

VALLIBEL ONE PLC

ANNUAL REPORT 2025/26

A Resilient Structure Built on Purpose

A bird's feather is a study in intelligent design, embodying efficiency, strength, and resilience within a single streamlined form. Its strength lies not in a single strand, but in the way each element connects to create balance, movement, and endurance. Light in appearance yet refined for resilience, it demonstrates how interconnected parts can work together to maximise resources, adapt to changing conditions, and generate sustained momentum.

Vallibel One is shaped by the same principle. Across our diverse sectors, each business contributes its own expertise, perspective, and capabilities, while remaining connected through a unified framework that supports long-term growth and stability.

Like the intricate structure of a feather, our operations are strengthened through alignment, where strategy, systems, and execution work together seamlessly to support performance across evolving market conditions. This integrated approach enables us to optimise resources, respond with agility, and create sustainable value across every sector we operate in.

Guided by operational discipline, strong governance, and a shared strategic direction, the Group continues to strengthen the connections between its businesses, ensuring that each contributes meaningfully to the resilience of the whole.

Refined through experience and continuously evolving, Vallibel One moves forward with confidence, resilient by design, adaptable in motion, and built to sustain lasting value.



Form.

Over the years, Vallibel One has evolved into a streamlined and resilient form – shaped with clarity, aligned with purpose, and built to maximise performance. Designed with agility at its core, our structure enables us to navigate change, face headwinds with confidence, and deliver consistent results.

Function.

Within this form lies a powerful synergy. Each entity operates with its own mandate, yet together we move as one – a network of distinct strengths aligned toward a shared vision. Here, individual effort is translated into collective momentum, enabling us to reach new heights, deliver long-term value.

Efficiency.

Enduring performance rests on balance. Our processes are engineered to optimise resources, reinforce resilience, and uphold responsible stewardship. Guided by sound governance and measured execution, we are equipped to manage risk with foresight and sustain growth – both now and in the years to come.

Vallibel One PLC.

A structure designed to endure.

A system built on diverse strengths.

A future forged with precision.



What's Inside

4 Vision, Mission, Values

1
OVERVIEW
6 A Background to this Report
12 Engineered for Performance
13 About Vallibel One
14 Portfolio at a Glance
16 Group Structure
18 Investment Case

2
LEADERSHIP
20 Chairman's Statement
22 Managing Director's Review
26 Board of Directors

3
A COMMITMENT TO EXCELLENCE
32 Year at a Glance
34 Performance Highlights
34 Financial Highlights
35 Non-Financial Highlights
36 Milestones
38 Awards and Recognition
40 Integrating Business Excellence

4
STRATEGY AND DIRECTION
43 Operating Landscape
48 Risks and Opportunities
50 Risks and Opportunities
55 Stakeholder Engagement
61 Materiality Assessment
69 Defining our Flight Path
70 Strategy and Resource Allocation
74 How Value Takes Form
76 Value Creation Model



GOLDEN PHEASANT FEATHER

The Golden Pheasant's metallic feather glows with fine detailing, projecting prestige, excellence, and enduring value, exemplifying leadership that consistently delivers high-quality performance.

5

SUSTAINABILITY PERFORMANCE

79 Sustainability Integration
80 Our Ecosystem of Economic Value
83 SLFRS Sustainability Related Financial Disclosures

6

PERFORMANCE REVIEW

Sector Reviews

116 Lifestyle
123 Finance
130 Aluminium
137 Leisure
143 Consumer Goods
150 Healthcare
156 Packaging
162 Other

Capital Reports

168 Financial Capital
174 Manufactured Capital
182 Human Capital
198 Intellectual Capital
208 Social and Relationship Capital
218 Natural Capital

7

GOVERNANCE

228 Corporate Governance
244 Annual Report of the Board of Directors on the Affairs of the Company
249 Statement of Directors' Responsibilities for Financial Reporting
250 Report of the Audit Committee
252 Report of the Related Party Transactions Review Committee
254 Nominations and Governance Committee Report
259 Remuneration Committee Report

8

FINANCIAL REPORTS

262 Independent Auditor's Report
267 Statement of Financial Position
269 Statement of Profit or Loss
270 Statement of Other Comprehensive Income
271 Statement of Changes in Equity
274 Consolidated Statement of Cash Flows
276 Notes to the Financial Statements

9

SUPPLEMENTARY INFORMATION

382 Decade at a Glance
383 Group Value Added Statement
384 Indicative US Dollar Income Statement
385 Indicative US Dollar Statement of Financial Position
386 Shareholder Information
392 Subsidiary/Associate Companies of Vallibel One PLC
399 GRI Content Index
405 Glossary of Financial Terms
407 Notice of Annual General Meeting
409 Form of Proxy
411 Investor Feedback Form
IB Corporate Information



MANDARIN DUCK FEATHER

The Mandarin Duck's architectural feather shows elegant layering and colour blocks, conveying structure and deliberate design, mirroring strategic decision-making that drives sustainable growth.

Vision

Achieve uniqueness through diversity, leadership, creativity and inspiration.

Mission

To run healthy core businesses, leverage strengths into new ventures, work together with people to be Sri Lanka's corporate leader.

Core Values

Wealth creation is our reason for being. It drives us to create value for our stakeholders. It is a vision that is powered by our core guiding philosophy; a uniqueness that stems from five core values:

- Diversity
- Creativity
- People
- Innovation
- Leadership

08
Sectors

13
Industries

58
Companies

16
Years in operation

530+
Years of cumulative business experience across the Group

10,254
Employees



Purpose.
Diversity.
Identity.

A feather gains its character from many distinct elements arranged into one coherent whole. This section introduces Vallibel One's reporting foundation, guiding principles, Group identity and diversified portfolio.

The Mandarin Duck

The feather of the Mandarin Duck combines bold architectural colour blocks with elegant layering - a symbol of harmony between distinct elements while maintaining a seamless and striking visual balance.

A Background to this Report



10th

INTEGRATED ANNUAL REPORT

Welcome to the 10th Integrated Annual Report of Vallibel One PLC. This report serves as the Group's primary channel of communication with stakeholders, presenting a clear, balanced and connected review of its financial and non-financial performance for the year ended 31 March 2026.

As an investment holding company with a diversified portfolio of businesses, Vallibel One's performance is shaped by the results of its subsidiaries and by the Group's ability to allocate capital effectively, strengthen governance, support operational discipline and guide long-term strategic direction across its sectors. Accordingly, this report presents performance at both Group and sector level, supported by discussion on strategy, risk, material topics, stakeholder relationships, capital deployment and sustainability-related considerations.

The report also outlines the Group's operating context, governance structures and risk management practices, while presenting its forward-looking strategy and outlook. Together, these disclosures provide stakeholders with a connected view of how Vallibel One creates, preserves and enhances value in a changing environment.

What's new in this report?

- Revised sector structure
- First-time adoption of SLFRS S1 and S2 standards
- Improved report flow and readability
- Updated material topics
- Revised principal risks and strategic imperatives
- Expanded sector-level discussions
- Improved trade-off reporting
- Dedicated sustainability/ESG section

Basis of Preparation → Integrated Reporting Boundary

Operating Landscape (pages 43-48)	Stakeholder Expectations (pages 55-60)	Risks and Opportunities (pages 48-54)	Materiality Assessment (pages 61-68)	Strategy and Resource Allocation (pages 70-73)	Value Creation (pages 74-77)	Performance Review (pages 116-226)	Sustainability Performance (pages 79-114)

Corporate Governance (pages 228-243)

Financial Reporting Boundary

58 COMPANIES

57 SUBSIDIARIES

1 ASSOCIATE

Vallibel One PLC and its Group Companies



- Lifestyle
- Finance
- Aluminium
- Leisure
- Consumer Goods
- Healthcare
- Packaging
- Others

Reporting Period, Scope and Focus

Reporting Period

1 April 2025 – 31 March 2026

Comparative information from the previous financial year has been presented where available, meaningful and comparable.

Reporting Scope and Boundary

This report covers Vallibel One PLC, its subsidiaries and its associate, collectively referred to as "the Group".

1 April 2025 – 31 March 2026

The financial reporting boundary is aligned to the consolidated financial statements and covers 58 companies, comprising 57 subsidiaries and 01 associate.

Reporting Focus

Material Group and sector-level matters

Disclosures are guided by the Group's material topics (pages 61–68) defined through a comprehensive double materiality assessment.

This report presents performance at both Group and sector level.

Group-level disclosures cover consolidated financial performance, governance, strategy, principal risks, material topics, capital outcomes and sustainability-related matters. Sector-level disclosures provide further insight into the operating context, performance, strategic focus areas, risks, opportunities and outlook of the Group's key sectors.

While the financial statements reflect the consolidated financial performance of the Group, narrative disclosures focus on subsidiary and sector-level matters considered material to value creation, stakeholder interests, strategic priorities, principal risks, sustainability impacts or overall performance.

A Background to this Report

COMPARABILITY

During the year, the Group refined its sector reporting structure to better reflect its current portfolio, management approach and strategic priorities. The Group's sector presentation has been expanded from six sectors to eight sectors, as follows:

6 sectors
2024/25
Lifestyle, Finance, Aluminium Consumer, Leisure, Investments and Others

8 sectors
2025/26
Lifestyle, Finance, Aluminium, Leisure, Consumer Goods, Healthcare, Packaging and Others

As a result, certain sector-level disclosures may not be directly comparable with prior-year information. Where possible, prior-year sector information has been provided or reclassified to support meaningful year-on-year comparison. Where comparison is not possible, not available or may be misleading, relevant explanatory notes have been included.

RESTATEMENTS

No restatements of previously reported information have been made during the reporting period, unless specifically indicated.



REPORTING STANDARDS AND FRAMEWORKS

This Integrated Annual Report has been developed with reference to applicable reporting standards, frameworks, regulatory requirements and best practice guidance. Together, these inform the Group's financial reporting, sustainability-related financial disclosures, governance disclosures and integrated reporting approach.

The framework map below shows how the key standards and frameworks have been applied across the report.

Disclosure Area	Standards, Frameworks, or Regulations	How They Inform the Report
Value Creation and Integrated Reporting	Integrated Reporting Framework, maintained by the IFRS Foundation	Guides the report's value creation narrative, use of capitals, connectivity of information, strategic focus and long-term orientation.
Sustainability Reporting	GRI Standards – In Accordance: Core United Nations Sustainable Development Goals	Guides disclosures on material economic, environmental, social and governance topics, and supports alignment with broader sustainability priorities.
Sustainability-related Financial Disclosures	SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information SLFRS S2 – Climate-related Disclosures (Including applicable transitional reliefs)	Guides disclosures on sustainability-related and climate-related risks and opportunities that may reasonably be expected to affect the Group's prospects, with certain disclosures phased in where permitted under the Standards.
Financial Reporting	Sri Lanka Financial Reporting Standards Sri Lanka Accounting Standards issued by CA Sri Lanka International Financial Reporting Standards Companies Act No. 7 of 2007	Guides the preparation and presentation of the Group's audited financial statements and related statutory financial disclosures.
Corporate Governance and Compliance	Code of Best Practice on Corporate Governance Continuing Listing Requirements of the Colombo Stock Exchange Companies Act No. 7 of 2007	Guides disclosures on Board oversight, governance structure, accountability, compliance and listed entity obligations.



REPORTING PRINCIPLES AND IMPROVEMENTS

This report has been prepared in line with the guiding principles of integrated reporting. These principles have informed the structure, content and presentation of the report, while additional enhancements were introduced during the year to improve flow, readability, connectivity and decision-usefulness.



Integrated Reporting Principles

Strategic Focus and Future Orientation

Strategic direction, outlook and way forward commentary are reflected across the Leadership Reviews, Sector Reviews, Capital Reports and SLFRS S1/S2 disclosures.

Connectivity of Information

Cross-references, mapping tables and visual cues link the operating environment, stakeholders, material topics, risks, strategy, capitals, governance and performance.

Stakeholder Relationships

Stakeholder engagement, materiality, sector and sustainability disclosures reflect key stakeholder concerns, engagement mechanisms and the Group's responses.

Materiality

A new set of material topics, identified through a comprehensive double materiality assessment, guides the focus and prioritisation of disclosures across the report.

Conciseness

A refined structure, focused narratives, icons, summary tables and infographics improve readability and reduce repetition.

Reliability and Completeness

Internal review, sector-level validation, management inputs, supporting documentation and external audit of the financial statements support the reliability of reported information.

Consistency and Comparability

Comparative information is presented where available and meaningful, with explanatory notes where the revised sector structure affects year-on-year comparison.

Key Reporting Improvements in 2025/26

Area of Improvement	Enhancement Made During the Year
Report Structure and Flow	The report structure was refined to improve flow, reduce duplication and support easier navigation across key sections.
Revised Sector Structure	The Group's sector presentation was expanded from six sectors to eight sectors to better reflect its current portfolio, management approach and strategic priorities.
Group and Sector-Level Visibility	Reporting was enhanced to provide both a consolidated Group-level view and more detailed sector-level discussion on performance, strategy, risks, opportunities and outlook.

A Background to this Report

Area of Improvement	Enhancement Made During the Year
Refreshed Material Topics	Material topics were revised following a comprehensive double materiality assessment, strengthening the basis for determining report content.
Redefined Strategic Imperatives	Strategic imperatives were revised and more clearly connected to material topics, principal risks, capitals, sector priorities and resource allocation.
Revised Principal Risks	Principal risks were updated and better linked to the Group's strategy, material topics, sector exposure and capital impacts.
Connectivity of Disclosures	Cross-references, mapping tables and visual cues were used to improve the connection between strategy, risks, material topics, performance, sustainability and value creation.
Trade-offs and Interdependencies	Discussion of trade-offs across capitals was strengthened, particularly in the value creation model, strategy discussion and capital reports.
Sustainability and ESG Disclosures	A dedicated sustainability/ESG section was included, supported by expanded environmental, social and governance disclosures.
Climate Risk Assessment	SLFRS S1 and SLFRS S2 were applied in developing the Group's sustainability-related financial disclosures, including applicable transitional reliefs permitted under the Standards.
Presentation and Readability	Icons, infographics, summary tables and a more cohesive visual structure were used to improve readability and thematic consistency across the report.



HOW TO NAVIGATE THIS REPORT

This report uses icons, visual cues and reference codes to help readers follow the connections between the Group's strategy, risks, material topics, sectors, capitals and performance.

SECTORS

Lifestyle | Finance | Aluminium | Leisure | Consumer Goods | Healthcare | Packaging | Others

CAPITALS

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

Strategic Direction

Reference Codes	What it Represents	Detailed Discussion
SG, PC, GS, ME, BE	Strategic imperatives	Pages 70- 73
M1–M11	Material topics	Pages 61- 68
R1–R8	Principal risks	Pages 48- 54

UN Sustainable Development Goals



DATA AND INFORMATION COLLECTION

The data, information and figures presented in this report were gathered from relevant Group departments and sector-level companies through the Vallibel One Sustainability Portal, management questionnaires, interviews, internal reviews and engagement with subsidiary teams.

The information collected was reviewed by relevant management teams and, where applicable, cross-checked against internal records, audited financial statements, regulatory filings, management reports and supporting documentation. Additional information was gathered during the year to support the revised sector structure, updated material topics, revised risk discussions, expanded strategy disclosures and SLFRS S1/S2-related reporting.



Collect

Portal, questionnaires, interviews, subsidiary inputs and internal records

Review

Management review, sector-level validation and cross-checking against supporting documentation

Report

Final disclosures aligned with material topics, risks, strategy, capitals and sectors

ASSURANCE

The Group applies internal review and validation processes to support the accuracy, completeness and consistency of the information presented in this report. Financial, operational and sustainability-related information is reviewed by relevant departments, sector-level management teams and Group-level functions prior to publication.

The Group's consolidated financial statements and related financial disclosures have been audited by Ernst & Young, Independent Auditors. Their Independent Auditor's Report is presented on pages 262–266.

Non-financial and sustainability-related disclosures have been prepared using internal data collection, management review and supporting documentation. Where applicable, these disclosures have been cross-checked against internal records, regulatory filings, management reports and other source documents.

FEEDBACK AND SUGGESTIONS



Vallibel One welcomes comments, queries and suggestions for improvement relating to this report and its contents. Please direct feedback to:

Finance executive

Vallibel One PLC
29th Floor, West Tower
World Trade Center
Echelon Square
Colombo 1

Telephone : 0112445577
Fax : 0112445500
Email : info@vallibel.com

Our feedback form can also be found on page 411 of this report.

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements relating to the Group's strategy, priorities, outlook, plans and anticipated operating conditions. These statements are based on information, assumptions and expectations available at the time of reporting.

Actual outcomes may differ due to changes in the external environment, market conditions, regulatory developments, stakeholder expectations, climate-related factors and other risks or uncertainties. The Group does not undertake to update or revise these statements after publication, unless required by applicable laws or regulations.

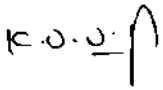
BOARD RESPONSIBILITY STATEMENT

The Integrated Annual Report has been prepared by the Senior Management of the Group on behalf of the Board of Directors. The Senior Management has used internal and external resources in compiling and validating this report to enhance the presentation and readability of the same.

The Annual Report of the Board of Directors includes an acknowledgement of the Directors' responsibility with regard to the Annual Report. The Board of Directors acknowledges its responsibility to ensure the integrity of the Integrated Annual Report and considers that the Integrated Annual Report of Vallibel One PLC for the financial year ended 31st March 2026 is presented in accordance with the standards and requirements set out in the preceding pages.

The Board of Directors approved the report on 04th June 2026

Signed on behalf of the Board



Dhammika Perera
Chairman



Manil Jayasinghe
Chairman – Audit Committee



Dinusha Bhaskaran
Managing Director

Engineered for Performance

Balance and Precision in Every Layer

Every feather is composed of interconnected structures that work together to create strength, flexibility, balance, and precision. Similarly, Vallibel One's diversified portfolio is strengthened through alignment across sectors, disciplined governance, operational integration, and complementary capabilities that support sustainable long-term performance.

RACHIS

Providing direction and stability

The central structure that supports alignment, strength, and coordinated movement across the feather, much like the Group's strategic direction and governance framework guide long-term progress.

AFTERFEATHER

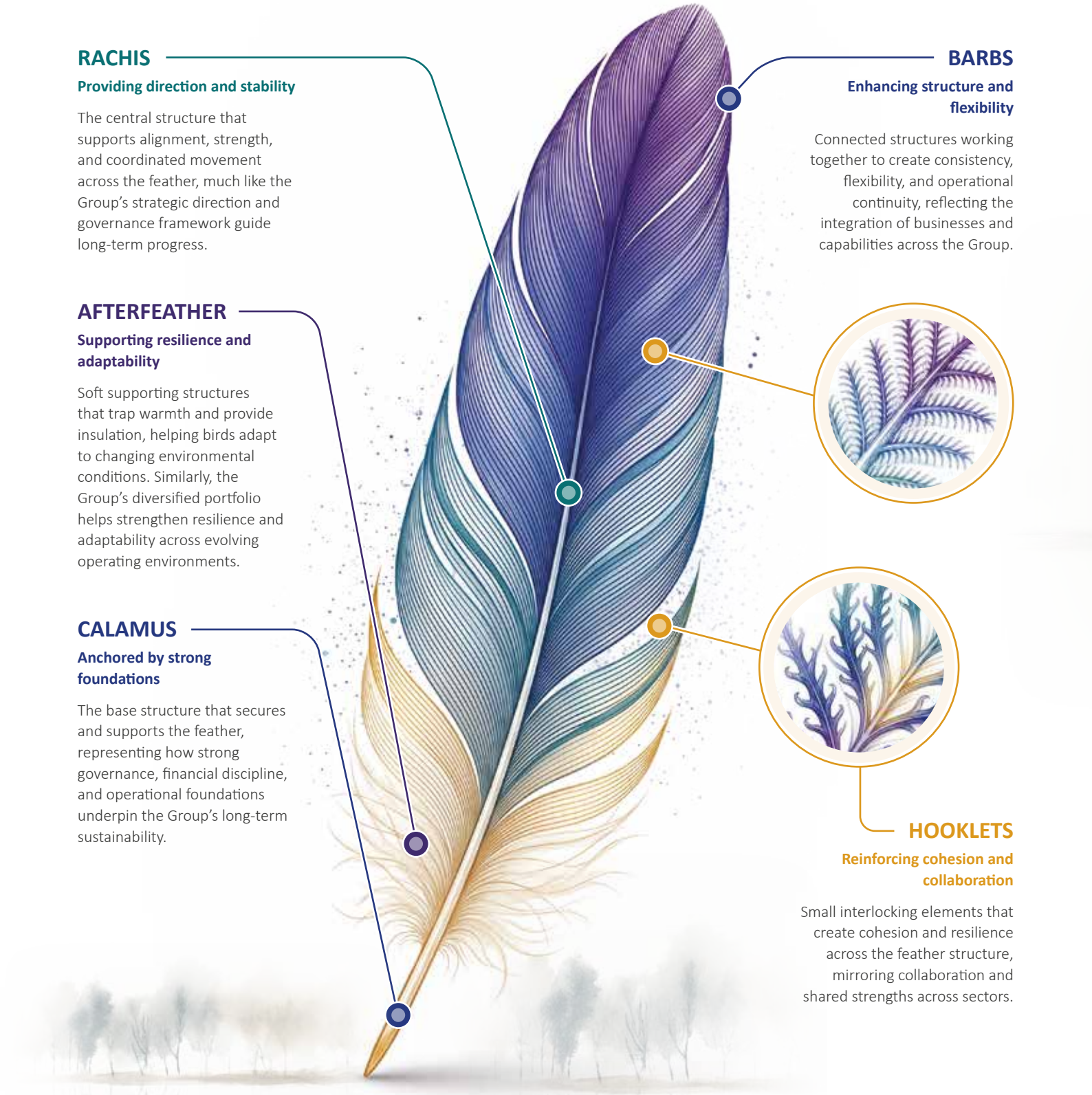
Supporting resilience and adaptability

Soft supporting structures that trap warmth and provide insulation, helping birds adapt to changing environmental conditions. Similarly, the Group's diversified portfolio helps strengthen resilience and adaptability across evolving operating environments.

CALAMUS

Anchored by strong foundations

The base structure that secures and supports the feather, representing how strong governance, financial discipline, and operational foundations underpin the Group's long-term sustainability.



BARBS

Enhancing structure and flexibility

Connected structures working together to create consistency, flexibility, and operational continuity, reflecting the integration of businesses and capabilities across the Group.

HOOKLETS

Reinforcing cohesion and collaboration

Small interlocking elements that create cohesion and resilience across the feather structure, mirroring collaboration and shared strengths across sectors.

12

About Vallibel One

Vallibel One PLC was founded in 2010 and listed on the Colombo Stock Exchange in 2011. Within a relatively short period, the Group has grown into one of Sri Lanka's leading diversified conglomerates. Today, it spans 58 companies across multiple sectors, including financial services, manufacturing and industrialisation, and leisure and tourism, contributing to the nation's economic development through diversified and coordinated growth.

Like a wing in motion, each entity plays a distinct role, coming together to create balance, direction, and forward momentum.

Shaping Direction and Progress

Primary feathers → Driving forward movement, expansion and strategic direction

Guided by leadership and a clear long-term vision, the Group's strategic direction informs investment decisions across high-impact sectors and enables the Group to respond to changing conditions while sustaining forward momentum.

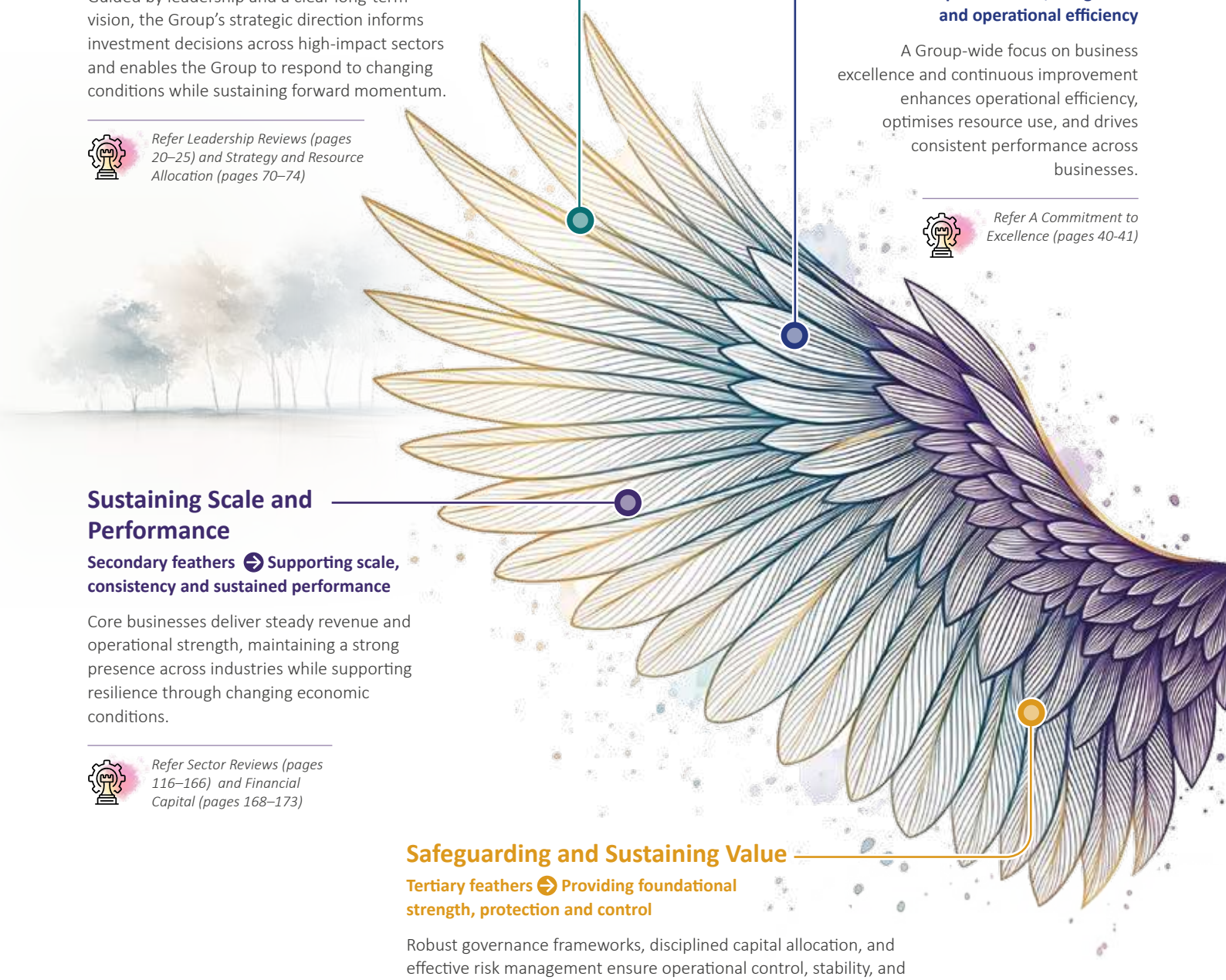
Refer Leadership Reviews (pages 20–25) and Strategy and Resource Allocation (pages 70–74)

Enabling Excellence and Efficiency

Covert feathers → Enabling streamlined performance, integration and operational efficiency

A Group-wide focus on business excellence and continuous improvement enhances operational efficiency, optimises resource use, and drives consistent performance across businesses.

Refer A Commitment to Excellence (pages 40-41)



Sustaining Scale and Performance

Secondary feathers → Supporting scale, consistency and sustained performance

Core businesses deliver steady revenue and operational strength, maintaining a strong presence across industries while supporting resilience through changing economic conditions.

Refer Sector Reviews (pages 116–166) and Financial Capital (pages 168–173)

Safeguarding and Sustaining Value

Tertiary feathers → Providing foundational strength, protection and control

Robust governance frameworks, disciplined capital allocation, and effective risk management ensure operational control, stability, and long-term sustainability across the Group.

Refer Corporate Governance (pages 228–243) and Risk Management (pages 48–54)

Portfolio at a Glance

Distinct sectors. Connected strengths. Shared progress.

Vallibel One's portfolio reflects the strength of diversity. Like feathers of different forms, textures and colours, each sector brings a distinct character and contribution to the Group. Together, they create balance, support resilience and enable shared progress across a broad base of businesses, markets and capabilities.

Leisure

Boutique hospitality, resort operations, spa, travel and destination-led leisure experiences.

PBT	Assets
0.1%	2%

Consumer Goods

FMCG, pharmaceuticals, medical equipment and consumer distribution businesses.

Revenue	PBT	Assets
6%	1%	1%

Aluminium

Aluminium extrusions and customised aluminium solutions for construction, industrial and architectural applications.

Revenue	PBT	Assets
8%	2%	2%

Healthcare

Hospital, diagnostics, specialist care, wellness and related healthcare services.

Revenue	PBT	Assets
3%	3%	1%

Finance

Licensed financial services including leasing, deposits, gold loans, savings and digital financial solutions.

Revenue	PBT	Assets
42%	61%	68%

Packaging

Packaging solutions and B2B industrial packaging activities supporting customer supply chains.

Revenue	PBT	Assets
6%	2%	2%

Lifestyle

Tiles, sanitaryware, kitchen solutions and lifestyle products serving residential and commercial spaces.

Revenue	PBT	Assets
34%	15%	14%

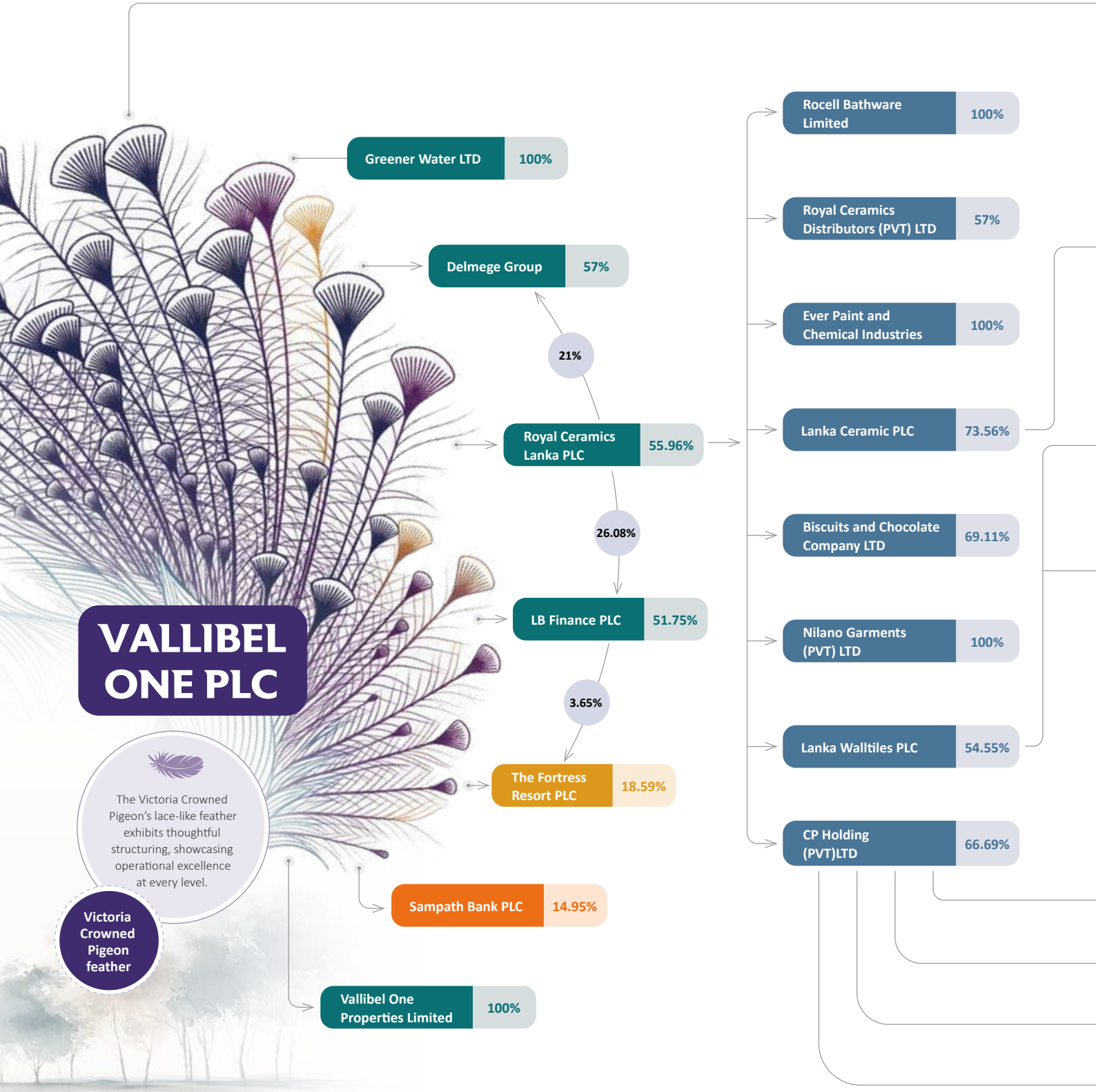
Others

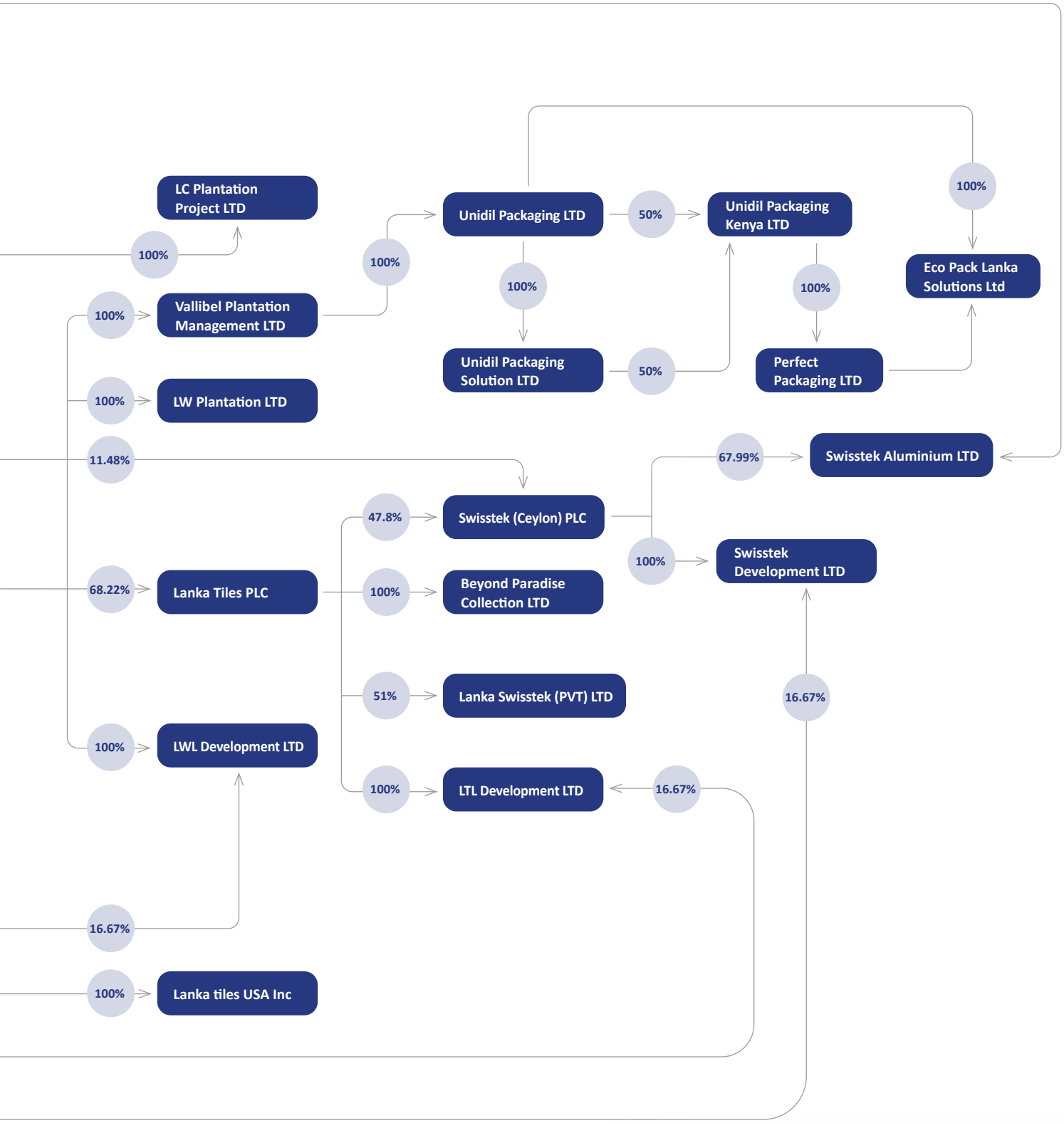
Mining, insurance brokering, travel, shipping and other specialised business interests.

Revenue	PBT	Assets
1%	15%	12%



Group Structure




LC Plantation Project LTD
100%
Unidil Packaging LTD
50%
Unidil Packaging Kenya LTD
100%
Eco Pack Lanka Solutions Ltd
100%
100%
100%
Vallibel Plantation Management LTD
100%
100%
Unidil Packaging Solution LTD
50%
Perfect Packaging LTD
100%
LW Plantation LTD
11.48%
67.99%
Swisstek Aluminium LTD
47.8%
Swisstek (Ceylon) PLC
100%
Swisstek Development LTD
68.22%
Lanka Tiles PLC
100%
Beyond Paradise Collection LTD
51%
Lanka Swisstek (PVT) LTD
16.67%
100%
LWL Development LTD
100%
LTL Development LTD
16.67%
16.67%
100%
Lanka tiles USA Inc

Investment Case

Diversified strength. Disciplined growth. Long-term value creation.

Vallibel One's investment case is anchored in a diversified portfolio across eight sectors, sustained shareholder value creation, disciplined capital stewardship, islandwide market presence and continued investment in innovation and future readiness.

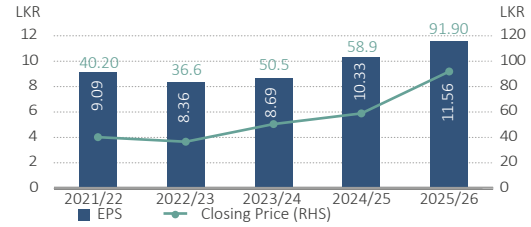
Shareholder Value Creation

Delivering value through earnings growth and stronger market confidence.

LKR 11.56
EPS

LKR 58.90 Bn
Closing share price

Consolidated EBIT



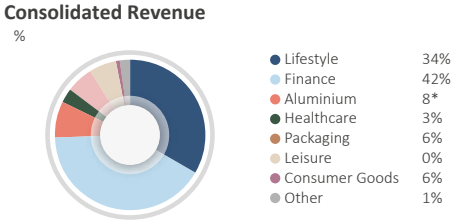
Diversified Revenue Base

Generating revenue through a balanced portfolio across eight sectors.

6
Sectors

LKR 149.5 Bn
Equity base

Consolidated Revenue



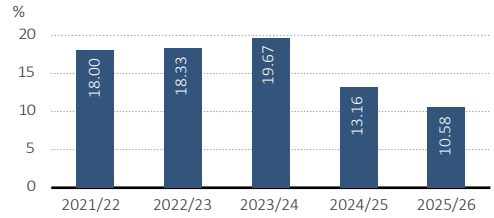
Capital Stewardship

Maintaining disciplined capital deployment across the Group portfolio.

10.58%
ROCE

LKR 180.9 Bn
Equity base

5-year return on capital employed



Market Reach and Brand Presence

Sustaining customer access through an islandwide presence, broad distribution reach and overseas markets.

66,627
Dealers and distributors

Islandwide
Presence across Sri Lanka

23
Overseas markets

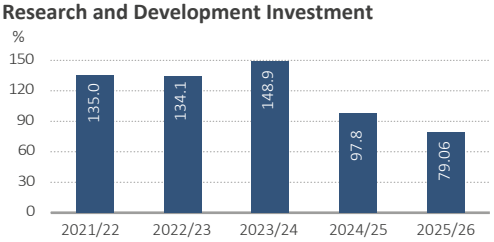
Capital Stewardship

Investing in product development, process improvement and portfolio relevance to support future growth.

LKR 97.8 Bn
R&D investment

20+
New products launched

Research and Development Investment





Guidance.

Balance.
Direction.

Feathers support movement by enabling guidance, balance and direction through changing conditions. This section presents Vallibel One's leadership perspectives, outlining the vision and strategic outlook that guide the Group's continued progress and charts its course.

The Secretarybird

The Secretarybird's feather exhibits minimalist design and is complemented by exceptional structural integrity; it maintains composure, precision, and the unrelenting strength to guide with clarity.

Chairman's Statement



Our vision for Vallibel One has always been shaped by the belief that Sri Lanka can build businesses of world-class scale, relevance and ambition. As the Group moves forward, this vision continues to guide how we think, invest and respond – looking beyond the conventional, challenging established norms and pursuing opportunities that create long-term value across our key sectors. We seek to not merely to grow in scale, but to build an diversified organisation with the resilience, strategic clarity and entrepreneurial drive to stand as a powerhouse of Sri Lankan enterprise.

Dear Stakeholders,

The year under review marked a period of renewed momentum for Vallibel One PLC, as improving economic conditions and focused strategic execution translated into significant gains across the Group. Sri Lanka's operating environment continued to move through a period of transition, with signs of macroeconomic stabilisation emerging alongside persistent cost pressures, cautious consumer behaviour and evolving market expectations. Against this backdrop, the Group remained anchored to the principles that have long underpinned its strength: diversification, prudent financial management, responsive leadership and a clear commitment to long-term value creation.

During the year, the Group delivered a strong performance, reflecting the resilience of its portfolio and the effectiveness of its strategic direction. Group revenue increased to LKR 149.3 billion, while profit before tax rose to LKR 30.6 billion. Profit for the year amounted to LKR 20.9 billion, supported by broad-based improvement across key areas of the Group. Total assets increased to LKR 591.5 billion, further strengthening the platform from which Vallibel One will pursue future growth.

Guided by vision, built for resilience

Our vision for Vallibel One has always been shaped by the belief that Sri Lanka can build businesses of world-class scale, relevance and ambition. As the Group moves forward, this vision continues to guide how we think, invest and respond – looking beyond the conventional, challenging established norms and pursuing opportunities that create long-term value across our key sectors. We seek to not merely to grow in scale, but to build an diversified organisation with the resilience, strategic clarity and entrepreneurial drive to stand as a powerhouse of Sri Lankan enterprise.

This ambition is reinforced by the breadth and balance of our portfolio, which once again proved valuable during the year. It enabled our businesses to respond with agility, absorb volatility, share learning across sectors and allocate resources responsibly.

Strategy anchored in long-term value

Vallibel One's long-term vision is centred on sustained growth across diverse sectors, balancing innovation with operational excellence. During the year, our strategic direction continued to be guided by disciplined financial management, investment in technology, human capital development, customer-centricity and alignment with global standards, particularly in relation to environmental, social and governance practices.

The Group's performance during the year reflected both strategic adaptation and stronger recovery across key areas of the portfolio. This performance was not driven by a single sector or short-term opportunity, but by the strength of a diversified business model designed to create value across economic cycles.

Our focus remains on building the capabilities that will allow the Group to compete and create value over the long term. This includes strengthening digital readiness, improving efficiency, building leadership depth, enhancing customer trust and ensuring that sustainability becomes a more practical and measurable part of business performance.

Responsible growth and national contribution

As a diversified Group, Vallibel One's role extends beyond financial performance. Through its businesses, the Group contributes to employment, supply chain activity, tax revenues, financial access, export earnings, innovation and infrastructure-linked growth. These contributions are particularly important at a time when Sri Lanka's recovery depends on enterprise resilience, private sector investment and renewed confidence.

Our commitment to sustainability and business excellence forms part of this wider responsibility, with the Group's Business Excellence Framework embedding defined Key Sustainability Performance Indicators into core performance management. These indicators support long-term value creation, efficiency, regulatory preparedness and the advancement of our environmental, social and governance priorities.

From an environmental perspective, our focus is on renewable energy, water stewardship, waste reduction, circularity and responsible resource use. Our social priorities remain anchored in workforce capability, wellbeing, safety and community impact, while our governance agenda includes strengthening non-financial disclosures, enhancing ESG integration and building preparedness for evolving reporting standards. In doing so, we aim to strengthen the link between responsible growth, sound stewardship and the trust of the stakeholders we serve.

Governance and stewardship

Strong governance remains central to Vallibel One's ability to create and safeguard value. During the year, the Group continued to strengthen accountability through transparent reporting, risk awareness, internal controls and clear governance structures, while ensuring that its governance framework supports informed decision-making, responsible capital allocation and long-term resilience.

The Group's approach to risk management continued to evolve, with emphasis on early identification, data-led decision-making, crisis readiness and continuous improvement in response to macroeconomic, currency, supply chain, regulatory and climate-related risks.

Looking ahead

The outlook for the coming year is one of cautious optimism. Improving domestic demand, value-driven consumption, urbanisation, infrastructure growth, renewable energy expansion, regional market opportunities and digitally enabled platforms are expected to create new avenues for growth. At the same time, we remain mindful of inflationary pressures, interest rate movements, exchange rate volatility, global geopolitical risks, energy and raw material costs, and the need to retain and develop specialised talent.

Vallibel One is well-positioned to navigate this environment. Our diversification provides natural resilience across sectors and economic cycles, while disciplined financial management supports stability and investment capacity. Established brands, agile leadership, cross-sector synergies, strong governance and a balanced portfolio provide a sound foundation for the next phase of growth.

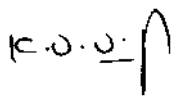
Acknowledgments

On behalf of the Board, I wish to thank our shareholders for their continued confidence, our customers and partners for their trust, and our employees and management teams for their unwavering dedication during the year. I also extend my appreciation to my fellow Directors for their guidance and stewardship.

During the year, Mr Shiran Harsha Amarasekara stepped down from his role as Co-Chairman. I wish to place on record my sincere appreciation for his valuable contribution, leadership and service to Vallibel One, and for the counsel and commitment he has brought to the Group's journey.

We were also pleased to appoint Mr Sumith Adhihetty as Co-Chairman, further strengthening Board leadership through his experience, business insight and deep understanding of the Group. We also welcomed Mrs Yanika Amarasekara as an Independent Non-Executive Director, whose professional perspective, independent judgement and fresh insight will add depth to the Board's deliberations.

As we move forward together, Vallibel One remains committed to building a stronger, more future-ready Group — one that creates sustainable value for shareholders while contributing meaningfully to Sri Lanka's progress.



Dhammika Perera
Chairman

4th June 2026

Managing Director's Review



The strength of this strategy is reflected in our financial performance. Group revenue increased by approximately 22% to LKR 149.3 billion, while profit before tax rose by approximately 24% to LKR 30.6 billion. Profit after tax exceeded LKR 20.8 billion, representing growth of approximately 30% over the previous year. Total assets expanded to LKR 591.5 billion, highlighting the Group's increasing scale, financial strength, and market relevance.

Dear Stakeholders,

The year ended 31 March 2026 marked a defining chapter in Vallibel One PLC's journey, underscoring the strength of our diversified business model, the resilience of our portfolio companies, and our ability to create sustainable value in a rapidly evolving economic environment.

As Sri Lanka continued its path toward economic stabilisation, Vallibel One progressed beyond resilience into a phase of accelerated growth. Guided by disciplined execution, prudent capital allocation, operational excellence, and strategic investments, the Group delivered one of its strongest financial performances while reinforcing the foundations for long-term value creation.

Today, Vallibel One stands among Sri Lanka's most diversified and strategically positioned conglomerates, with interests spanning financial services, lifestyle and construction solutions, aluminium, healthcare, consumer products, packaging, hospitality, logistics, insurance, and industrial materials. This breadth of exposure remains a core competitive advantage, enabling us to navigate changing market conditions while capturing opportunities across multiple sectors.

The strength of this strategy is reflected in our financial performance. Group revenue increased by approximately 22% to LKR 149.3 billion, while profit before tax rose by approximately 24% to LKR 30.6 billion. Profit after tax exceeded LKR 20.8 billion, representing growth of approximately 30% over the previous year. Total assets expanded to LKR 591.5 billion, highlighting the Group's increasing scale, financial strength, and market relevance.

Importantly, these results were not driven by a single business, sector, or market trend. Rather, they were supported by broad-based contributions across the portfolio, demonstrating the depth, resilience, and diversity of our earnings base.

This balanced performance reflects the evolution of Vallibel One from a collection of successful businesses into a connected

ecosystem of market leaders. We continue to invest in businesses that address customer needs, strengthen industries, contribute to national development, and generate sustainable returns for shareholders. This philosophy remains central to our growth strategy and long-term vision.

Creating visibility across a growing portfolio

As our portfolio continues to expand and diversify, we recognise the importance of providing shareholders with greater visibility into the businesses that drive Vallibel One's performance and future growth.

During the year, we refined the Group's sector reporting structure to better reflect the strategic composition of our portfolio. This enhanced approach provides stakeholders with a clearer understanding of sector performance, growth opportunities, capital allocation priorities, and long-term value drivers.

The revised structure also highlights a defining characteristic of Vallibel One: our strength lies in balance. By combining mature cash-generating businesses with high-growth platforms and emerging opportunities, we have built a portfolio capable of delivering sustainable value across varying economic cycles.

The following sections provide an overview of the performance and strategic priorities of each operating segment during the year.

Finance Sector

The Finance sector remained the Group's largest earnings contributor and a key driver of shareholder value during the year. Stronger lending momentum, higher customer activity, disciplined portfolio management and a continued focus on asset quality supported another year of robust performance.

Net interest income increased by 23.0% to LKR 31.3 billion, while profit after tax rose by 29.0% to LKR 14.0 billion. These results reflect the sector's ability to navigate changing market conditions while maintaining prudent risk management and strengthening customer relationships.

The year also brought important strategic developments. The acquisition of a controlling stake in Associated Motor Finance PLC expanded the Group's presence in mobility-linked financial services, while preparations for entry into the Philippines marked the beginning of the sector's next phase of regional growth.

The sector continues to advance financial inclusion through microfinance, mobility finance and affordability-focused solutions that support entrepreneurs, underserved communities and emerging customer segments. Looking ahead, priorities include prudent growth, digital transformation, regional expansion and opportunities in housing, electric vehicle financing and lifestyle-oriented financial solutions.

Lifestyle Sector

The Lifestyle sector recorded a strong recovery, supported by the gradual revival of Sri Lanka's construction industry, improving macroeconomic conditions and increased activity across residential, commercial and infrastructure developments.

Revenue increased by 15.0% to LKR 50.4 billion, while profit from continuing operations rose by 58.0% to LKR 3.5 billion. Growth was driven by stronger demand for tiles, architectural hardware, interior solutions, sanitaryware and other building-related products and services.

As one of the Group's most strategically important sectors, Lifestyle strengthened its market leadership through showroom expansion, broader product offerings, deeper engagement with architects and designers, and the development of integrated lifestyle solutions. Automation, procurement efficiencies, energy optimisation and improved project execution further supported profitability.

With construction activity expected to strengthen in the years ahead, the sector is well positioned to benefit from rising demand for quality building materials, design-led solutions and integrated living environments.

Aluminium Sector

The Aluminium sector maintained its steady growth trajectory, supported by demand from construction, urban development, infrastructure projects and renewable energy applications.

Revenue increased to LKR 12.1 billion, while profit after tax from continuing operations rose by 24.0% to LKR 636 million. Performance was supported by disciplined cost management, operational improvements and growing demand across both traditional building applications and sustainability-linked sectors.

The sector will continue to focus on productivity improvements, product innovation, margin protection and strengthening competitiveness in an increasingly dynamic market.

Healthcare Sector

The Healthcare sector delivered a resilient performance despite foreign exchange volatility, procurement delays and ongoing pricing pressures.

Revenue increased by 18.0% to LKR 4.8 billion, while profit after tax rose by 12.0% to LKR 761 million. The sector expanded its portfolio through specialised medical technologies, diagnostics, rehabilitation solutions, ophthalmic products and related healthcare services.

As healthcare needs continue to evolve, the sector remains focused on expanding specialised capabilities, enhancing after-sales support, advancing regulatory approvals and pursuing selected regional opportunities aligned with its long-term growth strategy.

Packaging Sector

The Packaging sector strengthened its position as an important industrial platform within the Group, serving customers across manufacturing, consumer goods and export-oriented industries.

Revenue increased by 21.0% to LKR 9.7 billion. Although profitability was affected by margin pressures and higher operating costs, the business remained focused

Managing Director's Review

Revenue

Rs. **149** BN

Revenue growth

22% ↑

Profit after tax

Rs. **20.9** BN

PAT growth

30% ↑

Attributable to equity holders of the parent

Rs. **13.1** BN

"The future of Vallibel One will be shaped not only by the businesses we own today, but also by our ability to identify emerging opportunities, adapt to changing market dynamics, and continually evolve while remaining true to the values that have guided our success."

on improving productivity, operational efficiency and long-term competitiveness.

The sector also expanded its regional footprint through its Kenya operations and significantly increased production capacity through the expansion of corrugator facilities. These investments position the business to capture future growth opportunities in Sri Lanka and regional markets.

Consumer Goods Sector

The Consumer Goods sector delivered one of the Group's strongest turnarounds, reflecting successful efforts to strengthen market presence, expand product offerings and improve execution across multiple channels.

Revenue increased by 35.0% to LKR 9.2 billion, while the sector returned to profitability with profit after tax reaching LKR 243 million.

Building on the Delmege heritage, the sector expanded its FMCG portfolio with several new product introductions while maintaining leadership positions in key categories. Motha retained a market share of over 85.0% in dessert ingredients, and the business achieved a record monthly revenue of LKR 1.38 billion in March 2026.

A key milestone was the completion of the first full financial year of Delmege Forsyth Energy Ltd. as the Macro Distributor for Shell Lubricants in Sri Lanka. The business generated revenue exceeding LKR 2.0 billion and profit after tax of LKR 150 million, creating a strong platform for future growth.

Looking ahead, the sector will focus on innovation, brand development, market expansion, digital execution and scaling the Shell lubricants platform across automotive, commercial, industrial and marine segments.

Leisure Sector

The Leisure sector reflects the Group's long-term commitment to Sri Lanka's tourism industry through its investment in The Fortress Resort PLC and the proposed Greener Water integrated resort development.

Tourism demand continued to recover during the year, particularly in the premium hospitality segment, supported by rising international arrivals and growing interest in experiential and wellness-focused travel.

The Fortress Resort completed a comprehensive refurbishment programme aimed at strengthening its position in Sri Lanka's premium boutique hospitality market. These enhancements are expected to support future growth through improved guest experiences, higher occupancy and stronger yield management.

The Group also continued to advance the Greener Water integrated resort development, which remains an important long-term platform for expanding its hospitality presence.

Other Sectors

The Group's diversified businesses within the Other Sectors continued to provide stable earnings while supporting broader strategic objectives. Revenue reached LKR 934 million, while profit after tax increased by 25.0% to LKR 562 million.

Key highlights included another strong year for Delmege Insurance Brokers, which retained its position as Sri Lanka's number one insurance brokering company for the second consecutive year. Delmege Travels benefited from the continued recovery in outbound travel, while Lanka Ceramic PLC remained a reliable supplier of feldspar to Sri Lanka's ceramic manufacturing industry.

Together, these businesses demonstrate the value of a diversified portfolio that delivers recurring earnings, strategic flexibility and exposure to niche growth opportunities across multiple sectors.

Sustainability and responsible growth

Beyond financial performance, we remain focused on ensuring that growth is achieved responsibly and sustainably.

At Vallibel One, we believe long-term business success and responsible corporate citizenship are inseparable. Accordingly, we continued to strengthen our sustainability agenda during the year and further

integrate ESG considerations into strategy, operations, and decision-making processes across the Group.

The adoption of SLFRS S1 and S2 marked an important milestone in enhancing transparency, governance, and sustainability-related disclosures. Through our Business Excellence Framework, sustainability is increasingly embedded in how performance is measured, managed, and rewarded.

Across our businesses, we continue to advance renewable energy adoption, resource efficiency, waste reduction, circular economy initiatives, workforce development, employee wellbeing, and community impact programmes. Today, the Group maintains a solar energy footprint approaching 8 MW while continuing to invest in energy efficiency, water stewardship, waste recovery, and environmentally responsible production practices across its industrial operations.

We recognise that sustainability is not merely a compliance requirement but a strategic imperative. As stakeholder expectations evolve and climate-related considerations become increasingly important, Vallibel One remains committed to building a future-ready organisation that balances economic growth with environmental responsibility and social impact.

Looking ahead with confidence

Building on the momentum achieved during the year, we enter the new financial year with confidence, ambition, and a clear sense of purpose.

Sri Lanka's economic outlook continues to improve, creating opportunities across many sectors in which we operate. Rising consumer confidence, infrastructure development, tourism growth, financial inclusion, export expansion, and digital transformation are expected to support businesses that are agile, innovative, and well capitalised.

Against this backdrop, our focus remains on accelerating profitable growth while maintaining the discipline that has underpinned our success. We will continue to improve operational efficiency, strengthen margins, enhance customer engagement, accelerate digital transformation, and selectively pursue regional expansion opportunities where sustainable value can be created.

A key priority will be unlocking greater synergies across the Group. With operations spanning multiple industries, Vallibel One has unique opportunities to share capabilities, leverage expertise, optimise resources, and create value beyond the performance of individual businesses.

At the same time, we will continue investing in innovation, technology, talent, and future growth platforms that strengthen our competitive position and prepare the Group for tomorrow's opportunities.

The future of Vallibel One will be shaped not only by the businesses we own today, but also by our ability to identify emerging opportunities, adapt to changing market dynamics, and continually evolve while remaining true to the values that have guided our success.

Appreciation

As we reflect on another successful year, I would like to express my sincere gratitude to all those who contributed to our achievements.

On behalf of the Board and management, I extend my sincere appreciation to our Chairman for his visionary leadership, steadfast guidance, and long-term commitment to building sustainable businesses.

I also thank our Board of Directors, management teams, and employees across the Group. Their dedication, resilience, professionalism, and commitment to excellence remain the driving force behind our achievements.

To our shareholders, customers, business partners, suppliers, regulators, and communities, we extend our heartfelt thanks for your continued trust and support.

As we look to the future, our commitment remains clear: to strengthen our businesses, pursue new opportunities, create sustainable value, and contribute meaningfully to Sri Lanka's economic progress.

Vallibel One has built a strong foundation over many years. Today, we stand at the beginning of an exciting new phase of growth. With a diversified portfolio, a strong balance sheet, trusted brands, talented people, and a clear strategic direction, we believe the Group is well positioned to create enduring value for generations to come.



Dinusha Bhaskaran
Managing Director

4th June 2026

Board of Directors



1 | MR. DHAMMIKA PERERA

(Chairman / Non-Executive Director)

RC

Skills & Experience

Mr. Dhammika Perera is one of Sri Lanka's most dynamic and inspirational business leaders. Over the years, he has built an outstanding reputation for reviving and growing businesses, firmly establishing himself as a highly regarded turnaround strategist.

With more than 35 years of experience building and leading enterprises across diverse industries including manufacturing, banking and finance, leisure, and hydropower generation, he brings exceptional strategic foresight and strong governance expertise. His experience serving on the Boards of numerous quoted and unquoted companies has provided him with broad insight into corporate strategy, business transformation and long-term value creation.

Other Directorships & Industry Engagements

Mr. Perera serves as Chairman of Royal Ceramics Lanka PLC, Lanka Tiles PLC, Lanka Walltiles PLC, Greener Water Ltd and Summer Season Ltd. He also serves as Co-Chairman of Hayleys PLC and Founder and Chairman of Dhammika & Priscilla Perera Foundation.

Value Added to the Board

Mr. Perera provides strategic leadership shaped by decades of experience building and transforming businesses across multiple sectors. His ability to identify growth opportunities, navigate complex market dynamics and guide long-term strategic direction supports the Group's continued expansion and resilience.



2 | MR. SUMITH ADHIHETTY

(Co-Chairman /Non-Executive Director)

NG

Skills & Experience

Mr. Sumith Adhihetty is a highly accomplished marketing professional with over 45 years of experience in the finance sector. During his career he has held several senior leadership positions, including serving as Managing Director of LB Finance PLC & Deputy Managing Director of Mercantile Investments Limited.

He has also served as Director of Nuwara Eliya Hotels Company Limited, Grand Hotel (Private) Limited, Royal Palm Beach Hotels Limited, Tangerine Tours Limited, Security Ceylon (Private) Limited, Vallibel Finance PLC and Pan Asia Banking Corporation PLC, gaining valuable exposure across both financial services and hospitality sectors.

Other Directorships & Industry Engagements

Mr. Adhihetty holds directorships in several companies including The Fortress Resorts PLC, La Forteresse (Private) Limited, Greener Water Ltd, Summer Season Limited, Summer Season Mirissa (Pvt) Ltd, Summer Season Residencies Limited, LAUGFS Holdings Ltd and Ferrutti (Pvt) Ltd.

Value Added to the Board

Mr. Adhihetty brings a wealth of insight in governance, marketing, and financial services to the Vallibel One PLC Board. His longstanding leadership in the finance sector and familiarity with market dynamics contribute to balanced strategic discussions and sustainable growth initiatives.

AC Audit Committee | RP Remuneration Committee | RC Related Party Transactions Review Committee | NG Nominations and Governance Committee



3 | MS. DINUSHA BHASKARAN
(Managing Director)

Skills & Experience

Ms. Dinusha Bhaskaran has over 28 years of experience across multiple sectors, including finance, operations, and corporate governance. As the Managing Director of Vallibel One PLC, she brings a global dimension to her leadership, shaped by her experience in Sri Lanka and Australia. Her strategic leadership has been pivotal in driving transformation and long-term growth across diverse industries such as banking, retail, manufacturing, and investment.

Her professional experience gives her a broad international perspective on business leadership and organisational transformation. She is a Fellow of the Chartered Institute of Management Accountants in the United Kingdom and a Fellow of CPA Australia, and is also an Associate Member of the Institute of Bankers of Sri Lanka. She previously served as Chief Executive Officer of Vallibel One PLC and as Chief Financial Officer of Clenergy in Australia.

Ms. Bhaskaran was recognised as the Managing Director of the Year at the Asia Business Leaders Forum, Singapore, in August 2025, and was also honored as Iconic Woman 2025, awarded by the Sri Lanka Broadcasting Corporation in collaboration with Top C Magazine of Action Media Solutions.

Other Directorships & Industry Engagements

Ms. Bhaskaran serves as the Managing Director of Greener Water Ltd and Delmege Limited, Executive Director of Hiru Rice Products (Private) Limited and Director of L B Finance PLC, Vallibel Power Erathna PLC, Lanka Walltiles PLC and Country Energy (Pvt) Ltd.

Value Added to the Board

Ms. Bhaskaran strengthens the Board's perspective on financial stewardship, operational performance and strategic execution. Her leadership in managing diversified businesses and advancing transformation initiatives supports effective decision-making and long-term value creation.



4 | MS. KAWSHI AMARASINGHE
(Executive Director)

Skills & Experience

Ms. Kawshi Amarasinghe serves as an Executive Director of Vallibel One PLC and Group Director – International Business Development and CSR. She plays a key role in driving enterprise-wide transformation, market expansion and long-term value creation across the Group's diversified portfolio.

With over a decade of leadership experience, she has led initiatives across manufacturing, hospitality, retail and financial services. Her expertise spans market intelligence, brand positioning, digital transformation and cross-border business development. She holds a Bachelor's Degree in International Studies from the University of Queensland and has completed the Management Acceleration Programme at INSEAD in France as well as Hotel Revenue Management at Cornell University in the United States. In addition, she is also the driving force in transforming DP Education into Sri Lanka's largest free digital learning platform, impacting over 1.8 million learners nationwide.

Ms. Amarasinghe 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.

Other Directorships & Industry Engagements

Ms. Amarasinghe serves as Director of Singer (Sri Lanka) PLC, Pan Asia Banking Corporation PLC, The Fortress Resorts PLC, Greener Water Ltd, Hayleys Leisure PLC, Hayleys Retail Holdings Ltd and Biscuits & Chocolate Company Ltd. She also serves as Chief Executive Officer of DP Education of Dhammika & Priscilla Perera Foundation.

Value Added to the Board

Ms. Amarasinghe introduces a forward-looking perspective shaped by her experience in international business development, brand positioning and digital transformation. Her focus on market expansion and innovation helps the Board identify new growth opportunities across the Group's portfolio.

Board of Directors



5 | MS. BRINDHIINI PERERA

(Non-Executive Director)

NG

Skills & 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.

Other Directorships & Industry Engagements

Ms. Perera serves as Non-Executive Director of Haycarb PLC, Hayleys Fabric PLC, Dipped Products PLC, The Kingsbury PLC, Hayleys Leisure 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.

Value Added to the Board

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.



6 | MR. MANIL JAYESINGHE

(Independent Non-Executive Director)

NG AC

Skills & Experience

Mr. Manil Jayesinghe has over four decades of professional experience providing advisory services across multiple sectors. He previously served as Country Managing Partner of Ernst & Young Sri Lanka and Maldives, where he led the firm's professional services operations across a diverse range of industries.

His work has covered financial services, banking, insurance, manufacturing, retail and telecommunications. Through his extensive involvement in audit, advisory and strategic planning engagements, he has developed strong capabilities in financial reporting, corporate governance and organisational strategy.

Mr. Jayesinghe is a Fellow of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants (UK), the Institute of Certified Management Accountants of Sri Lanka and also a member of the Chartered Institute of Public Finance & Accountancy (UK). He previously served as President of the Institute of Chartered Accountants of Sri Lanka, reflecting his longstanding contribution and leadership within the accounting profession.

Other Directorships & Industry Engagements

Mr. Jayesinghe serves as Director of several organisations including CW Mackie PLC, Lanka IOC PLC, Lanka Milk Foods (CWE) PLC, Ceylon Hospital PLC, John Keells Holdings PLC, Royal Ceramics Lanka PLC, Lanka Walltiles PLC, Lanka Ceramic PLC, Diesel and Motor Engineering PLC, Lanka Dairies (Pvt) Ltd and NMJ Leisure (Pvt) Ltd. He also serves on the Governing Board of the Central Bank of Sri Lanka and contributes to professional bodies including the South Asia Federation of Accountants.

Value Added to the Board

Mr. Jayesinghe strengthens the Board's oversight of financial integrity and governance through his long career in audit and advisory services. His familiarity with complex financial reporting environments and regulatory expectations supports disciplined risk management and sound governance practices.

AC *Audit Committee* RP *Remuneration Committee* RC *Related Party Transactions Review Committee* NG *Nominations and Governance Committee*



7 | MR. ANURA FERNANDO

(Independent Non-Executive Director)

RP NG

Skills & Experience

Mr. Anura Fernando brings over 35 years of senior finance and audit experience gained through roles in Sri Lanka and internationally. His career spans leadership positions across the aerospace, food and manufacturing sectors where he has been involved in major financial and strategic investment decisions.

He is a Member of the Institute of Chartered Accountants of Sri Lanka and a CPA of Australia, and holds a Master of Business Administration from Purdue University in the United States.

Other Directorships & Industry Engagements

Mr. Fernando serves as Director of Moose Clothing Colombo (Pvt) Ltd. He has also held several senior leadership roles including CFO and Regional CFO of Pratt and Whitney across New Zealand, China and Turkey, Regional Audit Director at United Technologies Corporation in Singapore, and CFO/Controller of Pratt and Whitney Space Propulsion Division in the United States.

Value Added to the Board

Mr. Fernando contributes international financial leadership experience gained through senior roles across global organisations. His perspective on capital allocation, financial discipline and strategic investment enhances the Board's ability to evaluate major business decisions.



8 | MS. DEVIKA WEERASINGHE

(Independent Non-Executive Director)

AC RP RC

Skills & Experience

Ms. Devika Weerasinghe is a senior finance professional with over 30 years of experience in finance and management. She has worked with leading organisations including PricewaterhouseCoopers and the John Keells Group, gaining extensive experience in financial management and governance across sectors such as transportation, plantations and information technology.

She is an Associate Member of the Chartered Institute of Management Accountants in the United Kingdom and holds a Bachelor's Degree in Business Administration from the University of Sri Jayewardenepura. Prior to retiring in June 2024, she served as Chief Financial Officer of the Transportation, Plantations and Information Technology Sectors in the John Keells Group.

Other Directorships & Industry Engagements

Ms. Weerasinghe serves as Director of Printcare PLC, Vallibel Power Erathna PLC, Lanka Ceramic PLC and The Fortress Resorts PLC.

Value Added to the Board

Ms. Weerasinghe contributes strong financial leadership and valuable governance insight to the Board. Her background in overseeing complex financial operations and strategic planning enhances the Board's ability to guide sustainable financial performance and maintain robust internal controls.



9 | MS. ROMANY PARAKRAMA

(Independent Non-Executive Director)

RP RC NG

Skills & Experience

Ms. Romany Parakrama has over 37 years of experience in corporate communication, financial services and governance. Her career includes leadership roles at international financial institutions including Standard Chartered Bank, AMRO Bank and American Express Bank.

She holds a Liberal Arts degree from Smith College in the United States and has obtained Credit and Risk Professional Accreditation from Standard Chartered Bank and American Express. In Sri Lanka she has held senior leadership roles including Group Head of Communications at the David Pieris Group.

Other Directorships & Industry Engagements

Ms. Parakrama serves as Director of Commercial Bank of Ceylon PLC and the Sri Lanka Alzheimer's Foundation.

Value Added to the Board

Ms. Parakrama brings extensive experience in corporate communication and stakeholder engagement. Her understanding of reputation management, sustainability communication and stakeholder expectations adds an important dimension to the Board's governance and strategic discussions.

Board of Directors

AC *Audit Committee* RP *Remuneration Committee* RC *Related Party Transactions Review Committee* NG *Nominations and Governance Committee*



10 | MR. JONATHAN ALLES

(Independent Non-Executive Director)

AC

Skills & Experience

Mr. Jonathan Alles has over 37 years of experience in banking and financial services. His career includes leadership roles at international banks including HSBC and the National Bank of Abu Dhabi.

He previously served as Managing Director and Chief Executive Officer of Hatton National Bank PLC and holds a First-Class MBA in Finance from the University of Stirling in the United Kingdom. He is also an Associate Member of the Institute of Bankers of Sri Lanka. His experience spans retail banking, corporate banking, investment banking and strategic business management.

Other Directorships & Industry Engagements

Mr. Alles serves as Director of several organisations including United Motors Lanka PLC, Ceylon Beverage Holdings PLC, Lion Brewery Ceylon PLC, Hayleys PLC, Singer (Sri Lanka) PLC, Singer Finance Lanka PLC, The Kingsbury PLC, Alumex PLC, DHT Cement (Pvt) Ltd, LAUGFS Holdings Ltd & New Wave Consultants (Pvt) Ltd.

Value Added to the Board

Mr. Alles contributes considerable leadership experience in banking and financial services to Board deliberations. His understanding of financial markets, corporate banking and institutional governance supports the Board in overseeing strategy, financial resilience and risk management.



11 | MS. YANIKA AMARASEKERA

(Independent Non-Executive Director)

Skills & Experience

Mrs. Yanika Amarasekera is an entrepreneur with experience in business development, digital commerce and brand strategy. She is the Founder and Chief Executive Officer of Silver Aisle (Pvt) Ltd, a niche e-commerce platform through which she has built and scaled a digital retail business, overseeing functions including marketing, product development, vendor partnerships, logistics and finance.

Ms. Amarasekera was recognised in the Forbes 30 Under 30 Asia List (2025) for her entrepreneurial leadership and contributions to digital commerce

She holds a Master of Science in Entrepreneurship, Innovation and Management from Imperial College London and Bachelor's degrees in Political Economy and Mass Communication from the University of California, Berkeley.

Other Directorships & Industry Engagements

Mrs. Amarasekera previously served as Director of LB Finance PLC, Multi Finance PLC and Greener Water Ltd.

Value Added to the Board

Ms. Amarasekera brings an entrepreneurial perspective and expertise in branding, digital engagement, and business development. Her experience in building and scaling a technology-enabled enterprise contributes to the Board's understanding of emerging market trends, digital innovation, and evolving consumer behavior, thereby strengthening the Board's diversity of skills and strategic insight.

A Commitment to Excellence



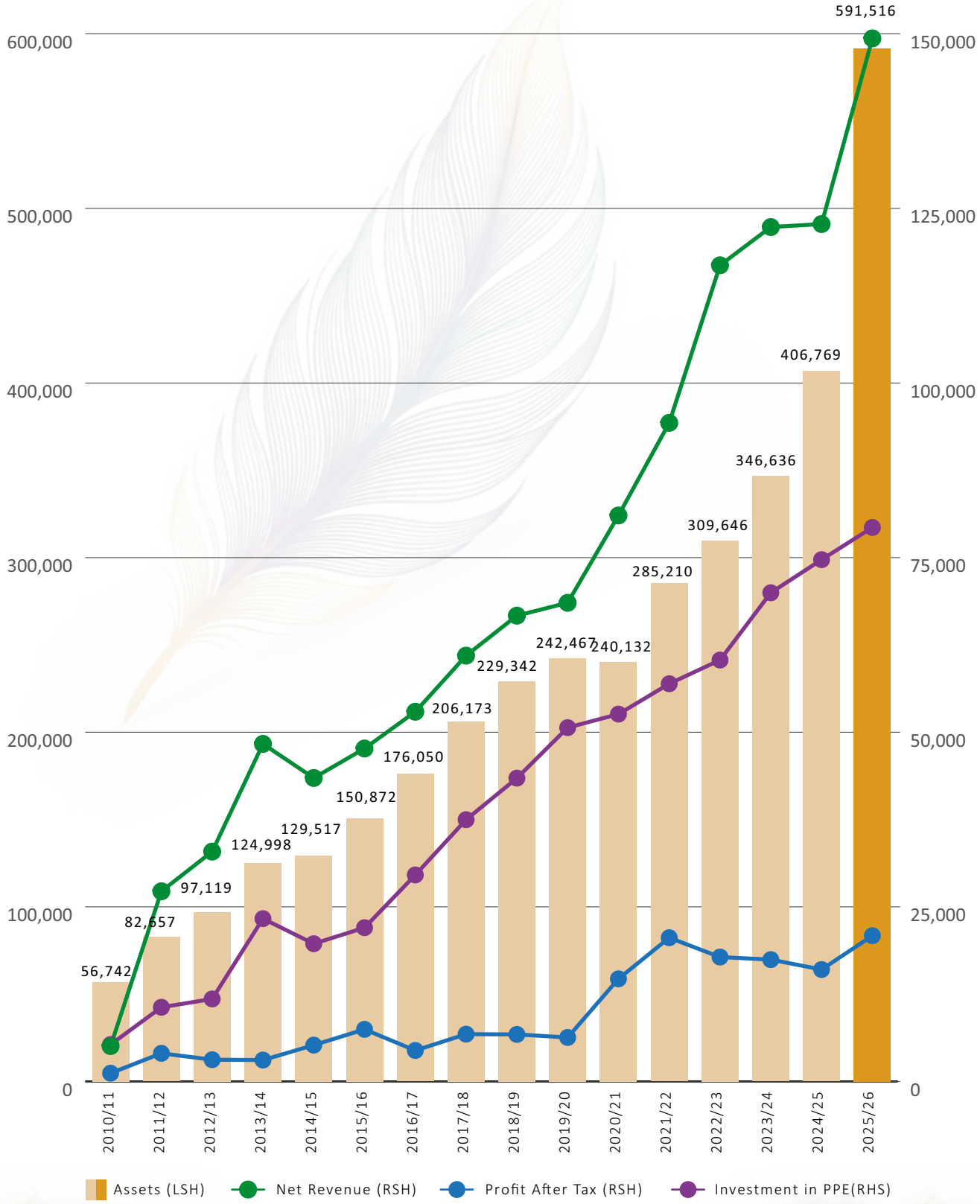
Precision.
Progress.
Distinction.

Feathers reflect precision in detail, progress in movement and distinction in form. This section captures Vallibel One's performance during the year, highlighting key milestones, achievements and recognition that reflect the Group's pursuit of efficiency and excellence.

The Himalayan Monal

Known for its refined design, the feather of the Himalayan Monal dazzles with rich metallic tones, shifts in the sunlight and shimmers with movement; it is testament to nature's attention to detail and quality.

Year at a Glance





Delivering growth. Creating value. Building a sustainable future.
A year of strong performance and meaningful progress.

Number of Employees

10,254 FY 2025/26

9,939 FY 2024/25

+3.2%

New Job Opportunities

3,508

FY 2025/26
3,498

FY 2024/25
+0.3%

Revenue per Employee

Rs.15 Mn FY 2025/26

Rs. 12 Mn FY 2024/25

+25.0%

Investment in Training

Rs.43.38Mn

Rs. 25.63 Mn FY 2025/26

+69.3% FY 2024/25

Waste

160 MT FY 2025/26

181 MT FY 2024/25

-12%

Electricity Usage per Employee

7,476 kWh

8,306 kWh FY 2025/26

-10.0% FY 2024/25

Effluent Treated Water Discharge

386 litres FY 2025/26

178 litres FY 2024/25

+116.9%

Recycled Material Inputs as a % of Total Materials

5.0% FY 2025/26

5.5% FY 2024/25

-9.1%

Performance Highlights

Financial Highlights

Financial performance during the year reflected the strength of the Group's diversified business model, with improved earnings, a stronger balance sheet and continued growth across core value creation indicators.

Profitability		Change %	2025/26	2024/25	2023/24	2022/23	2021/22
Revenue	LKR. Mn	22%	149,346	122,095	122,330	116,855	94,295
Earnings before interest,tax,depreciation and Amortization (EBITDA)	LKR. Mn	22%	42,214	34,143	35,267	33,218	32,605
Results From Operating activities	LKR.Mn	24%	38,255	30,818	32,507	30,678	30,139
Profit before tax	LKR.Mn	24%	30,581	24,696	26,553	25,078	27,512
Profit after tax	LKR.Mn	30%	20,871	16,023	17,444	17,809	20,580
Profit attributable to owners of the parent	LKR.Mn	12%	13,165	11,761	9,894	9,524	10,353
Dividends-Company	LKR.Mn	0.0%	3,417	3,417	1,139	-	1,708
Gross profit margin	%	3.6%	45.3%	43.8%	44.5	43.3	48.3
Operating profit margin	%	0.4%	25.6%	25.2%	26.6	26.3	32.0
Net profit margin	%	7.1%	14.0%	13.1%	14.3	15.2	21.8
Return on Assets (ROA)	%	-1.7%	4.18	4.25	5.0	5.8	7.2
Return on equity (ROE)	%	14%	11.54	10.12	12.4	14.6	18.9
Interest Cover	No of times	21.1%	15.16	12.52	11.4	7.4	29.1

Financial Position		Change %	2025/26	2024/25	2023/24	2022/23	2021/22
Total Assets	LKR.Mn	45%	591,516	406,769	346,593	309,646	285,210
Total Debt	LKR.Mn	133%	180,496	77,594	55,106	47,879	56,047
Total Liabilities	LKR.Mn	65%	410,598	248,499	207,358	190,264	176,757
Equity attributable to equity holders of the parent	LKR.Mn	14%	123,855	108,945	92,039	76,925	69,965
Net Worth	LKR.Mn	14%	180,918	158,270	139,235	119,382	108,453
Debt/Equity	%	103%	99.77%	49.03%	39.58	40.11	51.68
Equity asset ratio	%	-22%	20.94	26.78	26.56	24.84	38.03
Current ratio	No of times	0%	1.26	1.26	1.35	1.28	1.47
Quick assets ratio	No of times	7%	1.12	1.05	1.14	1.09	1.33

Market and Shareholder information		Change %	2025/26	2024/25	2023/24	2022/23	2021/22
No of shares in issue	Number Mn	-	1,139	1,139	1139	1139	1139
Market value per share	Rs.	56%	91.90	58.90	50.5	36.60	40.20
Earnings per share	Rs.	12%	11.57	10.34	8.69	8.36	9.09
Net assets per share	Rs.	16%	108.84	93.62	80.81	67.54	61.43
Dividend per share	Rs.	0%	3.0	3.0	1.00	-	2.50
Company Market Capitalization	LKR.Mn	56%	104,674	67,087	57,515	41,684	45,784
Price earning ratio	No of times	39%	7.94	5.70	5.81	4.38	4.42
Dividend yield ratio	%	-36%	3.26	5.09	1.98	-	6.22

Non Financial Highlights

During the year, the Group continued to invest in the capabilities that support long-term value creation, including its people, asset base, supplier network, innovation capacity and operational resilience.

PROPERTY,PLANT AND EQUIPMENT

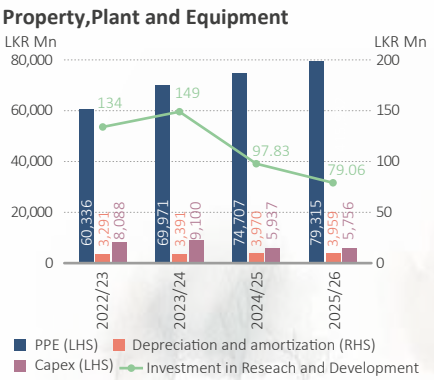
Graph-Property,Plant and Equipment	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
PPE	50,658	52,595	56,939	60,336	69,971	74,707	79,315
Depreciation and amortization	2,298	3,108	3,209	3,291	3,391	3,970	3,959
Capex	4,539	3,108	5,309	8,088	9,100	5,937	5,756
Investment in Research and Development			135	134	149	97.83	79.06

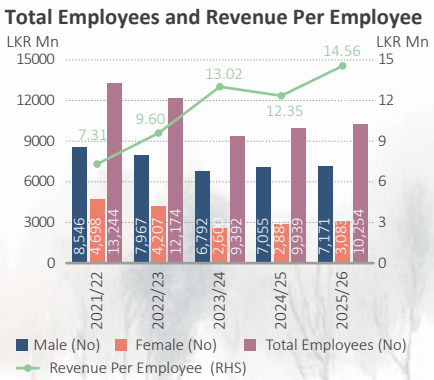
TOTAL EMPLOYEES AND REVENUE PER EMPLOYEE

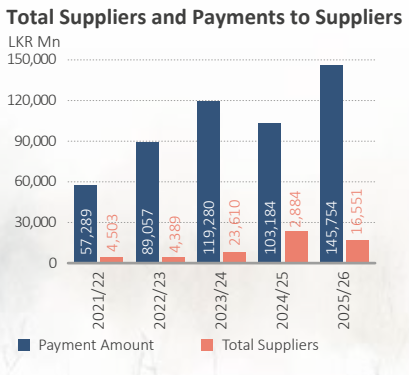
Year	2019/20	200/21	2021/22	2022/23	2023/24	2024/25	2025/26
Male (No)	8,793	8,646	8,546	7,967	6,792	7,055	7,171
Female (No)	5,000	4,873	4,698	4,207	2,600	2,884	3,083
Total Employees (No)	13,793	13,519	13,244	12,174	9,392	9,939	10,254
Revenue Per Employee	4.98	5.99	7.31	9.60	13.02	12.35	14.56

TOTAL SUPPLIERS AND PAYMENTS TO SUPPLIERS

Year	2019/20	200/21	2021/22	2022/23	2023/24	2024/25	2025/26
Payment Amount	33,468	31,860	57,289	89,057	119,280	103,184	145,754
Total Suppliers	5,140	5,378	4,503	4,389	7,630	23,610	16,551
Increase in Value Created to Suppliers					33.9%	-13.5%	41.3%







Milestones

Since its incorporation in 2010, Vallibel One PLC has grown into one of Sri Lanka's most dynamic and diversified conglomerates. Now reaching 16 years of successful operations, the Group has established a strong presence across key sectors including finance, tiles and sanitaryware, aluminium, hospitality, packaging, healthcare and consumer brands. Its strategic acquisitions and bold investments have not merely reinforced its leadership in the domestic market but also expanded its international footprint, with operations and partnerships spanning South Asia, Southeast Asia, East Africa, and the United States. This dynamic timeline of excellence reflects a journey of innovation, growth, and long-term value creation, resonating with the Group's timeless vision, and a future of boundless potential.

2010/11

- Incorporated as a public limited company on 9th June 2010.
- Acquired Royal Ceramics Lanka PLC, LB Finance PLC, and Greener Water Ltd. as subsidiary companies.
- Obtained a strategic stake in Sampath Bank as a long-term investment.

2011/12

- Listed on the Colombo Stock Exchange on 8th July 2011.
- Acquired the Delmege Group, a highly diversified conglomerate.
- Acquired Lanka Ceramic Group through Royal Ceramics Lanka PLC.

2012/13

- Acquired Grip Nordic through Delmege Ltd.

2013/14

- Strengthened ownership in Lanka Ceramic Group via Royal Ceramics Lanka PLC.
- LB Finance PLC became the first finance company in Sri Lanka to obtain Carbon Conscious Status, certified by the Sri Lanka Carbon Fund (SLCF) under the Ministry of Environment and Renewable Energy.

2025/26

- Rolled out Business Excellence across all manufacturing entities.
- Implemented SLFRS S1 and S2 across the Group and subsidiaries.
- LB Finance crossed USD 1 Bn in assets, acquired a controlling stake in AMF and advanced its planned Philippines entry.
- Delmege Forsyth Energy completed a strong first year of operations.
- Enhanced Group-level portfolio oversight, reinforcing performance discipline and strategic alignment across sectors.

2024/25

- Unidil Packaging Kenya Ltd, jointly owned by Unidil Packaging Ltd and Unidil Packaging Solutions Ltd, acquired Perfect Packaging Ltd in Kenya—marking the Group's entry into the East African packaging market.
- Lanka Walltiles Group expanded its international footprint by:
  - Opening new locations in the USA and India
  - Appointing an authorized dealer in the Maldives
- Swisstek Ceylon PLC completed implementation of SAP S/4HANA.

2023/24

- Completed the expansion of Royal Ceramics' Horana factory, increasing production capacity by 20%.
- Launched the Grand Beach Hotel Project in Negombo, under Greener Water Resorts, expanding the Group's luxury hospitality portfolio in Southern Sri Lanka.

2022/23

- Vallibel Plantations Management Ltd divested its stake in Horana Plantations PLC.

  Lanka Tiles PLC, Lanka Walltiles PLC, and Swisstek Aluminium successfully implemented SAP S/4HANAERP systems.

2014/15

- Royal Ceramics Lanka PLC invested LKR 170 million to enhance its tile mortar manufacturing capacity.

2015/16

- Signed an agreement with the Board of Investment (BOI) and commenced construction of the Greener Water Hotel Project.

2016/17

- Implemented Total Productive Maintenance (TPM) across several group companies including:
  - Royal Ceramics Lanka PLC
  - Royal Porcelain (Pvt) Ltd
  - Rocell Bathware Ltd
  - Lanka Walltiles PLC
  - Lanka Tiles PLC

2017/18

- LB Finance PLC expanded internationally, opening its first overseas branch—LB Microfinance Myanmar Company Limited—in Pyay Township, Myanmar.

2018/19

- Commissioned a state-of-the-art floor tile manufacturing unit at the Lanka Tiles PLC Ranala factory, incorporating advanced Italian technology.

2019/20

- Royal Porcelain (Pvt) Ltd was amalgamated with Royal Ceramics Lanka PLC.
- Rocell (Royal Ceramics Lanka PLC) celebrated 30 years of operations.

2020/21

- Vallibel One PLC marked a decade of business excellence.
- LB Finance launched LB Cash in Mobile, transforming mobile-based cash payments in Sri Lanka.
- Introduced the Vallibel One Sustainability Portal for non-financial information reporting.

2021/22

- Achieved record-breaking consolidated financial performance, with net profits increasing by 133%.
- Delmege Forsyth added Ferrero to its brand portfolio.
- LB Finance PLC acquired Multi Finance PLC.



Awards and Recognition

The Group's awards and recognitions reflect the breadth of excellence across its portfolio, highlighting achievements in innovation, brand strength, customer relevance, digital enablement, workplace culture, manufacturing excellence and environmental stewardship.



Innovation and Design Excellence

1 Swisstek Aluminium Limited
Sri Lanka Institute of Architects – Gold Award for Product Award of Excellence

Brand Strength and Market Recognition

2 Swisstek Aluminium Limited
Sri Lanka Institute of Marketing – Bds – Honours

3 Delmege Limited
LMD Superbrands – Honours

Customer Convenience and Financial Inclusivity

4 L B Finance PLC
Technovation Awards 2025 / LankaPay – Gold Award for Best Institution for Excellence in Customer Convenience, Non-Bank Financial Institutions

5 L B Finance PLC
Technovation Awards 2025 / LankaPay – Gold Award for Best Institution for Financial Inclusivity, Non-Bank Financial Institutions

Digital Payment and Technology Leadership

6 L B Finance PLC
Technovation Awards 2025 / LankaPay – Gold Award for Most Popular Digital Payment Solution, Medium and Small Banks / Non-Bank Financial Institutions

7 L B Finance PLC
National Project Management Excellence Awards 2025 / Project Management Institute – Gold Award for Best Managed Project in AI and Data Science



People and Management Excellence

8 Unidil Packaging Limited
Great Place to Work Sri Lanka – Gold Award for 5 Year Legend Award under Best 40 Companies in Sri Lanka

9 Unidil Packaging Limited
Institute of Chartered Professional Managers of Sri Lanka – Gold Award for Best Management Practices

Service Excellence and Advisory Capability

10 Delmege Insurance Brokers Private Limited
Global Insurance Excellence Awards Asia & MENA – Gold Award for Best Health Insurance Advisor

Industrial and Manufacturing Excellence

11 Lanka Tiles PLC
CNCI Achiever Awards – Silver Award for Industrial Excellence

12 Royal Ceramics Lanka PLC
TAGS Awards 2025 / CA Sri Lanka – Bronze Award for Manufacturing Sector Turnover above Rs. 50 Bn

13 Royal Ceramics Lanka PLC
CNCI Achievers Awards 2025 – Gold Award for National Level in Extra Large Manufacturing Sector

Environmental Stewardship

14 Royal Ceramics Lanka PLC
Presidential Environmental Award 2024–2027 – Gold Award for Mineral Related Manufacturing Industry, RCL Eheliyagoda Factory

Integrating Business Excellence

Where form, function and efficiency come together

Business Excellence is Vallibel One's Group-wide operating framework for strengthening execution and continuous improvement across its portfolio. Built around 10 operational pillars and 11 foundational elements, the framework connects people, processes, systems and leadership behaviours around a common standard of performance. It supports improvement across cost, productivity, quality, working capital and market responsiveness, while building the capability required to sustain progress over time.

THE BUSINESS EXCELLENCE FRAMEWORK

Converting strategy into measurable performance

The framework combines practical operating disciplines with the foundational capabilities required for consistent execution across the Group.

10 OPERATIONAL PILLARS

- Cost Deployment
- Autonomous Maintenance
- INDUSTRY 4.0
- Focused Improvement
- Early Management
- Win Key Market
- Adding Vitality
- Just In Time
- Professional Maintenance
- Built In Quality

11 FOUNDATIONAL ELEMENTS

- Lean Thinking
- Standar-disation
- Safety Culture
- Adhering to ESG
- Adherence to the Rules
- Leadership Behaviour
- Management Infrastructure
- IT and OT Infrastructure
- Value Driven Purpose
- High Performance Culture
- Leading Change

BUSINESS EXCELLENCE IN ACTION

The programme translates the Business Excellence framework into measurable action through structured planning, project-based execution, capability building, digital performance visibility and regular review. This enables business units to identify improvement opportunities, track delivery and move towards a more proactive, data-led operating model.

HOW WE WORK



Plan
Financial and operational targets are aligned to the relevant Business Excellence pillars.



Cascade
KPIs are cascaded across business units, functions and teams.



Execute
Improvement priorities are translated into project charters focused on high-impact areas.



Enable
Teams are supported through training, on-site guidance, digital dashboards and performance tracking.



Review
Progress is monitored through structured reviews, KPI tracking and loss management.

WHAT WE AIM TO ACHIEVE

Core Objective

Deliver measurable financial and operational impact

Through conversion cost efficiency, procurement savings, inventory turns, cross-functional alignment and a data-led, self-sustaining operating model.

Supporting Objectives

Improve Performance

Across cost, productivity, quality, working capital and market responsiveness.

Build Capability

Through ownership, problem-solving, leadership behaviour and digital/operational infrastructure.

Sustain Progress

Through standardised practices, governance routines and continuous improvement.

GOVERNANCE AND OVERSIGHT

Group Chairman
Strategic direction and performance oversight

Business Unit Leadership Teams
Delivery of targets within each business unit

Central Business Excellence Team
Standardisation, tracking and capability building

Pillar Champions
Execution of Business Excellence priorities at operational level

Beyond manufacturing excellence

Unlike traditional manufacturing excellence programmes, Vallibel One's framework extends across the wider value chain, connecting manufacturing, supply chain, sales and digital systems into a common performance rhythm.

| Manufacturing | Supply Chain | Sales & Market | | Digital Visibility | Governance & Review |

Why it matters

Business Excellence supports the Group's competitiveness in a high-cost, volatile and margin-constrained environment by strengthening cost leadership, working capital efficiency, market responsiveness and operational resilience.

Review Cadence

Monthly BU-Level Reviews
Progress monitoring and target delivery

Monthly Reporting to Group Chairman
Leadership visibility over performance and priorities

Quarterly Steering Committee Reviews
Progress review, issue resolution and strategic guidance

Centralised Performance Tracking
Visibility over KPIs, losses and project delivery

Value Creation Ambition
LKR 5 – 6.7 Bn
targeted value creation over three years

Savings Delivered
LKR 1.69 Bn
actual savings delivered from April 2025 to March 2026

For more information, refer Manufactured capital on pages 174-181

Strategy & Direction



Responsiveness.
Adaptability.
Agility.

Feathers respond to changing conditions with adaptability and agility, helping maintain movement while preserving balance and control. This section outlines how Vallibel One ensures it navigates and responds to its operating environment with confidence, assesses risks and stakeholder priorities, and shapes strategic priorities and resource allocation for long-term value creation.

The Scarlet Macaw

The Scarlet Macaw feather features vibrant layered textures and seamless transitions, evoking foresight, intentionality, and coordinated movement across complex arrangements to achieve aerodynamism.

Operating Landscape

Like a feather responding to shifting air currents, Vallibel One's sectors moved through an operating environment shaped by both recovery and pressure. Greater macroeconomic stability and renewed demand created forward momentum, while cost pressures, regulatory change, climate risks and evolving customer expectations required agility and discipline.

The following pages map these external forces, showing how they influenced sector exposure, shaped the capitals affected and informed the broad responses adopted by the Group to preserve resilience and create long-term value.



FORCES SHAPING THE GROUP'S LANDSCAPE

The Group's operating landscape is shaped by a range of external forces that influence demand, costs, regulation, customer behaviour, technology adoption and environmental resilience. These forces are assessed through the PESTEL framework, which considers the political, economic, social, technological, environmental and legal/regulatory factors that affect the Group's sectors in diverse ways.

P	E	S	T	E	L
Political and Geopolitical Factors	Economic Factors	Social Factors	Technological Factors	Environmental Factors	Legal and Regulatory Factors

KEY THEMES EMERGING FROM THE LANDSCAPE

Stabilising market conditions	Cost and demand sensitivities	Evolving compliance and expectations
IMPLICATIONS		
Greater macroeconomic stability, improving interest rate conditions, renewed tourism activity and recovering consumer demand created a more supportive operating backdrop, although recovery remained sector-specific.	Input costs, logistics, imported materials, affordability constraints and competitive pricing dynamics continued to influence margins, customer behaviour and demand patterns.	Regulatory developments, sustainability and climate-related requirements, technology change, cybersecurity needs and rising customer expectations increased the need for stronger systems, governance and responsiveness.
WHAT IT MEANS FOR THE GROUP		
Align capital, capacity and market focus to areas with clearer demand visibility, while maintaining disciplined growth and prudent risk appetite.	Maintain cost discipline, procurement efficiency, productivity improvement, working capital control and customer-relevant pricing.	Strengthen compliance readiness, digital capability, climate resilience, service quality, data governance and risk oversight across sectors.

The following heat map below provides a directional view of each sector's relative exposure to the forces shaping the Group's operating landscape. The exposure rating indicates the extent to which each factor influenced sector performance, capital deployment, risk considerations, compliance requirements or strategic response during the year, and does not necessarily indicate a negative impact.

Operating Landscape

	External Factors	Finance	Lifestyle	Aluminium	Consumer Goods	Healthcare	Packaging	Leisure	Others
P	Political and Geopolitical	●	●	●	●	●	●	●	●
E	Economic	●	●	●	●	●	●	●	●
S	Social	●	●	●	●	●	●	●	●
T	Technological	●	●	●	●	●	●	●	●
E	Environmental	●	●	●	●	●	●	●	●
L	Legal & Regulatory	●	●	●	●	●	●	●	●

Potential exposure: ● High | ● Medium | ● Low

P Political and Geopolitical

Key developments	Nature of impact	Primary sector exposure	Strategic implication and response
• Greater stability compared to previous periods • Continued economic reforms and taxation changes • Evolving public-sector priorities and policy direction • Reopening of selected market activity, including vehicle imports	• Improved business confidence and planning visibility • Created recovery opportunities in selected sectors • Required continued monitoring of policy, taxation and regulatory shifts • Influenced investment timing and risk appetite	• Finance, • Lifestyle, • Consumer Goods, • Leisure, • Aluminium	• Disciplined capital allocation • Policy and tax monitoring • Responsive positioning for renewed demand • Prudent risk management

Relevant Capitals	Material Topics	Key Risks	Strategic Focus Areas
	M1 M2 M9 M10	R1 R2 R5	SG GS ME

E Economic

Key developments	Nature of impact	Primary sector exposure	Strategic implication and response
• Inflation and interest rates eased compared to prior periods • Consumer activity and credit demand showed signs of recovery • Tourism and remittance flows supported broader economic activity • Energy, logistics, imported materials and affordability pressures remained	• Supported gradual demand recovery across several sectors • Created opportunities in credit, consumer and construction-linked markets • Continued to place pressure on margins and working capital • Recovery remained uneven across customer segments and sectors	• Finance, • Lifestyle, • Aluminium, • Consumer Goods, • Packaging, • Healthcare	• Margin protection and cost discipline • Productivity and procurement efficiency • Prudent credit growth and recovery controls • Capacity utilisation and careful pricing
Relevant Capitals	**Material Topics**	**Key Risks**	**Strategic Focus Areas**
	M1 M2 M3 M4	R1 R3 R7	PC GS BE

S Social

Key developments	Nature of impact	Primary sector exposure	Strategic implication and response
• Consumers remained value-conscious and cost sensitive • Expectations increased for quality, convenience and trusted brands • Demand continued for design-led, lifestyle-oriented and reliable service offerings • Healthcare access, service quality and specialised care remained important • Workforce expectations around safety, wellbeing, retention and capability continued to evolve	• Increased pressure to balance affordability with quality • Made customer trust and product relevance more important • Placed greater emphasis on service delivery and accessibility • Required continued investment in people capability and engagement	• Lifestyle, • Consumer Goods, • Healthcare, • Finance, • Leisure	• Customer relevance and service reliability • Portfolio alignment to changing market needs • Accessibility and digital convenience • People capability across service-led sectors
Relevant Capitals	**Material Topics**	**Key Risks**	**Strategic Focus Areas**
	M1 M7 M8 M9	R1 R3 R7	PC GS BE

Operating Landscape

T Technological

Key developments	Nature of impact	Primary sector exposure	Strategic implication and response
• Digital adoption accelerated across customer and operational channels • AI, analytics, automation and ERP systems gained greater prominence • Cybersecurity and data governance expectations increased • Technology transformation required continued investment and upskilling	• Created opportunities to improve efficiency and customer engagement • Increased dependence on systems, data quality and cybersecurity • Added implementation complexity and capability requirements • Became more central to governance, scalability and competitiveness	• Finance, • Healthcare, • Consumer Goods, Packaging, • Aluminium, • Lifestyle	• Digital platforms and enterprise systems • Process visibility and data-led decision-making • Cybersecurity and technology governance • Technology-enabled operating models, with implementation risk managed
Relevant Capitals	**Material Topics**	**Key Risks**	**Strategic Focus Areas**
	M3 M8 M10 M11	R3 R6 R7	PC GS BE

E Environmental

Key developments	Nature of impact	Primary sector exposure	Strategic implication and response
• Climate-related physical risks remained relevant particularly with the disruption caused by Cyclone Ditwah • Energy, water and resource efficiency became increasingly vital towards operations • Waste management and emissions expectations increased • Environmental compliance continued to affect asset-heavy and regulated sectors	• Increased exposure to operational disruption and compliance costs • Linked environmental performance more closely to cost management • Raised stakeholder expectations around responsible operations • Strengthened the importance of climate resilience and resource optimisation	• Lifestyle, • Aluminium, • Packaging, • Healthcare, • Consumer Goods, • Finance	• Resource efficiency in operational planning • Environmental compliance and waste management • Climate resilience and risk oversight • Balance between sustainability priorities, cost and investment considerations
Relevant Capitals	**Material Topics**	**Key Risks**	**Strategic Focus Areas**
	M3 M8 M10 M11	R3 R6 R7	SG GS BE

L Legal & Regulatory

Key developments	Nature of impact	Primary sector exposure	Strategic implication and response
• Financial sector regulation remained extensive • Healthcare quality, safety and licensing requirements continued to evolve • Product standards, import regulations, tax requirements and labour laws influenced operations • Environmental regulation and sustainability disclosure expectations increased • SLFRS S1 and S2 created greater focus on climate-related governance, data and reporting readiness	• Increased compliance complexity and documentation requirements • Reinforced the need for stronger governance and internal controls • Raised the importance of reliable data and coordinated reporting • Increased potential cost and reputational impact of non-compliance	• Finance, • Healthcare, • Packaging, • Aluminium, • Lifestyle, • Consumer Goods	• Compliance monitoring and internal controls • Sector-level regulatory oversight • Governance processes and reporting readiness • Data quality, accountability and disclosure discipline
Relevant Capitals	**Material Topics**	**Key Risks**	**Strategic Focus Areas**
	M3 M8 M10 M11	R3 R6 R7	SG GS BE

CONNECTED DISCLOSURES

Performance Reviews | page. 116–266
Sector-level market context, performance and operating responses.

Strategic Priorities and Resource Allocation | page. 70–73
How the Group allocates capital, capability and management focus in response to external conditions.

Materiality Assessment | page. 61–68
Material topics used to connect external developments with stakeholder priorities and value creation.

A Commitment to Excellence | page. 40–41
Business excellence, operational discipline, innovation and continuous improvement across the portfolio.

Enterprise Risk Management | page. 48–54 Principal risks, controls and mitigation apageroach. SLFRS Sustainability-related Financial Disclosures | page. 92–114
Climate-related risks and opportunities, governance, strategy, risk management, metrics and targets.

Risks and Opportunities

PROTECTION. RESILIENCE. READINESS.

Just as melanin reinforces a feather's structure and supports its ability to withstand external conditions, Vallibel One's risk management framework reinforces the Group's resilience. Through established oversight channels, regular review and proactive mitigation, the Group seeks to protect performance, preserve continuity and support sustainable value creation.



RISK OVERSIGHT

The Group's ability to identify, assess and respond to potential threats and opportunities is essential to its long-term sustainability and success. As a diversified conglomerate, Vallibel One PLC's primary risks arise from its investee companies, each operating within distinct sector, market and regulatory environments.

Risk oversight is maintained through established governance channels, including the Board of Directors, Audit Committee, subsidiary-level internal audit functions, and the direct involvement of Group Directors on subsidiary Boards. These channels provide the Board with visibility over key risks, performance trends and emerging developments across the Group.

The Managing Director and Corporate Management regularly review subsidiary risk profiles and ensure that mitigation strategies are in place, while the Research and Development Team supports the identification of emerging risks and opportunities across sectors.

Risk Oversight at a Glance

Board of Directors
Establishes strategic priorities, provides oversight and monitors overall risk management

Audit Committee
Oversees the implementation of risk management processes, including risk assessment, mitigation and continuous monitoring.

Managing Director and Corporate Management
Regularly review and update risk profiles for the Group's subsidiaries, ensuring proactive mitigation strategies are in place.

Research and Development Team
Identifies emerging opportunities and risks across industry sectors; evaluates and mitigates risks through product and process innovation.

Business Units / Subsidiaries
Manage risks at operational level through their respective internal audit, compliance, risk management and management reporting structures.



Board Representation and Visibility and Visibility

Group Board members are represented on the Boards of key subsidiaries, providing direct visibility into subsidiary-level performance, governance matters, strategic priorities and risk exposures. This enables the Group to maintain closer oversight of risks arising across its diversified portfolio, while allowing each subsidiary to manage risks within the context of its own business

Subsidiary-Level Risk Functions

Risk-related functions are maintained at subsidiary level based on the nature and complexity of each business. Within the finance sector, L B Finance's Internal Audit, Compliance and Risk Management divisions support structured oversight of sector-specific risks and strengthen the Group's visibility over key exposures.

Sustainability-Related Oversight

In line with SLFRS S1 and S2 disclosure requirements, subsidiaries have assigned Board-level oversight for sustainability-related risks and opportunities, supported by relevant sub-committees and management teams. This ensures that climate and sustainability-related matters are reviewed through established governance structures and escalated where material to strategy, risk management and disclosure.

Sustainability Oversight at Vallibel One

Sustainability Risk and Opportunity Oversight

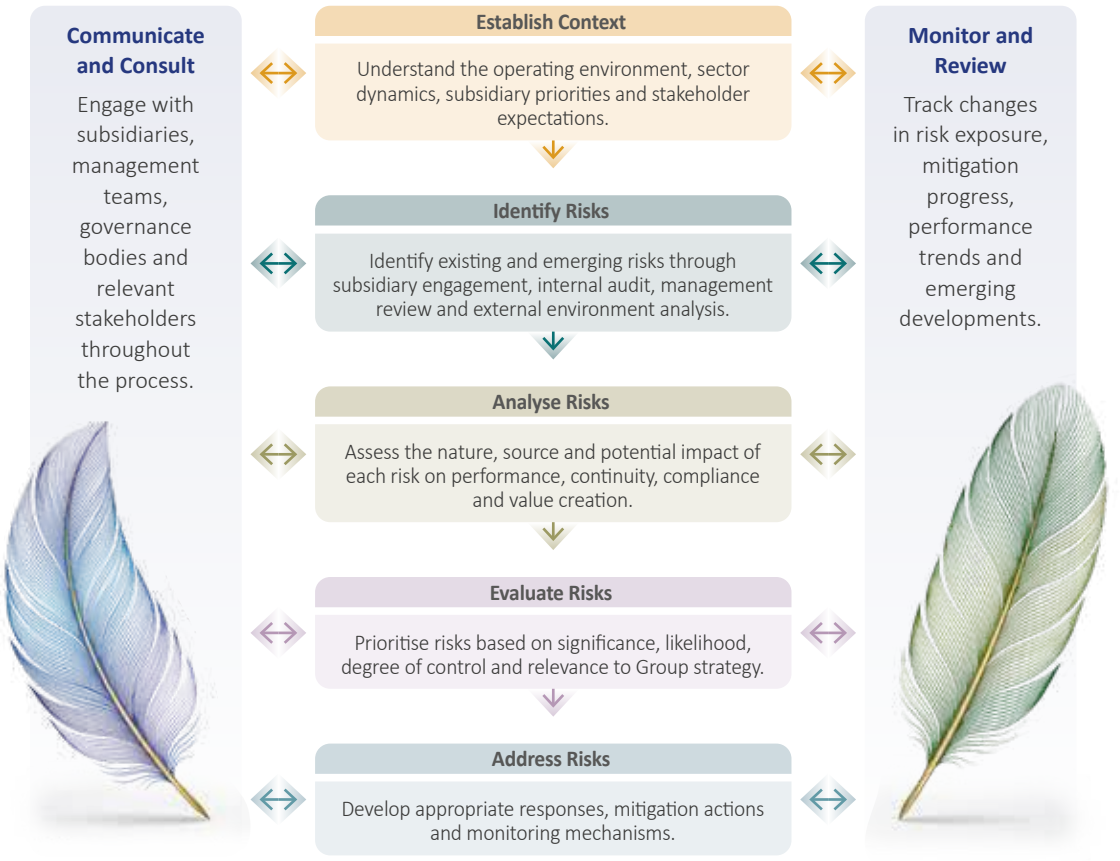
Sustainability-related risks and opportunities are reviewed through the Group's existing governance and risk oversight structures, with Board-level oversight supported by subsidiary Boards, relevant sub-committees and management teams. Climate-related risks and opportunities identified under SLFRS S1 and S2 are considered within the Group's broader risk management process.

For detailed disclosures, refer page 92-114

RISK MANAGEMENT PROCESS

Vallibel One PLC's risk management process is based on continuous monitoring, consultation and review across the Group. Risks are identified through regular engagement with subsidiaries, internal audit observations, management reviews, stakeholder interactions and analysis of the external operating environment.

The process enables the Group to understand its risk context, identify emerging and existing risks, assess their potential impact and determine appropriate responses. Risks are also reviewed in relation to subsidiary performance, strategic priorities, capital allocation and long-term value creation.



Risks and Opportunities

BUDGETARY AND PERFORMANCE REVIEW

During the year, Vallibel One PLC introduced a structured budgetary and performance review process to strengthen governance, capital allocation and risk oversight across the Group. The process enables the Board and Corporate Management to review subsidiary budgets, assess performance against agreed plans, monitor variances and identify emerging financial, operational and market-related risks in a timely manner.

Focus Area	What it Supports
Subsidiary financial health	Review of profitability, cash flows, funding needs and financial stability.
Budget performance and variances	Identification of underperformance, cost pressures and margin movements.
Capital allocation	More disciplined deployment of resources across the Group.
Strategic alignment	Assessment of subsidiary plans against Group priorities.
Emerging risks	Early visibility over financial, operational and market-related risks.
Quarterly monitoring	Ongoing tracking of progress, variance analysis and timely response.

Risk management value: Supports stronger governance, better-informed decision-making and earlier response to risks that may affect performance, liquidity and long-term value creation.



RISK STRATEGY

The Group classifies and prioritises risks based on their potential impact, degree of control and significance to business performance and long-term value creation. During the year, Vallibel One refined its principal risk universe to reflect the key risks most relevant to its diversified portfolio, operating context and strategic direction.

The revised risk universe provides a clearer basis for oversight, mitigation and reporting, while reducing overlap between risk categories. It also supports stronger linkage between risk management, capital allocation, subsidiary performance, material topics and SLFRS S1/S2 sustainability-related financial disclosures.



MANAGING OUR RISKS

Level of Impact ● High ● Moderate ● Low

Time Horizons ST- Short-Term (1-2 years) MT- Medium-Term (3-5 years) LT- Long-Term (5+ years)

Risk Movement ↑- Increasing →- Stable ↓- Decreasing

Principal Risk	Potential Impact	Risk Movement	Mitigation and Management Approach	Cross References
R1 Macroeconomic and Market Risk	Inflation, interest rates, exchange rates, consumer demand, competition and broader market conditions may affect profitability, margins and sector growth. ●	ST ↑ MT → LT →	Review economic indicators, pricing, margins and demand trends. Strengthen sector-level planning, cost management and portfolio performance monitoring. SG BE ME	Operating Landscape (page 43-48) Sector Reviews (page 116-166) Financial Capital (page 168-173) M1 M2 M3
R2 Financial and Liquidity Risk	Liquidity pressure, funding constraints, credit exposure, asset quality deterioration and capital allocation decisions may affect financial stability and growth. ●	ST ↑ MT → LT →	Review cash flows, funding sources, credit risk, recoveries and asset quality. Support disciplined capital allocation through budgetary and performance reviews. GS BE	Financial Capital (Page 168-173) A Commitment to Excellence (Page 40-41) Sector Reviews, (Page 116-166) M1 M3
R3 Operational and Business Continuity Risk	Process failures, asset downtime, service interruptions, productivity constraints and business disruptions may affect continuity, efficiency and profitability. ●	ST → MT → LT →	Maintain business continuity planning, internal controls and operational reviews. Drive productivity initiatives, process improvements and corrective action monitoring. GS BE	Manufactured Capital (Page 174-181) A Commitment to Excellence (Page 40-41) Sector Reviews (Page 116-166) M3 M4

Risks and Opportunities

Principal Risk	Potential Impact	Risk Movement	Mitigation and Management Approach	Cross References
R4 Supply Chain and Sourcing Risk	Supplier delays, import constraints, raw material shortages, logistics disruptions and cost escalation may affect availability, margins and customer delivery. 🟡	ST → MT ↑ LT →	Strengthen supplier diversification, procurement planning and alternative sourcing. Review inventory, logistics arrangements and supplier performance. GS BE ME SG	Manufactured Capital (Page 174-181) Operating Landscape (Page 43-48) Sector Reviews (Page 116-166) M4 M9
R5 Regulatory, Compliance and Governance Risk	Changes in laws, licensing requirements, tax, reporting obligations, governance expectations and regulatory standards may create compliance, financial and reputational exposure. 🔴	ST ↑ MT ↑ LT →	Maintain Board and Audit Committee oversight, subsidiary-level compliance processes and internal audit reviews. Monitor regulatory developments and strengthen reporting controls, including SLFRS S1 and S2 readiness. GS SG	Corporate Governance, (Page 228-243) Enterprise Risk Management (Page 48-58) SLFRS Sustainability-related Financial Disclosures (Page 92-114) M5 M8
R6 Technology, Cybersecurity and Data Risk	Cyber threats, system failures, data breaches, technology disruption and weak data governance may affect operations, reporting integrity and stakeholder trust. 🟡	ST ↑ MT ↑ LT →	Strengthen system upgrades, cybersecurity controls, access management and data governance. Maintain IT monitoring, disaster recovery and continuity planning. GS BE	Intellectual Capital (Page 198-207) Corporate Governance (Page 228-243) Sector Reviews (Page 116-166) M8 M10 M11
R7 People and Capability Risk	Talent shortages, turnover, skills gaps, succession constraints and capability limitations may affect execution, productivity and transformation. 🟡	ST → MT ↑ LT →	Support training and development, employee engagement, retention initiatives and succession planning. Strengthen leadership development and workforce planning. GS BE	Human Capital (Page 182-197) Strategy and Resource Allocation (Page 70-73) Sector Reviews (Page 116-166) M7 M9
R8 Climate and Environmental Risk	Physical climate events, environmental compliance requirements, resource constraints, transition expectations and climate-related reporting obligations may affect operations, costs and stakeholder confidence. 🟡	ST → MT ↑ LT ↑	Monitor physical and transition risks, environmental compliance and resource efficiency initiatives. Strengthen subsidiary-level sustainability oversight and alignment with SLFRS S1 and S2 disclosures. SG BE	Natural Capital (Page 218-226) Sustainability Performance (Page 79-82) SLFRS Sustainability-related Financial Disclosures (Page 92-114) M5 M6

STRATEGIC OPPORTUNITIES

While the Group's risk management framework focuses on identifying and mitigating principal risks, Vallibel One also recognises that a changing operating environment presents opportunities for disciplined growth and long-term value creation. These opportunities are reviewed through the Group's governance, budgetary and performance review processes, enabling the Board and Corporate Management to assess how each subsidiary can respond to market recovery, customer needs, operational improvement and emerging sustainability expectations.

As an investment holding company, Vallibel One's role extends beyond monitoring performance. The Group seeks to guide its subsidiaries towards stronger efficiency, improved capital deployment, inter-company synergies, innovation and future-ready business models. This approach supports the Group's ability to convert emerging opportunities into sustainable value across its diversified portfolio.

Opportunity Theme	Strategic Response	Linked Risks	Horizon	Cross References
O1 Sector-led growth and market recovery	Capture improving market conditions through sector-specific growth plans, pricing discipline, customer relevance and stronger market positioning. SG ME BE	R1, R2	ST / MT	Operating Landscape (Page 43-48) Sector Reviews (Page 116-166) Financial Capital (Page 168-173)
O2 Capital allocation and portfolio discipline	Direct resources towards subsidiaries, projects and initiatives that demonstrate stronger resilience, return potential and alignment with Group priorities. GS BE	R2, R5	ST / MT	Financial Capital (Page 168-173) Strategy and Resource Allocation (Page 70-73)
O3 Operational efficiency and business excellence	Improve productivity, process discipline, cost competitiveness and execution capability across operating entities. BE	R3, R4	ST / MT	A Commitment to Excellence (Page 40-41) Manufactured Capital (Page 174-181) Sector Reviews (Page 116-168)
O4 Digital transformation and innovation	Use technology, data and innovation to improve customer reach, service delivery, internal efficiency and decision-making. SG BE	R1, R6	MT / LT	Intellectual Capital (Page 198-207) Sector Reviews (Page 116-166) Strategy and Resource Allocation (Page 70-73)
O5 Group synergies and shared capability	Strengthen intercompany collaboration, shared expertise, operational coordination and knowledge transfer across the portfolio. SG BE	R3, R7	MT	Strategy and Resource Allocation (Page 70-73) Human Capital (Page 182-197)
O6 Regional, export and selective expansion	Pursue disciplined expansion into regional, export and adjacent markets where subsidiaries have capability, customer relationships and strategic fit. SG ME	R1, R2, R5	MT / LT	Operating Landscape (Page 43-48) Sector Reviews (Page 116-166) Financial Capital (Page 168-173)

Risks and Opportunities

Opportunity Theme	Strategic Response	Linked Risks	Horizon	Cross References
O7 Climate-aligned products, services and financing solutions	Respond to rising demand for sustainable products, services and financing solutions SG GS	R1, R2, R8	MT / LT	SLFRS Sustainability-related Financial Disclosures (Page 92-114) Natural Capital (Page 218-226) Sector Reviews (Page 116-166)
O8 Talent, leadership and future capability	Build the leadership, skills and workforce capability required to support transformation, innovation and long-term execution. SG PC BE	R7	ST / MT / LT	Human Capital (Page 182-197) Strategy and Resource Allocation (Page 70-73)

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Climate-related risks and opportunities are considered within Vallibel One PLC's broader enterprise risk management and strategic planning processes. While Climate and Environmental Risk is recognised as a principal risk under R8, the Group has also assessed specific climate-related risks and opportunities in line with SLFRS S1 and S2.

These matters are most relevant to the Group's more material sectors, particularly Finance and Lifestyle, and are further discussed in the SLFRS Sustainability-related Financial Disclosures on pages 92–114.

Climate-related risk or opportunity	or opportunity Description	Link to principal risks and opportunities	Strategic Response	Material matters
CRRO1 Extreme weather events, flooding and landslides Physical risk - Acute	Physical climate events may disrupt operations, customer access, logistics, supply chains and asset conditions across exposed locations and sectors.	R3, R4, R8 O3	BE SG GS	M5 M6
CRRO2 Transition and regulatory risk Transition risk	Evolving climate-related regulation, nts, energy transition expectations and market standards may affect compliance, operating models, reporting readiness and investment priorities.	R5, R8 O2, O7	BE SG	M5 M6 M10
CRRO3 Demand for climate aligned products, services and financing solutions	Growing demand for sustainable products, responsible financing, lower-impact solutions and climate-conscious consumption may create opportunities for relevant subsidiaries, particularly within Finance and Lifestyle.	R1, R2, R8 O1, O7	GS ME	M2 M5 M6 M8

Stakeholder Engagement

STAKEHOLDER EXPECTATIONS

Vallibel One's ability to create sustainable value is shaped by the strength of its relationships with the individuals, institutions and communities connected to its business. As a diversified investment holding company, the Group engages with stakeholders across multiple sectors to understand their expectations, respond to emerging concerns, and ensure that business decisions remain aligned with long-term value creation.

Stakeholder engagement is integrated into the Group's governance, strategy, risk management and performance review processes. Through formal and informal engagement channels, Vallibel One and its subsidiaries gather insights on financial performance, operational resilience, customer expectations, employee wellbeing, regulatory compliance, sustainability, climate-related risks and broader socio-economic priorities.

