Pillar Women's Chamber of Industry & Commerce.

WARINI DE COSTA

Non-Executive Director
Appointed on 1st July 2014

Skills and experience

Ms. Warini De Costa is a Fellow of the Institute of Chartered Accountants of Sri Lanka (ICASL)and the Institute of Certified Management Accountants of Sri Lanka (CMA)and holds an MBA from the Postgraduate Institute of Management(PIM) University of Sri Jayewardenepura.

Ms. De Costa counts over 40 years of experience in Finance and Management, 21 years of which have been with Glaxo Wellcome Ceylon Ltd where she served as a Board Director, Company Secretary and CFO.
Ms. De Costa also served as the Director of Finance of Cinnamon Grand and Cinnamon Lakeside hotels.

Other appointments

Ms. De Costa serves as a Non-Executive Director at Janashakthi Insurance PLC where she chairs the Board Audit Committee.

RANIL DE SILVA

Independent Non-Executive Director
Appointed on 1st September 2021

Skills and experience

Mr. Ranil De Silva is an Associate Member of the Chartered Accountants of Sri Lanka, a Member of the Chartered Institute of Marketing, UK, and the Chartered Institute of Management Accountants, UK.

Mr. De Silva served as the Joint Managing Director of Aitken Spence Hotel Management (Pvt) Ltd, and as the Managing Director of the Hemas Hotel Sector. An alumnus of Ernst & Young, he has wide experience locally and overseas in diverse industries.

Other appointments

Mr. De Silva serves as an Independent Non- Executive Director of Singer Finance (Lanka) PLC, The Kingsbury PLC, Alumex PLC and Central Industries PLC.. He is also a Non-Executive Director of Lanka Shipping & Logistics (Pvt) Ltd.

BRINDHIINI PERERA

Non-Executive Director
Appointed on 19th October 2022

Skills and experience

Ms. Brindhiini Perera holds a Master's degree in Mechanical Engineering from Imperial College London. She brings several years of experience across both publicly listed and privately held companies, serving in director-level positions and contributing to strategic oversight and business growth initiatives.

Ms. Perera adds an important technical dimension to Board deliberations through her background in mechanical engineering. Her understanding of manufacturing environments, industrial processes and operational efficiency brings valuable perspective to discussions relating to the Group's manufacturing and industrial operations.

Other appointments

Ms. Perera serves as Director of Haycarb PLC, Hayleys Fabric PLC, Dipped Products PLC, The Kingsbury PLC, Singer (Sri Lanka) PLC, Royal Ceramics Lanka PLC, Lanka Tiles PLC, Lanka Walltiles PLC, The Fortress Resorts PLC, Delmege Limited, Otwo Biscuit (Private) Limited, The Canbury Biscuit Company Limited, Manatee Clothing Company (Pvt) Ltd, Eurocarb Products Ltd (UK), Haylex Ltd (UK) and Dhammika & Priscilla Perera Foundation.

KAWSHI AMARASINGHE

Independent Non-Executive Director
Appointed on 3rd January 2024

Skills and experience

Ms. Kawshi Amarasinghe serves as an Executive Director of Vallibel One PLC and Group Director – International Business Development and CSR. She is a strategic growth architect within the Group, driving enterprise-wide transformation, market expansion, and long-term value creation across its diversified portfolio. With over a decade of leadership experience, she has led high-impact initiatives across manufacturing, hospitality, retail, and financial services. Her expertise spans market intelligence, brand positioning, digital transformation, and cross-border business development. By aligning innovation with disciplined execution, she has strengthened the Group's competitive advantage and accelerated sustainable growth.

Ms. Amarasinghe is also the driving force behind DP Education — Sri Lanka's largest, free, digital learning platform — which has empowered over 1.8 million learners nationwide.

BOARD OF DIRECTORS

In 2025, she was recognised as the Top Female Leader – Conglomerate at the 15th Top50 Professional & Career Women Global Awards hosted by Women in Management, underscoring her influence as a transformative business leader.

Ms. Amarasinghe holds bachelor's degree in international studies from the University of Queensland, Australia and has further enriched her executive capabilities through prestigious international programs such as Management Acceleration Programme – INSEAD, France and Hotel Revenue Management – Cornell University, USA.

Other appointments

Ms. Amarasinghe contributes strategic oversight as a Non-Executive Director of Singer (Sri Lanka) PLC, Pan Asia Banking Corporation PLC, The Fortress Resorts PLC, Greener Water Ltd and Hayleys Retail Holdings Ltd. She also serves as Chief Executive Officer of the Dhammika & Priscilla Perera Foundation (DP Education), leading large-scale philanthropic initiatives focused on education, healthcare, and community empowerment. She serves as the Executive Director at Vallibel One PLC.

HARSHANI RANDILIGAMA

Independent Non-Executive Director
Appointed on 31st December 2024

Skills and experience

Ms. Randiligama currently serves as the Group Director Supply Chain & Business Excellence of Vallibel One PLC.

Ms. Randiligama holds an MBA in Business Administration from the Postgraduate Institute of Management (PIM) in Sri Lanka and a Bachelor's Degree in Business Management specialising in Accountancy from the University of Kelaniya, Sri Lanka. Her career journey began with MAS Holdings - Silueta Pvt Ltd, followed by lead roles at Dialog Axiata PLC and Hayleys Dipped Products PLC. Her international experience includes roles at Teys Australia, Wesfarmers Industrial & Safety Australia, and EnerSys Australia & New Zealand.

Throughout her career, she spearheaded key process transformation initiatives in the supply chain, including ERP implementations and capability development.

Other appointments

She also serves as a Board Member on the Board of Investment of Sri Lanka (BOI), Talawakelle Tea Estates PLC and National Apprentice and Industrial Training Authority (NAITA) Sri Lanka.

MILINDA HEWAGAMA

Non-Executive Director
Appointed on 30th April 2025

Skills and experience

Mr. Milinda Hewagama is a highly skilled finance professional with nearly two decades of diverse experience spanning Financial Management, Reporting, Budgeting and Financial Planning & Analysis. He currently serves as the Group Chief Financial Officer of Hayleys PLC, with responsibility for the Group's Finance & Reporting, Environmental, Social and Governance (ESG), Tax, Risk & Safety and Corporate Secretarial functions among others. Since joining Hayleys PLC in 2010, he has progressed steadily within the Group, assuming increasingly senior roles and building extensive experience across a broad spectrum of finance disciplines. He has also played a pivotal role in driving the Group's ESG agenda and has been instrumental in advancing the Group's corporate reporting practices, helping to ensure that the Hayleys PLC's Annual Report continues to set benchmarks in corporate and sustainability reporting. Since his appointment to the GMC, he has contributed actively to the organisation's strategic direction and growth aspirations. Mr. Hewagama is also currently spearheading the Group's foray into the Retail Sector, providing strategic direction in driving operational execution and positioning the sector for sustainable long-term growth.

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

Other appointments

Mr. Hewagama is a Non-Executive Director of Talawakelle Tea Estates PLC, The Kingsbury PLC and Kelani Valley Plantations PLC. He is also a Director of several fully-owned subsidiaries of the Hayleys Group, a Board Member of the United Nations Global Compact and has served as a Member of the Corporate Governance Committee of CA Sri Lanka.

STRATEGY AND RESOURCE ALLOCATION

The Hayleys Leisure PLC Group's strategic direction is set by the top management in line with the Group's vision. Underpinned by this fundamental premise, strategy development is supported by continuous market analysis, performance review, risk assessment, and stakeholder insights to ensure the Group's strategic direction remains agile, responsive, and aligned with both immediate operational realities and long-term growth aspirations.

The broader strategic direction is translated into four interdependent pillars: Business Growth, Guest Experience, Team Empowerment, and Sustainability, which together define the Group's value creation model and serve as the foundation for strategic execution across the organisation.

The four pillars provide the foundational architecture for the Group's business planning and budgeting process and directly informing how both financial and non-financial resources are allocated through the Six Capitals framework to ensure investment decisions contribute not only towards financial performance, but also to strengthen organisational capability, stakeholder relationships, innovation capacity, operational assets, and environmental stewardship, thereby supporting sustainable long-term growth.

BUSINESS GROWTH

Material Topics	• Waste • Biodiversity • Emissions & Air Quality • Environmental & Social Issues Along Supply Chain • Environmental Impacts in Supply Chain • Employee Wellbeing • Training & Education • Community & Livelihood Development • Customer Requirements on Sustainability • Product Quality	• Economic Performance • Operational Efficiency & Productivity • Market Presence • Customer Satisfaction • Regulations & Compliance • Fraud, Ethics & Anti-Corruption • Customer Health & Safety • Diversity, Non-Discrimination & Equal Opportunity • Principal Relationships • Tax • Foreign Exchange Impacts
Associated Risks	• Economical Risk | Geopolitical Risk | Human Capital Risk | Security Risk | Operational Risk | Compliance Risk | Health & Safety Risk	
Resource Allocation Financial Capital Manufactured Capital Intellectual Capital	• **LKR 202 Mn** invested in PPE • **LKR 54 Mn** incurred on asset maintenance and enhancing structural integrity of physical infrastructure • **LKR 24 Mn** incurred on brand building • Expanded the brand portfolio through management contract for	

STRATEGY AND RESOURCE ALLOCATION

BUSINESS GROWTH

Value Created	• **66%** average Group-wide occupancy levels (**66%** - 2024/25) • **7%** year on year increase in revenue • **LKR 697 Mn** paid as taxes
Stakeholder Impacted	Shareholders | Customers & Guests | Government & Regulatory Authorities
Focus for the Future	Expand the Group's presence in the MICE and events segment through the development of scalable, experience-driven propositions

GUEST EXPERIENCE

Material Topics	• Biodiversity • Employee Wellbeing • Training & Education • Community & Livelihood Development • Customer Requirements on Sustainability • Product Quality • Operational Efficiency & Productivity • Market Presence • Customer Satisfaction • Customer Health & Safety • Principal Relationships
Associated Risks	Geo Political Risk | Human Capital Risk | Security Risk | Operational Risk | Health & Safety Risk
Resource Allocation Financial Capital Social and Relationship Capital Human Capital	• Implemented a unified guest feedback system to measure customer satisfaction in real time • **28,840** hours of employee training (**16,366 hours** - 2024/25) • Specialised F&B training from international experts • Strengthened data privacy controls in line with the PDPA • Strengthening the BCP framework
Value Created	• **96%** overall GRI Score (**93%** - 2024/25)
Stakeholder Impacted	Customers & Guests | Business Partners
Focus for the Future	Embed locally rooted cultural experiences more systematically into property-level programming to enhance guest experiences Develop integrated, sustainability-led tourism offerings that combine destination experiences, wellness-focused programmes and responsible travel practices

TEAM EMPOWERMENT

Material Topics	• Employee Wellbeing • Training & Education • Product Quality • Operational Efficiency & Productivity • Customer Satisfaction • Fraud, Ethics & Anti-Corruption • Customer Health & Safety • Diversity, Non-Discrimination & Equal Opportunity
Associated Risks	Human Capital Risk | Security Risk | Operational Risk | Health & Safety Risk
Resource Allocation Financial Capital Human Capital	• **268** new recruits • Adjustment of minimum salary bands in line with regulatory requirements • **50** promotions granted • Introduction of mid-point reviews for all new recruits within the probationary period
Value Created	• **LKR 323 Mn** distributed as monetary benefits to employees (**LKR 290 Mn** - 2024/25) • **61%** employee retention rate (**63%** - 2024/25)
Stakeholder Impacted	Employee | Customers & Guests
Focus for the Future	Increasing participation of women in the workforce and creating opportunities for the differently-abled

SUSTAINABILITY

Material Topics	• Waste • Biodiversity • Emissions & Air Quality • Water Discharge & Effluents • Environmental & Social Issues Along Supply Chain • Environmental Impacts in Supply Chain • Community & Livelihood Development • Customer Requirements on Sustainability • Operational Efficiency & Productivity • Regulations & Compliance
Associated Risks	Sustainability Related Risk | Operational Risk | Compliance Risk
Resource Allocation Financial Capital Social and Relationship Capital Human Capital	• Implementation of structured environmental management practices through the ESG Roadmap 2030 – "The Hive Effect" • Expansion of Low Carbon Asset strategy • **30%** suppliers audited • **LKR 5.4 Mn** invested in CSR activities
Value Created	• **LKR 2.6 Bn** paid to suppliers • **7.6%** Year on year reduction in energy intensity • **12%** year on year reduction in water intensity • **11%** reduction in the use of non-renewable materials • **48%** increase in waste recycled • **13,040** beneficiaries from CSR activities
Stakeholder Impacted	Business Partners | Government & Regulatory Authorities | Communities
Focus for the Future	Invest in renewable energy and sustainable technologies to support long-term emissions reduction

OUR INTEGRATED VALUE CREATION MODEL

Hayley Leisure PLC's relationships and resources are used to create value for all our stakeholders, as shown in the integrated value creation model. The six capitals serve as the foundation for the model.

CAPITALS	CAPITAL INPUTS
FINANCIAL CAPITAL Monetary assets that fuel growth, investment, and value creation	Debt Equity Ratio: 1.23 Total Equity: Rs. 1,238 Mn Debt Capital: 1,518 Mn
HUMAN CAPITAL Skills, expertise and professionalism of our employees, which are essential for delivering exceptional guest experiences	Total Talent: 699 Investment in training And Development: Rs.1.4 Mn Total Recruitments: 268 Individual Development programmes for internal talent pipline: 10
SOCIAL AND RELATIONSHIP CAPITAL Strong relationships, trust, and collaboration built with guests, suppliers and communities	Suppliers: 978 Investment in Community Initiatives: Rs.5.4 Mn A broad Cross-Section of Global Customers
MANUFACTURED CAPITAL Physical assets and infrastructure essential to delivering high-quality guest experience	Additions of Property, plant and equipment: Rs.202 Mn investment in IT & Infrastructure: Rs.22 Mn Room Inventory: 368 Avenues: 12
INTELLECTUAL CAPITAL Brand reputation, proprietary systems and knowledge that drive excellence.	Investment in certifications: Rs.0.33Mn Leveraging organisational tacit knowledge for continuous improvement and growth Strength of Amaya Brand and Group parentage Developing cutting edge innovations to design exceptional customer experience
INTELLECTUAL CAPITAL Brand reputation, proprietary systems and knowledge that drive excellence.	Wet waste generation: 195Tonnes Electricity consumption: 6,319,352KwH Land Area: 260,187m²

OUR PURPOSE

- Curating Happiness

OUR VISION

- To be the most preferred leisure service provider in Sri Lanka

OUR STRENGTHS

- Strategically located properties across major tourist destinations
- A well established and trusted brand in the hospitality industry
- Unparalleled service excellence ensuring curated experiences
- A wide range of services tailored to different market segments
- Group parentage linked with operational synergies
- Dedication to ethical tourism, sustainable practices, and active community involvement
- Strong corporate governance and comprehensive risk management strategies
- Highly engaged, skilled and talented professionals

01 Accommodation, Restaurants & Bars, wellness, Weddings & Events, cultural and destination-based experiences,

02 Hospitality excellence, Strategic Sourcing, value optimisation, cost discipline, food health & safety, energy management, infrastructure efficiency and asset productivity.

03 Brand positioning, digital visibility, OTA management, revenue channels, destination marketing and guest loyalty & engagement.

04 Training, leadership development, employee engagement, succession planning and service excellence.

05 Waste, energy & water stewardship, community engagement, social impact, sustainable sourcing and ESG compliance.

06 Employee Satisfaction, Customer Satisfaction, Shareholder Wealth Management, Community, Government, Alignment with ESG goals

KEY EXTERNAL DEVELOPMENTS THAT IMPACT VALUE CREATION

- A historic rebound in Sri Lanka's tourism sector
- Implementation of new policy reforms
- Stronger international destination recognition
- Climate condition vulnerability
- Regulatory updates and compliance requirements
- Macroeconomic stabilisation supported sector confidence
- Growing focus on business practices aligned with ESG principles
- Shift toward experiential and lifestyle-led tourism
- Intense competition in the market
- Talent turnover
- Advancements in technology driving industry transformation

CAPITAL OUTPUTS & MATERIAL IMPACTS

Total Revenue Rs.3.56 Bn

Gross Profit 2.31Bn

Earnings per share (2.22)

Share price movement 1%

Economic performance; Operational efficiency and productivity; Market presence; Regulations and compliance; Fraud, ethics and anti-corruption

Total training hours 28,840

Hours per employee 41.40

Employee Engagement 5,383 Hrs

Monetary benefits to employees Rs. 323 Mn

Internal promotions 50

Employment; Employee wellbeing; Training and education; Diversity, non-discrimination and equal opportunity

CSR beneficiary 13,040

CSR impact 43%

Guest night 178,541

PAYMENTS MADE TO SUPPLIERS

Local Rs. 2,290 Mn

International Rs. 331 Mn

GRI Index 96%

Customer satisfaction; Customer health and safety; Community and livelihood development; Environmental and social issues along supply chain; Product Quality

Property Value Rs.4,455 Mn

Occupied room nights 88,264

F&B Covers 518,161

Average Occupancy 66%

Operational efficiency and productivity; Energy consumption; Product Quality; Customer health and safety; Regulations and compliance

OUR BRAND VISIBILITY

agoda

ISO 22000: 2018 HACCP CERTIFIED

Average service tenure of employees 12%

Recognition 5

External competition participation 5

Product Quality; Customer satisfaction; Operational efficiency and productivity; Regulations and compliance; Fraud, ethics and anti-corruption

Carbon footprint 4,890 tCO_2e

Total treated waste water reused 41,893 M3

Energy consumption per occupant 0.073 GJ

WASTE SENT FOR

Recycling 24,663.25 Kg

Compositing 118,641 Kg

Rain water harvested 66,046 Litre

Energy consumption; Ecological impacts; Water stress; Climate change adaptation; Waste; Biodiversity; Emissions & Air quality; Water discharge and effluents; Environmental and social issues along supply chain

STAKEHOLDER IMPACT

Delivering sustained value for shareholders and debt providers
- Shareholders
- Employees

Creating a culture of innovation and collaboration that continuously inspires our team
- Employees

Creating lasting value for all stakeholders through long-term, collaborative partnerships
- Communities
- Suppliers
- Customers

Driving enhanced value through forward-thinking, strategic investments
- Customers
- Employees

Innovative service offerings and refined processes to fulfill evolving guest expectations
- Customers
- Employees
- Shareholders

A proactive commitment to sustainable resource consumption
- Communities

STAKEHOLDER ENGAGEMENT

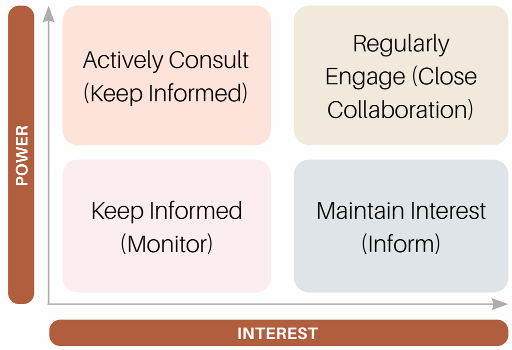
Operating within Sri Lanka's rapidly evolving tourism and hospitality landscape, stakeholder engagement has become increasingly important in shaping how the Hayleys Leisure PLC operates, adapts, and creates long-term value. As traveller expectations, market dynamics, sustainability priorities, and industry standards continue to evolve, maintaining strong and meaningful relationships with stakeholders continue to play an important role in shaping the Group's decision-making and long-term direction.

Accordingly, the Board assumes overall responsibility for stakeholder engagement and sets the guidelines for effective stakeholder engagement. Operating under the delegated authority of the Board, respective operational and management teams across all properties are responsible for implementing these guidelines on the ground, ensuring continuous, structured, and responsive engagement with all key stakeholder groups, thereby strengthening trust, accountability, and long-term relationship building across the Group.

STAKEHOLDER ENGAGEMENT PROCESS

Stakeholder Identification

- Shareholders
- Customers
- Employees
- Business Partners
- Government/ Regulatory Authorities
- Communities



Stakeholder Analysis and Mapping

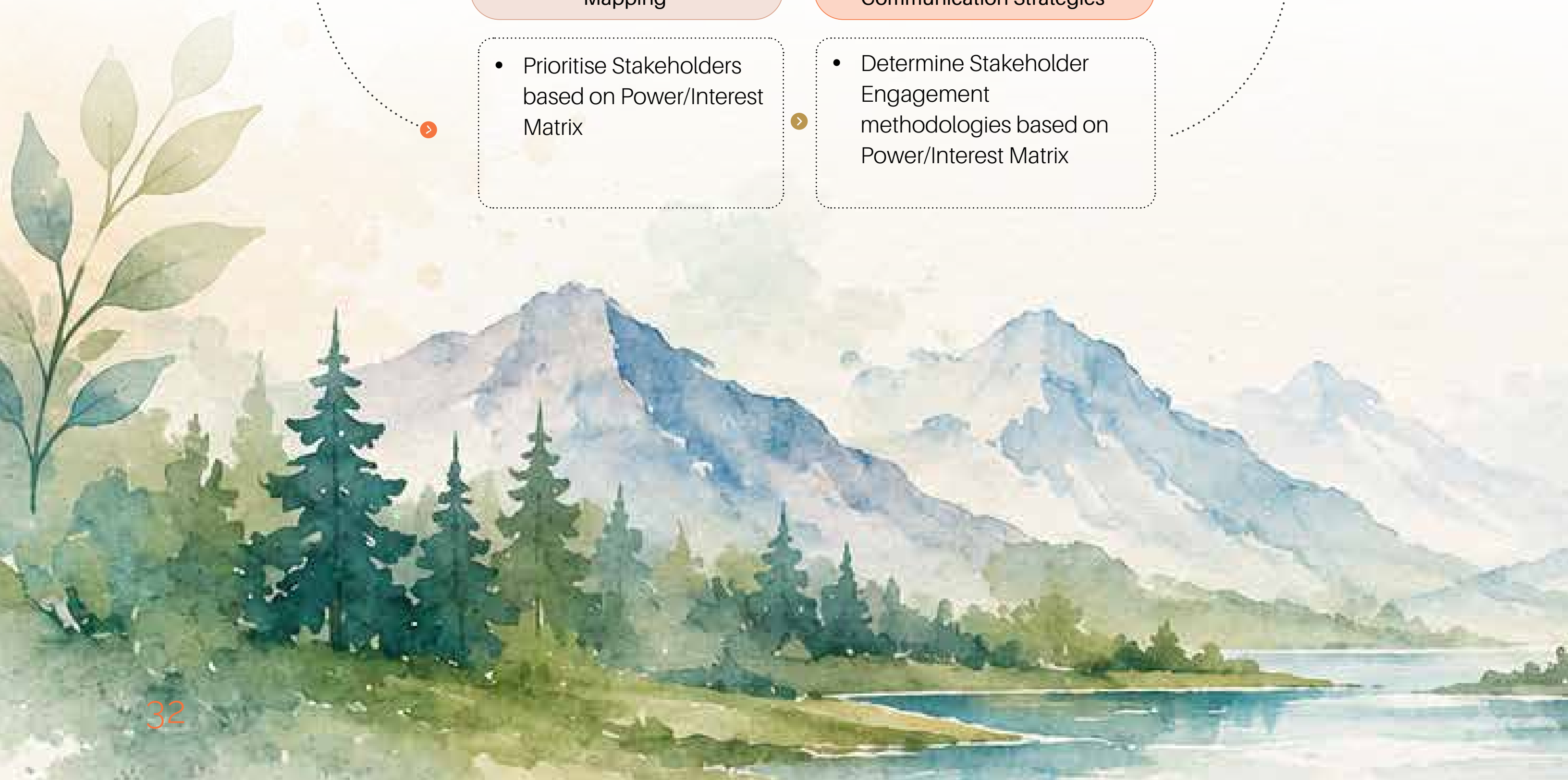
- Prioritise Stakeholders based on Power/Interest Matrix

Develop Suitable Stakeholder Communication Strategies

- Determine Stakeholder Engagement methodologies based on Power/Interest Matrix

Review Feedback and up Strengthen

- Review Stakeholder feedback and strengthen engagement methodologies



SHAREHOLDERS

Public shareholders
Prospective investors
Financial market stakeholders
Media engagement representatives

Importance to the Group - **HIGH**

Strength of Relationship

Method and Frequency of Engagement

- Annual General Meeting
- Annual Report
- Extraordinary General Meetings (as needed)
- Interim Financial Statements (quarterly)
- CSE Announcements (as needed)
- Press Conferences / Press Releases (as needed)
- Corporate Website (continuous and ongoing)
- Social media platforms (continuous and ongoing)

Stakeholder Concerns and Expectations

- The impact of economic, political, and social challenges on business operations
- Generating shareholder returns amid rising taxes and inflation
- Strengthening corporate governance and risk management practices
- Ensuring the effectiveness and competency of the Board and management team
- Embedding ESG principles into business operations

Identified Material Topics

- Economic performance
- Operational efficiency and productivity
- Market presence
- Regulations and compliance
- Fraud, ethics and anti-corruption
- Tax
- Foreign exchange impacts

Value Creation Scorecard FY 2025/26

- Net asset value per share: **Rs. 11.53**
- Share Price **Rs. 28.40**

Further Information

- Financial Capital - Page 58

SDGs

STAKEHOLDER ENGAGEMENT

CUSTOMERS / GUESTS

Domestic and International tourists	Importance to the Group - **CRITICAL**	**Strength of Relationship** ★★★★★
Method and Frequency of Engagement	**Stakeholder Concerns and Expectations**	**Identified Material Topics**
• Direct customer interactions and relationship building (continuous and ongoing) • Gathering feedback through social media and channel partners (continuous and ongoing) • Corporate Website (continuous and ongoing) • Social media platforms (continuous and ongoing)	• High service and product quality amidst economic challenges • Guest safety and protecting personal data • Integration of sustainability and ESG principles	• Product Quality • Customer satisfaction • Emissions & Air quality • Regulations and compliance • Fraud, ethics and anti-corruption • Customer health and safety • Customer requirements on sustainability
Value Creation Scorecard FY 2025/26	**Further Information**	**SDGs**
• Overall GRI Satisfaction Score - **96** • **4.6/4.4/8.5** rating on Google/Trip Advisor/ Booking.com • ZERO complaints concerning breaches of customer privacy	• Social and Relationship Capital - Page 80	8, 9, 12

EMPLOYEES

699- strong team across all Group properties	Importance to the Group - **CRITICAL**	**Strength of Relationship**

Method and Frequency of Engagement	Stakeholder Concerns and Expectations	Identified Material Topics
• Briefings / Team Meetings (continuous and ongoing) • Management Meetings (as scheduled) • Performance Appraisals (bi-annual) • Internal Communications (continuous and ongoing) • Intranet (continuous and ongoing) • Training Activities (continuous and ongoing) • Awards Ceremonies (as scheduled) • Other employee engagement events (as scheduled)	• Staff training • Wellbeing • Career progression • Workplace safety • Diversity and engagement	• Product Quality • Customer satisfaction • Emissions & Air quality • Regulations and compliance • Fraud, ethics and anti-corruption • Customer health and safety • Customer requirements on sustainability

Value Creation Scorecard FY 2025/26	Further Information	SDGs
• **Rs. 323 Mn** distributed as monterey benefits to employees (**Rs. 290 Mn** - 2024/25) • **50** employees promoted • **28,840** hours of training (**16,366** - 2024/25) • **1:4** Overall Gender Ratio (Female:Male) • **25%** women in leadership (as a % of total leadership cadre)	• Human Capital - Page 66	3, 4, 5, 8, 10

STAKEHOLDER ENGAGEMENT

BUSINESS PARTNERS

SME’s, WOE’s Tour operators and Travel Agents Destination management companies	Importance to the Group - **HIGH**	**Strength of Relationship**
Method and Frequency of Engagement	**Stakeholder Concerns and Expectations**	**Identified Material Topics**
• Direct collaboration and open communication (continuous and ongoing) • Supplier Selection process (as needed) • Meetings (as needed) • Site visits to suppliers and business partners (Periodic) • Well-defined contractual agreements (As needed) • Industry forums to discuss opportunities and challenges for employees (Periodic) • Corporate Website (continuous and ongoing) • Social media platforms (continuous and ongoing)	• Stability and reliability in partnerships • Payment flexibility to support financial sustainability y Competitive and transparent pricing models • Adjustments to contractual terms based on external market conditions	• Economic performance • Regulations and compliance • Fraud, ethics and anti-corruption • Environmental and social issues along supply chain • Principal relationships • Environmental impacts in supply chain
Value Creation Scorecard FY 2025/26	**Further Information**	**SDGs**
• **Rs. 2.6 Bn** paid to suppliers (**Rs. 2.4 Bn** - 2024/25) • **23** new suppliers screened on environmental and social criteria (**19** - 2024/25)	• Social and Relationship Capital - Page 80	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS

GOVERNMENT / REGULATORY AUTHORITIES

Government and regulators SLTDA – Sri Lanka Tourism Development Authority SLTPB – Sri Lanka Tourism Promotion Bureau SLCB – Sri Lanka Convention Bureau BOI – Board of Investment IRD – Inland Revenue Department	Importance to the Group - **HIGH**	**Strength of Relationship**
Method and Frequency of Engagement	**Stakeholder Concerns and Expectations**	**Identified Material Topics**
• Directives and circulars (continuous and ongoing) • Interim Financials (quarterly) • Annual Report (annual) • CSE / SEC filings (as mandated) • Other regulatory submissions (as mandated) • Other meetings (as mandated)	• Economic growth through boosting tourism revenue and job creation • Ensuring tax compliance to contribute to fiscal revenue • Enhancing community well-being through corporate engagement	• Economic performance • Market presence • Regulations and compliance • Fraud, ethics and anti-corruption • Tax • Foreign exchange impacts
Value Creation Scorecard FY 2025/26	**Further Information**	**SDGs**
• **Rs. 697 Mn** paid as taxes (**Rs. 700 Mn** - 2024/25) • **100%** compliance with regulatory requirements	• Social and Relationship Capital - Page 80	

STAKEHOLDER ENGAGEMENT

COMMUNITIES

Government and regulators SLTDA – Sri Lanka Tourism Development Authority SLTPB – Sri Lanka Tourism Promotion Bureau SLCB – Sri Lanka Convention Bureau BOI – Board of Investment IRD – Inland Revenue Department	Importance to the Group - **HIGH**	**Strength of Relationship**
Method and Frequency of Engagement	**Stakeholder Concerns and Expectations**	**Identified Material Topics**
• Press Conferences / Press Releases (as needed) • Corporate Website (Ongoing) • Social Media Platforms (Ongoing) • Annual Report • CSR initiatives (as needed)	• Engaging with beneficiaries of our corporate social responsibility (CSR) project leads and communities • Creating job opportunities and supporting community-based sourcing • Offering training programmes to enhance skill development • Providing economic relief and support to vulnerable communities • Promoting biodiversity conservation and ecosystem sustainability	• Waste • Biodiversity • Emissions & Air quality • Water discharge and effluents • Regulations and compliance • Community and livelihood development
Value Creation Scorecard FY 2025/26	**Further Information**	**SDGs**
• **Rs. 5.4 Mn** Spent on CSR (**Rs. 3.5 Mn** - 2024/25) • **13,040** direct beneficiaries from CSR activities (**9,135** - 2024/25) • **Rs. 2.06 Mn** incurred as disaster relief for Cyclone Ditwah	• Social and Relationship Capital - Page 80	

OPERATING ENVIRONMENT

SRI LANKA TOURISM ENTERS A NEW GROWTH PHASE

Sri Lanka's tourism sector recorded a significant expansion during 2025, marking the strongest performance since 2018. Supported by improved macroeconomic stability, easing travel disruptions and renewed international confidence in Sri Lanka as a travel destination, tourist arrivals reached 2.36 Mn in 2025, surpassing the previous high recorded in 2018.

Despite the improvement in tourist arrivals, tourism earnings were lower than the peak recorded in 2018, indicative of the shift towards traveller behaviour favouring shorter stays and lower average expenditure per day. Available static indicate.

India continued as Sri Lanka's largest source market, driven by strong regional connectivity and short haul travel demand. Other key source markets included the United Kingdom, Russia, China and Germany, while growth in arrivals was also observed from markets such as Australia, France, Japan and other emerging regional markets, reflecting broader diversification in tourist arrivals.

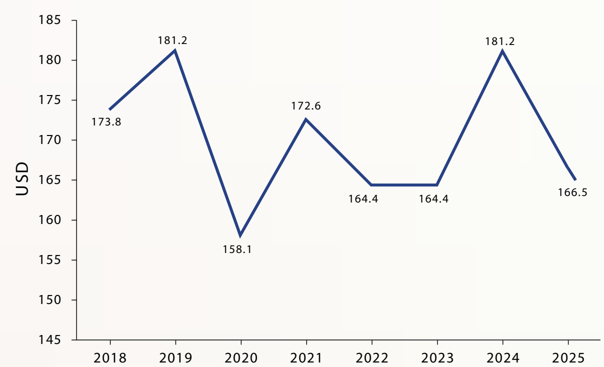
From a regional perspective, Europe accounted for the largest share of tourist arrivals in 2025, contributing 51.3% of total arrivals in December 2025, while the Asia Pacific region contributed 41.4%. Arrivals from the Americas, Middle East and Africa collectively accounted for less than 8% of total arrivals during the period.

However, geopolitical disruptions which disrupted key international transit routes connecting Sri Lanka to Europe and other long haul markets, weighed down sector performance from March 2026 onwards. Consequently while tourist arrivals for March 2026 declined by 19.8% year on year to 183,979 arrivals, cumulative tourist arrivals during the January to March 2026 reached 740,634, driven by strong arrivals in both January and February 2026.

Earnings from Tourism and Tourist Arrivals

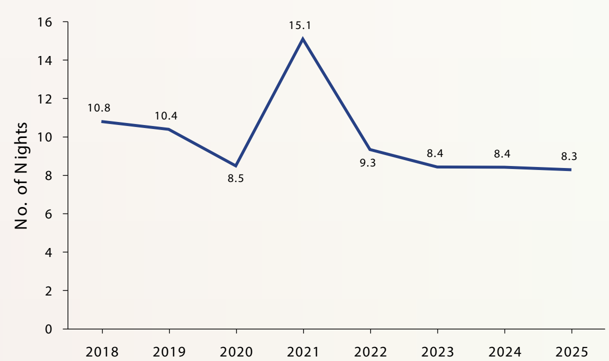
Sources: Central Bank of Sri Lanka
Sri Lanka Tourism Development Authority

Average Expenditure per Day



Source: Sri Lanka Tourism Development Authority

Average Duration of Stay



Source: Sri Lanka Tourism Development Authority

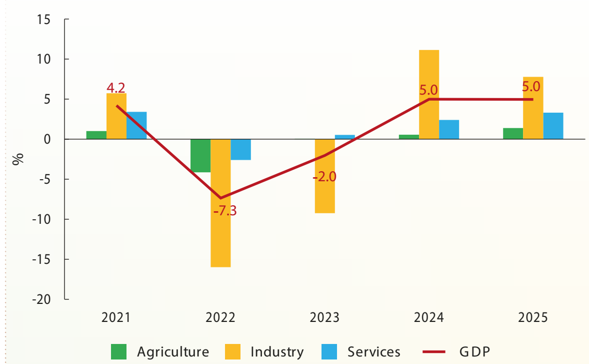
OPERATING ENVIRONMENT

OVERVIEW OF SRI LANKA'S ECONOMIC PERFORMANCE

Sri Lanka's economy grew by 5.0% year on year during 2025, marking the second consecutive year of economic expansion, supported by notable recovery across key economic sectors. Industrial activity expanded by 7.8% during the year, while the services sector grew by 3.3%, driven in part by expansion in tourism related industries including hospitality, transport and food services.

Easing inflationary pressures and declining interest rates alongside the continuation of the International Monetary Fund's (IMF) Extended Fund Facility (EFF) programme, ongoing structural reform measures and progress in sovereign debt restructuring were also key contributory factors for the Country's economic recovery momentum.

Figure 1.9
Annual Real GDP Growth Rates (a)

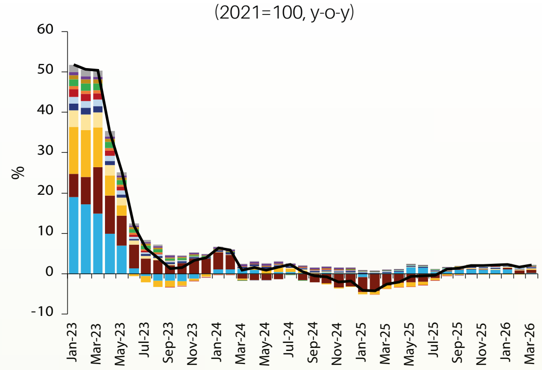


(a) Base year 2015
Source: Department of Census and Statistics

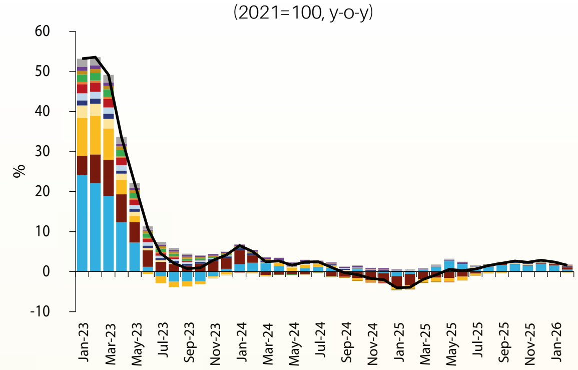
INFLATION

Following eleven consecutive months of deflation, headline inflation returned to positive territory from August 2025 onwards and gradually accelerated during the latter part of the year. CCPI based headline inflation increased to 2.1% by December 2025, compared to deflationary levels recorded during the early part of the year. Deflationary pressures eased during 2025, supported by higher food inflation, upward adjustments to electricity tariffs and continued normalisation of domestic demand conditions, while inflation remained at moderate levels towards the end of the year despite temporary supply disruptions following Cyclone Ditwah.

Contribution to CCPI-based Headline Inflation
(2021=100, y-o-y)



Contribution to NCPI-based Headline Inflation
(2021=100, y-o-y)



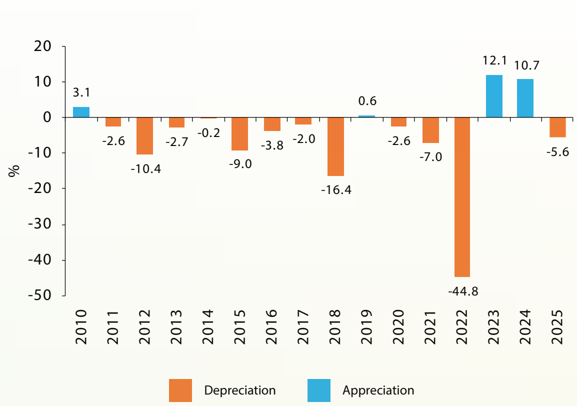
Food and Non Alcoholic Beverages
Transport
Education
Furnishing, Household Equipment and Routine Household Maintenance
Clothing and Footwear
Alcoholic Beverages and Tobacco
Housing, Water, Electricity, Gas and Other Fuels
Restaurants and Hotels
Health
Communication
Recreation and Culture
Miscellaneous Goods and Services
Y-o-Y Headline Inflation

Sources: Department of Census and Statistics
Central Bank Staff Calculations

EXCHANGE RATE

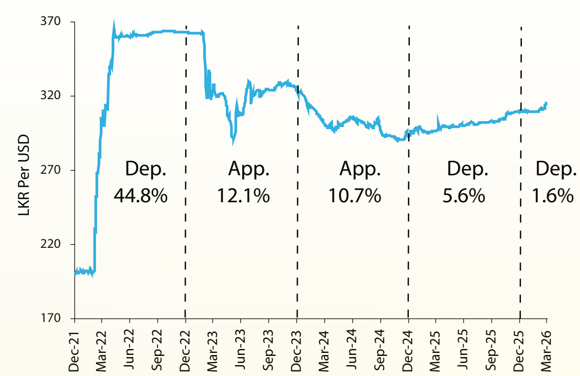
Following two consecutive years of appreciation, the Sri Lanka rupee recorded a depreciation against the US dollar during 2025. The exchange rate, which stood at Rs. 292.58 per US dollar at the end of December 2024, reached Rs. 309.99 per US dollar by the end of December 2025, indicating a 5.6% depreciation during the year. The Sri Lanka rupee also depreciated against other major currencies during 2025 amidst mixed movements in global currency markets.

Figure 1.26
Appreciation / Depreciation of LKR against USD



Source: Central Bank of Sri Lanka

Figure 1.28
Daily Exchange Rate Movements

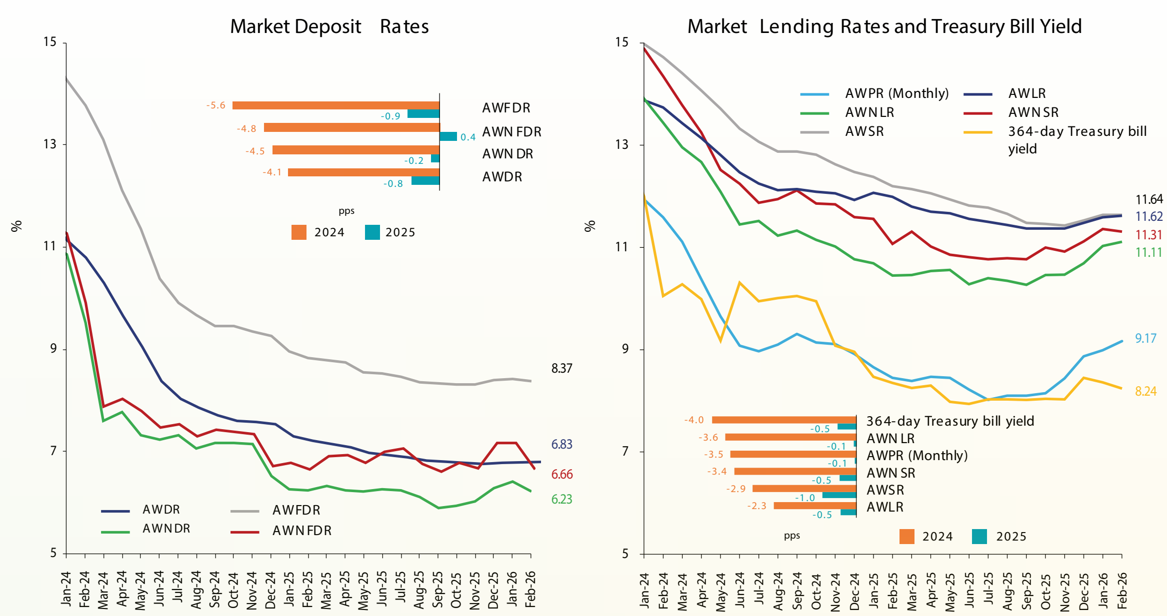


Source: Central Bank of Sri Lanka

INTEREST RATES

Overall market interest rates continued to adjust downwards during 2025, in line with the Central Bank of Sri Lanka's accommodative monetary policy measures aimed at easing inflationary pressures. The Central Bank of Sri Lanka (CBSL) further eased monetary policy during the year, reducing the Overnight Policy Rate (OPR) by 25 basis points to 7.75% in May 2025. Although a modest uptick in short term interest rates was observed towards the latter part of the year, lower lending rates continued to support borrowing activity during the year.

Figure 1.12
Movements of Selected Market Interest Rates



Note : The bar charts represent the annual adjustment in interest rates in 2024 and 2025

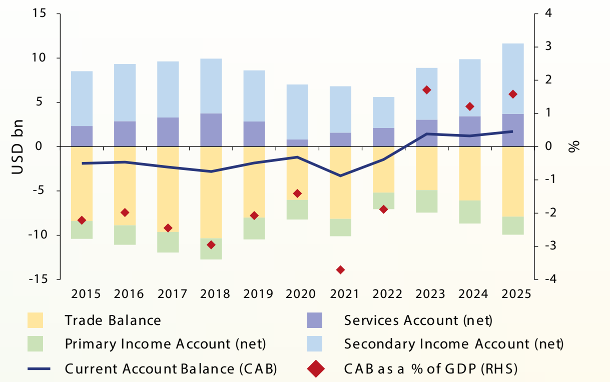
Sources: Central Bank of Sri Lanka
Public Debt Management Office

OPERATING ENVIRONMENT

EXTERNAL SECTOR

Sri Lanka's external sector performance continued to improve during 2025, supported in part by stronger tourism related inflows. The surplus in the services account increased to USD 3.7 Bn in 2025 from USD 3.4 Bn in 2024, while total services inflows increased to USD 7.1 Bn during the year.

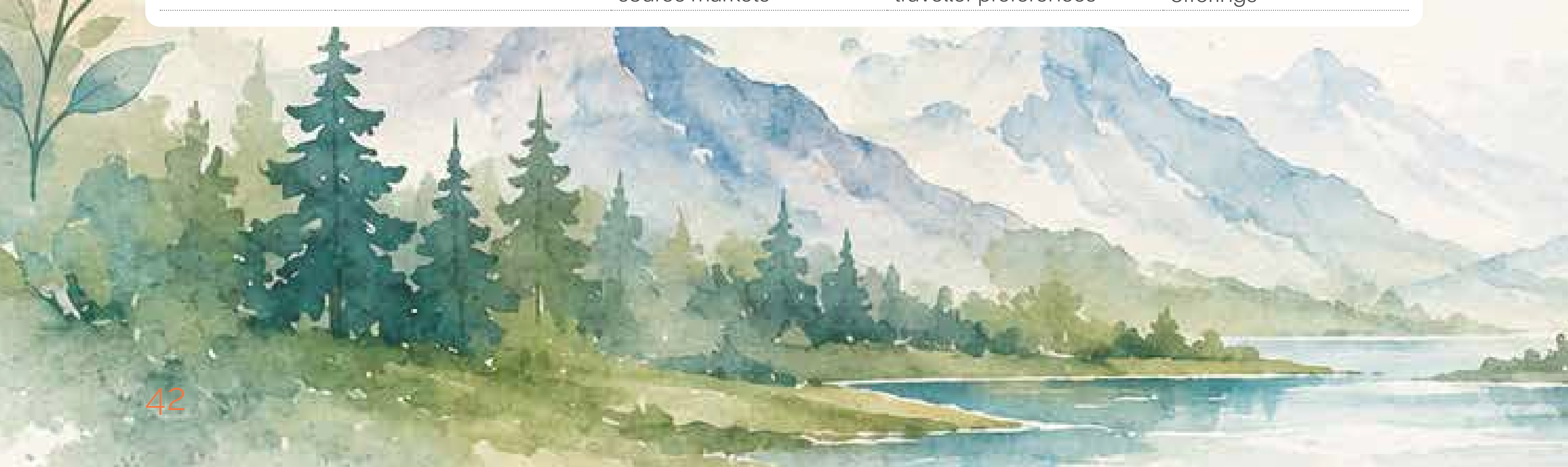
Figure 1.20
Annual External Current Account



Source: Central Bank of Sri Lanka

Challenges and Opportunities and Strategic Response by the Hayleys Leisure Group

PESTLE Factor	Challenges	Opportunities	Strategic Response	Outlook and Way Forward
Political	Geopolitical disruptions affecting international transit routes and long-haul travel demand, particularly from Europe	Improved global confidence in Sri Lanka as a travel destination and supportive tourism policy measures	Strengthening brand visibility across key source markets and diversifying customer segments across short-haul and long-haul markets	Continue strengthening market diversification and resilience against external geopolitical disruptions
Economic	Lower average tourist spending despite higher arrivals; currency depreciation increasing imported cost pressures	Stronger economic growth, easing inflationary pressures, lower interest rates, and improved tourism inflows supporting sector expansion	Focus on operational efficiency, experience-led offerings, and strategic cost management while leveraging lower borrowing costs for investment	Sustained economic stabilisation and tourism growth expected to support long-term sector recovery and investment confidence
Social	Changing traveller behaviour favouring shorter stays and value-conscious travel patterns	Rising international visibility of Sri Lanka as an experiential and lifestyle destination; broader diversification in tourist source markets	Elevating the Amaya brand through immersive, authentic, and experience-led hospitality offerings aligned with evolving traveller preferences	Increasing demand for experiential tourism expected to create opportunities for differentiated hospitality offerings



Challenges and Opportunities and Strategic Response by the Hayleys Leisure Group				
PESTLE Factor	Challenges	Opportunities	Strategic Response	Outlook and Way Forward
Technological	Rising guest expectations for seamless digital engagement and service delivery	Opportunity to enhance guest engagement, operational efficiency, and market reach through digital platforms and data-driven insights	Continued focus on enhancing guest journeys, improving operational responsiveness, and strengthening brand positioning across markets	Greater integration of digital capabilities expected across customer engagement, distribution, and operational processes
Legal / Regulatory	Exposure to evolving sustainability regulations, global travel requirements, and compliance expectations	IMF-led reforms, improved macroeconomic governance, and policy stability strengthening investor and tourism confidence	Maintaining strong governance, compliance frameworks, and alignment with evolving reporting and sustainability standards	Stable regulatory environment expected to support long-term tourism sector growth and foreign investment attractiveness
Environmental	Exposure to climate-related disruptions and temporary supply chain impacts arising from extreme weather events such as Cyclone Ditwah	Growing global preference for sustainable and nature-based tourism experiences	Implementation of the "Hive Effect" ESG Roadmap 2030 alongside biodiversity, concept garden, and sustainability initiatives across properties	Sustainability-led tourism positioning expected to strengthen long-term destination competitiveness and guest appeal

TRACKING OUR COLLECTIVE IMPACT

Progress against the roadmap will be reviewed through property-level action plans, performance data and ESG governance mechanisms. This approach supports continual improvement, accountability and alignment with the Hayleys Lifecode, UN Sustainable Development Goals and recognised sustainability frameworks.

Energy & Emissions

Baseline Performance

Renewable energy - 0%.
Energy intensity : 79.46 MJ per occupant

2030 Target

20% sustainable and renewable energy applications.
30% energy intensity reduction.

Strategic Link

Reliance on sustainable and renewable energy sources.
Reduction in energy intensity.

Water & Effluents

Strategic Link

Application of sustainable water sourcing.
Reduction of freshwater intensity.

2030 Target

40% sustainable water source across the group.
30% reduction in fresh water intensity.

Baseline Performance

13% of sustainable water sourcing.
Fresh water intensity: 450 L per occupant.

Material & Waste

Baseline Performance

95% of quantified waste diverted from improper landfill/incineration.
ood waste intensity: 704 g/occupant.

2030 Target

Traceability and responsible disposal of all waste categories.
30% reduction in food waste intensity.
50% reduction in single-use plastic consumption.
Organic vegetable gardens at each property.

Strategic Link

Value addition for all waste generated.
Food waste intensity reduction.
Responsible consumption and production.
Organic vegetable gardens.

Chemical Management

Strategic Link

Best practices in chemical management across the supply chain.

2030 Target

100% alignment with sustainable chemical management practices.

Baseline Performance

LRCC membership and assessments completed.

Biodiversity

Baseline Performance

358 trees planted; 0.4 acres reforested.
Beekeeping ongoing

2030 Target

Expand biodiversity to 5× built area.
One unique biodiversity programme per property by 2030.

Strategic Link

External and internal biodiversity conservation

Engaged Team

Strategic Link

Develop a diverse, engaged team.
Inclusive and equitable organisational culture.

2030 Target

Attrition reduced by 5% by 2030.
Inclusive workforce participation.

Baseline Performance

Baseline attrition recorded.
Anti-discrimination training initiated.
Near-miss reporting and OSH training continued.

Health, Safety & Wellbeing

Baseline Performance

Near-miss recording initiated.
OSH training and awareness continued.
100% OSH requirement alignment.

2030 Target

Health, safety and wellbeing culture.
ISO 45001 certification.
OSH excellence awards participation.

Strategic Link

Ensure the health, safety and wellbeing of all employees & customers

The Hive Effect Roadmap presents Hayleys Leisure's ESG commitments through clear focus areas, measurable 2030 targets and baseline performance indicators. Each element connects our current performance with future ambitions, helping teams understand the actions required to reduce environmental impact, strengthen communities, empower employees, enhance guest experiences and uphold responsible governance.

FROM COMMITMENT TO MEASURABLE PROGRESS

Each focus area is guided by a strategic link, a defined 2030 target and a baseline performance position. Together, these components show why the topic matters, what we aim to achieve and how progress will be monitored over time across Hayleys Leisure properties.

Learning & Development

Strategic Link
Continuous learning opportunities.
Performance-driven work culture.
Talent pipelines and succession plans.

2030 Target
40 training hours per employee by 2030.
100% digital appraisal process with development plans.
Department-level succession plans.

Baseline Performance
25 training hours per employee achieved.
100% annual appraisals completed.
Succession planning programme launched.

Community Relations

Baseline Performance
9,135 CSR beneficiaries

2030 Target
100% increase in CSR beneficiaries.

Strategic Link
Uplifting livelihoods and empowering communities.

Sustainable Sourcing

Strategic Link
Social and environmental supply chain practices.
Strategic supplier development.
Local culture and heritage protection.

2030 Target
40% supplier ESG screening.
Long-term supplier development programme.
Local culture and heritage protection.

Baseline Performance
19 suppliers screened, covering 25% of payments.
89 suppliers mapped within 20 km.
Background studies in progress.

Cultural Heritage Protection

Baseline Performance
Ongoing studies

2030 Target
Developing and driving a business model that prioritises and protects local culture and heritage

Strategic Link

Customer Satisfaction

Strategic Link
Customer expectations and needs.
Customer feedback management systems.

2030 Target
Customer feedback linked to improvement plans.
Systematic grievance handling.

Baseline Performance
Online customer review programme implemented.
Digital customer feedback process established.

Nutrition & Sustainable Food Systems

Baseline Performance
Organic gardens.

2030 Target
Organic menus and dishes with clearly defined nutritional content.

Strategic Link
Nutritional value-focused revenue opportunities.

Sustainable Tourism Projects

Strategic Link
Adopt responsible marketing practices.

2030 Target
Introducing sustainability-focused excursions and hotel packages focusing on revenue generation.

Baseline Performance
Internal projects.

Key

Strategic Link
Shows how each focus area supports Hayleys Leisure's ESG priorities, stakeholder expectations and long-term value creation.

2030 Target
Defines the measurable outcome Hayleys Leisure aims to achieve by 2030 for each material ESG focus area.

Baseline Performance
Records the 2024/25 starting point used to measure progress, compare results and demonstrate improvement over time.

ESG TARGET PROGRESS 2030

ENVIRONMENT

ENERGY & EMISSIONS

Strategic Link	2030 Target	Baseline Performance	2025/26 Target	2025/26 Actual
Reliance on sustainable and renewable energy sources	20% sustainable and renewable energy applications	Zero%	4% renewable energy applications	Roof solar project implemented at Amaya Beach.
Reduction in energy intensity by operational efficiencies and new technologies	30% energy intensity reduction	79.46 MJ per occupant	78.01 MJ per occupant	73.26 MJ per occupant.

