

WINGS WEREN'T BUILT FOR CALM SKIES

Elevated by Resilience

Annual Report 2025/26

A challenging year has a way of clarifying things.
It shows you where you're strong, where you're adaptable, and what you're genuinely built for. This year did that for us. We made thoughtful decisions under pressure, held our course when it mattered, and kept our focus on what we're here to build. That's not a recovery story — it's a capability story. Wings weren't built for calm skies, and neither were we.

teejay

The eagle doesn't fly despite the wind. It flies because of it.

This year asked more of us than most. We made harder calls, worked within tighter constraints, and kept our focus on what mattered. That kind of year changes how a company operates. We are sharper for it and more certain of where we are going.

Chest

The eagle's power doesn't come from size. It comes from density and every muscle built for a single purpose. Ours too.

Eyes

An eagle can spot its target from two miles away. Pressure doesn't blur the vision. If anything, it locks it in.



Wings

An eagle's wings aren't just for flight. They are built to harness turbulence. The wider the span, the greater the lift. This year widened ours.

Beak

The eagle's beak is built for precision, not force. It takes exactly what it needs and wastes nothing. That kind of discipline is what carries you through a difficult year.

Talons

Before every ascent, the eagle grips the rock. Stillness, strength, and certainty. Then it launches. You cannot rise without first being grounded.

Difficult years don't diminish companies that are built well. They reveal them.

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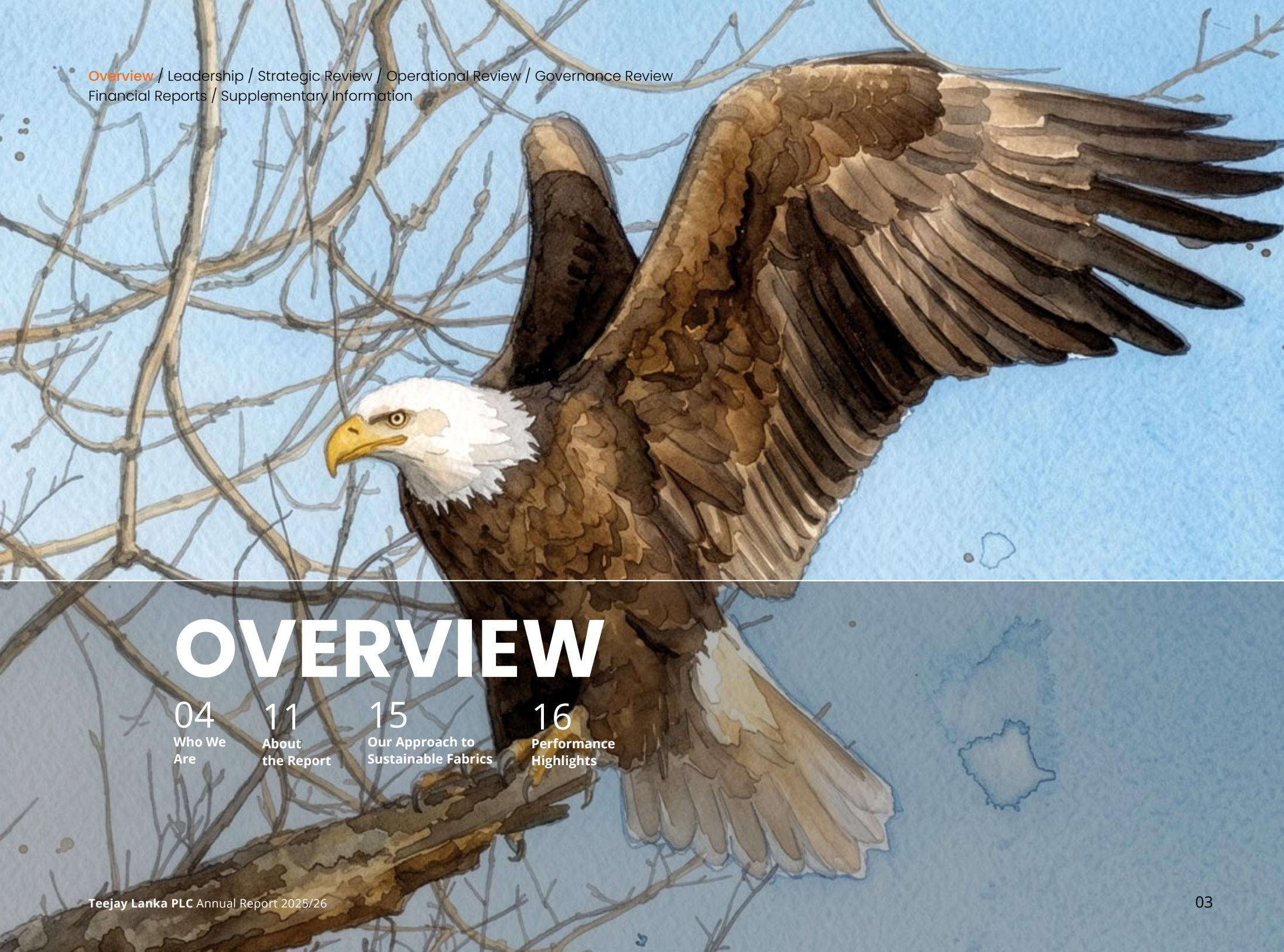