During 2025/26, stakeholder engagement continued to support the Group's focus on disciplined growth, business excellence, stronger portfolio oversight, sustainability readiness and responsible value creation across sectors.

ENGAGEMENT APPROACH

Identify and classify	Prioritise and position	Define and plan	Engage and respond	Monitor and report	Evaluate and improve
Identify stakeholder groups based on their relationship with the Group, level of influence and relevance to sector operations.	Identify matters that are important to stakeholders and sector performance.	Determine engagement objectives, key concerns, communication channels and responsible teams.	Engage through appropriate channels and respond through strategic, operational, governance or sustainability-related actions.	Track outcomes and integrate relevant insights into management review, risk management and reporting.	Review the effectiveness of engagement and refine engagement processes where required.

EMERGING STAKEHOLDER THEMES IN 2025/26

Sustainable growth and returns

Continued focus on financial resilience, disciplined capital allocation and long-term value creation,

Portfolio oversight and performance discipline

Stronger emphasis on Group-level monitoring, sector performance review and operational accountability.

Governance and transparency

Increasing expectations around timely disclosures, compliance responsible reporting and sustainability-related information.

Customer relevance and service quality

Demand for quality, convenience, affordability, responsiveness and digital access across sectors.

People capability and retention

Focus on employee well-being, skills development, fair reward and talent continuity

Sustainability and climate readiness

Greater attention to climate-related risks, environmental stewardship and SLFRS S1 and S2-aligned disclosures

Stakeholder Engagement

STAKEHOLDER ENGAGEMENT PLAN AND OUTCOMES

The following pages outline how Vallibel One engages with its key stakeholder groups, the matters most relevant to them, and the Group's response during the year. Stakeholders are identified and prioritised based on their relationship with the Group, level of influence, degree of interest and impact on long-term value creation. Engagement methods are tailored according to the nature of each stakeholder group and the relevance of their expectations to the Group's operations, strategy and risk profile.

Engagement Frequency

A	Annual
BA	Biannual
Q	Quarterly
M	Monthly
O	Ongoing
P	Periodic
AR	As required

LEVEL OF ENGAGEMENT

Consult: Obtaining stakeholder feedback to understand expectations and concerns.

Involve: Engaging directly with stakeholders and considering their concerns in decision-making.

Collaborate: Working with stakeholders to develop solutions, partnerships or shared outcomes.

Support: Providing information, assistance or resources to maintain continuity and progress.

Shareholders and Investors | **Internal**

Why they matter:

Shareholders and investors provide the financial capital that supports the Group's growth, expansion and long-term investment strategy. Their confidence is closely linked to the Group's financial performance, governance standards, strategic direction and portfolio resilience.

Engagement level: Involve

What we heard:	How we engage:	How we responded:
• Sustainable financial returns • Long-term growth and stability • Transparent and timely disclosures • Strong governance and risk management • Responsible growth and portfolio expansion	AGM – A Annual Report – A Interim Statements – Q Corporate website and announcements – O, AR Investor and market communications – AR	• Strengthened Group-level portfolio oversight • Continued focus on disciplined capital allocation • Implemented SLFRS S1 and S2 across the Group and subsidiaries • Enhanced connectivity between strategy, risk and sustainability disclosures • Supported strategic growth initiatives across key sectors

Outcomes and evidence of engagement:

Dividends paid: LKR 5,289 Mn I **ROE**: 11.5% I **ROA**: 4.18% I **EBITDA**: LKR 42,214 Mn

Outlook

The Group will continue to strengthen shareholder value through disciplined capital allocation, active portfolio oversight, sector-level performance management and transparent reporting. As sustainability and climate-related disclosures become more prominent, Vallibel One will focus on improving the quality and connectivity of financial and non-financial information provided to investors.

Linked to:

Capitals

Material topics: M1 M2 M5 M9 M10

Strategic priorities: SG GS ME BE

Risks: R1 R2 R5 R8

SDGs

Customers — External

Why they matter:

Customers drive revenue, market relevance and service innovation across the Group's diverse sectors. Their expectations shape product quality, service delivery, accessibility, affordability, digital convenience and long-term customer trust.

Engagement level: Involve

What we heard:	How we engage:	How we responded:
• Product and service quality • Accessibility and convenience • Fair pricing and ethical practices • Responsive service and issue resolution • Data privacy and security	On-site visits and meetings: P Digital channels: O Customer service points and call centres: O Feedback, surveys, complaints and inquiries: O Formal communications and digital platforms: O AR	• Strengthened quality controls, standards and certifications • Advanced digital transformation and customer access • Maintained responsible business practices and compliance • Improved customer communication and complaint handling • Strengthened secure systems, cybersecurity and data governance

Outcomes and evidence of engagement:

New products / designs introduced: 324 I Digital transaction growth across relevant customer-facing platforms: 32% I Data Breaches :0

Outlook

Customer expectations are expected to continue evolving, with greater emphasis on convenience, quality, affordability, transparency, digital access and sustainability. The Group's sectors will remain focused on improving responsiveness, strengthening service quality and enhancing customer trust.

Linked to:

Capitals | Strategic priorities: SG ME BE | SDGs

Material topics: M2 M3 M8 M11 | Risks: R3 R6 R9

Employees — Internal

Why they matter:

Employees enable the Group's operations, service delivery, innovation and transformation agenda. Their skills, commitment and wellbeing are central to business continuity, productivity and long-term value creation.

Engagement level: Involve

What we heard:	How we engage:	How we responded:
• Fair remuneration and benefits • Career growth and skills development • Wellbeing, safety and work-life balance • Inclusion and ethical workplace practices • Business stability and continuity	Remuneration and payroll communication: M Training, appraisals and development programmes: O BA Meetings, grievance channels and employee communications: O AR Events, programmes and feedback channels: O Newsletters, emails and internal updates: M O	• Maintained focus on competitive remuneration and benefits • Expanded learning, development and recognition initiatives • Continued employee wellbeing, safety and engagement initiatives • Reinforced equal opportunity employment and ethical practices • Strengthened operational continuity and employee communication

Stakeholder Engagement

Outcomes and evidence of engagement:

Total employees: 10,254 I **Total salaries and benefits paid:** 15 Bn I **Training hours:** 111,205

Outlook

Talent retention, capability development and employee wellbeing will remain priorities as the Group strengthens operational excellence and transformation across sectors. Continued investment in people capability will support productivity, service quality, innovation and long-term organisational resilience.

Linked to:

Capitals

Material topics M3 M8 M9 M11

Strategic priorities PC GS BE

Risks R3 R7 R8

SDGs

Business Partners and Suppliers

External

Why they matter:

Business partners and suppliers support the Group's ability to deliver products, services and infrastructure across sectors. Strong supplier relationships are essential for quality, continuity, cost efficiency and responsible sourcing.

Engagement level: Collaborate

What we heard:	How we engage:	How we responded:
• Timely payments and fair dealings • Business continuity and stability • Ethical and mutually beneficial partnerships • Supply chain reliability • Opportunities for local sourcing and collaboration	On-site visits and meetings O AR Digital channels AR Customer service points and call centres P Feedback, surveys, complaints and inquiries P AR Formal communications and digital platforms O AR	• Maintained focus on timely payments and fair procurement practices • Strengthened supplier coordination and continuity planning • Reinforced ethical procurement and responsible business practices • Continued engagement to manage logistical and supply chain disruptions • Supported local supplier engagement and partnership development

Outcomes and evidence of engagement:

Supplier payments made: LKR 92,922 Mn I **Number of suppliers**: 4,272 I **Local supplier spend:** LKR 51,594 Mn

Outlook

Amid evolving supply chain conditions, cost pressures and market uncertainty, the Group will continue to strengthen supplier relationships, improve procurement discipline and support reliable, ethical and mutually beneficial partnerships across sectors.

Linked to:

Capitals

Material topics M3 M4 M9 M10

Strategic priorities SG GS BE

Risks R3 R4 R5 R6

SDGs

Government, Statutory and Regulatory Bodies

External

Why they matter:

Government, statutory and regulatory bodies provide the legal, policy, tax and regulatory frameworks within which the Group operates. Constructive engagement with these institutions supports compliance, accountability and responsible business conduct.

Engagement level: Consult / Involve

What we heard:	How we engage:	How we responded:
• Compliance with statutory and regulatory requirements • Timely and accurate reporting • Good governance and accountability • Responsiveness to regulatory changes • Sustainability and ESG-related compliance	Regulatory filings and submissions (P, AR) Audits, disclosures and reporting processes (O, AR) Meetings and formal correspondence (AR) Workshops and awareness-building (P) Sector-level reviews and management discussions (O, AR)	• Maintained compliance with applicable laws, rules and regulations • Strengthened internal reporting, review and filing processes • Reinforced governance, risk and compliance oversight • Monitored regulatory developments across sectors • Implemented SLFRS S1 and S2 Standards across the Group and subsidiaries

Outcomes and evidence of engagement:

Taxes paid: LKR 28.45 Mn I **Compliance violations:** 0% I SLFRS S1 and S2 implementation completed across the Group and subsidiaries

Outlook

As regulatory expectations continue to evolve, particularly around sustainability, climate-related disclosures, data governance and sector-specific compliance, the Group will maintain a proactive approach to monitoring regulatory developments and strengthening compliance readiness.

Linked to:

Capitals

Material topics M5 M6 M9 M10

Strategic priorities SG BE

Risks R5 R7 R8

SDGs

Stakeholder Engagement

Community and Environment | External

Why they matter:

Communities and the natural environment form part of the wider ecosystem within which the Group operates. The Group's activities create social, economic and environmental impacts through employment, access to products and services, community investment, resource use and environmental stewardship.

Engagement level: Support / Involve

What we heard:	How we engage:	How we responded:
• Need for improved livelihoods and community wellbeing • Employment and business opportunities • Responsible use of natural resources • Climate-related risks and environmental impacts • Community development and social investment • Compliance with local and environmental requirements	Community projects and initiatives (P, AR) Employee volunteerism (AR) Environmental monitoring and internal reviews (O) Sustainability reporting and climate-related assessments (AR) Engagement with local authorities and community stakeholders (AR)	• Supported community development and social investment initiatives • Created direct and indirect employment opportunities across sectors • Maintained focus on responsible operations and regulatory compliance • Advanced environmental monitoring across energy, emissions, water and waste • Implemented SLFRS S1 and S2 across the Group and subsidiaries • Promoted environmental awareness and resource efficiency initiatives

Outcomes and evidence of engagement:

CSR investment: LKR 6.33 Mn I **Number of community projects** 40+ I **Beneficiaries reached:** 27K + I Energy consumption: 1,657,171.56 GJ I Total emissions: 135,358 tCO_2e I Water withdrawal / consumption: 422,209.44 ML

Outlook

The Group will continue to support community wellbeing and environmental stewardship through responsible operations, community investment, resource efficiency and climate-related readiness. As stakeholder expectations around sustainability increase, Vallibel One will focus on improving environmental data quality, strengthening sector-level initiatives and contributing positively to the communities connected to its operations.

Linked to:

Capitals

Material topics M1 M2 M5 M9 M10

Strategic priorities SG GS ME BE

Risks R1 R2 R5 R8

SDGs

Materiality Assessment

DETERMINING WHAT MATTERS MOST

Vallibel One's materiality assessment identifies the topics that are most relevant to the Group's ability to create, preserve and protect value over time, while also considering the Group's impact on stakeholders, society and the environment.

Given the diversity of the Group's portfolio, the assessment considers both Group-level priorities and sector-specific realities. This enabled the Group to identify matters that are common across the portfolio, as well as topics that may be particularly significant to certain sectors due to their business model, regulatory exposure, stakeholder relationships or resource intensity.

Through the annual materiality process, potential material matters were reassessed and redefined during the year to better reflect the Group's current operating landscape, stakeholder expectations, principal risks, strategic focus areas and evolving sustainability-related reporting requirements. The topics arrived at via this assessment guide the content and connectivity of this report.

MATERIALITY PROCESS

	Stage	Purpose	Key inputs	Connected disclosures
1	Scan the landscape	Understand the external forces shaping the Group's operating context.	PESTEL analysis, market trends, sector developments, policy changes, climate risks, regulatory developments and technology shifts.	Operating Landscape (pages 43-48) Sector Reviews (pages 116-166)
2	Engage and review	Identify matters that are important to stakeholders and sector performance.	Stakeholder engagement, sector management inputs, customer trends, employee priorities, regulatory expectations and investor considerations.	Stakeholder Engagement (pages 55-60) Sector Reviews (pages 116-166)
3	Assess significance	Evaluate the relevance of each topic to value creation, stakeholder outcomes and risk exposure.	Financial performance, operational impact, stakeholder influence, risk profile, compliance relevance, strategic importance and sustainability-related impacts.	Enterprise Risk Management (pages 48-54)
4	Apply double materiality principle	Consider each topic from both an enterprise value and stakeholder impact perspective.	Internal materiality: relevance to financial performance, operations, resilience, strategy and risks. External materiality: actual or potential impact on stakeholders, society and the environment.	Materiality Assessment (pages 61-68)
5	Prioritise topics	Determine the topics that require disclosure and management focus at Group level.	Impact on the Group, stakeholder relevance, cross-sector applicability, strategic alignment, governance oversight and EESG classification.	Sector Reviews (pages 116-166)

Materiality Assessment

	Stage	Purpose	Key inputs	Connected disclosures
6	Integrate into strategy	Reflect material topics in strategic planning, resource allocation and business response.	Capital allocation, operating plans, sustainability priorities, risk mitigation, performance management and sector-level priorities.	Strategic Priorities and Resource Allocation (pages 70-73) Capital Performance (pages 168-226)
7	Monitor and report	Track progress and update focus areas as the operating context evolves.	Board and management oversight, sector performance, regulatory developments, stakeholder feedback and reporting requirements.	Corporate Governance (pages 228-243) SLFRS S1/S2 Disclosures (pages 92-114)

BASIS FOR DETERMINATION

Material topics were determined based on their significance to the Group's business model, stakeholders and long-term value creation. The following considerations were applied in assessing and prioritising material matters:

Basis	Factors Under Consideration
Enterprise value relevance	The extent to which the topic affects financial performance, portfolio resilience, capital allocation, operational continuity, competitiveness and long-term growth.
Stakeholder significance	The importance of the topic to shareholders, customers, employees, regulators, suppliers, business partners, communities and other stakeholder groups.
Risk and opportunity exposure	The extent to which the topic may create risk, unlock opportunity, affect reputation, disrupt operations or require Board and management attention.
Cross-sector relevance	Whether the topic is relevant across multiple sectors of the Group, or has significant impact within a key sector.
Regulatory and disclosure relevance	The extent to which the topic is linked to legal, regulatory, governance, environmental or sustainability-related reporting requirements.
Strategic alignment	The connection between the topic and the Group's strategic focus areas, resource allocation priorities and long-term direction.

HOW OUR MATERIAL TOPICS HAVE CHANGED

During the year, Vallibel One reviewed and updated its material topics to reflect changes in the Group's operating context and reporting approach. A key enhancement was the classification of topics under an EESG framework, providing a more structured view of the manner in which each topic relates to economic performance, environmental responsibility, social impact and governance discipline. In this context, economic performance-related topics refer to the business and financial matters that influence portfolio performance, competitiveness, operational efficiency and supply chain resilience.

Nature of Change:

- **+ New**
  Introduced as a standalone material topic
- **↕ Expanded**
  Broadened in scope from the previous year
- **✦ Refined**
  Sharpened in definition or emphasis
- **❐ Separated**
  Previously addressed within a broader topic and now presented separately for clearer focus

8 → 11

Material topics increased from 8 to 11, reflecting a more focused and structured assessment of the Group's material matters.

4 EESG CATEGORIES INTRODUCED

Topics are now classified under Economic, Environmental, Social and Governance for clearer presentation and stronger connectivity.

1 NEW STANDALONE TOPIC

Reflecting greater focus on supply chain resilience.

03 TOPICS REFINED

Enhancing Clarity and Relevance

4 TOPICS EXPANDED

Broadening focus on customers, stakeholders, governance and digital readiness.

3 TOPICS SEPARATED

Emphasising market competitiveness, climate transition and resource stewardship

Category		Material topic	Core focus areas	Change
Economic	M1	Financial Resilience and Portfolio Performance	Profitability, portfolio resilience, returns, capital allocation and long-term value creation.	✦
	M2	Market Competitiveness and Customer Relevance	Product/service quality, pricing pressure, customer needs, brand relevance and responsiveness to changing market demand.	❐
	M3	Operational Efficiency and Cost Management	Productivity, process discipline, cost efficiency, capacity utilisation and performance improvement.	✦
	M4	Supply Chain Resilience and Sourcing Reliability	Supplier continuity, procurement discipline, imported input dependency, logistics disruption and sourcing reliability.	+
Environmental	M5	Climate Change and Energy Transition	Climate-related risks and opportunities, energy efficiency, emissions reduction, renewable energy and climate resilience.	❐
	M6	Resource Stewardship and Environmental Management	Water, waste, raw materials, environmental compliance and responsible resource use.	❐
Social	M7	Workforce Capability, Retention and Well-being	Skills development, retention, safety, engagement, leadership capability and employee wellbeing.	✦
	M8	Customer Experience, Quality and Safety	Service quality, product responsibility, customer trust, accessibility and safety across products and services.	↕
	M9	Stakeholder Relationships and Community Impact	Supplier, partner, regulator, investor and community relationships, including social value creation.	↕

Materiality Assessment

Category		Material topic	Core focus areas	Change
Governance	M10	Governance, Ethics, Compliance and Risk Management	Board oversight, ethical conduct, internal controls, regulatory compliance, risk management and responsible governance.	↕
	M11	Digital Enablement, Data Security and Systems Readiness	Digital systems, automation, cybersecurity, data protection and technology readiness.	↕

ASSESSING MATERIALITY FROM TWO PERSPECTIVES

Each material topic was assessed from two complementary perspectives: its relevance to Vallibel One's enterprise value, and its significance to stakeholders, society and the environment. This approach supports a balanced view of how material matters influence both Group performance and broader stakeholder outcomes.

Internal perspective *Financial Materiality*	Considers how the matters may affect Vallibel One's financial performance, portfolio resilience, operations, risk profile and long-term strategic direction.
External perspective *Impact Materiality*	Considers how the Group's activities, decisions, products, services and relationships affect stakeholders, society and the environment.

	Material topic	Internal perspective — how it shapes the Group	External perspective — how it affects stakeholders
ECONOMIC	M1 Financial Resilience and Portfolio Performance	• Supports profitability, returns and long-term portfolio value • Shapes capital allocation across sectors and subsidiaries • Influences the Group's ability to withstand sector cycles and market volatility • Strengthens capacity for reinvestment, expansion and shareholder value creation	• Supports business continuity and employment across the portfolio • Enables continued service delivery to customers • Strengthens confidence among shareholders, lenders and business partners • Contributes to broader economic activity through taxes, supplier payments and investment
	M2 Market Competitiveness and Customer Relevance	• Influences revenue growth, market share and brand strength • Shapes pricing, product development and service positioning • Supports responsiveness to changing customer needs and demand patterns • Helps sectors remain relevant in competitive markets	• Improves customer access to relevant, reliable and affordable products and services • Supports quality, choice and service expectations • Strengthens customer trust and long-term relationships • Encourages market responsiveness across sectors
	M3 Operational Efficiency and Cost Management	• Protects margins and profitability in a cost-sensitive environment • Improves productivity, capacity utilisation and process discipline • Supports consistent execution across manufacturing, service and distribution operations • Enables better cost control and performance improvement	• Supports more reliable product and service delivery • Helps maintain affordability and availability for customers • Improves quality, timeliness and consistency of operations • Strengthens continuity for employees, customers and business partners

	Material topic	Internal perspective — how it shapes the Group	External perspective — how it affects stakeholders
	M4 Supply Chain Resilience and Sourcing Reliability	• Supports continuity of production, distribution and service delivery • Reduces exposure to imported input dependency, supplier disruption and logistics delays Influences procurement discipline, inventory planning and cost management • Strengthens operating resilience across sectors with material sourcing needs	• Supports product availability and service continuity for customers • Strengthens supplier relationships and responsible procurement practices • Reduces disruption to essential products and services • Supports reliability across customer-facing and manufacturing sectors

	Material topic	Internal perspective — how it shapes the Group	External perspective — how it affects stakeholders
ENVIRONMENTAL	M5 Climate Change and Energy Transition	• Influences exposure to physical climate risks and operational disruption • Shapes energy efficiency, emissions reduction and transition planning • Affects future compliance requirements and climate-related disclosure readiness • Creates opportunities for climate-aligned products, services and financing	• Supports lower-carbon operations and responsible energy use • Responds to investor, regulator and customer expectations on climate action • Strengthens resilience of assets, communities and supply chains • Contributes to wider climate transition efforts through sector-specific action
	M6 Resource Stewardship and Environmental Management	• Supports responsible use of water, raw materials and other resources • Influences waste management, environmental compliance and cost efficiency • Reduces operational, reputational and regulatory exposure • Strengthens environmental discipline across manufacturing, healthcare and asset-heavy operations	• Reduces environmental impacts linked to waste, water use and resource consumption • Supports compliance with environmental expectations and regulations • Builds trust with regulators, communities, customers and partners • Encourages more responsible use of natural
SOCIAL	M7 Workforce Capability, Retention and Well-being	• Strengthens productivity, service quality and operational execution • Supports retention, skills development and leadership continuity • Influences workplace safety, engagement and transformation capability • Helps build the people capacity needed to deliver sector strategies	• Empowers employee wellbeing, safety and career development • Contributes to stable employment and skills development • Improves service quality experienced by customers and patients • Strengthens the Group's role as a responsible employer
	M8 Customer Experience, Quality and Safety	• Shapes customer retention, brand reputation and revenue growth • Supports product responsibility, service quality and risk management • Influences trust across finance, healthcare, consumer, lifestyle and other customer-facing sectors • Helps differentiate the Group in competitive markets	• Improves customer trust, safety and confidence • Supports access to reliable, safe and quality products and services • Enhances customer wellbeing and everyday quality of life • Strengthens accountability in product and service delivery

Materiality Assessment

	Material topic	Internal perspective — how it shapes the Group	External perspective — how it affects stakeholders
	M9 Stakeholder Relationships and Community Impact	• Supports licence to operate and long-term stakeholder trust • Strengthens relationships with suppliers, partners, regulators, investors and communities • Influences reputation, collaboration and continuity across the portfolio • Supports Group-level coordination and responsible business conduct	• Creates social value through community, supplier and partner relationships • Strengthens engagement with regulators, investors and local communities • Supports more inclusive and responsible business relationships • Reinforces trust through transparency and collaboration
GOVERNANCE	M10 Governance, Ethics, Compliance and Risk Management	• Supports Board oversight, accountability and responsible decision-making • Strengthens internal controls, compliance and risk management across sectors • Reduces exposure to regulatory, ethical and operational failures • Enables disciplined portfolio management and long-term resilience	• Supports ethical conduct, regulatory compliance and responsible business practices • Reduces the risk of adverse impacts on customers, employees, investors and communities • Strengthens transparency and accountability
	M11 Digital Enablement, Data Security and Systems Readiness	• Improves operational efficiency, automation and data-led decision-making • Strengthens cybersecurity, data protection and system resilience • Supports digital transformation, customer access and process visibility • Reduces risk linked to system failure, cyber threats and data privacy breaches	• Protects customer, employee and partner data • Supports secure, reliable and accessible services • Strengthens stakeholder confidence in digital channels and systems • Enables more efficient and responsive service delivery

CONNECTIVITY OF MATERIAL TOPICS

While the material topics are presented under their primary EESG category, many are interconnected and influence multiple capitals, risks, stakeholders and strategic focus areas. These linkages are intended to demonstrate how material matters inform Vallibel One's strategy, risk oversight, capital deployment and sustainability-related disclosures.

	Code	Primary capitals	Principal risks	Strategic focus areas	Connected disclosures
M1	Financial Resilience and Portfolio Performance		R1 R2	SG GS BE	Financial Capital, page. 168–173 Sector Reviews, page. 116–166 Strategic Priorities and Resource Allocation, page. 70–73
M2	Market Competitiveness and Customer Relevance		R1 R3	SG ME BE	Sector Reviews, page. 116–166 Operating Landscape, page. 43–48 Social and Relationship Capital, page. 208–217

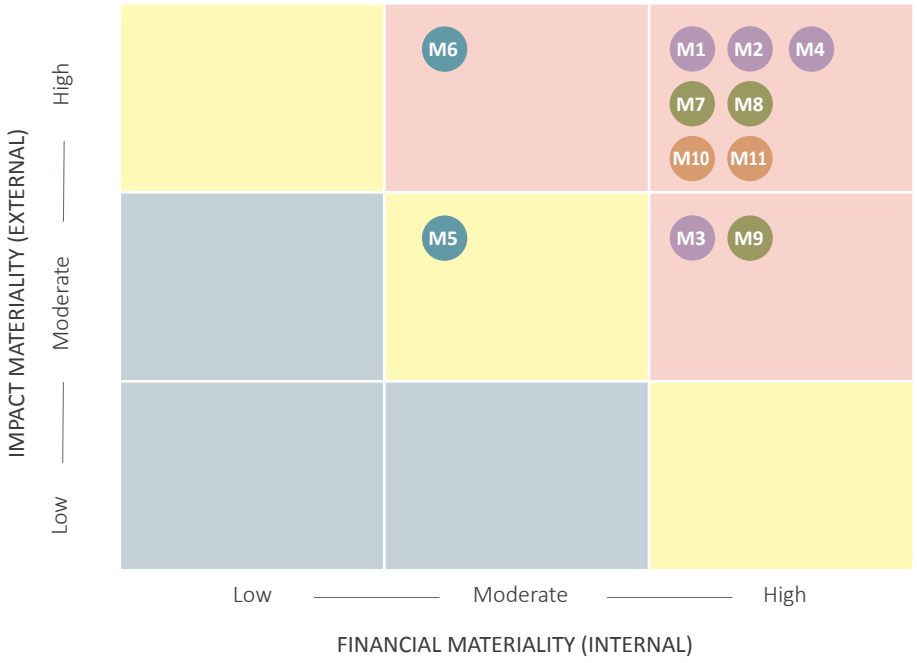
	Code	Primary capitals	Principal risks	Strategic focus areas	Connected disclosures
M3	Operational Efficiency and Cost Management		R3	GS BE	A Commitment to Excellence, page. 40–41 Financial Capital, page. 168–173; Manufactured Capital, page. 174–181
M4	Supply Chain Resilience and Sourcing Reliability		R4 R3	GS BE	Sector Reviews, page. 116–166 Enterprise Risk Management, page. 48–54; Manufactured Capital, page. 174–181
M5	Climate Change and Energy Transition		R8 R5	SG BE	SLFRS S1/S2 Disclosures, page. 92–114 Natural Capital, page. 218–226 Enterprise Risk Management, page. 48–54
M6	Resource Stewardship and Environmental Management		R8 R5 R3	SG BE	Natural Capital, page. 218–226 Sector Reviews, page. 116–166 SLFRS S1/S2 Disclosures, page. 92–114
M7	Workforce Capability, Retention and Well-being		R7 R3	PC BE	Human Capital, page. 182–197 A Commitment to Excellence, page. 40–41 Sector Reviews, page. 116–166
M8	Customer Experience, Quality and Safety		R3 R5	ME BE	Social and Relationship Capital, page. 208–217 Sector Reviews, page. 116–166 Enterprise Risk Management, page. 48–54
M9	Stakeholder Relationships and Community Impact		R1 R5	SG GS	Stakeholder Engagement, page. 55–60 Sector Reviews, page. 116–166 Corporate Governance, page. 228–243
M9	Governance, Ethics, Compliance and Risk Management		R5 R2	GS BE	Corporate Governance, page. 228–243 Enterprise Risk Management, page. 48–54 SLFRS S1/S2 Disclosures, page. 92–114
M10	Digital Enablement, Data Security and Systems Readiness		R6 R3	GS BE	Intellectual Capital, page. 198–207 A Commitment to Excellence, page. 40–41 Enterprise Risk Management, page. 48–54

Materiality Assessment

RANKING OUR MATERIAL TOPICS

The material topics were mapped based on their relative financial materiality and impact materiality, using a three-tier scale of High, Moderate and Low. This illustrates the prioritisation of topics by demonstrating where each matter sits in relation to its potential effect on enterprise value and its significance to the economy, environment, people and wider stakeholders.

	Material Topic	Financial Materiality	Impact Materiality	Overall Materiality
M1	Financial Resilience and Portfolio Performance	High	High	High
M2	Market Competitiveness and Customer Relevance	High	High	High
M3	Operational Efficiency and Cost Management	High	Moderate	High
M4	Supply Chain Resilience and Sourcing Reliability	High	High	High
M5	Climate Change and Energy Transition	Moderate	High	Moderate
M6	Resource Stewardship and Environmental Management	Moderate	High	High
M7	Workforce Capability, Retention and Well-being	High	High	High
M8	Customer Experience, Quality and Safety	High	High	High
M9	Stakeholder Relationships and Community Impact	High	Moderate	Moderate
M10	Governance, Ethics, Compliance and Risk Management	High	High	High
M11	Digital Enablement, Data Security and Systems Readiness	High	High	High



Defining our Flight Path

Charting Direction. Sustaining Momentum.

If feathers provide the structure for flight, strategy defines the flight path. It shapes how direction is set, how momentum is sustained, how changing conditions are navigated, and how resources are deployed to keep the Group moving with purpose.



5 SUSTAIN MOMENTUM

Vision, portfolio priorities and sector positioning

Establishing a clear strategic direction that guides decision-making across the Group and aligns sector priorities with long-term value creation.

4 ADAPT TO CONDITIONS

Agility, resilience and responsiveness

Responding to changes in the operating environment with flexibility, while strengthening the resilience of businesses across the portfolio.

3 MAINTAIN BALANCE

Governance, risk management and capital discipline

Balancing ambition with oversight, ensuring that growth is supported by sound governance, disciplined resource allocation and effective risk management.

2 CREATE LIFT

Growth, expansion and investment in opportunity

Deploying capital and capabilities towards areas with the potential to strengthen performance, scale operations and unlock new avenues for growth.

1 SET DIRECTION

Vision, portfolio priorities and sector positioning

Establishing a clear strategic direction that guides decision-making across the Group and aligns sector priorities with long-term value creation.

Strategy and Resource Allocation

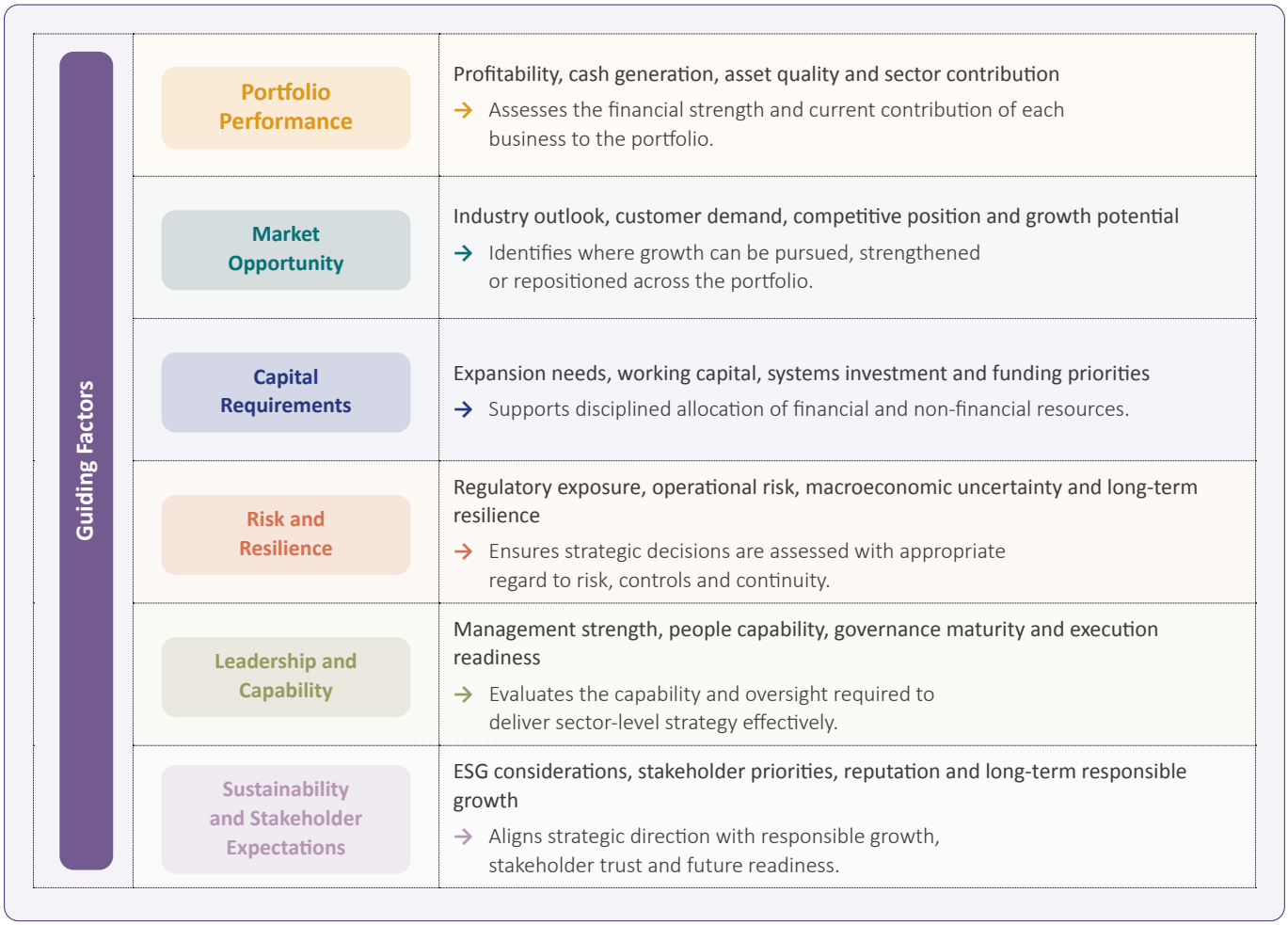
PORTFOLIO STRATEGY

As an investment holding company, Vallibel One creates value through the strategic ownership, oversight and allocation of capital across a diversified portfolio of businesses. The Group's strategy is therefore centred on identifying where long-term value can be created, strengthened or protected across its sectors, while enabling each business to retain the operational focus required to respond effectively to its respective market dynamics.

The Group's role is to provide strategic direction, capital discipline and governance oversight, while allowing sector businesses to execute strategies suited to their respective industries, markets and operating realities. This enables Vallibel One to maintain the agility of sector-led decision-making, while ensuring that each business remains aligned to the Group's broader objectives for sustainable growth, resilience and capital enhancement.

STRATEGY DEVELOPMENT

Strategy development is informed by a range of financial and non-financial considerations assessed at both sector and Group level, including the strategic fit, performance, opportunities, resource needs and resilience of each business within the portfolio. These considerations help Vallibel One evaluate the role of each business, prioritise resource allocation and guide long-term value creation.



Strategic Pillars

The Group's strategic pillars provide a common framework for decision-making across its portfolio. While each sector operates within its own market, regulatory and competitive environment, these pillars help align sector-level priorities with the Group's long-term direction.

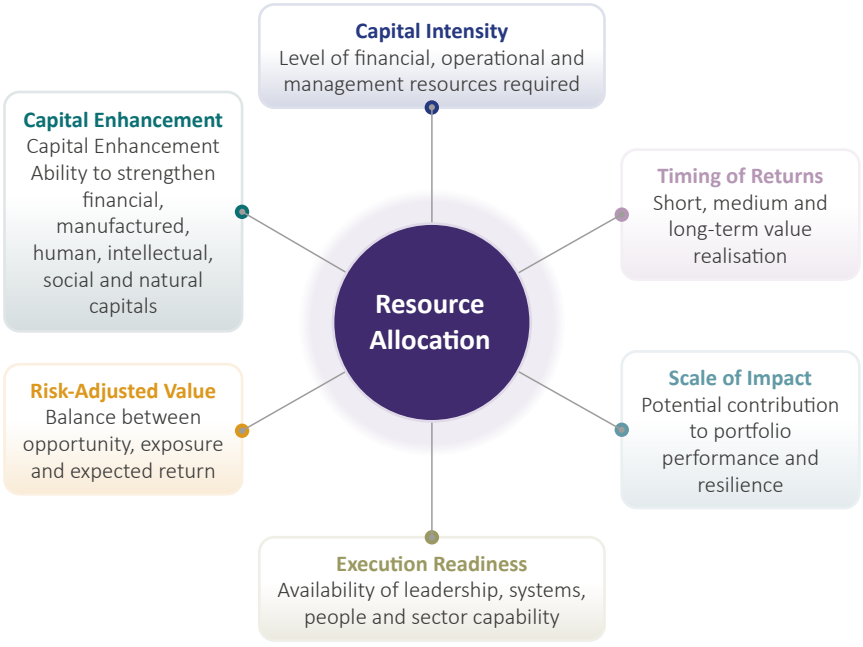
Together, these pillars shape how Vallibel One evaluates opportunities, supports portfolio companies and allocates resources across the Group. They provide the strategic lens through which capital, capability and management attention are directed towards areas that strengthen performance today while building resilience for the future.

SG Sustainable Growth	Embedding responsible growth, ESG considerations and long-term resilience into investment and operating priorities.
PC People Capability	Strengthening employee skills, leadership, engagement, wellbeing and alignment across the Group.
GS Group Synergy	Leveraging shared capabilities, cross-sector collaboration and Group-wide strengths to unlock integrated value.
ME Market Expansion	Pursuing new customers, geographies, channels, partnerships and product/service opportunities.
BE Business Excellence	Driving productivity, quality, cost discipline, digital enablement and continuous improvement.

How Strategic Pillars Guide Resource Allocation

The aforementioned strategic pillars guide how Vallibel One directs capital, capability, governance oversight and management focus across the portfolio. They provide the lens through which sector-level priorities are aligned with Group-level value creation, ensuring that resources are directed towards areas that strengthen portfolio performance, resilience and long-term relevance.

As an investment holding company, the Group considers resource allocation through a portfolio lens. Decisions are informed by the strategic role of each business, its contribution to the Group, growth potential, capability requirements, risk exposure and alignment with sustainability and stakeholder priorities. This enables Vallibel One to support sector-level execution while maintaining discipline over long-term portfolio strength.



Strategy and Resource Allocation

RESOURCE ALLOCATION

Strategic pillar	Resource allocation focus	Capitals allocated / deployed	Allocated resources in 2025/26	Portfolio value created	Where to find more information
Sustainable Growth	Responsible investments, ESG readiness, resilience-building initiatives, governance systems and environmental management	Financial Capital Natural Capital Social and Relationship Capital Intellectual Capital	• LKR 4.3 Mn allocated to sustainability-related initiatives • 100% of entities assessed for climate-related risks and opportunities • 3% reduction in energy	A more resilient, responsible and future-ready portfolio	Sustainability Review pages 79–114 Refer SLFRS Disclosures pages 92–114 Natural Capital pages 218–226
People Capability	Leadership development, technical skills, employee engagement, wellbeing and succession readiness	Financial Capital Human Capital Intellectual Capital Social and Relationship Capital	• 10,254 employees across the Group • 111,205 training hours • 3,508 new recruits • 70% employee retention • LKR 35.85 Mn invested in training	Stronger execution capability, leadership depth and continuity across sectors	Human Capital pages 182–197
Group Synergy	Shared expertise, governance practices, cross-sector learning, relationships, systems and Group-wide oversight	Human Capital Intellectual Capital Social and Relationship Capital Financial Capital	• 8 sectors represented within the Group • 100% of subsidiaries with Group Board representation	Greater integration, knowledge transfer and value creation across the portfolio	Corporate Governance pages 228–243 Value Creation Model pages 74–77 Sector Reviews pages 116–166
Market Expansion	New markets, customers, geographies, channels, partnerships and product / service opportunities	Financial Capital Manufactured Capital Social and Relationship Capital Intellectual Capital	• 3 04 new products / services introduced • Operations across 5 countries	Broader reach, revenue diversification and stronger market relevance	Sector Reviews pages 116–166 Manufactured Capital pages 174–181 Social and Relationship Capital pages 208–217
Business Excellence	Productivity, quality, digital enablement, cost discipline, process improvement and operational resilience	Financial Capital Intellectual Capital Manufactured Capital Human Capital	• 5+ digital initiatives • 231 process improvement projects implemented • 1.6 Bn Cost Savings from process improvement projects	Improved efficiency, scalability, competitiveness and sustainable returns	Intellectual Capital pages 198–207 Manufactured Capital pages 174–181 Business Excellence pages 40-41

Trade-offs Between Strategy and Capitals

The Group's strategic priorities are delivered through the deployment of its capitals. In doing so, Vallibel One recognises that certain capitals may be used, stretched or placed under short-term pressure in order to strengthen other capitals over time. These trade-offs are considered in relation to the Group's role as an investment holding company, where resource allocation must support both sector-level execution and long-term portfolio resilience.

Strategic pillar	Capitals deployed	Near-term capital trade-off	Capitals strengthened over time	Long-term value created
Sustainable Growth	Financial Capital Natural Capital Social and Relationship Capital Intellectual Capital	Directing resources towards ESG readiness, environmental stewardship, governance systems and resilience-building may reduce the capital available for immediate growth or short-term return-generating priorities.	Natural Capital Social and Relationship Capital Financial Capital Intellectual Capital	- Stronger environmental stewardship - Improved stakeholder confidence - Greater regulatory preparedness - Increased resilience to sustainability and climate-related pressures
People Capability	Financial Capital Human Capital Intellectual Capital Social and Relationship Capital	Investment in training, leadership development, wellbeing and engagement requires financial resources and employee time, which may place short-term pressure on operating capacity and productivity.	Human Capital Intellectual Capital Social and Relationship Capital	- Stronger execution capability - Improved leadership depth and succession - Higher productivity and service quality - Better retention and continuity across sectors
Group Synergy	Human Capital Intellectual Capital Social and Relationship Capital Financial Capital	Strengthening Group-wide alignment requires management attention, coordination and knowledge-sharing, which may place additional demands on businesses already focused on sector-specific priorities.	Intellectual Capital Human Capital Social and Relationship Capital Financial Capital	- Greater portfolio cohesion - Stronger governance consistency - Enhanced knowledge transfer - Improved ability to unlock Group-wide value
Market Expansion	Financial Capital Manufactured Capital Social and Relationship Capital Intellectual Capital	Expanding into new customers, channels, locations, partnerships or products requires capital, working capital and management focus, while increasing exposure to execution, market and regulatory risk.	Financial Capital Manufactured Capital Social and Relationship Capital Intellectual Capital	- Broader market reach - Stronger customer access - Revenue diversification - Enhanced long-term growth potential
Business Excellence	Financial Capital Intellectual Capital Manufactured Capital Human Capital	Investment in systems, digital enablement, process improvement, quality enhancement and operational resilience may involve upfront costs, implementation effort and temporary disruption before benefits are realised.	Intellectual Capital Manufactured Capital Human Capital Financial Capital	- Improved efficiency and scalability - Stronger quality and service standards - Better cost discipline - Enhanced competitiveness and returns

How Value Takes Form

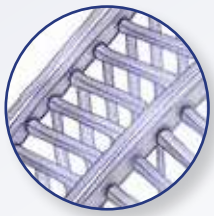
In nature, the colours of feathers are shaped in different ways — through biological inputs, specialised internal processes, or the physical structure of the feather itself.

At Vallibel One, value is created in much the same way. The Group draws on financial capital, people, assets, relationships, sector knowledge and market opportunities, and transforms them through the structures and capabilities built over time.

What emerges is not the result of any single input. Instead, our value stems from how these elements are combined, strengthened and channelled across our diversified portfolio to create vibrant outcomes for our stakeholders.

STRUCTURAL VALUE

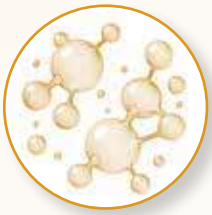
Blue and iridescent hues often emerge not from blue pigment, but from microscopic feather structures that reflect and scatter light.



This reflects how value is revealed through the way the Group is built — its diversified portfolio, governance frameworks, sector platforms, relationships and operating systems. Together, these structures support resilience, adaptability and long-term performance.

TRANSFORMING INPUTS

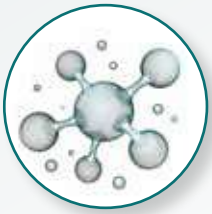
In many birds, their plumage is shaped by biological inputs such as pigments obtained through diet, which are absorbed, processed and expressed through the body. In some birds, including parrots, vivid colour is also supported by specialised pigments produced internally.



This mirrors how the Group creates value from the inputs available to it — capital, talent, assets, partnerships, brands, market access and sector opportunities. These inputs gain strength when they are directed through strategic focus, disciplined investment, operational execution and an entrepreneurial way of working.

INHERENT STRENGTHS

In many species, green colour is created through the interaction of structural colour and yellow pigments. Turacos, however, are known for producing a rare true green pigment, giving their plumage its distinctive colour from within.



This speaks to the capabilities the Group develops internally — sector expertise, proprietary know-how, leadership depth, culture and long-term investment discipline. These strengths give Vallibel One its distinctive character and enable value creation that goes beyond external inputs alone.

Value begins with the inputs we receive. It is strengthened by how we transform them. It is achieved through how we are built.

How Our Capitals Work Together

Vallibel One creates value by drawing on, transforming and strengthening the six capitals that support its diversified portfolio. These capitals represent the resources, relationships and capabilities that enable the Group to operate, grow and respond to changing market conditions.

FINANCIAL CAPITAL

The funds, earnings, investments and funding capacity that support growth, reinvestment, resilience and shareholder returns.

Refer page 168-173

MANUFACTURED CAPITAL

The physical assets, infrastructure, facilities, systems and operating platforms that enable production, service delivery and scale.

Refer page 174-181

INTELLECTUAL CAPITAL

The knowledge, systems, processes, digital capability, innovation and business excellence practices that strengthen competitiveness and operational effectiveness.

Refer page 198-207

SOCIAL AND RELATIONSHIP CAPITAL

The skills, leadership, experience, productivity and commitment of employees across the Group.

Refer page 208-217

HUMAN CAPITAL

The trust, partnerships, customer relationships, brand reputation and stakeholder confidence that support market access, continuity and long-term growth.

Refer page 182-197

NATURAL CAPITAL

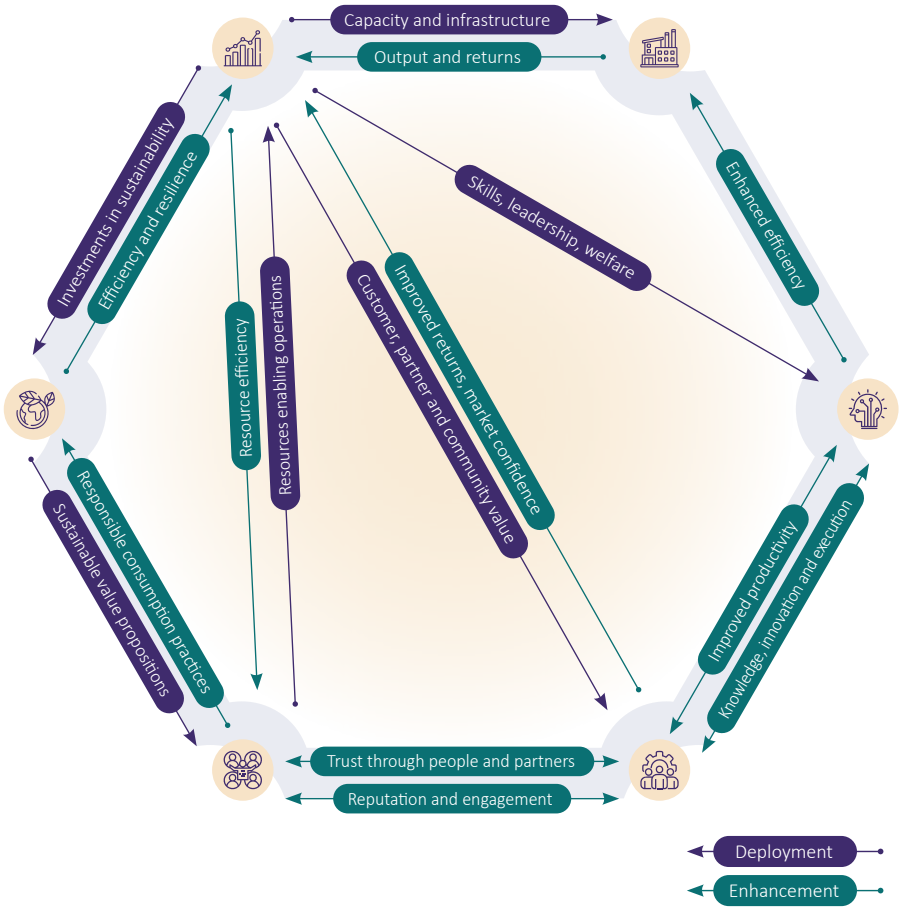
The natural resources and environmental conditions that support operations, together with the Group's commitment to use them efficiently and responsibly.

Refer page 218-226

Trade-offs and Interdependence

The capitals do not work in isolation. They are connected through the decisions, investments and activities of the Group, with movements in one capital often influencing the strength, availability or resilience of another.

At the same time, value creation involves trade-offs. Strengthening one capital may require short-term investment, resource use or management attention from another. The Vallibel One Group manages these interdependencies with a long-term view, balancing capital deployment today with sustainable value creation over time.



Further details on how each capital was preserved, strengthened or placed under pressure during the year is provided in the respective capital reports.

Refer page 168-226

Value Creation Model

Value Drivers

STRATEGIC DIRECTION

Value retained or reallocated to enhance stakeholder value for the upcoming year

GROUP CAPABILITIES

A PURPOSEFUL NAVIGATION

INPUTS
THE CAPITALS WE DEPLOY

FINANCIAL CAPITAL

Financial resources deployed to fund growth, investments and long-term returns.

LKR 591 Bn Total Assets
LKR 149 Bn Revenue
LKR 181 Bn Equity
LKR 79 Bn Capex

MANUFACTURED CAPITAL

Physical infrastructure that enables production, service delivery and customer access.

118 Showrooms
12 Manufacturing Locations
225 Finance Branches
55 Rooms
LKR 79 Bn Capex

HUMAN CAPITAL

Employee capability, experience and leadership that support performance across the Group.

10,254 Employees
111,205 Training Hours
LKR 35.85 Mn Invested in Training

INTELLECTUAL CAPITAL

Brands, systems, expertise and process knowledge that strengthen competitiveness.

50+ Brands
10+ Digital Systems
LKR 1,307 Mn Improvement Projects
LKR 79 Mn Invested In R&D
325+ New Products/Services

SOCIAL AND RELATIONSHIP CAPITAL

Relationships with stakeholders that support trust, continuity and market relevance.

4,272 Suppliers/Partners
31,000+ Community Beneficiaries
Lkr 6.3 Mn Community Investment
26 Regulatory/Industry Engagements

NATURAL CAPITAL

Natural resources and environmental inputs managed to support responsible operations.

1,051 MWh Energy Consumed
494,000 M³ Water Used
369,777 Mt Raw Materials
160,571 Mt Waste Managed

Strategy and Resource Allocation Refer page 70-73

MATERIAL TOPICS
THE FOCUS AREAS THAT GUIDE US

ECONOMIC
M1
M2
M3
M4

ENVIRONMENTAL
M5
M6

SOCIAL
M7
M8
M9

GOVERNANCE
M10
M11

Material Topics Refer page 61-68

PROCESS

SUPPORT ACTIVITIES

- Investment and Portfolio Management
- Finance and Treasury Oversight
- Governance, Risk and Compliance
- Group Capability and Synergy Support

CORE ACTIVITIES

Group Synergy (GS)

Lifestyle
Manufacturing and retailing tiles, bathware and interior solutions

Finance
Providing leasing, loans, deposits and other financial services

Aluminium
Manufacturing aluminium extrusions and value-added aluminium solutions

People Capability (PC)

Leisure
Managing boutique hotels, hospitality services and guest experiences

Consumer Goods
Manufacturing, importing, retailing and distributing FMCG and lubricants

Healthcare
Importing, retailing and distributing pharmaceuticals and medical equipment

Sustainable Growth (SG)

Packaging
Manufacturing corrugated packaging, paper sacks, cartons and related packaging solutions

Others
Managing mining, insurance brokering, shipping and other diversified business interests

Market Expansion (ME)

Business Excellence (BE)

Strategic Pillars

Refer page 70-73

Risks and Opportunities Refer page 48-54

A ROBUST STRUCTURE

Adoption of SLFRS S1 and S2 Standards Refer page 92-114

Vallibel One's value creation model demonstrates how the Group deploys its financial, operational, human and relationship capitals across a diversified portfolio to strengthen business resilience, unlock synergies and create sustainable long-term value for shareholders and stakeholders.

Vision, Mission and Values *Refer page 4*

OUTPUTS

Lifestyle
- 17.4 Mn sq. metres per annum of tiles
- 180,000 pieces of sanitaryware
- 65,818 bags of grout and adhesive

Finance
- LKR 59,206 Mn leases granted
- LKR 120,401 Mn gold loans and advances granted
- LKR 95,106 Mn vehicle loans granted
- LKR 189,559 Mn deposits mobilised

Aluminium
- 4,056 MT powder-coated aluminium
- 169 MT wood-finish aluminium
- 9.464 MT other aluminium extrusions

Leisure
- 55% average occupancy rate
- 17,786 guests served
- LKR 988 Mn revenue from leisure operations

Consumer Goods
- LKR 7 Bn food and beverage revenue
- LKR 2.1 Bn lubricant revenue
- 11 products/SKUs distributed 61K+ retail/distribution touchpoints

Healthcare

3 healthcare products categories

Packaging

19.2 Mn paper sacks produced
28,800 MT corrugated packaging produced

Others

36,913 MT feldspar mined

OUTCOMES
VALUE CREATED VIA CAPITALS

VALUE DISTRIBUTED

	TO THE GROUP	TO STAKEHOLDERS
FINANCIAL CAPITAL	Stronger financial resilience and performance •LKR 20.8 Bn PAT •11.5% ROE •4.18% ROA	Sustainable returns and economic contribution • LKR 3.00 per share dividends paid • LKR 11.56 EPS • LKR 18.9 Bn taxes paid
MANUFACTURED CAPITAL	Enhanced capacity, reach and operational capability •74% capacity utilisation •30% asset turnover •LKR 20 Mn infrastructure upgrades	Sustainable returns and economic contribution • 304 new products launched • 6+ new touchpoints
HUMAN CAPITAL	Improved workforce productivity, safety and stability •9,920 employees trained •70% retention •3,508recruitment	Improved workforce productivity, safety and stability • 111,205 employees hours trained • LKR 15.7 bn remuneration • 1,244 promotions
SOCIAL AND RELATIONSHIP CAPITAL	Strengthened market trust and stakeholder relationships •55,000+ customers •44 awards/recognitions •79% small and medium suppliers	Stronger partnerships and community value • LKR 92.9 Bn supplier payments • 27k+ beneficiaries • LKR 6.3 Mn community investment • 3,514 job opportunities created
INTELLECTUAL CAPITAL	Improved innovation and business excellence •3 systems implemented/upgraded •LKR 1.6 Bn business excellence savings •44 standards and certifications maintained	Enhanced solutions and service quality • 0 data breaches
NATURAL CAPITAL	Improved resource efficiency and environmental resilience •3% energy intensity reduction • 0 environmental fines/incident	Reduced environmental footprint • 303,308 m³ water saved/reused • 41,960 MT waste recycled/managed • 1.14% reduction in emissions

IMPACT

Capital Reports *Refer page 168-226* **and Sector Reviews** *Refer page 116-166*

Governance Framework *Refer page 228-243*



Protection.

Resilience.
Endurance.

Feathers provide protection, support resilience and endure through changing environmental conditions. This section outlines Vallibel One's sustainability performance, highlighting how environmental responsibility, social value creation and climate-related readiness help safeguard our resources and support long-term value creation.

The Grey Crowned Crane

The impeccable colour distribution seen on the Grey Crowned Crane feather symbolises balance and efficiency; the bird's tendency to live across different environments is fortified through its armoured plumage.

SUSTAINABILITY INTEGRATION

An ESG framework guiding responsible business conduct and advancing sustainable development across Vallibel One's diversified portfolio.

E Environmental Stewardship

A commitment to protecting the environment and improving resource efficiency across its operations.

- Energy efficiency and emissions reduction
- Sustainable materials and packaging
- Responsible waste and water management
- Environmental compliance
- Green customer solutions

S Social Responsibility

A mandate to empower people and communities by creating inclusive and lasting value.

- Employment creation and local recruitment
- Employee welfare and preventive healthcare
- Training and skills development
- Diversity, inclusion and anti-discrimination
- Supplier, SME and community development

G Governance Responsibility

A deep emphasis on sound governance, ethical conduct and accountability across the Group.

- Ethical conduct and anti-corruption
- Regulatory compliance
- Risk management and internal controls
- Transparency and investor relations
- Data privacy, responsible procurement and oversight

Visit https://vallibelone.com/policy-documents for more

SUSTAINABLE DEVELOPMENT GOALS 16/17

People and Communities



- Employment creation, local recruitment and livelihood support
- Preventive healthcare, medical camps, employee health benefits and safety programmes
- Training, capacity building and professional development support
- Equal opportunity employment, inclusion and non-discrimination practices
- Community investment and support for vulnerable or underserved groups
- Sustainable tourism, local development

Responsible Growth and Innovation



- Economic value generation, job creation and responsible labour practices
- SME engagement, supplier development and local procurement
- Product innovation, digital transformation and infrastructure development
- Ethical conduct, regulatory compliance, transparency and internal controls
- Responsible governance, risk management and stakeholder accountability
- Partnerships with suppliers,

Resource Stewardship



- Responsible water use, effluent treatment and water recycling
- Energy efficiency, renewable energy initiatives and solar-related products and services
- Sustainable packaging, recycled inputs and responsible material use
- Waste reduction, recycling and circular economy practices
- Emissions reduction and climate-conscious operational practices
- Responsible procurement and resource efficiency improvements

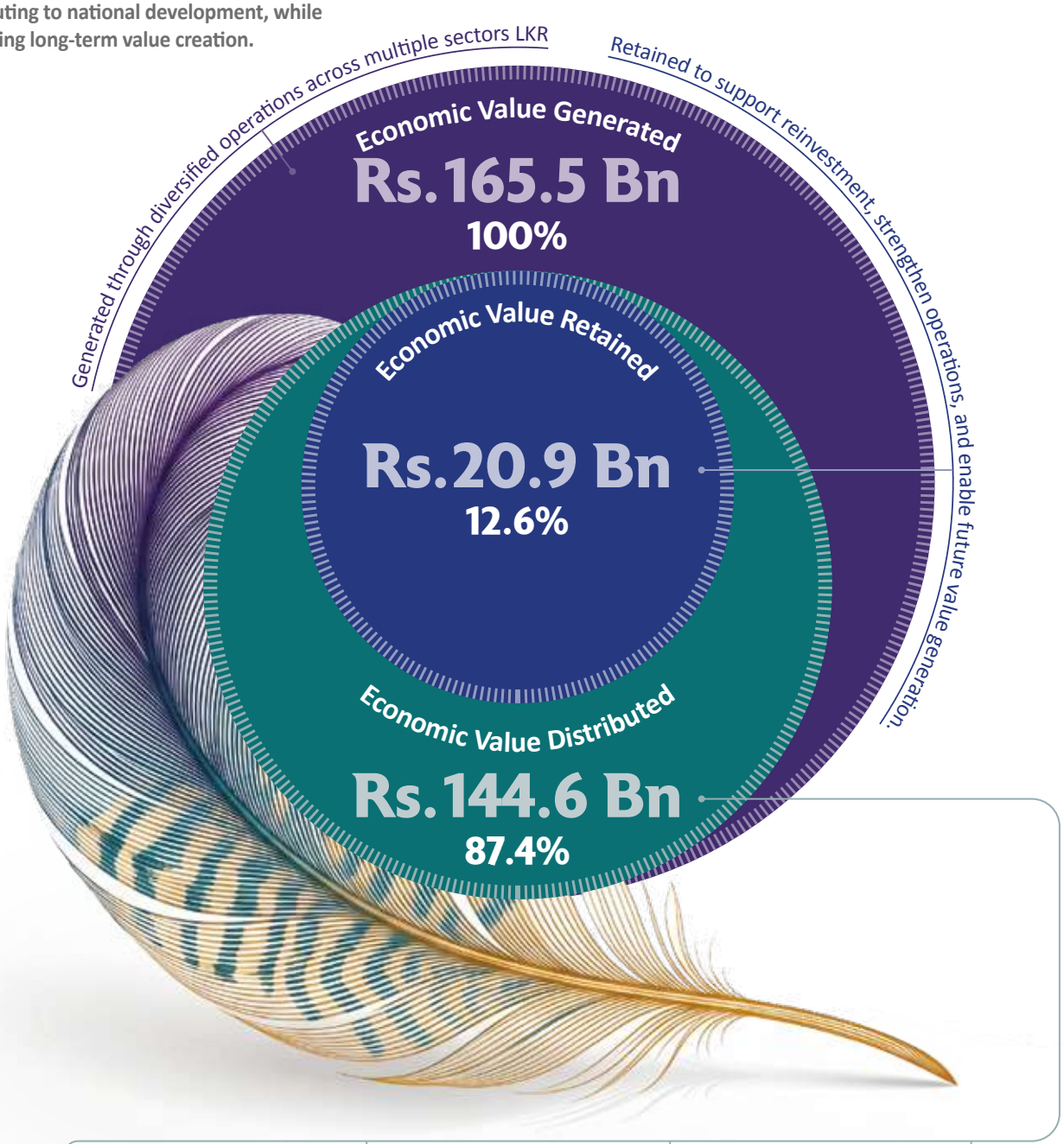
Nature and Ecosystems



- Coastal clean-ups and responsible tourism practices
- Initiatives to reduce impacts on marine ecosystems
- Tree and plant donations and ecosystem protection initiatives
- Paper recycling and responsible use of natural resources
- Biodiversity-conscious environmental management where relevant
- Focus on green solutions and climate-related impacts and future targets

Our Ecosystem of Economic Value

The economic value generated by Vallibel One circulates across a broad ecosystem of stakeholders, supporting livelihoods, enabling industries, and contributing to national development, while reinforcing long-term value creation.



SHAREHOLDERS AND LENDERS

LKR8.2Bn

Delivering returns and maintaining investor confidence

(LKR 8 Bn in 2024/25)

GOVERNMENT

LKR28.5Bn

Contributing to national development through taxes and levies

(LKR 24.9 Bn in 2024/25)

SUPPLIERS

LKR92.9Bn

Supplier payments supporting local industries, service providers, and business partners

(LKR 76.3 Bn in 2024/25)

EMPLOYEES

LKR15Bn

Employee remuneration and benefits, supporting livelihoods and workforce capability

(LKR 13.4 Bn in 2024/25)

Where our Value Comes From

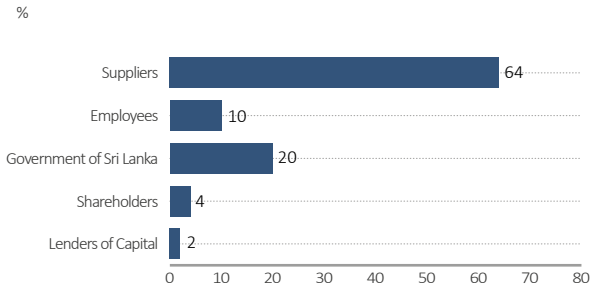
Gross Turnover

LKR 162.2 Bn

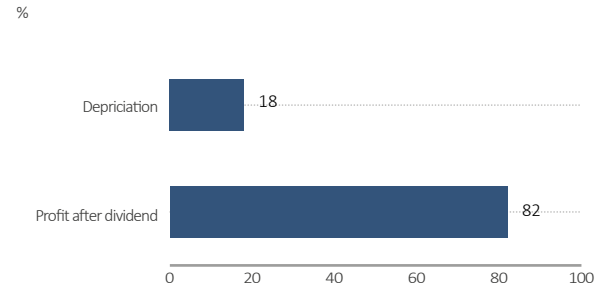
Finance And Other Income

LKR 3.3 Bn

Where our values come



How Value Retained



Sector Footprint

A diversified and broad-based presence across key sectors

Lifestyle
- **146+** showroom locations
- **8** manufacturing facilities

Aluminium
Manufacturing operations located in Dompe

Consumer Goods
FMCG distribution and outlet operations

Healthcare
Corporate and operational presence in Colombo

Finance
- **205+** finance branches
- **20** microfinance branches in Myanmar

Leisure
Hotel locations in Negombo and Koggala

Packaging
Manufacturing operations in Sri Lanka and Kenya

Other
Mining and other operations in Meetiyagoda

Extending our Economic Contribution

EMPLOYMENT GENERATION

42,305+

Livelihoods supported across direct employment and supply chain networks

- **10,254** direct employees
- Presence across **9** regions
- **LKR 35.85 Mn** invested in training

SUPPLY CHAIN

64%

Local sourcing, driving value across domestic supply chains

- **16,551** suppliers engaged
- **13,118** SME participation
- **66227** dealers and distributors

GOVERNMENT & ECONOMY

LKR 28 Bn

Contributed to national revenue, supporting public services, infrastructure, and economic stability

- **USD 24.9 Mn** foreign exchange earnings

COMMUNITY DEVELOPMENT

LKR 5.2 Mn

Community investment, supporting local communities and regional development

- **27k +** beneficiaries
- **31** projects implemented

Renewable energy

3,281 Mw

Renewable energy capacity, supporting the transition towards cleaner and more efficient operations

- **3%** reduction in energy intensity
- **1.14%** reduction in emissions
- **303 Mn** litres of water recycled

Our Ecosystem of Economic Value

Our operations span across Sri Lanka, with a strong distribution and service network across all nine provinces. Additionally, strategically located facilities and an extensive branch network enable us to deliver value across both urban and regional markets.

International Presence

Packaging and microfinance operations extending across Kenya and Myanmar

North and East Regions

Established and growing finance and showroom footprint, offering access to underserved markets

Central Regions

Strong finance and showroom presence across key urban and regional centres

Western Province

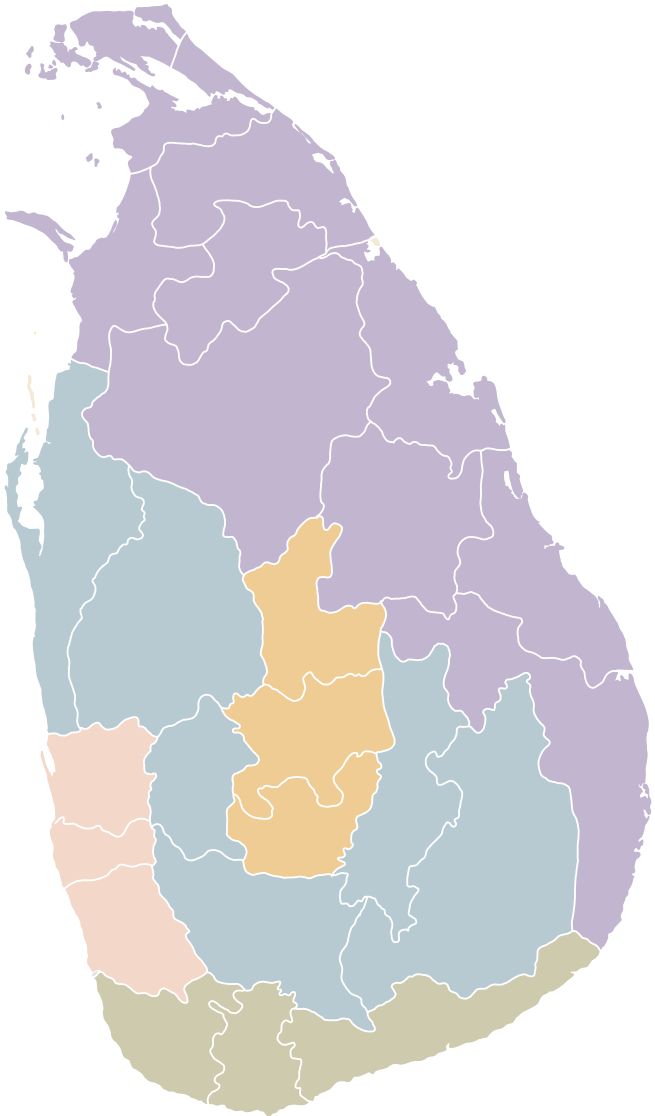
Highest concentration of finance, showroom, distribution, corporate, and industrial operations

Uva, North Western & Sabaragamuwa

Expanding operational presence via finance, showroom, and industrial locations

Southern Regions

Extensive retail and financial services presence, complemented by leisure operations across key coastal markets



- Finance Branches
- Showrooms
- Distribution Outlets
- Manufacturing and Industrial Locations
- Corporate Offices
- Hotels and Leisure Operations
- International Locations

Presence across all nine provinces and across major urban and regional markets

Strategically located manufacturing and industrial facilities supporting operational efficiency

Building regional presence through targeted international expansion

Delivering value through a diversified and customer-centric portfolio

220+
Finance branches across Sri Lanka

146+
Showroom locations islandwide

10+
Manufacturing and industrial facilities

5
International operating markets

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

BASIS OF PREPARATION

Reporting Entity, Organisational Boundary and Value Chain

This section outlines the reporting entity, organisational boundary and value chain of Vallibel One PLC (The Group) and its subsidiaries, in accordance with the disclosure requirements of SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures, for the financial year ended 31 March 2026.

For the current reporting period, the assessment covered all sectors within the Group's financial reporting boundary, namely Lifestyle, Finance, Aluminium, Consumer Goods, Healthcare, Packaging, Leisure and Other investments. In line with the transitional relief provisions described on page 87, the current reporting-period assessment and disclosure focuses on Climate-Related Risks and Opportunities (CRROs).

Climate-Related Risks and Opportunities (CRROs) were identified and evaluated with reference to each sector's activities, ownership and control, contribution to Group performance, operational scale, location-specific climate exposure, and relevant value chain relationships. including suppliers, logistics arrangements, distribution channels, customer-facing networks and other third-party dependencies where they could affect operations, financial performance or long-term value creation.

Further details on the organisations, operations, products, services and markets within each of the Group's sectors are presented in the Sector Reviews on pages 116–166 of this Report.



- The current reporting-period CRRO assessment focused on the Group's Sri Lanka-based operations across all its sectors.
- L B Finance PLC's Myanmar operations and the Packaging sector's Kenya operations were not included in the detailed assessment for the current period, based on the Group's materiality assessment and current CRRO coverage. These operations will be reassessed in future reporting periods as the Group progressively enhances its assessment scope.
- Greener Water was not operational during the period under review and was therefore not subject to detailed CRRO assessment; however, relevant governance processes have been established in preparation for its future adoption of the Standard.

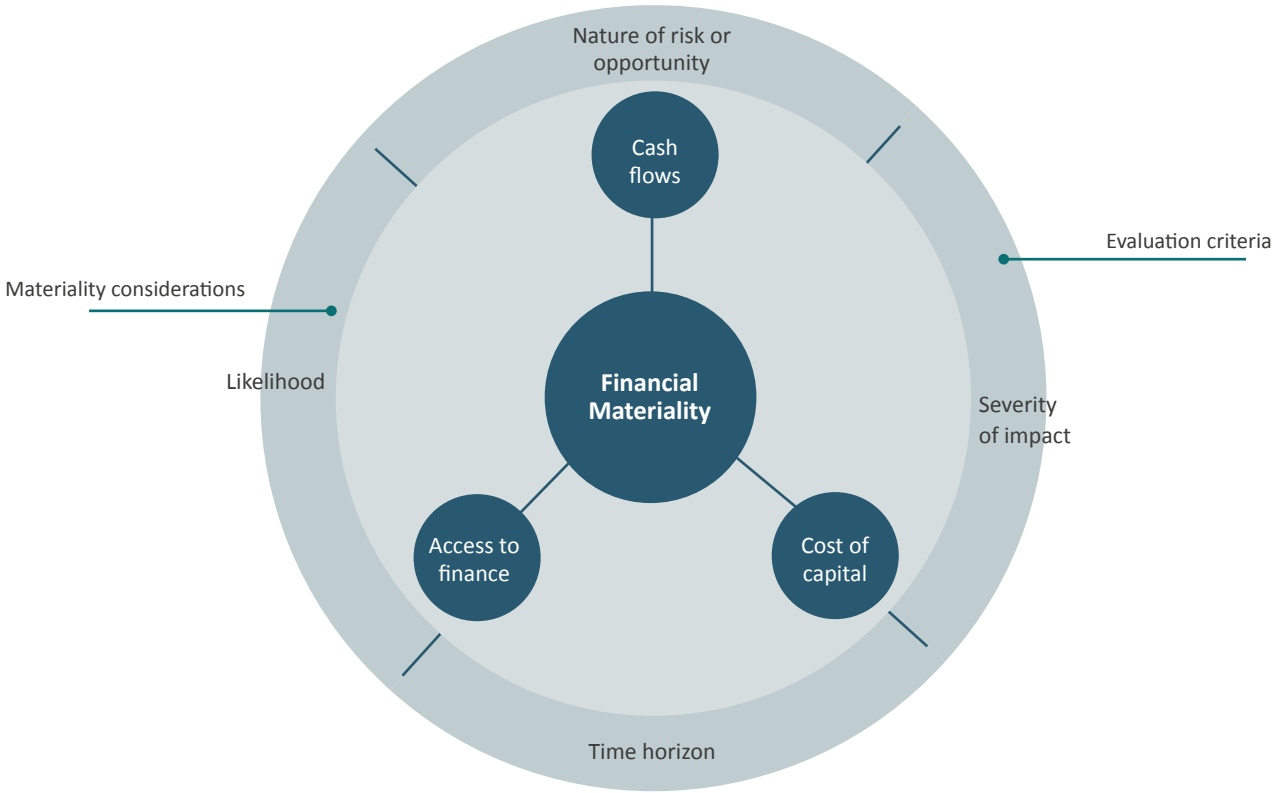
SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Basis of Materiality

The Group has applied the concept of financial materiality in preparing its climate-related financial disclosures, consistent with the requirements of SLFRS S1.

Climate-Related Risks and Opportunities (CRROs) are considered material where they could reasonably be expected to affect the Group's cash flows, access to finance or cost of capital over the short, medium or long term, and where omitting, misstating or obscuring such information could reasonably be expected to influence decisions made by primary users of general-purpose financial reports.

Materiality was also assessed in the context of the Group's diversified sector footprint, ownership structure, operating model and value chain relationships.



Quantitative Assessment Criteria

To support consistent assessment of financial materiality, the Group applies defined percentage thresholds based on the average Profit After Tax of the past two financial years.

Severity Level	Financial Impact Threshold
Low	Less than 1% of average Group PAT
Medium	1% to 5% of average Group PAT
High	More than 5% of average Group PAT

The thresholds are intended to support comparability across the Group's diverse sectors, while allowing Management to distinguish between matters that can be managed within normal business operations and those that may require escalation, closer monitoring or disclosure.

The financial thresholds used for the CRRO assessment have been developed with reference to the Group's risk management framework and the relative scale of its operations. They provide a consistent basis for assessing whether the potential financial effect of a climate-related risk or opportunity could be significant to the Group's cash flows, access to finance or cost of capital.

Refer pages 94-95 for detailed CRRO scoring methodology, including likelihood scoring, severity scoring, risk classification and financial materiality thresholds.

Qualitative Assessment Considerations

Where financial exposure could not be fully quantified, qualitative factors were applied to support the assessment of CRRO materiality. These factors considered whether the risk or opportunity could affect the Group's strategic direction, operating resilience, stakeholder relationships or long-term business model.

Sector Disclosure Focus

Qualitative Assessment Considerations:

- nature and strategic relevance of the risk or opportunity
- regulatory or compliance implications
- reputational sensitivity and stakeholder concern
- potential implications for operational continuity
- relevance to key stakeholder groups
- alignment with long-term business model resilience.

All sectors within the Group's financial reporting boundary were reviewed as part of the current reporting-period CRRO assessment. In determining the sector-level disclosure focus, the Group considered ownership and level of control, contribution to Group performance, operational scale, value chain exposure and the significance and impact of identified CRROs.

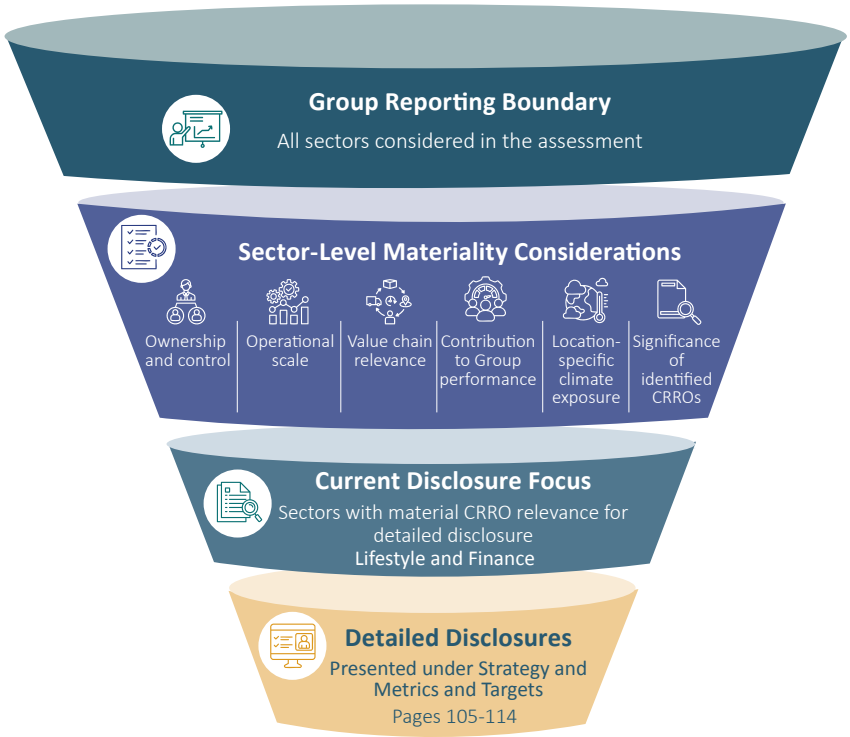
Based on this assessment, Lifestyle and Finance were identified as the sectors with the most material relevance to the Group's current CRRO disclosures. Other sectors within the Group boundary were also considered; however, the CRROs identified for those sectors were not assessed as material for detailed disclosure in the current reporting period.

These matters will continue to be monitored through the Group's risk management and governance processes and may be reassessed in future reporting periods as the Group's operations, data availability, regulatory expectations and climate-related exposures evolve.

Risk Management
pages 93–96
Scoring methodology and thresholds

Governance
pages 88–93
Oversight and escalation

Strategy
pages 97–104
Business model and response



SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Reporting Basis at a Glance

Functional and Presentation Currency

Climate-related financial information connected to the Group's financial statements is presented in Sri Lankan Rupees (LKR), consistent with the functional and presentation currency applied in the consolidated financial statements.

Reporting Period

This report covers the financial year from 1 April 2025 to 31 March 2026, aligned with the Group's financial reporting period.

Sources of Guidance

This report has been prepared in accordance with the SLFRS Sustainability Disclosure Standards issued by the Institute of Chartered Accountants of Sri Lanka, including:

- **SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information**
- **SLFRS S2 – Climate-related Disclosures**
- **SASB Standards**

In applying these Standards, the Group has considered SASB Standards, where sector-relevant, to support the identification and assessment of climate-related disclosure considerations across its diversified business sectors.

Refer pages 109-114

- **ISO 31000:2018 Risk Management Guidelines**

The Group has also referred to ISO 31000:2018 Risk Management Guidelines in developing its CRRO assessment approach, including the assessment of likelihood, impact and risk classification. Where relevant, climate-related risks and opportunities have been considered across the Group's operations and value chain to the extent they could reasonably be expected to affect the Group's prospects, strategy or financial outcomes.

- **Global Reporting Initiative Standards**

Considered in developing broader sustainability disclosures relating to economic, environmental and social impacts.

- **Central Bank of Sri Lanka – Sustainable Finance Roadmap**

Considered in understanding the national direction on sustainable finance and climate-related risk integration.

- **Sri Lanka Nationally Determined Contributions 3.0 2026–2035**
- Considered in understanding national climate priorities, sector-level commitments and transition pathways.

Time Horizons

In assessing climate-related risks and opportunities, the Group applies the following time horizons. These horizons are aligned with the Group's strategic planning cycles, capital planning processes and long-term business outlook.

Short term	Medium term	Long term
1 year FY 2026/27	2–5 years 2027/28 – FY 2030/31	Beyond 5 years FY 2031/32 onwards

Significant Judgements, Uncertainties and Proportionality

In preparing these disclosures, the Group has applied management judgement and reasonable assumptions to reflect the information, methodologies and resources available at the reporting date. Given the evolving nature of climate-related assessment, the Group has also considered key uncertainties and applied proportionality in determining the level of detail appropriate to its size, complexity, sector exposure and current reporting maturity.

Significant Judgements	Key Uncertainties	Proportionality
Management judgement was applied in defining the assessment boundary, identifying relevant CRROs, determining materiality, and classifying risks and opportunities across the applicable time horizons. Judgement was also required in assessing the relevance of value chain relationships, third-party dependencies and location-specific climate exposure across the Group's diversified sectors.	The assessment is subject to uncertainties arising from evolving climate patterns, future regulatory requirements, market conditions, technology developments, infrastructure resilience and supplier preparedness. Data availability, the maturity of climate-related methodologies, and changes in stakeholder expectations may also affect the assessment of CRROs over time.	The assessment was conducted using reasonable and supportable information available at the reporting date, including management judgement, sector-level operational knowledge, location-specific information, value chain considerations and the prevailing regulatory and business environment. Where precise data was not available, reasonable assumptions were applied using the skills, capabilities and resources available within the Group at the time, without incurring undue cost or effort.

Transitional Relief

The Group has applied the transitional relief provisions available under SLFRS S1 and SLFRS S2 in preparing these disclosures. These reliefs support a phased implementation approach, allowing the Group to strengthen the systems, data collection processes, governance mechanisms and internal capabilities required for more comprehensive sustainability-related and climate-related financial disclosures over time.

SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information

Climate-first application of SLFRS 1

For the current reporting period, the Group has applied the transitional relief available under SLFRS S1 and has limited its sustainability-related financial disclosures to climate-related risks and opportunities. Accordingly, broader Sustainability-Related Risks and Opportunities (SRROs), beyond those related to climate, have not been separately assessed or disclosed in detail for this period. These will be progressively incorporated in future reporting periods as the Group's data, systems, processes and reporting capabilities mature.

Comparative information

As this is the Group's first reporting period applying SLFRS S1 and SLFRS S2, comparative information has not been presented for the current year. Comparative disclosures will be developed in future reporting periods in line with the applicable requirements of the Standards.

SLFRS S2 – Climate-related Disclosures

Anticipated financial effects

The Group has applied the transitional relief available under SLFRS S2 in relation to the disclosure of anticipated financial effects of climate-related risks and opportunities on the Group's financial position, financial performance and cash flows over the short, medium and long term. These disclosures will be enhanced as the Group further develops its financial impact assessment methodologies, scenario analysis capabilities and integration of climate-related matters into planning and forecasting processes.

Scope 3 greenhouse gas emissions

The Group has applied the transitional relief available under SLFRS S2 in relation to Scope 3 greenhouse gas emissions. Accordingly, the current reporting-period disclosure focuses on Scope 1 and Scope 2 emissions, where applicable. Scope 3 disclosures will be progressively developed as value chain data availability, collection processes and estimation methodologies improve.

Climate resilience

The Group has applied the transitional relief relating to climate resilience disclosures. This allows the Group time to strengthen climate-related data, scenario analysis, risk modelling and strategic planning capabilities required to assess climate resilience across its diversified sectors in a more comprehensive manner.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Connected Information

The Group's sustainability-related and climate-related financial disclosures are prepared to support connectivity across the Annual Report, including the relationship between governance, strategy, risk management, metrics and targets, and the Group's financial performance and prospects.

These disclosures should be read together with the relevant sections of this Report outlined below. This supports a clearer understanding of how material sustainability-related and climate-related matters are considered in relation to the Group's business model, sector performance, risk profile, governance processes and financial outcomes.

Connected Disclosures

Group Overview

Business model, operating structure and Group-level value creation context
Pages 12–18 and Pages 32–77

ESG Commitment

Group-level ESG approach, policy commitments and sustainability priorities Pages 79–82

Sector Reviews

Sector operations, performance, market context and strategic priorities Pages 116–166

Risk Management

Group risk governance, key risk areas, internal controls and enterprise risk management approach
Pages 48–54

Financial Statements and Notes

Financial performance, financial position, cash flows and related financial information Pages 267–380

Corporate Governance

Board composition, governance framework, committee oversight and accountability mechanisms Pages 228–243

Strategy and Resource Allocation

Strategic priorities, capital allocation, sector focus areas and long-term value creation plans Pages 70–73

Statement of Compliance

This report constitutes the climate-related financial disclosures of Vallibel One PLC and its subsidiaries for the financial year ended 31 March 2026.

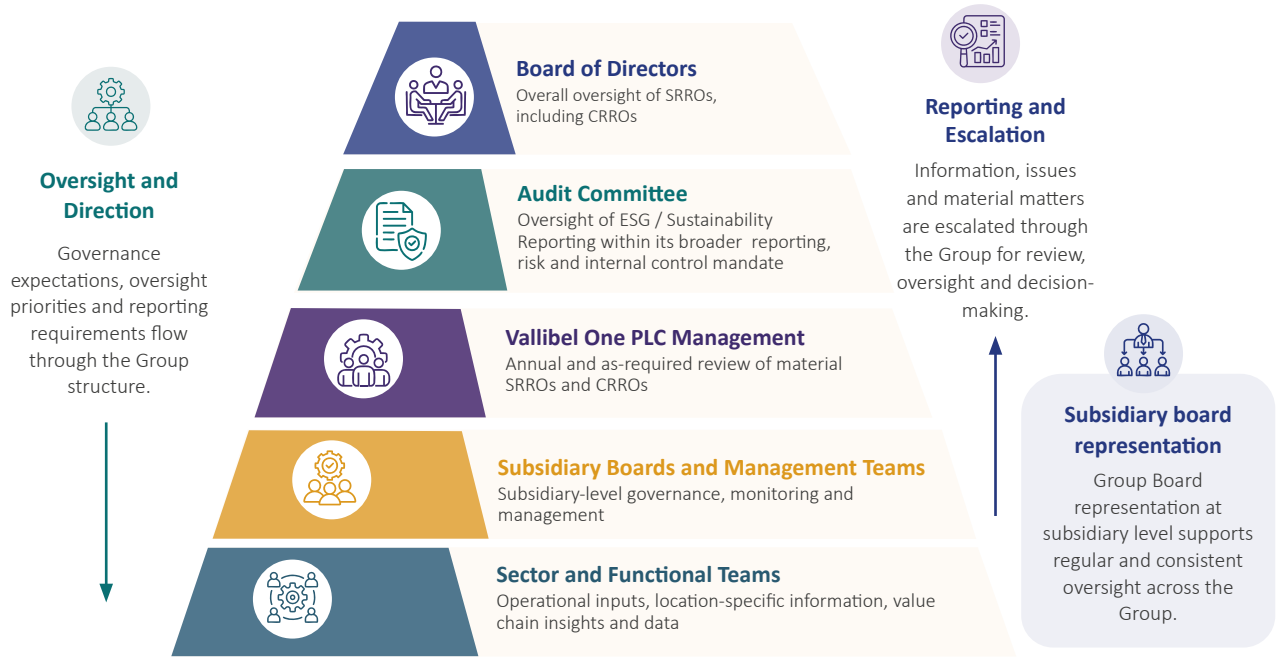
The disclosures have been prepared in accordance with the SLFRS Sustainability Disclosure Standards issued by the Institute of Chartered Accountants of Sri Lanka, including SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures. In preparing these disclosures, the Group has applied the transitional reliefs set out in this Basis of Preparation.

SUSTAINABILITY GOVERNANCE

Governance Framework and Oversight

Vallibel One PLC's governance framework supports the oversight of Sustainability-Related Risks and Opportunities (SRROs), including Climate-Related Risks and Opportunities (CRROs). While the current reporting-period disclosures focus on CRROs in line with the transitional relief provisions described on page 87, the Group's governance approach is intended to support broader sustainability-related oversight as reporting practices mature.

The governance structure is supported by the Board of Directors, Audit Committee, Vallibel One PLC Management, subsidiary-level governance processes and sector/functional teams, as illustrated below. The Group's ESG Policy provides the framework for embedding ESG considerations into business operations, decision-making processes and activities, and applies to Vallibel One PLC and, where the context requires, its subsidiaries.



Board Oversight

The Board of Directors retains overall responsibility for overseeing sustainability-related and climate-related matters across the Group. This includes matters that may affect the Group's strategy, business model, risk profile, financial planning, capital allocation and long-term value creation.

The Board's oversight is also supported by representation at subsidiary level, enabling regular visibility over sector-specific developments and matters requiring Group-level attention. Where sustainability-related or climate-related matters are assessed as having a material implication for the Group, these are escalated to the Board through the governance channels outlined in the preceding page.

Role of the Audit Committee

Oversight Responsibility

The Board Audit Committee supports the Board in overseeing sustainability-related and climate-related financial disclosures. Its Terms of Reference include oversight of ESG / Sustainability Reporting, together with broader responsibilities relating to financial reporting, regulatory compliance, internal controls and risk management.

Reporting and Frequency of Updates

The Committee meets quarterly and is informed of sustainability-related and climate-related risks and opportunities through management reporting, sector-level inputs and internal review processes. Where material climate-related risks or opportunities arise, or where matters require Group-level attention, these are escalated to the Committee for review and, where relevant, further escalation to the Board.

Skills, Competencies and Training

During the year, climate-related awareness and capacity-building was provided to support governance-level understanding of emerging sustainability and climate-related disclosure requirements. The Group intends to continue strengthening Board and Committee-level capability through further training and periodic updates, particularly as climate-related risk assessment, target-setting and disclosure practices continue to mature.

Integration with Strategy and Risk Management

The Committee considers climate-related risks and opportunities in the context of the Group's strategy, risk management processes and related policies, where such matters may affect the Group's business model, operations, capital allocation or long-term value creation. This includes consideration of potential trade-offs between short-term operational priorities and longer-term resilience, where relevant.

Escalation to the Board

Matters requiring Board-level attention or approval are escalated by the Audit Committee to the Board, consistent with its reporting responsibilities.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

This includes material sustainability-related or climate-related matters that may have implications for strategy, major transactions, risk appetite, resource allocation or financial outcomes.

Targets and Performance Monitoring

At present, formal climate-related targets have not been determined at Group level. As the Group's climate-related disclosures and risk management practices evolve, the Committee will oversee the future development of relevant targets and monitor progress against such targets.

Remuneration Linkage

Climate-related performance metrics are not currently linked to remuneration policies. The Group will consider the relevance of incorporating climate-related performance measures into remuneration frameworks in the future, once appropriate targets and monitoring mechanisms have been established.

Audit Committee at a Glance

04
Meetings held during the year

03
Independent Non-Executive Directors

Further details
Refer to the Audit Committee Report (pages 250-251) for matters discussed

Management Role

The Management at Vallibel One is responsible for supporting the Group's sustainability-related and climate-related governance process by coordinating the identification, assessment and review of SRROs, including CRROs, across the Group. Material matters are escalated to the Board via the process set out on page 89.

Roles and Responsibilities

- Coordinating inputs from subsidiary, sector and functional teams
- Applying available operational, location-specific and value chain information to support the assessment of relevant matters
- Reviewing sustainability-related and climate-related matters in relation to the Group's materiality considerations
- Determining whether matters require monitoring, mitigation, further analysis or disclosure consideration
- Supporting the integration of material matters into relevant risk management, planning and reporting processes
- Providing updates to the Audit Committee where matters require review within its oversight mandate

Subsidiary-Level Governance and Delegation of Responsibility

Given the Group's diversified structure, responsibility for the day-to-day identification and management of sustainability-related and climate-related matters sits with the relevant subsidiary boards, subsidiary management teams and sector/functional teams, in line with their respective operating models, sector exposures and regulatory contexts.

Each subsidiary maintains governance processes appropriate to its operations, supporting the monitoring and management of matters relating to operations, employees, customers, suppliers, compliance, environmental performance, business continuity and other relevant sustainability considerations.

Vallibel One PLC Management is responsible for coordinating Group-level review of material matters escalated from subsidiaries on an annual basis, or as and when required. Board representation at subsidiary level provides a further mechanism for oversight and escalation, supporting alignment between subsidiary-level governance and Group-level review.

Information Flow and Escalation

Material sustainability-related matters are escalated through the Group's established governance channels to support timely review, oversight and decision-making. The process begins at subsidiary, sector and functional level, where matters are identified using operational knowledge, location-specific information, value chain insights and available data.

Matters with potential Group-level relevance are assessed against the Group's materiality considerations and escalated to Vallibel One PLC Management on an annual basis, or as and when required. Management reviews these matters and determines whether they require further monitoring, mitigation, disclosure consideration or escalation.

Relevant material matters are reviewed through the Audit Committee within its ESG / Sustainability Reporting, risk management, internal control and reporting oversight mandate. Matters with material implications for the Group's cash flows, access to finance, cost of capital, strategy, risk profile or long-term prospects are escalated to the Board for oversight, direction or decision-making.



Skills, Capabilities and Awareness

The Group recognises that effective oversight of SRROs and CRROs requires appropriate knowledge, skills and awareness at Board, Committee and Management level.

During the reporting period, the Board of Directors and Management underwent training on SLFRS S1 and SLFRS S2 to strengthen its understanding of sustainability-related and climate-related financial disclosure requirements. This included governance responsibilities, materiality considerations, risk assessment and disclosure expectations.

The Board's collective skills, experience and expertise support its ability to oversee the Group's strategy, risk management, financial reporting and sustainability-related disclosure processes.

Further details on the profiles, qualifications and expertise of the Board of Directors are set out on pages 26–30 of this Report.

Audit Committee Skills Assessment

The Audit Committee undertook an initial assessment of its collective skills and competencies in relation to sustainability-related oversight, including emerging requirements under SLFRS S1 and SLFRS S2. The assessment provides a basis for understanding the Committee's current capability across key areas such as governance, risk oversight, regulatory awareness and sustainability-related disclosures, while also supporting the identification of areas where further capacity building may be required as reporting expectations continue to evolve.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Sustainability competency area	Assessment focus	Current Committee capability	Evidence from assessment / basis	Capacity Building Priority
Governance and oversight of sustainability-related matters	Oversight of sustainability-related risks, opportunities, disclosures and related governance processes	Established	Committee members demonstrated relevant governance, financial oversight and committee-level experience, with involvement in sustainability-related oversight emerging through existing governance structures	Further embed sustainability matters into Committee agendas, reporting cycles and escalation processes
SLFRS S1 — General sustainability-related disclosures	Understanding of general sustainability-related financial disclosure requirements, including governance, strategy, risk management, metrics and targets	Developing	Familiarity with SLFRS sustainability reporting requirements has been established, although practical application is still evolving	Strengthen understanding of SLFRS S1 requirements and their application to Group-level reporting
SLFRS S2 — Climate-related disclosures	Understanding of climate-related risks and opportunities, including governance, transition and physical risks, metrics and related disclosures	Foundational	Awareness of climate-related disclosure requirements is present, with further capability required in climate-specific assessment and reporting	Targeted training on SLFRS S2, climate risk assessment, transition impacts and climate-related metrics
Sustainability-related risk oversight	Ability to review and oversee the identification, assessment and management of sustainability-related risks	Developing	Risk oversight experience is evident through existing audit and risk governance processes, with scope to further integrate sustainability-related risks into ERM	Strengthen linkage between sustainability risks, enterprise risk management and Committee-level review
Sustainability-related opportunity oversight	Ability to consider sustainability-related opportunities and their relevance to strategy and long-term value creation	Foundational	Initial awareness of sustainability-related opportunities is evident, with further development required in structured opportunity identification and evaluation	Develop clearer processes for identifying and assessing sustainability-related opportunities
Integration into strategy and decision-making	Consideration of sustainability-related matters in strategy, capital allocation, major decisions and performance oversight	Developing	Committee members indicated varying exposure to the integration of sustainability considerations into strategic discussions and decision-making	Further formalise how sustainability-related matters are considered in strategy, resource allocation and major decisions
Regulatory and compliance awareness	Awareness of sustainability-related regulatory, legal, compliance and disclosure expectations	Established	Strong governance, audit, compliance and financial reporting experience provides a sound foundation for oversight of evolving disclosure requirements	Continue periodic updates on SLFRS sustainability reporting and related regulatory developments
Climate-related financial implications and trade-offs	Understanding of climate-related cost implications, transition impacts, trade-offs and potential financial effects	Foundational	Climate-related financial impact assessment has been identified as an area requiring further strengthening	Build capability in assessing climate-related financial effects, trade-offs and long-term value implications

Sustainability competency area	Assessment focus	Current Committee capability	Evidence from assessment / basis	Capacity Building Priority
External standards and industry guidance	Familiarity with industry-specific sustainability guidance, including SASB-based metrics and other relevant references	Foundational	Awareness of external standards is emerging, while practical application remains an area for development	Provide focused guidance on industry-specific disclosure topics and relevant sustainability metrics
Training and capacity building	Participation in sustainability-related training and willingness to strengthen competency	In progress	Initial training and awareness-building have commenced, with further sessions planned as reporting requirements evolve	Continue structured training, periodic refreshers and updates for the Committee

Colour code	Rating	Meaning
	Established	Capability is evident through relevant governance, financial, audit, risk or compliance experience
	Developing	Familiarity exists, with further strengthening planned as requirements evolve
	Foundational	Initial awareness has been established, with structured development required
	To be updated	Assessment or additional input is pending and will be incorporated once completed

The Group expects to continue strengthening sustainability-related and climate-related capability across relevant governance and management levels as reporting requirements mature and as broader sustainability-related disclosures are progressively incorporated.

Policies, Processes and Internal Controls

The Group's governance of sustainability-related and climate-related matters is supported by its Group-level ESG Policy, subsidiary-level governance processes and existing risk management and internal reporting mechanisms.

The ESG Policy sets out the Group's approach to ESG matters, including environmental factors, social and governance factors, disclosures, review and monitoring. It provides a common policy framework while allowing subsidiaries to maintain governance processes appropriate to their respective operations and sector contexts.

As the Group continues to develop its sustainability-related and climate-related disclosure capabilities, existing policies, processes and internal controls will be strengthened to support more consistent data collection, assessment, monitoring, escalation and reporting across the Group.

A summary of the ESG Policy is outlined in page 79 of the annual report.

The ESG policy is published on the website and can be accessed by scanning the QR code below.

RISK MANAGEMENT

Risk and Opportunity Management Approach

The Group's risk management approach supports the identification, assessment, prioritisation, monitoring and escalation of Sustainability-Related Risks and Opportunities (SRROs), including Climate-Related Risks and Opportunities (CRROs). For the current reporting period, the risk assessment and disclosure focus is on CRROs, in line with the transitional relief provisions described on page 87.

CRROs are assessed through the Group's existing risk management process, with inputs from relevant subsidiaries, sector teams and functional teams. The assessment considers the nature of the risk or opportunity, potential financial impact, likelihood of occurrence, applicable time horizon and relevance to the Group's operations, value chain and financial materiality considerations.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Qualitative inputs	Quantitative inputs	Assessment parameters
• Sector-level management inputs and judgement • Nature and source of the climate-related risk or opportunity • Relevance to sector operations, assets and value chains • Regulatory, market, customer and operational developments • Potential implications for strategy, compliance, business continuity and long-term value creation • Exposure or vulnerability of relevant operations, assets or value chains, where applicable • Degree of control or influence by the Group over the relevant risk or opportunity	• Sector contribution to Group financial performance • Available financial and operational data • Asset and operational exposure, where relevant • Cost implications and potential capital expenditure requirements, where identifiable • Energy, water and other resource consumption data, where relevant • Emissions-related data, particularly where relevant to transition risks and opportunities • Financial materiality threshold applied by the Group	• Likelihood of occurrence • Magnitude of potential impact • Applicable time horizon • Financial materiality • Value chain relevance • Degree of control or influence by the Group • Relevance to the Group's operations, strategy and decision-making

Identify	Assess	Classify	Respond	Monitor and Escalate
Sustainability-related risks are identified across sectors, operations, locations and relevant value chain relationships.	Identified risks are assessed based on likelihood, severity, time horizon and potential relevance to cash flows, access to finance or cost of capital.	Risks are classified as High, Moderate or Low based on the Group's risk scoring methodology.	Management considers appropriate responses, including mitigation or adaptation measures for risks.	Material risks are monitored through the Group's risk management and governance processes and escalated where required.

RISK MANAGEMENT PROCESS

Risk Assessment Framework

The Group assesses climate-related risks using a likelihood and severity-based framework, informed by ISO 31000:2018 Risk Management Guidelines. Identified risks are evaluated based on their probability of occurrence and potential financial impact, enabling consistent classification across the Group's sectors. The risk score is determined as follows:

Risk Score = Likelihood X Severity

The resulting score is used to classify risks as High, Moderate or Low, supporting consistent decisions on disclosure, ongoing monitoring and escalation through the governance process.

Probability Range	Definition	Score
67%–100%	Has already occurred internally or is expected to occur under likely circumstances, supported by historical trends, regulatory developments, contractual certainty or clear external drivers.	3
34%–66%	Has occurred before or could occur under certain conditions; early indicators may exist, but timing, scale or occurrence depends on internal or external factors.	2
0%–33%	Has not occurred historically and would occur only under unusual circumstances.	1

Likelihood Scoring

Severity Scoring

Financial severity has been assessed using the average Profit After Tax of the previous two financial years as the basis for determining materiality thresholds. This metric reflects the Group's post-tax financial performance and provides an appropriate reference point for assessing whether the potential financial effect of a risk could be material at Group level. Using a two-year average helps moderate year-on-year fluctuations and supports a more balanced assessment.

Financial Severity Thresholds

Score	Severity Level	Financial Impact Threshold
1	Low	Less than 1% of average Group PAT
2	Medium	1% to 5% of average Group PAT
3	High	More than 5% of average Group PAT

Risk Score	Classification	Treatment
6–9	High	Material for disclosure and subject to management review and escalation
3–5	Moderate	Material for disclosure and subject to ongoing monitoring
1–2	Low	Monitored through risk management processes, but not separately disclosed unless severity is ranked as Medium

Risk Scoring and Classification

Risk Heat Map

		Level of Severity		
		Low Severity Score 1	Medium Severity Score 2	High Severity Score 3
Likelihood of Occurrence	High Likelihood Score 3	3 Moderate	6 High	9 High
	Medium Likelihood Score 2	2 Low	4 Moderate	6 High
	Low Likelihood Score 1	1 Low	2 Moderate*	3 Moderate

* Note: Risks scoring 2 or below are classified as Low, except where severity is assessed as Medium, in which case the risk is classified as Moderate irrespective of likelihood.

Transition Risk Assessment

Transition risks are reviewed qualitatively as part of the Group's CRRO assessment process, recognising that their nature, timing and significance may vary across the Group's sectors. These risks may arise from changes in regulation, carbon-related policy measures, customer and market expectations, financing conditions, technology adoption, energy transition requirements and broader sustainability-related developments.

In assessing transition risk, the Group considers sector-specific operating models, regulatory exposure, capital requirements, customer and supplier relationships, financing implications and strategic priorities. Where relevant, these considerations are reviewed through:

- regulatory and policy monitoring;
- sector-level management review;
- customer, supplier and value chain engagement;
- capital planning and investment review;
- financing and access to capital considerations; and
- integration with the Group's broader ERM and strategic review processes.

Material transition risks identified through this process are discussed in the relevant Risks and Opportunities disclosures within this section, together with the Group's current or planned response measures.

Opportunity Assessment Approach

Climate-related opportunities are reviewed to determine whether they could support the Group's resilience, efficiency, market positioning or long-term value creation. Unlike climate-related risks, opportunities are not classified using the risk scoring matrix. Instead, they are reviewed based on their strategic relevance, financial potential and feasibility of implementation.

Opportunities assessed as strategically relevant and capable of generating material benefits are considered for integration into sector-level planning, capital allocation, product development, operational improvement or customer engagement initiatives, as appropriate.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Strategic	Alignment with the Group's business model, sector priorities and long-term direction.
Financial potential	Potential to support cash flows, improve efficiencies, reduce costs, protect margins or enhance access to finance.
Operational feasibility	Availability of resources, internal capability, technology, infrastructure and implementation readiness.
Time horizon	Whether the opportunity is expected to arise over the short, medium or long term.
Value chain relevance	Potential to strengthen customer relationships, supplier resilience, distribution efficiency or market positioning.
Scalability	Ability to apply the opportunity across relevant sectors, locations, products, services or customer segments.

Adoption of Climate-Related Scenario Analysis

The Group has not applied formal climate-related scenario analysis in the current reporting period. Given the diversified nature of Vallibel One PLC's portfolio and the current stage of SLFRS S1 and SLFRS S2 implementation, the Group has focused on identifying material CRROs, establishing a consistent assessment methodology and integrating climate-related considerations into existing governance and risk management processes.

The current assessment has been informed by sector-level management inputs, operational knowledge, location-specific considerations, value chain exposure and available external information. As data availability, modelling capability and internal processes mature, the Group expects to evaluate the use of climate-related scenario analysis to further assess the resilience of its strategy and business model under different climate pathways.

Integration with ERM, Governance and Strategy

Climate-related risks are considered within the Group's overall risk landscape and integrated into the broader Enterprise Risk Management process, where relevant. Material CRROs are assessed in relation to business continuity, capital investment, operational resilience, sector priorities and long-term planning, and are escalated through the governance process outlined on pages 88–91.

The detailed discussion of material CRROs, including their potential impacts and management responses, is presented within this SLFRS S1 and S2 disclosure section. The integration of these matters into the Group's broader reporting can be seen through the relevant sections of the Annual Report, including Enterprise Risk Management, Corporate Governance, Strategy and Resource Allocation, and Sector Reviews.

Connected Disclosures



Enterprise Risk Management

Overall risk landscape, risk governance and integration of climate-related risks into the Group's broader risk review process

Pages 48–54



Corporate Governance

Oversight, escalation and accountability mechanisms supporting sustainability-related and climate-related governance

Pages 228–243



Strategy and Resource Allocation

Strategic priorities, capital planning, operational resilience and long-term value creation considerations

Pages 70–73



Sector Reviews

Sector context, operating performance, business priorities and market developments relevant to CRRO assessment

Pages 116–166

STRATEGY

This section outlines the material Climate-Related Risks and Opportunities (CRROs) identified at Group level and how these matters are considered in relation to the Group's prospects, business model, value chain, financial effects, strategic response and resourcing.

As outlined in the Basis of Materiality on pages 84–85, the material CRROs discussed below primarily pertain to the Lifestyle and Finance sectors within the Group. The Strategy disclosure therefore focuses on the potential effects of these CRROs on these sectors, and their relevance to the Group's overall prospects.

Material CRRO	Classification	Time Horizon	Primary Area of Impact
CRRO1 Extreme weather events, flooding and landslides	Physical risk (Acute)	Short-Term, Medium-Term, Long-Term	Operating continuity, asset integrity, supply chains, workforce availability, logistics, customer access and borrower repayment capacity and asset quality
CRRO2 Transition and regulatory risk	Transition risk	Medium-Term to Long-Term	Compliance, responsible sourcing, disclosure readiness, financing expectations, procurement, portfolio alignment and cost structures
CRRO3 Demand for climate-aligned products, services and financing solutions	Opportunity	Short-Term, Medium-Term, Long-term	Revenue opportunities, customer demand, product innovation, sustainable finance, digital access and market positioning

CRRO1: Extreme Weather Events, Flooding and Landslides

Extreme weather events, including intense rainfall, flooding, cyclones and landslide-related disruption, represent acute physical climate risks that may affect the Group's ability to maintain operational continuity, protect assets, serve customers and move goods across its value chain.

Within the Lifestyle sector, this risk is relevant to manufacturing locations, showrooms, warehouses, supplier networks, raw material sources and logistics routes. Within the Finance sector, the exposure is primarily indirect, arising through the effect of extreme weather events on borrower income, repayment capacity, collateral quality, asset quality and customer access.

CRRO impact on prospects	Extreme weather events, including intense rainfall, flooding, storms and landslide-related disruption, may affect the Group's ability to maintain operational continuity, serve customers and move goods across its value chain. The risk is particularly relevant to the Lifestyle sector through manufacturing locations, showrooms, warehouses, supplier networks and logistics routes. It is also relevant to the Finance sector through the potential effect of physical climate events on borrower income, repayment capacity, collateral quality and asset quality.
Classification	Physical risk
Time horizon	ST, MT, LT
Defined time horizon	Refer Basis of Preparation – Time Horizons, page 86
Business Model, Value Chain and Financial Effects	
Current effects on business model and value chain	**Lifestyle Sector** During the reporting period, Cyclone Ditwah affected selected Lifestyle sector locations. Royal Ceramics Lanka PLC showrooms in Gampaha, Chilaw and Palmadulla were affected, with an average recovery period of approximately three business days. Lanka Tiles PLC also had six showrooms, three factory outlets and one distributor point affected, with a recovery period of approximately four business days. Manufacturing operations continued, while support services were conducted remotely where feasible. **Finance Sector** Within the Finance sector, recent extreme weather events, including Cyclone Ditwah and subsequent flooding and landslides, did not result in material damage to property, plant and equipment. Customer assessments indicated short-term business disruption in affected areas, but no significant deterioration in borrower creditworthiness, no requirement for temporary relief measures and no additional impairment provisions.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Anticipated effects on business model and value chain	**Operations and assets** Increased rainfall, flooding, storms and landslides may damage production facilities, warehouses, showrooms, branches, machinery, inventory and supporting infrastructure. This may result in temporary shutdowns, reduced capacity utilisation, higher repair and maintenance costs, asset impairment risk, increased insurance needs and additional investment in climate-resilient infrastructure. **Supply chain and logistics** Extreme weather may affect access to raw materials, packaging inputs and other critical supplies, particularly where suppliers or raw material sources are located in climate-sensitive areas. Disruption to transport infrastructure may delay inbound materials and outbound deliveries, increase logistics costs and affect customer fulfilment. **Workforce and productivity** Flooding, road closures and severe weather may restrict employee mobility and reduce workforce availability, causing delays in production, logistics, branch operations or support services. Repeated events may require flexible staffing arrangements, cross-skilling and business continuity planning. **Finance sector downstream exposure** Extreme weather may affect borrower income streams, repayment behaviour, collateral values and asset quality, particularly in agriculture, SMEs, construction, transportation and other climate-sensitive customer segments. This may influence portfolio monitoring, expected credit loss considerations and risk-adjusted lending practices over time.
Concentration of effects	Exposure is concentrated in climate-sensitive operating locations, showroom networks, warehouses, branches, supplier locations, logistics corridors and customer-facing networks. The Lifestyle sector assessment identified showroom and warehouse exposure using district-level climate vulnerability mapping, with exposure also linked to raw material sources such as ball clay deposits near Dediyawala, Kalutara and feldspar sourcing from Matale, as well as suppliers located near flood-prone river basin areas.
Strategy, Response and Resourcing	
Plans to respond	**Short-Term** Maintain business continuity arrangements at subsidiary level, including incident response, temporary remote working for support functions, rapid recovery of affected customer-facing locations and review of location-specific disruptions following extreme weather events. In the Finance sector, continue monitoring affected customers, borrower segments and geographies following climate-related events.
	Medium-Term Use location-specific vulnerability information to prioritise mitigation for showrooms, warehouses, branches, supplier locations and logistics routes. Strengthen supplier continuity planning, review raw material exposure and consider alternative sourcing arrangements where extreme weather may affect critical inputs. Distribution networks may also be reviewed using climate-risk overlays.
	Long-Term Integrate climate resilience into new developments, facility upgrades, distribution network planning, insurance review, location strategy and capital expenditure decisions. In Finance, strengthen climate-aware portfolio monitoring, geographic risk mapping, sector exposure review and early warning indicators.

Resourcing	During the year, the Group's response to extreme weather events was supported through existing business continuity arrangements, local management coordination and operational recovery processes at affected locations. Resources were directed towards restoring customer-facing operations within short recovery periods, enabling remote working for support functions where feasible, and maintaining communication across affected operations. Within the Finance sector, resources were also directed towards assessing affected customers, monitoring borrower segments and reviewing whether recent climate-related events had any implications for credit quality or customer relief requirements. These activities supported the Group's ability to maintain operational continuity and assess emerging climate-related exposure across operations, customers and geographies. In the medium-term, resourcing activities may include climate-related budget allocations, technology and infrastructure development, insurance and risk transfer mechanisms, employee training on climate risk management and disaster recovery, cross-skilling for operational continuity, supplier diversification across multiple geographies, supplier partnerships and improved data on climate-sensitive assets, customers and suppliers.
Effect on Financial Performance	
Climate resilience and scenario analysis	The Group has applied the transitional relief available under SLFRS S2 in relation to climate resilience disclosures. Accordingly, formal climate-related scenario analysis has not been undertaken for this CRRO in the current reporting period and will be progressively considered as data, methodologies and internal capabilities mature.
Key judgements	Management judgement was applied in assessing the relevance of physical climate exposure across operating locations, showrooms, warehouses, branches, logistics routes, supplier locations and borrower segments. Judgement was also applied in assessing whether current-year operational disruption and related financial effects were material at Group level, and in determining the potential relevance of future extreme weather events to asset resilience, workforce availability, customer access and borrower repayment capacity.
Key uncertainties	Key uncertainties include: • the future frequency, severity and geographic spread of flooding, landslides and extreme rainfall events; the duration of operational disruption • the resilience of public infrastructure and logistics routes; supplier recovery capacity • employee mobility during severe weather; adequacy of insurance coverage and recovery • the indirect effect of climate events on borrower cash flows, collateral values and portfolio quality in the Finance sector.
Strategic linkage	This CRRO supports the Group's focus on operational resilience, business continuity, climate-aware infrastructure planning, supplier continuity, insurance and risk transfer, and climate-sensitive portfolio monitoring within the Finance sector. Material topics: M1 M3 M4 M5 M7 M10 Strategic priorities: SG BE GS PC

CRRO2: Transition and Regulatory Risk

The Group's transition and regulatory risk arises from the shift towards a more regulated, climate-conscious and sustainability-oriented operating environment. This may include evolving environmental regulation, climate-related disclosure requirements, responsible sourcing expectations, sustainable finance requirements, customer standards, market access conditions and financing expectations.

Within the Lifestyle sector, the risk is particularly relevant to sourcing, procurement, supplier traceability, raw material availability, material substitution and compliance processes. Within the Finance sector, it is relevant to sustainable finance frameworks, disclosure readiness, ESG governance, portfolio alignment and evolving regulatory expectations.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

CRRO impact on prospects	Transition and regulatory risk may affect the Group's cost base, sourcing model, compliance requirements, reporting readiness, access to finance, customer confidence and ability to respond to stakeholder expectations. If not managed effectively, the risk may result in higher operating costs, procurement delays, margin pressure, reputational exposure or reduced competitiveness in markets where sustainability performance is increasingly important.
Risk type	Transition risk
Time horizons	Medium-Term to Long-Term
Defined time horizon	Refer Basis of Preparation – Time Horizons, page 86
Business Model, Value Chain and Financial Effects	
Current effects on business model and value chain	During the current reporting period, the Group incurred costs relating to SLFRS S1 and S2 readiness, including training, awareness-building and advisory support for sustainability-related and climate-related financial disclosure implementation. Within the Finance sector, L B Finance also completed PCAF-aligned financed emissions measurement during the year, strengthening portfolio-level climate data, financed emissions visibility and climate-related disclosure readiness. These activities were not assessed as material at Group level, but demonstrate the Group's response to evolving disclosure, regulatory and market expectations. Sector-level assessments also indicate that transition and regulatory developments are increasingly relevant to sourcing practices, certification requirements, responsible materials, reporting readiness, financing expectations and sustainable finance preparedness.
Anticipated effects on business model and value chain	**Sourcing and material availability** Stricter environmental regulation may affect the availability, cost and traceability of timber, wood, natural materials and other regulated inputs. The Lifestyle sector may be exposed to increased raw material costs, production delays from supply chain disruption, and higher compliance and administrative costs linked to certification, documentation, environmental audits, licensing, transport permits, export restrictions and supply chain due diligence. **Procurement and supplier management** Suppliers may be required to provide legally sourced, certified or traceable materials, increasing documentation requirements and supplier qualification processes. This may extend procurement lead times, reduce the pool of eligible suppliers, increase inventory buffer requirements and create pressure on production planning and margins. **Compliance and administration** Requirements relating to certification, documentation, environmental audits, licensing, transport permits, export restrictions and supply chain due diligence may increase compliance costs, administrative workload and internal monitoring requirements. **Financing and portfolio alignment** Evolving climate-related regulation, sustainable finance frameworks, ESG governance requirements and portfolio alignment expectations may increase reporting and compliance requirements, influence lending strategy and require stronger climate-related data, portfolio review and customer assessment processes. **Reporting and governance readiness** SLFRS S1 and S2 implementation, PCAF-aligned financed emissions measurement, ESG data requirements and stakeholder expectations may increase the need for internal systems, governance processes, assurance readiness and cross-sector reporting consistency.
Concentration of effects	The effects are expected to be concentrated in sourcing and procurement activities exposed to timber, wood, natural materials, imported wood-based boards, furniture/interior products and supplier certification or traceability requirements. They are also relevant to financing activities exposed to regulatory and policy developments, sustainable finance expectations, disclosure obligations and portfolio transition considerations.