WATER & WASTE

Strategic Link	2030 Target	Baseline Performance	2025/26 Target	2025/26 Actual
Application of sustainable water sourcing	40% sustainable water source across the group by 2030	13% of sustainable water sourcing	At least 1 property-specific sustainable water sourcing project	22% sustainable water sourcing
Freshwater intensity reduction through efficiency and recycled water applications	30% reduction in fresh water intensity by 2030	450 L per occupant	435 L per occupant	396 L per occupant
Value addition to all waste generated	Traceability and responsible disposal of all waste categories	>95% of quantified waste diverted from improper landfilling/ incineration	2025/26 milestone: maintain traceability and evidence for all major waste streams	Ongoing
Wet garbage and food waste intensity reduction	30% reduction in wet garbage and food waste intensity	704 g per occupant	656 g per occupant	475 g per occupant

MATERIALS, PRODUCTION & CHEMICALS

Strategic Link	2030 Target	Baseline Performance	2025/26 Target	2025/26 Actual
Responsible consumption of natural resources and sustainable production	50% reduction in single-use plastic consumption	Baseline to be established via 2025/26 audit; 100% elimination of plastic straw usage; property mapping underway	Complete single-use plastic audit/property mapping; maintain elimination of plastic straws	Single-use plastics reduced, including plastic bags and bottles
Climate-smart organic vegetable gardens integrated with guest experiences	Organic vegetable gardens at each property	3 on-site vegetable gardening projects	At least 1 property-specific organic/ vegetable project to be maintained or initiated	Four vegetable gardens and composting projects established
Best chemical management practices across the supply chain	100% alignment with sustainable chemical management practices within the sector	LRCC membership obtained and third-party assessments conducted for each property	Maintain LRCC/ assessment controls and update chemical storage, labelling and training evidence	Chemical management assessments ongoing

BIODIVERSITY

Strategic Link	2030 Target	Baseline Performance	2025/26 Target	2025/26 Actual
External biodiversity conservation and preservation	Increase biodiversity programmes to cover 5 times the built area of properties	358 trees planted with Hayleys Group ‘Kirulu’; approx. 0.4 acres reforested	Update acreage coverage and partner action plan towards 5x built-area coverage	Hanthana biodiversity programme implemented
Internal biodiversity conservation and preservation	At least 1 property-specific unique biodiversity enhancing programme by 2030	Ongoing beekeeping project at Amaya Hills; herbal gardens to be initiated at Amaya Lake and Amaya Hills	At least 1 property-specific project	Property-level biodiversity initiatives implemented

ESG TARGET PROGRESS 2030

EMPLOYEE

ENGAGED TEAM, INCLUSION & SAFETY

Strategic Link	2030 Target	Baseline Performance	2025/26 Target	2025/26 Actual
Developing a diverse engaged team	5% reduction in attrition rates by 2030	Baseline attrition: Managerial 27%, Executive 33%, Non-executive 39%	Target attrition: Managerial 26%, Executive 32%, Non-executive 38%	Actual attrition: Managerial 24%, Executive 21%, Non-executive 43%
Inclusive and equitable organisational culture	Sufficient participation of women in business; opportunities for differently-abled employees	Anti-discrimination training and awareness sessions initiated across properties	Initiate programmes to increase participation of women and differently-abled individuals	Female Leadership Enhancement Training conducted by the Amaya Lake and Amaya Hills
Health, safety and wellbeing of employees and customers	Health and safety-centred culture, ISO 45001 certification, OSH awards and 100% OSH alignment	Near-miss recording initiated; OSH-focused training and awareness continued	100% OSH alignment; maintain near-miss, corrective action and training evidence	Maintain near-miss, corrective action and training evidence

LEARNING & DEVELOPMENT

Strategic Link	2030 Target	Baseline Performance	2025/26 Target	2025/26 Actual
Provide opportunities for continuous learning	Each employee receives an average of 40 training hours per year by 2030	25 training hours per employee per annum in 2024/25	30 average training hours per employee	41.4 average training hours per employee
Performance-driven conducive work culture	Maintain 100% appraisal process; digitalise appraisal; introduce appraisal-based personal development plans	100% of permanent employees receive annual performance appraisals	Sustain 100% appraisal process and phase digitalisation	Appraisal process ongoing
Talent pipelines and succession plans	Clear succession plans for immediate subordinates of each department	Succession plan programme launched for selected employee levels	Develop succession training and leadership/supervisory development programmes	Succession planning ongoing

COMMUNITY & SUPPLIERS

Strategic Link	2030 Target	Baseline Performance	2025/26 Target	2025/26 Actual
Uplifting livelihoods and empowering communities	100% increase in CSR beneficiaries by 2030	9,135 beneficiaries during 2024/25	9,592 beneficiaries / +20% annual increase	13,040 beneficiaries
Good social and environmental practices across supply chain	Screen 40% of supplier portfolio for ESG compliance, based on supplier payments	19 suppliers screened, representing 25% of supplier payments	30% supplier profile based on payments	30% supplier profile based on payments
Strategic supplier development programme	One long-term supplier development programme with a selected sourcing partner	89 suppliers mapped within 20 km of each property	Select sourcing partner and initiate one long-term supplier development programme	Supplier development programme ongoing
Protecting local culture and heritage	Business model that prioritises and protects local culture and heritage	Background studies in progress	Complete background studies and identify property-level heritage projects	Heritage project identification ongoing

ESG TARGET PROGRESS 2030

CUSTOMER

CULTURE OF CARE

Strategic Link	2030 Target	Baseline Performance	2025/26 Target	2025/26 Actual
Customer expectations and needs	Connect customer reviews/feedback into business performance improvement plans	Online, system-based customer review programme implemented across key guest experience areas	100% complaints promptly addressed; set KPIs to improve guest feedback	Guest feedback management ongoing
Customer feedback management systems	Advance customer feedback management for systematic grievance handling	Digitalised customer feedback and review process	Maintain digitalised feedback system and track resolution/follow-up completion	Digital feedback management ongoing
Sustainable food system requirements	100% continuation of property certifications against food safety standards	All properties certified for ISO 22000	100% continuation of ISO 22000 certification; zero food safety violations	Continuation of ISO 22000 certification; zero food safety violations
Nutritional value-focused revenue opportunities	Organic menus and dishes with clearly defined nutritional content	Implementation scheduled to commence in 2025/26	Commence organic/ nutritional menu development in 2025/26	4 vegetable gardens and composting projects; mushroom project and microgreen project reported
Responsible marketing practices	Sustainability-focused excursions and hotel packages focused on revenue generation	Implementation scheduled to commence in 2025/26	Commence sustainability-focused excursions/hotel packages in 2025/26	Sustainability-focused marketing initiatives ongoing

GOVERNANCE

GOVERNANCE FOR IMPACT

Strategic Link	2030 Target	Baseline Performance	2025/26 Target	2025/26 Actual
Structure and oversight	Full compliance with ESG committee requirements	ESG committees and reporting structures defined at property and sector level	Maintain ESG committee meeting cadence, minutes and action closure	ESG committee meetings conducted at sector level
Transparency and accurate reporting	Sustainability reporting with third-party verifications	Reports aligned with GRI and SASB standards	Monthly/quarterly CUBE reporting with evidence and assurance readiness	Monthly/ quarterly CUBE reporting continues; assurance evidence to be strengthened
Stakeholder engagements	Website updated with ESG performance details	Sustainability report and ESG policies published on official websites	Update website with ESG performance details	ESG website update ongoing

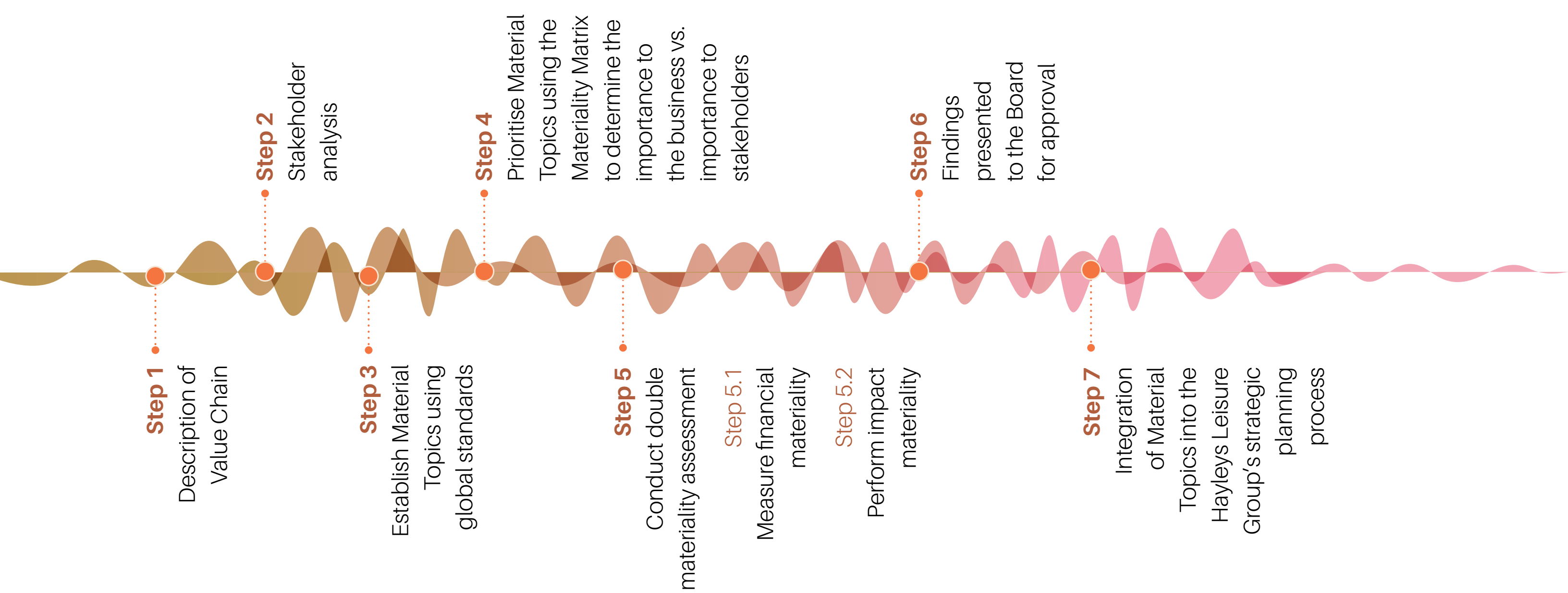
MATERIAL TOPICS

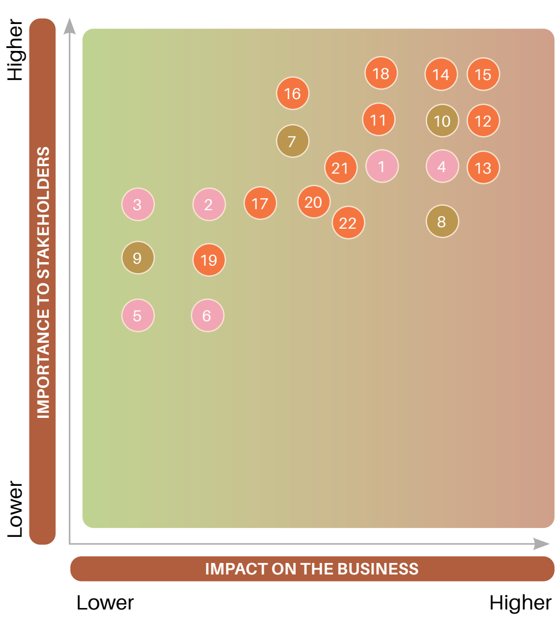
The Hayleys Leisure Group defines its material topics as those issues that have a significant influence on the Group's ability to create sustainable value over the short, medium, and long term, while also shaping the expectations, priorities, and decisions of its key stakeholders.

The determination of Material Topics is based on the guidelines of the Hayleys Group which have been customised to reflect sector-specific priorities. This includes topics outlined in the GRI guidelines, relevant SASB Standards, along with those aligned to our value creation model, operating context and strategic goals. Recognising the importance of both financial materiality (issues that affect business performance) and impact materiality (issues where business impacts the environment and society), the list of identified Material Tropics are further filtered using the double-materiality approach.

Results from the materiality assessment serve as a cornerstone in our process of strategy formulation, risk management, performance management and corporate reporting. As such Material Topics are reviewed and updated annually to reflect evolving conditions.

MATERIALITY MATRIX





Environment
1. Waste
2. Biodiversity
3. Emissions & Air quality
4. Water discharge and effluents
5. Environmental and social issues along supply chain
6. Environmental impacts in supply chain

Social
7. Employee wellbeing
8. Training and education
9. Community and livelihood development
10. Customer requirements on sustainability

Governance
11. Product Quality
12. Economic performance
13. Operational efficiency and productivity
14. Market presence
15. Customer satisfaction
16. Regulations and compliance
17. Fraud, ethics and anti-corruption
18. Customer health and safety
19. Diversity, non-discrimination and equal opportunity
20. Principal relationships
21. Tax
22. Foreign exchange impacts

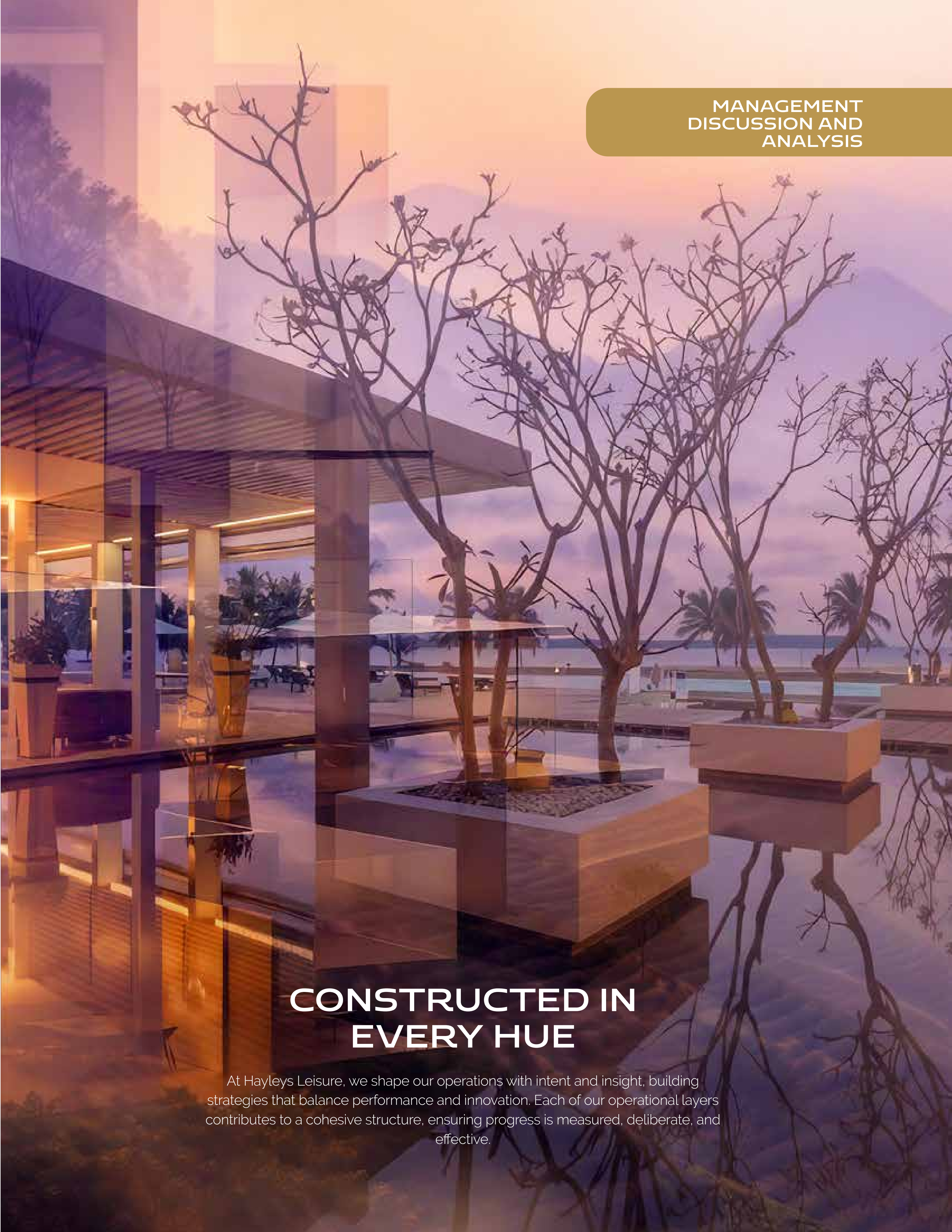
Changes to Material Topics in FY 2025/26	
Topics Removed	**New Topics Added**
Climate change adaptation	Employee wellbeing
Ecological impacts	Product Quality
Energy consumption	Customer health and safety
Health, safety & well-being	Principal relationships
Employment	Environmental impacts in supply chain
Product Stewardship	
Product Safety & Quality	
Government policy	
Customer privacy	
Physical climate risks – temperature	

	Material Topic	Topic Boundary (I/E)	Financial Materiality	Impact Materiality (E/S/G)			Management Approach: through integration with Hayleys Leisure Group Strategic Priorities				GRI Relevance
				Environment	Social	Governance	Business Growth	Guest Experience	Team Empowerment	Sustainability	
1	Waste	I – Resort waste management	Rising disposal & compliance costs				✓			✓	GRI 306
2	Biodiversity	E – Ecosystem conservation impacts	Destination attractiveness preservation				✓	✓		✓	GRI 304
3	Emissions & Air Quality	I – Emission associated with energy consumption E- Transport emissions	Energy and carbon exposure				✓			✓	GRI 305
4	Water Discharge & Effluents	I – Water management operations	Water treatment compliance costs							✓	GRI 303
5	Environmental & Social Issues Along Supply Chain	E – Supplier sustainability practices	Supply chain continuity risks				✓			✓	GRI 308 / 414

MATERIAL TOPICS

	Material Topic	Topic Boundary (I/E)	Financial Materiality	Impact Materiality (E/S/G)			Management Approach: through integration with Hayleys Leisure Group Strategic Priorities				GRI Relevance
				Environment	Social	Governance	Business Growth	Guest Experience	Team Empowerment	Sustainability	
6	Environmental Impacts in Supply Chain	E – Procurement footprint management	Sustainable sourcing cost exposure				✓			✓	GRI 308
7	Employee Wellbeing	I – Workforce welfare practices	Talent retention and productivity				✓	✓	✓		GRI 401 / 403
8	Training & Education	I – Employee capability development	Skills and service enhancement				✓	✓	✓		GRI 404
9	Community & Livelihood Development	E – Local community engagement	Social licence to operate				✓			✓	GRI 413
10	Customer Requirements on Sustainability	E – Evolving guest expectations	Brand relevance and demand				✓	✓		✓	GRI 416
11	Product Quality	I – Hospitality service quality	Revenue and brand reputation				✓	✓	✓		GRI 416
12	Economic Performance	I – Financial performance outcomes	Profitability and shareholder returns				✓				GRI 201
13	Operational Efficiency & Productivity	I – Operational resource optimisation	Margin and cost efficiency				✓	✓	✓	✓	GRI 302
14	Market Presence	E – Brand and destination visibility	Revenue growth opportunities				✓	✓			GRI 202
15	Customer Satisfaction	I – Guest experience delivery	Repeat business and loyalty				✓	✓	✓		GRI 418
16	Regulations & Compliance	I/E – Regulatory adherence	Legal and compliance exposure				✓			✓	GRI 2 / 307

	Material Topic	Topic Boundary (I/E)	Financial Materiality	Impact Materiality (E/S/G)			Management Approach: through integration with Hayleys Leisure Group Strategic Priorities				GRI Relevance
				Environment	Social	Governance	Business Growth	Guest Experience	Team Empowerment	Sustainability	
17	Fraud, Ethics & Anti-Corruption	I – Governance and integrity	Reputational and legal risk				✓		✓		GRI 205
18	Customer Health & Safety	I – Guest safety standards	Liability and reputation risks				✓	✓	✓		GRI 416
19	Diversity, Non-Discrimination & Equal Opportunity	I – Inclusive workforce practices	Talent attraction and culture				✓		✓		GRI 405 / 406
20	Principal Relationships	E – Strategic partnerships management	Business continuity and growth				✓	✓			GRI 2
21	Tax	I/E – Fiscal responsibility	Taxation and compliance risks				✓				GRI 207
22	Foreign Exchange Impacts	E – Currency fluctuation exposure	Earnings and ARR volatility				✓				GRI 201



CONSTRUCTED IN EVERY HUE

At Hayleys Leisure, we shape our operations with intent and insight, building strategies that balance performance and innovation. Each of our operational layers contributes to a cohesive structure, ensuring progress is measured, deliberate, and effective.

FINANCIAL CAPITAL

OVERVIEW

Financial Capital refers to the funds and financial resources available to the Hayleys Leisure Group, including equity, debt and internally generated cash flows that support day to day business activities and strategic growth initiatives.

MANAGEMENT APPROACH

Our three-pronged approach to managing Financial Capital is based on: revenue expansion, cost discipline, and balance sheet stability. We drive growth through targeted strategies to strengthen income streams across all properties, while maintaining strong cost discipline to enhance Group-wide operational efficiency and productivity. At the same time, we focus on sustaining a strong and resilient balance sheet through prudent management of our capital structures and stringent liquidity control coupled with careful debt oversight.

- Economic performance
- Operational efficiency and productivity
- Regulations and compliance
- Tax
- Foreign exchange impacts

CAPITAL PERFORMANCE

Challenges

- Liquidity and cash flow pressures during periods of economic uncertainty or uneven revenue cycles.
- Adverse impact on Average Room Rates (ARR) due to unfavorable movement of the LKR against the USD.

Opportunities

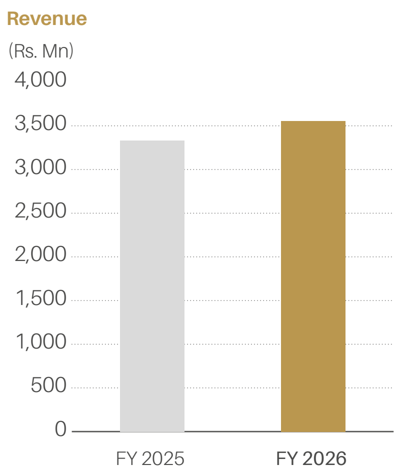
- Low interest rate environment resulting in the reduction in overall finance costs.
- Access to diverse funding sources to support strategic growth initiatives more effectively.

GROUP RESPONSE

- Revenue : **Rs. 3.56 Bn**
- Gross Profit Margin : **65%**
- Equity Asset Ratio : **24%**
- Debt to Equity Ratio : **1.23**

SDGs

8 DECENT WORK AND ECONOMIC GROWTH

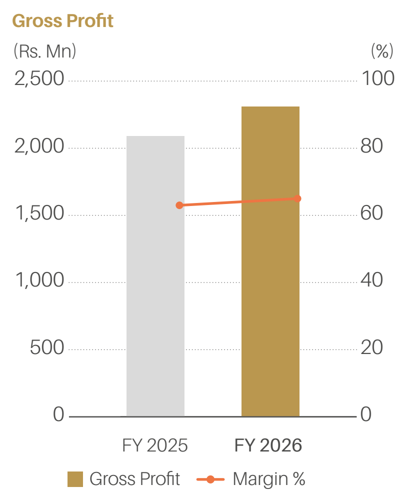


REVENUE

The Hayleys Leisure Group recorded consolidated revenue of Rs. 3.56 Bn in the current financial year, denoting a 7% expansion from the Rs. 3.33 Bn in the previous year. Growth is attributed to the combined impact of higher average room rates (ARR), supported in part by favourable exchange rate movements, alongside improved occupancy levels across the property portfolio.

Amaya Lake emerged as the best-performing property with an average occupancy of 75% and accounting for the largest share of Group Revenue for FY 2025/26. Amaya Beach which recorded average occupancy levels of 60% also recorded improved results to make a strong positive contribution to Group revenue. In contrast, Amaya Hills, despite averaging 66% occupancy levels, reported a decline in revenue for the current year owing to a slower start to the year and significant booking cancellations following Cyclone Ditwah in November 2025, which adversely affected demand momentum during the seasonal peak travel period.

On an overall basis, room revenue accounted for 63% of total revenue for the year, with food & beverage, spa and wellness, and other revenue streams accounting for the remaining share of total revenue for FY 2025/26.



GROSS PROFIT

Group Gross Profit improved from Rs. 2.09 Bn in the previous year to Rs. 2.30 Bn in the current year, reflecting a 11% year-on-year increase, driven primarily by the uplift in revenue.

It is noteworthy that the improvement in Gross Profits was achieved without a proportional increase in cost of sales, highlighting the effectiveness of the Group's cost containment measures implemented throughout the year. Despite inflationary-induced increases in electricity and other utilities, disciplined cost management initiatives implemented by the Group ensured that cost of sales remained largely in line with the previous year.

As a result, gross profit margins improved from approximately 63% in the previous year to 65% in the current year.

OPERATING EXPENSES

Total operating expenses of the Group increased from Rs. 1.7 Bn in the previous year to Rs. 2.3 Bn in the current year. Administrative expenses, which represent the largest component of operating costs, increased by 38% year-on-year, rising from Rs. 1.63 Bn to Rs. 2.26 Bn, primarily due to impairment provision, higher staff costs following salary revisions, and other inflation-induced cost increases impacting operating inputs.

FINANCE COSTS

Group finance costs recorded a notable reduction from Rs. 232 Mn in the previous year to Rs. 167 Mn in the current year. This was largely driven by the repayment of the Amaya Beach loan amounting to Rs. 433 Mn, coupled with a reduction in AWPLR during the year, which had a favourable impact on the cost burden on outstanding borrowings.

PROFITABILITY

Our core business operations demonstrated strong resilience and growth during FY 2025/26. Reflecting sustained momentum underlying PBT increased by 3% compared to the previous financial year. However, provision for the impairment of trade and receivables impacted to our final earning.

The decline in income tax expenses from Rs. 118 Mn in the previous year to Rs. 110 Mn in the current year.

TOTAL EQUITY

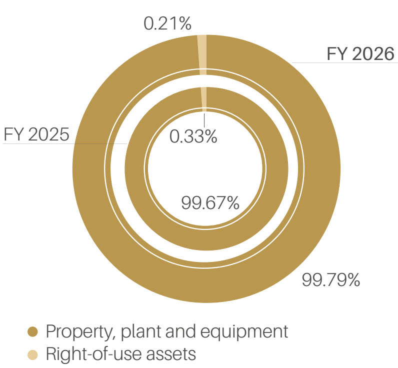
Total Equity of the Group recorded a marginal decrease, from Rs. 1.33 Bn in the previous year to Rs. 1.24 Bn in the current year, primarily driven by lower retained earnings. Retained earnings decreased during the period, from Rs. 123 Mn in FY 2024/25 to Rs. (134 Mn) at the end of the current financial year.

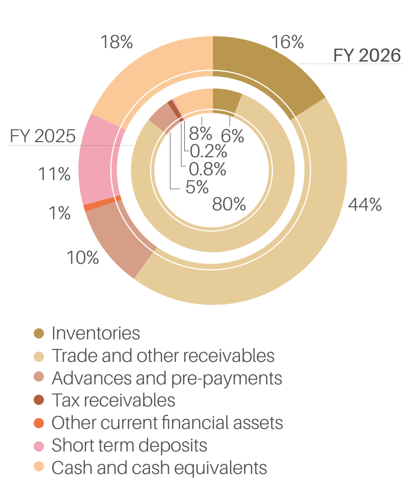
FINANCIAL CAPITAL

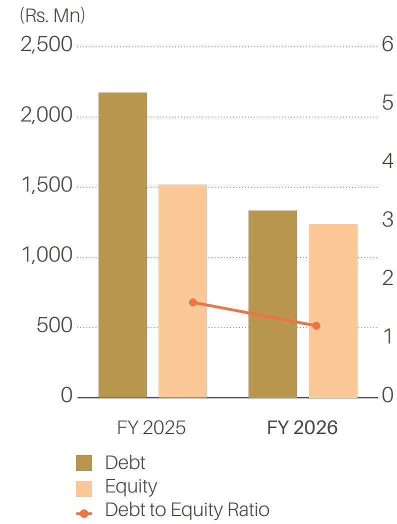
TOTAL ASSETS

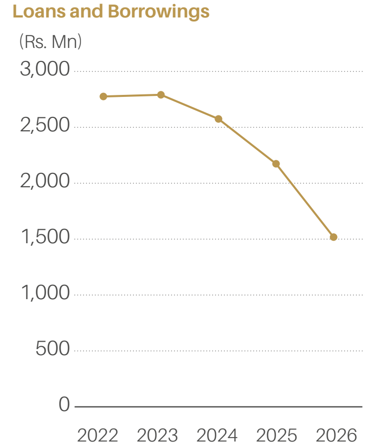
Total Non-Current Assets of the Group remained broadly in line with the previous year, while total assets reflecting a decline from Rs. 5.88 Bn in the previous year to Rs. 5.07 Bn in the current year.

	2025/26 Rs.'000	2024/25 Rs.'000	YOY Change
Total Assets	5,071,977	5,877,285	(14%)
Non-Current Assets	4,465,059	4,491,032	(1%)
Property, Plant and Equipment	4,455,795	4,475,992	(1%)
Other Non-current assets	9,264	15,040	(38%)
Current Assets	606,918	1,386,253	(56%)
Inventories	99,720	89,763	11%
Trade and other receivables	267,410	1,105,337	(76%)
Other current assets	239,788	191,153	25%









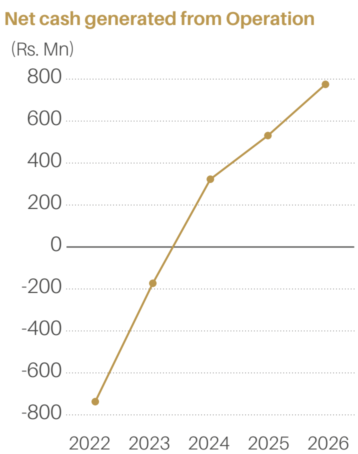
TOTAL LIABILITIES

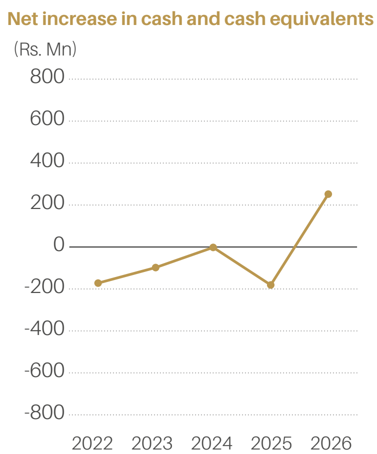
Total liabilities of the Group declined to Rs. 3.83 Bn in the current year from Rs. 4.5 Bn in the previous year, primarily driven by the repayment of the Amaya Beach loan amounting to Rs. 433 Mn. The combined effect of lower liabilities and the increase in total equity resulted in a strengthening of the Group's debt-to-equity ratio from 1.63 in the previous year to 1.23 for FY 2025/26

Liquidity levels also remained stable, with the current ratio and quick ratio for FY 2025/26 at 0.32 and 0.27 respectively, broadly in line with 0.62 and 0.58 recorded at the end of the previous year.

CASHFLOW STATEMENT

Cash position of the Group as at 31st March 2026 improved to negative Rs. 324 Mn compared to negative Rs. 576 Mn last year. Cash flows from operations generated Rs. 775 Mn, Cash flows used in investing activities amounted to Rs. 189 Mn and Investing activities included acquisition of property, plant and equipment amounting to LKR 202 Mn. The net cash flows used in financing activities amounted to Rs 335 Mn due to repayment of the loans.





SHORT TERM

- Strengthen budgeting and monthly financial monitoring to improve capital efficiency.
- Maintain adequate liquidity to meet operational and working capital requirements.

MEDIUM TO LONG TERM

- Strengthen overall capital structure by improving equity base and reducing reliance on debt.
- Build financial resilience through strong reserves and contingency buffers.

MANUFACTURED CAPITAL

OVERVIEW

Our manufactured capital consists of a network of 9 properties across Sri Lanka remain the are the backbone of our operations. Strategically positioned within key tourism regions, these landmark hotels, resorts and boutique properties represent our core capability and commitment to deliver high-quality hospitality experiences to guests from around the world.

MANAGEMENT APPROACH

- Our approach to managing manufactured capital is guided by a dual focus on strategic investment and asset excellence. Capital expenditure is directed towards strategic investments aimed at upgrading existing properties, enhancing guest-facing facilities and integrating modern design and technology standards to ensure each property maintains it unique characteristics while also evolving par with global hospitality trends. At the same time, we allocate capital towards selectively expanding our portfolio into high-potential locations, strengthening our geographic footprint and market positioning. Complementing this, we undertake asset optimisation initiatives and preventive maintenance practices across all our properties to improve efficiency, extend asset life cycles and maintain operational reliability.
- Economic performance
- Operational efficiency and productivity
- Market presence
- Customer satisfaction
- Regulations and compliance
- Principal relationships
- Customer requirements on sustainability

CAPITAL PERFORMANCE FOR FY 2025/26

Challenges

- Ensuring consistent asset performance across geographically dispersed properties
- Balancing asset upgrades with cost considerations
- Meeting evolving safety, regulatory and sustainability requirements in relation to physical infrastructure

Opportunities

- Adoption of energy-efficient technologies
- Expansion of renewable energy applications
- Strengthening operational efficiency through digital integration

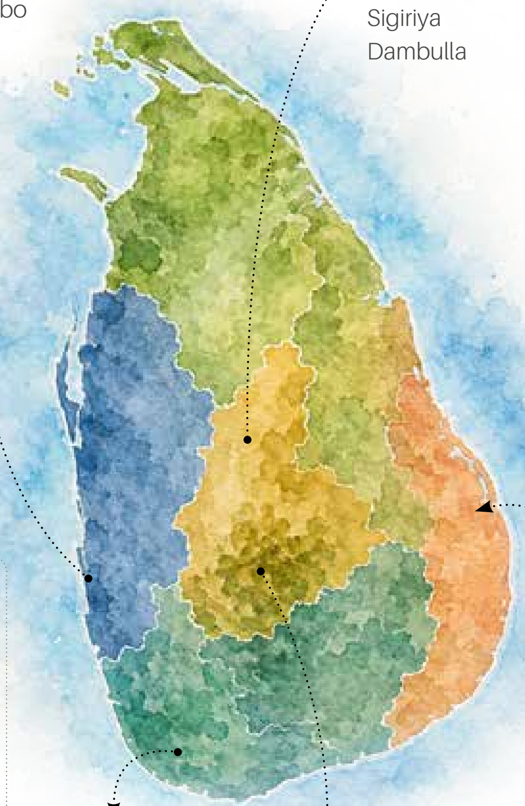
GROUP RESPONSE

- **LKR 4.45 Bn** invested in PPE
- **LKR 54 Mn** incurred on asset maintenance and enhancing structural integrity of physical infrastructure
- Expansion of Low Carbon Asset strategy
- Strengthening the BCP framework

SDGs

HAYLEYS LEISURE PLC MANUFACTURED CAPITAL FOOTPRINT

The Hayleys Leisure Group's extensive portfolio of hotels, resorts and boutique properties are located across Sri Lanka's key tourism corridors, ranging from urban, coastal, highland and heritage destinations. Each property captures the essence of its unique location, with facilities and experiences aligned to the surrounding landscape and cultural context.



WESTERN REGION
Colombo

Our city hotel proposition embodies modern luxury and refined sophistication, seamlessly blending contemporary design, world-class amenities, and intuitive service to meet the evolving needs of global business travellers.

The Kingsbury, Colombo
Commanding a prime position in the heart of Colombo, The Kingsbury looks out over the Indian Ocean and the emerging Port City, offering 229 luxury rooms alongside extensive banqueting and meeting facilities.

CULTURAL TRIANGLE
Sigiriya
Dambulla

Our properties within the Cultural Triangle are rooted in heritage, nature and wellness, each offering a gateway into Sri Lanka's most significant historical and ecological landscapes.

Amaya Lake, Dambulla
Resting peacefully along the banks of the Kandalama reservoir, Amaya Lake is a 119-villa and suite retreat set within one of Sri Lanka's most storied landscapes.

Amuna Ayurveda Retreat, Sigiriya
Designed to honour the authentic wisdom of Sri Lankan Ayurveda, Amuna is a retreat that draws its character from the simplicity of traditional village life.

SOUTHERN COAST
Wadduwa
Koggala

Our Coastal portfolio is built around boutique coastal experiences and stays that sit in harmony with their natural surroundings.

The Villas, Wadduwa
Where beachfront luxury meets the warmth of Sri Lankan charm, The Villas is a 32-room retreat designed for those who appreciate the finer things done simply and well.

The Fortress Resort & Spa, Koggala
Where beachfront luxury meets the warmth of Sri Lankan charm, The Luxury boutique is a 55-room retreat designed for those who appreciate the finer things done simply and well.

EASTERN COAST
Passikudah

Our Eastern Coast presence is shaped by the rhythm of the sea, centred on coastal leisure and the wealth of experiences that come with it.

Amaya Beach, Passikudah
Overlooking the luminous turquoise waters of Passikudah bay, Amaya Beach is a 125-room coastal retreat designed for those who come to truly unwind. Contemporarily furnished and unhurried in spirit, it offers the kind of escape where the mind settles and the body follows.

CENTRAL HIGHLANDS
Kandy
Nuwara Eliya

Settled within Sri Lanka's cooler elevations, our Central Highlands properties are shaped by the landscape around them. Nature, heritage, and the quiet rhythms of highland life sit at the heart of every experience here.

Amaya Hills, Kandy
Amaya Hills is a 112-room retreat where luxury and heritage meet the natural world, where sweeping views across the Heerassagala range, the city of Kandy, and the mist-touched peaks of the Knuckles mountains set the tone for a stay defined by its surroundings.

Oliphant, Nuwara Eliya
Tucked within the emerald folds of Nuwara Eliya's tea country, Oliphant villa is a highland retreat where ROLLING tea estates, lovingly landscaped gardens, and far-reaching views across the hills create a setting that is as picturesque as it is peaceful, a true escape into comfort and elegance.

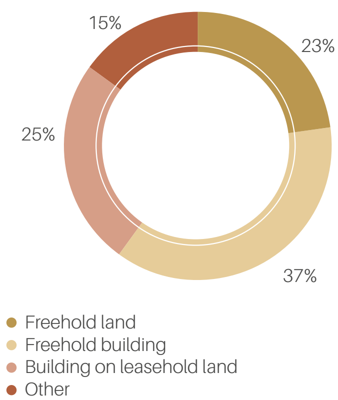
Langdale, Nuwara Eliya
Nestled among misty hills and flowering gardens, Langdale is an 13-room boutique retreat that weaves colonial elegance through every corner of a thoroughly modern stay. Unhurried and intimate by nature, it carries the warmth of a private highland home, equally suited to quiet reflection, a romantic escape, or simply losing track of time in the cool, crisp air of Nuwara Eliya.

MANUFACTURED CAPITAL

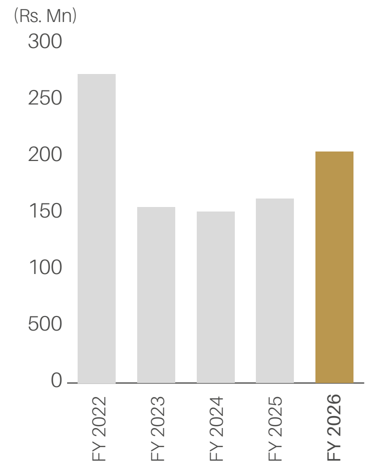
PROPERTY, PLANT AND EQUIPMENT (PPE)

Our investment in plant, property and equipment is focused on Capital Investments (CAPEX) to maintain the quality, functionality and longevity of our hospitality assets, ensuring that each property continues to deliver a consistent and reliable guest experience.

Composition of PPE



Capex Investment Five Year Comparison



CAPEX PROCESS

Step 1:

Requirements are identified by Heads of Department across properties - Informed by audit observations, ESG considerations and management reviews

Step 2:

Projects are planned and phased on a quarterly basis and categorised under P1 to P3 priority levels and integrated into the annual CAPEX plan

Step 3:

Step 3: Consolidated CAPEX plan reviewed by Management and submitted to the Board for final

During the year, the Group implemented a digital CAPEX request approval process, replacing the manual workflow with a faster, more controlled and transparent approval mechanism. The new process enables easy access, improved traceability, quicker approvals and better monitoring of CAPEX requests.

CAPITAL INVESTMENTS — FY 2025/26

Amaya Lake

- Guest room upgrades
- Staff accommodation development
- Staff cafeteria kitchen renovation
- Generator-related equipment and capacitor banks
- Replacement of operational equipment

Total Expenditure – **67Mn**

Amaya Beach

- Upgrades to guest room furnishings and fittings
- Kitchen equipment installations
- Replacement of computer equipment
- Fire suppression system installation
- Fire detection system implementation

Total Expenditure – **53Mn**

Amaya Hills

- Comprehensive fire protection system installations
- CCTV and lightning protection systems
- Kitchen equipment upgrades
- Replacement of computer equipment

Total Expenditure –**77Mn**

ASSET OPTIMISATION

Alongside CAPEX, we adopt a practical approach to extracting greater value from existing assets and utilities. Continuous performance evaluations of physical assets are conducted across the portfolio to determine the need for upgrades, interventions or disposals. On this basis, we undertake targeted repairs, upgrades and innovative solutions that strengthen the structural integrity and operational reliability and lifespan of equipment already in use, thereby optimising asset productivity. Key highlights for the year include waterproofing works at the Aqua Corridor rooftop at Amaya Beach to mitigate structural risks and prevent the need for extensive future repairs.

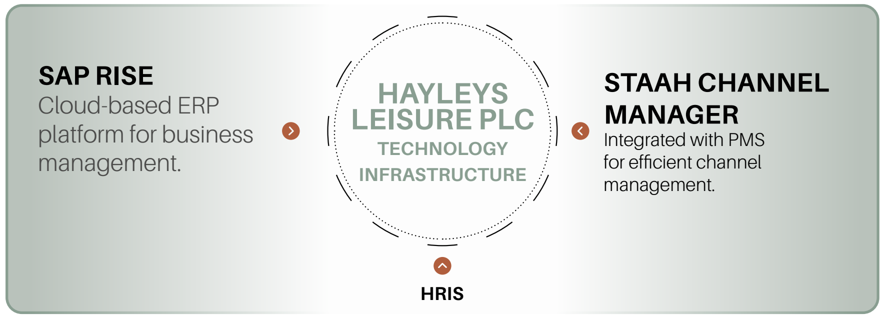
LOW CARBON ASSETS

As part of our approach to strengthening Manufactured Capital, we are progressively integrating low carbon considerations into the operation and enhancement of our asset base.

Initiatives implemented during the year included energy efficiency, water and waste management practices that optimise resource use and contribute towards reducing the environmental impact of our asset portfolio. Notable interventions for the year included the Installation of split air conditioning units in the Amaya Beach laundry to reduce ambient temperatures from 38°C to 28°C, and the introduction of an additional variable frequency drive (VFD) unit for the freshwater booster pump system at Amaya Lake.

TECHNOLOGY INFRASTRUCTURE

Technology continues to serve as a key enabler in enhancing asset efficiency, supporting efficiency, visibility and coordination across properties. Systems are designed to streamline processes, improve data accessibility and maintain consistency in service delivery.



INFORMATION SECURITY SYSTEMS

As we continue to strengthen our digital capabilities, safeguarding the integrity, security and resilience of our information systems remains a key priority. Our approach to information security is designed to support the safe and reliable operation of digital platforms, with measures in place to strengthen monitoring, access control and data protection. Real-time threat monitoring is conducted in collaboration with the SafeEye Security Operations Centre, supported by solutions such as privileged access monitoring tool and Microsoft Information Protection for data classification and control. Mobile Device Management tools have been deployed to secure endpoints, while firewall configurations and spam filtering systems are regularly updated to address evolving risks. Ongoing staff awareness initiatives and compliance monitoring further support our cybersecurity framework.

BUSINESS CONTINUITY FRAMEWORK

Our Business Continuity Plan (BCP) also serves as a key tool in safeguarding our assets in the face of potential disruptions. The Group maintains established business continuity practices designed to support operational resilience, enabling essential functions to continue with minimal disruption. Business continuity is embedded within day-to-day operations across properties, supported by defined response protocols and coordination mechanisms to manage potential disruptions. These practices are aligned with the Group's broader risk management approach, strengthening preparedness across key operational areas.

SHORT TERM

- Expand renewable energy applications across properties, including the installation of solar panels at Amaya Beach.
- Conduct a third-party energy audit across the portfolio to identify gaps and opportunities for improving energy efficiency.

MEDIUM TO LONG TERM

- Progressively increase the use of energy-efficient technologies across properties to support cost optimisation and sustainability objectives.
- Strengthen business continuity practices through alignment with ISO 22301 and the continuation of periodic business continuity drills integrated with health and safety initiatives.

HUMAN CAPITAL

OVERVIEW

As a service-driven business, our ability to meet guest expectations is directly shaped by the skills and professionalism of our human capital consisting of the **699** - strong workforce across the Hayleys Leisure Group hotels and resorts around Sri Lanka. Our ability to remain consistent in our service delivery therefore depends on how effectively we attract, develop and retain talent across diverse roles and locations.

MANAGEMENT APPROACH

We focus on building a high-performing workforce with a clear emphasis on delivering a consistent and high-quality employee experience through competitive talent practices, continuous learning and defined career progression pathways, supported by initiatives that enhance engagement and wellbeing.

Material Matters

- Talent attraction and retention
- Learning and development
- Employee engagement and wellbeing
- Workplace safety and health
- Diversity and inclusion
- Ethical conduct and compliance

CAPITAL PERFORMANCE FOR FY 2025/26

Challenges

- Skill shortages and high employee turnover driven by heightened industry competition and overseas migration
- Gaps in service delivery arising from skill mismatches and extended recruitment lead times
- High cost of workforce up-skilling to meet evolving guest expectations
- Employee fatigue, absenteeism and reduced engagement in a high-demand service environment

Opportunities

- Strengthening talent pipelines through partnerships with hospitality schools and vocational institutes
- Leverage digital learning tools to create an environment for continuous learning and knowledge sharing

GROUP RESPONSE

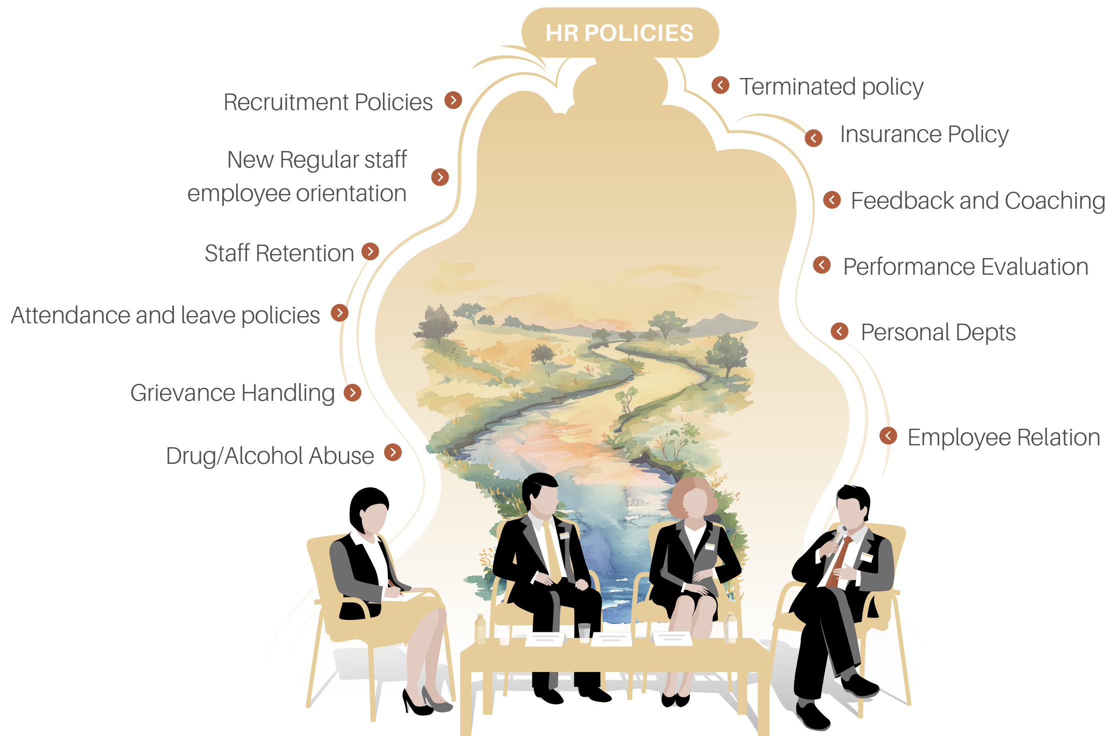
- **LKR 323 Mn** distributed as monetary benefits to employees
- **268** new recruits
- Adjustment of minimum salary bands in line with regulatory requirements
- **50** promotions granted
- Introduction of mid-point reviews for all new recruits within the probationary period

SDGs

GRI 2 -23, 2- 24, 2 -27

HR GOVERNANCE

Effective human resource governance is critical to building an empowered workforce capable of driving our corporate ambitions. HR Governance is defined by our HR policy which is developed in line with regulatory requirements and global best practices for human rights and labour is designed to support the full employee lifecycle.



Regulatory Compliance

Shop and Office Employees Act of 1954

EPF Act
ETF Act

Payment of Gratuity Act of Sri Lanka

No incidents of non-compliance of regulations were reported in the current year

GRI 2 -30, 406 -1, 407 -1, 408 - 1, 409 -1

LABOUR BEST PRACTICES

The Hayleys Leisure Group is committed to upholding fundamental human rights and maintaining fair labour practices across our operations in line with internationally recognised labour standards, including the United Nations Global Compact (UNGC) Principles.

Principle 3: Freedom of Association and Collective Bargaining

We respect the employees' right to freedom of association. In line with applicable Sri Lankan labour laws, our employees are free to join or form organisations of their choice and participate in lawful collective activities without fear of discrimination or retaliation. With a range of mechanisms in place to facilitate dialogue between employees and management on matters relating to working conditions and employee welfare, the Hayleys Leisure Group has built strong ties with its employees. As such, no collective bargaining agreements are currently in place. Accordingly, Hayleys Leisure Group operations are not at risk for freedom of association and collective bargaining.

Principle 4: Elimination of Forced and Compulsory Labour

At Hayleys Leisure, we believe employment is based on voluntary engagement. Accordingly, a strict prohibition is maintained on all forms of forced, compulsory or involuntary labour across our operations, with Group employees free to enter and exit employment in accordance with the terms and conditions outlined the their respective employment contracts. Accordingly, Hayleys Leisure Group operations are not at risk for forced or compulsory labour

Principle 5: Abolition of Child Labour

We enforce a strict no-child-labour policy in line with Sri Lankan regulations, supported by robust age verification procedures at the point of recruitment.

HUMAN CAPITAL

These controls ensure compliance with statutory requirements and safeguard lawful employment practices across all properties. Accordingly, Hayleys Leisure Group operations are not at risk for child labour.

Principle 6: Elimination of Discrimination in Employment and Occupation

Workplace practices across the Hayleys Leisure Group are firmly anchored to the principles of fairness and equal opportunity, with all employment decisions based on merit, skills and performance. Discrimination, harassment and unfair treatment in any form are not tolerated, reflecting a zero-tolerance approach to discriminatory conduct and reinforcing a respectful and professional workplace culture.

Employees are supported through established reporting mechanisms, including confidential and anonymous channels that enable concerns to be raised without fear of retaliation, with direct access to senior management. Formal investigation protocols are in place to ensure impartial review, defined timelines and appropriate corrective action, supported by confidentiality safeguards.

No incidents of discrimination were reported in the current year.

Diversity, Equality and Inclusion (DEI)

Diversity, Equality and inclusion represents a key strength within our workforce, particularly given that we serve travellers from diverse cultural and geographic backgrounds. Guided by the Hayleys Group DEI policy, we promote diversity across all employee categories. In this regard, we continue to partner with regional hospitality schools and vocational training centres to recruit entry level candidates from rural communities and underrepresented groups around Sri Lanka.

Diversity scorecards are utilised across properties to monitor progress, particularly in increasing female and youth participation across our properties.

Empowering Women at Work

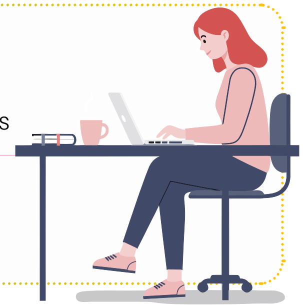
While female participation in Sri Lanka's leisure sector workforce has traditionally been limited due to prevailing social norms and operational challenges associated with hospitality roles, the Hayleys Leisure Group continued to make a conscious effort to address these barriers by creating opportunities for women across both operational and leadership positions.

During the year, targeted initiatives were conducted to support female employees, including empowerment sessions and career counselling programmes to build confidence and encourage greater participation of women within the workforce.

136 Total headcount

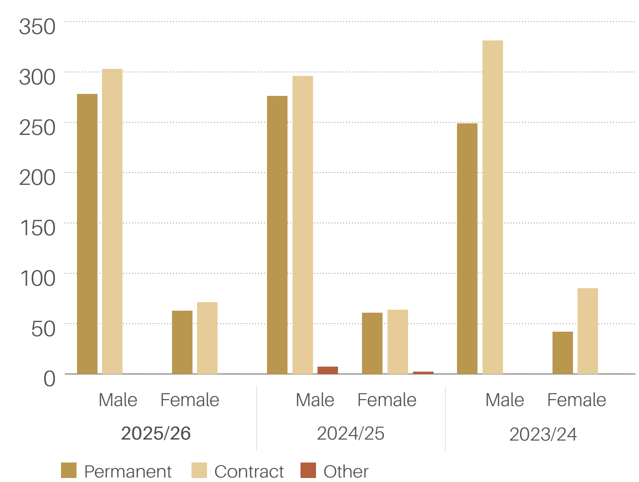
9 Function/ Division heads

15 Managerial/ Team leads

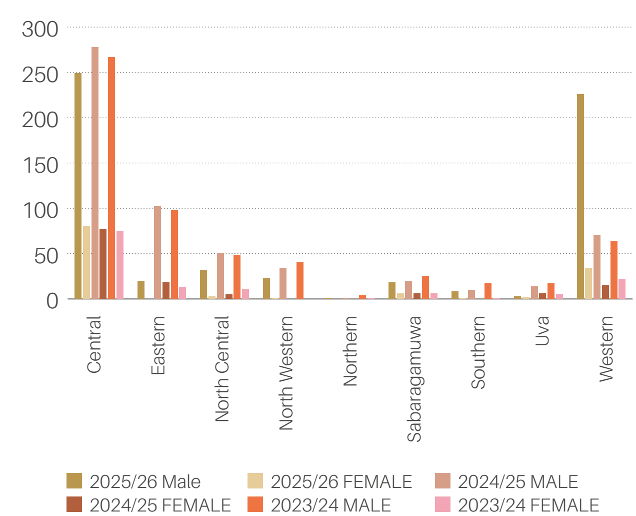


GRI 2 - 2 -7, 405 -1

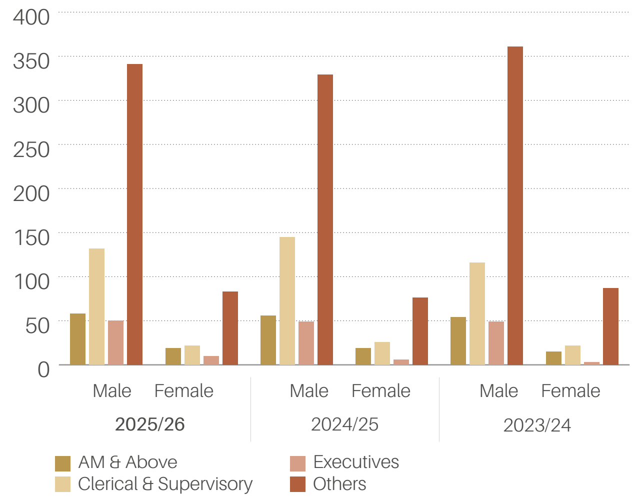
Employees by Type



Employees by Region and Gender



Employees by Category and Gender



GRI 2 - 8, 202 -2, 401 -1

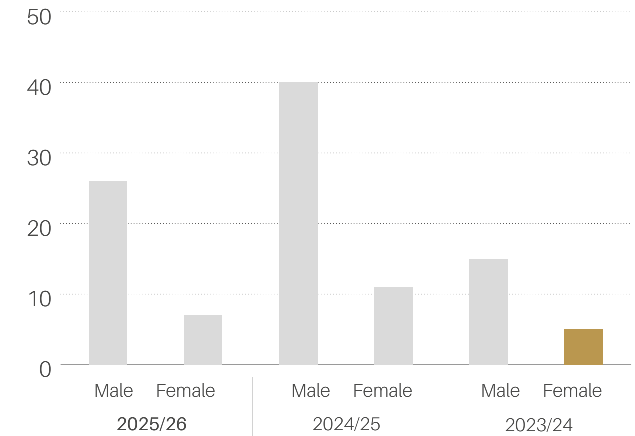
RECRUITMENT

With recruitment forming the first point of reference for building a competent and high functioning workforce, we maintain a two-pronged approach that focuses on internal and external recruitment. Our approach to internal recruitment stems from our develop from within philosophy where we encourage existing employees to apply for suitable vacancies as and when they arise, which also creates opportunities for them to advance their career within the Group.

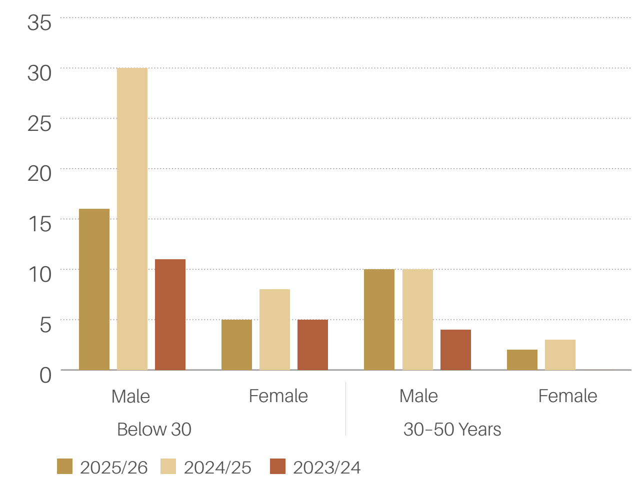
At the same time, we maintain a strategic approach to external recruitments with a view to infusing new skills and perspectives across all employee categories. External recruitments are advertised publicly to ensure access to a wider talent pool. In recent years, we have systematically broadened the range of external recruitment channels in collaboration with hospitality schools and vocational institutes, which now serve as a valuable source for meeting entry level recruitment needs. All new recruits from external sources are subject to mandatory age verification protocol to determine their eligibility for employment in line with the statutory minimum employable age for leisure sector workers in Sri Lanka.

The Hayleys Leisure Group recruits both permanent and contract employees, both only on a full time basis. 100% of the senior management of the Group is recruited locally from Sri Lanka.

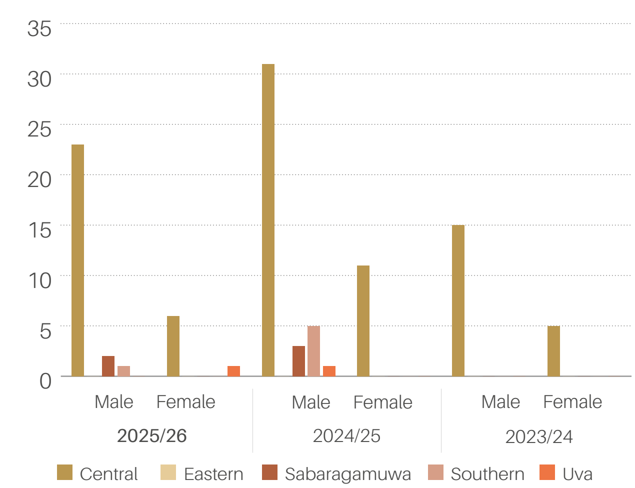
New Hires by Gender



New Hires by Age and Gender

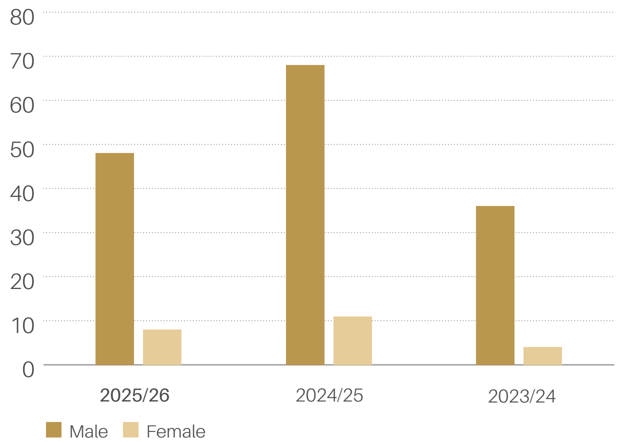


New Hires by Region and Gender

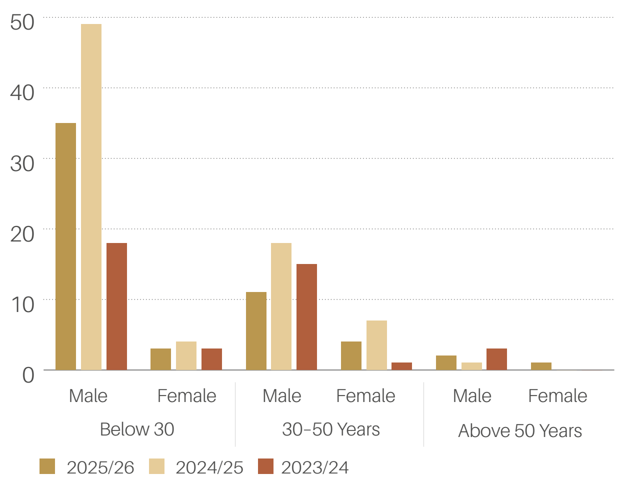


HUMAN CAPITAL

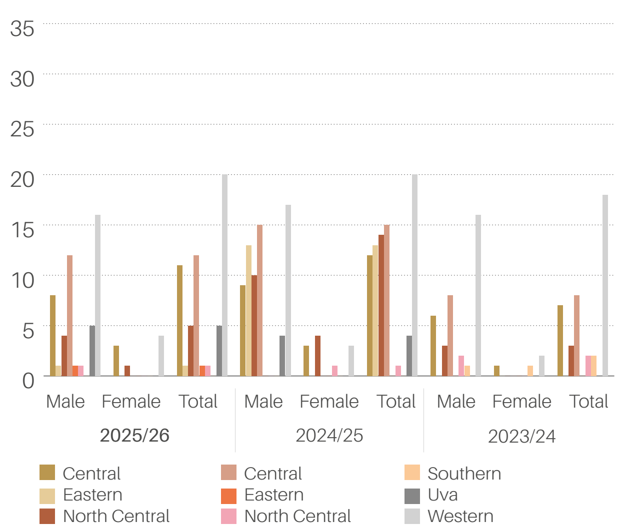
Employee Turnover by Gender



Employee Turnover by Age and Gender



Employee Turnover by Region and Gender



All new recruits are placed on a 6 month probation and made permanent subject to the successful post-probationary performance review and recommendation by the respective supervisor. In the current year formal mid-probation reviews were introduced for all new recruits. Conducted at the midpoint of the probation period, this evaluation process assesses job knowledge, service standards, behavioural competencies, attendance and cultural alignment, while also enabling two-way discussions between employees and supervisors.

ON-BOARDING

Onboarding plays a critical role in establishing the cultural foundation and performance mindset for excellence from the very beginning of new employees journey with the Hayleys Leisure Group. For this reason, we have in place a standardised onboarding framework covering statutory documentation, policy briefings and job-specific orientation, alongside mandatory sessions on code of conduct, disciplinary procedures, anti-harassment, non-discrimination and grievance mechanisms.

Department-level oversight ensures new recruits are effectively guided through every stage of the onboarding process. Respective department heads are also required to perform the New Recruit Pulse Check within the first 14 days to assess the on-boarding experience of each new recruit covering role clarity, training adequacy, supervisor support and workplace integration, thereby serving as a key platform to establish good relations from the onset. Insights generated are tracked through management dashboards, supporting continuous improvement across onboarding practices.

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

REMUNERATION AND BENEFITS

We are aware that the remuneration and benefits we offer are crucial to attracting and retaining talent, as well as improving employee motivation and long-term workforce stability. Our remuneration policy sets out remuneration structures that are benchmarked against industry standards and aligned with applicable regulatory requirements.

Accordingly, all employees are compensated fairly, with no gender-based disparity in remuneration. As a policy, the Group maintains a 1:1 salary ratio for men and women at entry level and continues to promote pay equity across the organisational hierarchy. Remuneration structures across all employee categories are reviewed and updated regularly based on salary surveys conducted to capture regulatory changes and assess industry standards.

During the year, pay structures across all properties were revised to align with the increase in statutory minimum wage of Rs. 30,000 that came into effect in January 2025. In addition, regulatory changes relating to female employment in the hospitality sector were also operationalised, enabling female employees to undertake night shifts, supported by defined safety measures including dedicated transport, on-site security, access to rest facilities and managed shift rotations.

Apart from their basic salary, Hayleys Leisure Group employees also receive a comprehensive range of benefits.

EXECUTIVES

- Fixed monthly salary.
- Statutory entitlements - EPF, ETF, leave, maternity leave, gratuity
- Service Charge.
- Performance-based increments and bonuses.
- Medical insurance.
- Restaurant privileges
- Entertainment Allowance
- Uniform
- Accommodation/meals (where applicable).

NON-EXECUTIVES

- Basic salary aligned to minimum wage.
- Statutory entitlements - EPF, ETF, leave, maternity leave, gratuity
- Service charge.
- Overtime payments.
- Annual increments and bonuses
- Medical insurance.
- Uniform
- Accommodation/meals (where applicable).

GRI 401-3

	FY 2025/26			
	Amaya Hills	Amaya Lake	Amaya Beach	Head Office
Parental Leave				
Total number of employees that were entitled to parental leave	2	3	3	1
Total number of employees that took parental leave	2	2	3	1
Total number of employees that returned to work in the reporting period after parental leave ended	2	2	2	1

TALENT DEVELOPMENT

Developing talent is central to sustaining service standards and operational effectiveness across our properties. Our integrated approach to talent development focuses on supporting employees across each stage of their development journey covering learning, performance management and career progression.

GRI 2 - 404 -1, 404 -2

TRAINING AND DEVELOPMENT

Operating in the dynamic and highly competitive hospitality environment, continuous learning enables our teams to meet evolving guest expectations while maintaining operational standards across diverse locations. Our holistic training model focuses on both functional and operational requirements, covering areas such as food and beverage service, kitchen operations, guest handling and workplace safety.

Training is delivered through a combination of on-the-job learning, cross-functional exposure and targeted development programmes to enable employees to build practical skills across diverse operational environments. Department heads play an active role in identifying training needs to ensure learning interventions remain aligned with operational priorities and service requirements, while senior leadership contributes through mentoring and guiding high-potential employees to support long-term capability building in line with corporate objectives. The Hayleys Leisure Training Institute (HLTI), established in 2022, continues to support the development of young talent.

Training initiatives also extend beyond technical development to strengthen workplace culture, safety and sustainability. Programmes such as "Respect Boundaries – Respect Each Other" reinforce professional conduct, employee wellbeing and responsible workplace practices, while environmental training initiatives support alignment with the Group's broader sustainability priorities.

HUMAN CAPITAL

Digital learning complements practical training and creates an environment for continuous learning. In this regard, the Group's Typsy e-learning platform enables employees to access globally benchmarked content in areas such as beverage service, upselling and service excellence.

In addition, special programmes including fine dining training, wine training and specialised culinary sessions are designed to enhance technical proficiency and elevate service standards across properties. These are often supported through expert-led interventions delivered by internationally experienced professionals and recognised industry specialists, providing exposure to global best practices.

1,057
Contect hours of OHS training completed

1,499
Number of trained persons

During the year, the Group invested LKR 1.4 Mn in training, delivering 27 skill development programmes representing a total of 28,840 training hours, which translated into 41.4 hours per employee.

Training Hours by Employee Category

1.4Mn
Investment in training

27
Number of Skill Development programmes conducted

41.4
Average training hours per year per employee

28,840
Total Training hours

GRI 404 - 3

PERFORMANCE MANAGEMENT

Our commitment to performance management works in tandem with the focus on excellence and is supported by continuous performance monitoring and quarterly reviews of key performance metrics.

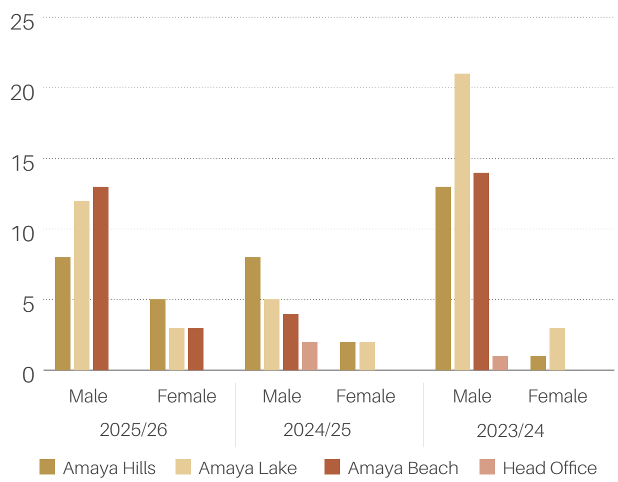
Performance gaps identified during reviews are addressed through targeted coaching and retraining support, with clearly defined development actions, timelines and follow-up responsibilities.

CAREER PROGRESSION

Driven by our develop from within philosophy we aim to empower employees to grow their career within the Group. Our succession planing process which sets out career pathways forms the foundation of our efforts to support career progression of our employees.

The succession planning processes were further strengthened during the year through the institutionalisation of quarterly talent and succession review discussions involving both HR and senior management. These reviews aim to assess potential successors based on performance, leadership capability, behavioural alignment and readiness timelines, enabling a more proactive and forward-looking approach to leadership pipeline development. Identified successors are supported through targeted development plans, including mentoring, coaching, cross-functional exposure and acting assignments, aligned with future role requirements.

Career Progression



REWARDS AND RECOGNITION

Rewards and recognition schemes acknowledge operational achievements. At property level, initiatives such as "Employee of the Month", within Front of House, Heart of House and Star of the Month categories, recognise employees who consistently deliver high standards and exceed expectations.

Beyond individual properties high-performing employees are celebrated across the sector through internal platforms, competitions and Group-level awards, including the Managing Director's Awards 2025 and the Hayleys Chairman's Award.

SAFE AND POSITIVE WORKPLACE

We believe creating a safe and positive workplace is vital especially as the nature of our operations, particularly during peak periods, places both physical and mental demands on employees, making it essential to maintain a safe, well-regulated and supportive work environment across all properties.

GRI 403 -1, 403 -4, 403 -5 , 403 - 8

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

We adopt a disciplined approach to occupational health and safety management led by a comprehensive safety management framework that encapsulates internationally recognised occupational health and safety principles and industry best practices. The framework is institutionalised in the day to day operations across all operational areas and covers all employees, guests and other third parties present on any of the Group's properties at a given time.

Our employees play an active role in maintaining a safe working environment through participation in departmental meetings, where they are encouraged to share observations, raise concerns and contribute to the development and review of safety measures. These discussions are overseen by the General Managers.

Training is conducted to further reinforce employee awareness and preparedness across key safety areas. Training programmes cover areas such as fire safety, first aid, electrical safety, chemical handling, confined space entry and accident investigation, equipping employees with the knowledge and practical skills required to respond effectively to operational risks. These initiatives are further strengthened through collaborations with external organisations, including fire safety training conducted with the Fire Department and first aid training delivered in partnership with the Red Cross. Annual fire drills and emergency response exercises are also carried out across the sector, reinforcing preparedness and building confidence among employees. 25 minor work-related accidents; no fatalities or work-related ill health.

GRI 403 - 2, 403 -7, 403 - 9

HASARD IDENTIFICATION AND RISK MANAGEMENT

We maintain established processes to identify and monitor workplace hazards across all properties, supported by routine inspections and ongoing monitoring mechanisms. During the year, further emphasis was placed on strengthening safety practices through the integration of near-miss reporting into property-level KPIs, enabling early identification and mitigation of potential risks.

Investments were also made to strengthen safety infrastructure across properties, including the installation of fire detection systems, gas detectors, kitchen suppression systems and expanded CCTV coverage to enhance monitoring and risk mitigation across key operational areas.

HUMAN CAPITAL

Safety Hazards at Hayleys Leisure	Management Methods
Fire and emergency risks	Regular fire drills, fire detection and suppression systems, emergency response plans, and periodic inspections of fire safety equipment.
Food safety hazards	Compliance with ISO 22000:2018 Food Safety Management System, supplier audits, food handler medical screening, hygiene monitoring, and regular kitchen inspections.
Workplace accidents and injuries	Risk assessments, implementation of safe work procedures, employee safety training, and mandatory use of PPE.
Swimming pool and guest recreational risks	Routine pool water quality testing, lifeguard supervision, safety signage, and regular maintenance of recreational facilities.
Slips, trips, and falls	Preventive maintenance, housekeeping inspections, anti-slip measures, and prompt rectification of identified hazards.
Machinery and equipment hazards	Preventive maintenance schedules, thermography inspections, operator training, and safety compliance checks.
Chemical handling risks	Proper chemical storage, MSDS availability, employee awareness training, and controlled handling procedures.
Pest and hygiene-related risks	Scheduled pest control treatments, hygiene audits, and monitoring programs across hotel properties.
Natural hazards and environmental risks	Tree and landscape inspections, warning signage, emergency preparedness plans, and regular monitoring of high-risk areas.
Contractor and third-party safety risks	Contractor safety inductions, permit-to-work systems, supervision, and compliance monitoring during projects and maintenance work.

GRI 403 -3, 403 -6

WELLBEING AND WELLNESS

Employee wellbeing and wellness are important aspects of our overall approach to ensuring our employees are fit and able to carry out their duties effectively. A resident Ayurveda doctor is available at the resorts to offer holistic healthcare support. Additionally, we have ensured our employees have access to a 24/7 doctor-on-call service to address immediate and non-work-related medical needs. We also provide health insurance coverage for certain employee categories.

At the same time, our work-life balance initiatives such as rotational shift structures and flexible scheduling where feasible, offer employees the opportunity to better manage personal and professional commitments, reduce fatigue, and maintain overall wellbeing.

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

EMPLOYEE RELATIONS

At Hayleys Leisure, we believe that regular two-way communication is fundamental to fostering an engaged and service-oriented workforce, with managers at all properties encouraged to maintain continuous dialogue with their teams through daily briefings and regular meetings. Moreover, our open-door culture empowers employees to approach supervisors freely to discuss operational matters, seek guidance, or share feedback in a transparent and supportive environment. Employees are informed of key operational changes through formal communication channels with adequate notice provided ahead of implementation.

A formal grievance handling mechanism is also in place for employees to raise concerns confidentially and without hesitation. All grievances are addressed with due diligence, investigated promptly, and resolved in a fair and transparent manner in line with established protocols.

MEASURING EMPLOYEE SATISFACTION

Employee feedback is actively captured through various tools such as the Staff Food Quality Survey and Employee Pulse Surveys. Insights gathered from these mechanisms help to gauge employee satisfaction and overall workplace experience across properties, as well as to identify areas for improvement in employee facilities and workplace conditions.

EMPLOYEE ENGAGEMENT

We continue to foster a positive and engaging workplace culture through initiatives that foster employee interaction and teamwork. Engagement activities conducted throughout the year were centred on building team cohesion, promoting inclusivity and encouraging participation across departments and locations.

Engagement Area	Key Initiatives	Participants	Key Outcomes
Community Engagement	Blood donation drives across properties	210+ participants	Over 40 pints of blood collected and strong community participation
Health & Wellbeing	Medical camps, health screenings and wellness programmes	190+ participants	Preventive healthcare support and awareness
Team Engagement	Inter-department sports tournaments and sector-wide competitions	700+ participants	Strengthened teamwork and collaboration
Cultural Engagement	New Year, Thai Pongal and Avurudu celebrations	Group-wide participation	Promoted cultural unity and employee morale
Family Engagement	Staff children's events and gift programmes	260+ participants	Strengthened family inclusion and employee connection
Sustainability Initiatives	Shramadana and environmental activities	220 participants	Area clean-up and tree planting initiatives

SHORT TERM

- Achieve a 2% reduction in employee attrition through targeted engagement and retention initiatives
- Target an average of 35 training hours per employee
- Enhance the performance management process through the digitalisation of appraisal systems and introduction of performance-linked development plans

MEDIUM TO LONG TERM

- Obtain ISO 45001 Occupational Health and Safety certification
- Increasing participation of women in the workforce and creating opportunities for the differently-abled

INTELLECTUAL CAPITAL

OVERVIEW

Our intellectual capital comprises the portfolio of hotel brands under the Hayleys Leisure Group umbrella along with the intangible strengths, including the organisational knowledge and expertise, the systems and processes as well as the synergies and partnerships that together shape our position within Sri Lanka's leisure sector.

MANAGEMENT APPROACH

We adopt an integrated approach to building intellectual capital by prioritising the development of core elements such as the individual and collective brand identity of our properties, organisational knowledge and operational systems, coupled with strong emphasis on aligning these elements to function cohesively as a unified ecosystem.

Material Matters

- Economic performance
- Operational efficiency and productivity
- Market presence
- Customer satisfaction
- Regulations and compliance
- Fraud, ethics and anti-corruption
- Principal relationships

CAPITAL PERFORMANCE FOR FY 2025/26

Challenges

- Competitive pressures from international and local hotel chains, boutique resorts and alternative accommodation providers

Opportunities

- Growing demand for family-friendly and experience-led travel
- Increased preference for immersive and culturally authentic experiences beyond accommodation
- Renewed international interest in Sri Lanka as a travel destination owing to increased visibility across global travel platforms

GROUP RESPONSE

- Expanded the brand portfolio through management contract for the Fortress Resort and Spa Koggala
- **LKR 24 Mn** incurred on brand building
- **96%** Overall GRI Score
- **5** Industry Recoginition (Awards)

SDGs

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

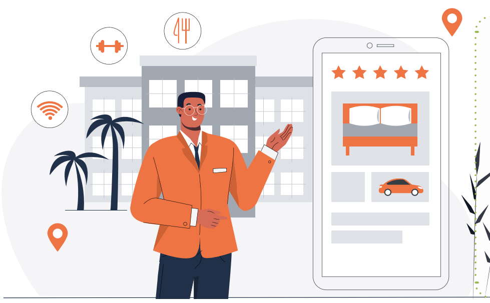
BRAND IDENTITY

The Hayleys Leisure Group maintains a distinctive position within Sri Lanka's leisure sector through its diversified portfolio of properties under our flagship brand "Amaya" which plays an important role in reinforcing Sri Lanka's appeal as a trusted leisure destination.

Located across key tourism regions, from coastal resorts, highland retreats and wellness-focused destinations, Amaya properties bring together cultural authenticity, comfort and environmentally responsible practices to create unique travel experiences that reflect the character of each location while maintaining consistency in service delivery.

At the same time, the iconic Kingsbury, Colombo renowned for its refined urban hospitality experience, establishes the Hayleys Leisure Group presence within Sri Lanka's premium city hotel segment.

The year under review saw the Group further expanding its brand footprint within the luxury coastal segment through a contract to undertake the management of The Fortress Resort and Spa, a super luxury resort style property in Koggala specially curated to cater to high-end leisure travellers from around the world seeking the experience exclusive, immersive, and personalised coastal experiences defined by privacy, sophistication, and world-class service.

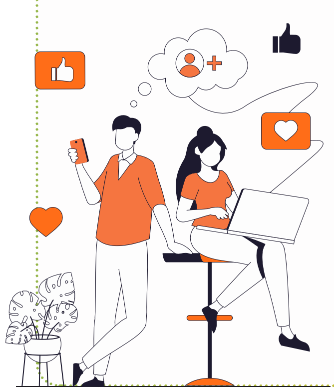


Given the highly competitive industry within which the Hayleys Leisure Group operates, brand building remains a key priority. Our brand communications focus mainly on illustrating the versatility of our brand portfolio to appeal to a diverse range of leisure travellers encompassing family-oriented stays, nature-based travellers, adventure-seekers, cultural buffs and business travellers among others. We often leverage digital platforms and storytelling-led content supported by property-level communication that reflects the unique character of each destination to strengthen competitive positioning and drive demand across properties.

At the same time, we continue to participate in global travel forums and road shows to strengthen visibility and enhance brand recall across key source markets. In the year under review, the Group participated in series of leading international travel exhibitions and trade fairs to directly engage direct interaction with global travel partners to reinforce our brands in the international tourism landscape.

OUR SOCIAL MEDIA PRESENCE

The Group leverages digital platforms to strengthen brand visibility, support storytelling and enhance direct engagement with guests across all properties.



193K Followers

49Mn Page Views

5.8Mn Reach

176K Interactions

582K Visits

20d 22h 50m Watch Time

INTELLECTUAL CAPITAL

AWARDS AND ACCOLADES

The Group's continued commitment to excellence in hospitality is reflected in the recognition received across leading local and international platforms, reinforcing its standing within Sri Lanka's leisure sector.

Brand and Property Recognition

- Amaya Lake, Dambulla – **Gold** Award for Leading Family Resort/Hotel, South Asian Travel **Awards 2025**
- Amaya Resorts & Spas – **Silver** Award for Leading Resort/Hotel Brand, South Asian Travel **Awards 2025**
- Sri Lanka's Best Wellness Retreat 2025 – **World Spa Awards**

Service Excellence

- Consistently strong guest ratings across online travel platforms, reflecting service quality and guest satisfaction across properties

Group Recognition

- Skål Sustainable Tourism Award for Accessible **Tourism 2025**
- Silver Award – Hotel Companies **(Group Assets up to LKR 10 Bn)**, 60th TAGS Awards

BUSINESS ETHICS AND CONDUCT

Ethical conduct underpins how we operate across the Hayleys Leisure Group hotels. Our approach to business conduct is aligned with the regulatory expectations of a listed entity and further guided by the Hayleys PLC Group commitments.

In this regard, Business Conduct and Ethics framework is aligned with, and derives its authority from, the Hayleys PLC Group Code of Ethics -The Hayleys Way, which defines the standards expected in relation to integrity, transparency and responsible business conduct.

At sector level, the framework is operationalised across our properties through policies, procedures and established management practices to ensure ethical considerations are embedded into day-to-day operations, including across guest interactions, supplier engagements and other internal decision-making processes.

Structured mechanisms are in place to support accountability and responsible conduct, including defined processes for managing ethical risks, safeguarding information and enabling the reporting of concerns through secure channels.

KNOWLEDGE AND INDUSTRY EXPERTISE

At Hayleys Leisure, our ability to deliver consistent and differentiated hospitality experiences is underpinned by the industry expertise and tacit knowledge of the Group's senior management and long standing employees. Our institutional knowledge is further strengthened through a combination of on-the-job practical experience, team collaboration and industry exposure, along with sharing of knowledge and best practices across the Group through cross-property engagement, mentorship and rotational assignments.

STANDARDS AND CERTIFICATIONS

The Group's commitment to maintaining world-class standards is reflected in the adoption of defined certifications and operational benchmarks that support consistency, quality and reliability across its operations. As a hospitality service provider, the Hayleys Leisure Group is certified under the ISO 22000 Food Safety Management Systems (FSMS) that incorporates HACCP principles to ensure the highest standards of food safety and hygiene across all food handling, preparation, and service processes at all Group properties.

GROUP SYNERGIES

The Hayleys Group's presence across multiple destinations and property formats creates a strong ecosystem that creates strong synergies that include sharing of expertise, optimisation of resources, and alignment of best practices across operations, driving operational efficiencies, enhancing service consistency, and strengthening the Group's overall value proposition. Likewise coordinated marketing and communication across properties reinforce a unified brand presence across key markets while retaining the distinct identity of each destination.

The Hayleys Leisure Group also benefits from being part of the Hayleys PLC Group, gaining access to established governance frameworks, financial strength, shared infrastructure and a broader sustainability agenda.

GROUP SYNERGIES

A connected portfolio. Shared strengths. Greater impact

CONNECTED DESTINATIONS

A diverse portfolio across inspiring landscapes

CROSS-PROPERTY DEMAND

Seamless experiences that encourage longer stays

- Extended stays
- Multi-destination travel

Hayleys LEISURE

SHARED EXPERTISE

Knowledge that elevates every stay

- Best practices
- Service consistency

UNIFIED MARKET PRESENCE

One portfolio voice, many unique experiences

- Coordinated communication
- 2 Stronger brand recall

POWERED BY THE STRENGTHS OF THE HAYLEYS GROUP

GOVERNANCE FRAMEWORKS
Strong oversight, sound business practices

FINANCIAL STRENGTH
Built on stability, driving growth

SHARED INFRASTRUCTURE
Efficient systems, shared support

SUSTAINABILITY ALIGNMENT
Working towards a better future

STRATEGIC PARTNERSHIPS

Within the leisure sector, strategic partnerships are integral to driving market access, demand generation and operational efficiency. The Group's partner network includes leading Destination Management Companies (DMC's), Online Travel agents (OTA's), event organisers and others, who offer specialist support in key areas of operation.

SHORT TERM

- Expand the network of strategic partnerships across key source markets
- Enhance digital and data governance practices across web and marketing platforms

MEDIUM TO LONG TERM

- Prioritise sustainability-led initiatives to bolster brand credentials

SOCIAL & RELATIONSHIP CAPITAL

OVERVIEW

The Hayleys Leisure Group's Social and Relationship Capital represents key stakeholder networks encompassing customers, suppliers, business partners and the wider community whose trust contributes towards strengthening brand equity and enhancing the Group's market presence.

MANAGEMENT APPROACH

- We adopt an integrated approach to managing our stakeholder relationships focuses on delivering the best-in-class guest experiences, fostering long-term supplier partnerships and building community connections, supported by structured governance frameworks, clearly defined operational practices and continuous engagement across all stakeholder groups.

Material Matters

- Product Quality
- Market presence
- Customer satisfaction
- Regulations and compliance
- Customer health and safety
- Community and livelihood development
- Environmental and social issues along supply chain
- Principal relationships

CAPITAL PERFORMANCE FOR FY 2025/26

Challenges

- Lower per-guest spending despite increased tourist arrivals
- Changes to immigration procedures creating uncertainty for travellers and trade partners
- External disruptions impacting travel patterns and guest mobility during peak periods

Opportunities

- Improved demand across shoulder seasons
- Continued strength from key regional and long-haul markets
- Growth in premium tourism and higher-value MICE-related travel

GROUP RESPONSE

- Implemented a unified guest feedback system to measure customer satisfaction in real time
- Strengthened data privacy controls in line with the PDPA
- **LKR 2.6 Bn** paid to suppliers
- **30%** suppliers audited
- **LKR 5.4 Mn** invested in CSR activities

SDGs

GRI 2 - 6

CUSTOMERS

Commitment to deliver the best in-class guest experience

In an increasingly competitive and experience-driven global tourism landscape, the Hayleys Leisure Group strives to deliver unparalleled guest experiences by leveraging the distinct characteristics of its property portfolio, with each property positioned to offer a unique and immersive journey, enabling guests to connect meaningfully with their surroundings, be it culture, heritage, nature or curated wellness experiences.

We also leverage digital technology to further enhance the experience for our guests, from virtual check-in to digitised room entertainment systems, our properties are geared to deliver a seamlessly guests experience.

178,541
Guest Arrivals

518,161
F&B Covers

Rs. 860 Mn
Total F&B revenue generated

NATURE TRAILS

Amaya Hills, Kandy

Guest experiences move between nature and heritage, combining trekking through Hanthana and the Udawattakele forest reserve alongside visits to the Temple of the Tooth Relic, Lankatilaka Temple and the Peradeniya Botanical Gardens, complemented by tea experiences and curated hillside moments.

Oliphant, Nuwara Eliya

Offering a diverse landscape for explorers, from Piduruthalagala and Hakgala Botanical Gardens to Gregory Lake and Moon Plains, as well as visits to tea estates, the Pedro Tea Factory and recreational experiences that reflect the character of the region.

Langdale, Nuwara Eliya

Nestled among the misty hills and floral gardens of Nuwara Eliya, the charming 11 room boutique hotels blends colonial elegance with modern comfort complemented by access to highland attractions including waterfalls, botanical gardens and tea country experiences.

WELLNESS RETREATS

Amuna Ayurveda Retreat, Sigiriya

A dedicated wellness retreat offering personalised Ayurvedic therapies, yoga and meditation programmes that support holistic healing and mindful living.

CITYSCAPE

The Kingsbury

Offering the promise of contemporary urban hospitality through a curated collection of specialty dining and international options, and in-room dining services that extend quality and convenience to guests within a city setting.

Amaya Beach, Passikudah

Coastal and marine experiences define the offering, with snorkelling, diving, water sports, lagoon exploration and whale watching creating an activity-led seaside experience

The Villas, Wadduwa

Beachfront leisure combined with curated spaces for relaxation and celebration, with gardens, ocean-facing settings and outdoor experiences designed for both intimate getaways and group events.

The Fortress Resort & Spa, Koggala

Exclusive beachfront escape that blends contemporary luxury with Sri Lanka's coastal charm in an intimate boutique setting to cater to discerning travellers seeking privacy, relaxation, and immersive coastal experiences.

HISTORY AND CULTURE

Amaya Lake, Dambulla

Positioned as a gateway to the Cultural Triangle, offering a diverse array of experiences range from visits to Sigiriya and the Dambulla cave temple to barge rides, cycling trails, cultural performances and nature-based exploration.

SOCIAL & RELATIONSHIP CAPITAL

DIGITAL TOOLS TO SUPPORT SEAMLESS GUEST EXPERIENCES

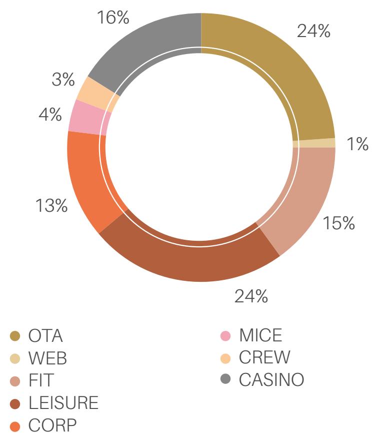
- Integration of the Star Channel Manager with the Property Management System enables automated reservation updates and real-time inventory management across online travel platforms
- Mobile check-in and check-out capabilities reduce wait times and support more seamless guest interactions
- Centralised in-room entertainment systems enhance content management and guest engagement

CUSTOMER SEGMENTATION

Customer segmentation plays a critical role in enabling us to design and deliver experiences that align with the diverse preferences of our guests. By identifying distinct traveller profiles and understanding variations in travel purpose, expectations and spending behaviour, we curate targeted offerings that enhance relevance, improve engagement and strengthen overall guest satisfaction.

As always we continue to leverage customer insights to refine our offerings in order to enhance the overall guest journey. A notable effort was the World Tourism Day 2025, celebrations by Amaya Beach, an event that brought together elements of Sri Lankan heritage through interactive experiences such as traditional cooking, towel art and pottery, offering guests a hands-on immersion into local traditions.

Customer Segments



GRI 416 -1 , 416 -2

CUSTOMER SAFETY

Our commitment to customer safety is fundamentally linked to safeguarding guest wellbeing by maintaining the highest standards of hygiene and quality. To that end, we adhere to all national regulations for food safety. Regular inspections by designated Public Health Inspectors (PHI's) confirm that our procedures meet required public health standards.

Beyond compliance we have adopted the ISO 22000:2018 Quality Management Standard, which incorporates HACCP principles to ensure rigorous control over food safety hazards across all stages of handling, preparation, and service. Additionally, we follow the FEFO principle — First Expired, First Out, to prevent spoilage, maintain quality, and ensure food safety compliance.

Continuous internal monitoring and inspections, ensure adherence to these established protocols and identify areas for improvement across all properties, while independent assurance audits conducted periodically validate compliance and reinforce accountability.

No incidents of non-compliance concerning the health and safety impacts of products and services, was reported in the current year.

GRI 417 - 1, 417 -2, 417 -3

MARKETING AND COMMUNICATIONS

Operating within the highly competitive local leisure sector, we are mindful that customer communications deliver clear and consistent messaging. Our approach centres around targeted customer communications that capture the unique identity and authenticity of each of our properties, while also retaining the integrity of the Hayleys Leisure Group. We focus mainly on experience-led storytelling with high-quality content showcasing unique guest journeys, local culture and nature-based experiences across our properties.

At the same time, we leverage insights from our CRM system to develop more personalised and responsive communication to connect with both local and international guests. Likewise digital engagement across social media channels including Facebook, Instagram, TikTok and YouTube aim enhance visibility and build meaningful connections with diverse customers.

In the absence of local regulations governing the disclosure of product and service industry in the local leisure sector, all our marketing and communication efforts are underpinned by a firm commitment to prevent misleading information. Accordingly, clear and upfront disclosure of pricing, promotions, discounts, and all applicable terms and conditions.

No incidents of non-compliance concerning product and service information and labelling, / marketing communications was reported in the current year.

GRI 418 - 1

DATA PRIVACY

Protecting customer information is fundamental to maintaining trust across every stage of the guest journey, particularly as digital interactions continue to expand across our operations. We take a disciplined and proactive approach to managing data privacy, ensuring that personal information is handled securely, responsibly and in line with evolving regulatory expectations.

Our data protection framework is built around the Sri Lanka's Personal Data Protection Act (PDAP) and extends to the European Union's General Data Protection Regulation (GDPR). This framework is supported by secure technology systems and clearly defined internal protocols embedded across all customer data management processes.

Key enhancements in data privacy and security in FY 2025/26;

- Implementation of a certified Consent Management Platform to standardise cookie consent practices and improving the capture of auditable customer consent across all property websites
- Strengthened internal procedures for data retention and secure disposal aligned with PDPA
- Strengthened access controls and introduced periodic reviews for stricter control of privileged accounts
- Introduction of multi-factor authentication to protect critical platforms against security breaches
- Strengthened data protection oversight procedures governing third party vendors and service providers handling customer data
- Ongoing training for staff

No Substantiated complaints concerning breaches of customer privacy and losses of customer data were reported in the current year.

MEASURING CUSTOMER SATISFACTION

Customer satisfaction is measured through a combination of on-property interactions and digital feedback channels, enabling the Group to capture insights across the full guest journey. On-property, feedback is gathered through Front Office Guest Relations counter. Customer sentiment is also monitored through online review platforms, while post-stay surveys provide more detailed and reflective insights into the guest experience.

The overall approach to measuring customer satisfaction was further strengthened during the year with the implementation of a unified guest feedback system, enabling the consolidation of online reviews into a single reporting structure and improving visibility across all properties. Findings indicated that overall guest satisfaction improved in the current year, with consistently positive feedback relating to staff service, destination value and the overall setting of properties.

MEASURING GUEST SATISFACTION

In-person interactions at the front office guest relations counter	Website contact forms, direct email, social media messaging and call centre	Email, QR-based surveys and OTA reviews to follow-up on low ratings
DAILY	**DAILY**	**POST STAY**

96%

Overall GRI Score

SOCIAL & RELATIONSHIP CAPITAL

GRI 2 - 6, 204 -1

SUPPLIERS

Suppliers, providing products and services ranging from core operational inputs, essential hospitality services, and facility support solutions to specialised project and infrastructure services play an important role in the day to day functioning of our properties. Our diverse network of suppliers consists of both local and global partners, of which local suppliers account for more than 98.5% of the average annual procurement spend.

2.6Bn
Total supplier settlements

50 tco_2e
Local supplier footprint

23
of suppliers audited

SUPPLY CHAIN MANAGEMENT

Given their role in safeguarding the continuity and sustainability of our operations, we adopt a disciplined and coordinated approach to managing our supplier ecosystem with the aim of building long-term partnerships with suppliers who align with our expectations on quality, safety and ethical conduct.

Supply chain management at Hayleys Leisure is based on a two-tier framework combining centralised procurement and local sourcing.

Centralised procurement is typically for large scale purchases and critical items with standardised procedures covering the full procurement lifecycle, beginning with requirement identification and supplier sourcing, followed by evaluation based on quality, ESG and performance criteria conducted under the oversight of the oversight of a Supplier Evaluation Committee. This is supported by structured onboarding processes that formalise supplier selection through defined documentation and approvals, and controlled procurement practices that ensure consistency in pricing, quality and delivery.

Meanwhile greater flexibility is exercised for location-specific requirements which are procured from small scale rural entrepreneurs from the local community located in close proximity to our properties.

GRI 3 - 1, 308 -2, 414 -1 , 414 - 2

SUPPLIER DEVELOPMENT

Our focus extends beyond transactional sourcing, with greater emphasis placed on strengthening supplier capability and reinforcing accountability across the value chain. Ongoing supplier monitoring is carried out through continuous operational oversight to track performance, complemented by periodic audit and review processes to assess compliance with quality, safety and ESG standards.

During the year, supplier oversight was strengthened through a structured audit programme focusing on top 76 food and beverage suppliers assessed under Phase 1, with approximately 23 audits conducted through a cross-functional team. Assessments were centred on key areas including food safety, hygiene standards, chemical safety and distribution and storage practices.

These evaluations enabled the identification and resolution of quality and safety gaps, resulting in measurable improvements across supplier operations and strengthened compliance across the supplier base.

No supplier relationships were terminated during the year, reflecting the effectiveness of ongoing engagement and supplier development efforts in maintaining required standards.

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

COMMUNITY

Community Engagement

As a leisure service provider operating across diverse destinations, strong connections with local communities in the vicinity of our properties helps in supporting destination appeal and enhancing the overall guest experience.

Community engagement is handled in an orderly manner under the guidance of the ESG Steering Committee and ESG Working Committee, who provide direction to enable direct engagement at property level and respond to local needs in a focused and consistent manner.

Community engagement serves as a platform through which the Group addresses specific community needs, translating its broader commitments into targeted projects that deliver measurable outcomes at a local level.

COMMUNITY PROJECTS - FY 2025/26

Health & Wellbeing

- Blood Donation Drive – Amaya Beach (30 participants)
- Blood Donation Campaign – Amaya Hills (40 pints collected)
- Blood Donation Programme – Amaya Lake (80 donors)
- Women's Day Ayurveda Awareness Programme – Amaya Lake
- Women's Day Celebration (Staff and Students) – Amaya Hills
- Linen Donation – Cancer Ward, Kandy General Hospital (300 beneficiaries)
- Linen Donation – Cardio Ward & Tikiri Sevana Children's Home (295 beneficiaries)

Education & Youth Development

- Youth Day Programme (Hotel School Students) – Amaya Beach (30 students, plant distribution)
- Children's Day Celebration – Amaya Beach (80 students)
- Sisuderiya Classes (English, Maths, Scholarship) – Amaya Beach (18 students)
- School Bags & Stationery Donation – Lenawa Primary School (20 students)
- Grade 5 Scholarship Programme Intake – Amaya Lake (130 students)
- Children's Day Jungle Visit – Lenawa Primary School (70 students)
- Children's Day Programme – Sri Jinarathna Orphanage (45 students)
- Sisu Diriya Teacher Payment Programme – Amaya Hills
- Painting & Renovation of Sithumina School Dancing Room (150 students)
- Children's Day Lunch & Gift Programme – Sri W.W. Kannangara School (111 students)

Social Welfare

- Danaya Event – Dambulla Elders' Home (50 beneficiaries)
- Cement Donation – Sri Bodhirukkaramaya Temple (10 cement bags)
- Vesak Poya Day Cool Drinks Dansala – Amaya Lake (1,000 beneficiaries)
- Ice Cream Dansala – Amaya Hills (350 beneficiaries)
- Almsgiving Programme – Bowalawatta Temple Monks
- Poson Poya Day Danaya – Wewala Aranya Senasanaya (95 beneficiaries)
- Meal Distribution – Avurudu (Army & Secretariat)
- Meal Distribution – Life Saving Team
- General Charity and Almsgiving Initiatives across properties

Cultural Engagement

- Katina Pinkama – Wewala and kumbukkadanwala temples
- Vesak Religious Programmes across properties
- Poson Religious Observances and Community Support

SHORT TERM

- Embed locally rooted cultural experiences more systematically into property-level programming to enhance guest experiences
- Introduce structured ESG screening across 30% of the supplier base to strengthen alignment with defined sustainability criteria
- Achieve a 43% increase in community beneficiaries through the targeted expansion of engagement initiatives across key locations

MEDIUM TO LONG TERM

- Develop integrated, sustainability-led tourism offerings that combine destination experiences, wellness-focused programmes and responsible travel practices
- Expand the Group's presence in the MICE and events segment through the development of scalable, experience-driven propositions

NATURAL CAPITAL

OVERVIEW

As a leisure sector service provider with a strong footprint across Sri Lanka, the Group's operating model is closely connected to the natural environments in and around its properties. Spanning coastal, inland and highland locations, these properties are positioned within diverse ecological settings, including areas in proximity to forests, water bodies and marine ecosystems, which form an integral part of the guest experience.

MANAGEMENT APPROACH

We adopt a proactive approach to Natural Capital management, guided by the Hayleys Leisure Group ESG Roadmap 2030 – "The Hive Effect", which serves as the overarching mandate for embedding environmental considerations into operational decision-making across all properties.

CAPITAL PERFORMANCE FOR FY 2025/26

Challenges

- Monitoring and managing resource consumption across geographically dispersed properties
- Balancing environmental sustainability initiatives with operational cost considerations
- Adapting to evolving environmental expectations and stakeholder requirements

Opportunities

- Investment in renewable energy and resource-efficient technologies
- Adoption of circularity and sustainable consumption practices
- Strengthening biodiversity and nature-positive initiatives
- Enhancing sustainability positioning through responsible tourism practices

GROUP RESPONSE

- Implementation of the ESG Roadmap 2030 – "The Hive Effect", which embeds sustainable, responsible and regenerative practices across business processes, operating models and decision-making
- Established the Nature-first Hospitality pillar with the objective of reducing ecological footprint and enhancing ecosystem regeneration
- **7.6%** Year on year reduction in energy intensity
- **12%** year on year reduction in water intensity
- **11%** reduction in the use of non-renewable materials
- **48%** increase in waste recycled
- Sustainable water sourcing improved from 13% in 2024/25 to 22% in 2025/26
- **32.5%** year-on-year reduction in Wet waste intensity

Material Matters

- Operational efficiency and productivity
- Regulations and compliance
- Customer requirements on sustainability
- Emissions & air quality
- Water discharge and effluents
- Waste management
- Biodiversity

SDGs

3 6 7 8 9 12 13 14 15

ENVIRONMENT MANAGEMENT SYSTEM

The Hayleys Leisure Group's environmental stewardship efforts are led by a comprehensive Environment Management System (EMS). The EMS which is designed to capture all applicable regulatory requirements and aligned with recognised global best practices, establishes the foundation for managing and monitoring Group-wide environmental risks.

This EMS is operationalised on-ground through a series of policies and operational controls, with implementation and oversight entrusted to dedicated teams across each property. These teams are also responsible for monitoring key environmental indicators, including energy consumption, emissions, water usage and waste volumes across all properties, with formal monthly reporting conducted through the Hayleys CUBE- the Group's sustainability information portal

Internal environmental audits are conducted periodically to assess the effectiveness of the EMS, identify potential gaps and ensure that corrective actions are implemented to address any lapses and enhance system performance.

Latest audit findings indicated that the Group continued to operate in line with applicable environmental laws and regulations during the year.

ESG ROADMAP 2030 – THE HIVE EFFECT

The ESG Roadmap 2030 – "The Hive Effect" which is aligned with the Hayleys Group ESG framework and the Hayleys Lifecode, establishes the framework to embed environmental considerations across all Hayleys Group properties.

SCOPE OF ENVIRONMENTAL MANAGEMENT

- Energy and emissions management
- Water and effluent management
- Waste and material management
- Biodiversity conservation
- Chemical management

GRI 302 -1, 302 -2, 302 -3, 302 - 4, 302 - 5

ENERGY

Energy consumption across the Hayleys Leisure Group remains closely linked to the delivery of guest experiences involving accommodation, food preparation and recreational facilities. Electricity accounts for approximately 83.7% of our energy mix.

We monitor total electricity consumption across all properties. Overall energy intensity is also tracked. Further energy intensity is also monitored in relation to guest occupants and Occupied Room Nights, enabling comparability across properties and supporting targeted improvement efforts. Notably, variations in intensity levels across locations reflect differences in scale, occupancy patterns and operational requirements, providing valuable insights for refining energy management strategies.

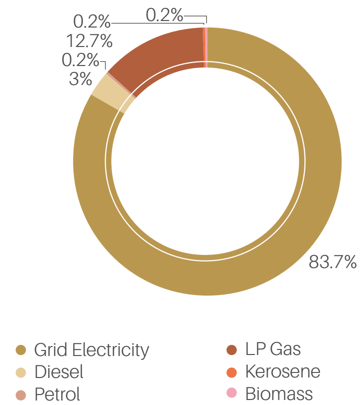
Based on these findings, we continued to implement initiatives aimed at improving efficiency and optimising energy use across operations, including:

- Installation of automatic capacitor banks across properties to reduce electricity consumption during peak demand times
- Optimisation of operational practices, including occupancy-based chiller operations and off-peak scheduling of energy-intensive activities
- Introduction of smart energy control systems enabling automated scheduling and real-time monitoring
- Transition to energy-efficient lighting, with approximately 95% of lighting converted to LED
- Implementation of Planned Preventive Maintenance programmes to maintain equipment efficiency and reduce energy losses
- Daily monitoring of electricity consumption to identify inefficiencies and manage usage proactively
- Upgrades to operational equipment to improve efficiency and extend asset life cycles

NATURAL CAPITAL

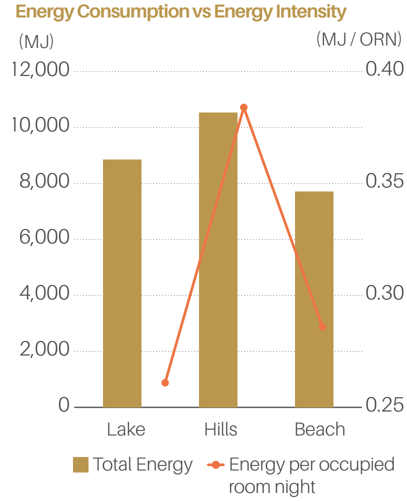
Hayleys Leisure Group Energy Consumption within the Organisation	2025/26 (GJ)	2024/25 (GJ)	2023/24 (GJ)
Non-Renewable Energy			
Grid Electricity	22,749.7	22,995.0	24,850.0
Diesel	813.4	618.0	890.0
Petrol	54.1	68.0	74.0
LP Gas	3,448.8	2,939.0	3,750.0
Kerosene	46.5	37.0	55.0
Renewable Energy			
Biomass	63.8	28.0	80.0
Total Energy Consumption	27,176.2	26,685.0	29,699.0
Energy Intensity (GJ/Occupied Room Nights)	0.308	0.293	0.350
Energy Intensity (GJ/ Occupant)	0.073	0.079	0.084

Energy Consumption By Source

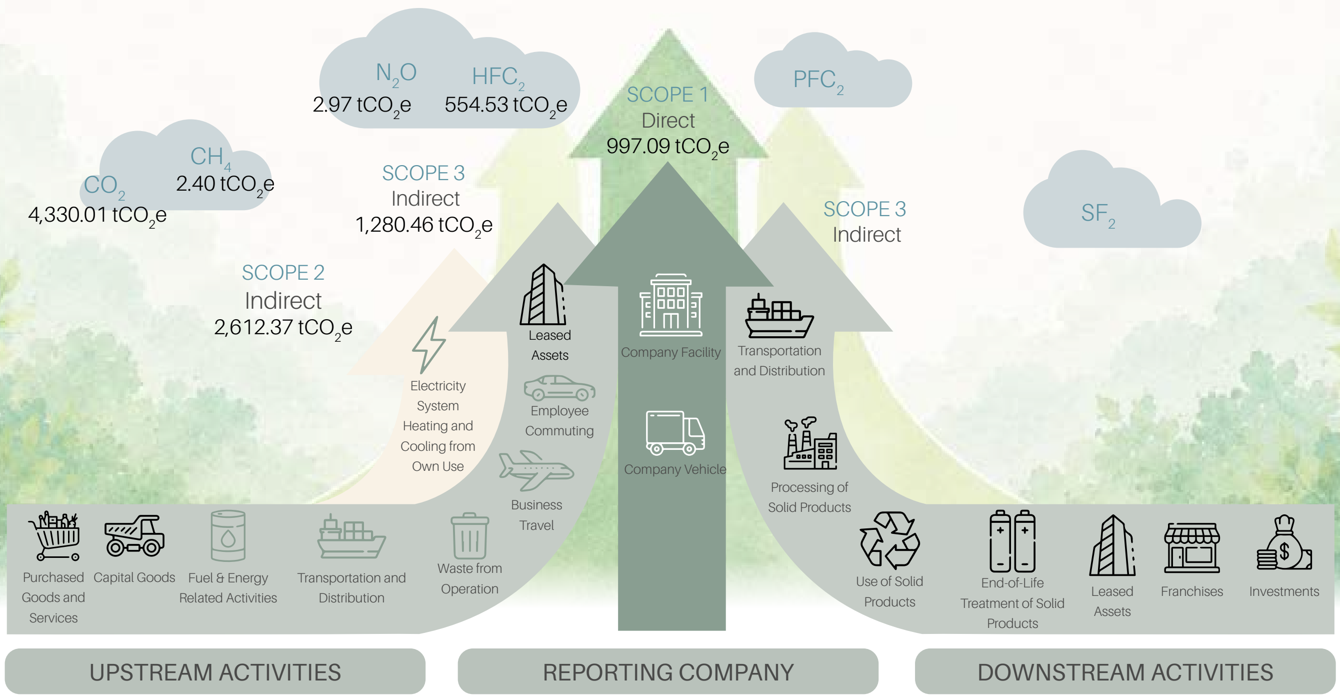


	Lake (MJ)	Beach (MJ)	Hills (MJ)	HO (MJ)	Total (MJ)
Diesel	525,762	70,542	217,045	-	813,350
LP Gas	837,210	1,206,741	1,404,810	-	3,448,761
Petrol	36,663	12,086	5,333	-	54,082
Kerosene	38,058	8,453	-	-	46,512
Electricity	7,359,761	9,228,780	6,084,036	77,090	22,749,667
Firewood	63,832	-	-	-	63,832
Total (MJ)	8,861,287	10,526,603	7,711,224	77,090	27,176,204
Intensity - per Occupant	76	88	57	-	73
Intensity - Per Occupied Room Nights	261	384	286	-	308

Energy Consumption vs Energy Intensity



GRI 305 -1, 305 -2, 305 -3, 305 - 4, 305 - 5



*Considered under our reporting scope for 2025/26

Total GHG Emissions =4,889.91 tCO_2e

EMISSIONS

Our emissions profile reflects the operational characteristics of the hospitality sector, with indirect (Scope 2) emissions from purchased electricity representing the largest share of total emissions for the Hayleys Leisure Group. Direct (Scope 1) emissions arise primarily from midstream activities fuel consumption for vehicles, while Scope 3 emissions capture transportation and other value chain activities.

We adopt a disciplined approach to measuring and managing greenhouse gas emissions associated with these upstream, midstream and downstream, activities.

We measure and report our total emissions across all three scopes in line with the ISO 14064:2018 standard, which is subject to third-party verification annually. Biogenic carbon dioxide emissions, which arise from the combustion or decomposition of biomass, are monitored and disclosed separately where relevant. We continue to track emissions relative to room occupancy levels, for the purpose of initiated targeted action to reduce emissions.

As part of our ongoing efforts to strengthen emissions management, we expanded the scope of Scope 3 emissions assessment during the year to include supplier transportation, based on a spend-based methodology covering approximately 80% of total procurement. This has been complemented by a focus on local sourcing, with approximately 80% of supplies procured within a 20 km radius of properties, contributing to the reduction of transport-related emissions while supporting local economies. In addition, initiatives such as the annual Earth Hour campaign to engage guests and staff in reducing energy consumption by 493.6 kWh which translated into emission reductions of 206kg CO2e for the current year.

NATURAL CAPITAL

GHG EMISSION SUMMARY - CLASSIFIED BY ISO 14064:2018

Emission Source	UOM	QTY	CO2	CH4	N2O	HFC	Total
CATEGORY 1: DIRECT GHG EMISSIONS							
1.1 Direct emissions from stationary combustion							
Process Emission	Kgs	6,750	-	-	-	-	6.57
Diesel	Ltrs	22,518	60.27	0.22	0.13	-	60.62
LPG	Kgs	72,913	217.62	0.47	0.09	-	218.18
Kerosene	Ltrs	1,315	3.34	0.01	0.01	-	3.36
Biomass	Kgs	4,092	-	0.05	0.07	-	0.12
1.2 Direct emissions from mobile combustion							
Emissions from Own Vehicles - Diesel - Road	Ltrs	21,399	57.27	0.08	0.82	-	58.18
Emissions from Own Vehicles - Petrol - Road	Ltrs	925	2.14	0.03	0.03	-	2.19
Emissions from Own Vehicles - Diesel - Off-Road	Ltrs	429	1.15	0.00	0.12	-	1.27
Emissions from Own Vehicles - Petrol - Off-Road (4 Str)	Ltrs	2,096	4.84	0.09	0.04	-	4.97
Manager Fuel - Petrol	Ltrs	12,157	28.08	0.36	0.35	-	28.80
1.3 Direct fugitive emissions							
Refrigerant Leakages/Refilling	Kgs	164.63		-	-	554.53	554.53
CO2 Fire Extinguishers Leakages/Refilling	Kgs	109.00	0.11	-	-	-	0.11
Waste Water Treatment	m3	27,649	58.18	-	-	-	58.18
Total direct emissions in tonnes CO2e			433.01	1.31	1.67	554.53	997.09
CATEGORY 2: INDIRECT GHG EMISSIONS FROM IMPORTED ELECTRICITY							
2.1 Indirect emissions from imported electricity (location based - grid)	kWh	6,260,161	2,612.37	-	-	-	2,612.37
CATEGORY 3: INDIRECT GHG EMISSIONS FROM TRANSPORTATION							
3.1 Emissions from Upstream transport and distribution for goods	km	76,273.10	50.02	-	-	-	50.02
3.2 Emissions from Employee commuting	km	2,113,828.00	108.51	-	-	-	108.51
3.3 Emissions from Business Air Travels		-	-	-	-	-	
Emissions from other 3rd Party - Diesel - Road		-	-	-	-	-	
Emissions from other 3rd Party - Petrol - Road		-	-	-	-	-	

Emission Source	UOM	QTY	CO2	CH4	N2O	HFC	Total
CATEGORY 4: INDIRECT GHG EMISSIONS FROM SERVICES USED BY THE ORGANISATION							
Emissions from Water Supply	m3	108,391	15.83	-	-	-	15.83
Emissions from the Disposal of Solid and Liquid Waste	Kgs	356,067	15.94	-	-	-	15.94
Capital Goods	USD	-	-	-	-	-	69.63
CATEGORY 5: INDIRECT GHG EMISSIONS FROM OTHER SOURCES.							
T & D Loss	kWh	643.31	268.46	-	-	-	268.46
Fuel - and Energy related activities	kWh and m3	6,321,072	620.20	-	-	-	620.20
Total indirect emissions in tonnes CO2e		-	3,820.81	1.09	1.30	-	3,892.83
Total emissions in tonnes CO2e		-	4,253.82	2.40	2.97	-	4,889.91
Biogenic Emission		-	7.15	-	-	-	7.15

GHG EMISSION SUMMARY - CLASSIFIED BY GHG PROTOCOL

Emission Source	UOM	QTY	tCO$_2$e				
			CO$_2$	CH4	N2O	HFC	Total
Scope 1 Emission							
Stationary combustion							
Process Emission	Kgs	6,750	-	-	-	-	6.57
Diesel	Ltrs	22,518	60.27	0.22	0.13	-	60.62
LPG	Kgs	72,913	217.62	0.47	0.09	-	218.18
Kerosene	Ltrs	1,315	3.34	0.01	0.01	-	3.36
Biomass	Kgs	4,092	-	0.05	0.07	-	0.12
Mobile combustion							
Own Vehicles - Diesel	Ltrs	21,399	57.27	0.08	0.82	-	58.18
Own Vehicles - Petrol	Ltrs	925	2.14	0.03	0.03	-	2.19
Own Vehicles - Diesel - Off-Road	Ltrs	429	1.15	0.00	0.12	-	1.27
Own Vehicles - Petrol - Off-Road (4 Str)	Ltrs	2,096	4.84	0.09	0.04	-	4.97
Manager Fuel - Petrol	Ltrs	12,157	28.08	0.36	0.35	-	28.80

NATURAL CAPITAL

Emission Source	UOM	QTY	tCO$_2$e				
			CO$_2$	CH4	N2O	HFC	Total
Fungitive emissions							
Refrigerant Leakages/Refilling	Kgs	165	-	-	-	554.53	554.53
CO2 Fire Extinguishers Leakages/Refilling	Kgs	109	0.11	-	-	-	0.11
Waste Water Treatment	m3	27,649	58.18	-	-	-	58.18
Total Scope 1 emissions in tonnes CO2e			433.01	1.31	1.67	554.53	997.09
Scope 2 Emissions							
Indirect emissions from imported electricity (location based - grid)	kWh	6,260,161	2,612.37	-	-	-	2,612.37
Total Scope 2 emissions in tonnes CO2e		-	2,612.37	-	-	-	2,612.37
Scope 3 Emissions							
1. Capital Goods	USD	-	-	-	-	-	69.63
2. Fuel and Energy Related Activities (not includes in scope 1 and 2) - T & D Loss and water supply	kWh and m3	6,430,106.95	904.49	-	-	-	904.49
3. Upstream Transportation and Distribution (and 3rd party other vehicle - other)	km and Ltrs	118,792.10	150.67	1.09	1.30	-	153.06
4. Waste Generated in Operations	Kgs	356,066.64	15.94	-	-	-	15.94
5. Business Air Travels	N/A	-	28.83	-	-	-	28.83
6. Employee Commuting	km	2,113,828.00	108.51	-	-	-	108.51
Total Scope 3 emissions in tonnes CO2e		-	137.34	1.09	1.30	-	1,280.46
Total emissions in tonnes CO2e		-	3,182.71	2.40	2.97	-	4,889.91
Biogenic Emission		-	7.15	-	-	-	7.15

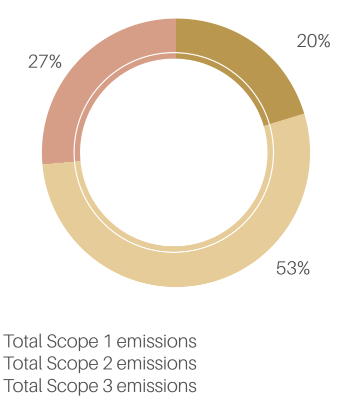
GHG EMISSIONS BY SCOPE

Emission category	UOM	Total emission
Total Scope 1 emissions	tCO_2e	997
Total Scope 2 emissions	tCO_2e	2,612
Total Scope 3 emissions	tCO_2e	1,280
Total emissions	tCO_2e	4,890
Total GHG Emission per occupied room night	tCO2e/ room night	0.055
Total GHG Emission per occupant	tCO_2e/ occupant	0.013

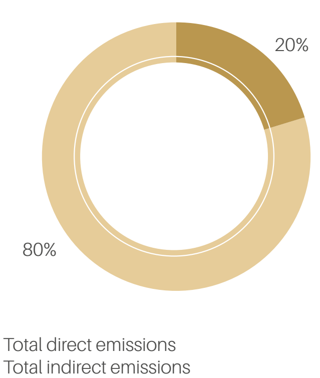
DIRECT AND INDIRECT EMISSIONS

Emission category	UOM	Total emission
Total direct emissions	tCO_2e	997
Total indirect emissions	tCO^2e	3,893
Total emissions	tCO^2e	4,890

Total Scope Emission



Composition of Emissions



GRI 303 - 1, 303 -2, 303 -3, 303 - 4, 303 - 5

WATER

With water being an integral part of the Hayleys Leisure Group operations, we remain firmly committed to responsible water stewardship, based on the principles of efficiency, conservation and sustainable sourcing to reduce stress on natural water resources. In line with our EMS, water extraction across all properties is recorded as per source - groundwater, municipal supply and purchased drinking water, while daily monitoring of water consumption patterns and measurement of water intensity indicators helps the timely identification of inefficiencies and potential leakages.