Strategy, Response and Resourcing	
Plans to respond	**Short-Term** Monitor climate-related regulation, ESG disclosure requirements and sector-specific policy changes. Strengthen internal data collection, reporting governance and awareness across relevant subsidiaries. Within the Finance sector, use the completed PCAF-aligned financed emissions assessment to support portfolio-level climate data, disclosure readiness and future sustainable finance considerations.
	Medium-Term Enhance supplier engagement, sourcing review, traceability processes and procurement controls where materials are exposed to environmental regulation. Strengthen sustainability-related data collection, disclosure readiness and internal reporting processes. In Finance, further integrate financed emissions insights into portfolio review, regulatory readiness and sustainable finance capability development.
	Long-Term Reduce dependence on higher risk-regulated inputs through alternative materials, recycled or reclaimed inputs, process improvements and product redesign where feasible. Longer-term responses may include blending wood with alternative materials such as metal, bamboo and plastics, developing innovative products that reduce wood usage while retaining market relevance, negotiating long-term supplier agreements and investing in market research for substitute raw materials.
Resourcing	During the year, the Group progressed the internal groundwork required to manage transition and regulatory risk more effectively. This included familiarising relevant teams with emerging climate-related disclosure expectations, coordinating information across subsidiaries, and identifying data gaps that need to be addressed for more consistent sustainability and climate reporting. In the Finance sector, portfolio-level climate data capability was advanced through the financed emissions measurement exercise, providing a stronger basis for future analysis, monitoring and disclosure. These activities supported the Group's broader readiness to respond to evolving regulatory, lender, investor and stakeholder expectations. Future resourcing activities may include compliance capability, supplier engagement, procurement review, sustainability data systems, staff awareness, certification support, product development, internal reporting processes, financed emissions measurement capability, investment in efficient cutting technology, working capital for safety stock, supplier agreements and selective capital allocation for process improvements or alternative material initiatives.
Effect on Financial Performance	
Current financial effects	Current-year financial effects primarily relate to SLFRS S1 and S2 readiness activities, including training, awareness-building and advisory support, together with PCAF-aligned financed emissions measurement completed within the Finance sector. These costs were not assessed as material at Group level based on the Group's materiality thresholds. No other material current financial effect has been identified for this CRRO in the current reporting period.
Next year financial effects	No significant risk of material adjustment to the carrying value of assets and liabilities in the next financial year was identified.
Anticipated financial effects	• Anticipated financial effects may arise through higher raw material costs, supplier certification and traceability costs, compliance and audit costs, increased administrative workload, procurement delays, increased inventory buffers and margin pressure. The risk may also influence access to finance or cost of capital over time where lenders or investors place greater emphasis on climate-related governance, disclosure maturity, financed emissions measurement and transition risk management. Detailed quantified anticipated financial effects have not been disclosed in the current reporting period in line with the transitional reliefs described in the Basis of Preparation.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Climate Resilience, Scenario Analysis, Key Judgements and Uncertainties	
Climate resilience and scenario analysis	The Group has applied the transitional relief available under SLFRS S2 in relation to climate resilience disclosures. Accordingly, formal climate-related scenario analysis has not been undertaken for this CRRO in the current reporting period and will be progressively considered as data, methodologies and internal capabilities mature.
Key judgements	Management judgement was applied in assessing whether changing customer preferences, demand for climate-aligned products and services, digital adoption and sustainable finance opportunities could create material value for the Group. Judgement was also applied in determining the relevance of this opportunity to revenue generation, customer retention, market positioning, product innovation, financing solutions and long-term value creation across the Finance and Lifestyle sectors.
Key uncertainties	Key uncertainties include the pace of customer adoption, willingness to pay for climate-aligned products or services, market acceptance of sustainable finance solutions, availability of suitable financing partnerships, competitive responses, technology readiness, scalability of digital platforms, and the ability to convert climate-aligned demand into measurable revenue growth or portfolio expansion.
Strategic linkage	This CRRO supports the Group's focus on strengthening regulatory readiness, responsible sourcing, supplier traceability, sustainability-related data systems, disclosure capability and transition risk management. Within Finance, the completion of PCAF-aligned financed emissions measurement supports portfolio-level climate data, financed emissions visibility, disclosure readiness and future sustainable finance considerations. Material topics: M3 M4 M5 M6 M10 M11 Strategic priorities: SG BE GS

CRRO3: Demand for Climate-Aligned Products, Services and Financing Solutions

Demand for climate-aligned products, services and financing solutions represents a material opportunity for the Group. This opportunity arises from changing customer preferences, sustainability-conscious purchasing behaviour, demand for lower-impact products, energy and resource efficient solutions, digital access, resilient financing options and growing stakeholder interest in climate-aligned value creation.

Within the Finance sector, the opportunity is linked to sustainable finance, digital financial services, customer analytics, low-carbon or resilience-focused financing and long-term customer retention. Within the Lifestyle sector, the opportunity is linked to responsible materials, efficient building and interior solutions, durable products, product innovation and shifting customer preferences.

CRRO impact on prospects	Demand for climate-aligned products, services and financing solutions may support revenue growth, customer retention, product innovation, digital adoption, sustainable finance development, stronger market positioning and improved stakeholder confidence. It may also support access to sustainability-oriented capital where credible governance, data and disclosure readiness are demonstrated.
Nature of Risk / Opportunity	Climate-related Opportunity
Time horizons	Short term to long term
Defined time horizon	Refer Basis of Preparation – Time Horizons, page 86

Business Model, Value Chain and Financial Effects	
Current effects on business model and value chain	**Finance Sector** Within the Finance sector, this opportunity is evidenced by strong growth in digital customer engagement and transaction activity. During the year, LB CIM processed over LKR 318 Bn in transaction value across more than 6 Mn transactions, reflecting growth of approximately 240% in transaction value and 174% in transaction volume. Cumulative downloads exceeded 800,000, while over LKR 5 Bn in digital investments were made through the platform. These trends demonstrate increasing customer adoption of digital financial services and support the relevance of climate-aligned, accessible and digitally enabled financing solutions. The climate-related opportunity is linked to the potential for digital financial services to support lower-resource and lower-emission service delivery. By enabling customers to complete transactions through digital channels, the sector can reduce reliance on physical branch visits, paper-based processing and related customer travel. Digital capabilities also strengthen service continuity during climate-related disruptions such as extreme weather events, improving the resilience and accessibility of financial services. **Lifestyle Sector** Within Lifestyle, customer preference shifts may influence demand for sustainable interiors, responsible materials, efficient building products and solutions that support more climate-conscious living and working spaces. This creates an opportunity to provide products and solutions that support lower energy use, improved resource efficiency and reduced environmental impact in homes, offices and commercial spaces. This includes demand for durable materials, efficient fittings, responsible sourcing and design-led solutions that help customers create spaces with lower resource intensity over their lifecycle. As climate awareness increases, these trends may support product innovation, customer retention and stronger market positioning.
Anticipated effects on business model and value chain	**Financial products and services** Demand for climate-aligned financing may support sustainable finance products, resilience-focused lending, EV or low-carbon financing solutions, digital financial services and customer propositions that support climate adaptation or lower-carbon choices. This may contribute to revenue generation, customer retention, portfolio growth and market differentiation. **Digital access and operating model** Digital channels may improve customer access, reduce cost-to-serve, support continuity during disruption and respond to customer expectations for faster, more accessible services. Digital adoption may also strengthen data availability and customer analytics. **Lifestyle products and services** Demand may grow for products and solutions that support efficient building, responsible materials, sustainable interiors, durability, water or energy efficiency and lower-resource construction or refurbishment choices. This may influence product development, sourcing decisions, customer engagement and brand positioning.
Concentration of effects	The opportunity is concentrated in Finance through sustainable finance, resilience-focused financing, digital financial solutions, customer analytics and portfolio development. It is also relevant to Lifestyle through climate-aligned products, responsible materials, efficient building and interior solutions, and customer preference shifts toward sustainability, durability and resource efficiency.
Strategy, Response and Resourcing	
Plans to respond	**Short-Term** Monitor customer preference shifts, digital adoption trends, ESG awareness and demand for sustainable or climate-aligned offerings. Continue identifying commercially relevant opportunities within Finance, Lifestyle and other relevant sectors. In the Finance sector, this includes reviewing customer demand for EV-related financing, energy-efficient assets and other climate-aligned lending opportunities.
	Medium-Term Develop or expand climate-aligned products, services and financing solutions where commercially viable. In Finance, strengthen sustainable finance pathways, including EV financing, low-carbon asset financing, digital customer channels and customer analytics. In Lifestyle, explore product and material choices aligned to changing customer demand, including responsible materials and efficient product solutions.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

	Long-Term Integrate climate-aligned opportunity development into sector strategy, product innovation, capital allocation, customer engagement and partnerships. Build scalable models that can be applied across relevant sectors and customer segments, including financing solutions that support the transition to lower-carbon mobility, resilient assets and sustainable consumption.
Resourcing	The growth of LB CIM during the year provided a stronger platform for future product innovation, customer engagement and digitally enabled financing solutions. These capabilities are relevant to the Group's ability to explore opportunities such as sustainable finance, low-carbon asset financing, resilience-focused lending and other customer propositions aligned with changing market expectations. Going forward, resourcing may include product development capability, digital platforms, market research, customer analytics, sustainability expertise, financing partnerships, data systems, staff capability and investment in customer-facing channels.
Effects on Financial Performance	
Current financial effects	Current financial effects have not been separately quantified at Group level for this reporting period. However, the opportunity is strategically relevant through customer retention, digital adoption, product demand and sustainable finance positioning, particularly within Finance.
Next year financial effects	No significant risk of material adjustment to the carrying value of assets and liabilities in the next financial year was identified.
Anticipated financial effects	Anticipated financial effects may include new revenue opportunities, improved customer retention, increased fee or interest income from sustainable finance products, lower cost-to-serve through digital channels, stronger market positioning, improved stakeholder confidence and potential access to sustainability-oriented finance. Detailed quantified anticipated financial effects have not been disclosed in the current reporting period in line with the transitional reliefs described in the Basis of Preparation.
Climate Resilience, Scenario Analysis, Key Judgements and Uncertainties	
Climate resilience and scenario analysis	The Group has applied the transitional relief available under SLFRS S2 in relation to climate resilience disclosures. Accordingly, formal climate-related scenario analysis has not been undertaken for this CRRO in the current reporting period and will be progressively considered as data, methodologies and internal capabilities mature.
Key judgements	Management judgement was applied in assessing whether changing customer preferences, demand for climate-aligned products and services, digital adoption and sustainable finance opportunities could create material value for the Group. Judgement was also applied in determining the relevance of this opportunity to revenue generation, customer retention, market positioning, product innovation, financing solutions and long-term value creation across the Finance and Lifestyle sectors.
Key uncertainties	Key uncertainties include the pace of customer adoption, willingness to pay for climate-aligned products or services, market acceptance of sustainable finance solutions, availability of suitable financing partnerships, competitive responses, technology readiness, scalability of digital platforms, and the ability to convert climate-aligned demand into measurable revenue growth or portfolio expansion.
Strategic linkage	This opportunity supports the Group's focus on product and service innovation, sustainable finance development, digital customer access, customer analytics, responsible materials, efficient building and interior solutions, and climate-aligned market positioning Material topics: M1 M2 M5 M8 M11 Strategic priorities: SG ME BE GS

METRICS AND TARGETS

This section presents the climate-related metrics used by Vallibel One PLC to monitor greenhouse gas emissions, energy consumption and related climate performance across the Group.

Cross-Industry Metrics

Greenhouse Gas Emissions

Basis of Determination of Organisational Boundary

The Group applies the financial control approach in determining its greenhouse gas emissions boundary. Under this approach, emissions are accounted for from subsidiaries and operations over which Vallibel One PLC has financial control, consistent with the consolidation basis applied in the Annual Report.

The organisational boundary includes the Group's consolidated operations across its principal sectors, including Lifestyle, Finance, Aluminium, Packaging, Consumer, Leisure, Healthcare, and Investments and Others, subject to data availability and reporting readiness. The boundary will continue to be refined as climate-related data collection processes mature across subsidiaries.

Emissions Covered

For the current reporting period, the Group's emissions disclosure covers Scope 1 and Scope 2 greenhouse gas emissions. Scope 3 emissions have not been disclosed in the current reporting period in line with transitional reliefs under SLFRS S1 and S2.

Scope 1	Direct greenhouse gas emissions from sources controlled by Group companies	Fuel consumption from stationary combustion, mobile combustion and other direct fuel use, including LP gas, diesel, furnace oil, kerosene, biomass/firewood and vehicle fuel where applicable
Scope 2	Indirect greenhouse gas emissions from purchased electricity	Grid electricity consumed across factories, offices, showrooms, branches, warehouses and other operational locations
Scope 3	Not disclosed in the current reporting period under transitional relief	

Methodology Used for Measurement and Disclosure

Greenhouse gas emissions are reported in tonnes of carbon dioxide equivalent (tCO_2e). The Group's emissions measurement approach is guided by recognised greenhouse gas accounting principles, using activity data maintained by Group companies and applicable emission factors based on the relevant fuel or electricity source.

Scope 1 emissions are calculated using fuel-specific emission factors, while Scope 2 emissions are calculated using purchased electricity consumption and the applicable national grid emission factor. Global warming potential values are applied based on IPCC Sixth Assessment Report (AR6) values, where relevant, to convert greenhouse gases into carbon dioxide equivalent.

Sources of Activity Data and Emission Factors

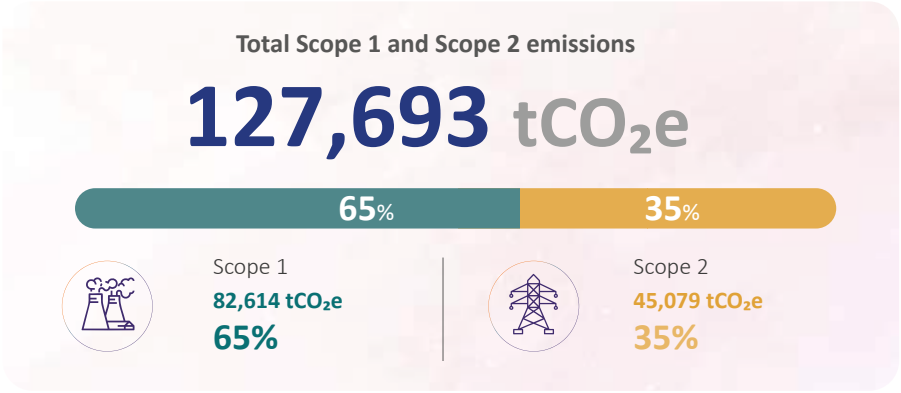
Scope	Emission source	Activity data tracked	Typical data source	Basis of emission factor / conversion
Scope 1	Stationary fuel combustion	LP gas, diesel, furnace oil, kerosene and biomass/firewood consumption	Fuel purchase records, production records, generator logs and operational records	**Emission factors:** 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy. **GWP values:** IPCC Sixth Assessment Report (AR6), 100-year GWP values.
Scope 1	Mobile fuel combustion	Diesel and petrol used for company-owned or controlled vehicles, where applicable	Fuel records, transport records and reimbursement records	
Scope 1	Purchased electricity	Grid electricity consumption	Utility bills, electricity consumption records and centralised operational records	Emission factors: Sri Lanka Energy Balance Report 2022, published by the Sri Lanka Sustainable Energy Authority. GWP values: IPCC Sixth Assessment Report (AR6), 100-year GWP values.

Note: Process emissions and fugitive emissions are not currently tracked as part of the Group's GHG inventory. The Group intends to strengthen data collection processes in future reporting periods to assess the relevance and materiality of these emissions across applicable operations.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

GHG Emissions Profile

The Group's disclosed Scope 1 and Scope 2 emissions for FY 2025/26 are summarised below:



GHG Emissions by Sector

Sector	Scope 1 emissions tCO_2e	Scope 2 emissions tCO_2e	Total Scope 1 and Scope 2 emissions tCO_2e
Lifestyle	77,899	35,690	113,590
Aluminium	3,653	5,045	8,699
Finance	50	3,008	3,058
Packaging	684	950	1,635
Others	278	275	553
Healthcare	31	48	79
Leisure	14	30	44
Consumer Goods	5	32	38
Total	82,614	45,079	127,693

During the year, the Group continued to monitor fuel and electricity consumption as key inputs for emissions performance management. Operational initiatives such as process optimisation, improved production monitoring, energy efficiency improvements, waste heat recovery, renewable energy use and energy-efficient machinery continue to support the Group's efforts to reduce emissions intensity over time.

Although absolute Scope 1 and Scope 2 emissions reduced modestly during the year, the Group's emissions performance reflects ongoing efforts to improve energy efficiency, strengthen emissions data quality and build a more reliable baseline for future target setting.

Scope 1 emissions represented approximately 65% of the Group's disclosed Scope 1 and Scope 2 emissions, reflecting the fuel-intensive nature of selected manufacturing operations. Scope 2 emissions accounted for approximately 35%, mainly arising from purchased grid electricity consumed across operational locations.

Compared to the previous reporting period, total Scope 1 and Scope 2 emissions reduced from 129,488 tCO_2e to 127,693 tCO_2e, representing a reduction of approximately 1.4%. Scope 1 emissions declined by approximately 2.5%, while Scope 2 emissions increased marginally by approximately 0.8%.

The Lifestyle sector remains the most significant contributor to the Group's Scope 1 and Scope 2 emissions profile, primarily due to manufacturing-related fuel use and electricity consumption. Aluminium, Finance and Packaging represent the next largest contributors, while other sectors account for a comparatively smaller share of the Group's disclosed emissions.

Current Exclusions and Limitations

Scope 3 emissions have not been disclosed in the current reporting period in line with the transitional reliefs available under SLFRS S1 and SLFRS S2. Certain activity-level data limitations may also exist across subsidiaries, particularly where climate-related data systems and reporting processes are still being strengthened.

The Group intends to progressively improve data capture, reporting controls and subsidiary-level consistency to support more comprehensive emissions reporting in future periods.

Data Validation, Assumptions and Uncertainties

Emissions-related activity data is compiled at subsidiary level and reviewed against underlying operational records prior to Group-level consolidation. The review process includes management-level validation of data entries against relevant source documents, such as fuel records, electricity bills, generator logs, transport records, production records and other operational documentation. This supports improved reliability of emissions-related information and helps reduce the risk of omissions, inconsistencies and double counting.

Key Assumptions Applied:

Fuel consumption is assumed to be fully combusted within the reporting boundary

Scope 2 electricity emissions are calculated using the applicable national grid emission factor

Fuel-specific emission factors are applied based on recognised greenhouse gas accounting references

IPCC AR6 global warming potential values are used, where relevant, to convert greenhouse gases into carbon dioxide equivalent

Where direct activity data is incomplete, estimates may be applied using available operational records and reasonable assumptions.

Key Uncertainties Include:

Data quality may vary across subsidiaries due to differences in monitoring systems, metering arrangements and reporting maturity

Certain activity data may depend on manual records or subsidiary-level estimation methods

Emission factors may be updated in future reporting periods as more current, country-specific or activity-specific data becomes available

Improvements to subsidiary-level data systems may result in refinements to calculation methods, boundaries or assumptions in future reporting periods.

The Group will continue to strengthen the completeness, consistency and validation of climate-related data as part of its SLFRS S1 and SLFRS S2 implementation roadmap.

Area	Judgements applied	Key uncertainties
Climate-related Physical Risks	• Exposure across operating locations, manufacturing facilities, showrooms, warehouses, branches, supplier locations, logistics routes and customer-facing networks • Current-year impact of extreme weather events, including operational disruption and recovery periods • Insurance recoverability linked to climate-related damage • Whether related operational and financial effects were material at Group level	• Future frequency, severity and geographic spread of extreme rainfall, flooding, storms and landslide-related events • Resilience of public infrastructure and logistics routes • Supplier recovery capacity following extreme weather disruption • Employee mobility during severe weather • Adequacy and timing of insurance recoveries • Indirect effects on customer access, borrower repayment capacity and asset quality within the Finance sector
Climate-related Transition Risks	• Relevance of transition and regulatory risks arising from evolving climate-related disclosure requirements • Implications of SLFRS S1 and SLFRS S2 implementation • Exposure to environmental regulation, responsible sourcing expectations and supplier traceability requirements • Relevance of sustainable finance considerations and changing stakeholder expectations • Whether current-year readiness activities and related costs were material at Group level	• Pace and scope of future regulatory change • Timing and extent of future disclosure requirements • Availability and quality of supplier and value chain data • Supplier readiness to meet traceability or certification expectations • Potential cost of compliance • Effect of transition-related requirements on procurement, sourcing, reporting processes, financing expectations and operating costs over time

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Area	Judgements applied	Key uncertainties
Climate-related Opportunities	• Whether changing customer preferences could create material opportunities for the Group • Relevance of digital adoption, renewable energy initiatives and sustainable finance opportunities • Demand for lower-impact products and services • Potential contribution to revenue generation, customer retention and product innovation • Relevance to operational efficiency, financing solutions and long-term market positioning across relevant sectors	• Pace of customer adoption • Willingness to pay for climate-aligned products or services • Availability of suitable financing partnerships • Technology readiness • Scalability of digital platforms • Competitive responses • Regulatory support for sustainable finance and low-carbon solutions • Ability to convert climate-aligned demand into measurable revenue growth, portfolio expansion or cost efficiencies
Capital Expenditure	• Capital and operating resources directed towards climate-related readiness • Resilience-related investments • Renewable energy, technology and infrastructure improvements • Whether climate-related expenditure was material at Group level • Resources allocated within the Construction Materials sector to support climate risk management initiatives, including targeted technology and infrastructure development to enhance resilience. The allocation was not assessed as material at Group level based on the Group's materiality thresholds	• Timing and scale of future capital requirements • Availability of commercially viable and technically suitable technologies • Project-level returns • Regulatory expectations • Future climate-related infrastructure needs • Extent to which capital expenditure can be directly attributed to climate-related risks or opportunities • Whether future climate-related investments may become material as the Group's data, targets and transition planning mature

Note: The Group has considered assets, business activities and capital allocation that may be exposed to climate-related physical risks, transition risks and opportunities. However, the amount and percentage of assets and business activities vulnerable to climate-related physical and transition risks, and aligned with climate-related opportunities, have not yet been quantified at Group level. Climate-related capital expenditure, financing and investment were also not assessed as material at Group level based on the Group's materiality thresholds. The Group will continue to strengthen data collection and assessment processes to support more detailed quantification in future reporting periods.

Climate-Related Targets

The Group is currently strengthening its climate-related measurement and target-setting approach. While formal quantified Group-wide greenhouse gas emission reduction targets have not yet been established, selected sector-level ambitions and emissions reduction initiatives are in place. Within Royal Ceramics Lanka PLC, a long-term ambition to achieve carbon neutrality by 2050 has been established. During the year, priority was placed on improving Scope 1 and Scope 2 data accuracy to support future target setting. The Group plans to progressively develop plant-level, company-level and Group-level emission reduction targets, supported by improved data quality and more consistent monitoring processes.

Performance Against Targets

As Group-wide quantified emissions reduction targets have not yet been formally adopted, performance is currently monitored through emissions trends, emissions intensity, energy consumption, renewable energy contribution and sector-level efficiency initiatives.
For FY 2025/26, total Scope 1 and Scope 2 emissions reduced by approximately 1.4% compared to the previous year. The reduction was driven mainly by lower Scope 1 emissions, partly offset by a marginal increase in Scope 2 emissions. This performance provides an initial reference point for future target setting and performance monitoring.

Climate-Related Considerations in Remuneration

Climate-related performance indicators are not currently included as explicit performance-linked components of executive remuneration at Group level. Sustainability oversight is embedded through existing governance and management processes; however, structured climate-specific performance metrics have not yet been integrated into remuneration frameworks.

The Group will continue to assess the relevance of climate-related key performance indicators in remuneration and performance management structures as climate-related data, targets and governance processes mature.

Internal Carbon Pricing

Sri Lanka does not currently have a mandatory carbon pricing mechanism, such as a carbon tax or emissions trading scheme, in place. As such, the Group does not currently apply an internal carbon price in investment decision-making, capital allocation, transfer pricing or scenario analysis.

The Group will continue to monitor relevant national policy developments, regulatory requirements and market practices relating to carbon pricing. If a formal carbon pricing mechanism or related market-based measure becomes applicable in Sri Lanka, the Group will assess its relevance to business planning, investment appraisal, risk management and future climate-related disclosures.

WAY FORWARD

The Group's metrics and targets approach will be strengthened progressively as follows:

- Improving completeness and consistency of Scope 1 and Scope 2 data across subsidiaries
- Strengthening climate-related data validation and documentation processes
- Developing more reliable plant-level, company-level and Group-level emissions baselines
- Identifying practical emissions reduction levers across high-emission activities
- Expanding energy efficiency, renewable energy and cleaner technology initiatives
- Progressively assessing material Scope 3 categories following the transitional relief period
- Integrating climate-related metrics into management review and sustainability governance processes
- Evaluating the feasibility of short-, medium- and long-term emissions reduction targets.

Until Group-wide quantified targets are formally adopted, the Group will continue to monitor climate-related performance using Scope 1 and Scope 2 emissions, emissions intensity, energy consumption, renewable energy contribution and relevant sector-level operational indicators.

Industry-Specific Metrics

For the current reporting period, industry-specific metrics have been applied to the Lifestyle and Finance sectors, which were assessed as the most relevant sectors based on the Group's materiality assessment. Industry-specific metrics for other sectors have not been separately disclosed in the current reporting period, as they were not assessed to be material for industry-specific disclosure at Group level. The Group will continue to review the applicability of additional industry-specific metrics in future reporting periods as materiality assessments, data availability and reporting maturity evolve.

SASB CONSTRUCTION MATERIALS SUSTAINABILITY ACCOUNTING STANDARD

Version 2023-12

Table 1: Sustainability Disclosure Topics & Metrics

Topic	Metric	Category	Unit of Measure	Code	FY 2025/26 Disclosure / Value
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Quantitative	Metric tonnes (t) CO_2-e, Percentage (%)	EM-CM-110a.1	Scope 1: 82,476 TCO_2; Percentage: 66.43%

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Topic	Metric	Category	Unit of Measure	Code	FY 2025/26 Disclosure / Value
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	EM-CM-110a.2	The Company's Scope 1 emissions are mainly linked to fuel use in manufacturing processes such as kiln firing, drying and other energy-intensive operations. In the short term, the Group focuses on reducing fuel consumption and emissions intensity through kiln and process optimisation, improved production monitoring, waste heat recovery, energy-efficient machinery and regular monitoring of energy and emissions-related performance. In the long term, the sector has established a carbon neutrality ambition by 2050, supported by the adoption of SLFRS S1 and S2. During the year, priority was placed on strengthening Scope 1 and Scope 2 data accuracy to support future target setting. The Group plans to progressively develop plant-level, company-level and Group-level emission reduction targets, while also improving Scope 3 data collection. In 2025/26, Scope 1 emissions remained broadly stable at 82,476 tCO_2e, marginally reducing by 0.06% from the previous year. While Scope 2 emissions increased slightly by 0.62%, overall emissions intensity improved by 12%, reflecting better emissions efficiency relative to revenue.
Air Quality	Air emissions of the following pollutants: (1) NO_x (excluding N_2O), (2) SO_x, (3) particulate matter (PM_{10}), (4) dioxins/ furans, (5) volatile organic compounds (VOCs), (6) polycyclic aromatic hydrocarbons (PAHs) and (7) heavy metals	Quantitative	Metric tonnes (t)	EM-CM-120a.1	Not applicable. The companies within the sector do not currently measure this data.

Topic	Metric	Category	Unit of Measure	Code	FY 2025/26 Disclosure / Value
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage alternative and (4) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	EM-CM-130a.1	1) Total Energy Consumed 1,657,171.86 GJ. 2) Grid Electricity 18.54% 3) Alternative- 0% 4) Renewable- 4%
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m^3), Percentage (%)	EM-CM-140a.1	Total water withdrawn: 422,209,441 litres = 422,209.44 m^3 Total water consumed: 422,209.44 m^3, as the Company considers water consumption to be equivalent to total water withdrawal. The percentage of water withdrawal and consumption in regions with High or Extremely High Baseline Water Stress has not yet been quantified and will be assessed through location-level water stress mapping.
Waste Management	Amount of waste generated, percentage hazardous and percentage recycled	Quantitative	Metric tonnes (t), Percentage (%)	EM-CM-150a.1	Total waste generated: 39,635 MT Percentage of hazardous waste generated: 0% Percentage of waste recycled: 10.48%
Biodiversity Impacts	Description of environmental management policies and practices for active sites	Discussion and Analysis	n/a	EM-CM-160a.1	Not applicable. The Company does not currently measure this data.
	Terrestrial land area disturbed percentage of impacted area restored	Quantitative	Hectares (ha), Percentage (%)	EM-CM-160a.2	
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	Quantitative	Rate	EM-CM-320a.1	1) TRIR- 5.83% 2) NMFR- 0.11% The sector does not currently measure contract and direct employee related health and safety data separately.
	Number of reported cases of silicosis[1]	Quantitative	Number	EM-CM-320a.2	No such incidents reported during FY 25/26.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Topic	Metric	Category	Unit of Measure	Code	FY 2025/26 Disclosure / Value
Product Innovation	Percentage of products that qualify for credits in sustainable building design and construction certifications	Quantitative	Percentage (%) by annual sales revenue	EM-CM-410a.1	Not applicable. The companies within the sector do not currently measure this data.
	Total addressable market and share of market for products that reduce energy, water or material impacts during usage or production	Quantitative	Presentation currency, Percentage (%)	EM-CM-410a.2	Information unavailable
Pricing Integrity & Transparency	Total amount of monetary losses as a result of legal proceedings associated with cartel activities, price fixing, and antitrust activities[2]	Quantitative	Presentation currency	EM-CM-520a.1	Not applicable. The sector does not currently measure this data.

SASB CONSUMER FINANCE SUSTAINABILITY ACCOUNTING STANDARD

Version 2023-12

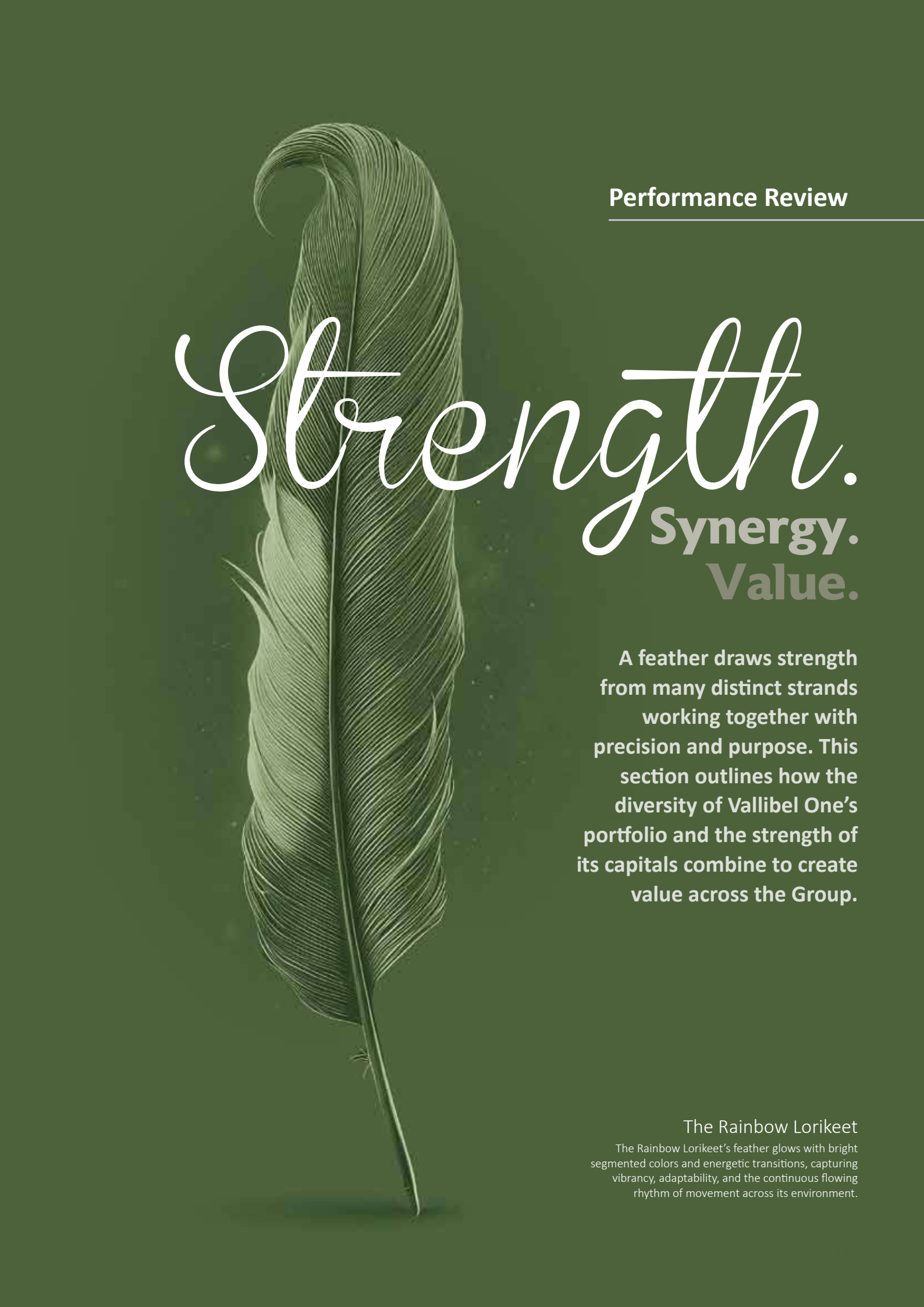
Table 1: Sustainability Disclosure Topics & Metrics

Topic	Metric	Category	Unit of Measure	Code	Disclosure / Page Reference
Customer Privacy	Number of account holders whose information is used for secondary purposes	Quantitative	Number	FN-CF-220a.1	No such incidents were reported
	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Quantitative	Presentation currency	FN-CF-220a.2	No such incidents were reported
Data Security	Number of data breaches, percentage that are personal data breaches, and number of account holders affected	Quantitative	Number, Percentage (%)	FN-CF-230a.1	No such incidents were reported
	Card-related fraud losses from card-not-present fraud, card-present fraud and other fraud	Quantitative	Presentation currency	FN-CF-230a.2	No such incidents were reported

Topic	Metric	Category	Unit of Measure	Code	Disclosure / Page Reference
	Description of approach to identifying and addressing data security risks	Discussion and Analysis	n/a	FN-CF-230a.3	The Company continues to strengthen its approach to identifying and addressing data security risks through ongoing investments in cybersecurity infrastructure, governance systems, monitoring tools and digital resilience capabilities. During the year, key initiatives included the implementation of a web application firewall, data leakage prevention system, Security Incident and Event Management system, Attack Surface Management system, backup solutions and a 24x7 Operational Security Operations Centre. These measures support real-time threat detection, continuous monitoring, protection of sensitive customer and organisational data, and improved response to potential cyber incidents. As customer interactions increasingly shift towards digital channels, the Company remains focused on maintaining secure and resilient systems. Its approach is supported by strengthened access controls, threat detection capabilities, security governance practices, disaster recovery solutions and internal control environments designed to safeguard critical systems, customer information and digital operations. The Company also recognises the need for responsible, ethical and secure use of data analytics and AI-driven solutions, with governance mechanisms continuing to evolve to support transparency, accountability and reliability in technology-driven decision-making.
Selling Practices	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	Quantitative	Percentage (%)	FN-CF-270a.1	The Company maintains a performance-based sales culture, where relevant sales and marketing employees may be eligible for variable remuneration linked to achievement of defined product and service-related targets. The Company does not currently measure the percentage of total remuneration for covered employees that is variable and sales-linked.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

Topic	Metric	Category	Unit of Measure	Code	Disclosure / Page Reference
	Approval rate for credit and pre-paid products for applicants	Quantitative	Percentage (%)	FN-CF-270a.2	N/A
	Average fees from add-on products, average APR of credit products, average age of credit products, average number of credit accounts, and average annual fees for pre-paid products	Quantitative	Presentation currency, Percentage (%), Months, Number	FN-CF-270a.3	N/A
	Number of customer complaints filed, percentage with monetary or non-monetary relief	Quantitative	Number, Percentage (%)	FN-CF-270a.4	No such incidents were reported
	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	Quantitative	Presentation currency	FN-CF-270a.5	No such incidents were reported



Strength.

Synergy.
Value.

A feather draws strength from many distinct strands working together with precision and purpose. This section outlines how the diversity of Vallibel One's portfolio and the strength of its capitals combine to create value across the Group.

The Rainbow Lorikeet

The Rainbow Lorikeet's feather glows with bright segmented colors and energetic transitions, capturing vibrancy, adaptability, and the continuous flowing rhythm of movement across its environment.

Sector Reviews

Lifestyle

The Group's Lifestyle sector brings together tiling, sanitaryware, grout, interior products and building solutions through a portfolio of leading manufacturing, retail and project-based businesses. With established brands, local production capacity and broad market reach, the sector supports Sri Lanka's residential, commercial and construction markets while shaping modern built spaces and everyday living environments.

Scope and Operating Footprint

Royal Ceramics Lanka PLC
Tiling solutions
Production Capacity:
Eheliyagoda – **5,830 sq.m.** per day
Horana - **13,250 sq.m.** per day]

Lanka Tiles PLC
Tiling solutions
Production Capacity:
Ranala – **17,950 sq.m. per day**

Lanka Walltiles PLC
Tiling solutions
Production capacity
Meepe - **13,500 sq.m. per day**

Rocell Bathware
Sanitaryware solutions
Production Capacity:
Homagama - **35,000 pieces per month**

Swisstek Ceylon PLC
Grout, mortar and tile complementary solutions
Balummahara – **102,900 MT p.a.**

Delmege Forsyth & Co. Ltd
Interior décor and construction products
Operating Businesses:
Delmege Interior Décor, Delmege Building Products, GRIP Delmege, GRIP Nordic

Our Solutions

Floor and Wall Tiles
Floor tiles and wall tiles for residential, commercial and institutional spaces

Sanitaryware and Bathware Solutions
Sanitaryware, bathroom fittings and bathware products supporting modern living and commercial environments

Tile Adhesives, Grout and Mortar
Tile adhesives, grout, mortar and related construction products supporting tiling and finishing applications

Interior Décor and Space Solutions
Flooring, wall coverings, carpets, partitions, ceilings, blinds and interior products for homes, offices, hotels, hospitals, schools and commercial developments

Building Products and Electrical Solutions
Hardware, electrical products, hot water systems, fittings, switch gears, fans, cladding and LED solutions

Furniture and Interior Design Solutions
Panel furniture, layer-glued furniture and interior design solutions supporting functional and contemporary spaces

Revenue
LKR **50.4** BN
(LKR 43 BN IN 2024/25)

PBT
LKR **4.9** BN
(LKR 3.5 BN IN 2024/25)

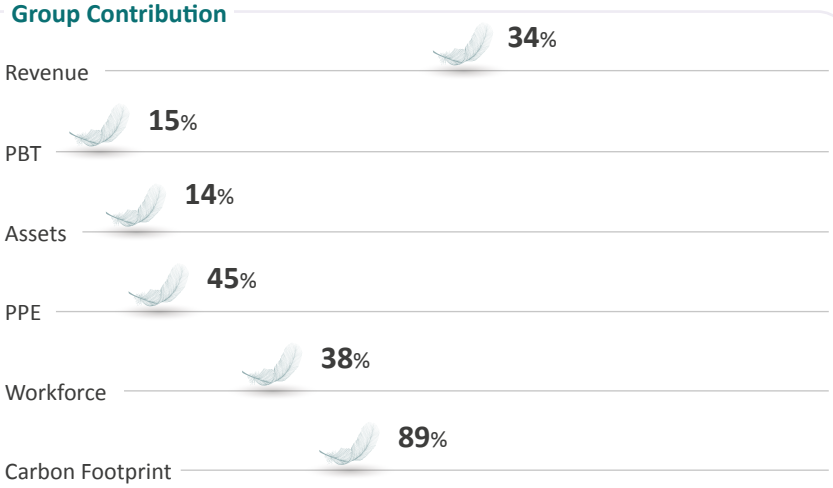
Assets
LKR **83** BN
(LKR 80 BN IN 2024/25)

PPE
LKR **2.5** BN
(LKR 3.7 BN IN 2024/25)

EMPLOYEES
3,907 Employees
(3,847 IN 2024/25)

Carbon Footprint
LKR **120,251** tCO_2e
(119,018 tCO_2e IN 2024/25)

Group Contribution



Impacted SDGs:

Work in Progress

SECRETARY-BIRD FEATHER

The Secretarybird's structural feather emphasises focus, resilience, and operational integrity that withstands challenges.

LKR 50.4 BN
Revenue

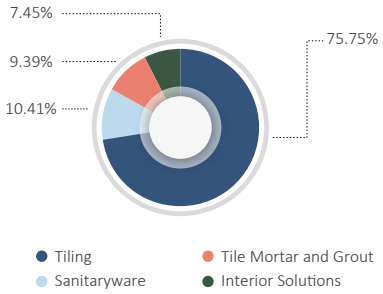
LKR 3.4 BN
Profit after tax

50,530
sq.m./day Tiles Combined

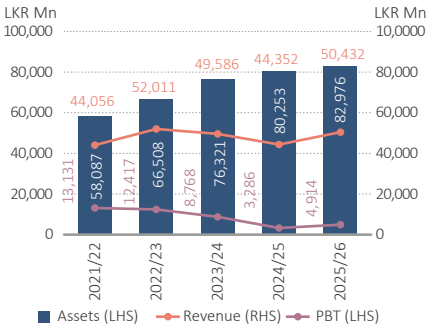


Highlights for the Year

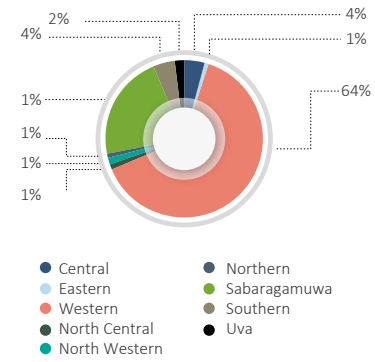
Revenue by Channel



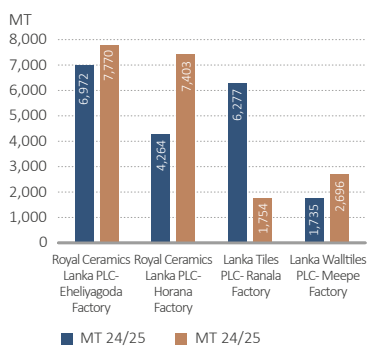
Revenue, PBT, Assets



Team by Regions



Recycled Input Material in Prodcution



Key Achievements:

- Delivered improved sector performance, supported by recovering construction activity and stronger demand across tiles, tile complementary products, building products and selected interior solutions.
- Expanded tile and surface solutions through new designs, colours, formats and larger-format, lifestyle-led finishes.
- Commissioned additional tile manufacturing capacity, while progressing energy-saving, automation, heat recovery and kiln upgrade initiatives.
- Strengthened showroom and market reach through new outlets, showroom upgrades, digital engagement and architect/designer interaction.
- Recorded strong Swisstek growth across adhesives and grouts, with roofing doubling and waterproofing recording significant growth.
- Expanded Delmege Building Products' proprietary portfolio with water pumps, electrical accessories, LED panel lights and CPVC hot water pipes and fittings.
- Enhanced Delmege Interior Décor's execution capability through ProofHub, facility upgrades and ISO 9001:2015 and SIDA certification processes.
- Broadened premium interior and furniture solutions through Hettich and Warisandor collaborations, together with Grip Delmege's standard and custom-made furniture offering.

304
New Designs & Sizes Launched

5,442
Suppliers and Partners

3,907
Employees Across the Sector

Sector Reviews

Lifestyle

Operating Landscape

Market Dynamics

- Construction activity showed gradual recovery, supported by improved economic stability and renewed residential and commercial project activity.
- Demand remained uneven, with affordability driving the mass market and design, durability and premium finishes shaping higher-end demand.
- Larger-format tiles, modern sanitaryware, outdoor applications, office refurbishments, hotel upgrades and turnkey interior solutions supported sector demand.



External Pressures

- Low-priced imported tiles continued to place pressure on pricing, margins and local manufacturing competitiveness.
- Imported material dependence, exchange rate movements, freight costs and supplier lead times affected product availability and project execution.
- Cost-sensitive customers and cautious capital spending continued to influence project timelines and purchasing decisions.



Opportunity Landscape

- Construction recovery creates opportunities across tiles, sanitaryware, grout, waterproofing, roofing, building products and interior solutions.
- Demand for modern homes, offices, hotels and commercial spaces supports premium finishes and integrated lifestyle solutions.
- Architect, designer, contractor and developer engagement creates scope for stronger specification-led and higher-value sales.



Key Risks: R1 R2 R3 R4 R8

Opportunities: O1 O3 O4 O5

Strategic Position and Outlook

S — Strengths

- Renowned brands and local manufacturing capability across tiles, sanitaryware, grout, interiors and furniture.
- Broad showroom, dealer, distributor and project reach across residential and commercial markets.
- Integrated portfolio covering construction, finishing and interior completion needs.

W — Weaknesses

- High dependence on construction-sector activity, making demand sensitive to project cycles and customer investment confidence.
- Energy-intensive manufacturing base, particularly across tile and sanitaryware production.
- Exposure to margin pressure in dealer and price-sensitive product segments.

O — Opportunities

- Grow premium, design-led and large-format tile and sanitaryware solutions.
- Expand grout, waterproofing, roofing, building products and interior fit-out solutions as construction activity improves.
- Strengthen architect, designer and contractor engagement to capture higher-value project demand.
- Capitalise on Group synergies to offer integrated lifestyle and project solutions.

T — Threats

- Price-led procurement practices reducing emphasis on quality, differentiation and principal reputation.
- Increasing competition from established suppliers and new market entrants.
- Talent shortages in specialised technical, regulatory and biomedical support roles affecting service depth and scalability.

Material Topics: M2 M3 M4 M6 M8

STRATEGIC RESPONSE

During the year, the Lifestyle sector concentrated on strengthening relevance across a recovering construction and interiors market, while navigating continued import competition, pricing pressure, cost volatility and cautious customer spending. The sector's response was not merely limited to protecting volumes; it also focused on improving product relevance, preserving pricing and margin discipline, widening customer access, strengthening manufacturing efficiency and improving execution across both retail-led and project-led channels.

Across tiles, sanitaryware, grout, adhesives, waterproofing, building products, interiors and furniture, businesses across the sector took tangible steps to align more closely with changing customer expectations. These included the expansion of larger-format and design-led tiles, increased focus on weather-resilient construction solutions, new Delmege-branded building products, stronger project monitoring in interior décor and continued investment in manufacturing efficiency.

> **Creating modern spaces through design, durability, trusted brands and dependable execution...**

Responding to Changing Design and Lifestyle Preferences

The sector continued to refine its product offering as customers placed greater emphasis on design, durability, hygiene and modern finishes. In tiles, the shift towards larger formats and premium design collections supported the move from purely functional building materials towards more lifestyle-led surface solutions. Lanka Walltiles also strengthened its capability in porcelain, polished tiles and larger 1000x1000mm formats through its factory expansion.



Royal Ceramics continued to refresh its tile portfolio through new designs, colours and formats, while also expanding lifestyle-oriented bathware offerings such as spa baths, smart toilets, touchless controls and hygienic flushing systems. This strengthened the sector's ability to respond to customers seeking design-led solutions across living spaces, bathrooms and interior finishes.

Design-Led Portfolio Expansion

1000X1000 MM

Large-format tile capability added

PORCELAIN AND POLISHED TILES

Capability strengthened through factory expansion

Modern bathware solutions

Spa baths | Smart toilets | Touchless controls | Rimless systems

Building Manufacturing Strength and Production Readiness

Manufacturing capability remained central to the sector's competitiveness, particularly as construction activity began to recover and demand shifted towards larger, more technical and higher-value products. Lanka Walltiles' expansion brought the glazing line, glost kiln and sorting line into operation, doubling plant capacity while adding capability for porcelain and polished tile production.

Lanka Tiles delivered measurable improvements through process excellence initiatives, achieving approximately LKR 1,458 Mn in cumulative savings and a 14% reduction in production cost. The business also piloted IoT-based real-time data monitoring, creating a pathway for stronger visibility, faster decision-making and wider digital adoption across factory operations.

Across the wider manufacturing base, the focus remained on energy optimisation, preventive maintenance, process monitoring, raw material efficiency and safer handling of labour-intensive activities.

MANUFACTURING AND EFFICIENCY GAINS IN 2025/26

18.5 %

Lanka Walltiles Plant Capacity enhancement

LKR 1,458MN

Business Excellence Saving at Lanka Tiles

14 %

Reduction in Lanka Tiles production cost

IoT PILOT

Real Time Factory Data Monitoring Initiated

Refer Manufactured Capital - pages 174-181

Sector Reviews

Lifestyle

Enhancing Resource Efficiency and Operational Discipline

Given the energy-intensive nature of ceramic manufacturing, the sector continued to prioritise resource efficiency across kiln operations, drying processes, production planning and water use. Lanka Walltiles improved energy intensity from 8.37 GJ/MT to 6.64 GJ/MT, while manufacturing yield increased by 3.8% and rejection rates reduced by 3.8%, reflecting stronger process control and operational discipline.

Lanka Tiles also recorded improvements in energy and water performance, supported by reduced LPG, diesel and electricity consumption, improved process control and ongoing efficiency initiatives. Recycled water use increased by 14.9%, reinforcing the role of disciplined operations in supporting both cost efficiency and environmental performance.

Expanding Construction and Finishing Solutions

The sector strengthened its presence beyond tiles by growing adjacent construction and finishing categories. Swisstek focused on its core tile complementary business, including adhesives and grouts, while expanding roofing and waterproofing solutions. Roofing doubled during the year, while waterproofing recorded strong growth as customers responded to heavier rainfall, heat conditions and the need for more durable buildings.

Delmege broadened its building and interior solutions offering through both proprietary and partner-backed additions. Delmege-branded products introduced during the year included CPVC, water pumps, LED panel lights and electrical accessories across multiple specifications. The offering was further strengthened through principal and partner-backed solutions such as Renner Paint, WPC Decking, Hettich and Warisandor, enhancing the sector's ability to serve residential, commercial and project-based requirements.



RESOURCE AND PROCESS IMPROVEMENTS

6.64 GJ/MT%
Energy intensity at Lanka Walltiles

83.5
Manufacturing yield at Lanka Walltiles

81.7%
Recycled water at Lanka Tiles

9%
Tiles revenue growth

38%
Tile Motor & Grout revenue growth

10 new product categories

Delmege-branded additions

CPVC | Water Pumps | LED Panel Lights | Electrical Accessories

Partner-backed additions

Renner Paint | WPC Decking | Hettich | Warisandor

Protecting Market Position and Channel Discipline

In a market where recovery remained gradual and competition continued to intensify, the sector focused on protecting market presence while improving customer conversion across both premium and price-sensitive channels. The tile businesses maintained their presence across showroom, dealer-distributor and project channels, balancing the need to capture higher-value demand with the importance of remaining accessible across broader construction markets.

Swisstek Ceylon's leadership in tile complementary products enabled it to set a more disciplined tone in a highly competitive market. Rather than relying on excessive discounting, the business strengthened customer awareness around fair pricing, quality and product reliability. This helped protect category value, support dealer and distributor confidence, and position Swisstek Ceylon as a stabilising force within the finishing-stage construction market.

This approach was supported by deeper retail penetration through Swisstek Ceylon's distribution network, while Delmege Building Products strengthened engagement with architects, contractors, dealers and distributors in untapped areas to improve project visibility and capture opportunities across residential and commercial developments.

159 showrooms and outlets
Supporting showroom-led customer access

4,662 dealers and distributors
Supporting broad market penetration

200+ architect and contractor engagements
Strengthening project visibility and specification-led opportunities

Enhancing Interior Project Execution

Delmege Interior Décor focused on improving delivery discipline in a market where clients increasingly value reliability, timelines, after-sales service and supplier credibility. The business used ProofHub to strengthen project planning, task allocation, real-time monitoring and accountability across teams.

It also initiated ISO 9001:2015 and SIDA SD 1 certification processes, upgraded its manufacturing plant through additions such as a paint booth and drying area, and strengthened procurement forecasting and supplier coordination to reduce lead-time risks. These initiatives supported its positioning as a turnkey interior solutions provider for corporate, hospitality, healthcare, education, residential and commercial spaces.

HIGHLIGHTS FOR 2025/26

PROOFHUB
Project monitoring and accountability strengthened

ISO 9001:2015 AND SIDA SD 1
Certification processes initiated

Manufacturing upgrades
Paint booth and drying area added

Strengthening Brand Visibility and Specifier Engagement

The sector also invested in engagement with architects, designers and other decision-influencers who shape project specifications and customer choices. Lanka Tiles strengthened relationships with architects through CPD activity and engaged the Sri Lanka Institute of Designers to improve product education and visibility among design professionals.

Its collaboration with Colombo Fashion Week supported premium positioning by presenting tiles in a lifestyle and design-led context, including a tile-based runway concept. These initiatives helped move the brand conversation beyond product availability and towards design inspiration, application and lifestyle relevance.



Sector Reviews
Lifestyle

OUTLOOK

Looking ahead, the Lifestyle sector is expected to operate in a market where construction recovery remains gradual, competition stays intense and customers continue to balance affordability with quality, design and durability. Demand is expected to improve across residential, commercial, hospitality and infrastructure-linked projects, although project timelines, financing conditions and price sensitivity will continue to influence sales conversion.

For the tile and sanitaryware businesses, future growth will be shaped by the ability to defend market position against imported products while strengthening design-led, premium and larger-format offerings. Continued investment in manufacturing efficiency, energy optimisation, resource use and capacity utilisation will remain important to maintain competitiveness in a cost-sensitive and import-competitive landscape.

For Swisstek and Delmege's building and interior businesses, opportunities are expected to arise from the recovery of construction activity, demand for waterproofing and durable building solutions, modern workspace requirements, hotel upgrades and premium residential interiors. The sector's ability to combine trusted brands, product breadth, project execution and customer engagement will be central to capturing these opportunities.

Over the medium term, the sector's opportunity lies in building a more integrated lifestyle solutions platform across tiles, sanitaryware, grout, waterproofing, building products, interiors and furniture, while continuing to strengthen operational discipline, channel reach and customer relevance.

Way Forward

- Strengthen design-led and premium product offerings across tiles, sanitaryware and surface solutions, including larger formats, porcelain, polished tiles and modern bathware solutions.
- Protect market position through pricing discipline, product reliability and continued presence across showroom, dealer-distributor and project channels.
- Improve manufacturing competitiveness through energy optimisation, process efficiency, preventive maintenance, automation and better capacity utilisation.
- Expand Swisstek's growth platforms across adhesives, grouts, roofing, waterproofing and related finishing-stage construction solutions.
- Broaden Delmege's building products portfolio through proprietary product expansion and stronger market penetration across residential, commercial and project-based channels.
- Optimise interior project execution through stronger project monitoring, procurement planning, supplier coordination, quality controls and installation capability.
- Deepen engagement with architects, designers, contractors, dealers and distributors to improve specification-led sales and project visibility.
- Progress customer-facing platforms such as showroom upgrades, digital engagement and the planned Delmege Experience Centre to improve product interaction and conversion.
- Strengthen Group synergies across tiles, sanitaryware, grout, interiors and furniture to offer more coordinated lifestyle and project solutions.
- Continue improving resource efficiency and environmental performance across energy-intensive manufacturing operations.



Finance

The Group's finance sector is represented by L B Finance PLC, one of Sri Lanka's most established non-banking financial institutions. Listed on the Colombo Stock Exchange and regulated under the Finance Business Act No. 42 of 2011, the Company offers lending, leasing, microfinance, deposits, gold loans and digital financial solutions. Supported by a broad branch network and growing digital ecosystem, L B Finance combines customer proximity, accessibility, governance and technology-led delivery to serve individuals, MSMEs and communities across Sri Lanka.

Scope and Operating Footprint

L B Finance PLC
Non-banking financial services institution
Sri Lanka | **205** Branches

L B Microfinance Myanmar Company Lt
Microfinance operations
Myanmar | **20** Branches

Our Solutions

Leasing and Vehicle Financing
Financial solutions supporting mobility, entrepreneurship and productive asset ownership

Gold Loans
Accessible, asset-backed credit solutions supporting short-term liquidity needs

SME and Business Financing
Credit solutions supporting small businesses, entrepreneurs and regional economic activity

Deposits and Savings Solutions
Deposit products supporting financial security and customer wealth creation

Digital Financial Services
L B CIM and digital transaction channels supporting payments, deposits, lending and lifestyle services

Microfinance and Inclusive Finance
Financial access solutions supporting underserved and regional customer segments

Revenue
LKR **62.3** BN
(LKR46.8BN IN 2024/25)

PBT
LKR **20.4** BN
(LKR16.4BN IN 2024/25)

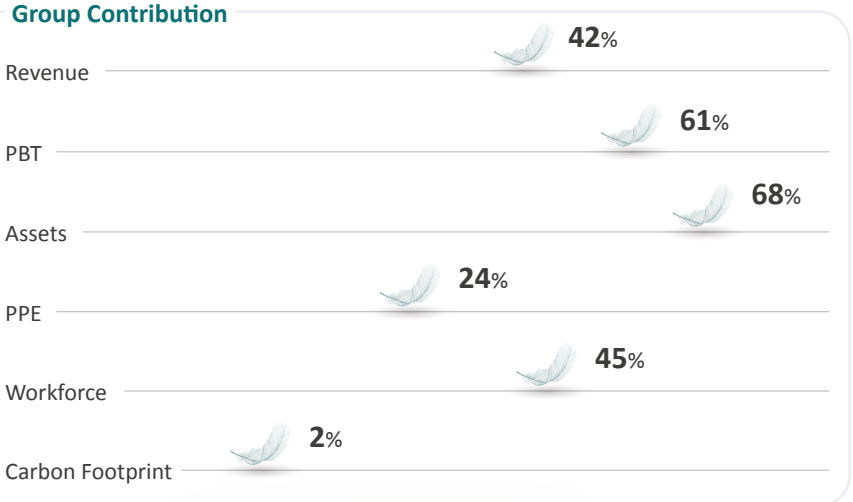
Assets
LKR **415** BN
(LKR 242 BN IN 2024/25)

PPE
LKR **1.4** BN
(LKR 1.2 BN IN 2024/25)

Workforce
4,665 Employees
(4,407 IN 2024/25)

Carbon Footprint
LKR **3,377** tCO_2e
(5,363 tCO_2e IN 2024/25)

Group Contribution



Impacted SDGs:





Sector Reviews

Finance

225 +
Branches across Sri Lanka

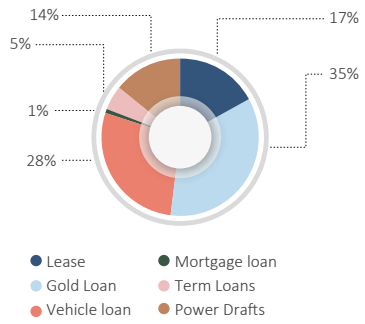
33%
Revenue Growth

USD 1BN
Asset Base

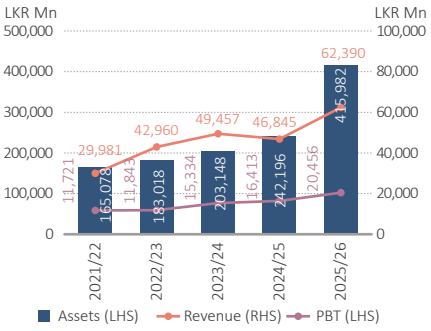


Highlights for the Year

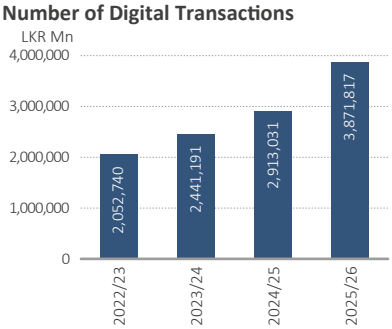
Loans and Leases-Product Mix



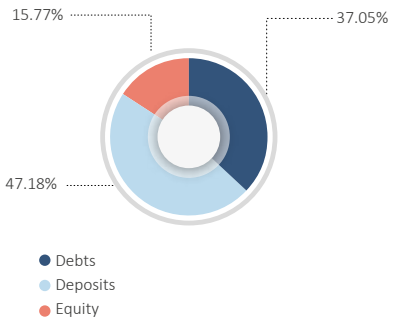
Revenue, PBT, Assets



Number of Digital Transactions



Funding Mix



Key Achievements:

- Achieved a record year of performance, supported by strong lending growth, resilient margins and disciplined execution across core business lines
- Reached the Rs. 416 Bn asset base milestone, reinforcing the scale and strength of the finance sector within the Group
- Launched LB Sanmitha, an integrated MSME-focused financial product suite comprising a savings account, gold loan, business loan and knowledge platform, strengthening support for micro, small and medium-scale entrepreneurs across Sri Lanka.
- Continued to outperform the industry in lending growth, supported by customer proximity, portfolio discipline and responsive product offerings
- Strengthened L B CIM as a growing digital financial ecosystem, with over 800,000 cumulative downloads and more than LKR 318 Bn processed during the year
- Advanced digital capability through continued investment in AI-powered lending, virtual debit cards, contactless payments and cross-border transaction capabilities
- Expanded strategic growth platforms through the controlling stake in Associated Motor Finance and preparations for operations in the Philippines
- Reinforced governance, cybersecurity and risk management through robust oversight, AML/TF monitoring and 24/7 Security Operations Centre capability

800,000+
Cumulative L B CIM downloads

LKR 5BN+
Digital investment to date

5,000+
Employees

Operating Landscape

Market Dynamics

- Economic recovery supported renewed demand for lending, leasing, deposits and MSME finance.
- Customers increasingly expected faster, easier and more digital financial services.
- Branch-based relationships remained important, particularly for regional customers, entrepreneurs and communities requiring personalised financial support.



External Pressures

- Interest rates, funding costs and repayment capacity influenced growth, margins and asset quality.
- Competition from banks, NBFIs and digital players pressured pricing, deposits and acquisition.
- Regulatory, cybersecurity and data governance demands increased with digital adoption.



Opportunity Landscape

- MSME, mobility and regional financing needs create scope for institutions with strong customer reach and credit discipline.
- Digital platforms offer opportunities to improve access, efficiency, customer engagement and transaction- led growth.
- Sustainable and energy- efficient financing opened new avenues for responsible product growth.



Key Risks: R1 R2 R3 R4 R8

Opportunities: O1 O3 O4 O5

Strategic Position and Outlook

S — Strengths

- Sri Lanka's second largest NBFI, with a broad branch network, strong customer relationships and recognised market trust.
- Diversified product portfolio across leasing, lending, gold loans, microfinance, deposits and digital financial services.
- Growing digital ecosystem through L B CIM, supported by continued technology investment and customer adoption.

W — Weaknesses

- Exposure to interest rate movements, funding cost pressure and margin sensitivity within a competitive financial services market.
- Credit risk exposure linked to customer repayment capacity, economic cycles and portfolio performance.
- Continued investment required in digital infrastructure, cybersecurity, compliance and data governance.

O — Opportunities

- Expansion of digitally enabled lending, payments, deposits and lifestyle financial services through L B CIM.
- Growth in MSME, mobility and regional financing supported by customer proximity and branch reach.
- Strategic diversification through planned regional growth platforms, with sustainable and energy-efficient financing opening new avenues for responsible product growth.

T — Threats

- Intensifying competition from banks, NBFIs, fintechs and digital payment providers.
- Economic volatility affecting customer affordability, credit demand and asset quality.
- Cybersecurity threats, fraud risk and evolving regulatory requirements affecting digital and operational resilience.

Material Topics

M2 M3 M4 M6 M8

Sector Reviews
Finance

STRATEGIC RESPONSE

As Sri Lanka's economy regained momentum, the finance sector transitioned into a year of stronger activity, renewed customer confidence and expanding opportunity across key financial service segments. L B Finance responded by strengthening its role as a trusted financial partner to individuals, MSMEs, entrepreneurs and regional communities, while continuing to protect the discipline and resilience of its business model.

The year also marked an important shift in the sector's growth agenda, with greater emphasis on digital adoption, customer ecosystems, financial inclusion, new market opportunities and stronger control frameworks. Through L B CIM, Sanmitha, strategic partnerships, mobility finance, Myanmar microfinance operations and planned regional expansion, the sector continued to build a broader platform for long-term growth.

"Advancing financial access through disciplined growth, digital capability and trusted customer relationships..."

Disciplined Portfolio Growth

L B Finance focused on converting improving credit demand into quality portfolio growth across individuals, entrepreneurs, MSMEs and mobility-related segments. Lending expansion was pursued with a disciplined approach to underwriting, pricing and portfolio monitoring, ensuring that growth remained aligned with asset quality and margin resilience.

This approach was supported by the strength of its branch network, customer proximity and understanding of regional credit needs. The achievement of the USD 1 Bn lending portfolio milestone reflects both the scale of the franchise and the Company's ability to achieve balanced growth and maintain stability.

LKR 333 BN
lending portfolio milestone

36 %
growth in deposits

67 %
growth in gross loans and advances



Accelerating Digital Adoption and Innovation

L B Finance continued to accelerate digital adoption as customers increasingly moved towards faster, more convenient and more connected ways of accessing financial services. L B CIM remained central to this shift, bringing together payments, deposits, lending, transfers and lifestyle-linked services within a single digital platform.

Beyond transaction growth, the platform is being developed as a broader financial and lifestyle ecosystem that supports everyday customer needs with greater speed, accessibility and integration. During the year, this was further strengthened through AI-powered lending, virtual debit cards, contactless payment functionality and cross-border transaction services, reinforcing the Company's focus on innovation-led service delivery.

CUSTOMER ENGAGEMENT

LKR 318 Bn+
processed through L B CIM

6 Mn+
transactions recorded in 2025/26

129,000+
new users onboarded

780,000+
bill payments facilitated

800,000+
cumulative downloads

DIGITAL EXCELLENCE

240%
growth in transaction value

174%
growth in transaction volumes

FIRST SRI LANKAN NBFI
to launch a Virtual Debit Card

FIRST LOCAL MOBILE APP
to enable Tap-to-Pay contactless payments

4 AWARDS
LankaPay Technnovation Awards 2026

AI-POWERED PERSONAL LOAN
rolled out through CIM

Expanding Financial Inclusion and MSME Access

L B Finance continued to strengthen its role in widening financial access for individuals, entrepreneurs and small businesses across Sri Lanka. This focus was supported by the Company's expanding branch reach, including new locations in the North and East, together with its digital channels and product range. These enabled the Company to serve customers requiring mobility finance, working capital, gold loans, leasing and other livelihood linked financial solutions.

The sector's inclusion role also extends beyond Sri Lanka through L B Microfinance Myanmar Company Ltd, which supports microfinance access through its branch presence in Myanmar. Together, these initiatives reinforce the sector's contribution to enterprise development, livelihood creation and wider economic participation across regional markets.

225+
Branches supporting financial access across Sri Lanka

20
Branches supporting microfinance access in Myanmar

LB සන්මිත්‍ර
ඔබේ දිරියට...

The Promise of Partnership

An integrated MSME-focused financial product suite

- *Savings Accounts*
- *Gold Loans*
- *Business Loans*
- *Knowledge Platform*



A key development during the year was the launch of LB Sanmitha, an integrated MSME-focused financial product suite developed under the L B Finance brand. Designed to address the evolving needs of micro, small and medium-scale entrepreneurs, Sanmitha combines savings, gold loans, non-collateral- based business loans and a knowledge platform into one proposition. By bringing together access to finance and entrepreneurial guidance, the suite supports MSMEs with practical solutions for liquidity, working capital, business continuity and growth. Its name, meaning "good friend" or "noble companion", reflects the Company's ambition to be a trusted long-term partner to entrepreneurs, supporting them from early-stage financial needs through to business expansion.

Refer Social and Relationship Capital (pages 208-217) for more information

Sector Reviews
Finance

Strengthening Partnerships and Customer Ecosystems

The Company continued to extend its customer proposition through partnerships across automotive, agriculture, healthcare, mobility and lifestyle sectors. These partnerships placed financial solutions closer to customer decision points, allowing L B Finance to integrate lending, payments and service access into broader customer journeys.

Partnerships with organisations such as Toyota Lanka, DIMO, Browns EV, Hayleys Group entities and E-Channeling PLC supported this direction. By linking financial services with everyday needs and sector-specific opportunities, the Company strengthened customer convenience, improved access and created a stronger foundation for lifestyle-based financial solutions.

Automotive and Mobility
supporting vehicle finance and mobility-related customer needs

Agriculture and Enterprise
strengthening access to finance for productive sectors

Healthcare and Lifestyle
linking financial services with everyday customer needs

Strategic Partners
including Toyota Lanka, DIMO, Browns EV, Hayleys Group entities and E-Channeling PLC

Reinforcing Governance, Regulation and Digital Resilience

Governance, regulatory compliance and risk management remained central to the sector's ability achieve disciplined growth. As a CSE-listed entity and a licensed finance company regulated under the Finance Business Act No. 42 of 2011, L B Finance operates within a framework that reinforces transparency, accountability and responsible financial stewardship, aligned with robust risk management practices and Board-level oversight.

As transaction volumes and digital engagement increased, the Company continued to strengthen its control environment across cybersecurity, data governance, operational risk and financial crime monitoring. During the year, L B Finance advanced its 24/7 Security Operations Centre, invested in Data Loss Prevention solutions and enhanced Anti-Money Laundering and Terrorist Financing monitoring capabilities to support surveillance, detection, reporting and customer protection.

24/7
Security Operations Centre
advanced to strengthen continuous cybersecurity monitoring

Data Loss Prevention solutions
advanced to strengthen continuous cybersecurity monitoring

Transaction monitoring capabilities
advanced to strengthen continuous cybersecurity monitoring

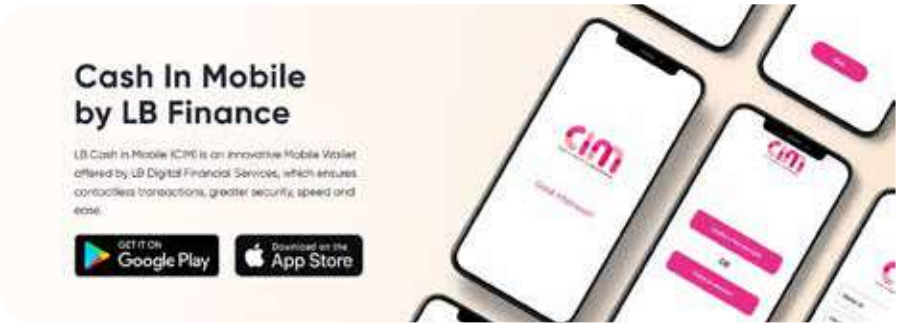
Anti-Money Laundering and Terrorist Financing Monitoring tools
introduced to enhance monitoring, reporting and compliance

Embedding ESG and Responsible Finance

Sustainability became increasingly integrated into L B Finance's operating and lending approach during the year. The Company advanced its ESG roadmap and Environmental and Social Management System, helping embed environmental and social considerations into lending decisions, risk assessment and day-to-day operations.

Focus areas included responsible lending, environmental and social risk screening, emissions accountability and financed emissions measurement. The Company also continued to align with evolving sustainability expectations through its commitment to the Science Based Targets initiative, membership in the Partnership for Carbon Accounting Financials and implementation of ISO 14001:2015 environmental management practices.

Refer Natural Capital for more information on Pages 218 - 226



Expanding Strategic Growth Platforms

L B Finance continued to advance initiatives that broaden its growth base and position the Company for new opportunities beyond its core business lines. The acquisition of a controlling stake in Associated Motor Finance strengthened its presence in mobility financing, a segment expected to gain renewed momentum following the reopening of vehicle imports and improving customer demand.

The Company also made an advance investment towards establishing operations in the Philippines, with the business expected to focus on microfinance and auto finance solutions. This supports L B Finance's longer-term regional ambition while extending its experience in inclusive finance and mobility-related lending into a new market.

Alongside these initiatives, the Company continued to explore emerging growth verticals such as affordable housing, SME finance, electric vehicles and energy-efficient financing solutions. Together, these platforms reflect L B Finance's future direction around new technology, new markets and new products, supported by digital capability, funding discipline, operating efficiency and customer-led innovation.

New Markets

- Planned regional expansion to the Philippines, with a focus on microfinance and auto finance
- Associated Motor Finance acquisition strengthening exposure to vehicle and mobility-linked financing



New Tech

- AI-powered lending, CIM enhancements, virtual debit cards, contactless payments and cross-border transactions



New Products

- Affordable housing, SME finance, electric vehicles and energy-efficient financing solutions



OUTLOOK

L B Finance moves into the year ahead with a stronger operating base, supported by improving business activity, renewed customer demand and continued momentum across branch and digital channels. The priority will be to grow with discipline, ensuring that portfolio expansion is supported by sound credit practices, resilient funding, margin management and sustained asset quality.

The Company's next phase will be shaped by a broader growth agenda that combines technology-enabled service delivery, regional expansion and more specialised financial solutions. Digital channels are expected to support greater convenience and engagement, while branch-led relationships will remain important in serving regional customers, MSMEs and entrepreneurs.

As opportunities expand across mobility, enterprise finance, affordable housing, electric vehicles and energy-efficient financing, L B Finance will continue to balance growth with governance, cybersecurity, cost efficiency and service quality. This will support a more diversified, resilient and future-ready financial services platform.

Way Forward

- Maintain disciplined lending growth while protecting asset quality, margins and responsible lending standards
- Strengthen funding stability and cost efficiency to support sustainable balance sheet expansion
- Build deeper digital engagement through CIM, AI-enabled capabilities and transaction-led customer services
- Expand financial access for MSMEs, entrepreneurs and regional customers through branch-led and digital channels
- Develop presence across emerging markets, namely mobility, affordable housing, EVs and energy-efficient financing
- Progress regional expansion opportunities, including the planned Philippines entry
- Strengthen governance, cybersecurity, data protection and transaction monitoring as digital activity increases
- Enhance partnerships that place financial solutions closer to customer needs and everyday decision points

Sector Reviews

Aluminium

Swisstek Aluminium represents the Group's presence in the aluminium sector, delivering high-quality extrusion and architectural systems across residential and commercial applications. With an estimated 41% share of the domestic aluminium profiles market, the business has established strong market leadership, while expanding its international footprint to currently serve 9 overseas markets.

Scope and Operating Footprint

700 MT
Production Capacity in Dompe

06
Reality Centres

09
Overseas Markets Served

Our Solutions

Architectural Systems
Doors, windows, façades

Household Solutions
Interior and utility applications

Hardware Profiles
Round pipe, square and rectangular tubes, U channels and L angles

Solar Structures
Roof and ground-mounted systems

Value-Added Services
Customisation, fabrication support

Revenue
LKR **12.1** BN
(LKR 11.9 BN in 2024/25)

PBT
LKR **0.8** BN
(LKR 0.7 BN in 2024/25)

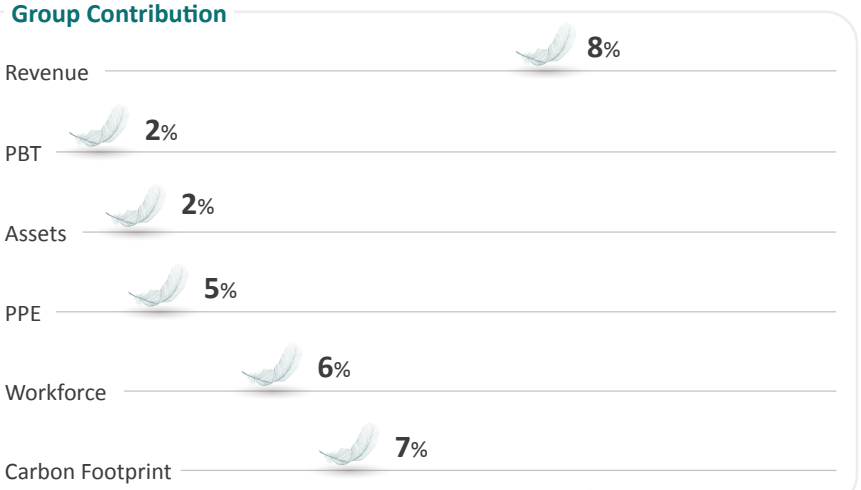
Assets
LKR **10** BN
(LKR 9.4 BN in 2024/25)

PPE
LKR **0.3** BN
(LKR 0.2 BN in 2024/25)

Workforce
590 Employees
(LKR 557 BN in 2024/25)

Carbon Footprint
LKR **9,233** tCO_2e
(LKR 9,286 tCO_2e in 2024/25)

Group Contribution



Impacted SDGs:





HIMALAYAN MONAL FEATHER

The Himalayan Monal's metallic feather dazzles the eye, reflecting versatility and premium quality, reinforcing excellence across multiple dimensions.

LKR 12.1BN
Revenue

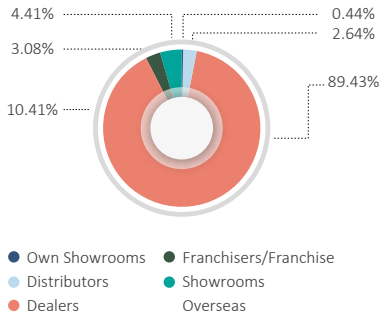
+ 2%
Revenue Growth

+ 15.3%
Gross Profit Growth

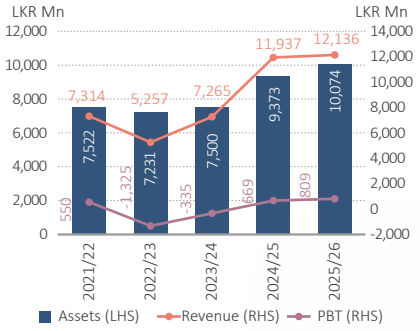


Highlights for the Year

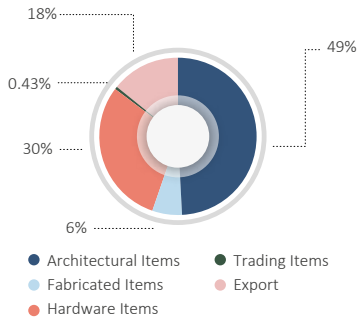
Channel Distribution



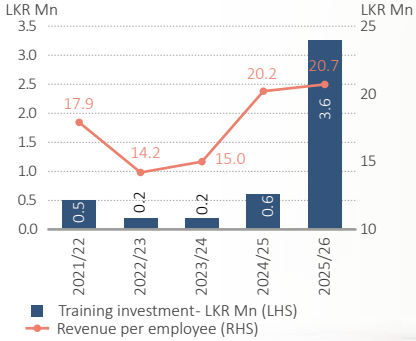
Revenue, PBT, Assets



Sector Revenue Composition



Training Investment and Productivity



Key Achievements:

- Achieved strong margin expansion across gross, operating, and net levels, reflecting improved profitability
- Delivered over 20% volume growth in the construction segment, reinforcing core market strength
- Successfully implemented a market-leading pricing transformation, enhancing competitiveness and demand visibility
- Accelerated digital sales momentum, with strong growth in e-commerce channels
- Strengthened market positioning through award-winning product innovation, including the SLIMLINE architectural systems
- Expanded international footprint with the establishment of the Bangalore aluminium solutions hub

442
Fabricators trained

41.1%
E-Commerce Value Growth

2.5 MN
Digital Reach

Sector Reviews
Aluminium

Operating Landscape

Market Dynamics

- Gradual recovery in Sri Lanka's construction sector, supporting demand for aluminium systems
- Increased preference for durable, lightweight, and energy-efficient materials in residential and commercial applications
- Growing adoption of architectural systems and value-added solutions



External Pressures

- Volatility in global aluminium prices and currency fluctuations impacting input costs
- Regulatory and policy shifts affecting segments such as solar structures
- Intensifying competition from both local manufacturers and imported alternatives
- Disruptions through weather-related events and geopolitical tensions



Opportunity Landscape

- Expansion in urban development and infrastructure projects
- Rising demand for customised and premium aluminium solutions
- Export market potential, supported by regional diversification



Key Risks: R1 R2 R4 R5 R8

Opportunities: O1 O3 O5

Strategic Position and Outlook

S

Strengths

- Established market leadership with 41% domestic market share
- Strong brand recognition and integrated product portfolio
- Established fabrication and distribution network

W

Weaknesses

- Exposure to imported raw material cost fluctuations
- Dependence on construction sector cycles
- Limited scale in export markets relative to potential

O

Opportunities

- Shift towards value-added, system-based solutions
- Expansion of regional footprint to India
- Increasing preference for premium and customised offerings

T

Threats

- Sustained raw material price and currency volatility
- Policy uncertainty impacting key segments including solar
- Rising pressure from low-cost imports and price competition

Material Topics

M2 M3 M4 M5 M8

STRATEGIC RESPONSE

The year under review marked a structural transition for the business. Swisstek Aluminium shifted from a volume-driven, dealer-led model towards a more system-led, brand-controlled, and value-driven approach. This transformation was undertaken alongside managing external disruptions, including extreme weather events as well as local and global market volatility, while continuing to deliver growth and improved profitability.

A year defined by a decisive shift from a volume-led, dealer-driven model to a system-led, value-driven business..





The business continued to strengthen its leadership in the domestic market by leveraging its strong brand presence, integrated product portfolio, and established channel network. During the year, increased emphasis was placed on shifting towards a more specification-led and value-driven model. This was supported by deeper engagement with fabricators, architects, and developers.

20 %
in construction-driven volumes

Refer Social and Relationship Capital - pages 208--217

Brand positioning was further strengthened around technical expertise, performance, and pricing integrity, enabling the business to enhance its market presence while capturing growth from the recovering construction sector.

Enhancing Cost Efficiency and Pricing Discipline

The business implemented a marketing-led pricing transformation during the year. This involved moving from traditional cost-plus approaches towards a model aligned with customer segments, product value, and market positioning. While this improved pricing integrity and reduced channel distortions, it also contributed to a broader industry-wide pricing correction, thus reinforcing the sector's leadership and influence within the market.

This shift was particularly important in the context of raw material price volatility and increasing competitive pressure, where traditional pricing approaches limited responsiveness. By aligning pricing more closely with market conditions, the sector was able to strengthen its value proposition, improve transparency across channels, and support more consistent demand generation.

9.6 %
in raw material cost per MT

16 %
in finance costs

Implementation of a market-led pricing approach across key product segments

Improved price competitiveness and demand responsiveness

Operational and Digital Enablement

- Upgrades to key production systems, including billet heating and extrusion line enhancements, to improve efficiency and throughput
- Implementation of SAP S/4HANA and CRM platforms to enhance operational visibility
- Improved planning, coordination, and decision-making across functions
- Improved working capital efficiency, with the operating cycle reduced from 186 to 182.

Sector Reviews
Aluminium

DRIVING PERFORMANCE THROUGH BUSINESS EXCELLENCE



Execution:

The programme focuses on identifying and executing improvement initiatives across key cost areas, with a strong emphasis on Cost Deployment and Focused Improvement. This enables targeted interventions across procurement, production, and logistics, directly linking operational improvements to financial outcomes.

Results:

Beyond cost optimisation, the programme has enhanced operational discipline through structured maintenance practices and increased ownership at the operational level, thereby supporting more reliable and efficient operations.

Foundation:

The Business Excellence programme at Swisstek Aluminium is deployed as a structured, organisation-wide system that integrates continuous improvement into daily operations. All initiatives are aligned to the pillars defined across the Vallibel One Group, ensuring that improvements are systematic, measurable, and sustained, instead of taking place as isolated efforts.

Business Excellence Framework	
Cost Deployment	Focused Improvement
Adding Vitality	Professional Maintenance
Autonomous Maintenance	Early Management
Just-in-Time	Built-in Quality
Industry 4.0	Win Key Markets

LKR **181** MN
Verified savings delivered

22
Projects executed

- Established cost deployment linking operations directly to financial outcomes
- Improved cost visibility at material and SKU level
- Shifted to proactive maintenance practices, improving equipment condition and reliability
- Standardised operations through a model line approach
- Built in-house capability across factory teams to drive continuous improvement
- Optimised cross-functional execution across procurement, production, and logistics

Expanding Regional and Export Presence

Efforts were made to diversify market exposure and reduce reliance on traditional export markets, with a focus on capturing regional growth opportunities. The establishment of the Bangalore aluminium solutions hub represents a strategic step in strengthening the Company's presence in India, supporting the development of a broader regional customer base and enhancing long-term export potential.

Highlights:

- Entry into India through the Bangalore solutions hub
- Expansion of regional customer pipeline
- Diversification of export marketsbeyond traditional geographies



Advancing Value-Added and Innovation-Led Growth

The business continued to focus on developing differentiated, high-value solutions aligned with evolving customer preferences. Innovation in architectural systems and customised offerings enabled the company to strengthen its competitive positioning and capture emerging demand trends. This included the introduction of new product solutions such as the SLIMLINE architectural systems and continued advancement of systembased and fabrication-led offerings.

These efforts were supported by established quality systems and recognised standards and certifications, ensuring consistency, reliability, and performance across product offerings, while reinforcing the Company's positioning as a provider of high-performance aluminium solutions.

Highlights:

- Launch and recognition of SLIMLINE architectural systems
- Development of solar structural optimisation systems
- Growth in customised and fabrication-led solutions
- Increased focus on system-based product offerings

4
standards and certifications maintained

16,000+
product in the portfolio

1
new products launched

5
awards achieved

Refer Intellectual Capital - pages 198-207

Optimising Supply Chain Resilience and Efficiency

The sector undertook targeted initiatives to strengthen supply chain resilience and improve sourcing efficiency, with a particular focus on managing cost exposure and ensuring continuity of critical inputs. This included optimising supplier structures, improving visibility across material categories, and strengthening the balance between imported and locally sourced materials.

A key area of focus was the management of critical materials, which, while representing a small proportion of material types, account for a significant share of total procurement cost. This has enabled more focused supplier engagement and better control over key cost drivers, while supporting more resilient supply chain operations in a volatile external environment.

Highlights:

- 84 critical material SKUs account for approximately 91% of total procurement cost
- High dependence on imports for critical materials (approximately 76% of cost contribution)
- Streamlined supplier base across key raw material categories
- Improved visibility and control across procurement, inventory, and logistics

Refer Social and Relationship Capital - pages 208-217

3%
of materials are critical

91%
of procurement cost

97%
of other materials

09%
of cost incurred

Critical Material Sourcing

76% Import | **15%** Local

Sector Reviews

Aluminium

Strengthening Sustainability and Compliance

The Company continued to align its operations with evolving environmental and regulatory expectations, while maintaining compliance with applicable standards, including ISO 14001. This included an emphasis on responsible sourcing, resource efficiency, and strengthening governance across operations. Initiatives such as the evaluation of wastewater reuse systems (RO) and solar energy adoption remain part of the Company's longer-term sustainability focus, enabling its transition towards more sustainable operations.

Highlights:

- Integration of sustainability considerations into procurement
- Continued adherence to recognised standards and certifications
- Ongoing focus on resource efficiency and environmental performance

Refer Natural Capital - pages 218-226

Refer Intellectual Capital - pages 198-207



Outlook

The sector is expected to benefit from a gradual recovery in construction activity, particularly in urban and infrastructure-led segments, alongside increasing demand for higher-quality, systembased aluminium solutions. While external pressures such as input cost volatility and competitive intensity are likely to persist, Swisstek Aluminium is positioned to navigate these through its strengthened market positioning and improved operational discipline.

Growth is anticipated to be increasingly driven by value differentiation, regional diversification, and evolving customer preferences, as the industry continues to shift towards more structured and performance-led offerings.

Key Focus Areas

- Expanding value-added and system-based solutions to capture higher-margin growth
- Embedding pricing discipline across channels to sustain margin performance
- Accelerating regional expansion, with a focus on strengthening presence in India
- Strengthening supply chain flexibility to manage cost volatility and ensure continuity
- Advancing digital integration and operational efficiency to support long-term growth

Sector Reviews

Leisure



The Group's leisure segment comprises its associate investment in The Fortress Resort PLC and its fully owned subsidiary, Greener Water Limited. The Fortress Resort & Spa is a luxury beachfront boutique property catering to high-value international and local travellers, while Greener Water represents a proposed integrated resort development in Negombo. Together, the segment reflects the Group's presence in Sri Lanka's premium tourism sector, while capitalising on the growing demand for experiential, wellness, and luxury travel.

Scope and Operating Footprint

The Fortress Resort PLC
Associate Company

53-roomed 5 star boutique resort in Koggala

The Greener Water Hotel
Fully-owned Subsidiary

Proposed 500-roomed integrated resort in Negombo

Our Solutions

Luxury Hospitality
Premium beachfront accommodation and curated guest experiences

Wellness and Spa Offerings
Specialised spa, relaxation, and wellness programmes

Events and Destination Weddings
Boutique event hosting and exclusive wedding offerings

Integrated Resort Development
Large-scale resort infrastructure targeting future tourism demand

Dining and Experiences
Multi-outlet F&B, curated excursions, and cultural experiences

PBT
LKR **33.4** BN
(LKR 53 BN in 2024/25)

PPE
LKR **205** BN
(LKR 244 BN in 2024/25)

Assets
LKR **10.9** BN
(LKR 10.3 BN in 2024/25)

Carbon Footprint
LKR **47.2** tCO_2e
(LKR 35 tCO_2e in 2024/25)

Workforce
27 Employees
(LKR 28 BN in 2024/25)

Group Contribution

PBT	**0.1** %
Assets	**2**%
PPE	**4**%
Workforce	**2.03**%
Carbon Footprint	**0.04**%

Impacted SDGs:





Sector Reviews

Leisure

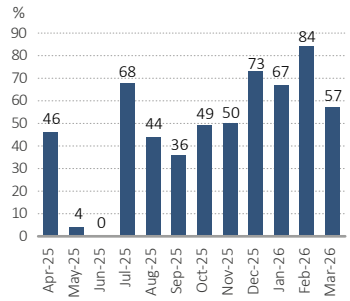
+ 18%
Average Room Rate (ARR)

+ 6%
Rooms Revenue Growth

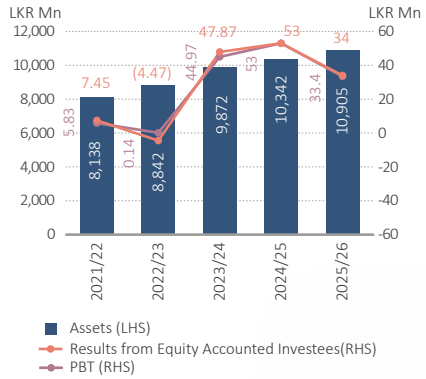


Highlights for the Year

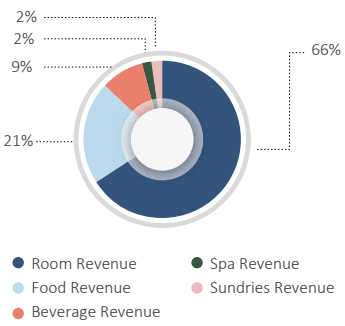
Occupancy Levels



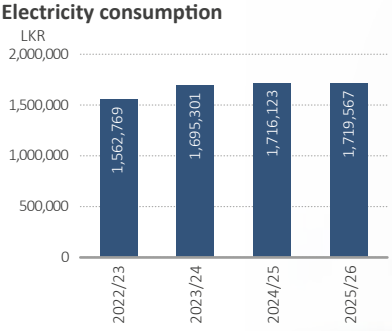
Revenue, PBT, Assets



Revenue Composition



Electricity consumption



Key Achievements:

- Completed a comprehensive refurbishment programme, repositioning the property within the premium boutique segment
- Enhanced guest experience and product offering, strengthening overall value perception
- Strengthened pricing discipline and yield management across seasonal demand cycles
- Expanded market reach across international and short-haul segments, improving demand resilience
- Advanced sustainability practices, embedding energy efficiency and resource management initiatives
- Expanded community impact, reaching 372 beneficiaries through CSR initiatives

51
Employees trained

18%
Reduction in electricity consumption

18 Acres
Integrated resort development

Operating Landscape

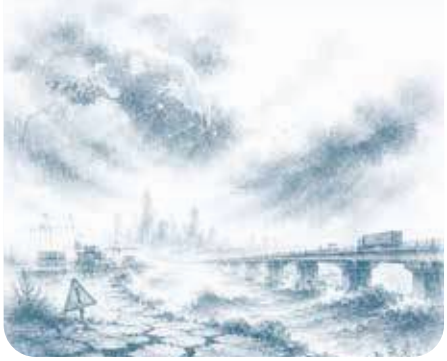
Market Dynamics

- Recovery in Sri Lanka's tourism sector supporting leisure demand
- Shift towards experiential, wellness, and slow-living travel
- Growing preference for premium boutique hospitality offerings



External Pressures

- Global geopolitical developments impacting travel patterns and connectivity
- Currency movements affecting foreign earnings and pricing dynamics
- Rising operating costs driven by inflationary pressures and supply chain disruptions



Opportunity Landscape

- Growth in international tourist arrivals and high-value travel segments
- Expansion of short-haul markets, particularly India and Southeast Asia
- Increasing demand for curated experiences, wellness, and longer stays



Key Risks: R1 R2 R3 R4 R8

Opportunities: O1 O3 O4

Strategic Position and Outlook

S — Strengths

- Strong positioning as a premium boutique beachfront resort
- Established brand recognition supported by international affiliations (SLH)
- Differentiated offering through architecture, wellness, and curated experiences

W — Weaknesses

- Exposure to tourism demand fluctuations and seasonality
- Dependence on international travel markets and air connectivity
- Current scale concentrated within a boutique resort operating model

O — Opportunities

- Strengthening direct booking channels and digital marketing reach
- Enhancing wellness and experiential offerings to increase length of stay
- Development of integrated resort capacity through Greener Water, supporting future scale and growth

T — Threats

- Exposure to global travel disruptions and demand volatility
- Rising competition from boutique villas and regional hospitality offerings
- Margin pressure from inflation, wages, and operating inputs

Material Topics

M2 M3 M6 M8 M11

Sector Reviews
Leisure

STRATEGIC POSITION AND OUTLOOK

The year under review centred on strengthening the Group's leisure operations following the completion of refurbishment activities, with an emphasis on improving product quality, refining guest experience, and supporting revenue performance.

These strategies were actioned against a dynamic operating environment shaped by evolving travel behaviour, shorter booking cycles during off-peak periods, and cost pressures, while maintaining a disciplined approach to pricing, market diversification, and operational efficiency.

A focus on improving value, enhancing guest experience, and building resilience amid a dynamic, evolving landscape...

Enhancing Product Offering and Guest Experience

During the year, Fortress Resorts undertook a comprehensive refurbishment programme aimed at upgrading key areas of the hotel, including guest rooms, dining spaces, the swimming pool, and supporting facilities. These investments were made to maintain the property's competitive positioning, enhance asset quality, and align the offering with evolving guest expectations within the premium boutique segment.

In addition, the Hotel took steps to refine the overall guest experience, including the introduction of upgraded room categories, enhancements to dining and wellness offerings, and improvements across key service touchpoints. This enabled the delivery of a more cohesive, experience-led stay, in line with growing demand for personalised and high-quality hospitality.

Overall, these investments contributed to improved value perception among guests, thereby supporting higher rate realisation, while also being reflected in consistently strong guest feedback and ratings, highlighting the quality of the upgraded facilities and overall experience.

LKR 580 MN
Refurbishment and upgrade programme

08
Room categories with new premium additions

20%
Increase in Average Room Rate (ARR)

Refer Manufactured Capital - pages 174-181



9.0
Booking.com

4.7
Tripadvisor

4.6
Google Reviews



Augmenting Experiential and Wellness-Led Offerings

Building on the upgraded product offering, the hotel continued to enhance its experiential and wellness-led proposition in response to growing demand for personalised and immersive travel.

Curated experiences, including cultural excursions, nature-based activities, and destination-led itineraries, were further developed to enrich the overall guest journey and create more meaningful engagement beyond the core stay.

The wellness offering was extended to guests via spa services and structured multi-night programmes, supporting deeper guest engagement and contributing to longer stays. These initiatives complement the property's premium positioning and align with broader travel trends favouring experience-led and slow-living stays within the boutique segment.





2.55	+ 30%
Average Length of Stay	Growth in Average Length of Stay

The Fortress Hotel's membership with Small Luxury Hotels of the World (SLH) continues to strengthen the property's value proposition, providing access to a global network of discerning travellers seeking high-quality, boutique experiences. This affiliation enhances international visibility, reinforces brand credibility, and aligns the hotel with recognised standards of personalised service and distinctive design, supporting its premium positioning within the global boutique hospitality segment.

SMALL LUXURY HOTELS OF THE WORLD

Sector Reviews
Leisure

Driving Revenue Quality through Dynamic Pricing and Yield Management

Fortress Hotels adopted a dynamic and market-responsive pricing approach, aligning rates with seasonal demand patterns, booking windows, and customer segments. The strategy during early summer was centred on maintaining higher rate positioning, followed by tactical adjustments to stimulate demand during softer periods, while the winter season saw the prioritisation of premium rate realisation.

Despite a temporary decline in occupancy due to refurbishment-related closure, this disciplined approach was a key contributor towards improved revenue quality and sustained growth in core room revenue streams. Targeted initiatives, including all-inclusive offerings through DMCs and tour operators, as well as short-lead-time weekend stays for short-haul travellers, were implemented to optimise occupancy and demand.

6% ↑
Growth in Room Revenue

13% ↓
Drop in Occupancy owing to Refurbishment

Strengthening Market Diversification and Demand Channels

The business continued to diversify its demand base by strengthening relationships with international travel partners, particularly tour operators and destination management companies (DMCs), contributing to increased room nights and revenue from these segments.

In parallel, targeted marketing initiatives were directed towards high-potential short-haul markets such as India, Singapore, and other Asian regions, complementing the established European base and reducing concentration risk. Increased emphasis was also placed on direct booking channels and digital engagement, improving visibility, conversion, and customer interaction.

This diversified demand strategy enabled improved resilience and reduced exposure to fluctuations in any single source market.

55%
Average occupancy rate

17,786
Guests served

20%
ARR increase

Enhancing Operational Efficiency and Cost Discipline

In response to rising operating costs, the business implemented targeted cost management measures and operational improvements across key functions. These included supplier optimisation, resource efficiency initiatives, and process enhancements aimed at maintaining service quality while improving cost control.

Energy management initiatives, including system modifications to reduce electricity consumption and improve efficiency, contributed to a reduction in utility costs. These efforts effectively led higher levels of cost optimisation and environmental performance, despite inflationary pressures on payroll and other operating inputs.

23% ↓
reduction in electricity consumption

Refer Natural Capital - pages 218-226

Sector Reviews

Consumer Goods

Built on a 176-year Delmege legacy, the Consumer Goods sector combines one of Sri Lanka's long-established FMCG platforms with a growing energy and lubricants business. The sector brings together trusted local and international brands across food, beverage, confectionery, cereals and bakery-related products, alongside Shell lubricant solutions delivered through Delmege Forsyth Energy Ltd. Supported by islandwide distribution, strong principal relationships and deep local market knowledge, the sector serves households, retailers, foodservice customers and commercial users across Sri Lanka.

Scope and Operating Footprint

Delmege Forsyth & Co. Ltd
FMCG, food products and consumer brand distribution

Sri Lanka | Islandwide retail and trade distribution

Delmege Forsyth Energy Ltd
Energy and lubricants distribution

Sri Lanka | Macro Distributor for Shell Lubricants

Our Solutions

FMCG and Food Products
Soya, canned fish, pasta, noodles, tea and salt supporting everyday household consumption and meal preparation

Desserts and Ingredients
Motha dessert, ingredient and beverage mixer ranges supporting family occasions and home-based preparation

Breakfast Cereals and Oats
International cereal and oat products supporting convenient, quality-led breakfast and lifestyle needs

Confectionery and Snacks
Premium confectionery, spreads and snack products supporting indulgence, gifting and impulse consumption

Bakery and Foodservice Products
Bakery-related products supporting retail, foodservice and small business customer requirements

Energy and Lubricants
Shell lubricant solutions supporting automotive, industrial, commercial and marine performance needs

Revenue
LKR **9.1** BN
(LKR 6.8 BN IN 2024/25)

PBT
LKR **0.3** BN
(LKR-0.09 BN IN 2024/25)

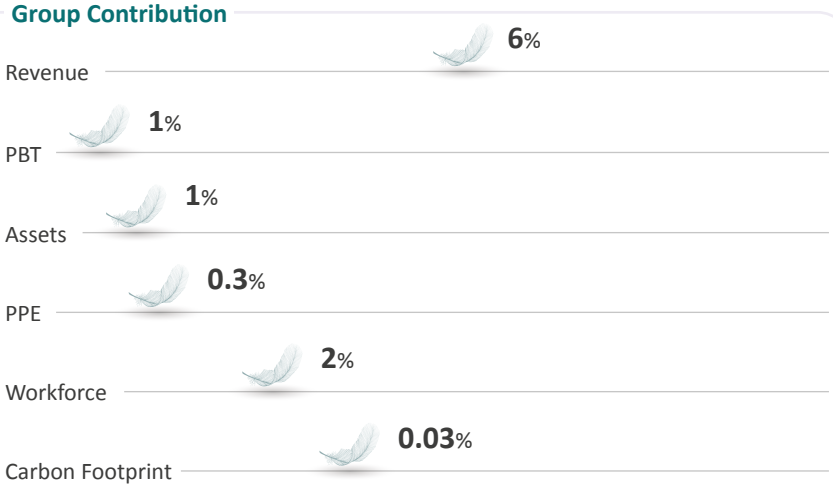
Assets
LKR **3.6** BN
(LKR 2.8 BN IN 2024/25)

PPE
LKR **0.01** BN
(LKR 0.05 BN IN 2024/25)

Workforce
190 Employees
(181 IN 2024/25)

Carbon Footprint
LKR **40.94** tCO_2e
(181 tCO_2e IN 2024/25)

Group Contribution



Impacted SDGs:





Sector Reviews

Consumer Goods

LKR 0.2 BN
Profit After Tax

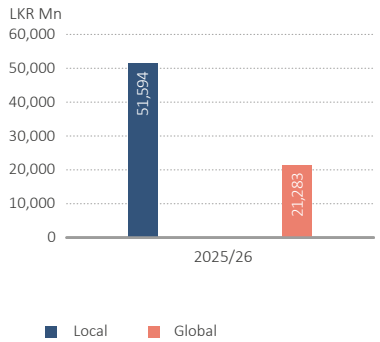
35%
Revenue Growth

RS. 0.3 BN
Profit Before Tax

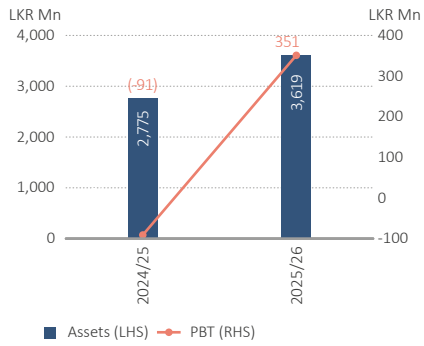


Highlights for the Year

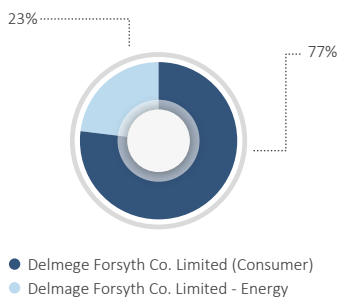
Local Vs Global Suppliers



Revenue, PBT, Assets



Segment Revenue



Key Achievements:

- Delivered stronger financial performance across the Consumer sector, with revenue increasing by 35% and gross profit increasing by 48% in FY 2025/26.
- Recorded a turnaround in profitability, with Consumer sector PBT reaching LKR 137 Mn, supported by stronger portfolio performance, working capital management and lower finance costs.
- Strengthened market execution within the FMCG business, with Delmege Consumer achieving a monthly sales revenue milestone of LKR 1 Bn in March 2026.
- Expanded the FMCG portfolio through new launches including Motha Jellegen, the MCW range, Kellogg's Frosties, Choco Pops and Rice Krispies, and the Pringles range.
- Reinforced brand equity through Motha's recognition as a Superbrand, inclusion among LMD's Most Loved Brands, and campaign awards at the Dragons of Sri Lanka Awards and SLIM Digis.
- Improved operational efficiency across key product categories through QA-led process controls, yield improvements, wastage reduction, logistics planning and Halal certification for the soya meat range.
- Completed the first full financial year of Delmege Forsyth Energy Ltd., with revenue increasing to LKR 2,076.6 Mn from LKR 234.4 Mn in the prior two-month operating period.
- Established the Shell lubricants portfolio across automotive, industrial and marine segments, supported by distribution development, customer engagement and technical product positioning.

Operating Landscape

Market Dynamics

- Improving economic stability and moderating inflation supported gradual recovery in consumer and commercial demand, although purchasing remained selective.
- Consumer markets continued to shift towards value, quality, convenience and lifestyle-led products, with stronger influence from digital channels and modern trade.
- Recovery in mobility, logistics, industrial activity and marine operations supported renewed demand across lubricant categories.



External Pressures

- Competition intensified across FMCG and lubricants, with new entrants, pricing pressure and promotional activity affecting margins.
- Import dependence, taxation, regulatory changes and category specific controls continued to shape pricing, availability and profitability.
- Currency volatility, crude oil price movements, freight costs and substandard products created cost, supply and market confidence risks.



Opportunity Landscape

- Growth potential remains across convenience foods, health-led products, premium categories, snacks, confectionery, beverages and youth-focused propositions.
- Trade channel expansion, ecommerce, foodservice and export markets offer scope for broader consumer reach.
- Vehicle imports, industrial recovery, marine activity and demand for high-performance lubricants create opportunities for specialised lubricant solutions



Key Risks: R1 R2 R3 R4 R5

Opportunities: O1 O3 O4

Strategic Position and Outlook

S — Strengths

- Long-standing Delmege brand heritage, islandwide distribution reach and deep local market knowledge built through generations of customer and supplier relationships.
- Trusted local and international brand portfolio, including Delmege, Motha, Kellogg's, Ferrero and other partner brands.
- Shell partnership strengthens the sector's position across automotive, industrial, commercial and marine lubricants.

W — Weaknesses

- Dependence on external manufacturing partners and imported products creates exposure to supply, cost and regulatory movements.
- Margin sensitivity remains high in competitive FMCG categories.
- Lubricants business remains in early growth phase, requiring continued investment in distribution, visibility and customer education.

O — Opportunities

- Use brand equity, category knowledge and innovation to expand health-led, convenience, premium and youth-focused offerings.
- Strengthen penetration across general trade, modern trade, HORECA, bakery, e-commerce and export channels.
- Scale the Shell lubricants portfolio through wider distribution, technical support and customer education.

T — Threats

- New entrants, aggressive pricing and promotions may affect volumes, margins and shelf visibility.
- Import duties, taxation, advertising rules and category controls may constrain profitability and demand generation.
- Foreign exchange volatility, crude oil prices and substandard lubricant products may affect pricing, supply and market confidence.

Material Topics: M1 M2 M3 M4 M8

Sector Reviews
Consumer Goods

STRATEGIC RESPONSE

Amid shifting consumer preferences, pricing pressure and stronger competition, the year's response focused on sharper portfolio management, stronger brand visibility and improved market execution. The food and beverage business prioritised product relevance, channel reach and consumer engagement, while the lubricants business focused on building distribution, customer relationships and technical positioning for the Shell portfolio.

Together, these actions strengthened Delmege's presence across everyday household, retail and foodservice needs, while extending the sector's reach into automotive, industrial, commercial and marine lubricant solutions.

> **"Building everyday relevance through trusted brands, wider reach and specialised product capability..."**

FOOD AND BEVERAGE

Delmege Consumer continued to strengthen its FMCG business by balancing trusted household brands with new category opportunities, sharper market execution and stronger consumer relevance. During the year, the business also expanded into more premium, youth-focused and lifestyle led offerings. Launches such as Motha Jellegen, the MCW range, Kellogg's Frosties, Choco Pops and Rice Krispies, and the Pringles range helped strengthen relevance across health-led, indulgence, convenience and family consumption occasions.

Refreshing Portfolio Relevance

Delmege Consumer continued to strengthen its portfolio by balancing established household categories with newer products aligned to changing consumer needs. Core categories such as soya, canned fish, pasta, noodles, tea, salt, desserts, ingredients, breakfast cereals, confectionery and bakery-related products remained central to the portfolio.

During the year, the business also expanded into more premium, youth-focused and lifestyle led offerings. Launches such as Motha Jellegen, the MCW range, Kellogg's Frosties, Choco Pops and Rice Krispies, and the Pringles range helped strengthen relevance across health-led, indulgence, convenience and family consumption occasions.

85%+
Motha market share in dessert ingredients

4
Major product/range launches during the year

LKR 1 BN
Monthly sales revenue milestone achieved by Delmege Consumer in March 2026







With continued focus on product relevance, market execution and consumer engagement, Delmege Consumer advanced its presence across both established and emerging food and beverage categories.

Strengthening Brand Equity and Consumer Engagement

Brand strength remained a key differentiator within a competitive FMCG market. Motha continued to hold strong household recognition, supported by deep emotional equity across generations and continued relevance in dessert and ingredient categories. During the year, Delmege strengthened consumer engagement through digital campaigns, recipe-led content, competitions, influencer collaborations and experiential activations. These initiatives helped connect trusted heritage brands with younger, more digitally engaged audiences, while campaign recognition for Jellegen reinforced Motha's ability to evolve into health, beauty and lifestyle-oriented spaces.

Improving Market Reach and Execution

Distribution and availability remained central to the food and beverage business. Delmege continued to strengthen reach across General Trade, Modern Trade, HORECA, bakery, ecommerce and export channels, supported by distributor relationships, field sales capability and retailer engagement.

Digital tools also supported stronger execution. Sales Force Automation enabled billing across General Trade, HORECA and bakery channels, improving invoice accuracy and reducing manual errors in discounts and trade margins. Power BIstrengthened backend reporting and sales visibility, while the planned modern trade merchandising tracking app is expected to improve in-store visibility and outlet-level performance.

3
Awards

Superbrand
Recognition for Motha

Most Loved Brand
Recognition by LMD

Gold and Bronze
At Dragons of Sri Lanka Awards

Two Platinum Awards
At SLIM Digis

Refer Awards and Accolades - pages 38-39

General Trade
Serving neighbourhood retail and mass-market consumer access

Modern Trade
Supporting visibility across supermarkets and organised retail channels

E-commerce
Improving digital access and convenience for customers

HORECA
Serving hotels, restaurants, cafés and institutional customers

Bakery
Supporting bakery and foodservice-related customer requirements

Exports
Extending Delmege and partner brand reach beyond Sri Lanka

Sector Reviews
Consumer Goods

74 Distributors
Supporting islandwide market reach

Digitalised sales processes
Strengthening route-to-market visibility, execution accuracy and responsiveness across the distribution network.

Refer Social and Relationship Capital from pages 208-217

Strengthening Operational Efficiency and Market Access

In response to pricing pressure, supply constraints and margin sensitivity, Delmege Consumer strengthened procurement discipline and operational controls. Structured supplier selection, open-costing arrangements, alternative supplier benchmarking, bulk ordering and improved import planning supported cost competitiveness and margin stability.

Operational improvements were also implemented across key categories. QA-led controls improved canned fish yield, soya packing changes reduced material wastage, pasta production was strengthened through direct QA supervision, and structured logistics planning supported distribution efficiency. Halal certification for the soya meat range further strengthened compliance and market access.

0.04
Improvement
in canned fish yield through QA-led production oversight

2.5 pp reduction
in soya pouch wastage following packing process improvements

2 pp reduction
in pasta production wastage through direct QA supervision

Halal certification
obtained for the soya meat product range, strengthening compliance and market access

Refer Awards and Accolades - pages 38-39

ENERGY AND LUBRICANTS

Delmege Forsyth Energy Ltd. focused on building a credible platform for Shell lubricants in Sri Lanka, combining global product capability with local market access and technical customer support.

Establishing the Shell Lubricants Platform

Delmege Forsyth Energy Ltd. completed its first full financial year of operations, marking a significant expansion into energy and lubricants. As Macro Distributor for Shell Lubricants in Sri Lanka, the business focused on establishing the Shell portfolio across automotive, industrial, commercial and marine applications.

The year's performance reflected the transition from an initial two-month operating period in the prior year to a full year of activity. Revenue increased to LKR 2,076.6 Mn from LKR 234.4 Mn, while PAT reached LKR 214 Mn, providing a strong foundation for future scale.

LKR 150 Mn	LKR 2,076.6 Mn
Profit After Tax	Revenue

1st full financial year
Completed by Delmege Forsyth Energy Ltd.

Automotive	Commercial	Industrial	Marine
Passenger vehicles, workshops and service centres	Fleets, transport operators and heavy-duty vehicles	Machinery, manufacturing and power-related applications	Vessels, port-related operations and marine engines

Expanding Market Access and Technical Differentiation

A key priority during the year was building market access and ensuring reliable product availability across Sri Lanka. Delmege Forsyth Energy Ltd. strengthened engagement with workshops, dealers, fleet operators, industrial customers and marine operators, while improving logistics, inventory planning and e-commerce access through platforms such as Daraz.

61,000+

dealers / workshops

Supporting automotive lubricant availability

Daraz

E-commerce channel introduced

Alongside distribution development, the business focused on performance-led differentiation in a market affected by price sensitivity, down-trading and counterfeit or adulterated products. Customer education, technical support and after-sales engagement helped reinforce the value of Shell lubricants in improving engine efficiency, extending service intervals, enhancing equipment reliability and reducing long-term maintenance needs.

This approach also positioned the business to capture growth from renewed mobility, industrial activity, marine operations and specialised lubricant requirements, including high-performance, synthetic, EV-specific, biobased and biodegradable lubricant solutions.

OUTLOOK

Looking ahead, the Consumer Goods sector is expected to operate in a market where demand recovery remains uneven, competition stays intense and customers continue to make more selective purchasing decisions. This will place greater emphasis on portfolio relevance, brand visibility, pricing discipline and consistent product availability.

Overall, the sector's focus will be on strengthening relevance across both everyday consumer categories and specialised lubricant solutions, supported by brand strength, market reach, digital execution and disciplined cost management.

Food and Beverage

For the food and beverage business, future growth will be shaped by changing household consumption patterns, demand for convenience, value and quality, and the continued rise of modern trade, digital channels and foodservice opportunities. Delmege Consumer will continue to build on its established brand base while introducing products that respond to evolving preferences across health-led, premium, indulgence and youth-oriented categories.

Energy and Lubricants

For Delmege Forsyth Energy Ltd., growth prospects are supported by renewed vehicle imports, stronger transport and logistics activity, industrial recovery and marine-related demand. While the long-term shift towards electric mobility may gradually influence traditional lubricant consumption, opportunities remain strong in premium lubricants, specialised industrial products, marine applications and environmentally acceptable formulations.

Way Forward

- Strengthen product innovation across food, beverage, health-led, convenience, premium and youth-focused categories.
- Grow Delmege-owned brands to improve portfolio control, profitability and long-term category strength.
- Expand reach across General Trade, Modern Trade, HORECA, bakery, e-commerce and export channels.
- Continue digitalising sales processes to improve route-to-market visibility, execution accuracy and responsiveness.
- Build stronger consumer engagement through digital campaigns, recipe-led content, activations and category promotions.
- Protect margins through supplier discipline, alternative sourcing, procurement planning, QA-led controls and logistics efficiency.
- Scale the Shell lubricants portfolio across automotive, commercial, industrial and marine applications.
- Strengthen lubricant availability through workshops, dealers, fleet operators, industrial customers, marine customers and digital channels.
- Reinforce technical support and customer education to differentiate Shell lubricants in a price-sensitive market.
- Pursue opportunities in high-performance, synthetic, EV-specific, bio-based and biodegradable lubricant solutions.

Sector Reviews

Healthcare

The Group's healthcare sector reflects its growing presence across medical technology, ophthalmic solutions, clinical solutions and specialised healthcare products. Serving public and private healthcare institutions, clinicians and end-users, the sector combines established principal partnerships, specialised product knowledge, regulatory compliance, technical support and distribution capability to support access to quality healthcare solutions.

Scope and Operating Footprint

Delmege Forsyth Co. Ltd – ALCON

Ophthalmic healthcare and medical technology

Eden Pharmaceuticals

Cardiac medical technology and healthcare solutions distribution

Corporate office in Colombo

Our Solutions

Ophthalmic and Vision Care Solutions

Eye care products, ophthalmic technologies and solutions supporting vision correction, diagnosis and treatment

Cardiac and Interventional Solutions

Specialised cardiac, vascular and interventional medical devices distributed through institutional and clinical channels

Surgical and Medical Technology Solutions

Specialised medical equipment and technologies supporting clinical and surgical procedures

Diagnostic and Clinical Support Solutions

Medical technologies and related products supporting diagnosis, treatment and patient care

Regulatory and Principal-Backed Healthcare Solutions

Healthcare products supported by global principals, registration processes and quality assurance requirements

Revenue

LKR **4.83** BN

(LKR 4.10 BN in 2024/25)

PBT

LKR **1.07** BN

(LKR 0.95 BN in 2024/25)

Assets

LKR **3.89** BN

(LKR 3.55 BN in 2024/25)

PPE

LKR **0.06** BN

(LKR 0.24 BN in 2024/25)

Workforce

68 Employees

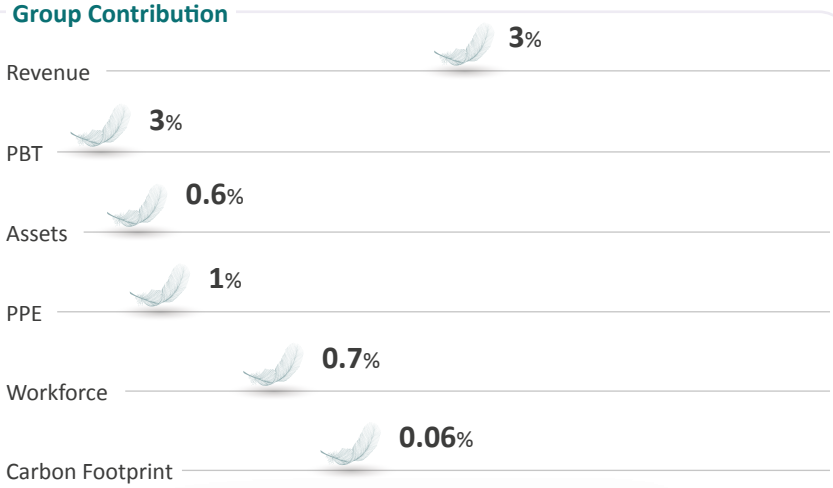
(LKR 56 BN in 2024/25)

Carbon Footprint

LKR **83.4** tCO_2e

(LKR 141.5 BN in 2024/25)

Group Contribution



Impacted SDGs:



GREY CROWNED CRANE FEATHER

The Grey Crowned Crane's radiating feather highlights discipline and precision, reflecting coordinated execution across complex operations.

LKR 4.83 BN
Revenue generated

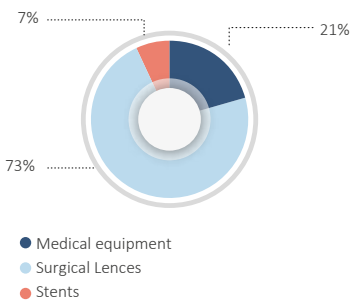
18 %
Revenue Growth

LKR 1.07 BN
Net Profit Before Tax

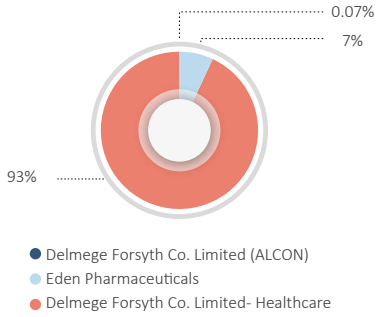


Highlights for the Year

Product Mix



Segment Revenue



3
New solution areas introduced

45+
Customer Touchpoints Served

30+
Healthcare principals represented

Key Achievements:

- Delivered resilient performance amid foreign exchange volatility, import cost pressures, delayed procurement cycles and tender-led pricing pressure
- Strengthened the sector's portfolio across ophthalmic solutions, medical technology and related healthcare products
- Expanded surgical and interventional imaging capabilities through the introduction of state-of-the-art C-Arm systems
- Launched 3D-printing-based prosthetics, supporting faster, more affordable and customised rehabilitation solutions
- Expanded women's health solutions through advanced mammography technologies supporting early breast cancer detection
- Maintained a gross profit margin of approximately 30%, supported by pricing discipline, supplier negotiations and focus on higher-margin segments
- Strengthened engagement with hospitals, biomedical engineering units, healthcare administrators, clinicians, and end-users
- Improved coordination across sales, logistics and technical teams, supporting improved project execution, installation and servicing responsiveness

Sector Reviews
Healthcare

Operating Landscape

Market Dynamics

- Healthcare demand was supported by rising patient expectations and increased use of private healthcare services
- Demand for advanced diagnostics, specialised treatment and chronic care continued to exhibit broad-based growth Providers balanced the need for quality care and modern technology with affordability and investment constraints



External Pressures

- Foreign exchange volatility increased the cost of imported equipment, spare parts and healthcare products
- Tender-led and price sensitive procurement placed pressure on margins Supplier lead times, logistics delays and regulatory approvals affected execution timelines



Opportunity Landscape

- Continued investment in healthcare capacity creates scope for suppliers with reliable products, service capability and technical expertise
- Growing focus on quality, safety and clinical outcomes supports demand for trusted healthcare partners
- Evolving patient needs create opportunities for differentiated solutions that improve access, efficiency and care delivery



Key Risks: R1 R2 R4 R5 R7

Opportunities: O1 O2 O3 05

Strategic Position and Outlook

S — Strengths

- An established presence across healthcare products, medical technologies and related support services.
- Strong principal relationships supported by specialised product knowledge and regulatory compliance.
- Customer relationships across healthcare institutions, clinicians, and related healthcare channels.