As outlined in our new Sustainability Roadmap – "The Hive Effect", we are now also targeting to reduce freshwater intensity by 30% by end of the year 2030 and year 2025/26 we reduced the freshwater intensity by 12% per occupant supported by the progressive implementation of sustainable water sourcing and conservation practices, including: .

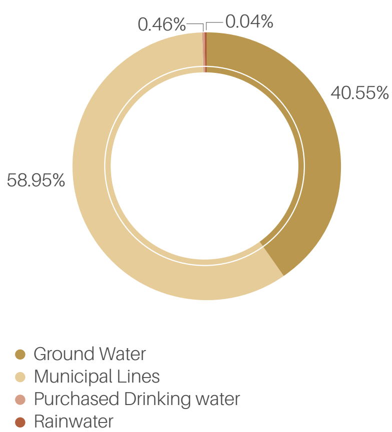
- Installation of low-flow fixtures and aerators to reduce water consumption while maintaining guest comfort
- Optimisation of water pressure across operational areas to minimise unnecessary wastage
- Implementation of rainwater harvesting systems for non-potable applications such as gardening and vehicle washing
- Transition towards more sustainable water sourcing practices, including increased reliance on municipal water where feasible
- Reuse of cooling tower blowdown and drainage water for irrigation purposes
- Installation of reverse osmosis plants to eliminate the need for bottled drinking water

NATURAL CAPITAL

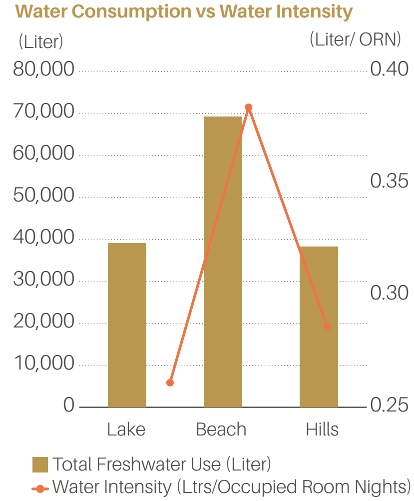
Hayleys Leisure Group Waster Consumption and Discharge

	2025/26 (Liters)	2024/25 (Liters)	2023/24 (Liters)
Water Consumption			
Ground Water	59,516,000	65,290,540	62,845,300
Municipal Water	86,537,200	86,620,274	84,972,650
Purchased Drinking Water	670,862	624,439	592,740
Total Water Consumption	146,724,062	152,535,253	148,410,690
Water Intensity (Liters/Occupied Room Nights)	1,661	1,634	1,749
Water Intensity (Liters/Occupant)	396	450	420
Total Water Discharged	117,379,250	122,028,202	118,728,552

Water Consumption by Source



Water Consumption vs Water Intensity



	UOM	Lake	Beach	Hills	Total
Ground Water	Liter	9,565,000	12,021,000	37,930,000	59,516,000
Municipal Lines	Liter	29,336,000	57,102,000	99,200	86,537,200
Purchased Drinking water	Liter	231,992	195,798	243,072	670,862
Rainwater	Liter	16,046	-	50,000	66,046
Freshwater only (Excluding Rainwater)	Liter	39,132,992	69,318,798	38,272,272	146,724,062
Intensity - Per Occupied Room Nights	Liter	1,153	2,528	1,419	1,661

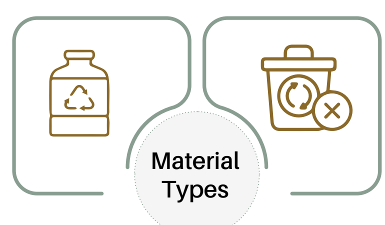
GRI 303 - 301 -1, 301 -2, 301 -3

MATERIALS

The Hayleys Leisure Group uses large volumes of both renewable and non-renewable materials for the day to day operations across its properties. Our principle approach to effective and efficient material management encompasses several key processes starting with planning, responsible sourcing and strict handling procedures. , while supporting the Group's ESG Roadmap 2030

Material efficiency is further supported through the implementation of structured inventory management practices to avoid overstocking. In this regard, the First Expiry First Out (FEFO) principles and other visual control systems, including colour-coded labelling aligned to expiry timelines, are followed to minimise wastage.

Chemical management best practices also form an important part of the broader material management framework. Chemicals are stored in controlled environments, following appropriate labelling, compatibility and spill-control requirements, to prevent spills and exposure, with an updated chemical inventory in place to document movements. At the same time, we promote the mandatory use of appropriate personal protective equipment (PPE) for handling chemicals and educate our teams on the importance of adhering to procedures prescribed by Material Safety Data Sheets/Safety Data Sheets (MSDS/SDS).



Items	UOM	Renewable Materials			
		Lake	Beach	Hills	Total
Food ingredients	Kg	277,745	172,058	82,180	531,983
Food ingredients	Liters	23,848	20,617	15,541	60,006
Food ingredients	Units	624,134	464,618	334,015	1,422,767
Paper & cardboard (Packaging material)	Units	455,238	231,204	147,098	833,540

Items	UOM	Non-Renewable Materials			
		Lake	Beach	Hills	Total
Polythene & plastic (Packaging material)	Units	156,505	213,811	162,987	533,303
Aluminium	Units	6,497	5,089	2,649	14,235
Chemicals	Units	11,014	8,056	7,155	26,225
Chemicals	Kg	25,784	16,000	20,200	61,984
Chemicals	Liters	891	546	607	2,044

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

WASTE AND EFFLUENTS

Given the large volumes of waste generated on a daily basis across our properties, we have established a comprehensive waste management programme underscored by a waste hierarchy, that prioritises waste reduction, followed by effective segregation for reuse, recycling, recovery, and responsible disposal as a last resort. On this basis, every property has a designated collection areas to facilitate waste segregation. Additionally, we continue to monitor waste generation across all properties, with a view to identifying reduction opportunities and strengthen waste management practices.

The commitment to reducing landfill waste which represents an important part of our waste management programme drives our efforts to promote reuse and recycling of waste, where possible and practical.

Accordingly, wet garbage, which represents the largest component of our waste profile, is responsibly diverted for reuse, including as animal feed through selected piggeries, while garden waste is composted on-site to support landscaping and agricultural applications.

We also actively engage with CEA-approved waste recyclers for the responsible disposal and processing of specific waste categories.

Equally importantly, all wastewater generated across our properties is directed to appropriate wastewater treatment facilities to ensure proper treatment and responsible discharge.

All effluent treatment systems, including on-site sewage treatment plants (STPs) at Amaya Lake and Amaya Hills, are operated in compliance with the provisions of the environmental Protection Licence issued by the Central Environmental Authority (CEA) requirements. The quality treated water is regularly monitored to ensure alignment with CEA mandated parameters. Moreover, in line with our commitment to recover and recycle as much as possible, treated wastewater is reused for non-potable applications such as irrigation requirements at properties, thereby reducing the demand on freshwater resources.

NATURAL CAPITAL

HAYLEYS LEISURE GROUP - ONGOING COMMITMENTS TO REDUCE WASTE SENT TO LANDFILLS

Reduce

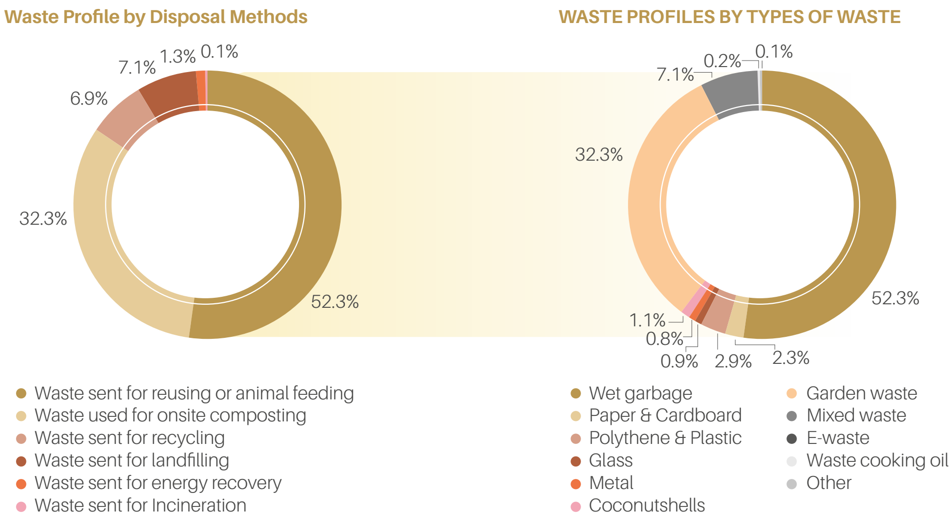
- No Bin Day initiative across staff cafeterias
- Food waste reduction programme in kitchens
- Elimination of plastic straws across properties
- Introduction of glass bottles for banquet operations
- Use of ceramic dispensers in guest rooms
- Replacement of bottled water with RO systems
- FIFO, local sourcing and controlled purchasing.

Reuse

- On-site composting of organic waste (118,641 kg)
- Reuse of treated wastewater for irrigation and non-potable applications
- Wet garbage reused as animal feed.
- Garden waste composted on-site.
- Compost reused for landscaping and gardening.

Recycle

- Partnership with Infinity Green International for e-waste
- Supplier take-back programme with Hotel Emporium Pvt Ltd
- Paper, cardboard, plastic, glass and metal recycled.
- Resource Recovery Centres used for better segregation.



Waste Category	Type of Waste	2025/26 (MT)	2024/25 (MT)	2023/24 (MT)
Non Hazardous waste	Wet garbage	194.73	230.35	306.99
	Paper & Cardboard	8.51	6.01	0.98
	Polythene & Plastic	10.95	5.77	1.32
	Glass	3.42	0.68	-
	Metal	2.87	4.91	1.21
	Coconut shells	3.94	3.24	-
	Garden waste	120.38	80.47	60.20
	Mixed waste	26.33	3.11	23.07
	Total Volume of Non-Hazardous Waste	371.14	334.53	393.77
Hazardous waste	E-waste	0.02	0.08	-
	Waste cooking oil	0.77	0.26	0.20
	Other	0.30	0.03	0.80
	Total Volume of Hazardous Waste	1.09	0.37	1.00
	Total waste	372.23	334.90	394.77

Disposal method	Total (KG)
Waste sent for reusing or animal feeding	194,714.19
Waste used for onsite composting	118,641.00
Waste sent for recycling	24,663.25
Waste sent for landfilling	17,079.20
Waste sent for energy recovery	4,707.00
Waste sent for Incineration	215.00

NATURAL CAPITAL

GRI 304 - 1, 304 -2, 304 -3, 304 - 4

BIODIVERSITY

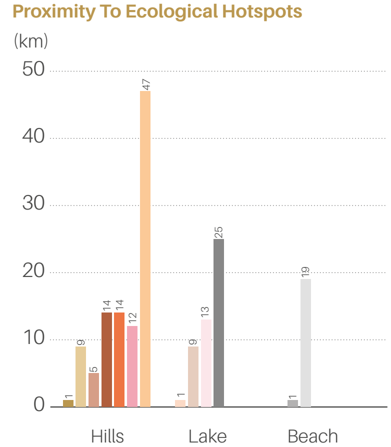
The natural landscapes surrounding our properties form an integral part of their respective identities, especially given that many are located in close proximity to ecologically significant areas, including forest reserves, wildlife sanctuaries, coral reef systems and internationally recognised heritage sites. Amaya Hills is situated adjacent to the Hanthana Mountain Range, which is located within reach of forest reserves and biodiversity corridors. Amaya Lake is positioned within a landscape that includes UNESCO World Heritage sites and national parks, while Amaya Beach operates in proximity to sensitive coastal and marine ecosystems.

Understanding the importance of preserving the integrity of surrounding ecosystems, we integrate biodiversity considerations and nature-positive practices into our operational practices, specifically focusing on responsible land use, habitat sensitivity and the maintenance of ecologically balanced landscapes.

	Total Land Area (m^2)	Built area footprint (m^2)	Built area %
Hills	48,208	10,343	21%
Beach	43,807	12,575	29%
Lake	168,172	12,801	8%

	Proximity to Ecological Hotspots	km
Amaya Hills	Hanthana Mountain range (situated at boundary)	1
	Udawattakele Forest Reserve	9
	Royal Botanical Gardens, Peradeniya	5
	Polgolla Forest Reserve	14
	Kahalle Pallekele Sanctuary	14
	Nelligala Jungle Corridor	12
	Knuckles Mountain Range (UNESCO World Heritage)	47
Amaya Lake	Kandalama Reservoir	1
	Rangiri Dambulla Cave temple (UNESCO World Heritage)	9
	Sigiriya (UNESCO World Heritage)	13
	Minneriya National Park	25
Amaya Beach	Pasikudah Bay Coral Reefs	1
	Kayankerni Coral Reef	19

Proximity To Ecological Hotspots



Our goal is to maintain a minimum Site Coverage Ratio (SCR - the percentage of the land area occupied by the building footprint) of 14%. In testament to this commitment, the SCR for Amaya Hills, Amaya Beach and Amaya Lake stand at 21%, 29% and 8% respectively, leaving a substantial proportion of land under natural or landscaped cover.

Similarly, our landscaping activities prioritise native plant species that contribute towards preserving the ecological integrity of each location.

Moreover, we strive to lead by example one extending our biodiversity management programme beyond property boundaries through conservation efforts and partnerships that deliver ecosystems services to preserve the wider environment.

Ecosystem Restoration - Ongoing Commitments by the Hayleys Leisure Group

- "Concept Gardens" across all properties - organic vegetable gardens at each resort to supplement in-house kitchen requirements, with any surplus which is produced is shared with property staff and guests. Group-wide initiatives contributes over Rs.20,000 worth of fresh organic produce to property kitchens each month
- Herbal Garden project at Amaya Lake - to provide new guest experience
- Eco-friendly agricultural practices - use of natural pesticides to support chemical-free gardening across all properties
- Bee Farming at Amaya Hills - to support pollinator populations and provide new guest experiences
- Mushroom and microgreen gardens at Amaya Hills – Promote small-scale, nutrient-rich food cultivation to support guest dining experiences.
- Hanthana trail stewardship – Support the cleanliness and upkeep of the Hanthana hiking trail and surrounding areas.

Biodiversity Initiatives – FY 2025/26

Our biodiversity initiatives reflect targeted efforts to support ecosystem protection, restoration and environmental stewardship across the landscapes in which we operate.

Marine and Habitat Protection

- Underwater clean-up at Amaya Beach removing 28 kg of marine waste
- Participation of 20+ volunteers in coastal conservation efforts
- Environmental clean-up programmes across trails, lakes and surrounding natural areas

Coastal Protection

- Sea erosion prevention measures implemented at Amaya Beach through shoreline stabilisation efforts

ENVIRONMENTAL AWARENESS INITIATIVES – FY 2025/26

We promote environmental awareness through structured initiatives that encourage participation, build understanding and foster responsible environmental behaviour across all stakeholder groups.

Guests

- Participation in World Tourism Day initiatives, including environmental clean-ups and tree planting
- Awareness sessions on wildlife behaviour conducted in collaboration with conservation partners
- Experiential activities integrating sustainability into guest engagement

Employees

- Sustainability integrated into staff orientation programmes
- Participation in Earth Day, Earth Hour and other environmental observances
- Engagement in internal clean-up and conservation initiatives

Communities

- Environmental clean-up programmes across coastal, inland and forested areas
- Collaboration with local organisations and volunteer groups
- Participation in national and global environmental observances

Youth

- Youth Day programme with structured sustainability training and career development
- School engagement initiatives including tree planting programmes
- Distribution of plants to encourage long-term environmental responsibility

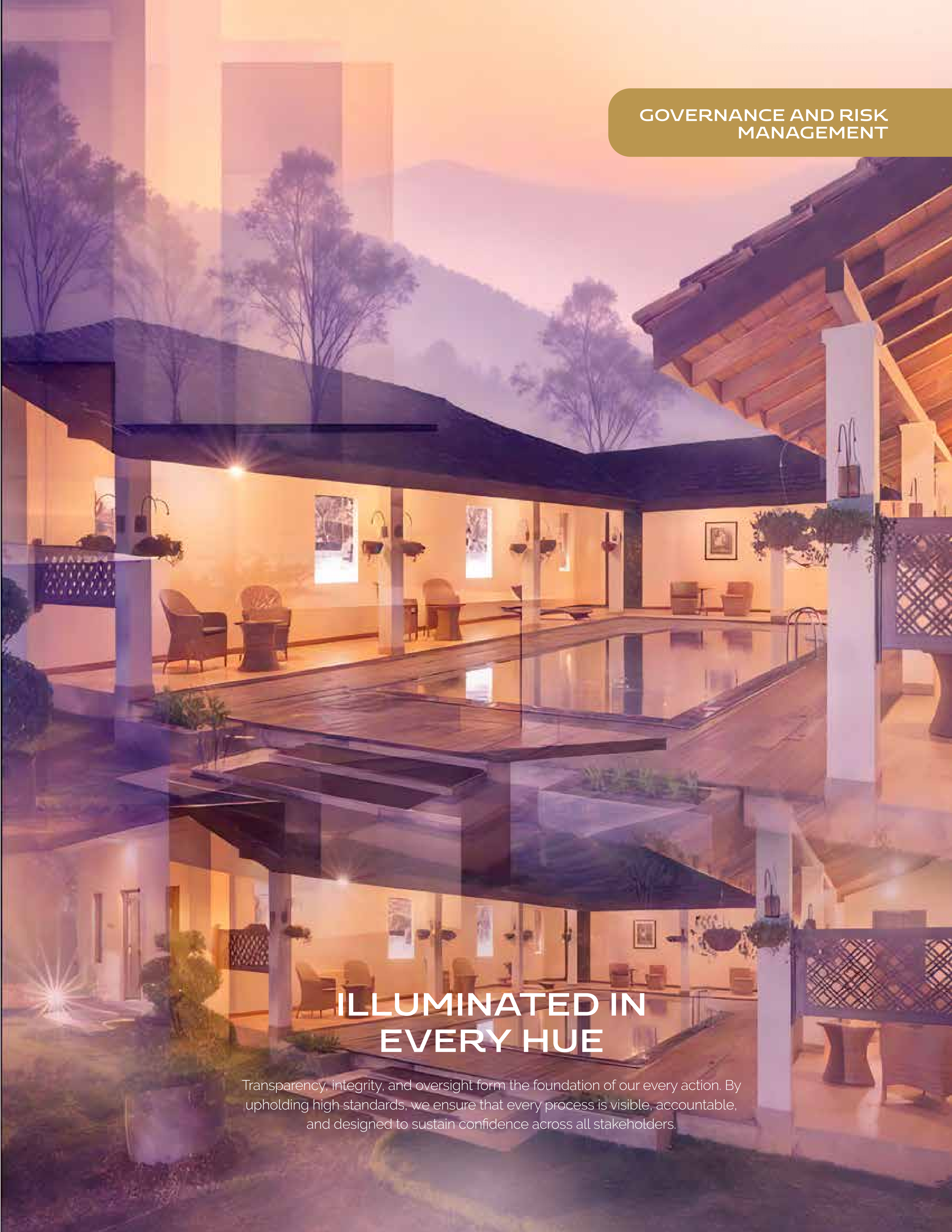
NATURAL CAPITAL

SHORT TERM

- Achieve a 10% reduction in energy intensity through targeted efficiency improvements
- Reduce Scope 1 and Scope 2 greenhouse gas emissions by 10%
- Increase the use of sustainable water sources across the Group
- Strengthen waste management practices to achieve traceability across all waste categories
- Reduce wet garbage, food waste and single-use plastic consumption
- Introduce climate-smart organic vegetable gardens across properties, integrated with guest experiences
- Standardise chemical labelling, storage and handling practices across all locations

MEDIUM TO LONG TERM

- Invest in renewable energy and sustainable technologies to support long-term emissions reduction
- Strengthen emissions management by expanding Scope 3 measurement and improving data quality and coverage
- Enhance biodiversity initiatives across properties, with programmes aligned to the scale and ecological context of each location
- Expand nature-positive initiatives to support ecosystem restoration and conservation across operating environments
- Align emissions reporting with evolving regulatory and sustainability disclosure requirements
- Integrate sustainability-related risks and opportunities into long-term strategic planning



ILLUMINATED IN EVERY HUE

Transparency, integrity, and oversight form the foundation of our every action. By upholding high standards, we ensure that every process is visible, accountable, and designed to sustain confidence across all stakeholders.

CORPORATE GOVERNANCE

CREATING VALUE THROUGH CORPORATE GOVERNANCE

For the Hayleys Leisure PLC Group, strong corporate governance remains a foundational principle of responsible business and sustainable value creation. Anchored on the principles of transparency, accountability, integrity, ethical conduct, and responsible decision-making, the Group's governance framework aims to reinforce stakeholder confidence, safeguard corporate reputation, and maintain high standards of operational and ethical excellence across all levels of the organisation.

The Hayleys Leisure Group's governance approach is focused on the following key objectives:

Strengthening Long-Term Value Creation

Ensuring sustainable growth and long-term shareholder value through disciplined oversight, strategic clarity, and responsible business practices.

Providing Strategic Direction and Resilience

Supporting effective decision-making, business continuity, and organisational resilience amidst evolving economic, environmental, and industry conditions.

Upholding Integrity and Ethical Conduct

Fostering a culture grounded in ethics, accountability, fairness, and compliance with applicable laws, regulations, and governance standards.

Enhancing Stakeholder Confidence

Promoting transparent engagement, responsible operations, and trusted relationships with guests, employees, shareholders, business partners, regulators, and communities.

Driving Accountability and Operational Excellence

Strengthening governance structures, internal controls, and performance oversight mechanisms to enhance efficiency, effectiveness, and accountability across the Group.

Embedding Sustainability and ESG Principles

Integrating environmental, social, and governance considerations into strategic planning and operational decision-making in line with the Group's long-term sustainability aspirations.

Strengthening Risk Oversight

Enhancing the Group's ability to identify, assess, and manage risks effectively in order to safeguard assets, reputation, and long-term business sustainability.

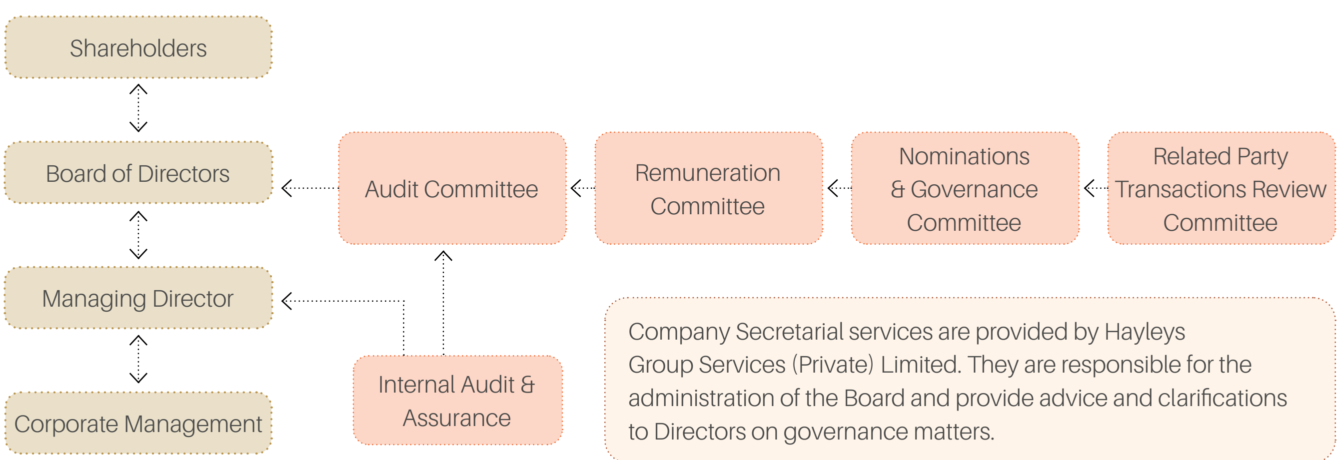
Promoting Transparency and Responsible Disclosure

Ensuring timely, accurate, and balanced disclosure of financial and non-financial information to

CORPORATE GOVERNANCE STRUCTURE AND FRAMEWORK

The Hayleys Leisure PLC Group operates under a clearly defined governance structure designed to support effective oversight, clear decision-making, and high standards of accountability, transparency, integrity, and ethical conduct across the organisation. The structure clearly defines roles, responsibilities, and reporting lines, enabling the Group to operate with discipline, consistency, and strategic focus.

The Board of Directors, as the Group's highest governing authority, provides overall stewardship of the governance structure.



GRI 2 - 17

THE BOARD

The Board of Directors of Hayleys Leisure PLC serves as the Group's highest governing and decision-making authority, and is collectively accountable to shareholders and stakeholders for the prudent management of the Group in line with sound governance principles and responsible business practices.

GRI 2 - 12

ROLE OF THE BOARD

As the apex governance body of the Group, the Hayleys Leisure PLC Board operates in accordance with the Board Charter which defines the roles and responsibilities of the Board of Directors

Accordingly, the Board provides strategic leadership and direction by defining the Group's strategic priorities and long-term aspirations, while ensuring that the necessary financial, operational, and human capital resources are available to effectively execute these objectives.

In fulfilling its stewardship responsibilities, the Board also retains authority over key matters relating to strategy, governance, risk oversight, major investments, and overall Group performance, thereby ensuring disciplined decision-making and long-term value creation across the organisation.

MATTERS RESERVED EXPRESSLY FOR BOARD CONSIDERATION

Overseeing the development of Group strategy in line with the Group vision and reviewing and approving strategic plans

Approving all major capital investments / expansions

Approving the appointment / removal of Board Directors, Board sub Committee Members and Key Management Personnel (KMP)

Reviewing and updating Remuneration of Directors and KMP's

Approval of all principal regulatory filings on time

Evaluating the performance of the Managing Director / CEO and KMP's against achievement strategic objectives

Approving the Succession Plan for Executive Directors and KMP's

Reviewing and updating as needed the Board Charter, Board Sub Committee TOR's, governance structures, policies and procedures

GRI 405 - 1

BOARD COMPOSITION

The Board of Directors of Hayleys Leisure PLC comprises a well-balanced mix of experienced professionals, including 02 Executive Directors and 08 Non-Executive Directors, of whom 03 serve as Independent Non-Executive Directors. This composition ensures an effective balance between executive leadership, independent oversight, and diverse industry expertise, thereby strengthening the quality of strategic deliberations and governance across the Group.

Collectively, the Board brings together extensive experience across hospitality, finance, strategy, governance, and business leadership, enabling the Group to navigate a dynamic operating environment while maintaining strong governance standards and long-term strategic focus.

Profiles of Board members are provided in a separate section of this Annual Report (Pages 24 to 26).

NON-EXECUTIVE DIRECTORS (NED'S)

The presence of Non-Executive Directors within the Board of Hayleys Leisure PLC strengthens its ability to take balanced, well-informed decisions that are aligned with the long-term interests of both shareholders and the Group.

Non-Executive Directors play a critical role in providing objective oversight and constructively challenging management proposals to ensure strategic and operational decisions are rigorously evaluated from multiple viewpoints, thereby enhancing the quality of Board deliberations, reinforcing sound risk governance, and strengthening the Group's overall accountability, integrity, and ethical standards of leadership

CORPORATE GOVERNANCE

Non-Executive Directors meet separately at least once every year without the presence of Executive Directors. This dedicated forum provides an opportunity for open and independent discussion, enabling Non-Executive Directors to freely exchange views, review key governance matters, and strengthen the effectiveness of independent oversight within the Board.

SENIOR INDEPENDENT DIRECTOR

Since the Chairman of the Hayleys Leisure PLC Group also serves in an executive capacity, the Group has appointed a Senior Independent Director in terms of Rule 9.6.3 of the Listing rules of the CSE Listing Rules. The Senior Independent Director provides a strong independent counterbalance within the Board structure. This role serves as a key channel for independent oversight and shareholder concerns where required. It further strengthens the overall governance framework by enhancing board independence and accountability.

GRI 2 - 10

APPOINTMENT / RE-ELECTION / RESIGNATION OF DIRECTORS

The appointment of Directors is overseen by the Board Nomination and Governance Committee (NGC). The Committee undertakes a structured evaluation of all prospective candidates, assessing their professional qualifications, sectoral experience, and leadership capabilities with the objective of strengthening Board effectiveness, balance, and diversity.

In doing so, the NGC also considers Directors' independence in line with Section 9 of the Listing Rules of the Colombo Stock Exchange and Schedule A of the Code of Best Practice on Corporate Governance 2023. This includes a rigorous review of external directorships held by candidates to ensure that each Director is able to devote adequate time, focus, and commitment to the diligent discharge of their responsibilities with integrity, care, and due diligence.

In accordance with the Articles of Association of Hayleys Leisure PLC, one-third of the Non-Executive Directors are required to retire by rotation at each Annual General Meeting (AGM) and are eligible to offer themselves for re-election by shareholders.

In addition, any Director appointed by the Board to fill a casual vacancy during the course of the year is required to stand for re-election by shareholders at the subsequent AGM, thereby safeguarding the credibility of the Board.

All appointments, re-elections, resignations, and retirements of Directors are disclosed to the Colombo Stock Exchange (CSE) in a timely and transparent manner.

Board changes for FY 2025/26

New Appointments	Re-Appointment	Re-election at the 43rd AGM held on 25th June 2025
Mr. Thushara Milinda Hewagama, Non-Executive Director was appointed to the Board as a Non-executive Director with effect from 30th April 2025	At the AGM held on 25th June 2025, Mr. Abeyakumar Mohan Pandithage, who is over the age of seventy years was re-appointed as a director for a further period of one year in terms of Section 211 of the Companies Act No. 07 of 2007 (the Companies Act").	The following directors who retired by rotation in terms of Article 29 (1) of the AOA of the Company was re-elected: • Ms. Ramani Nelun Ponnambalam • Ms. Warini Devika De Costa The following directors who have been appointed to the Board since the last AGM in terms of Article 27(2) of the AOA of the Company was re-elected: • Ms. Harshani Dinusha Kumari Randiligama • Mr. Thushara Milinda Hewagama

RESPONSIBILITIES OF INDIVIDUAL DIRECTORS

All Directors of Hayleys Leisure PLC are expected to dedicate sufficient time, attention, and commitment to effectively discharge their fiduciary responsibilities. This includes regular attendance at Board and Committee meetings, as well as active and meaningful participation in deliberations through the application of their experience, expertise, and independent judgment.

\In addition, all Board members participate in an annual Board evaluation process, which serves as an important mechanism to assess individual and collective effectiveness, strengthen governance practices, and support continuous improvement in Board performance and decision-making quality.

GRI 2 - 15

MANAGING CONFLICTS OF INTEREST

All Board Directors are required to act in good faith and in the best interests of the Group, while upholding their fiduciary duties and avoiding situations that may give rise to actual, potential, or perceived conflicts of interest. Directors are expected to exercise sound judgment, diligence, and transparency in promptly disclosing any such conflicts to the Board as and when they arise. In this regard, the Related Party Transactions Review Committee is responsible for reviewing all disclosures of conflicts of interest made by Directors and recommending appropriate measures to the Board to manage or mitigate such situations, thereby safeguarding the integrity of governance processes

Where a matter involving a potential conflict is considered at a Board meeting, the relevant Director is required to recuse themselves from the discussion and decision-making process to ensure objectivity and fairness.

GRI 2 - 19,2 -20, 2 - 21

DIRECTORS REMUNERATION

A structured and transparent remuneration framework has been established to ensure fair, competitive, and performance-aligned compensation for Directors and key leadership.

As per established procedures, the remuneration of Executive Directors comprises both fixed and variable components. The fixed element reflects market benchmarks and is aligned to the individual's experience, expertise, and scope of responsibilities, while the variable component is performance-based and linked to the achievement of the Group's strategic objectives and long-term value creation. A similar performance-driven approach is extended to Key Management Personnel (KMPs), reinforcing a culture of accountability and results orientation across leadership levels. The total remuneration of the highest-paid Executive Director is treated as confidential.

Non-Executive Directors receive fixed fees for their service on the Board and its Committees. These fees are determined with reference to prevailing market practices and peer benchmarks and are reviewed periodically by the Board to ensure they remain appropriate, competitive, and commensurate with the responsibilities undertaken.

INDUCTION AND TRAINING FOR DIRECTORS

All newly appointed Directors undergo a comprehensive induction programme designed to support their seamless integration into the Board. The induction programme aims to provide a comprehensive overview of the Group's operations, governance framework, strategic priorities, and key policies, while also facilitating engagement with senior management and access to relevant documentation and resources to enable informed participation in Board activities from the outset.

Acknowledging that continuous learning and development are essential for enabling Directors to effectively discharge their responsibilities and contribute meaningfully to Board deliberations, the Group provides ongoing development opportunities for all Directors to enhance the Board's collective knowledge, capability, and governance effectiveness. These programmes cover key areas such as corporate governance, regulatory and compliance updates, risk oversight, industry developments, and emerging trends shaping the hospitality and tourism sector.

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DIVISION OF RESPONSIBILITY AT A LEADERSHIP LEVEL

There exists a clear separation of responsibilities at the Hayleys Leisure PLC Group leadership level with the delineation of roles and responsibilities to ensure no one individual has unfettered powers or decision making authority.

Duties the Executive Chairman

- Provide leadership to the Board and effective conduct of Board meetings
- Determining the agenda for Board meetings in consultation with the Company Secretary and the Head of Finance
- Ensure that new Directors go through an induction programme, facilitating their effective participation
- Ensuring compliance with relevant legal and regulatory frameworks
- Balancing of stakeholder interests and meeting obligations
- Ensuring participation of both Executive and Non-Executive Directors
- Ensuring that all Directors are adequately briefed on matters arising at Board Meetings
- Ensuring that Directors contribute effectively, leveraging the collective skills and experience of the Board
- Ensuring that shareholders are given adequate opportunity to make observations, express their views and seek clarifications at meetings of shareholders
- Facilitating effective management of potential conflicts of interest

CORPORATE GOVERNANCE

Role of the Senior Independent Director (SID)

- Uphold high standards of ethics, integrity and probity.
- Support executive leadership whilst monitoring their conduct
- Promote high standards of corporate governance and compliance
- Meet with Non-Executive Directors at least twice a year and Executive Directors at least once a year to facilitate discussion and communication of critical concerns and communicate same to Chairman
- Be available to shareholders in case they have concerns which cannot, or should not, be addressed by the Chairman or Executive Directors
- Act on the results of any performance evaluation of the Chairman
- Maintain sufficient contact with major, significant and minority shareholders assisting the Board to develop a balanced understanding of their issues

Role of the Managing Director /CEO

- Maintaining a close working relationship with the Chairman, and acting as a sounding board for the Chairman when required
- Developing Group's business strategy for approval by the Board
- Developing and recommending to the Board, budgets that support the Group's long-term strategy
- Effective implementation of business strategy
- Effective management of risks
- Ensuring compliance with applicable rules and regulations
- Succession planning and building talent pipelines for critical roles
- Creating an ethical environment and nurturing a culture based on the Group's values

BOARD SUB COMMITTEES

To assist in performing its oversight role, the Board has appointed several Sub Committees to provide oversight in specific key areas. Sub Committees operate in line with Board approved Terms of Reference (TOR's).

COMPANY SECRETARIES

Hayleys Group Company Secretarial Services Limited serves as the Company Secretaries to Hayleys Leisure PLC, with their appointment remaining a responsibility of the Board. All Directors have unrestricted access to the Company Secretaries for guidance on governance matters, regulatory requirements, and Board procedures, thereby supporting informed decision-making and adherence to good governance practices. Key responsibilities of the Company Secretaries include:

- Facilitating the effective functioning of the Group's corporate governance framework
- Supporting the Board on governance, regulatory, and compliance matters
- Coordinating the efficient conduct of Board and Board Committee meetings
- Ensuring accurate recording and maintenance of Board and Committee minutes
- Ensuring Board Committees are properly constituted with clear Terms of Reference
- Coordinating Annual General Meetings in compliance with applicable regulatory requirements
- Issuing notices, reports, and shareholder documentation with Board approval
- Maintaining statutory registers and AGM records in accordance with legal requirements
- Ensuring timely filing of statutory returns and regulatory submissions
- Advising Directors on their duties, responsibilities, and governance obligations
- Supporting transparent and effective shareholder communication
- Facilitating appropriate disclosures relating to related party transactions

All Directors have access to the Company Secretaries, to receive guidance and support on governance matters, regulatory requirements, and Board procedures in order to facilitate informed decision-making and ensure adherence to best practices in corporate governance.

The Board conducts an annual evaluation of the performance of the Company Secretaries and has determined that Hayleys Group Company Secretarial Services Limited continues to discharge its responsibilities competently and in accordance with required governance standards.

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BOARD ACCOUNTABILITY

Compliance and Best Practices

The Board bears ultimate responsibility for ensuring full compliance with all applicable statutory and regulatory requirements. In fulfilling this mandate, the Board works in close collaboration with its sub-committees and executive management to establish and sustain robust compliance frameworks, underpinned by a clear zero-tolerance approach to non-compliance.

Beyond mere regulatory adherence, the Board is committed to embedding global best practices in governance, risk management, and ethical conduct, thereby continuously strengthening its compliance culture and reinforcing long-term organisational integrity.

FINANCIAL CONTROL AND REPORTING

The Board is firmly committed to maintaining sound financial stewardship, underpinned by discipline, transparency, and strong accountability across the organisation.

In line with this commitment, the Board exercises strict oversight of key financial matters, including the approval of annual budgets, financial statements, dividend policies, capital expenditure programmes, investment decisions, funding arrangements, and other material financial commitments.

The Board also works in close coordination with the Board Audit Committee to ensure the integrity, accuracy, and reliability of financial reporting processes. Regular performance reviews are undertaken to assess financial performance against approved targets, monitor key risk exposures, and ensure compliance with applicable accounting standards, regulatory requirements, and recognised financial reporting frameworks.

In addition, the Board reviews and approves all statutory and regulatory financial disclosures, including the annual financial statements, interim reports, and the Integrated Annual Report to ensure they provide a true, fair, and comprehensive representation of the Group's financial position, performance, and outlook.

For more information, please refer

- The Annual report of the Board of Directors on the Affairs of the Company on Page 157
- Directors' Responsibility for Financial Reporting on Page 163
- Report of the Auditors on Page 177

RISK MANAGEMENT AND INTERNAL CONTROL

The Board holds overarching responsibility for the effectiveness, integrity, and strategic alignment of the Group's risk management and internal control frameworks. In discharging this responsibility, the Board works closely with the Board Audit Committee (BAC) to oversee the development and implementation of robust policies and processes aimed at proactively identifying, assessing, and mitigating risks that may impact the Group's operations, reputation, or financial sustainability.

Operating under delegated authority, the Board Audit Committee (BAC) plays a key role in monitoring key risk exposures, reviewing enterprise-wide risk assessments, and ensuring that appropriate mitigation measures are in place. The BAC also seeks independent assurance from both internal and external auditors regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

Where gaps or control weaknesses are identified, the BAC ensures that timely corrective actions are implemented, with escalation to the Board where required, thereby reinforcing the Group's commitment to prudent risk governance, operational resilience, and long-term sustainability.

For more information, please refer

- The Risk Management Report on Page 132

CONDUCT AND ETHICS

The Board is responsible for setting the tone at the top to ensure that ethical behaviour is deeply embedded in the Group culture, decision-making processes, and day-to-day operations. This commitment is operationalised through the Group's Code of Conduct, the "Hayleys Way", which serves as the foundation for promoting responsible behaviour and guiding decision-making throughout the business.

The "Hayleys Way" clearly defines the standards of conduct expected from all employees and Directors, outlining both acceptable and unacceptable behaviours and providing practical guidance to support ethical decision-making in day-to-day operations. Key components of the "Hayleys Way" include the Anti-Bribery and Anti-Corruption Policy and the Whistleblowing Policy, which collectively reinforce the Group's commitment to ethical governance and responsible business conduct.

CORPORATE GOVERNANCE

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

Outlines the Group's stance against bribery, kickbacks and facilitation payments. The Policy also includes clauses relating to giving and accepting gifts by employees in their normal course of work. The Anti-Bribery and Anti-Corruption Policy applies to all Group Directors and employees without exception. Regular training is conducted to reinforce these principles among employees and Directors. Similarly, business partners and third parties who act on behalf of the Group are also encouraged to follow the key principles encapsulated in the Anti-Bribery and Anti-Corruption policy.

WHISTLEBLOWING POLICY

Creates a channel to anonymously report on possible financial irregularities, inappropriate financial reporting, internal controls, or other issues. All Whistleblower complaints are reviewed by the Hayleys Group Whistleblowing Committee with the Committee taking all reasonable steps to maintain two-way communication with the whistleblower, as much as possible. Employees are made aware of the Whistleblowing process through special awareness sessions conducted regularly. Full details regarding the Whistleblower policy and the modalities of its operation is also made available on the intranet

IT GOVERNANCE

The Board of Directors assumes the primary responsibility for setting the Group's IT strategy in alignment with its broader business objectives over the short, medium, and long term. The Board is further responsible for approving the IT budget and establishing policies that support the business model and strategic direction.

HR GOVERNANCE

The Board holds primary responsibility for ensuring HR governance practices are not only compliant with applicable legal and regulatory requirements but also support the development of a high-performing, inclusive, and values-driven workplace culture.

To that end, Board-approved policies developed in alignment with national labour laws and internationally recognised frameworks, including relevant ILO Conventions and the principles of the UN Global Compact, are in place to guide fair, consistent, and responsible people management practices across all operations.

For more information, please refer

- The Human Capital Report on Page 66

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ESG GOVERNANCE AND REPORTING

The remains fully committed to driving sustainable and responsible business practices that create long-term value for all stakeholders. To institutionalise this commitment, the Board has established the "Hive Effect" ESG Roadmap 2030, to guide the integration of environmental, social, and governance priorities into strategy, decision-making, and operations across the organisation.

Through this framework, material sustainability matters are effectively embedded into business plans and operationalised across all properties, while fostering a strong culture of accountability and responsible corporate conduct. The Board continuously reviews actual performance against targets established under the Hive Effect ESG Roadmap 2030

The Board continues to promote transparent sustainability disclosures aligned with globally recognised frameworks such as the GRI Standards and the Integrated Reporting Framework. During the current financial year, the Board took proactive steps to align with the SLFRS S1 and S2 sustainability related financial disclosure requirements.

STAKEHOLDER ENGAGEMENT

The Board acknowledges its responsibility to engage regularly with the Group's stakeholders in order to obtain their insights, views and feedback. The Board approved Stakeholder Engagement Framework creates the platform to support effective and timely engagement with all key stakeholders of the Group.

Please refer to the Stakeholder Engagement on Page 32 for more details

SHAREHOLDER RELATIONS AND COMMUNICATION

The Board is committed to upholding shareholder rights and fostering strong, transparent relationships with investors by ensuring shareholders receive timely, accurate, and comprehensive information regarding the Group's financial performance, strategic direction, and governance practices.

To discharge its responsibility, the Board holds the Annual General Meetings (AGMs), and complies with financial disclosures in line with regulatory and best practices. Shareholders also have access to key information and updates via the Colombo Stock Exchange (CSE), the corporate website, and periodic reports.

THE ANNUAL GENERAL MEETING (AGM)

The Annual General Meeting serves as a key platform to facilitate one-one-one contact with the shareholders. Following the conclusion of each financial year, the Board decides on the AGM date, while the notice of the AGM, the Annual Report. Financial statements and any other resolutions to be tabled at the AGM together with the voting procedures, are circulated to shareholders no less than fifteen (15) working days prior to the AGM, in keeping with the CSE listing rules.

Hayleys Leisure PLC's next AGM is scheduled to be held on 24th June 2026.

BOARD MEETINGS

Regular Board meetings provide a platform for the Directors of Hayleys Leisure PLC to review performance, assess key risks, and make informed decisions aligned with the Group's long-term strategic direction.

In addition to scheduled meetings, the Board may convene as required to address urgent matters, respond to emerging opportunities or challenges, and ensure timely and effective decision-making in support of the Group's Governance and strategic priorities

The Board met 05 times during the year, with all Board meetings characterised by a high degree of attendance, active participation, constructive and open discussions.

ACCESS TO INFORMATION

Directors are granted unrestricted access to all relevant information necessary to fulfill their duties effectively. This includes access any KMP, the Company Secretarial Division as well as financial records, Board papers, management reports, and other operational data, enabling informed decision-making and effective oversight. Directors may also seek independent professional advice at the Group's expense, where necessary, to support their responsibilities.

PROCESS FOR SCHEDULING BOARD MEETINGS

Before the Meeting

The Company Secretarial Division, in consultation with the Chairman and the Managing director / CEO, are responsible for setting the agenda for Board meetings. The agenda is carefully structured to ensure adequate time is allocated to address all key matters, including strategy, financial performance, industry developments, risk management, and regulatory compliance in order to facilitate meaningful discussions and informed decision-making.

A Board-approved procedure allows any Director to formally request, in writing, the inclusion of additional matters or proposals in the agenda. Once the agenda is finalised, a comprehensive information pack containing the meeting agenda and relevant Board papers is circulated to all Directors at least seven working days before the scheduled meeting.

At the Meeting

It is mandatory for all Directors to attend Board meetings with all Board members expected to come well prepared and actively participate in all matters outlined under the agenda. The Chairman / Chairperson of each Board committee will be called upon to provide an update on significant matters discussed at their respective Board sub-committee meetings, which are typically scheduled before the Board meeting

Key Management Personnel are invited to provide a comprehensive update on the Group's business and operations to date as well as an overview of the context in which these outcomes were achieved, while selected members of the Corporate Management are also invited to make presentations on the items set out under the agenda.

A representative from the Company Secretarial Division is required to maintains minutes of every Board meeting.

After the Meeting

The Company Secretaries are required to submit the minutes of the meeting to the Chairman for approval prior to being circulated among the Directors and other members of Corporate Management who were present at the particular meeting. Minutes of the meetings are typically circulated within two weeks after the meeting date.

CORPORATE GOVERNANCE

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EVALUATING BOARD PERFORMANCE

The evaluation of the Board and its Sub-Committees at Hayleys Leisure PLC is conducted annually through a formal self-assessment process undertaken by Directors. The process reviews key aspects including Board composition, quality of deliberations, effectiveness of meetings, strategic oversight, risk governance, and overall contribution towards the Group's long-term objectives.

As part of the evaluation, Directors provide confidential feedback on both collective and individual performance, including the effectiveness of the Chairman and respective Committee Chairs. The outcomes of the evaluation are reviewed by the Nomination and Governance Committee, with key observations and recommendations subsequently presented to the Board.

This process supports continuous improvement in governance effectiveness, strengthens Board performance, and ensures that the Board and its Committees continue to operate in line with evolving business needs and governance best practices.

EVALUATING THE PERFORMANCE OF THE MANAGING DIRECTOR / CEO

The annual performance evaluation of the Managing Director is conducted by the Board to assess leadership effectiveness, strategic execution, and overall contribution towards the achievement of the Group's business objectives. Conducted at the conclusion of each financial year, the evaluation reviews performance against agreed strategic priorities, operational targets, and key organisational goals established at the beginning of the year.

Based on the outcome of the evaluation, the Board provides recommendations to the Human Resources and Remuneration Committee regarding any revisions to the Managing Director's remuneration structure, ensuring alignment between performance outcomes, shareholder interests, and the Group's long-term strategic direction.

BOARD MEETINGS

The Board of Hayleys Leisure PLC and the Board Audit Committee met once every quarter. The Directors' attendance during the year is shown in the table below.

Name of Director	Executive/ Non-Executive / Independent Non-Executive	Attendance				
		Board Meeting	Audit Committee	Nominations & Governance Committee	Related Party Transactions Review Committee	Remuneration Committee
Mr. A. M. Pandithage - Chairman	Executive	05/05	-	-	-	-
Mr. R. J. Karunarajah - Managing Director	Executive	05/05	-	-	-	-
Mr. S. C. Ganegoda	Non-Executive	05/05	-	02/02	05/05	02/02
Ms. R. N. Ponnambalam	Non-Executive	05/05	-	-	-	-
Ms. W. D. De Costa	Non-Executive	05/05	05/05	-	-	-
Mr. D. T. R. De Silva	Independent Non-Executive	05/05	05/05	02/02	05/05	02/02
Ms. K. A. D. B Perera	Non-Executive	05/05	-	-	-	-
Ms. A. A. K. Amarasinghe	Independent Non-Executive	05/05	-	01/01	02/02	01/01
Ms. H. D. K. Randiligama	Independent Non-Executive	04/05	04/05	01/02	04/05	01/02
Mr. T. M. Hewagama (Appointed w.e.f. 30.04.2025)	Non-Executive	05/05	-	-	-	-

Name of Director	Directorship at Hayleys Leisure PLC	Number of Board seats held in Listed Companies		Number of Board seats held in Unlisted Companies	
		Executive	Non-Executive	Executive	Non-Executive
Mr. A. M. Pandithage	Executive	12	1	132	11
Mr. R. J. Karunarajah	Executive	3	1	8	2
Mr. S. C. Ganegoda	Non-Executive	2	9	0	57
Ms. W. D. De Costa	Non-Executive	0	2	0	0
Ms. R. N. Ponnambalam	Non-Executive	0	2	1	2
Ms. K. A. D. B. Perera	Non-Executive	0	11	0	5
Mr. D. T. R. De Silva	Independent Non-Executive	0	5	0	1
Ms. A. A. K. Amarasinghe	Independent Non-Executive	1	4	1	2
Ms. H. D. K. Randiligama	Independent Non-Executive	0	2	0	2
Mr. T. M. Hewagama (Appointed w.e.f. 30.04.2025)	Non-Executive	0	4	0	40

CORPORATE GOVERNANCE

ROLES & RESPONSIBILITIES

ROLES & RESPONSIBILITIES OF THE BOARD

- Formulation and implementation of business strategy
- Ensuring that the Managing Director and Corporate Management possess relevant skills, experience and knowledge to implement the strategy
- Approving budgets, major capital expenditure and financing arrangements
- Establishing effective systems and processes including financial and non-financial reporting, internal controls, business continuity and risk management
- Establishing systems to monitor compliance with regulatory requirements
- Nurturing an organisational culture in line with corporate values and codes of ethics
- Considering and balancing stakeholder interests in corporate decisions
- Regular review of value creation processes and value chain impacts to facilitate transition to a green economy
- Financial and non-financial reporting

EXECUTIVE CHAIRMAN'S ROLE

- Provide leadership to the Board and effective conduct of Board meetings
- Determining the agenda for Board meetings in consultation with the Company Secretary and the Chief Financial Officer
- Ensure that new Directors go through an induction programme, facilitating their effective participation
- Ensuring compliance with relevant legal and regulatory frameworks
- Balancing of stakeholder interests and meeting obligations
- Ensuring participation of both Executive and Non-Executive Directors
- Ensuring that all Directors are adequately briefed on matters arising at Board Meetings
- Ensuring that Directors contribute effectively, leveraging the collective skills and experience of the Board
- Ensuring that shareholders are given adequate opportunity to make observations, express their views and seek clarifications at meetings of shareholders
- Facilitating effective management of potential conflicts of interest

ROLE OF MANAGING DIRECTOR

- Maintaining a close working relationship with the Chairman, and acting as a sounding board for the Chairman when required
- Developing Group's business strategy for approval by the Board
- Developing and recommending to the Board, budgets that support the Group's long-term strategy
- Effective implementation of business strategy
- Effective management of risks
- Ensuring compliance with applicable rules and regulations
- Succession planning and building talent pipelines for critical roles
- Creating an ethical environment and nurturing a culture based on the Group's values.

SECTION 1: CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA (CASL)

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2025/26
A. DIRECTORS			
A.1 The Board			
The Company is headed by an effective Board of Directors with local and international experience. The Board of Directors of the Company consists of professionals in the fields of Accounting, Management, Economics, Marketing and Business Leaders. All Directors possess the skills, experience and knowledge complemented with a high sense of integrity and independent judgment. The Board gives leadership in setting the strategic direction and establishing a sound control framework for the successful functioning of the Company. The Board's composition reflects a sound balance of independence and anchors shareholder commitment. Profiles of Directors are given on Pages 24 to 26.			
1. Board Meetings	A.1.1	Compliant	The Board usually meets at quarterly intervals, but may meet more frequently as needed. The Board met five (05) times during the year on 29th July 2025, 30th October 2025, 26th January 2026, 14th May 2026 and 29th May 2026 Scheduled Board meetings were arranged well in advance, and all Directors were expected to attend each meeting. Any instances of non-attendance of Board meetings were generally related to prior business, personal commitments or illness. The attendance at Board meetings held is set out on Page 111 of the Annual Report.
2. Board Responsibilities	A.1.2	Compliant	The Board is responsible to the Shareholders for creating and delivering long-term sustainable Shareholder value through the business. The Board ensures the formulation and implementation of a sound business strategy. The Board has put in place a Corporate Management team with the required skills, experience and knowledge necessary to implement the business strategy of the Company. The board also ensures effective systems are in place to secure integrity of information, internal controls and risk management. The Board ensures that the Company's values and standards are set with an emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.
3. Compliance with laws and access to independent professional advice	A.1.3	Compliant	The Board collectively, and Directors individually recognise their duty to comply with laws of the country which are applicable to the Company. The Company had complied with all applicable laws and regulations during the year. A procedure has been put in place for Directors to seek independent professional advice in furtherance of their duties, at the Company's expense.

CORPORATE GOVERNANCE

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2025/26
4. Company Secretary	A.1.4	Compliant	Company Secretarial Services are provided by Hayleys Group Services (Private) Limited which is headed by an Attorney- at-Law who is a qualified chartered secretary ably assisted by professionally qualified secretaries who are registered with the Registrar of Companies. The services of the Company Secretary are available to Directors. The Company Secretaries keep the Board informed of new laws, regulations and requirements coming into effect, which are relevant to them as individual Directors and collectively to the Board. The Company has obtained appropriate insurance covers and they are further detailed on Page 159 under "Annual Report of the Board of Directors on the Affairs of The Company".
5. Independent judgment	A.1.5	Compliant	The Non-Executive Directors are independent of the management and free from any business and other relations. The Directors exercise independent judgment to bear on all issues of strategy, performance, resources and standards of business conduct. The Non-Executive Directors make an annual determination of their independence through a signed and dated declaration to that effect and make sure there is no conflict of interest. The Board gives direction to the long term strategy, seeking and contributing views and opinions on strategic options proposed by the Executive Management. All members of the Board have fiduciary duties and statutory liabilities, regardless of whether they are Executive or Non-Executive.
6. Dedication of adequate time and effort by the Board and the Company	A.1.6	Compliant	All Directors of the Company dedicate adequate time and effort to fulfil their duties as Directors of the Company (both before and after the Board Meetings), in order to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged.
7. Calling for a Resolution	A.1.7	Compliant	Any Director can call for a resolution to be presented to the Board where they feel it is in the best interest to the Company.
8. Training for Directors	A.1.8	Compliant	The Board regularly reviews and agrees on the training and development needs of the Board members, to ensure Directors are capable to make appropriate decisions with regard to the current and future performance of the business.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2025/26
A.2 Chairman and Chief Executive Officer (CEO)			
There should be a clear division of responsibilities between the Chairman and Chief Executive Officer in order to ensure a balance of power and authority, in such a way that any individual has no unfettered powers of decision-making. The roles of the Chairman and Chief Executive Officer function separately in the Company. The Chairman's main responsibility is to lead, direct and manage the work of the Board in order to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Managing Director, who performs the role of the Chief Executive Officer, is responsible for the day-to-day operations of the Company. Mr. D. T. R. De Dilva has been appointed as a Senior Independent Director as the Chairman is an Executive Chairman in compliance with Section 9.6.3 of the CSE Listing Rules.			
9. Division of responsibilities of the Chairman and Managing Director (CEO)	A.2	Compliant	The positions and functions of the Chairman and the Managing Director have been separated; the role of the Managing Director is to manage the day-to-day running of the Company. The Board has delegated this responsibility to the Managing Director and he then leads the Corporate Management team in making and executing operational decisions. The Managing Director is also responsible for recommending strategy to the Board.
A.3 Chairman's Role			
The Chairman leads and manages the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully preserves order and facilitates the effective discharge of Board functions. The profile of the Chairman is given on Page 24			
10. Role of the Chairman	A.3.1	Compliant	The Chairman is an outstanding business leader and provides leadership to the Board, controls and preserves order at Board meetings and provides the Board with strategic direction and guidance in managing the affairs of the Company. The Chairman maintains close contact with all Directors and, where necessary, holds meetings with Non-Executive Directors without Executive Directors being present. The Chairman is also responsible for: • Ensuring the new Board Members are given an appropriate induction, covering terms of appointment. • Ensuring the effective participation of both Executive and Non-Executive Directors. All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company. • Ensuring that a balance of power between Executive and Non-Executive Directors is maintained. • Ensuring that the views of Directors on issues under consideration are ascertained. Ensuring that the agenda for Board meetings is developed in consultation with the Managing Director, Chief Financial Officer and the Company Secretary taking into consideration the matters relating to strategy, performance, resource allocation, risk management and compliance.

CORPORATE GOVERNANCE

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2025/26
A.4 Financial Acumen			
The Code requires that the Board comprises members with sufficient financial acumen and knowledge in order to offer guidance on matters on finance. The Board of the Company has met the above requirement as the Chairperson of the Audit Committee is a qualified Accountant having professional qualifications and equipped with sufficient financial acumen and knowledge to offer guidance on matters of finance.			
11.Financial acumen and knowledge	A.4	Compliant	The Board includes four senior Chartered Accountants (ICASL & CIMA UK) one of whom serves as the Chairman of the Audit Committee. These Directors add substantial value and independent judgment on the decision-making of the Board on matters concerning finance and investment.
A.5 Board Balance			
The Code requires that a balance is maintained between the Executive and Non-Executive Directors (NEDs) so that no individual or a small group of individual Directors are able to dominate the Board's decision-making. The Board consists of Two (02) Executive Directors and Eight (08) Non-Executive Directors. Each of them brings to the Board, wide experience and the ability to exercise independence and judgment when taking informed decisions.			
12.Presence of Non-Executive Directors	A.5.1	Compliant	The Board consists of 10 Directors comprising Executive Directors (ED) - 02, Non-Executive Directors (NED) - 05, Independent Non-Executive Directors - 03 (INED).
13. Criteria to evaluate Independence of Non-Executive	A.5.3	Compliant	Refer Section A.5.5 below. The Board considers Non-Executive Director's independence on an annual basis. For a Director to be deemed 'independent', such a Director should be independent of management and free of any business or any other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment. The Board complies with the criteria for determining independence of Directors.
14. Signed declaration of independence by the Non-Executive Directors	A.5.4	Compliant	Every Non-Executive Director of the Company has made a written submission as to their independence against the specified criteria.
15. Determination of Independence	A.5.5	Compliant	The Board has determined the independence of Directors based on the declarations submitted by the Non-Executive Directors, as to their independence as a fair representation and will continue to evaluate their independence on this basis annually. No circumstances have arisen for the determination of independence by the Board, beyond the criteria set out in the Code. Independent Non-Executive Directors are: Mr. D. T. R. De Silva Ms. A. A. K. Amarasinghe Ms. H. D. K. Randiligama

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2025/26
16. Alternate Directors	A.5.6	Compliant	No alternate Director has been appointed by any of the Board Members.
17. Senior Independent Director	A.5.7	Compliant	The Board has appointed **Mr. D. T. R. De Silva** as the Senior Independent Director ('SID') of the Company. A report from the SID is included on Page 171 of the Annual Report.
18. Role of the SID	A.5.8.	Compliant	The SID makes himself available for confidential discussions with other Directors who have concerns which they believe have not been properly considered by the Board. Refer Report of the SID on Page 171
19. Meetings between Chairman and Non-Executive Directors	A.5.9	Compliant	The Chairman holds meetings with Non-Executive Directors without the presence of Executive Directors as necessary and at least once a year.
A.6 Supply of Information			
Management should provide time-bound information in a format that is appropriate and which enables the Board to discharge its duties. Financial and non-financial information is analysed and presented to the Board to make informed and accurate decisions.			
20. Obligation of the Management to provide appropriate and timely information to the Board	A.6.1	Compliant	The Board was provided with timely and appropriate information by the management by way of Board papers and proposals. The Board sought additional information as and when necessary. The Chairman also ensured all Directors were properly briefed on issues arising at Board meetings.
21. Adequate time for effective Board meetings	A.6.2	Compliant	The Minutes, Agenda and papers required for Board meetings are provided in advance to facilitate its effective conduct.
A.7 Appointments To The Board			
The Code requires having a formal and transparent procedure in place for the appointment of new Directors to the Board.			
22. Nominations and Governance Committee	A.7.1 & A.7.2	Compliant	The Company established its own Nominations and Governance Committee (NGC) on 6th May 2024. Please refer NGC report on Page 168 On the recommendation of the NGC, the Board annually assesses the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company.
23. Disclosure of new appointments	A.7.4	Compliant	A brief resume of the Director, nature of his/her experience and names of the companies he/she holds the directorship and the independence is informed to the Colombo Stock Exchange and disclosed in this Annual Report on Pages 24 to 26 of the Annual Report.
24. Report of the NGC	A.7.5	Compliant	A Report of the NGC is included on Page 168 of the Annual Report.
25. Terms of Reference	A.7.6	Compliant	The NGC has comprehensive Terms of Reference, which include the NGC composition and functions of the NGC.

CORPORATE GOVERNANCE

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2025/26
A.8 Re-election of Directors			
All Directors should be required to submit themselves for re-election at regular intervals at least once in every three years.			
26. Re-election of Directors:	A.8.1 & A.8.2	Compliant	The provisions of the Company's Articles of Association require a Director appointed by the Board to hold office until the next Annual General Meeting and seek re-appointment by the shareholders at that meeting. The Articles of Association call for one third of the Directors in office to retire at each Annual General Meeting. The Directors who retire are those who have served for the longest period after their appointment/ re-appointment. Retiring Directors are generally eligible for re-election. The Managing Director does not retire by rotation.
27. Resignation of Directors:	A.8.3	Compliant	Directors who resigned prior to completion of his/her appointed term, provided a written communication to the Board of his/her reasons for resignation.
A.9 Appraisal of Board Performance			
The Board should periodically appraise its own performance against the present targets in order to ensure that the Board responsibilities are satisfactorily discharged.			
28. Annual performance evaluation of the Board and its Committees	A.9.1, A.9.2, A.9.3 & A.9.4	Compliant	The Board undertakes an annual self-evaluation of its own performance and of its committees. The Board evaluated its performance and effectiveness in the current year.
A.10 Disclosure of Information in Respect of Directors			
Details in respect of each Director should be disclosed in the Annual Report for the benefit of the Shareholders.			
29. Details in respect of Directors	A.10.1	Compliant	The following details pertaining to each Director are disclosed as follows: (a) Brief profile with expertise and experience - Pages 24 to 26. (b) Directors' Interest in Contracts - Page 158. (c) Attendance at Board Meetings and Committee meetings held during the year - Pages 111, 164, 166, 168 and 172.
A.11 Appraisal of Managing Director			
The Board of Directors should annually assess the performance of the Managing Director who performs the role of the Chief Executive Officer.			
30. Targets and evaluation of the Managing Director	A.11.1 & A.11.2	Compliant	Prior to the commencement of each financial year, the Board sets reasonable financial and non-financial targets which are in line with short, medium and long-term objectives of the Company, achievement of which should be ensured by the Managing Director. The performance of the Managing Director is evaluated by the Board each quarter and the overall evaluation at the end of each fiscal year in order to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such targets was reasonable in the circumstances.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2025/26
A. DIRECTORS			
B.1 Remuneration Procedure			
This principle ensures that the Company has a well-established, formal and transparent procedure in place for developing an effective remuneration policy for both Executive and Non-Executive Directors where no Director is involved in deciding his/her own remuneration in order to avoid potential conflict of interest.			
31. Remuneration Policy	B.1	Compliant	The Company has a formal and transparent procedure for fixing remuneration of Executives and Directors. No Director is involved in deciding his/her own remuneration.
32. Establishment of Remuneration Committee	B.2.1, B.2.2, B.2.3	Compliant	The Company established its own Remuneration Committee on 6th May 2024. Refer Report of the Remuneration Committee on Page 166. Details of the payment of remuneration to Directors are disclosed on Page 158 of the Annual Report.
33. Terms of Reference of Remuneration Committee	B.2.16	Compliant	The Remuneration Committee has comprehensive Terms of Reference, which include the composition and functions of the Committee.
B.2 The Level and Make up of Remuneration			
The level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to the corporate and individual performance.			
34. Level of Remuneration	B.2, B.2.4, B.2.6, B.2.7	Compliant	The Remuneration Committee structures the remuneration package to attract, retain and motivate the Directors needed to run the company successfully but avoid paying more than is necessary for this purpose. The remuneration levels relative to other companies and performance of the Directors are taken into account when considering the remuneration levels of the Directors.
35. Levels of Remuneration of Executive Directors	B.2.5 & B.2.8	Compliant	Remuneration for Executive Director(s) promotes short, medium and long term performance of the Company. The performance-related elements are transparent and is reviewed by the Remuneration Committee annually against the set targets and goals.
36. Levels of Remuneration of Non-Executive Directors	B.2.14	Compliant	Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices.
B.3 Disclosure of Remuneration			
The Code requires the Company to disclose in its Annual Report the details of the Remuneration paid and the Remuneration Policy.			
37. Disclosure of Remuneration and Remuneration Committee	B.3. B.3.1 & B.2.15	Compliant	Please refer Page 167 for the total Directors' remuneration. A Report of the Remuneration Committee is included on Page 166 of the Annual Report.

CORPORATE GOVERNANCE

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2025/26
C. RELATIONS WITH SHAREHOLDERS			
C.1 Constructive use of the Annual General Meeting (AGM) and Conduct of General Meetings			
The Code requires the Board to use the AGM to communicate with shareholders and encourage their active participation. In this regard, all Shareholders of the Company receive the Notice of Meeting within the statutory due dates.			
38. Adequate Notice of AGM	C.1.1, C.1.2 and C.1.3	Compliant	The Annual Report including Financial Statements of the Company are published on the websites of the Company and the Colombo Stock Exchange (CSE). Notice of Meeting and the Form of Proxy are sent to shareholders 15 working days prior to the date of the AGM as required by statute in order to provide the opportunity to all the shareholders to attend the AGM. The Company proposes a separate resolution at the AGM on each substantially separate issue. Further, the adoption of the Annual Report of the Board of Directors on the Affairs of the Company and Audited Financial Statements together with the Report of the Auditors thereon are considered as a separate resolution. The Company has in place an effective mechanism to count all proxies lodged on each resolution, and the balance for and against the resolution, after it has been dealt with on a show of hands, except where a poll is called.
C.2 Communication with Shareholders			
The Code requires that the Board should implement effective communication with Shareholders.			
39. Channel to reach all Shareholders	C.2.1	Compliant	The main mode of communication between the Company and the Shareholders is the AGM. Shareholders are provided with the information prior to the AGM. Further, financial and other announcements are promptly submitted to CSE to publish in the CSE website.
40. Policy methodology and process for communication with shareholders.	C. 2. 2.	Compliant	An open-door policy is in place, which enables Shareholders to keep in constant touch, visit and obtain information from the Company Secretaries, Hayleys Group Services (Private) Limited and engage in dialogue.
41. Contact person for communication	C.2.4 & C.2.6	Compliant	Shareholder Communication is with Hayleys Group Services (Private) Limited (C. Gunawardena - 0112627653)
42. Process to make Directors aware of major issues and concerns of Shareholders	C.2.5	Compliant	All major issues relating to Shareholders are brought to the attention of the Board.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2025/26
C.3 Major Transactions			
The Code requires that the Board discloses major and material transactions of the Company to its Shareholders.			
43. Channel to inform details of major transactions to Shareholders	C.3, C.3.1, C.3.2 & C.3.3	Compliant	The Company disclosed details of the major and material transactions of the Company to its Shareholders through financial and other announcements submitted to the CSE. The Company complied with the Companies Act No. 07 of 2007 ('Companies Act') and CSE Listing Rules pertaining to major transactions.
D.1 FINANCIAL AND BUSINESS REPORTING (THE ANNUAL REPORT)			
The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.			
44. Board's responsibility for Statutory and Regulatory Reporting	D.1, D.1.1, D.1.2, D.1.3	Compliant	The Board has recognised the responsibility to present regulatory and statutory reporting in a balanced and understandable manner. When preparing Quarterly and Annual Financial Statements, the Company complied with the requirements of the Companies Act, the Listing Rules of the CSE and prepared and presented them in accordance with Sri Lanka Accounting Standards. The Financial Statements include a statement from the Managing Director and Chief Financial Officer declaring that the Financial Statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company.
45. Declaration by Directors' report in the Annual Report	D.1.4	Compliant	The Directors have made all required declarations in the "Annual Report of the Board of Directors" that appears on Pages 157 to 161 of the Annual Report.
46. Statement of Directors and Auditors	D.1.5	Compliant	The "Statement of Directors' Responsibilities" is given on Page 163 and the "Auditors' Report" is given on Pages 177 to 180 of the Annual Report.
47. Management Discussion & Analysis in the Annual Report	D.1.6	Compliant	The "Management Discussion and Analysis" is given on Pages 57 to 61 of the Annual Report.
48. Summoning an EGM in the event the net assets of the company falls below 50% of the value of the company's shareholders' funds.	D.1.7	Compliant	Net Assets of the Company did not fall below 50% of the value of the Company's Shareholders' funds during Financial Year 2025/26.
49. Disclosure of related transactions	D.1.8	Compliant	Refer the "Related Party Transactions Review Committee Report" on Page 164 of the Annual Report and Note 29 of the Financial Statements.

CORPORATE GOVERNANCE

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2025/26
D.2 Risk Management and Internal Control			
The Board should have a sound system of internal controls to safeguard Shareholders' investments and the Company's assets. The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.			
50. Annual evaluation of the Internal Controls System and Risk Management	D.2.1, D.2.1.1, D.2.1.2, D.2.1.3	Compliant	The Board is responsible for the Group's internal control and its effectiveness. Internal control is established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision-making. It covers all controls, including financial, operational and compliance controls and risk management. It is important to state, however, that any system can ensure only reasonable, and not absolute, assurance that errors and irregularities are prevented or detected within a reasonable time. The Hayleys Management Audit & System Review Department (MASRD) plays a significant role in assessing the effectiveness and successful implementation of existing controls and strengthening these and establishing new controls where necessary. The MASRD's reports are made available to the Chairman and Managing Director and the Chairman of the Audit Committee. The Board has reviewed the effectiveness of the system of financial controls for the period up to the date of signing the accounts. There is a direct channel of communication between the Head of MASRD and the Chairman of the Audit Committee without the interference of any Directors or Executives.
51. Availability of internal audit function and disclosure in annual report.	D.2.2.2 & D.2.2.3	Compliant	Please refer Internal Control and Risk Management Report on 160, 132 to 142 of the Annual Report.
52. Review of the process and effectiveness of risk management and internal controls.	D.2.2.3	Compliant	The Audit Committee reviews internal control issues and risk management measures and evaluates the adequacy and effectiveness of the risk management and internal control systems including financial reporting.
D.3 Audit Committee			
The Board should have formal and transparent arrangements in selecting and applying the accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's External Auditor. Mr. D. T. R. De Silva is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. The Managing Director, General Manager and the Chief Financial Officer attend the meetings of the Audit Committee by invitation. The Audit Committee has written Terms of Reference and is empowered to examine any matters relating to the financial affairs of the Company and its Internal and External Audits. It helps the Company to strike the proper balance between conformance and performance.			

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2025/26
53. Composition of the Audit Committee	D.3.1	Compliant	Audit Committee consists of Three (03) Non-Executive Directors • Mr. D. T. R. De Silva - Chairman • Ms. W. D. De Costa - Member • Ms. H. D. K. Randiligama - Member The Company Secretaries, Hayleys Group Services (Private) Limited serves as its Secretary. The Chairman, Managing Director, Head of Internal Audit, Chief Financial Officer and Hayleys Group CFO are invited to attend meetings as required. The input of the Statutory Auditors and the Group Internal Auditor is obtained where necessary. The Audit Committee is required to assist the Company to achieve a balance between conformance and performance.
D.4 Risk Committee			
The Board should establish a procedure for risk management including how risks are determined, risk culture, risk appetite, risk identification and classification, rating and management of risk.			
56. Established procedure for risk management	D.4	Compliant	The Audit Committee oversees the procedure for risk management including how risks are determined, risk culture, risk appetite, risk identification and classification, rating and management of risk.
D.5 Related Party Transactions Review Committee			
The Board should establish a procedure to ensure that the Company does not engage in transactions with "related parties" in a manner that would grant such parties "more favourable treatment" than that accorded to third parties in the normal course of business.			
57. A related party and related party transactions will be as defined in LKAS 24.	D.5.1	Compliant	The Company adopts the definition of a related party and related party transactions as defined in LKAS 24.
58. Establishment of Related Party Transactions Review Committee and composition.	D.5.2	Compliant	The Company established its own Related Party Transactions Review Committee (RPTRC) on 6th May 2024. Please refer Report of the RPTRC on Page 164.
59. Written terms of reference of Related Party Transactions Review Committee.	D.4.3	Compliant	The RPTRC has written Terms of Reference.

CORPORATE GOVERNANCE

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2025/26
D.6 Code of Business Conducted and Ethics			
The Company should develop a Code of Business Conduct and Ethics for Directors and members of the Senior Management team and must promptly disclose any waivers of the Code for Directors or others.			
60. Code of Business Conduct and Ethics	D.6	Compliant	The Directors and the members of the senior management are bound by the 'Hayleys Way' which is the code of business conduct and ethics of the Hayleys Group. The Group and Company adopted the Internal Code of business conduct and Ethics Policy with effect from 01st October 2024. This Code addresses conflict of interest, corporate opportunities, confidentiality of information, fair dealing, protection and proper use of the Company's assets, compliance with laws and regulations and encouraging the reporting of any illegal or unethical behaviour etc.
D.7 Corporate Governance Disclosure			
Directors of the Company disclose annually the Company's adherence to the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka.			
61. Disclosure of corporate governance	D.7.1	Compliant	This requirement is met through the presentation of the Annual Report.
E. INSTITUTIONAL INVESTORS			
Institutional shareholders have the responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are transacted into practice.			
E.1 Shareholders' Voting			
Communication with Shareholders	E.1.1	Compliant	In order to avoid conflicts of interest by nurturing the mutual understanding, the Board carries out dialogues with its Shareholders at general meetings. In this regard, the AGM of the Company plays a critical role. Voting by the Shareholders is crucial in carrying a resolution at the AGM. The Chairman, who plays the role of the agent, communicates the views and queries of the Shareholders to the Board and the senior management, in order to ensure that the views are properly communicated to the Company. Shareholder Communication is with Hayleys Group Services (Private) Limited (C. Gunawardena - 0112627653)
F. OTHER INVESTORS			
63. Investing/Divesting Decision	F.1 & F.2	Compliant	Individual investors are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions. They are also encouraged to participate in General Meetings of companies and exercise their voting rights. Information is disseminated to all shareholders.

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2025/26
G. INTERNET OF THINGS & CYBER SECURITY			
The Board should have a process to identify how the business models, IT devices within and outside the rationalisation can connect to the organisation's network to send and receive information and the consequent cybersecurity risks that may affect the business.			
64. Internet of Things & Cyber Security	G.1	Compliant	The Company has implemented a property management and financial information system which has increased the effectiveness and efficiency in the provision of management information and has implemented a comprehensive IT policy which strengthens controls of the organisation's IT System and ensures unauthorised access and data loss is prevented. Hayleys Group's Disaster Recovery Policy ensures that daily backups are taken in a timely manner and stored in remote locations ensuring reduction of downtime and continuity of operations during a disaster.
H. SUSTAINABILITY: ENVIRONMENT, SOCIETY AND GOVERNANCE (ESG) RISK AND OPPORTUNITIES			
The process of recognising, managing measuring and reporting ESG			
65. ESG Reporting	H.1	Compliant	As a subsidiary of the Hayleys Group, the Company complies with the Hayleys Lifecode which sets out the Hayleys Group Sustainability framework. The Company has in place formal processes for collecting the non-financial information necessary for sustainability reporting which are reviewed quarterly by the Company Board. A dedicated Sustainability function supports the Company's sustainability agenda and progress made as set out in the Natural Capital Report on Page 86.

CORPORATE GOVERNANCE

Corporate Governance Principles	Reference of Code	Compliance	The Company's Extent of Compliance in 2025/26
I. SPECIAL CONSIDERATIONS FOR LISTED ENTITIES			
Listed entities shall establish and maintain policies relating to its governance and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the entity on its website.			
66. Establishments of the following Policies: • Policy on the Matters relating to the Board of Directors • Policy on Board Committees • Policy on Corporate Governance • Policy on Rewards and Remuneration • Business Code of Conduct • Policy on Risk Management and Internal Control • Policy on Shareholder and Investor Communications • ESG - Environmental Policies • ESG – Social Policies • Policy on Control and Management of Company Assets and Shareholder Investments • Policy on Corporate Disclosure • Policy on Whistleblowing • Policy on Good Governance and Business Ethics	I.1.1	Compliant	The Company has published the policies on the Company website. The Hayleys Lifecode is also accessible through the Company website: https://www.amayaresorts.com/about/annual-reports/

SECTION 2: COLOMBO STOCK EXCHANGE LISTING RULES STATEMENT OF COMPLIANCE

This section covers Hayleys Leisure PLC's extent of adherence to the requirements of Sections 7 and 9 of the Listing Rules of the Colombo Stock Exchange.

COMPLIANCE WITH CSE CONTINUING LISTING RULES – SECTION 7.6

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Page Reference
7.6 (i), (ii)	Names of persons who during the financial year were Directors and principal activities during the year	Compliant	Report of the Board of Directors on Pages 157 to 161.
7.6 (iii), (iv)	Twenty largest Shareholders, float adjusted market capitalisation, public holding percentage, no. of public shareholders and minimum required public shareholding	Compliant	Shareholder Information on Page 234.
7.6 (v)	Directors' and CEO's(MD's) holding in shares	Compliant	Report of the Board of Directors on Page 157.
7.6.(vi)	Material foreseeable risk factors of the entity	Compliant	Risks and Opportunities on Page 132.
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Compliant	Human Capital on Page 66
7.6 (viii)	Extents, locations, valuations, number of buildings	Compliant	Statement of Value of Real Estate Note 14 to the Financial Statements
7.6 (ix)	Number of shares representing the Entity's stated capital	Compliant	Report of the Board of Directors on Page 157.
7.6 (x)	Shareholder Distribution Schedule including percentage of total holding in given categories	Compliant	Shareholder Information on Page 234.
7.6 (xi)	Ratios and Market Price Information	Compliant	Refer Page 235
7.6(xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	Compliant	Note 14 to the Financial Statements.
7.6 (xiii)	If during the financial year the entity has raised funds either through a public issue, rights issue or private placement.	N/A	N/A
7.6(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	N/A	N/A
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Compliant	Corporate Governance Report on Pages 102 to 131.
7.6 (xvi)	Related party transactions exceeding 10% of Equity or 5% of total assets of the Entity as per audited financial statements, whichever is lower	Compliant	Refer Related Party Transactions on Pages 226 to 229.

CORPORATE GOVERNANCE

COMPLIANCE WITH CSE CONTINUING LISTING RULES – SECTION 9

CSE Rule Reference	Subject	Compliance Status	Extent of Adoption
9.2.1	Policies	Compliant	The Company has established and continues to maintain the policies • Policy on the Matters relating to the Board of Directors • Policy on Board Committees • Policy on Corporate Governance • Policy on Rewards and Remuneration • Business Code of Conduct • Policy on Risk Management and Internal Control • Policy on Shareholder and Investor Communications • ESG - Environmental Policies • ESG – Social Policies • Policy on Control and Management of Company Assets and Shareholder Investments • Policy on Corporate Disclosure • Policy on Whistleblowing • Policy on Good Governance and Business Ethics The Company has published the policies on the Company website; https://www.amayaresorts.com/about/annual-reports
9.3	Board Committees	Compliant	The Company has established an Audit Committee, Nominations and Governance Committee, Remuneration Committee and Related Party Transactions Review Committee.
9.3.3	Chairperson of Board Committees	Compliant	Chairperson of Board Committees is not the Chairperson of the Board.
9.4.1	Meeting Procedures	Compliant	Company maintains records of all resolutions passed at General Meetings.
9.4.2	Communication and Relations with Shareholders	Compliant	The Company has a Shareholder Communication and Relations policy and it is published on the corporate website. Shareholder Communication is with Hayleys Group Services (Private) Limited (C. Gunawardena- 0112627653) The policy includes a process whereby Directors are informed of major issues and concerns of shareholders.
9.5.1	Policy on matters relating to the Board of Directors	Compliant	The Company maintains a Policy on Matters relating to the Board of Directors, which was uploaded on to the Company website on 01 October 2024. The Policy specifies the minimum number of meetings which a Director is required to attend which is 50% of the meetings.

CSE Rule Reference	Subject	Compliance Status	Extent of Adoption
9.6.2	Chairperson and CEO	Compliant	The positions of Chairperson and CEO are held by separate individuals.
9.6.3	Senior Independent Director		The Company has a Senior Independent Director (SID). The rationale is given on Page 171.
9.6.3. (b)	Senior Independent Director	Senior Independent Director	The SID holds a meeting once a year with the Independent Directors without the presence of other Directors to discuss matters and concerns relating to the Company.
9.6.3. (c)	Senior Independent Director	Compliant	The SID holds a meeting once a year with the Non-Executive Directors without the presence of the Chairperson to appraise the Chairperson's performance.
9.6.3. (e)	Senior Independent Director	Compliant	The SID has made a disclosure demonstrating the effectiveness of duties of the SID on Page 171.
9.7.1	Fitness of Directors and CEO	Compliant	The Company ensures that the persons recommended by the Nominations and Governance Committee fulfil the assessment criteria set out in the Listing Rules.
9.7.2	Fitness of Directors and CEO	Compliant	The Company ensures that all persons recommended by the Nominations and Governance Committee as Directors satisfy the Fit and Proper Assessment Criteria before such Nominations are placed before these appointments are made.
9.7.4	Fitness of Directors and CEO	Compliant	The Directors and the CEO have provided declarations confirming that they satisfy the Fit and Proper Assessment Criteria during the financial year and as at the date of such confirmation.
9.8.1	Minimum number of Directors	Compliant	The Board consisted of 10 Directors as at date.
9.8.2	Independent Directors	Compliant	03 Directors are Independent.
9.8.3	Independent Directors	Compliant	All NEDs have submitted their confirmations on Independence, which is in line with the regulatory requirements.
9.8.5	Disclosure relating to Directors	Compliant	Each Non-Executive Director signed and submitted a declaration regarding his/her independence. The Board assessed the independence declared by the Director.
9.9	Alternative Director	N/A	Company does not have any Alternative Director
9.10.1	Disclosure relating to Directors	Compliant	As per the Company's policy, the maximum number of directorships a Director can hold is in 20 listed companies.

CORPORATE GOVERNANCE

CSE Rule Reference	Subject	Compliance Status	Extent of Adoption
9.10.2	Disclosure relating to Directors	Compliant	The Company disclosed the appointments of new Directors to the CSE together with a brief resume of Director, capacity of directorship and if they hold any relevant interest in shares of the Company. Appointments are reviewed by the Nominations and Governance Committee of the Company and recommended to the Board of the Company. Please refer Pages 24 to 26 for the brief resume of each Director.
9.10.3	Disclosure relating to Directors	Compliant	All changes to Board Committees were immediately informed to the CSE.
9.10.4	Disclosure relating to Directors	Compliant	Please refer Pages 24 to 26, 157 to 161 and 102 to 131.
9.11.1-3	Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on Page 168
9.11.4	Composition of the Nominations and Governance Committee	Compliant	The Nominations and Governance Committee comprises 04 Non-Executive Directors.
9.11.5	Functions of the Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on Page 168.
9.11.6	Disclosure in the Annual Report	Compliant	Refer the Nominations and Governance Committee Report on Page 168.
9.12. 2-5	Remuneration Committee	Compliant	Refer the Remuneration Committee Report on Page 166 and Principles B1 to B3 on Page 119 of this Corporate Governance Report.
9.12.6	Composition of Remuneration Committee	Compliant	Refer Remuneration Committee Report on Page 166.
9.12.7	Functions of Remuneration Committee	Compliant	Refer Remuneration Committee Report on Page 166.
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	Compliant	The remuneration paid to Directors is given in Note 29.3 to the Financial Statements on Page 229.
9.13.2	Audit Committee	Compliant	Refer Audit Committee Report on Pages 172 to 174.
9.13.3	Composition of Audit Committee	Compliant	Refer Audit Committee Report on Pages 172 to 174.

CSE Rule Reference	Subject	Compliance Status	Extent of Adoption
9.13.4	Audit Committee Functions	Compliant	Refer Audit Committee Report on Pages 172 to 174.
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Compliant	Refer Audit Committee Report on Pages 172 to 174.
9.14. 2	Composition of the Related Party Transactions Review Committee (RPTRC)	Compliant	The RPTRC comprises 04 Non-Executive Directors. Refer Report of the Related Party Transactions Review Committee on Page 164
9.14.3	Functions of RPTRC	Compliant	Please refer the Report of the Related Party Transactions Review Committee on Page 164.
9.14.4	RPTRC Meetings	Compliant	RPTRC met 05 times during the Financial Year 2025/26. Refer RPTRC Report on Page 164.
9.14.7	Immediate Disclosures	Compliant	Please refer Note 29 of the Notes to the Financial Statements on Pages 226 to 229.
9.14.7	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Compliant	Please refer Note 29.2.2 and 29.2.3 of the Notes to the Financial Statements on Page 228.
9.14.8	The Report by the Related Party Transactions Review Committee	Compliant	Please refer the Report of the Related Party Transactions Review Committee on Page 164.
9.14.8 (4)	An affirmative declaration by the Board of Directors	Compliant	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board on Pages 157 to 161.
9.17	Additional Disclosures	Compliant	Please refer the Report of the Board of Directors on Pages 157 to 161 and Corporate Governance Report on Pages 102 to 131.

RISK MANAGEMENT

Given the highly dynamic operating environment within which Hayleys Leisure PLC operates, the Group has adopted a structured Enterprise Risk Management (ERM) framework to strengthen resilience and support sustainable long-term value creation.

The ERM framework provides an integrated and systematic approach to identifying, assessing, managing, and monitoring risks that may impact the Group's strategic objectives, operations, financial performance, reputation, and stakeholder confidence. Designed to embed risk awareness across the organisation, the ERM integrates risk management into strategic planning, operational decision-making, governance processes, and sustainability initiatives.

Risk Identification

Hayleys Leisure PLC adopts a proactive approach to continuously assess both internal operations and external market conditions to identify risks that may impact strategic objectives, operational continuity, financial performance, or stakeholder confidence. This process is supported through environmental scanning, stakeholder engagement, industry analysis, and the evaluation of emerging economic, regulatory, geopolitical, environmental, and sector-specific developments.

Risk Control

Risk control measures are implemented to minimise the likelihood and impact of identified risks through both preventive and corrective actions. Preventive measures include internal controls, policy frameworks, process improvements, technology adoption, quality assurance practices, and compliance mechanisms. Corrective and contingency measures such as crisis management protocols, business continuity planning, insurance coverage, and recovery procedures are also maintained to strengthen organisational resilience and support operational continuity in the event of unforeseen disruptions.

RISK MANAGEMENT PROCESS

Risk Assessment

Once identified, risks are systematically assessed based on their likelihood and potential impact on the Group's operations and long-term sustainability. The assessment process involves a series of evaluation methodologies alongside management insight and operational expertise, with due consideration to financial exposure, operational disruption, regulatory implications, reputational impact, guest experience, and sustainability-related risks.

Risk Evaluation & Prioritisation

The Company systematically evaluates identified risks based on their potential impact, likelihood of occurrence, and relevance to strategic objectives. Risks are then prioritised according to their significance and criticality across the across the short, medium, and long term, to ensure that management attention and resources are directed toward the most significant areas, enabling timely mitigation, stronger decision-making, and improved organisational long term goals.

Risk Monitoring

The Group maintains a continuous risk monitoring process to ensure that emerging risks and changes in existing risk exposures are identified in a timely manner. Risk monitoring is supported through established reporting mechanisms, key risk indicators, periodic reviews, and internal audit processes. The risk management function works closely with operational teams and senior management to facilitate ongoing monitoring, early escalation of critical issues, and the evaluation of the effectiveness of existing mitigation measures.

RISK GOVERNANCE STRUCTURE

A well-defined risk governance structure establishes clear oversight, accountability, and reporting responsibilities across the Group to ensure the effective functioning of the ERM framework.

ROLE OF THE BOARD

The Board of Directors serves as the highest governing authority responsible for overseeing the ERM framework in alignment with the Hayleys Leisure Group's long-term strategic objectives. In fulfilling this responsibility, the Board works closely with the Board Audit Committee and management teams to ensure that appropriate risk management systems, controls, and mitigation mechanisms are in place across the organisation.

THREE LINES OF DEFENCE

The Board has adopted the Three Lines of Defence model, which establishes clearly defined responsibilities across operational management, oversight functions, and independent assurance providers. This framework supports a robust and integrated approach to identifying, managing, monitoring, and independently reviewing risks and opportunities across the Group, thereby strengthening accountability, internal controls, and overall governance effectiveness.

THREE LINES OF DEFENCE

Board of Directors

1st line Business units	• Involved in day-to-day risk management • Follow a risk process • Apply internal controls and risk responses
2nd line Risk and compliance	• Oversee and challenge risk management • Provide guidance and direction • Develop risk management framework
3rd line Audit	• Review 1st and 2nd lines • Provide an independent perspective and challenge the process • Objective and offer assurance

POLICIES AND PROCEDURES

Policies and procedures play a critical role in supporting the effectiveness of the ERM framework. Board-approved policies establish the overarching principles and governance expectations for key risk areas, while operational procedures translate these principles into day-to-day practices across properties and functions. Together, they help strengthen internal controls, support regulatory compliance, minimise operational inconsistencies, and promote disciplined decision-making throughout the Group.

The Board continuously reviews and updates its policies and procedures to ensure alignment with evolving regulatory requirements, industry best practices, emerging risks, and changing business conditions.

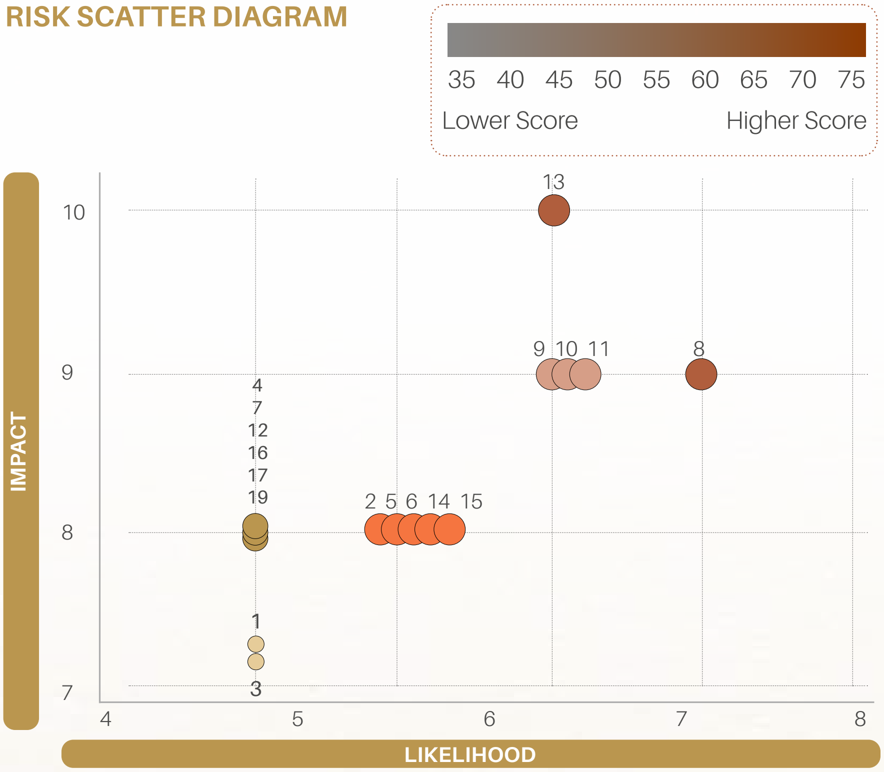
RISK AWARENESS CULTURE

The Board sets the tone from the top in fostering a strong culture of risk awareness across the Group. Recognising the dynamic and externally sensitive nature of the tourism and hospitality industry, the Board actively promotes a mindset where risk management is embedded into everyday decision-making and viewed as a shared responsibility across all levels of the organisation.

Through continuous communication, governance oversight, policies, procedures, and awareness initiatives, the Group seeks to strengthen understanding of operational, financial, regulatory, environmental, reputational, and safety-related risks across all properties and functions. Additionally, employees are encouraged to proactively identify, assess, and escalate emerging risks and opportunities in a timely and transparent manner, thereby strengthening responsiveness and accountability across the Group.

RISK MANAGEMENT

RISK SCATTER DIAGRAM



1 Interest Rate Risk
2 Forex Risk
3 Liquidity Risk
4 Credit Risk
5 Competition Risk
6 Concentration Risk
7 Supply Chain Risk
8 Geoeconomic Risk
9 Climate-related physical risks
10 Direct/Indirect Material Scarcity
11 Community impacts
12 Employee Turnover
13 Information Security Risk 1
14 Information Security Risk 2
15 Information Security Risk 3
16 Theft & Fraud
17 Regulatory Compliance Risk
18 Business Continuity Risk
19 Health Risk

Ongoing / Managed Risk | Potential to escalate/remains elevated

S - Short term | M - Medium term | L - Long term | High | Medium | Low

ECONOMICAL RISK

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Interest Rate Risk	Reductions in the CBSL's Overnight Policy Rate (OPR) to 7.75% in August 2025 contributed to continued interest rate stability during the year, resulting in a lower overall cost of borrowing	All facilities are linked to AWPLR, ensuring alignment with market dynamics and securing the most competitive rates for the organisation.	←→	M

Severity: 7

Likelihood: 5

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Forex Risk	Pressure on cost structures and lack of earnings predictability due to LKR volatility	Monitor exchange rate movements and Key Economic Indicators (KEI) Adopting dynamic pricing strategies with current market conditions and diversification of international clientele and other revenue streams.	↗	S/M

Severity: 8

Likelihood: 6

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Liquidity Risk	Limited cash flow hindering fulfillment of financial commitments due to debtor delays, cost escalation and capital expenditure requirements.	Securing banking facilities while targeting shorter working capital cycles through a forward-looking management approach	←→	S/M/L

Severity: 7

Likelihood: 5

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Credit Risk	Risk of Defaults with possible losses and Negative cash flow straining operational working capital	Evaluation of new customer's creditworthiness individually Bi-annual reviewing of Approved Group Credit Limits Monthly Debtor Ageing review and updates	←→	S

Severity: 7

Likelihood: 5

RISK MANAGEMENT

↔ Ongoing / Managed Risk	↗ Potential to escalate/remains elevated
S - Short term M - Medium term L - Long term	High Medium Low

GEO POLITICAL RISK

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Competition Risk	Intense competition from both established and emerging players, leading to intense price pressure and reduced profitability.	Establishment of Market Intelligence & Competitor Monitoring and strengthening unique selling points (USP) through product innovation, superior customer experience and brand positioning	↗	M/L

Severity: 8

Likelihood: 6

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Concentration Risk	Dependency on selected source markets or intermediaries or distribution channels and higher market segmentation impacting opportunity loss	Invest in latest technological advancements to reach higher capture ratio while strengthening direct relationships with customers	↔	M/L

Severity: 8

Likelihood: 6

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Supply Chain Risk	Single supplier sourcing, geo-political tension, sourcing discontinuity and demand-supply imbalances leading to supply chain disruption and shortages of critical goods and services required	Formation of tiered supplier base and venturing alternative supplier markets & primary sources Establishment of contingency plans including proactively inventory management to maintain adequate buffers to ensure continuity of operations. A Category Management Framework is in place, covering both centralised and decentralised procurement categories based on the criticality, value, and operational significance of key items.	↗	S/M

Severity: 8

Likelihood: 6

Ongoing / Managed Risk | Potential to escalate/remains elevated
S - Short term | M - Medium term | L - Long term | High | Medium | Low

GEO POLITICAL RISK

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Supply Chain Risk	Suppliers' credibility may expose the Group to quality issues, delivery delays, supply disruptions, reputational damage, and non-compliance	Oversight by the Supplier Evaluation Committee for Supplier Screening and Supplier Onboarding process. Quarterly supplier visits are encouraged to evaluate key areas such as health and safety standards, financial stability, ESG and Legal compliance.	↔	S/M

Severity: 8

Likelihood: 5

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Geoeconomic Risk	Geopolitical instability, social unrest and fuel price volatility disrupting the economic stability, subsequently affecting travel sentiments and the ability of local and global travelers to spend on leisure and tourism	Diversification of target markets i.e. new emerging markets such as India, China, and Southeast Asia specially targeting short haul travellers. Introducing specially curated packages to attract domestic travelers strengthening domestic and regional tourism focus.	↗	S/M

Severity: 9

Likelihood: 8

RISK MANAGEMENT

↔ Ongoing / Managed Risk	↗ Potential to escalate/remains elevated
S - Short term M - Medium term L - Long term	High Medium Low

SUSTAINABILITY RELATED RISK

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Climate-related physical risks	Extreme climate-related events like Cyclone Ditwah, sea-level rise, coastal erosion, flooding, intense rainfall and temperature increase may damage assets, disrupt access and operations, increase cooling, repair and maintenance costs, reduce revenue and affect destination attractiveness. This risk aligns with SLFRS S1/S2 material relating to extreme weather conditions and ecological impact.	SLFRS-aligned climate adaptation actions ongoing, including seawall and coastal erosion protection, drainage improvements, emergency response, business continuity plan, backup systems, insurance review and solar energy application. Quarterly Monitoring & reviewing of ESG targets on Scope 1, 2 and 3 emissions, energy intensity, renewable energy, water intensity, waste intensity, biodiversity.	↗	M/L

Severity: 9

Likelihood: 7

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Direct/Indirect Material Scarcity	Water scarcity, limited raw materials, climate-related supply disruption and rising utility costs may affect operation, guest comfort, compliance and operating costs. This aligns with SLFRS S1/S2 risks on water and effluent management and energy transition.	Strengthen SLFRS-aligned water stewardship and resource security through rainwater harvesting, leak detection, treated wastewater reuse, supplier diversification, local sourcing and in-house farming, including mushroom and microgreen initiatives at Amaya Hills and herb and vegetable cultivation across properties. Track performance through ESG/ risk governance using key indicators such as water withdrawal, freshwater intensity, sustainable water source contribution, effluent compliance, procurement resilience, raw-material shortages and wet-waste intensity.	↗	S/M

Severity: 9

Likelihood: 7

←→ Ongoing / Managed Risk	↗ Potential to escalate/remains elevated
S - Short term M - Medium term L - Long term	High Medium Low

SUSTAINABILITY RELATED RISK

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Community impacts	Pollution, biodiversity disturbance and weak community engagement may affect ecosystems, stakeholder trust, compliance, reputation and long-term destination value. This aligns with SLFRS S1 sustainability-related risk and ecological impact disclosure.	Maintain controls for waste, effluent, chemicals and biodiversity, including composting, segregation, authorised recycling, responsible e-waste disposal initiated during the year with Infinity Green International (PVT) LTD, chemical handling, effluent monitoring, biodiversity projects and community engagement. Track key ESG indicators such as waste diversion, wet-waste intensity, e-waste records, effluent quality, chemical audits, incidents, complaints and biodiversity actions, with material matters escalated through ESG/risk governance channels.	←→	S/M/L

Severity: 9

Likelihood: 7

HUMAN CAPITAL RISK

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Employee Turnover	Loss of skilled employees due to migration, competition, wage pressure, career mobility resulting in industry-wide talent shortages	Continuous training and development programmes The Succession Planning Funnel is also continued, supported by Personal Development Plans and the identification of key talent across the Group. This enables the development of an internal talent pipeline to fill future leadership and critical role requirements through internal promotions. Salary and benefits are benchmarked against industry standards to ensure the Group remains competitive in attracting, retaining, and motivating talent.	↗	S/M

Severity: 8

Likelihood: 5

RISK MANAGEMENT

↔ Ongoing / Managed Risk ↗ Potential to escalate/remains elevated

S - Short term M - Medium term L - Long term High Medium Low

INFORMATION SECURITY RISK

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Absence of an Acceptable usage policy that is acknowledged and accepted by the users.	The absence of an Acceptable usage policy that covers the responsibilities of the users and the expected usage requirements of the organisation's assets could lead to the users not being able to be held accountable for any misuse and legal actions being taken against any non-compliances.	A formal Acceptable Usage Policy exists, user responsibilities and usage rules are to be defined or acknowledged	↔	S

Severity: 10

Likelihood: 7

INFORMATION SECURITY RISK

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Outdated or end-of-life access layer network switches with lack of firmware support and limited configuration review	Vulnerabilities in outdated switch firmware and insecure configurations may expose the network to security risks or instability, especially at access layer level	All outdated Access layer switches (8-10 years old) to be replaced Security is partly mitigated through upgraded firewall controls and managed core/distribution layers. A configuration policy exists, but a formal configuration review to be performed for access layer switches.	↔	S/M

Severity: 8

Likelihood: 6

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Incomplete classification of assets and identification of critical assets	Critical information assets may not be properly identified or classified, leading to inadequate protection, prioritisation, and security controls	Asset classification exercise has been initiated, critical assets to be identified and fully documented.	↔	S/M

Severity: 8

Likelihood: 6

Ongoing / Managed Risk   Potential to escalate/remains elevated

S - Short term   M - Medium term   L - Long term   High   Medium   Low

COMPLIANCE RISK

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Theft & Fraud	Exposure to cash handling fraud involving both employees and guests, inventory losses, asset misappropriation, vendor collusion and internal control failures potentially damaging the brand strength leading to loss of business opportunity	Robust security surveillance systems have been implemented across key operational areas for incident prevention. Internal control processes are continuously strengthened through defined approval workflows, segregation of duties, periodic management reviews, and independent reviews by Internal Audit. Comprehensive insurance covers are also maintained to mitigate potential financial losses arising from unforeseen incidents.		M/L

Severity: 8

Likelihood: 5

COMPLIANCE RISK

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Regulatory Compliance Risk	Non-compliance of Licenses & permits, environmental and labor law compliances leading to damage in organisations reputation, penalties and charges	Continuous tracking of changes and updates in applicable laws, regulations, and industry standards at both local and international levels. Engagement with legal and regulatory advisors		S/ML

Severity: 8

Likelihood: 8

OPERATIONAL RISK

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Business Continuity Risk	Potential disruption from system failures, breakdowns, extreme weather effects, health incidents or other operational interruptions.	Continuous training & mock drills conducted on disaster preparedness for employees Expansion and application of Business Continuity Plan, emergency response procedures, backup systems and crisis management protocols.		S/M

Severity: 8

Likelihood: 5

RISK MANAGEMENT

←→ Ongoing / Managed Risk	↗ Potential to escalate/remains elevated
S - Short term M - Medium term L - Long term	High Medium Low

HEALTH & SAFETY RISK

Risk	Potential Trigger & Impact	Risk Mitigation Strategy	Risk Outlook	Time Horizon
Health Risk	Exposure from guest, employee, and contractor incidents, food safety concerns, communicable diseases, workplace accidents, and operational hazards. In addition, The continued prevalence of vector-borne diseases in the local environment	Closely monitoring regional health & safety regulations and proactive environment management with Intensified vector-control efforts Adhering to the established protocols to minimise any potential negative impact on the business	←→	S

Severity: 8

Likelihood: 5

INFORMATION SECURITY FRAMEWORK

During the year, Hayleys Leisure Sector continued to strengthen its cybersecurity posture through the implementation of a comprehensive Information Security Risk Management Policy Framework aligned with internationally recognised standards, including ISO/IEC 27001 and ISO/IEC 27005 : 2022.

The Information security framework establishes a structured approach to safeguarding the confidentiality, integrity, and availability of the Group's information assets, including guest data, financial systems, and digital platforms. Key focus areas included enhancing access controls, strengthening network and endpoint security, improving backup and recovery capabilities, and reinforcing defenses against evolving threats such as phishing, malware, and ransomware.

Regular risk assessments, vulnerability management activities, and monitoring mechanisms were carried out to proactively identify and mitigate cybersecurity risks across hotel operations and corporate environments. The multi-dimensional view ensures we don't underestimate risks that may seem minor in one area but are catastrophic in another.

In parallel, the Group continued to promote a strong cybersecurity culture through awareness programs, including phishing simulations and staff training initiatives, ensuring that employees remain vigilant and equipped to respond to emerging threats.

Cybersecurity remains a key priority for Hayleys Leisure Sector as part of its broader digital transformation journey, with ongoing investments directed towards strengthening resilience, ensuring regulatory compliance, and maintaining the trust of guests, partners, and stakeholders.

SLFRS S1 & S2 DISCLOSURES

OVERVIEW

Introduction

This chapter presents the Hayleys Leisure PLC Group's sustainability-related financial disclosures prepared in alignment with SLFRS S1 General Requirements for Disclosure of Sustainability-related financial Information and SLFRS S2 Climate-related Disclosures. The disclosures explain the governance, strategy, risk management, metrics and targets used to identify, assess and manage sustainability-related risks and opportunities (SRROs) and climate-related risks and opportunities (CRROs) that could reasonably be expected to affect the Group's prospects.

The forthcoming financial year (2026/27) will mark the first period in which compliance with SLFRS S1 and SLFRS S2 becomes mandatory for the Hayleys Leisure Group. During the year under review, the Group focused on establishing the foundational processes, governance structures and data collection mechanisms required to support implementation of the new standards. While this has enabled compliance with the core requirements, further enhancements are planned during 2026/27 to strengthen data quality and improve the maturity of sustainability-related reporting. These ongoing efforts will support full alignment with the evolving requirements of the standards and further enhance the transparency of the Group's disclosures.

As permitted, the Group has availed the following transition relief in this year's disclosures

- Qualitative disclosure of financial effects
- Deferment of quantitative disclosures on scenario analysis

Scope and boundary of reporting

These sustainability-related financial disclosures cover the selected properties within the Hayleys Leisure Group, namely Amaya Lake, Amaya Hills and Amaya Beach. The disclosures focus on the sustainability-related and climate-related risks and opportunities that are relevant to these resorts operations.

Area	Disclosure basis
Reporting period	Consistent with the financial reporting period from 1st April 2025 to 31st March 2026. Relevant post-reporting events are considered up to the date of approval of the annual report.
Boundary approach	Consistent with the financial reporting boundary. Operational-control approach for sustainability metrics and GHG reporting, covering operations for which the Group has authority to introduce operating policies and controls.
Currency	Sri Lankan Rupees (LKR/Rs.) for financial effects, unless otherwise stated.
Connected information	Connectivity to sustainability and climate-related matters demonstrated across operational reviews, risk management disclosures, capital management and other general purpose financial reports.

Time horizons

Time horizon	Definition for these disclosures
Short-term	Up to one to two years
Medium-term	Two to five years
Long-term	Beyond five years
Scenario-analysis horizons	Short-term: 2026/27 - 2027/28 medium-term: 2028/29–2032/33; long-term: beyond 2032/33

Sources of guidance and methodology

- SLFRS S1 and SLFRS S2 Sustainability Disclosure Standards.
- IFRS S2 industry-based disclosure guidance and SASB Standards, with primary reference to Hotels and Lodging due to the Group's operating model.

SLFRS S1 & S2 DISCLOSURES

- GHG Protocol Corporate Accounting and Reporting Standard for greenhouse gas accounting and the operational-control organisational boundary.
- Hayleys LifeCode, Hayleys Leisure ESG roadmap, enterprise risk management processes and internal sustainability data collection procedures.

Significant judgements

- Judgement was exercised in determining the most material SRROs/CRROs as: extreme weather conditions and global temperature increase, energy transition, water and effluent management, and ecological impact.
- Judgement was applied in defining the reporting boundary to include leisure-sector operating locations for which operational data and oversight processes are available.
- Judgement was applied in selecting the Hotels and Lodging industry guidance as the most relevant industry basis for metrics and disclosures.
- Judgement was applied in categorising some matters as both sustainability-related and climate-related, particularly water and effluent management and ecological impact, as these are affected by climate stress as well as broader environmental stewardship expectations.
- Judgement was applied in assessing the time horizons over which each SRRO/CRRO could reasonably affect the Group's business model, value chain, cash flows, access to finance and cost of capital.

Measurement uncertainty

Measurement uncertainty arises from the use of site-level operational data, utility bills, fuel purchase records, manual logs, emission factors and estimates for certain value-chain impacts. Energy and water data may be affected by meter coverage, shared facilities, timing differences between invoices and consumption periods, and site-specific operating patterns such as occupancy, weather, events and guest behaviour. GHG emissions are dependent on the completeness of activity data and the emission factors used. Financial effects linked to climate events, such as business interruption and revenue loss, are based on management estimates and may change as claims, repairs and recovery actions are finalised.

The Group mitigates measurement uncertainty through cross-functional review by finance, engineering, sustainability and operating-location teams, reconciliation against source documents where available, and progressive enhancement of controls under the Hayleys Leisure ESG roadmap- The Hive effect.

Definition of materiality

Sustainability-related financial information is considered material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general-purpose financial reports make on the basis of those reports. In the absence of a final quantified internal threshold in the information provided, materiality has been assessed using both financial and qualitative considerations, including impact on revenue, EBITDA, asset resilience, reputation, guest satisfaction, licence to operate and access to capital.

GOVERNANCE

The Group's sustainability governance framework is designed to provide Board and management oversight over the identification, assessment, prioritisation and management of SRROs and CRROs. The framework is guided by the Hayleys LifeCode and the Hayleys Leisure ESG roadmap- The Hive effect.

Oversight structure

	Primary parties	Role in SRRO/CRRO oversight
Hayleys PLC level	Board of Directors, Group ESG Steering Committee, Group CFO, Group ESG Division	Provides group-wide ESG direction, policy alignment, oversight of Hayleys LifeCode, and monitoring of ESG targets, disclosures and emerging risks.
Leisure-sector level	Boards of Hayleys Leisure PLC, Director in Charge of Sustainability, Leisure Sector Sustainability Division, ESG Steering Committee	Approves and monitors sector ESG priorities, reviews material SRROs/CRROs, evaluates performance against the sector roadmap and supports integration into strategy and capital planning.
Operating-location level	General Manager/Resident Manager, Sustainability Officer, Heads of Departments, ESG Working Committee	Implements ESG initiatives, collects data, identifies site-level risks and opportunities, and escalates material matters to the sector governance structure.

Board and committee responsibilities

Governance body	Key responsibilities
Board of Directors	Approves the Group's ESG roadmap, including targets, performance expectations, policies and strategic commitments. Oversees the identification, assessment, prioritisation and management of SRROs and CRROs and the integrity of sustainability-related reporting.
ESG Steering Committee	Monitors execution of Hayleys LifeCode and sector ESG targets in the short, medium and long term. Reviews emerging ESG trends, assesses potential impacts and receives periodic updates on ESG matters, KPIs and strategy implementation.
Risk Management Committee	Oversees the risk management policies and enterprise-wide risk management framework, including current and emerging sustainability-related risks. Reviews management reports and advises the Board on major risk exposures.
Audit Committee	Considers SRROs and CRROs within the broader risk management and internal control scope, with attention to data integrity, controls and reporting reliability.
Leisure Sector Sustainability Division	Coordinates implementation of sector ESG programmes, consolidates performance data and supports operating locations in executing the sustainability roadmap.
Operating-location ESG Working Committees	Identify operational risks and opportunities, maintain site-level data, implement initiatives and track progress on energy, water, waste, biodiversity and stakeholder engagement.

Sustainability skills and expertise

The Boards and management teams draw on sector experience in hotel operations, engineering, finance, risk management, sustainability, compliance, procurement and stakeholder engagement. Where specialised expertise is required, the Group obtains input from internal experts, Hayleys Group functions and external advisers on matters such as climate scenario analysis, GHG accounting, renewable energy, biodiversity and environmental compliance.

Management responsibility and reporting frequency

Role / function	Responsibility
Director in Charge of Sustainability	Provides leadership to the leisure-sector sustainability agenda and ensures that ESG priorities are escalated to Board and sector committees.
General Manager / Resident Manager	Owns implementation of sustainability initiatives and controls at operating locations, including resource efficiency, emergency preparedness and stakeholder engagement.
Sustainability Officer	Coordinates site-level data collection, monitors ESG roadmap actions and supports reporting to the sector Sustainability Division.
Heads of Departments	Identify operational risks and opportunities within rooms, food and beverage, engineering, procurement, housekeeping, laundry, events, transport and administration.
Finance	Assesses current and anticipated financial effects, supports budget integration and validates investment and financial-impact data.
Engineering / Operations	Manages energy, water, infrastructure resilience, refrigeration, waste systems and operational continuity measures.
Risk and Internal Controls	Integrates SRROs/CRROs into risk registers, assessment criteria, control validation and monitoring reports.

Material SRROs and CRROs are expected to be reported at least quarterly through the ESG Steering Committee and risk management channels, with significant matters escalated to the relevant Board committees and the Board of Directors.

SLFRS S1 & S2 DISCLOSURES

Strategic integration, targets and remuneration

Sustainability matters are integrated into strategic and operational decision-making through the Hayleys Leisure ESG roadmap- The Hive effect, the annual budgeting process, enterprise risk management framework and site-level operational planning. In 2025/26, this included renewable energy investment and planning for biodiversity conservation investments.

The Group's sustainability-linked performance areas include adoption of sustainable and renewable energy, reduction of energy intensity, reduction of Scope 1 and Scope 2 emissions, progressive management of Scope 3 emissions, biodiversity enhancement, sustainable water sourcing, freshwater intensity reduction, responsible waste disposal, wet-waste and food-waste intensity reduction, single-use plastic reduction, chemical management, employee retention, diversity and inclusion, health and safety, training, succession planning, supplier ESG screening and CSR beneficiaries. Formal linkage of climate-specific metrics to executive remuneration is being strengthened as part of the sector roadmap.

STRATEGY

Sustainability context in the leisure and hospitality industry

The Hayleys Leisure PLC Group operations depend on reliable energy, water, food supply, transport access, healthy ecosystems, and safe working environments. Climate change can affect these elements through extreme heat, intense rainfall, coastal exposure, storm disruption, water stress, biodiversity loss and shifts in guest expectations. At the same time, the transition to a lower-carbon economy creates opportunities to improve energy efficiency, invest in renewable energy, reduce resource intensity, strengthen brand differentiation and access sustainability-linked finance.

Key sustainability issues for the leisure sector

- Resource efficiency: energy, water, cooling, laundry, kitchens, pools, guestrooms and back-of-house activities.
- Climate resilience: heat, heavy rainfall, flooding, coastal exposure, storm damage, access disruption and business continuity.
- Water and effluent: sustainable sourcing, wastewater treatment, discharge compliance, reuse and guest-service continuity.
- Biodiversity and ecological impact: protection of marine, coastal , forest and landscaped environments surrounding destinations.
- Responsible procurement and waste: food waste, single-use materials, traceability, waste segregation, recycling and end-of-life management.
- Guest and community relationships: sustainable stays, destination attractiveness, transparent ESG claims and inclusive guest experience.