W — Weaknesses

- High dependence on imported products, equipment and spare parts.
- Exposure to foreign exchange movements, landed cost increases and supplier lead times.
- Tender-led sales cycles creating longer conversion timelines and working capital pressure.

O — Opportunities

- Scope to expand through new agencies, product registrations and principal partnerships.
- Opportunity to enter higher-value specialised segments and next generation healthcare solution areas.
- Opportunity to strengthen recurring revenue through after-sales service, maintenance and customer retention.

T — Threats

- Price-led procurement practices reducing emphasis on quality, differentiation and principal reputation.
- Increasing competition from established suppliers and new market entrants.
- Talent shortages in specialised technical, regulatory and biomedical support roles affecting service depth and scalability.

Material Topics: M2 M4 M7 M8 M10

STRATEGIC RESPONSE

During the year, the healthcare sector operated in a market where affordability, procurement discipline and product availability remained critical to performance. Against this backdrop, the sector focused on protecting margins, maintaining supply continuity and strengthening its relevance across medical technology, ophthalmic solutions, and related healthcare products.

Greater emphasis was placed on principal coordination, selective opportunity pursuit, regulatory readiness and customer support. The sector also progressed new solution areas and service capabilities, helping it respond to changing healthcare needs while building a stronger platform for future growth.

> **"Supporting better healthcare access through trusted products, specialised expertise and responsive service..."**

Broadening the Healthcare Solutions Portfolio

The sector expanded its portfolio during the year through the introduction of new solution areas aligned to specialised clinical and patient needs. These included advanced C-Arm systems, 3Dprinting-based prosthetics and advanced mammography solutions.

Together, these additions strengthened the sector's presence in surgical imaging, rehabilitation and women's health, while supporting its wider role in improving access to specialised healthcare technologies.



New Solutions Introduced

C-Arm systems

3D-printed prosthetics

Advanced mammography solutions

Next-Generation Solutions Under Evaluation

Advanced pain management

Neuro-computer interface technologies

Helicobacter pylori management technologies

PRIORITY HEALTHCARE SEGMENTS:

- **Imaging and Radiography**
- **Theatre and Surgical Solutions**
- **Physiotherapy and Rehabilitation**
- **Neonatal Care**
- **Women's Health Solutions**
- **Ophthalmic and Vision Care**
- **Laboratory Diagnostics**
- **Neurology**
- **Dental Equipment**

Medtronic · Alcon · EVIDENT · Nobel Biocare · ANGEL MEDICAL SUPPLY · ThermoFisher SCIENTIFIC

Sector Reviews
Healthcare

Deepening Principal and Customer Relationships

The sector continued to build on its relationships with global principals and healthcare customers, ensuring that product availability, quality assurance and technical support remained aligned with market needs. These relationships were especially important in an environment where healthcare providers required reliable products, competitive pricing and confidence in after-sales service.

Engagement with hospitals, healthcare administrators, biomedical engineering teams, and clinicians also supported better understanding of customer requirements, upcoming procurement needs and areas where the sector could provide more specialised support.



20+
principals / agencies
represented across healthcare categories

30+ healthcare channels
served across institutional and clinical segments

Customer relationships
strengthened by extending technical and product support

Refer Social and Relationship Capital - pages 208-217

Strengthening Commercial Discipline and Project Prioritisation

With parts of the sector operating through tender-led and project-based sales, greater focus was placed on pursuing opportunities with stronger conversion potential and clearer execution visibility. This helped the sector manage extended approval cycles, pricing pressure and the working capital demands associated with high-value imports.

The sector also improved coordination with principals and suppliers to support pricing discussions, lead-time management and timely fulfilment of customer commitments.

High-potential opportunities
prioritised to support conversion

Inventory and receivables discipline
strengthened to support working capital management

Tender cash flow planning
improved to manage upfront import commitments

Enhancing Service Responsiveness and Execution Quality

Execution quality remained an important focus, particularly in relation to installation, servicing and customer support. Improved coordination between sales, logistics and technical teams supported better project follow-through and helped reduce delays in installation and servicing activities.

The sector also continued to build its after-sales proposition, recognising the role of service reliability in customer retention, equipment uptime and long-term healthcare partnerships.

LKR 115 Mn
increase in profit before tax

Installation and servicing responsiveness
improved through stronger team coordination

After-sales support
strengthened to improve customer retention

Preparing for Future Healthcare Opportunities

The sector continued to prepare for future growth by progressing regulatory priorities, reviewing new agencies and evaluating emerging healthcare technologies. NMRA approvals remain central to expanding market access and introducing new medical devices and healthcare products.

Future portfolio development is expected to include next-generation healthcare solutions, specialised treatment technologies and potential regional opportunities, supporting a more diversified growth platform over the medium term.

NMRA approvals

prioritised for new agencies and technologies

Next-generation healthcare solutions

being evaluated for future growth

Regional opportunities

under review to support longer-term expansion

OUTLOOK

Healthcare demand in Sri Lanka is likely to continue evolving towards more specialised, technology-enabled and outcome-focused care. Increasing demand for diagnostics, rehabilitation, chronic disease management, neonatal care and advanced treatment solutions is expected to create opportunities for suppliers that can combine reliable products with technical knowledge and responsive service.

For the sector, growth will depend on the ability to stay close to healthcare institutions, secure relevant product registrations, strengthen principal-backed offerings and improve execution across tenders, imports, installations and after-sales support. Price sensitivity, foreign exchange movements and regulatory timelines will remain important factors, particularly for imported medical equipment.

Over the medium term, the sector's opportunity lies in building a broader healthcare solutions platform — expanding into new agencies, specialised medical technologies, next-generation treatment areas and selected Middle Eastern markets, including GCC countries, while continuing to strengthen its base in Sri Lanka.

Way Forward

- Strengthening the healthcare portfolio across priority segments including Imaging, Theatre Solutions, Physiotherapy, Neurology, Laboratory Diagnostics, Neonatal Care and Dental equipment
- Securing high-value tenders in strategic areas such as Imaging, Neonatal Care, Laboratory Diagnostics and Neurology
- Progressing NMRA approvals for new agencies, technologies and medical devices to support faster market access
- Expanding service, maintenance and after-sales support to strengthen customer retention and recurring revenue
- Improving inventory, receivables and tender cash flow planning to manage working capital exposure
- Evaluating next-generation healthcare solutions, including neurological rehabilitation, advanced pain management and specialised treatment technologies
- Exploring GCC market opportunities and master distribution networks to support regional expansion and long-term diversification

Sector Reviews

Packaging



The Group's packaging sector comprises Uni Dil Packaging Ltd and Uni Dil Packaging Solutions Ltd, representing its presence across corrugated cartons, paper sacks, and value-added packaging solutions. Serving a broad base of industrial, FMCG, export agriculture, tea, cement, and consumer-facing customers, the sector combines established manufacturing capabilities with quality, service reliability, and a growing focus on sustainable fibre-based packaging.

Scope and Operating Footprint

Uni Dil Packaging Ltd
Corrugated cartons and offset packaging

3,300 MT per month capacity

150 MT per month offset printing capacity

Dekatana Factory

Uni Dil Packaging Solutions Ltd
Industrial paper sack operation

1.8 Mn paper sacks capacity per month

Dekatana Factory

Perfect Packaging Ltd
Overseas corrugated packaging operation

700 MT per month production capacity

Nairobi, Kenya

Our Solutions

Corrugated Packaging
Regular slotted cartons, die-cut cartons, trays, top and bottom cartons, pads, partitions and customised corrugated solutions

Industrial Paper Sacks
Packaging for tea, cement, skim coat, desiccated coconut, food ingredients and other industrial applications

Printed and Value-Added Packaging
Offset cartons, printed trays, customised packaging formats and specification-led packaging solutions

Sustainable Packaging
Recyclable, biodegradable and fibre-based packaging solutions

Circular Packaging Solutions
Wastepaper collection, recycling partnerships and reuse-focused packaging solutions

Revenue
LKR **9.6** BN
(LKR 7.9 BN IN 2024/25)

PBT
LKR **0.82** BN
(LKR 1 BN IN 2024/25)

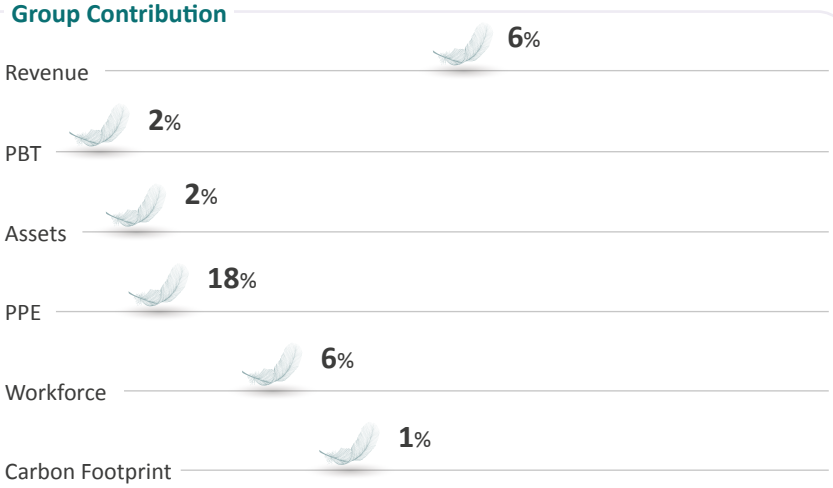
Assets
LKR **9.5** BN
(LKR 8.2 BN IN 2024/25)

PPE
LKR **1** BN
(LKR 0.4 BN IN 2024/25)

Workforce
568 Employees
(564 IN 2024/25)

Carbon Footprint
LKR **1,740** tCO_2e
(1,722 tCO_2e IN 2024/25)

Group Contribution



Impacted SDGs:



+6%
Growth in Production Volume

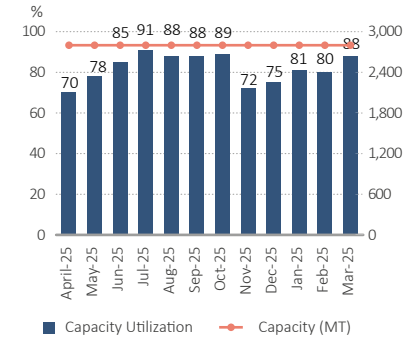
+ 21%
Revenue Growth

LKR 572 MN
Profit After Tax

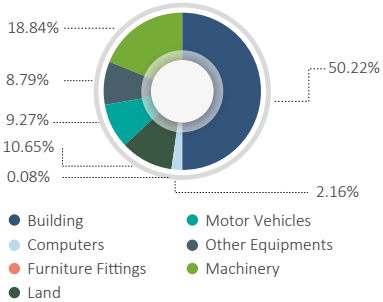


Highlights for the Year

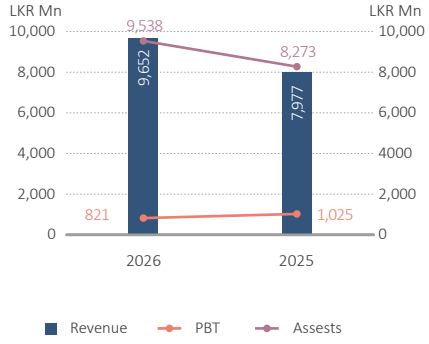
Capacity Vs. Actual (Mt)



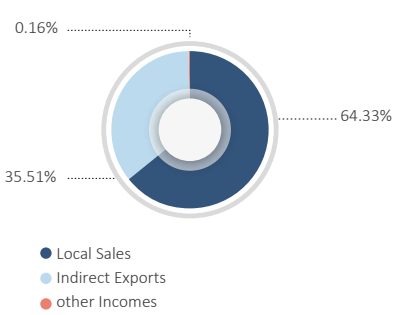
CAPEX



Revenue,PBT,Assets



Revenue Composition



Key Achievements:

- Expanded the Group's East African packaging footprint through the Kenya corrugated packaging operation
- Progressed plans for value-added offset packaging, supporting expansion into higher-margin printed carton solutions
- Advanced product optimisation initiatives focused on reducing material consumption while maintaining packaging strength and performance
- Strengthened supply chain resilience through diversified sourcing, local supplier engagement and buffer stock management
- Progressed operational and digital improvements, including ERP implementation, SKU-based production planning, dashboards and AI-led manufacturing initiatives
- Reinforced the sector's sustainability proposition through recyclable, biodegradable and fibre-based packaging solutions
- Maintained carbon neutral status within the paper sacks operation, while continuing carbon footprint verification across packaging operations
- Achieved the Best Management Practices Award 2025, recognising the sector's progress in operational discipline, process improvement and business excellence

3rd
Consecutive Year as a Great Place to Work

10
AI Manufacturing Projects Planned

2
Gold Awards at Quality Circles

Sector Reviews
Packaging

Operating Landscape

Market Dynamics

- Subdued demand across parts of the local packaging industry, with limited growth in customer volumes
- Structural overcapacity in corrugated packaging, intensifying competition and price sensitivity
- Growing customer preference for recyclable, biodegradable and fibre-based packaging solutions



External Pressures

- Raw material price volatility, particularly across kraft liner, virgin paper and other imported paper inputs
- Freight and supply disruptions affecting material availability from Europe and the Middle East
- Rising fuel, transport, energy and finance costs, increasing pressure on margins and working capital



Opportunity Landscape

- Expansion into value-added offset and printed packaging to improve product mix and margins
- Regional growth opportunities through the Kenya packaging operation and selected export markets
- Scope to strengthen cost efficiency and sustainability through product optimisation, recycled-paper substitution and local sourcing



Key Risks: R1 R2 R3 R4 R8

Opportunities: O1 O3 O4

Strategic Position and Outlook

S — Strengths

- Established multi-format packaging platform across corrugated packaging, paper sacks and offset printed packaging
- Strong technical capability in product development, specification optimisation and customised packaging solutions
- Certification-backed quality and service reliability supporting long-standing B2B customer relationships

W — Weaknesses

- High exposure to paper-based input costs due to raw material intensity of the business
- Limited pricing flexibility in a competitive market where customers are highly cost-sensitive
- Working capital pressure arising from the need to hold buffer stocks and manage long import lead times

O — Opportunities

- Greater shift towards specification-led packaging, enabling the sector to move beyond price-led competition
- Development of higher-margin customised and printed packaging solutions for FMCG, export and industrial customers
- Use of digital tools, AI and production data to improve line efficiency, planning accuracy and productivity

T — Threats

- Smaller competitors with lower overhead structures exerting pressure on pricing and margins
- Customer down-trading or specification changes in response to cost pressures
- Prolonged geopolitical disruption affecting imported paper availability and delivery timelines

Material Topics: M2 M3 M4 M6 M11

STRATEGIC RESPONSE

The year under review centred on strengthening the Group's packaging sector amid subdued demand, market overcapacity, pricing pressure and raw material volatility. In response, the sector focused on maintaining customer relationships, improving cost efficiency, strengthening supply continuity and enhancing its value proposition across corrugated packaging, industrial paper sacks and offset printed packaging.

These strategies were actioned while managing freight-related disruptions, higher energy and transport costs, and working capital pressures arising from buffer stock requirements. The sector also continued to advance value-added packaging, regional expansion, operational digitalisation and sustainable fibre-based packaging solutions.

Strengthening resilience through enhanced product value, supply agility and sustainable packaging solutions...



Strengthening Customer Relevance through Quality, Service and Technical Capability

During the year, the sector continued to strengthen customer relevance by leveraging quality, service reliability, technical capability and long-standing B2B relationships. In a market characterised by low switching costs and intense price competition, consistent delivery and responsiveness remained important differentiators.

Customer engagement was largely focused on working closely with industrial, FMCG, export agriculture, tea, cement and construction-related customers to understand changing requirements, address pricing pressure and develop fit-for-purpose packaging solutions. These efforts were further complemented by specification-led product development, customised packaging formats and continuous improvements to quality and service delivery.

18.5 %
Estimated corrugated carton market share

32 %
Estimated local tea sack market share

50 %
Estimated skim coat sack market share

Refer Social and Relationship Capital - pages 208-217





Sector Reviews
Packaging

Enhancing Cost Efficiency and Product Optimisation

Cost efficiency remained a central focus during the year, particularly given raw material volatility and continued pressure on selling prices. The sector advanced product optimisation initiatives aimed at reducing material consumption while maintaining the required strength, quality and functionality of packaging products.

This included optimising paper grades, material combinations and packaging specifications to improve cost efficiency, enabling customers to manage cost pressures without compromising product performance. The business also continued to explore the use of recycled-paper alternatives in selected applications, supporting both cost optimisation and the sector's sustainability agenda.

Product optimisation
through GSM and paper combination improvements

Material efficiency
while maintaining packaging performance

Recycled-paper substitution
advanced across selected applications



Building Supply Chain Resilience

Owing to supply chain pressures from imported paper delays, freight cost increases and disruptions affecting supply routes from Europe and the Middle East, the sector recalibrated its sourcing strategies to improve resilience, including greater engagement with local paper mills and alternate sourcing from regions less affected by global shipping disruptions.

Supplier contracting and buffer stock management were also used to manage price exposure and maintain continuity of supply. While these measures increased working capital requirements, they enabled the sector to support uninterrupted customer delivery and protect key customer relationships during periods of volatility.

Alternative sourcing routes
developed to reduce disruption exposure

Strategic buffer stocks
maintained to protect customer supply

10% increase
in local sourcing of key paper inputs

32 new suppliers
onboarded across priority input categories

Expanding Product Mix and Regional Capacity

The sector continued to progress initiatives aimed at strengthening its product mix and expanding beyond commoditised packaging. Locally, plans were advanced for value-added printed packaging, supporting entry into higher-margin customised carton solutions for FMCG, export agriculture and industrial customers.

Regionally, the Kenya-based corrugated packaging operation strengthened the Group's East African footprint. Corrugator capacity was doubled during the year, reflecting an increase from 350 MT to 700 MT. The sector also continued to evaluate the establishment of paper sack manufacturing operations in Kenya, supporting longer-term diversification and growth across regional markets.

LKR 103 MN
planned initial investment in value-added printed packaging

+ 350 MT
Kenya corrugator capacity increase

Customised packaging
targeting higher-margin customer segments

Refer Financial Capital - pages 168-173

Driving Operational Excellence and Digital Enablement

Operational improvements were focused on strengthening productivity, planning accuracy and manufacturing visibility. During the year, the sector progressed SKU-based production planning and ERP implementation at the Kenya operation, supporting improved coordination across production, inventory and shipment execution.

The business also continued to explore IoT-enabled monitoring and dashboard-based performance tracking to improve visibility over line efficiency, manpower productivity and machine output. Planned AI-led manufacturing initiatives are expected to further support productivity, quality and operational decision-making. The sector's continuous improvement culture was also reinforced through employee-led improvement initiatives, Quality Circle recognition, and training linked to TPM, 5S, Kaizen and quality systems.

ERP implementation
at Perfect Packaging Ltd

SKU-based planning
introduced to improve execution

10 AI projects
planned for manufacturing operations

Advancing Sustainable Operations and Circular Packaging

Sustainability remained a key component of the sector's long-term value proposition, supported by the recyclability and biodegradability of its paper-based packaging. As customer demand shifts towards lower-impact packaging alternatives, the sector continued to position corrugated cartons and paper sacks as sustainable fibre-based solutions.

The business also advanced circular packaging practices through wastepaper collection, recycling partnerships and reuse-focused initiatives. Carbon neutrality within the paper sacks operation and carbon footprint verification across packaging operations further supported the sector's climate responsibility agenda.

Refer Natural Capital - pages 218-226



Carbon neutral
paper sacks operation

Recyclable and biodegradable
fibre-based packaging solutions

Circular packaging
through wastepaper recycling initiatives

Way Forward

- Strengthening sourcing resilience to mitigate imported paper delays, freight cost pressures, and supply route disruptions
- Expanding value-added packaging solutions, including offset and printed packaging, to improve product mix and margin quality
- Enhancing capacity utilisation across corrugated packaging operations, including the Kenya-based regional platform
- Progressing paper sack manufacturing opportunities to support regional diversification and long-term growth
- Advancing circular packaging through wastepaper recycling initiatives and fibre-based packaging solutions
- Maintaining pricing discipline and operational efficiency to protect margins amid input cost pressures

Outlook

The packaging sector is expected to navigate a mixed but opportunity-led operating environment, with demand supported by FMCG, export agriculture, industrial, and regional customer segments. While imported paper availability, freight movements, exchange rate volatility, and energy costs are likely to remain key operating considerations, the sector will continue to prioritise sourcing resilience, stronger capacity utilisation, and disciplined cost and margin management.

Future growth will be driven by a sharper focus on value-added packaging, including offset and printed packaging, customised carton solutions, and paper sack opportunities. This will support a more diversified product portfolio, improve exposure to higher-margin customer segments, and reduce dependence on commoditised packaging volumes.

Regional expansion will remain an important growth lever, particularly through the Kenya-based corrugated packaging operation and the continued evaluation of paper sack manufacturing opportunities in East Africa. Alongside this, the sector's focus on circular and sustainable packaging will ideally position it to gain increased relevance among customers seeking more responsible packaging alternatives.

Sector Reviews

Other



The Group's Other sector brings together specialised businesses across insurance brokering, shipping and logistics, travel services and ceramic raw material supply. While these businesses operate in distinct markets, they contribute to the Group through advisory capability, trade connectivity, travel solutions, resource-based supply and recurring income streams.

Scope and Operating Footprint

Delmege Insurance Brokers Ltd
Insurance brokering
Corporate office in Colombo

Delmege Shipping
Shipping, freight and logistics
Corporate office in Colombo

Delmege Travels
Travel, tours and airline-related services
Corporate office in Colombo

Lanka Ceramic PLC
Mining and ceramic raw materials
Owala, Matale | Colombo | Meetiyagoda

Our Solutions

Insurance Brokering and Risk Advisory
Corporate, personal and specialised insurance brokering, supported by risk assessment, policy placement and claims advisory.

Shipping, Freight and Logistics Solutions
Shipping agency, freight brokering, SOC loadings, project cargo, special cargo, container solutions and inland transportation.

Travel, Tours and Airline Services
Airline ticketing, visa facilitation, outbound tours, travel insurance and corporate and leisure travel support.

Industrial Mineral Supply
Feldspar mining and ceramic raw material supply supporting Sri Lanka's tile and ceramic manufacturing industry.

Investment Property and Retail-linked Income
Investment property income and franchise-linked retail operations supporting revenue diversification.

Revenue

LKR **1.08** Bn
(LKR1.07Bn IN 2024/25)

PBT

LKR **5** Bn
(LKR4.7Bn IN 2024/25)

Assets

LKR **73.9** Bn
(LKR 67.9 Bn IN 2024/25)

PPE

LKR **0.24** Bn
(LKR 0.03Bn IN 2024/25)

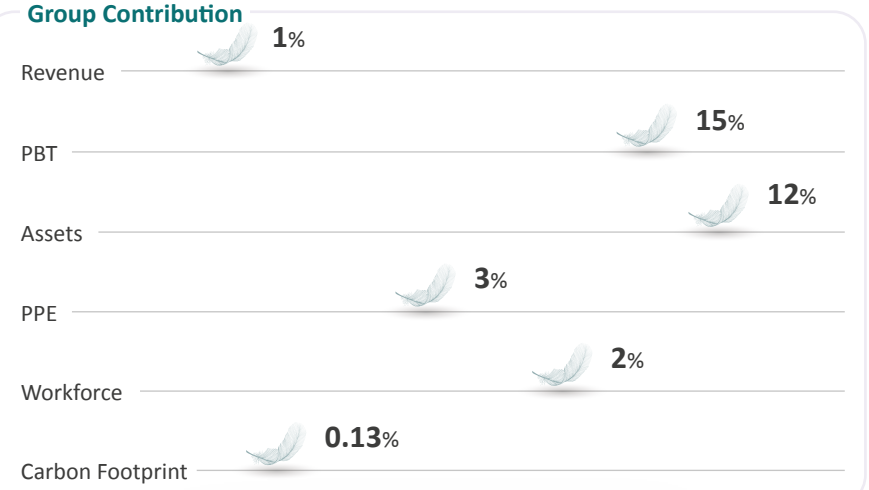
Workforce

239 Employees
(288 IN 2024/25)

Carbon Footprint

LKR **584** tCO_2e
(505 tCO_2e IN 2024/25)

Group Contribution



Impacted SDGs:



INDIAN PEAFOWL FEATHER

The Indian Peafowl's iridescent feather shimmers in blues, greens, bronze, and gold, showcasing meticulous craftsmanship and harmonious balance, reflecting a company that executes with precision while creating dynamic, impactful results.

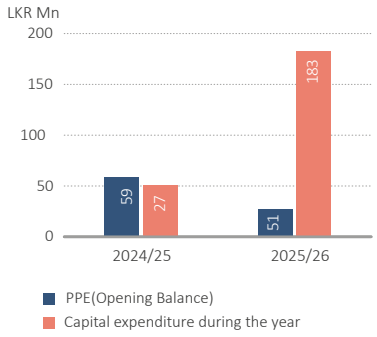
13%
Insurance Brokering Revenue

46%
Travel Revenue Growth

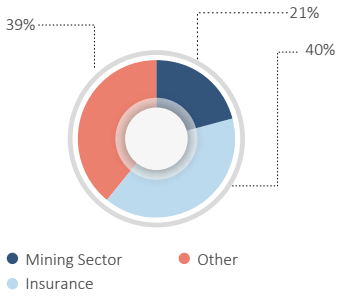


Highlights for the Year

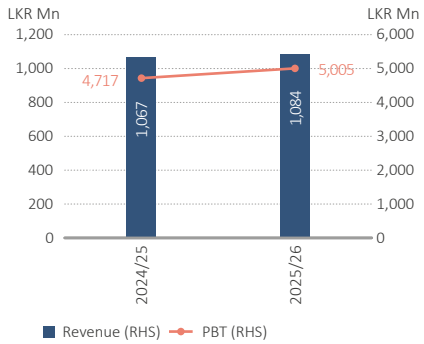
Other Sector CAPEX



Investment & Other Sector Revenue Composition



Other Sector Performance



Key Achievements:

- Delmege Insurance Brokers recorded strong growth, with revenue increasing by 13% to LKR 429 Mn and NPBT increasing to LKR 264 Mn, supported by stronger client risk reviews, quotation comparisons, policy follow-ups and claims-related support.
- Delmege Insurance Brokers was recognised at the Global Insurance Excellence Awards 2025 – Asia and MENA Region, with the Chief Operating Officer receiving Best Health Insurance Adviser and 1st Runner-up in the Property Insurance category.
- The business also received the Niranjan Nagendra Memorial Award for Insurance Broker Professional of the Year 2024, awarded in 2025.
- Delair Travels was rebranded as Delmege Travels, strengthening market identity and Group alignment.
- Travel revenue increased to LKR 87.6 Mn, with the business transitioning from a loss position to profitability.
- Shipping broadened its revenue base through SOC loadings, project cargo, special cargo, container rentals and inland transportation.
- Special cargo approvals were secured for reefer, OOG and DG cargo, supporting access to higher-value freight opportunities.
- Lanka Ceramic increased feldspar output to 36,694 MT, despite temporary mining disruption caused by Cyclone Ditwah.
- Investment property income and franchise-linked retail activity continued to support Lanka Ceramic's earnings base.

36,694 MT
Feldspar Output

3
Awards Achieved

Sector Reviews
Other

Operating Landscape

Market Dynamics

- Sri Lanka's improving economic conditions supported recovery in insurance, outbound travel and construction-linked demand.
- Insurance demand increased as customers placed greater emphasis on financial protection across motor, health and corporate risk coverage.
- Outbound travel continued to recover with improved foreign exchange access and renewed corporate and leisure travel activity.



External Pressures

- Global shipping markets remained volatile, with lower freight rates, capacity pressure and service network changes affecting cargo volumes and commission income.
- Travel operations were affected by airfare volatility, airline capacity constraints, visa complexity and geopolitical disruption across key routes.
- Mining operations faced weather-related disruption, input cost pressure and competition from informal operators.



Opportunity Landscape

- Rising risk awareness creates scope for more advisory-led and tailored insurance solutions.
- Regional trade flows and customer demand for value-added logistics create opportunities in SOC loadings, project cargo and special cargo handling.
- Construction recovery supports demand for ceramic raw materials, while travel recovery creates scope for integrated ticketing,



Key Risks: R1 R2 R3 R5 R8

Opportunities: O1 O3 O5

Strategic Position and Outlook

S — Strengths

- Established businesses with specialised capabilities across insurance brokering, shipping, travel and feldspar supply.
- Strong customer and partner relationships across insurers, principals, carriers, airlines, corporate clients and ceramic manufacturers.
- Lanka Ceramic's established mining operation and long-standing role as a reliable supplier to the domestic ceramic industry.

W — Weaknesses

- Limited scale and commonality across businesses, reducing the extent of operational synergies within the sector.
- Revenue in shipping and travel remains sensitive to external market movements and principal or airline decisions.
- Mining operations are dependent on finite resource availability, regulatory approvals and site-level continuity.

O — Opportunities

- Deepen advisory-led insurance brokering through client education, coverage gap analysis and specialised risk solutions.
- Build higher-value shipping revenue through SOC loadings, project cargo, special cargo, container rentals and inland transportation.
- Expand travel services through corporate travel, outbound tours, visa facilitation and travel insurance, while improving Lanka Ceramic's capacity utilisation.

T — Threats

- Principal-led shipping network changes, freight rate volatility and global overcapacity could continue to pressure shipping revenue.
- Geopolitical disruption, visa restrictions and airfare movements could affect travel demand and profitability.
- Climate-related disruption, regulatory tightening or informal sector competition could affect mining continuity and cost competitiveness.

Material Topics: M1 M2 M3 M6 M8

STRATEGIC RESPONSE

During the year, the Other sector demonstrated the value of a diversified portfolio, with each business responding to very different market conditions. Insurance brokering and travel gained momentum from improving economic confidence and stronger customer activity, while shipping faced a more difficult external environment shaped by freight rate pressure, service network changes and principal-related disruptions. Lanka Ceramic continued to play a steady upstream role in the ceramic value chain, supported by construction-sector recovery, although operations were temporarily affected by adverse weather.

Across the sector, the focus was on staying close to customers, protecting core income streams and pursuing opportunities that could improve resilience beyond the immediate operating cycle. This meant strengthening advisory-led client servicing in insurance, broadening value-added logistics solutions in shipping, repositioning travel as a more integrated service offering, and maintaining disciplined mining operations and supply continuity at Lanka Ceramic. Rather than relying only on market recovery, businesses concentrated on improving relevance, responsiveness and execution within their respective markets.

> **Specialised strengths, trusted networks and agile execution across distinct markets.**



Advisory-led Insurance Growth

Delmege Insurance Brokers strengthened its role as an advisory-led insurance partner, supported by increased demand for motor, health and corporate risk coverage. The business placed greater emphasis on client risk reviews, coverage gap analysis, quotation comparisons, policy follow-ups and claims-related support, helping clients make more informed insurance decisions in a market where affordability, risk awareness and service responsiveness remained important.

This sharper client servicing model supported strong financial performance during the year. Revenue increased by 20%, while NPBT grew by approximately 28%, reflecting higher business volumes, improved service execution and stronger engagement with insurers and banking partners.

Key Focus Areas:



13% ↑
Insurance brokering revenue growth

18% ↑
Insurance brokering NPBT growth

8.3% ↑
Insurance brokering market share

2nd consecutive year
Recognised as No. 1 insurance brokering company in Sri Lanka

Recognition

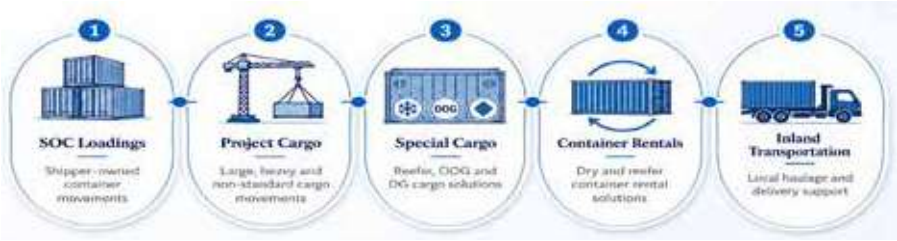
- Best Health Insurance Adviser
- 1st Runner-up, Property Insurance
- Insurance Broker Professional of the Year 2024

Enhancing Cost Efficiency and Pricing Discipline

The shipping business operated in a challenging and restricted freight environment, affected by lower freight rates, reduced transshipment flows through Colombo, service network changes and disruptions among principals. These pressures reduced traditional liner-related income and required the business to look more actively at revenue streams beyond its established base.

In response, the business focused on value-added logistics opportunities, including Shipper-Owned Container (SOC) loadings, project cargo, special cargo handling, container sales and rentals, and inland transportation. While these initiatives did not fully offset the decline in overall shipping revenue, they helped protect profitability and supported a more diversified logistics proposition. Shipping NPBT declined by only 4% despite a much sharper revenue contraction, reflecting efforts to manage the impact of market pressure.

Revenue Diversification Sources:



Sector Reviews
Other

Responsible Resource Supply

Lanka Ceramic continued to support Sri Lanka's tile and ceramic manufacturing industry through feldspar mining and supply from its Owala operation. The business benefited from continued demand from domestic ceramic manufacturers, although operations were temporarily disrupted by Cyclone Ditwah.

Despite the disruption to operations, feldspar output increased by approximately 3% during the year. The business continued to focus on responsible extraction, regulatory compliance, cost discipline and capacity utilisation, while investment property income and franchise-linked retail activity provided additional earnings stability. Its role remains important in supporting the Group's broader construction-linked value chain as domestic tile and ceramic production continues to recover.

3% ↑
Feldspar output growth

~ 84% ↑
Capacity utilisation

8.3% ↑
Customers served

11
Distributors maintained

Outlook

The Other sector is expected to remain shaped by uneven but improving demand conditions across its businesses. Insurance brokering should continue to benefit from greater awareness of financial protection, particularly across health, motor and corporate risk coverage, as customers seek more tailored advice and better support in managing affordability, coverage adequacy and claims responsiveness. Delmege Travels is also expected to gain from the continued recovery in outbound travel, supported by corporate travel, leisure demand and the need for reliable assistance across ticketing, visas, tours and travel insurance.

Shipping is likely to remain the most exposed to external volatility, with freight rates, vessel capacity, service rotations and principal-led decisions continuing to influence revenue. However, the business is expected to pursue opportunities beyond traditional liner-related income, particularly in SOC loadings, project cargo, special cargo, container rentals and inland transportation. Lanka Ceramic is expected to benefit from the recovery in construction activity and steady demand from domestic tile and ceramic manufacturers, with continued emphasis on responsible mining, cost discipline and capacity utilisation.

Key opportunities across the medium-term lie in building greater resilience across the sector's specialised businesses by deepening advisory capability, widening value-added service offerings, improving customer responsiveness and maintaining disciplined execution across businesses exposed to different demand drivers and external risks.

Way Forward

- Strengthen insurance brokering through tailored risk advisory, client education, coverage gap analysis and continued support across motor, health and corporate risk lines.
- Expand shipping's value-added revenue streams through SOC loadings, project cargo, special cargo, container sales/rentals, inland transportation and other new business opportunities within the shipping cluster.
- Grow Delmege Travels by building on outbound travel recovery, with integrated support across airline ticketing, visa facilitation, outbound tours, travel insurance and corporate travel requirements.
- Maintain Lanka Ceramic's role as a reliable supplier to the domestic ceramic industry by improving capacity utilisation, managing unit production costs and sustaining responsible mining practices.
- Strengthen operational execution across the sector through better customer follow-up, principal/partner coordination, regulatory compliance and service responsiveness.



Resources.

Actions.
Results.

Just as a feather's strength depends on the quality and condition of its underlying elements, Vallibel One's performance is supported by the careful management of its capitals. This section reviews how these capitals were preserved, enhanced and deployed to create value during the year.

Financial Capital

Capital that Fuels Growth and Resilience

Financial capital at Vallibel One represents the funds, earnings, reserves and financing capacity that enable the Group to invest, operate, grow and create long-term value across its diversified portfolio. It includes revenue generation, profitability, cash flows, borrowings, equity, retained earnings, capital allocation and shareholder returns. Managed with prudence, financial capital serves as more than a funding base. It is a disciplined resource platform that allows Vallibel One to strengthen performance, support business expansion, protect resilience and create sustainable value for shareholders and stakeholders.

Financial Capital in Numbers

LKR 149.35 Bn
Total revenue
2024/25: LKR 122.10 Bn

22%
Revenue growth
2024/25: 0.35%

LKR 30.58 Bn
Profit before tax
2024/25: LKR 24.70 Bn

LKR 20.87 Bn
Profit before tax
2024/25: LKR 16.02 Bn

LKR 149.35 Bn
Total revenue
2024/25: LKR 122.10 Bn

3,300 MT/MONTH
Corrugated carton production capacity

LKR 11.57
Earnings per share
2024/25: 10.34

LKR 591.52 Bn
Total assets
2024/25: LKR 406.77 Bn

LKR 180.92 Bn
Total equity
2024/25: LKR 158.27 Bn

LKR 8.85 Bn
Taxes paid
2024/25: LKR 9.59 Bn

Financial Value Drivers:

Revenue Base
Diversified income streams across finance, lifestyle, aluminium, healthcare, packaging, leisure and other specialised sectors..

Profitability Engine
Operating performance, margin discipline and sector-level earnings that support Group profitability.

Capital Allocation
Deployment of financial resources towards businesses, assets and opportunities aligned to long-term value creation.

Liquidity and Funding
Cash flows, borrowings, deposits, equity and financing capacity that support operational continuity and investment needs.

Portfolio Resilience
Diversified sector exposure that helps balance market cycles, cost pressures and sector-specific volatility.

Shareholder Returns
Earnings, retained profits, dividends and value accretion that support investor confidence.

What we did in 2025/26

- Strengthened revenue and profitability through improved performance across key operating sectors.
- Expanded the Group's asset and equity base, reinforcing financial capacity for future growth.
- Maintained disciplined capital allocation while supporting investment, operational continuity and shareholder returns.

Strategic Focus Areas: SG GS ME BE

Material Topics: M2 M3 M4 M5 M6 M8

Principal Risks: R1 R2 R3 R6 R7

Impacted SDGs:

CAPITAL INTERDEPENDENCIES AND TRADE-OFFS

How Financial Capital Connects with Other Capitals

Financial capital enables Vallibel One to invest in physical infrastructure, people, systems, partnerships and environmental initiatives that support longterm value creation. In turn, the performance of these capitals strengthens the Group's earnings, resilience and future growth capacity.

The Group therefore manages financial capital with a focus on balancing investment, returns, liquidity, risk and stakeholder value. This ensures that funds are allocated towards opportunities that support both near-term performance and long-term sustainability.

Natural Capital

Provides
Customer trust, supplier relationships, principal partnerships, investor confidence and community acceptance.

Creates value through
Market access, customer loyalty, funding confidence, supplier continuity and brand strength.

Potential pressure
Service expectations, reputational risk, credit exposure and stakeholder confidence.

Human Capital

Provides
Employee capability, leadership, productivity and operational execution.

Creates value through
Service quality, innovation, efficiency, customer relationships and business continuity.

Potential pressure
Remuneration costs, retention, capability gaps and productivity expectations.

Manufactured Capital

Provides
Physical infrastructure, production capacity, branches, showrooms, service platforms and operating assets.

Creates value through
Revenue generation, asset productivity, customer access and operational resilience.

Potential pressure
Capital expenditure, maintenance costs, asset utilisation and payback

Intellectual Capital

Provides
Brands, systems, data, processes, innovation and governance frameworks.

Creates value through
Operational efficiency, digital transformation, better decision-making and market relevance.

Potential pressure
Technology investment, implementation costs, adoption and cyber/data risks.

Social and Relationship Capital

Provides
Customer relationships, supplier networks, principal partnerships and community acceptance.

Creates value through
Market access, customer proximity, service reliability and stakeholder confidence.

Potential pressure
Service consistency, product availability,delivery timelines and stakeholder trust.

HOW FINANCIAL CAPITAL SUPPORTS VALUE CREATION

Generate → Strengthening earnings
Generating revenue and earnings across the Group's diversified operating sectors.

Allocate → Funding strategic priorities
Deploying capital towards businesses, assets and opportunities aligned to longterm growth.

Optimise → Improving financial efficiency
Managing costs, margins, working capital and funding structures to strengthen financial performance.

Protect → Reinforcing resilience
Maintaining liquidity, equity strength and disciplined risk management to support stability.

Grow → Enabling future value
Reinvesting financial resources to support expansion, innovation, customer access and shareholder returns.



Financial Capital

Operating Landscape

- A gradually stabilising economy supported improved demand, business confidence and sector recovery.
- Interest rate movements, taxation, cost pressures, exchange rate exposure and competitive market conditions continued to influence financial performance.
- The Group focused on revenue growth, margin discipline, cost efficiency and prudent capital allocation.
- Stronger sector performance and disciplined financial management supported improved earnings, asset growth and long-term resilience.

Financial Capital at a Glance

The Group's financial performance strengthened during the year, reflecting improved earnings, disciplined financial management and the continued contribution of its diversified sectors to revenue growth and portfolio resilience.

OPTIMISING FINANCIAL PERFORMANCE

Vallibel One delivered a stronger financial performance in 2025/26 compared to the preceding year, supported by improved operating results, sector-level recovery and disciplined cost management. Total Group revenue increased by approximately 22.3% to LKR 149.35 Bn, while result from operating activities rose to LKR 38.26 Bn, compared to LKR 30.82 Bn in the previous year.

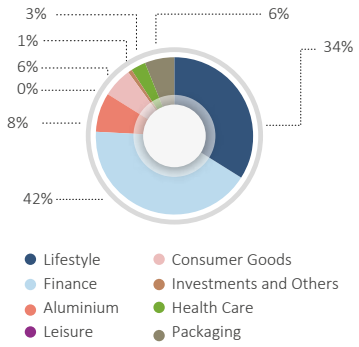
Profit before tax increased to LKR 30.58 Bn, while profit for the year grew to LKR 20.87 Bn, compared to LKR 16.02 Bn in 2024/25. Earnings per share also improved to LKR 11.57, from LKR 10.34 in the previous year.

This performance reflects the Group's ability to convert improving market conditions into earnings growth, while maintaining focus on cost discipline, portfolio resilience and prudent financial management.

Revenue and Sector Contribution

Revenue growth during the year was supported by stronger credit demand, recovering construction-linked activity, improved consumer confidence, export and regional opportunities, and the continued contribution of the Group's diversified portfolio.

Revenue Composition



Overall, the Finance and Lifestyle sectors continued to anchor Group revenue, together accounting for approximately 76% of total revenue. Aluminium, Packaging, Consumer Goods, Healthcare and Other sectors added depth and resilience to the Group's revenue base.

Lifestyle Sector

The Lifestyle sector generated LKR 50.43 Bn, accounting for approximately 34% of Group revenue. Performance was supported by the gradual recovery in construction-linked demand, stronger market activity across tiles, bathware, grout and related building solutions, improved showroom and dealer engagement, and continued focus on product relevance, customer reach and manufacturing efficiency.

Finance Sector

The Finance sector remained the largest contributor to Group revenue, generating LKR 62.39 Bn, or approximately 42%of total revenue. This performance was supported by strong lending growth, resilient margins, wider branch-led access, digital-enabled customer engagement and disciplined portfolio management. Demand across leasing, gold loans, MSME finance, deposits and savings-related services also supported the sector's revenue growth. L B Finance's broader digital ecosystem continued to gain traction, with L B CIM processing over LKR 318 Bn during the year.

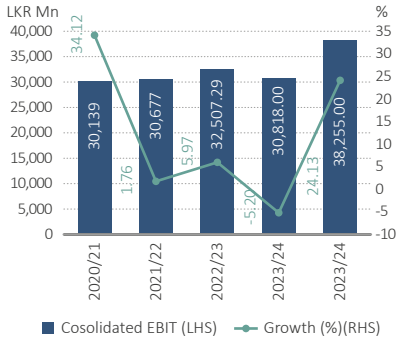
Aluminium Sector

The Aluminium sector contributed LKR 12.14 Bn, or approximately 8% of Group revenue. Revenue growth was supported by construction-driven volume growth, stronger demand for aluminium extrusion and architectural systems, pricing discipline and progress in regional and export-linked opportunities, including the Bangalore aluminium solutions hub.

Healthcare Sector

The Healthcare sector contributed LKR 4.83 Bn, accounting for approximately 3% of Group revenue. Revenue was supported by specialised medical technology solutions, ophthalmic and diagnostic-related products, technical servicing capability and continued engagement with hospitals, clinicians and healthcare institutions.

Consolidated EBIT



Consumer Goods

The Consumer Goods sector generated LKR 9.15 Bn, or approximately 6% of Group revenue, supported by improved consumer

activity, established brands, distribution channels and continued recovery in demand across relevant product categories.

Packaging Sector

The Packaging sector contributed LKR 9.65 Bn, representing approximately 6% of Group revenue. This was supported by corrugated cartons, paper sacks and value-added packaging solutions, while product optimisation, supply continuity and the Kenya-based corrugated packaging operation strengthened the sector's market relevance.

Other Sector

The Other sector generated LKR 0.93 Bn, supported by insurance brokering, travel-related activity, shipping and logistics solutions, and ceramic raw material supply. These businesses contributed to the Group's broader service base and portfolio diversification, with insurance brokering and travel benefiting from improving economic conditions and stronger customer activity.

Operating Costs and Cost Discipline

The Group continued to manage operating costs in an environment shaped by higher business volumes, wider activity levels, funding requirements, taxation, cost inflation and sector-specific price pressures. Administrative and distribution expenses increased during the year, reflecting the expansion of operating activity, customer access, business development, people capability and service delivery across the Group.

Administrative expenses amounted to LKR 18.10 Bn, compared to LKR 14.72 Bn in 2024/25. Distribution expenses increased to LKR 12.14 Bn, compared to LKR 10.43 Bn in the previous year. While these increases reflected higher operating scale and activity levels, the Group maintained focus on cost discipline, productivity improvement and operational efficiency across sectors.

Business Excellence initiatives across manufacturing entities also supported the broader cost discipline agenda, delivering LKR 1.69 Bn in savings during the year. These savings strengthened the link between operational improvement, asset productivity and financial performance.

Operating Profitability

The Group's result from operating activities increased to LKR 38.26 Bn, compared to LKR 30.82 Bn in 2024/25, reflecting a growth of approximately 24.1%. This improvement demonstrated the Group's ability to convert higher business volumes into stronger operating earnings, supported by improved gross profit, sector-level recovery and continued cost management.

Finance remained the largest contributor to operating results, supported by lending growth, disciplined portfolio management and resilient margins. Lifestyle also recorded stronger operating performance, benefiting from a gradually stabilising economy and a moderate uptick in demand. Aluminium, Healthcare, Packaging, Consumer Goods and Other businesses provided further support, reflecting the value of the Group's diversified operating base.

Net Finance Cost and Other Earnings Impacts

Following the improvement in operating profitability, net finance cost remained an important factor in the Group's earnings progression. Finance costs increased to LKR 2.92 Bn, compared to LKR 2.40 Bn in 2024/25, reflecting funding requirements across the Group's expanding operating base.

Finance income amounted to LKR 395.69 Mn, resulting in a net finance cost of LKR 2.52 Bn for the year. The Group also recorded LKR 34.05 Mn as share of results of equity-accounted investees, reflecting the contribution from associate interests, including the Leisure sector.

Profitability and Sector Earnings

Profit before tax increased to LKR 30.58 Bn, compared to LKR 24.70 Bn in 2024/25, while profit for the year increased to LKR 20.87 Bn, from LKR 16.02 Bn in the previous year. This improvement reflected stronger operating results, continued sector-level recovery and the contribution of the Group's diversified earnings base.

Profit contribution remained anchored by the Finance sector, which generated LKR 20.5 Bn and accounted for approximately 61% of segment PBT. The Lifestyle sector contributed LKR 4.91 Bn, or 15%, while the Investment sector contributed LKR 4.27 Bn, or 13%.

Administrative expenses

LKR 18.10 Bn

2024/25: LKR 14.72 Bn

Distribution expenses

LKR 12.14 Bn

2024/25: LKR 10.43 Bn

Business Excellence savings

LKR 1.69 Bn

Healthcare, Other, Packaging and Aluminium provided further support, contributing LKR 1.07 Bn, LKR 0.73 Bn, LKR 821.56 Mn and LKR 809.98 Mn, respectively. Consumer Goods contributed LKR 351.72 Mn, while Leisure contributed LKR 33.46 Mn through the share of results of equity-accounted investees.

Income tax expense amounted to approximately LKR 9.53 Bn, compared to LKR 8.32 Bn in 2024/25. After accounting for tax, the Group recorded a profit after tax of LKR 20.87 Bn, compared to LKR 16.02 Bn in the previous year. Earnings per share improved to LKR 11.57, compared to LKR 10.34 in the previous year.

FINANCIAL POSITION AND CAPITAL BASE

Assets

The Vallibel One Group's total consolidated assets increased by approximately 45.4% to LKR 591.52 Bn, compared to the LKR 406.77 Bn recorded in the previous financial year. The increase of approximately LKR 184.70 Bn was driven predominantly by the expansion of financial assets at amortised cost – loans and advances, which remained the largest component of the Group's asset base.

Financial Capital

Financial assets at amortised cost increased by approximately 67% to LKR 332.95 Bn, compared to LKR 199.27 Bn in 2024/25. This represented an increase of approximately LKR 134 Bn, accounting for nearly 72% of total asset growth during the year. Financial assets at amortised cost represented approximately 56.8% of total assets, reflecting the continued scale of the Finance sector's lending portfolio, supported by renewed credit demand and disciplined portfolio expansion. Cash and cash equivalents increased by approximately 97% year-on-year, strengthening the Group's liquidity position and supporting its ability to meet operational, funding and investment requirements.

Other financial assets also recorded a notable increase, rising by approximately 91.7% to LKR 43.28 Bn, compared to LKR 22.58 Bn in the previous year. This contributed approximately LKR 20.70 Bn to the increase in total assets and represented around 7.3% of the Group's asset base.

Property, plant and equipment stood at approximately LKR 79.32 Bn, compared to LKR 74.71 Bn in 2024/25, reflecting a moderate increase of approximately 6%. PPE accounted for approximately 12.9% of total assets, supported by continued investment in manufacturing facilities, production assets, operating infrastructure and customer-facing locations.

Inventories increased by approximately 3% to LKR 36.4 Bn, compared to LKR 35.40 Bn in 2024/25, representing approximately 6.1% of the Group's asset base. The movement reflected higher production and operating requirements across manufacturing-led sectors.

Right-of-use assets increased by approximately 25.1% to LKR 3.74 Bn, compared to LKR 2.99 Bn in the previous year, supporting the Group's branch, showroom, office and operating footprint.

Overall, the Group's asset composition continued to be led by the Finance sector's lending portfolio, supported by operating assets, inventories, financial investments, liquidity resources and other asset categories. The Group remained adequately positioned to meet its liability position of approximately LKR 410,598 Mn during the year.

Liabilities and Equity

The Group's liability base increased by approximately 65.2% to LKR 410.59 Bn in 2025/26, compared to LKR 248.50 Bn in the previous year. This increase was mainly driven by higher amounts due to customers, amounts due to banks and interest-bearing loans and borrowings, reflecting the funding requirements of a larger lending and operating base.

Amounts due to customers remained the largest liability category, increasing by approximately 36.1% to LKR 188.98 Bn, from LKR 138.82 Bn in 2024/25. This reflects the Finance sector's deposit mobilisation strength and continued customer confidence in L B Finance.

Amounts due to banks increased by approximately 156.5% to LKR 105.05 Bn, compared to LKR 40.95 Bn in the previous year, supporting the Group's financing requirements during a period of stronger credit demand. Interest-bearing loans and borrowings also increased by approximately 105.9% to LKR 75.44 Bn, compared to LKR 36.64 Bn in 2024/25, aligned with lending growth, working capital needs and investment activity.

On the equity front, total equity increased by approximately 14.3% to LKR 180.92 Bn, compared to LKR 158.29 Bn in the previous year. This was supported by improved profitability and retained earnings, reinforcing the Group's capital base and strengthening its capacity to support future growth while absorbing market volatility.

Funding

The Group's shareholders' funds increased by approximately 14.3% to LKR 180,918 Mn as at 31 March 2026, compared to LKR 158,270 Mn in the previous year. The increase was supported by stronger profitability and retained earnings, further strengthening the Group's capital base.

Total liabilities increased by approximately 65.2% to LKR 410,598 Mn, compared to LKR 248,499 Mn in 2024/25. Customer deposits continued to represent the largest share of the liability base, accounting for approximately 46.0% of total liabilities. Amounts due to banks accounted for 25.6%,

Financial assets at amortised cost – loans and advances

LKR 332.99 Bn

56% of total assets | +67%

Property, plant and equipment

LKR 79.32 Bn

13% of total assets | 6%

Other financial assets

LKR 43.28 Bn

7.3% of total assets | 2%

Inventories

LKR 36.4 Bn

6.1% of total assets | 3%

Right-of-use assets

LKR 3.70 Bn

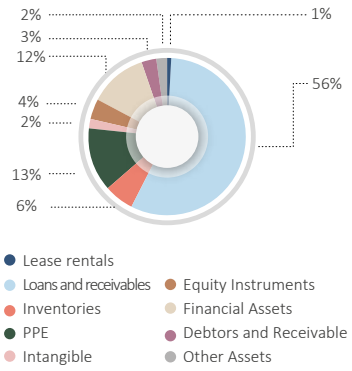
0.6% of total assets | 24%

Earnings per share

LKR 11.57

2024/25 LKR 10.34

Asset Composition



while interest-bearing loans and borrowings represented 18.4%.

The funding base expanded in line with the Group's larger lending portfolio and higher operating activity during the year. The Group continued to manage funding with attention to liquidity, cost of funds, repayment obligations and margin preservation, ensuring that capital remained available to support business growth, working capital requirements and investment priorities.

Cash Flow

The Group recorded a net cash outflow from operating activities of LKR 10,724 Mn, compared to a net outflow of LKR 1,575 Mn in the previous year. This was mainly due to higher cash outflows towards financial assets at amortised cost, particularly loans and advances, as lending activity expanded during the year.

Net cash used in investing activities amounted to LKR 7,655 Mn, compared to a net inflow in 2024/25. This reflected continued investment in property, plant and equipment, right-of-use assets and acquisition-related cash flows. Purchases of property, plant and equipment amounted to LKR 5,756 Mn, while acquisition of right-of-use assets amounted to LKR 1,607 Mn. Dividend income of LKR 1,541 Mn partly supported investing cash flows during the year.

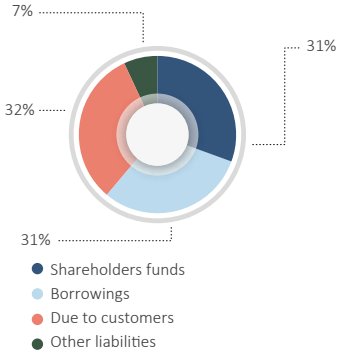
Net cash generated from financing activities increased to LKR 34,461 Mn, compared to LKR 25 Mn in the prior year. This was mainly driven by net proceeds from interest-bearing loans and borrowings of LKR 38,333 Mn, which supported lending growth, investment activity and liquidity requirements. Dividend payments amounted to LKR 5,289 Mn.

As a result, the Group recorded a net increase in cash and cash equivalents of LKR 16,078 Mn, compared to a net decrease of LKR 803 Mn in the previous year. Cash and cash equivalents at year-end increased to LKR 27,159 Mn, strengthening liquidity and flexibility to support operational and investment requirements.

Shareholder Returns and Market Value

The Group continued to create value for shareholders through improved earnings and dividend distribution. Earnings per share increased to LKR 11.57, compared to LKR 10.34 in 2024/25, reflecting stronger attributable earnings and improved Group profitability.

Funding Composition



Dividends paid amounted to LKR 5.30 Bn during the year, compared to LKR 5.71 Bn in the previous year. This reflects the Group's continued commitment to distributing value to shareholders while retaining sufficient financial capacity to fund growth and investment priorities.

The net asset value per share and market price per share should be included once the final numbers are confirmed.

Dividends paid

LKR 5.30 Bn

2024/25 LKR 5.71 Bn

Net asset value per share

LKR 108.75

2024/25 LKR 95.66

Market price per share

LKR 91.90

2024/25 LKR 58.90

Outlook

Vallibel One will continue to manage financial capital with a focus on earnings quality, liquidity, funding discipline and longterm resilience. Capital allocation will remain directed towards sectors and opportunities that strengthen returns, expand market presence and support sustainable growth across the portfolio.

The Group will prioritise balancing growth ambitions with prudent management of funding, working capital, taxation, capital expenditure and shareholder returns. With stronger sector momentum, an expanded asset base and improved liquidity, Vallibel One remains positioned to support future investment while maintaining financial flexibility.

Through this approach, financial capital will continue to serve as a foundation for portfolio resilience, disciplined expansion and sustainable value creation.

Manufactured Capital

Infrastructure That Moves Value Forward

Vallibel One's manufactured capital represents the physical infrastructure, operating platforms and market access points that enable the Group to produce, serve, distribute and grow across diverse sectors. It includes manufacturing facilities, production lines, machinery, branches, showrooms, service platforms, technical infrastructure, logistics capability, mining assets and hospitality properties. Managed with discipline, manufactured capital serves as more than an asset base. It is a connected platform that allows Vallibel One to scale capabilities, remain close to customers, improve productivity and build capacity for future growth.

Manufactured Capital in Numbers

LKR 79.3 BN
Total CAPEX
(LKR 74.7 Bn in 2024/25)

205+
Branches supporting financial access across Sri Lanka

LKR 5.8 BN
Capital Addition
(LKR 5.9 Bn in 2024/25)

49,000 SQ.M./DAY
Combined tile production capacity

LKR 46.6 BN
CAPEX – land and buildings
(LKR 43 Bn in 2024/25)

3,300 MT/MONTH
Corrugated carton production capacity

LKR 17.7 BN
CAPEX – plant, machinery and equipment
(LKR 16 Bn in 2024/25)

700 MT
Aluminium production capacity

25%
Average return on assets
(30% in 2024/25)



Value Platforms

Production Bases
Factories, machinery and production lines supporting tiles, bathware, grout, aluminium and packaging operations.

Market Access Points
Branches, showrooms, outlets and reality centres that bring the Group closer to customers.

Service Infrastructure
Technical support, healthcare servicing, project execution, logistics and after-sales capability.

Regional Presence
Export-linked and overseas operations that extend the Group's market presence.

Resource Assets
Mining and raw material supply supporting the domestic ceramic value chain.

Experiential Spaces
Hospitality, office, showroom and customer spaces that strengthen brand presence and stakeholder engagement.

What we did in 2025/26

- Prioritised investments in physical infrastructure that supports production readiness, customer access and long-term growth.
- Advanced asset upgrades, efficiency improvements and Business Excellence initiatives across manufacturing-led operations.
- Strengthened regional and customer-facing platforms, including branch-led access, packaging capacity in Kenya and hospitality asset enhancement.

Strategic Focus Areas: SG GS ME BE

Material Topics: M1 M2 M3 M4 M5 M6

Principal Risks: R1 R2 R3 R4 R5

Impacted SDGs:

CAPITAL INTERDEPENDENCIES AND TRADE-OFFS

How Manufactured Capital Connects with Other Capitals

Manufactured capital strengthens Vallibel One's ability to produce, serve, distribute and grow. Its value is enabled by the financial resources, natural resources, skilled people, systems, knowledge and stakeholder relationships that support the Group's physical infrastructure.

The Group therefore manages manufactured capital as a connected platform, ensuring that investments in facilities, machinery, branches, showrooms, service infrastructure and operating assets support scale, productivity, market access and long-term resilience.

Financial Capital

Provides
Capital investment, working capital and maintenance expenditure.

Creates value through
Production capacity, customer access, asset productivity and long-term earnings potential.

Potential pressure
Capital allocation, cash flows, payback periods and asset utilisation.

Human Capital

Provides
Skills, technical capability, maintenance discipline and safe operating practices.

Creates value through
Reliable operations, product quality,service responsiveness and productivity.

Potential pressure
Capability gaps, safety performance, workload and readiness for new technologies.

Natural Capital

Provides
Energy, water, raw materials and landbased resources.

Creates value through
Local manufacturing, supply continuity, material efficiency and resource optimisation.

Potential pressure
Energy use, water consumption, emissions, waste and raw material intensity.

Intellectual Capital

Provides
Systems, data, process knowledge, automation and innovation.

Creates value through
Asset visibility, process efficiency, quality control and faster decision-making.

Potential pressure
Technology adoption, process consistency and change readiness.

Social and Relationship Capital

Provides
Customer relationships, supplier networks, principal partnerships and community acceptance.

Creates value through
Market access, customer proximity, service reliability and stakeholder confidence.

Potential pressure
Service consistency, product availability,delivery timelines and stakeholder trust.

HOW MANUFACTURED CAPITAL SUPPORTS VALUE CREATION

Build → Creating scale
Investing in facilities, machinery and infrastructure that strengthen the Group's operating base.

Extend → Expanding reach
Widening branch, showroom, service and regional access to improve customer reach and market presence.

Optimise → Embedding efficiency
Improving productivity, process efficiency and asset utilisation across the Group's physical infrastructure.

Serve → Strengthening service reliability
Supporting customers through physical, technical and service platforms that enhance reliability and responsiveness. Strengthening service reliability

Grow → Enabling future readiness
Creating capacity for future earnings, market expansion and long-term value creation.



Manufactured Capital

Operating Landscape

- Recovering construction activity and improving customer confidence supported demand across manufacturing, building solutions, packaging and financial services.
- Cost sensitivity, raw material volatility, energy intensity and competitive pricing continued to influence investment and asset utilisation decisions.
- The Group focused on selective investment, prioritising assets linked to production readiness, customer access and operating reliability.
- Greater emphasis was placed on improving existing infrastructure, strengthening maintenance discipline and supporting growth platforms with clear strategic relevance.



Rocell Showroom Gampaha

Manufactured Capital at a Glance

The Group's manufactured capital spans a diversified asset base across manufacturing, finance, aluminium, healthcare, packaging, leisure and other specialised sectors. Together, these assets support production capability, customer access, service delivery, regional growth and future development.

Lifestyle Sector

Tiles, bathware, grout, interiors and building solutions

Asset focus
Manufacturing facilities, production lines, showrooms, dealer/project channels and customer experience spaces.

Key indicators
LKR **82.9** BN asset value

8 manufacturing facilities

118 showrooms / customer experience locations

49,000 SQ.M./day combined tile production capacity

Key locations
Eheliyagoda, Horana, Ranala, Meepe, Balummahara, Mabima, Homagama and Mattegoda, together with islandwide showroom, dealer and project channel presence

Packaging Sector

Corrugated cartons, paper sacks and value-added packaging

Asset focus
Corrugated packaging facilities, paper sack operations, offset packaging capability and regional packaging operations.

Key indicators
LKR **9.5** BN asset value

3,300 MT/month corrugated carton production capacity

1.8 MN/month paper sack production capacity

700 MT/month Kenya corrugated packaging capacity

Key locations
Dekatana and Nairobi, Kenya

Leisure Sector

Hospitality asset and long-term development property

Asset focus
Premium hospitality property, refurbishment-led asset enhancement and long-term development land..

Key indicators
LKR **10.9** BN asset value

53-ROOM boutique resort

LONG-TERM DEVELOPMENT ASSET positioned for future value creation

Key locations
Koggala and Negombo

Aluminium Sector

Aluminium extrusion and architectural systems

Asset focus
Production facility, extrusion capacity, reality centres, fabrication support and overseas market access.

Key indicators
LKR **10** BN asset value

700 MT production capacity

6 reality centres

09 overseas markets served

Key locations
Dompe and regional/export markets

Finance Sector

Non-banking financial services infrastructure

Asset focus
Branch network, regional service points and digital-enabled customer access infrastructure.

Key indicators
LKR **416** BN asset value

225+ branches across Sri Lanka

20 microfinance branches in Myanmar

Key locations
Islandwide presence, with expanded regional and rural reach, including the North and East



Product Display - Rocell Kandy Showroom

Other Sector

Insurance, shipping, travel and ceramic raw materials

Asset focus
Corporate office-led service platforms, logistics capability, travel service infrastructure and feldspar mining operations.

Key indicators
LKR **17** BN asset value

36,694 MT feldspar output

01 corporate office-led Delmege service platform

02 mining / resource locations

Key locations
Corporate Office- Colombo, Owala-Matale Meetiyagoda

Healthcare Sector

Medical technology, ophthalmic and specialised healthcare solutions

Asset focus
Corporate office-led operations, technical servicing, installation capability, principal-backed healthcare infrastructure and after-sales support.

Key indicators
LKR **3.9** BN asset value

20+ customer / institutional touchpoints

1 specialised healthcare solution areas

Key locations
Corporate Office- Colombo

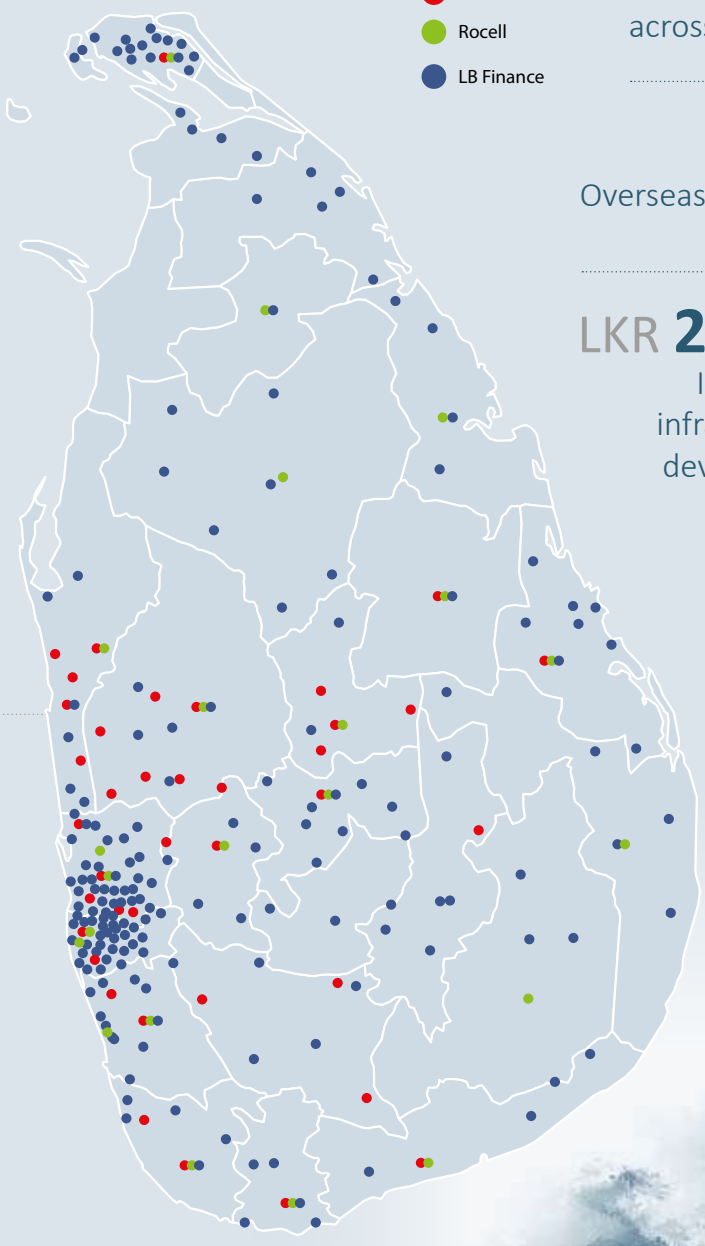


Product Display - Rocell Kandy Showroom

Manufactured Capital

AN EXPANDING PRESENCE

Vallibel One's manufactured capital is supported by a broad physical footprint across Sri Lanka, including manufacturing facilities, showrooms, branches, service locations and resource assets. During the year, the Group continued to strengthen customer and regional access, including L B Finance's expansion across the North, East and rural markets, together with selected overseas platforms in Myanmar, Kenya and India.



4,500+
Physical touchpoints across Sri Lanka

05
Overseas / regional locations

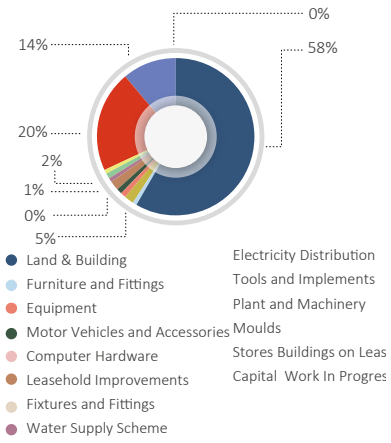
LKR **20** MN
Invested in infrastructure development

INVESTING IN EXPANSION AND ASSET READINESS

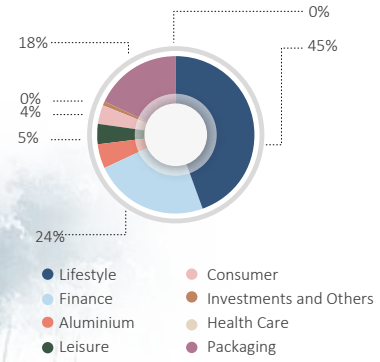
During the year, the Group continued to invest selectively in the physical infrastructure needed to support expansion, production readiness and customer access. Total CAPEX amounted to LKR 5.73 Bn, compared to LKR 5.94 Bn in 2024/25, reflecting disciplined investment in a stabilising operating environment.

The largest share of investment was directed towards the Lifestyle sector, followed by Finance and Packaging, reflecting continued focus on construction-linked manufacturing capability, branch-led customer access and packaging capacity. In terms of capital deployment, investment was concentrated mainly in land and buildings and plant and machinery, reinforcing the Group's focus on strengthening the physical base that supports operations, resilience and future growth.

CAPEX Components



Total CAPEX by sector



Capacity and Expansion

Capacity and Expansion

Kenya Packaging Expansion — *Packaging Sector (pages 156-161)*

The Group strengthened its East African packaging footprint through the Kenya-based corrugated packaging operation, with corrugator capacity doubled from 350 MT to 700 MT. The sector also continued to evaluate paper sack manufacturing opportunities in Kenya, supporting longer-term regional diversification.

L B Finance Regional Reach — *Finance Sector (pages 123-129)*

L B Finance continued to deepen financial access through its branch network, including expansion across the North, East and rural markets. The Company also made an advance investment towards establishing operations in the Philippines, with a planned focus on microfinance and auto finance solutions.

Fortress Refurbishment — *Leisure Sector (pages 137-142)*

The Fortress Resort & Spa completed a comprehensive refurbishment programme covering guest rooms, dining spaces, the swimming pool and supporting facilities. These upgrades strengthened the property's premium boutique positioning and enhanced guest experience.

Greener Water Development — *Leisure Sector (pages 134-142)*

Greener Water remains a long-term development asset within the Group's leisure portfolio. The project is expected to contribute to future value creation once market conditions become more conducive.

Healthcare Service Infrastructure — *Healthcare Sector (pages 150-155)*

The Healthcare sector continued to support specialised service delivery through technical infrastructure, installation capability and after-sales support. The sector expanded its specialised solution portfolio through C-Arm systems, 3D-printing-based prosthetics and advanced mammography solutions.

ASSET UPGRADES AND OPERATIONAL EFFICIENCY

During the year, the Group strengthened manufactured capital not only through new investment, but also through improvements to existing production assets, facilities and operating infrastructure. These initiatives focused on capacity readiness, equipment performance, resource efficiency and service reliability across key operating sectors.





Production System Upgrades

Swisstek Aluminium upgraded key production systems, including billet heating and extrusion line enhancements, to improve efficiency and throughput. The business also advanced proactive maintenance practices and standardised operations through a model line approach under its Business Excellence programme.

Lifestyle Sector (pages 116-122)

Process Excellence

Lanka Tiles achieved approximately LKR 250 Mn in process excellence savings and a 14% reduction in production cost, reflecting stronger manufacturing discipline, asset productivity and cost control.

Lifestyle Sector (pages 116-122)

A Commitment to Excellence (pages 40-41)

Manufactured Capital

Resource Efficiency

The Lifestyle manufacturing base continued to focus on energy optimisation, preventive maintenance, raw material efficiency and safer handling of labour-intensive activities. Lanka Walltiles improved energy intensity, increased manufacturing yield and reduced rejection rates, while Lanka Tiles increased recycled water use.

Lifestyle Sector (pages 116-122)

Natural Capital (pages 218-226)

Production System Upgrades

Swisstek Aluminium upgraded key production systems, including billet heating and extrusion line enhancements, to improve efficiency and throughput. The business also advanced proactive maintenance practices and standardised operations through a model line approach under its Business Excellence programme.

Aluminium Sector Review (pages 130-136)

Natural Capital (pages 218-226)

Product Optimisation

The Packaging sector advanced product optimisation initiatives focused on reducing material consumption while maintaining packaging strength and performance. These efforts supported cost efficiency and resource discipline in a market affected by raw material price volatility and pricing pressure.

Packaging Sector Review (pages 156-161)

Production System Upgrades

Swisstek Aluminium upgraded key production systems, including billet heating and extrusion line enhancements, to improve efficiency and throughput. The business also advanced proactive maintenance practices and standardised operations through a model line approach under its Business Excellence programme.

Lifestyle Sector (pages 116-122)



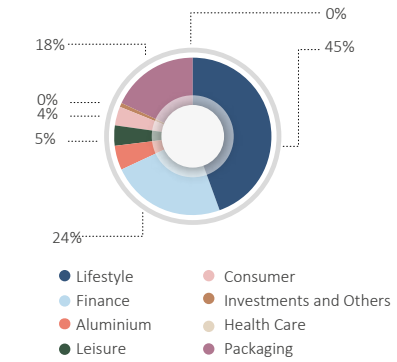
BUSINESS EXCELLENCE AND ASSET PRODUCTIVITY

The Group's Business Excellence initiative was launched across selected manufacturing entities during the year, strengthening the link between manufactured capital, process discipline and cost efficiency. The initiative focused on improving the productivity of existing assets through cost deployment, focused improvement, equipment reliability, quality, safety and process ownership.

In 2025/26, the programme delivered total savings of LKR 1.69 Bn, driven primarily by conversion-related efficiencies. Conversion savings accounted for 81% of total savings, reflecting improvements in production processes, machine performance, material usage and operating discipline. Procurement-related savings contributed a further 15%, while logistics and distribution and inventory working capital initiatives supported additional efficiency gains.

At sector level, savings were concentrated mainly in the Lifestyle sector, reflecting the scale of its manufacturing base and the progress made across tile, bathware and related manufacturing operations. The Aluminium and Packaging sectors also contributed to the Group-wide savings, demonstrating the broader application of Business Excellence across the manufacturing portfolio.

Total CAPEX by sector





Outlook

Looking ahead, Vallibel One will continue to manage manufactured capital with a focus on disciplined investment, efficient asset utilisation and selective expansion. The Group will prioritise assets that improve production capability, strengthen customer access, support regional growth and enhance service reliability.

The emphasis will remain on extracting greater value from existing infrastructure through Business Excellence, process efficiency, technology-enabled operations and resource optimisation. At the same time, the Group will continue to evaluate future growth platforms, including regional expansion opportunities and long-term development assets, in line with market conditions, capital priorities and execution readiness.

Through this approach, manufactured capital will continue to support scale, resilience, customer relevance and sustainable value creation across the Group.

Human Capital

PEOPLE, SKILLS AND WORKPLACE PRACTICES THAT ENABLE PERFORMANCE

Vallibel One's human capital is anchored in the capability, commitment and resilience of its people across the Group's diversified sectors. The Group's workforce supports operational continuity, customer service, product quality, innovation, risk management and long-term value creation. Through inclusive employment, structured recruitment, training and development, health and safety practices, performance management, employee engagement and workplace well-being, Vallibel One continues to build the people capabilities required to support sustainable growth.

Human capital in numbers

10,254
Employees
2024/25: 9,935

3,514
Employees recruited
2024/25: 3,480

43%
Recruitments outside the Western Province
2024/25: 40%

111,205
Training hours
2024/25: 86,498

LKR 43.3 Mn
Training investment
2024/25: LKR 24.61 Mn

1,244
Employees promoted
2024/25: 1,205

70 %
Employee retention rate
2024/25: 68%

LKR 14.56 Mn
Revenue per employee
2024/25: LKR 12.35 Mn

What we did in 2025/26

- Strengthened the Group's workforce base across key sectors to support business continuity, service delivery and operational growth.
- Expanded access to employment through recruitment across multiple regions, sectors and employee categories.
- Continued to support youth employment and early-career development through recruitment, internships and entry-level opportunities.
- Improved gender participation in recruitment and workforce representation, supporting a more inclusive employment base.
- Invested in employee learning and development across technical, operational, leadership, digital, governance and safety-related areas.
- Supported career progression through internal promotions, performance management and development opportunities.
- Continued to support employee retention through training, career development, benefits, engagement and workplace support initiatives.

Value Drivers:

Inclusive Employment
Employment opportunities across sectors, regions, age groups, employee categories and skill levels that support participation and workforce diversity.

Talent Acquisition and Future Talent
Recruitment, internship exposure, entry-level opportunities and sector-led talent pipelines that support workforce continuity and future capability.

Learning and Development
Training, technical capability building, leadership development, digital skills, safety awareness and professional development that improve performance and adaptability.

Performance and Career Progression
Performance evaluation, promotions, internal mobility and succession-related practices that support employee growth and institutional continuity.

Health, Safety and Well-being
Safety committees, training, incident reporting, health and safety controls, preventive healthcare and employee well-being initiatives that protect people and support productivity.

Strategic Focus Areas: SG PC GS ME BE

Material Topics: M2 M3 M6 M8 M10 M11

Principal Risks: R1 R3 R4 R5 R8

Impacted SDGs:

CAPITAL INTERDEPENDENCIES AND TRADE-OFFS

How Human Capital Connects with Other Capitals

Human capital strengthens Vallibel One's ability to execute strategy, serve customers, manage risk, operate safely, innovate and sustain performance across its diversified portfolio. Its value is enabled by the Group's financial resources, physical infrastructure, systems, stakeholder relationships and responsible use of natural resources.

The Group therefore manages human capital as a connected capability platform, ensuring that workforce planning, recruitment, training, engagement, health and safety, performance management and employee well-being support operational resilience, productivity and long-term value creation.

Financial Capital

Provides
Investment in salaries, benefits, training, recruitment, safety systems, employee engagement and workplace support.

Creates value through
Productivity, service quality, employee retention, stronger execution and improved revenue and profit per employee.

Potential pressure
Rising employee costs, training spend, benefit commitments, recruitment costs and the cost of retaining skilled talent.

Manufactured Capital

Provides
Factories, branches, showrooms, offices, service centres, equipment and workplace infrastructure.

Creates value through
Safe and productive working environments, operational efficiency, service delivery and improved workforce deployment.

Potential pressure
Workplace safety risks, capacity constraints, infrastructure readiness and the need for continuous safety and facility upgrades.

Intellectual Capital

Provides
Systems, technical knowledge, digital platforms, training content, policies, process know-how and institutional expertise.

Creates value through
Capability development, improved decision-making, innovation, knowledge retention and stronger operational execution.

Potential pressure
Skills gaps, technology adoption challenges, training needs, knowledge dependency and change management requirements.

Social and Relationship Capital

Provides
Employee relationships, community connections, customer-facing capability, trade union relationships and employer reputation.

Creates value through
Workplace trust, service quality, regional employment, employee loyalty and stronger stakeholder confidence.

Potential pressure
Employee expectations, industrial relations, retention challenges, grievance management and consistency of engagement.

Natural Capital

Provides
A safe, healthy and resource-conscious operating context that shapes workplace practices and employee expectations.

Creates value through
Healthier workplaces, environmental awareness, safety discipline and employee participation in sustainability initiatives.

Potential pressure
Climate-related workplace disruptions, resource constraints, environmental compliance needs and safety risks in operational environments.

HOW HUMAN CAPITAL SUPPORTS VALUE CREATION

Attract → Building the workforce
Recruiting talent across sectors, regions and skill categories to support business continuity, growth and operational requirements.

Develop → Strengthening capability
Investing in training, technical knowledge, leadership skills, digital readiness and continuous learning to improve employee performance.

Engage → Supporting motivation and retention
Creating a workplace environment that supports employee well-being, recognition, progression and engagement.

Protect → Safeguarding employees
Maintaining health and safety systems, incident reporting, safety committees, preventive healthcare and workplace controls.

Progress → Enabling future readiness
Building a skilled, adaptable and performance-driven workforce capable of supporting innovation, service quality and long-term business growth.



Human Capital

OPERATING LANDSCAPE

- Competition for skilled labour, employee migration and changing workforce expectations continued to shape the Group's human capital priorities during the year.
- Digitalisation, automation, service transformation and evolving customer expectations increased the need for stronger technical, digital, analytical and customer-facing capabilities.
- Regional employment remained important, with the Group continuing to create opportunities beyond the Western Province through recruitment and operational presence across multiple sectors.
- Health and safety remained a critical priority, particularly across manufacturing and industrial operations where physical workplace risks are higher.
- The Group continued to focus on recruitment, training, employee engagement, retention, safety, performance management and future talent development to build a skilled and resilient workforce.

WORKFORCE COMPOSITION

Vallibel One's workforce remained largely permanent during FY 2025/26, providing a stable employment base across the Group's sectors. The Group's employee base spans senior management, executive, non-executive and other employment categories, reflecting the diverse skills required across its businesses.

WORKFORCE PROFILE AT A GLANCE

Employment by Type and Gender

Company	Male	Female	Total	% of total
Permanent	6,329	2,890	9,219	90%
Contract / Temporary	525	84	609	6%
Outsourced	317	109	426	4%
Total	7,171	3,083	10,254	100%

Employment by Type and Gender

Employee category	Male Female	Female	Total	% of total workforce
Senior Management & above	240 (87.6%)	34 (12.4%)	274	2.7%
Executive Staff	1,752 (29.2%)	1,244 (58.5%)	2,996	29.2%
Non-Executive Staff	3,263 (89.2%)	395 (11%)	3,658	35.7%
Others	1,410 (32.4%)	1,916 (42.4%)	3,326	32.4%
Total	6,665 (65.0%)	3,589 (35.0%)		10,254

A Dynamic Team

51%
Below 30 years

42%
aged 30–50 years

7%
above 50 years

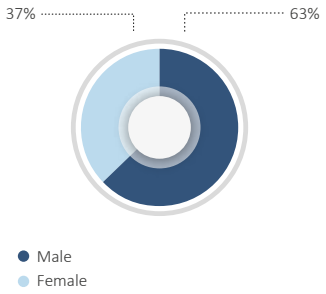
Women in the Workforce

30%
Female representation
Male-to-female ratio improved to 2.33:1
(2024/25: 2.61:1)

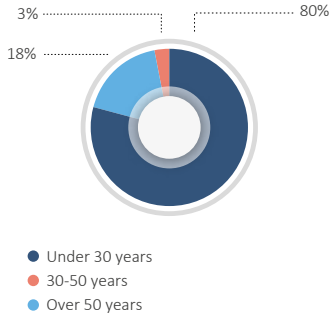
Stability and Strength

9,219
Permanent employees
Male-to-female ratio improved to 2.33:1
(2024/25: 2.61:1)

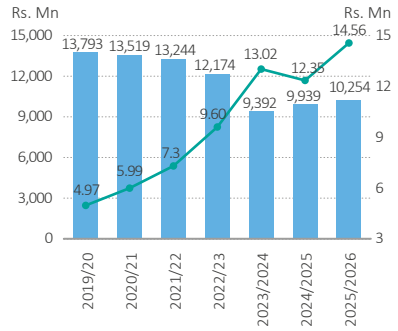
Employee turnover by Gender



Employee turnover by Age



Revenue per employee



Revenue per employee increased to LKR 14.56 Mn in FY 2025/26, compared to LKR 12.35 Mn in 2024/25, reflecting improved value generated per employee.

18 %
Increase in revenue per employee

REGIONAL AND SECTORAL PRESENCE

Employment across regions, sectors and operating models

The Group continued to support employment across multiple regions, with 4,031 employees based outside the Western Province. The workforce is distributed across both service-led and manufacturing-led sectors, supported by specialised businesses.

Region	Employees
Western	6,223
Sabaragamuwa	1,119
Central	672
Southern	584
Eastern	458
North Western	374
Northern	337
North Central	248
Uva	239
Total	10,254

39 %
of employees outside the Western Province

Sector	Employees	% of total
Finance	4,665	45.5%
Lifestyle	3,907	38.1%
Aluminium	590	5.8%
Packaging	568	5.5%
Others	239	2.3%
Consumer Goods	190	1.9%
Healthcare	68	0.7%
Leisure	27	0.3%
Total	10,254	100%

	Contract	Outsourced	Permanent	Total
Central	53	0	619	672
Eastern	6	0	452	458
North Central	10	0	238	248
North Western	17	0	357	374
Northern	5	0	332	337
Sabaragamuwa	82	36	1001	1119
Southern	19	1	564	584
Uva	12	1	226	239
Western	405	388	5430	6223
Total	609	426	9219	10254

10,254
Employees across Sri Lanka

85
Employees located across overseas operations*

*The 85 employees based overseas are not included in the Group's overall reported employee count at present. These employees are disclosed separately for transparency and will be embedded into the Group's overall human capital disclosures in future reporting cycles.

Human Capital

Stable workforce foundation

A predominantly permanent employment base supports operational continuity, service consistency and retention of institutional knowledge across the Group.

Future-ready talent base

The Group's young workforce profile creates a strong platform for skills development, succession planning and long-term capability building.

Inclusive and regional employment reach

Improved gender representation and employment beyond the Western Province reflect the Group's contribution to broader workforce participation and regional economic activity.

Our people power our purpose. Through inclusion, capability building and well-being, we strengthen the human foundation of Vallibel One.

AN INCLUSIVE WORKFORCE

Inclusion in Leadership

Vallibel One's commitment to inclusion is reflected at both governance and management levels. Women comprise 6 of the 11 Board Directors, representing 54.5% of the Board and positioning Vallibel One among the listed companies with one of the highest levels of female Board representation in Sri Lanka.

This commitment also extends into the Group's management and professional talent base, with women accounting for 32% of management and executive positions during FY 2025/26. Together, these indicators reflect the Group's continued focus on strengthening gender participation across governance, decision-making and career progression pathways.

Non-Discrimination and Equal Opportunity

Vallibel One is committed to fostering an inclusive, respectful and equitable workplace, upholding its role as an equal opportunity employer. The Group does not tolerate discrimination on the basis of age, race, gender or any other classification, and seeks to ensure that all employees work in a fair, ethical and responsible environment.

During the year under review, no incidents of discrimination or social prejudice were reported across the Group. Each business unit's Human Resources function is responsible for implementing relevant policies, procedures and regulatory requirements that support nondiscrimination, inclusion and fair treatment. Where concerns arise, appropriate corrective action is taken in line with established grievance and disciplinary processes.

54.5%
Female representation on the Board
6 of 11 Directors

15%
increase in women recruitment

32%
Women in management and executive positions

RECRUITING THE RIGHT TALENT

Building a diverse and future-ready workforce

Recruitment during the year remained focused on meeting sector-level workforce needs while widening access to employment across regions and age groups. The Group continued to strengthen youth hiring, improve female participation in recruitment and extend employment opportunities beyond the Western Province.



Employees Recruited

3,508

in FY 2025/26

2024/25: 3,480

Recruits Below 30 Years

85%

2,972 employees

2024/25: 85%

Female Recruits

41%

1,427 employees

2024/25: 36%

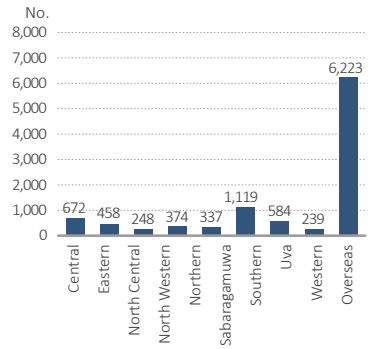
Recruits Beyond the Western Province

43%

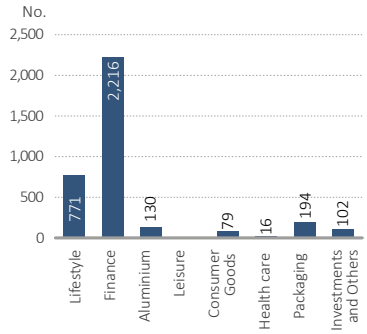
1,522 employees

2024/25: 40%

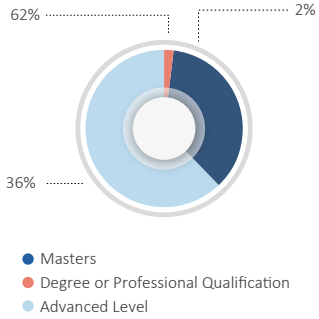
Team by Region



Recruitment by Sector



Team by level of education



FUTURE TALENT DEVELOPMENT

The Group continued to support early-career exposure through internship and entry-level opportunities across selected business sectors.

Internship exposure
Providing students and young professionals with practical workplace learning opportunities.

Entry-level pathways
Supporting early-career participation across selected sectors and functions.

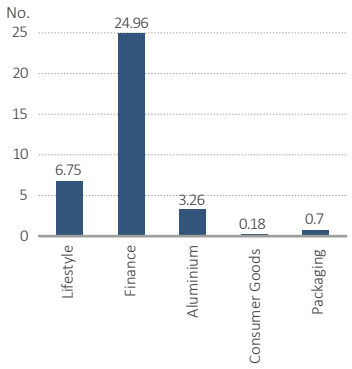
Long-term talent pipeline
Helping build future capability by introducing emerging talent to the Group's operating environment.'

TRAINING AND DEVELOPMENT

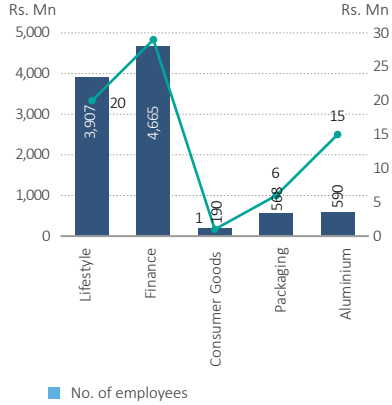
Training and development remained an important part of Vallibel One's human capital strategy, supporting individual growth, workforce capability and broader organisational advancement. Across the Group, learning initiatives continued to focus on strengthening the knowledge, skills and adaptability required to meet evolving business needs.

The Group's training approach combines structured programmes, external learning opportunities, on-the-job exposure and role-specific development initiatives. Training needs are identified through business requirements, performance discussions and sector-level capability priorities, helping align employee development with both individual roles and the strategic direction of each business.

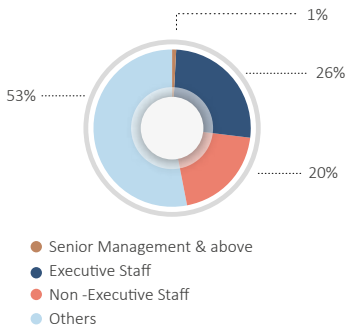
Investment in Training by sector



Total employees trained by sector

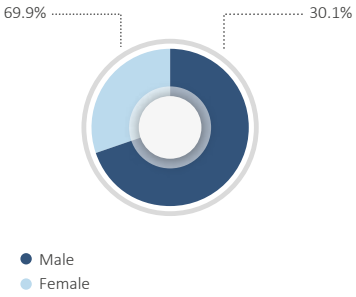


Training hours by employment category

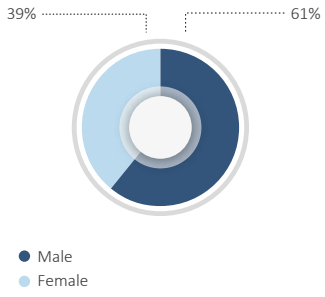


Human Capital

Team by Gender



Promotions by gender



LKR **35.85** Mn

Training hours

2024/25: 86,498

111,205

Training hours

2024/25: 86,498

29%

Increase in training hours Year-on-year

46%

Increase in training investment Year on Year

How needs are identified

Performance reviews and training needs assessments are used to identify skill gaps and development priorities across business units. These processes help align training with individual roles, business unit objectives and the broader strategic direction of the Group.

Learning accessibility

The Group continued to support learning through a combination of in-person, virtual and practical workplace-based formats, helping improve accessibility while ensuring training remains relevant to sector-level workforce needs. Together, these initiatives strengthened workforce readiness, supported career progression and helped build the capabilities required for future growth.

How We Deliver Learning

Structured Learning - in-house programmes, external training and role-specific development build technical, professional and leadership capability.

Workplace-Based Learning - on-the-job training, practical exposure and cross-functional learning help employees apply knowledge in real work environments.

Specialised Exposure - employees are provided with specialised technical, professional and international learning opportunities where relevant to business needs.

KEY LEARNING AREAS

- Technical capability
- Quality management
- Occupational health and safety
- Customer service
- Management and leadership
- Digital skills
- Cybersecurity
- Operational excellence
- Innovation
- Sustainability awareness
- Mental health and well-being

PERFORMANCE MANAGEMENT AND CAREER PROGRESSION

Performance management remained a key mechanism for aligning individual contribution with business unit objectives and the Group's broader strategic direction. Across the Group, employees are evaluated through structured performance management processes conducted annually or biannually, with assessments linked to clearly defined KPIs, role expectations and business priorities. These evaluations support the identification of training needs, recognition of achievements and career development opportunities. High-performing employees are supported through promotions, internal mobility and role-specific development, helping strengthen motivation, retention and succession readiness. During FY 2025/26, 1,244 employees were promoted across the Group

PROFESSIONAL DEVELOPMENT

Professional Development

To strengthen its talent pool, Vallibel One continued to encourage employees to pursue academic, professional and technical qualifications from recognised institutions. This support was extended through partial reimbursement of tuition fees, as well as assistance for employees to obtain and maintain memberships in recognised professional bodies.

During FY 2025/26, the Group invested LKR 42Mn in educational and professional development initiatives, compared to LKR 24Mn in the previous year. This investment supported the development of specialist knowledge, professional competence and role-specific expertise across the Group's diverse sectors.

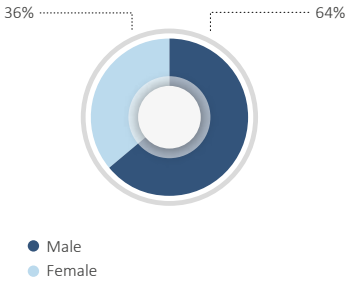


Personal Grooming session by Swisstek Aluminium

1,244
Employees promoted
2024/25: 1,205

61% **39%**
Promotions by gender
Male: 764 | Female: 480

Training hours by gender



Succession Planning and Mentoring

Succession planning and mentoring continued to support the Group's efforts to build leadership continuity and strengthen its future talent pipeline. Each company within the Group is guided by its respective Board and management teams in identifying potential leadership gaps and developing employees with the aptitude to take on critical roles.'

This approach is supported through structured mentoring, focused career planning and management trainee programmes aimed at promising entry-level talent. These initiatives provide employees with the exposure, guidance and skills required to progress into expanded responsibilities, while helping the Group retain institutional knowledge and sector-specific expertise.

EMPLOYEE ENGAGEMENT AND ETHICAL WORKPLACE

Vallibel One continued to promote a workplace culture grounded in ethical conduct, accountability, respect and open communication. Across the Group, employee engagement is supported through formal policies, grievance handling mechanisms, whistleblowing channels,

Labour Compliance and Human Rights

The Group remains committed to complying with applicable labour laws, regulations and directives in Sri Lanka. Several businesses within the Group also follow internationally recognised labour management practices and sector-specific certification requirements, supporting responsible employment practices across the Group.

During the year, no fines or penalties relating to labour management were reported, based on information received. The Group also did not record any judicial actions relating to human rights breaches during the reporting period.

Forced or Compulsory Labour

Vallibel One strongly opposes forced or compulsory labour in all its forms. No incidents of forced or compulsory labour were recorded across the Group's operations or, to the best of the Group's knowledge, within its supplier base during the reporting period.

Child Labour

The Group also expressly prohibits

Human Capital

welfare activities, team-building initiatives and constructive workplace relationships.

These practices help strengthen employee trust, reinforce responsible conduct and support a workplace environment where employees are encouraged to raise concerns, participate in team activities and contribute to the Group's long-term success.

Grievance Handling and Employee Voice

Vallibel One is committed to maintaining high standards of integrity, accountability and transparency across its operations. The Group's Whistleblower Policy provides employees with a formal mechanism to report concerns relating to unethical practices, misconduct or violations of company policies without fear of retaliation.

The policy designates two Whistleblower Protection Officers, namely the Managing Director and an Independent Director, who may be contacted by employees via email or through a physical meeting in the event of a reportable concern. This process is designed to ensure confidentiality and protection throughout the reporting process. The full policy, together with relevant contact information, is available on the Group's corporate website.

In addition to the whistleblower mechanism, many Group companies maintain formal grievance handling procedures and open-door communication practices. Employees are encouraged to raise workplace concerns through initial communication with supervisors, managers or HR teams, with structured grievance processes available where further resolution is required. These mechanisms support timely identification, escalation and resolution of employee concerns.

Industrial Relations

Vallibel One upholds employees' right to freedom of association and maintains constructive relationships with union representatives where applicable. Employees in relevant sectors operate under collective bargaining agreements, with management committed to transparency, accountability and dialogue on operational changes that may affect employees.

Throughout the year, the Group sustained positive and cooperative relationships with union representatives, supporting a respectful and compliant workplace environment.

child labour. Business units enforce hiring protocols to confirm that employees meet the minimum legal working age, and no incidents of child labour were reported across the Group or within its supplier network during the year.

Ethical Business Conduct and Governance

Ethical business conduct remains central to Vallibel One's approach to responsible employment and workplace governance. The Group's Anti-Bribery and Corruption Policy reinforces a zero-tolerance approach to bribery and corruption, while the Internal Code of Business Conduct and Ethics provides guidance on personal conduct, professional behaviour and responsible business practices.

Together, these frameworks support a transparent and accountable workplace culture, helping employees and leadership teams uphold the Group's values, comply with applicable laws and maintain high standards of integrity across business operations.



Employee voice

Formal whistleblowing, grievance handling and open-door communication channels support employees in raising concerns safely and confidentially.



Ethical conduct

The Group's Anti-Bribery and Corruption Policy and Code of Conduct guide responsible behaviour, integrity and compliance across operations.



Labour safeguards

The Group maintains responsible employment practices, with no reported child labour, forced labour, labour-related fines or human rights-related judicial actions during the year.



Engaged workplace

Welfare activities, team-building initiatives, communication platforms and constructive industrial relations support a collaborative workplace culture.

Team Building and Employee Engagement

Vallibel One continued to promote a collaborative and supportive work culture through employee engagement initiatives, welfare activities, team-building programmes, sports events, religious and cultural activities, and internal communication platforms.

These initiatives helped strengthen morale, teamwork and employee relationships across the Group. In addition, several business units continued to use digital platforms and communication channels to support knowledge sharing, employee interaction and internal engagement.

OCCUPATIONAL HEALTH AND SAFETY

Vallibel One continued to prioritise occupational health and safety across the Group, particularly within manufacturing and industrial operations where workplace safety remains a core operational priority. The Group's approach is supported by safety governance, incident reporting, preventive controls, employee training and corrective action processes.

Identify and Assess

Risk assessments, safety walks, workplace inspections and hazard identification support early identification of health and safety concerns.

Train and Prevent

Health and safety training, PPE, first aid readiness, fire drills, evacuation training and chemical handling awareness strengthen preventive safety practices.

Safety Management Framework

Review and Improve

Internal audits, corrective actions, committee meetings and escalation to senior management or the Board support continuous improvement.

Report and Respond

Incident and near-miss reporting, Health and Safety Committee reviews and employee support mechanisms enable timely response.

HEALTH AND SAFETY GOVERNANCE

Business unit-level responsibility

Safety management reflects the risk profile, operating environment and workforce structure of each sector.

Health and Safety Committees

Committees support working condition monitoring, hazard identification and risk mitigation.

Review and audit mechanisms

Incident reports, internal safety audits and committee reviews support corrective action.

Management escalation

Key findings are reported to senior management and, where necessary, to the Board of Directors.

342
Occupational injuries
2024/25: 297

NIL
Work-related fatalities
FY 2025/26

Health and Safety Committees
Business unit-level monitoring, review and corrective action

ISO 45001
OHS management system maintained by relevant manufacturing operations

Human Capital

Standardised Incident Reporting Process

1. Report

Employees report workplace injuries, near misses or safety concerns to supervisors or department heads.

2. Review

Reports are forwarded to Health and Safety Committees for review, investigation and follow-up.

3. Support

Medical support, insurance coordination and paid time off are provided where applicable.

4. Correct

Corrective actions are implemented to reduce recurrence.

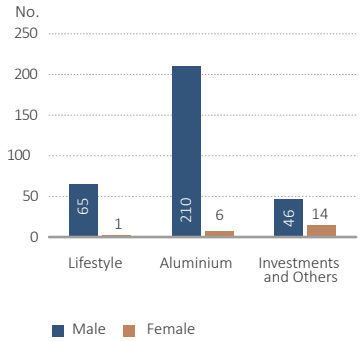
5. Improve

Learnings are used to enhance preventive controls, safety awareness and operational practices.

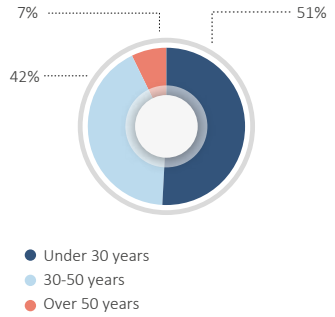
Employee Care and Support

The Group provides care and support to employees affected by work-related injuries. Where applicable, employees receive medical support through insurance mechanisms and paid time off, helping reduce disruption to their earnings and recovery.

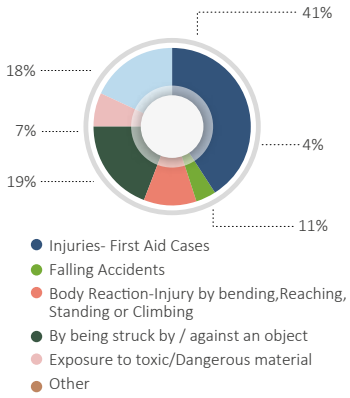
Occupational injures by Sector and gender



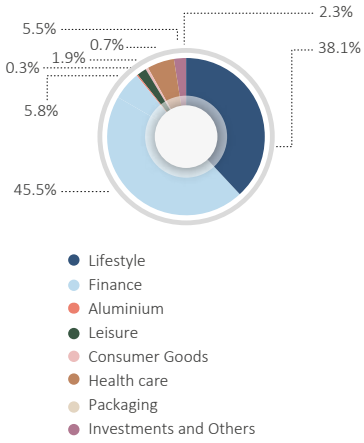
Team by Age



Occupational injures by type



Team- By sector



APPROACH TO HEALTH AND SAFETY

Lifestyle	**Lanka Tiles PLC** • Obtained ISO 45001:2018 certification during the year • Regular risk assessments and incident monitoring, supported by corrective action processes • Operational safety controls, including machine guarding, PPE and site-specific safety measures • Fire drills, evacuation training, induction training and periodic safety awareness programmes • Training on hazard identification, safe work practices, machine operation, maintenance and quality control
	Royal Ceramics Lanka PLC • Maintained ISO 45001:2018 Occupational Health and Safety Management System certification • Factory-level safety committees and workplace safety monitoring practices • Employee safety awareness initiatives, including ISO 45001-related training • Safe chemical use training and other operational safety awareness programmes

All relevant operations	• First aid readiness, fire equipment and emergency response practices • Health and safety training and awareness programmes • PPE and workplace safety controls where required • Incident reporting, review and corrective action processes • Health and Safety Committees or responsible teams where applicable
Packaging	• Launched a formal Health and Safety Policy, supported by a dedicated health and safety team comprising management, engineering and departmental representatives • Periodic safety walks, internal safety audits and third-party safety audits • Risk assessments covering operations, with reviews conducted where operational or machinery changes occur • Corrective action processes supported by work instructions and safety signage • Training in firefighting, fire evacuation, first aid and chemical handling
Group-wide safety training and awareness	• Induction and periodic safety training • Hazard identification, safe work practices and PPE awareness • Firefighting, emergency preparedness and evacuation training • Chemical handling and operational safety training where relevant • Refresher training to reinforce safe practices across operational environments

SAFETY FOCUS AREAS



Risk prevention

Strengthening risk assessments, workplace inspections and hazard identification to reduce safety exposure across operational environments.



Employee awareness

Continuing safety training, emergency drills, PPE awareness and safe work practices to reinforce a stronger safety culture.



Corrective action

Improving root cause analysis, incident follow-up and corrective action implementation to reduce recurrence.



Higher-risk operations

Maintaining focused oversight on manufacturing-led operations where workplace safety risks are comparatively higher.

HEALTH, WELL-BEING AND WORK-LIFE BALANCE

Vallibel One continued to support employee well-being through healthcare access, welfare initiatives, leave benefits, employee engagement activities and workplace practices that promote balance and employee care. Across the Group, well-being initiatives are implemented at business unit level, reflecting the needs of different employee groups, operating environments and sector-specific work arrangements.

The Group's approach to employee well-being extends beyond workplace safety, focusing also on preventive healthcare, health benefits, family-related support, employee engagement and work-life balance. These initiatives contribute to employee morale, resilience and retention, while reinforcing Vallibel One's commitment to maintaining a supportive and respectful workplace.

Human Capital

Preventive healthcare

Group companies continued to conduct preventive healthcare initiatives such as medical camps, eye camps, health screenings and awareness programmes across selected locations. These initiatives encourage employees to identify health concerns early and provide access to basic medical guidance and support.

Health benefits and employee care

Many Group companies provide medical insurance and related health benefits, helping employees access necessary care and reducing the financial burden associated with health-related needs. Employee care is also supported through welfare initiatives and business unit-level support mechanisms.

Work-life balance

The Group places emphasis on promoting a healthy work-life balance and supporting employees in managing their responsibilities without undue stress. Managers are encouraged to support effective time management, fair workload distribution and considerate leave approval practices. While many of the Group's operations are on-site in nature, business units continue to maintain relevant frameworks and processes to support flexibility where operationally feasible.

Family-related support

Vallibel One provides maternity leave in line with applicable labour regulations. Female employees are entitled to paid maternity leave as stipulated by law, with support provided where applicable to help employees transition back to work following parental leave. Parental leave data is monitored as part of the Group's employee well-being

Parental Leave

	2025/26	2023/24	2024/25
Total number of female employees	3,083	2,600	3,083
Employees on parental leave	50	88	101
Employees who returned to work during the period after parental leave	20	88	94
Employees still in employment 12 months after returning from parental leave	10	45	66

Employee Welfare and Engagement

Employee well-being was further supported through welfare activities, team-building initiatives, sports, cultural and religious activities, and internal communication platforms. These initiatives helped strengthen morale, teamwork and workplace relationships across the Group, contributing to a more connected and engaged workforce.

Together, these practices support a positive workplace culture and reinforce the Group's broader human capital priorities of employee care, inclusion, engagement and long-term retention.

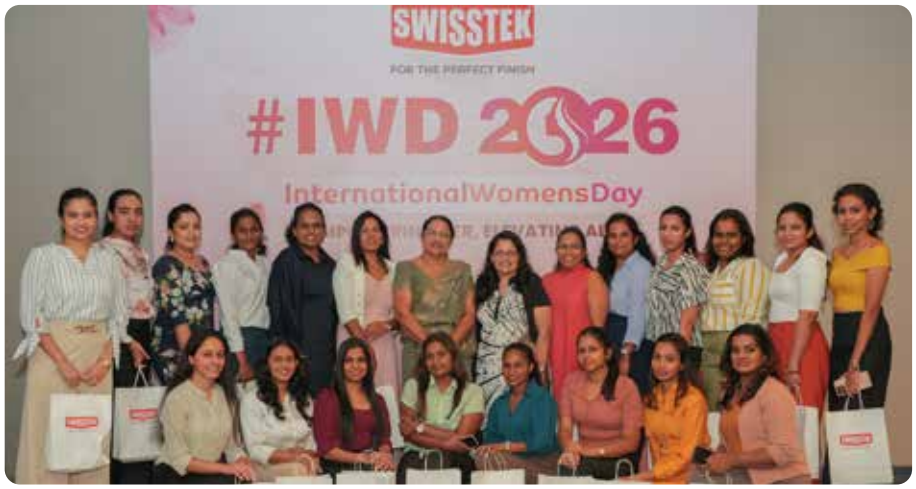


LB Sports Arena Panadura - LB Finance

During the year, Vallibel One continued to strengthen employee well-being, engagement, welfare and retention through business unit-level initiatives, health and safety support, people-focused benefits and structured employee care. These efforts reflect the Group's commitment to building a motivated, capable and resilient workforce across its diversified operations.



Delmege 175 Employee Recognition Event



International Women's Day Celebration - Swisstek Aluminium

REWARDS, REMUNERATION AND BENEFITS

Vallibel One's approach to rewards and remuneration is guided by role requirements, performance, sector-level practices and applicable regulatory requirements. Across the Group, remuneration structures are designed to support fairness, employee motivation and retention, while remaining aligned with the operating context of each business.

In addition to salaries and wages, Group companies provide a range of benefits and support mechanisms based on employee category, business unit policies and operational requirements. These include statutory contributions, medical insurance, life insurance, staff loans, professional membership support, transport-related benefits, welfare initiatives and other sector-specific benefits.

Defined Benefit Obligations

The Group also continues to meet its statutory obligations relating to employee retirement benefits, including contributions to approved provident and trust funds, together with gratuity and defined benefit obligations where applicable. These benefits form an important part of the Group's broader approach to employee security and long-term workforce well-being.

LKR 2.9 Bn
Gratuity provision

LKR 1,048 Mn
EPF and ETF contributors

RETENTION AND TURNOVER

Employee retention remained an important focus area for Vallibel One during FY 2025/26, as businesses continued to navigate labour market competition, employee migration, evolving workforce expectations and sector-specific talent requirements. Across the Group, employee engagement, training, career development, welfare support and performance-led progression continued to support workforce continuity.

During the year, the Group continued to monitor turnover patterns across sectors, age groups, gender and regions to better understand workforce movement and retention priorities.

Human Capital

70 %
Employee retention rate
2024/25: 68%

30 %
Staff turnover rate
2024/25: 31%

3,109
Employee turnover
2024/25: 3,031

80 %
Turnover below 30 years
2,483 employees

Sector	Key benefits provided
Lifestyle sector	• Medical insurance • Reimbursement of fees for professional studies and memberships • Facilities to purchase consumer items at special rates • Staff loans at concessionary interest rates
Finance sector	• Life and medical insurance • Disability and invalidity coverage • Staff loans at concessionary interest rates • Employee stock options
Aluminium sector	• Workmen compensation • Medical insurance • Reimbursement of fees for professional studies and memberships • Fuel reimbursements
Packaging sector	• Medical insurance • Transport-related support • Welfare initiatives • Leave benefits and business unit-level employee support mechanisms
Consumer Goods sector	• Medical insurance • Consumer goods at discounted prices • Welfare and employee support benefits, where applicable
Healthcare sector	• Medical insurance • Professional and technical development support • Leave benefits • Sector-specific employee support mechanisms
Leisure sector	• Medical insurance • Leave benefits in line with business unit policy
Others	• Medical insurance• Transport facilities• Medical, casual and vacation leave payments

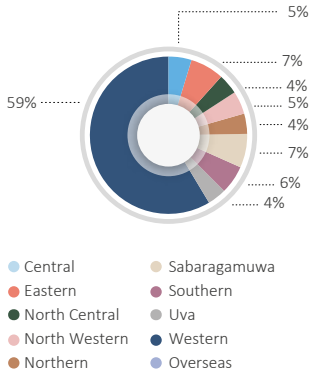
Turnover remained most concentrated among younger employees, reflecting broader market dynamics and the need for continued focus on early-career engagement, development pathways and workplace experience.

The Group's retention rate improved during the year, reflecting ongoing efforts to strengthen employee engagement, internal mobility, capability building and workplace support. Going forward, Vallibel One will continue to focus on improving retention through training, career progression, employee wellbeing, succession planning and sector-specific people

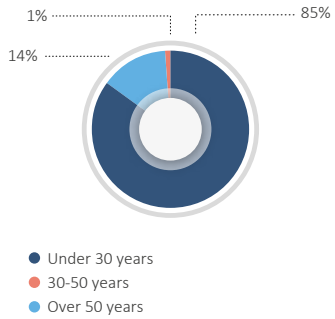


TPM Practitioner Certificate Course, 89th Batch - Swisstek Aluminium

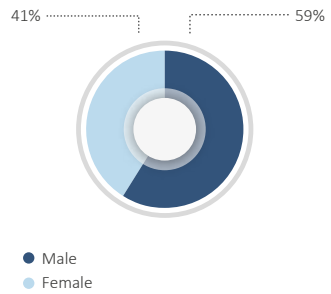
Employee turnover by Region



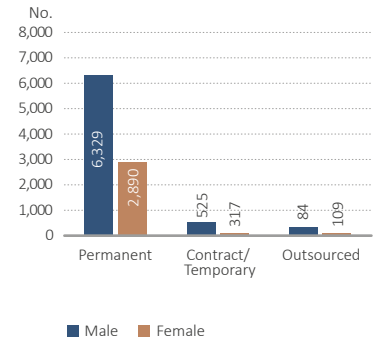
Recruitment by Age



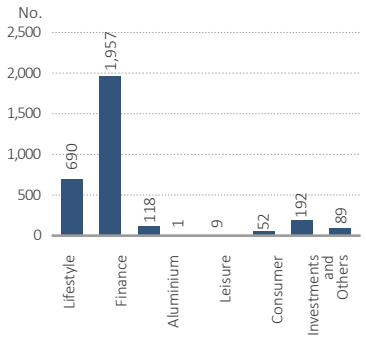
Recruitment by Gender



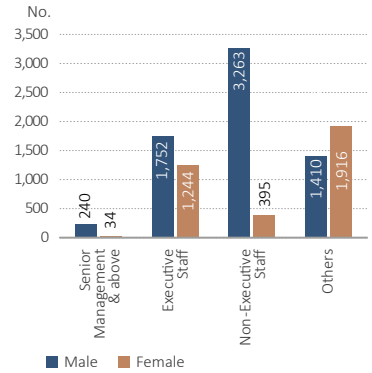
Employees by Type of Employment



Employee turnover by sector



Employees by Employee Category



Outlook

Vallibel One will continue to strengthen its human capital approach by focusing on workforce capability, employee engagement, health and safety, inclusion and retention. Continued investment in technical, digital, leadership and customer-facing skills will remain important as the Group responds to changing business needs and labour market dynamics.

Key priorities include improving early-career retention, strengthening safety practices across higher-risk operations, supporting employee well-being and enhancing gender and regional participation. The Group will also continue to improve human capital data and disclosure processes, including the progressive integration of overseas employees into Group-level reporting.

Intellectual Capital

KNOWLEDGE, SYSTEMS AND INNOVATION THAT DRIVE PROGRESS

Vallibel One's social and relationship capital is anchored in the trust it builds with customers, suppliers, business partners, communities and market stakeholders. These relationships support customer access, supply continuity, brand relevance, service quality and the Group's ability to create shared value across its sectors. Through customer engagement, supplier collaboration, community investment, product responsibility and service-led relationships, the Group strengthens the connections that support long-term resilience, stakeholder confidence and responsible growth.

Intellectual Capital in Numbers

20 +
New products
(172 in 2024/25)

304
New designs and sizes

LKR **79.06** MN
R&D investment
(LKR 149 Bn in 2024/25)

40
Awards won during the year

LKR **70** MN
Software investment
(LKR 200 Mn in 2024/25)

LKR **25** MN
Investment in process improvements

LKR **1,600** BN
Cost savings achieved
(LKR 1,066 Mn in 2024/25)

LKR **21.21** MN
Average return on assets

What we did in 2025/26

- Expanded the Group's innovation pipeline with 428 new products and 304 new designs and sizes across key sectors.
- Invested in research, development, new product development and software systems to strengthen product relevance, process efficiency and digital capability.
- Delivered LKR 1,307 Mn in cost savings through operational improvements, efficiency initiatives and business-level optimisation.
- Continued to upgrade IT hardware, software platforms and digital infrastructure to support service delivery, internal controls and decision-making.
- Strengthened quality systems, certifications, standards and technical capabilities across manufacturing and service-led operations.
- Reinforced brand and market recognition through 40 awards received during the year, reflecting excellence in innovation, quality, workplace culture, exports and sustainability.

Value Channels

Product Innovation
New products, designs, sizes and sector-led solutions that strengthen customer relevance and market differentiation.

Systems and Digital Capability
Software platforms, IT infrastructure, digital tools and process systems that support efficiency, controls and service delivery.

Research and Development
Technical development, product testing, formulation improvements and applied sector expertise that support continuous innovation.

Process Improvement
Operational improvements, cost-saving initiatives, TPM practices and efficiency projects that improve productivity and competitiveness.

Brand and Market Presence
Marketing, product visibility, certifications and engagement platforms that build recognition and trust.

Institutional and Industry Relationships
Relationships with regulators, professional bodies and industry networks that support compliance, knowledge sharing and responsible growth.

Link to core Priorities

Strategic Focus Areas: SG PC GS ME BE

Material Topics: M2 M3 M6 M8 M10 M11

Principal Risks: R1 R3 R4 R5 R8

Impacted SDGs:

CAPITAL INTERDEPENDENCIES AND TRADE-OFFS

How Intellectual Capital Connects with Other Capitals

Intellectual capital strengthens Vallibel One's ability to innovate, improve processes, enhance decision-making and build differentiated products, services and customer experiences across its diversified portfolio. Its value is enabled by the Group's financial resources, skilled teams, physical infrastructure, stakeholder relationships and responsible use of natural resources.

The Group therefore manages intellectual capital as a connected capability platform, ensuring that knowledge, systems, brands, product innovation, digital tools, process improvements and organisational expertise support operational efficiency, customer relevance, risk management and long-term value creation.

Financial Capital

Provides
Investment in technology, digital platforms, process improvements, brand development and capability building.

Creates value through
Efficiency gains, stronger decision-making, improved customer access, revenue growth and returns from innovation.

Potential pressure
Technology costs, maintenance, training requirements and delayed returns from long-term projects.

Manufactured Capital

Provides
Facilities, branches, outlets, service centres, laboratories, equipment and operating platforms.

Creates value through
Automation, product development, quality improvement, service standardisation and asset efficiency.

Potential pressure
System integration challenges, implementation disruption and the need for continuous infrastructure upgrades.

Human Capital

Provides
Technical expertise, sector knowledge, digital skills, creativity, customer insight and process know-how.

Creates value through
Innovation, problem-solving, better execution, knowledge sharing and adaptability.

Potential pressure
Skills gaps, change resistance, training needs and dependency on key personnel.

Social and Relationship Capital

Provides
Customer insights, supplier partnerships, brand trust, market feedback and stakeholder expectations.

Creates value through
Product relevance, improved customer experience, stronger brand positioning and market responsiveness.

Potential pressure
Rising customer expectations, data privacy concerns, reputational risk and supplier capability gaps.

Natural Capital

Provides
Resource context, environmental constraints and sustainability expectations that shape innovation.

Creates value through
Eco-conscious products, resource-efficient processes, waste reduction and cleaner technologies.