Material SRROs and CRROs

	SRRO/CRRO	Description	Point of occurrence	Time horizon
CRRO Risk	Extreme weather conditions and global temperature increase	Higher heat stress, intense rainfall, flooding/storm disruption, coastal exposure, guest safety concerns, asset-damage risk and higher cooling demand.	Strongest exposure identified at Amaya Beach for coastal weather and access disruption, Amaya Hills for heavy-rainfall and access issues, and Amaya Lake and Amuna Ayurveda & Wellness Retreat, for heat and dry-zone stress.	Short, medium and long term
CRRO Risk / Opportunity	Energy transition	Rising electricity and fuel costs, increasing expectations for energy efficiency and pressure to upgrade HVAC, chillers, controls and renewable energy systems.	All operating locations, guestrooms, common areas, kitchens, laundry, cooling systems and building services.	Short, medium and long term

	SRRO/CRRO	Description	Point of occurrence	Time horizon
SRRO Risk	Water and effluent management	Dependence on reliable water supply and wastewater treatment for guestrooms, kitchens, laundry, pools, landscaping and hygiene, with risks from scarcity, treatment constraints and service quality impacts.	All operating locations, with heightened focus on water-stressed or infrastructure-constrained locations.	Medium and long term
SRRO Risk	Ecological impact	Pressure on surrounding ecosystems through runoff, waste leakage, chemical use, landscaping, procurement, guest activities and habitat disturbance, with potential effect on destination attractiveness and brand value.	Amaya Beach, Amaya Lake, Amaya Hills and other nature-linked locations.	Medium and long term

Value chain dependencies and impacts

Value-chain stage	Dependencies on resources and relationships	Impacts on resources and relationships
Upstream	Reliable supply of food, beverages, toiletries, linen, paper, guest-use materials, lower-carbon materials, responsible suppliers, traceable inputs and local sourcing relationships.	Raw material sourcing contributes to upstream emissions and embodied impacts. Food, toiletries and textiles can create water, effluent, biodiversity, packaging pressures. Procurement decisions affect community livelihoods, labour standards and commodity cost exposure.
Own operations	Reliable electricity, fuel, cooling systems, water supply, drainage, wastewater treatment, staff capability, building resilience, ESG data systems and governance.	High energy and water use increase costs and emissions. Poorly performing HVAC, chillers and lighting can reduce efficiency. Weak resilience can damage assets and disrupt operations. Ineffective waste, effluent and chemical controls can create compliance and reputational risk.
Downstream	Reliable transport access for guests, staff and suppliers, guest trust in sustainability claims, guest participation in resource-saving programmes, and waste handlers/recycling partners.	Guest and staff movement contributes to transport emissions. Climate disruption can reduce occupancy and delay supplies. Rising guest demand for sustainable stays can influence bookings and brand loyalty, while greenwashing risk can affect reputation. Proper recycling and reuse can reduce disposal cost and extend asset value.

SLFRS S1 & S2 DISCLOSURES

IMPACTS OF MATERIAL SRROS AND CRROS

SRRO/CRRO	Current business-model effects	Anticipated business-model effects	Current value-chain effects	Anticipated value-chain effects	Strategy and decision-making response
Extreme weather conditions and global temperature increase	The impacts include higher cooling loads, potential disruption to guest activities, transport and access challenges, increased maintenance pressure, and occupancy volatility. Cyclone Ditwah resulted in a management-estimated revenue loss of Rs. 8.9 Mn during the first two days of 2025/26.	More frequent disruption, higher resilience costs, higher insurance and repair costs and greater need for emergency preparedness and climate-resilient infrastructure.	Supplier delays, staff-movement disruption, food spoilage during outages and interruption to excursions or guest services.	Greater supply-chain disruption, higher logistics costs and more destination-access challenges.	Property-specific adaptation plans, resilient infrastructure upgrades, backup systems, emergency preparedness and climate-informed capex planning.
Energy transition	Exposure to grid and fuel price volatility and high energy cost across guestrooms, common areas, kitchens, laundry and cooling systems.	Greater need for retrofits, renewables, efficient cooling, refrigerant transition, controls and stronger emissions management.	Suppliers and outsourced services may pass through higher energy and transport costs.	More pressure for lower-carbon sourcing and logistics.	Renewable energy expansion, energy-efficiency projects, refrigerant phase-out and target-based monitoring. The Group invested Rs. 9.00 Mn in renewable energy during the year.
Water and effluent management	High water use in rooms and back-of-house functions, need for effective wastewater handling, and immediate effect on guest comfort if supply is constrained.	Greater scarcity risk, tighter discharge standards, increased reuse/recycling needs and stronger stakeholder expectations for water stewardship.	Dependence on municipal/local supply systems, treatment facilities and water-intensive food inputs.	Increased competition for water, greater scrutiny of effluent disposal and more supply-chain exposure in water-stressed areas.	Sustainable water sourcing, sub-metering, leak detection, water-efficiency measures, wastewater reuse, stronger STP operations and effluent compliance monitoring. Reused 41,893 m2 of treated wastewater during the year 2025/26.

SRRO/CRRO	Current business-model effects	Anticipated business-model effects	Current value-chain effects	Anticipated value-chain effects	Strategy and decision-making response
Ecological impact	Degradation of local ecosystems can weaken guest experience, outdoor recreation value, nature-linked branding and stakeholder trust.	Rising need for biodiversity protection, nature-positive landscaping, waste discipline and stronger site stewardship at sensitive locations.	Procurement of seafood, food, paper, amenities and construction materials can contribute to upstream biodiversity pressure; guest excursions can affect sensitive ecosystems.	Stronger regulatory and stakeholder scrutiny and greater expectation for traceable sourcing and conservation partnerships.	Biodiversity conservation programmes, native planting, habitat enhancement, runoff control, waste discipline, and guest/community engagement. A biodiversity conservation investment of Rs. 1.73 Mn is planned for 2026/27.

Trade-offs considered in delivering the strategy

- Capital invested in climate resilience, energy efficiency and renewable energy may constrain short-term profitability, but strengthens operating resilience, cost control and asset value over the medium and long term.
- Guest comfort and service quality require reliable cooling, lighting, water, laundry and transport, which can increase energy and water use unless paired with efficiency and behavioural programmes.
- Biodiversity conservation and ecological restoration require ongoing investment and maintenance but protect the destination attributes that underpin the Group's long-term value proposition.
- Water reuse, waste reduction, responsible sourcing and reduced single-use materials may require changes in guest-service design, supplier relationships and operating procedures.

Current and anticipated financial effects

The table below summarises the current and anticipated financial effects of the material SRROs and CRROs. Quantitative figures are included where provided; otherwise the effect is described qualitatively by time horizon.

SRRO/CRRO	Current reporting period	Short-term	Medium-term	Long-term
Extreme weather conditions and global temperature increase	Cash flows and performance: Cyclone Ditwah caused an estimated revenue loss of Rs. 8.9 Mn during the first two days. Rs. 1.47 Mn was invested in strengthening the seawall at the Beach property. Financial position: no quantified asset impairment was provided.	Higher cooling, repair, maintenance and business-continuity costs; occupancy and revenue volatility if extreme weather disrupts access or guest activities. Access to finance and cost of capital could be affected if risks are not managed.	Potentially higher resilience capex, insurance premiums, emergency preparedness costs and asset-maintenance requirements. Better adaptation can support lender confidence.	Potential asset-retrofit or relocation requirements for exposed properties; long-term destination attractiveness and insurability may affect cash flows and cost of capital.

SLFRS S1 & S2 DISCLOSURES

SRRO/CRRO	Current reporting period	Short-term	Medium-term	Long-term
Energy transition	Cash flows: Performance: energy cost remains a material operating-cost exposure given total energy consumption of 27,176.20 GJ.	Initial cash outflows for renewable energy, efficient equipment, controls and maintenance; potential near-term pressure on cash flows and capex budgets.	Energy-intensity reduction and renewable energy may reduce exposure to tariff and fuel volatility. Access to green loans and sustainability-linked financing may improve.	Reduced conventional energy dependence and lower transition-risk exposure; inefficient assets may face accelerated replacement if transition is delayed.
Water and effluent management	Cash flows and performance: total water withdrawn was 146.79 ML including rainwater; water intensity was 396 L per occupant and 1,661 L per occupied room night. No quantified asset impairment or penalties were provided.	Higher water and treatment costs if supply is constrained. Need for system maintenance, storage, leak detection and guest-service continuity measures.	Capex for reuse, recycling, treatment, sub-metering and sustainable sourcing; stronger water stewardship can support relationships with communities, regulators and lenders.	Severe water scarcity or poor effluent management could affect operational continuity, licence to operate, asset resilience and future funding terms.
Ecological impact	Current biodiversity initiatives include vegetable gardens and composting, mushroom and microgreen projects,and continued bee farming.	Cash outflows for conservation, landscaping, habitat protection, monitoring, waste/runoff controls and guest/community engagement.	Planned biodiversity conservation investment of Rs. 1.73 Mn in 2026/27. Strong ecological performance supports brand, destination quality and stakeholder trust.	Decline in natural capital may reduce destination attractiveness, occupancy and brand differentiation; strong conservation performance may improve resilience and access to sustainability-linked opportunities.

Prioritisation outcome

Prioritised SRRO/CRRO	Impact	Likelihood	Rationale for prioritisation
Extreme weather conditions and global temperature increase	High	High	Direct exposure to heat, rainfall, coastal and storm impacts, with implications for guest safety, occupancy, revenue, assets, supply chains and business continuity.
Energy transition	High	High	High energy dependence, tariff and fuel-price volatility, renewable-energy investment needs and stakeholder expectations for emissions reduction.
Water and effluent management	High	High	Critical dependence on reliable water supply and wastewater treatment for guest comfort, hygiene, food and beverage, laundry, pools and compliance.
Ecological impact	High	High	Destination quality and brand value depend on healthy local ecosystems; biodiversity impacts affect stakeholder trust, reputation and long-term guest demand.

Integration with overall risk management

SRROs and CRROs are considered alongside traditional financial and operational risks. Climate physical risks are linked with business continuity, insurance, asset maintenance, guest safety and emergency response. Energy transition risks are linked with operating costs, capital expenditure, procurement and access to finance. Water and effluent risks are linked with compliance, guest experience and community relations. Ecological risks are linked with destination stewardship, community relationships and brand differentiation.

METRICS AND TARGETS

The metrics and targets presented in this section reflect the Group's progress in managing material SRROs and CRROs during 2025/26. Metrics include climate-related cross-industry metrics, industry-based metrics relevant to Hotels and Lodging, and internal targets under the Hayleys Leisure ESG roadmap- The Hive effect.

Climate-related cross-industry metrics

Computation methodology: GHG emissions are measured using the GHG Protocol Corporate Accounting and Reporting Standard and the operational-control boundary. Scope 1 includes direct fuel and fugitive/process emissions where recorded. Scope 2 includes purchased grid electricity. Scope 3 includes relevant indirect value-chain emissions based on the management-provided 2025/26 figure.

GHG emissions, 2025/26	Scope 1 (tCO2e)	Scope 2 (tCO2e)	Scope 3 (tCO2e)	Total (tCO_2e)
Hayleys Leisure PLC	997	2,612	1,280	4,890
Emission sources	Direct fuel combustion, company-owned vehicles, refrigerant leakage, CO_2 fire extinguishers and wastewater treatment	Purchased grid electricity consumed	Fuel- and energy-related activities, upstream transport and distribution, waste generated in operations, business air travel, employee commuting and capital good	Sum of Scope 1, Scope 2 and Scope 3 emissions
Scope 1 + Scope 2 total	3,609			

SLFRS S1 & S2 DISCLOSURES

Metric	2025/26 disclosure
Climate-related remuneration	Climate-related metrics are not yet fully integrated into executive remuneration; the Group is strengthening the link between ESG roadmap KPIs and performance management.
Assets vulnerable to climate-related physical risk	Asset values are not yet quantified. Exposed locations include coastal, island, hill-country and dry-zone properties with exposure to heat, rainfall, storm, coastal, flood and access-disruption risks.
Assets vulnerable to transition risk	Asset values are not yet quantified. Exposure is linked to energy-intensive HVAC, chillers, boilers, generators, vehicles and conventional-energy systems.
Capital deployment	Current-year climate-related capital deployment includes Rs. 1.47 Mn for seawall strengthening, Further renewable energy and biodiversity conservation investments are planned for 2026/27.

Scope 3 assumptions and emission factors

- Scope 3 emissions cover relevant indirect value-chain sources, including purchased goods, energy-related activities, transport, waste, business travel and employee commuting.
- Emission factors were applied using recognised GHG calculation sources, including the GHG Protocol, UK Government conversion factors and relevant local grid emission factors where applicable.
- Activity data was based on available records, invoices, fuel use, travel data, waste quantities, water use and employee commuting estimates.
- Where exact supplier-specific data was unavailable, average or spend-based emission factors were used.

Energy management

Energy management is a critical operational priority due to continuous demand for cooling, lighting, kitchens, laundry, pumps, guest-room operations and back-of-house facilities. The metrics below are absolute measures based on the 2025/26 energy data provided.

Energy source	Total MJ	Total GJ	Share of energy
Diesel	813,350.16	813.35	3.0%
LP Gas	3,448,761.25	3,448.76	12.7%
Petrol	54,081.92	54.08	0.2%
Kerosene	46,511.55	46.51	0.2%
Electricity	22,749,667.20	22,749.67	83.7%
Firewood	63,832.08	63.83	0.2%
Total	27,176,204.16	27,176.20	100.0%
Energy intensity metric	**2025/26**		
Energy intensity per occupant	73.26 MJ per occupant		
Energy intensity per occupied room night	307.62 MJ per occupied room night		
Grid electricity share of total energy	83.7%		

WATER MANAGEMENT

Water availability and effluent management are essential to guest comfort, hygiene, food and beverage, laundry, pools, landscaping and site-level compliance. The metrics below are based on the 2025/26 water data provided.

Water source	2025/26 volume (litres)	2025/26 volume (ML)
Ground water	59,516,000	59.52
Municipal lines	86,537,200	86.54
Purchased drinking water	670,862	0.67
Rainwater	66,046	0.07
Freshwater only, excluding rainwater	146,724,062	146.72
Total water withdrawn, including rainwater	146,790,108	146.79
Water intensity metric	**2025/26**	
Water intensity per occupant	396 litres per occupant	
Water intensity per occupied room night	1,661 litres per occupied room night	

Waste and biodiversity metrics

Area	Goals	Baseline 2024/25	Actual 2025/26	Status
Waste	Reduction in wet waste intensity	704 grams per occupant	475 grams per occupant	Improved by approximately 32.5% from the baseline.
Biodiversity	Internal biodiversity conservation and preservation	Bee farming project	Four vegetable gardens and composting projects; mushroom project; microgreen project.	Expanded from a single bee-farming baseline to multiple site-level biodiversity and circularity initiatives.

Industry-based metrics

Hotels and Lodging metric area	2025/26 disclosure
Total energy consumed	27,176.20 GJ.
Percentage grid electricity	83.7% of total energy.
Percentage renewable	Renewable energy investment is planned.
Total fresh water withdrawn	146.72 ML
Environmental management policies and practices	Policies and practices include Hayleys LifeCode, Hayleys Leisure ESG roadmap, waste segregation and composting, biodiversity projects, energy efficiency, renewable energy investment, water stewardship, effluent compliance, and site-level ESG working committees.

SLFRS S1 & S2 DISCLOSURES

CLIMATE-RELATED TARGETS

The Group's climate-related targets are aligned to the Hayleys LifeCode and Hayleys Leisure ESG roadmap- The Hive effect. Quantitative target percentages are to be formally finalised where not already specified; performance is tracked through absolute and intensity metrics.

Target area	Target / objective	Metric used to monitor progress	2025/26 performance
GHG emissions	Reduce Scope 1 and Scope 2 greenhouse gas emissions and progressively improve Scope 3 measurement.	Scope 1, Scope 2 and Scope 3 tCO2e; Scope 1 + 2 emissions intensity.	Scope 1: 997 tCO_2e; Scope 2: 2,612 tCO_2e; Scope 3: 1,280 tCO_2e; Total: 4,889 tCO_2e.
Energy efficiency	Reduce energy intensity across operations and increase adoption of sustainable and renewable energy applications.	Total energy consumed; grid electricity share; energy intensity per occupant and occupied room night.	Total energy 27,176.20 GJ; 73.26 MJ per occupant; 307.62 MJ per occupied room night;.
Water stewardship	Increase sustainable water sources and reduce freshwater intensity across operations.	Total water withdrawn, total water consumed, water intensity per occupant and occupied room night.	Total water withdrawn 146.79 ML; 396 L per occupant; 1,661 L per occupied room night.
Waste reduction	Reduce wet waste and food waste intensity and improve responsible waste disposal.	Wet waste intensity in grams per occupant.	Actual 2025/26: 475 g per occupant, representing an approximate 32.5% reduction.
Biodiversity	Expand biodiversity enhancement programmes and ecological conservation activities.	Number and nature of biodiversity projects; planned conservation investment.	Four vegetable gardens and composting projects, mushroom project and microgreen project. Planned 2026/27 investment: Rs. 1.73 Mn.

PERFORMANCE AGAINST TARGETS AND MANAGEMENT COMMENTARY

Target	Actual achievement / status	Commentary
Emission management	Total GHG emissions disclosed for Scope 1, Scope 2 and Scope 3 for 2025/26.	The next step is to disaggregate emission categories, finalise emission-intensity baselines and formalise reduction pathways.
Energy intensity	Energy intensity metrics were disclosed, and the renewable energy investment was planned	Efficiency and renewable-energy projects are expected to reduce exposure to grid and fuel volatility over the medium term.
Water intensity	Water withdrawal and intensity metrics disclosed.	The Group should strengthen sub-metering, leak detection, rainwater harvesting, reuse and wastewater treatment monitoring.
Wet waste intensity	Reduced by approximately 32.5% against the 2024/25 baseline.	Improvement indicates progress in wet-waste management and supports future food-waste and composting initiatives.
Biodiversity	Expanded biodiversity initiatives from bee farming to multiple circularity and nature-positive projects.	Biodiversity actions support destination stewardship, ecological resilience and brand differentiation.

ASSUMPTIONS AND METHODS OF COMPUTATION

Metric	Key inputs and assumptions
GHG emissions	Scope 1, Scope 2 and Scope 3 emissions use management-provided 2025/26 figures. Underlying factors and category-level calculations should be retained as audit evidence and further disaggregated in future reporting.
Energy	Energy data is based on quantities of diesel, LP gas, petrol, kerosene, electricity and firewood converted into MJ/GJ. Site data is aggregated for Amaya Lake, Amaya Beach, Amaya Hills and Head Office.
Water	Water data is based on ground water, municipal water, purchased drinking water and rainwater.
Waste	Wet waste intensity compares grams per occupant in 2025/26 with the 2024/25 baseline. Waste tonnage by disposal route was not provided and should be added when available.
Financial effects	Quantified current-year effects are based on management-provided figures for Cyclone Ditwah revenue loss, seawall strengthening, and planned renewable energy and biodiversity conservation investment Anticipated effects are qualitative where quantified forecasts were not provided.

Forward roadmap for full maturity

- Finalise quantified baselines and deadlines for emission intensity, energy intensity, water intensity, waste intensity and biodiversity targets.
- Strengthen site-level meter coverage, sub-metering, source documentation and monthly sustainability data controls.
- Disaggregate Scope 3 emissions by category and improve value-chain data collection from suppliers, staff commuting, business travel, waste handlers and outsourced services.
- Quantify assets exposed to climate-related physical and transition risks and disclose values and percentages against the statement of financial position.
- Integrate climate-related and sustainability-linked KPIs more formally into performance management and remuneration frameworks.
- Further refine climate scenario analysis with asset-level exposure, business interruption modelling, insurance data, capex plans and financing assumptions.

SLFRS S1 & S2 DISCLOSURES

APPENDIX: SOURCE DATA SUMMARY USED IN THIS DISCLOSURE

The following summary supports transparency and reconciliation of the quantitative data used in preparing the disclosures.

Category	Data used	Actual source
Energy	Total energy: 27,176,204.16 MJ (27,176.20 GJ). Electricity: 22,749,667.20 MJ (83.7%); LP Gas: 3,448,761.25 MJ (12.7%); Diesel: 813,350.16 MJ (3.0%); Petrol: 54,081.92 MJ (0.2%); Kerosene: 46,511.55 MJ (0.2%); Firewood: 63,832.08 MJ (0.2%).	Hayleys CUBE- the Group's sustainability information portal
Energy intensity	73.26 MJ per occupant and 307.62 MJ per occupied room night.	Hayleys CUBE- the Group's sustainability information portal
Water	Groundwater 59,516,000 L; municipal water 86,537,200 L; purchased drinking water 670,862 L; rainwater 66,046 L.	Hayleys CUBE- the Group's sustainability information portal
Water intensity	396 L per occupant and 1,661 L per occupied room night.	Hayleys CUBE- the Group's sustainability information portal
GHG	Scope 1: 997 tCO_2e; Scope 2: 2,612 tCO_2e; Scope 3: 1,280 tCO_2e; Total: 4,889 tCO_2e.	GHG calculation workbook and emission factor source
Financial effects	Cyclone Ditwah revenue loss: Rs. 8.9 Mn during the first two days; seawall strengthening at Beach: Rs. 1,468,635; and planned renewable energy and biodiversity conservation investments for 2026/27.	Finance records, approved budgets, invoices
Waste and biodiversity	Wet waste intensity reduced from 704 g per occupant in 2024/25 to 475 g per occupant in 2025/26. Biodiversity initiatives: four vegetable gardens and composting projects, mushroom project and microgreen project.	Hayleys CUBE- the Group's sustainability information portal

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Hayleys Leisure PLC are pleased to present their report to the Shareholders together with the Audited Financial Statements of the Company and the Group, for the year ended 31st March 2026.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007 (the Companies Act), the Listing Rules of the Colombo Stock Exchange (Listing Rules of CSE) and the Code of Best Practice on Corporate Governance 2023 issued by The Institute of Chartered Accountants of Sri Lanka. The Financial Statements were reviewed and approved by the Board on 29th May 2026.

PRINCIPAL BUSINESS ACTIVITIES

The Principal Activity of the Company and its subsidiaries included in the consolidation consist of operating star class hotels, providing services for management research and development of the group of hotels.

REVIEW OF BUSINESS

The Chairman's Message and the Managing Director's Review of Operations give a fair analysis of the operations of the Company during the financial year ended 31st March 2026 and its future prospects.

The Directors to the best of their knowledge and belief confirm that the Company and the Group has not engaged in any activities that contravene laws and regulations.

There have been no material fines imposed on the Company by the Government or any regulatory authority in any jurisdiction where the Company operates.

PERFORMANCE AND APPROPRIATIONS

The Company's performance and financial position including that of its subsidiaries for the year ended 31st March 2026 is summarised in the Statements of Group financial and operational highlights 2025/26 on Pages 10 and 11.

FINANCIAL STATEMENTS AND AUDITORS' REPORT

The Financial Statements of the Company and the Group are given on Pages 188 to 232 of this report.

The Auditor's Report on the Financial Statements of the Company and the Group is given on Pages 177 to 180.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2026 was Rs. 909,370,708/- comprising 107,989,958 ordinary shares.

RESERVES

Details of reserves of the Company are shown in Note 23 to the Financial Statements.

CAPITAL EXPENDITURE

The total capital expenditure incurred on the acquisition of Property, Plant and Equipment during the year amounted to Rs. 202 Mn. (2025 – Rs. 162 Mn.) details of which are given in Note 14 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Information relating to the movement in Property, Plant and Equipment is given in Note 14 to the Financial Statements.

CHANGES IN FIXED ASSETS

The movement in fixed assets during the year is set out in Note 14 to the Financial Statements.

INVESTMENTS

Details of investments held by the Company and by the Group are given in Note 16 to the Financial Statements.

DIRECTORATE

The names of the Directors who served during the year are given below and their brief profiles appear on Pages 24 to 26 of the Report.

Executive Directors

Mr. A. M. Pandithage - Executive Chairman

Mr. R. J. Karunarajah - Managing Director

Non-Executive Directors

Mr. S. C. Ganegoda

Ms. R. N. Ponnambalam

Ms. W. D. De Costa

Ms. K. A. D. B. Perera

Mr. T. M. Hewagama

Independent Non-Executive Directors

Mr. D. T. R. De Silva

Ms. A. A. K. Amarasinghe

Ms. H. D. K. Randiligama

In accordance with Rule 9.8.5 of the Listing Rules of CSE, Non-Executive Directors have submitted a signed and dated declaration as per the specimen given in Appendix 9A of the Listing Rules of CSE.

In terms of the Article No. 29(1) of the Articles of Association of the Company Ms. K. A. D. B. Perera, Mr. S. C. Ganegoda and Mr. D. T. R. De Silva retire by rotation and being eligible offer themselves for re-election at the Annual General Meeting.

Notice has been given of the intention to propose an ordinary resolution in terms of Section 211 of the Companies

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Act for the re-appointment of Mr. Mohan Pandithage who is over Seventy years of age, resolving that the age limit of Seventy years stipulated in Section 210 of the Companies Act shall not apply to the aforesaid Director.

With a view to improving the collective effectiveness and performance of the Board, Board and Sub Committee evaluations were carried out during the year, including an assessment of the systems and processes which are in place.

DIRECTORS' SHAREHOLDING

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

The shareholdings of the Directors are as follows;

	Shareholding as at 31.03.2026	Shareholding as at 31.03.2025
Mr. A. M. Pandithage	Nil	Nil
Mr. R. J . Karunarajah	Nil	Nil
Mr. S. C. Ganegoda	Nil	Nil
Ms. R. N. Ponnambalam	Nil	Nil
Ms. W. D. De Costa	Nil	Nil
Mr. D. T. R. De Silva	Nil	Nil
Ms. K. A. D. B. Perera	Nil	Nil
Ms. A. A. K. Amarasinghe	Nil	Nil
Ms. H. D. K. Randiligama	Nil	Nil
Mr. T. M. Hewagama (Appointed w.e.f. 30.04.2025)	Nil	Nil

INTEREST REGISTER

The Company, in compliance with the Companies Act, maintains an Interest Register.

DIRECTORS' INTERESTS IN SHARES

Directors' Interests in shares are given later in this Report.

DIRECTORS' INTERESTS IN TRANSACTIONS

The Directors of the Company and its subsidiaries have made general disclosures as per Section 192 (2) of the Companies Act. Note 29 to the Financial Statements dealing with related party disclosure includes details of their interests in transactions.

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Company for the financial year ended 31st March 2026 is given in Note 29.3 to the Financial Statements.

Executive Directors' remuneration is established within an established framework. The total remuneration of Executive Directors for the year ended 31st March 2026 is Rs. 88,856,019/-.

The total remuneration of Non-Executive Directors for the year ended 31st March 2026 is Rs. 5,575,000/- determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of this remuneration is fair to the Company.

DIRECTORS' MEETING

The number of Directors' meetings comprises Board meetings, Sub-Committee meetings and the attendance of Directors at these meetings are given on Pages 111, 164, 166, 168 and 172. Furthermore, the Directors contributed towards policy advocacy and direction by participating in the deliberations of the Board-appointed Sub-Committees on strategic review, procurement and disposal of assets.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company and Group to present a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, The Companies Act and the Listing Rules. The Statement of Directors' Responsibility for Financial Reporting is given on Page 163 which forms an integral part of the Annual Report of the Board of Directors.

BOARD SUB COMMITTEES

Other than the Audit Committee of the Company, the following sub committees of the Company were established on the 06th of May 2024.

- The Remuneration Committee
- The Nominations and Governance Committee
- The Related Party Transactions Review Committee

The Remuneration Committee held 02 meetings, the Nominations and Governance Committee held 02 meetings, the Related Party Transactions Review Committee held 04 meetings and the Audit Committee held 04 meetings respectively during the year. Please refer the Sub Committee reports on Pages 164, 166, 168 and 172

MARKET VALUE OF PROPERTIES

The freehold land in the Company has in general been subject to routine revaluation by independent qualified valuers. The most recent valuation was conducted in the financial year 2025/26 and results have been incorporated in the Financial Statements.

POLICIES

The Company has adopted the policies effective 01st October 2024 and has uploaded to the Company's website.

Policies relating to Policy on the Matters relating to the Board of Directors, Policy on Board Committees, Policy on Corporate Governance, Policy on Rewards and Remuneration,Business Code of Conduct, Policy on Risk Management and Internal Control, Policy on Shareholder and Investor Communications, ESG - Environmental Policies,ESG – Social Policies, Policy on Control and Management of Company Assets and Shareholder Investments, Policy on Corporate Disclosure, Policy on Whistleblowing, Policy on Good Governance and Business Ethics.

'The Hayleys Way' serves as the Internal Code of Business conduct and Ethics for all Directors, Key Management Personnel and other employees. The 'Hayleys Lifecode' includes a suite of environmental, social and governance related policies which are applicable across the Group.

The Hayleys Lifecode other required policies are accessible through the Company website.

RELATED PARTY TRANSACTIONS

The Board of Directors hereby confirms that the Company has complied with rules stipulated in Section 9.14 of the Colombo Stock Exchange Listing Rules pertaining to Related Party Transactions.

The Company established its own Related Party Transactions Review Committee on 6th May 2024. Please refer Page 164 for the Related Party Transactions Review Committee Report.

The Related Party Transactions Review Committee met 05 times during the year. Related party transactions are given in Note 29 to the Financial Statements.

EMPLOYEES AND INDUSTRIAL RELATIONS

There have been no material issues pertaining to employees and industrial relation of the Company during the Financial Year. The number of persons employed by the Group was 669

EMPLOYMENT

The Company has a structure and a culture that recognises the aspirations, competencies and commitment of its employees. Career growth and advancement within the Company is promoted. The number of persons employed by the Company at the year-end, details of the Group's human resource practices and employee and industrial relationships are given in the Social and Relationship Capital of the Sustainability Review. The Company does not operate any share option scheme.

SHAREHOLDERS DISTRIBUTION & PUBLIC SHAREHOLDING

The distribution of shareholders is indicated on Page 234 in the Annual Report. There were 3,023 registered shareholders as at 31st March 2026. (2024/25 – 2,586).

The percentage of the shares held by the public as per the Listing Rules of CSE being 31.45% representing 3,016 shareholders. (2024/25 – 31.45%). Details are given on Page 235

SHAREHOLDING INFORMATION

Information relating to major shareholders of the Company as at 31st March 2026 is given on Page 225

SHAREHOLDERS

It is the Company's policy to endeavor to ensure equitable treatment to its shareholders.

The Company has an established Policy on Relations with Shareholders and Investors and it is published on the Company's website https://amayaresorts.eme-devops.com/2024/10/7-Policy-on-Relations-with-Shareholders-and-Investors.pdf

DIVIDENDS

No Dividends were declared during the Financial Year under review.

MARKET PRICE INFORMATION

Information relating to market price is given on Page 234.

INSURANCE & INDEMNITY

The ultimate parent of the Company, Hayleys PLC has obtained a Directors' and Officers' Liability insurance from a reputed insurance company in Sri Lanka

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

providing worldwide cover to indemnify all past, present and future Directors and officers of the Group.

DONATIONS

No donations were made during the year.

STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to the government and the employees have been made and provided.

TAXATION

The tax position of the Company is given in Note 11 to the Financial Statements.

ESG RISK AND OPPORTUNITIES

The Group's efforts to conserve scarce and non-renewable resources, as well as its environmental objectives and key initiatives, are described in the Natural Capital on Pages 86 to 100 Please refer the Risks and Opportunities and Climate Risk Report on Pages 132 to 156 for further details.

CONTINGENT LIABILITIES

There were no material contingent liabilities outstanding as at 31st March 2026 other than that described in Note 27.3 of the Financial Statements.

ACCOUNTING POLICIES

The Accounting Policies adopted in preparation of Financial Statements are given on Pages 188 to 200. The Accounting Policies adopted are consistent with those of the previous year.

EXPOSURE TO RISK

The Company's Audit Committee plays a major role in the process of risk assessment. The Risk Management section of this report elaborates these practices and the risk factors of the Company.

INTERNAL CONTROLS

The Directors acknowledge their responsibility for the Company's system of internal controls. The system is designed to give assurance, inter alia, regarding safeguarding the assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

AUDITORS

The Auditors, Messrs. Ernst & Young, Chartered Accountants, were paid Rs. 2,946,769/- (2025 – Rs. 2,563,926/-) as audit fees by the Group. In addition, they were paid Rs. 1,158,087/- (2025 – Rs. 1,465,186/-) by the Group for non-audit related work.

The Audit Committee of the Company reviews the appointment of the Auditor, its effectiveness and the relationship with the Company including the level of audit and non-audit fees paid to the Auditors.

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company. The Auditors have confirmed that they do not have any relationship (other than that of Auditors) or interest in the Company other than those disclosed above.

Messrs. Ernst & Young, Chartered Accountants have expressed their willingness to continue in office and in accordance with the Companies Act. A resolution proposing the reappointment of Messrs. Ernst & Young, Chartered Accountants, as Auditors and to authorise the Directors to determine their remuneration is being proposed at the Annual General Meeting.

POST BALANCE SHEET EVENTS

Subsequent to the date of the Balance Sheet, no circumstances have arisen that would require adjustments to the accounts.

Significant events occurring after the reporting date are given in Note 30 to the Financial Statements.

GOING CONCERN

The Directors, after making necessary inquiries and reviews including the reviews of the budget for the ensuing year, capital expenditure requirements future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

CORPORATE GOVERNANCE

The Company has complied with the revised Corporate Governance rules laid down under the Listing Rules of the CSE and the recommendations provided in the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka. The Corporate Governance Report on Pages 102 to 131 discusses this further.

Mr. D. T. R. De Silva was appointed as the Senior Independent Director on 1st November 2023 in accordance with the Corporate Governance requirements.

The Board was of the opinion that Mr. A. M. Pandithage should remain as the Executive Chairman of the Company due to his extensive experience, deep insights and domain knowledge evidenced through the leadership provided to the Group. Please refer the Senior Independent Director's Report on Page 171

The Directors satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange. There were no non-compliances by any Director during the Financial Year.

The Directors have declared all material interests in contracts involving the Company and the Group and they refrain from voting on matters in which they have a material interest.

The Board has updated themselves with the applicable laws, rules and regulations and are aware of the changes to the Listing Rules and other regulatory requirements.

There have been no non-compliances with laws or regulations and the Directors to the best of their knowledge and belief confirm that the Company nor the Group have engaged in any activity that contravenes applicable laws and regulations. There have been no material fines imposed on the Company and the Group by the Government or any regulatory authority in any jurisdiction where the Group companies operate.

FUTURE DEVELOPMENTS

Information on future developments are contained in both Chairman and Managing Directors Reports on Pages 14 and 18 of this Report.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the Chas P. Hayley Lounge, No. 400, Deans Road, Colombo 10 at 11:00 a.m. on 24th June 2026. The Notice of the Annual General Meeting appears on Page 251 of the Annual Report.

For and on behalf of the Board of Hayleys Leisure PLC

Mohan Pandithage
Executive Chairman

Rohan Karr
Managing Director

Hayleys Group Services (Private) Limited
Secretaries

29th May 2026

RESPONSIBILITY STATEMENT OF CHAIRMAN, MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

The Financial Statements of Hayleys Leisure PLC and the Consolidated Financial Statements of the Group, as at 31st March 2026, are prepared and presented in compliance with the requirements of the following:

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- The Companies Act No. 07 of 2007
- The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Listing Rules of the Colombo Stock Exchange
- The Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka

We confirm that the significant accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied, as described in the Notes to the Financial Statements. The significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and our External Auditors.

We have also taken proper and sufficient care in installing systems of internal controls and accounting records to safeguard assets and to prevent and detect frauds as well as other irregularities. These have been reviewed, evaluated, and updated on an ongoing basis. Reasonable assurances that the established policies and procedures of the Company have been consistently followed were provided by periodic audits conducted by Group's Internal Auditors. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent Auditors to review the effectiveness of the audits and to discuss auditing, internal controls, and financial reporting issues. The Independent Auditors and the Internal Auditors have full and free access to the Audit Committee to discuss any matter of substance.

The Financial Statements were audited by independent External Auditors, Messrs Ernst & Young, Chartered Accountants. Their report is given on Pages 177 to 180 of the Annual Report.

The Audit Committee approves the audit and non-audit services provided by the External Auditor, in order to ensure that the provision of such services do not impair their independence.

We confirm that,

The Company and its Subsidiaries have complied with all applicable laws, regulations and prudential requirements;

There are no material non-compliances; and there are no material litigations that are pending against the Group.

Mohan Pandithage
Executive Chairman

Rohan Karunarajah (Karr)
Managing Director

Piyal Senadeera
Chief Financial Officer

29th May 2026

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible, under the Sections 150 and 151 of the Companies Act No. 07 of 2007 (the Companies Act), to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit & loss of the Company for the financial year.

The Directors are also responsible, under Section 148 of the Companies Act for ensuring that proper accounting records are kept to disclose, with reasonable accuracy, the financial position and enable preparation of the Financial Statements.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS).

The Financial Statements provide the information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken reasonable measures to safeguard the assets of the Company and, in that context, have instituted appropriate systems of internal control in order to prevent and detect fraud and other irregularities.

The External Auditors, Messrs. Ernst & Young, Chartered Accountants, were deemed re-appointed in terms of Section 158 of the Companies Act and were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on Pages 177 to 180 sets out their responsibilities in relation to the Financial Statements.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company as at the Balance Sheet date have been paid or provided where relevant.

By Order of the Board of Hayleys Leisure PLC

Hayleys Group Services (Private) Limited

Secretaries

29th May 2026

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee ('The Committee') of the Company was established on 06th May 2024 in compliance with the Governance Rules stipulated in Section 9.14 of the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

The Committee is appointed by and is responsible to the Board of Directors and comprises three Independent Non-Executive Directors and one Non- Executive Director.

The Members who served on the Committee during the Financial Year 2025/26 are as follows:

Mr. D.T.R. De Silva - Chairman - Senior Independent Director

Mr. S.C. Ganegoda - Non-Executive Director

Ms. H.D.K. Randiligama - Independent Non-Executive Director

Ms. A.A.K. Amarasinghe - Independent Non-Executive Director (Appointed w.e.f. 26.01.2026)

The Committee meets on a quarterly basis or as often as may be deemed necessary. During the financial year 2025/26, the Committee met five times to review the related party transactions.

The attendance of the Members at the meetings is as follows:

Director	Quarter 01	Quarter 02	Quarter 03	Quarter 04-01	Quarter 04-02
Mr. D. T. R. De Silva (Chairman)	✓	✓	✓	✓	✓
Mr. S. C. Ganegoda	✓	-✓	✓	✓	✓
Ms. H. D. K. Randiligama	✓	✓	x	✓	✓
Ms. A. A. K. Amarasinghe	-	-	-	✓	✓

The Chairman of the Committee is an Independent Non- Executive Director. Profiles of the Committee members are given on Pages 24 to 26.

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

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

DUTIES OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- Subject to the exemptions given in the Rule 9.14.10 of the Listing Rules of the CSE, review in advance all proposed related party transactions of the Company and Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information the Committee requires from management, employees or external parties with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary, including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity and Group are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Meet with the management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.

- To review the economic and commercial substance of both recurrent/non-recurrent related party transactions.
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining "competent independent advice" from independent professional experts with regard to the value of the substantial asset of the related party transaction.
- To ensure that there is an adequate and effective process in place to capture information which is relevant to its review function.

TASK OF THE COMMITTEE

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

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

DISCLOSURES

A detailed disclosure of all the related party transactions including recurrent and non-recurrent related party transactions which are required to be disclosed under Section 9.14.8 of the Listing Rules of the Colombo Stock Exchange has been made in Note 29 to the Financial Statements given on Pages 226 to 229 in this report.

POLICY AND TERMS OF REFERENCE

The Committee has established a clear Policy and Terms of Reference approved by the Board, setting forth the procedure to identify the related parties and the process of reporting the transactions with related parties to the Committee on a quarterly basis. The Policy outlines the composition of the Committee, meeting procedures and the responsibilities of the Committee. It also specifies the approval processes and disclosure requirements, including market announcements and Annual Report disclosures. The Policy guides the Committee and makes them responsible for ensuring that no Director or major shareholder takes advantage of their position to the detriment of the interest of minority shareholders.

DECLARATION

A declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears on the Report of the Board of Directors on Page 157 of this Annual Report.

Mr. D. T. R. De Silva
Chairman
Related Party Transactions Review Committee

28th May 2026

REMUNERATION COMMITTEE REPORT

The Remuneration Committee ("the Committee") of the Company was established on 06th May 2024 in compliance with Section 9.12 of the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

The Committee is appointed by and is responsible to the Board of Directors and comprises three Independent Non-Executive Directors and one Non-Executive Director.

The Members who served on the Committee during the Financial Year 2025/26 are as follows:

Mr. D.T.R. De Silva - Chairman - Senior Independent Director

Mr. S.C. Ganegoda - Non-Executive Director

Ms. H.D.K. Randiligama - Independent Non-Executive Director

Ms. A.A.K. Amarasinghe - Independent Non-Executive Director (Appointed w.e.f. 26.01.2026)

The Committee meets as often as may be deemed necessary. The Committee met twice during the year.

The attendance of the Members at meeting is as follows:

Director	Quarter 03	Quarter 04
Mr. D. T. R. De Silva	✓	✓
Mr. S. C. Ganegoda	✓	✓
Ms. H. D. K. Randiligama	x	✓
Ms. A. A. K. Amarasinghe	-	✓

The Chairman of the Board, Managing Director and Head of Human Resources of the Company attend the meetings of the Committee by invitation.

The Chairman of the Committee is an Independent Non-Executive Director.

The Remuneration Committee has well-defined Terms of Reference.

The Terms of Reference of the Committee were last reviewed during the year.

The members of the Committee are free from business, operational, personal or other relationships which may interfere with their independent, unbiased judgment.

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

RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

- To make recommendations to the Board of Directors regarding the framework of remuneration to the Executive Directors and Key Management Personnel.
- To evaluate the compensation of the Managing Director, Executive Directors and the Key Management Personnel.
- To review the guidelines and parameters for the compensation structures of Key Management Personnel within the Company taking into consideration industry norms.
- To review from time to time information related to Executive and Non-Executive Directors payments, to ensure that they are on par with the market/industry rates.
- To evaluate the performance of the Managing Director, Executive Director and the Key Management Personnel, against predetermined targets and goals set by the Board.
- To assess and recommend to the Board of Directors promotions of the Key Management Personnel and to address succession planning.
- To recommend annual salary increments and bonuses.

The Committee in performing its duties obtains the assistance of the Managing Director of the Company to provide relevant information to the Committee, and to assist in their analysis and deliberations, except when his own compensation package is reviewed.

REMUNERATION POLICY

The remuneration policy of the Company/ Group is to attract, motivate and retain a highly qualified and experienced executive team, and reward performance accordingly in the backdrop of industry norms.

These compensation packages provide compensation appropriate for each business within the Group and commensurate with each employee's level of expertise and contributions, bearing in mind the business' performance and shareholder returns.

The remuneration packages which are linked to individual performances are aligned with the Company's and the Group's short term and long term strategy.

All Non-Executive Directors (other than Directors who are employed by Hayleys PLC) receive a fee for serving on the Board and serving on sub committees. They do not receive any performance related incentive payments.

The policy ensures that the Non-Executive Director fee is based on principles of the non-discriminatory pay practices among them so that their independence is not impaired.

ACTIVITIES IN 2025/26

- Reviewed the performance of the Executive DIrector and Key Management Personnel based on the targets set in the previous year and determined the bonus payable and the annual increments.
- The Committee also reviewed the compensation parameters of the Key Management Personnel and implemented market corrections where necessary. The Committee also recommended that compensation packages to be in line with the market median.
- The Committee further recommended the bonus payable and annual increments to be paid based on the ratings of the Performance Management System.

The aggregate remuneration of the Executive and Non-Executive Directors for the financial year amounted to Rs. 94,431,019/-.

Mr. D.T.R. De Silva
Chairman
Remuneration Committee

28th May 2026

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

The Nominations and Governance Committee ("the Committee") of the Company was established on 06th May 2024 in compliance with Section 9.11 of the Listing Rules of Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

The Committee is appointed by and is responsible to the Board of Directors and comprises three Independent Non-Executive Directors and one Non-Executive Director.

The Members who served on the Committee during the Financial Year 2025/26 are as follows:

Mr. D.T.R. De Silva - Chairman - Senior Independent Director

Mr. S.C. Ganegoda - Non-Executive Director

Ms. H.D.K. Randiligama - Independent Non-Executive Director

Ms. A.A.K. Amarasinghe - Independent Non-Executive Director
(Appointed w.e.f. 26.01.2026)

The Committee meets as often as may be deemed necessary. The Committee met twice during the year.

The attendance of the Members at the meetings is as follows:

Director	Quarter 03	Quarter 04
Mr. D. T. R. De Silva	✓	✓
Mr. S. C. Ganegoda	✓	✓
Ms. H. D. K. Randiligama	x	✓
Ms. A. A. K. Amarasinghe	-	✓

The Chairman of the Committee is an Independent Non- Executive Director.

The Chairman of the Board, Managing Director and Head of Human Resources of the Company attend the meetings of the Committee by invitation

The Committee has well-defined terms of reference approved by the Board outlining the Committee's purpose, composition, quorum, authority, responsibilities, and meeting related matters, which were approved by the Committee on 31st October 2024.

The Terms of Reference of the Committee were last reviewed and approved by the Committee during the year.

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

DUTIES OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

- The Nominations and Governance Committee evaluates and recommends the appointment of Directors to the Board and Committees considering the required skills, experience and qualifications necessary.
- Consider and recommend (or not recommend) the re- election of current Directors taking into account the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principle commitments.
- Establish and maintain a formal and transparent procedure to evaluate, select and appoint / re-appoint Directors of the Company.
- Establish and maintain a set of criteria for selection of Directors such as academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.
- Establish and maintain a suitable process for the periodic evaluation of the performance of Board Directors of the Company to ensure their responsibilities are satisfactorily discharged.
- Consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking into consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
- review succession plans for the Board of Directors and Key Management Personnel.
- Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules and other applicable regulatory requirements and industry best practices. Review and update

the corporate governance policies/ framework in line with regulatory and legal developments relating to same.

- Receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the SEC Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.
- Periodically review the insurance cover - "Directors and Officers Liability Cover " for Directors and Key Management Personnel
- Ensure that the inductions takes for the new directors

DISCLOSURE OF ACTIVITIES

The Committee reviewed the structure and composition of the Board and Board Committees and recommended additions to Committees. The Board performance evaluation has been carried out and discussed at Board meetings.

Any major issues relating to the Company are updated to the Independent Directors by the Chairman or Managing Director. Special Board meetings are called if the need arises, to discuss any important or critical matters. No such special meetings were held during the financial year.

Requirements as per the Listing Rules and applicable rules and regulations are informed to the new Directors. Existing Directors are regularly updated with corporate governance requirements, Listing Rules and other applicable laws. Non-Executive Directors have submitted declarations regarding their independence / non-independence.

The fitness and proprietary of the Directors were examined. All Independent Directors of the Company meet the criteria set out in the Listing Rules of the Colombo Stock Exchange for determining independence.

The Company has adopted the following policies, with effect from 1st October 2024, and has uploaded them to the Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange:

- Policy on the Matters relating to the Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance
- Policy on Rewards and Remuneration
- Business Code of Conduct
- Policy on Risk Management and Internal Control
- Policy on Shareholder and Investor Communications
- ESG - Environmental Policies
- ESG – Social Policies
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Corporate Disclosure
- Policy on Whistleblowing
- Policy on Good Governance and Business Ethics

Independent directors are kept informed by the Chairman in the event any major issues arise.

The policies and processes relating to the nomination of new Members to the Board are governed by the Policy on Corporate Governance.

RE-APPOINTMENTS / RE-ELECTIONS

One Third (1/3) of all the Directors, except the Managing Director and those who have been appointed to the Board since the last Annual General Meeting, retire by rotation at least once in every three years in terms of the Articles of Association and being eligible submit themselves for re-election at the Annual General Meeting.

Accordingly, the Committee has recommended to re-elect Ms. K. A. D. B. Perera, Mr. S. C. Ganegoda and Mr. D. T. R. De Silva as Directors at the Annual General Meeting to be held on 24th June 2026, based on their performance and the contribution made to achieve the objectives of the Board.

Ms. K. A. D. B. Perera, Non-Executive Director, was appointed to the Board in October 2022. Her directorships and other principal commitments are given in the profile on Page 25 She does not serve on any Board Sub-Committees of the Company.

Mr. S. C. Ganegoda, Non-Executive Director, was appointed to the Board in April 2021 and was last re-appointed as a Director in June 2024. His directorships and other principal commitments are given in the profile

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

on Page 24 He serves as a member of the Remuneration Committee, Related Party Transactions Review Committee and Nominations and Governance Committees of the Company.

Mr. D. T. R. De Silva, Independent Non-Executive Director, was appointed to the Board in September 2021 and was last re-appointed as a Director in June 2024. His directorships and other principal commitments are given in the profile on Page 25 He serves as a Chairman of the Audit Committee, Remuneration Committee, Related Party Transactions Review Committee and Nominations and Governance Committees of the Company.

Due to the invaluable contribution made to the Board as a result of his many years of experience, industry knowledge and business acumen, the Committee has recommended to re-appoint as a Director Mr. Abeyakumar Mohan Pandithage who is over seventy years and who retires in terms of Section 210 of the Companies Act No. 7 of 2007.

None of the Directors who are being proposed for re-election or their family members, have any relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company except Ms. K.A.D.B. Perera, Non-Executive Director, who has a close family relationship with the main shareholder who holds 51% in the parent company of Hayleys Leisure PLC

The Company is committed to ensuring Board diversity by bringing a wide range of experience and skills to the Board.

The Committee ensured that corporate governance rules as stipulated by the Listing Rules of the Colombo Stock Exchange were adhered to by the Board and the company throughout the year

Age and gender diversity have been essential factors contributing to the effective performance of the Company's Board.

The Corporate Governance requirements stipulated under the Listing Rules are met by the Company and details are given on Pages 102 to 131 of this Report.

Mr. D. T. R. De Silva
Chairman
Nominations and Governance Committee

28th May 2026

STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR

(Profile of Mr. D. T. R. De Silva, The Senior Independent Director of Hayleys Leisure PLC is given on Page 25 of this report.)

I was appointed as the Senior Independent Director (SID) in November 2023 in compliance with the Listing Rules of the Colombo Stock Exchange. I continue in that role as the Chairman is the Executive Director of the Company.

ROLE OF THE SENIOR INDEPENDENT DIRECTOR

The SID provides guidance to the Chairman on matters of governance of the Company.

The role of the SID also provides emphasis to transparency on matters relating to governance and calls for a review of the effectiveness of the Board.

The SID makes himself available to any Director or any employee to have confidential discussions on the affairs of the Company, should the need arise.

ACTIVITIES DURING THE YEAR

In line with the regulatory requirements, I presided over the following meetings and exercised my voting rights where necessary.

Meetings were held with the Non-Executive Directors without the presence of the Executive Directors. At these meetings the performance of the Chairman and the Executive Directors were appraised.

A meeting was held with only the Independent Directors and discussions were held on matters relating to the Company and the operation of the Board.

The outcome of these meetings together with recommendations were duly informed to the Chairman and the Board.

The Company follows a policy of strict compliance with mandatory requirements while embracing voluntary adherence, in order to enhance stakeholder acceptance and to make a positive impact on value creation.

I believe that I have fulfilled the obligations entrusted to the SID in accordance with the Corporate Governance guidelines.

D. T. R. De Silva
Senior Independent Director

28th May 2026

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee ('the Committee') is appointed by and is responsible to the Board of Directors of the Company. The Committee comprises two Independent Non-Executive Directors and one Executive Director. The Members who served on the Committee during the Financial Year 2025/26 are as follows:

Mr. D. T. R. De Silva - Chairman - Senior Independent Director

Ms. W. D. De Costa - Non-Executive Director

Ms. H. D. K. Randiligama - Independent Non-Executive Director

Mr. Ranil De Silva is a Fellow Member of Chartered Institute of the Management Accountants UK, an Associate Member of the Institute of Chartered Accountants of Sri Lanka and a Member of the Chartered Institute of Marketing UK.

Brief profiles of each member are provided on Pages 24 to 26 of this report. Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee's purview.

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

CHARTER OF THE AUDIT COMMITTEE

The Audit Committee Charter is periodically reviewed and revised with the concurrence of Board of Directors to make sure that new developments relating to the function of the committee are updated. The Terms of Reference of the Committee was revised during the year under review to include oversight responsibilities on Sustainability and ESG related reporting. The terms of reference of the committee are clearly defined in the Charter of the Audit Committee.

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

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

The Committee meets on a quarterly basis and as often as may be deemed necessary. It met 5 times to discuss the quarterly and annual Financial Statements for the financial year under review.

The attendance of the Members at these meetings is as follows:

Director	Quarter 01	Quarter 02	Quarter 03	Quarter 04-01	Quarter 04-02
Mr. D. T. R. De Silva (Chairman)	✓	✓	✓	✓	✓
Ms. W. D. De Costa	✓	✓	✓	✓	✓
Ms. H. D. K. Randiligama	✓	✓	x	✓	✓

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

The proceedings of the Committee are reported quarterly to the Board of Directors by tabling the minutes of the Committee meetings and an update by the Chairman of the Committee on matters that require the attention of the Board. Audit Committee meeting papers, including the agenda, minutes and related reports and documents, are circulated to the committee members in advance.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Committee functions within the Terms of Reference approved by the Committee. The role of the Audit Committee is to assist the Board in fulfilling its oversight and responsibilities.

The Terms of Reference are periodically reviewed and revised to make sure that new developments relating to the functions of the Audit Committee are included therein.

THE AUTHORITY OF THE AUDIT COMMITTEE

- Recommend appointment, dismissal, service period and audit fee of the external auditors.
- Establish and maintain a direct communication channel with the external auditors.
- Resolve any issues regarding financial reporting between the management and the external auditor.

- Pre-approve all audit and non-audit services performed by the external audit firm and internal audit service providers.
- Seek any information it requires from employees or external parties relating to investigations.
- Meet with the management, external auditors as necessary to carry out the assigned duties.

ACTIVITIES IN 2025/26

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

Financial Reporting System

The Committee reviewed the quality and integrity of the financial reporting system adopted by the Company and the Group in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards. The methodology included obtaining statements of compliance from Chief Financial Officer and Director in Charge. The Committee recommended the Financial Statements to the Board for its deliberations and approval. The Committee, in its evaluation of the financial reporting system, also recognised the adequacy of the content and quality of routine management information reports forwarded to the management, regulatory authorities and shareholders.

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

Internal Control Systems

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

The Hayleys Group MA&SRD (Internal Audit) reports on key control elements and procedures in Group companies that are selected according to a Group annual audit plan. The Committee obtained significant findings and recommendations together with the Management's responses on the review of the internal controls carried out by the internal auditors and provided recommendations for improvement.

Follow up reviews were scheduled to ascertain that audit recommendations are being acted upon.

The Committee also evaluated the Internal Audit Function covering key areas such as scope, quality of internal audits, independence and resources. The Committee appraised the independence of the Hayleys Group MA&SRD, in the conduct of their assignments.

The Annual Internal Audit Plan is approved by the Audit Committee and its progress is reviewed on a quarterly basis in order to reflect the changing business needs and to ensure new and emerging risks are considered. During the financial year 2025/26, 04 internal audits were performed.

Risk Management

The Committee obtained and reviewed the Key Business Risks Dashboard prepared by the Company identifying their respective major business risks, and mitigation action taken or contemplated for the management of these risks.

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

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

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

External Audit

During the year under review, the Committee held meetings with the External Auditor to review the Audit Plan, detailing the nature, approach and scope of the audit. Before the conclusion of the audit, the Committee met with the External Auditors and management to consider the results of the audit. The External Auditors' Management Letter on the audit of the Group Entities were discussed with the External Auditor and management. Actions taken by the Management in response to the issues raised, as well as the effectiveness of the internal controls in place, were discussed with the heads of business units. Remedial action was recommended wherever necessary.

The Committee has reviewed the other services provided by the External Auditor to the Group to ensure that their objectivity and independence as

AUDIT COMMITTEE REPORT

External Auditor has not been impaired. The Committee provides the opportunity to External Auditor to meet the Audit Committee Members independently, if necessary.

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

The Committee obtained written assurance from the External Auditors that they are and have been Independent throughout the conduct of the audit engagement in terms of all relevant professional and regulatory requirements and has made a determination of the independence of auditors based on the same.

The current External Auditor, Messrs. Ernst & Young, Chartered Accountants, was initially appointed as External Auditor in 2003/04 and continues to hold that position at present. A partner rotation of the Auditors takes place periodically. A rotation of partner took place in financial year 2025/26.

Appointment of External Auditors

The Audit Committee has recommended to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants, continue as External Auditors for the financial year ending 31st March 2027 after evaluating the scope, delivery of the audit, resources and the quality of the assurance initiatives taken during the financial year 2025/26.

Compliance

The Committee obtained written assurances from the Managing Director and Chief Financial Officer of Company on the status of the Group's operations and finances. The Committee also received representations on the adequacy of provisions made for possible liabilities and reviewed reports tabled by the Company certifying their compliance with relevant statutory requirements. Further, the Committee obtained regular updates from the Head of HR and Legal regarding compliance matters.

Ethics and Good Governance

The Committee continuously emphasised on upholding ethical values of the staff members. In this regard, the Internal Code of Business Conduct and Ethics, the policies on Whistleblowing and Anti-Bribery and Corruption were put in place. The Policies were followed by educating and encouraging all members of the staff.

All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistleblowing or identified through other means. The Whistleblower Policy guarantees strict confidentiality of the identity of the Whistleblowers.

Sri Lanka Accounting Standards

The Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Company and made recommendation to the Board of Directors. The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals. The Committee has pursued the assistance of Messrs. Ernst & Young to assess and review the existing SLFRS policies and procedures adopted by the Company and the Group and continuously monitors the progress of implementation of SLFRS as per the requirements of Sri Lanka Accounting Standards.

SUPPORT TO THE COMMITTEE

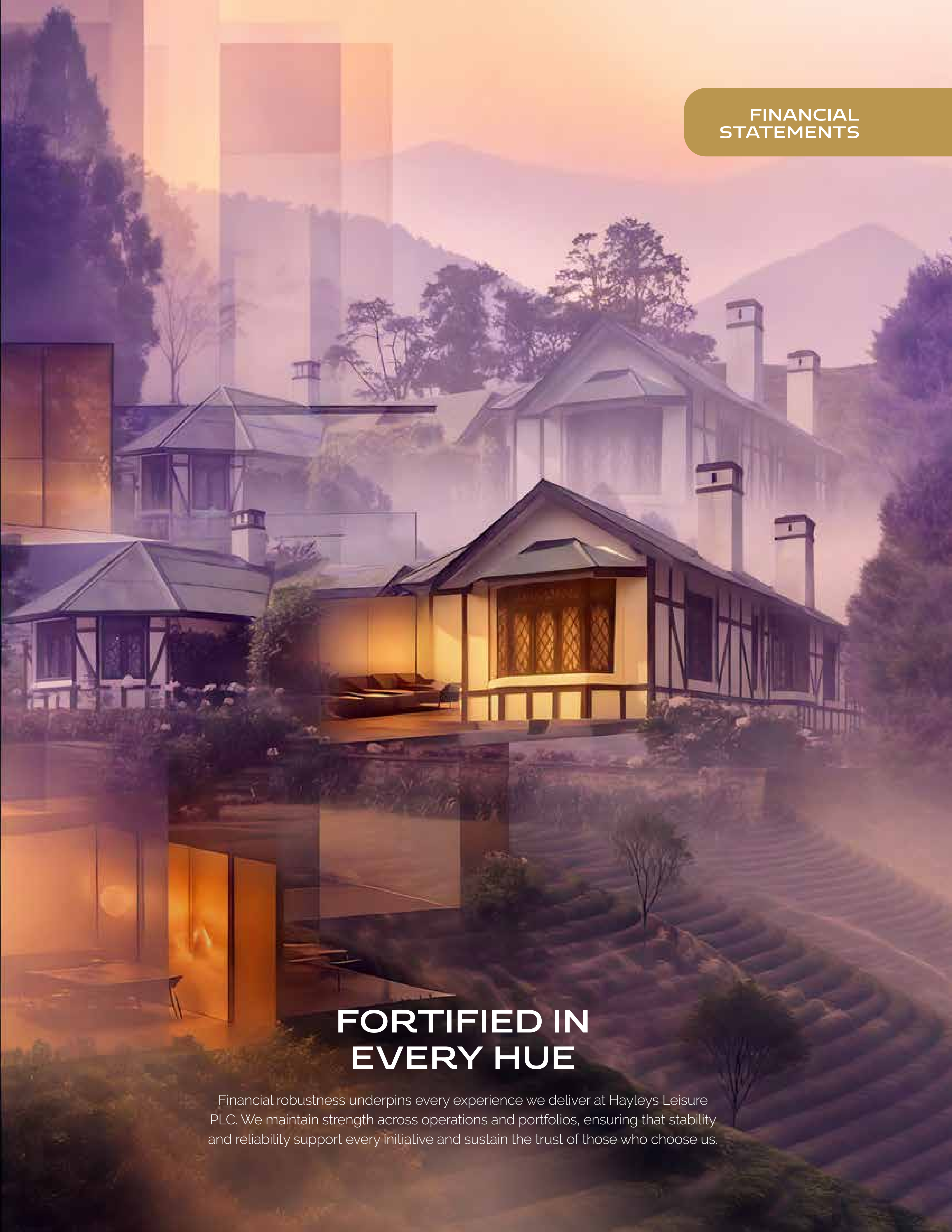
The Committee received information and support from the Management during the year to enable it to carry out its duties and responsibilities effectively.

EVALUATION OF THE COMMITTEE

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

Mr. D. T. R. De Silva
Chairman
Audit Committee

28th May 2026



FORTIFIED IN EVERY HUE

Financial robustness underpins every experience we deliver at Hayleys Leisure PLC. We maintain strength across operations and portfolios, ensuring that stability and reliability support every initiative and sustain the trust of those who choose us.

FINANCIAL CALENDAR

Interim Financial Statement - Quarter 1	29th July 2025
Interim Financial Statement - Quarter 2	30th October 2025
Interim Financial Statement - Quarter 3	26th January 2026
Interim Financial Statement - Quarter 4	29th May 2026
Annual General Meeting	24th June 2026

INDEPENDENT AUDITOR'S REPORT

Building a better working world

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

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TO THE SHAREHOLDERS OF HAYLEYS LEISURE PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Hayleys Leisure 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, statement of profit or loss, statement of comprehensive income, statement of changes in equity, 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, 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.

INDEPENDENT AUDITOR'S REPORT

Building a better working world

Key audit matter	How our audit addressed the key audit matter
Carrying values of Property, Plant and Equipment As at 31 March 2026, the Group's property, plant and equipment amounted to Rs. 4,455,795,281/- which represents 76% of the total assets of the Group. Management assessed recoverability of the Group's property, plant and equipment by comparing carrying amount with recoverable amount, determined using value in use (VIU). VIU reflects discounted future cash flows of the relevant cash generating unit (CGU). Management's assessment of the recoverable amount of property, plant and equipment was a key audit matter due to: • the degree of assumptions, judgements and estimates associated with deriving the estimated future cashflows used for value in use calculations. Key areas of significant judgments, estimates and assumptions included: • key inputs and assumptions related to the value in use computations of future cash flows, growth rates used for extrapolation purposes, discount rates and terminal growth rates as disclosed in Note 4.11 to the financial statements.	Our audit procedures included the following key procedures: • Obtained an understanding of how Management has forecasted discounted future cash flows. • Based on the best available information up to the date of our report, we assessed the reasonableness of significant assumptions used by the Group including growth rate used for extrapolation purposes, discount rate and terminal growth rate. We tested the completeness and accuracy of the underlying data used and performed sensitivity analysis of significant assumptions to evaluate the effect on the value in use calculations. • We also assessed the adequacy of the disclosures made in Notes 4.11 and 14 in the Financial Statements.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing

INDEPENDENT AUDITOR'S REPORT

Building a better working world

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 8913.

29 May 2026
Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 March		Group		Company	
	Note	2026	2025	2026	2025
		Rs.	Rs.	Rs.	Rs.
Revenue	7	3,555,234,957	3,332,078,702	506,090,641	467,135,283
Cost of sales		(1,243,835,879)	(1,242,649,924)	-	-
Gross profit		2,311,399,078	2,089,428,778	506,090,641	467,135,283
Other income	8	46,735,009	81,027,638	127,729,573	9,678,772
Selling and marketing expenses		(78,782,078)	(65,441,269)	(526,792)	(22,000)
Administrative expenses		(2,257,374,261)	(1,634,246,898)	(856,983,065)	(447,887,271)
Finance cost	9.1	(167,368,526)	(231,705,417)	(23,665,279)	(31,179,111)
Finance income	9.2	14,057,700	38,307,369	2,550,518	4,589,698
Profit / (Loss) before tax	10	(131,333,078)	277,370,201	(244,804,404)	2,315,371
Income tax expenses	11	(109,624,021)	(117,857,808)	-	-
Profit / (Loss) for the year		(240,957,099)	159,512,393	(244,804,404)	2,315,371
Profit/ (Loss) attributable to:					
Equity holders of the parent		(239,294,716)	156,839,847	(244,804,404)	2,315,371
Non-Controlling interest		(1,662,383)	2,672,546	-	-
		(240,957,099)	159,512,393	(244,804,404)	2,315,371
Basic Earnings/ (Loss) per share	12	(2.22)	1.45	(2.27)	0.02

The accounting policies and notes on Pages 188 through 232 form an integral part of these Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March		Group		Company	
	Note	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Profit/ (Loss) for the year		(240,957,099)	159,512,393	(244,804,404)	2,315,371
Other comprehensive income /(loss)					
Other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods					
Actuarial gain/ (loss) on defined benefit plan	25	(2,402,820)	(612,618)	(413,877)	375,936
Deferred tax impact on actuarial loss		512,853	183,785	-	-
		(1,889,967)	(428,833)	(413,877)	375,936
Net other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods		(1,889,967)	(428,833)	(413,877)	375,936
Other comprehensive income/ (loss) for the year, net of tax		(1,889,967)	(428,833)	(413,877)	375,936
Total comprehensive Income/ (loss) for the year, net of tax		(242,847,066)	159,083,560	(245,218,281)	2,691,307
Total comprehensive Income/ (loss) attributable to:					
Equity holders of the parent		(241,140,223)	156,585,638	(245,218,281)	2,691,307
Non-controlling interest		(1,706,843)	2,497,922	-	-
		(242,847,066)	159,083,560	(245,218,281)	2,691,307

The accounting policies and notes on Pages 188 through 232 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	14	4,455,795,286	4,475,992,191	22,565,148	23,470,008
Right-of-use assets	15	9,263,665	15,039,629	-	-
Investments in subsidiaries	16	-	-	2,095,264,063	1,237,519,176
Other non current financial assets	17	10	10	10	10
		4,465,058,961	4,491,031,830	2,117,829,221	1,260,989,194
Current assets					
Inventories	19	99,720,300	89,763,083	-	-
Trade and other receivables	20	267,410,220	1,105,336,772	680,009,089	2,006,574,924
Advances and prepayments		62,509,265	71,538,590	6,746,315	6,657,742
Income Tax Receivable		-	4,141,854	-	-
Other current financial assets	17	1,968,300	2,220,566	1,968,300	2,220,566
Short term deposits	21	65,995,935	2,704,612	2,915,935	2,704,612
Cash and cash equivalents	21	109,313,951	110,547,537	16,299,905	10,961,861
		606,917,971	1,386,253,014	707,939,544	2,029,119,705
Total assets		5,071,976,932	5,877,284,844	2,825,768,765	3,290,108,899
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	22	909,370,708	909,370,708	909,370,708	909,370,708
Revaluation reserve	23	469,694,322	469,694,322	-	-
Retained earnings		(133,854,640)	122,738,148	(109,386,042)	135,832,239
		1,245,210,390	1,501,803,178	799,984,666	1,045,202,947
Non-controlling interest		(7,661,244)	(167,280,347)	-	-
Total equity		1,237,549,146	1,334,522,831	799,984,666	1,045,202,947
Non-current liabilities					
Interest bearing loans and borrowings	18	566,168,066	1,031,607,869	-	-
Trade and other payables	24	887,654,533	836,594,248	882,196,647	825,049,197
Deferred tax liabilities	11.3	410,094,031	373,487,608	-	-
Retirement benefit obligation	25	95,456,557	77,027,984	13,079,202	8,489,568
		1,959,373,187	2,318,717,709	895,275,849	833,538,765
Current liabilities					
Interest bearing loans and borrowings	18	952,061,859	1,142,026,125	278,370,089	292,219,159
Trade and other payables	24	755,998,125	906,640,861	845,444,275	1,071,798,324
Other current non-financial liabilities	26	121,631,702	175,377,318	6,693,886	47,349,704
Income Tax Payable		45,362,913	-	-	-
		1,875,054,599	2,224,044,304	1,130,508,250	1,411,367,187
Total equity and liabilities		5,071,976,932	5,877,284,844	2,825,768,765	3,290,108,899

These Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

Chief Financial Officer

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the Board by;

Executive Chairman

Managing Director

The accounting policies and notes on Pages 188 through 232 form an integral part of these Financial Statements.

29 May 2026
Colombo

STATEMENT OF CHANGES IN EQUITY

Group	Attributable to owners of the parent				Non - Controlling Interest	Total Equity
	Stated Capital	Revaluation Reserve	Retained Earnings	Total		
	(Note 22) Rs.	(Note 23) Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1 April 2024	909,370,708	469,694,322	(34,612,746)	1,344,452,284	(169,778,269)	1,174,674,015
Profit for the year	-	-	156,839,847	156,839,847	2,672,546	159,512,393
Unclaimed Dividend Write-back	-	-	765,256	765,256	-	765,256
Actuarial loss on defined benefit plan	-	-	(437,994)	(437,994)	(174,624)	(612,618)
Deferred tax impact on actuarial loss	-	-	183,785	183,785	-	183,785
Balance as at 31 March 2025	909,370,708	469,694,322	122,738,148	1,501,803,178	(167,280,347)	1,334,522,831
Loss for the year	-	-	(239,294,716)	(239,294,716)	(1,662,383)	(240,957,099)
Actuarial loss on defined benefit plan	-	-	(2,358,360)	(2,358,360)	(44,460)	(2,402,820)
Deferred tax impact on actuarial loss	-	-	512,853	512,853	-	512,853
Issue of shares to NCI	-	-	-	-	145,873,381	145,873,381
Acquisition of NCI	-	-	(15,452,565)	(15,452,565)	15,452,565	-
Balance as at 31 March 2026	909,370,708	469,694,322	(133,854,640)	1,245,210,390	(7,661,244)	1,237,549,146

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

The accounting policies and notes on Pages 188 through 232 form an integral part of these Financial Statements.

Company	Stated Capital (Note 22) Rs.	Retained Earnings Rs.	Total equity Rs.
Balance as at 1 April 2024	909,370,708	132,375,676	1,041,746,384
Profit for the year	-	2,315,371	2,315,371
Unclaimed Dividend Write-back	-	765,256	765,256
Actuarial gain (net of tax) on defined benefit plan	-	375,936	375,936
Balance as at 31 March 2025	909,370,708	135,832,239	1,045,202,947
Loss for the year	-	(244,804,404)	(244,804,404)
Acturial loss (net of tax) on defined benefit plan	-	(413,877)	(413,877)
Balance as at 31 March 2026	909,370,708	(109,386,042)	799,984,666

The accounting policies and notes on Pages 188 through 232 form an integral part of these Financial Statements.

CASH FLOW STATEMENT

Year ended 31 March		Group		Company	
	Note	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Cash flows from/ (used in) operating activities					
Profit/ (Loss) before tax		(131,333,078)	277,370,201	(244,804,404)	2,315,371
Adjustment for					
Depreciation	14	220,805,100	191,122,332	7,839,757	7,875,736
Provision for defined benefit obligation	25	21,466,567	18,733,191	4,618,329	3,104,046
Amortisation of right of use Assets	15.2	6,593,004	9,041,733	-	-
Derecognition of Asset		1,207,110	-	-	-
(Gain)/loss on disposal of property, plant and equipment		(7,002,174)	5,629,924	-	-
Dividend income	8	(578)	(782)	(578)	(782)
Finance income	9.2	(14,309,966)	(38,168,560)	(2,802,784)	(4,450,889)
Finance cost	9.1	167,368,526	231,705,417	23,665,279	31,179,111
Foreign exchange gain/ (loss)		(7,912,177)	3,749,469	745,622	1,084,414
(Gain)/ loss on financial assets at FVTPL		252,266	(138,809)	252,266	(138,808)
Impairment/ (reversal) of trade and other receivables		483,845,238	(3,203,389)	468,664,279	-
Creditors written back		(108,454)	(9,226,601)	-	-
Exchange (gain)/ loss impact on borrowings		14,169,867	(5,495,861)	-	-
Operating profit before working capital changes		755,041,251	681,118,265	258,177,766	40,968,199
(Increase)/ decrease in inventories		(9,957,217)	9,733,099	-	-
(Increase)/ decrease in trade and other receivables		354,333,585	(129,153,473)	408,935	(696,226,092)
(Increase)/ decrease in advance and prepayment		9,029,325	(9,212,656)	(88,573)	(5,242,275)
Increase/ (decrease) in trade and other payables		(121,986,160)	128,425,304	(169,206,599)	684,388,414
Increase/ (decrease) in other current non financial liabilities		(53,745,616)	57,458,416	(40,655,818)	12,123,322
Cash generated from operations		932,715,168	738,368,955	48,635,711	36,011,568
Finance cost paid		(151,562,730)	(201,266,861)	(23,193,538)	(29,588,222)
Defined benefit obligation paid	25	(5,440,814)	(4,898,085)	(442,572)	(1,447,045)
Tax paid		(487,817)	(783,652)	-	-
Net cash flows from operating activities		775,223,807	531,420,357	24,999,601	4,976,301

The accounting policies and notes on Pages 188 through 232 form an integral part of these Financial Statements.

Year ended 31 March		Group		Company	
	Note	2026	2025	2026	2025
		Rs.	Rs.	Rs.	Rs.
Cash flows from/ (used in) investing activities					
Acquisition of property, plant and equipment	14	(202,292,770)	(161,677,851)	(6,934,897)	(5,742,637)
Finance income received		6,164,081	4,119,344	1,333,155	1,914,394
Dividend received		578	782	578	782
Proceeds from disposal of property, plant and equipment		7,479,641	28,814	-	-
Net cash used in investing activities		(188,648,470)	(157,528,911)	(5,601,164)	(3,827,461)
Cash flows from/ (used in) financing activities					
Repayment of interest bearing loans and borrowings	18.1.1	(469,476,594)	(539,452,945)	-	-
Principal payment under finance lease liabilities	18.1.1	(10,944,450)	(15,070,103)	-	-
Issue of Ordinary shares		145,873,381	-	-	-
Net cash used in financing activities		(334,547,663)	(554,523,048)	-	-
Net increase/ (decrease) in cash and cash equivalents		252,027,674	(180,631,602)	19,398,437	1,148,840
Cash and cash equivalents at the beginning of the year		(575,741,478)	(395,109,876)	(278,552,686)	(279,701,526)
Cash and cash equivalents at the end of the year	21	(323,713,804)	(575,741,478)	(259,154,249)	(278,552,686)

The accounting policies and notes on Pages 188 through 232 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1.1 REPORTING ENTITY

Hayleys Leisure PLC ("the Company") is a Public Limited Liability company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The address of the Company's registered office and the principal place of business is situated at Level 27, East Tower, World Trade Center, Echelon Square, Colombo 01.

1.2 Consolidated Financial Statements

The Financial Statements for the year ended 31 March 2026 comprise "the Company" referring to Hayleys Leisure PLC as the holding Company and the" Group" referring to companies that have been consolidated therein (Subsidiaries).

1.3 Nature of Operations and Principal Activities of the Company and the Group

During the year, the principal activities of the Group were as follows:

A. Hayleys Leisure PLC

During the year, the principal activities of the Company were provision of management and marketing services to its subsidiaries and managing entities.

B. Culture club Resorts (Private) Limited, Kandyan Resorts (Private) Limited and Sun Tan Beach Resorts Limited.

The principal activities were provision of food, beverage, lodging and other hospitality industry related activities.

C. Hayleys Hotel Management (Private) Limited

The principal activity was providing hotel management related services.

D. Hayleys Holidays (Private) Ltd, CDC Conventions (Private) Limited

Currently these Companies remain as dormant.

1.4 Parent Entity and Ultimate Parent Entity

In the opinion of the Directors, the Company's parent and ultimate parent undertaking and controlling party is also Hayleys PLC, which is incorporated in Sri Lanka.

1.5 Approval of Financial Statements

The consolidated Financial Statements of Hayleys Leisure PLC and its subsidiaries (collectively, the Group) for the year ended 31 March 2026 were authorised for issue by the Directors on 29 May 2026.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards (SLFRSs/ LKAS) promulgated by the Institute of chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 7 of 2007.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for

- Lands which are recognised as property, plant and equipment which are measured at cost at the time of the acquisition and subsequently carried at fair value.
- Financial instruments reflected as fair value through profit or loss (FVTPL) which are measured at fair value.
- Financial instruments designated as fair value through comprehensive income (OCI) which are measured at fair value.

Where appropriate, specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the consolidated financial statements.

2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lanka Rupees (Rs), which is the Group's functional and presentation currency.

2.4 Materiality and Aggregation

Each material class of similar items is presented separately in the consolidated financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.5 Comparative Information

The consolidated financial statements provide comparative information in respect of the previous year. The accounting policies other than for leases have been consistently applied by the Group and, are consistent with those used in the previous year. Previous year's figures and phrases have been re-arranged whenever necessary to conform to current presentation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Consolidation

The consolidated Financial Statements encompass the Company, its Subsidiaries (together referred to as the "Group")

Subsidiaries are disclosed in Note 16 to the financial statements. Investment subsidiaries are carried at cost less impairments in the separate financial statements.

3.2 Subsidiaries

Subsidiaries are those entities controlled by the group. Control is achieved when the group is exposed, or rights, to variable returns from its involvement with the investee and when it has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if, and only if, the group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)

- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The group's voting rights and potential voting rights.

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary, if acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the group gains control until the date the group ceases to control the subsidiary.

Profit or loss and each component of comprehensive Income are attributed to equity holders of the parent of the Group and to the non-controlling interests, even if this results in the Non-Controlling Interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3.3 Business Combination and Goodwill

Business Combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the group elects whether to measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Transaction costs, other than those associated with the issue of debt or equity securities that the group incurs in connection with a business combination are expensed and included in administrative expenses.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss recognised in Statement of profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not re–measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS Financial Instruments, is measured at fair value with the changes in fair value recognised in the Statement of Profit or Loss in accordance with SLFRS. Other contingent consideration that is not within the scope of SLFRS is measured at fair value at each reporting date with changes in fair value recognised in the Statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Statement of Profit or Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion the cash- generating unit retained.

3.4 Functional and Presentation Currency

The Group's Consolidated Financial Statements are presented in Sri Lanka Rupees (Rs), which is the functional and presentation currency of the Group.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Foreign currency differences arising on retranslation are recognised in the statement of profit or loss. All other differences arising on settlement or translation of monetary items are taken to Statement of profit or loss.

3.5 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 as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in a normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- It does not have a right at the reporting date to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.6 Fair value measurement

The Group measures financial instruments such as investments which are designated as fair value through Comprehensive Income (OCI) and at fair value through profit or loss and non-financial assets such as owner-occupied land, at fair value at each reporting date. Fair value related disclosures for financial instruments and non- financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Note 14.
- Quantitative disclosures of fair value measurement hierarchy Note 13.
- Property (land) under revaluation model Note 14.
- Financial instruments (including those carried at amortised cost) Note 17.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.
- The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re- assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4 STATEMENT OF PROFIT OR LOSS AND STATEMENT OF FINANCIAL POSITION

4.1 Statement of Profit or Loss

Income and Gains

4.1.1 Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Hayleys Leisure PLC's gross revenue comprises provision of management and marketing services to its subsidiaries and managing entities and the Group's gross turnover comprises proceeds from provision of food, beverage, lodging and other hospitality industry related activities.

Management and Commission Income

Management and Commission Income is recognised based on the terms in the related contracts and is recognised as the services are performed.

Room Revenue

Room revenue is recognised on rooms occupied on daily basis.

Sale of Food and Beverages

Revenue from sale of food and beverages is recognised at the point in time when control is transferred to the customer, generally on delivery of the goods.

Other Hospitality related Services

Other hospitality related services are recognised as the services are performed.

4.1.2 Finance income

Finance income comprises interest income on funds invested and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in Statement of Profit or Loss.

Foreign currency gains and losses are reported on a net basis other than for exchange loss recognised based on the ineffective portion of the cash flow hedge.

4.1.3 Dividend Income

Dividend income is recognised in Statement of profit or loss on the date the entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

4.1.4 Rental income

Rental income is recognised in Statement profit or loss as it accrues.

4.1.5 Gains and losses

Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and are recognised net within "other income "in profit or loss.

4.1.6 Other Income

Other income is recognised on an accrual basis.

4.2 Expenses

Expenses are recognised in the Statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to the Statement of profit or loss in the year in which the expenditure is incurred.

4.3 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

4.4 Finance costs

Finance costs comprise interest expense on borrowings, exchange loss on foreign currency loans and changes in the fair value of financial assets at fair value through profit or loss.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

4.5 Tax expense

Tax expense comprises current income tax, dividend tax and deferred tax. Current tax and deferred tax are recognised in statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

Current Tax

Current income tax assets or liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current tax relating to items recognised directly in Comprehensive Income is recognised in Comprehensive Income and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and established provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in 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 the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in the statement of profit or loss.

Dividend Tax

Tax on dividend income from subsidiaries is recognised as an expense in the consolidated statement of profit or loss at the same time as the liability to pay the related dividend is recognised.

Sales tax

Revenues, 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.

Receivables and payables that 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.

4.6 Property, Plant and Equipment

The group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services and for administration purpose and are expected to be used for more than one year.

Property, Plant and Equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Items of Property, Plant & Equipment measured at cost net of accumulated depreciation and accumulated impairment losses, if any, except for land which is measured at fair value. Construction in progress is stated at cost, net of accumulated impairment losses, if any.

The cost of Property, Plant & Equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self- constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of Plant and Equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Revaluation of land is done with sufficient frequency to ensure that the fair value of the land does not differ materially from it carrying amount, and is undertaken by professionally qualified valuers.

Any revaluation surplus is recorded in comprehensive Income and credited to the asset revaluation reserve in equity, however, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the statement of profit or loss, the increase is recognised in the statement of profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

The cost of replacing a component of an item of Property, Plant and Equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

Costs of the repair & maintenance of Property, Plant and Equipment are recognised in statement of profit or loss as incurred.

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gains and losses on derecognition are recognised (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) in statement of profit or loss and gains are not classified as revenue.

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of Property, Plant and Equipment, in reflecting the expected pattern of consumption of the future economic benefits embodied in the asset.

Asset class	Period
Freehold buildings	50 years
Buildings - Bathroom	15 years
Buildings – Furniture & Fittings	12.5 years
Building on leasehold land	Over the lease period
Buildings – Plant and Machinery	25 years
Sports Center	15 years
Road network	20 years
Furniture and fittings	10 years
Plant and machinery	15 years
Kitchen equipment	15 years
Office equipment	15 years
Computer equipment	05 years
Circulating Assets - Short term	03 years
Circulating Assets - Long term	10 years
Fixtures and fittings	15 years
Electronic Equipment	05 years
Motor vehicles	05 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised. The asset's residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end and adjusted prospectively, if appropriate.

4.6.1 Leased assets

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Land rights – 40 – 50 Years

Motor vehicles – 05 Years

CCTV system – 05 Years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings.

iii) Short-term leases and leases of low-value assets

The Group does not apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions during the year for any lease contracts.

4.7 Intangible assets

4.7.1 Basis of Recognition

An Intangible asset is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

4.7.2 Basis of measurement

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated 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.

4.7.3 Useful economic lives and Amortisation

The useful lives of intangible assets are assessed as either flite or indefinite.

Intangible assets with flite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a flite 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 flite 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 indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

4.7.4 De-recognition of Intangible Assets

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition 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.

4.7.5 Leasehold Rights

In respect of operating leases acquired under a business combination where the Group is lessee, Group determines whether the terms of each operating lease are favorable or unfavorable relative to market terms. The Group recognises an intangible asset if the terms of an operating lease are favorable relative to market terms and a liability if the terms are unfavorable relative to market terms. Leasehold rights represent value of favorable lease terms.

4.7.6 Subsequent Expenditure

Subsequent expenditure is capitalise only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of profit or loss as incurred.

4.7.7 Amortisation

Amortisation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill from the date on which they are available for use.

4.8 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

4.8.1 Financial assets

4.8.1.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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.

All financial assets are initially measured at fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

4.8.1.2 Subsequent measurement

For purpose of subsequent measurement of financial assets are classified in four categories:

- Financial Assets at amortised cost.
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and

NOTES TO THE FINANCIAL STATEMENTS

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in finance income or finance costs in the statement of profit or loss.

4.8.1.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired. Or:
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group’s continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

4.8.1.4 Impairment of financial assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.8.2 Financial Liabilities

4.8.2.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

4.8.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

4.8.2.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

4.8.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.8.4 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions.
- Reference to the current fair value of another instrument that is substantially the same.
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 14.

4.9 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Food and Beverages	Weighted Average Basis
House Keeping and Maintenance	
Printing and Stationary	
Consumables and Other	

Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

4.10 Cash and cash equivalents

Cash in hand and at bank and short-term deposits in the Statement of Financial Position comprise cash at banks and on hand and short- term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

4.11 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to Comprehensive Income. For such properties, the impairment is recognised in

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Comprehensive Income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

4.12 Employee Benefits

4.12.1 Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in statement of profit or loss in the periods during which services are rendered by employees.

The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

4.12.2 Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 2. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefit. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability is not externally funded. The settlement of the liability would be made based on the half of the last month salary drawn in to number of years completed.

Actuarial gains or losses are recognised in full in Comprehensive Income.

4.12.3 Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

4.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4.14 Related Party Transactions

Terms and conditions of transactions with related parties

The Group carried out transactions in the ordinary course of business with related entities. Governance structure, nature of the entity's relationships, principal place of business have been disclosed in the corporate governance section and Group directory.

Transactions with related parties are carried out in the ordinary course of business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

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 2026 other than disclosed in note 29 to the consolidated financial statements, which required additional disclosures in the 2025/2026 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party

Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

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 2026 other than disclosed in note 29 to the consolidated financial Statements, which required additional disclosures in the 2025/2026 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

4.15 Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Financial Statements in conformity with SLFRS/ LKAS's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The assessment includes the existing and anticipated effects from the present macro-economic conditions, the circumstances of the external environment, or are inconsistent with historical trends. Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and the management do not intend either to liquidate or to cease operations of the Group. Therefore, the Financial Statements continue to be prepared on the going concern basis.

Impairment of goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to good will recognised by the Group.

Measurement of the Employee Benefit Obligations

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in note 25. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Revaluation of Land

The Group measures lands which are recognised as Property, Plant & Equipment at revalued amount with change in value being recognised in the Statement of comprehensive income. The valuer has used valuation techniques such as direct capital comparison. Further details on revaluation of land are disclosed in Note 14 to the consolidated financial statements.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. Management considered 100% ECL for debtors aged more than 180 days in determining the provision matrix for ECL.

The provision matrix is initially based on the group's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Leases - Estimating the incremental borrowing rate for discounting lease commitments.

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar

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value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and making certain entity-specific adjustments based on the type, terms and conditions of the lease.

6 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The new and amended accounting standards issued up to the date these financial statements are authorised for issue, but not yet effective for the current reporting period are disclosed below. These standards and amendments will be adopted, if applicable, when they become effective.

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts, covering recognition, measurement, presentation, and disclosure. It replaces SLFRS 4 and applies to all types of insurance contracts including life, non-life, direct insurance, reinsurance as well as certain guarantees and financial instruments with discretionary participation features:

The standard is built around the General Measurement Model, supported by two supplementary approaches:

- Variable Fee Approach (VFA): for contracts with direct participation features.
- Premium Allocation Approach (PAA): a simplified model mainly for short-duration contracts.

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early adoption is allowed if the entity also applies SLFRS 9 Financial Instruments and SLFRS 15 Revenue from Contracts with Customers by the date SLFRS 17 is first applied.

SLFRS 17 does not have a material impact on the financial statements.

SLFRS 18 Presentation and Disclosure in Financial Statements.

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organised 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.

The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The entity is not eligible to apply for SLFRS 19.

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 amendments are not expected to have a material impact on the financial statements.

Annual improvements to Sri Lanka Accounting Standards

Narrow scope amendments as part of its periodic maintenance of Sri Lanka Accounting Standards will be adopted, if applicable, when they become effective.

7 REVENUE

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Revenue from contracts with customers (Note 7.1)	3,604,619,332	3,378,056,859	506,090,641	467,135,283
Tourism Development Levy	(33,695,117)	(31,381,526)	-	-
Turnover tax	(15,689,258)	(14,596,631)	-	-
	3,555,234,957	3,332,078,702	506,090,641	467,135,283

7.1 Revenue from contracts with customers

The Group classifies its revenue steams according to business units based on the nature of services for easy of understanding. Namely; Room Revenue, Food and Beverage Revenue and Other Hotel Related Revenue, which are grouped as over time/ the period of stay and at a point in time. The Board monitors the operating results for the purpose of performance assessment. Asset and Liabilities are managed on a collective basis and are not allocated to operating segments.

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Revenue Recognised over time/ period of stay	2,875,095,386	2,454,452,761	506,090,641	467,135,283
Revenue recognised at a point in time	729,523,946	923,604,098	-	-
	3,604,619,332	3,378,056,859	506,090,641	467,135,283

Contract liabilities and its movement is disclosed in Note 26.1 to the financial statements.

8 OTHER INCOME

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Sundry income	38,696,298	48,745,915	160,070	9,677,990
Dividend income	578	782	127,569,503	782
Rent income	450,000	390,000	-	-
Payable Write back	108,454	9,226,601	-	-
Profit on disposal of property, plant and equipment	7,479,679	22,664,340	-	-
	46,735,009	81,027,638	127,729,573	9,678,772

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9 FINANCE COST AND INCOME

9.1 Finance Cost

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest expenses on bank overdrafts	39,877,556	47,815,782	23,193,538	29,588,222
Interest expenses on lease liabilities	1,263,243	2,361,873	-	-
Exchange loss	15,805,796	30,438,556	471,741	1,590,889
Interest expenses on bank loans	110,421,931	151,089,206		
	167,368,526	231,705,417	23,665,279	31,179,111

9.2 Finance Income

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest income	6,416,347	3,980,535	1,585,421	1,775,587
Gain/ (Loss) on investments at fair value through profit or loss	(252,266)	138,809	(252,266)	138,809
Exchange gain	7,893,619	34,188,025	1,217,363	2,675,302
	14,057,700	38,307,369	2,550,518	4,589,698

10 PROFIT/ (LOSS) BEFORE TAX

Stated after charging	Group		Company	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Employees benefits including the following	355,848,601	434,388,862	110,471,921	206,252,773
- Defined benefit plan costs - gratuity (included in employee benefits)	21,466,567	18,733,191	4,618,329	3,104,046
- Defined contribution plan costs - EPF and ETF (included in employee benefits)	28,266,190	26,976,642	7,235,386	6,066,773
Depreciation and amortisation	227,398,104	200,164,065	7,839,757	7,875,736
Net impairment on trade and other receivables	484,514,241	-	468,664,279	-
Directors' emoluments	5,575,000	5,850,000	6,450,000	5,850,000
Service fees	29,539,360	40,487,385	29,539,360	31,742,709
Auditor's remuneration	2,946,769	2,563,926	1,060,461	696,758
Professional fees	5,626,288	5,156,766	1,545,237	1,064,502
Advertising and sales promotion expenses	24,116,650	18,587,091	41,600	22,000

11 INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 March are as follows :

Year ended 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Income Statement				
Current income tax				
Current income tax charge (Note 11.1)	(49,992,582)	(432,917)	-	-
	(49,992,582)	(432,917)	-	-
Deferred income tax				
Deferred taxation reversal (Note 11.3)	(37,119,276)	(117,424,891)	-	-
	(37,119,276)	(117,424,891)	-	-
Tax on dividend income	(22,512,163)	-	-	-
Income tax expense reported in the profit or loss	(109,624,021)	(117,857,808)	-	-

11.1 A reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows;

Year ended 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Accounting profit/ (loss) before income tax	(131,333,078)	277,370,201	(244,804,404)	2,315,371
Disallowed items	912,878,803	348,193,899	487,688,450	24,138,879
Allowed items	(145,013,878)	(199,191,113)	(8,297,610)	(5,194,123)
Interest income	(6,416,347)	(3,959,139)	(1,585,421)	(1,775,587)
Dividend income	(127,569,503)	(782)	(127,569,503)	(782)
Other income	(450,000)	(390,000)	-	-
None-taxable income	-	(337,133)	-	-
Exempt due to BOI tax holiday	(109,907,478)	(124,071,528)	-	-
Taxable profit from business	392,265,717	297,614,405	105,431,512	19,483,758
Taxable (loss) from business	(77,198)	-	-	-
Other sources of income				
Interest income	6,416,347	3,242,171	1,585,421	1,775,587
Rental income	450,000	390,000	-	-
Dividend income	127,569,503	782	127,569,503	782
Total other income	134,435,850	3,632,953	129,154,924	1,776,369
Non taxable other income	(128,321,226)	(782)	(127,569,503)	(782)
Total statutory income	398,380,341	301,246,576	107,016,933	21,259,345
Tax losses brought forward and utilised	(233,109,931)	(300,751,108)	(107,016,933)	(21,259,345)
Total taxable income	165,270,410	495,468	-	-
Income tax @ 30% on taxable profits	(49,581,123)	(148,640)	-	-
Under provision for previous year	(411,459)	(284,277)	-	-
Current income tax charge	(49,992,582)	(432,917)	-	-

** Disallowed items in the above computation include impairment provisions recognised on amounts due from inter-company receivables, amounting to Rs. 480,312,752 - (Group) and Rs. 461,004,859 - (Company)

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11 INCOME TAX EXPENSE - (Contd...)

11.2 Tax losses

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Tax losses brought forward	937,334,699	1,592,494,978	477,182,802	799,111,656
Tax losses utilised during the year	(233,109,857)	(300,751,108)	(107,016,933)	(21,259,345)
Tax losses expired during the year	(33,217,838)	(306,594,675)	(33,217,838)	(306,594,675)
Adjustment for tax losses b/f	2,691,467	(47,814,496)	-	5,925,166
Loss incurred during the year	77,198	-	-	-
Tax losses carried forward	673,775,669	937,334,699	336,948,031	477,182,802

11.3 Deferred taxation - Group

Year ended 31 March	Statement of Financial Position		Statement of profit or Loss	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred tax liability				
Accelerated depreciation on property, plant and equipment	287,085,010	284,364,856	(2,720,153)	(17,862,906)
Revaluation surplus on land	200,825,799	200,825,799	-	-
Lease liability	120,662	618,961	498,299	468,612
	488,031,471	485,809,616	(2,221,854)	(17,394,294)
Deferred tax assets				
Retirement benefit obligation - through statement of profit or loss	(15,409,117)	(13,394,356)	2,014,761	1,312,656
Retirement benefit obligation - through other comprehensive income	(2,251,884)	(1,739,030)	-	-
Trade and other receivables	(798,369)	(739,309)	59,060	(1,240,641)
Carried forward tax losses	(59,478,070)	(96,449,313)	(36,971,243)	(100,102,612)
	(77,937,440)	(112,322,008)	(34,897,422)	(100,030,597)
Deferred taxation charge			(37,119,276)	(117,424,891)
Net deferred tax liability	410,094,031	373,487,608		

11.4 Reconciliation of deferred tax charge

Deferred tax charge reported in the profit or loss			(37,119,276)	(117,424,891)
Deferred tax (charge)/ release reported in other comprehensive income			512,853	(279,244)
			(36,606,423)	(117,704,135)

11.5 Hayleys Leisure PLC

The company has a carried forward tax loss amounting to Rs. 336,948,031/- (2025 - Rs. 477,182,802/-) that is available for six years to offset against future statutory income of the company. A deferred tax asset amounting to Rs.101,084,409/- (2025 - 143,154,841/-) has not been recognised in respect of this tax loss and other temporary differences which has resulted deferred tax assets as it is anticipated that the deferred tax asset will not realise in the foreseeable future.

12 EARNINGS/(LOSS) PER SHARE

Earnings/ (loss) per share is calculated by dividing the net profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the loss per share computations.

Amount used as the numerator:

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Profit/ (loss) for the year	(240,957,099)	159,512,393	(244,804,404)	2,315,371
Profit/ (loss) attributable to non-controlling Interest	(1,662,383)	2,672,546	-	-
Profit/ (loss) attributable to ordinary shareholders of parent company for basic/diluted earnings per share	(239,294,716)	156,839,847	(244,804,404)	2,315,371
Number of ordinary shares used as the denominator				
Weighted average number of ordinary shares in issue applicable to basic/ diluted earnings or loss per share	107,989,958	107,989,958	107,989,958	107,989,958
Basic Earnings/ (Loss) per share	(2.22)	1.45	(2.27)	0.02

NOTES TO THE FINANCIAL STATEMENTS

13 FAIR VALUE MEASUREMENT

13.1 The following table provides the fair value measurement hierarchy of the group's assets.

Fair value measurement hierarchy for assets as at 31 March 2026 and 2025

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
		Rs.	Rs.	Rs.	Rs.
Assets measured at fair value:					
Non-financial assets					
Land (Note 14)	31 March 2026	1,039,000,000	-	-	1,039,000,000
Total Non-financial assets as at 31 March 2026		1,039,000,000	-	-	1,039,000,000
Non-financial assets					
Land (Note 14)	31 March 2025	1,039,000,000	-	-	1,039,000,000
Total Non-financial assets as at 31 March 2025		1,039,000,000	-	-	1,039,000,000
Financial assets					
Quoted investment in equity securities (Note 17.1)	31 March 2026	1,968,300	1,968,300	-	-
Total fair value through profit or loss financial assets		1,968,300	1,968,300	-	-
Total financial assets as at 31 March 2026		1,968,300	1,968,300	-	-
Financial assets					
Quoted investment in equity securities (Note 17.1)	31 March 2025	2,220,566	2,220,566	-	-
Total fair value through profit or loss financial assets		2,220,566	2,220,566	-	-
Total financial assets as at 31 March 2025		2,220,566	2,220,566	-	-

13.2 The following table provides the fair value measurement hierarchy of the company's assets.

Fair value measurement hierarchy for assets as at 31 March 2026 and 2025:

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
		Rs.	Rs.	Rs.	Rs.
Assets measured at fair value:					
Financial assets					
Quoted investment in equity securities (Note17.1)	31 March 2026	1,968,300	1,968,300	-	-
Total fair value through profit or loss financial assets		1,968,300	1,968,300	-	-
Total financial assets as at 31 March 2026		1,968,300	1,968,300	-	-
Financial assets					
Quoted investment in equity securities (Note17.1)	31 March 2025	2,220,566	2,220,566	-	-
Total fair value through profit or loss financial assets		2,220,566	2,220,566	-	-
Total financial assets as at 31 March 2025		2,220,566	2,220,566	-	-

13.3 Fair Value of financial assets

Set out below is a comparison by class of the carrying amounts and fair value of the group's financial instruments that are carried in the financial statements.

Year ended 31 March	Carrying amount		Fair value	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Financial assets				
Other financial assets				
- Fair Value through profit or loss investments	649,378	649,378	1,968,300	2,220,566
Total	649,378	649,378	1,968,300	2,220,566

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

NOTES TO THE FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT

14.1 Group

Gross carrying amounts	Balance As at 01.04.2025 Rs.	Additions Rs.	Revaluations Rs.	Transfers Rs.	Disposals Rs.	Balance As at 31.03.2026 Rs.
At Cost or Valuation						
Freehold land	1,039,000,000	-	-	-	-	1,039,000,000
Freehold buildings	1,941,129,325	-	-	-	-	1,941,129,325
Buildings - Bathroom	7,076,498	-	-	-	-	7,076,498
Buildings - Furniture & Fittings	1,714,628	-	-	-	-	1,714,628
Buildings - Plant and Machinery	151,599,692	-	-	-	-	151,599,692
Building on leasehold land	1,901,279,162	17,976,468	-	-	(2,198,853)	1,917,056,777
Sports Center	8,283,877	544,350	-	-	-	8,828,227
Road network	33,976,576	-	-	-	-	33,976,576
Furniture and fittings	360,385,116	13,520,259	-	117,728,008	(2,370,243)	489,263,140
Plant and machinery	299,633,384	40,706,521	-	-	(51,654)	340,288,251
Kitchen equipment	186,677,414	9,594,790	-	-	-	196,272,204
Office equipment	11,542,678	1,537,820	-	-	-	13,080,498
Computer equipment	197,150,468	23,638,589	-	-	-	220,789,057
Circulating Assets - Short term	156,501,574	37,158,338	-	-	(8,389,091)	185,270,821
Circulating Assets - Long term	32,906,637	3,427,179	-	-	-	36,333,816
Fixtures and fittings	117,728,008	-	-	(117,728,008)	-	-
Sign Board	2,181,901	-	-	-	-	2,181,901
Electronic Equipment	134,651,736	20,511,200	-	-	(1,259,083)	153,903,853
Motor vehicles	108,598,932	-	-	-	-	108,598,932
	6,692,017,606	168,615,514	-	-	(14,268,924)	6,846,364,196
In the course of construction						
Building work in progress	839,500	35,877,137	-	(2,199,881)	-	34,516,756
	839,500	35,877,137	-	(2,199,881)	-	34,516,756
Total gross carrying amount	6,692,857,106	204,492,651	-	(2,199,881)	(14,268,924)	6,880,880,952

Depreciation

	Balance As at 01.04.2025 Rs.	Charge for the year Rs.	Transfers Rs.	Disposals Rs.	Balance As at 31.03.2026 Rs.
At Cost or Valuation					
Freehold buildings	281,725,841	20,208,175	-	-	301,934,016
Buildings - Bathroom	7,013,576	46,989	-	-	7,060,565
Buildings - Furniture & Fittings	556,336	123,306	-	-	679,642
Buildings - Plant and Machinery	56,277,089	5,429,150	-	-	61,706,239
Building on leasehold land	716,897,905	73,213,417	-	(514,369)	789,596,953
Sports Center	6,299,803	401,524	-	-	6,701,327
Road network	17,409,590	1,698,829	-	-	19,108,419
Furniture and fittings	339,602,354	14,063,198	53,845,403	(2,370,163)	405,140,792
Plant and machinery	217,852,343	20,279,298	-	(51,654)	238,079,987
Kitchen equipment	138,477,506	10,103,774	-	-	148,581,280
Office equipment	6,566,192	405,250	-	-	6,971,442
Computer equipment	113,884,636	25,799,626	-	-	139,684,262
Circulating Assets - Short term	111,899,148	27,052,518	-	(8,389,091)	130,562,575
Circulating Assets - Long term	16,162,242	2,367,551	-	-	18,529,793
Fixtures and fittings	53,845,403	-	(53,845,403)	-	-
Sign Board	2,181,899	-	-	-	2,181,899
Electronic Equipment	55,634,743	11,537,368	-	(1,259,072)	65,913,039
Motor vehicles	74,578,309	8,075,127	-	-	82,653,436
Total depreciation	2,216,864,915	220,805,100	-	(12,584,349)	2,425,085,666

NOTES TO THE FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT - (Contd...)

	2026 Rs.	2025 Rs.
Net book value		
At cost or valuation		
Freehold land	1,039,000,000	1,039,000,000
Freehold buildings	1,639,195,309	1,659,403,484
Buildings - Bathroom	15,933	62,922
Buildings - Furniture & Fittings	1,034,986	1,158,292
Buildings - Plant and Machinery	89,893,453	95,322,603
Building on leasehold land	1,127,459,824	1,184,381,257
Sports Center	2,126,900	1,984,074
Road network	14,868,157	16,566,986
Furniture and fittings	84,122,348	20,782,762
Plant and machinery	102,208,264	81,781,041
Kitchen equipment	47,690,924	48,199,908
Office equipment	6,109,056	4,976,486
Computer equipment	81,104,795	83,265,832
Circulating Assets - Short term	54,708,246	44,602,426
Circulating Assets - Long term	17,804,023	16,744,395
Fixtures and fittings	-	63,882,605
Sign Board	2	2
Electronic Equipment	87,990,814	79,016,993
Motor vehicles	25,945,496	34,020,623
	4,421,278,530	4,475,152,691

14.1.1 In the course of construction

	2026 Rs.	2025 Rs.
Building work in progress	34,516,756	839,500
	34,516,756	839,500
Total carrying amount of property , plant and equipment	4,455,795,286	4,475,992,191

14.1.2 During the financial year, the group acquired property, plant and equipment to the aggregate value of Rs. 202,292,770/- (2025 - Rs. 163,155,843/-). Cash payments amounted to Rs. 202,292,770/- (2025 - Rs. 161,677,851/-) were made during the year for purchase of property, plant and equipment.

14.1.3 Information on the freehold land, freehold buildings, leasehold land and buildings on leasehold land of the group is as follows;

Company	Location	Ownership	Extent
Culture Club Resorts (Private) Limited	Dambulla	Freehold	0.406 Hectares
	Dambulla	Leasehold	8.094 Hectares
Kandyan Resorts (Private) Limited	Kandy	Freehold	4.8233 Hectares
Sun Tan Beach Resorts Limited	Passikudah	Leasehold	3.8109 Hectares

Fair value measurement disclosures for revalued lands are provided in note 13.

Significant unobservable valuation

Price per perch	Range
Kandyan Resorts (Private) Limited	Rs.350,000/- to Rs.800,000/-
Culture Club Resorts (Private) Limited	Rs. 56,000/-

14.1.4 If lands were measured using the cost model, the carrying amount would be Rs. 127,587,077/-.

14.1.5 Property, plant and equipment recognised above includes fully depreciated assets having a gross carrying amount of Rs.709,703,478/- (2025- Rs. 727,912,516/-).

14.2 Company

Gross carrying amounts	Balance As at 01.04.2025 Rs.	Additions Rs.	Transfers Rs.	Disposals Rs.	Balance As at 31.03.2026 Rs.
At cost or valuation					
Motor vehicles	33,556,800	-	-	-	33,556,800
Furniture and fittings	12,686,397	703,460	-	-	13,389,857
Circulating Assets - Short term	457,179	-	-	-	457,179
Circulating Assets - Long term	1,075,550	-	-	-	1,075,550
Electronic equipment	1,109,604	912,900	-	-	2,022,504
Office equipment	6,462,340	-	-	-	6,462,340
Computer equipment	32,191,320	5,318,537	-		37,509,857
Total gross carrying amount	87,539,190	6,934,897	-	-	94,474,087

Depreciation	Balance As at 01.04.2025 Rs.	Charge for the year Rs.	Transfers Rs.	Disposals Rs.	Balance As at 31.03.2026 Rs.
At cost or valuation					
Motor vehicles	30,192,599	1,931,360	-	-	32,123,959
Furniture and fittings	8,011,643	1,190,096	-	-	9,201,739
Circulating Assets - Short term	457,179	-	-	-	457,179
Circulating Assets - Long term	694,104	101,776	-	-	795,880
Electronic Equipment	379,252	265,186	-	-	644,438
Office equipment	5,308,751	112,362	-	-	5,421,113
Computer equipment	19,025,654	4,238,977	-	-	23,264,631
Total depreciation	64,069,182	7,839,757	-	-	71,908,939

NOTES TO THE FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT - (CONTD...)

Net Book Value

	2026 Rs.	2025 Rs.
At cost or valuation		
Motor vehicles	1,432,841	3,364,201
Furniture and fittings	4,188,118	4,674,754
Circulating Assets - Long term	279,670	381,446
Electronic equipment	1,378,066	730,352
Office equipment	1,041,227	1,153,589
Computer equipment	14,245,226	13,165,666
Total carrying amount of property , plant and equipment	22,565,148	23,470,008

14.2.1 During the financial year, the company acquired property, plant and equipment to the aggregate value of Rs. 6,934,897/- (2025 - Rs. 5,742,637/-). Cash payments amounted to Rs. 6,934,897/- (2025 - Rs. 5,742,637/-) were made during the year for purchase of property, plant and equipment.

14.2.2 Property, plant and equipment recognised above include fully depreciated assets having a gross carrying amount of Rs. 45,079,943/- (2025 - Rs. 43,854,844/-).

15 RIGHT OF USE ASSETS

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Leasehold lands	9,263,665	13,560,330	-	-
Leasehold office equipment (CCTV)	-	1,479,299	-	-
	9,263,665	15,039,629	-	-

15.1 Nature of the leasehold properties

Year ended 31 March	Lessor	Lease Term	Annual Rental 2026 Rs.	2025 Rs.
Lands	SLTDA/BOI/ Mr. N Senarathne	1992 - 2042	5,139,600	5,139,600
Office equipment- CCTV	Singer Finance (Lanka) PLC	2020 - 2025	2,584,560	3,876,840

15.2 Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
As at 01 April	15,039,629	27,397,621	-	-
Modification	817,040	(3,713,842)	-	-
Amortisation expenses	(6,593,004)	(8,644,150)	-	-
As at 31 March	9,263,665	15,039,629	-	-

	Lands	CCTV	Total
As at 01 April	13,560,330	1,479,299	15,039,629
Amortisation expenses	(5,113,705)	(1,479,299)	(6,593,004)
Modification	817,040	-	817,040
As at 31 March	9,263,665	-	9,263,665

15.3 The following are the amounts recognised in profit or loss in respect of ROU Assets and related Lease liabilities:

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Amortisation expense of right-of-use assets	6,593,004	8,644,150	-	-
Interest expense on lease liabilities	1,263,243	2,361,873	-	-
Total amount recognised in profit or loss	7,856,247	11,006,023	-	-

NOTES TO THE FINANCIAL STATEMENTS

16 INVESTMENT IN SUBSIDIARIES

16.1 Non-quoted investment in subsidiaries

Company	Holding		Carrying Amount	
	2026 %	2025 %	2026 Rs.	2025 Rs.
Kandyan Resorts (Private) Limited	100%	100%	323,612,971	323,612,971
Culture Club Resorts (Private) Limited	100%	100%	392,749,255	392,749,255
Sun Tan Beach Resorts Limited (Note 16.1.2)	84.09%	82.44%	1,378,901,837	521,156,950
Total non-quoted investment in subsidiaries			2,095,264,063	1,237,519,176

16.1.1 Reconciliation of cost of investment of Sun Tan Beach Resorts Limited.

	2026 Rs.	2025 Rs.
Balance 01 April 2025	968,690,672	968,690,672
Investment by Parent company	857,744,887	-
Balance 31 March 2026	1,826,435,559	968,690,672

16.1.2 Accumulated impairment on investment of Sun Tan Beach Resorts Limited.

	2026 Rs.	2025 Rs.
Balance as at 01 April	447,533,722	447,533,722
Balance as at 31 March	447,533,722	447,533,722
Carrying amount of investment in Sun Tan Beach Resorts Limited	1,378,901,837	521,156,950

Following assumptions are made to test for impairment as at 31st March 2026.

	2026	2025
Annual sales growth for next five years	10%	9%
Gross profit margin	66%	61%
Discount rate	13%	12%
Indefinite Growth Rate after Year 2030/31	5%	5%

16.2 Material partly-owned subsidiary

Financial information of the subsidiaries that have material non-controlling interest is provided below.

Proportion of equity interest held by non-controlling interests:

Company Name	Incorporation	2026 Rs.	2025 Rs.
Sun Tan Beach Resorts Limited	Sri Lanka	15.91%	17.56%

Accumulated balances of material non-controlling interest

Company Name	2026 Rs.	2025 Rs.
Sun Tan Beach Resorts Limited	289,375,986	146,971,277
	289,375,986	146,971,277

16.2.1 The Summarised financial information of the Sun Tan Beach Resorts Limited are provided below

	2026 Rs.	2025 Rs.
Current assets	95,496,584	152,584,414
Non current assets	3,187,273,552	3,238,357,750
Current liabilities	960,058,368	1,627,088,542
Non current liabilities	503,880,931	927,024,836
Total equity	1,818,830,837	836,828,786
Attributable to:		
Equity holders of the parent	1,529,454,851	689,857,509
Non-controlling interest	289,375,986	146,971,277

Summarised statement of profit/ (loss)	2026 Rs.	2025 Rs.
Revenue	1,104,586,339	1,040,362,605
Cost of sales	(432,682,440)	(415,836,863)
Administrative expenses	(514,778,946)	(444,022,417)
Finance costs	(112,635,649)	(159,611,503)
Profit/ (loss)before tax	(20,894,061)	15,649,828
Income tax	(442,716)	(432,917)
Profit/ (loss) for the year	(21,336,777)	15,216,911
Total comprehensive Income/ (loss)	(21,616,218)	14,222,639
Attributable to non-controlling interest	(1,706,843)	2,497,922

NOTES TO THE FINANCIAL STATEMENTS

	2026 Rs.	2025 Rs.
Summarised statement of cash flows		
Cash flows from in operating activities	346,971,730	538,564,475
Cash flows used in investing activities	(50,719,373)	(48,756,392)
Cash flows from financing activities	(302,641,068)	(509,811,759)
Net increase in cash and cash equivalents	(6,388,711)	(20,003,676)

17 OTHER FINANCIAL ASSETS

Other financial assets

	Group/ Company	
	2026 Rs.	2025 Rs.
Current		
Financial assets at fair value through profit or loss		
Quoted investments in equity shares (Note 17.1)	1,968,300	2,220,566
	1,968,300	2,220,566
Non-Current		
Equity instruments designated at fair value through OCI		
Non-quoted investments in equity securities (Note 17.2)	10	10
	10	10
Total other financial assets	1,968,310	2,220,576
Total current	1,968,300	2,220,566
Total non-current	10	10

17.1 Fair value through profit or loss

Quoted investments in equity securities

Group/ Company	Shares		Cost	Value	Cost	Value
	2026 Number.	2025 Number.	2026 Rs.	2026 Rs.	2025 Rs.	2025 Rs.
The Fortress Resorts PLC	90,075	90,075	646,349	1,945,620	646,349	2,206,838
LB Finance PLC	160	160	3,029	22,680	3,029	13,728
	90,235	90,235	649,378	1,968,300	649,378	2,220,566
Fair value adjustment of investments			1,318,922		1,571,188	
Total Quoted investments in equity securities			1,968,300	1,968,300	2,220,566	2,220,566

17.2 Non- quoted investments in equity securities

	Shares		Carrying Value	
	2026	2025	2026	2025
	Number.	Number.		Rs.
La Forteresse (Private) Limited	1	1	10	10
Total non-quoted investments in equity securities	1	1	10	10

Based on the management's valuation, the fair value changes are immaterial to the financial statements and no adjustments made to the financial statements.