Potential pressure
Compliance costs, resource availability, evolving standards and continued investment in greener innovation.

HOW INTELLECTUAL CAPITAL SUPPORTS VALUE CREATION

Know → Building organisational capability
Strengthening sector expertise, institutional knowledge, technical capability and process know-how that support better execution across the Group.

Innovate → Enhancing differentiation
Developing new products, services, digital platforms and process improvements that improve relevance, competitiveness and customer value.

Enable → Improving efficiency
Using systems, automation, data, dashboards and digital tools to streamline operations, improve productivity and support faster decision-making.

Protect → Strengthening resilience
Enhancing governance, internal controls, cybersecurity, risk management, quality systems and business continuity through stronger knowledge and systems.

Grow → Supporting future readiness
Building brands, digital capability, sustainability know-how and innovation pipelines that position the Group for long-term growth and adaptation.



Intellectual Capital

OPERATING LANDSCAPE

- Digital transformation continued to shape customer expectations, service delivery models, operational efficiency and competitive positioning across sectors.
- Customers increasingly expected faster access, better quality, convenience, product transparency, personalisation and more responsive service experiences.
- Competitive market conditions placed greater emphasis on product innovation, brand differentiation, service quality, cost efficiency and speed to market.
- Regulatory, sustainability and data-related expectations increased the need for stronger systems, controls, reporting capability, cybersecurity and responsible information management.
- The Group continued to strengthen intellectual capital through technology adoption, process improvement, product development, brand building, sustainability capabilities and sector-specific expertise across its diversified portfolio.

TECHNOLOGY, DIGITAL CAPABILITY AND CYBER RESILIENCE

Technology and digital capability supported stronger customer access, workflow efficiency, reporting, controls and decision-making during the year. The Group's investment in software systems and IT hardware strengthened digital readiness, while sector-level initiatives improved customer convenience, service responsiveness and information management.

Cybersecurity remained a key area of focus as digital platforms, customer data and financial information became increasingly central to business operations. The Group reported zero data breaches during the year.

Technology and System Capability Digital platforms, data systems and technology-enabled operating capability

Capability area	What it entails	Contribution to value creation
Digital financial ecosystem	L B Finance continued to build on L B CIM and related digital services, bringing together payments, transfers, deposits, lending, bill payments, convenience features and lifestyle-linked services. AI-enabled tools and digital lending capabilities further supported faster access and more responsive financial services.	Deepens customer engagement, supports financial inclusion and strengthens platform-led growth.
Consumer route-to-market systems	Delmege Consumer continued to use Sales Force Automation, CRM, consumer analytics, Navigation and Power BI to improve sales execution, reporting visibility and channel-level decision-making, while reducing manual intervention.	Improves sales discipline, trade transparency and market responsiveness.
Insurance advisory systems	Delmege Insurance Brokers strengthened service delivery through lead tracking, quotation comparisons, claims monitoring, client dashboards and structured follow-up processes.	Supports faster turnaround, better client visibility and stronger advisory consistency.
Digital customer access platforms	Customer-facing digital platforms across the Group include Lifestyle websites, virtual design tools, Delmart, Delmege Interior platforms, Alupenters.lk, e-commerce channels, online travel agents, direct booking channels and social media platforms.	Expands reach beyond physical locations and improves customer discovery, access and engagement.
Digital production and customisation capability	The Packaging sector's digital printing capability supports greater flexibility in packaging design, shorter-run customisation, faster response to customer-specific requirements and improved presentation of printed packaging solutions.	Enables higher-value packaging solutions and greater responsiveness to customer specifications.

LKR 70 Mn
Software investment
2024/25: LKR 200 Mn

LKR 138 Mn
Investment in IT hardware procurement, maintenance and upgrades

Zero
Data breaches reported
2024/25: Zero

These cross-cutting enablers support the Group's broader technology and system capability across sectors. Software and IT hardware investments strengthened the systems backbone required for reliable operations, reporting, controls and future digital readiness. The continued focus on information security, cyber resilience and responsible data management supported stakeholder trust and business continuity, with zero data breaches reported during the year.

RESEARCH, DEVELOPMENT AND PRODUCT INNOVATION

R&D investment supported technical development, product refinement and process improvement across selected businesses. During 2025/26, the Group invested LKR 79.06 Mn in R&D, compared to LKR 149 Mn in 2024/25. Investment was concentrated mainly in the Lifestyle sector, with additional investment in Aluminium and Finance, supporting technical testing, product improvement and market-responsive innovation.



Glazing robot - Rocell Bathware



Extruder Line Operation - Swisstek Aluminium

LKR **79.06** MN
Invested in R&D

Refer Social and Relationship Capital from pages 208–217 for details on new products and customer value propositions.

QUALITY CONTROL, STANDARDS AND TECHNICAL ASSURANCE

Quality systems, certifications and assurance processes form an important part of the Group's intellectual capital, helping to institutionalise technical knowledge, strengthen product consistency and support customer confidence. Across the Group, these standards contribute to market access, regulatory readiness, information security, product safety, environmental management and operating discipline.

The Group's quality and assurance base spans product conformity certifications, quality management systems, information security standards, environmental management systems, food safety certifications, principal-led requirements, regulatory approvals and sector-specific technical assurance practices. Together, these frameworks support responsible operations while reinforcing trust across manufacturing, finance, healthcare, consumer goods, packaging and service-led businesses.

44 standards and certifications maintained across the Group

Sector	Company	SLS	ISO	Other Standards / Assurance Systems
Lifestyle Sector	Royal Ceramics Lanka PLC	SLS ISO 9001:2015	• ISO 9001:2015 — Quality Management System • ISO 9001:2015 — Quality Management System • ISO 14001 — Environmental Management System	• CE Certificate of Conformity • EN 14411:2016 • ISO 13006:2019
	Lanka Tiles and Lanka Walltiles PLC	-	• ISO 27001:2022 — Information Security Management System • ISO 13006:2018 — Glazed Ceramic Tiles • ISO 10545-2 — Surface Quality • ISO 14001 — Environmental Management System	• Green Label • European CE Certification • WaterMark • OHSAS • ANSI 137.1:2022 • British Standard BS 3402:1969
	Swisstek Ceylon PLC	-	• ISO 9001:2015 — Quality Management System • • ISO 13007 — Ceramic Tiles: Grouts and Adhesives	

Intellectual Capital

Sector	Company	SLS	ISO	Other Standards / Assurance Systems
Aluminium Sector	Swisstek Aluminium	-	• ISO 9001:2015 — Quality Management System	• Green Label • QUALICOAT
Finance Sector	L B Finance PLC	-	• ISO 27001 — Information Security Certification	
Consumer Goods Sector	Delmege Consumer	-	• ISO 14001 — Environmental Management System	
Healthcare Sector	Alcon and Eden Pharmaceuticals	-	-	• Regulatory compliance • NMRA approvals • Product registrations • Principal-led requirements • Quality assurance processes • Specialised technical service capability
Packaging Sector	Unidil Packaging and Unidil Packaging Solutions	-	• ISO 9001:2015 — Quality Management System • ISO 14001:2015 — Environmental Management System • FSSC 22000:2018 — Food Safety System Certification • ISO 22000:2018 — Food Safety Management • ISO 14064 — Carbon Footprint Verification • ISO 14067 — Carbon Neutrality	• SMETA • WRAP • HACCP • 5S Programme • Quality Circle • Zero Carbon certification
Leisure Sector	The Fortress Resort & Spa	-	-	• Green Globe • Wellness and Spa Europe • GMP Certificate

OPERATIONAL EXCELLENCE AND CONTINUOUS IMPROVEMENT

Operational excellence remained an important mechanism through which the Group converted process knowledge, technical expertise and operating discipline into measurable value. During the year, continuous improvement initiatives supported productivity, cost discipline, quality consistency and better resource use across relevant businesses.

The Group achieved LKR 1,600 Mn in cost savings during 2025/26, supported by process improvements, efficiency initiatives and operational discipline. These efforts contributed to stronger execution across manufacturing-led businesses, while also supporting service-led operations through improved workflows, coordination and turnaround times.

Operational excellence also strengthened the connection between intellectual, manufactured and natural capital by improving asset productivity, reducing production losses and supporting more efficient use of materials, energy and operating resources.

Refer Manufactured Capital from pages 174–181 and A Commitment to Excellence from pages 40–41 for further details on the Business Excellence initiative rolled out across the Group's manufacturing entities.

HIGHLIGHTS FOR 2025/26

LKR 1,600 MN

cost savings achieved during the year

LKR 25 MN

invested in process improvements

Refer Manufactured Capital from pages 174–181 and A Commitment to Excellence from pages 80–81 for further details on the Business Excellence initiative rolled out across the Group's manufacturing entities.

Manufacturing operations	Continued focus on yield improvement, defect reduction, process control and production consistency
RCL Eheliyagoda	Exceeded budgeted production and yield targets while reducing manufacturing cost per square metre
Rocell Bathware	Improved cumulative product yield from 65% to 74%, while green damage reduced from 23% to 10%
Healthcare	Improved coordination across sales, logistics and technical teams, supporting better installation and servicing efficiency
Insurance	Structured follow-up procedures and standardised documentation supported improved service delivery

INSTITUTIONAL KNOWLEDGE AND SECTOR EXPERTISE

The Group's institutional knowledge is built through accumulated experience across manufacturing, finance, healthcare, consumer goods, packaging, insurance, aluminium and hospitality. This knowledge is embedded in leadership teams, technical specialists, digital teams, customer-facing employees, quality teams, governance structures and sector-level operating teams.

Institutional knowledge supports better decision-making, product development, risk management, customer understanding and operational execution. It also strengthens continuity in sectors that require specialised technical knowledge, regulatory understanding, principal relationships, underwriting expertise, manufacturing know-how, supplier coordination and customer insight.



Corrugator Machine - Unidil

Intellectual Capital

INSTITUTIONAL KNOWLEDGE ECOSYSTEM

How knowledge is embedded and applied across the Group

6. Leadership and institutional memory

Sector leadership, management experience, cross-sector learning, succession, governing bodies and accumulated Group expertise.

1. Technical know-how

Ceramics, bathware, aluminium systems, packaging, healthcare solutions, insurance advisory and finance-sector expertise.

5. Product and service knowledge

R&D, product testing, technical advisory, principal-backed solutions, product registrations, service standards and after-sales support.

Institutional Knowledge and Sector Expertise

The Group's accumulated expertise, insight and operating knowledge base.

2. Customer and market insight

Insights from branches, showrooms, distributors, digital platforms, project channels, institutional customers and advisory-led relationships.

4. Process and operational knowledge

Business Excellence, TPM, quality circles, production discipline, yield improvement, service workflows and cost-saving initiatives.

3. Governance and risk knowledge

Board oversight, three lines of defence, AML/TF monitoring, compliance processes, information security and reporting systems.

BRAND EQUITY, AWARDS AND MARKET RECOGNITION

Brand equity and market recognition form an important part of the Group's intellectual capital, reflecting the trust, reputation, customer recall, campaign capability and institutional credibility built across its businesses over time. During the year, Group companies received recognition across corporate ranking, consumer brand strength, campaign effectiveness, digital capability, insurance advisory, product innovation, quality, productivity, reporting, governance and management practices.

A key reflection of the Group's market standing was its continued presence in the LMD 100, with six Group-linked listed entities ranked among Sri Lanka's leading listed companies. Vallibel One was ranked 17th in 2024/25, while Royal Ceramics Lanka, L B Finance, Lanka Walltiles, Vallibel Finance, Swisstek Ceylon and Lanka Tiles were also ranked within the LMD 100. This reinforces the strength of the Group's diversified listed portfolio and its contribution to Sri Lanka's corporate landscape.



Motha Superbrands Award

The Group's wider brand portfolio continued to support market presence across consumer goods, healthcare, packaging and specialised sectors. These recognitions demonstrate how knowledge, systems, service capability and brand-building expertise are translated into market-facing outcomes, strengthening stakeholder confidence and long-term institutional credibility.

LMD 100 Group Presence

7

Group-linked listed entities ranked in the LMD 100 — 2024/25

17th

Vallibel One PLC ranking in the LMD 100 — 2024/25

Ranked Entities

Company	Rank
Vallibel One PLC	17
Royal Ceramics Lanka PLC	36
L B Finance PLC	42
Lanka Walltiles PLC	46
Swisstek Ceylon PLC	75
Lanka Tiles PLC	85

Campaign Recognition

Jellegen / Delmege

Effies by Sri Lanka Institute of Marketing

- 2 Bronze Awards
- 2 Honours Finalists.

Jellegen / Delmege

PMAA Dragons of Sri Lanka

- Gold
- Bronze

Consumer Brand Recognition

Motha / Delmege portfolio

Recognised through Superbrands by LMD, reflecting consumer recall, brand trust and market relevance.

Delmege portfolio

Continued to support market presence across consumer goods, healthcare and specialised sectors.

These recognitions reflect the Group's market standing, brand strength and campaign capability, demonstrating how institutional credibility and brand-building expertise are translated into market-facing outcomes.

AWARDS AND ACCOLADES

Awards and accolades provide external validation of the Group's progress in areas linked to innovation, digital transformation, product quality, productivity, reporting, governance, environmental performance, customer convenience, management practices, workplace culture and brand capability. During 2025/26, the Group received 40 awards across sectors, reflecting the breadth of capability developed across its portfolio.

Rather than presenting awards as a standalone achievement, they are positioned as evidence of the Group's underlying intellectual capital, including systems, technical knowledge, process discipline, brand capability and institutional expertise.

40

Awards and recognitions in 2025/26

31

Gold recognitions

4

Silver recognitions

9

Bronze recognitions

Intellectual Capital

Lifestyle Sector	**LANKA WALLTILES PLC | LANKA TILES PLC | ROCELL** Quality, Productivity, Environmental and Manufacturing Recognition **Lanka Walltiles PLC** • Green Label 4-Star Award — Green Building Council of Sri Lanka **Lanka Tiles PLC** • National Convention on Quality and Productivity Award — Sri Lanka Association for the Advancement of Quality and Productivity — Gold • CNCI Top 10 Award — Ceylon National Chamber of Industries • CNCI Achiever of Industrial Excellence — Ceylon National Chamber of Industries — Silver **Royal Ceramics Lanka PLC** • TAGS Awards 2025 — CA Sri Lanka — Bronze • CNCI Achievers Awards 2025 — Gold, Provincial Gold, Top 10 Award and National Bronze • Presidential Environmental Award 2024–2027 — Central Environmental Authority — Gold • Green Labelled Product — Green Building Council of Sri Lanka
Finance Sector	**L B FINANCE PLC** Reporting, Digital Payments, AI and Governance Recognition • TAGS Awards 2025 — CA Sri Lanka Gold, Silver, Bronze and Certificates of Recognition across finance and leasing, digitally transformative reporting, corporate governance, sustainability reporting and integrated reporting • SAFA Awards 2025 — CA Sri Lanka Gold for Best Presented Annual Report Awards, Integrated Reporting Awards and SAARC Anniversary Awards for Corporate Governance Disclosure • CMA Excellence in Integrated Reporting Awards 2025 Best Integrated Report — Finance and Leasing Sector, Ten Best Integrated Reports and Overall Bronze Award — Joint Winner • LankaPay Technovation Awards 2025 Gold awards for customer convenience, financial inclusivity and most popular digital payment solution; Silver for overall excellence in digital payments • National Project Management Excellence Awards 2025 Best Managed Project in AI and Data Science — Gold • ICSDB Excellence Awards 2025 — SLIIT Business School “Journey Towards a Low Carbon Future” — Merit; “Digital Personal Loan Granting Scheme” — Bronze • National ICT Awards NBQSA 2025 AI Powered Business Loan Merit Award — Non-ICT Company Category
Aluminium Sector	**SWISSTEK ALUMINIUM LTD** Product Innovation and Manufacturing Recognition • Gold Award for Excellence in Dedication Stall — National Construction Association of Sri Lanka • Product Award of Excellence — Sri Lanka Institute of Architects • Export Brand of the Year — Sri Lanka Institute of Marketing — Bronze • Category Winner in Manufacturing — Institute of Chartered Professional Managers of Sri Lanka • Companies with Great Managers 2025 — Colombo Leadership Academy
Packaging Sector	**UNIDIL PACKAGING** Workplace and Management Excellence • 5 Year Legend Award under Best 40 Companies in Sri Lanka — Great Place to Work Sri Lanka —Gold • Best Management Practices — Institute of Chartered Professional Managers of Sri Lanka — Gold
Insurance	**DELMEGE INSURANCE BROKERS** Insurance Advisory Excellence • Best Health Insurance Advisor — Global Insurance Excellence Awards Asia & MENA — Gold • 1st Runner-Up Property Insurance Advisor — Global Insurance Excellence Awards Asia & MENA — Silver • Best Insurance Broker in Sri Lanka — Insurance Regulatory Commission of Sri Lanka — Gold

Consumer Goods	**DELMEGE | MOTHA | JELLEGEN** Brand, Campaign and Leadership Recognition • Global CEO Award — Global CEO Forum — Gold • Iconic Sri Lankan Woman — 100th Annual Celebration, Sri Lanka Broadcasting Corporation — Gold • Superbrands — LMD — Honours • Effies — Sri Lanka Institute of Marketing — 2 Bronze Awards and 2 Honours Finalists • PMAA Dragons of Sri Lanka — Gold and Bronze

CORPORATE MEMBERSHIPS AND ASSOCIATIONS

Corporate memberships and associations support knowledge exchange, regulatory awareness, professional engagement and industry collaboration. Through these platforms, Group companies remain connected to evolving standards, market developments and sector-level best practices, while contributing to broader industry dialogue.

These relationships strengthen the Group's intellectual capital by supporting learning, compliance readiness, stakeholder engagement and sector-level credibility.

Lifestyle Sector

- Sri Lanka Customs
- Ceylon Chamber of Commerce
- Ministry of Industries
- Geological Survey and Mines Bureau
- National Wood Floors Association
- Institute of Supply and Materials Management Sri Lanka
- The National Chamber of Commerce
- Sri Lanka Italy Business Council
- Ceylon Chamber of Industries
- Sri Lanka-Nordic Business Council
- Exporters Association of Sri Lanka
- Sri Lanka Ceramics and Glass Council

Aluminium Sector

- Aluminium Stewardship Initiative
- QMEA membership

Leisure Sector

- Tourist Hotels Association of Sri Lanka
- Hoteliers of South

Packaging Sector

- Lanka Corrugated Cartons Manufacturers Association

Finance Sector

- The Finance Houses Association of Sri Lanka
- Leasing Association of Sri Lanka
- The Ombudsman Sri Lanka (Guarantee) Limited
- Mercantile Cricket Association
- Mercantile Football Association

Other

- Geological Survey and Mines Bureau
- The Ceylon Chamber of Commerce
- Sri Lanka Association for the Advancement of Quality and Productivity

Outlook

Looking ahead, Vallibel One will continue to strengthen intellectual capital by deepening investment in technology, data capability, R&D, quality systems, process improvement and cybersecurity. These priorities will support the Group's ability to remain competitive in markets shaped by digital transformation, cost sensitivity, evolving customer expectations and increasing regulatory requirements.

The Group will also continue to enhance its systems backbone, information security practices and responsible data management to support stronger controls, service reliability and business continuity. Across manufacturing-led sectors, focus will remain on technical improvement, product refinement, quality assurance, process discipline and productivity. In customer-facing and service-led businesses, continued emphasis will be placed on digital access, advisory capability, customer insight and sector-specific expertise.

By strengthening its knowledge base, protecting information assets and embedding innovation across its businesses, Vallibel One will continue to build the capabilities required to support resilience, market relevance and long-term value creation.

Social and Relationship Capital

Relationships that Build Trust, Access and Shared Value

Vallibel One's social and relationship capital is anchored in the trust it builds with customers, suppliers, business partners, communities and market stakeholders. These relationships support customer access, supply continuity, brand relevance, service quality and the Group's ability to create shared value across its sectors. Through customer engagement, supplier collaboration, community investment, product responsibility and service-led relationships, the Group strengthens the connections that support long-term resilience, stakeholder confidence and responsible growth.

Social and Relationship Capital in Numbers

306
New products
2024/25: 424

176
Outlets and showrooms
2024/25: 160

16,551
Total suppliers
2024/25: 23,610

89%
Proportion of locally based suppliers
2024/25: 95%

LKR **1.17** Bn
Marketing and communication Initiatives
2024/25: LKR 1.09 Bn

LKR **79** Mn
R&D investment
2024/25: LKR 97.83 Mn

70%
Proportion of spending on local suppliers
2024/25: 79%

20%
Proportion of payments to SMEs
2024/25: 56%

What we did in 2025/26

- Strengthened customer access through outlets, showrooms, branches, dealer networks, digital channels and regional engagement platforms.
- Advanced product and service relevance through new product development, research and development, product quality improvements and sector-led customer solutions.
- Maintained strong supplier and business partner relationships, with continued emphasis on local sourcing, SME participation, responsible procurement and supply continuity.
- Supported communities through CSR investments, social welfare initiatives, education support, cultural and religious contributions, environmental projects and local engagement.
- Reinforced stakeholder confidence through quality standards, service responsiveness, certifications, complaints resolution and continued engagement with customers, partners and communities.

Value Channels:

Customer Access Platforms
Outlets, showrooms, branches, dealer networks, distributors, digital platforms and service channels that connect the Group with customers.

Product and Service Relationships
Product quality, innovation, responsiveness and after-sales support that strengthen customer confidence.

Supplier and Partner Networks
Local and international suppliers, SMEs, principals, distributors and business partners that support continuity, quality and reach.

Community Relationships
Community engagement, CSR initiatives, welfare support and social investment that strengthen local relationships.

Brand and Market Presence
Marketing, product visibility, certifications and engagement platforms that build recognition and trust.

Institutional and Industry Relationships
Relationships with regulators, professional bodies and industry networks that support compliance, knowledge sharing and responsible growth.

Strategic Focus Areas: SG PC GS ME BE

Material Topics: M2 M3 M4 M5 M6 M8

Principal Risks: R1 R3 R4 R5 R8

Impacted SDGs:

CAPITAL INTERDEPENDENCIES AND TRADE-OFFS

How Social and Relationship Capital Connects with Other Capitals

Social and relationship capital strengthens Vallibel One's ability to earn trust, maintain market access and sustain relationships across its operating environment. Its value is enabled by the Group's financial resources, physical infrastructure, skilled teams, product knowledge, systems and responsible use of natural resources.

The Group therefore manages social and relationship capital as a connected platform, ensuring that customer engagement, supplier partnerships, community relationships, product responsibility and brand presence support stakeholder confidence, business continuity and long-term value creation.



Natural Capital

Provides
Resources and environmental context that influence products, operations, supply chains and community expectations.

Creates value through
Market access, customer loyalty, funding confidence, supplier continuity and brand strength.

Potential pressure
Environmental impacts, resource availability, waste, emissions, supplier practices and rising stakeholder expectations on sustainability.



Human Capital

Provides
Customer service capability, relationship management, technical expertise, community engagement and responsible business conduct.

Creates value through
Stakeholder trust, service quality, complaints resolution, product guidance and stronger partner relationships.

Potential pressure
Skills gaps, service responsiveness, staff availability, relationship ownership and consistency of stakeholder



Intellectual Capital

Provides
Product innovation, digital platforms, CRM systems, brand knowledge, quality systems and sector-specific expertise.

Creates value through
Responsible sourcing, eco-conscious product development, resource-efficient solutions and stronger community confidence.

Potential pressure
Technology adoption, data quality, product relevance, innovation costs and responsiveness to changing customer expectations.



Manufactured Capital

Provides
Outlets, showrooms, branches, production facilities, service points, logistics infrastructure and customer-facing platforms.

Creates value through
Market access, product availability, service reliability, customer proximity and regional reach.

Potential pressure
Service consistency, delivery timelines, infrastructure readiness and customer experience across

HOW SOCIAL AND RELATIONSHIP CAPITAL SUPPORTS VALUE CREATION



Connect → Building access
Expanding customer, supplier, partner and community touchpoints that strengthen the Group's reach across sectors and markets.



Engage → Deepening trust
Engage → Deepening trust Maintaining regular interaction with stakeholders to understand expectations, respond to concerns and reinforce confidence.



Serve → Enhancing relevance
Improving products, services, quality standards and responsiveness to meet evolving customer and market needs.



Partner → Strengthening continuity
Working with suppliers, principals, distributors and business partners to support product availability, service delivery and supply chain resilience.



Contribute → Supporting shared progress
Investing in communities, local economies, SME participation and social initiatives that create value beyond the Group's operations

Financial Capital



Provides
Investment in marketing, customer access, CSR, supplier payments, service platforms and stakeholder engagement.

Creates value through
Revenue generation, customer loyalty, supplier continuity, brand equity and long-term market confidence.

Potential pressure
Cost of engagement, marketing expenditure, CSR spend, supplier

Social and Relationship Capital

OPERATING LANDSCAPE

- Customer expectations continued to evolve, with stronger demand for quality, affordability, accessibility, convenience, sustainability and responsive service across sectors.
- Cost sensitivity, import constraints, raw material volatility and competitive market conditions influenced customer behaviour, supplier relationships and product positioning.
- Supplier and business partner relationships remained important to business continuity, particularly across manufacturing, distribution, retail, finance, packaging and service-led sectors.
- Communities increasingly expected businesses to contribute to local welfare, employment, education, infrastructure support, environmental responsibility and inclusive development.
- The Group focused on strengthening stakeholder trust through customer access, product innovation, supplier collaboration, community investment and service quality across its diversified portfolio.

CUSTOMER ACCESS AND MARKET RELATIONSHIPS

Vallibel One's customer relationships are supported through physical, digital and service-led access points across the Group. These include finance branches, showrooms, dealer and distributor networks, project channels, institutional relationships, industrial customer relationships, travel platforms, technical service teams and after-sales support.

During 2025/26, the Group continued to strengthen customer access through 176 outlets and showrooms, compared to 150 in 2024/25, together with branch-led, dealer-led, distributor-led, digital and service-based engagement platforms. Customer access was also supported by 2,859 complaints resolved, reflecting continued focus on responsiveness and service quality.

Customer Relationship Platforms

We connect with our customers through a diverse range of physical, digital and service-led platforms across our sectors, creating lasting value and partnerships.

1. Financial Access
Sector: Finance
Key channels
Finance branches, L B CIM and digital services
Value created
Wider access to credit, savings, payments and digital convenience

2. Design and Project Engagement
Sector: Lifestyle
Key channels
Showrooms, dealers, project channels, architects and designers
Value created
Stronger engagement with homeowners, developers, contractors and design-led customers

3. Technical Product Networks
Sector: Aluminium
Key channels
Fabricators, architects, engineers, solar installers and Alupenters.lk
Value created
Specialist product guidance, fabrication support and stronger construction-sector relationships

4. Institutional Healthcare Access
Sector: Healthcare
Key channels
Hospitals, clinicians, healthcare administrators, biomedical teams and technical service teams
Value created
Stronger institutional relationships and access to specialised healthcare solutions

5. Industrial and Business Partnerships
Sector: Packaging
Key channels
Industrial, FMCG, tea, cement, agriculture, construction and export customers
Value created
Specification-led packaging solutions, supply reliability and stronger customer partnerships

6. Consumer Market Reach
Sector: Consumer Goods
Key channels
General Trade, Modern Trade, HORECA, bakery, e-commerce and distributor channels
Value created
Wider product availability and stronger reach across everyday consumption categories

7. Experiential and Specialised Services
Sector: Leisure and Other
Key channels
Guest platforms, travel operators, insurance, travel, shipping and logistics
Value created
Responsive service relationships across hospitality, travel, advisory and logistics needs

176
Outlets and showrooms
2024/25 – 150

LKR 1.17
Marketing and communication investment
2024/25 – LKR 1.09 Bn

Financial Inclusion

The Finance sector continued to strengthen the Group's social and relationship capital by expanding access to financial services for individuals, MSMEs, mobility customers and regional communities. Through its branch network, digital platforms and targeted propositions such as LB Sanmitha, L B Finance supported customers with access to savings, gold loans, business loans, payments and other financial services.

LB Sanmitha strengthened the sector's MSME proposition by combining a savings account, gold loan, business loan and knowledge platform to support entrepreneurs with both financial access and practical business guidance. The sector also continued to extend financial access beyond the Western Province through its islandwide branch network, supporting regional and underserved customer segments.



80%
Branches outside the Western Province

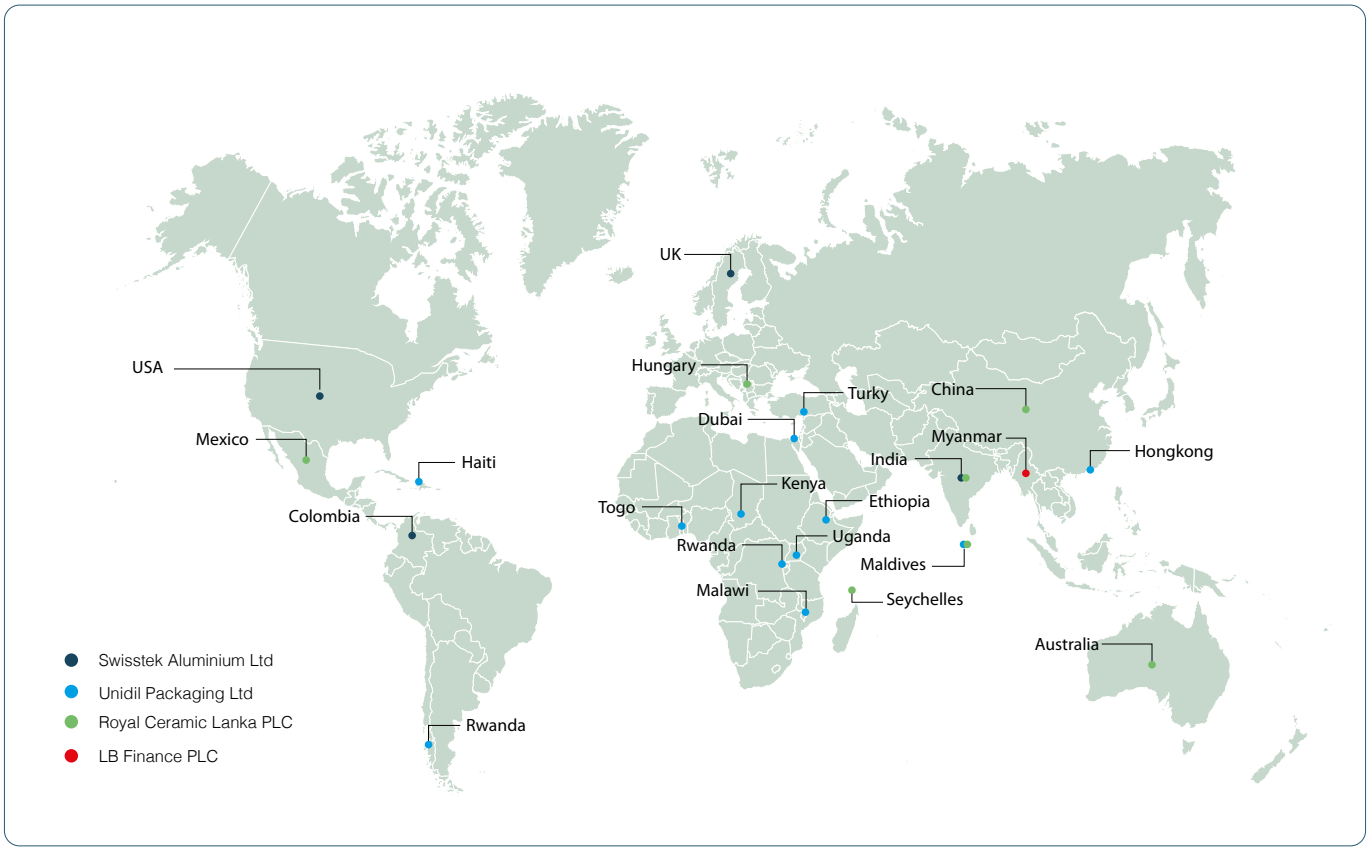
Refer Finance Sector Review from pages 123–129 for details.

Domestic, Overseas and Digital Presence

The Group's customer access is supported by a wide domestic footprint, selected overseas market relationships and digital platforms that strengthen reach across retail, financial services, manufacturing, distribution, hospitality and specialised services. These channels enable Vallibel One to remain close to customers while supporting product visibility, service accessibility and regional market presence.

Sector	Domestic presence	Overseas presence	Digital / online platforms
Lifestyle	176 showrooms and outlets 2024/25 – 153	USA, Australia, India, Maldives, Kenya and other export / market relationships	Lanka Tiles website, Rocell website, virtual tour design hub, Facebook, building products and interior décor platforms, Delmart, Delmege Interior online platform
Finance	225 branches 2024/25 – 216	Myanmar microfinance operations, Philippines market preparation	L B Finance website, L B CIM, digital financial services and app-based customer platforms
Aluminium	215 dealers and distributors 2024/25 – 204	Bangalore and other regional / export relationships	Online shopping portal, Daraz.lk,Alupenters.lk and e-commerce channels
Consumer Goods	61k+ dealers and distributors 2024/25 – 55,704	Principal-backed and distribution-led international brand relationships	Daraz.lk, Kapruka, Celeste, Lassana Flora, Qubic.lk, Ikman.lk and other ecommerce channels
Packaging	4+ industrial and customer relationship platforms	Kenya, Ethiopia, Maldives, Pakistan, Haiti and other export / regional customer relationships	Customer-specific B2B engagement and sector-led service channels
Leisure	The Fortress Resort & Spa and guest service platforms	Global travel markets and international guest relationships	Online travel agents, direct digital platforms, social media and booking channels
Other	Insurance, travel, shipping, logistics and ceramic raw material customer relationships	Shipping, travel, insurance and logistics-linked international relationships	Customer service platforms, travel facilitation channels, logistics communication platforms and advisory-led service channels

Social and Relationship Capital



INNOVATION, QUALITY AND CUSTOMER RELEVANCE

Product and service responsibility remained central to the Group's ability to build customer trust, strengthen market relevance and respond to changing stakeholder expectations. Across sectors, Vallibel One continued to focus on product quality, customer safety, responsible communication, technical reliability and service responsiveness. During the year, the Group introduced 428 new products, compared to 172 in 2024/25, supported by sector-level innovation, new customer propositions, principal-backed offerings and market-led product development. R&D investment amounted to LKR 97.83 Mn, compared to LKR 149 Mn in 2024/25, reflecting a more focused approach to converting customer insight into practical product and service additions.

Quality Assurance, Safety and Responsible Service

Quality Assurance, Safety and Responsible Service Product and service responsibility is supported by the Group's quality systems, certifications, regulatory controls, principal requirements and technical service capability. These systems help maintain customer trust by supporting product quality, safety, responsible communication and reliable service delivery across relevant sectors.

Consumer Goods products are labelled in line with applicable regulatory requirements, while food-related businesses maintain product safety and quality controls. The Finance sector manages products and services in line with applicable regulatory requirements, industry standards, internal governance controls and responsible

428
New products
2024/25 – 172

LKR **97.83** Mn
R&D investment
2024/25 – LKR 149 Mn

No reported instances
Product/service non-compliance incidents during the year

lending principles. In manufacturing and specialised service sectors, certifications, product testing, principal-led standards and technical support help strengthen customer confidence.

Refer Intellectual Capital from pages 198–207 for details on product innovation, certifications, quality systems and technical capability.

Product quality

Supported through certifications, testing, quality management systems and principal-led standards.

Customer health and safety

Maintained through food safety systems, product compliance, technical service controls and sector-specific operating requirements.

Responsible labelling

Consumer Goods products are labelled in line with applicable regulatory requirements.

Responsible finance

Finance products and services are managed in line with regulatory requirements, industry standards, internal governance controls and responsible lending principles.

Technical reliability

Healthcare, Aluminium, Packaging and Other specialised services are supported through technical expertise, principal coordination

No reported non-compliance

No product or service-related noncompliance incidents were reported during the year, based on information received.

NEW PRODUCTS AND VALUE PROPOSITIONS

Sector	Customer need	Additions and developments	Value created
Lifestyle	Design-led spaces and interiors	New tile designs and sizes, large-format tiles, 1000x1000mm formats, porcelain and polished tile capability, premium surface solutions, flooring, wall coverings, carpets, partitions, ceilings, blinds and interior décor solutions	Expanded design choice for residential, commercial and project customers while strengthening higher-value, specification-led interior solutions
	Modern bathrooms and living spaces	Spa baths, smart toilets, touchless controls, rimless systems, hygienic flushing systems, premium bathware, sanitaryware and bathroom fittings	Supported customer expectations around hygiene, comfort, convenience and premium living
	Building products and project solutions	Delmege-branded water pumps, electrical accessories, LED panel lights, CPVC hot water pipes and fittings, tile adhesives, grout, mortar, weather-resilient construction solutions, Hettich and Warisandor relationships, and standard and custom-made furniture through Grip Delmege	Extended the Group's proposition beyond tiles and sanitaryware into broader construction, finishing and interior completion solutions
Packaging	Customer-specific packaging solutions	Corrugated cartons, regular slotted cartons, die-cut cartons, trays, top and bottom cartons, pads and partitions, customised corrugated solutions, paper sacks, printed trays, specification-led packaging, recyclable, biodegradable and fibre-based packaging	Supported industrial, FMCG, tea, cement, agriculture, construction and export customers with fit-for-purpose packaging, product protection and lower-impact alternatives

Social and Relationship Capital

Sector	Customer need	Additions and developments	Value created
Consumer Goods	Consumer and principal-backed brands	Motha Jellegen, MCW range, Kellogg's Frosties, Choco Pops, Rice Krispies, Pringles range and Shell lubricant solutions across automotive, industrial and marine segments	Broadened customer choice across food, convenience, family consumption, health-oriented and technical lubricant categories
Finance	Financial access and digital services	L B CIM, LB Sanmitha, Sanmitha savings account, gold loan, business loan, MSME knowledge platform, AI-powered lending, virtual debit cards, contactless payments, cross-border transactions, solar loans, mobility finance and Associated Motor Finance customer base	Strengthened access for MSMEs, entrepreneurs, mobility customers and digitally active users
Healthcare	Healthcare and specialised solutions	C-Arm systems, 3D-printing-based prosthetics, advanced mammography solutions, ophthalmic and vision-care solutions, diagnostics, surgical solutions, physiotherapy, rehabilitation and technical servicing	Improved access to specialised healthcare technologies and strengthened relationships with institutional healthcare customers
Other	Specialised customer services	Advisory-led insurance brokering, client risk reviews, coverage gap analysis, claims support, airline ticketing, visa facilitation, outbound tours, travel insurance, SOC loadings, project cargo, special cargo, container sales and rentals, inland transportation and feldspar supply	Strengthened specialised customer relationships across insurance, travel, logistics and ceramic raw material supply

MARKETING, BRANDING AND CUSTOMER ENGAGEMENT

Marketing and communication investment increased to LKR 1.17 Bn, compared to LKR 1.09 Bn in 2024/25, supporting brand visibility, product launches, customer communication, digital engagement, CRM-led interaction and market activation.

Activation.

Physical and relationship-led engagement

Showrooms, branches, dealer communication, project relationships, architect and designer engagement, fabricator programmes and institutional customer engagement.

Partner and platform-led engagement

Principal-backed brands, automotive and healthcare partnerships, travel operators, Alupenters.lk, global booking platforms and specialised service relationships.

Digital and CRM-led engagement

L B CIM, digital campaigns, social media, online booking platforms, Sales Force Automation, Power BI and planned modern trade merchandising tracking.

Experience-led engagement

Colombo Fashion Week, experiential activations, recipe-led content, influencer collaborations, guest campaigns and premium hospitality communication. Sector

Sector Activities in 2025/26:

Lifestyle

Showroom-led engagement, architect and designer interaction, dealer communication, project-led relationships and design-led platforms such as Colombo Fashion Week.

Finance

Branch-led communication, L B CIM, LB Sanmitha and ecosystem partnerships across automotive, agriculture, healthcare, mobility and lifestyle sectors.

Consumer Goods

Digital campaigns, recipe-led content, competitions, influencer collaborations and experiential activations, supported by Sales Force Automation, Power BI and planned modern trade merchandising tracking.

Leisure

Global travel operators, online booking platforms, digital campaigns, social media and premium guest-focused communication.

Other

Risk advisory, claims support, travel facilitation and specialised logistics support.



Creating Spaces you'd Love to Live in - Lanka Tiles

Alupenters.lk and Product Influencer Engagement

Swisstek Aluminium continued to build relationship capital through Alupenters.lk, a platform that connects customers with aluminium fabricators and supports wider engagement across the aluminium ecosystem.

Alupenters.lk supports customer requirements across doors, windows, partitions, shop fronts, louvres, bathroom solutions, roofing, tile skirting, ladders, racks, closets and pantry cupboards. It extends the Group's relationshipAlupenters.lk and Product Influencer Engagement Swisstek Aluminium continued to build relationship capital through Alupenters.lk, a platform that connects customers with aluminium fabricators and supports wider engagement across the aluminium ecosystem. Alupenters.lk supports customer requirements across doors, windows, partitions, shop fronts, louvres, bathroom solutions, roofing, tile skirting, ladders, racks, closets and pantry cupboards. It extends the Group's relationship base beyond direct product sales by connecting fabricators, end customers and industry influencers.base beyond direct product sales by connecting fabricators, end customers and industry influencers.

1,800
Fabricators

132,259
Facebook followers

1.5 MN
Monthly reach

Outcomes

- Connected customers with skilled aluminium fabricators
- Improved access to aluminium solutions
- Strengthened specification-led engagement with architects, engineers and product influencers
- Supported broader capability development within the aluminium ecosystem



https://alupenters.lk/

Industry Engagement:

- Fabricator programmes
- Engineer programmes
- Solar installer programmes
- Vocational training authority programmes
- Architect engagement
- Product influencer
- engagement

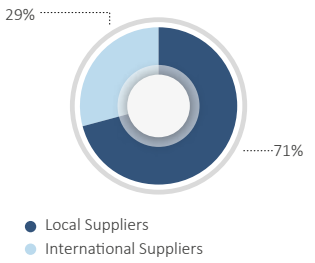
Social and Relationship Capital

SUPPLIER AND PARTNER RELATIONSHIPS

Supplier and business partner relationships remained central to the Group's ability to maintain availability, quality, service reliability and customer delivery. In response to supply chain disruptions and import-linked pressures, the Group continued to diversify its supplier base and strengthen alternative sourcing arrangements to support business continuity.

Supplier relationships are managed through procurement processes, contractual requirements, quality expectations and due diligence where relevant. While a formal Group-wide sustainability screening mechanism is not yet implemented to a large extent, supplier checks and compliance reviews are carried out where required by sector regulations, principal expectations and operational needs.

Geographical breakdown of supplier payments

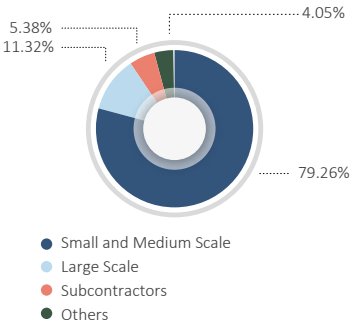


Supplier Composition - 2025/26

The supplier base increased to 23,610 from 7,630 in 2024/25, reflecting broader supplier capture across Group systems and operating platforms. Locally based suppliers increased to 98% from 95%, while SME suppliers increased to 96%from 89%. Spending on local suppliers remained high at 79%, compared to 80% in 2024/25, while payments to SMEs accounted for 56%, compared to 59%.

The Group continued to maintain a strong local supplier base, supporting domestic enterprise participation and reducing exposure to external supply disruptions where local sourcing is feasible. At the same time, the Group engaged international suppliers where required to uphold quality standards, secure specialised inputs and maintain a diversified sourcing portfolio.

Supplier Profile



Supplier Engagement

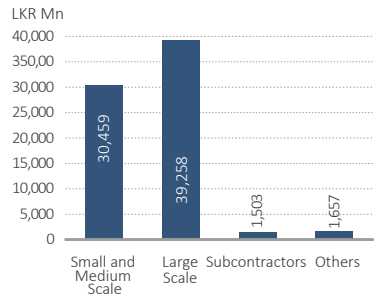
Engagement mechanisms

- Procurement oversight
- Regular communication
- Site visits where relevant
- Periodic reviews and assessments
- Training and capacity-building opportunities
- Business development opportunities

Supplier responsibilities

- Contract fulfilment
- Quality and delivery reliability
- Compliance with applicable laws and regulations
- Responsible business conduct
- Environmental and social awareness where relevant

Supplier Payments by type



Packaging supplier resilience

Engagement mechanisms

The Packaging sector strengthened supplier resilience through local paper mill engagement, alternative sourcing routes, supplier contracting, buffer stock management and new supplier onboarding. These initiatives supported continuity during periods of raw material volatility, imported paper delays and freight disruption.

Refer Packaging Sector Review from pages 156– 161 for details.



The Tailoring School Project - LB Finance

Suppliers at a Glance

23,610
Total suppliers
2024/25: 7,630 | +209%

98%
Locally based suppliers
2024/25: 95% | +3 percentage points

96%
SME suppliers
2024/25: 89% | +7 percentage points

79%
Spend on local suppliers
2024/25: 80% |-1 percentage point

56%
Payments to SMEs
2024/25: 59% |-3 percentage points

COMMUNITY RELATIONSHIPS AND SOCIAL CONTRIBUTION

Community relationships remained an important part of Vallibel One's social and relationship capital, strengthening trust with the communities connected to the Group's operations, employees, customers and supply chains. During the year, the Group continued to support education, welfare, healthcare-related needs, religious and cultural institutions, environmental initiatives, local livelihoods and community development. CSR investment amounted to LKR 38.35 Mn, compared to LKR 58 Mn in 2024/25. Although total investment reduced, the number of CSR projects increased from 112 to 114, reflecting continued engagement across community priorities. The Group recorded 38,323 beneficiaries during the year.

LKR 38.35 Mn
CSR investment
2024/25: LKR 58 Mn

114
CSR projects
2024/25: 112

38,323
Community beneficiaries

Focus area	Support Levers	Value created
Education and youth development	School supplies, scholarships, school infrastructure support, vocational training and student support	Improved learning access and youth capability
Consumer Goods	Donations, meals, medical outreach, welfare assistance and support for vulnerable communities	Strengthened well-being and local community support
Religious and cultural support	Support for temples, churches, religious festivals, community institutions and cultural celebrations	Preserved cultural ties and strengthened community relationships
Environmental action	Clean-up campaigns, tree planting, environmental awareness, beach clean-ups and preservation activities	Supported environmental stewardship and local participation
Local livelihoods and inclusion	Support for local artisans, community recruitment, SME-linked activity and local supplier participation	Encouraged local economic participation and inclusion

There were no instances of socio-economic non-compliance recorded during the year.



Perfect Spark Mentoring Camp by Swisstek

Outlook

Looking ahead, Vallibel One will continue to strengthen social and relationship capital by deepening customer engagement, expanding product relevance, supporting local supplier participation and maintaining meaningful community relationships.

The Group will focus on practical responses to evolving customer and stakeholder expectations, including customer-led innovation, digital and physical access, service improvements, supplier engagement and community investment. Growth platforms such as regional financial services expansion, mobility finance, specialised healthcare solutions, value-added logistics and sustainable packaging will further support relationship-led value creation.

Through this approach, social and relationship capital will continue to support stakeholder trust, customer relevance, supply continuity and shared value creation across the Group.

Natural Capital

Stewarding the Resources that Sustain Long-Term Value

Vallibel One's natural capital represents the environmental resources and systems that enable the Group to operate, produce, serve and grow responsibly across diverse sectors. It includes energy, water, raw materials, renewable and non-renewable resources, land-based assets, ecosystems and the emissions-related capacity of the environment. Managed with discipline, natural capital serves as more than a resource base. It is a foundation for operational continuity, resource efficiency, environmental compliance, climate readiness and sustainable value creation across the Group.

Natural Capital in Numbers

19,623 MT
Recycled material used in production
2024/25: 19,248 MT

45,651 MT
Renewable material consumption
2024/25: 41,591 MT

79 %
Effluents recycled through treatment
2024/25: 42%

135,358 tCO_2e
Carbon emissions
2024/25: 136,921 tCO_2e

1,051,650 Gj
Energy consumption
2024/25: 1,030,310 GJ

102.56 GJ
Energy intensity per employee
2024/25: 104 GJ

8,026 kWh
Electricity usage per employee
2024/25: 8,306 kWh

493.7 Mn litres
Water withdrawn
2024/25: 493.4 Mn litres

160,571 MT
Reported waste generated
2024/25: 181,193 MT

6%
Ground Water Usage Reduction

Value Foundations:

Energy
Electricity, fuel, biomass and solar power supporting production and operations.

Water
Water sources, treatment systems and reuse practices supporting continuity and compliance.

Materials
Renewable, non-renewable and recycled inputs used across operating sectors.

Climate and Emissions
Emissions measurement, reduction efforts and climate-readiness practices.

Waste and Circularity
Waste reduction, recycling, effluent treatment and resource recovery.

Land and Ecosystems
Mining-linked resources, rehabilitation of land, tree planting and environmental stewardship.

Compliance Systems
Environmental licences, certifications, monitoring and operating controls.

What we did in 2025/26

- Prioritised resource efficiency initiatives that support operational continuity, cost discipline and environmental responsibility.
- Advanced energy, water, material and emissions management practices across relevant operations.
- Strengthened circularity and environmental controls through effluent treatment, recycling, water monitoring and responsible resource management.
- Improved climate-related measurement, environmental data quality and sustainability-linked reporting practices.
- Continued ecosystem stewardship through tree planting, land rehabilitation and environmental awareness initiatives.

Strategic Focus Areas: SG GS BE

Material Topics: M3 M4 M5 M6 M8

Principal Risks: R3 R4 R5 R8

Impacted SDGs:

CAPITAL INTERDEPENDENCIES AND TRADE-OFFS

How Natural Capital Connects with Other Capitals

Natural capital is closely linked to the Group's physical assets, financial resources, employee capability, operating systems and stakeholder relationships. Efficient use of energy, water and materials supports cost discipline and continuity, while strong environmental controls help protect compliance, reputation and long-term resilience.

As the Group grows, demand for natural resources may increase. The focus is therefore on improving efficiency, expanding reuse and recycling, strengthening renewable energy adoption and reducing the environmental impact of operations.

Financial Capital

Provides
Investment in renewable energy, energy efficiency, water management, environmental controls, certifications and compliance systems.

Creates value through
Lower resource intensity, reduced operating costs, stronger compliance and improved climate readiness.

Potential pressure
Upfront investment requirements, payback periods and exposure to energy and raw material price volatility

Manufactured Capital

Provides
Facilities, machinery, treatment plants, solar infrastructure, water systems and waste management assets.

Creates value through
Cleaner production, improved resource productivity, reduced emissions and better recovery of materials and water.

Potential pressure
Energy use, water consumption, raw material demand, effluent discharge and waste generation.

Intellectual Capital

Provides
Data systems, monitoring tools, process knowledge, certifications and emissions measurement capability.

Creates value through
Better visibility of environmental performance, stronger decision-making and improved disclosure readiness.

Potential pressure
Data gaps, system limitations, measurement consistency and evolving reporting requirements.

Human Capital

Provides
Skills, technical knowledge, maintenance discipline, environmental awareness and safe operating practices.

Creates value through
Better process control, reduced resource losses, improved compliance and stronger environmental performance.

Potential pressure
Training needs, behavioural change and consistency of environmental practices across operations.

Social and Relationship Capital

Provides
Supplier partnerships, customer expectations, regulator engagement and community relationships.

Creates value through
Responsible sourcing, licence to operate, customer confidence and stakeholder trust.

Potential pressure
Supplier compliance, environmental scrutiny, changing customer expectations and community concerns.

HOW NATURAL CAPITAL SUPPORTS VALUE CREATION

Secure → Maintaining access to essential resources
Supporting production and service continuity through the responsible use of energy, water, raw materials and land-based resources.

Conserve → Improving efficiency and reducing intensity
Using process discipline, equipment upgrades, monitoring and operational controls to reduce energy, water and material intensity.

Recover → Extending the value of resources
Promoting reuse, recycling, waste recovery, treated water reuse and circular practices across relevant operations.

Protect → Reducing environmental impact
Managing emissions, effluents, waste, noise, chemical use and ecosystem disturbance through structured environmental controls.

Adapt → Strengthening climate and regulatory readiness
Improving data, systems, certifications and disclosure capability to respond to evolving climate-related, environmental and customer expectations.

Natural Capital

OPERATING LANDSCAPE

- Energy costs, raw material volatility and supply chain constraints continued to influence resource management priorities across manufacturing-led sectors.
- Resource-intensive operations remained most exposed to energy, water and material pressures, reinforcing the need for stronger efficiency and process discipline.
- Environmental compliance requirements around emissions, effluents, waste, noise and resource use remained a key operating priority.
- Customer and regulatory expectations around climate readiness, responsible sourcing, sustainable products and environmental transparency continued to increase.
- The Group focused on practical improvements across energy efficiency, water reuse, waste management, emissions monitoring, circularity and responsible production.

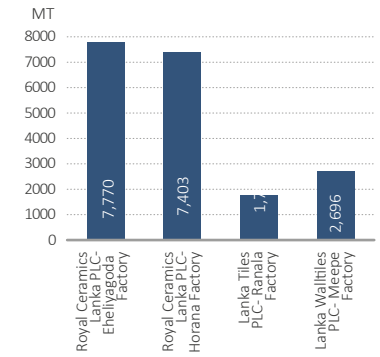
RESOURCE USE AND MATERIAL STEWARDSHIP

The Group's material footprint is primarily driven by its Lifestyle, Aluminium and Packaging operations, where raw materials are essential to production continuity and product quality. During 2025/26, total raw material consumption increased by 5.7% to 369,777 MT, compared to 349,805 MT in the previous year, reflecting higher resource requirements across selected operations.

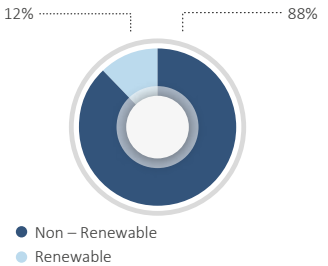
Non-renewable materials remained the largest component of the Group's material base at 88%, broadly in line with the previous year. Renewable materials increased by 9.8% to 45,651 MT, compared to 41,591 MT in 2024/25, maintaining a 12% share of total materials.

Recycled input materials increased by 1.9% to 19,623 MT, compared to 19,248 MT in the previous year. However, recycled inputs as a percentage of total materials reduced from 5.5% to 5.0%, due to the higher overall material base. This reinforces the need to continue strengthening circular material use as production activity expands.

Recycled input materials in production



Renewable and Non renewable materials



RESPONSIBLE SOURCING

Responsible sourcing remained an important part of the Group's natural capital approach, particularly in sectors exposed to raw material availability, imported inputs, supplier reliability and environmental compliance requirements. The Group continued to strengthen supplier engagement, quality controls, certification-led practices and responsible raw material management across relevant sectors.

In the Lifestyle sector, raw material management remained critical due to the reliance on clay, feldspar, kaolin and other ceramic inputs. Operational focus areas included improving incoming material quality, reducing impurities, controlling body material behaviour and introducing process improvements to reduce losses during production.

FSC and WRAP-linked practices

Supporting responsible paper-based packaging value chains.

Raw material quality controls

Improving production stability and reducing process losses.

Supplier engagement

Supporting continuity, compliance and responsible procurement.

The Packaging sector continued to support responsible sourcing through FSC Chain of Custody and WRAP-related practices, while advancing material efficiency through product optimisation. Within the Aluminium sector, responsible sourcing remained linked to imported billets, ingots and powder, as well as the use of local billets where possible.

Responsible Inputs, Efficient Outcomes:

Responsible sourcing → Quality control → Efficient production → Improved resource productivity

EFFICIENT AND RESPONSIBLE PRODUCTION

The Group continued to improve natural capital performance through stronger production discipline. Across manufacturing-led operations, efficiency initiatives focused on yield improvement, energy optimisation, preventive maintenance, process control, machine performance and reduction of production losses.

In the Lifestyle sector, RCL Eheliyagoda exceeded its budgeted production and production yield targets, while reducing manufacturing cost per square metre. RBL improved cumulative product yield from 65% to 74%, while green damage reduced from 23% to 10%, reflecting better material use and lower production losses.

65% → 74%
Improvement in cumulative product yield at RBL

23% → 10%
Reduction in green damage at RBL

Improved process discipline
Supporting yield, quality and resource efficiency.

Business Excellence further supported natural capital outcomes by improving conversion efficiency, equipment reliability, material use and process ownership. These initiatives strengthened the connection between operational excellence and environmental performance, helping the Group reduce resource losses while improving cost discipline.

Refer Manufactured Capital (pages 174-181)

Refer A Commitment to Excellence (pages 40-41)

Circular Resource Management

Reduce. Reuse. Recycle.

The Group continued to apply the 3R principles across relevant operations, focusing on reducing resource intensity, reusing recoverable resources and recycling materials and water where feasible. These initiatives supported operational efficiency, waste reduction, water circularity and responsible resource management during the year.

Reduce	Reuse	Recycle
• Energy optimisation and process efficiency initiatives. • Improved production yield and reduced process losses. • Preventive maintenance and equipment upgrades. • Water flow control systems across six factories to support monitoring and reduction. • Strengthened resource monitoring and climate-related data practices.	• Reuse of treated water in relevant operations. • Reuse of recoverable production materials where feasible. • Wastewater recovery and reuse practices. • Backfilling and reclamation of discontinued mining sites.	• Recycled input materials increased to 19,623 MT. • Effluent recycled through treatment improved from 42% to 79%. • Recycling of paper, aluminium scrap and recoverable materials. • Waste segregation and licensed disposal practices.

ENERGY MANAGEMENT

Energy remained one of the Group's most material environmental inputs, particularly across resource-intensive manufacturing operations. During 2025/26, total Group energy consumption amounted to 1,051,649 GJ, compared to 1,030,310 GJ in the previous year, reflecting a 2.1% year-on-year increase.

This increase was recorded alongside improvements in energy productivity. Energy intensity per employee improved to 102.56 GJ, compared to 104 GJ in 2024/25, while electricity usage per employee reduced to 8,026 kWh, compared to 8,306 kWh in the previous year. Electricity consumption also reduced marginally to 82.30 million kWh, compared to 82.55 million kWh in 2024/25.

The Group continued to manage energy use through process optimisation, equipment performance improvements, preventive maintenance, energy-efficient production practices and operational discipline. Renewable energy infrastructure also remained part of the Group's energy transition efforts, supported by 5.37 MW of installed solar power capacity across selected operations.

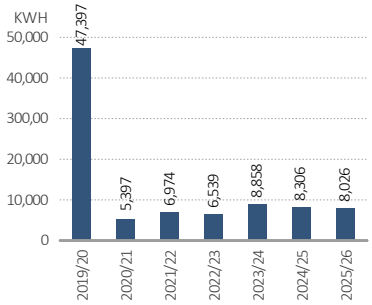
1,051,649 GJ
Total energy consumption
↑ 2.1% YoY

102.56 GJ
Energy intensity per employee
2024/25: 104 GJ

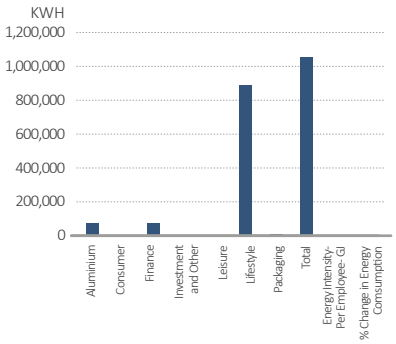
8,026 kWh
Electricity usage per employee
2024/25: 8,306 kWh

Natural Capital

Energy Intensity-Electricity Usage Per Employee



Energy Consumption



CLIMATE AND EMISSIONS MANAGEMENT

The Group continued to strengthen climate and emissions management during the year, with a focus on energy efficiency, renewable energy adoption, operational controls and improved climate-related measurement. As sustainability disclosure expectations continue to evolve, Vallibel One remains focused on enhancing the completeness, reliability and decision-usefulness of emissions data across its portfolio.

Consolidated emissions profile

Consolidated GHG emissions reduced to 135,358 tCO_2e in 2025/26, compared to 136,921 tCO_2e in the previous year, representing a 1.1% year-on-year reduction.

Within the consolidated emissions profile, Scope 1 emissions reduced by 2.5% to 82,614 tCO_2e, compared to 84,746 tCO_2e in 2024/25. This reduction reflects lower direct emissions across the Group's operations, supported by continued energy optimisation and operational controls.

Scope 2 emissions increased marginally by 0.8% to 45,079 tCO_2e, compared to 44,742 tCO_2e in the previous year. This movement reflects purchased electricity-related emissions across the Group's operating footprint, including changes in activity levels and electricity consumption patterns.

Scope 3 emissions increased by 3.1% to 7,664 tCO_2e, compared to 7,434 tCO_2e in 2024/25, reflecting the continued strengthening of value-chain-related emissions measurement.

135,358 tCO_2e
2024/25: 136,921 tCO2e
1.1% YoY

82,614 tCO_2e
Scope 1 emissions
2024/25: 84,746 tCO_2e
2.5% YoY

45,079 tCO_2e
Scope 2 emissions
2024/25: 44,742 tCO_2e
0.8% YoY

7,664 tCO_2e
Scope 3 emissions
2024/25: 7,434 tCO_2e
3.1% YoY

PCAF and ISO 14064
In the Finance Sector strengthened climate

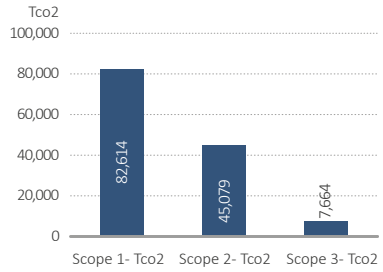
Emissions management approach

The reduction in total emissions reflects the Group's continued focus on improving energy efficiency, managing fuel use and strengthening operational controls across key sectors. Although Scope 2 and Scope 3 emissions increased marginally, the reduction in Scope 1 emissions supported an overall decline in the Group's carbon footprint.

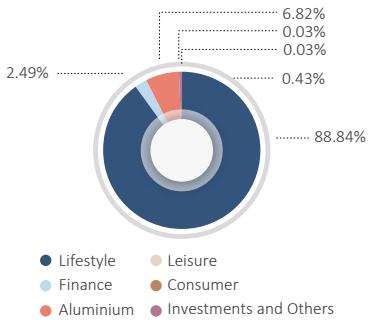
During the year, the Finance sector strengthened the Group's climate-related measurement capability through the adoption of the PCAF methodology to assess financed emissions, together with ISO 14064 carbon footprint verification. These developments support a more structured and credible approach to emissions measurement, including emissions associated with lending activities, and enhance the Group's readiness for evolving climate-related disclosure requirements.

Looking ahead, Vallibel One will continue to manage emissions through energy efficiency, renewable energy adoption, improved operational controls and stronger climate-related data systems. The Group will also continue to build on its verified carbon footprint data and financed emissions assessment to support better decision-making and future sustainability disclosure readiness.

GHG Emissions Scope 1,2,3



GHG Emissions by sectors



WATER STEWARDSHIP

Water remains a critical resource for Vallibel One, particularly within manufacturing operations. During 2025/26, total Group water withdrawal amounted to 493.7 million litres, broadly in line with 493.4 million litres recorded in the previous year.

The Group's water was sourced mainly from groundwater, which accounted for 54% of total withdrawal, followed by municipal water at 23%, surface water at 20% and produced water at 3%. Groundwater remained the largest source, although its share reduced from 57% in 2024/25, while municipal and surface water shares increased during the year.

By sector, the Lifestyle sector remained the Group's largest water user, accounting for 83% of total water withdrawal, broadly unchanged from the previous year. Finance accounted for 10.2%, while Packaging accounted for 6.2%, reflecting the Group's manufacturing-led water profile.

EFFLUENT TREATMENT AND WATER CIRCULARITY

Effluent management remained especially important within the Group's manufacturing operations. During the year, effluent water discharged increased to 386.2 million litres, compared to 178.1 million litres in 2024/25. This movement was mainly driven by higher reported discharge from Lifestyle operations and the inclusion of Packaging effluents in the current-year data.

Despite the increase in total discharge, the Group recorded a significant improvement in water circularity. Effluent recycled through treatment increased to 304.9 million litres, representing 79% of total effluent, compared to 42% in the previous year. Total recycled water usage also increased to 303.3 million litres, compared to 116.9 million litres in 2024/25, improving the water recycled percentage from 24% to 61%.

8
Effluent treatment plants



Water Treatment Plant - Lanka Tiles

The Group's wastewater management infrastructure included eight effluent treatment plants and six on-site sludge yards, supporting responsible treatment, handling and disposal practices across relevant operations.

6
On-site sludge yards

Water Stewardship

493.7 Mn litres
Total water withdrawn
2024/25: 493.4 Mn litres

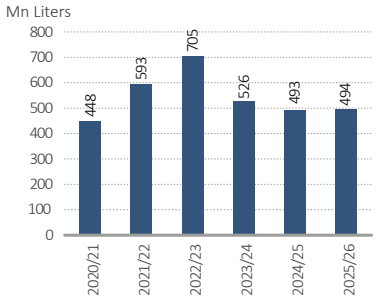
14.5 Mn litres
Produced water withdrawn
2024/25: 22.7 Mn litres
36.1% YoY

266Mn litres
Groundwater withdrawn
2024/25: 282.4 Mn litres
5.8% YoY

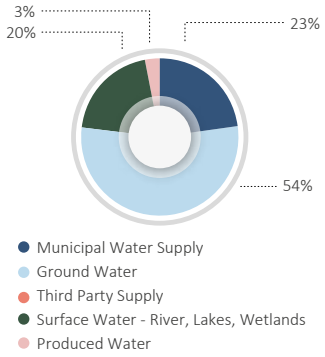
6 factories
Track and monitor water consumption through water flow control systems

The Group continued to strengthen water management through monitoring, process efficiency, wastewater treatment, recycling and reuse. Water flow control systems were in place across six factories, supporting closer tracking of consumption and more disciplined water management across relevant operations.

Water Consumption YoY



Volume of water withdrawn – by source



Water Treatment and Circularity

386.2 Mn litres
Effluent water discharged
2024/25: 178.1 Mn litres

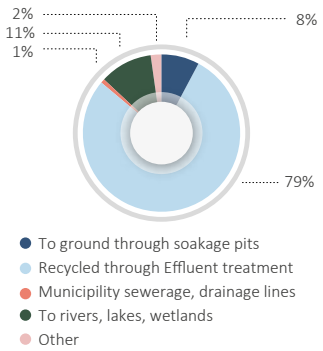
304.9 Mn litres
Effluent recycled through treatment

79%
Effluent recycled through treatment
2024/25: 42%

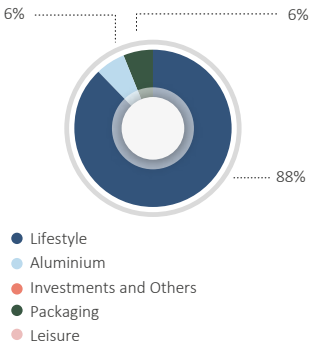
303.3 Mn litres
Total water recycled
2024/25: 116.9 Mn litres

Natural Capital

Effluent treated water discharge



Effluent water discharged by manufacturing sectors



160,571 MT
Reported waste generated
11.4% YoY

56,030 MT
Waste recycled
35% of total waste

7,464 MT
Hazardous waste
2024/25: 23,034 MT

153,107 MT
Non-hazardous waste
2024/25: 158,159 MT

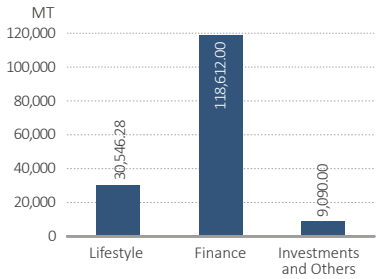
WASTE MANAGEMENT AND CIRCULARITY

Waste management remained a key priority due to the scale and diversity of the Group's operations. During 2025/26, reported waste generation reduced by 11.4% to 160,571 MT, compared to 181,193 MT in the previous year.

The reduction was supported by lower hazardous waste and a modest reduction in non-hazardous waste. Hazardous waste reduced to 7,464 MT, compared to 23,034 MT in 2024/25, while non-hazardous waste reduced to 153,107 MT, compared to 158,159 MT in the previous year.

By disposal method, recycling accounted for the largest share at 35%, followed by other disposal methods at 30%, landfill at 23%, on-site storage at 6% and reuse at 6%. The Group continued to focus on waste segregation, reuse, recycling, licensed disposal and reduction of production losses across relevant operations.

Waste Generation By Sector

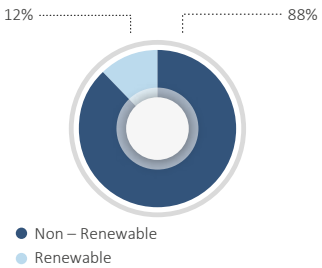


ENVIRONMENTAL STEWARDSHIP

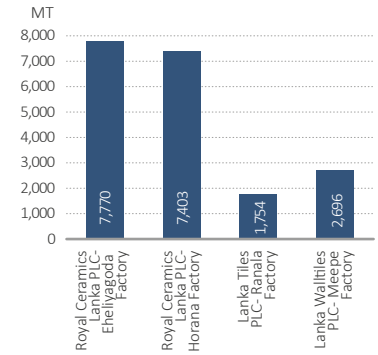
The Vallibel One Group continued to support environmental stewardship through tree planting, land rehabilitation, awareness initiatives and responsible land-use practices. During the year, sectors across the Group collectively planted 670 trees, contributing to green cover and reinforcing environmental responsibility across relevant operations.

The mining cluster continued to engage with relevant authorities to preserve active mines and rehabilitate discontinued sites through backfilling and reclamation. These measures support responsible resource extraction, reduce land disturbance and strengthen the Group's approach to managing land-based impacts.

Renewable and Non renewable materials



Recycled input materials in production





Yagirala Rainforest Replanting - LB Finance





Mangrove Reforestation Project - LB Finance

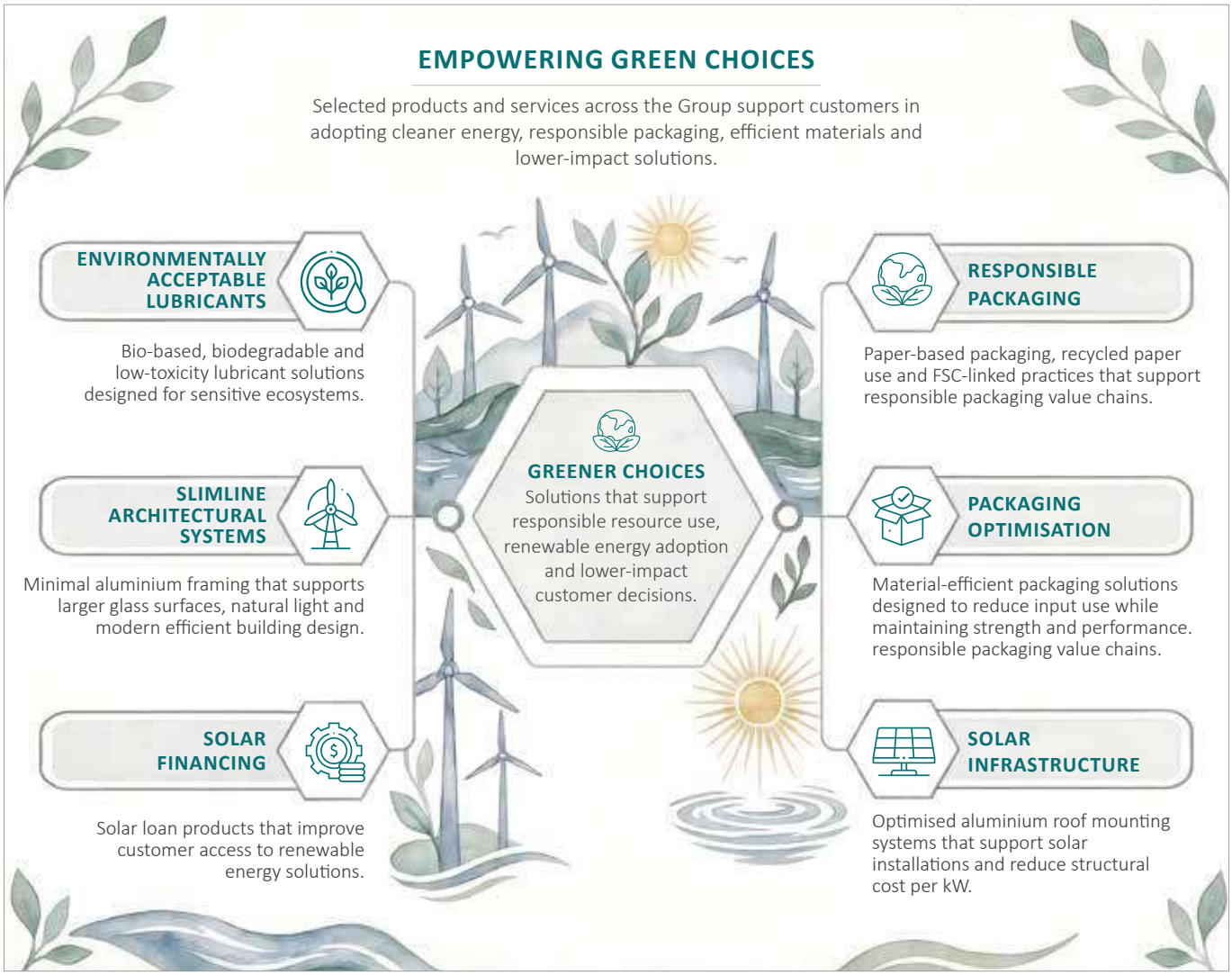
EMPOWERING GREEN CHOICES

The Group supports greener choices through selected products and services that help customers adopt cleaner energy, responsible packaging, efficient materials and lower-impact solutions. These include paper-based and FSC-linked packaging solutions, material-efficient packaging optimisation, aluminium structures for solar infrastructure, solar loan products, environmentally acceptable lubricant ranges and slimline architectural systems that support modern, light-filled building design.



Unidil Factory Solar Panel Installation

Together, these offerings extend the Group's natural capital impact beyond internal resource management, enabling customers and markets to make more environmentally responsible choices.



Natural Capital

COMPLIANCE AND STANDARDS

The Group continued to comply with applicable environmental laws, permits, licences and regulatory requirements across its operating sectors. No monetary fines were recorded for environmental non-compliance during the year, while non-monetary sanctions reduced from one in 2024/25 to zero in 2025/26.

Environmental compliance was supported by monitoring systems, effluent treatment infrastructure, sludge management facilities and continued investment in quality and certification-related standards. During the year, investment in certifications and quality management standards amounted to LKR 9.22 Mn, supporting stronger operating discipline and compliance across relevant entities.

Several Group entities maintained or advanced recognised environmental and sustainability related certifications and standards, including ISO 14001 environmental management certification across selected entities, FSC Chain of Custody and WRAP certifications within the Packaging sector, ISO 14064 carbon footprint verification within the Finance sector and sector-specific standards linked to product quality, responsible sourcing and environmental performance.

The year also saw the adoption of SLFRS Sustainability Disclosures across the Group, demonstrating the organisation's broader commitment to compliance and sustainable priorities.

Refer Intellectual Capital (pages 198-207)

Refer SLFRS Disclosures (pages 92-114)

Zero monetary fines
For environmental non-compliance

Zero non-monetary sanctions
2024/25: one

LKR 9.22 Mn
Investment in certifications and quality management standards

8 effluent treatment plants
Supporting compliance with wastewater management requirements

Outlook

Looking ahead, Vallibel One will continue to manage natural capital with a focus on resource efficiency, climate readiness, responsible sourcing, environmental compliance and ecosystem stewardship. Priorities include reducing energy and water intensity, improving material productivity, increasing renewable energy use, strengthening effluent and waste management and improving environmental data quality.

Natural capital management will remain closely linked to Business Excellence, manufacturing efficiency, capital allocation, product innovation and sector-level strategy. As climate related expectations continue to evolve, the Group will also continue to improve emissions measurement and strengthen the systems required to assess climate-related risks and opportunities.

Through this approach, Vallibel One aims to reduce the environmental intensity of its operations while supporting cost discipline, regulatory confidence, stakeholder trust and long-term value creation across the Group.



Structure.

Cohesion.
Steadfastness.

Feathers hold their strength through structure and cohesion, with each strand connected to support balance, control and continuity. This section outlines Vallibel One's governance framework, highlighting the responsibilities, safeguards and decision-making processes that uphold trust and support responsible performance.

The Common Raven

Iridescence and textured depth on the Common Raven's feather convey resilience, and a measured approach to complex surroundings, highlighting strategic awareness in navigating diverse conditions.

Corporate Governance

Vallibel One PLC recognises that robust corporate governance is fundamental to achieving both its short-term objectives and long-term strategic ambitions. The Board of Directors is committed to upholding high standards of accountability, transparency, ethical conduct, and prudent oversight. This governance philosophy is embedded throughout the organisation and has supported the Group's sustained growth over the past 16 years.

This section sets out the governance architecture of the Group, including the responsibilities of the Board and its Committees, the mechanisms supporting effective oversight, and the systems that facilitate stakeholder engagement and informed decision-making.

During the year under review, the Group advanced its reporting and governance practices through the adoption of SLFRS S1 and SLFRS S2 – Sri Lanka Sustainability Disclosure Standards, strengthening Board oversight of sustainability-related risks and climate-related disclosures in alignment with emerging regulatory expectations. The Board retains overall responsibility for oversight of sustainability-related risks and opportunities, supported by the Audit Committee, which monitors ESG governance processes, sustainability-related disclosures, and climate-related reporting in line with the requirements of SLFRS S1 and SLFRS S2.

GROUP GOVERNANCE FRAMEWORK

Vallibel One's governance framework is underpinned by internally established policies, adherence to mandatory regulatory requirements, and alignment with voluntary codes and best practices, thereby demonstrating its commitment to governance that extends beyond regulatory compliance.

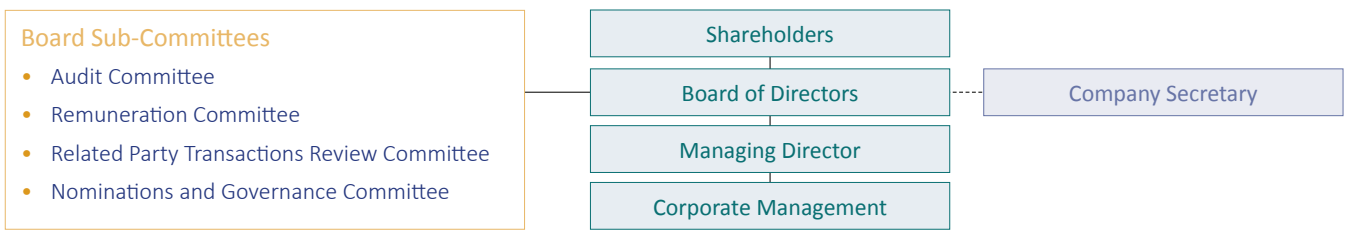
Mandatory Standards and Regulations	• Companies Act No. 07 of 2007 • Listing Rules of the Colombo Stock Exchange (CSE)	• Applicable Tax and Financial Reporting Regulations • Articles of Association	• SLFRS S1 and SLFRS S2 – Sri Lanka Sustainability Disclosure Standards (with transitional relief applied, where permitted)
Internal Frameworks and Policies	• Policy on Anti-Bribery and Corruption • Policy on Control and Management of Company Assets and Shareholder Investments • Policy on Environmental, Social and Governance (ESG) Sustainability	• Internal Code of Business Conduct and Ethics • Policy on Remuneration • Policy on Risk Management and Internal Controls • Policy on Corporate Governance, Nominations and Re-Election	• Policy on Whistleblowing • Policy on Relations with Shareholders and Investors • Policy on Corporate Disclosures • Policy on Matters Relating to the Board of Directors • Policy on Board Committees
Voluntary Codes and Best Practices	• Code of Best Practice on Corporate Governance 2017 (CA Sri Lanka)	• GRI Standards • Integrated Reporting Framework (IIRC)	• United Nations Sustainable Development Goals (UN SDGs)

All Board-approved policies are published on the Company's corporate website and are subject to periodic review to ensure alignment with evolving regulatory requirements and best governance practices.

Refer page 241 for details on policies

GOVERNANCE STRUCTURE

Vallibel One's governance architecture defines the roles, responsibilities, and reporting lines that underpin effective oversight across the Group. The Board of Directors, supported by its Sub-Committees and management structures, provides strategic leadership and ensures robust control, compliance, and accountability mechanisms are maintained throughout the organisation.



Strategic and Risk Oversight

To drive value creation, Vallibel One ensures:

Strategic Oversight:

Regular strategic meetings are conducted by the Centralised Research and Development Team, focusing on growth, governance, and subsidiary development.

Compliance & Risk Management:

The Group places significant emphasis on maintaining governance best practices, ensuring accountability and effective risk management across all operations.

ROLES AND RESPONSIBILITIES

Governance Leadership and Oversight Structure

The Board and its supporting governance functions operate within a clearly defined framework of roles and responsibilities designed to promote effective oversight, accountability, and informed decision-making across the Group. These responsibilities support strategic direction, operational supervision, regulatory compliance, and stakeholder engagement in line with established governance standards.

Board of Directors

- The Board serves as the highest governing body, responsible for establishing and maintaining a robust governance framework that drives performance while safeguarding the Group's assets.
- The Board provides strategic direction to the Group, oversees performance, and ensures that effective internal control systems are in place to support accurate financial reporting and informed decision-making.

Roles of the Chairman and Managing Director

The roles of the Chairman and Managing Director are clearly defined and remain separate in accordance with applicable regulatory requirements and governance best practices, ensuring an appropriate balance of authority within the Board structure.

Chairman: The Chairman oversees the effective functioning of the Board, including convening meetings, setting agendas, presiding over deliberations, ensuring Directors receive timely and adequate information for decision-making, and facilitating constructive participation from all members

Managing Director: The Managing Director is responsible for executing the Group's strategy and overseeing day-to-day operations within the approved policy framework, while ensuring adherence to applicable regulatory and governance requirements.

Company Secretary

Secretarial services are provided by P W Corporate Secretarial (Pvt) Ltd, which has appointed an Attorney-at-Law to provide secretarial services to the Board.

Corporate Governance

- Ensuring adherence to the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka .
- Advising the Board of Directors on governance matters and supporting the implementation of governance frameworks.

Board Support

- Organising and preparing agendas for Board meetings.
- Recording minutes and ensuring follow-up on Board decisions.
- Acting as a liaison between the Board and shareholders.

Compliance

- Ensuring compliance with statutory and regulatory requirements, including the Companies Act of Sri Lanka.
- Filing statutory forms and supporting regulatory compliance while maintaining statutory records.

Risk Management

- Supporting the Board in identifying, assessing, and mitigating risks.
- Supporting the implementation of risk management strategies.

Stakeholder Communication

- Managing relationships with shareholders, regulators, and other stakeholders.
- Supporting transparent communication and addressing stakeholder concerns.

Ethics and Sustainability

- Supporting oversight of ethical practices and compliance programmes.

Corporate Governance

BOARD COMPOSITION AND DIVERSITY

As at 31st March 2026, the Board of Directors comprised eleven (11) members, consisting of:

- Two (2) Executive Directors
- Three (3) Non-Executive Directors
- Six (6) Independent Non-Executive Directors

Vallibel One PLC ensures that the composition of its Board complies with the Listing Rules of the Colombo Stock Exchange, the Company's Articles of Association, and the Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka.

This governance structure promotes a balanced distribution of authority, preventing any single Director from exercising unfettered control, while maintaining a majority of Independent Non-Executive Directors on the Board.

BOARD COMPOSITION AND DIVERSITY AT A GLANCE

11 Directors

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

Board Composition:

55% Independent | 27% Non-Executive | 18% Executive

Directors by Age Range:

Age Range	Number
<30	1
30> to <45	2
45<	8

Board Tenure:

8 Directors: 0 - 3 Years | 1 Director: 3 - 6 Years | 2 Directors: More than 6 Years

Gender Representation:

55% Female

45% Male

Vallibel One's Board comprises six female Directors, representing approximately 55% of total Board composition, reflecting strong gender representation at Board level and reinforcing the Group's commitment to diversity and inclusive leadership.

Board composition is periodically reviewed and may be influenced by appointments, resignations, retirements, or re-elections in accordance with applicable statutory and regulatory requirements.

Refer pages 26-30 for Board Profiles

Board Knowledge & Expertise

The Board comprises a diverse group of accomplished professionals with expertise spanning entrepreneurship, finance, banking, governance, and corporate leadership. As detailed in their individual profiles, Directors bring extensive industry and strategic experience, supporting effective oversight and informed decision-making across the Group. The collective expertise of the Board reflects a balanced mix of traditional disciplines and emerging business perspectives, enabling the organisation to respond effectively to evolving opportunities and challenges.

Director	Financial & Risk				Strategy & Growth			Governance & Sustainability			
	Economics	Risk Management	Accounting & Finance	Banking & Financial Services	Entrepreneurship	Marketing & Sales	International Business	Corporate & Commercial Law	Sustainability & ESG	Digital Innovation & Technology	Engineering & Operations
Dhammika Perera	●	●	●	●	●		●				
Harsha Amarasekera*		●		●			●	●			
Dinusha Bhaskaran		●	●	●	●	●	●		●		
Sumith Adhihetty		●	●	●	●	●					
Kawshi Amarasinghe		●		●	●				●	●	
Brindhiini Perera		●			●					●	●
Manil Jayesinghe	●	●	●	●			●				
Anura S Fernando		●	●	●			●				
Kamani Devika Weerasinghe		●	●	●							
Romany Parakrama		●		●		●			●		
Jonathan Alles	●	●	●	●		●					
Yanika Amarasekera**	●	●		●	●	●	●			●	

** Resigned w.e.f. 02 September 2025. ** Appointed w.e.f. 13 February 2026.*

BOARD INDUCTION AND TRAINING

The Board recognises the importance of continuous training and development in corporate governance and within Directors' respective areas of expertise to further strengthen the collective capabilities of the Board. Management supports this process by providing timely information updates and facilitating visits to operational locations and business facilities, as required.

Directors are encouraged to participate in relevant training and professional development programmes to enhance their competencies and remain informed of emerging developments that may impact the business interests of the Company and the Group.

Key Highlights

- Continuous professional development encouraged for all Directors
- Governance and regulatory updates provided on an ongoing basis
- Management facilitates operational site visits and business exposure
- Focus on strengthening collective Board capability

APPOINTMENT, RE-ELECTION AND RESIGNATION OF DIRECTORS

Board Appointments and Succession Planning

The Nominations and Governance Committee supports the Board in identifying the competencies required to maintain an effective Board composition, taking into consideration skills, experience, expertise, diversity, and independence requirements.

Based on these considerations, and with the concurrence of the Board, the Committee undertakes the evaluation and nomination of suitable candidates for appointment as Directors.

Recommendations are made following an assessment of the fitness and propriety of candidates in accordance with Rule 9.7.3 of the Listing Rules of the Colombo Stock Exchange, together with the required declarations obtained from proposed appointees. Where a candidate is considered for appointment as an Independent Director, the Committee assesses independence against the criteria specified under Rule 9.8.3 of the Listing Rules.

Board Appointments and Regulatory Disclosures

Appointments to the Board are made either to fill casual vacancies or as additional Directors, following consideration of recommendations made by the Nominations and Governance Committee.

All such appointments are promptly disclosed to the Colombo Stock Exchange together with a profile of the appointee in accordance with Rule 9.10.2 of the Listing Rules. Relevant disclosures relating to Directors' interests in shares are made in terms of Listing Rule 7.8, and statutory filings are submitted to the Registrar General of Companies.

During the year under review, changes to Board composition arising from appointments and resignations were effected in accordance with applicable regulatory requirements.

Board Appointments and Changes Effected in Full Compliance with CSE Listing Rules

All appointments, resignations and re-elections during the year were undertaken in accordance with the Listing Rules of the Colombo Stock Exchange the Articles of Association at the Company and the Companies Act, with required disclosures made in a timely manner.

Retirement by Rotation and Re-Election

In accordance with the Articles of Association of the Company, one-third of the Directors retire by rotation at each Annual General Meeting and are eligible for re-election.

Directors appointed to executive offices including Chairman, Deputy Chairman, Chief Executive Officer, Managing Director, Joint Managing Director or Executive Director are not subject to retirement by rotation while holding such office.

Further, in terms of Section 210 of the Companies Act, Directors who have attained the age of seventy years are required to be appointed or re-appointed by shareholders at the Annual General Meeting.

Accordingly, the Board recommends the re-election of Directors retiring by rotation for shareholder approval at the forthcoming Annual General Meeting.

Corporate Governance

Appointments During 2025/26	• Mrs Yanika Amarasekera – Independent Non-Executive Director (w.e.f. 13 February 2026) • Mr Sumith Adhihetty – Appointed Co-Chairman during the year
Resignations During 2025/26	• Mr Shiran Harsha Amarasekera – Non-Executive Director (w.e.f. 02 September 2025)
Retirement by Rotation at the AGM	• In accordance with Articles 87 and 88 of the Company's Articles of Association, one-third of the Directors retire by rotation at each Annual General Meeting and, being eligible, offer themselves for re-election. • Directors appointed during the year in terms of Article 94 are required to offer themselves for re-election at the next succeeding Annual General Meeting. • Accordingly, Mr Dhammika Perera and Mr Manil Jayesinghe will retire at the forthcoming AGM and offer themselves for re-election in terms of Articles 87 and 88, and • Accordingly, Mr Dhammika Perera and Mr Manil Jayesinghe will retire at the forthcoming AGM and offer themselves for re-election in terms of Articles 87 and 88, and Ms Yanika Amarasekera will retire in terms of Article 94 of the Articles of Association of the Company.
Re-Appointment	• In terms of Section 210 of the Companies Act No. 07 of 2007, a Director who has attained the age of seventy years requires shareholder approval for appointment or re-appointment at the Annual General Meeting. • Accordingly, the re-appointment of Mr Sumith Adhihetty will be placed before shareholders for approval at the forthcoming AGM.

DIRECTORS' INDEPENDENCE

The Board assesses the independence of its independent Non-Executive Directors against the criteria specified in the Listing Rules of the Colombo Stock Exchange.

Following a review undertaken by the Nominations and Governance Committee, the Board evaluated the declarations submitted by the Independent Non-Executive Directors — Mr Manil Jayesinghe, Mr Anura Fernando, Ms Kamani Devika Weerasinghe, Ms Romany Parakrama, Mr Jonathan Alles, and Mrs Yanika Amarasekera — and is satisfied that they meet the prescribed independence criteria.

Accordingly, the Board has determined that Independent Non-Executive Directors constitute a majority of the Board and continue to be independent in both fact and judgement, contributing objective and unbiased perspectives to Board deliberations and decision-making

Independence Overview

- Independence assessed against CSE Listing Rule criteria
- Six Independent Non-Executive Directors currently serve on the Board
- Independent Directors constitute a majority of the Board
- Independence maintained in both fact and judgment

DIRECTORS' INTERESTS, RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

Board members devote sufficient time and attention to the effective discharge of their responsibilities, contributing independent perspectives and professional judgement to matters considered by the Board.

Directors' external directorships and significant shareholdings are disclosed through formal annual declarations and are reviewed by the Board, with updates provided promptly for any new appointments or changes. Directors are required to declare any personal interests in matters before the Board and to abstain from deliberations and decision-making where a potential or perceived conflict of interest arises.

The Board is satisfied that such external commitments do not impair the objectivity or effectiveness of its members. All Directors remain mindful of their fiduciary duties and act in the best interests of the Company in accordance with the Companies Act and applicable regulatory requirements.

Directorships Held by Directors

The directorship status of each Director together with an analysis of other directorships and key positions held are presented below. This demonstrates that directorships held by Directors in listed entities remain within the limits prescribed by the Board in terms of the Policy on Matters Relating to the Board of Directors, namely a maximum of eleven (11) listed company directorships.

Name of Director	Directorship Status in the Company	Number of Board Seats held in Other Listed Companies		Number of Board Seats held in other Unlisted Companies	
		Listed Companies Executive	Listed Companies Non-Executive	Unlisted Companies Executive	Unlisted Companies Non-Executive
Dhammika Perera	Chairman / NED	–	04	–	03
Harsha Amarasekera*	NED	–	06	–	10
Dinusha Bhaskaran	ED	–	03	03	01
Sumith Adhihetty	Co-Chairman / NED	–	01	–	07
Kawshi Amarasinghe	ED	–	04	01	03
Brindhiini Perera	NED	–	10	–	07
Manil Jayesinghe	INED	–	09	–	07
Anura Fernando	INED	–	–	–	01
Devika Weerasinghe	INED	–	04	–	–
Romany Parakrama	INED	–	01	–	01
Jonathan Alles	INED	–	08	–	03
Yanika Amarasekera**	INED	-	-	01	-

** Resigned w.e.f. 02 September 2025.*

*** Appointed w.e.f. 13 February 2026.*

ED — Executive Director
NED — Non-Executive Director
INED — Independent Non-Executive Director
Chairman
Co-Chairman

Corporate Governance

BOARD AND SUB-COMMITTEE MEETINGS

To support timely and well-informed decision-making, comprehensive Board packs — including the Notice of Meeting, agenda, and relevant supporting documentation — are circulated to Directors in advance of each meeting. This allows adequate time for review and for Directors to seek clarifications from management where necessary.

The Board and its key committees convene on a scheduled basis, with additional meetings held as required to address urgent or significant matters.

During the year under review, five (5) Board Meetings were held. Directors' attendance at Board and sub-committee meetings is set out below.

Name of Director	Directorship Status in the Company	Board Meetings (Held: [5])	Audit Committee Meetings	Remuneration Committee Meetings	Nominations & Governance Committee Meetings	Related Party Transactions Review Committee Meetings
Dhammika Perera	Chairman / NED	5/5	–	3/3	–	–
Harsha Amarasekera*	NED	2/2	2/2	-	2/2	-
Dinusha Bhaskaran	ED	5/5	–	–	-	–
Sumith Adhihetty	Co-Chairman / NED	5/5	–	-	1/1	–
Kawshi Amarasinghe	ED	5/5	–	–	–	–
Brindhiini Perera	NED	3/5	–	–	2/3	–
Manil Jayesinghe	INED	5/5	4/4	–	3/3	–
Anura Fernando	INED	5/5	–	–	3/3	4/4
Devika Weerasinghe	INED	5/5	4/4	3/3	–	4/4
Romany Parakrama	INED	5/5	–	3/3	3/3	4/4–
Jonathan Alles	INED	5/5	2/2	–	-	-
Yanika Amarasekera**	INED	2/2	–	–	–	–

** Resigned w.e.f. 02 September 2025. Attendance reflects meetings held during his tenure.*

*** Appointed w.e.f. 13 February 2026. Attendance reflects meetings held subsequent to appointment.*

ED — Executive Director
NED — Non-Executive Director
INED — Independent Non-Executive Director
Chairman
Co-Chairman

Matters Addressed by the Board in 2025/26

During the year under review, the Board deliberated on and provided oversight over the following key matters:

- Investment decisions and capital allocation
- Monitoring performance of investee companies
- Divestment considerations
- Delegation of authority and governance structures
- Voting at AGMs of investee entities
- Policy formulation and review
- Directors' remuneration
- Compliance and risk matters reported by the Audit Committee
- Matters escalated by the Related Party Transactions Review Committee
- Appointments, re-elections and re-appointments of Directors as recommended by the Nominations and Governance Committee
- Compliance with corporate governance requirements under Section 9 of the Listing Rules

Role of the Board Sub-Committees

The Board has established the following Committees to support the effective discharge of its responsibilities through focused oversight across key governance areas.

Sub-Committee	Members	Main Areas of Oversight
Audit Committee	Comprises three Non-Executive Directors. As per the composition with elect from 2nd September 2025 all three members are Independent: Mr Manil Jayesinghe (Chairman) Mr Harsha Amarasekera* Ms Devika Weerasinghe Mr Jonathan Alles	• Oversight of the control environment and enterprise risk management framework • Monitoring effectiveness and independence of external audit function • Review of financial reporting processes and statutory reporting • Review and approval of accounting policies and their implementation • Pre-approval of permissible non-audit services obtained from External Auditors • Oversight of sustainability-related risks and opportunities, including climate-related disclosures and ESG reporting processes in accordance with SLFRS S1 and SLFRS S2. *Please refer to the Audit Committee Report on page 250*
Remuneration Committee	Comprises three Non-Executive Directors, two of whom are Independent: Ms Romany Parakrama (Chairperson) Mr Dhammika Perera Ms Devika Weerasinghe	• Review of remuneration framework applicable to Executive Directors and Senior Management • Assessment of performance-linked incentive structures • Recommendations relating to Executive Directors' remuneration *Please refer to the Remuneration Committee Report on page 259*
Related Party Transactions Review Committee	Comprises three independent Non-Executive Directors : Ms Devika Weerasinghe (Chairperson) Ms Romany Parakrama Mr Anura Fernando	• Independent review, approval and monitoring of related party transactions • Ensuring compliance with regulatory and Listing Rule requirements relating to related party dealings
Nominations and Governance Committee	Comprises Non-Executive Directors, the majority of whom are Independent: Mr Anura Fernando (Chairman) Mr Harsha Amarasekera* Mr Manil Jayesinghe Ms Brindhiini Perera Ms Romany Parakrama Mr Sumith Adhihetty **	• Supporting Board oversight of Board composition and competencies • Recommending appointments, re-appointments and re-election of Directors • Assessing Director independence and fitness and propriety • Reviewing Board structure, size and effectiveness • Supporting succession planning for Directors and Key Management Personnel

**Resigned w.e.f. 02 September 2025*

*** Appointment w.e.f 2nd September 2025*

ED — Executive Director
NED — Non-Executive Director
INED — Independent Non-Executive Director
Chairman

Corporate Governance

MONITORING STRATEGY AND PERFORMANCE

Vallibel One PLC adopts a structured and multi-faceted approach to monitoring strategy execution and organisational performance, ensuring continued alignment with its long-term vision, risk appetite, and stakeholder expectations. The Group's oversight approach is guided by principles of accountability, transparency, and continuous improvement.

Strategic Planning and Review

The Group formulates a comprehensive strategic plan that guides value creation across its diversified business portfolio. The Board of Directors and senior management periodically review the strategy to ensure its continued relevance within a dynamic operating environment. Progress against defined strategic objectives is monitored regularly, enabling the timely identification of emerging risks and opportunities and supporting appropriate course correction where required.

Risk Management

A structured risk management framework supports the Group's ability to navigate uncertainties. Strategic and operational risks are continuously identified, assessed, and managed through established risk governance processes, supporting resilient and sustainable execution of strategy.

Stakeholder Engagement

The Group actively engages with key stakeholders — including shareholders, employees, customers, suppliers, and regulators — to maintain strategic alignment. Insights obtained through these engagements inform decision-making and support responsiveness to evolving stakeholder expectations.

Sustainability and ESG Monitoring

Sustainability considerations are integrated into the Group's strategic agenda. Oversight of sustainability-related risks and opportunities, including climate-related disclosures, is exercised by the Board with support from the Audit Committee. Further details on sustainability governance, risk management and metrics are provided in the SLFRS Sustainability Disclosures section (pages 92–114).

External Audit and Assurance

Independent external audits provide objective assurance over the Group's financial reporting and internal control environment, reinforcing the reliability and integrity of disclosures provided to stakeholders.

Board Oversight

The Board plays a central role in monitoring strategy implementation and holding management accountable for performance outcomes. Board Sub-Committees — including the Audit Committee, Nominations and Governance Committee, and Related Party Transactions Review Committee — provide focused oversight across key governance areas, strengthening governance and decision-making across the Group.

MONITORING INVESTMENTS

Dividends derived from investments represent the Company's primary source of revenue, making effective oversight of investee performance a key strategic priority. Monitoring is undertaken through the exercise of shareholder rights together with structured review of operational and financial information provided by investee entities.

Directors of Vallibel One PLC serve on the Boards of subsidiary and associate companies in executive, non-executive, or independent capacities, in accordance with governance requirements and independence criteria prescribed under the Listing Rules of the Colombo Stock Exchange. This governance structure promotes consistent strategic alignment, strengthened oversight, and long-term value creation across the Group.

Board Representation Across Investee Companies

As at 31st March

Investee	Category	Common Directors
LB FINANCE L B Finance PLC	Subsidiary	Ms Dinusha Bhaskaran - Non-Executive Director
Royal Ceramics Lanka PLC	Subsidiary	Mr Dhammika Perera- Chairman Mr Harsha Amarasekara - Co-Chairman* Mr Manil Jayesinghe - Independent Non-Executive Director Ms Brindhiini Perera - Non-Executive Director
Delmege Limited	Subsidiary	Ms Dinusha Bhaskaran - Executive Director Ms Brindhiini Perera - Non-Executive Director
Greener Water Ltd	Subsidiary	Mr Dhammika Perera- Chairman Ms Dinusha Bhaskaran - Managing Director Mr Sumith Adhihetty - Non-Executive Director Ms Kawshi Amarasinghe - Non-Executive Director
The Fortress Resorts PLC	Associate	Mr Sumith Adhihetty - Non-Executive Director Ms Brindhiini Perera - Non-Executive Director Ms Devika Weerasinghe - Independent Non-Executive Director Ms Kawshi Amarasinghe - Non-Executive Director
Lanka Walltiles PLC	Subsidiary	Mr Dhammika Perera - Chairman Ms Dinusha Bhaskaran - Non-Executive Director Ms Brindhiini Perera - Non-Executive Director Mr Manil Jayesinghe - Independent Non-Executive Director
LANKATILES Fine Living Redefined Lanka Tiles PLC	Subsidiary	Mr Dhammika Perera - Chairman Ms Brindhiini Perera - Non-Executive Director
Swisstek (Ceylon) PLC	Subsidiary	Mr Harsha Amarasekera* - Non-Executive Chairman
Swisstek Aluminium Ltd	Subsidiary	Mr Harsha Amarasekera* - Non-Executive Chairman
Lanka Ceramic PLC	Subsidiary	Ms Devika Weerasinghe - Independent Non-Executive Director Mr Manil Jayesinghe - Independent Non-Executive Director

** Resigned from the Board of Vallibel One PLC w.e.f. 02 September 2025.*

For further information on Group companies, refer to pages 392–398.

Corporate Governance

DIRECTORS' REMUNERATION

Remuneration of Non-Executive Directors is determined with due consideration to their responsibilities, time commitment, and expertise, together with prevailing market benchmarks. The Board approves remuneration arrangements based on recommendations of the Remuneration Committee, ensuring that compensation remains fair, appropriate, and aligned with the scope and responsibilities of each role.

Details of Directors' remuneration are disclosed in Note 42.1 to the Financial Statements on page 360.

STAKEHOLDER ENGAGEMENT

At Vallibel One PLC, open, transparent, and timely communication with shareholders remains a fundamental element of good corporate governance. The Company is committed to keeping shareholders appropriately informed and engaged in key decisions, ensuring accountability, transparency, and compliance with applicable regulatory requirements. The following practices support the maintenance of constructive relationships with shareholders and other stakeholders.

Access to Annual Reports and Financial Statements

To ensure shareholders remain well informed, the Annual Report — including the Financial Statements and Notice of Meeting — is made available on both the Company's website and the Colombo Stock Exchange (CSE) website at least [15] working days prior to the Annual General Meeting (AGM).

Shareholder Voting at the AGM

Shareholders are provided the opportunity to vote on key matters presented at the Annual General Meeting, including:

- Election and re-election of Directors
- Appointment or re-appointment of Directors above the age of seventy (70) years, where applicable
- Appointment of External Auditors and related resolutions

This process supports active shareholder participation in governance and decision-making.

Board Recommendations through Board Committees

Recommendations relating to the appointment or re-appointment of Directors and External Auditors are submitted to shareholders by the Board based on evaluations conducted by the Nominations and Governance Committee and the Audit Committee. This structured process strengthens transparency and reinforces accountability in Board decision-making.

Quarterly Updates and Public Disclosures

Shareholders are kept informed of the Company's performance through quarterly financial disclosures, including Interim Financial Statements and public announcements released through the Colombo Stock Exchange. These updates provide regular insight into operational and financial performance.

SHAREHOLDER RELATIONS

Vallibel One PLC remains committed to maintaining transparent and effective communication with shareholders in accordance with regulatory requirements and recognised governance best practices.

The Annual Report, together with the Financial Statements and Notice of Meeting, is made accessible to shareholders through both the Company's website and the Colombo Stock Exchange website prior to the Annual General Meeting.

At the AGM, shareholders are invited to vote on matters including:

- Election and re-election of Directors
- Appointment or re-appointment of Directors above seventy (70) years of age
- Appointment of External Auditors and authorization of donations under applicable statutory provisions

Appointments and reappointments of Directors are recommended by the Board following evaluation by the Nominations and Governance Committee, while the Audit Committee evaluates and recommends the appointment of External Auditors based on competence, independence, and objectivity.

Annual General Meeting

The next Annual General Meeting of Vallibel One PLC is scheduled to be held: Via electronic means

Date: [30th June, 2026]

Time: [2.30 p.m.]

In compliance with the Continuing Listing Rules of the Colombo Stock Exchange, shareholders are kept informed through periodic disclosures, including Interim Financial Statements, press releases, and timely announcements relating to Director appointments or resignations and other material developments requiring disclosure.

The Company has adopted a Policy on Relations with Shareholders and Investors, aligned with the requirements of the Listing Rules.

Shareholders may also raise matters directly with the Board during the Annual General Meeting. Significant matters raised are referred to the Board through Management for consideration and appropriate action

Shareholder Communication Channels

In accordance with Rule 9.2.1 of the Listing Rules, shareholders may direct inquiries, suggestions, or concerns to the Board of Directors through the Company Secretaries.

Company Secretaries:

P W Corporate Secretarial (Pvt) Ltd

No. 3/17, Kynsey Road, Colombo 08

Tel: +94 (0)11 [4640360-3]

Email: [pwcs@pwcs.lk]

RISK GOVERNANCE AND MANAGEMENT

Risk Governance and Oversight

- Board-level oversight of risk management and internal control processes/ mechanisms
- Committee responsible for risk oversight (e.g. Audit Committee or other Board committee)
- Management functions responsible for implementing the risk management framework

The Board recognizes that effective risk management is fundamental to safeguarding the Group's assets, maintaining operational resilience, and supporting the achievement of its strategic objectives. The Group maintains a risk governance framework designed to facilitate the systematic identification, assessment, monitoring, and mitigation of risks that may affect its operations, financial performance, and long-term value creation.

Risk considerations are integrated into strategic planning, budgeting processes, and performance monitoring activities undertaken by the Board and management. This approach enables the timely identification of emerging risks and opportunities, allowing the Group to respond appropriately to changes in the operating environment.

During the year, the Group's risk management framework incorporated oversight of climate-related risks and opportunities, which may influence the Group's strategy, performance, and financial position, with transitional relief applied in the first year of adoption.

Further information on sustainability-related risk governance, management processes, and progress is presented in the SLFRS Sustainability Disclosures section of this Annual Report (pages 92–114).

Further information on Enterprise Risk Management is presented in pages 48–54.

Corporate Governance

ACCOUNTABILITY AND AUDIT

The Board ensures transparent and responsible business reporting through the publication of an Annual Report that complies with applicable regulatory requirements and aligns with recognised global best practices, including the Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) and the Sustainability Reporting Standards of the Global Reporting Initiative (GRI). Preparation of the Report is further supported by evolving sustainability-related disclosure requirements, including first time adoption of SLFRS S1 and SLFRS S2 standards, enhancing transparency for shareholders and other stakeholders.

The Annual Report presents a balanced and comprehensive view of the Group's financial position, performance, governance practices, business model, risk management processes, and future outlook.

Prior to Board approval of the Financial Statements, the Managing Director provides a formal declaration confirming the integrity of financial records, compliance with applicable accounting standards, and the effectiveness of internal controls and risk management systems established across the Group.

Independent Assurance

Independent assurance forms an integral component of the Group's reporting framework. The Financial Statements have been subjected to an independent external audit, with the Independent Auditor's Report presented on page 262-266.

DISCLOSURES AND ACCOUNTABILITY IN FINANCIAL AND NON-FINANCIAL REPORTING

The Annual Report of the Board of Directors outlines the Board's responsibilities in relation to the preparation and fair presentation of the Financial Statements and associated disclosures.

The Report includes confirmations of compliance with applicable statutory and regulatory requirements, as further detailed within the Statement of Directors' Responsibility for Financial Reporting on page 249.

The Annual Report also includes additional disclosures aligned with the Code of Best Practice on Corporate Governance, further reinforcing the Company's commitment to accountability, transparency, and responsible governance practices.

Independent assurance over financial and selected sustainability-related disclosures is provided through the External Auditor's Report and the Independent Assurance Report presented within this Annual Report, supporting the credibility and reliability of information communicated to stakeholders.

Key additional disclosures contained within the Annual Report include:

- Sector Review — providing an overview of operational performance across the Group's principal business sectors (pages 116–166).
- Related Party Transactions — detailed disclosures presented in Note 42 to the Financial Statements in compliance with Colombo Stock Exchange Listing Rules and applicable regulatory requirements.

POLICY FRAMEWORK SUPPORTING RESPONSIBLE GOVERNANCE AND SUSTAINABLE VALUE CREATION

Vallibel One PLC has established a comprehensive policy framework to uphold sound governance, ethical conduct, effective risk management, and sustainable business practices across its operations. These policies promote accountability, transparency, and responsible decision-making while ensuring alignment with stakeholder interests and compliance with Rule 9.2.1 of the Listing Rules of the Colombo Stock Exchange.

A summary of the Group's key policies is presented below:

Policy on Anti-Bribery and Corruption

Establishes the Group's commitment to preventing bribery and corruption across all operations. The policy sets clear standards for ethical conduct, prohibits bribery in any form, and defines procedures for reporting and addressing suspected violations.

Policy on Corporate Governance, Nominations and Re-Election

Provides the framework governing Board composition, nomination processes, and the appointment and re-election of Directors, ensuring the Board maintains an appropriate balance of skills, experience, and independence for effective oversight.

Policy on Control and Management of Company Assets and Shareholder Investments

Provides a framework for the responsible stewardship and safeguarding of Company assets and shareholder investments. Emphasises prudent financial management, ongoing monitoring, and accountability to protect stakeholder interests.

Policy on Whistleblowing

Encourages employees and stakeholders to report unethical conduct or policy violations through confidential and protected reporting channels, ensuring concerns are investigated and addressed appropriately.

Policy on Environmental, Social and Governance (ESG) Sustainability

Guides the integration of environmental, social, and governance considerations into business strategy and operations. The policy supports environmental stewardship, social responsibility, and strengthened governance practices to enable sustainable long-term value creation.

Policy on Relations with Shareholders and Investors

Supports transparent and effective engagement with shareholders and investors by promoting timely communication regarding Company performance, strategy, and governance matters.

Internal Code of Business Conduct and Ethics

Defines expected ethical standards and behavioural principles applicable to employees and Directors. Covers integrity, legal compliance, confidentiality, and the management of conflicts of interest, promoting responsible and ethical decision-making across the Group.

Policy on Corporate Disclosures

Establishes standards governing the timely, accurate, and transparent disclosure of information to the market, ensuring compliance with regulatory requirements and reinforcing stakeholder confidence.

Policy on Remuneration

Establishes principles governing the remuneration of Directors and senior executives, ensuring alignment with organisational performance, market competitiveness, and shareholder interests while promoting fairness and transparency.

Policy on Matters Relating to the Board of Directors

Defines the roles, responsibilities, and operational procedures of the Board, supporting effective decision-making, accountability, and performance oversight.

Policy on Risk Management and Internal Controls

Supports the identification, assessment, and management of risks that may impact the Group's operations and strategic objectives. The policy outlines internal control mechanisms and monitoring processes to ensure regulatory compliance and operational resilience.

Policy on Board Committees

Provides the framework for the establishment and functioning of Board Committees, including their authority, responsibilities, and oversight roles across key governance areas such as audit, risk, and remuneration.

Visit https://vallibelone.com/policy-documents for more information.

Since the adoption of these policies and up to the reporting date and the date of this Report, no waivers from compliance with the Internal Code of Business Conduct and Ethics, nor any exemptions therefrom, have been granted by the Company.

Corporate Governance

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE

Corporate Governance Principles		Compliance Status	Vallibel One – Extent of Adoption
9.2.1	Policies	Compliant	The Board has adopted a comprehensive framework of policies including the Code of Conduct and Ethics, Whistleblowing Policy, Risk Management Policy, and other governance-related policies supporting responsible oversight.
9.3	Board Committees	Compliant	Audit, Remuneration, Nominations and Governance, and Related Party Transactions Review Committees have been established to support Board oversight.
9.3.2	Composition and Disclosures	Compliant	The composition, responsibilities, and meeting attendance of each Board Committee are disclosed within the Annual Report.
9.3.3	Chairpersons of Board Committees	Compliant	Key Board Committees are chaired by Independent Non-Executive Directors.
9.4.1	Meeting Procedures	Compliant	Structured meeting schedules are maintained with adequate documentation and records of proceedings.
9.4.2	Communication and Relations with Shareholders	Compliant	Dedicated investor relations disclosures are maintained, and shareholder engagement is facilitated through the Annual General Meeting and ongoing communications.
9.5	Policy on Matters Relating to the Board of Directors	Compliant	Policies governing appointments, roles, training, evaluation, and succession planning of Directors are in place.
9.6.2	Chairperson and CEO	Compliant	The roles of Chairperson and Managing Director remain separate, ensuring an appropriate balance of authority.
9.6.3	Senior Independent Director	Not Applicable	Not appointed as the Chairperson is a Non-Executive Director.
9.6.3 (b), (c), (e)		Not Applicable	Not Applicable.
9.6.4	Rationale for appointing a SID	Not Applicable	Not Applicable.
9.7.1 / 9.7.4	Fitness of Directors and CEO	Compliant	Directors are subject to fitness and propriety assessments, supported through periodic evaluations and professional development initiatives.
9.7.5	Disclosures in the Annual Report	Compliant	Directors' profiles, qualifications, skills, and appointments are disclosed within the Annual Report.
9.8.1	Minimum Number of Directors	Compliant	Board composition meets and exceeds the minimum requirements prescribed by the Listing Rules.
9.8.2 / 9.8.3	Independent Directors (IDs)	Compliant	Independent Non-Executive Directors constitute a majority of the Board in compliance with Listing Rules.
9.8.5	Disclosure relating to Directors	Compliant	Director profiles, committee memberships, and attendance details are disclosed.
9.9	Alternate Directors	Not Applicable	Alternate Directors have not been appointed.
9.10.1 – 9.10.4	Disclosures relating to Directors	Compliant	Required disclosures covering personal, professional, and financial interests are provided in accordance with Listing Rules.

Corporate Governance Principles		Compliance Status	Vallibel One – Extent of Adoption
9.11.1 – 9.11.3	Nominations and Governance Committee	Compliant	An active Committee oversees Board composition, succession planning, and governance effectiveness.
9.11.4 / 9.11.5 / 9.11.6		Compliant	Committee composition, responsibilities, and outcomes are disclosed within the Annual Report.
9.12.1 / 9.12.5 / 9.12.7	Remuneration Committee	Compliant	The Committee comprises Non-Executive Directors with Independent Directors forming the majority; remuneration oversight aligns with performance and governance principles.
9.12.8	Disclosure in the Annual Report	Compliant	Remuneration governance, policies, and Committee details are disclosed.
9.13.1 / 9.13.4	Audit Committee	Compliant	An Independent Audit Committee operates with defined responsibilities and oversight authority.
9.13.5	Disclosure in Annual Report	Compliant	Audit Committee activities, scope, and attendance are disclosed within the Annual Report.
9.14.1 – 9.14.4	Related Party Transactions Review Committee	Compliant	The RPTRC functions independently with defined authority over related party transaction review and approvals.
9.14.7	Immediate Disclosures	Not Applicable	The Company did not enter into any non-recurrent related party transactions requiring immediate disclosure during the year.
9.14.8 / 9.14.8 (4)		Not Applicable	Not Applicable.
9.16	Additional Disclosures	Compliant	Board disclosures include governance, sustainability, ESG, and climate-related reporting aligned with applicable requirements.

STATEMENT OF COMPLIANCE

Vallibel One PLC confirms that it has complied with the Corporate Governance Rules set out in Section 9 of the Listing Rules of the Colombo Stock Exchange during the year under review and as at the date of this Report.

By Order of the Board,

VALLIBEL ONE PLC

P W CORPORATE SECRETARIAL (PVT) LTD

Secretaries

4th June 2026

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

The Board of Directors of Vallibel One PLC has pleasure in presenting to the shareholders their Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2026 conforming to all relevant statutory requirements.

This Report provides the information as required by the Companies Act, No. 7 of 2007, Listing Rules of the Colombo Stock Exchange and the recommended Best Practices.

GENERAL

Vallibel One PLC (the Company) was incorporated as a limited liability company under the name 'Vallibel One Limited' on 9th June 2010 under the Companies Act, No. 7 of 2007.

The ordinary shares of the Company are listed on the Diri Savi Board of the Colombo Stock Exchange since 8th July 2011 and consequent thereto its name was changed to Vallibel One PLC on 25th August 2011, under Registration No. PB 3831 PQ.

The Registered Office of the Company is situated at Level 29, West Tower, World Trade Centre, Echelon Square, Colombo 1.

PRINCIPAL ACTIVITIES OF THE COMPANY AND ITS SUBSIDIARIES

The Company carried on business as a diversified investment holding company during the year under review.

The principal activities of the subsidiary companies are referred to in Note 1.2 to the Financial Statements on pages 276.

There have been no significant changes in the nature of activities of the Company and its subsidiaries during the financial year under review.

During the year, the Company incorporated a subsidiary, Vallibel One Properties Ltd to engage in the business of real estate development, This Company, however, has not engaged in any business upto the date of this report..

REVIEW OF BUSINESS

Review of Operations

The Chairman's Message on pages 20 to 21, Managing Director's Review on pages 22 to 25 provide an overall assessment of business performance of the Company and its subsidiaries (hereinafter sometimes collectively referred to as the Group) and the associate company and future developments. These Reports together with the Financial Statements reflect the state of affairs of the Company and its subsidiary companies.

The segment-wise contribution to Group Results, Assets and Liabilities are provided in Note 39 to the Financial Statements on pages 356 to 357.

Financial Statements

The Financial Statements of the Company and the Consolidated Financial Statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRS) and the Sri Lanka Accounting Standards (LKAS) laid down by The Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act, No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The aforesaid Financial Statements, duly signed by the Head of Finance and two Directors on behalf of the Board are included in this Annual Report and form an integral part of this Annual Report of the Board of Directors.

Auditors' Report

The Report of the Independent Auditors on the Group Financial Statements is on pages 262 to 266.

ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The accounting policies adopted in the preparation of the Financial Statements are given on pages 276 to 282 There were no significant changes to the accounting policies used by the Company during the year under review vis-à-vis those used in the previous year.

DIRECTORS RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group, which reflect a true and fair view of the state

The Directors are of the view that the Statement of Financial Position, Statement of Profit or Loss, Statement of Changes in Equity, Cash Flow Statement and Notes to Financial Statements appearing on pages 267 to 275 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act, No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the amendments thereto and the Listing Rules of the Colombo Stock Exchange.

The Statement of Directors' Responsibility for Financial Reporting is given on page 249.

NET REVENUE, RESULTS AND APPROPRIATIONS

The net revenue of the Group during the year under review was LKR 149 Bn (LKR 122 Bn in the year 2024/25).

The Net Profit before tax of the Group and the Company amounted to LKR 30 Bn and LKR 4.2 Bn respectively in the year under review [LKR 24 Bn and LKR 4.1 Bn respectively in 2024/25].

The Net Profit after tax of the Group and the Company amounted to LKR 20.8 Bn and LKR 4.2 Bn respectively in the year under review [LKR16 Bn and LKR 4.03 Bn respectively in 2024/25].

Details of Appropriations are given in the Statement of Changes in Equity on pages 272 to 273.

DIVIDENDS ON ORDINARY SHARES

An Interim Dividend of Rs.3/- per share was paid to the shareholders in July 2025 for the year under review.

RESERVES

A summary of the Group's Reserves is given in Note 26 to the Financial Statements on pages 337.

PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Information on property, plant and equipment and intangible assets of the Group and the Company are given in Notes 15 and 14 of Financial Statements on pages 304, 305 and 310 respectively.

The Company does not own any land or buildings.

INVESTMENTS

Information on investments held by the Group and the Company are given in Notes 4 and 10 on pages from pages 283 to 288 and 299 to 300 respectively.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2026 was LKR.29,337,103,000/- represented by 1,138,915,644 Ordinary Shares. There were no changes in the Stated Capital of the Company during the year.

SHARE INFORMATION

Distribution Schedule of Shareholding

Information on the distribution of shareholding and the respective percentages and analysis of shareholders are given on page 386 to 390 under Shareholders' Information.

EARNINGS, DIVIDENDS, NET ASSETS AND MARKET VALUE OF SHARES

Information relating to earnings, dividend, net assets and market value per share are given on page 382.

MAJOR SHAREHOLDERS

Information on the twenty largest shareholders of the Company is given on page 390 under Shareholders' Information.

PUBLIC HOLDING

Information on public holding in terms of the Listing Rules is given on page 388 under Shareholders' Information.

INFORMATION ON THE DIRECTORS OF THE COMPANY AND DIRECTORS OF GROUP COMPANIES AS AT 31ST MARCH 2026

The Board of Directors of the Company as at 31st March 2026 consisted of eleven (11) Directors, with a broad range of skills, experience and attributes which include entrepreneurship, finance, audit, legal, marketing and banking, as detailed in the brief Profiles of the Directors on pages 26 to 30.

Names of the Directors who held office during the year and as at 31st March 2026 as required by section 168 (1) (h) of the Companies Act are given below :

Executive Directors

Ms Yogadinusha Bhaskaran- Managing Director

Ms Kawshi Amarasinghe- Executive Director

Non-Executive Directors

Mr Dhammika Perera- Chairman

Mr Sumith Adhihetty - Co-Chairman

Ms Brindhiini Perera

Independent Non-Executive Directors

Mr Manil Jayesinghe

Mr Anura Fernando

Ms Devika Weerasinghe

Ms Romany Parakrama

Mr Jonathan Alles

Ms Yanika Amarasekera

Changes in the directorate during the year

New Appointments

Ms Yanika Amarasekera was appointed as an Independent Non-Executive Director with effect from 13th February 2026

Resignations

Mr Harsha Amarasekera Co-Chairman / Non-Executive Director resigned with effect from 2nd September 2025

Re-designations

Upon the resignation of Mr Harsha Amarasekera who served as the Co-Chairman / an Independent Non-Executive Director, Mr Sumith Adhihetty was designated as the Co-Chairman / Non-Executive Director with effect from 2nd September 2025.

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

Directors of the subsidiaries and the associate company as at 31st March 2026

Names of the Directors of the subsidiaries and the associate company are given on pages 392 to 398.

Retirement by Rotation and Re-Election of Directors / Annual Assessment of continuing Directors

Mr. Dhammika Perera and Mr. Manil Jayesinghe retire by rotation in terms of Articles 87 and 88 of the Articles of Association and being eligible, consequent to review by the Nominations and Governance Committee, are recommended by the Board for re-election.

Recommendation for re-election of Directors who were appointed since the last Annual General Meeting

Ms. Yanika Amarasekera who was appointed to the Board in terms of Article 94 of the Articles of Association of the Company since the last Annual General Meeting is recommended by the Board for re-election by the shareholders, consequent to review by the Nominations and Governance Committee.

Re-appointment of Directors who are over 70 years of age

Mr Sumith Adhihetty who is 75 years of age and vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2)(b) of the Companies Act No. 7 of 2007, is recommended by the Board, consequent to review by the Nomination and Governance Committee for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

CORPORATE GOVERNANCE

The Board of Directors confirm that the Company is compliant with Corporate Governance Rules set out in Section 9 of the Listing Rules of the Colombo Stock Exchange.

The corporate governance of the Company is reflected in its strong belief in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices. Prudent internal controls ensure professionalism, integrity and commitment of the Board of Directors, Management and employees.

The Corporate Governance Statement on pages 228 to 243 explains the measures adopted by the Company during the year.

POLICIES IN TERMS OF RULE 9.2 OF THE LISTING RULES

In terms of Rule 9.2.1 of the Listing Rules, the Company established, adopted and published on the Company website (www.vallibelone.com) the following policies, ensuring adherence to best practices in corporate governance, ethical conduct, and regulatory compliance:

a) Policy on the matters relating to the Board of Directors

b) Policy on Board Committees

c) Policy on Corporate Governance, Nominations and Re-election

d) Policy on Remuneration

e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities

f) Policy on Risk Management and Internal Controls

g) Policy on Relations with Shareholders and Investors

h) Policy on Environmental, Social and Governance Sustainability

i) Policy on Control and Management of Company Assets and Shareholder Investments

j) Policy on Corporate Disclosures

k) Policy on Whistleblowing

l) Policy on Anti-Bribery and Corruption

Fit and Proper Assessment of Directors

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the Financial Year under review and as at the date of such Declarations. These Declarations were placed before the Nominations and Governance Committee, and upon review by the Nominations and Governance Committee, where no member participated in decisions relating to his/her continuation, were then presented to the Board.

The Board determined that all Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules and qualify to continue as Directors in their respective capacities, subject to those who retire by rotation, appointed since the last Annual General Meeting and over 70 years of age, being re-elected / re-appointed by the shareholders at the forthcoming Annual General Meeting.

INDEPENDENCE OF DIRECTORS

The Board, based on the Declarations submitted by the Independent Directors declaring his/her independence against the criteria specified in the Listing Rules and such other information available to the Board that could reasonably be constructed to have a bearing on the independence of such Directors, determined that the Six (6) Independent Directors namely Mr Manil Jayesinghe, Mr Anura Fernando, Mr Jonathan Alles, Ms Devika Weerasinghe, Ms Romany Parakrama and Ms Yanika Amarasekera are 'Independent' in terms of the Listing Rules.

POLICY ON RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Company has established a process for effective communication and relations with shareholders and investors. Accordingly, the shareholders have access to the Company as set out in the Corporate Governance Report ["Shareholder Communication Channels"] on page 238 of this Report.

OTHER DIRECTORSHIPS HELD BY THE DIRECTORS

The Board, based on the recommendations of the Nominations and Governance Committee, and considering the time allocation required of the Directors for Board related matters of the Company decided that a Director of the Company

shall not hold more than eleven (11) directorships in Listed Companies.

POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS

The Company has in terms of the above Policy, acted in compliance with the requirements set out in Rule 9.5.1 of the Listing Rules.

ADDITIONAL DISCLOSURES PERTAINING TO DIRECTORS

(i) Material Interests in Contracts involving the Company

The Directors have declared all material interests in contracts involving the Company in terms of the Companies Act and the Articles of the Association of the Company and have acted as prescribed therein, and where relevant have refrained from voting on matters in which they were materially interested.

(ii) Material Business Relationships with each other

None of the Directors or close family members have any material business relationships with the other Directors of the Company.

(iii) Other Directorships held by the Directors

Other Directorships held by Directors are disclosed on pages 26 to 30.

(iv) Review of Internal Controls

The Directors have, through the Audit Committee, conducted a review of the Internal controls covering financial, operational and compliance control and risk management and thereby obtained reasonable assurance of their effectiveness and successful adherence therewith.

(v) Applicable Laws Rules and Regulations

The Directors have made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of the changes, particularly to Listing Rules and applicable capital market provisions.

Board Meetings

Five (5) Board Meetings of the Company were held during the year under review and the Directors' attendance at those Meetings is set out on page 234.

Board Sub Committees

The Board of Directors has formed four Board Sub Committees in terms of the Listing Rules of the Colombo Stock Exchange, namely, Audit Committee, Remuneration Committee, Related Party Transactions Review Committee and Nominations and Governance Committee.

The composition of the said Board Sub Committees appears on pages 235 and as required by the Listing Rules, the Reports of the Audit Committee, Related Party Transactions Review Committee, Remuneration Committee and the Nominations and Governance Committee appear on pages 259 and 254 respectively.

Declaration under the Listing Rules, on Related Party Transactions

The Directors declare that the Company is in compliance with the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st March 2026.

Directors' Interests in Shares

The information pertaining to the Directors' Shareholding in the Company is given on page 389.

Directors' Remuneration

The Company has adopted a Remuneration Policy and established a formal procedure for determination of remuneration of Directors including Executive Directors. No Director is involved in deciding his or her own remuneration.

The Directors' remuneration is disclosed under Key Management Personnel Compensation in Note 42.1 to the Financial Statements on page 360.

DIRECTORS INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS AND INTERESTS REGISTER

The Company maintains an Interests Register in terms of the Companies Act No. 7 of 2007, which is deemed to form part and parcel of this Annual Report and is available for inspection upon request.

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interests Register in due compliance with the provisions of the Companies Act.

The Directors declare that all material interests in contracts involving the Company have been disclosed to the Board and whenever any Director was materially interested in a contract or a proposed contract with the Company, they have refrained from voting on such contracts. It is further declared that during the year review, the Company did not enter into any contracts in which any Director was materially interested.

RISK MANAGEMENT AND INTERNAL CONTROLS

Vallibel One PLC is a diversified conglomerate of which the primary business line is "Investment Holding".

The Management considers qualitative and quantitative methods to evaluate the likelihood and impact of potential events which might affect the achievement of objectives including the failure to capitalize on opportunities.

The Board, through the Board Audit Committee, conducts a review of internal controls covering financial, operational and compliance controls and risk management and has obtained reasonable assurance of their effectiveness and successful adherence therewith.

Risk Management disclosures are set out in Note 45 on page 369 to 380.

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

DONATIONS

The Company did not make any donations during the year under review. The donations made by subsidiary companies during the year are set out in Note 31 to the Financial Statements on page 343.

INDEPENDENT AUDITORS

Company

Messrs Ernst &Young, Chartered Accountants served as the Auditors of the Company and also provided other permitted non assurance services and non-audit services, whilst ensuring that the provision of such services does not impair their independence.

A total amount of LKR 4.1 Mn is payable by the Company to the Auditors for the year under review comprising LKR 0.9 Mn as audit fees and LKR 3.2 Mn for other services.

Based on the recommendations of the Audit Committee, a resolution to re-appoint the Auditors and authorizing the Directors to determine their remuneration, will be proposed at the forthcoming Annual General Meeting.

Group

The audits of subsidiary companies are handled by firms of Chartered Accountants in Sri Lanka or their respective countries of incorporation.

Details of payments to such audit firms on account of audit fees and for permitted non audit services, are set out in Note 31 to the Financial Statements on page 343.

Human Resources

The Group continued to invest in Human Capital Development and implement effective Human Resource Practices and Policies to develop and build an efficient and effective workforce and to ensure that its employees are possessed of skills and knowledge required for the future growth of the respective companies of the Group and for their own career development.

MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS PERTAINING TO THE COMPANY

No material issues pertaining to employees of the Company occurred during the year under review which required disclosure under Rule 7.6 (vii) of the Listing Rules.

RESEARCH AND DEVELOPMENT

The Group has endeavoured to invest in research and development and has made and will continue to make substantial efforts to introduce new products and processes and develop existing products and processes to improve operational efficiency of the relevant Group Companies.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of knowledge and belief of the Directors, the Company has complied with applicable Laws, Rules and Regulations made thereunder and there was no material non-compliance with laws or regulations and there were no fines imposed on the Company by any government or regulatory authority in the country.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due to the Government, other regulatory institutions and related to employees have been paid on their due dates or where relevant have been provided for in the Financial Statements.

CONTINGENT LIABILITIES

The contingent liabilities as at 31st March 2026 are given in Note 40 to the Financial Statements on page 358.

EVENTS OCCURRING AFTER THE REPORTING DATE

No event of material significance that require adjustments to the Financial Statements, has occurred subsequent to the Reporting period other than those disclosed in Note 41 to the Financial Statements on page 360.

GOING CONCERN

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has resources to continue in business for the foreseeable future.

ANNUAL GENERAL MEETING

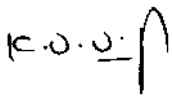
The Annual General Meeting will be held by electronic means on 30th June 2026 at 2.30 p.m. centered at No. 20, R A De Mel Mawatha, Colombo 03

The Notice of the Annual General Meeting appears on page 407.

ACKNOWLEDGEMENT

The Board of Directors have approved the Audited Financial Statements together with the Annual Report of the Board of Directors and the Reviews which form part of the Annual Report on 3rd June 2026.

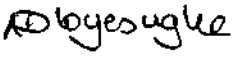
This Annual Report is signed for and on behalf of the Board of Directors by



Dhammika Perera
Chairman



Yogadinusha Bhaskaran
Managing Director



Anusha Wijesekara
P W Corporate Secretarial (Pvt) Ltd
Secretaries

4th June, 2026
Colombo

Statement of Directors' Responsibilities for Financial Reporting

The Board of Directors is responsible for the preparation and presentation of the financial statements of the Company in accordance with the provisions of the Companies Act No. 07 of 2007 of Sri Lanka and Sri Lanka Accounting Standards (SLFRS/ LKAS), so as to give a true and fair view of the financial position of the Company as at the reporting date and of its financial performance and cash flows for the period then ended.

In preparing these financial statements, the Directors are required to ensure that:

- Appropriate accounting policies have been selected and applied consistently
- Reasonable and prudent judgments and estimates have been made.
- All applicable Sri Lanka Accounting Standards have been followed and any material departures have been disclosed and explained.
- The financial statements have been prepared on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

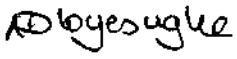
The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act No. 07 of 2007.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Board of Directors confirms that the Company has complied with the above requirements in preparing the financial statements for the year ended 31st March 2026.

By order of the Board

Vallibel One PLC



P W Corporate Secretarial (Pvt) Ltd

Secretaries

4th June, 2026

Report of the Audit Committee

COMPOSITION OF THE COMMITTEE

The Committee comprises three Independent Non-Executive Directors (one of whom is the Chairman) and one Non-Executive Directors, in conformity with Rule 9.13.3 of the Listing Rules.

The Composition of the committee as at March 31, 2026, and as of the date of this Report is as follows:

Members	Date of appointment to the Committee	Nature of Directorship
Mr. Manil Jayesinghe – Chairman	01.01.2025	Independent Non-Executive Director
Mr. Jonathan Alles	03.09.2025	Independent Non-Executive Director
Ms. Devika Weerasinghe	01.01.2025	Independent Non-Executive Director

The composition from 1st April 2025 to 02nd September 2025 was as follows:

Members	Date of appointment to the Committee	Nature of Directorship
Mr. Manil Jayesinghe – Chairman	01.01.2025	Independent Non-Executive Director
Mr. Harsha Amarasekera	15.11.2010	Non-Executive Director
Ms. Devika Weerasinghe	01.01.2025	Independent Non-Executive Director

[Brief profiles of the Members appear on page 26 to 30]

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd serves as the Secretaries to the Company.

The Managing Director and the Head of Finance attend meetings by invitation.

The Chairman, Mr Manil Jayesinghe is a Fellow Member of the Institute of Chartered Accountants Sri Lanka. Brief profile of each member are given on page 28 of this report.

The Company Secretary acts as the Secretary to the Audit Committee.

MEETINGS

Four meetings of the Committee were held during the year. The attendance of the members at these meetings is as follows:

Members	Nature of Directorship
Mr Manil Jayasinghe	4/4
Mr. S H Amarasekera	2/2
Mr. Jonathan Alles	2/2
Ms Devika Weerasinghe	4/4

ROLE OF THE COMMITTEE

The Committee operates under a formal Audit Committee Charter, approved by the Board, which defines its scope of responsibilities. The primary role of the Committee is to assist the Board in fulfilling its oversight responsibilities in respect of:

1. The integrity of financial reporting, including compliance with Sri Lanka Accounting Standards and all applicable financial reporting regulations
2. The Company's compliance with legal and regulatory requirements.
3. Ensuring the independence of external and internal Auditors.
4. Evaluating internal controls and risk management processes within the Company to provide a reasonable assurance that the Company's assets are safeguarded.
5. The maintenance of a robust whistleblowing mechanism and governance framework.

FINANCIAL REPORTING

The Committee reviewed and discussed the un-audited Interim Financial Statements and the Financial Statements for the year with the management and the External Auditors ensuring that the Company's financial reporting gives a true and fair view in accordance with the Sri Lanka Accounting Standards,Companies Act No. 07 of 2007, SEC Act, CSE Listing Rules, and other applicable regulations.

INTERNAL CONTROLS AND RISK ASSESSMENT

The Committee reviewed the adequacy and effectiveness of the Company's internal control environment and the risk management framework relating to its investments. Given the nature of Vallibel One PLC as an investment holding company, the primary focus was on ensuring that robust controls are in place to safeguard investments and that appropriate governance structures exist to monitor associated risks.

The Committee evaluated the processes adopted by senior management and the Board in identifying, assessing, and managing investment-related risks. It also reviewed the Company's internal control mechanisms relating to financial reporting, compliance and operational integrity. Based on these evaluations, the Committee is satisfied that the existing framework provides reasonable assurance regarding the reliability of financial reporting and the effectiveness of risk oversight aligned with the Company's operational model.

EXTERNAL AUDITORS

The Committee meets the Independent Auditors at least once a year to review their findings, issues raised, as well as the effectiveness of the internal controls in place.

The non-audit services provided by the Independent Auditors were also reviewed to ensure that the provisions of these services do not impair their independence

INDEPENDENCE OF AUDITORS

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. The Committee has considered the nature of the services provided by the Auditors, Messrs Ernst & Young have served as the Company's External Auditors for fourteen (15) years, with the current audit partner serving in this role for one (2) year.

The Non-Audit Services provided by the External Auditor were also reviewed and the Committee was of the view that such services did not impair their independence and were not within the category of services identified as restricted under the guidelines for listed Companies on Audit and Audit Committees issued by the Securities and Exchange Commission of Sri Lanka.

To the extent that the Audit Committee is aware, the Auditors do not have any relationship with (other than the Auditor and provider of non-assurance services as aforesaid) or interest in, the Company and the Group, which in the opinion of the Audit Committee, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Sri Lanka as at the reporting date.

The Committee confirms receipt of written assurance from Ernst & Young stating that they remained independent throughout the audit engagement, in line with professional and regulatory standards.

RE-APPOINTMENT OF AUDITORS

The Audit Committee having evaluated the performance of the Independent Auditors, has decided to recommend to the Directors the re-appointment of Messrs Ernst & Young, Chartered Accountants for the financial year ending 31st March 2027 up to the next Annual General Meeting, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

ASSURANCE FROM MANAGEMENT

The Committee obtained a confirmation from the Managing Director and the Head of Finance affirming that, to the best of their knowledge, the financial statements and the operational performance of the Company are presented fairly, in all material respects

INTERNAL AUDIT FUNCTION

Vallibel One PLC is an investment holding company. Investment-related risks are reviewed and monitored by the senior management and the Board of Directors. The Committee is of the view that this structure is appropriate given the nature of the Company's operations.

DISCHARGE OF DUTIES

The Committee confirms that it effectively discharged its functions and responsibilities during the year by:

- Reviewing financial reporting and disclosures
- Monitoring risk and internal controls
- Overseeing internal and external audits
- Ensuring compliance with all relevant legal, regulatory, and governance requirements.

CONCLUSION

The Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company and its subsidiaries' assets are safeguarded and that the financial position and the results disclosed in the Audited Accounts are free from, any material mis-statements.



Manil Jayasinghe

Chairman – Audit Committee

4th June, 2026

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTRC) of the Company was formed by the Board on 12th February, 2016 in accordance with Section 9 of the Listing Rules of the Colombo Stock Exchange to ensure compliance with those Rules facilitating independent review, approval and oversight of Related Party Transactions of the Company.

COMPOSITION OF THE COMMITTEE

The Committee comprises three Independent Non-Executive Directors (one of whom is the Chairperson) in conformity with Rule 9.14.2 of the Listing Rules.

As of 31st March, 2026 and the date of this Report the composition of the Committee:

Name of Member	Date of Appointment to the Committee	Nature of Directorship
Ms. Devika Weerasinghe (Chairperson)	01.01.2025	Independent Non-Executive Director
Ms. Romany Parakrama	01.01.2025	Independent Non-Executive Director
Mr. Anura Fernando	01.01.2025	Independent Non-Executive Director

[Brief profiles of the Members appear on page 26-30]

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd serves as the Secretaries to the Company.

The Managing Director and the Head of Finance attend meetings by invitation.

MEETINGS

The Committee met four (04) times during the financial year under review, where they met once every calendar quarter. Attendance of the members at these Meetings is as follows:-

Name of Member	Attendance
Ms Devika Weerasinghe	4/4
Ms Romany Parakrama	4/4
Mr Anura Fernando	4/4

The Related Party Transactions of the Company for the year under review have also been reviewed by the members of the RPTRC where necessary, by circulation, and the comments and observations of the Committee have been communicated to the Board of Directors of the Company.

POLICIES AND PROCEDURES

- The Committee operates within the Terms of Reference as approved by the Board. The Company has adopted a Related Party Transactions (RPT) Policy whereby the categories of persons / entities who shall be considered as 'related parties' have been identified and the identification and reporting on RPTs have been established.
- In accordance with the RPT Policy, self-declarations are obtained from each Director for the purpose of identifying parties related to them.
- The Committee has established guidelines in respect of Recurrent RPTs to be followed by the Senior Management of the Company, in the Company's dealings with Related Parties and has reviewed and assessed such ongoing relationships to ensure that the RPTs remain appropriate.
- The RPTRC reviews all Non Recurrent RPTs of the Company, whilst Recurrent RPTs are entered into on an arm's length basis determined by market forces and as per guidelines pre-approved criteria established as aforesaid and details of those Recurrent RPTs are presented to the Committee every quarter.
- In its review of RPTs, RPTRC considers the terms and conditions of the RPT, its value, and other connected details in order to determine whether they are carried out on an arm's length basis, the disclosure requirements as per the Listing Rules of the Colombo Stock Exchange and the level of approval required for the respective RPTs.
- The RPTRC ensures that all transactions with Related Parties are in the best interests of all shareholders, adequate transparency is maintained and are in compliance with the Listing Rules.
- Reviewing and approval of RPTs are either at a meeting of the Committee comprising at least two (2) members, one of whom has been the Chairperson or by circulation, approved by all the members.
- The Committee ensures that immediate market disclosures and disclosures in the Annual Report as required by applicable Rules are made in a timely and detailed manner and approvals as required by applicable Rules and Laws are sought in respect of RPTs.

RELATED PARTY TRANSACTIONS / DISCLOSURES DURING THE YEAR UNDER REVIEW

1. Information on related parties / related party transactions, as extracted from the database of the Company or related parties/related party transactions as at the end of each quarter was presented to the RPTRC.

2. All Directors made annual disclosures of the related parties of the said Director, which were recorded by the Company Secretaries. Additionally if any Director assumes office as a Director of any company, the Director concerned makes a disclosure, which is then captured by the Company Secretary and passed on to the officer concerned.
3. The Company did not enter into any non recurrent RPTs during the year under review and hence their were/are no disclosures in terms of the Listing Rules.
4. The aggregate value of Recurrent RPTs entered into by the Company during the year was below the threshold for disclosure in the Annual Report as per the Listing Rules.
5. Related Party Disclosures in terms of LKAS 24 are set out in Note 42 to the Financial Statements.
6. The Terms of Reference of the Related Party Transactions Review Committee was reviewed by the Committee on 13th November 2025.

STATEMENT ON REVIEW OF RELATED PARTY TRANSACTIONS

As required by Rule 9.14.8 (3) of the Listing Rules of the Colombo Stock Exchange, the RPTRC of the Company has reviewed all Related Party Transactions (RPTs) carried out during the financial year under review excluding those transactions exempted under Rule 9.14.10 of the Listing Rules of the CSE.

EVALUATION OF THE COMMITTEE

The Committee conducted a self-evaluation of its performance during the period under review. The Board was satisfied that the Committee effectively discharged its responsibilities and that its mandate and scope

DECLARATION

In terms of Rule 9.1.4.8(4) of the Listing Rules of the Colombo Stock Exchange, a declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to Related Party Transactions is given on page 360 of the Annual Report.



Devika Weerasinghe

Chairperson

Related Party Transactions Review Committee

4th June 2026

Nominations and Governance Committee Report

The Nominations and Governance Committee (NGC) of the Company was formed by the Board on 13th February 2019 in accordance with the Best Practices on Corporate Governance to establish inter alia a formal and transparent procedure for the appointment of new Directors to the Board of the Company and its subsidiaries. The scope and functions of the NGC were aligned with the provisions of the Listing Rules with effect from 1st October 2024, through a new Terms of Reference adopted with effect from 1st October 2024.

COMPOSITION OF THE COMMITTEE

Consequent to the resignation of Mr Harsha Amarasekera, the NGC of the Company was reconstituted with effect from 2nd September 2025 in compliance with the Corporate Governance Rules of the Colombo Stock Exchange. The composition of the Committee during the financial year under review was as follows:

As of 31st March, 2026 and the date of this Report the composition of the Committee:

Name of Member	Date of appointment to the Committee	Nature of Directorship
Mr Anura Fernando (Chairman)	01.01.2025	Independent Non-Executive Director
Mr Manil Jayesinghe	01.01.2025	Independent Non-Executive Director
Ms. Brindhiini Perera	30.09.2024	Non-Executive Director
Ms. Romany Parakrama	01.01.2025	Independent Non-Executive Director
Mr J A S S Adhihetty*	02.09.2025	Non-Executive Director

**Appointed on 2nd September 2025*

Brief profile of each member appears on pages 26 to 30 of this Report.

The composition of the Committee from 1st April 2025 to 2nd September 2025 was as follows:

Name of Member	Date of appointment to the Committee	Nature of Directorship
Mr Anura Fernando (Chairman)	01.01.2025	Independent Non-Executive Director
Mr. Harsha Amarasekera **	13.02.2019	Non-Executive Director
Mr Manil Jayesinghe	01.01.2025	Independent Non-Executive Director
Ms. Brindhiini Perera	30.09.2024	Non-Executive Director
Mrs. Romany Parakrama	01.01.2025	Independent Non-Executive Director

***Resigned on 2nd September 2025*

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd serves as the Secretaries to the Committee.

MEETINGS

The NGC had three (03) meetings during the financial year under review. The attendance of the members at these meetings is set out in the table below:

The recommendations of the Committee were also carried out via circular resolutions during the year under review.

Name of Member	Attendance
Mr Anura Fernando	3/3
Mr Harsha Amarasekera+	2/2
Mr Manil Jayesinghe	3/3
Ms Brindhiini Perera	2/3
Ms Romany Parakrama	3/3
Mr J A S S Adhihetty++	1/1

+Resigned on 2nd September 2025

++Appointed on 2nd September 2025

POLICY AND PROCESSES FOR DIRECTORS' NOMINATIONS

The NGC operates under a documented policy and defined processes for the nomination of Directors. These processes include:

- Overseeing the identification, assessment, selection, and nomination of suitable candidates to be appointed as Directors to fill any vacancy on the Board, howsoever created and/or as additional Directors based on the business requirements of the Company;
- Assessing the skills, knowledge, experience, expertise, diversity, and levels of independence necessary that will best complement the effectiveness of the Board;

- Ensuring that the Directors nominees accord with the fit and proper criteria under Rule 9.7.3 of the Listing Rules and obtaining a declaration to that effect from the candidate and;
- Where a Director nominee is to be appointed as an Independent Director, identifying any potential conflicts of interest and assessing the independence of the candidate, and overseeing that he / she satisfies the criteria for independence as per Rule 9.8.3 of the Listing Rules and obtaining a duly completed declaration to that effect from the said party.
- Based on the assessment as aforesaid making recommendations to the Board on appointment of new Directors.

RE-ELECTION OF DIRECTORS

In accordance with Article 87 of the Company's Articles of Association, one-third of the Directors shall retire from office, provided that a Director appointed to hold executive office including Chairman, Deputy Chairman, Chief Executive, Managing or Joint Managing Director, or other Executive Officer shall not, while holding that office be subject to retirement by rotation or be taken into account in determining the Directors to retire in each year.

Additionally, Directors who are appointed as per the relevant provisions in the Articles dealing with the new appointments to the Board to fill casual vacancies or as additional Directors are required to offer themselves for re-election at the immediately succeeding Annual General Meeting.

INFORMATION ON DIRECTORS' RE-ELECTION / RE-APPOINTMENT

As required by the Listing Rules, the table below sets out the details of the Directors who were re-elected / re-appointed at the 15th Annual General Meeting held on 30th June 2025, and the details of those Directors who are recommended for re-election / re-appointment at the forthcoming Annual General Meeting, in accordance with the provisions of the Articles of Association of the Company and the Companies Act No. 7 of 2007:

15th Annual General Meeting held on 30th June 2025

Name of Director	Board Committees served on	Date of First appointment as a Director	Date of last re-election / re-appointment as a Director	Directorships or Chairpersonship and other principal commitments both present and those held over the preceding three years in other Listed entities	Any relationship including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Listed Entity
Re-election in terms of Articles 87 and 88 of the Articles of Association of the Company					
Mr. Harsha Amarasekera	AC NGC	15.11.2010	30.6.2025	Directorships held were disclosed in the Annual Report for 2024/25	None
Ms. Brindhiini Perera	NGC	19.10.2022	30.6.2025	Refer profile on page 26	She is the daughter of the Chairman – Mr Dhammika Perera who holds 63.48% of the issued shares of the Company

Nominations and Governance Committee Report

Re-appointment in terms of Section 210 of the Companies Act No. 07 of 2007					
Mr J A S S Adhihetty	-	15.11.2010	30.6.2025	Refer profile on page 26-30	None
Re-election of Directors appointed since preceding Annual General Meeting in terms of Article 94 of the Articles of Association of the Company					
Mr. Dhammika Perera	RC	11.10.2024	N/A	Refer profile on page 26-30	He is the father of Ms Brindhiini Perera, Non-Executive Director
Mr. Manil Jayesinghe	AC NGC	01.01.2025	N/A	Refer profile on page 26-30	None
Mr. Anura Fernando	RPTRC NGC	01.01.2025	N/A	Refer profile on page 26-30	None
Ms. Devika Weerasinghe	AC RC RPTRC	01.01.2025	N/A	Refer profile on page 26-30	None
Ms. Romany Parakrama	RC RPTRC NGC	01.01.2025	N/A	Refer profile on page 26-30	None
Mr. Jonathan Alles	AC	14.02.2025	N/A	Refer profile on page 26-30	None
16th Annual General Meeting to be held on 30th June 2026					
Name of Director	Board Committees served on	Date of First appointment as a Director	Date of last re-election / re-appointment as a Director	Directorships or Chairpersonship and other principal commitments both present and those held over the preceding three years in other Listed entities	Any relationship including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Listed Entity
Re-election in terms of Articles 87 and 88 of the Articles of Association of the Company					
Mr. Dhammika Perera	RC	11.10.2024	30.6.2025	Refer profile on page 26-30	He is the father of Ms Brindhiini Perera, Non-Executive Director
Mr. Manil Jayesinghe	AC NGC	01.01.2025	30.6.2025	Refer profile on page 26-30	None
Re-appointment in terms of Section 210 of the Companies Act No. 07 of 2007					
Mr J A S S Adhihetty	NGC	15.11.2010	30.6.2025	Refer profile on page 26-30	None
Re-election of Directors appointed since last Annual General Meeting in terms of Article 94 of the Articles of Association of the Company					
Ms Yanika Amarasekera	None	13.2.2026	N/A	Refer profile on page 26-30	None

AC Audit Committee
RC Remuneration Committee
RPTRC Related Party Transactions Review Committee
NGC Nominations and Governance Committee

BOARD DIVERSITY

Board diversity is considered an essential factor in ensuring the Board's effective performance. In that context, the Company is committed to maintaining a diverse Board across the following dimensions that align with its strategic goals and governance standards.

Experience	The present Board comprises of Directors possessing varied experience / expertise in many disciplines which is appropriate for the business carried on by the Company. It reflects a diverse range of expertise, including entrepreneurship, finance, audit and risk management, banking, corporate communications, digital transformation, marketing, governance and legal and experience in those areas of expertise.
Skills	The Board is possessed of skills that are essential to drive the business of the Company including communication skills, leadership skills, decision making skills, organizational skills and skills to embody the vision of organization. Many Directors are experienced entrepreneurs, professionals and business leaders and make significant contribution towards the strategic direction of the Company and its subsidiaries with their diverse skills and attributes.
Age	There is a balanced distribution amongst different age groups, ranging from 24 years to 75 years, the average age of the Directors being 53.
Gender	The Company's commitment to gender diversity is demonstrated by the composition of the present Board of Directors, where 6 out of 11 Directors are female Directors.

EFFECTIVE IMPLEMENTATION OF POLICIES AND PROCESSES FOR APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

The effectiveness of the policies and processes relating to the appointment and re-appointment of Directors is demonstrated by the following:

- The NGC reviewed the criteria for fitness and propriety, independence and other compliance requirements for individual Directors at the time of their initial appointments to the Board and through annual review. Such a review also covered the general disclosure of interests, declarations and other information provided by Director nominees and by individual Directors in accordance with the Listing Rules, Companies Act and the Company's Articles of Association.
- Director nominees are subject to reference checks and reviews of their past performance, particularly if the candidate has prior Board experience, and also interviews with the Management.
- A process has been established for Board evaluations, including attendance, engagement and effective contribution as a Board member, to ensure that each Director continues to add value to the Company to achieve its objectives, before the NGC recommends the re-election / re-appointment of a Director.

As disclosed in the NGC Report in the Annual Report for 2024/25, the Articles of Association pertaining to retirement / re-election of Directors were amended at the Annual General Meeting held on 30th June 2025, to align those with best practices.

PERIODIC EVALUATIONS ON THE PERFORMANCE OF THE BOARD AND THE EXECUTIVE DIRECTORS.

As per the Rules on Corporate Governance embodied in the Listing Rules and the Policy on Corporate Governance, Nomination and Re-election adopted by the Company with effect from 1st October 2024, it is necessary that periodic evaluation of the performance of the Board of Directors and the Executive Directors of the Company are carried out, through a scheme of self-assessment to be undertaken by each Director. The NGC is responsible for such an assessment and to submit a report on the matter to the Board.

The NGC confirms that the annual evaluation of the performance of the Board of Directors and the Executive Directors has been conducted and reported to the Board. This assessment ensures alignment with the organization's strategic objectives and supports continuous improvement in governance and leadership effectiveness.

Nominations and Governance Committee Report

PROCESS ON THE FLOW OF INFORMATION TO INDEPENDENT DIRECTORS ON MAJOR ISSUES

The Company ensures that Independent Directors are informed through a structured communication framework, including regular Board and Committee meetings, with detailed agenda and relevant documents shared in advance. Directors receive periodic updates on key financial, operational and strategic matters, with direct access to the Senior Management and the Company Secretaries to seek clarifications on matters falling under the purview of the Board.

Special briefings are provided to the Directors through the Managing Director and/or the Company Secretaries in dealing with important matters. Strategy sessions, orientation, and training programs keep Directors informed on industry trends and governance. Crisis communication processes ensure timely updates during significant events, supporting effective oversight and contribution to the Company's objectives.

INDUCTION AND ORIENTATION PROGRAMS

The Company provides induction programs for newly appointed Directors, covering operations, governance, regulations, strategic objectives, financial performance and key policies.

Updates are also provided to the Board on corporate governance, regulatory developments and relevant laws, ensuring compliance, effective risk management, and alignment with legislative amendments to protect shareholder interests.

DETERMINATION OF INDEPENDENCE OF INDEPENDENT DIRECTORS

The NGC confirms that the Independent Directors meet the criteria for independence as stipulated in Rule 9.8.3 of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS STIPULATED UNDER THE LISTING RULES

The NGC confirms that the Company has fully complied with the Corporate Governance Requirements outlined in the Listing Rules.



Anura Fernando

Chairman – Nominations and Governance Committee

4th June 2026

Remuneration Committee Report

The Remuneration Committee of the Company was formed by the Board on 4th January 2011.

COMPOSITION OF THE COMMITTEE

The Committee comprises two Independent Non-Executive Directors (one of whom is the Chairperson) and one Non-Executive Director, in conformity with Rule 9.12.6 of the Listing Rules.

As of 31st March 2026 and the date of this Report, the Committee consists of:

Members	Date of appointment to the Committee	Nature of Directorship
Ms. Romany Parakrama (Chairperson)	01.01.2025	Independent Non-Executive Director
Mr. Dhammika Perera	01.01.2025	Non-Executive Director
Ms. Devika Weerasinghe	01.01.2025	Independent Non-Executive Director

Brief profile of each member appears on pages 26 to 30 of this Report.

The Company Secretaries, P W Corporate Secretarial (Pvt) Ltd serves as the Secretaries to the Committee.

MEETINGS

The Committee had three (03) Meetings during the year under review. The attendance of the members is set out in the table below:

Members	Attendance
Ms. Romany Parakrama (Chairperson)	3/3
Mr. Dhammika Perera	3/3
Ms. Devika Weerasinghe	3/3

TERMS OF REFERENCE OF THE COMMITTEE

The Remuneration Committee operates under a well-defined Terms of Reference incorporating scope, authority, duties and matters pertaining to quorum of Meetings. The new Terms of Reference of the Committee were adopted with effect from 1st October 2024. These Terms of Reference were reviewed by the Committee at its Meeting held on 8th April 2026.

REMUNERATION POLICY

The objective of the Remuneration Policy of the Company is to attract and retain a highly qualified and experienced staff and accordingly, remuneration packages are aligned with market rates taking into consideration, the cost of replacement of qualified and experienced staff.

The Committee further reports that the Company has adopted a "Policy on Remuneration" in compliance with Rule 9.2.1 of the Listing Rules, which was subject to its annual review at the Meeting of the Committee held on 8th April 2026.

ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee is responsible for advising and assisting the Board in determining a formal and transparent procedure for developing the policy on Executive Directors' remuneration and for fixing the remuneration of Non-Executive Directors.

Its key functions include:

- establishing and review of the parameters of the framework for remuneration of Executive Directors, Non-Executive Directors and Senior Management of the Company and its unlisted subsidiaries.
- review and make recommendations to the Board with regard to the remuneration of Executive Directors and Senior Management and also Non-Executive Directors.
- assisting the Board of Directors to comply with the obligations under section 216 of the Companies Act No.7 of 2007 read together with the Articles of Association of the Company when approving remuneration of Directors including the basis under which the remuneration may be considered fair to the Company or the relevant subsidiary.

These obligations have been discharged by the Remuneration Committee for the period under review.

REPORTING TO THE BOARD

The Board Remuneration Committee reports its proceedings, deliberations, and recommendations to the Board through the Committee Chair. To facilitate effective oversight, Senior Management provides remuneration-related information to the Committee as required. In addition, the minutes of Committee meetings are formally tabled at subsequent Board meetings for information and record-keeping purposes, thereby enhancing transparency and accountability in the application of the Company's remuneration policy.

EVALUATION OF THE COMMITTEE

The Committee conducted a self-evaluation of its performance during the period under review. The Board was satisfied that the Committee effectively discharged its responsibilities and that its mandate and scope were adequate.

DISCLOSURE ON DIRECTORS' REMUNERATION

The aggregate remuneration paid to the Directors of the Company during the year is disclosed in Note 42 to the Financial Statements in this Annual Report. The Committee further reports that the Company has complied with the provisions of the Companies Act and the Articles of Association regarding Directors' Remuneration.

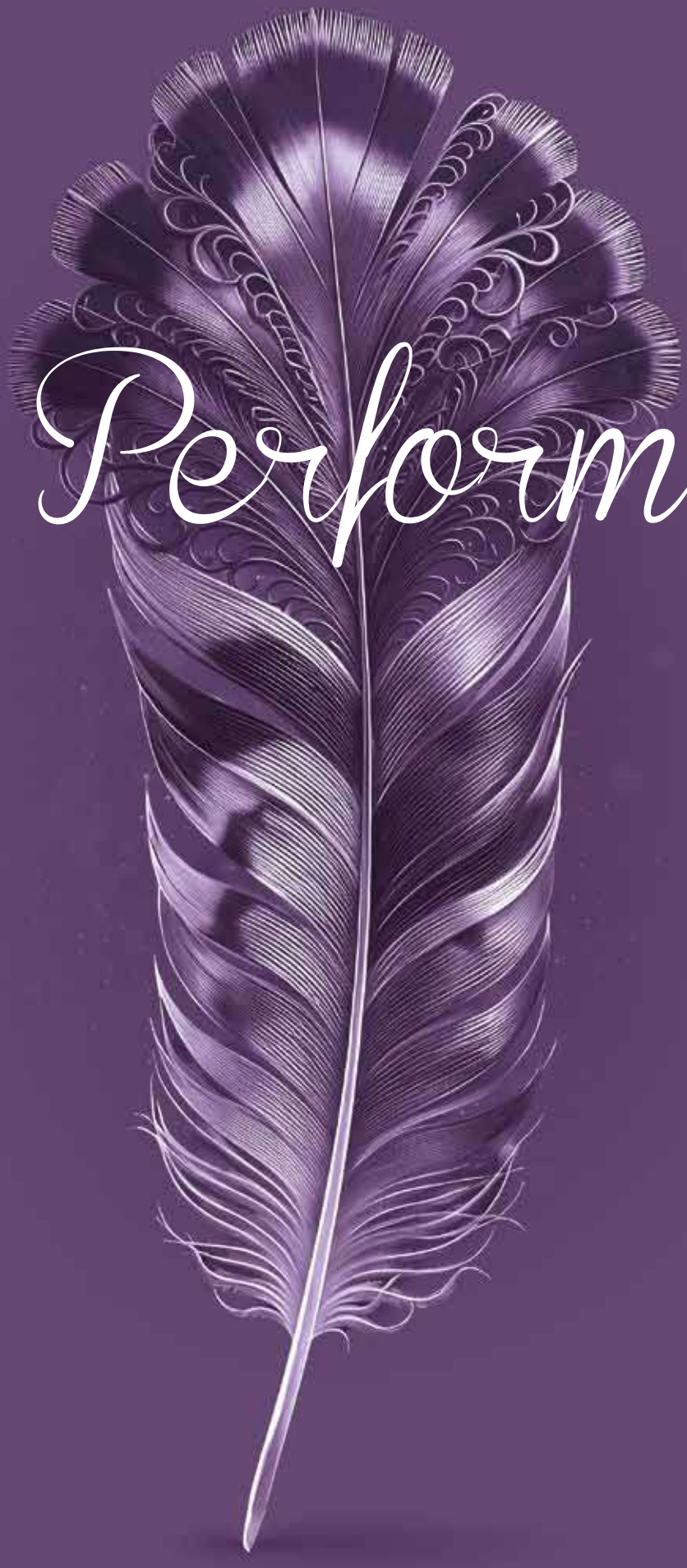


Romany Parakrama
Chairperson
Remuneration Committee

4th June 2026

FINANCIAL CALENDER

Interim Financial Statements- 2025/26 1st quarter	14th Aug 2025
Interim Financial Statements- 2025/26 2nd quarter	14th Nov 2025
Interim Dividend- 2025/26	30th June 2025
Interim Financial Statements- 2025/26 3rd quarter	13th Feb 2026
Interim Financial Statements- 2025/26 4th quarter	29th May 2026
Annual Report 2025/26	04th June 2026
16th Annual General Meeting	30th June 2026



Performance.

Stability.
Confidence.

Feathers reflect strength through order, balance and precision. This section presents Vallibel One's financial statements and related reports, providing a clear view of the Group's financial performance, stability and position.

The Victoria Crowned Pigeon

Delicate lace-like patterns on the feather of the Victoria Crowned Pigeon embody clarity, precision, and meticulous construction, showcasing unison in intricate design, structure and reliability across multiple layers.

Independent Auditor's Report

Shape the future with confidence

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
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Email: eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF VALLIBEL ONE PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Vallibel One PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: D K Hulangamuwa FCA FCMA LLB (London), Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA, M U M Mansoor ACA

Principals: T P M Ruberu FCMA FCCA MBA, G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited



Key audit matters -

Key audit matter	How our audit addressed the Matter
Revenue from Contracts with Customers	
The Group derived its revenue of Rs. 94.98 Bn as disclosed in Notes 28,28.1 & 28.1.2 to the financial statements Revenue was a key audit matter due to the materiality of the reported balance	Our audit procedures included the following key procedures: • Tested the relevant key controls relating to the sale of goods. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the IT systems relevant to revenue. • Performed analytical procedures to understand and assess the reasonableness of the reported revenue. • Tested revenue transactions by reviewing sales orders, sales invoices, shipping documents, delivery notes and other relevant supporting documents. Our procedures included testing revenue cut-off at the period-end date to determine whether transactions are recorded in the proper period and to the proper accounts and testing journal entries recognized to revenue. We also assessed the adequacy of the disclosures made in notes 28,28.1 & 28.1.2 to the financial statements.

Key audit matter	How our audit addressed the Matter
Existence and carrying value of Inventories	
As at 31 March 2026, the carrying value of inventories amounted to Rs. 36.3 Bn net of a provision of Rs. 2.2 Bn for slowing-moving inventory as disclosed in note 13 & 13.1 to the financial statements. Existence and carrying value of inventories was a key audit matter due to: • Materiality of the reported amount, which represents 6% of the Group's total assets • Inventories being held at multiple locations • Judgements applied by the management in determining the provision for slow-moving inventory as disclosed in Note 13.1 to the financial statements.	Our audit procedures included the following: • observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported as at the reporting date • tested the relevant key controls over inventory valuation. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the most significant IT systems relevant to inventory • tested whether inventory was stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices • assessed the reasonableness of management judgements applied in determining that the provision for slow-moving inventories. Our procedures included testing the completeness and accuracy of inventory age reports used as a basis to estimate the provision We also assessed the adequacy of the disclosures made in notes 13 & 13.1 to the financial statements

Independent Auditor's Report

Shape the future with confidence

Key audit matter	How our audit addressed the Matter
Allowances for Expected Credit Losses of Financial Assets	
Allowances for expected credit losses of financial assets arising from loans and advances of LKR 332Bn, as disclosed in Note 5 and 6 is determined by the management based on the accounting policies described in Note 5 and 6 to the financial statements. This was a key audit matter due to: • the involvement of significant management judgements, assumptions and level of estimation uncertainty associated in assessing the future recoverability of Loans & Advances ; and • the materiality of the reported amount of allowance of expected credit losses and use of complex calculations in its determination. Key areas of significant judgements, assumptions and estimates used by management included determining whether significant increase in credit risk has occurred, use of a broad range of forward-looking macroeconomic inputs and their associated weightages which are subject to inherently heightened levels of estimation uncertainty and subjectivity. Further information on the key estimates, assumptions and judgements is disclosed in Note 5 and 6	In addressing the adequacy of the allowances for expected credit losses of financial assets, our audit procedures included the following key procedures: • assessed the alignment of the allowances for expected credit losses computations with the underlying methodology and related accounting policies, based on the best available information up to the date of our report. • evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses • assessed the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board and the management. • tested the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by agreeing details to relevant source documents and accounting records of the Company. • evaluated the reasonableness of credit quality assessments and related stage classifications. • Assessed the reasonableness of judgements, assumptions and estimates used by the Management in the underlying methodology and the management overlays We also assessed the adequacy of the related financial statement disclosures set out in notes 5 and 6.

Shape the future with confidence

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 judgement 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.

Independent Auditor's Report

Shape the future with confidence

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2440.

Colombo

05 June 2026

Statement of Financial Position

As at 31 March	Note	COMPANY		GROUP	
		2026 Rs. '000	2025 Rs. '000	**2026 Rs. '000**	2025 Rs. '000
ASSETS					
Cash and Cash Equivalent	3	815,886	792,652	30,216,968	15,324,961
Financial Assets Measured at Fair Value Through Profit or Loss	4.1	30,997	32,672	100,416	91,269
Derivative Financial Assets		-	-	82,705	-
Financial Assets At Amortised Cost- Loans and Advances	5	-	-	332,998,816	199,271,047
Equity Instruments measured at Fair Value through OCI	4.2	25,469,989	21,480,713	25,578,883	21,536,209
Other Financial Assets	7	1,277,495	1,324,192	43,280,578	22,581,468
Trade and Other Debtors, Deposits and Prepayments	8	1,852,234	1,652,406	16,763,999	15,130,054
Contract Asset	8.2	-	-	-	-
Other Non Financial Assets	9	18,937	4,940	2,554,213	2,129,267
Investments in Subsidiaries	10	25,869,879	25,309,805	-	-
Investment in Associate	11	413,068	413,068	998,243	692,154
Deferred Tax Assets	12	11,892	11,404	3,304,236	1,800,896
Income Tax Recoverable		-	-	976	26,475
Inventories	13	-	-	36,369,990	35,401,019
Intangible Assets	14	-	-	13,771,604	12,891,426
Investment Property	17	-	-	2,195,938	2,162,726
Property, Plant and Equipment	15	113,497	51,131	79,315,609	74,706,942
Right of use assets	16	129,003	25,628	3,705,229	2,986,963
Assets held for sale	36.5	-	-	277,606	36,370
Total Assets		56,002,877	51,098,611	591,516,009	406,769,246
LIABILITIES					
Due to Banks	18	-	28	105,054,083	40,953,523
Due to Customers	19	-	-	188,977,630	138,823,896
Interest Bearing Loans and Borrowings	20	133,981	26,872	75,441,475	36,640,362
Trade and Other Payables	21	27,259	23,838	16,195,830	13,296,284
Other Non Financial Liabilities	22	-	-	3,172,314	2,257,111
Contract Liabilities	22.1	-	-	3,476,648	1,605,281
Dividend Payable	23	20,798	18,726	458,435	454,595
Employee Benefit Liabilities	24	52,338	41,765	2,924,904	2,505,382
Income Tax Liabilities		31,463	26,618	5,459,766	3,159,657
Deferred Tax Liabilities	12	-	-	9,121,381	8,803,121
Liabilities directly associated with the assets classified as held for sale	36.6	-	-	315,762	262
Total Liabilities		265,839	137,847	410,598,228	248,499,474

Statement of Financial Position

As at 31 March	Note	COMPANY		GROUP	
		2026 Rs. '000	2025 Rs. '000	**2026 Rs. '000**	2025 Rs. '000
Shareholders' Funds					
Equity Attributable to Equity Holders of the Parent					
Stated Capital	25	29,337,103	29,337,103	29,337,103	29,337,103
Retained Earnings		12,410,131	11,623,132	59,288,859	49,978,901
Other components of equity	26	13,989,804	10,000,529	35,229,138	29,628,713
Total Equity Attributable to Equity Holders of the Parent		55,737,038	50,960,764	123,855,100	108,944,717
Non Controlling Interest	27	-	-	57,062,681	49,325,055
Total Equity		55,737,038	50,960,764	180,917,781	158,269,772
Total Equity and Liabilities		56,002,877	51,098,611	591,516,009	406,769,246

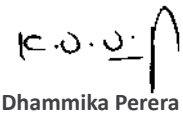
These Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



Charith Ariyarathne
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements in accordance with Sri Lanka Accounting Standards.

Signed for on behalf of the Board of Directors of Vallibel One PLC.



Dhammika Perera
Chairman



Yogadinusha Bhaskaran
Managing Director

04 June 2026
Colombo

The accounting policies and notes on pages 276 through 380 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Profit or Loss

For the year ended 31 March 2026	Note	COMPANY		GROUP	
		2026 Rs. '000	2025 Rs. '000	**2026** Rs. '000	2025 Rs. '000
Revenue from Contracts with Customers		-	-	94,988,672	79,893,453
Interest Income		-	-	54,357,259	42,201,896
Total Revenue	28	-	-	149,345,931	122,095,349
Cost of Sales		-	-	(81,638,856)	(68,605,401)
Gross Profit		-	-	67,707,075	53,489,948
Dividend Income	29	4,138,248	3,914,313	1,541,239	1,399,277
Other Operating Income	30	488,152	422,960	1,339,172	1,129,395
Administrative Expenses		(497,834)	(415,082)	(18,098,319)	(14,722,730)
Distribution Expenses		-	-	(12,140,759)	(10,427,865)
Other Operating Expenses		(1,676)	(9,215)	(2,093,276)	(50,237)
Result from operating activities	31	4,126,890	3,912,976	38,255,132	30,817,788
Finance Cost	32	(12,924)	(6,579)	(2,919,044)	(2,397,045)
Finance Income	33	156,492	199,377	395,691	405,326
Net Finance Income/ (Cost)		143,568	192,798	(2,523,353)	(1,991,719)
Share of results of equity accounted Investees	11.2	-	-	34,046	53,228
Operating Profit before Tax on Financial Services		4,270,458	4,105,774	35,765,825	28,879,297
Tax on Financial Services	34	-	-	(5,184,464)	(4,183,241)
Profit before tax		4,270,458	4,105,774	30,581,361	24,696,056
Income Tax Expense	35	(63,016)	(73,663)	(9,531,439)	(8,323,288)
Profit for the year from continuing operations		4,207,442	4,032,111	21,049,922	16,372,768
Discontinued Operation					
Profit/ (Loss) after tax for the year from discontinued operations	36	-	-	(177,955)	(350,246)
Profit for the year		4,207,442	4,032,111	20,871,967	16,022,522
Attributable to :					
Equity holders of the Parent		4,207,442	4,032,111	13,164,778	11,760,829
Non- controlling interest		-	-	7,707,189	4,261,693
		4,207,442	4,032,111	20,871,967	16,022,522
Earnings Per Share	37	3.69	3.54	11.57	10.34
Dividend Per Share	37.1	3.00	3.00	3.00	3.00

The accounting policies and notes on pages 276 through 380 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Other Comprehensive Income

For the year ended 31 March 2026	Note	COMPANY		GROUP	
		2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Profit for the year		4,207,442	4,032,111	20,871,967	16,022,522
Other Comprehensive Income					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):					
Exchange difference on translation of foreign operations		-	-	73,772	12,315
Net gain/(loss) on cash flow hedges		-	-	48,990	-
Less: Deferred tax charge/ reversal on above items		-	-	(14,697)	-
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		-	-	108,065	12,315
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Actuarial Gain/(loss) on retirement benefit obligation	24	(5,280)	(6,007)	18,772	(129,495)
Less: Deferred tax charge/ reversal on Actuarial Gain/(loss) on retirement benefit obligation		1,584	1,802	(6,228)	34,378
Actuarial Gain/(loss) on retirement benefit obligation- Net of tax		(3,696)	(4,205)	12,544	(95,117)
Revaluation of Property, Plant and Equipment		-	-	1,644,958	1,842,685
Deferred tax reversal on land disposal		-		13,740	
Less: Deferred tax charge revaluation		-	-	(430,848)	(446,891)
Revaluation- Net of tax		-	-	1,227,850	1,395,794
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income		3,989,275	7,452,492	4,030,853	7,453,216
Share of other comprehensive income of an associate, net of tax		-	-	272,045	(1,491)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		3,985,579	7,448,287	5,543,292	8,752,402
Other comprehensive income/(loss) for the year, net of tax		3,985,579	7,448,287	5,651,357	8,764,717
Total Comprehensive Income for the year, net of tax		8,193,021	11,480,398	26,523,324	24,787,239
Total Other Comprehensive Income attributable to :					
Equity holders of the Parent		8,193,021	11,480,398	18,318,653	20,019,677
Non- Controlling Interests		-	-	8,204,671	4,767,562
		8,193,021	11,480,398	26,523,324	24,787,239

The accounting policies and notes on pages 276 through 380 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Changes in Equity

Company

For the year ended 31 March	Stated Capital	Other Component of Equity	Retained Earnings	Total Equity
		Fair Value Reserve		
	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 01st April 2024	29,337,103	2,548,037	11,011,973	42,897,113
Profit for the Period	-	-	4,032,111	4,032,111
Other Comprehensive Income/ (Expense), Net of Tax	-	7,452,492	(4,205)	7,448,287
Total Comprehensive Income	-	7,452,492	4,027,906	11,480,398
Dividend Paid	-	-	(3,416,747)	(3,416,747)
Balance as at 31st March 2025	29,337,103	10,000,529	11,623,132	50,960,764
Balance as at 01st April 2025	29,337,103	10,000,529	11,623,132	50,960,764
Profit for the Period	-	-	4,207,442	4,207,442
Other Comprehensive Income, Net of Tax	-	3,989,275	(3,696)	3,985,579
Total Comprehensive Income	-	3,989,275	4,203,746	8,193,021
Dividend Paid	-	-	(3,416,747)	(3,416,747)
Balance as at 31st March 2026	29,337,103	13,989,804	12,410,131	55,737,038

The accounting policies and notes on pages 276 through 380 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Changes in Equity

Group

For the year ended 31 March	Stated Capital	Other Component of Equity			
		Treasury Shares	Statutory Reserve Fund	Fair Value Reserve	
	LKR '000	LKR '000	LKR '000	LKR '000	
Balance as at 01st April 2024	29,337,103	(44,112)	7,487,136	2,471,655	
Profit for the Period	-	-	-	-	
Other Comprehensive Income, Net of Tax	-	-	-	7,452,973	
Total Comprehensive Income	-	-	-	7,452,973	
Dividend Write back of unclaimed dividend	-	-	-	-	
Transfer	-	-	540,282	-	
Transfer from revaluation reserve to retained earnings on disposal of land					
Adjustments due to Amalgamation with Subsidiary- LB Finance					
Dividend Paid	-	-	-	-	
Preference Shares dividend	-	-	-	-	
Subsidiary Dividends to Minority Shareholders	-	-	-	-	
Change in ownership without change in control	-				
Balance as at 31st March 2025	29,337,103	(44,112)	8,027,418	9,924,628	
Balance as at 01st April 2025	29,337,103	(44,112)	8,027,418	9,924,628	
Profit for the Period	-	-	-	-	
Other Comprehensive Income, Net of Tax	-	-	-	4,016,617	
Total Comprehensive Income	-	-	-	4,016,617	
Dividend Write back of unclaimed dividend	-	-	-	-	
Transfer	-	-	453,569	-	
Transfer from revaluation reserve to retained earnings on disposal of land	-	-	-	-	
NCI on Acquisition of Associated Motor Finance Company PLC					
Derecogniton of non-controlling interests	-	-	-	-	
Dividend Paid	-	-	-	-	
Preference Shares dividend	-	-	-	-	
Balance as at 31st March 2026	29,337,103	(44,112)	8,480,987	13,941,245	

The accounting policies and notes on pages 276 through 380 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

	Foreign Currency Translation Reserve LKR '000	Revaluation Reserve LKR '000	General Reserve LKR '000	Hedge Reserve	Retained Earnings LKR '000	Total Equity Attributable to Equity Holders of the Parent LKR '000	Non Controlling Interest LKR '000	Total Equity LKR '000
	44,430	10,249,072	578,449		41,915,450	92,039,183	47,195,502	139,234,685
	-	-	-	-	11,760,829	11,760,829	4,261,693	16,022,522
	5,524	857,379	-	-	(57,027)	8,258,849	505,869	8,764,718
	5,524	857,379	-	-	11,703,802	20,019,678	4,767,562	24,787,240
	-	-	-	-	2,709	2,709	-	2,709
	-	-	-	-	(540,282)	-	-	-
		(14,075)			14,075	-	-	-
					(2,197)	(2,197)	(98,670)	(100,867)
	-	-	-	-	(3,413,849)	(3,413,849)	-	(3,413,849)
	-	-	-		(39)	(39)	-	(39)
	-	-	-	-	-	-	(2,240,107)	(2,240,107)
					299,232	299,232	(299,232)	-
	49,954	11,092,376	578,449	-	49,978,901	108,944,717	49,325,055	158,269,772
	49,954	11,092,376	578,449	-	49,978,901	108,944,717	49,325,055	158,269,772
	-	-	-	-	13,164,778	13,164,778	7,707,189	20,871,967
	50,972	1,083,431	-	22,752	(19,897)	5,153,875	497,482	5,651,357
	50,972	1,083,431	-	22,752	13,144,881	18,318,653	8,204,671	26,523,324
	-	-	-	-	5,600	5,600	-	5,600
	-	-	-	-	(453,569)	-	-	-
	-	(26,916)	-	-	26,916	-	-	-
						-	1,173,481	1,173,481
	-	-	-	-	-	-	244,428	244,428
	-	-	-	-	(3,413,850)	(3,413,850)	(1,884,954)	(5,298,804)
	-	-	-	-	(20)	(20)	-	(20)
	100,926	12,148,891	578,449	22,752	59,288,859	123,855,100	57,062,681	180,917,781

Consolidated Statement of Cash Flows

For the year ended 31 March	Note	COMPANY		GROUP	
		2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Net Profit before Taxation		4,270,458	4,105,774	30,581,361	24,696,056
Profit/ (Loss) from Discontinued operation	36	-	-	(177,955)	(350,246)
ADJUSTMENTS FOR					
Net Gain/ (Loss) on Financial Assets Recognised Through Profit or Loss	30	1,675	8,042	23,390	(3,849)
Impairment Provision/ (Reversal) of Financial Assets At Amortised Cost- Loans and Advances	6	-	-	2,869,437	(471,807)
Impairment Provision/ (Reversal) of Trade and Other Debtors, Deposits and Prepayments	8	-	-	35,250	71,839
Share of profits of equity accounted Investees	11.2	-	-	(34,046)	(53,228)
Provision for inventory	13.1	-	-	750,889	237,923
Amortization Intangible assets	14	-	-	121,774	109,843
Change in Fair Value of Investment Property	17	-	-	(33,213)	(21,357)
Depreciation on Property, plant and equipments	15	16,791	15,131	3,836,780	3,215,232
Loss/ (Profit) on sale of Property,plant & equipment	30	-	-	(238,337)	(30,038)
Depreciation of Right of Use Assets	16	46,390	43,934	856,363	721,663
Gain on Lease remeasurement	16	-	(6,196)	-	(6,195)
Gain on Lease termination	16	-	-	(8,863)	
Provision For Employee Benefit Liabilities	24	9,648	8,407	540,007	466,225
Dividend income	29	(4,138,248)	(3,914,313)	(1,541,239)	(1,399,277)
Finance Cost	32	12,924	6,579	2,919,044	2,437,058
Finance Income	33	(156,492)	(199,377)	(395,691)	(409,890)
Operating Profit before Working Capital Changes		63,146	67,981	40,104,951	29,209,952
(Increase)/Decrease in Financial Assets At Amortised Cost- Loans and Advances		-	-	(136,597,206)	(36,277,507)
(Increase)/Decrease in Other Financial Assets		46,697	(524,192)	(20,699,110)	(1,273,416)
(Increase)/Decrease in Trade and Other Debtors, Deposits and Prepayments		(199,832)	(560,371)	(1,669,187)	(2,860,796)
(Increase)/Decrease in Other Non Financial Assets		(13,997)	98	(424,946)	(743,031)
(Increase)/Decrease in Inventories		-	-	(1,719,860)	(5,201,494)
(Increase)/Decrease in Asset held for Sale		-	-	62,226	67
Increase/(Decrease) in Due to Banks		-	-	65,421,118	15,667,786
Increase/(Decrease) in Due to Customers		-	-	50,153,734	15,789,349
Increase/(Decrease) in Trade & Other Payables		3,423	4,704	3,006,537	(4,560,910)
Increase/(Decrease) in Other Non Financial Liabilities		-	-	2,786,570	411,746
Cash Generated from/ (Used in) Operations		(100,563)	(1,011,780)	424,827	10,161,746

For the year ended 31 March	Note	COMPANY		GROUP	
		2026 LKR '000	2025 LKR '000	**2026** LKR '000	2025 LKR '000
Retirement Benefits Liabilities paid	24	(4,355)	(6,677)	(265,591)	(171,682)
Finance Cost Paid		(12,924)	(6,579)	(2,429,763)	(2,388,121)
Interest received		156,492	199,377	395,691	409,890
Taxes Paid		(57,074)	(61,449)	(8,852,632)	(9,586,730)
Net Cash from/ (Used in) Operating Activities		(18,424)	(887,108)	(10,727,468)	(1,574,897)
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale/(Purchase) of Financial Assets Recognised Through Profit or Loss		-	1,174	(32,537)	16,478
Sale/(Purchase) of Equity Instruments measured at Fair Value through OCI		-	-	(11,821)	(38,051)
Sale/(Purchase) of Derivative assets		-	-	(33,715)	-
Disposal/ (Investment) in Subsidiary	10	(560,074)	(692,481)	-	-
Acquisition of Subsidiary, net of tax				(1,972,772)	-
Disposal of Subsidiary, net of tax				72,865	-
Purchase of Intangible assets	14	-	-	(113,911)	(200,378)
Purchase of investment property	17	-	-	-	(866)
Purchase of Property, Plant & Equipment	15	(79,157)	(6,539)	(5,756,445)	(5,937,390)
Proceeds from Sale of Property, Plant & Equipment		-	-	258,175	6,795,143
Acquisition of Right of use assets	16	(149,002)	-	(1,606,525)	(1,287,083)
Dividend Received		4,138,248	3,914,313	1,541,239	1,399,277
Net Cash from/ (Used in) Investing Activities		3,350,015	3,216,467	(7,655,447)	747,130
CASH FLOWS FROM FINANCING ACTIVITIES					
Net Proceeds from Interest Bearing Loans & Borrowings	20	106,346	(42,690)	38,332,643	5,835,595
Disposal/ (Acquisition) of Non controlling interest	27	-	-	1,417,909	(100,867)
Dividend Paid		(3,414,675)	(3,412,103)	(5,289,384)	(5,710,117)
Net Cash Generated from/ (Used in) Financing Activities		(3,308,329)	(3,454,793)	34,461,168	24,611
Net Increase / (Decrease) in Cash & Cash Equivalents		23,262	(1,125,434)	16,078,253	(803,156)
Net Unrealised Exchange (Gains)/Losses		-	-	75,183	12,550
Cash and Cash Equivalents at the beginning of the Year		792,624	1,918,058	11,005,942	11,796,548
Cash and Cash Equivalents at the end of the Year	3.2	815,886	792,624	27,159,378	11,005,942

The accounting policies and notes on pages 276 through 380 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Vallibel One PLC ("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 registered office of the Company is located at 29, West Tower, World Trade Centre, Echelon Square, Colombo – 01.

1.2 Principal Activities and Nature of Operations

A principal activity of the company is holding investments in other companies.

Vallibel One PLC

Group holding company manages a portfolio of diversified business holdings.

Royal Ceramics Lanka PLC Group

Royal Ceramics Lanka PLC (RCL) is engaged in manufacturing and marketing of floor and wall tiles. Subsidiaries of RCL were engaged in the business of property holding, manufacturing and marketing of floor and wall tiles, supply of raw material to the ceramic industry, sanitary ware, cartoons and paper sacks for packing, aluminium extrusions.

LB Finance PLC

LB Finance PLC provides a comprehensive range of financial services encompassing acceptance of deposits, granting lease facilities, hire purchases, mortgage loans, gold loans, personal loans, factoring, margin trading, trade finance loans, microfinance and other credit facilities, real estate development and related services.

Greener Water Ltd

Principal activities of the Company are to engage in the business of leisure sector. However, Company is yet to start its commercial operations.

Delmage Ltd

Delmage Ltd is managing its subsidiaries, carrying out investment activities and providing management and administration services to the companies within the group. Subsidiaries of the group were engaged in the business of manufacturing, trading, shipping, logistics, airline and travel, and insurance brokering.

Vallibel One Properties Ltd

Principal activities of the Company are to engage in the business of real state sector. However, Company is yet to start its commercial operations.

In addition to the above investments, the company holds an investment in Fortress Resorts PLC, which is accounted as an investment in an associate, and the company holds an investment in Swisstek Aluminium Limited, which is accounted as a sub-subsidiary.

1.3 Parent Entity and Ultimate Parent Entity

The Group's ultimate controlling party is Mr. K. D. D. Perera.

1.4 Consolidated Financial Statements

The Consolidated Financial Statements of Vallibel One PLC, as at and for the year ended 31st March 2026 encompass the Company, its Subsidiaries (together referred to as the "Group") and the Group's interest in Equity Accounted Investees (Associates).

1.5 Date of Authorization for Issue

The Consolidated Financial Statements of Vallibel One PLC and its subsidiaries for the Year ended 31 March 2026 were authorised for issue in accordance with a resolution of the directors on 04 June 2026.

1.6 Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements which comprise the Statement of profit or loss, Statements of comprehensive income, statements of financial position, statements of changes in equity and the cash flows statements, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

2.2 Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for land & buildings, derivative financial instruments, fair value through profit or loss financial assets and fair value through other comprehensive income financial assets.

The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The consolidated financial statements are presented in Sri Lankan Rupees except when otherwise indicated.

The Group presents its statement of Financial Position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 43.

2.3 Comparative information

The presentation and classification of the financial statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

2.4 Functional & Presentation Currency

The Group's consolidated financial statements are presented in Sri Lankan Rupees, which is also the parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. These Financial Statements are presented in Sri Lankan Rupees, the Group's Functional and Presentation Currency.

2.5 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on Presentation of Financial Statements.

2.6 Basis of Consolidation

The Group's Financial Statements comprise, Consolidated Financial Statements of the Company and its Subsidiary in terms of the Sri Lanka Accounting Standard- SLFRS 10 (Consolidated Financial Statements).

Details of the Company's subsidiary are set out in Note 10 to these Financial Statements

2.7 Going Concern

The directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The assessment took into consideration the existing and potential implications of the prevailing economic condition on the business operations and performance of the Group. The Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.8 Changes in Accounting Policies

New and amended standards and interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 March 2026, except for the adoption of new standards effective as of 1 January 2026. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendment are effective for annual periods beginning on or after 1 January 2025

The above amendment had no impact on the financial statements of the group.

2.9 Significant Accounting Judgments, Estimates, Assumptions

The preparation of Financial Statements of the Group in conformity with Sri Lanka Accounting Standards requires the management to make assumptions, judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty involved with estimates, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The most significant areas of estimation uncertainties and critical judgments in applying accounting policies that have most significant effect on the amounts recognised in the Financial Statements of the Group are as follows:

Notes to the Financial Statements

Impairment of Non-Financial Assets	2.10.1 (i)
Classification of Financial Assets & Liabilities	2.10.1 (vii)
Fair Value of Financial Instruments	38
Allowance for Impairment Losses	6
Deferred Taxation	12
Useful lifetime of the Property, Plant and Equipment	15
Useful lifetime of the Intangible Assets	14
Employee Benefit Liability	24
Taxation	35
Fair value of free hold land and buildings	15.4
Investment properties	17
Impairment of goodwill	14.2

2.10 Significant Accounting Policies

2.10.1 Statement of Financial Position

(i) Impairment of Non-Financial Assets

The Group assess 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 Cash Generating Unit's (CGU's) fair value less costs to sell and its value in use. Where 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 to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement.

(ii) Foreign Currency

Foreign Currency Transactions and Balances

Foreign currency transactions are translated into the functional currency, which is Sri Lankan Rupees, using the exchange rates prevailing at the dates of the transactions on which first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Foreign Operations

The results and financial position of overseas operations that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

Assets and liabilities, including goodwill and fair value adjustments arising on acquisition, are translated at the rates of exchange ruling as at the Reporting date.

Income and expenses are translated at the average exchange rate for the period, unless this average rate is not a reasonable approximation of the rate prevailing at the transaction date, in which case income and expenses are translated at the exchange rates ruling at the transaction date.

All resulting exchange differences are recognised in the OCI and accumulated in the Foreign Currency Translation Reserve (Translation Reserve), which is a separate component of Equity, except to the extent that the translation difference is allocated to the NCI.

When a foreign operation is disposed of such that the control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to Income Statement as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount of the translation reserve is reattributed to NCI.

(iv) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking in to account the risks and uncertainties surrounding the obligation at that date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured as the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract. The expense relating to any provision is presented in the Income Statement or Loss net of any reimbursement.

(v) Employee Benefit Obligations

(1) Gratuity

Refer Note 24 for detailed policy on defined benefit obligation

(2) Defined contribution plan

The Group also operates a defined contribution plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Group by the employees and is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

The Group contributes to the following Schemes:

- *Employees' Provident Fund*

The Group and employees contribute 12%-15% and 8%-10% respectively of the employee's monthly gross salary (excluding overtime) to the Provident Fund.

- *Employees' Trust Fund*

The Company contributes 3% of the employee's monthly gross salary excluding overtime to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

(vi) Non-current /distribution to owners and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale/distribution to owners if their carrying amounts will be recovered principally through a sale/distribution rather than through continuing use. Non-current assets and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of profit or loss. Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortized.

(vii) Financial Instruments

Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to depositors, are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Group recognises balances due to depositors when funds are transferred to the Group.

Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables of subsidiaries are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss.

Day 1 Profit or Loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and the fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Notes to the Financial Statements

Classification and Subsequent Measurement of Financial Assets

From 1 April 2018 as per SLFRS 9, the Group classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms measured at either;

*Amortised cost

*Fair value through other comprehensive income (FVOCI)

*Fair value through profit or loss (FVTPL)

The subsequent measurement of financial assets depends on their classification.

Business Model Assessment

Group determines it's business model at the level that best reflects how it manages the financial assets to achieve it's objectives. The Group's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial asset held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flow collected)
- The expected frequency, value and timing of sales

The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress Case" scenarios in to account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectation, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets.

Contractual Cash flow Characteristic Test (The SPPI Test)

As the second test of the classification process the Group assesses the contractual terms of the financial asset to identify whether those meet "Solely the Payment of Principle and Interest" (SPPI) criteria.

'Principle for the purpose of this test is defined as the fair value of the financial asset at initial recognition which may change over the life of the financial asset (for example, if there are repayments of principle or amortization of the premium/discount).

'The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make SPPI assessment, the Group applies judgment and considers relevant factors such as currency in which the financial asset is denominated and the period for which the interest rate is set.

Classification and subsequent measurement of financial liabilities

As per SLFRS 9, the Group classifies financial liabilities, other than financial guarantees and loan commitments into one of the following categories:

Financial liabilities at fair value through profit or loss, and within this category as

- Held-for-trading; or
- Designated at fair value through profit or loss;

Financial liabilities measured at amortised cost.

The subsequent measurement of financial liabilities depends on their classification.

Reclassification of Financial Assets and Financial Liabilities

As per SLFRS 9, Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group changes its objective of the business model for managing such financial assets which may include the acquisition, disposal or termination of a business line.

Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

Derecognition of Financial Assets and Financial Liabilities

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 financial asset have expired.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under LKASs / SLFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

During the year Group has not offset any financial assets and financial liabilities in the Statement of Financial Position.

2.10.2 Statement of profit or loss

(i) Revenue recognition

Refer note 28 for detailed policy on revenue recognition

(ii) Impairment Charges and Other Losses

The Group recognises the changes to the impairment provision which are assessed based on expected credit loss method in accordance with Sri Lanka Accounting Standard- SLFRS 09 (Financial Instruments). The methodology adopted by the Group is explained in the Note 6 to these financial statements. Recovery of amounts written-off as bad and doubtful debts is recognised on a cash basis.

(iii) Personal Expenses

Personnel Expenses include salaries and bonus, terminal benefits and other staff-related expenses. The provision for bonus is recognised when it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

Defined Contribution Plans- Employees' Provident Fund and Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods as defined in the Sri Lanka Accounting Standard- LKAS 19 (Employee Benefits).

The contribution payable to a defined contribution plan is in proportion to the services rendered to the Company by the employees and is recorded as an expense when they become due. Unpaid contributions are recorded as a liability.

The Company and the employees contribute 15% and 10% respectively on the salary of each employee to the Employees' Provident Fund.

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Accordingly, staff gratuity was considered as defined benefit plan as per Sri Lanka Accounting Standard- 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.

(iv) Other Operating Expenses

Other operating expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earnings of the specific items of the income. All the expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Income Statement in arriving at the profit for the year.

(vi) Directors' Emoluments

Directors' Emoluments include fees paid to Non-Executive Directors. Remunerations paid to Executive Directors are included under Administrative Expenses in these Financial Statements.

(vii) Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group/Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual installments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant.

Notes to the Financial Statements

2.11 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below. None of the new or amended pronouncements are expected to have a material impact on the consolidated financial statements of the Group in the foreseeable future. The Group intends to adopt these amended standards, if applicable, when they become effective.

(i)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, and 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 01 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.

(ii) SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 01 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.

(iii) SLFRS 19 Subsidiaries without Public Accountability: Disclosures

SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles.

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that financial statements remain high-quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 01 January 2027. Early application is permitted

The potential impact of SLFRS 19 is currently being identified and evaluated.

(iv) 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 01 January 2026. Early application is permitted.

The impact of these amendments is currently being identified and evaluated.

3. CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents are cash at bank and in hand, call deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents are carried at amortized cost in the Statement of Financial Position.

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Cash in hand and at Bank	815,886	792,652	9,240,781	10,709,230
Cash in transit	-	-	31,890	6,341
Short Term Bank Deposits	-	-	4,120,364	-
Securities under Reverse Repurchase Agreements (Less than 03 Months)	-	-	12,598,119	3,908,338
Investments in trust certificates	-	-	4,225,814	701,052
	815,886	792,652	30,216,968	15,324,961

3.1 The collateral value of Securities under Reverse Repurchase Agreements as at 31 March 2026 for the Group was Rs. 13,110,303,639/- (2025- Rs. 4,045,927,197/-).

3.2 Cash and Cash Equivalents for the purpose of the Cash Flow Statement

Accounting Policy

Cash and Cash Equivalents for the purpose of the Cash Flow Statement

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Cash and Cash Equivalents	815,886	792,652	30,216,968	15,324,961
Cash and Cash Equivalents attributable to discontinued operations	-	-	7,537	370
Bank Overdrafts (Note 18)	-	(28)	(2,998,831)	(4,319,389)
Bank Overdrafts attributable to discontinued operations	-	-	(66,296)	-
Cash and Cash Equivalents at the end of the Period	815,886	792,624	27,159,378	11,005,942

4 FINANCIAL INVESTMENTS

4.1 Financial Assets Measured at Fair Value Through Profit or Loss

Accounting Policy

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. 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 the statement of profit or loss.

Notes to the Financial Statements

4 FINANCIAL INVESTMENTS (Contd.)

4.1.1 Investment in Shares- Company

As at 31 March	2026		2025	
	Number of Shares	LKR '000	Number of Shares	LKR '000
Hotels and Travels				
Citrus Leisure PLC	8,377,563	30,997	8,377,563	32,672
		30,997		32,672

4.1.2 Investment in Shares- Group

As at 31 March	2026		2025	
	Number of Shares	LKR '000	Number of Shares	LKR '000
Quoted				
Bank, Finance and Insurance				
Softlogic Finance PLC	8	-	8	-
Seylan Bank PLC (Non- Voting)	134,586	9,502	129,830	6,894
Browns Investments PLC	-	-	-	-
Vallibel One PLC	-	-	-	-
Food Processing				
Bairaha Farms PLC	96,800	6,873	19,360	3,190
Hotels and Travels				
Aitken Spence PLC	225,000	31,275	225,000	28,744
Royal Palms Beach Hotels PLC	4,299	301	4,299	142
John Keels Hotels PLC	45,009	729	45,009	909
Citrus Leisure PLC	11,145,839	41,240	11,149,043	43,469
Serendib Hotels PLC	16,000	203	16,000	296
Kalpitiya Beach Resorts PLC	-	-	-	-
Hikkaduwa Beach Resort PLC	583,393	2,159	583,393	1,925
The Fortress Resorts PLC	-	-	-	-
Diversified Holdings				
Browns Capital PLC	-	-	-	-
Hayleys PLC	16,660	3,582	16,660	2,282
Health Care				
The Lanka Hospital Corporation PLC	45,519	4,552	45,519	3,418
Manufacturing				
Lanka Walltiles PLC	-	-	-	-
Total Quoted Investments		100,416		91,269
Non-Quoted				
MBSL Insurance	4,666,667	8,667	4,666,667	8,667
Less: Impairment	-	(8,667)	-	(8,667)
Total Non-quoted Investments		-		-
Total		100,416		91,269

4.2 Financial Assets Measured at Fair Value Through Other Comprehensive Income

Accounting Policy

Financial assets at fair value through other comprehensive income are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Other Comprehensive Income.

Equity Instruments Measured At Fair Value Through Other Comprehensive Income

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.

Investment in Shares- Company

As at 31 March	2026		2025	
	Number of Shares	LKR '000	Number of Shares	LKR '000
Quoted				
Bank, Finance and Insurance				
Sampath Bank PLC	175,352,762	25,469,989	175,352,762	21,480,713
Total Quoted Investments	175,352,762	25,469,989	175,352,762	21,480,713
Total	175,352,762	25,469,989	175,352,762	21,480,713

Investment in Shares- Group

As at 31 March	2026		2025	
	Number of Shares	LKR '000	Number of Shares	LKR '000
Quoted				
Manufacturing				
Central Industries PLC	10,016	2,053	10,016	1,467
Samson International PLC	5,881	2,942	5,881	985
Royal Ceramics Lanka PLC	-	1,880	-	-
Bank Finance and Insurance				
Sampath Bank PLC	175,352,762	25,469,989	175,352,762	21,480,713
Seylan Bank PLC	118	12	115	8
Softlogic Finance PLC	2,090,000	12,958	2,090,000	11,286
Beverages, Food and Tobacco				
Lanka Milk Foods PLC	54,010	4,326	54,010	2,344
Total Quoted Investments		25,494,160		21,496,804
Non-Quoted				
Credit Information Bureau	1,263	36,610	1,072	107
Finance House Association	40,000	2,744	20,000	200
National Asset Management Limited	25,000	1,753	25,000	1,312
Ranweli Holiday Resorts Limited	40,444	1,664		
Comtrust Equity Fund	18,310	1,140		
Nation Lanka Equities	800,005	1,184		
Namal Unit Trust	19,608	1,375		
Poltech (Ceylon) Ltd	12,715	467		
National Credit Guarantee Institution Ltd	3,778,618	37,786	3,778,618	37,786
Total Non-quoted Investments		84,723		39,405
Less: Provision for Financial Assets- Equity Instruments measured at FVOCI		-		-
Total Carrying Value of Financial Assets - Equity Instruments measured at FVOCI		25,578,883		21,536,209

Notes to the Financial Statements

4 FINANCIAL INVESTMENTS (Contd.)

4.3 Fair value of financial instruments

The Following Methods & Assumptions were Used to Estimate the Fair Value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Group estimate of assumptions that a market participant would make when valuing the financial instruments.

Cash & cash equivalent, trade receivable, trade payable and other financial liabilities, Long term variable-rate borrowing approximate at their carrying amounts due to the short term maturities of these current financial instruments.

Hence the above carrying amounts of Group's financial instruments are reasonable approximation of their fair value.

Financial Assets - Fair Value Through Profit or Loss

Fair value of quoted equity shares is based on price quotations at the reporting date.

Equity Instruments measured at Fair value through OCI

Equity Instruments measured at Fair value through OCI, primarily consist of equity securities and Government debt securities are valued using valuation techniques or pricing models. These assets are valued using models that use observable data. Government debt securities are valued using yield curves published by the Central Bank of Sri Lanka and Fair value of quoted equity shares is based on price quotations at the reporting date.

Determination of Fair Value and Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by Valuation techniques.

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.

The Group held the following financial instruments carried at fair value in the Statement of Financial position.

Company

As at 31st March 2026	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
Financial Assets - Fair Value Through Profit or Loss				
Quoted equities	30,997	-	-	30,997
	30,997	-	-	30,997
Financial Assets measured at Fair value through OCI				
Quoted equities	25,469,989	-	-	25,469,989
	25,469,989	-	-	25,469,989
Total	25,500,986	-	-	25,500,986

As at 31st March 2025	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
Financial Assets - Fair Value Through Profit or Loss				
Quoted equities	32,672	-	-	32,672
	32,672	-	-	32,672
Financial Assets measured at Fair value through OCI				
Quoted equities	21,480,713	-	-	21,480,713
	21,480,713	-	-	21,480,713
Total	21,513,385	-	-	21,513,385

Group

As at 31st March 2026	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
Financial Assets - Fair Value Through Profit or Loss				
Quoted equities	100,416	-	-	100,416
	100,416	-	-	100,416
Financial Assets measured at Fair value through OCI				
Quoted equities	25,494,160	-	-	25,494,160
Un-Quoted equities	-	1,753	82,970	84,723
	25,494,160	1,753	82,970	25,578,883
Total	25,594,576	1,753	82,970	25,679,299

As at 31st March 2025	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
Financial Assets - Fair Value Through Profit or Loss				
Quoted equities	91,269	-	-	91,269
Un-Quoted equities	-	-	-	-
	91,269	-	-	91,269
Financial Assets measured at Fair value through OCI				
Quoted equities	21,496,804	-	-	21,496,804
Un-Quoted equities	-	1,312	38,093	39,405
	21,496,804	1,312	38,093	21,536,209
Total	21,588,073	1,312	38,093	21,627,478

4.3 (a) Description of the valuation technique for Unquoted Equity Securities under Level 3 Hierarchy

Cost is assumed to be the best approximation for the fair value of unquoted equity shares due to the absence of most recent exit prices.

Notes to the Financial Statements

4 FINANCIAL INVESTMENTS (Contd.)

4.3 (b) Reconciliation of Fair Value Measurement for Unquoted Equity Securities under Level 3 Hierarchy

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
As at the Beginning of the Year				
Remeasurement Recognised in Other Comprehensive Income	-	-	38,093	307
Purchases	-	-	-	-
As at the End of the Year	-	-	44,877	37,786
	-	-	82,970	38,093

5. FINANCIAL ASSETS AT AMORTISED COST- LOANS AND ADVANCES

Accounting Policy

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial measurement loans and advances are subsequently measured at amortised cost using the effective interest rate (EIR), less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Lease Receivables

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance leases. When the Group is the lessor under finance leases the amounts due under the leases, after deduction of unearned income, are recognised on the Statement of Financial Position. The finance income receivable is recognised in 'interest income' over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

Operating Lease

All other leases are classified as operating leases. When acting as lessor, the Group includes the assets subject to operating leases in 'property, plant and equipment' and accounts for them accordingly. Impairment losses are recognised to the extent that residual values are not fully recoverable and the carrying value of the assets is thereby impaired.

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Gold Loans	-	-	120,401,127	85,686,492
Lease Receivables (Note 5.1)	-	-	59,206,499	37,528,724
Vehicle Loans	-	-	95,160,517	47,184,658
Term loans	-	-	16,583,199	13,853,743
Mortgage Loans	-	-	4,959,786	3,949,755
Power Drafts	-	-	46,738,340	18,248,927
	-	-	343,049,468	206,452,299
Less : Allowance for Impairment Losses (Note 6)	-	-	(10,050,652)	(7,181,215)
Rentals Received in Advance			-	(37)
Net Loans and Advances	-	-	332,998,816	199,271,047
Fair Value	-	-	329,628,542	201,278,635

5.1 Lease Receivables

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Gross Rentals Receivable				
- Within One Year	-	-	37,832,506	21,816,050
- One to five years	-	-	43,917,222	27,114,696
- Over five years	-	-	5,789	9,269
	-	-	81,755,517	48,940,015
Unearned Income				
- Within One Year	-	-	(12,505,872)	(6,003,797)
- One to five years	-	-	(10,042,864)	(5,406,985)
- Over five years	-	-	(282)	(509)
	-	-	(22,549,018)	(11,411,291)
5.1.1 a) Lease Receivables	-	-	59,206,499	37,528,724
	-	-		
Rentals Received in Advance	-	-	-	(37)
Allowance for Impairment Losses (Note 6.3)	-	-	(2,779,937)	(1,493,487)
5.1.1 b) Net Lease Receivable	-	-	56,426,562	36,035,200

5.2 Medium and Short Term Loans include loans granted to Company Officers, the movement of which is as follows :

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
As at 1st April	-	-	614,462	512,241
Acquisition of Subsidiaries	-	-	1,957	-
Add : Loans granted during the year	-	-	1,094,651	1,361,851
Less : Repayments during the year	-	-	(972,428)	(1,259,630)
As at 31st March	-	-	738,642	614,462

5.3 Contractual Maturity Analysis of Loans and Advances- Group

As at 31st March 2026	Within 1 Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Gold Loans	120,401,127	-	-	120,401,127
Lease Receivables	25,326,634	33,874,358	5,507	59,206,499
Vehicle Loans	28,194,960	66,524,416	441,141	95,160,517
Medium and short term loans	-	-	-	-
Mortgage Loans	2,330,855	2,399,791	229,140	4,959,786
Term Loans	8,262,146	3,777,567	4,543,486	16,583,199
Power Drafts	13,790,150	32,948,190	-	46,738,340
Gross Loans and Receivables	198,305,872	139,524,322	5,219,274	343,049,468
Allowance for Impairment Losses				(10,050,652)
Rentals Received in Advance				-
Net Loans and Advances				332,998,816

Notes to the Financial Statements

5. FINANCIAL ASSETS AT AMORTISED COST- LOANS AND ADVANCES (Contd.)

As at 31st March 2025	Within 1 Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Gold Loans	85,686,492	-	-	85,686,492
Lease Receivables	15,812,253	21,707,712	8,759	37,528,724
Vehicle Loans	16,352,958	30,764,971	66,729	47,184,658
Medium and short term loans	6,051,864	3,393,505	4,408,374	13,853,743
Mortgage Loans	2,174,800	1,663,942	111,013	3,949,755
Power Drafts	6,478,176	11,770,751	-	18,248,927
Gross Loans and Advances	132,556,542	69,300,881	4,594,875	206,452,298
Allowance for Impairment Losses				(7,181,215)
Rentals Received in Advance				(37)
Net Loans and Advances				199,271,047

Loans and advances are prepayable, so prepayments may cause actual maturities to differ from contractual maturities.

5.4 Credit Exposure Movement - ECL Stage-wise

Loans and Advances

	GROUP			
	2026 Stage 01 LKR '000	2026 Stage 02 LKR '000	2026 Stage 03 LKR '000	2026 Total LKR '000
Gross Carrying Amount as at 1 April	176,805,434	24,917,910	4,728,918	206,452,262
Additions Resulting from Acquisitions	11,948,460	3,688,735	3,208,854	18,846,049
Transfer to Stage 01	4,886,267	(4,668,521)	(217,746)	-
Transfer to Stage 02	(14,983,612)	15,178,188	(194,576)	-
Transfer to Stage 03	(841,493)	(1,731,819)	2,573,312	-
New Assets Originated or Purchased	245,454,800	24,188,603	896,912	270,540,315
Financial Assets Derecognised or Repaid	(132,748,093)	(16,638,617)	(2,358,872)	(151,745,582)
Write-offs	-	-	(1,141,676)	(1,141,676)
Exchange Rate Variance on Foreign Currency Provisions	91,070	79	6,951	98,100
As at 31 March	290,612,833	44,934,558	7,502,077	343,049,468

	GROUP			
	2025 Stage 01 LKR '000	2025 Stage 02 LKR '000	2025 Stage 03 LKR '000	2025 Total LKR '000
Gross Carrying Amount as at 1 April	142,440,448	20,711,214	7,023,093	170,174,755
Transfer to Stage 01	3,484,520	(3,230,938)	(253,582)	-
Transfer to Stage 02	(8,330,872)	8,474,969	(144,097)	-
Transfer to Stage 03	(296,096)	(574,912)	871,008	-
New Assets Originated or Purchased	145,082,476	13,260,316	354,145	158,696,937
Financial Assets Derecognised or Repaid	(105,557,886)	(13,722,658)	(2,650,442)	(121,930,986)
Write-offs	-	-	(469,195)	(469,195)
Exchange Rate Variance on Foreign Currency Provisions	(17,156)	(81)	(2,012)	(19,249)
As at 31 March	176,805,434	24,917,910	4,728,918	206,452,262

6. ALLOWANCE FOR IMPAIRMENT LOSSES

Accounting Policy

Overview of the Expected Credit Loss (ECL) Principles

The Group has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as "financial instruments".

The ECL allowance is based on the credit losses expected to arise over the life of the asset.

The 12 months ECL is the portion of lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both lifetime ECLs and 12 months ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on such process Group allocates loans in to stage 1, stage 2, Stage 3 as described below:

Stage 1

When loans are first recognised, the Group recognises an allowance based on 12 months ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2

When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime ECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3

When a loan is considered to be credit impaired/contain objective evidences of incurred loss, the Group records an allowance for the life time ECLs.

Significant Increase in Credit Risk

The Group continuously monitors all assets subject to ECL, in order to determine whether there has been a significant increase in credit risk since initial recognition and whether the instrument or a portfolio of instruments is subject to 12 months ECL or Lifetime ECL. The Group considers an exposure to have a significant increase in credit risk at 30 days passed due.

Individually significant impairment assessment and loans which are not impaired individually Group will individually assess all significant customer exposures to identify whether there are any indicators of impairment. Loans with objective evidence of incurred losses are classified as Stage 3. Loans which are individually significant but not impaired will be assessed collectively for impairment under either Stage 1 or Stage 2, based on the above specified criteria to identify whether there have been a significant credit deterioration since origination.

While establishing significant credit deterioration, Group will consider the following criteria:

- Other changes in the rates or terms of an existing financial instrument that would be significantly different if the instrument was newly originated
- Significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instrument
- Other information related to the borrower, such as changes in the price of a borrower's debt/equity instrument
- An actual/expected internal credit rating downgrade for the borrower or decrease in behavioural score used to assess credit risk internally

Notes to the Financial Statements

6. ALLOWANCE FOR IMPAIRMENT LOSSES (Contd.)

Accounting Policy

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its obligation
- An actual or expected significant change in the operating results of the borrower in relation to actual/expected decline in revenue, increase in operating risk, working capital deficiency, decrease in asset quality, increase in gearing and liquidity management problems
- Significant increase in credit risk on other financial instruments of the same borrower
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet the debt obligation

Grouping Financial Assets Measured on a Collective Basis

As explained above, Group calculates ECL either on a collective or individual basis. Asset classes where the Company calculates ECL on an individual basis includes all individually significant assets which belong to Stage 3. All assets which belong to Stage 1 and 2 will be assessed collectively for impairment.

The Group allocates smaller homogeneous exposures based on a combination of internal and external characteristics such as product type, customer type, days past due etc.

Calculation of ECL

The expected cash shortfalls are calculated by multiplying respective loan level PDs, EADs and LGDs. The cash shortfall is discounted to the Effective Interest Rate (EIR). A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

PDs and LGDs are adjusted to the forward-looking information using statistically quantified variance.

The mechanics of the ECL calculation are outlined below and the key elements are as follows:

- Probability of Default (PD): PD is an estimate of the likelihood of default over a given time horizon. Hence majority of our client base being retail; we use internal information to estimate the PDs. The client has two credit statuses which can be identified as default or not default. We used Cohort method (CM) to compute the PDs.
- Exposure at Default (EAD): EAD is the estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of the principle and interest, whether scheduled by contract or otherwise and expected draw downs on committed facilities.
- Loss Given Default (LGD): LGD is an estimate of the loss arising, where a default occurs at a given time calculated based on historical recovery data. It is usually expressed as a % of the EAD.

For all products, Company considers the maximum period over which the credit losses are determined is the contractual life of a financial instrument.

The published global financial sector credit rating migration matrix Probability of Default used for fixed income (bank deposits) securities expected loss calculation, Value at Risk Methodology (VAR) is used for gold based loan expected loss calculation and bi-nominal distribution model is used for small number of obligors portfolio expected loss calculation. Any Financial Asset, fully secured through a cash collateral, has not taken into the expected loss calculation.

Forward-looking information

Group relies on broad range of qualitative/quantitative forward-looking information as economic inputs in the multiple economic factor model developed to forecast the expected non-performing loans.

The model predicts the one year forward industry NPL levels and which has been used to adjust the Company PD curve using statistically quantified variance. The economic factor model is developed by the University of Colombo, Science and Technology CELL and consent to use with an annual review. The economic factor model predicts the NPL as an output and use some key economic factors as an input to the model. The key variables of the model is as follows;

- Industry NPL
- Business Confidence Index
- All Share Price Index(ASPI)
- Exchange Rates
- Fuel Prices
- GDP Growth Rate
- Interest Rates
- Inflation Rates
- Unemployment Rates
- Rainfall
- Per Capita GDP
- Assets Recovery Ratio
- Company Probability of Default Curve

Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the financial asset impairment allowance account accordingly. The write-back is recognised in the Income Statement.

Write-off of loans and advances

Financial assets and the related impairment allowance accounts are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, this is generally after receipt of any proceeds from the realisation of security.

Collateral valuation

The Group seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, vehicles, gold, securities, letters of guarantees, real estate, receivables, inventories, other non-financial assets. The fair value of collateral is generally assessed, at a minimum, at inception and based on the guidelines issued by the Central Bank of Sri Lanka.

To the extent possible, the Group uses active market data for valuing financial assets, held as collateral. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuers.

Collateral repossessed

Repossessed collateral will not be taken into books of accounts unless the Group has taken those collaterals into its business operations. However, such additions from the repossessed collaterals to the business operations are not significant.

Non-accrual receivables

Non performing classification point is triggered out when the receivables are more than five months in arrears, receivables are subject to legal action/ongoing legal action, receivables are subject to untraceable or unattainable collaterals, or receivables are determined to be uncollectible. For receivables in non-accrual status, subsequent financing revenue is recognized only to the extent a payment is received. Payments are generally applied first to outstanding interest and then to the unpaid principal balance.

Notes to the Financial Statements

6. ALLOWANCE FOR IMPAIRMENT LOSSES (Contd.)

6.1 Stage-wise Analysis of the Allowance for Impairment Losses

As at 31 March	GROUP							
	Stage 01 2026 LKR '000	Stage 02 2026 LKR '000	Stage 03 2026 LKR '000	Total 2026 LKR '000	Stage 01 2025 LKR '000	Stage 02 2025 LKR '000	Stage 03 2025 LKR '000	Total 2025 LKR '000
As at 01 April	3,304,200	507,198	3,369,817	7,181,215	3,013,269	522,425	4,117,328	7,653,022
Acquisition of Sub-subsidiary	119,020	256,177	1,266,302	1,641,499	-	-	-	-
Charge / (Reversal) for the year	1,344,148	335,833	685,002	2,364,983	291,291	(15,174)	(277,704)	(1,587)
Amounts written off	-	-	(1,141,676)	(1,141,676)	-	-	(469,195)	(469,195)
Exchange Rate Variance on Foreign Currency Provisions	1,701	285	2,645	4,631	(360)	(53)	(612)	(1,025)
As at 31 March	4,769,069	1,099,493	4,182,090	10,050,652	3,304,200	507,198	3,369,817	7,181,215

6.2

As at 31 March	GROUP							
	Stage 01 2026 LKR '000	Stage 02 2026 LKR '000	Stage 03 2026 LKR '000	Total 2026 LKR '000	Stage 01 2025 LKR '000	Stage 02 2025 LKR '000	Stage 03 2025 LKR '000	Total 2025 LKR '000
Individual Impairment	124	922	3,650,036	3,651,082	-	-	3,369,817	3,369,817
Collective Impairment	4,768,945	1,098,571	532,054	6,399,570	3,304,200	507,198	-	3,811,398
Total	4,769,069	1,099,493	4,182,090	10,050,652	3,304,200	507,198	3,369,817	7,181,215
Gross Amount of Loans Individually Determined to be Impaired, before Deducting the Individually Assessed Impairment Allowance	244,069	2,863	4,973,944	5,220,876	-	-	4,728,918	4,728,918
Gross Amount of Loans Collectively Assessed for the Impairment	290,368,764	44,931,695	2,528,133	337,828,592	176,805,434	24,917,910	-	201,723,344
Gross Receivables	290,612,833	44,934,558	7,502,077	343,049,468	176,805,434	24,917,910	4,728,918	206,452,262
Gross Amount of Loans Individually Determined to be Impaired				1.52%				2.29%

6.3 Product -wise Analysis of the Allowance for Impairment Losses

As at 31 March	GROUP							
	Stage 01 2026 LKR '000	Stage 02 2026 LKR '000	Stage 03 2026 LKR '000	Total 2026 LKR '000	Stage 01 2025 LKR '000	Stage 02 2025 LKR '000	Stage 03 2025 LKR '000	Total 2025 LKR '000
Gold Loans	2,385,205	20,351	46,287	2,451,843	1,648,977	33,049	31,704	1,713,730
Lease Receivables	476,370	615,853	1,687,714	2,779,937	383,613	141,366	968,508	1,493,487
Vehicle Loans	906,974	267,591	342,673	1,517,238	533,960	184,770	359,703	1,078,433
Medium and short term loans	352,237	37,604	185,536	575,377	394,310	30,039	148,225	572,574
Mortgage Loans	127,362	59,652	1,514,611	1,701,625	119,476	52,301	1,600,069	1,771,846
Power Drafts	520,921	98,442	405,269	1,024,632	223,865	65,671	261,609	551,145
Total Allowance for Impairment losses	4,769,068	1,099,495	4,182,089	10,050,652	3,304,200	507,198	3,369,817	7,181,215

6.4 Stage Movements in Allowance for Impairment Losses

As at 31 March	GROUP							
	Stage 01 2026	**Stage 02 2026**	**Stage 03 2026**	**Total 2026**	Stage 01 2025	Stage 02 2025	Stage 03 2025	Total 2025
	LKR '000	**LKR '000**	**LKR '000**	**LKR '000**	LKR '000	LKR '000	LKR '000	LKR '000
Opening Balance	3,304,200	507,198	3,369,817	7,181,215	3,013,269	522,425	4,117,328	7,653,022
Additions Resulting from Acquisitions	119,020	256,177	1,266,302	1,641,499				
Transfer to Stage 01	169,394	(130,536)	(38,858)	-	182,189	(95,066)	(87,123)	-
Transfer to Stage 02	(238,464)	267,891	(29,427)	-	(182,608)	202,566	(19,958)	-
Transfer to Stage 03	(14,918)	(121,490)	136,408	-	(7,890)	(27,116)	35,006	-
New Assets Originated or Purchased	4,136,058	494,124	718,895	5,349,077	2,833,666	310,818	759,879	3,904,363
Financial Assets Derecognised or Repaid	(2,706,780)	(174,462)	(102,500)	(2,983,742)	(2,533,962)	(406,426)	(965,617)	(3,906,005)
Write-offs	-	-	(1,141,676)	(1,141,676)	-	-	(469,195)	(469,195)
Exchange Rate Variance on Foreign Currency Provisions	559	591	3,129	4,279	(464)	(3)	(503)	(970)
Closing Balance	4,769,069	1,099,493	4,182,090	10,050,652	3,304,200	507,198	3,369,817	7,181,215

6.5 Sensitivity Analysis of Allowance for Impairment Losses

As at 31 March		**Sensitivity Effect on Impairment Allowance Increase**	
		2026	2025
		LKR '000	LKR '000
Changed Criteria	**Changed Factor**		
Loss Given Default (LGD)	Increase by 10%	137,652	135,364
Probability of Default (PD)	Increase by 1%	14,565	10,261

7 OTHER FINANCIAL ASSETS

Accounting Policy

These include treasury bills repurchase agreements, where we are the transferee and investments in fixed deposits with banks and other financial institutions. Treasury bills repurchase agreements allow us to offset our entire gross exposure in the event of default or breach of contract. Other financial assets are initially recognised at fair value net of transactions cost. Subsequently, they are stated at amortised cost; any difference between the proceeds (Net of transaction cost) and the receivable amount (including interest income) is recognised in the Income Statement over the period of the assets using effective interest method.

As at 31 March	COMPANY		GROUP	
	2026	2025	**2026**	2025
	LKR '000	LKR '000	**LKR '000**	LKR '000
Securities under Reverse Repurchase Agreements	-	-	9,837,179	2,541,436
Insurance premium receivables	-	-	553,556	409,665
Investment in Fixed Deposits (Note 7.2)	1,277,495	1,324,192	31,515,253	11,932,914
Investment in Treasury Bills	-	-	23,699	7,489,281
Investment in Commercial Papers	-	-	1,000,231	-
Advance Investment in Philippine	-	-	203,385	-
Others	-	-	147,275	208,172
	1,277,495	1,324,192	43,280,578	22,581,468
Fair Value	1,277,495	1,324,192	43,280,578	22,581,468

Notes to the Financial Statements

7 OTHER FINANCIAL ASSETS (Contd.)

7.1 The collateral value of Securities under Reverse Repurchase Agreements as at 31 March 2026 for the Group was Rs. 10,836,040,344/- (2025- Rs. 2,719,380,186/-).

7.2 Investment in Fixed Deposits

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Counterparty External Credit Rating*				
AA	-	-	2,558,395	-
AA-	3,350	-	14,185,805	4,494,823
A+	-	-	2,029,998	59,452
A	-	-	8,671,813	6,056,211
A-	1,230,103	-	1,230,102	-
BBB	44,042	1,324,192	2,843,694	1,324,192
BBB-	-	-	-	-
Investment in Fixed deposits	1,277,495	1,324,192	31,519,807	11,934,678
Less: Impairment Allowance	-	-	(4,554)	(1,764)
	1,277,495	1,324,192	31,515,253	11,932,914

**Fitch Ratings Lanka Ltd*

8. TRADE & OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial instruments – initial recognition and subsequent measurement.

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Gross Trade receivables	-	-	12,410,560	10,345,030
(-) Bad debt provision	-	-	(638,265)	(603,015)
Net Trade receivables	-	-	11,772,295	9,742,015
Amounts due from Related Parties (Note 8.1)	213,177	210,193	23,461	24,652
Deposits	28,019	30,388	28,019	30,389
Other Advances	-	-	370,609	196,597
Interest Receivables	74,995	16,080	74,995	16,080
Principle Receivable	-	-	161,978	223,005
Other Receivables	1,536,043	1,395,745	4,319,694	4,884,001
Loans to company officers	-	-	12,948	13,315
	1,852,234	1,652,406	16,763,999	15,130,054

8.1 Amounts due From Related Parties

Related party transactions disclosures in Note 42.

Related Party	Relationship	COMPANY		GROUP	
		2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Royal Ceramics Lanka PLC	Subsidiary	22,962	36,203	-	-
Lanka Walltile PLC	Subsidiary	529	9,908	-	-
Lanka Tiles PLC	Subsidiary	70,395	67,571	-	-
Swisstek Ceylon PLC	Subsidiary	17,005	-	-	-
Uni Dill Packaging Ltd	Subsidiary	33,210	58,284	-	-
Singer Sri Lanka PLC	Affiliate	-	-	5,040	6,472
The Kingsbury PLC	Affiliate	-	-	122	774
Delmege Forsyth & Co Ltd	Subsidiary	3,722	534	-	-
Hayleys Mobility Limited	Affiliate	-	-	2,110	-
Hayleys Fentons Ltd	Affiliate	-	-	2,772	-
Hayleys Engineering (Pvt) Ltd	Affiliate	-	-	5,048	-
Kelani Valley Plantations PLC	Affiliate	-	-	75	473
Haycarb PLC	Affiliate	-	-	4,317	-
Hanwella Rubber Products Ltd	Affiliate	-	-	-	566
Ultracarb (Pvt) Ltd	Affiliate	-	-	-	6,597
Lanka Ceramics PLC	Subsidiary	317	-	-	-
Vallibel Power Erathna PLC	Affiliate	622	-	622	-
Fentons Smart facilities (Pvt) Ltd	Affiliate	-	-	-	932
Ceylon Hospitals Plc	Affiliate	-	-	1,286	798
Hayleys Fabric PLC	Affiliate	-	-	60	6,761
Uni Dill Packaging Solution Ltd	Subsidiary	4,758	10,493	-	-
Grip Delmege & Co. Ltd	Subsidiary	4,722	4,722	-	-
Grip Nordic (Pvt) Ltd	Subsidiary	220	220	-	-
Swisstek Aluminium Ltd	Subsidiary	54,715	22,258	-	-
Horana Plantations Plc.	Affiliate	-	-	-	223
Alumex PLC	Affiliate		-	2,009	-
Hayleys Aviation (Pvt) Ltd	Affiliate	-	-	-	1,056
		213,177	210,193	23,461	24,652

8.2 Contract Asset

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
As at 1st April	-	-	-	30,033
During the year recognized	-	-	-	-
Transfers	-	-	-	(30,033)
As at 31st March	-	-	-	-

Notes to the Financial Statements

9. OTHER NON FINANCIAL ASSETS

Accounting Policy

Group classifies all other non financial assets other than Intangible Assets and Property, Plant and Equipment under other non financial assets. Other non financial assets include real estate stock, vehicle stock, gold stock, deposits, advances and prepayments, etc. These assets are non-interest earning and recorded at the amounts that are expected to be received.

As at 31 March	COMPANY		GROUP	
	2026	2025	**2026**	2025
	LKR '000	LKR '000	**LKR '000**	LKR '000
Advance for Vehicle Stock	-	-	46,400	-
Advances & Pre-Payments	18,937	4,940	2,268,574	2,029,308
Gold Stock (Note 9.1)	-	-	1,514	1,514
Stationary Stock	-	-	29,106	18,252
Sundry Debtors	-	-	52,772	26,570
Pre-paid Staff Cost (Note 9.2)	-	-	5,219	4,957
Receivables & Others	-	-	110,374	36,088
Advance Company Tax Receivable	-	-	5,963	1,750
Withholding Tax Receivable	-	-	34,291	10,828
	18,937	4,940	2,554,213	2,129,267

9.1 Gold Stock

The gold inventory is valued at lower of cost and net realizable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

9.2 The Movement in the Pre-Paid Staff Cost

As at 31 March	COMPANY		GROUP	
	2026	2025	**2026**	2025
	LKR '000	LKR '000	**LKR '000**	LKR '000
As at the Beginning of the Year	-	-	4,957	11,622
Adjustment for New Grants and Settlements	-	-	1,446	(4,780)
Charge to Personnel Expenses	-	-	(1,184)	(1,886)
As at the End of the Year	-	-	5,219	4,957

10 INVESTMENT IN SUBSIDIARIES

Accounting Policy

The Company recognises investment in subsidiary at cost.

The Consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31 March 2026. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights 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 ownership of the subsidiary companies as at the reporting date are as follows:

Quoted Investments	Year of Incorporation	Effective Holding (%)		Number of Shares	
		2026	2025	**2026**	2025
Quoted Investments					
Royal Ceramics Lanka PLC	1990/91	55.98%	55.98%	620,026,000	620,026,000
LB Finance PLC	1971/72	66.34%	66.34%	286,729,600	286,729,600
Unquoted Investments					
Delmege Limited	1915/16	68.75%	68.75%	424,674	424,674
Greener Water Limited	2010/11	100.00%	100.00%	734,613,766	658,606,366
Swisstek Aluminium Ltd	2009	37.56%	37.56%	44,770,974	44,770,974

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it 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.

Notes to the Financial Statements

10 INVESTMENT IN SUBSIDIARIES (Contd.)

The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

The Financial Statements of the Subsidiary in the Group has a common financial year which ends on 31 March. The Financial Statements of the Company's Subsidiary are prepared using consistent accounting policies.

There are no significant restrictions on the ability of the Subsidiary to transfer funds to the Parent (the Company) in the form of cash dividend or repayment of loans and advances.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions, income and expenses are eliminated in full.

The cost of an acquisition is measured at fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. Subsequent to the initial measurement, the Company continues to recognise the investments in Subsidiaries at cost.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Quoted Investments	Cost		Market Value	
	2026	2025	**2026**	2025
	LKR '000	LKR '000	**LKR '000**	LKR '000
Royal Ceramics Lanka PLC	9,920,440	9,920,440	26,661,118	22,940,962
LB Finance PLC	5,461,361	5,461,361	40,643,921	24,601,400
	15,381,801	15,381,801	67,305,039	47,542,362

Unquoted Investments	Cost		Market Value	
	2026	2025	**2026**	2025
	LKR '000	LKR '000	**LKR '000**	LKR '000
Delmege Limited	2,648,126	2,648,126	2,648,126	2,648,126
Greener Water Limited	7,347,471	6,787,397	7,347,471	6,787,397
Swisstek Aluminium Ltd	492,481	492,481	492,481	492,481
Total	10,488,078	9,928,004	10,488,078	9,928,004
Total	25,869,879	25,309,805	77,793,117	57,470,366

11. INVESTMENT IN ASSOCIATES

Accounting Policy

The Group investment in associates is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of associate since acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Statement of profit or loss reflects the Group's share of net of tax results of operations of the associates. When there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of the profit or loss of an associate is shown on the face of the Statement of Comprehensive Income.

Equity method of accounting has been applied for associates Financial Statements using their corresponding/matching 12-month financial period.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in "share of losses of an associate" in the Statement of Profit or Loss. Upon loss of significant influence over the associate, the Group measures and recognises any retained

Investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

11.1 Company

Quoted Investments	Holding (%)		Number of Shares	
	2026	2025	**2026**	2025
The Fortress Resorts PLC	18.59%	18.59%	20,618,257	20,618,257

Quoted Investments	Cost		Market Value	
	2026	2025	**2026**	2025
	LKR '000	LKR '000	**LKR '000**	LKR '000
The Fortress Resorts PLC	413,068	413,068	445,354	505,147
	413,068	413,068	445,354	505,147

Notes to the Financial Statements

11. INVESTMENT IN ASSOCIATES (Contd.)

11.2 Group

Quoted Investments	Effective Holding (%)		Number of Shares	
	2026	2025	2026	2025
The Fortress Resorts PLC	21.18%	21.18%	25,005,457	25,005,457

Quoted Investments	Cost		Market Value	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
The Fortress Resorts PLC	499,464	499,464	540,118	612,634
	499,464	499,464	540,118	612,634

The Fortress Resorts PLC

Principal activities of the Company and its subsidiaries

The Company has invested in its wholly owned subsidiary, La Forteresse (Private) Limited, which provides lodging, food, beverage and other hospitality industry related activities.

Principal place of business of the Company

The Company's principal place of business is located in Galle, Sri Lanka.

11.2 Group

	2026 LKR '000	2025 LKR '000
Balance at the beginning of the year	692,154	640,417
Investment made during the year	-	-
Share of Profit/ (Loss)	34,046	53,228
Surcharge Tax	-	-
Share of Other Comprehensive income	272,043	(1,491)
Less: Dividend	-	-
Balance at the end of the Year	998,243	692,154

11.3 Summarised financial information of equity accounted investees has not been adjusted for group share,

11.3.1 Statement of profit or loss

	2026 LKR '000	2025 LKR '000
Revenue	988,968	1,006,142
Cost of sales	(339,833)	(291,446)
Income (Includes Other Income, Finance Income)	72,018	97,539
Expenses (Includes Operating , Administration & Distribution expenses)	(514,636)	(499,429)
Finance Cost	(8,054)	(7,683)
Income Tax	(47,485)	(69,015)
Profit after Tax	150,978	236,108
Other comprehensive income	(1,694)	(6,612)

11.3.2 Statement of Financial Positions

	2026 LKR '000	2025 LKR '000
Non current assets	1,718,052	1,190,585
Current assets	898,948	1,219,877
	-	-
Non current liabilities	132,681	140,872
Current liabilities	290,190	224,747
Net assets	2,194,129	2,044,844

11.3.3 Commitments and Contingencies

	2026 LKR '000	2025 LKR '000
Commitments		
Lease commitments	72,911	68,939

12. DEFERRED TAX ASSETS (LIABILITIES)

Accounting Policy

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profits will be available against which such tax losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with the future tax planning strategies.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or subsequently enacted at the Financial Position date.

Notes to the Financial Statements

12. DEFERRED TAX ASSETS (LIABILITIES) (Contd.)

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
As at 01 April	11,404	10,110	(7,002,225)	(6,857,938)
Opening balance adjustment	-	-	(54,597)	-
Recognized in Profit or Loss	(1,096)	(509)	1,677,710	273,815
Recognized in Other Comprehensive Income	1,584	1,802	(438,033)	(455,642)
On acquisition of Subsidiary	-	-	-	37,541
At the end of the year	11,892	11,404	(5,817,145)	(7,002,225)
Deferred Tax Assets	11,892	11,404	3,304,236	1,800,896
Deferred Tax Liabilities	-	-	(9,121,381)	(8,803,121)
	11,892	11,404	(5,817,145)	(7,002,225)

12.1 The closing net differed tax liability relate to the following ;

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Property, Plant & Equipments	(5,304)	(1,499)	(9,727,026)	(4,932,557)
Revaluation surplus on Land and Buildings	-	-	(1,107,198)	(5,254,989)
Hedge Reserve	-	-	(14,698)	-
Leased Assets	40,194	-	92,325	57,589
Right of use assets	(38,702)	373	37,324	150,061
Defined Benefit Obligation	15,704	12,530	836,543	720,816
Unrealised Exchange Gain/(Loss)	-	-	(24,856)	3,043
Provisions	-	-	2,426,315	1,702,256
Deferred Taxation on Un distributed Associate Profit	-	-	(47,195)	(53,136)
Revaluation Surplus on Investment property	-	-	(711,461)	(390,006)
Carried Forward Qualifying Payment			874,203	20,173
Reversal of tax losses claimed	-	-	(127,000)	(127,000)
Unutilized tax losses	-	-	1,675,579	1,101,524
	11,892	11,404	(5,817,145)	(7,002,225)

13 INVENTORIES

Accounting Policy

Inventories are valued at lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae:

- Raw material – At purchase cost on weighted average cost basis.
- Consumable and spares – At purchase cost on weighted average cost basis.
- Finished goods and work-in-progress – at the cost of direct material, direct labour and appropriated proportion of production overheads based on normal operating capacity.
- Goods in transit have been valued at cost.
- Trading goods – At purchase cost on weighted average basis.

Provision for Slow moving inventories
A provision for slow moving inventories is recognised based on the best estimates available to management on their future usability/sale. As management uses historical information as the basis to determine the future usability and recoverability, actual future losses on inventories could vary from the provision made in these Financial Statements.

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026** LKR '000	2025 LKR '000
Raw Materials	-	-	9,439,983	9,537,944
Other Consumables	-	-	38,370	31,944
Spares and Consumables	-	-	3,500,679	3,252,829
Accessories	-	-	1,984,716	1,316,339
Work In Progress	-	-	1,713,319	1,340,754
Finished Goods	-	-	21,938,040	21,442,182
Goods in Transit	-	-	34,623	7,878
	-	-	38,649,730	36,929,870
Less : Provision for Obsolete and Slow Moving Inventory (Note 13.1)	-	-	(2,279,740)	(1,528,851)
	-	-	36,369,990	35,401,019

Notes to the Financial Statements

13 INVENTORIES (Contd.)

13.1 Movement of the Provision for Obsolete and Slow Moving Inventory

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Opening Balance	-	-	1,528,851	1,290,928
Reversal of Write off	-	-	(36,261)	(4,560)
Charge to Profit or Loss	-	-	787,150	242,483
Closing Balance	-	-	2,279,740	1,528,851

14. INTANGIBLE ASSETS

An intangible asset is an identifiable monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

The Group's intangible assets include the value of computer software, brand name and goodwill on business combination.

Accounting Policy

Basis of Recognition

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Useful lives of Intangible Assets

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible asset.

Accounting Policy

Amortisation

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

The class of intangible assets	Useful life	Amortisation method
Computer software	5 – 15 years	Straight line method
Brand name	20 years	Straight line method

Derecognition of intangible assets

The carrying amount of an item of intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from derecognition of an item of intangible asset is included in the Income Statement when the item is derecognised.