17.3 Debt instruments at amortised cost

	Group/Company	
	2026	2025
	Rs.	Rs.
Luxury Resort (Private) Limited		
Balance as at 01 April	-	265,877,271
Reclassified	-	(265,877,271)
Balance as at 31 March	-	-

18 OTHER FINANCIAL LIABILITIES

18.1 Interest bearing loans and borrowings - group

	2026			2025		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	Total
Bank loans (Note 18.1.1)	452,870,868	561,512,058	1,014,382,926	441,511,197	1,028,178,456	1,469,689,653
Lease liability (Note 18.3)	167,301	4,656,008	4,823,309	11,521,301	3,429,413	14,950,714
Bank overdrafts (Note 21)	499,023,690	-	499,023,690	688,993,627	-	688,993,627
	952,061,859	566,168,066	1,518,229,925	1,142,026,125	1,031,607,869	2,173,633,994

NOTES TO THE FINANCIAL STATEMENTS

18.1.1 Bank loans

	Balance As at 01.04.2025 Rs.	Loans Obtained Rs.	Foreign Currency Conversion Rs.	Repayments Rs.	Balance As at 31.03.2026 Rs.
Hatton National Bank PLC - LKR TL	784,856,738	-	-	(151,991,738)	632,865,000
Hatton National Bank PLC - USD TL	315,293,999	-	14,169,867	(166,192,360)	163,271,506
DFCC Bank PLC - LKR TL	212,538,916	-	-	(115,292,496)	97,246,420
Sampath Bank PLC	157,000,000	-	-	(36,000,000)	121,000,000
	1,469,689,653	-	14,169,867	(469,476,594)	1,014,382,926

Terms and conditions of the loans

The repayment terms of borrowing and the security offered to each loan (other than leases) are set out below;

	HNB*** Rs. 202 Mn	HNB Rs. 717 Mn	HNB USD. 1.9 Mn	DFCC Rs. 24Mn	DFCC Rs. 199Mn	DFCC Rs. 18Mn	DFCC Rs. 98Mn
- Term of Interest	AWPLR + Premium	AWPLR + Premium	SOFR + Premium	AWPLR + Premium	AWPLR + Premium	AWPLR + Premium	AWPLR + Premium
- Term of Repayment Capital	Rs. 8,160,000/-	Rs. 2,000,000/-	USD. 45,000/-	Rs. 673,000/-	Rs. 5,536,933/-	Rs. 522,353/-	Rs. 2,720,779/-
- Repayment by	Mar-26	Mar-30	Mar-27	Feb-27	Feb-27	May-27	Feb-27
- Security offered	Leasehold Right of the land and Hotel building belongs to Sun Tan Beach Resorts Limited						

	Sampath - Rs. 250Mn
Term of Interest	AWPLR + Premium
- Term of Repayment - Capital	Rs. 3,000,000/-
- Repayment by	Aug-29
- Security offered	CG**of HLPLC*

* HLPLC – Hayleys Leisure PLC
** Corporate Guarantee
***Loan settled during the year

18.2 Interest bearing loans and borrowings - company

	2026			2025		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Bank overdrafts (Note 21)	278,370,089	-	278,370,089	292,219,159	-	292,219,159
	278,370,089	-	278,370,089	292,219,159	-	292,219,159

18.3 Lease Liability - Group

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Opening balance	14,950,714	30,020,817	-	-
Gross payments	(12,207,688)	(17,609,661)	-	-
Modification	817,040	-	-	-
Interest accrued on lease liabilities	1,263,243	2,539,558	-	-
Closing balance	4,823,309	14,950,714	-	-
Current	167,301	11,521,301	-	-
Non-current	4,656,008	3,429,413	-	-

19 INVENTORIES

	2026 Rs.	2025 Rs.
Food and beverages	50,420,715	47,583,715
Housekeeping and maintenance	45,550,444	40,290,452
Consumable and other	3,749,141	1,888,916
	99,720,300	89,763,083

20 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade receivables	168,602,531	245,495,486	16,811,698	16,811,698
Less - Impairment provision on trade receivables	(24,089,152)	(20,556,666)	(16,811,698)	(16,811,698)
	144,513,379	224,938,820	-	-
Other receivables	106,404,367	144,029,744	88,133,496	112,651,216
Other receivables from related parties (Note 20.1)	496,805,226	736,368,208	1,052,880,452	1,905,392,106
Less - Provision for impairment	(480,312,752)	-	(461,004,859)	(11,468,398)
	267,410,220	1,105,336,772	680,009,089	2,006,574,924

NOTES TO THE FINANCIAL STATEMENTS

20.1 Other receivables from related parties

		Group		Company	
	Relationship	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Hayleys PLC	Ultimate Parent	-	90,000	-	-
Hayleys Holidays (Private) Limited	Subsidiary	-	-	2,950,912	2,950,912
CDC Conventions (Private) Limited	Subsidiary	-	-	6,924,293	6,924,293
Hayleys Hotel Management Services (Pvt) Ltd	Subsidiary	-	-	-	18,586,891
Kandyan Resorts (Private) Limited	Subsidiary	-	-	231,020,849	175,971,652
Sun Tan Beach Resorts Limited	Subsidiary	-	-	351,419,312	1,001,038,800
The Kingsbury PLC	Affiliate	-	72,800	-	-
Kelani Valley Resorts (Private) Limited	Affiliate	770,278	3,688,765	770,278	3,688,765
Eastern Hotels (Private) Limited	Affiliate	7,057,042	5,060,555	-	-
Luxury Resort (Private) Limited	Affiliate	480,312,752	724,382,295	451,129,654	695,199,197
Hayleys Travels (Private) Limited	Affiliate	-	1,882,197	-	-
Hayleys Tours (Private) Limited	Affiliate	-	1,031,596	-	1,031,596
Hayleys Lifesciences (Private) Limited	Affiliate	-	160,000	-	-
La Forteresse (Private) Limited	Affiliate	8,665,154	-	8,665,154	-
		496,405,226	736,368,208	1,052,880,452	1,905,392,106

- Trade and other receivables are non interest bearing and generally on 30-120 day terms.
- Refer to Note 29.2.1 for details on the movement of the Luxury Resort (Private) Limited receivable.

20.2 As at 31 March, the aging analysis of trade receivables of group is as follows,

	Total	Neither past due nor impaired	Past due but not impaired			
			> 60 days	61-120 days	121-180 days	181-365 days
2026	**144,513,379**	**90,948,954**	**47,233,650**	**5,317,680**	**1,013,095**	-
2025	224,938,820	17,245,667	192,010,996	15,486,487	195,670	-

Provision matrix and impairment of debtors

- Management has carried out an impairment provision based on the simplified approach of Expected credit loss (ECL) method and no impairment provision has been accounted for trade debtors as the ECL is insignificant. Management considered 100% ECL for debtors aged more than 180 days in determining the provision matrix for ECL.

21 CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

Components of cash and cash equivalents

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Favorable cash and cash equivalent balances				
Cash and bank balances	109,313,951	110,547,537	16,299,905	10,961,861
Short term deposits	65,995,935	2,704,612	2,915,935	2,704,612
	175,309,886	113,252,149	19,215,840	13,666,473
Unfavorable cash and cash equivalent balances				
Bank overdrafts	(499,023,690)	(688,993,627)	(278,370,089)	(292,219,159)
	(499,023,690)	(688,993,627)	(278,370,089)	(292,219,159)
Total cash and cash equivalents for the purpose of statement of cash flows	(323,713,804)	(575,741,478)	(259,154,249)	(278,552,686)

Short term deposits are held with registered financial institutions have less than 3 months maturity period.

22 STATED CAPITAL

	Group/ Company			
	2026		2025	
	Number	Rs.	Number	Rs.
Fully paid ordinary shares	107,989,958	909,370,708	107,989,958	909,370,708
	107,989,958	909,370,708	107,989,958	909,370,708

23 REVALUATION RESERVE

	2026	2025
	Rs.	Rs.
On property, plant and equipment		
As at 01 April	469,694,322	469,694,322
As at 31 March	469,694,322	469,694,322

NOTES TO THE FINANCIAL STATEMENTS

24 TRADE AND OTHER PAYABLES

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade payables	71,729,980	90,669,333	2,168,402	2,829,107
Other payables to related parties (Note 24.1)	1,376,118,324	1,512,484,763	1,705,551,054	1,885,610,602
Sundry creditors including accrued expenses	195,804,354	140,081,013	19,921,466	8,407,812
	1,643,652,658	1,743,235,109	1,727,640,922	1,896,847,521

24.1 Other Payables to Related Parties

Year ended 31 March	Relationship	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Hayleys PLC	Ultimate Parent	1,227,481,028	1,259,278,978	1,175,547,185	1,215,220,993
Culture Club Resorts (Private) Limited	Subsidiary	-	-	390,478,053	440,098,529
The Kingsbury PLC	Affiliate	139,353,149	243,968,000	139,353,149	227,353,627
Hayleys Consumer Products Limited	Affiliate	730,567	1,123,760	-	-
Hayleys Travels (Private) Limited	Affiliate	-	1,287,400	-	1,287,400
Hayleys Business Solutions International (Pvt) Ltd	Affiliate	319,056	673,620	65,895	446,334
Hayleys Agriculture Holdings Limited	Affiliate	963,913	694,123	58,410	-
Hayleys Aventura (Private) Limited	Affiliate	83,780	2,175,766	-	-
Mabroc Teas (Pvt) Ltd	Affiliate	575,491	540,952	-	-
Logiwis Limited	Affiliate	48,362	48,144	48,362	48,144
Kelani Valley Resorts (Private) Limited	Affiliate	-	27,500	-	-
Singer (Sri Lanka) PLC	Affiliate	136,900	727,497	-	-
Puritas (Pvt) Ltd	Affiliate	4,551,850	-	-	-
Hayleys Fentons Ltd	Affiliate	1,565,271	1,154,613	-	1,108,593
IML Delivery Systems (Pvt) Ltd	Affiliate	47,174	96,393	-	-
Advantis Projects & Engineering (Pvt) Ltd	Affiliate	261,783	641,035	-	-
Energynet (Pvt) Ltd	Affiliate	-	46,982	-	46,982
		1,376,118,324	1,512,484,763	1,705,551,054	1,885,610,602

25 RETIREMENT BENEFIT OBLIGATION

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company is liable to pay retirement benefits under the payment of Gratuity Act, No. 12 of 1983. The liability recognised in the Financial Statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. Such actuarial valuations will be carried out every year.

The liability is not externally funded. All Actuarial gains or losses are recognised under other comprehensive income. Under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 Years of continued service, When the benefits or plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in income statement. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Defined Benefit Obligation - Gratuity				
Defined benefit obligation as at the beginning of the year	77,027,984	62,580,259	8,489,568	7,208,503
Employee transfer	1,237,500	315,300	1,237,500	(862,045)
Service cost	13,394,494	11,517,447	3,708,818	2,325,861
Interest cost	8,072,073	7,215,745	909,511	778,185
Actuarial (gain)/ loss	2,402,820	612,618	413,877	(375,936)
Benefit paid	(6,678,314)	(5,213,385)	(1,680,072)	(585,000)
Defined benefit obligation as at the end of the year	95,456,557	77,027,984	13,079,202	8,489,568

The expenses are recognised in the following line items in the statement of profit and loss and other comprehensive income.

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Statement of profit and loss	21,466,567	18,733,192	4,618,329	3,104,046
Other comprehensive income	2,402,820	612,618	413,877	(375,936)
	23,869,387	19,345,810	5,032,206	2,728,110

Messrs. Actuarial & Management Consultants (Private) Limited, an independent actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2026. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

	2026	2025
Discount rate	10%	11%
Future salary increment rate	9%	10%
Average remaining working life (years)	4.9	4.8

NOTES TO THE FINANCIAL STATEMENTS

25.1 Sensitivity of the principal assumptions used

	Expected Future Salaries		Discount Rate	
	1% increase	1% decrease	1% increase	1% decrease
	Rs.	Rs.	Rs.	Rs.
Company				
Change in present value of defined benefit obligation	13,899,382	12,330,017	12,394,989	13,840,626
Group				
Change in present value of defined benefit obligation	101,221,677	90,146,364	90,651,478	100,756,748

25.2 Maturity analysis of the payments

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Within the next 12 months	13,108,664	10,909,169	2,202,179	2,208,510
Between 1 to 5 years	45,015,506	34,941,922	5,043,305	3,462,743
Between 5 to 10 years	23,360,090	17,977,123	3,863,292	1,779,341
More than 10 years	13,972,297	13,199,770	1,970,426	1,038,974
	95,456,557	77,027,984	13,079,202	8,489,568

26 OTHER CURRENT NON-FINANCIAL LIABILITIES

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Contract liabilities (Note 26.1)	85,951,122	131,565,822	5,685,648	45,597,556
Other tax payable	35,680,580	43,811,496	1,008,238	1,752,148
	121,631,702	175,377,318	6,693,886	47,349,704

26.1 Contract liabilities

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Opening balance	131,565,822	94,789,323	45,597,556	34,080,671
Advance received during the year	125,478,965	143,080,856	28,745,659	73,475,908
Setoff against the receivables	(171,093,665)	(106,304,357)	(68,657,567)	(61,959,023)
Closing balance	85,951,122	131,565,822	5,685,648	45,597,556

27 COMMITMENTS AND CONTINGENCIES

27.1 Capital expenditure commitments

Culture Club Resorts (Private) Limited

Future capital expenditure approved by the Board but, not provided for in the financial statements amounting to Nil (2025 - Nil).

Kandyan Resorts (Private) Limited

Future capital expenditure approved by the Board but, not provided for in the financial statements amounting to Nil (2025 - Nil).

Sun Tan Beach Resorts Limited

Future capital expenditure approved by the Board but, not provided for in the financial statements amounting to Nil. (2025 - Nil).

27.2 Lease Commitments

The Group has lease contracts for lands, buildings and office equipment. Future minimum lease payments under leases contracts together with the present value of the net minimum lease payments are, as follows:

	Group		Company	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	Rs.	Rs.	Rs.	Rs.
Within one year	770,221	167,301	-	-
After one year but not more than five years	3,104,860	2,072,857	-	-
More than five years	6,077,899	2,583,151	-	-
Total minimum lease payments	9,952,980	4,823,309	-	-
Less- Amounts representing finance charges	(5,129,671)	-	-	-
Present value of minimum lease payments	4,823,309	4,823,309	-	-

27.3 Contingent Liabilities

There are no any contingent liabilities as at the reporting date.

28 ASSETS PLEDGED

The following assets have been pledged as securities as at reporting date.

Nature of Assets Pledged	Nature of Liability	Carrying Amount Pledged 2026 Rs.	2025 Rs.	Included Under
Leasehold Right of the land and Hotel building belongs to Sun Tan Beach Resorts Ltd.	Refer Note 15 & 16	3,114,456,664	3,114,078,012	Property, Plant and Equipment and ROU Assets.

29 RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

29.1 Transaction with the Related Entities

Nature of Transaction

Related party transactions

	Parent Company		Subsidiary Companies		Other Companies		Total	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
As at 01 April	(1,215,220,993)	(839,803,333)	765,374,018	570,960,467	469,628,479	333,463,285	19,781,504	64,620,419
Rendering/ obtaining services	(297,382,800)	(396,103,018)	166,458,318	148,113,959	15,579,561	54,040,024	(115,344,921)	(193,949,035)
Management fees	-	-	246,234,305	221,756,560	328,489,813	278,758,284	574,724,118	500,514,844
Interest income	-	-	-	980,753	-	-	-	980,753
Expenses incurred by the company on behalf of others	-	-	15,428,963	46,351,819	(5,421,361)	(848,690)	10,007,602	45,503,129
Dividend income	-	-	127,568,925	-	-	-	127,568,925	-
Write-off	-	-	(19,127,818)	-	-	-	(19,127,818)	-
Collections made by the company on behalf of the others	-	-	(35,860,046)	(35,895,920)	-	(8,740,226)	(35,860,046)	(44,636,146)
Net fund transfers	-	-	(206,494,465)	(186,893,620)	(487,237,222)	(217,414,435)	(693,731,687)	(404,308,055)
Settlements by the company	337,056,608	20,685,358	-	-	-	30,370,237	337,056,608	51,055,595
Investment in subsidiary	-	-	(857,744,887)	-	-	-	(857,744,887)	-
As at 31 March	(1,175,547,185)	(1,215,220,993)	201,837,313	765,374,018	321,039,270	469,628,479	652,670,602	19,781,504
Included in								
Amounts due from related parties	-	-	592,315,367	1,205,472,547	460,565,085	699,919,559	1,052,880,452	1,905,392,106
Amounts due to related parties	(1,175,547,185)	(1,215,220,993)	(390,478,054)	(440,098,529)	(139,525,815)	(230,291,080)	(1,705,551,054)	(1,885,610,602)
Other non current financial assets	-	-		-	-	-	-	-
	(1,175,547,185)	(1,215,220,993)	201,837,313	765,374,018	321,039,270	469,628,479	(652,670,602)	19,781,504

29.2 Transactions carried out by subsidiaries with other related parties

	2026 Rs.	2025 Rs.
As at 1st April	(30,524,041)	(106,309,666)
Goods/services obtained	(273,583,850)	(57,534,026)
Settlements made	250,119,610	133,319,651
As at 31 March	(53,988,281)	(30,524,041)

Parent: Hayleys PLC

Subsidiaries: Culture Club Resorts (Private) Limited, Kandyan Resorts (Private) Limited, CDC Conventions (Private) Limited, Hayleys Holidays (Private) Limited, Hayleys Hotel Management Services (Private) Limited and Sun Tan Beach Resorts Limited.

Other Companies: The Kingsbury PLC, Luxury Resort (Pvt) Ltd, Hayleys Consumer Products Limited, Hayleys Business Solutions International (Pvt) Ltd, Advantis Projects & Engineering (Pvt) Ltd, Dipped Product PLC, Eastern Hotel Pvt Ltd, Energynet Pvt Ltd, Fentons Ltd, Hayleys Agriculture Holdings Ltd, Hayleys Aventura Pvt Ltd, Hayleys Lifesciences (Private) Limited, IML Delivery Systems (Pvt) Ltd, Mabroc Teas (Pvt) Ltd, La Forteresse Pvt Ltd, Advantis Express (Pvt) Ltd, Hayleys Travels (Pvt) Ltd, Hayleys Tours (Pvt) Ltd, Singer Finance (Sri Lanka) PLC, Singer Sri Lanka PLC, Puritas(Private) Limited, Kelani valley Resorts (Pvt) Ltd & Logiwis Limited,

29.2.1 Receivable from Luxury Resort (Private) Limited

	Group	Company
	2026 Rs.	2026 Rs.
Opening balance as at 01st April 2025	724,382,295	695,199,197
Rendering/ obtaining services	24,846,235	24,846,235
Balance transferred to parent company	(268,915,778)	(268,915,778)
Closing balance as at 31st March 2026	480,312,752	451,129,654
Provision for impairment	480,312,752	(451,129,654)
Net receivable balance as at 31st March 2026	-	-

*The impairment provision has been recognised within administrative expenses in both the company and group statements of profit or loss.

Hayleys PLC, the Parent company of Hayleys Leisure PLC, has entered into a Binding contract with a potential buyer by way of a Letter of Intent on 3rd February 2026 and subsequently an Asset Purchase Agreement was signed on 17th of May 2026 to transfer the Head Lease and the operating assets of Luxury Resort (Pvt) Ltd, a wholly owned subsidiary of Hayleys PLC.

Based on the consideration by the potential buyer to transfer the Head Lease and the operating assets, the management has assessed that there is an uncertainty over the recoverability of its related receivables with Luxury Resort (Pvt) Ltd as at 31 March 2026. Accordingly, Hayleys Leisure PLC (Group and Company) has recognised an impairment loss of Rs. 480,312,752/- and Rs. 451,129,654/- respectively in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

29.2.2 Non-recurrent related party transactions

Except for the transaction disclosed in Note 29.2.1 above there were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Group and Company as per the latest audited financial statements. Disclosed below is information relating to the transaction as required by section 9.3.2 of the Colombo Stock Exchange Listing Rules 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 of Sri Lanka Act No.36 of 1987.

Name of the Related Party	Relationship	Value of the Related Party Transactions entered into during the financial year	Value of the transactions as %		Terms & conditions of the Related Party Transactions
			Equity	Total Assets	
Hayleys PLC	Ultimate Parent	268,915,778	17.9%	4.6%	Non-recurrent
Luxury Resort (Pvt) Ltd	Affiliate	268,915,778	17.9%	4.6%	Non-recurrent

29.2.3 Recurrent related party transactions:

Except of below; There were no recurrent related party transactions which in aggregate value exceeds 10% of the revenue of the Group as of 31st March 2025 audited financial statements, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered into during the financial year	Aggregate value of Related Party Transactions as a % of Net Revenue	Terms & conditions of the Related Party Transactions
The Kingsbury PLC	Affiliate	Working capital arrangement	115,000,000	3.5%	Recurrent
The Kingsbury PLC	Affiliate	Rooms & Other Sales	6,041,149	0.2%	Recurrent
The Kingsbury PLC	Affiliate	Management Fee	292,605,970	8.8%	Recurrent
The Kingsbury PLC	Affiliate	Expense Reimbursement	105,947,455	3.2%	Recurrent
Culture Club Resorts (Pvt) Ltd	Subsidiary	Working capital arrangement	129,000,000	3.9%	Recurrent
Culture Club Resorts (Pvt) Ltd	Subsidiary	Management Fee	93,026,811	2.8%	Recurrent
Culture Club Resorts (Pvt) Ltd	Subsidiary	Expense Reimbursement	168,682,597	5.1%	Recurrent
Sun Tan Beach Resorts Ltd	Subsidiary	Working capital arrangement	234,587,116	7.0%	Recurrent
Sun Tan Beach Resorts Ltd	Subsidiary	Management Fee	81,922,533	2.5%	Recurrent
Sun Tan Beach Resorts Ltd	Subsidiary	Expense Reimbursement	104,519,880	3.1%	Recurrent

29.3 Transactions with key management personnel of the company

The key management personnel of the company are the members of its Board of Directors and that of its parent.

a) Key management personnel compensation

	2026 Rs.	2025 Rs.
Short-term employee benefits	88,856,019	77,705,407
Directors emoluments	5,575,000	5,850,000
	94,431,019	83,555,407

b) Other transactions

No material transactions have taken place during the year with the key management personnel of the company, which required to disclosure in these financial statements other than those disclosed above.

30 EVENT OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustment to or disclosure in the financial statements.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's principal financial liabilities comprise interest bearing loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the group's operations and to provide guarantees to support its operations. The group financial assets includes trade and other receivables, cash and short-term deposits that arrive directly from its operations. The group also holds Fair value through OCI investments and equity investments designated under fair value through profit or loss.

The Group has exposure to the following risks from its financial instruments;

1. Market risk
2. Credit risk
3. Liquidity risk

The Audit Committee is responsible for overseeing how management ensures compliance with the Group's risk management policies and procedures. It also evaluates the adequacy of the risk management framework in addressing the Group's risk exposures. In fulfilling this oversight role, the Committee is supported by the Management Audit System Review Department (MASRD) of Hayleys PLC, which conducts both scheduled and ad-hoc reviews of risk management controls and processes, with findings reported directly to Audit Committee.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2026 and 2025.

The analysis exclude the impact of movements in market variables on the carrying value of Retirement Benefit obligation and provisions.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - (Contd...)

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 long-term debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the group's profit before tax is affected through the impact on floating rate borrowings as follows:

	Increase / decrease in basis points	Effect on profit/ (loss) before tax
2026	+50	7,591,150
	-50	(7,591,150)
2025	+50	10,868,170
	-50	(10,868,170)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign exchange 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 different currency from the group's functional currency) and the borrowings.

Foreign currency sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material. With all other variables held constant, the group's profit before tax is affected through the impact on floating rate borrowings as follows:

	Change in USD rate	Effect on profit before tax	Effect on equity
2026	5%	395,609	276,926
2025	5%	(187,473)	(131,231)

Equity price risk

The group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the group's senior management on a regular basis. The group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was Rs. 1,968,300/- (2025 - Rs. 2,220,566/-) An increase or decrease of 10% on the Colombo Stock Exchange (CSE) market index (ASPI) could have an impact of approximately Rs.196,830/- (2025 - Rs. 222,057/-) on the income and equity attributable to the Group.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including term deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables
The group has established policies, procedures and controls to manage the credit risk of travel agents, corporate customers and other customers of the group. The group thoroughly evaluate customers credentials and credit worthiness prior to contracting with them. As at reporting date risk exposure to receivables from individuals and entities are minimal as most of the transaction's with local individuals were done on cash basis.

An impairment analysis is performed at each reporting date using a provision matrix (simplified approach) to measure expected credit losses. The management also considered the local and global economic indicators and the results of negotiations and subsequent cash receipts in determining the provision for impairment.

Financial instruments and cash deposits
Credit risk from balances with banks and financial institutions is managed by the group's finance department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The group's evaluating the banks and financial institutions based on respective credit ratings.

Liquidity risk
In line with Group policies, liquidity risk is managed by maintaining adequate cash reserves and ensuring access to committed credit facilities to meet financial obligations as they fall due. The Group regularly monitors its liquidity position to ensure that sufficient funding is available to meet both operational and financial commitments. Flexibility in short-term funding is primarily maintained through the use of bank overdraft facilities.

The Group has Rs.65,995,935/- of short term deposits and Rs.109,313,951/- of cash balance as at the reporting date and the Group assessed these funds are sufficient to meet the obligations when due.

Excessive risk concentration
Concentrations arise as a number of hotels are coming and engaged in tourism industry activities in the Group's geographical region and have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines mitigate those risk factors. The Group has improve the marketing activities specially in different customer segments and geographical region to attract many more tourists from those regions. Significant part of the Group customer base was reflected form the foreign tourists and the Group now considering the promoting the Hotel to local customers as well.

NOTES TO THE FINANCIAL STATEMENTS

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - (CONTD...)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

As at 31 March 2026	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	More than 5 Years Rs.	Total Rs.
Interest-bearing loans and borrowings	499,023,690	119,530,396	333,507,773	566,168,066	-	1,518,229,925
Trade and other payables	-	267,534,334	488,463,791	887,654,533	-	1,643,652,658
	499,023,690	387,064,730	821,971,564	1,453,822,599	-	3,161,882,583

As at 31 March 2025	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	More than 5 Years Rs.	Total Rs.
Interest-bearing loans and borrowings	688,993,628	119,054,474	333,978,023	896,502,869	135,105,000	2,173,633,994
Trade and other payables	-	230,750,344	675,890,517	836,594,248	-	1,743,235,109
	688,993,628	349,804,818	1,009,868,540	1,733,097,117	135,105,000	3,916,869,103

Capital management

Capital includes only the equity attributable to the equity holders of the parent.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain future development of the business. The Group's objectives when managing capital are to;

i. Safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders, and

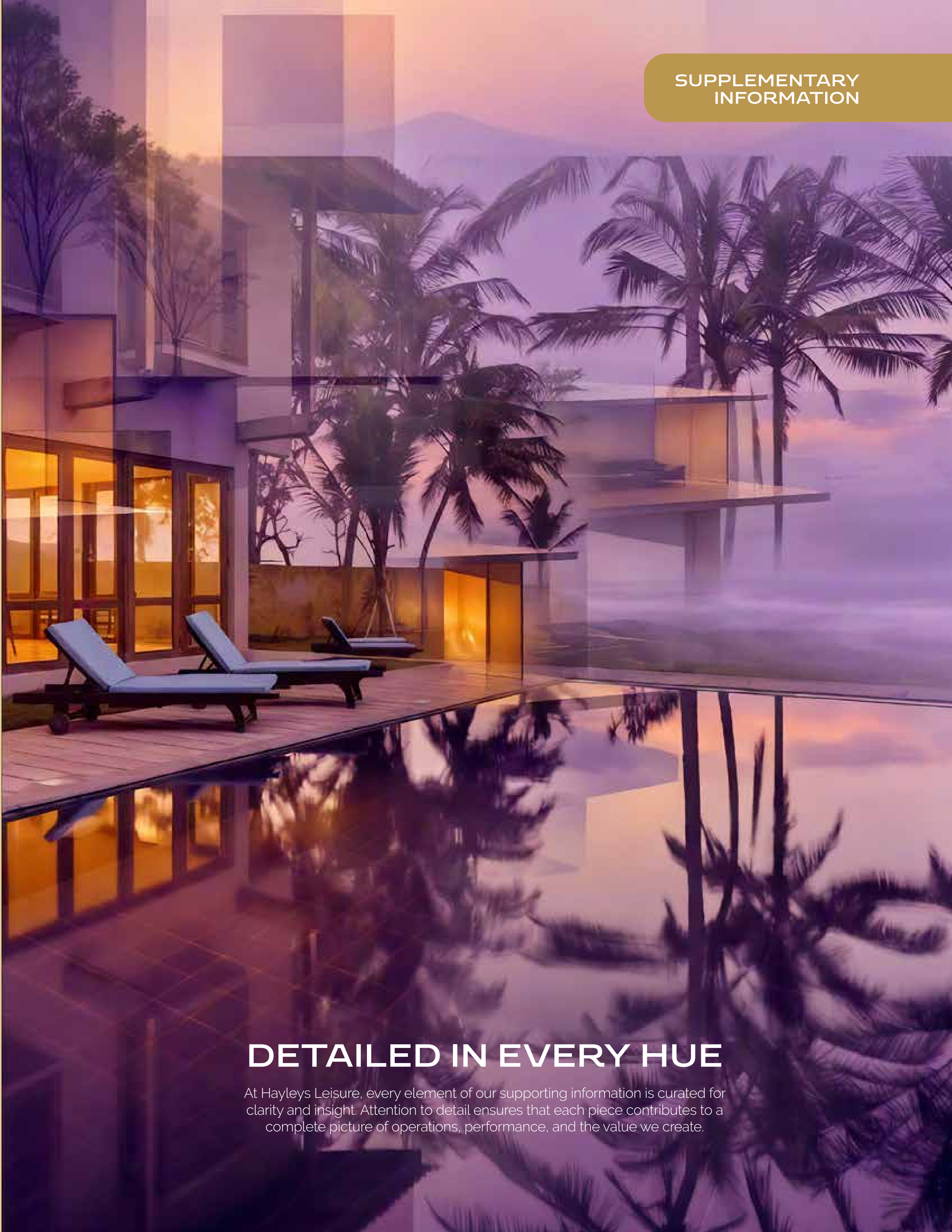
ii. Maintain an optimal capital structure to reduce the cost of capital.

Management monitors the return on capital , as well as the level of dividends to ordinary shareholders.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio at minimum level. The Group includes within net debt, bank overdraft, trade and other payables, less cash and cash equivalents.

	2026 Rs.	2025 Rs.
Interest-bearing loans and borrowings (Note 18.1)	1,518,229,925	2,173,633,994
Trade and other payables (Note 24)	1,643,652,658	1,743,235,109
Less: Cash and short term deposits (Note 21)	(175,309,886)	(113,252,149)
Net debt	2,986,572,697	3,803,616,954
Equity	1,237,549,146	1,334,522,831
Total capital	1,237,549,146	1,334,522,831
Capital and net debt	4,224,121,843	5,138,139,785
Gearing ratio	70.70%	74.03%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2026 and 2025.



SUPPLEMENTARY INFORMATION

DETAILED IN EVERY HUE

At Hayleys Leisure, every element of our supporting information is curated for clarity and insight. Attention to detail ensures that each piece contributes to a complete picture of operations, performance, and the value we create.

SHAREHOLDERS INFORMATION

Ordinary Shareholders as a 31st March 2026 -3,023 (as at 31st March 2025 - 2,586)

	Residents			Non Residents			Total		
	No.of Shareholders	No.of Shares	%	No.of Shareholders	No.of Shares	%	No.of Shareholders	No.of Shares	%
1 - 1,000	2,115	505,400	0.47	6	1,746	0.00	2,121	507,146	0.47
1,001 - 10,000	641	2,201,986	2.04	6	24,834	0.02	647	2,226,820	2.06
10,001 - 100,000	208	6,132,346	5.68	1	10,200	0.01	209	6,142,546	5.69
100,001 - 1,000,000	32	8,301,667	7.69	2	269,199	0.25	34	8,570,866	7.94
Over 1,000,000	12	90,542,580	83.84	-	-	-	12	90,542,580	83.84
	3,008	107,683,979	99.72	15	305,979	0.28	3,023	107,989,958	100.00

Category	Residents			Non Residents			Total		
	No.of Shareholders	No.of Shares	%	No.of Shareholders	No.of Shares	%	No.of Shareholders	No.of Shares	%
Individuals	2,860	9,516,861	8.81	13	36,780	0.03	2,873	9,553,641	8.84
Institutions	148	98,167,118	90.91	2	269,199	0.25	150	98,436,317	91.16
	3,008	107,683,979	99.72	15	305,979	0.28	3,023	107,989,958	100.00

For the Twelve months ended 31 March	2025/26		2024/25	
	Rs.	Date	Rs.	Date
Highest Price during the year	47.50	21/10/2025	37.50	22/01/2025
Lowest Price during the year	24.60	07/04/2025	17.60	10/09/2024
Closing Price	28.40		28.20	
No. of transactions	15,059		11,799	
No. of shares traded	35,748,964		30,108,420	
Value of shares traded Rs.	1,310,470,061		866,854,304	

TOP TWENTY SHAREHOLDERS

	Name of Shareholder	No.of Shares as at 31.03.2026	%	No.of Shares as at 31.03.2025	%
1	HAYLEYS PLC	46,690,587	43.24	46,690,587	43.24
2	DEAN FOSTER (PRIVATE) LIMITED	23,049,088	21.34	23,049,088	21.34
3	EMPLOYEE'S PROVIDENT FUND	10,222,396	9.47	10,388,284	9.62
4	MERCANTILE INVESTMENTS AND FINANCE PLC	1,933,440	1.79	1,933,440	1.79
5	TOYO CUSHION LANKA (PRIVATE) LIMITED	1,835,420	1.70	1,835,420	1.70
6	DEUTSCHE BANK AG - NATIONAL EQUITY FUND	1,582,094	1.47	452,211	0.42
7	PEOPLE'S LEASING AND FINANCE PLC/L.P.HAPANGAMA	1,547,675	1.43	592,437	0.55
8	VOLANKA EXPORTS LIMITED	1,445,358	1.34	1,445,358	1.34
9	SEYLAN BANK PLC/MOHAMED MUSHTAQ FUAD	1,230,100	1.14	-	-
10	MR. KULAPPU ARACHCHIGE DON DHAMMIKA PERERA	1,006,422	0.93	1,006,422	0.93
11	RANAVAV HOLDINGS (PVT) LTD	900,000	0.83	-	-
12	PEOPLE'S LEASING & FINANCE PLC/L.H.L.M.P.HARADASA	647,658	0.60	90,000	0.08
13	HATTON NATIONAL BANK PLC/JN LANKA HOLDINGS COMPANY (PVT) LTD	633,568	0.59	-	-
14	PEOPLE'S LEASING AND FINANCE PLC/R.M.N.C.BANDARA	625,300	0.58	-	-
15	CITISENS DEVELOPMENT BUSINESS FINANCE PLC/ RATHNAYAKE MUDIYANSELAGE NUWAN CHATHURANGE BANDARA	444,086	0.41	-	-
16	PEOPLE'S LEASING AND FINANCE PLC/M.M.FUAD	333,456	0.31	-	-
17	MR. HITBANDARA ATAPATTU MUDIYANSELAGE PREMARATNE ALGAMA	314,504	0.29	314,504	0.29
18	MR. DEREK JOSEPH DE SILVA WIJEYERATNE	300,088	0.28	320,088	0.30
19	MR. LIYANAGE SANJAYA UPENDRA PERERA	300,000	0.28	90,000	0.08
20	SAMPATH BANK PLC/ANDARADENIYA ESTATE PRIVATE LIMITED	274,789	0.25	274,789	0.25
	TOTAL	95,316,029	88.26	88,482,628	81.94

There were no non-voting shares as at 31st March 2026

For the Twelve months ended 31 March	2026	2025
Market Capitalisation as at 31st March	3,066,914,807.20	3,045,316,815.60
Float - Adjusted Market Capitalisation as at 31st March	964,551,557.20	957,758,940.60
Percentage of Public Holding	31.45%	31.45%
Total no. of shareholders representing public holding	3,016	2,579

The Company complies with option 5 of the Listing Rules 7.13.1 (i) (a) - 20% minimum Public Holding is required if the Company has less than Rs. 2.5 Bn. Float Adjusted Market Capitalisation.

10 YEAR FINANCIAL SUMMARY AND KEY INDICATORS

Year ended 31 March Results Results	2026 Rs'000	2025 Rs'000	2024 Rs'000	2023 Rs'000	2022 Rs'000	2021 Rs'000	2020 Rs'000	2019 Rs'000	2018 Rs'000	2017 Rs'000
Revenue	3,555,235	3,332,079	2,877,808	1,531,664	777,262	362,362	1,225,951	1,643,863	1,442,894	1,575,332
Profit before tax	(131,333)	277,370	(154,507)	(892,029)	(892,717)	(784,638)	(252,362)	270,449	50,051	188,262
Taxation	(109,624)	(117,858)	8,521	67,599	(5,823)	(5,081)	(13,999)	(35,217)	(42,012)	(39,439)
Profit after tax	(240,957)	159,512	(145,986)	(824,431)	(898,540)	(789,719)	(266,361)	235,232	8,038	148,823
"Profit/(Loss) attributable to owners of the parent"	(239,295)	156,840	(112,626)	(741,165)	(826,368)	(723,771)	(168,578)	299,697	93,267	206,443
Non-Controlling Interest	(1,662)	2,673	(33,361)	(83,265)	(72,173)	(65,948)	(97,783)	(64,465)	(85,229)	(57,620)
Fund employed										
Stated capital*	909,371	909,371	909,371	909,371	909,371	909,371	909,371	909,371	819,780	819,779
Capital Reserves	469,694	469,694	469,694	376,989	462,906	423,794	423,794	423,794	269,100	274,699
Other component of equity	-	-	-	-	-	71,981	(60,487)	(49,105)	(7,569)	(17,286)
Revenue reserves	(133,855)	122,738	(34,613)	83,737	825,883	1,469,067	2,236,086	2,414,321	2,406,462	2,318,535
"Equity attributable to equity holders of the parent"	1,245,210	1,501,803	1,344,453	1,370,097	2,198,160	2,874,212	3,508,763	3,698,380	3,487,773	3,395,728
Non-Controlling Interest	(7,661)	(167,280)	(169,778)	(136,120)	(52,790)	25,491	22,272	128,253	206,597	285,554
Borrowings	1,518,230	2,173,634	2,575,416	2,790,881	2,775,877	2,023,826	1,568,828	1,354,460	1,447,915	1,518,536
Assets Employed										
Non-current assets	4,465,059	4,491,032	4,804,855	4,744,849	4,996,335	5,093,434	4,973,397	4,999,758	5,027,506	5,141,443
Current assets	606,918	1,386,253	1,010,254	664,128	663,129	396,390	695,115	830,547	607,443	554,134
Current Liabilities net of borrowings	922,993	1,082,018	1,184,072	1,113,990	493,485	380,164	375,162	451,869	309,384	510,648
Provisions	-	-	-	-	-	-	193,486	197,344	183,280	146,797
Capital Employed	2,755,779	3,508,157	3,750,091	4,024,858	4,921,246	4,923,530	5,099,864	5,181,093	5,142,286	5,038,133
Cashflow										
"Net cash inflow/ (outflow) from operating activities"	775,224	531,420	323,798	(173,504)	(737,321)	(624,158)	(114,412)	372,205	52,255	374,717
Net cash inflow/ (outflow) from Investment Activities	(188,648)	(157,529)	(132,471)	(65,858)	46,714	88,744	(53,141)	110,336	(57,978)	110,652
Net cash inflow/ (outflow) from Financing Activities	(334,548)	(554,523)	(193,261)	140,954	518,397	341,790	108,421	(404,683)	(50,455)	(525,346)
Increase/ (decrease) in cash and cash equivalents	252,028	(180,632)	(1,934)	(98,408)	(172,210)	(193,624)	(59,132)	77,858	(56,178)	(39,978)
Key Indicators										
Earnings/ (Loss) per share (basic) (Rs,)**	(2.22)	1.45	(1.04)	(6.86)	(7.65)	(6.70)	(3.12)	5.55	1.80	3.98
Dividend per share (Rs.)	-	-	-	-	-	-	-	5.50	-	2.00
Net Assets Value per share (Rs.)**	11.53	13.91	12.45	12.69	20.36	26.62	64.98	68.49	67.23	65.46
Market price per share (rs.)	28.40	28.20	20.00	24.00	16.20	17.80	25.00	37.20	52.80	63.80
Return of shareholders fund (%)	(19.47)	11.95	(12.43)	(66.81)	(41.88)	(27.23)	(7.54)	6.15	0.22	4.04
Return of capital employed (%)	1.31	14.51	6.16	(9.20)	(10.89)	(11.24)	(1.65)	8.53	4.14	7.81
Price earnings ratio (times)	(12.82)	19.42	(19.18)	(3.50)	(2.12)	(2.66)	(8.01)	6.70	29.37	16.03

* Share capital and share premium previously reported have been reclassified to reflect stated capital as define in the Companies Act No. 07 of 2007.
** Earnings per share and Net Asset per share in all reporting periods were adjusted based on post sub division of two shares for every one ordinary share held.

GRI CONTENT INDEX

Statement of use	Hayleys Leisure PLC has reported in accordance with the GRI Standards for the period 1st April 2025 to 31st March 2026
GRI 1 used	GRI 1: Foundation 2021

GRI Standard/ Other Source	Disclosure	Location	Page No.	Omission			GRI Sector Standard Ref. No
				Requirement(s) Omitted	Reason	Explanation	
GRI 2: General Disclosures 2021	2-1 Organisational details	About this Report	3	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organisation's sustainability reporting	About this Report	4-7				
	2-3 Reporting period, frequency and contact point	About this Report	4-7				
	2-4 Restatements of information	About this Report	4-7				
	2-5 External assurance	About this Report	4-7				
	2-6 Activities, value chain and other business relationships	Value Creation Model	30-31	None			
	2-7 Employees	Human Capital	66-75	None			
	2-8 Workers who are not employees	Human Capital	66-75	None			
	2-9 Governance structure and composition	Corporate Governance	102-110	None			
	2-10 Nomination and selection of the highest governance body	Corporate Governance	102-110	None			
	2-11 Chair of the highest governance body	Corporate Governance	102-110	None			
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance	102-110	None			
	2-13 Delegation of responsibility for managing impacts	Corporate Governance	102-110	None			
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance	102-110	None			
	2-15 Conflicts of interest	Corporate Governance	102-110	None			

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Page No.	Omission			GRI Sector Standard Ref. No
				Requirement(s) Omitted	Reason	Explanation	
	2-16 Communication of critical concerns	Corporate Governance	102-110	None			
	2-17 Collective knowledge of the highest governance body	Corporate Governance	102-110	None			
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance	102-110	None			
	2-19 Remuneration policies	Corporate Governance	102-110	None			
	2-20 Process to determine remuneration	Corporate Governance	102-110	None			
	2-21 Annual total compensation ratio	Corporate Governance	102-110	None			
	2-22 Statement on sustainable development strategy	Corporate Governance	102-110	None			
	2-23 Policy commitments	Corporate Governance	102-110	None			
	2-24 Embedding policy commitments	Corporate Governance	102-110	None			
	2-25 Processes to remediate negative impacts	Corporate Governance	102-110	None			
	2-26 Mechanisms for seeking advice and raising concerns	Corporate Governance	102-110	None			
	2-27 Compliance with laws and regulations	Corporate Governance	102-110	None			
	2-28 Membership associations	Intellectual Capital	76-79	None			
	2-29 Approach to stakeholder engagement	Stakeholder Engagement	32-38	None			
	2-30 Collective bargaining agreements			2-30	Not applicable	Not relevant to the Company's operations	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Material Topics	52-55	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	Material Topics	52-55				

GRI Standard/ Other Source	Disclosure	Location	Page No.	Omission			GRI Sector Standard Ref. No
				Requirement(s) Omitted	Reason	Explanation	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Value Creation Model	30-31	None			
	201-2 Financial implications and other risks and opportunities due to climate change	Natural Capital	86-100	None			
	201-3 Defined benefit plan obligations and other retirement plans	Notes to Financial Statements	198	None			
	201-4 Financial assistance received from government			201-4	Not applicable	Not relevant to the Company's operations	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage			202-1	Confidentiality constraints		
	202-2 Proportion of senior management hired from the local community	Human Capital	66-75	None			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Social & Relationship Capital	80-85	None			
	203-2 Significant indirect economic impacts	Social & Relationship Capital	80-85	None			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Social & Relationship Capital	80-85	None			

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Page No.	Omission			GRI Sector Standard Ref. No
				Requirement(s) Omitted	Reason	Explanation	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Corporate Governance	102-110	None			
	205-2 Communication and training about anti-corruption policies and procedures	Corporate Governance	102-110	None			
	205-3 Confirmed incidents of corruption and actions taken	Corporate Governance	102-110	None			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Corporate Governance	102-110	None			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 207: Tax 2019	207-1 Approach to tax	Corporate Governance	102-110	None			
	207-2 Tax governance, control, and risk management	Corporate Governance	102-110	None			
	207-3 Stakeholder engagement and management of concerns related to tax	Corporate Governance	102-110	None			
	207-4 Country-by-country reporting			207-4	Not applicable	Not relevant to the Company's operations	

GRI Standard/ Other Source	Disclosure	Location	Page No.	Omission			GRI Sector Standard Ref. No
				Requirement(s) Omitted	Reason	Explanation	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Natural Capital	86-100	None			
	301-2 Recycled input materials used			301-2	Information unavailable/ incomplete	Too many variables to standardise	
	301-3 Reclaimed products and their packaging materials			301-3	Not applicable	Not relevant to the Company's operations	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Natural Capital	86-100	None			
	302-2 Energy consumption outside of the organisation				Information unavailable/ incomplete	Too many variables to standardise	
	302-3 Energy intensity	Natural Capital	86-100	None			
	302-4 Reduction of energy consumption	Natural Capital	86-100	None			
	302-5 Reductions in energy requirements of products and services	Natural Capital	86-100	None			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Natural Capital	86-100	None			
	303-2 Management of water discharge-related impacts	Natural Capital	86-100	None			
	303-3 Water withdrawal	Natural Capital	86-100	None			
	303-4 Water discharge	Natural Capital	86-100	None			
	303-5 Water consumption	Natural Capital	86-100	None			

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Page No.	Omission			GRI Sector Standard Ref. No
				Requirement(s) Omitted	Reason	Explanation	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Natural Capital	86-100	None			
	304-2 Significant impacts of activities, products and services on biodiversity	Natural Capital	86-100	None			
	304-3 Habitats protected or restored	Natural Capital	86-100	None			
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations			304-4	Not applicable	Not relevant to the Company's operations	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Natural Capital	86-100	None			
	305-2 Energy indirect (Scope 2) GHG emissions	Natural Capital	86-100	None			
	305-3 Other indirect (Scope 3) GHG emissions	Natural Capital	86-100	None			
	305-4 GHG emissions intensity	Natural Capital	86-100	None			
	305-5 Reduction of GHG emissions	Natural Capital	86-100	None			
	305-6 Emissions of ozone-depleting substances (ODS)	Natural Capital	86-100	None			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			305-7	Not applicable	Not relevant to the Company's operations	

GRI Standard/ Other Source	Disclosure	Location	Page No.	Omission			GRI Sector Standard Ref. No
				Requirement(s) Omitted	Reason	Explanation	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Natural Capital	86-100	None			
	306-2 Management of significant waste-related impacts	Natural Capital	86-100	None			
	306-3 Waste generated	Natural Capital	86-100	None			
	306-4 Waste diverted from disposal	Natural Capital	86-100	None			
	306-5 Waste directed to disposal	Natural Capital	86-100	None			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Social & Relationship Capital	80-85	None			
	308-2 Negative environmental impacts in the supply chain and actions taken	Social & Relationship Capital	80-85	None			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Capital	66-75	None			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital	66-75	None			
	401-3 Parental leave	Human Capital	66-75	None			

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Page No.	Omission			GRI Sector Standard Ref. No
				Requirement(s) Omitted	Reason	Explanation	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes			402-1	Not applicable	Not relevant to the Company's operations	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Human Capital	66-75	None			
	403-2 Hazard identification, risk assessment, and incident investigation	Human Capital	66-75	None			
	403-3 Occupational health services	Human Capital	66-75	None			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Human Capital	66-75	None			
	403-5 Worker training on occupational health and safety	Human Capital	66-75	None			
	403-6 Promotion of worker health	Human Capital	66-75	None			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Human Capital	66-75	None			
	403-8 Workers covered by an occupational health and safety management system	Human Capital	66-75	None			
	403-9 Work-related injuries	Human Capital	66-75	None			
	403-10 Work-related ill health	Human Capital	66-75	None			

GRI Standard/ Other Source	Disclosure	Location	Page No.	Omission			GRI Sector Standard Ref. No
				Requirement(s) Omitted	Reason	Explanation	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Capital	66-75	None			
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Capital	66-75	None			
	404-3 Percentage of employees receiving regular performance and career development reviews	Human Capital	66-75	None			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Capital	66-75	None			
	405-2 Ratio of basic salary and remuneration of women to men	Human Capital	66-75	405-2	Confidentiality constraints		
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human Capital	66-75	None			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
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			407-1	Not applicable	Not relevant to the Company's operations	

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Page No.	Omission			GRI Sector Standard Ref. No
				Requirement(s) Omitted	Reason	Explanation	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Social & Relationship Capital	80-85	None			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Social & Relationship Capital	80-85	None			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures			410-1	Not applicable	Not relevant to the Company's operations	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples			411-1	Not applicable	Not relevant to the Company's operations	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social & Relationship Capital	80-85	None			
	413-2 Operations with significant actual and potential negative impacts on local communities	Social & Relationship Capital	80-85	None			

GRI Standard/ Other Source	Disclosure	Location	Page No.	Omission			GRI Sector Standard Ref. No
				Requirement(s) Omitted	Reason	Explanation	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Social & Relationship Capital	80-85	None			
	414-2 Negative social impacts in the supply chain and actions taken	Social & Relationship Capital	80-85	None			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 415: Public Policy 2016	415-1 Political contributions			415	Not available		
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Intellectual Capital	76-79	None			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Intellectual Capital	76-79	None			

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Page No.	Omission			GRI Sector Standard Ref. No
				Requirement(s) Omitted	Reason	Explanation	
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Social & Relationship Capital	80-85	None			
	417-2 Incidents of non-compliance concerning product and service information and labeling	Social & Relationship Capital	80-85	None			
	417-3 Incidents of non-compliance concerning marketing communications	Social & Relationship Capital	80-85	None			
GRI 3: Material Topics 2021	3-3 Management of material topics	Material Topics	52-55	None			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Social & Relationship Capital	80-85	None			

SASB DISCLOSURE INDEX

Hotels & Lodging - Sustainability Disclosure topics and accounting metrics

Topic	Accounting Metric	Unit of Measure	Code	Disclosure	Page
Energy Management	1. Total energy consumed 2. Percentage grid electricity 3. Percentage renewable	GJ % %	SV-HL-130a.1	27,176.2 GJ 83.7% (out of total energy) 0%	86-100
Water Management	1. Total water withdrawn 2. Total water consumed	m^3 m^3	SV-HL-140a.1	146,724 M3 31,158 M3 (assumption based calculated)	86-100
Ecological Impacts	Number of lodging facilities located in or near areas of protected conservation status or endangered species habitat	No.	SV-HL-160a.1	Please refer Natural Capital	86-100
	Description of environmental management policies and practices to preserve ecosystem services	n/a	SV-HL-160a.2	Please refer Natural Capital	86-100
Labour Practices	1. Voluntary and 2. Involuntary turnover rate for lodging facility employees		SV-HL-310a.1	39% 0%	66-75
	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	Rs.	SV-HL-310a.2	None	66-75
	1. Average hourly wage 2. percentage of lodging facility employees earning minimum wage, by region	Rs. %	SV-HL-310a.3	Not reported due to reasons of confidentiality 100% of employees earned above the local stipulated minimum wage in regions of operation	66-75
	Description of policies and programmes to prevent worker harassment	n/a	SV-HL-310a.4	Please refer Human Capital	66-75
Climate Change Adaptation	Number of lodging facilities located in 100- year flood zones	No.	SV-HL-310a.4	0 (based on available data sources)	

Activity Metric	Unit of Measure	Code	Disclosure
Number of available room-nights	No.	SV-HL-000.A	134,320
Average occupancy rate	%	SV-HL-000.B	66%
Total area of lodging facilities	M2	SV-HL-000.C	44,478 m2
Number of lodging facilities and the percentage that are: 1. Managed 2. Owned and leased 3. Franchised	No & %	SV-HL-000.D	2 facilities 100% owned and 1 facility 84.09% owned

CORPORATE STRUCTURE

NAME OF COMPANY
Hayleys Leisure PLC

COMPANY REGISTRATION NO
PQ 145

LEGAL FORM
Public Quoted Company with limited liability - originally incorporated in Sri Lanka as a Private Company and later converted to a Public Company.

REGISTERED OFFICE
Level 27, East Tower, World Trade Center,
Echelon Square, Colombo 01 Sri Lanka.
Telephone 011 - 4767800
Website www.amayaresorts.com

BOARD OF DIRECTORS
Mr. A. M. Pandithage (Chairman)
Mr. R. J. Karunarajah (Managing Director)
Mr. S. C. Ganegoda
Ms. R. N. Ponnambalam
Ms. W. D. De Costa
Mr. D. T. R. De Silva
Ms. K. A. D. B Perera
Ms. A. A. K. Amarasinghe
Ms. H. D. K. Randiligama
Mr. T. M. Hewagama
(Appointed w. e. f. 30.04.2025)

AUDIT COMMITTEE
Mr. D. T. R. De Silva (Chairman)

Ms. W. D. De Costa

Ms. H. D. K. Randiligama

REMUNERATION COMMITTEE
Mr. D. T. R De Silva (Chairman)

Mr. S. C. Ganegoda

Ms. H. D. K. Randiligama

Ms. A. A. K. Amarasinghe (Appointed w.e.f. 26.01.2026)

NOMINATIONS AND GOVERNANCE COMMITTEE
Mr. D. T. R De Silva (Chairman)

Mr. S. C. Ganegoda

Ms. H. D. K. Randiligama

Ms. A. A. K. Amarasinghe (Appointed w.e.f. 26.01.2026)

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
Mr. D. T. R De Silva (Chairman)
Mr. S. C. Ganegoda
Ms. H. D. K. Randiligama
Ms. A. A. K. Amarasinghe (Appointed w.e.f. 26.01.2026)

SUBSIDIARY COMPANIES UNQUOTED
Culture Club Resorts (Private) Limited.

Kandyan Resorts (Private) Limited.

Sun Tan Beach Resorts Limited.

Hayleys Holidays (Private) Limited.

CDC Convention (Private) Limited.

Hayleys Hotel Management Services (Private) Limited.

SECRETARIES
Hayleys Group Services (Private) Limited
No. 400, Deans Road,
Colombo 10
Sri Lanka.
Telephone : +94 112 627 650-3 (4 lines)

AUDITORS
Ernst & Young - Chartered Accountants
Rotunda Towers
No. 109, Galle Road,
Colombo 03
Sri Lanka.

BANKERS
Hatton National Bank PLC

Commercial Bank of Ceylon PLC

Pan Asia Bank PLC

Nations Trust Bank PLC

DFCC Bank PLC

Seylan Bank PLC

Bank of Ceylon

Sampath Bank PLC

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE FORTY FOURTH (44TH) ANNUAL GENERAL MEETING OF HAYLEYS LEISURE PLC will be held on Wednesday, 24th June 2026 at 11:00 a.m. at the Chas P. Hayley Lounge of Hayleys PLC, No. 400, Deans Road, Colombo 10 for the following purposes:

1.To consider and adopt the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2026 with the Report of the Auditors thereon.

2. To re-elect as a Director Ms. K. A. D. B. Perera, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.

3. To re-elect as a Director Mr. S. C. Ganegoda, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.

4. To re-elect as a Director Mr. D. T. R. De Silva, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.

5. To propose the following resolution for the re-appointment of Mr. A. M. Pandithage in terms of Section 211 of the Companies Act No. 07 of 2007.

Ordinary Resolution

'That Mr. Abeyakumar Mohan Pandithage, who is over the age of seventy years be and is hereby re-appointed as a Director until the next Annual General Meeting and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to him'.

6.To authorise the Directors to determine donations and contributions to charities for the ensuing year.

7.To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2026/27 and to authorise the Directors to determine their remuneration.

8.To consider and if thought fit, to pass the following Special Resolution to amend the existing Article 50(1) in the Articles of Association of the Company;

Special Resolution (1)

IT IS HEREBY RESOLVED THAT Article 50 (1) of the Articles of Association of the Company be amended by the inclusion of the following paragraph at the end of Article 50 (1) ;

"The Company may serve any notice or document by electronic mail to an electronic mail account notified by a shareholder in writing or by any other acceptable means to the Company or to the Central Depository System (Pvt) Ltd. Where electronic mail is used, the notice or document shall be deemed to have been received by the shareholder upon the dispatch of same by the Company or by the Central Depository System (Pvt) Ltd, through electronic mail."

By Order of the Board,
HAYLEYS LEISURE PLC

Amali Munasinghe Peiris
Director
HAYLEYS GROUP SERVICES (PRIVATE) LIMITED
Secretaries

Colombo.
02nd June 2026.

NOTES TO SHAREHOLDERS:

1. A Shareholder is entitled to appoint a proxy to attend and vote instead of him/her and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the office of the Company Secretaries at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the time fixed for the Meeting.

2. The Annual Report of the Company for 2025/26 is available on the corporate website www.amayaresorts.com/about/annual-reports and on the Colombo Stock Exchange website - www.cse.lk. If you wish to have a printed copy of the Annual Report, please forward the duly completed 'Request Form - Annexure A' to Chameera Gunawardena, Hayleys Group Services (Private) Limited, Secretaries for Hayleys Leisure PLC, No. 400, Deans Road, Colombo 10. Email Address : chameera.gunawardena@secretarial.hayleys.com. A printed copy of the Annual Report will be forwarded within 8 market days from the date of receiving the Request Form.

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FORM OF PROXY

I/We ....

(full name of Shareholder) NIC No./Reg. No. of Shareholder .... of ....

.... being Shareholder/Shareholders of Hayleys Leisure PLC hereby appoint:

(1)... (full name of Proxyholder) NIC No. of Proxyholder ....

of...or, failing him/them

(2) ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our Proxy to attend and vote as indicated hereunder for me/us and on my/our behalf at the Forty Fourth Annual General Meeting of the Company to be held on Wednesday, 24th June 2026 at 11.00 a.m. and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

	For	Against
1. To adopt the Annual Report of the Directors and the Statement of Accounts for the year ended 31st March 2026 with the Report of the Auditors thereon.		
2. To re-elect as a Director Ms. K. A. D. B. Perera, as set out in the Notice.		
3. To re-elect as a Director Mr. S. C. Ganegoda, as set out in the Notice.		
4. To re-elect as a Director Mr. D. T. R. De Silva, as set out in the Notice.		
5. To re-appoint Mr. A. M. Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007.		
6. To authorise the Directors to determine donations and contributions to charities for the ensuing year.		
7. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2026/27 and to authorise the Directors to determine their remuneration.		
8. To pass the Special Resolution to amend Article 50(1) of the Articles of Association of the Company as set out in the Notice.		

Signed on this .... day of .... 2026.

....

Signature of Shareholder

(Instructions are given overleaf)

FORM OF PROXY

INSTRUCTIONS:

1. The completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Private) Limited, at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the start of the meeting. **Delayed Proxy Forms shall not be accepted**.

2. A Shareholder entitled to attend and vote at the Annual General Meeting of the Company, is entitled to appoint a Proxy to attend and vote instead of him/her and the Proxy need not be a Shareholder of the Company.

3. Full name of Shareholder/Proxy holder and their NIC Nos. are mandatory. Your Proxy Form will be rejected if these details are not completed.

4. A Shareholder is not entitled to appoint more than one Proxy to attend on the same occasion.

5. The duly completed Form of Proxy must be dated and signed by the Shareholder.

6. Please indicate with an "X" in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy can vote as he/she thinks fit.

7. In the case of a company/corporation the proxy must be executed in the manner prescribed by its Articles of Association or by a duly authorised Director.

8. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.

9. In case of Marginal Trading Accounts (slash accounts), the Form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.

Designed & produced by
emagewise

Hayleys
LEISURE