	GROUP			
	Software LKR '000	Brand Name LKR '000	Goodwill LKR '000	Total LKR '000
Cost				
As at 01st April 2024	786,860	904,891	12,392,829	14,084,580
Acquisition of Subsidiaries	-	-	-	-
Acquired during the year	200,378	-	-	200,378
Impairment	-	-	-	-
Disposals/ write-off	(3,569)	-	-	(3,569)
Effect of change in exchange rate	(297)	-	-	(297)
As at 31st March 2025	983,372	904,891	12,392,829	14,281,092
As at 1st April 2025	983,371	904,891	12,392,829	14,281,091
Acquisition of Subsidiaries	73,762	-	951,922	1,025,684
Acquired during the year	113,911	-	-	113,911
Transfer from Software CWIP	-	-	-	
Impairment	-	-	-	-
Disposals/ write-off	(17,814)	-	(55,051)	(72,865)
Effect of change in exchange rate	-	-	-	-
As at 31st March 2026	1,153,230	904,891	13,289,700	15,347,821
Amortisation				
As at 01st April 2024	505,935	607,033	170,710	1,283,679
Acquisition of Subsidiaries	-	-	-	-
Charge for the year	64,598	45,245	-	109,843
Impairment of Goodwill	-	-	-	-
Disposals/ write-off	(3,569)	-	-	(3,569)
Effect of change in exchange rate	(287)	-	-	(287)
As at 31st March 2025	566,677	652,278	170,710	1,389,666
As at 1st April 2025	566,677	652,278	170,710	1,389,665
Acquisition of Subsidiaries	64,778	-	-	64,778
Charge for the year	76,529	45,245	-	121,774
Impairment of Goodwill	-	-	-	-
Disposals/ write-off	-	-	-	-
Effect of change in exchange rate	-	-	-	-
As at 31st March 2026	707,984	697,523	170,710	1,576,217
Net Book Value				
Net book value as at 31st March 2026	445,246	207,368	13,118,990	13,771,604
Net book value as at 31st March 2025	416,694	252,613	12,222,119	12,891,426

Notes to the Financial Statements

14. INTANGIBLE ASSETS (Contd.)

14.1 Software

Cost of all computer software licensed for use by the Group, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets and carried at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent Expenditure

Expenditure incurred on software is capitalised only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

14.2 Goodwill

Goodwill allocated through business combination have been allocated to four Cash Generating Units (CGU) for impairment testing as follows ;

As at 31 March	COMPANY	
	2026	2025
	LKR '000	LKR '000
Royal Ceramic Lanka PLC and its Subsidiaries	7,406,032	7,461,083
LB Finance PLC and its Subsidiaries	4,881,995	3,930,073
Greener Water Limited	3,420	3,420
Delmege Limited and its subsidiaries	827,543	827,543
	13,118,990	12,222,119

The recoverable amount of all CGU's have been determine based on the value in use (VIU) calculation.

The key assumptions used to determine the recoverable amount for the significant cash generating units, are as follows;

Gross Margin

Royal Ceramics Lanka Plc & Its Subsidiaries

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions. Gross margins used for the cash flow projections are in the range of 30% - 32%.

Discount Rate

Royal Ceramics Lanka Plc & Its Subsidiaries

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium. The pre-tax discount rate applied to cash flow projections is 10.71%. (2025- 12.34%)

Inflation

The basis used to determine the value assigned to budgeted cost inflation, is the inflation rate based on projected economic conditions.

Growth Rate

Royal Ceramics Lanka Plc & Its Subsidiaries

The Management has estimated 10% average annual revenue growth rate within the five-year period. Further 2% terminal growth rate in the cash flow beyond the five-year period is estimated.

The Carrying value of Goodwill as at the reporting date would not be impaired even at a 0% terminal growth rate.

15. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and are expected to be used during more than one period. The Group applies the requirements of the Sri Lanka Accounting Standard- LKAS 16 (Property, Plant and Equipment) in accounting for these assets.

Accounting Policy

Basis of Recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be reliably measured.

Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of, or service it. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of computer equipment.

Subsequent Cost

The subsequent 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 that part will flow to the Group and its cost can be reliably measured. The costs of day-to-day servicing of property, plant and equipment are charged to the Income Statement as incurred. Costs incurred in using or redeploying an item is not included under carrying amount of an item.

Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives and depreciation is charge when the underlying asset is available for use.

The rates of depreciation based on the estimated useful lives are as follows:

Category of asset	Useful life
Building	15- 50 years
Furniture and fittings	3- 6.67 years
Equipment	3- 5 years
Motor vehicles and accessories	4- 8 years
Computer hardware	4- 5 years
Motor bike	3 years
Mobile accessories	2 Years
Leasehold improvement	6.67 years
Fixtures and fittings	3 years
Water supply scheme, electricity distribution, household items – heavy	25- 40 years
Tools and Implements and sundry inventory and household items – light	0-2 years
Factory equipment, plant and machinery and moulds	10- 20 years

Accounting Estimates

Useful Life of the Property, Plant and Equipment

The Groups reviews the residual values, useful lives and methods of depreciation of Property Plant and Equipment at each reporting date, judgement of the management is exercised in the estimation of these values, methods and hence they are subject to uncertainty.

Notes to the Financial Statements

15. PROPERTY, PLANT & EQUIPMENT (Contd.)

Accounting Policy

Revaluation

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Income, in which case the increase is recognised in the Statement of Income. A revaluation deficit is recognised in the statement of income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Cost of repairs and maintenance are charged to the Statement of Income during the period in which they are incurred.

Derecognition

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in "Other operating income" in the Statement of Profit or Loss in the year the asset is derecognised.

Permanent Land Development Cost

Permanent land development costs incurred in making major infrastructure development and building new access roads on leasehold lands. These costs have been capitalized and amortized over the remaining lease period. Permanent impairments to land development costs are charged to the Statement of Profit or Loss and Other Comprehensive Income in full and reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

15.1 Property, Plant and Equipment- Company

(a) Company - 2026

Cost	Balance as at 01/04/2025 LKR '000	Additions During the Year LKR '000	Transfers/ Disposals LKR '000	Balance as at 31/03/2026 LKR '000
Furniture and Fittings	42,971	73,651	-	116,622
Equipment	5,807	1,793	-	7,600
Motor Vehicles and Accessories	81,561	-	-	81,561
Computer Hardware	47,852	3,713	-	51,565
	178,617	79,157	-	257,774

Depreciation	Balance as at 01/04/2025 LKR '000	Charge for the Year LKR '000	Transfers/ Disposals LKR '000	Balance as at 31/03/2026 LKR '000
Furniture and Fittings	43,423	1,762	-	45,185
Equipment	4,408	1,578	-	5,986
Motor Vehicles and Accessories	42,139	9,100	-	51,239
Computer Hardware	37,516	4,351	-	41,867
	127,486	16,791	-	144,277
Carrying value	51,131			113,497

(b) Company - 2025

Cost	Balance as at 01/04/2024 LKR '000	Additions During the Year LKR '000	Transfers/ Disposals LKR '000	**Balance as at 31/03/2025 LKR '000**
Furniture and Fittings	42,827	144	-	42,971
Equipment	5,807	-	-	5,807
Motor Vehicles and Accessories	81,561	-	-	81,561
Computer Hardware	41,457	6,395	-	47,852
	172,078	6,539	-	178,617

Depreciation	Balance as at 01/04/2024 LKR '000	Additions During the Year LKR '000	Transfers/ Disposals LKR '000	**Balance as at 31/03/2025 LKR '000**
Furniture and Fittings	42,670	753	-	43,423
Equipment	4,032	376	-	4,408
Motor Vehicles and Accessories	32,574	9,565	-	42,139
Computer Hardware	33,079	4,437	-	37,516
	112,355	15,131	-	127,486
Carrying value	59,723			51,131

Carrying Amount - Company	**As at 31/03/2026 LKR '000**	As at 31/03/2025 LKR '000
Property, plant and equipment	113,497	51,131
	113,497	51,131

15.1.1 Property, Plant and Equipment Acquired During the Financial Year - Company

During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 79,156,953/- (2025 - Rs. 6,539,077/-). Cash payments amounting to Rs. 79,156,953/- (2025- Rs. 6,539,077/-) were paid during the year for purchases of property, plant, and equipment.

15.1.2 Fully-Depreciated Property, Plant and Equipment - Company

The initial cost of fully-depreciated property, plant and equipment, which are still in use as at reporting date is Rs.109,369,181/- (2025 - Rs. 109,369,181/-).

Notes to the Financial Statements

15. PROPERTY, PLANT & EQUIPMENT (Contd.)

15.2 Property, Plant and Equipment- Group

(a) Group - 2026

Cost / Valuation	Balance as at 01/04/2025 LKR '000	Additions/ Transfers During the Year LKR '000	Recognition on acquisition of subsidiary LKR '000	Revaluation LKR '000	Transfers/ Disposals LKR '000	Reclassification LKR '000	Exchange Translation Difference LKR '000	Assets held for sale LKR '000	**Balance as at 31/03/2026 LKR '000**
Land & Building	43,541,438	1,196,490	1,125,212	1,561,652	(102,274)	111,625	(1,141)	(44,237)	47,388,765
Furniture and Fittings	2,071,540	451,792	182,605	-	(46,993)	636	743	(8,786)	2,651,537
Equipment	3,248,176	426,463	73,186	-	(328,404)	(3,316)	779	-	3,416,884
Motor Vehicles and Accessories	1,228,554	324,645	164,110	-	(171,448)	-	50	-	1,545,911
Computer Hardware	1,894,941	388,483	115,656	-	(141,418)	-	1,321	-	2,258,983
Leasehold Improvements	1,017,844	64,329	-	-	(4,147)	-	-	-	1,078,026
Fixtures and Fittings	3,765,298	356,283	-	-	(64,236)	(111,625)	-	-	3,945,720
Water Supply Scheme	1,279,668	514,377	-	-	-	-	(211)	(8,601)	1,785,233
Electricity Distribution	608,366	-	-	-	(14,541)	-	-	-	593,825
Tools and Implements	2,240,599	449,114	-	-	(65,848)	7	(208)	-	2,623,664
Plant and Machinery	29,185,918	3,401,211	-	-	(1,068,807)	2,673	(1,699)	(67,893)	31,451,403
Moulds	212,103	21,276	-	-	-	-	-	-	233,379
Stores Buildings on Leasehold Land	328,390	-	-	-	-	-	-	-	328,390
Capital Work In Progress	10,401,754	9,639,595	-	-	(11,441,613)	-	-	-	8,599,736
	101,024,589	17,234,058	1,660,769	1,561,652	(13,449,729)	-	(366)	(129,517)	107,901,456

Accumulated Depreciation	Balance as at 01/04/2025 LKR '000	Acquisition of Subsidiaries LKR '000	Charge for the Year LKR '000	Transfers/ Disposals LKR '000	Reclassification LKR '000	Exchange Translation Difference **LKR '000**	Assets held for sale **LKR '000**	**Balance as at 31/03/2026 LKR '000**
Building	466,408	11,754	373,824	(132,678)	35,061	(133)	(19,126)	735,110
Furniture and Fittings	1,487,531	151,998	177,794	(48,746)	(16,339)	327	-	1,752,565
Equipment	2,008,537	56,643	280,576	(325,625)	(2,768)	393	-	2,017,756
Motor Vehicles and Accessories	941,820	157,414	110,427	(169,406)	(17,545)	30	-	1,022,740
Computer Hardware	1,342,098	87,269	208,356	(140,880)	-	736	-	1,497,579
Leasehold Improvements	744,873	-	86,836	(3,986)	-	-	-	827,723
Fixtures and Fittings	2,227,331	-	326,322	(47,637)	117	-	(4,791)	2,501,342
Water Supply Scheme	660,031	-	131,583	(9,270)	-	(27)	(2,946)	779,371
Electricity Distribution	112,737	-	45,013	(7,583)	2,383	-	-	152,550
Tools and Implements	1,700,502	-	265,019	(65,803)	463	(51)	-	1,900,130
Plant and Machinery	14,395,841	-	1,817,678	(1,036,664)	(1,371)	(230)	(19,563)	15,155,691
Moulds	137,918	-	13,352	-	-	-	-	151,270
Stores Buildings on Leasehold Land	92,020		-	-	-	-	-	92,020
	26,317,647	465,078	3,836,780	(1,988,278)	1	1,045	(46,426)	28,585,847
Carrying value	74,706,942							79,315,609

(b) Group- 2025

Cost / Valuation	Balance as at 01/04/2024 LKR '000	Additions/ Transfers During the Year LKR '000	Recognition on acquisition of subsidiary LKR '000	Revaluation LKR '000	Transfers/ Disposals LKR '000	Reclassification LKR '000	Exchange Translation Difference LKR '000	**Balance as at 31/03/2025 LKR '000**
Land & Building	40,988,022	1,152,306	-	1,407,809	(6,700)	-	-	43,541,437
Furniture and Fittings	1,761,996	330,571	-	-	(20,914)	-	(113)	2,071,540
Equipment	2,925,511	333,877	18,338	-	(29,414)	-	(136)	3,248,176
Motor Vehicles and Accessories	1,204,107	59,730	-	-	(35,270)	-	(13)	1,228,554
Computer Hardware	1,690,548	251,254	-	-	(46,635)	-	(226)	1,894,941
Leasehold Improvements	952,108	80,479	-	-	(14,743)	-	-	1,017,844
Fixtures and Fittings	3,355,395	420,465	-	-	(10,562)	-	-	3,765,298
Water Supply Scheme	890,495	389,173	-	-	-	-	-	1,279,668
Electricity Distribution	579,151	29,215	-	-	-	-	-	608,366
Tools and Implements	1,946,702	299,454	12,613	-	(18,170)	-	-	2,240,599
Plant and Machinery	23,474,827	5,570,781	239,011	-	(98,701)	-	-	29,185,918
Moulds	143,513	68,590	-	-	-	-	-	212,103
Stores Buildings on Leasehold Land	328,390	-	-	-	-	-	-	328,390
Capital Work In Progress	13,562,687	3,887,750	-	-	(7,048,683)	-	-	10,401,754
	93,803,452	12,873,645	269,962	1,407,809	(7,329,792)	-	(488)	101,024,589

Accumulated Depreciation	Balance as at 01/04/2024 LKR '000	Acquisition of Subsidiaries LKR '000	Charge for the Year LKR '000	Transfers/ Disposals LKR '000	De-recognition on disposal of subsidiary **LKR '000**	Exchange Translation Difference	**Balance as at 31/03/2025 LKR '000**
Building	633,731	305,118	(472,441)	-	-		466,408
Furniture and Fittings	1,355,862	153,507	(21,784)	-	(54)		1,487,531
Equipment	1,770,345	263,063	(24,801)	-	(70)		2,008,537
Motor Vehicles and Accessories	901,472	75,620	(35,266)	-	(6)		941,820
Computer Hardware	1,217,962	170,679	(46,409)	-	(134)		1,342,098
Leasehold Improvements	676,178	82,444	(13,749)	-	-		744,873
Fixtures and Fittings	1,960,705	274,416	(7,790)	-	-		2,227,331
Water Supply Scheme	464,261	249,539	(53,769)	-	-		660,031
Electricity Distribution	68,413	44,324	-	-	-		112,737
Tools and Implements	1,463,431	257,989	(20,918)	-	-		1,700,502
Plant and Machinery	13,090,939	1,337,575	(32,673)	-	-		14,395,841
Moulds	136,960	958	-	-	-		137,918
Stores Buildings on Leasehold Land	92,020	-	-	-	-		92,020
	23,832,279	3,215,232	(729,600)	-	(264)		26,317,647
Carrying value	69,971,173						74,706,942

Notes to the Financial Statements

15. PROPERTY, PLANT & EQUIPMENT (Contd.)

15.2.1 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets.

Royal Ceramics Lanka Plc & Its Subsidiaries

The amount of borrowing costs capitalised during the year ended 31 March 2026 was Rs. 214,543,576/- The rate used to determine the amount of borrowing costs eligible for capitalisation was (10%-11.75%)range, which is the EIR of the specific borrowing.

All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

15.2.2 Capital work-in-progress

Capital work in progress represents the cost of civil construction work not completed and property, plant and equipment that are not ready for their intended use.

15.2.3 Property, Plant and Equipment Acquired During the Financial Year - Group

Royal Ceramics Lanka Plc & Its Subsidiaries

During the Period, the group acquired Property, Plant & Equipment for cash to the aggregate value of Rs. 3,852,606,708/- (2025- Rs.4,195,931,321/-)

LB Finance PLC

During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 2,252,036,289/- (2025 - Rs. 1,846,093,391/-). Cash payments amounting to Rs. 1,395,607,270/- (2025- Rs. 1,163,208,391/-) was paid during the year for purchases of property, plant and equipment.

Delmege Limited

During the Period, the group acquired Property, Plant & Equipment for cash to the aggregate value of Rs. 190,180,000/- (2025- Rs.326,986,348/-)

Greener Water Limited

During the Period, the group acquired Property, Plant & Equipment for cash to the aggregate value of Rs. 205,589,000/- (2025- Rs.244,725,000/-)

15.2.4 Fully-Depreciated Property, Plant and Equipment - Group

Royal Ceramics Lanka Plc & Its Subsidiaries

Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 9,916,066,792/- (2025 Rs.10,818,307,743/-) which are still in use.

LB Finance PLC

The initial cost of fully-depreciated property, plant and equipment, which are still in use as at reporting date is Rs. 3,801,298,272/- (2025- Rs. 3,206,776,247/-) for the Company and Rs. 4,117,159,880/- (2025- Rs. 3,214,513,769/-) for the Group.

15.3 Carrying Value of Property, Plant and Equipment- Group

Carrying Amount - Company	As at 31/03/2026 LKR '000	As at 31/03/2025 LKR '000
Property, plant and equipment (Note 15.2)	79,315,609	74,706,942
	79,315,609	74,706,942

15.4 Fair Value Hierarchy - Non Financial Assets

The following properties are revalued and recorded under freehold land & clay mining land. Fair Value measurement disclosure for revalued land based on un-observable input as follows.

(A) Quoted Price (unadjusted) in active markets for identical assets or liabilities (Level-1).

(B) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices) (Level- 2)

(C) Input for the assets or liability that are not based on observable market data (that is, unobservable inputs) (Level-3).

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range	Fair Value measurement using Significant unobservable inputs (Level 3) LKR Mn	
							2026	Fair value as per previous revaluation year
Greenerwater Limited	Mosque lane, Poruthota,Kochchikade	18 A 2 R 7.8P	H.B. Manjula Basnayaka	30th March 2025	Comparison Method of Valuation	Estimated price per perch Lot 1- Rs.1,250,000/- per perch & Lot 2- Rs.550,000/- per perch	3,935	3,518
Delmege Forsyth & Co-Ltd	No 101, Vinayalankara Mawatha, Colombo 10	A- 2	H.B. Manjula Basnayaka	31st March 2023	Land- Market Value approach	Rs. 15,000,000 per perch	5,512	5,011
		R- 0 P- 14.05			Building- Depreciated Replacement Cost	Rs.1,600/- to Rs.6,000/- Per Square Foot	467	380
Grip Delmage (Pvt) Ltd	No. 125C, Mabima Road, Heiyanthuduwa, Sapugaskanda	A- 0 R- 3 P- 36.25	H.B. Manjula Basnayaka	31st March 2023	Land- Market Value approach	Rs.375,000 Per Perch	117	78
		A- 0 P- 14.03			Building- Depreciated Replacement Cost	Rs.1,750/-to 2,500/- Per Square Foot	41	43
Grip Delmage (Pvt) Ltd	Lot No 170, Ekamuthu Mawatha, Mattegoda, Polgasowita	A- 0	H.B. Manjula Basnayaka	31st March 2023	Land- Market Value approach	Rs. 400,000 per perch	11	6
Grip Delmage (Pvt) Ltd	No 125/55, Sri Bodhiraja Mawatha, Mattegoda, Polgasowita	A- 0	H.B. Manjula Basnayaka	31st March 2023	Land- Market Value approach	Rs. 650,000/- per perch	46	30
		R- 1 P- 5.88			Building- Depreciated Replacement Cost	Rs.1,000/- Per Square Foot	2	2
Grip Nordic (Pvt) Ltd	No 125/26, Sri Bodhiraja Mawatha, Mattegoda, Polgasowita	A- 0	H.B. Manjula Basnayaka	31st March 2023	Land- Market Value approach	Rs. 400,000 per perch	48	31
		R- 1 P- 7.06			Building- Depreciated Replacement Cost	Rs.500/-to 1500/- Per Square Foot	9	10
Royal Ceramics Lanka PLC *	Factory at Ehaliyagoda	A50-R1-P34.72	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs. 100,000/- - Rs. 250,000/- per perch	825	656
	Showroom and Cutting Center Land at Kottawa	A1-R1-P24.75	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs. 2,250,000/- - Rs. 5,000,000/- per perch	643	505
	Land at Meegoda Warehouse	A2-R3-P31.29	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs. 475,000/- - Rs. 525,000/- per perch	226	183

Notes to the Financial Statements

15. PROPERTY, PLANT & EQUIPMENT (Contd.)

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range	Fair Value measurement using Significant unobservable inputs (Level 3) LKR Mn	
							2026	Fair value as per previous revaluation year
	Land at Nawala for Nawala New Showroom	P24.90	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs. 11,000,000- per perch	274	237
	Land at Seeduwa	R1-P12.50	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs. 3,750,000/- per perch	197	168
	Land at Narahenpita	P17.02	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs. 11,500,000/- per perch	196	162
	Land at Colpitty	P19.97	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs. 22,000,000/- per perch	439	349
	Land at Panadura	P18.82	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs. 5,000,000/- per perch	94	85
	Land at Dehiwela	P14.83	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs. 11,000,000/- per perch	163	141
	Land at Narahenpita	R1-P5.32	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs. 11,500,000/- per perch	472	410
	Factory buildings Eheliyagoda	333,019sq.ft	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs 2,000/-- Rs.8,000 per sq.ft	1,090	921
	Showroom Building-kottawa	9,556sq.ft	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs.3,500/-- Rs.11,000per sq.ft	79	72
	Warehouse Building at Meegoda	108,921sq.ft	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs.1,500/-- Rs.7,000 per sq.ft	618	505
	Showroom Buildingat Nawala 101	9,216sq.ft	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs 4,000/-- Rs.13,500per sq.ft	66	64
	Showroom Building at Narahenpita 100	13,410sq.ft	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs.15,000 per sq.ft	171	163
	Showroom Building at Panadura	5,176sq.ft	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs 12,000 per sq.ft	56	55
	Showroom Building at Seeduwa	7,320sq.ft	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs5,500/-- Rs.11,500 per sq.ft	56	131
	Showroom Building at Dehiwela	11,574sq.ft	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs.15,000/- per sq.ft	139	131
	Head office Building No 20,Colombo	28,278sq.ft	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs.20,000per sq.ft	401	376
	Factory Land at Horana	A.14- R.1- P.7.36	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs. 150,000/- per perch	347	289
	Factory Building at Horana	301,617 sq.ft	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs.850/- to Rs. 15,500/- per sq.ft	957	802
	Building at Nawala 98 Showroom	9,235 sq.ft	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs.10,000 per sq.ft	35	28
	Land at Nawala 98 Showroom	P18.20	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs. 11,000,000/- per perch	200	182
	Land at Batticaloa	P19.30	Mr. A.A.M. Fathihu	31 March 2026'	Market based evidence	Rs. 12,280,000/- per perch	289	-
	Land at Rathnapura	P31.96	Mr. A.A.M. Fathihu	31 March 2026'	Market based evidence	Rs. 7,150,000- per perch	228	-
	Showroom Building at Batticaloa	5,914 sq.ft	Mr. A.A.M. Fathihu	31 March 2026'	Market based evidence	Rs.8,500/- to Rs. 10,000/- per sq.ft	38	
	Thalawitiya Watta Road, Eheliyagoda	15P	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs. 400,000/- per perch	6	-

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range	Fair Value measurement using Significant unobservable inputs (Level 3) LKR Mn	
							2026	Fair value as per previous revaluation year
Rocell Bathware Ltd *	Factory land at Homagama	A1-R2-P19.60	Mr. A.A.M. Fathihu	31 March 2026	Market based evidence	Rs. 500,000/- per perch	130	78
	Land at Meegoda	A1-R3-P04.10	Mr. A.A.M. Fathihu	31 March 2026	Market based evidence	Rs. 475,000/- per perch	135	91
	Factory complex at Homagama	206,933 Sq. ft	Mr. A.A.M. Fathihu	31 March 2026	Market based evidence	Rs. 2,000/- to 8,750/- per Sq. ft	909	708
Lanka Walltiles PLC	Land at No.215,Nawala Road,Narahenpita,colombo 05.	A1-R1-P2.1	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2025	Market based evidence	Rs 8,000,000 Per perch	1,617	1,415
		36,170 Square feet building	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2025	Contractor's basis method valuation	Rs.3,000/-to Rs 7,000/- per square feet	219	136
	Plan No 2205 Situated at Mawathagama and Galagedara Village	A23-R1-P24.16	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2025	Market based evidence	Rs. 300,000/- per perch	1,149	1,123
Rocell Bathware Ltd *	Factory land at Homagama	A1-R2-P19.60	Mr. A.A.M. Fathihu	31 March 2025	Market based evidence	Rs. 500,000/- per perch	130	78
	Land at Meegoda	A1-R3-P04.10	Mr. A.A.M. Fathihu	31 March 2025	Market based evidence	Rs. 475,000/- per perch	135	91
	Factory complex at Homagama	206,933 Sq. ft	Mr. A.A.M. Fathihu	31 March 2025	Market based evidence	Rs. 2,000/- to 8,750/- per Sq. ft	909	708
Lanka Walltiles PLC	Land at No.215,Nawala Road,Narahenpita,colombo 05.	A1-R1-P2.1	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Market based evidence	Rs 8,000,000 Per perch	1,617	1,415
		36,170 Square feet building	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Contractor's basis method valuation	Rs.3,000/-to Rs 7,000/- per square feet	219	136
	Plan No 2205 Situated at Mawathagama and Galagedara Village	A23-R1-P24.16	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Market based evidence	Rs. 300,000/- per perch	1,149	1,123
		308,612 Square Feet building	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Contractor's basis method valuation	Rs.2,000/-to Rs 11,000/- per sq.ft	1,464	897
Lanka Tiles PLC	Factory Premises , Jaltara , Ranala- Land	28A-02R-32.69P	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Market based evidences	"Rs. 50,000/- to 150,000/- per perch "	642	518
	Factory Premises , Jaltara , Ranala- Buildings	415,638 sq.ft	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Contractor's method	Rs 1,130/- to Rs. 6,190/- per sq.ft	1,631	1,191
	Land Adjacent to the Factory Premises , Jaltara , Ranala	08A-02R-08.56P	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Market based evidences	"Rs. 126,000/- to 231,000/- per perch "	223	203
	Land Adjacent to the Factory Premises , Jaltara , Ranala	25,604 sq.ft	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Contractor's method	Rs 1,400/- to Rs. 5000/- per sq.ft	50	49
	Lanka Tiles Warehouse, Samurdhi Mawatha Biyagama - Land	02A-00R-15.93P	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Market approach	Rs. 1,500,000/- per perch	504	336

Notes to the Financial Statements

15. PROPERTY, PLANT & EQUIPMENT (Contd.)

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range	Fair Value measurement using Significant unobservable inputs (Level 3) LKR Mn	
							2026	Fair value as per previous revaluation year
	Lanka Tiles Warehouse , Samurdhi Mawatha Biyagama - Buildings	48,531 sq.ft	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Contractor's method	Rs 1,900/- to Rs. 5,100/- per sq.ft	243	192
	Land at Nugegoda	00A-00R-32.03P	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Market approach	Rs. 9,000,000/- per perch	288	240
	Showroom, Nugegoda-Building	15,385 sq.ft	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Market approach	Rs 15,000/- per sq.ft	231	-
Uni Dil Packing Ltd.	Land at Narampola road, Moragala, Deketana	A12-R03-P37.1	Mr. D.G.Newton	31 March 2026	Market based evidence	Rs.125,000/- per perch	183	124
	Building and land improvement at Narampola road, Moragala, Deketana	194, 237 sq.ft	Mr. D.G.Newton	31 March 2026	Depreciated Replacement cost	Rs.750/- to Rs. 4,000/- per sq.ft	663	334
Uni Dil Packaging Solutions Ltd	Land at Narampola road, Moragala, Deketana	A2-R2-P35	Mr. D.G.Newton	31 March 2026	Market based evidence	Rs. 100,000/- per perch	44	35
	Building at Narampola road, Moragala, Deketana	32103 sq.ft	Mr. D.G.Newton	31 March 2026	Depreciated Replacement cost	Rs.1,000/- to Rs. 3,000/- per sq.ft	114	66
Swisstek (Ceylon) PLC	Factory Complex, Belummahara, Imbulgoda	984.5 Perches	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 800,000/- per perch	788	738
	No: 288/26, Colombo Road, Belummahara, Imbulgoda	81.6 perches	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 725,000/- per perch	59	51
	No:334/5, Colombo Road, Belummahara, Imbulgoda	20.0 Perches	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 650,000/- per perch	13	12
	No: 177/6, New Kandy Rd., Weliweriya	85.0 Perches	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 600,000/- per perch	51	45
	Land at Ratupaswela	2446.0 Perches	Mr. D.G.Newton	31 March 2024	Contractors Method	Rs. 100,000/- to 175,000/- per perch	388	-
	Land at Belummahara	0.95 Perches	Mr. D.G.Newton	31 March 2024	Contractors Method	Rs. 848,000/- per perch	0.81	-
	Factory Complex, Belummahara, Imbulgoda	62,530 sq.ft	Mr. D.G.Newton	31 March 2024	Contractors Method	Rs. 750/- to 4,500/- per sq.ft	226	139
	No: 177/6, New Kandy Rd., Weliweriya	27,170 Sq.ft.	Mr. D.G.Newton	31 March 2024	Contractors Method	Rs. 2,850/- to 3,250/- per sq.ft	82	80
	Factory Complex, Belummahara, Imbulgoda-Tiles Stores	27,285 sq.ft	Mr. D.G.Newton	31 March 2024	Income Approach	Rs. 4,378.96/- per sq.ft	119	87
	Factory Complex, Belummahara, Imbulgoda-Sales Center	4944 sq.ft	Mr. D.G.Newton	31 March 2024	Income Approach	Rs. 8,458.33/- per sq.ft	42	30
	Factory Complex, Belummahara, Imbulgoda-Open shed	3400 sq.ft	Mr. D.G.Newton	31 March 2024	Income Approach	Rs. 3,282.42/- per sq.ft	11	8
	Factory Complex, Belummahara, Imbulgoda-Warehouse	5000 sq.ft	Mr. D.G.Newton	31 March 2024	Income Approach	Rs. 5,908.35/- per sq.ft	30	22

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range	Fair Value measurement using Significant unobservable inputs (Level 3) LKR Mn	
							2026	Fair value as per previous revaluation year
Swisstek Aluminium Ltd.	76/7,Pahala Dompe,Dompe	A11-R1-P 22.8	Mr. A.A.M. Fathihu	31 March 2024	Market based evidence	Rs.50,000/- to Rs.150,000/- Per Perch	299	218
	76/7,Pahala Dompe,Dompe	171,861 Sq.ft	Mr. A.A.M. Fathihu	31 March 2024	Contractors Method	Rs.1250/- to Rs.7,500/- per sq.ft	802	559
Lanka Ceramic PLC	Mining Land at Owala	25A-0R-35P	Mr. A.A.M. Fathihu	31 March 2025	Market based evidence	Rs. 100,000/- to Rs. 1,100,000/- per acre	25	23
	Land situated at Owala	1A-1R-02P	Mr. A.A.M. Fathihu	31 March 2025	Market based evidence	Rs. 1,100,000/- per acre	1	1
	Factory, office building & other infrastructure at Owala mine	10,535 sq.ft	Mr. A.A.M. Fathihu	31 March 2025	Depreciated Cost method	Rs. 250/- to Rs. 8,000/- per sq.ft	41	9
	Mining Land at Meetiyagoda	13A-1R-01.54P	Mr. A.A.M. Fathihu	31 March 2025	Market based evidence	Rs. 2,750,000/- per acre	36	34
	Land situated at Meetiyagoda	2A-3R-14.96P	Mr. A.A.M. Fathihu	31 March 2025	Market based evidence	Rs. 100,000/- to Rs. 1,600,000/- per acre	3	3
Biscuits and Chocolate Company Limited	Kiriwaththuduwa Estate, Moonamalwatta Road, Kiriwaththuduwa, Homagama	33A-2R-26.0P	Mr. A.A.M. Fathihu	31 March 2025	Market based evidence	Rs. 120,000/- per perch	646	545
	Kiriwaththuduwa Estate, Moonamalwatta Road, Kiriwaththuduwa, Homagama	3R 20P	Mr. A.A.M. Fathihu	31 March 2025	Market based evidence	Rs. 16,000/- per perch	5	5
CP Holding (Pvt) Ltd	Akuressa	105A 2R 14.94P	Mr. A.A.M. Fathihu	31 March 2026	Market based evidence	Rs 200,000- Rs 2,800,000	139	136
Nilano Garent Limited	No.654, Galle Road, Rathmalana	12,640 sq.ft	Mr. A.A.M. Fathihu	31 March 2025'	Market based evidence	Rs. 4,500/- per sq.ft	31	27
LB Finance PLC	Kollupitiya- No 20, Dharmapala Mawatha, Colombo 03	52.82P , 57020 Sq.ft	H.B. Manjula Basnayaka.	31 March 2025	Contractor's Test Method of Valuation	Rs. 27,500,000 p.p. / Rs. 13,250 p.sq.ft.	2,215	2,210
	Kollupitiya- No 676, Galle Road, Colombo 03	167.65P , 63251 Sq.ft	H.B. Manjula Basnayaka.	31 March 2025	Comparison Method of Valuation.	Rs. 27,500,000 p.p. / Rs. 2,416 p.sq.ft.	4,789	4,763
	Cinnamon Gardens- No 165, Dharmapala Mawatha, Colombo 07	48.95P , 7400 Sq.ft	H.B. Manjula Basnayaka.	31 March 2025	Contractor's Test Method of Valuation	Rs. 25,500,000 p.p. / Rs. 5,750 p.sq.ft.	1,312	1,301
	Kandy- No 115B, Kotugodella Veediya, Kandy	25.76P , 7780 Sq ft	H.B. Manjula Basnayaka.	31 March 2025	Contractor's Test Method of Valuation	Rs. 22,750,000 p.p. / Rs. 1,900 p.sq.ft.	604	603
	Kandy- No 226, D S Senanayake Street, Kandy	7.05P, 3674 Sq.ft	H.B. Manjula Basnayaka.	31 March 2025	Contractors Test Method of Valuation	Rs. 12,500,000 p.p. / Rs. 1,700 p.sq.ft.	97	96
	Kandy-Moragaspitiyawatta Road, Balagolla, Kengalla	110P, 2400 Sq.ft	H.B. Manjula Basnayaka.	31 March 2025	Contractors' Test Method of Valuation	Rs. 650,000 p.p. / Rs. 2,775 p.sq.ft.	81	79
	Kandy- No 47/10 A, Luwiss Pieris Mawatha, Buwelikada, Kandy.	42.4P	H.B. Manjula Basnayaka.	31 March 2025	Comparison Method of Valuation	Rs. 1,250,000 p.p.	55	54
	Maradana- No 104/1, Vipulasena Mawatha,Colombo 10	50.60 P , 5750 Sq.ft	H.B. Manjula Basnayaka.	31 March 2025	Contractor's Test Method of Valuation	Rs. 7,500,000 p.p. / Rs. 3,000 p.sq.ft.	421	409
	Nuwara Eliya- No 35/4, Upper Lake Road, Nuwara Eliya	359P	H.B. Manjula Basnayaka.	31 March 2025	Comparison Method of Valuation	Rs. 1,600,000 p.p.	610	592

Notes to the Financial Statements

15. PROPERTY, PLANT & EQUIPMENT (Contd.)

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range	Fair Value measurement using Significant unobservable inputs (Level 3) LKR Mn	
							2026	Fair value as per previous revaluation year
	Nuwara Eliya- No.71, City Lite Building Queen Elisabeth Drive.	6 P , 2360 Sq.ft	H.B. Manjula Basnayaka.	31 March 2025	Contractor's Test Method of Valuation	Rs. 17,750,000 p.p. / Rs. 12,000 p.sq.ft.	135	135
	Wellawatta- No 51A, W A Silva Mawatha, Colombo 06	14.23 P	H.B. Manjula Basnayaka.	31 March 2025	Contractors Test Method of Valuation	Rs. 14,500,000 p.p. / Rs. 7,250 p.sq.ft.	252	250
	Panadura- No 37, Jayathilake Mawatha, Panadura	42P , 1925 Sq ft	H.B. Manjula Basnayaka.	31 March 2025	Contractors Test Method of Valuation	Rs. 4,000,000 p.p. / Rs. 2,000 p.sq.ft.	216	206
	Kalutara-No 334, Main Street, Kaluthara South	26.27 P, 10620 sq ft	H.B. Manjula Basnayaka.	31 March 2025	Contractors Test Method of Valuation	Rs. 6,750,000 p.p. / Rs. 5,750 p.sq.ft.	242	240
	Borella- No 1024, Maradana Road, Borella	25.5 P	H.B. Manjula Basnayaka.	31 March 2025	Contractors Test Method of Valuation	Rs. 15,500,000 p.p. / Rs. 7,500 p.sq.ft.	439	427
	No 63V, Kurunegala Road, Chilaw.	20.55 P	H.B. Manjula Basnayaka.	31 March 2025	Comparison Method of Valuation	Rs. 2,850,000 p.p.	93	59
	No. 25/1, Shalawa Road, Embuldeniya, Nugegoda	20.1 P, 1300 sq ft	H.B. Manjula Basnayaka.	31 March 2025	Contractors Test Method of Valuation	Rs. 2,000,000 p.p. / Rs. 3,000 p.sq.ft.	48	46
	419, Old Kotte Road, Rajagiriya	16.3 P	H.B. Manjula Basnayaka.	31 March 2025	Contractor's Test Method of Valuation	Rs. 8,000,000 p.p. / Rs. 14,350 p.sq.ft.	291	289
	No 146, Havelock Road, Colombo 05	19.85 P , 14752 sq ft	H.B. Manjula Basnayaka.	31 March 2026	Contractor's Test method Price per Perch / Price per Square Feet	Rs. 18,000,000 p.p / Rs. 6,400 p.sq.ft.	376	-
	No 146/34, Havelock Road, Colombo 05	20.12 P, 6901 sq ft	H.B. Manjula Basnayaka.	31 March 2026	Contractor's Test method Price per Perch / Price per Square Feet	Rs. 16,000,000 p.p / Rs. 3,800 p.sq.ft.	348	-
	No 138, Havelock Road, Colombo 05	10.6 P	H.B. Manjula Basnayaka.	31 March 2026	Residual method of Valuation Price per Perch	Rs. 17,500,000.00 p.p.	186	-
	No. 321, D. S. Senanayaka Weediya, Kandy	11.35 P, 1800 sq ft	H.B. Manjula Basnayaka.	31 March 2026	Contractor's Test method Price per Perch / Price per Square Feet	Rs. 12,000,000 p.p. / Rs. 2,200 p.sq.ft.	140	-
	No. 578, Anagarika Dharmapala Mawatha, Matara	17.78 P	H.B. Manjula Basnayaka.	31 March 2026	Contractor's Test method Price per Perch / Price per Square Feet	Rs. 3,000,000 p.p. / Rs. 5,082 p.sq.ft.	63	-

Significant increases/ (decreses) in estimated price per perch/ price per square foot in isolation would result in a significantly higher/ (lower) fair value.

* Reassessment of the fair valuation was obtained from the same independent professional valuer who determined that there would have been no substantial material change in the fair value between the last valuation date and reporting date.

Valuation Methodology

Market Based Evidence:

This valuation approach utilizes recent transaction prices of comparable assets in the open market to determine the value of the subject asset. Adjustments are made for differences in location, condition, and other relevant factors to ensure comparability. This method reflects current market conditions and provides a reliable benchmark for asset valuation. It is particularly suitable for assets with an active and transparent market.

Contractor's Method / Contractor's Basis Method:

This approach estimates the value of an asset based on the total cost a contractor would incur to reproduce or replace the asset, including materials, labour, overhead, and profit margin. It considers contemporary construction costs and adjusts for any necessary entrepreneurial profit. This method is effective for valuing specialized or unique assets where market comparable are unavailable. It provides a detailed and cost based perspective on asset value.

Depreciated Replacement Cost:

This method calculates the current cost to replace an asset with a similar new one and then subtracts depreciation to account for physical deterioration, functional obsolescence, and economic factors. It offers a realistic assessment by considering the asset's remaining useful life and current condition. This approach is widely used for fixed assets such as buildings and industrial equipment. It ensures the valuation reflects both the cost of replacement and the asset's depreciated date.

Income Approach:

This valuation technique determines an asset's value based on the present value of future economic benefits it is expected to generate. It involves projecting future cash flows and discounting them to their present value using an appropriate discount rate that reflects the risk associated with those cash flows. This method is commonly applied to income-producing properties and businesses. It provides an intrinsic valuation by focusing on the asset's potential to generate future revenue.

16. RIGHT OF USE ASSETS

Accounting Policy

The Group recognises right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. Right-of-Use assets are measured at cost less any accumulated amortization and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right of use assets are amortised on the straight line basis over the lease term.

The Group provides depreciation for Right of Use Assets as mentioned below:

- If the lease transfers ownership of the underlying asset to the Company/ Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Company/ Group will exercise a purchase option, the Company/ Group provides depreciation on right-of-use asset from the commencement date to the end of the useful life of the underlying asset.
- Otherwise, the Company/ Group provides depreciation on right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group has lease contracts for various items of property, plant & machinery, motor vehicles and land & immovable estate asset used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The lease terms of various items of right of use assets are listed below,

Item	Lease Term
Land	49 years
Building	3- 36 years
Motor Vehicles	5 years
Plant & Machinery	5 years

Right of Use Assets/ Lease Liabilities- Company

Set below, are the carrying amounts of the Group's right if use assets and liabilities and the movements during the period.

	Building LKR '000	Total LKR '000
Right of Use Asset		
As at 1 April 2024	73,672	73,672
Additions	-	-
Less: Depreciation Expense	(43,934)	(43,934)
Remeasurement of leasehold rights	(4,110)	(4,110)
As at 31 March 2025	25,628	25,628
Additions	149,002	149,002
Less: Depreciation Expense	(46,390)	(46,390)
Remeasurement of leasehold rights	763	763
As at 31 March 2026	129,003	129,003
Lease Liability		
As at 1 April 2024	79,867	79,867
Additions	-	-
Remeasurement of leasehold rights	(10,306)	(10,306)
Interest Expense	6,121	6,121
Less: Payments	(48,810)	(48,810)
As at 31 March 2025	26,872	26,872
Additions	145,595	145,595
Remeasurement of leasehold rights	763	763
Interest Expense	12,888	12,888
Less: Payments	(52,138)	(52,138)
As at 31 March 2026	133,980	133,980

Right of Use Assets/ Lease Liabilities- Group

Set below, are the carrying amounts of the Group's right if use assets and liabilities and the movements during the period.

Cost / Valuation	Land	Building	Motor Vehicles	Plant & Machinery	* Land & immovable Estate Asset -Plantation	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Right of Use Asset						
As at 1 April 2024	81,965	2,592,357	-	-	-	2,674,322
Acquisition of subsidiary	-	-	-	-	-	-
Remeasurement of leasehold rights	-	(4,110)	-	-	-	(4,110)
Additions	-	1,287,083	-	-	-	1,287,083
Disposals / Lease term changes	-	(248,669)	-	-	-	(248,669)
Less: Depreciation Expense	(4,786)	(716,877)	-	-	-	(721,663)
De-recognition on disposal of subsidiaries	-	-	-	-	-	-
As at 31 March 2025	77,179	2,909,784	-	-	-	2,986,963
As at 1 April 2025	77,179	2,909,784	-	-	-	2,986,963
Remeasurement of leasehold rights	-	763	-	-	-	763
Additions	-	1,606,525	-	-	-	1,606,525
Disposals / Lease term changes	-	(137,438)	-	-	-	(137,438)
Acquisition of Subsidiaries	-	104,782	-	-	-	104,782
Effect of Exchange Rate Differences	-	-	-	-	-	-
Less: Depreciation Expense	(4,070)	(852,293)	-	-	-	(856,363)
As at 31 March 2026	73,109	3,632,120	-	-	-	3,705,229
Lease Liability						
As at 1 April 2024	104,871	3,087,185	-	-	-	3,192,056
Remeasurement of leasehold rights	-	1,609	-	-	-	1,609
Additions	-	1,057,816	-	-	-	1,057,816
Termination and lease term changes	-	(248,564)	-	-	-	(248,564)
Interest Expense	11,879	463,220	-	-	-	475,099
Less: Concessions	-	(183)	-	-	-	(183)
Less: Payments	(9,327)	(1,006,184)	-	-	-	(1,015,511)
As at 31 March 2025	107,423	3,354,899	-	-	-	3,462,322
As at 1 April 2025	107,424	3,354,898	-	-	-	3,462,322
Remeasurement of leasehold rights	-	763	-	-	-	763
Additions	-	1,399,204	-	-	-	1,399,204
Acquisition of Subsidiaries	-	124,730	-	-	-	124,730
Termination and lease term changes	-	(146,304)	-	-	-	(146,304)
Interest Expense	12,017	477,264	-	-	-	489,281
Less: Payments	(7,680)	(1,192,990)	-	-	-	(1,200,670)
Less: Concessions	-	(1,206)	-	-	-	(1,206)
As at 31 March 2026	111,761	4,016,359	-	-	-	4,128,120

Notes to the Financial Statements

16. RIGHT OF USE ASSETS (Contd.)

The following are the amounts recognised in profit or loss:

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Depreciation expense of right-of-use assets	46,390	43,934	856,363	721,663
Interest expense on lease liabilities	12,888	6,121	489,281	475,099
Total amount recognised in profit or loss	59,278	50,055	1,345,644	1,196,762

Cash outflow from short term leases and leases of low-value assets for the year ended 31 March 2026 in Group was Rs. 32,478,681/- (2025- Rs. 121,411,695/-).

17. INVESTMENT PROPERTY

Properties held for capital appreciation and properties held to earn rental income have been classified as investment property.

Accounting Policy

Basis of Recognition

Investment property is recognised if it is probable that future economic benefits that are associated with the investment property will flow to the Group and cost of the investment property can be reliably measured.

Measurement

An investment property is measured initially at its cost. The cost of a purchased Investment property comprises of its purchase price and any directly attributable expenditure. The cost of a self-constructed investment is its cost at the date when the construction or development is complete.

The Group applies the fair value model for Investment Properties in accordance with Sri Lanka Accounting Standard 40 (LKAS 40), - "Investment Property". Accordingly, land and buildings classified as Investment Properties are stated at fair value.

Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise.

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
At the beginning of the year	-	-	2,162,726	2,140,503
Additions	-	-	-	866
Change in Fair Value	-	-	33,212	21,357
At the end of the year	-	-	2,195,938	2,162,726

17.1 Fair Value of Investment Property

Company	Location	Extent	Valuation Date	Valuer	Valuation Details	Significant unobservable input : price per perch/ acre/ range	Significant unobservable inputs (Level 3) LKR'000
Lanka Ceramics PLC	No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kolupitiya Road, Colombo 03.	1R- 1.12 P	31 March 2026	Mr. A.A.M. Fathihu	Market based evidence	Rs. 24,000,000/- per perch	986,880
	No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kolupitiya Road, Colombo 03.	27,712 Sq.ft	31 March 2026	Mr. A.A.M. Fathihu	Depreciated replacement cost	Rs. 10,500/- Rs. 15,000/- per Sq.ft	84,058
LWL Development Limited	Agalagedara Village, Divulapitiya, Gampha	48A-03R-17.9P	31 March 2026'	KPMG Real Estate & valuation Services (Private) Limited	Market based evidence	Rs. 8,150,000/- per Acre	398,224
	Waradala Village,Divulapitiya,Gampha	4A-01R-15.9P	31 March 2026'	KPMG Real Estate & valuation Services (Private) Limited	Market based evidence	Rs.5,000,000/- per Acre	21,800
	Agalagedara Village, Divulapitiya, Gampha	00A-00R-45 P	31 March 2026'	KPMG Real Estate & valuation Services (Private) Limited	Market based evidence	Rs.1345,000/- per Perch	6,500
	Agalagedara Village, Divulapitiya, Gampha	00A-00R-6.90 P	31 March 2026'	KPMG Real Estate & valuation Services (Private) Limited	Market based evidence	Rs.95,000/- per Perch	650
Beyond Paradise Collection Limited	Agalagedara Village, Divulapitiya, Gampha	48A-03R-17.9P	31 March 2026'	KPMG Real Estate & valuation Services (Private) Limited	Market based evidence	Rs. 8,150,000/- per Acre	398,224
	House	981.sq.ft	31 March 2026'	KPMG Real Estate & valuation Services (Private) Limited	Market based evidence	Rs.5,660/- per sq.ft	5,476
CP Holding (Pvt) Ltd	Paraduwa Estate- Akuressa	190A 2R 7.86P	31 March 2026'	Mr. A.A.M. Fathihu	Market based evidence	Rs 50,000- Rs 2,800,000- per Perch	289,975
LB Finance PLC	Nattarampotha	46.14 P	31 March 2025	H.B. Manjula Basnayaka	Comparison Method	Rs. 30,000/- per Perch	-
LB Finance PLC	Doratiyawa	92.50 P	31 March 2025	H.B. Manjula Basnayaka	Comparison Method	Rs. 42,500/- per Perch	4,150

The following Investment properties are revalued during the financial year 2024/2025.

Company	Location	Extent	Valuation Date	Valuer	Valuation Details	Significant unobservable input : price per perch/ acre/range	Significant unobservable inputs (Level 3) LKR'000
Lanka Ceramics PLC	No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kolupitiya Road, Colombo 03.	1R- 1.12 P	31 March 2025	Mr. A.A.M. Fathihu	Market based evidence	Rs. 23,500,000/- per perch	966,320
	No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kolupitiya Road, Colombo 03.	27,712 Sq.ft	31 March 2025	Mr. A.A.M. Fathihu	Depreciated replacement cost	Rs. 9,500/-- Rs. 14,000/- per Sq.ft	90,062
LWL Development Limited	Agalagedara Village, Divulapitiya, Gampha	48A-03R-17.9P	31 March 2025	KPMG Real Estate & valuation Services (Private) Limited	Market based evidence	Rs. 8,000,000/- per Acre	390,900
	Waradala Village,Divulapitiya,Gampha	4A-01R-15.9P	31 March 2025	KPMG Real Estate & valuation Services (Private) Limited	Market based evidence	Rs.5,000,000/- per Acre	21,800
	Agalagedara Village, Divulapitiya, Gampha	00A-00R-45 P	31 March 2025	KPMG Real Estate & valuation Services (Private) Limited	Market based evidence	Rs.130,000/- per Perch	5,850
	Agalagedara Village, Divulapitiya, Gampha	00A-00R-6.90 P	31 March 2025	KPMG Real Estate & valuation Services (Private) Limited	Market based evidence	Rs.80,000/- per Perch	552
Beyond Paradise Collection Limited	Agalagedara Village, Divulapitiya, Gampha	48A-03R-17.9P	31 March 2025	KPMG Real Estate & valuation Services (Private) Limited	Market based evidence	Rs. 8,000,000/- per Acre	390,895
	House	981.sq.ft	31 March 2025	KPMG Real Estate & valuation Services (Private) Limited	Market based evidence	Rs.5,800/- per sq.ft	5,690
CP Holding (Pvt) Ltd	Paraduwa Estate- Akuressa	190A 2R 7.86P	31 March 2025	Mr. A.A.M. Fathihu	Market based evidence	Rs 50,000- Rs 2,750,000- per Perch	285,271
LB Finance PLC	Nattarampotha	46.14 P	31 March 2025	H.B. Manjula Basnayaka	Comparison Method	Rs. 30,000/- per Perch	1,385
LB Finance PLC	Doratiyawa	92.50 P	31 March 2025	H.B. Manjula Basnayaka	Comparison Method	Rs. 42,500/- per Perch	4,000

Significant increases/ (decreses) in estimated price per perch/ price per square foot in isolation would result in a significantly higher/ (lower) fair value.

Notes to the Financial Statements

17. INVESTMENT PROPERTY (Contd.)

17.2 Rental Income earned from Investment Property by the Group amounted Rs.74.22 Mn. (2025- Rs.74.22 Mn). Direct operating expenses incurred by the Group amounted to Rs. Rs. 2.2 Mn.(2025- Rs. 4.1Mn.).

17.3 Rental income receivable under the operating lease agreement of investment property as follows;

	Less than 1 year LKR '000	1-2 year LKR '000	2-3 year LKR '000	3-4 year LKR '000	4-5 year LKR '000	Over 5 years LKR '000
2026	74,216	74,305	74,393	-	-	-
2025	74,216	74,305	74,393	74,393	-	-

18. DUE TO BANKS

Accounting Policy

These include bank overdrafts, syndicated loans and other bank facilities. Due to bank balances are initially recognised at fair value net of transactions cost. Subsequently, they are stated at amortised cost; any difference between the proceeds (Net of transaction cost) and the repayable amount (including interest) is recognised in the Statement of Comprehensive Income over the period of the loan using effective interest rate method.

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Bank Overdrafts	-	28	2,998,831	4,319,389
Debt Funding from Banks (Note 18.1)	-	-	102,055,252	36,634,134
	-	28	105,054,083	40,953,523

18.1 Debt Funding from Banks- Group

Cost / Valuation	As at 01.04.2025 LKR '000	Loans Obtained LKR '000	Interest Recognised LKR '000	Repayments		**As at 31.03.2026 LKR '000**
				Capital LKR '000	Interest LKR '000	
Term Loans						
Commercial Bank 1	14,400,900	14,481,667	1,743,825	(9,062,500)	(1,687,834)	19,876,058
Nations Trust Bank 1	2,004,164	12,000,000	91,352	(13,000,000)	(93,898)	1,001,618
Nations Trust Bank 2	-	-	-	-	-	-
National Development Bank PLC	-	2,450,000	19,347	(1,950,000)	(18,687)	500,660
People's Bank	-	27,271,480	790,017	(5,620,000)	(671,395)	21,770,102
DFCC Bank 1	143,859	-	1,048	(142,857)	(2,050)	-
Sampath Bank 1	5,418,963	12,915,147	686,087	(3,691,664)	(660,778)	14,667,755
Hatton National Bank 1	5,512,728	39,523,746	1,069,012	(13,625,000)	(689,317)	31,791,169
Bank of Ceylon	4,995,753	2,495,000	730,160	-	(721,336)	7,499,577
Seylan Bank 1	1,712,161	4,496,500	267,679	(3,831,900)	(260,325)	2,384,115
Pan Asia Bank	212,834	-	4,034	(212,500)	(4,368)	-
Habib Bank	776,139	499,019	71,723	(416,667)	(73,586)	856,628
Standard Chartered Bank	601,926	4,760,000	27,198	(4,560,000)	(28,110)	801,014
UAB Bank	388,025	51,978	75,091	-	(50,614)	464,480
CB Bank- Myanmar	466,682	749,420	58,253	(774,997)	(57,282)	442,076
	36,634,134	121,693,957	5,634,826	(56,888,085)	(5,019,580)	102,055,252

18.2 Contractual Maturity Analysis of Debt Funding from Banks- Group

As at 31st March 2026	Within One Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Term Loans	34,595,863	67,459,389	-	102,055,252
	34,595,863	67,459,389	-	102,055,252

As at 31st March 2025	Within One Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Term Loans	17,206,479	19,427,655	-	36,634,134
	17,206,479	19,427,655	-	36,634,134

The Group doesn't have pre-termination options for Syndicated Loans and Other Bank Facilities.

19. DUE TO CUSTOMERS

Accounting Policy

Due to customers comprise of interest-bearing savings deposits and term deposits. Customer deposits are initially recognised at fair value net of transactions cost. Subsequent to the initial recognition they are measured at their amortised cost using the effective interest rate method. Interest expense on these deposits is recognised to the Income Statement.

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	2026 LKR '000	2025 LKR '000
Fixed Deposits	-	-	180,285,553	132,032,628
Saving Deposit	-	-	8,692,077	6,791,268
	-	-	188,977,630	138,823,896
Fair Value	-	-	192,864,745	142,128,942

19.1 Contractual Maturity Analysis of Customer Deposits

As at 31st March 2026	Within One Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Fixed Deposits	133,263,707	47,021,846	-	180,285,553
Savings Deposits	8,692,077	-	-	8,692,077
	141,955,784	47,021,846	-	188,977,630

As at 31st March 2025	Within One Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Fixed Deposits	102,038,367	29,994,261	-	132,032,628
Savings Deposits	6,791,268	-	-	6,791,268
	108,829,635	29,994,261	-	138,823,896

We have raised fixed deposits with a pre-termination option to the customers, so fixed deposit pre-terminations may cause actual maturities to differ from contractual maturities.

Notes to the Financial Statements

20 INTEREST BEARING LOANS AND OTHER BORROWINGS

Accounting Policy

Debt instruments and other borrowings are initially recognised at fair value net of transactions cost. Subsequently, they are stated at amortised cost; any difference between the proceeds (Net of transaction cost) and the repayable amount (including interest) is recognised in the Income Statement over the period of the loan using effective interest rate method.

Under leases, the leased assets are capitalised and included in 'property, plant and equipment' and the corresponding liability to the lessor is included in 'Due to Banks'. At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group use the incremental borrowing rate. Finance charges payable are recognised in 'Finance Cost' over the period of the lease based on the interest rate implicit in the lease so as to give a constant rate of interest on the remaining period of the liability.

Company	2026			2025		
	Amount Repayable Within 1 Year LKR '000	**Amount Repayable After 1 Year LKR '000**	**Total LKR '000**	Amount Repayable Within 1 Year LKR '000	Amount Repayable After 1 Year LKR '000	Total LKR '000
Lease liability (Note 16)	47,890	86,091	133,981	26,872	-	26,872
	47,890	86,091	133,981	26,872	-	26,872

Group	2026			2025		
	Amount Repayable Within 1 Year LKR '000	**Amount Repayable After 1 Year LKR '000**	**Total LKR '000**	Amount Repayable Within 1 Year LKR '000	Amount Repayable After 1 Year LKR '000	Total LKR '000
Lease liability (Note 16)	2,696,923	1,431,196	4,128,119	634,414	2,827,908	3,462,322
Bank Loans / Term Loans	3,157,871	6,242,098	9,399,969	2,911,334	8,241,792	11,153,126
Short Term Loan	14,903,673	-	14,903,673	17,019,509	-	17,019,509
Borrowings From International Financial Institutions (Note 20.2.1)	2,546,485	16,324,232	18,870,717	2,340,948	1,897,595	4,238,543
Securitised Borrowings	8,299,316	18,230,344	26,529,660	766,862	-	766,862
Others	291,996	1,317,341	1,609,337	-	-	-
	31,896,264	43,545,211	75,441,475	23,673,067	12,967,295	36,640,362

20.1 Details of the Long Term Loans- Group

Lender	Approved Facility	Rate of Interest	Repayment Terms	Security	Balance As At 31st March 2026	Balance As At 31st March 2025
Greener Water Limited					Rs. '000	Rs. '000
Sampath Bank PLC	Rs. 2 Bn	AWPLR+1%	Settlement- To be paid over 14 months (1 Year and 2 months) 13 equal monthly installments and separate final installment, Grace period- 8 Years and 10 months (Total Tenure 10 years)	Corporate Guarantee of Vallibel One PLC	-	406,774
Delmege Group						
Sampath Bank PLC	Rs. 2.25 Bn	Floating Rate	Within 09 years	Mortgage over Land & Buildings	956,000	-
Royal Ceramics Lank PLC						
Commercial Bank of Ceylon PLC	Rs. 218.71Mn	Fixed	Payable in 22 equal monthly installments of Rs.4,300,000.00 / 61 equal monthly installments of Rs.2,000,000.00 each and a final installment of Rs.2,112,360.00 together with interest.	Primary mortgage bond for Rs. 359 Mn over solar panels and related equipment installed on the roofs of Royal Ceramics Lanka factories at Horana and Eheliyagoda.	54,110	78,112
Commercial Bank of Ceylon PLC	Rs. 77.35Mn	AWPLR	Payable in 10 equal monthly installments of Rs.2,262,000.00 / 51 equal monthly installments of Rs.1,052,500.00 each and a final installment of Rs.1,050,865.00 together with interest.	Primary mortgage bond for Rs. 359 Mn over solar panels and related equipment installed on the roofs of Royal Ceramics Lanka factories at Horana and Eheliyagoda.	28,420	41,046
Commercial Bank of Ceylon PLC	Rs. 400Mn	Fixed	Payable in 2 equal monthly installments of Rs.16,666,000.00 / 56 equal monthly installments of Rs.6,432,772.00 each and a final installment of Rs.6,432,768.00 together with interest.		90,060	167,252
Commercial Bank of Ceylon PLC	Rs. 600Mn	AWPLR	Payable in 56 equal monthly installments of Rs.10,526,315.00 each and a final installment of Rs 10,526,360.00 together with interest.		168,420	294,737
Commercial Bank of Ceylon PLC	Rs. 1Bn	AWPLR plus margin	Payable in 59 equal monthly installments of Rs.16,700,000.00 each and a final installment of Rs 14,700,000.00 together with interest.		682,700	883,100
Commercial Bank of Ceylon PLC	Rs. 100Mn	AWPLR	Payable in 35 equal monthly installments of Rs.2,777,000.00 each and a final installment of Rs.2,805,000.00 together with interest.	Primary mortgage bond for Rs. 100 Mn over the property at No. 98, 981/1, 982/1 and 98B1, Nawala Road, Nugegoda.	33,350	66,676
Commercial Bank of Ceylon PLC	Rs. 123.45Mn	Fixed	Payable in 8 equal monthly installments of Rs.2,450,000.00 / 51 equal monthly installments of Rs.1,997,000.00 each and a final installment of Rs.2,002,009.39 together with interest.	"Primary mortgage bond for Rs. 500 Mn over Sacmi machinery and other related machinery. Partially utilised Rs. 108 Mn for this facility."	87,870	99,125
Commercial Bank of Ceylon PLC	Rs. 220Mn	Fixed	Payable in 7 equal monthly installments of Rs.3,667,000.00 and Rs.420,000.00 / 49 equal monthly installments of Rs.3,878,000.00 each and a final installment of Rs.3,889,000.00 together with interest.	Leeway available in primary mortgage bond for Rs. 500 Mn over Sacmi machinery and other related machinery.	2,350	-

Notes to the Financial Statements

20 INTEREST BEARING LOANS AND OTHER BORROWINGS (Contd.)

Lender	Approved Facility	Rate of Interest	Repayment Terms	Security	Balance As At 31st March 2026	Balance As At 31st March 2025
Commercial Bank of Ceylon PLC	Rs. 175Mn	Fixed	Payable in 59 equal monthly installments of Rs.2,916,600.00 each and a final installment of Rs.2,920,600.00 together with interest.	Primary mortgage bond for Rs. 175 Mn over digital printing machinery.	163,330	-
Commercial Bank of Ceylon PLC	Rs. 260Mn	Fixed	Payable in 59 equal monthly installments of Rs.4,333,330.00 each and a final installment of Rs.4,333,350.00 together with interest.	Leeway available in mortgage bonds of the following properties: Primary mortgage bond for Rs. 50 Mn and secondary mortgage bond for Rs. 200 Mn over the property at Baddegedaramulla, Meegoda; primary mortgage bond for Rs. 62.5 Mn and secondary mortgage bond for Rs. 25 Mn over the property at No. 101, Nawala Road, Nugegoda; primary mortgage bond for Rs. 24.5 Mn over the property at No. 472, High Level Road, Makumbura, Pannipitiya; primary mortgage bond for Rs. 300 Mn, secondary mortgage bond for Rs. 110 Mn and tertiary mortgage bond for Rs. 100 Mn over the property at No. 20, R. A. De Mel Mawatha, Colombo 03; primary mortgage bond for Rs. 150 Mn over the property at No. 106, Galle Road, Dehiwala; primary mortgage bond for Rs. 200 Mn over factory stores at High Level Road, Baddegedaramulla. Leeway available in primary mortgage bond for Rs. 100 Mn over the property at No. 98, 981/1, 982/1 and 98B1, Nawala Road, Nugegoda and secondary mortgage bond executed for Rs. 60 Mn.	242,670	-
Commercial Bank of Ceylon PLC	Rs. 167Mn	Fixed	Payable in 59 equal monthly installments of Rs.2,783,300.00 each and a final installment of Rs.2,785,300.00 together with interest.	Leeway available in primary mortgage bond for Rs. 500 Mn over Sacmi machinery and other related machinery.	158,650	-
Commercial Bank of Ceylon PLC	Rs. 54.02Mn	Fixed	Payable in 59 equal monthly installments of Rs.900,337.00 each and a final installment of Rs.900,384.00 together with interest.	Leeway available in primary mortgage bond for Rs. 500 Mn over Sacmi machinery and other related machinery.	51,320	-
Commercial Bank of Ceylon PLC	Rs. 32.13Mn	Fixed	Payable in 59 equal monthly installments of Rs.535,460.00 each and a final installment of Rs.536,010.00 together with interest.	General terms and conditions relating to the term loan for Rs. 32.13 Mn signed by the company.	30,520	-
Commercial Bank of Ceylon PLC	Rs. 226Mn	Fixed	Payable in 59 equal monthly installments of Rs.3,766,600.00 each and a final installment of Rs.3,770,600.00 together with interest.	Primary mortgage bond for Rs. 128 Mn to be executed over the Rathnapura land.	218,470	-

Lender	Approved Facility	Rate of Interest	Repayment Terms	Security	Balance As At 31st March 2026	Balance As At 31st March 2025
Rocell Bathware Limited						
Commercial Bank of Ceylon PLC	Rs. 106.11Mn	Fixed	Payable in 21 equal monthly installments of Rs.1,650,000.00 / 62 equal monthly installments of Rs.1,134,000.00 each and a final installment of Rs.1,152,600.00 together with interest.	Primary Mortgage bond for Rs. 138Mn over solar panels and related equipment installed on the roof of Rocell Bathware factory at Panagoda. General terms and conditions relating to term loan facility signed by the company.	31,770	45,379
Commercial Bank of Ceylon PLC	Rs. 24.13Mn	AWPLR	Payable in 10 equal monthly installments of Rs.506,000.00 / 52 equal monthly installments of Rs.359,700.00 each and a final installment of Rs.361,000.00 together with interest.		10,070	14,389
Commercial Bank of Ceylon PLC	Rs. 20.69Mn	Fixed	Payable in 1 installment of Rs.3,333,000.00 / 58 equal monthly installments of Rs.294,220.00 each and a final installment of Rs.294,240.00 together with interest.	General terms and conditions relating to the term loan for Rs. 200Mn signed by the Company.	4,710	8,238
Commercial Bank of Ceylon PLC	Rs. 84Mn	AWPLR	Payable in 15 equal monthly installments of Rs. 3,039,118.00 / 43 equal monthly installments of Rs. 873,000.00 each and a final installment of Rs. 876,730.00 together with interest.	General terms and conditions relating to the term loan for Rs. 179.30Mn signed by the company.	16,590	27,067
Commercial Bank of Ceylon PLC	Rs. 525Mn	Fixed	Payable in 60 equal monthly installments of Rs.8,750,000.00 each together with interest.	Primary mortgage bond for Rs.230.80Mn over the machinery and equipment relationg to factory expansion project of Rocell Bathware Limited Panagoda factory. General terms and conditions relating to term loan facility for Rs.525Mn signed by the company.	367,500	472,500
Commercial Bank of Ceylon PLC	Rs. 206Mn	Fixed	Payable in 59 equal monthly installments of Rs.3,433,300.00 each and a final installment of Rs.3,435,300.00 together with interest.	Primary mortgage bond for Rs.154Mn to be executed over the machinery including KILN and Laser marking machine which will be located at Rocell Bathware factory, Panagoda. General terms and conditions relating to term loan facility for Rs. 206Mn signed by the company.	1,700	-
Lanka Walltiles PLC						
Commercial Bank of Ceylon PLC	Rs.800 Mn	Fixed	72 monthly instalments (12 month Grace period)	Polishing and Squaring Plant, Water Treatment and 3T and 5T Ball Mill and Fast Double-Firing Plant located on Lanka Walltiles PLC, Meepe, Padukka are mortgaged for Rs.800Mn.	519,860	679,940
Commercial Bank of Ceylon PLC	Rs.1.3 Bn	Fixed	72 monthly instalments (12 month Grace period)	"KAHATAGAHAHENA" land, and the plants and machinery located thereon are mortgaged for Rs.3,660Mn as collateral.	1,037,700	1,302,900
Commercial Bank of Ceylon PLC	Rs.1.6Bn	Fixed	72 monthly instalments (12 month Grace period)	-	1,280,750	1,635,000
Commercial Bank of Ceylon PLC	Rs.540 Mn	Fixed	72 monthly instalments (12 month Grace period)	-	423,000	531,000
Commercial Bank of Ceylon PLC	Rs. 160 Mn	AWPLR	72 monthly instalments (12 month Grace period)	-	100,600	133,000
Lanka Tiles PLC						
DFCC Bank	Rs. 1.5Bn	AWPLR+0.75%	72 monthly instalments (12 month Grace period)	Rs. 1.6 Bn security on Building, Plant and Machinery at Factory Premises, St James Estate, Jathara, Ranala.	-	166,667

Notes to the Financial Statements

20 INTEREST BEARING LOANS AND OTHER BORROWINGS (Contd.)

Lender	Approved Facility	Rate of Interest	Repayment Terms	Security	Balance As At 31st March 2026	Balance As At 31st March 2025
Uni-Dil Packaging Limited						
Commercial Bank of Ceylon PLC	Rs. 70 Mn	7.75%(fixed)	54 monthly instalments	Solar Panel	7,862	23,585
Peoples Bank	Rs. 100 Mn	AWPLR	36 monthly instalments	Corporate guarantee from UDPS	11,040	44,400
Uni-Dil Packaging Solution Limited						
Commercial Bank of Ceylon PLC	Rs. 17 Mn	7.75%(fixed)	54 monthly instalments	Solar System & related	2,610	6,558
Peoples Bank	Rs. 100 Mn	AWPLR	36 monthly instalments	Clean	11,040	44,400
					-	-
Uni Dil Packaging Kenya Limited						
Hatton National Bank	USD 900,000	3M SOFR+4%	54 monthly instalments	Corporate Guarantee of Uni Dil Packaging Limited & Uni Dil Packaging Solutions Ltd	205,491	356,551
Perfect Packaging Limited						
Commercial Bank	USD 500,000	1M SOFR+1.75%	Monthly (grace period 12 months) Tenure- 60 Months including grace period	Corporate Guarantee for USD 6,400,000 of Uni Dil Packaging Kenya Ltd	146,989	-
Commercial Bank	USD 600,000	1M SOFR+1.75%	Monthly (Tenure 60 Months)	Corporate Guarantee for USD 6,400,000 of Uni Dil Packaging Kenya Ltd	170,507	-
Swisstek (Ceylon) PLC						
Bank of Ceylon	Rs. 382.5 Mn	AWPLR+1%	Monthly: Rs. 6,666,667.00 (fixed)+ interest	Mortgage over land and Buildings situated at Balummahara	289,167	369,167
Swisstek Aluminum Limited						
Commercial Bank of Ceylon PLC	Rs. 39 Mn	7.75%- Fixed	60 months with 6 months grace period	Solar Pannel	39,079	70,399
Commercial Bank of Ceylon PLC	Rs. 150 Mn	11.5%- Fixed	41 equal monthly instalment with 6 months grace period	Clean	150,000	-
DFCC Bank PLC	Rs. 2 Bn	10.35%- Review Monthly	48 Installments	Mortgage Bond for Rs. 2,000 Mn over stock and Debtors with an insurance policy over stocks assigned in favor of the Bank.	1,680,000	1,907,920
DFCC Bank PLC	Rs.25Mn	-	48 Installments	Mortgage Bond for Rs. 2,000 Mn over stock and Debtors with an insurance policy over stocks assigned in favor of the Bank.	10,632	17,011
Seylan Bank PLC	Rs.74 Mn	10%- Fixed	48 Installments	Mortgage Bond for Rs. 2,000 Mn over stock and Debtors with an insurance policy over stocks assigned in favor of the Bank.	34,911	56,523
Seylan Bank PLC	Rs. 1.2Bn	10.92%- Review Monthly	48 Installments	MB No CBG/SM/19/009 & General Security Agreement , Facility Agreement- Rs. 1200 Mn, Loan Agreement- Rs. 1200 Mn,Series of Loan Agreement- Rs. 1200 Mn, Accepted Facility Commitment letter for Rs. 1210 Mn.	489,872	789,872
Nations Trust Bank PLC	Rs.488 Mn	9.17%- Review QTR	34 Installments	Primary MB over stocks and Book Debts of SAL for Rs. 600 MN. Secondary MB for Rs. 204 Mn over the property (land, plant & machinery) depicted as Lot 2 in Plan No. 2013/05, 18/02/2013.	163,342	413,842
Union Bank	Rs. 280 Mn	11%- Fixed	59 Installments	Clean	180,933	-

20.2 Debt Instruments Issued and Other Borrowed Funds

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Borrowings From International Financial Institutions (Note 20.2.1)	-	-	18,870,716	4,238,543
Securitised Borrowings	-	-	26,529,661	766,862
	-	-	45,400,377	5,005,405
Fair Value	-	-	45,370,179	5,217,194

20.2.1 Borrowings From International Financial Institutions

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	-	-	-	766,862
Enabling Capital	-	-	4,661,120	-
BlueOrchard Covid-19 Emerging and Frontier Markets MSME Support Fund	-	-	7,868,786	-
responsAbility Global Micro and SME Finance Fund (responsAbility)	-	-	6,340,810	-
	-	-	18,870,716	766,862

21. TRADE & OTHER PAYABLES

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Trade & Other Payables	8,295	2,416	8,922,366	7,643,791
Accrued Expenses	10,182	3,995	879,950	759,607
Other Payable	8,782	17,427	543,872	269,965
Payable to Related Parties (Note 21.1)	-	-	-	3,053
Bills Payables and Current account with principal	-	-	91,276	13,079
Unclaimed Balances	-	-	893,855	921,754
Unidentified Deposits	-	-	2,949	9,809
Interest Payable on Derivative Instruments	-	-	17,049	
Income Tax Payable	-		8,782	1,465
Sundry Creditors	-	-	3,512,270	3,296,789
Insurance Premium Payable	-	-	1,323,461	374,138
Advances collected from customers	-	-	-	2,834
	27,259	23,837	16,195,830	13,296,284

21.1 Payable to Related Parties

As at 31 March		COMPANY		GROUP	
		2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Singer (Sri Lanka) PLC	Affiliate	-	-	-	2,409
Hayleys Aventura (Pvt) Ltd	Affiliate	-	-	-	644
		-	-	-	3,053

Notes to the Financial Statements

22. OTHER NON FINANCIAL LIABILITIES

Accounting Policy

Group classifies all non financial liabilities other than post employment benefit liability, Deferred tax liabilities and current tax liabilities under other non financial liabilities. Other non financial liabilities include accruals, advances and provisions. These liabilities are non-interest bearing and recorded at the amounts that are expected to be paid.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and 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. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Provisions	-	-	-	242,466
Refundable Deposits	-	-	33,543	33,884
Accrued Expenses	-	-	1,945,168	1,181,817
Other Payables	-	-	243,814	93,115
Other Statutory Payables	-	-	928,104	689,848
Impairment provision in respect of Off Balance sheet credit exposure	-	-	21,685	15,981
	-	-	3,172,313	2,257,111

22.1 Contract Liability

Contract liabilities are the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services, short-term advances received to render certain services as well as transaction price allocated to unexpired service warranties.

As at 1st April	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
As at 1st April	-	-	1,605,281	1,338,017
Advance received	-	-	3,317,699	1,455,820
During the year recognized	-	-	(1,446,332)	(1,188,556)
Transfers	-	-	-	-
Foreign exchange movement	-	-	-	-
As at 31st March	-	-	3,476,648	1,605,281

The contract liability primarily relates to the advance consideration received from customers for Supply of timber and installation of timber flooring, for which revenue is recognized overtime. This will be recognized as revenue when the company issues an invoice to the customer, which is expected to occur over the next year.

23. DIVIDENDS PAYABLE

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Company. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Unclaimed Dividend	20,798	18,726	458,435	454,595
	20,798	18,726	458,435	454,595

24. EMPLOYEE BENEFIT LIABILITIES

Accounting Estimates

Our end of service benefit obligations are measured based on the present value of projected future benefit payments for all participants for services rendered to date. In Sri Lanka such plans are regulated by Payment of gratuity act no 12 of 1983. The measurement of projected future benefits is dependent on the stipulated formula, salary assumptions, demographics of the group covered by the plan, and other key measurement assumptions. The net periodic benefit costs associated with the Company's defined benefit plans are determined using assumptions regarding the benefit obligations. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka Government Bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the Company.

Recognition of Actuarial Gains and Losses

The Company recognises the total actuarial gains and losses that arise in calculating the Company's obligation in respect of the plan in Other Comprehensive Income during the period in which it occurs.

Expected Return on Assets

Expected return on assets is zero as the plan is not pre-funded.

Funding Arrangements

The gratuity liability is not externally funded.

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Balance at the beginning of the year	41,765	34,028	2,505,383	2,081,344
Acquisition of subsidiary	-	-	163,877	-
Current service cost	-	4,323	279,126	257,813
Interest cost	9,648	4,083	260,881	203,238
Actuarial (gain)/loss	5,280	6,007	(18,772)	134,668
Payments made during the year	(4,355)	(6,677)	(265,591)	(171,682)
Balance at the end of the year	52,338	41,765	2,924,904	2,505,382

Notes to the Financial Statements

24. EMPLOYEE BENEFIT LIABILITIES (Contd.)

24.1 Actuarial assumptions

An actuarial valuation of the gratuity of subsidiary companies was carried out as at 31st March 2025 and 31st March 2024 by a firm of professional actuaries. The valuation method used by the actuary to value the Fund is the "Projected Unit Credit Method", recommended by LKAS 19.

As at 31 March	COMPANY		GROUP	
	2026	2025	**2026**	2025
Discount Rate	10%	11%	10% -12%	10%- 24%
Future Salary increase	9%	10%	9% -10%	10%- 20%
Staff Turnover	15%	10%	8% - 21%	2%- 29%
Retirement age	60 Years	60 Years	60 Years	60 Years

24.2 Sensitivity Analysis

In order to illustrate the significance of the salary escalation rates and discount rates assumed in these valuations a sensitivity analysis for all employees of Vallibel One PLC and its subsidiaries is carried out as follows;

	COMPANY	GROUP
	LKR '000	LKR '000
Discount Rate as at 31 March 2026		
Effect on DBO due to decrease in the discount rate by 1%	2,770	245,279
Effect on DBO due to increase in the discount rate by 1%	(2,523)	(237,349)
Salary Escalation Rate as at 31 March 2026		
Effect on DBO due to decrease in salary escalation rate by 1%	(2,771)	(238,675)
Effect on DBO due to increase in salary escalation rate by 1%	2,994	235,108
Discount Rate as at 31 March 2025		
Effect on DBO due to decrease in the discount rate by 1%	2,893	283,593
Effect on DBO due to increase in the discount rate by 1%	(2,581)	(344,590)
Salary Escalation Rate as at 31 March 2025		
Effect on DBO due to decrease in salary escalation rate by 1%	(2,779)	(341,348)
Effect on DBO due to increase in salary escalation rate by 1%	3,066	288,189

24.3 The Expected Benefit Payout in the Future Years for Retirement

As at 31 March	COMPANY		GROUP	
	2026	2025	**2026**	2025
	LKR '000	LKR '000	**LKR '000**	LKR '000
Within the next 12 months	8,093	4,477	367,156	198,319
Between 1 and 5 years	20,653	14,406	1,024,271	1,003,764
Beyond 5 years	23,592	22,881	1,533,477	1,420,165
	52,338	41,765	2,924,904	2,622,248

25. STATED CAPITAL

	2026		2025	
	Number of Voting Shares	**LKR '000**	Number of Voting Shares	LKR '000
Fully paid ordinary shares				
Balance as at the beginning of the year	1,138,915,644	29,337,103	1,138,915,644	29,337,103
Share issue- Minority interest				
Scrip dividends paid during the year	-	-	-	-
Balance as at the end of the year	1,138,915,644	29,337,103	1,138,915,644	29,337,103

25.1 Rights of Shareholders

The holders of ordinary shares have the right to receive dividends as declared from time to time and are entitled to one vote per share at meetings. All shares rank equally with regard to the Company's residual assets.

26. OTHER COMPONENTS OF EQUITY

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Treasury shares	-	-	(44,112)	(44,112)
Statutory reserve fund	-	-	8,480,987	8,027,418
Fair value reserve	13,989,804	10,000,529	13,941,245	9,924,628
Foreign currency translation reserve	-	-	100,926	49,954
Revaluation reserve	-	-	12,148,891	11,092,376
General Reserve	-	-	578,449	578,449
Hedge reserve			22,752	
	13,989,804	10,000,529	35,229,138	29,628,713

Statutory reserve is a capital reserve which contains profits transferred as required by Section 3(b)(ii) of Central Bank Direction No 1 of 2003.

Fair value reserve of financial assets at FVOCI comprises the cumulative net change in fair value of financial investments available for sale until such investments are derecognised or impaired.

Foreign currency translation reserve comprises the net exchange movement arising on the currency translation of foreign operations and equity accounted investees into Sri Lankan rupees.

Revaluation reserve consists of the net surplus on the revaluation of property, plant and equipment and present value of acquired in-force business (PVIB).

General reserves are the retained earnings of a company which are kept aside out of company's profits to meet future (known or unknown) obligations.

Notes to the Financial Statements

27. NON CONTROLLING INTERESTS

Non-Controlling Interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

As at 31 March	GROUP	
	2026 LKR '000	2025 LKR '000
Balance as at 01 April	49,325,055	47,195,502
NCI on Acquisition of Associated Motor Finance Company PLC	1,173,481	-
Profit for the year	7,707,189	4,261,693
Other Comprehensive Income Net of Tax	497,482	505,869
Disposal of Shares	-	-
Dividend write back of unclaimed dividend	(1,617,030)	-
Acquisition of non-controlling interest	-	-
Derecogniton of non-controlling interests	244,428	
Subsidiary Dividends to Minority Shareholders	(267,924)	(2,240,107)
Adjustments due to Amalgamation with Subsidiary- LB Finance	-	(98,670)
Change in Non controlling Interest with disposal of a sub-subsidiary	-	-
Change in ownership without change in control	-	(299,232)
Balance as at 31 March	57,062,681	49,325,055

PRINCIPLE SUBSIDIARIES WITH NON CONTROLLING INTERESTS

Summarised financial information in respect of Vallibel One PLC's subsidiaries that have non-controlling interest, reflecting amounts before inter-company eliminations, is set out below.

	2026			2025		
	LB Finance PLC	**Royal Ceramics Lanka PLC**	**Delmege Limited**	LB Finance PLC	Royal Ceramics Lanka PLC	Delmege Limited
Non controlling Interests in %	33.66%	44.02%	31.25%	33.66%	44.02%	31.25%
Accumulated Balance of Non Controlling Interest	1,250,043	17,804,242	606,309	-	16,387,238	510,441

Summarised statement of profit or loss for the year ended 31 March	2026			2025		
	LB Finance	Rocell	Delmege	LB Finance	Rocell	Delmege
Revenue	62,390,066	68,096,429	18,862,694	46,844,811	60,651,016	15,371,176
Cost of sales	(23,028,809)	(45,172,141)	(13,471,428)	(16,783,707)	(41,248,506)	(11,089,732)
Administrative expenses	(11,475,604)	(4,865,663)	(1,745,173)	(9,233,509)	(4,293,326)	(1,592,250)
Finance cost	-	(2,642,651)	(263,243)	-	(2,309,347)	(121,037)
Finance Income	-	195,480	73,547	-	193,286	15,414
Profit before tax	20,455,950	10,302,304	2,133,502	16,412,677	7,908,137	1,485,681
Income Tax	(6,413,139)	(1,848,680)	(673,237)	(5,550,824)	(1,855,089)	(461,786)
Profit for the year from continuing operations	14,042,811	8,453,624	1,460,265	10,861,853	6,053,048	1,023,895
Profit/ (Loss) from Discountinuing operations	-	(179,794)	-	-	(2,488)	-
Profit:						
Attributable to owners	9,316,614	4,631,320	1,003,955	7,206,228	3,386,833	703,943
Attributable to non controlling interests	4,726,197	3,642,510	456,310	3,655,625	2,663,728	319,952
Othar Comprehensive income	143,412	1,546,338	438,811	6,914	1,038,005	(6,005)
Total Comprehensive income	14,186,223	9,820,168	1,899,077	10,868,767	7,088,566	1,017,890
Attributable to owners	9,411,760	5,496,891	1,305,644	7,210,815	3,967,862	699,815
Attributable to non controlling interests	4,774,463	4,323,277	593,433	3,657,952	3,120,704	318,075
Summarised statement of financial position as at 31 March						
Current Assets	259,428,746	51,321,376	11,266,107	160,613,691	46,127,226	9,488,785
Non Current Assets	156,553,785	70,045,847	6,852,569	81,370,722	67,238,379	6,152,144
Current Liabilities	199,874,841	32,967,484	7,012,748	136,906,906	31,135,923	6,432,400
Non current Liabilities	152,759,214	15,360,329	923,347	53,487,362	17,190,323	739,176
Summarised statements of cash flows for the year ended 31 March						
Operating cash flows	(83,436,789)	9,849,064	(103,033)	(10,068,007)	330,677	253,684
Investing cash flows	(8,528,663)	(2,952,693)	(386,746)	(554,592)	(3,449,591)	(323,029)
Financing cash flows	101,763,443	(4,405,426)	735,196	11,918,956	2,933,468	444,417
Net increase/(decrease) in cash & cash equivalents	9,797,991	2,490,945	245,418	1,296,357	(185,446)	375,073

Notes to the Financial Statements

28. REVENUE

Accounting Policy

The Group is primarily involved in manufacturing and marketing of tiles and associated items, sanitaryware, packing material, aluminium products and consumer products in Sri Lanka and overseas. Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group/Company is the principal in its revenue arrangements, as it typically controls the goods before transferring them to the customer.

Goods transferred at a point in time

Under SLFRS 15, revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally, on delivery of the goods.

Services transferred over time

Under SLFRS 15, the Group determines, at contract inception, whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

Interest Income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

The Group use the Effective Interest Rate (EIR) method for recognising the interest income and interest expenses of Financial Assets and Financial Liabilities that are measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income under SLFRS 9. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The calculation of EIR takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as an impairment charge or reversal to the Income Statement.

Interest income on impaired financial instruments continues to be recognised at original EIR to the unadjusted carrying amount until the financial asset has been classified as fully impaired. Until such the accrued interest added to the unadjusted carrying amount has been impaired to the estimated Loss Given Default (LGD).

28.1 Disaggregation of revenue

The Group presented disaggregated revenue with Group's reportable segments based on timing of revenue recognition and operating segment information section.

(a) Sale of goods- tiles and associated items,sanitaryware,packing materials,aluminium products and consumer products.

Revenue from sales of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods which include one performance obligation. Control transition point to recognise the revenue on export sales is determined based on the international commercial terms applicable for the respective transactions. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, which is not materially affect on the recognition of revenue.

(b) Rendering of services

Revenue from services is recognised as the services are provided. Revenue from service contracts that cover periods of greater than 12 months is recognised in the profit and loss in proportion to the services delivered at the reporting date.

(c) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

(d) Net trading income

Net trading income includes all gains and losses from changes in fair value and related dividends for financial assets and financial liabilities "held for trading" other than interest income.

Set out below is the disaggregation of the Group's/ Company's revenue from contracts with customers:

28.1.1 Sector-wise Segmentation

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Financial Services Sector	-	-	54,357,259	42,201,896
Sale of goods	-	-	72,300,364	74,437,731
Rendering of services	-	-	22,688,308	5,455,72
Total Revenue	-	-	149,345,931	122,095,349

Geographical Segmentation

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Export Sales	-	-	7,424,261	7,590,961
Local Sales	-	-	79,531,604	67,659,577
Total Revenue Contracts with Customers	-	-	86,955,865	75,250,538
Income from financial services	-	-	62,390,066	46,844,811
Total Revenue	-	-	149,345,931	122,095,349

28.1.2 Timing of Revenue Recognition

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Goods/ services transferred at a point in time	-	-	86,526,953	74,731,650
Services transferred over time	-	-	8,461,719	5,161,803
Total Revenue Contracts with Customers	-	-	94,988,672	79,893,453
Interest income	-	-	54,357,259	42,201,896
Total Revenue	-	-	149,345,931	122,095,349

Notes to the Financial Statements

28. REVENUE (Contd.)

28.2 Contract Balances

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Trade Receivables (Note 8)	-	-	11,772,295	9,742,015
Contract Assets (Note 8.2)	-	-	-	-
Contract Liabilities (Note 22.1)	-	-	3,476,648	1,605,281

29. DIVIDEND INCOME

Accounting Policy

Revenue is recognised when the Group's/Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Income from Investment in Related Parties	4,138,248	3,914,313	1,536,893	1,396,516
Income from Other Investments	-	-	4,346	2,761
	4,138,248	3,914,313	1,541,239	1,399,277
Dividend income from Associate	-	-	-	-
Other	4,138,248	3,914,313	1,541,239	1,399,277
	4,138,248	3,914,313	1,541,239	1,399,277

30. OTHER OPERATING INCOME

Accounting Policy

Income earned on other sources, which are not directly related to the normal operations of the Group is recognised as other operating income on an accrual basis.

Profit / (Loss) on Disposal of Property, Plant & Equipment

The profit/(loss) on disposal of property, plant and equipment is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, net of incremental disposal costs. This is recognised as an item of "other operating income" in the year in which significant risks and rewards of ownership are transferred to the buyer.

Fee and Commission Income

The Group earns fee and commission income from a diverse range of services it provides to its customers. These fees include credit-related fees and commission income. All fees and commissions are recognised to the Income Statement on an accrual basis.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term and is included in revenue due to its operating nature.

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Profit / (Loss) on Disposal of Property, Plant & Equipment	-	-	238,337	30,038
Fee and Commission Income	-	-	47,398	60,903
Hiring Income	-	-	810	2,990
Recoveries of Variable Overhead			1,586	3,895
Rent income	-	-	89,729	99,895
Reimbursement income	4,722	-	527	-
Change in fair value of investment property	-	-	33,213	21,022
Sundry Income	-	-	597,615	642,830
Gains/(Losses) from Investment in Unit Trusts	-	-	88,595	97,710
Net Gain on Financial Assets at FVTPL	-	1,173	(23,390)	3,849
Exchange Gain	-	-	264,752	144,920
Gain on Lease remeasurement	-	6,196	-	6,196
Gain on Bargain Purchase	-	-	-	15,149
Technical Fee income	483,430	415,591	-	-
	488,152	422,960	1,339,172	1,129,395

31. PROFIT FROM OPERATION STATED AFTER THE FOLLOWING EXPENSES

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Directors' Fees	33,085	19,976	78,248	60,022
Auditors' Remuneration (Fees and Expenses)	880	375	53,138	35,142
Audit-Related Expenses	-	-	2,176	3,522
Non-Audit Fees to Auditors	1,500	2,604	2,300	2,729
Depreciation	63,181	59,065	3,836,780	3,860,192
Amortization	-	-	121,774	109,843
Professional and Legal Expenses	2,499	12,942	252,361	158,313
Deposit Insurance Premium	-	-	233,402	190,332
General Insurance Expenses	3,201	2,593	345,474	289,556
Donation	-	-	1,946	798
Employee Benefits including the following				
Other Staff Costs	201,185	189,856	13,479,856	11,966,743
Defined Benefit Plan Costs- Gratuity	9,648	8,407	540,007	461,052
Defined Contribution Plan Costs- EPF & ETF	23,411	20,076	1,048,385	975,060

32. FINANCE COST

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Interest on Loans	-	-	2,515,342	1,909,495
Interest on Bank Overdrafts and Other charges	543	458	179,548	265,900
Interest on Leases	12,381	6,121	224,154	221,650
	12,924	6,579	2,919,044	2,397,045

Notes to the Financial Statements

33. FINANCE INCOME

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Exchange gain	-	-	24,947	-
Interest Income	156,492	199,377	338,536	396,865
Appreciation in Market Value of Quoted Shares	-	-	-	-
Realised Gain on Disposal of AFS Investment	-	-	32,208	8,461
Income on termination of Lease	-	-	-	-
	156,492	199,377	395,691	405,326

34. TAX ON FINANCIAL SERVICES

Accounting Policy

Tax on Financial Services include Value Added Tax on Financial Services and Social Security Contribution Levy on Financial Services.

Value Added Tax (VAT) on financial services

VAT on Financial Services is calculated in accordance with the Value Added Tax Act No 14 of 2002 and subsequent amendments thereto. The base for the computation of VAT on Financial Services is the accounting profit before VAT on Financial Services and income tax adjusted for the economic depreciation and emoluments payable to employees including cash benefits, non-cash benefits and provisions relating to terminal benefits. VAT on Financial Services was charged at 18% with effect from 1 January 2022.

Social Security Contribution Levy (SSCL) on Financial Services

As per the Social Security Contribution Levy (SSCL) Act No.25 of 2022, effective from October 1, 2022, the LB Finance PLC is liable to pay SSCL on Financial Services at the rate of 2.5% on the value addition attributable to the supply of financial services. Further the non-financial services are also made liable on the turnover at the rate of 2.5%.

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Value Added Tax on Financial Services	-	-	4,551,395	3,673,990
Social Security Contribution Levy (SSCL)	-	-	633,069	509,251
	-	-	5,184,464	4,183,241

35. INCOME TAX EXPENSE

Accounting Policy

As per Sri Lanka Accounting Standard- LKAS 12 (Income Taxes), tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognised in the Income Statement except to the extent it relates to items recognised directly in 'Equity' or 'Other Comprehensive Income (OCI)', in which case it is recognised in Equity or in OCI.

Current Taxation

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year and any adjustment to tax payable in respect of prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date. Accordingly, provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No 24 of 2017 and the amendments thereto at the rates specified in Note 35.2 to these Financial Statements.

Provision for taxation on the overseas operations is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the provisions of the relevant statutes in those countries, using the tax rates enacted or substantively enacted as at the reporting date.

Accounting Estimates

The Group is subject to income taxes and other taxes. Significant judgment was required to determine the total provision for current, deferred and other taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements. The Company recognized assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred and other tax amounts in the period in which the determination is made.

Deferred Taxation

Detailed disclosure of accounting policies and estimate of deferred tax is available in Note 12 to these Financial Statements.

Notes to the Financial Statements

35. INCOME TAX EXPENSE (Contd.)

35.1 The major components of income tax expense for the years ended 31 March are as follows :

35.1.1 In Statement of Profit or Loss

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Current Income Tax				
Income Tax for the year	55,263	73,154	10,505,513	8,334,410
WHT on Dividend	-	-	504,266	383,019
Under/(over) provision of current taxes in respect of prior years	6,657	-	168,461	(120,326)
Unrecoverable ESC	-	-	30,909	-
Deferred Income Tax				
Deferred tax charge / (reversal) (Refer Note 35.3)	1,096	509	(1,677,710)	(273,815)
	63,016	73,663	9,531,439	8,323,288

35.1.2 Statements of Other Comprehensive Income

Deferred tax related to items recognised in OCI during in the year:				
Revaluation of property, plant and equipments	-	-	425,236	499,414
Disposal of land	-	-	-	(4,223)
Net gain on hedge of net investment	-	-	-	-
Remeasurement (gain)/loss on actuarial gains and losses	(1,584)	(1,802)	12,797	(39,549)
	(1,584)	(1,802)	438,033	455,642

35.1.3 Total Tax Expense for the Financial Year

	61,432	71,861	9,969,472	8,778,930

35.1.4 Impact on Deferred Tax Charge/ (Reversal) due to Change in Tax Rates

Charge/ (Reversal) Recognised in Profit or Loss:				
- Arising on During the Year Movement	1,096	509	(1,677,710)	(273,815)
- Due to Change in Tax Rates	-	-	-	-
	1,096	509	(1,677,710)	(273,815)
Charge/ (Reversal) Recognised in Other Comprehensive Income:				
- Arising on During the Year Movement	(1,584)	(1,802)	438,033	455,642
- Due to Change in Tax Rates	-	-	-	-
	(1,584)	(1,802)	438,033	455,642

35.2 Reconciliation between tax charge and the product of accounting profit

A reconciliation between the tax expense and the accounting profit multiplied by relevant tax rate for the years ended 31 March is as follows.

As at 31 March	COMPANY		GROUP	
	2026	2025	**2026**	2025
	LKR '000	LKR '000	**LKR '000**	LKR '000
Accounting profit before tax	4,270,458	4,105,774	30,581,361	24,348,298
Less: Share of results of associates	-	-	(34,046)	(53,228)
	4,270,458	4,105,774	30,547,315	24,295,070
Less: Exempt Profit	(4,138,248)	(3,915,486)	(4,237,898)	(4,004,073)
Add: Non deductible expenses	128,922	115,547	8,025,031	9,552,793
Less: Deductible expenses	(76,923)	(61,990)	(3,688,297)	(4,990,449)
Less: Tax losses utilised	-	-	(531,459)	(1,413,985)
Add: Income considered as a separate source of income	-	-	402,450	532,979
Adjustments of Taxes in Respect of Prior Years			168,655	0
Less: Qualifying payment relief	-	-	(424,331)	(10,087)
Taxable Income	184,209	243,845	30,261,466	23,962,248
Tax on taxable income @ 30%	55,263	73,154	10,672,831	8,319,697
Tax on taxable income @ 24%	-	-	-	-
Tax on taxable income @ 22%	-	-	32,246	14,713
Dividend Tax @ 15%	-	-	504,265	383,019
Adjustments inrespect of prior years	6,657	-	(193)	(120,326)
	61,920	73,154	11,209,148	8,597,104
Deferred Tax Charge/(Reversal)	1,096	509	(1,677,710)	(273,815)
Income Tax Expense charged to Profit or Loss	63,016	73,663	9,531,439	8,323,288
Effective Tax Rate	1.48%	1.79%	31.17%	34.18%
Effective Tax Rate (Excluding Deferred Tax)	1.45%	1.78%	36.65%	35.31%
Accounting Profit Before Tax on Financial Services	4,270,458	4,105,774	35,765,825	28,531,539
Effective Tax Rate (Excluding Tax on Financial Services)	1.48%	1.79%	26.65%	29.17%

Lanka Ceramics PLC

As per the transitional provisions of the Inland Revenue Act No. 24 of 2017, brought forward tax losses can be claimed against the taxable income for a period of six years with effective from 1 April 2018. The Group has a cumulative tax loss of Rs. 6,056,374,070/- (2024- Rs. 4,290,197,288/-) as at 31st March 2026 and deferred tax asset of Rs: 1,639,568,089/- (2025- Rs: 987,028,514) has been recognised as at 31st March 2026 based on its recoverability assessed by Management on the estimated future taxable profits within the six year of assessments based on the year of loss incurred.

Notes to the Financial Statements

35. INCOME TAX EXPENSE (Contd.)

35.3 Deferred tax

Deferred tax recognised in statements of profit and loss relates to the following:

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Property, Plant & Equipments	3,804	(458)	543,592	(514,505)
Investment Property	-	-	5,093	3,743
Right of use assets	(1,121)	1,486	(85,141)	(11,193)
Defined Benefit Obligation	(1,587)	(520)	(71,245)	(99,055)
Unrealised Exchange Gain/(Loss)	-	-	27,899	13,776
Reversal of tax losses claimed	-	-	11,059	127,000
Carried Forward Qualifying Payment	-		(854,030)	-
Provisions	-	-	(607,548)	(156,261)
Deferred Taxation on Un distributed Associate Profit	-	-	5,150	7,761
Unutilized tax losses	-	-	(652,539)	354,920
	1,096	509	(1,677,710)	(273,815)

36. DISCONTINUED OPERATIONS

Valley View Ceramics LLC

In March 2025, the Board of Directors of Lanka Walltiles PLC decided to wind up the operations of Valley View Ceramics LLC, a 58.10% owned subsidiary which operates in the United States of America. Accordingly, as at 31 March 2026, Valley View Ceramics LLC has been classified as a discontinued operation, and its results are no longer included in the segment reporting note.

Lanka Swisstek (Pvt) Ltd

in November 2025, the Board of Directors of Lanka Tiles PLC decided to dispose of Lanka Swisstek (Pvt) Ltd, a 51% owned subsidiary. The disposal is expected to be completed within one year from the reporting date. Accordingly, as at 31 March 2026, Lanka Swisstek (Pvt) Ltd has been classified as a disposal group held for sale and as a discontinued operation. Lanka Swisstek (Pvt) Ltd represented the entirety of the Group's India operations up to 31 March 2026. Following its classification as a discontinued operation, its results are no longer included in the segment reporting note.

The results of Valley View Ceramics LLC and Lanka Swisstek (Pvt) Ltd for the year are presented below.

36.1 Loss on discontinued Operations

As at 31 March	Valley View Ceramics Ltd		Lanka Swisstek Pvt Ltd		Total	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Revenue	128,269	626,776	207,624	37,609	335,893	664,385
Cost of Sales	(75,966)	(387,565)	(123,954)	(41,245)	(199,920)	(428,810)
Gross Profit	52,303	239,211	83,670	(3,636)	135,973	235,575
Finance Income	14,088	4,564	-	-	14,088	4,564
Other Income and Gains	596	39,624	1,908	1,511	2,504	41,135
Selling and Distribution Costs	(112,159)	(200,623)	(10,521)	(8,468)	(122,680)	(209,091)
Administrative Expenses	(59,022)	(305,129)	(119,791)	(77,287)	(178,813)	(382,415)
Finance Cost	(12,348)	(33,376)	(14,347)	(6,637)	(26,695)	(40,013)
Gain on disposal of subsidiary	(2,332)	-	-	-	(2,332)	-
Gain Loss before tax	(118,874)	(255,729)	(59,081)	(94,517)	(177,955)	(350,246)
Tax Expense	-	-	-	-	-	-
Total Gain/(Loss) for the year from discontinued operations	(118,874)	(255,729)	(59,081)	(94,517)	(177,955)	(350,246)

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Gain/Loss from discontinued operations for the year ended	-	-	(177,955)	(350,246)
	-	-	(177,955)	(350,246)

36.2 The major classes of assets and liabilities is classified as held for sale as at the end of the year:

As at 31 March	Lanka Swisstek Pvt Ltd **2026 LKR '000**
Assets	
Property, Plant and Equipment	83,091
Inventories	125,940
Trade and Other Receivables	61,038
Other Non Financial Assets	-
Other Financial assets	-
Cash and Cash Equivalents	7,537
Assets Held for Sale	277,606
Current Liabilities	
Trade and Other Payables	(148,754)
Interest Bearing Loans & Borrowings	(167,008)
Liabilities Directly Associated with the Assets Held for Sale	(315,762)
Net Assets Directly Associated with Disposal Group	(38,156)

Notes to the Financial Statements

36. DISCONTINUED OPERATIONS (Contd.)

As at 31 March	Lanka Swisstek Pvt Ltd 2026 LKR '000
Reserve of disposal group classified as held for sale	(5,609)
Loss on Disposal of Subsidiary- Valley View Ceramics LLC	
Assets as at the disposed date	
Intangible Assets	17,814,000
Inventories	424,441,000
Trade and Other Receivables	187,242,000
Cash and Cash Equivalents	3,793,000
Total Assets	633,290,000
Liabilities as at the disposed date	
Trade and Other Payables	269,992,000
Current Portion of Interest Bearing Liabilities	660,445,000
Total Liabilities	930,437,000
Net Assets Attributable to Parent	
The carrying value of net assets disposed	(297,147,000)
Goodwill on Acquisition of VVC	55,051,000
De-recognition of non-controlling interests	244,428,000
Loss on disposal of subsidiary	2,332,000

36.3 The net cash flows incurred by Ever Paint and Chemical Industries (Pvt) Ltd ("EPCI") and Rocell Pty Ltd ("RPTY") are as follows:

As at 31 March	Valley View Ceramics Ltd		Lanka Swisstek Pvt Ltd		Total	
	2026	2025	**2026**	2025	**2026**	2025
	LKR '000	LKR '000	**LKR '000**	LKR '000	**LKR '000**	LKR '000
Operating	19,010	(28,531)	140,433	(85,304)	159,443	(113,835)
Investing	-	(3,145)	(17,044)	(55,199)	(17,044)	(58,344)
Financing	(19,359)	30,900	(156,972)	71,613	(176,331)	102,514
Net cash (outflow)/inflow	(349)	(776)	(33,583)	(68,890)	(33,932)	(69,665)

36.4 Earnings per Share

As at 31 March	Valley View Ceramics Ltd	
	2026	2025
	LKR '000	LKR '000
Basic earnings/ (losses) for the year from discontinued operations	(0.67)	(1.28)

36.5 Asset Held For Sale

As at 31 March	COMPANY		GROUP	
	2026	2025	**2026**	2025
	LKR '000	LKR '000	**LKR '000**	LKR '000
Ever Paint and Chemical Industries (Private) Limited	-	-	-	36,370
Lanka Swisstek Pvt Ltd	-	-	277,606	-
	-	-	277,606	36,370

36.6 Liabilities directly associated with the assets classified as held for sale

As at 31 March	COMPANY		GROUP	
	2026	2025	**2026**	2025
	LKR '000	LKR '000	**LKR '000**	LKR '000
Ever Paint and Chemical Industries (Private) Limited	-	-	-	262
Lanka Swisstek Pvt Ltd	-	-	315,762	-
	-	-	315,762	262

Notes to the Financial Statements

37. EARNINGS PER SHARE

Accounting Policy

The Group presents Basic and Diluted Earnings per Share (EPS) data for its ordinary shares. Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the year, as per the Sri Lanka Accounting Standard- LKAS 33 (Earnings Per Share).

Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares, which comprise share options granted to employees. The Group does not have any potentially dilutive shares.

Profit and Shares Details Used in the Basic Earning per Share Computation

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Amounts Used as the Numerators:				
Net Profit Attributable to Ordinary Shareholders of the Company/ Parent	4,207,442	4,032,111	13,164,778	11,760,829

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Number of Ordinary Shares Used as Denominators for Basic Earnings per Share				
Weighted Average number of Ordinary Shares in issue	1,138,915,644	1,138,915,644	1,137,949,831	1,137,949,831

Profit and Shares Details Used in the Diluted Earning per Share Computation

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Amounts Used as the Numerators:				
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	4,207,442	4,032,111	13,164,778	11,760,829

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Number of Ordinary Shares Used as Denominators for Diluted Earnings per Share				
Weighted average number of ordinary shares adjusted for the effect of dilution	1,138,915,644	1,138,915,644	1,137,949,831	1,137,949,831

To calculate the earnings per share amounts for discontinued operation the weighted average number of ordinary shares for both the basic and diluted amounts is as per the table above. The following table provides the profit/(loss) amount used:

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Net profit attributable to ordinary equity holders of the parent from continuing operations	4,207,442	4,032,111	13,342,733	12,111,075
Profit/(loss) attributable to ordinary equity holders of the parent from discontinued operations	-	-	(177,955)	(350,246)
Net profit attributable to ordinary equity holders of the parent for basic earnings	4,207,442	4,032,111	13,164,778	11,760,829
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	4,207,442	4,032,111	13,164,778	11,760,829

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Basic Earnings Per Share	3.69	3.54	11.57	10.34
Basic Earnings Per Share for Continuing Operations	3.69	3.54	11.73	10.64
Diluted Earnings Per Share	3.69	3.54	11.57	10.34

37.1 Dividend Per Share

As at 31 March	COMPANY	
	2026 LKR '000	2025 LKR '000
Cash Dividend	3,416,747	3,416,747
	3,416,747	3,416,747
Weighted average number of ordinary shares	1,138,915,644	1,138,915,644
Dividend Per Share	3.00	3.00

Notes to the Financial Statements

38. FAIR VALUE MEASUREMENT

Accounting Policy

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:

01. In the principal market for the asset or liability; or
02. 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 various valuation methodologies that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The use of observable and unobservable inputs and their significance in measuring fair value are reflected in our fair value hierarchy assessment.

Level 1: Inputs include quoted prices for identical instruments,

Level 2: Inputs include quoted prices for similar instruments and observable inputs such as interest rates, currency exchange rates, and yield curves.

Level 3: Inputs include data not observable in the market and reflect management judgment about the assumptions market participants would use in pricing the instruments.

Valuation framework

The Company/ Group has an established control framework for the measurement of fair values. Management review the inputs to the fair value measurements to ensure they are appropriately categorized within the fair value hierarchy. Transfers into and transfers out of the hierarchy levels are recognized as if they had taken place at the end of the reporting period.

38.1 Assets Measured at Fair Value:

As at 31 March	Notes	2026				2025			
		Fair Value Measurement Using			Total Fair Value LKR '000	Fair Value Measurement Using			Total Fair Value LKR '000
		Quoted prices in active market Level 1 LKR '000	Significant observable inputs Level 2 LKR '000	Significant unobservable inputs Level 3 LKR '000		Quoted prices in active market Level 1 LKR '000	Significant observable inputs Level 2 LKR '000	Significant unobservable inputs Level 3 LKR '000	
Financial Assets									
Financial Assets Recognised Through Profit or Loss	4.3	100,416	-	-	100,416	91,269	-	-	91,269
Equity Instruments measured at Fair Value through OCI	4.3	25,494,160	1,753	82,970	25,578,883	21,496,804	1,312	38,093	21,536,209
Non Financial Assets									
Investment Property	17	-	-	2,195,938	2,195,938	-	-	2,162,726	2,162,726
Property, Plant and Equipment									
Land and Building	15	-	-	46,653,655	46,653,655	-	-	43,075,029	43,075,029
Assets held for sale	36.5	-	-	277,606	277,606	-	-	36,370	36,370
		25,594,576	1,753	49,210,169	74,806,498	21,588,073	1,312	45,312,218	66,901,603

Valuation Methodologies and Assumptions

Details of valuation methodologies and assumptions are disclosed in the relevant notes to the financial statements.

38.2 Assets not carring at fair value in the financial statements and valued using significant unobservable inputs:

	Notes	2026		2025	
		Fair Value LKR '000	**Carrying Value LKR '000**	Fair Value LKR '000	Carrying Value LKR '000
Financial Assets At Amortised Cost- Loans and Advances	5	329,628,542	332,998,816	201,278,635	199,271,047
		329,628,542	332,998,816	201,278,635	199,271,047

Unobservable Inputs Used in Measuring Fair Value under Level 3 Category

The following table sets out information about significant unobservable inputs used as at 31 March 2025 and 2024 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type of Financial Instrument	Valuation Technique	Significant Unobservable Input	Range of Estimates for Unobservable Input	Fair Value Measurement Sensitivity to Unobservable Inputs
Financial Assets At Amortised Cost- Loans and Advances	Discounted cash flow	Spread	5.2-17.4% (2025 : 4.6-10.4%)	A significant increase in the spread would result in a lower fair value.
		Probability of default	5.2-12.9% (2025 : 8.8-20.3%)	Significant increases in probability of default isolation would result in lower fair values.
		Loss severity	5-100% (2025 : 5-100%)	A significant reduction would result in higher fair values.
		Expected prepayment rate	0.03-15.9% (2025 : 0.03-15.8%)	Correlates with the current interest rates.

38.3 Other Financial Assets and Financial Liabilities not carried at fair value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values.

Majority of the Interest-bearing loans and borrowings balances comprise floating rate instruments therefore fair value of the value due to banks approximate to the carrying value as at the reporting date.

Accordingly, the following is a list of financial instruments whose carrying amount is a reasonable approximation of fair value.

Financial Assets

- Cash and Cash Equivalent
- Other Financial Assets
- Trade and Other Debtors

Financial Liabilities

- Due to Banks
- Due to Customers
- Interest Bearing Loans and Borrowings
- Trade and Other Payables

39. SEGMENT INFORMATION

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chairman to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Notes to the Financial Statements

39. SEGMENT INFORMATION (Contd.)

39.1 Operating Segment Information

As at 31 March	Lifestyle Sector		Finance Sector		Aluminium Sector		Health Care Sector		Packaging	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
	LKR '000	LKR '000	**LKR '000**	LKR '000	**LKR '000**	LKR '000	**LKR '000**	LKR '000	**LKR '000**	LKR '000
Income Statement										
Revenue	50,432,783	43,725,110	62,390,066	46,844,811	12,135,518	11,937,209	4,827,862	4,102,116	9,651,562	7,977,277
Intra Group Revenue	-	-	-	-	59,291	7,833	-	-	517,102	720,046
Total Revenue	50,432,783	43,725,110	62,390,066	46,844,811	12,194,809	11,945,042	4,827,862	4,102,116	10,168,664	8,697,323
Results										
Gross Profit	19,119,306	15,577,748	39,361,257	30,061,104	2,769,044	2,401,889	1,445,985	1,202,608	2,033,293	1,919,637
Dividend Income	1,036	956	4,295	4,126	-	-	-	-	-	-
Other Operating Income	582,645	456,631	502,031	307,323	115,394	101,033	17,613	65,393	290,902	279,445
Administrative Expenses	(3,588,795)	(3,138,827)	(11,475,604)	(9,233,517)	(735,236)	(471,354)	(296,363)	(249,637)	(832,630)	(608,931)
Distribution Expenses	(9,449,983)	(8,035,522)	(715,539)	(543,117)	(865,309)	(798,204)	(110,793)	(126,068)	(391,075)	(373,427)
Other Operating Expenses	(10,329)	(5,711)	(2,036,026)	-	-	-	-	-	-	-
Results from Operating Activities	6,653,880	4,855,276	25,640,414	20,595,919	1,283,893	1,233,363	1,056,442	892,296	1,100,490	1,216,724
Finance Cost	(1,964,884)	(1,608,734)	-	-	(474,293)	(564,723)	(50,703)	(27,894)	(328,883)	(191,501)
Finance Income	225,717	293,026	-	-	381	413	64,049	90,134	49,957	-
Net Finance Cost	(1,739,167)	(1,315,709)	-	-	(473,912)	(564,310)	13,346	62,240	(278,926)	(191,501)
Share of Results of Equity accounted investees	-	-	-	-	-	-	-	-	-	-
Profit Before Tax on Financial Services	4,914,713	3,539,567	25,640,414	20,595,919	809,981	669,054	1,069,788	954,536	821,564	1,025,223
Tax on Financial Services	-	-	(5,184,464)	(4,183,241)	-	-	-	-	-	-
Profit/(Loss) before tax	4,914,713	3,539,567	20,455,950	16,412,678	809,981	669,054	1,069,788	954,536	821,564	1,025,223
Tax Expense	(1,391,952)	(1,306,054)	(6,413,139)	(5,550,824)	(173,725)	(156,546)	(308,569)	(276,460)	(249,216)	(280,661)
Profit/(Loss) after tax for the period from discontinued operations	(120,713)	(255,729)			(59,081)	(94,517)				
Profit / (Loss) for the period	3,402,048	1,977,784	14,042,811	10,861,854	577,175	417,991	761,219	678,076	572,348	744,562
Assets and Liabilities										
Segment Assets	82,976,088	80,252,950	415,982,531	242,196,482	10,074,908	9,373,356	3,889,573	3,547,136	9,538,763	8,273,800
Total Assets	82,976,088	80,252,950	415,982,531	242,196,482	10,074,908	9,373,356	3,889,573	3,547,136	9,538,763	8,273,800
Segment Liabilities	39,994,624	39,981,556	352,634,052	190,606,425	7,733,044	7,651,199	1,701,249	1,922,599	5,884,636	5,209,910
Total Liabilities	39,994,624	39,981,556	352,634,052	190,606,425	7,733,044	7,651,199	1,701,249	1,922,599	5,884,636	5,209,910
Other Segment information										
Total Cost incurred during the period to Acquire,										
Property ,Plant and Equipment	2,574,458	3,741,198	1,395,607	1,163,208	265,011	168,531	60,554	241,815	1,030,715	398,889
Depreciation and Amortisation PPE, ROUA and Intangible assets	2,613,282	2,605,978	805,539	1,001,528	148,922	113,837	60,746	40,004	157,900	118,768
Provisions for Employment Benefit Liability	297,206	236,219	154,304	153,692	21,636	16,647	4,001	3,614	30,865	27,569

	Leisure Sector		Consumer Sector		Investment Sector		Other Sector		Total Segments		Eliminations / Adjustments		Group	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
	LKR '000	LKR '000	**LKR '000**	LKR '000	**LKR '000**	LKR '000	**LKR '000**	LKR '000	**LKR '000**	LKR '000	**LKR '000**	LKR '000	**LKR '000**	LKR '000
	-	-	9,151,343	6,799,647	-	-	933,982	788,487	149,523,116	122,839,042	(173,927)	(59,771)	149,349,189	122,114,886
	-	-	-	-	-	-	150,071	279,252	726,464	1,007,131	(729,722)	(1,026,668)	(3,258)	(19,537)
	-	-	9,151,343	6,799,647	-	-	1,084,053	1,067,739	150,249,580	123,846,173	(903,649)	(1,086,439)	149,345,931	122,095,349
	-	-	1,851,349	1,254,589	-	-	925,859	931,128	67,506,093	53,584,278	200,982	141,245	67,707,075	53,489,948
	-	-	-	-	4,138,248	3,914,313	-	2,898	4,143,579	3,922,293	(2,602,340)	(2,523,016)	1,541,239	1,399,277
	-	-	1,176	583	488,152	422,961	1,104,128	755,127	3,102,041	2,429,631	(1,762,869)	(1,259,101)	1,339,172	1,129,395
	(2,598)	(2,078)	(382,306)	(321,703)	(497,834)	(415,082)	(1,242,980)	(1,041,669)	(19,054,346)	(15,862,726)	956,027	760,068	(18,098,319)	(14,722,731)
	-	-	(859,368)	(723,342)	-	-	(150,769)	(215,421)	(12,542,836)	(11,024,191)	402,076	387,236	(12,140,760)	(10,427,865)
	-	-	-	-	(1,676)	(9,215)	-	-	(2,048,031)	(14,925)	(45,245)	(35,311)	(2,093,276)	(50,237)
	(2,598)	(2,078)	610,851	210,127	4,126,890	3,912,977	636,238	432,063	41,106,500	33,034,360	(2,851,369)	(2,528,879)	38,255,131	30,817,788
	(226)	(96)	(306,033)	(321,741)	(12,924)	(6,578)	(109,749)	(56,177)	(3,247,695)	(2,817,457)	328,651	380,399	(2,919,044)	(2,397,045)
	2,242	1,813	46,906	20,296	156,492	199,377	207,891	235,106	753,635	844,729	(357,944)	(434,839)	395,691	405,326
	2,016	1,717	(259,127)	(301,445)	143,568	192,799	98,142	178,929	(2,494,060)	(1,972,728)	(29,293)	(54,440)	(2,523,353)	(1,991,719)
	34,046	53,228	-	-	-	-	-	-	34,046	53,228	-	-	34,046	53,228
	33,464	52,867	351,724	(91,318)	4,270,458	4,105,776	734,380	610,992	38,646,486	31,114,860	(2,880,662)	(2,583,319)	35,765,824	28,879,297
	-	-	-	-	-	-	-	-	(5,184,464)	(4,183,241)	-	-	(5,184,464)	(4,183,241)
	33,464	52,867	351,724	(91,318)	4,270,458	4,105,776	734,380	610,992	33,462,022	26,931,619	(2,880,662)	(2,583,319)	30,581,360	24,696,056
	233	31	(109,123)	(7,443)	(63,016)	(73,662)	(172,371)	(159,956)	(8,880,878)	(7,811,575)	(650,560)	(511,713)	(9,531,438)	(8,323,288)
									(179,794)		1,839	-	(177,955)	(350,246)
	33,697	52,898	242,601	(98,761)	4,207,442	4,032,114	562,009	451,036	24,401,350	19,120,044	(3,529,383)	(3,095,032)	20,871,967	16,022,522
	10,905,058	10,342,207	3,619,220	2,775,890	56,002,877	51,098,612	17,916,381	16,893,056	610,905,399	424,753,487	(19,432,685)	(17,984,243)	591,516,008	406,769,246
	10,905,058	10,342,207	3,619,220	2,775,890	56,002,877	51,098,612	17,916,381	16,893,056	610,905,399	424,753,487	(19,432,685)	(17,984,243)	591,516,008	406,769,246
	548,025	899,197	5,922,685	5,321,208	265,839	137,846	4,675,070	4,174,848	419,359,224	255,904,788	(8,760,994)	(7,405,314)	410,598,230	248,499,474
	548,025	899,197	5,922,685	5,321,208	265,839	137,846	4,675,070	4,174,848	419,359,224	255,904,788	(8,760,994)	(7,405,314)	410,598,230	248,499,474
	205,589	244,725	17,235	51,571	79,157	6,539	124,975	20,702	5,753,301	6,037,178	3,144	(99,789)	5,756,445	5,937,390
	859	7,827	11,124	6,287	16,791	59,064	67,904	56,883	3,883,067	4,010,176	75,487	36,562	3,958,554	4,046,738
	1,614	1,523	5,487	3,802	9,648	8,407	15,247	16,495	540,008	467,968	-	(1,743)	540,007	466,225

Notes to the Financial Statements

39. SEGMENT INFORMATION (Contd.)

39.2 Reconciliation of reportable segment profit or loss, assets and liabilities

Reconciliation of reportable segment profit or loss, assets and liabilities

Reconciliation of net profit for the year

As at 31 March	GROUP	
	2026 LKR '000	2025 LKR '000
Segment Net Profit for the year	24,401,350	19,120,044
Profit/ (Loss) after tax for the year from Discontinued Operations	(177,955)	(350,246)
Elimination of Intercompany Dividend	(2,602,340)	(2,523,016)
Tax on Intercompany transactions	(650,560)	(511,713)
Inter/ Intra Segment Elimination	(98,528)	287,453
Group Net Profit For the Year	20,871,967	16,022,522

Reconciliation of Assets and Liabilities

As at 31 March	GROUP	
	2026 LKR '000	2025 LKR '000
Segment Assets	610,905,399	424,753,487
Assets of Discontinued Operations	277,606	36,370
Investment in subsidiaries (Elimination)	(25,869,879)	(25,309,805)
Inter company balance (Elimination)	(5,507,114)	(4,091,986)
Financial Assets- Fair Value Through P&L (Elimination)	(100,476)	(70,105)
Financial Assets- Fair Value Through OCI (Elimination)	(99,092)	(110,840)
Intangible Assets recognised/(eliminated)	11,324,390	11,283,037
Share of Associate companies accumulated Profit and OCI net of dividend received	585,175	279,086
Group Assets	591,516,009	406,769,246
Segment Liabilities	419,359,224	255,904,788
Liabilities of discontinued operations	315,762	262
Inter company balance (Eliminations)	(9,076,760)	(7,405,576)
Group Liability	410,598,227	248,499,474

40. COMMITMENTS AND CONTINGENCIES

Accounting Policy

All discernible risks are accounted for in determining the amount of all known liabilities.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote.

40.1 Contingent Liabilities

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Guarantees Issued to Banks and Other Institutions	-	-	6,600	6,600
Counter Indemnity Issued to Banks for Guarantees	-	-	46,975	46,975
Import LC and Ordinary Guarantees	-	-	7,193	118,533
Total Contingent Liabilities	-	-	60,768	172,108

a) Royal Ceramic Lanka PLC and Rocell Bathware Ltd

Commercial Bank of Ceylon PLC has offered a combined letter of guarantee facility for the Royal Ceramic Lanka PLC and Rocell Bathware Ltd amounting to Rs.150Mn & at the reporting date total guaranteed value is Rs. 111.34Mn.

The Department of Inland Revenue has issued two assessments to Royal Ceramics Lanka PLC, claiming additional income tax of Rs. 156 million and penalties amounting to Rs. 78 million for the years of assessment 2013/14 and 2014/15. The Company lodged appeals against these assessments; however, the subsequent determinations were not in the Company's favor. The matter was then referred to the Tax Appeals Commission, whose decision also upheld the position of the Commissioner General of Inland Revenue. The Company has now decided to pursue the matter further by filing an appeal with the Court of Appeal.

Based on the information currently available, the Directors are of the view that the provision made in the financial statements, based on the proposal submitted, is reasonable. They further believe that the ultimate outcome of this matter is unlikely to have a material adverse impact on the Company. Accordingly, no provision has been made in these financial statements for additional income tax or penalties

The Department of Inland Revenue has issued an additional assessment claiming tax of Rs.128 Mn and Interest of Rs.68 Mn for 2019/20 disallowing carried forward losses claimed as per the return. The company has requested for administrative review and it was determined by the Commissioner General against the appellant. The Company has filed an appeal against this assessment with the Tax Appeal Commission.

Based on the information currently available, the Directors of the company believe that ultimate resolution of this assessment is not likely to have a material adverse effect on the company. Accordingly, no provision has been made in these Financial Statements.

b) Lanka Walltiles PLC

The contingent liability of Lanka Walltiles PLC as at 31 March 2026 relates to the following tax matters:
Corporate Income Tax assessments relating to the Years of Assessments 2007/08 and 2008/09. These matters are currently before the Supreme Court. The value of the assessment currently in dispute amounts to Rs.47Mn as at 31stMarch 2026.
Having discussed with legal and tax experts and based on the information available, the Directors are of the opinion that the ultimate resolution of these matters is not likely to have a material adverse effect on the Company. Accordingly, no provision has been made in these financial statements.

b) Lanka Walltiles PLC

The contingent liability of Lanka Tiles PLC as at 31 March 2026 relates to the following tax matters:

Corporate Income Tax assessments relating to the Years of Assessment 2012/13 to 2022/23. These matters are currently under appeal, including proceedings before the Court of Appeal, Tax Appeals Commission and administrative review by the Inland Revenue Department. The value of the assessment currently in dispute amounts to Rs.430Mn as at 31st March 2026

Having discussed with legal and tax experts and based on the information available, the Directors are of the opinion that the ultimate resolution of these matters is not likely to have a material adverse effect on the Company. Accordingly, no provision has been made in these financial statements.

40.2 Commitments

As at 31 March	COMPANY		GROUP	
	2026	2025	**2026**	2025
	LKR '000	LKR '000	**LKR '000**	LKR '000
Contracted but not provided for	-	-	510,193	859,979
Unutilised facilities	-	-	9,488,962	3,901,327
	-	-	9,999,155	4,761,306

Lease commitments

a). Lanka Tiles PLC is committed to pay Rs. 14,808,000/- as rent per month for the use of land & buildings situated in Nawala.

Notes to the Financial Statements

40. COMMITMENTS AND CONTINGENCIES (Contd.)

40.3 Litigation against the Company/ Group

Based on the information currently available, the Board of Directors is of the opinion that the ultimate resolution of the litigations would not likely to have a material impact on the Group.

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Cases Pending Against the Company and Group (Values Claimed)	-	-	523,336	206,908
	-	-	523,336	206,908

a) LB Finance PLC

LB Finance PLC has contingent liabilities in respect of legal claims arising in the ordinary course of business.

41 EVENTS AFTER THE REPORTING PERIOD

No other circumstances have arisen subsequent to the reporting date which would require adjustment to or disclosure in the Financial Statements.

42. RELATED PARTY DISCLOSURES

The Group carried out transactions with key management and their related concerns and other related entities in the ordinary course of its business on an arms length basis at commercial rates except that the key management have availed facilities under the loan schemes uniformly applicable to all the staff.

Details of related party transactions during the year are as follows;

42.1 Transactions with Key Management Personnel (KMPs)

Related party includes KMPs defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Such KMPs include the Board of Directors of the Company (inclusive of executive and non-executive directors), KMPs of the subsidiary and KMPs of the parent company.

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Short-Term Employment Benefits	67,832	59,204	1,384,311	1,372,319
Directors' Fees and Expenses	33,085	19,976	78,248	60,022
Post Employment Benefits	3,525	2,808	157,546	163,058
	104,442	81,988	1,620,105	1,595,399

In addition to the above, the Company has also paid non-cash benefits such as vehicles and fuel to Key Management Personnel in line with the approved employment benefits of the Company.

42.2 Transactions, Arrangements and Agreements Involving KMPs and Their Close Members of the Family (CMFs)

CMFs of KMPs are those family members who may be expected to influence, or be influenced by, those KMPs in their dealing with the entity.

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Statement of Financial Position				
Assets				
Loans against Deposit	-	-	-	-
Advance & Prepayments	-	-	-	-
	-	-	-	-
Liabilities				
Fixed Deposits	-	-	1,049,186	783,772
Savings Deposits	-	-	38,804	44,328
Dividend payable	-	-	-	-
Cash and Cash equivalents	-	-	-	-
Trade Debtors	-	-	-	-
	-	-	1,087,990	828,100
Income Statement				
Interest Expense on Customer Deposits	-	-	(85,828)	(85,241)
Interest Income on Loans and Receivables	-	-	-	-
Sale of Goods/Services	-	-	-	-
Rent Expenses	-	-	(13,554)	(15,060)
Transport Expenses	-	-	(10,669)	(13,928)
Other Operating Expenses	-	-	(211)	(10,359)
	-	-	(110,262)	(124,588)
Other Transactions				
Deposits Accepted During the Year	-	-	240,592	459,038
Dividend Paid on Shareholdings	2,169,226	2,169,226	2,195,380	3,436,291
	2,169,226	2,169,226	2,435,972	3,895,328

Notes to the Financial Statements

42. RELATED PARTY DISCLOSURES (Contd.)

42.3 Transaction, Arrangements and Agreements Involving Entities which are Controlled, and/or Jointly Controlled by the KMPs and Their CMFs

As at 31 March	COMPANY		GROUP	
	2026 LKR '000	2025 LKR '000	**2026 LKR '000**	2025 LKR '000
Statement of Financial Position				
Assets				
Due from Other Related Parties	-	-	-	-
Money Market Investment	695,711	580,804	6,046,012	580,804
Investment in Equity Securities	-	-	3,582	2,282
Leasehold Improvements	-	-	-	-
	695,711	580,804	6,049,594	583,087
Liabilities				
Fixed Deposits	-	-	6,854	6,205
Due to Other Related Parties	-	-	-	-
	-	-	6,854	6,205
Income Statement				
Technical Fees	-	-	-	-
Interest Income on repo and Fixed Deposits	129,563	199,377	156,492	199,377
Sale of goods & services	-	-	3,447,503	3,436,516
Purchase of good & services	(12,693)	-	(1,764,763)	(1,723,211)
Interest Expense on Customer Deposits	-	-	(676)	(711)
Reimbursement income	527			
Administration and Establishment Expenses	-	-	(17,898)	(23,492)
Dividend Income	-	-	200	89
Investment FV Adjustment	-	-	1,299	915
	117,397	199,377	1,822,158	1,889,483
Other Transactions				
Investment in Fixed Deposits	2,444,111	674,192	3,739,978	674,192
Withdrawal of Fixed Deposit	(1,944,111)	(150,000)	3,435,998	(150,000)
Purchase of Property, Plant and Equipment	-	-	15,541	59,588
	500,000	524,192	7,191,517	583,781

42.4 Transactions with Group Entities

The Group entities include the Parent, Fellow Subsidiaries and Associate companies of the parent.

Transactions with Parent Company

Vallibel One PLC does not have an identifiable parent of its own. The Group's ultimate controlling party is Mr. K. D. D. Perera and transactions with ultimate controlling party has been disclosed under KMP disclosures.

Transactions with Subsidiaries

As at 31 March	COMPANY		GROUP	
	2026	2025	**2026**	2025
	LKR '000	LKR '000	**LKR '000**	LKR '000
Statement of Financial Position				
Assets				
Investment in Equity Securities	25,869,879	25,309,805	-	-
Due from Related Parties	213,177	210,193	-	-
	26,083,056	25,519,998	-	-
Liabilities				
Due to Related Parties	-	-	-	-
	-	-	-	-
Statement of Profit and Loss				
Dividend Income	2,602,212	2,826,745	-	-
Technical fee income	483,430	415,591	-	-
Reimbursement income	4,195	-	-	
Purchase of good & services	42,639	-		
	3,132,476	3,242,336	-	-
Other Transactions				
Dividend Paid	2,897	2,897	-	-
Investment in fixed deposits	615,000	-		
Withdrawal of Fixed Deposit	(65,000)			
	552,897	2,897	-	-

Transactions with Fellow Subsidiaries and Associate Companies of the Parent

As at 31 March	COMPANY		GROUP	
	2026	2025	**2026**	2025
	LKR '000	LKR '000	**LKR '000**	LKR '000
Income Statement				
Other Transactions				
Investment in shares	-	-	-	-
	-	-	-	-

All related party transactions disclosed under note 42 were identified as arms length transactions and all settlements has been done when payment is due.

Notes to the Financial Statements

43 CURRENT AND NON CURRENT ANALYSIS OF ASSETS AND LIABILITIES

43.1 Company

The table below shows an analysis of assets and liabilities of the Company according to when they are expected to be recovered or settled.

	2026			2025		
	With in 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000	With in 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000
ASSETS						
Cash and Bank	815,886	-	815,886	792,652	-	792,652
Financial Assets Recognised Through Profit or Loss	30,997	-	30,997	32,672	-	32,672
Financial Assets At Amortised Cost- Loans And Receivables	-	-	-	-	-	-
Equity Instruments measured at Fair Value through OCI	-	25,469,989	25,469,989	-	21,480,713	21,480,713
Other Financial Assets	1,277,495	-	1,277,495	1,324,192	-	1,324,192
Trade and Other Debtors, Deposits and Prepayments	1,824,436	27,798	1,852,234	1,652,406	-	1,652,406
Contract Asset	-	-	-	-	-	-
Other Non Financial Assets	18,937	-	18,937	-	4,940	4,940
Investments in Subsidiaries	-	25,869,879	25,869,879	-	25,309,805	25,309,805
Investment in Associate	-	413,068	413,068	-	413,068	413,068
Deferred Tax Assets	-	11,892	11,892	-	11,404	11,404
Income Tax Recoverable	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-
Property, Plant and Equipment	-	113,497	113,497	-	51,131	51,131
Right of use assets	-	129,003	129,003	-	25,628	25,628
Assets held for sale	-	-	-	-	-	-
Total Assets	3,967,751	52,035,126	56,002,877	3,801,922	47,296,689	51,098,611

	2026			2025		
	With in 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000	With in 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000
Due to Banks	-	-	-	28	-	28
Due to Customers	-	-	-	-	-	-
Interest Bearing Loans and Borrowings	47,890	86,091	133,981	26,872	-	26,872
Trade and Other Payables	27,259	-	27,259	23,837	-	23,837
Other Non Financial Liabilities	-	-	-	-	-	-
Dividend Payable	20,798	-	20,798	18,726	-	18,726
Employee Benefit Liabilities	8,093	44,245	52,338	4,477	37,288	41,765
Income Tax Liabilities	31,463	-	31,463	26,618	-	26,618
Deferred Tax Liabilities	-	-	-	-	-	-
Liabilities directly associated with the assets classified as held for sale	-	-	-	-	-	-
Total Liabilities	135,502	130,336	265,839	100,558	37,288	137,846

43.2 Group

The table below shows an analysis of assets and liabilities of the Group according to when they are expected to be recovered or settled.

	2026			2025		
	With in 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000	With in 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000
ASSETS						
Cash and Bank	30,216,968	-	30,216,968	15,324,961	-	15,324,961
Financial Assets Recognised Through Profit or Loss	100,416	-	100,416	91,269	-	91,269
Financial Assets At Amortised Cost- Loans And Receivables	192,457,713	140,541,103	332,998,816	128,986,740	70,284,307	199,271,047
Derivative Financial Assets	82,705	-	82,705	-	-	-
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out On Hire	-	-	-	-	-	-
Equity Instruments measured at Fair Value through OCI	25,577,130	1,753	25,578,883	54,184	21,482,025	21,536,209
Other Financial Assets	43,280,578	-	43,280,578	22,581,468	-	22,581,468
Trade and Other Debtors, Deposits and Prepayments	16,736,200	27,799	16,763,999	15,130,054	-	15,130,054
Contract Asset	(11,994,893)	11,994,893	-	0	-	-
Other Non Financial Assets	3,348,557	4,150	3,352,707	2,124,327	4,940	2,129,267
Investments in Subsidiaries	-	-	-	-	-	-
Investment in Associate	-	998,243	998,243	-	692,154	692,154
Deferred Tax Assets	-	3,304,235	3,304,236	-	1,800,896	1,800,896
Income Tax Recoverable	976	-	976	26,475	-	26,475
Inventories	36,369,990	-	36,369,990	35,401,019	-	35,401,019
Intangible Assets	-	13,771,604	13,771,604	-	12,891,426	12,891,426
Investment Property	2,195,938	-	2,195,938	-	2,162,726	2,162,726
Property, Plant and Equipment	-	79,315,609	79,315,609	-	74,706,942	74,706,942
Right of use assets	-	3,705,229	3,705,229	-	2,986,963	2,986,963
Assets held for sale	277,606	-	277,606	36,370	-	36,370
Total Assets	310,189,606	281,326,403	591,516,009	219,756,867	187,012,379	406,769,246

	2026			2025		
	With in 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000	With in 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000
Due to Banks	37,594,694	67,459,389	105,054,083	21,525,869	19,427,654	40,953,523
Due to Customers	141,955,784	47,021,846	188,977,630	108,829,633	29,994,263	138,823,896
Interest Bearing Loans and Borrowings	31,896,264	43,545,211	75,441,475	23,673,067	12,967,295	36,640,362
Trade and Other Payables	16,195,830	-	16,195,830	13,296,284	-	13,296,284
Other Non Financial Liabilities	3,138,771	33,543	3,172,314	2,223,227	33,884	2,257,111
Contract Liabilities	3,476,648	-	3,476,648	1,605,281	-	1,605,281
Dividend Payable	458,435	-	458,435	454,595	-	454,595
Employee Benefit Liabilities	367,156	2,557,748	2,924,904	198,319	2,307,063	2,505,382
Income Tax Liabilities	5,459,766	-	5,459,766	3,159,657	-	3,159,657
Deferred Tax Liabilities	-	9,121,381	9,121,381	-	8,803,121	8,803,121
Liabilities directly associated with the assets classified as held for sale	315,762	-	315,762	262	-	262
Total Liabilities	240,859,110	169,739,118	410,598,227	174,966,194	73,533,280	248,499,474

Notes to the Financial Statements

44. ASSETS PLEDGED

The following assets have been pledged as security for liabilities other than that is disclosed under Note 20.1

Nature of assets	Nature of Liability	Carrying Amount Pledged 2026 LKR '000	Carrying Amount Pledged 2025 LKR '000	Included Under
Delmege Group				
Land & Building	Land & Building pledged for LC/ Import Loan, Overdraft, Term Loan & Bank Guarantee facilities.	3,000,000	3,000,000	Property, Plant and Equipment
Stocks & Book Debtors	Lien over Stocks & Book Debtors Pledged for LC/Import Loan, Overdraft & Bank Guarantee facilities.	750,000	750,000	Inventories and Trade and Other Debtors
Stocks & Book Debtors	Lien over Stocks & Book Debtors Pledged for LC/Import Loan, Overdraft & Bank Guarantee facilities.	750,000	750,000	Inventories and Trade and Other Debtors
Stocks & Book Debtors	Lien over Stocks & Book Debtors Pledged for LC,Short term loan and Guarantee Facilities	575,000	575,000	Inventories and Trade and Other Debtors
Stocks & Book Debtors	Lien over Stocks & Book Debtors Pledged for LC,Short term loan and Guarantee Facilities	700,000	700,000	Inventories and Trade and Other Debtors
		5,775,000	5,775,000	

Nature of assets	Nature of Liability	Carrying Amount Pledged 2025 LKR '000	Carrying Amount Pledged 2023 LKR '000	Included Under
LB Finance				
Loans and Receivables*	Debt Funding from Banks	122,631,097	46,995,805	Loans and Receivables
Securities under Reverse Repurchase Agreements	Debt Funding from Banks	118,514	119,149	Other Financial Assets
Investment in Fixed Deposits	Debt Funding from Banks	14,967,963	264,406	Other Financial Assets
Freehold Land and Building	Debt Funding from Banks	5,096,227	819,126	Property, Plant and Equipment
		142,813,801	48,198,486	

*The receivables and cash flows that have been included in bank loans, overdrafts, term loans and securitisation loans are only available for payment of the debt and other obligations issued or arising in such transactions. However, the Group hold the right to the excess cash flows not needed to pay the debt and other obligations issued or arising in each of such transactions.

Royal Ceramics Lanka PLC/Rocell Bathware Ltd

Bank overdrafts and Short term loans are secured primarily over stocks in Trade and over book debts.

Lanka Tiles PLC

Bank overdrafts are secured primarily on inventories.

Lender	Facility	Limit Rs. '000	Security
Sampath Bank	Import demand loans- Sub Limit	250,000	Loan Agreements
	Overdraft	200,000	Rs. 270 Mn security Stock at 542/3, Samurdhi Mawatha, Biyagama and Rs. 280Mn Hypothecation Bond
Commercial Bank	Import demand loans- Sub Limit	150,000	Loan Agreements
	Overdraft	100,000	Board Resolution
Seylan Bank	Import demand loans- Sub Limit	200,000	Loan Agreements
	Overdraft	10,000	Mortgage over Rs.310 Mn Stock & Book Debt Located at Lanka Tiles PLC,No 542/3,Samurdhi Mawatha,Biyagama (Rs.214Mn) Factory Stock,St James Estate Jaltara,Ranala. (Rs.96Mn)
DFCC Bank PLC	Import demand loans- Sub Limit	550,000	Loan Agreements
	Overdraft	50,000	Board Resolution
Bank of Ceylon	Import demand loans- Sub Limit	200,000	Loan Agreements
	Over Draft	150,000	Rs. 100 Mn on Glaze and Packing Material Stock at Factory Premises, St James Estate, Jathara, Ranala
HSBC	Overdraft	50,000	Board Resolution
HNB	Import demand loans- Sub Limit	800,000	Loan Agreements
	Overdraft	100,000	Overdraft Agreements
Union Bank	Import demand loans- Sub Limit	400,000	Loan Agreements
	Overdraft	100,000	Bond over stocks for 550Mn located at Lanka Tiles Factory St. James Estates, Jalthara, Ranala.

Uni Dil Packaging Limited

Lender	Facility	Limit Rs. '000	Security
Hatton National Bank PLC	Import Loan	2,495,000	Immovable property
		-	Inventories and debtors
DFCC	Import loan	1,250,000	Inventories and debtors
People's Bank	Import loan	400,000	Corporate Guarantee
Hatton National Bank PLC	Long term loan	USD 850,000	Corporate Guarantee for Uni Dil Packaging Kenya Ltd

Uni Dil Packaging Solutions Limited

Lender	Facility	Limit Rs. '000	Security
Hatton National Bank PLC	Import Loan	970,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
	Overdraft	30,000	
DFCC	Import Loan	100,000	Primary concurrent Mortgage Bond for Rs 120,000,000/- ranking equal and parri passu with mortgage bond no 2365.
	Overdraft	20,000	
People's Bank	Long Term Loan	300,000	Corporate Guarantee of Uni Dil Packaging Limited
Hatton National Bank PLC	Long Term Loan	USD 850,000	Corporate Guarantee of Uni Dil Packaging Kenya Limited

Notes to the Financial Statements

44. ASSETS PLEDGED (Contd.)

Lanka Walltiles PLC

Lender	Facility	Limit Rs. '000	Security
Bank of Ceylon	Import Loan	500,000	Loan Agreement
	Overdraft	100,000	Clean
Commercial Bank of Ceylon PLC	Import Loans	450,000	Loan Agreement
	Overdraft	300,000	Board Resolution
DFCC	Import Loans- Sub limit	350000	Loan Agreement
	Overdraft	200,000	Board Resolution
HSBC	Overdraft	100,000	Board Resolution
Sampath Bank PLC	Overdraft	60,000	Hypothecation bond over stocks and debts for 200Mn
	Import Loan	50,000	Loan Agreement
Seylan Bank PLC	Overdraft	10,000	Bond over stocks for 510Mn located at Lanka Walltiles Factory at Meepe Padukka
	Short Term Loan	500,000	Loan Agreement
Union Bank of Colombo PLC	Overdraft	100,000	Bond over stocks for 550Mn located at 542/3, Samurdhi Mw, Biyagama
	Short Term Loan	400,000	Loan Agreement
PABC Bank	Import Loans - Sub Limit	200,000	Documents of title to goods under imports
	Overdraft - Sub Limit	100,000	Board Resolution

Swisstek Aluminium Ltd

Lender	Facility	Limit Rs. '000	Security
DFCC Bank PLC	Loan	2,000,000	Mortgage Bond for Rs. 1,500 Mn over stock and Debtors with an insurance policy over stocks assigned in favour of the Bank.
DFCC Bank PLC	Loan	75,000	
DFCC Bank PLC	Loan	25,000	
Seylan Bank PLC	Loan	1,065,000	MB No CBG/SM/19/009 for Rs.660 over stock & debtors
Nations Trust Bank PLC	Loan	489,000	Primary MB over tocks and Book Debts of SAL for Rs. 600 MN.
Union Bank PLC	Loan	280,000	Clean
Commercial Bank of Ceylon PLC	Loan	157,000	Solar Panel Equipment
Commercial Bank of Ceylon PLC	Loan	150,000	Clean
Commercial Bank of Ceylon PLC	Overdraft	100,000	Primary Mortgage Bond No. FCC/18/64 dated 13 September 2018,for Rs. 600 Mn over stock- In-Trade and Book Debts belonging to the company. & Additional MB for Rs.400 Mn.
Commercial Bank of Ceylon PLC	Bank Guarantee	100,000	
Commercial Bank of Ceylon PLC	LC/ Import Loan / STL	875,000	

45. RISK MANAGEMENT DISCLOSURES

45.1 Introduction

Risk is inherent in the Group's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for managing the risk exposures relating to his / her functional areas.

The Group identifies the following key financial risks in its business operations.

- Credit Risk
- Liquidity Risk
- Market Risk
- Capital Management

Risk Management Framework

The risk management framework is currently implemented at the individual subsidiary level as described below;

The Risk Management Framework of each subsidiary company has been optimized through the application and the embedment of the risk management process including risk identification, risk analysis, risk measurement, risk management decision and execution, risk monitoring and reporting.

The overall responsibility and oversight of the Risk Management framework of each subsidiary company is vested with the Board of Directors. The Integrated Risk Management Committee (IRMC), a sub-committee appointed by the Board, is responsible for developing and monitoring Group's risk management policies practiced.

The following management committees, each with a defined responsibility, support the IRMC by executing their respective risk management mandates.

- Asset and Liability Committee
- Credit Committee
- IT Steering Committee
- Sustainability Committee

Risk Management Department (RMD)

Whilst the Business units have primary responsibility for Risk Management the RMD provides an independent oversight function acting as a second line of defence. RMD is headed by the CRO who directly reports to the Managing Director and also has a functional reporting to the IRMC. The RMD co-exists with other control functions in the Group that might uncover risk management issues, most notably Internal Audit, Compliance and Finance. Each of the control functions has a different focus and potential overlap between them is kept at a minimum, while ensuring that the approaches taken are complementary and lead to consistent, effective and timely escalation of risks.

Notes to the Financial Statements

45. RISK MANAGEMENT DISCLOSURES (Contd.)

45.2 CREDIT RISK

Credit risk is the risk of financial loss to the Group if a borrower or counterparty to a financial instrument, fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers/other companies and investments in debt securities. Credit risk constitutes the Group's largest risk exposure category. This can be broadly categorized into three types; default, concentration and settlement risk.

Default risk as the risk of the potential financial loss resulting from the failure of customer or counterparty to meet its debt or contractual obligations and arises principally from the Group's loans and advances to customers.

Concentration risk is the credit exposure being concentrated as a result of excessive build-up of exposure to a single counterparty, industry, product, geographical location or insufficient diversification.

Settlement risk is the risk of loss arising from trading/investment activities when there is a mutual undertaking to deliver on a progressive basis.

Group manages credit risk by focusing on following steps;

The loan origination stage comprises preliminary screening and credit appraisal. The objective of this process is to assess the borrower's ability to meet its obligations in an objective manner. The Company/Group has clearly defined guidelines for credit approvals where the limits have been set taking into consideration the factors such as maximum counterparty exposures, loan to value ratio and forced sale value. These steps enables the Company/Group in assessing the default risk of the borrower.

A comprehensive set of credit risk indicators are monitored monthly to review credit concentrations, status of loan recoveries and compliance with regulatory and prudent exposure limits.

Post Disbursement Review

Initial monitoring and follow up activities are carried out by the Credit Department. Once a loan is overdue for a period exceeding the tolerance period, responsibility for recovery and collections is transferred to Recoveries Department. Risk Management Department (RMD) reviews asset quality performance regularly. Delinquencies are handled early with effective follow ups and reminders. Swift recovery actions are taken against critical exposures.

Management of Large Exposures

Credit Committee

The Credit Committee consists of the Managing Director, Deputy Managing Director, Executive Directors, Head of Finance and Head of Risk Management. Sanctioning of large exposures are primarily handled by the Credit Committee. RMD independently monitors post sanctioning performance of large exposures.

Impairment Assessment

The methodology of the impairment assessment has been explained in the Note 6 to these financial statements.

Collateral and other credit enhancements

The Group uses collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, vehicles, gold, letters of guarantees, real estate, receivables, inventories and other non-financial assets .The fair value of collateral is generally assessed at the inception based on the guidelines issued by the Central Bank of Sri Lanka and the Central Bank of Myanmar.

To the extent possible, the Group uses active market data for valuing financial assets, held as collateral. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuers.

Repossession of collaterals is resorted to in extreme situations where action is necessitated to recover the dues. The repossessed assets are disposed, in an orderly and transparent manner through public auctions and the proceeds are used to reduce or recover the outstanding claims and the amount recovered in excess of the dues is refunded to the customer.

Impact Assessment of Stressed Economic Conditions:

The Company's Enterprise Risk Management Framework strives to manage the outcomes of adverse economic and market conditions proactively, whilst achieving the risk-return objectives of the Company. This has been proven through the Company's ability to maintain its NPL at a lower level compared to the industry average (LFCs & SLCs). Company has always acted with due care and taken prudent measures to ensure an effective, efficient and healthy repayment behaviour of credit customers while safeguarding the interests of the stakeholders.

45.2.1 Analysis of Credit Risk Exposure

The following table shows the maximum exposure to credit risk by class of financial asset. It further shows the net exposure to credit risk.

As at 31 March	COMPANY			
	2026		2025	
	Maximum Exposure to Credit Risk LKR '000	**Net Exposure LKR '000**	Maximum Exposure to Credit Risk LKR '000	Net Exposure LKR '000
Cash and Cash Equivalent	815,886	-	792,652	-
Financial Assets Recognised Through Profit or Loss	30,997	30,997	32,672	32,672
Equity Instruments measured at Fair Value through OCI	25,469,989	25,469,989	21,480,713	21,480,713
Trade Receivables	1,852,234	1,852,234	1,652,406	1,652,406
Other Financial Assets	1,277,495	1,277,495	1,324,192	1,324,192
	29,446,600	28,630,713	25,282,635	24,489,984

As at 31 March	GROUP			
	2026		2025	
	Maximum Exposure to Credit Risk LKR '000	**Net Exposure LKR '000**	Maximum Exposure to Credit Risk LKR '000	Net Exposure LKR '000
Cash and Cash Equivalent	30,216,968	8,198,178	15,324,961	-
Financial Assets Recognised Through Profit or Loss	100,416	100,416	91,269	91,269
Trade Receivables	15,866,365	15,866,365	15,733,067	15,733,066
Financial Assets At Amortised Cost- Loans And Receivables	343,049,468	17,616,921	206,452,299	14,384,840
Equity Instruments measured at FVOCI	25,578,883	25,578,883	21,536,209	21,536,209
Other Financial Assets*	43,280,578	34,001,770	22,581,468	12,550,751
Total Financial Assets	458,092,678	101,362,533	281,719,273	64,296,135

** Net exposure of the Other Financial Assets mainly includes investment in fixed deposits in banks and other financial institutions.*

Notes to the Financial Statements

45. RISK MANAGEMENT DISCLOSURES (Contd.)

45.2.2 Credit Quality By Class of Financial Assets

Current Year	COMPANY			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and Cash Equivalent	815,886	-	-	815,886
Financial Assets Recognised Through Profit or Loss	30,997	-	-	30,997
Equity Instruments measured at Fair Value through OCI	25,469,989	-	-	25,469,989
Trade Receivables	1,852,233	-	-	1,852,233
Other Financial Assets	1,277,495	-	-	1,277,495
	29,446,600	-	-	29,446,600

Comparative Year	COMPANY			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and Cash Equivalent	792,652	-	-	792,652
Financial Assets Recognised Through Profit or Loss	32,672	-	-	32,672
Equity Instruments measured at Fair Value through OCI	21,480,713	-	-	21,480,713
Trade Receivables	1,652,406	-	-	1,652,406
Other Financial Assets	1,324,192	-	-	1,324,192
	25,282,636	-	-	25,282,636

Current Year	GROUP			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and Cash Equivalents	30,216,968	-	-	30,216,968
Financial Assets Recognised Through Profit or Loss	100,416	-	-	100,416
Trade Receivables	15,866,365	-	-	15,866,365
Financial Assets At Amortised Cost- Loans And Receivables	290,612,833	44,934,558	7,502,077	343,049,468
Equity Instruments measured at Fair Value through OCI	25,578,883	-	-	25,578,883
Other Financial Assets	43,280,578	-	-	43,280,578
Total Financial Assets	405,656,043	44,934,558	7,502,077	458,092,678

Comparative Year	GROUP			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and Cash Equivalents	15,324,961	-	-	15,324,961
Financial Assets Recognised Through Profit or Loss	91,269	-	-	91,269
Trade Receivables	15,733,067	-	-	15,733,067
Financial Assets At Amortised Cost- Loans And Receivables	176,805,471	24,917,910	4,728,918	206,452,299
Equity Instruments measured at Fair Value through OCI	21,536,209	-	-	21,536,209
Other Financial Assets	22,581,468	-	-	22,581,468
Total Financial Assets	252,072,445	24,917,910	4,728,918	281,719,273

45.3 Liquidity Risk and Funding Management

In the context of a financial institution, liquidity risk arises primarily due to mismatches in the maturity profile of assets and liabilities. Liquidity risk for a financial institution can take two forms; market liquidity and funding liquidity risk.

Market liquidity risk is the inability to easily exit a position. Group's market liquidity risk is low if assets can be liquidated without moving the price too much.

Funding liquidity risk means the Group's inability to finance assets continuously at an acceptable borrowing rate. Funding liquidity risk generally arises when creditors either withdraw credit or change the terms on which it is granted in such a way they are no longer profitable. Funding liquidity risk would increase if the Group's credit quality is, or at least perceived to be, deteriorating, but also because financial conditions as a whole are deteriorating.

The Group's primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles, including periods of financial stress. To achieve this objective the Group regularly monitors liquidity position and maintain an adequate buffer of liquid assets. Group also maintains access to diverse funding sources to meet unforeseen liquidity requirements. All statutory and prudent liquidity ratios are monitored against tolerance limits and stress testing is carried out regularly to assess the effectiveness of liquidity management. Further, the group has taken prudent measures to increase its liquidity buffers and maintained a strong excess liquidity position throughout the year under review. The Group is comfortable with its existing buffer of liquid assets.

Capital Management

The primary objective of Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintain healthy capital ratios in order to support its business and to maximize shareholders' value.

The Companies with in the Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company/Group includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents.

45.3.1 Analysis of Liquidity Risk Exposure

45.3.1 (a) The table below summarizes the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at Current Year

The table does not reflect the expected cash flows indicated by its deposit retention history and loan recovery patterns.

Current Year	On Demand LKR '000	Less than 03 Months LKR '000	03-12 Months LKR '000	01-05 Years LKR '000	Over 05 Years LKR '000	Total LKR '000
Financial Assets						
Cash and Cash Equivalents	815,886	-	-	-	-	815,886
Financial Assets Recognised Through Profit or Loss	30,997	-	-	-	-	30,997
Equity Instruments measured at Fair Value through OCI	25,469,989	-	-	-	-	25,469,989
Other Financial Assets	-	219,000	1,058,495	-	-	1,277,495
Trade and Other Receivables	-	1,765,522	58,913	27,799	-	1,852,234
Total Financial Assets	26,316,872	1,984,521	1,117,408	27,799	-	29,446,600
Financial Liabilities						
Due to Banks	-	-	-	-	-	-
Due to Customers	-	-	-	-	-	-
Trade and Other Payables	-	27,259	-	-	-	27,259
Interest Bearing Loans and Borrowings	-	13,923	33,967	86,091	-	133,981
Total Financial Liabilities	-	41,182	33,967	86,091	-	161,240
Total Net Financial Assets/(Liabilities)	26,316,872	1,943,340	1,083,441	(58,292)	-	29,285,361

Notes to the Financial Statements

45. RISK MANAGEMENT DISCLOSURES (Contd.)

Comparative Year	On Demand LKR '000	Less than 03 Months LKR '000	03-12 Months LKR '000	01-05 Years LKR '000	Over 05 Years LKR '000	Total LKR '000
Financial Assets						
Cash and Cash Equivalents	792,652	-	-	-	-	792,652
Financial Assets Recognised Through Profit or Loss	32,672	-	-	-	-	32,672
Equity Instruments measured at Fair Value through OCI	21,480,713	-	-	-	-	21,480,713
Other Financial Assets	-	1,324,192	-	-	-	1,324,192
Trade and Other Receivables	-	1,652,406	-	-	-	1,652,406
Total Financial Assets	22,306,037	2,976,598	-	-	-	25,282,635
Financial Liabilities						
Due to Banks	28	-	-	-	-	28
Due to Customers	-	-	-	-	-	-
Trade and Other Payables	-	23,837	-	-	-	23,837
Interest Bearing Loans and Borrowings	-	11,286	15,586	-	-	26,872
Total Financial Liabilities	28	35,124	15,586	-	-	50,738
Total Net Financial Assets/(Liabilities)	22,306,009	2,941,475	(15,586)	-	-	25,231,899

45.3.1 Analysis of Liquidity Risk Exposure

45.3.1 (b) The table below summarizes the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities as at Current Year

The table does not reflect the expected cash flows indicated by its deposit retention history and loan recovery patterns.

Current Year	On Demand LKR '000	Less than 03 Months LKR '000	03-12 Months LKR '000	01-05 Years LKR '000	Over 05 Years LKR '000	Total LKR '000
Cash and Cash Equivalents	17,350,122	12,866,846	-	-	-	30,216,968
Financial Assets Recognised Through Profit or Loss	10,711	-	89,705	-	-	100,416
Financial Assets At Amortised Cost- Loans And Advances	16,499,500	75,918,488	58,510,310	173,638,577	8,431,941	332,998,816
Equity Instruments measured at Fair Value through OCI	25,676,222	(99,091)	-	1,753	-	25,578,884
Other Financial Assets	-	8,781,475	19,734,294	14,764,809	-	43,280,578
Trade and Other Receivables	8,474,310	1,550,987	6,710,903	27,799	-	16,763,999
Total Financial Assets	68,010,865	99,018,705	85,045,212	188,432,938	8,431,941	448,939,661
Financial Liabilities						
Due to Banks	1,376,342	19,390,933	24,079,383	60,207,425	-	105,054,083
Due to Customers	24,273,617	57,689,846	58,072,450	48,941,717	-	188,977,630
Trade and Other Payables	3,054	12,207,516	3,985,259	-	-	16,195,830
Interest Bearing Loans and Borrowings	1,465,598	17,180,906	12,570,033	43,574,067	650,872	75,441,476
Other Financial Liabilities	310,006	3,808,534	457,641	1,897,819	1,093,882	7,567,882
Total Financial Liabilities	27,428,617	110,277,735	99,164,766	154,621,029	1,744,754	393,236,900
Total Net Financial Assets/(Liabilities)	40,582,248	(11,259,030)	(14,119,554)	33,811,909	6,687,187	55,702,761

Comparative Year	On Demand LKR '000	Less than 03 Months LKR '000	03-12 Months LKR '000	01-05 Years LKR '000	Over 05 Years LKR '000	Total LKR '000
Financial Assets						
Cash and Cash Equivalents	11,410,282	3,940,421	-	-	-	15,350,703
Financial Assets Recognised Through Profit or Loss	33,332	-	57,937	-	-	91,269
Financial Assets At Amortised Cost- Loans And Advances	14,127,488	59,340,208	81,475,359	87,463,793	7,870,771	250,277,619
Equity Instruments measured at Fair Value through OCI	21,534,897	-	-	1,312	-	21,536,209
Other Financial Assets	-	11,008,570	12,246,819	-	-	23,255,389
Trade and Other Receivables	5,635,784	3,243,629	6,520,467	-	-	15,399,880
Total Financial Assets	52,741,783	77,532,828	100,300,582	87,465,105	7,870,771	325,911,069
Financial Liabilities						
Due to Banks	1,165,601	12,975,604	9,476,153	22,083,568	-	45,700,926
Due to Customers	6,791,268	62,004,477	45,175,709	35,136,898	-	149,108,352
Trade and Other Payables	-	9,040,524	4,255,679	-	-	13,296,203
Interest Bearing Loans and Borrowings	1,351,039	11,713,023	10,609,005	12,076,147	891,148	36,640,362
Total Financial Liabilities	9,307,908	95,733,628	69,516,546	69,296,613	891,148	244,745,843
Total Net Financial Assets/(Liabilities)	43,433,875	(18,200,800)	30,784,036	18,168,492	6,979,623	81,165,226

45.4 Contractual Maturities of Commitments and Contingencies

The table below shows the contractual expiry by maturity of contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

Current Year	On Demand LKR '000	Less than 03 Months LKR '000	03-12 Months LKR '000	01-05 Years LKR '000	Over 05 Years LKR '000	Total LKR '000
Contingent Liabilities						
Guarantees Issued to Banks and Other Institutions	-	1,800	3,300	1,500	-	6,600
Counter Indemnity Issued to Banks for Guarantees	-	-	46,975	-	-	46,975
Import LC and Ordinary Guarantees	-	7,193	-	-	-	7,193
Total Contingent Liabilities	-	8,993	50,275	1,500	-	60,768
Commitments						
Contracted but not provided for	510,193	-	-	-	-	510,193
Commitment for Unutilised Facilities	9,488,962	-	-	-	-	9,488,962
Total Commitments	9,999,155	-	-	-	-	9,999,155
Total Commitments and Contingencies	9,999,155	8,993	50,275	1,500	-	10,059,923

Notes to the Financial Statements

45. RISK MANAGEMENT DISCLOSURES (Contd.)

Comparative Year	On Demand LKR '000	Less than 03 Months LKR '000	03-12 Months LKR '000	01-05 Years LKR '000	Over 05 Years LKR '000	Total LKR '000
Contingent Liabilities						
Guarantees Issued to Banks and Other Institutions	-	1,800	3,300	1,500	-	6,600
Counter Indemnity Issued to Banks for Guarantees	-	-	46,975	-	-	46,975
Import LC and Ordinary Guarantees	-	118,533	-	-	-	118,533
Total Contingent Liabilities	-	120,333	50,275	1,500	-	172,108
Commitments						
Contracted but not provided for	472,984	-	-	-	-	472,984
Commitment for Unutilised Facilities	3,901,327	-	-	-	-	3,901,327
Total Commitments	4,374,311	-	-	-	-	4,374,311
Total Commitments and Contingencies	4,374,311	120,333	50,275	1,500	-	4,546,419

45.5 Market Risk

Market risk refers to the possible losses to the Group that could arise from changes in market variables like interest rates, exchange rates, equity prices and commodity prices. Among them, interest rate risk has been identified as the most critical risk given Group's nature of business.

45.5.1 Commodity Price Risk

Commodity price risk refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. Given the significance of the Gold Loans business to Group's overall loan book, sharp fluctuations to the gold prices could have an adverse impact to earnings. Gold price fluctuations lead to market risk which is the primary source of credit risk associated with this product.

Group currently manages the credit and market risks arising from adverse movements in Gold prices by adopting the following strategies;

- Shorter product life: Group, as a credit risk management strategy lends for shorter periods allowing it to initiate its recovery process faster.
- Frequent revisions to Loan-to-Value (LTV) ratio : Group practices a process of revising advance offered per gold sovereign to reflect market value fluctuations to maintain the desired loan to value ratio.
- Timely auction of gold stocks : The gold stock of defaulted facilities are auctioned on frequent basis, avoiding pilling up of gold stock which would lead to larger losses at a sudden drop in the gold prices.

Further, stress tests are carried out regularly to assess the impact at decline in gold prices in varied levels.

Value at Risk (VAR) model is used as a key tool to asses the maximum estimated loss that can arise with a specified probability (confidence level) over a specified period of time due to adverse movement of gold price. The VaR model used is mainly on historical simulation and the model generates a wide range of plausible future scenarios for market price movements.

	31-Mar-26	31-Mar-25
3 months VaR of global gold price at 95% Confidence level	24.14%	10.28%
3 months VaR of exchange rate at 95% Confidence level	1.37%	2.97%
Expected Credit Loss (Rs. '000)	1,216,424	125,986

45.5.2 EQUITY PRICE RISK

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks.

45.5.3 Exchange Rate Risk

Exchange rate risk is the risk of loss as a result of unhedged exposure to volatility in the local (LKR) exchange rate with other major currencies. Exchange risk could materialize as an indirect risk too, affecting local gold prices resulting in exaggerated commodity risk.

Group is exposed to two types of risk caused by currency volatility.

Transaction risk –This risk arises whenever the Group has contractual cash flows (receivables and payables) whose values are subject to unanticipated changes in exchange rates due to a contract being denominated in a foreign currency. This type of exposure is short-term to medium-term in nature.

Translation risk – This exposure arises from the effect of currency fluctuations on the consolidated financial statements, particularly when it has foreign subsidiaries. This type of exposure is medium-term to long-term.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, AUD, EURO and GBP exhange rates, with all other variables held constant. The Group exposure to all the other currencies are not material. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

As at 31 March	COMPANY		GROUP	
	Change in exchange rate	Change in Profit before tax LKR '000	Change in exchange rate	Change in Profit before tax LKR '000
Impact to the profit before tax for the year 2025/26	20%	-	20%	(57,940)
	15%	-	15%	(43,455)
	10%	-	10%	(28,970)
	-10%	-	-10%	28,970
	-15%	-	-15%	43,455
	-20%	-	-20%	57,940

As at 31 March	COMPANY		GROUP	
	Change in exchange rate	Change in Profit before tax LKR '000	Change in exchange rate	Change in Profit before tax LKR '000
Impact to the profit before tax for the year 2024/25	20%	-	20%	(28,984)
	15%	-	15%	(21,738)
	10%	-	10%	(14,492)
	-10%	-	-10%	14,492
	-15%	-	-15%	21,738
	-20%	-	-20%	28,984

The sensitivity of the exchange rate is presented in the range of negative 20% to positive 20%.

Notes to the Financial Statements

45. RISK MANAGEMENT DISCLOSURES (Contd.)

45.5.4 Interest Rate Risk

Interest rate risk is a key constitute of the market risk exposure of the Group due to adverse and unanticipated movements in future interest rate which arises from core business activities; disbursing of credit facilities, accepting deposits and issuing debt instruments. Due to the nature of operations of the Group, the impact of interest rate risk is mainly on the earnings of the Group rather than the market value of portfolios.

Excessive movements in market interest rate could result in severe volatility to Group's net interest income and net interest margin. Group's exposure to interest rate risk is primarily associated with factors such as;

- Reprising risk arising from a fixed rate borrowing portfolio, where reprising frequency is different to that of the lending portfolio.
- Yield curve risk arising from unanticipated shifts of the market yield curve.

Interest rate risk is managed principally through minimizing interest rate sensitive asset liability gaps. In order to ensure interest rate margin and spreads are maintained, the Group conducts periodic reviews and reprices its assets accordingly.

45.5.4 (a) Interest Rate Risk Exposure on Financial Assets and Liabilities

The following table demonstrates the impact on net interest income to a reasonably possible change in interest rates based on the assumption that a rate sensitive asset surplus would be subjected to reinvestment risk whereas a rate sensitive asset deficit would be subjected to funding risk.

Impact on Net Interest Income due to a parallel rate increase/ decrease on rate sensitive assets and liabilities is shown below.

Net Interest Income (NII) Sensitivity by Interest Rate Change

As at 31 March	COMPANY		GROUP	
	Change in basis points	Change in Profit before tax LKR '000	Change in basis points	Change in Profit before tax LKR '000
Impact to the profit before tax for the year 2025/26	+ 600 bps	227,063	+ 600 bps	2,528,270
	+ 400 bps	151,375	+ 400 bps	1,685,513
	+ 200 bps	75,688	+ 200 bps	842,757
	- 200 bps	(75,688)	- 200 bps	(842,757)
	- 400 bps	(151,375)	- 400 bps	(1,685,513)
	- 600 bps	(227,063)	- 600 bps	(2,528,270)

As at 31 March	COMPANY		GROUP	
	Change in basis points	Change in Profit before tax LKR '000	Change in basis points	Change in Profit before tax LKR '000
Impact to the profit before tax for the year 2024/25	+ 600 bps	223,111	+ 600 bps	974,963
	+ 400 bps	148,741	+ 400 bps	649,975
	+ 200 bps	74,370	+ 200 bps	324,988
	- 200 bps	(74,370)	- 200 bps	(324,988)
	- 400 bps	(148,741)	- 400 bps	(649,975)
	- 600 bps	(223,111)	- 600 bps	(974,963)

The sensitivity of the interest rate is presented in the range of negative 6% to positive 6%.

45.5.4 (b) The table below analyses the Company's interest rate risk exposure on financial assets & liabilities. The Company's assets & liabilities are included at carrying amount and categorized by the earlier of contractual reprising or maturity dates.

Current Year	Up to 03 Months LKR '000	03-12 Months LKR '000	01-03 Years LKR '000	03-05 Years LKR '000	Over 05 Years LKR '000	Non-Interest Sensitive LKR '000	Total LKR '000
Financial Assets							
Cash and Cash Equivalents	815,886	-	-	-	-	-	815,886
Financial Assets Recognised Through Profit or Loss	-	-	-	-	-	30,997	30,997
Equity Instruments measured at Fair Value through OCI	-	-	-	-	-	25,469,989	25,469,989
Other Financial Assets	219,000	1,058,495	-	-	-	-	1,277,495
Trade and Other Debtors, Deposits	1,765,521	58,913	27,799	-	-	-	1,852,233
	2,800,407	1,117,408	27,799	-	-	25,500,986	29,446,600
Financial Liabilities							
Due to Banks	-	-	-	-	-	-	-
Due to Customers	-	-	-	-	-	-	-
Interest Bearing Loans and Borrowings	13,923	33,967	86,091	-	-	-	133,981
Trade and Other Payables	27,259	-	-	-	-	-	27,259
	41,182	33,967	86,091			-	161,240
Interest Sensitivity Gap				-	-		
	2,759,225	1,083,441	(58,292)			25,500,986	29,285,360

Comparative Year LKR '000	Up to 03 Months LKR '000	03 - 12 Months LKR '000	01 - 03 Years LKR '000	03 - 05 Years LKR '000	Over 05 Years LKR '000	Non-Interest Sensitive LKR '000	Total LKR '000
Financial Assets							
Cash and Cash Equivalents	792,652	-	-	-	-	-	792,652
Financial Assets Recognised Through Profit or Loss	-	-	-	-	-	32,672	32,672
Equity Instruments measured at Fair Value through OCI	-	-	-	-	-	21,480,713	21,480,713
Other Financial Assets	1,324,192	-	-	-	-	-	1,324,192
Trade and Other Debtors, Deposits	1,652,406	-	-	-	-	-	1,652,406
	3,769,250	-	-	-	-	21,513,385	25,282,635
Financial Liabilities							
Due to Banks	28	-	-	-	-	-	28
Due to Customers	-	-	-	-	-	-	-
Interest Bearing Loans and Borrowings	11,286	15,586	-	-	-	-	26,872
Trade and Other Payables	23,837	-	-	-	-	-	23,837
	35,151	15,586	-	-	-	-	50,737
Interest Sensitivity Gap	3,734,099	(15,586)	-	-	-	21,513,385	25,231,898

Notes to the Financial Statements

45. RISK MANAGEMENT DISCLOSURES (Contd.)

45.5.4 (c) The table below analyses the Group's interest rate risk exposure on financial assets & liabilities. The Group's assets & liabilities are included at carrying amount and categorized by the earlier of contractual reprising or maturity dates.

Current Year	Up to 03 Months LKR '000	03-12 Months LKR '000	01-03 Years LKR '000	03-05 Years LKR '000	Over 05 Years LKR '000	Non-Interest Sensitive LKR '000	Total LKR '000
Financial Assets							
Cash and Cash Equivalents	22,055,381	148,000	-	-	-	8,013,587	30,216,968
Derivative Financial Assets	-	-	-	82,705	-	-	82,705
Financial Assets Recognised Through Profit or Loss	-	-	-	-	-	100,416	100,416
Financial Assets At Amortised Cost- Loans and Advances	144,932,442	99,792,758	65,125,365	22,792,628	355,623	-	332,998,816
Equity Instruments measured at Fair Value through OCI	-	-	-	-	1,753	25,577,130	25,578,883
Other Financial Assets	9,479,625	18,921,008	6,350,590	6,355,365	-	2,173,990	43,280,578
Trade and Other Debtors, Deposits	10,239,831	58,913	27,799	-	-	6,437,456	16,763,999
	186,707,279	118,920,679	71,503,754	29,230,698	357,376	42,302,579	449,022,365
Financial Liabilities							
Due to Banks	18,729,062	18,376,136	48,018,802	19,930,083	-	-	105,054,083
Due to Customers	64,706,696	65,717,718	39,403,752	3,500,982	-	15,648,482	188,977,630
Interest Bearing Loans and Borrowings	18,400,070	11,165,460	22,097,955	23,125,736	652,255	-	75,441,476
Trade and Other Payables	8,557,718	234,760	578,708	529,738	856,330	5,438,576	16,195,830
	110,393,546	95,494,074	110,099,217	47,086,539	1,508,585	21,087,058	385,669,019
Interest Sensitivity Gap	76,313,733	23,426,606	(38,595,463)	(17,855,841)	(1,151,209)	21,215,521	63,353,347

Comparative Year	Up to 03 Months LKR '000	03-12 Months LKR '000	01-03 Years LKR '000	03-05 Years LKR '000	Over 05 Years LKR '000	Non - Interest Sensitive LKR '000	Total LKR '000
Financial Assets							
Cash and Cash Equivalents	11,184,733	-	-	-	-	4,140,228	15,324,961
Financial Assets Recognised Through Profit or Loss	-	-	-	-	-	91,269	91,269
Financial Assets At Amortised Cost- Loans and Advances	95,787,904	56,841,660	35,586,715	11,017,818	36,950	-	199,271,047
Equity Instruments measured at Fair Value through OCI	-	-	-	-	-	21,536,209	21,536,209
Other Financial Assets	10,310,085	11,644,574	-	-	-	626,809	22,581,468
Trade and Other Debtors, Deposits	8,974,737	540,392	-	-	-	5,614,925	15,130,054
	126,257,459	69,026,626	35,586,715	11,017,818	36,950	32,009,440	273,935,008
Financial Liabilities							
Due to Banks	13,457,408	8,068,461	15,637,342	3,790,312	-	-	40,953,523
Due to Customers	67,367,846	41,461,792	27,233,045	2,761,213	-	-	138,823,896
Interest Bearing Loans and Borrowings	13,059,225	10,613,841	6,050,108	6,026,040	891,148	-	36,640,362
Trade and Other Payables	9,258,412	-	-	-	-	4,037,872	13,296,284
	103,142,891	60,144,094	48,920,495	12,577,565	891,148	4,037,872	229,714,065
Interest Sensitivity Gap	23,114,568	8,882,532	(13,333,780)	(1,559,747)	(854,198)	27,971,568	44,220,943



Supplementary Information

Detail.
Connection. Continuity.

A feather's completeness lies in its finer details, with each strand adding clarity and connection to the whole. This section provides supplementary information, historical data and reference material that support a fuller understanding of Vallibel One's performance, ownership and reporting context.

The Satyr Tragopan Feather

The Satyr Tragopan's feather features dense spotting and dramatic contrast, revealing layered complexity, nuanced detail, and the capacity to adapt across conditions, illustrating the subtle interplay of form and function.

Decade at a Glance

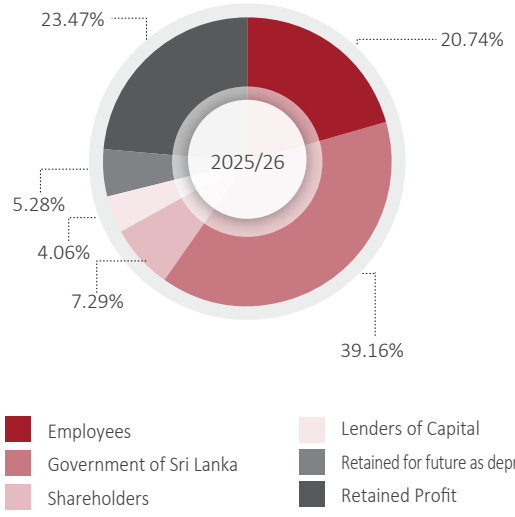
	2026 LKR MN	2025 LKR MN	2024 LKR MN	2023 LKR MN	2022 LKR MN	2021 LKR MN	2020 LKR MN	2019 LKR MN	2018 LKR MN	2017 LKR MN
OPERATING RESULTS										
Group revenue	149,346	122,760	122,330	116,855	94,295	81,035	68,569	66,691	60,969	52,936
EBIT	38,255	30,505	32,507	30,678	30,139	22,472	15,068	14,989	13,723	10,535
Net Finance Cost	(2,523)	(2,027)	(2,372)	(2,917)	(498)	(1,841)	(3,011)	(2,603)	(1,915)	(1,156)
Share of results of equity accounted investees (net of tax)	34	53	48	(4)	7	(39)	6	45	31	687
Profit before tax	30,581	24,348	26,553	25,078	27,512	19,032	9,870	10,542	10,737	8,391
Tax Expense	(9,531)	(8,323)	(9,286)	(7,466)	(6,990)	(4,208)	(3,453)	(3,800)	(3,927)	(3,762)
Profit after tax	20,872	16,023	17,444	17,809	20,522	14,823	6,417	6,742	6,810	4,629
Attributable to:										
Equity Holders of the Parent	13,165	11,761	9,894	9,524	10,353	8,118	3,794	4,042	3,609	640
Non-Controlling interest	7,707	4,262	7,550	8,285	10,228	6,571	2,502	2,692	3,160	3,793
CAPITAL EMPLOYED										
Stated capital	29,337	29,337	29,337	29,337	29,337	29,337	27,164	27,164	27,164	27,164
Capital reserves and other components of equity	35,229	29,629	20,787	13,868	12,282	12,068	10,025	7,184	9,595	5,377
Retained Earnings	59,289	49,979	41,915	33,720	28,346	21,151	16,755	13,991	11,132	9,041
Equity attributable to equity holders of the Parent	123,855	108,945	92,039	76,925	69,965	62,556	53,944	48,339	47,891	41,582
Noncontrolling Interest	57,063	49,325	47,196	42,458	38,488	31,634	26,116	23,155	20,572	18,931
Total Equity	180,918	158,270	139,235	119,382	108,453	94,190	80,060	71,493	68,462	60,512
Total Debt	180,496	77,594	55,106	47,879	56,047	37,290	55,565	52,172	48,295	42,792
	361,413	235,864	194,341	167,261	164,500	131,480	135,625	123,665	116,757	103,304
ASSETS EMPLOYED										
Property plant and equipment(PP&E)	79,316	74,707	69,971	60,336	56,939	52,595	50,658	43,428	37,480	29,566
Assets other than PP&E	512,200	332,062	276,621	249,310	228,271	187,537	191,809	181,560	168,693	146,484
Liabilities net of debt	(230,103)	(170,905)	(152,251)	(142,385)	(120,710)	(108,651)	(106,842)	(101,322)	(89,416)	(72,746)
	361,413	235,864	194,341	167,261	164,500	131,480	135,625	123,665	116,757	103,304
CASHFLOW										
Net cash flow from operating activities	(10,727)	(1,760)	8,316	(11,141)	22,083	19,227	5,214	3,846	5,867	4,080
Ne cash flow from/(used in) investing activites	(7,655)	932	(3,670)	(7,218)	(3,833)	(1,652)	(4,103)	(7,534)	(7,808)	(7,422)
Ner cash flow from /(used in) Financing activities	34,461	25	2,042	(3,951)	114	(8,839)	(77)	(297)	3,700	(590)
Net increase /(decrease) in cash and cash equivalents	16,078	(803)	6,688	(22,310)	18,364	8,737	1,034	(3,985)	1,759	(3,931)
KEY INDICATORS										
Basic earnings per share (Rs.)	11.57	10.34	8.69	8.36	9.09	7.13	3.33	3.72	3.32	0.59
Dividend per share (Rs.)	3.00	3.00	1.00	-	2.50	3.50	-	-	0.50	0.50
Net assets per share (Rs.)	108.84	93.62	80.81	67.54	61.43	54.93	47.36	44.50	44.10	38.30
Market price per share (Rs.)	91.90	58.90	50.50	36.60	40.2	47.1	12	14.3	17.2	17.5
Return on equity (%)	11.5	10.1	12.5	14.9	18.9	15.6	7.9	9.4	9.8	7.0
Debt equity ratio (%)	99.77	49.03	39.58	40.11	51.68	39.59	69.40	72.97	70.54	70.72
Interest cover (Times)	15.2	12.5	11.4	7.4	29.1	11.9	4.9	5.6	6.9	6.3
Price earning ratio (Times)	8	5.70	5.81	4.38	4.42	6.61	3.60	3.84	5.18	29.66
Revenue growth rate (%)	21.66	0.35	4.69	23.92	16.36	18.18	2.82	9.39	15.17	11.05

Group Value Added Statement

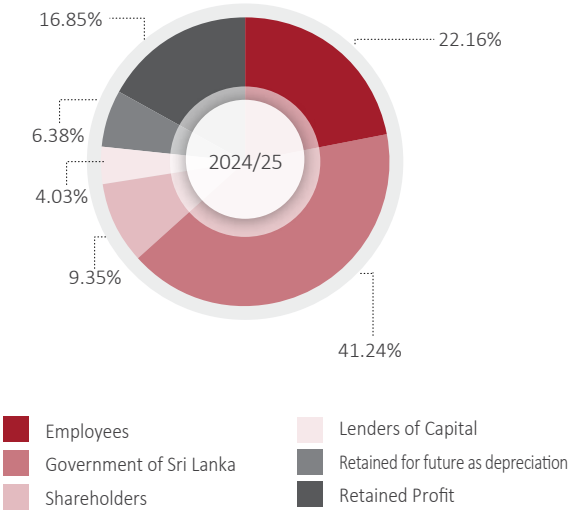
	2025/26 Rs. 000'	2024/25 Rs. 000'
Gross Turnover	162,242,280	133,794,787
Finance & Other Income	3,276,102	2,979,697
Share of Associate Company's Profit	44,755	68,787
Cost of material and services bought in	(92,922,448)	(76,349,723)
Value Added	72,640,689	60,493,547

	2025/26 Rs. 000'	2024/25 Rs. 000'
Employees	15,068,248	13,402,855
Government of Sri Lanka	28,449,114	24,946,362
Shareholders	5,293,224	5,653,995
Lenders of Capital	2,945,739	2,437,058
Retained for future as depreciation	3,836,780	3,860,192
Retained Profit	17,047,584	10,193,085
Total Value Added	72,640,689	60,493,547

Value Addition 2025/26



Value Addition 2024/25



Indicative US Dollar Income Statement

For information Purposes only

For the year ended 31st March	Company		Group	
	2026 USD '000	2025 USD '000	2026 USD '000	2025 USD '000
Revenue from Contracts with Customers	-	-	312,033	269,592
Interest Income	-	-	178,561	142,406
Total Revenue	-	-	490,594	411,997
Cost of Sales	-	-	(268,180)	(231,501)
Gross Profit	-	-	222,415	180,496
Dividend Income	13,594	13,208	5,063	4,722
Other Operating Income	1,604	1,427	4,399	3,811
Administrative Expenses	(1,635)	(1,401)	(59,452)	(49,680)
Distribution Expenses	-	-	(39,882)	(35,188)
Other Operating Expenses	(6)	(31)	(6,876)	(170)
Result from operating activities	13,557	13,204	125,666	103,991
Finance Cost	(42)	(22)	(9,589)	(8,089)
Finance Income	514	673	1,300	1,368
Net Finance Income/ (Cost)	472	651	(8,289)	(6,721)
Share of results of equity accounted Investees	-	-	112	180
Operating Profit before Tax on Financial Services	14,029	13,855	117,490	97,451
Tax on Financial Services	-	-	(17,031)	(14,116)
Profit before tax	14,029	13,855	100,459	83,335
Income Tax Expense	(207)	(249)	(31,310)	(28,086)
Profit for the year from continuing operations	13,822	13,607	69,149	55,249
Discontinued Operation	-	-	-	-
Profit/ (Loss) after tax for the year from discontinued operations	-	-	(585)	(1,182)
Profit for the year	13,822	13,606	68,564	54,066
		-	-	-
Attributable to:		-		-
Equity holders of the Parent	13,821	13,606	43,246	39,686
Non Controlling Interests	-	-	25,318	14,381
	13,822	13,606	68,564	54,066
Earning per share	0.01	0.01	0.04	0.03
Basic earnings per ordinary share	0.01	0.01	0.01	0.01

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS. The above should be read together with the Auditors Opinion and the notes to the financial statements. Exchange rate prevailing at year end USD/Rs.304.42 (2025-Rs.296.35/-) have been used to convert the income statement and statement of financial position

Indicative US Dollar Statement of Financial Position

For information Purposes only

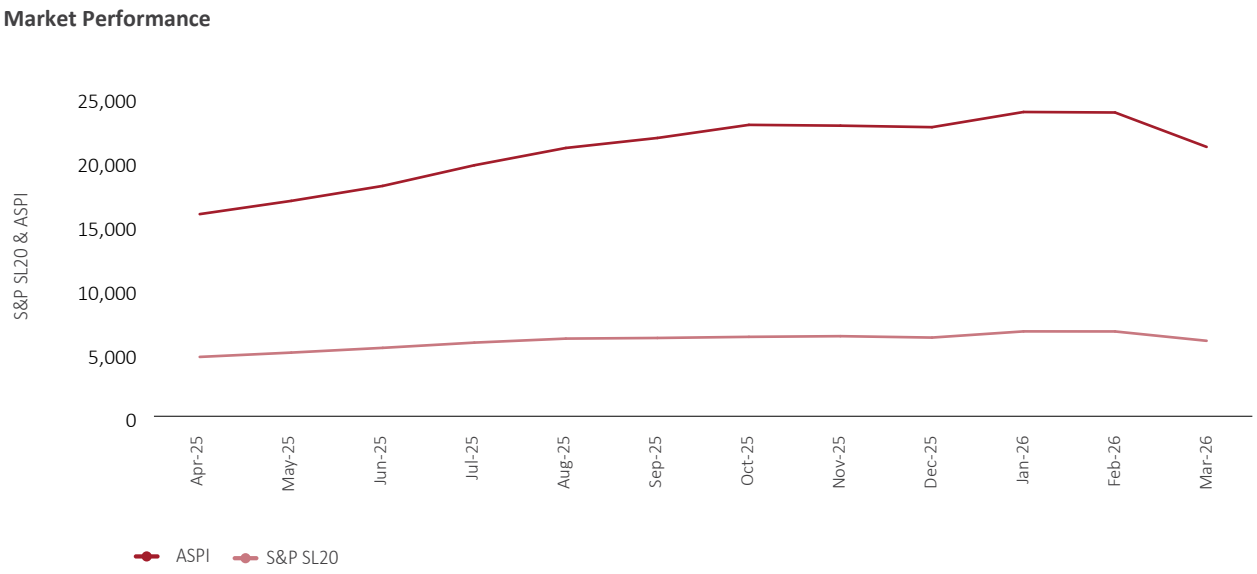
As at 31 March	Company		Group	
	2026 USD '000	2025 USD '000	2026 USD '000	2025 USD '000
ASSETS				
Cash and Cash Equivalent	2,589	2,675	95,869	51,712
Financial Assets Measured at Fair Value Through Profit or Loss	98	110	319	308
Derivative Financial Assets	-	-	262	-
Financial Assets At Amortised Cost- Loans and Advances	-	-	1,056,499	672,418
Equity Instruments measured at Fair Value through OCI	80,808	72,484	81,154	72,672
Other Financial Assets	4,053	4,468	137,315	76,199
Trade and Other Debtors, Deposits and Prepayments	5,877	5,576	53,187	51,055
Contract Asset	-	-	-	-
Other Non Financial Assets	60	17	8,104	7,185
Investments in Subsidiaries	82,077	85,405	-	-
Investment in Associate	1,311	1,394	3,167	2,336
Deferred Tax Assets	38	38	10,483	6,077
Income Tax Recoverable	-	-	3	89
Inventories	-	-	115,390	119,457
Intangible Assets	-	-	43,693	43,501
Consumable Biological Assets	-	-	(0)	-
Investment Property	-	-	6,967	7,298
Property, Plant and Equipment	360	173	251,643	252,090
Right of use assets	409	86	11,756	10,079
Assets held for sale	-	-	881	123
Total Assets	177,679	172,427	1,876,691	1,372,597
LIABILITIES				
Due to Banks	-	-	333,303	138,193
Due to Customers	-	-	599,566	468,446
Interest Bearing Loans and Borrowings	425	91	239,352	123,639
Trade and Other Payables	86	80	51,384	44,867
Other Non Financial Liabilities	-	-	10,065	7,616
Contract Liabilities	-	-	11,030	5,417
Dividend Payable	66	63	1,454	1,534
Employee Benefit Liabilities	166	141	9,280	8,454
Income Tax Liabilities	100	90	17,322	10,662
Deferred Tax Liabilities	-	-	28,939	29,705
Liabilities directly associated with the assets classified as held for sale	-	-	1,002	1
Total Liabilities	843	465	1,302,697	838,534
Shareholders' Funds				
Equity Attributable to Equity Holders of the Parent				
Stated Capital	93,077	98,995	93,077	98,995
Retained Earnings	39,373	39,221	188,105	168,648
Other components of equity	44,385	33,746	111,771	99,979
Total Equity Attributable to Equity Holders of the Parent	176,836	171,961	392,953	367,622
Non Controlling Interest	-	-	181,042	166,442
Total Equity	176,836	171,961	573,994	534,064
Total Equity and Liabilities	177,679	172,427	1,876,691	1,372,597

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS. The above should be read together with the Auditors Opinion and the notes to the financial statements. Exchange rate prevailing at year end USD/Rs.315.19 (2025-296.35) have been used to convert the income statement and statement of financial position.

Shareholder Information

MARKET INFORMATION OF OUR SHARE

Market Performance



Stock Exchange Listing

Vallibel One PLC is a public quoted company, the ordinary shares of which are listed on the Diri Savi Board of the Colombo Stock Exchange. The date of listing was 08 July 2011.

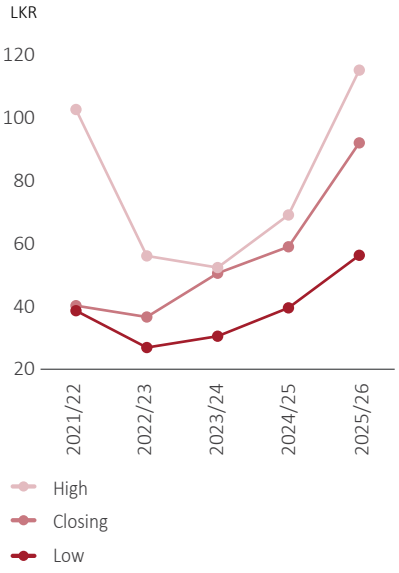
MARKET CAPITALISATION

The Float adjusted market capitalisation as at 31st March 2026 – LKR 20,412,494,586 (As at 31st March 2025 – LKR 13,020,915,802)

The Float adjusted market capitalization of the Company falls under Option 1 of Rule 7.13.1 (i) (b) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

	As at 31st March		
	2026	2025	2023
Total Market Capitalisation of CSE (LKR Bn)	7,522.00	5,812.11	4,534.65
Total Market Capitalisation of Capitals Goods Industry Group (LKR Bn)	1,214.57	1,848.99	735.96
Company Market Capitalisation (LKR Bn)	104.66	67.08	57.52
Percentage of Total Market Capitalisation (%)	1.39	1.15	1.27
Percentage of Total Market Capitalisation: Capital Goods (%)	8.62	3.63	7.81

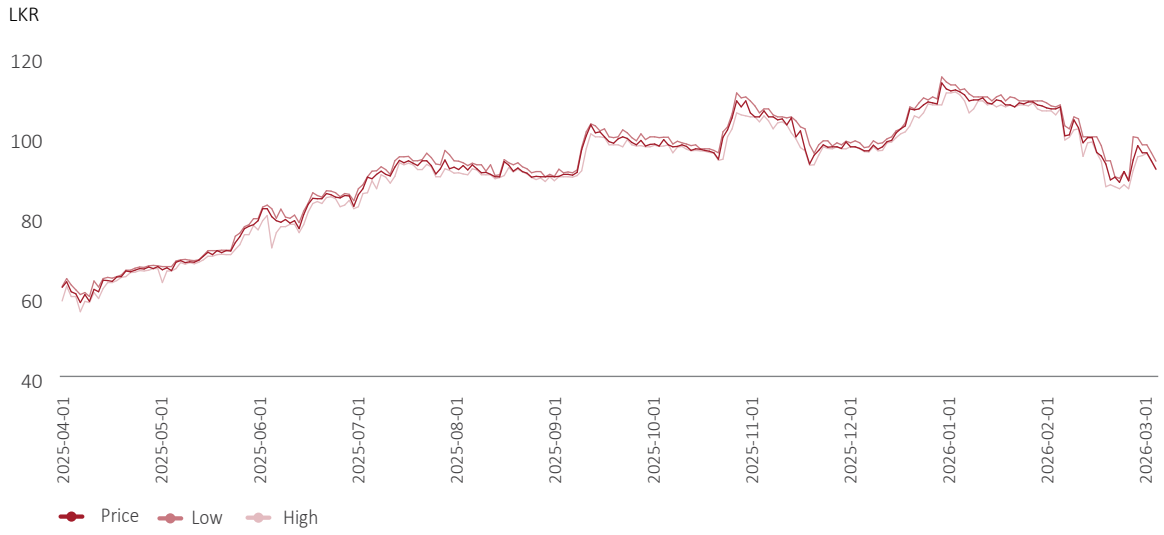
Market Value Per Share



SHARE PRICES FOR THE YEAR

Market price per share	2025/26		2024/25	
	Date	Price	Date	Price
Highest during the year	21/01/2026	115.00	03/01/2025	69.00
Lowest during the year	07/04/2025	56.20	03/09/2024	39.50
As at end of the year	31/03/2026	91.90	28/03/2024	59.80

During the Year Price Movement



SHARE TRADING SNAPSHOT

CIGS Industry Group	Capital Goods
CSE Ticker	VONE.N0000
ISIN	LK0389N00003

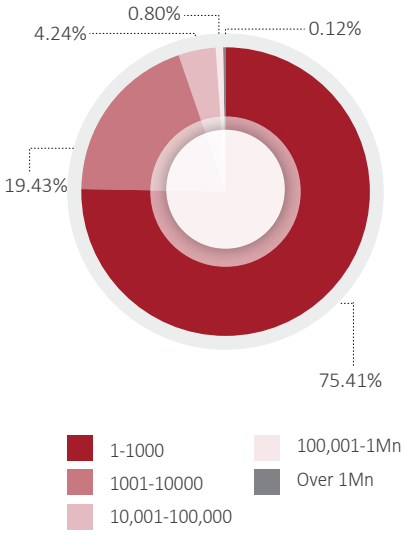
	31st March 2026	31st March 2025
No. of transactions	61,809	51,544
No. of Shares traded	149,689,454	118,392,923
Value of Shares traded (LKR)	13,313,331,012	6,736,016,699

Shareholder Information

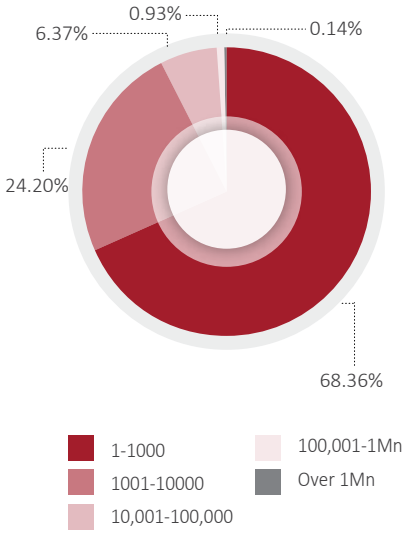
DISTRIBUTION OF SHAREHOLDERS

From	To	2025/26			2024/25		
		No of Share holders	No of Share	%	No of Share holders	No of Share	%
1	1,000	11,544	2,816,886	75.41	10,617	2,901,296	68.36
1,001	10,000	2,974	8,719,779	19.43	3,759	12,078,615	24.2
10,001	100,000	649	20,107,195	4.24	989	28,741,240	6.37
100,001	1,000,000	123	33,728,575	0.80	144	36,000,116	0.93
Over	1,000,000	19	1,073,543,209	0.12	21	1,059,194,377	0.14
		15,309	1,138,915,644	100	15,530	1,138,915,644	100

As at 31st March 2026



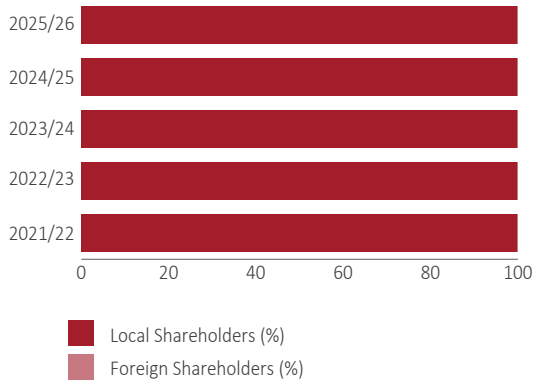
As at 31st March 2025



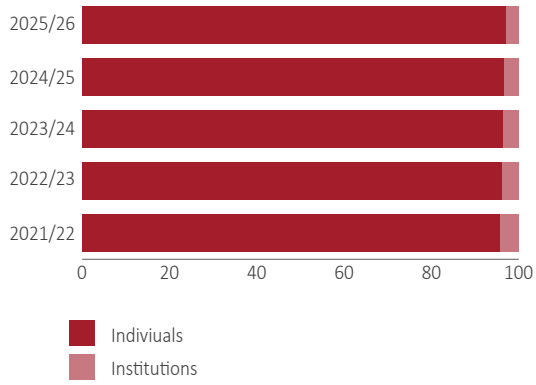
SHARE PRICES FOR THE YEAR

	31st March 2026			31st March 2025		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
Local						
Individuals	14,810	775,423,454	68.08	14,953	791,790,996	69.52
Institutions	449	361,943,534	31.78	532	344,917,018	30.28
Total Local	15,259	1,137,366,988	99.86	15,485	1,136,708,014	99.81
Foreign						
Individuals	49	1,328,656	0.12	44	1,987,630	0.17
Institutions	1	220,000	0.02	1	220,000	0.02
Total Foreign	50	1,548,656	0.14	45	2,207,630	0.19
Total	15,309	1,138,915,644	100.00	15,330	1,138,915,644	100

Local Vs Foreign Shareholders (%)



Indiviuals Vs Institutions Shareholders



DIRECTORS' SHARE HOLDING AS AT 31 MARCH

Name of Director	2025/26		2024/25	
	No. of Shares	%	No. of Shares	%
Mr. K D D Perera	722,966,300	63.480	722,966,300	63.48
Mr. J A S S Adhihetty	104,819	0.009	104,819	0.009
Ms. Yogadinusha Bhaskaran	-		-	-
Ms. A A K Amarasinghe	4,192	0.000	4,192	0.000
Ms. K A D Brindhini Perera	-	-	-	--
Mr. H M A Jayesinghe	-	-	-	-
Mr. A S Fernando	-	-	-	-
Ms. R M A S Parakrama	-	-	-	-
Ms. K D Weerasinghe	-	-	-	-
Mr. A J Alles	-	-	-	-
Ms. Yanika Amarasekara (Appointed w.e.f. 13th February 2026)	-	-	-	-

Shareholder Information

TOP 20 SHAREHOLDERS- AS AT 31ST MARCH 2026

	Name	AS AT 31ST MARCH 2026		AS AT 31ST MARCH 2025	
		No of Shares	(%)	No of Shares	(%)
1	MR. K.A.D.D. PERERA	722,966,300	63.478	722,966,300	63.48
2	EMPLOYEE'S PROVIDENT FUND	106,443,137	9.346	106,443,137	9.35
3	VALLIBEL INVESTMENTS (PVT) LIMITED	96,398,569	8.464	96,398,569	8.46
4	VALLIBEL LEISURE (PRIVATE) LIMITED	96,359,379	8.461	96,359,379	8.46
5	FINCO HOLDINGS (PRIVATE) LIMITED	16,786,197	1.474	6,650,580	0.58
6	HATTON NATIONAL BANK PLC- CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND	7,333,898	0.644	1,754,940	0.15
7	MR. R.P. WEERASOORIYA	4,310,000	0.378	-	-
8	MR. K.D.H. PERERA	4,300,609	0.378	4,300,609	0.38
9	BANK OF CEYLON A/C CEYBANK UNIT TRUST	3,601,441	0.316	4,388,441	0.39
10	DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND	2,239,313	0.197	-	-
11	FIRST CAPITAL ASSET MANAGEMENT/ MERRILL J FERNANDO & SONS (PVT) LIMITED	2,000,000	0.176	-	-
12	DFCC BANK PLC A/C NO.02	1,823,237	0.160	1,191,096	0.11
13	COMMERCIAL BANK OF CEYLON PLC/P.SUBASINGHE	1,749,553	0.154	-	-
14	J.B. COCOSHELL (PVT) LTD	1,390,082	0.122	-	-
15	MR. A. SITHAMPALAM	1,248,190	0.110	1,679,096	0.15
16	RANAVAV HOLDINGS (PVT) LTD	1,242,018	0.109	-	-
17	MR. Y.S.H.R.S. SILVA	1,213,094	0.107	-	-
18	RENUKA CONSULTANTS & SERVICES LIMITED.	1,090,000	0.096	1,095,361	0.10
19	PAN ASIA BANKING CORPORATION PLC/MR.SHIRAN HARSHA AMARASEKERA	1,048,192	0.092	1,048,192	0.09
20	COMMERCIAL BANK OF CEYLON PLC/METROCORP (PVT) LTD	1,000,000	0.088	-	-
		1,074,543,209	94.350	1,044,275,700	91.69
	OTHERS	64,372,435	5.650	94,639,944	8.31
	TOTAL	1,138,915,644	100.000	1,138,915,644	100.000

DIVIDENDS

Year ended 31 March	Dividend declared per share (LKR)	Total Dividends (LKR Mn)
2012/13	0.30	326
2013/14	0.70	761
2014/15	0.40	435
2015/16	0.50	543
2016/17	0.50	543
2017/18	0.50	543
2018/19-	-	-
2019/20	-	543
2020/21	0.50	543
2021/22	2.50	2,847
2022/23	-	-
2023/24	1.00	1,139
2024/25	3.00	3,416
2025/26	3.00	3,416

DIVIDENDS

Year ended 31st March	Number of Shares in Issue (LKR Mn)
2011/12	1,086,559,353
2012/13	1,086,559,353
2013/14	1,086,559,353
2014/15	1,086,559,353
2015/16	1,086,559,353
2016/17	1,086,559,353
2017/18	1,086,559,353
2018/19	1,086,559,353
2019/20	1,086,559,353
2020/21	1,138,915,644
2021/22	1,138,915,644
2022/23	1,138,915,644
2023/24	1,138,915,644
2024/25	1,138,915,644
2025/26	1,138,915,644

Subsidiary/Associate Companies of Vallibel One PLC

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary/ Associates	Directors who held Office during the year ended 31st March 2026
Royal Ceramics Lanka PLC	PQ 125	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. Dhammika Perera Mr. A M Weerasinghe Mr. M Y A Perera Mr. T G Thoradeniya Mr. G A R D Prasanna Mr. S H Amarasekera Mr. N J Weerakoon Mr. S M Liyanage Mr. J R Gunaratne Mr S R Jayaweera Ms K A D B Perera Mr H M A Jayesinghe
Rocell Bathware Limited	PB 425	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. A M Weerasinghe Mr. M Y A Perera Mr. T G Thoradeniya Mr. D J Silva Mr. G A R D Prasanna – resigned w.e.f.18.9.2025
Rocell Properties Limited	Subsidiary	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. A M Weerasinghe Mr. T G Thoradeniya Mr. G A R D Prasanna resigned w.e.f. 18.9.2025
Royal Ceramics Distributors (Private) Limited	PV 2524	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. A M Weerasinghe Mr. T G Thoradeniya Mr. G A R D Prasanna- resigned w.e.f. 18.9.2025 Mr. K D H Perera
Biscuits and Chocolate Company Ltd	PB 220	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. A M Weerasinghe Mr. T G Thoradeniya Mr. A K Dheerasinghe Mr. S M Liyanage Ms A A K Amarasinghe
Ever Paint and Chemical Industries (Private) Limited	PV 2211	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. A M Weerasinghe Mr. H Somashantha Mr. M W R N Somaratna Mr. J K A Sirinatha Mr. D B Gamalath
Lanka Ceramic PLC	PQ 157	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. A M Weerasinghe Ms A M L Page Mr. S M Liyanage Ms K D Weerasinghe Mr L P B Talwatte – appointed w.e.f. 1.4.2025 Mr H M A Jayesinghe – appointed w.e.f. 20.12.2025 Mr. J D N Kekulawala– resigned w.e.f. 8.12.2025 Mr. T G Thoradeniya – resigned w.e.f. 31.12.2025 Mr.J A P M Jayasekara- resigned w.e.f 1.4.2025
Lanka Walltiles PLC	PQ 55	No. 215 Nawala Road Naranhenpita Colombo 5	Subsidiary	Mr Dhammika Perera – appointed w.e.f. 31.7.2025 Mr. A M Weerasinghe Dr. S Selliah Ms. A M L Page Mr. M W R N Somaratne Mr S R Jayaweera Ms K A D B Perera Ms Y Bhaskaran Mr B D S Mendis Mr N M Pelpola Mr L P B Talwatte – appointed w.e.f. 1.4.2025 Mr S H Amarasekera – appointed w.e.f. 30.10.2025 Mr H Somashantha – appointed w.e.f. 31.7.2025 Mr H M A Jayesinghe – appointed w.e.f. 24.12.2025 Mr. J D N Kekulawala – resigned w.e.f. 8.12.2025 Mr.J A P M Jayasekara- resigned w.e.f 1.4.2025

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary/ Associates	Directors who held Office during the year ended 31st March 2026
Lanka Tiles PLC	PQ 129	No. 215 Nawala Road Naranhenpita Colombo 5	Subsidiary	Mr Dhammika Perera – appointed w.e.f.31.7.2025 Mr. A M Weerasinghe Dr. S Selliah Mr. T G Thoradeniya Ms. A M L Page Mr. J A N R Adhihetty Mr. J R Gunaratne Mr S R Jayaweera Ms K A D B Perera Mr R M M J Ratnayake Mr L P B Talwatte Mr H Somashantha – appointed w.e.f. 25.4.2025 Mr S H Amaasekera – appointed w.e.f. 30.10.2025 Mr.J A P M Jayasekara- resigned w.e.f 1.4.2025 Mr.S M Liyanage- resigned w.e.f 25.4.2025
Swisstek (Ceylon) PLC	PQ 155	No. 215 Nawala Road Naranhenpita Colombo 5	Subsidiary	Mr. S H Amarasekera Mr. A M Weerasinghe Dr. S Selliah Mr. J K A Sirinatha Mr. C M U Weerawardena Mr R M M J Ratnayake Mr B D S Mendis Mr K D G Gunaratne Mr L A D N Perera – appointed w.e.f. 21.5.2025 Mr I.G I M Illukkumbura – appointed w.e.f. 29.1.2026 Mr. A S Mahendra- resigned w.e.f.31.10.2025 Mr.J A P M Jayasekara- resigned w.e.f 1.4.2025
Swisstek Aluminium Limited	PB 3277	No. 76/7, Pahala Dompe Dompe	Subsidiary	Mr. S H Amarasekera Mr. A M Weerasinghe Mr. T G Thoradeniya Mr. C M U Weerawardena Mr. S M Liyanage Mr L A D N Perera – appointed w.e.f. 21.5.2025 Mr I.G I M Illukkumbura – appointed w.e.f. 29.1.2026 Mr. A S Mahendra – resigned w.e.f. 31.10.2025 Mr.J A P M Jayasekara- resigned w.e.f 1.4.2025
Swisstek Investments (Pvt) Ltd	PV 00229499	No. 76/7, Pahala Dompe Dompe	Subsidiary	Mr. A M Weerasinghe Mr L A D N Perera – appointed w.e.f. 19.11.2025 Mr.J A P M Jayasekara- resigned w.e.f.1.4.25
Swisstek Development Ltd	PB00236125	No. 215 Nawala Road Naranhenpita Colombo 5	Subsidiary	Mr. K D A Perera Mr A M Weerasinghe Mr.J A P M Jayasekara- resigned w.e.f 1.4.2025
Vallibel Plantation Management Limited	PB 1030	No.400, Deans Road Colombo 10	Subsidiary	Mr A M Weerasinghe Mr. T G Thoradeniya Mr L P B Talwatte – appointed w.e.f. 1.4.2025 Mr. A S Mahendra – resigned w.e.f. 31.10.2025 Mr.J A P M Jayasekara- resigned w.e.f.1.4.25
Uni Dil Packaging Limited	PB 544	Kosgahalanda Kosgahawatta, Katulanda Narampola Road, Moragala Dekatana	Subsidiary	Mr. T G Thoradeniya Mr. H Somashantha Mr. N T Bogahalande Mr. C M U Weerawardena Mr. S M Liyanage Mr L P B Talwatte- appointed w.e.f. 1.4.2025 Mr.J A P M Jayasekara- resigned w.e.f.1.4.25

Subsidiary/Associate Companies of Vallibel One PLC

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary/ Associates	Directors who held Office during the year ended 31st March 2026
Uni Dil Packaging Solutions Limited	PV 7976 PB	Narampola Road Moragala Dekatana	Subsidiary	Mr. K D H Perera Mr. C M U Weerawardena Mr S M Liyanage Mr L P B Talwatte- appointed w.e.f. 1.4.2025 Mr.J A P M Jayasekara- resigned w.e.f.1.4.25
Uni Dil Packaging Kenya Ltd	PVT-RXUMZEE7	P O Box 10643 G P O Nairobi	Subsidiary	Mr Sameera Liyanage Mr Haresh Somashantha
Perfect Packaging Limited	PVT-8LU3Y6V	Katko Complex, GD 12-17, Old Mombasa Road P O Box 30210-00100, Nairobi (GPO) Kenya.	Subsidiary	Mr Sameera Liyanage Mr Haresh Somashantha
Ecopack Solutions Lanka Limited	PB00314206	Narampola Road, Moragala, Dekatane	Subsidiary	Mr Haresh Somashantha Mr S M Liyanage
Vallibel One Properties Limited	PB 00354262	Level 29, West Tower, World Trade Centre, Colombo 01	Subsidiary	Mrs D Bhaskaran Mr A K Dheerasinghe
Beyond Paradise Collection Limited	PB 4706	No. 215 Nawala Road Naraheanpita Colombo 05	Subsidiary	Mr. M H Jamaldeen Mr .K D H Perera Mr L P B Talwatte – appointed w.e.f.1.4.2025 Mr.J A P M Jayasekara- resigned w.e.f.1.4.25
L W L Development (Pvt) Ltd	PV 111856	No. 215, Nawala Road Naraheanpita, Colombo 05	Subsidiary	Mr .K D A Perera Mr L P B Talwatte – appointed w.e.f 1.4 2025 Mr.J A P M Jayasekara- resigned w.e.f.1.4.25
L T L Development Ltd	PB 235929	No. 215, Nawala Road Narahenpita Colombo 05	Subsidiary	Mr. K D A Perera Mr A M Weerasinghe Mr L P B Talwatte – appointed w.e.f 1.4 2025 Mr.J A P M Jayasekara- resigned w.e.f.1.4.25
L W Plantation Investments Ltd	PB 00229452	No. 215, Nawala Road Narahenpita Colombo 05	Subsidiary	Mr A M Weerasinghe Mr L P B Talwatte-- appointed w.e.f. 1.4.2025 Mr.J A P M Jayasekara- resigned w.e.f.1.4.25
L C Plantation Projects Ltd	PB 00229453	No. 215, Nawala Road Narahenpita Colombo 05	Subsidiary	Mr A M Weerasinghe Mr L P B Talwatte - appointed w.e.f. 1.4.2025 Mr.J A P M Jayasekara- resigned w.e.f.1.4.25
C P Holdings (Pvt) Ltd	PV 83903	No. 215, Nawala Road Narahenpita Colombo 05	Subsidiary	Mr A M Weerasinghe Mr L P B Talwatte - appointed w.e.f. 1.4.2025 Mr.J A P M Jayasekara- resigned w.e.f.1.4.25
L C Development (Pvt) Ltd	PV 00229454	No. 215, Nawala Road Narahenpita Colombo 05	Subsidiary	Mr A M Weerasinghe Mr L P B Talwatte - appointed w.e.f. 1.4.2025 Mr.J A P M Jayasekara- resigned w.e.f.1.4.25
Lanka Swisstek Private Limited	U26999KA2017PTC	196 A1, Anekal Taluk, Bommasandra Industrial Area, Attibele, NA, Bengaluru, Bangalore 560099 , Karnataka, India	Subsidiary	Mr A M Weerasinghe Mr. Karan Singhvi Mr. Praven Kumar Singhvi Mr. J A P M Jayasekera –resigned w.e.f. 1.4.2025
Nilano Garments (Private) Limited	PV 14277	No. 20 R. A De Mel Mawatha, Colombo 03	Subsidiary	Mr. H Somashantha Mr B K G S M Rodrigo Ms W S B Gamage

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary/ Associates	Directors who held Office during the year ended 31st March 2026
Valley View Ceramics LLC-[Under Liquidation]	Company Incorporation in USA	-	Subsidiary	Mr A M Weerasinghe Mr Benjamin Malloy Mr L P B Talwatte - appointed w.e.f. 1.4 2025 Mr.J A P M Jayasekara- resigned w.e.f.1.4.25
Lanka Tiles USA Inc	805194366	1501 S, MoPac Expressway, Suite 220, Austin TX 78746	Subsidiary	Mr A M Weerasinghe Mr L P B Talwatte – appointed w.e.f. 1.4.2025 Mr.J A P M Jayasekara- resigned w.e.f.1.4.25
L B Finance PLC	PQ 156	No. 275/75 Prof. Stanley Wijesundera Mawatha Colombo 07	Subsidiary	Mr. G A R D Prasanna Mr. M A J W Jayasekara Mr. N Udage Mr. B D A Perera Ms R S Yatawara Mrs. Y Bhaskaran Mrs A Natesan Mr. D Rangalle Mr L P B Talwatte Mr P D Hennayake Mr R Tissera – appointed w.e.f. 2.9.2025 Prof. T N K De Soysa – appointed w e.f. 29.10.2025 Mr J A S S Adhihetty- ceased w.e.f. 3.7.2025 Mrs Y Amarasekera –resigned w.e.f.24.9.2025
L B Microfinance Myanmar Limited	Company incorporated in Myanmar 844 FC of 2016/17 (YGN)	Myawaddy Bank Luxury Complex – 4th Floor, Apt 401, Bo Gyoke Road cnr Wa Dan Street, Lanmadav Township Yangon, Myanmar	Subsidiary	Mr. B D A Perera Mr. N Udage Mr. R S Yatawara Mr. Dulan R G de Silva Mr.Daw Khin Than Win Mr J A S S Adhihetty – resigned w.e.f. 30.6.2025
Associated Motor Finance Company PLC	PB733PQ	No. 275/75 Prof. Stanley Wijesundera Mawatha Colombo 07	Subsidiary	Mr. G A R D Prasanna- appointed w.e.f. 17.11.2025 Mr. N Udage- appointed w.e.f. 17.11.2025 Mr. B D A Perera- appointed w.e.f. 17.11.2025 Mr T M A Sallay Mrs A Natesan- appointed w.e.f. 17.11.2025 Prof. T N K De Soysa- appointed w.e.f. 17.11.2025 Mr P D Hennayake - appointed w.e.f. 17.11.2025 Mr J P I N Dayawansa – resigned w.e.f. 29.10.2025 Mr J P I S Dayawansa- resigned w.e.f. 29.10.2025 Mrs A S Dayawansa- resigned w.e.f. 29.10.2025 Mr P S Goonewardene- resigned w.e.f. 17.11.2025 Mr T G Kandamby- resigned w.e.f. 29.10.2025 Mr Ranil Wijegunawardane- resigned w.e.f. 29.10.2025 Mr N M Pieris- resigned w.e.f. 29.10.2025
Greener Water Ltd	PB 3837	Level 29, West Tower World Trade Centre Echelon Square Colombo 01	Subsidiary	Ms Y Bhaskaran Mr. T G Thoradeniya Mr. K D A Perera Mr. K D H Perera Mr. J A S S Adhihetty Mr. R J Karunarajah Ms A A K Amarasinghe Mr A K Dheerasinghe

Subsidiary/Associate Companies of Vallibel One PLC

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary/ Associates	Directors who held Office during the year ended 31st March 2026
Delmege Limited	PV 6351 PB	No.101 Vinayalankara Mawatha Colombo 10	Subsidiary	Mr. A M Pandithage Mr. S Wilson Ms. Y Bhaskaran Mr. D J Silva Mr. N J Weerakoon Mr. S R Jayaweera Mr J R Gunaratne Ms K A D B Perera Mr. T G Thoradeniya – resigned w.e.f. 31.12.2025
The Fortress Resorts PLC	PQ 207	Level 29, West Tower World Trade Centre Echelon Sure Colombo 01	Associate	Mr J A S S Adhihetty Mr A M J Fernando Mr Jan Peter Van Twest Mr C V Cabraal Mr. C M U Weerawardena Ms A A K Amarasinghe Mr Jitendra Gunaratne Ms K A D B Perera Mr R N Pallegama Mr V Leelananda Mrs K D Weerasinghe Mr A Y E Joseph Mr R J Karunarajah – appointed w.e.f. 29.8.2025
Delmege Forsyth & Co Ltd	PB 294	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. N S L Fernando Mr. J.A.N.R. Adhihetty Mr. B.R.S. Fernando appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Delmege Forsyth & Co. (Exports) (Pvt) Ltd	PV 9833	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. A M Pandithage Mr. T R Mendis Mr. H Somashantha Mr. N S L Fernando Mr G A R D Prasanna – resigned w e f 19.9.2025 Mr. B.R.S. Fernando appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Delmege Coir (Pvt) Limited	PV 1489	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. A M Pandithage Mr. N T Bogahalande Mr. H Somashantha Mr G A R D Prasanna – resigned w e f 19.9.2025 Mr. B.R.S. Fernando appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
L B Management Services (Pvt) Ltd	PV 3012	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. N T Bogahalande Mr. J K A Srinatha Mr. B.R.S. Fernando appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Delmege Forsyth & Co (Shipping) Ltd	PB 272	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. A M Pandithage Mr. H Somashantha Mr. N S L Fernando Mr. S N Wickremasooriya Mr G A R D Prasanna – resigned w e f 19.9.2025 Mr. B.R.S. Fernando appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Delshipping & Logistics (Pvt) Ltd	PV 95246	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. N S L Fernando Mr. S N Wickremasooriya Mr. B.R.S. Fernando appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary/ Associates	Directors who held Office during the year ended 31st March 2026
Delmege Freight Services (Pvt) Ltd	PV 3571	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. A M Pandithage Mr. J K A Srinatha Mr. N S L Fernando Mr. S N Wickremasooriya Mr G A R D Prasanna – resigned w e f 19.9.2025 Mr. B.R.S. Fernando appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Lewis Shipping (Pvt) Limited	PV 18008	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. A M Pandithage Mr. H Somashantha Mr. N S L Fernando Mr. S N Wickremasooriya Mr. B.R.S. Fernando appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Delmege Air Services (Pvt) Limited	PV 3373	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. H Somashantha Mr. N S L Fernando Ms. D.K. Premachandra Mr G A R D Prasanna – resigned w e f 19.9.2025 Mr. B.R.S. Fernando- appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Delmege Aviation Services (Pvt) Ltd	PV 99520	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. N S L Fernando Ms. D.K. Premachandra Mr G A R D Prasanna – resigned w e f 19.9.2025 Mr. B.R.S. Fernando- appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Lewis Brown Air Services (Pvt) Limited	PV 16022	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. A M Pandithage Mr. L R V Waidyaratne Mr. N S L Fernando Mr G A R D Prasanna – resigned w e f 19.9.2025 Mr. B.R.S. Fernando- appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Delmege Travels (Pvt) Limited	PV 3830	101,Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. H Somashantha Mr. N S L Fernando Ms. D.K. Premachandra Mr. B.R.S. Fernando- appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Grip Delmege (Pvt) Limited	PV 3439	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. N S L Fernando Mr. J.A.N.R. Adhihetty Mr. B.R.S. Fernando- appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Grip Nordic (Pvt) Limited	PV 2565	125/26, Sri Bodhiraja Mawatha Mattegoda	Subsidiary	Mr. N S L Fernando Mr. J.A.N.R. Adhihetty Mr. B.R.S. Fernando- appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Delmege Insurance Brokers (Pvt) Limited	PV 3273	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr H Somashantha Mr G A R D Prasanna Mr P G Welagedara Mr. B.R.S. Fernando- appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Delmege Risk Solutions (Pvt) Limited	PV 75927	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. M.A.M. Zubair – appointed w.e.f 30.6.2025 Mr. B.R.S. Fernando- appointed w.e.f 1.11.2025 Mr P G Welagedara – resigned w e f 30.6.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025

Subsidiary/Associate Companies of Vallibel One PLC

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary/ Associates	Directors who held Office during the year ended 31st March 2026
Delmege Airline Services (Private) Limited	PV 108869	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Ms. D.K. Premachandra Mr G A R D Prasanna – resigned w e f 19.9.2025 Mr. B.R.S. Fernando- appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Delmege Aero Services (Private) Limited	PV121497	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Ms. D.K. Premachandra Mr G A R D Prasanna – resigned w.e.f 19.9.2025 Mr. B.R.S. Fernando- appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Delmege Electronics (Private) Limited	PV21430	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr N S L Fernando Mr. B.R.S. Fernando- appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Delmege Financial Services (Private) Limited	PV3398	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr N S L Fernando Mr. B.R.S. Fernando- appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Delmege General Equipment (Private) Limited	PV3550	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr N S L Fernando Mr. B.R.S. Fernando- appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Union Express Tours (Pvt) Ltd	PV3374	101, Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr.N S L Feranando Ms.D K Premachandra Mr. B.R.S. Fernando- appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Eden Pharmaceuticals (Pvt) Ltd	PV63595	101, Vinayalankara Mawatha, Colombo 10	Subsidiary	Ms. E.A.N.Hemali Mr. J.A.N.R.Adhihetty Mr. A.A.J. Schokman Mr. B.R.S. Fernando- appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025
Delmege Forsyth Energy (Pvt) Ltd	PV00314742	101, Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. J.A.N.R. Adhihetty Mr. B.R.S. Fernando- appointed w.e.f 1.11.2025 Mr H P G P P De Silva – resigned w.e.f. 1.11.2025

GRI Content Index

GRI Standard	Vallibel One PLC has reported in accordance with the GRI Standards for the period from 1st April 2026- 31st March 2026.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No applicable GRI Sector Standards

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	Inner cover			
	2-2 Entities included in the organization's sustainability reporting	7-8, 16-17			
	2-3 Reporting period, frequency and contact point	7, 11			
	2-4 Restatements of information	8			
	2-5 External assurance	Not conducted in FY 2025/26			
	2-6 Activities, value chain and other business relationships	14-15, 76-77			
	2-7 Employees	184-185			
	2-8 Workers who are not employees				
	2-9 Governance structure and composition	228-230			
	2-10 Nomination and selection of the highest governance body	231-232			
	2-11 Chair of the highest governance body	229			
	2-12 Role of the highest governance body in overseeing the management of impacts	229-241			
	2-13 Delegation of responsibility for managing impacts	235-237			
	2-14 Role of the highest governance body in sustainability reporting	236, 88-93, 240			
	2-15 Conflicts of interest	232-233			
	2-16 Communication of critical concerns				
	2-17 Collective knowledge of the highest governance body	230			
	2-18 Evaluation of the performance of the highest governance body	238			
	2-19 Remuneration policies	238			
	2-20 Process to determine remuneration	238			
	2-21 Annual total compensation ratio				
	2-22 Statement on sustainable development strategy	20-21			
	2-23 Policy commitments	228, 241			
	2-24 Embedding policy commitments	79, 168-226			
	2-25 Processes to remediate negative impacts	190			
	2-26 Mechanisms for seeking advice and raising concerns	55-60			
	2-27 Compliance with laws and regulations	217, 226, 212, 189, 88			
	2-28 Membership associations	207			
	2-29 Approach to stakeholder engagement	55-60			
	2-30 Collective bargaining agreements	190			

GRI Content Index

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	61			
	3-2 List of material topics	61-68			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	168-173			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	80, 82, 383			
	201-2 Financial implications and other risks and opportunities due to climate change	92-114			
	201-3 Defined benefit plan obligations and other retirement plans	195			
	201-4 Financial assistance received from government				
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	174-181			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	171-184			
	203-2 Significant indirect economic impacts	217			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	216			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	216			
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	344			
GRI 207: Tax 2019	207-1 Approach to tax	344			
	207-2 Tax governance, control, and risk management	344			
	207-3 Stakeholder engagement and management of concerns related to tax	55-60,344			
	207-4 Country-by-country reporting				
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	218-226			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	220			
	301-2 Recycled input materials used	220			
	301-3 Reclaimed products and their packaging materials				

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	218-226			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	221-222			
	302-2 Energy consumption outside of the organization	221-222			
	302-3 Energy intensity	221-222			
	302-4 Reduction of energy consumption	221-222			
	302-5 Reductions in energy requirements of products and services				
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	218-226			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	223-224			
	303-2 Management of water discharge-related impacts	223-224			
	303-3 Water withdrawal	223-224			
	303-4 Water discharge	223-224			
	303-5 Water consumption	223-224			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	218-226			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	222			
	305-2 Energy indirect (Scope 2) GHG emissions	222			
	305-3 Other indirect (Scope 3) GHG emissions	222			
	305-4 GHG emissions intensity				
	305-5 Reduction of GHG emissions	222			
	305-6 Emissions of ozone-depleting substances (ODS)				
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions				
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	218-226			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	224			
	306-2 Management of significant waste-related impacts	224			
	306-3 Waste generated	224			
	306-4 Waste diverted from disposal	224			
	306-5 Waste directed to disposal	224			

GRI Content Index

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	216			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria				
	308-2 Negative environmental impacts in the supply chain and actions taken				
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	182-197			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	186-187,197			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	193-195			
	401-3 Parental leave	194			
Labor/management relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	189-190			
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	189-190			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	190-193			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	190-193			
	403-2 Hazard identification, risk assessment, and incident investigation	190-193			
	403-3 Occupational health services	190-193			
	403-4 Worker participation, consultation, and communication on occupational health and safety	190-193			
	403-5 Worker training on occupational health and safety	190-193			
	403-6 Promotion of worker health	190-193			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	190-193			
	403-8 Workers covered by an occupational health and safety management system	190-193			
	403-9 Work-related injuries	190-193			
	403-10 Work-related ill health	190-193			

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	187-188			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee				
	404-2 Programs for upgrading employee skills and transition assistance programs	187-188			
	404-3 Percentage of employees receiving regular performance and career development reviews	189			
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	186			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	186			
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	190			
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	189			
Child labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	189			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	189			
Forced or compulsory labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	189			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	189			
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	217			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	217			
	413-2 Operations with significant actual and potential negative impacts on local communities	217			

GRI Content Index

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	216			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria				
	414-2 Negative social impacts in the supply chain and actions taken				
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	212-213			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	212-213			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	212-213			
Marketing and labeling					
GRI 3: Material Topics 2021	3-3 Management of material topics	212-213			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	212-213			
	417-2 Incidents of non-compliance concerning product and service information and labeling				
	417-3 Incidents of non-compliance concerning marketing communications				
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	200			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	200			

Glossary of Financial Terms

ACCOUNTING POLICIES

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

ACCRUAL BASIS

Recording revenue and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

ACTUARIAL GAINS AND LOSSES

Effects of difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

AVAILABLE FOR SALE

Non-derivative financial asset that are designated as available for sale or are not classified as loans and receivable, held-to-maturity investment or financial assets at fair value though profit and loss.

CAPITAL EMPLOYED

Shareholders' funds plus non-controlling interests and interest-bearing borrowings.

CAPITAL RESERVES

Reserves identified for specific purposes and considered not of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity available for distribution of that entity available for distribution.

CASH EQUIVALENTS

Liquid investments with original maturity periods of three months or less. CONTINGENCIES A condition or situation existing at the reporting date where the outcome will be confirmed only by occurrence or non-occurrence of one or more future events.

CURRENT RATIO

Current assets divided by current liabilities. A measure of liquidity.

CURRENT SERVICE COST

Current service cost Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

DEFERRED TAXATION

The tax effect of timing differences deferred to/ from other periods, which would only qualify for inclusion on a tax return at a future date.

DIVIDEND COVER

Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

DIVIDEND PAYOUT

Dividend per share as a percentage of the earnings per share

DIVIDEND YIELD

Dividend per share as a percentage of the market price. A measure of return on investment

EARNINGS PER SHARE

Profits attributable to ordinary Shareholders divided by the number of ordinary shares in issue and ranking for dividend. EBIT Earnings before interest and tax.

EFFECT ON CHANGES IN HOLDING

Financial effect in the non-controlling interest and reserves due to changes in the holding percentages

EFFECTIVE TAX RATE

Income tax expense divided by profit before tax.

EQUITY

The values of an asset after all the liabilities or debts have been paid.

EQUITY ACCOUNTED INVESTEES

A method of accounting by which an equity investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net assets of the associate (investee).

FAIR VALUE

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FAIR VALUE THROUGH PROFIT AND LOSS

A financial asset/liability acquired/incurred principally for the purpose of selling or repurchasing it in the near term.

FINANCIAL ASSET

Any asset that is cash, an equity instrument of another entity or a Contractual right to receive cash or another financial asset from another entity.

FINANCIAL INSTRUMENT

Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity. Liability or equity to another entity.

FINANCIAL LIABILITY

Any liability that is a contractual obligation to deliver cash or another financial asset to another entity. Proportion of total interest-bearing borrowings to capital employed

KEY MANAGEMENT PERSONNEL (KMP)

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

MARKET CAPITALISATION

Number of shares in issue multiplied by the market value of a share at the reported date.

NET ASSETS PER SHARE

Total equity attributable to equity holders divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

NON-CONTROLLING INTEREST

Equity in subsidiary not attributable, directly or indirectly, to a parent.

Glossary of Financial Terms

OTHER COMPREHENSIVE INCOME

Items of income and expenses that are not recognized in profit or loss as required or permitted by other SLFRSs.

RELATED PARTIES

A related party is a person or entity that is related to the entity that is preparing its Financial Statements.

RETURN ON CAPITAL EMPLOYED

Profit before tax and net finance cost divided by average capital employed.

REVENUE RESERVES

Reserves considered as being available for distributions and investments.

SEGMENTS

Constituent business units grouped in terms of similarity of operations and location.

SHAREHOLDERS' FUNDS

Total of issued and fully-paid up capital and Reserves.

VALUE ADDITION

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

WORKING CAPITAL

Capital required to financing day-to-day operations, computed as the excess of current assets over current liabilities.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixteenth (16th) Annual General Meeting of the Company will be held by electronic means on 30th June 2026 at 2.30 p.m. centered at No. 20, R A De Mel Mawatha, Colombo 3 for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries 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, Mr. Kulappu Arachchige Don Dhammika Perera who retires by rotation in terms of Articles 87 and 88 of the Articles of Association of the Company.

3 To re-elect as a Director, Mr. Hector Manil Anthony Jayesinghe who retires by rotation in terms of Articles 87 and 88 of the Articles of Association of the Company.

4 To pass the ordinary resolution set out below to re-appoint Mr John Anthony Sunil Sumith Adhihetty who is 75 years of age as a Director of the Company;

"IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr John Anthony Sunil Sumith Adhihetty who is 75 years of age and that he be and is hereby re-appointed a Director of the Company."

5 To re-elect as a Director, Mrs Yanika Amarasekera who was appointed since the last Annual General Meeting in terms of Article 94 of the Articles of Association of the Company

6 To re-appoint Messrs Ernst & Young, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to fix their remuneration.

7 To authorize the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.

By order of the Board

Vallibel One PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries

4th June, 2026
Colombo

Notice of Annual General Meeting

Notes

1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her.

2. A proxy need not be a Shareholder of the Company.

3. The Form of Proxy is enclosed for this purpose.

4. The completed Form of Proxy should be deposited at the Registered Office of the Company, Level 29, West Tower, World Trade Centre Echelon Square, Colombo 01 not later than 47 hours prior to the time appointed for the meeting.

5. Since the Meeting will be held via electronic means, shareholders who wish to participate in the AGM either by themselves or through their Proxies, are requested to forward the duly completed and signed Registration Form as per the Guidelines for Registration made available to the Shareholders on the Company/CSE Websites, to the Registrars of the Company, Corporate Solutions Unit, Central Depository Systems (Pvt) Limited, Ground Floor, M & M Centre, 341/5, Kotte Road, Rajagiriya or e-mailed to agm_egm_registrars@cds.lk not later than 47 hours prior to the time appointed for the meeting.

Form of Proxy

I/We*.....

.....(NIC/Passport/Co. Reg. No. .....) of .....

.....

..... being a shareholder / shareholders of **VALLIBEL ONE PLC** hereby appoint .....

.....(NIC/Passport No. .....) of .....

..... or failing him/her

Mr Dhammika Perera	or failing him*
Mr J A S S Adhihetty	or failing him*
Mrs Yogadinusha Bhaskaran	or failing her*
Ms A A Kawshi Amarasinghe	or failing her*
Ms K A D Brindhiini Perera	or failing her*
Mr H Manil A Jayesinghe	or failing him*
Mr Anura S. Fernando	or failing him*
Mrs K Devika Weerasinghe	or failing her*
Mrs Romany M A S Parakrama	or failing her*
Mr A Jonathan Alles	or failing him*
Mrs. Yanika Amarasekera	

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Sixteenth (16th) Annual General Meeting of the Company to be held by electronic means on 30th June 2026 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

		For	Against
1.	To re-elect Mr. K A D D Perera as a Director of the Company	☐	☐
2.	To re-elect Mr H M A Jayesinghe as a Director of the Company	☐	☐
3.	To pass the ordinary resolution set out under item 4 of the Notice of Meeting for the re-appointment of Mr J A S S Adhihetty as a Director	☐	☐
4.	To re-elect Mrs Yanika Amarasekera as a Director of the Company	☐	☐
5.	To re-appoint Messrs Ernst & Young, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to fix their remuneration.	☐	☐
6.	To authorize the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.	☐	☐

In witness my/our* hands this ..... day of ..... Two Thousand and Twenty Six.

.....

Signature of Shareholder/s

*Please delete what is inapplicable.

Notes:
1. A proxy need not be a shareholder of the Company
2. Instructions as to completion appear overleaf.

Form of Proxy

VALLIBEL ONE PLC

Instructions for completion

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The completed Proxy should be deposited at the Registered Office of the Company, Level 29, West Tower, World Trade Centre, Colombo 01 not later than 47 hours before the time appointed for the Meeting.

3. The Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)

4. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

Investor Feedback Form

Your valued views are welcome to improve our reporting process. To request information or direct your concerns about this annual report, please complete the following and post or email your

feedback to:

ACCOUNTS EXECUTIVE

Vallibel One PLC 29th Floor,
West Tower,
World Trade Center,
Echelon Square,
Colombo 1.

Telephone: 0112445577

Fax: 011244550

Email Address: info@vallibel.com

Contact

Details : .....

Name : .....

Permanent Address : .....

Contact Number : .....

Email : .....

Your relationship with Vallibel One PLC- please mark (√)

Shareholder :

Employee :

Regulatory body/Government :

Customer/Business partner :

Other :

Your comments :

Corporate Information

NAME OF COMPANY
Vallibel One PLC

LEGAL FORM
A Public Quoted Company with limited liability
Incorporated under the provisions of the Companies Act, No. 07 of 2007.

DATE OF INCORPORATION
9th June 2010

COMPANY REGISTRATION NUMBER
PB 3831 PQ

NATURE OF THE BUSINESS
Group Holding Company manages a portfolio of diversified business holdings

BOARD OF DIRECTORS
Mr. K.D.D Perera- Chairman
Mr. S H Amarasekera- Co-Chairman (Resigned w.e.f. 02.09.2025)
Mr. J A S S Adhihetty- Co-Chairman (Appointed w.e.f. 02.09.2025)
Ms. Yogadinusha Bhaskaran- Managing Director
Ms. A A K Amarasinghe
Ms. K A D Brindhiini Perera
Mr. Anura Fernando
Mr. Manil Jayesinghe
Ms. Romany Parakrama
Ms. Kamani Weerasinghe
Mr. Jonathan Alles
Ms. Yanika Amarasekara (Appointed w.e.f. 13.02.2026)

HEAD OFFICE AND REGISTERED OFFICE
29, West Tower, World Trade Center
Echelon Square, Colombo 01
Telephone: 011 2445577
Fax: 011 2441444

SUBSIDIARY COMPANIES
Royal Ceramics Lanka PLC
L B Finance PLC
Greener Water Limited
Delmege Limited
Vallibel One Properties Limited

ASSOCIATE COMPANIES
The Fortress Resorts PLC

COMPANY SECRETARIES
P W Corporate Secretarial (Pvt) Ltd
No.3/17, Kynsey Road,
Colombo 08.
Telephone: 011 4640360
E-mail:pwcs@pwcs.lk

COMPANY REGISTRARS
Central Depository Systems (Pvt) Ltd
Ground Floor, M & M Center
No. 341/5, Kotte Road,
Rajagiriya
Telephone: 011 2356491
Fax: 011 2440396

AUDITORS
Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
Colombo 03.

BANKERS
Hatton National Bank PLC
Pan Asia Banking corporation PLC
Sampath Bank PLC
Standard Chartered Bank Ltd
MCB Bank Limited
National Development Bank PLC
Commercial Bank of Ceylon PLC
Nations Trust Bank PLC

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