OVERVIEW

04 **Who We Are**

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WHO WE ARE

GRI 2-6

The Teejay story began in 2000 with a clear, ambitious vision: to establish a world-class knit-fabric mill in Sri Lanka that could redefine the region's apparel supply chain. Over the past twenty-five years, that vision has been knitted into a legacy of definitive market leadership. Listed on the Colombo Stock Exchange since 2011, Teejay Lanka PLC has grown from its foundational roots in Avissawella to become South Asia's largest knit-fabric provider and Sri Lanka's sole multinational weft-knit manufacturer. This growth was guided by a purposeful global location strategy. Today, Teejay's operational footprint stretches across vital global manufacturing hubs, including India, Bangladesh, Egypt, Indonesia, and an investment and trading arm in Mauritius. The physical manifestation of this remarkable scale is anchored by large-scale Strategic Business Unit along with a state-of-the-art manufacturing facility in India that matches the capacity of our Sri Lankan headquarters.

KNITTING OPERATIONAL EXCELLENCE

Teejay takes pride in being a progressive, agile, and trend-focused manufacturer. Driven by a disciplined focus on operational excellence, the Group prioritises speed and innovation. Teejay systematically minimises costs and refines its production workflows to guarantee premium quality alongside precise, on-time delivery. Originally celebrated for our core expertise in weft-knit manufacturing, Teejay has significantly expanded its technical scope to encompass high-value solutions, including lace dyeing, yarn dyeing, and synthetic fabric production.

LEADING INNOVATION

To sustain its competitive advantage within a rapidly evolving industry, Teejay leverages its foundational strategic pillar, "Innovate to Lead," driving targeted investments into next-generation technologies, streamlined processes, and advanced product portfolios. Central to this directive is INSCOPE, our specialised innovation centre, which serves as the primary hub for pioneering product development. The Group commercialises new concepts by integrating internal expertise with strategic external research partnerships, supported by disciplined R&D allocation towards advanced yarns, fibres, eco-friendly dyes, and technical chemicals. To safeguard our market leadership, we are actively diversifying our manufacturing capabilities; beyond scaling our specialised lace-dyeing and technical product segments, we are prioritising high-margin synthetic, sustainable, and functional fabrics. Concurrently, Teejay continues to pioneer digital traceability, adopt emerging production technologies, and integrate next-generation manufacturing methodologies across its global footprint.

FASHIONING STRATEGIC PARTNERSHIPS

The Group's market leadership is continually enhanced through strategic business partnerships with apparel industry pioneers, such as Fabric and Apparel Accessory Manufacturers Association (FAAMA), American Chamber of Commerce (AMCHAM), and Joint Apparel Association Forum Sri Lanka (JAAF). This backing has enabled the Group to cultivate a formidable portfolio of world-renowned global retail brands across Europe, the United States, and Asia. Furthermore, to secure long-term growth, Teejay operates a dedicated business incubation department specifically tasked with cultivating new customer relationships and pioneering brand partnerships.



WHO WE ARE



A SHARED DNA FOR SUSTAINABLE GROWTH

Understanding the commercial and ethical urgency of sustainable production, Teejay actively pairs capacity expansion with environmental stewardship. When investing in state-of-the-art machinery, we select technology engineered to increase production yields, while aggressively driving down our carbon footprint and eliminating waste.

This entire ecosystem is powered by a passionate workforce of over 2,600 individuals across Sri Lanka and India. Teejay's corporate culture is anchored by four foundational values held in the highest esteem by every employee: Integrity, Innovate to Lead, Collaboration, and Togetherness. Fuelled by this shared spirit, and guided by a continuous evolution in social responsibility and service excellence, the Teejay Group is moving towards industry leadership as it closes in on its aspirational milestone of becoming a USD 350 Mn. enterprise.

OUR VISION

To be the preferred fabric solutions provider for branded clothing.

OUR MISSION

To become a USD 350 Mn. company in 2029-30 providing customers with world-class fabric solutions delivered through sustainable operations and best in class talent in multiple locations.

OUR VALUES

Innovate to lead

Innovation, Product, Process, and People.

Integrity

Right quality, Accountability, Right service, Safety and compliance, Sustainable best practices, and Good citizenship.

Collaboration

Backward and forward supply chain collaboration, partnering with communities, industries, academia and Governments.

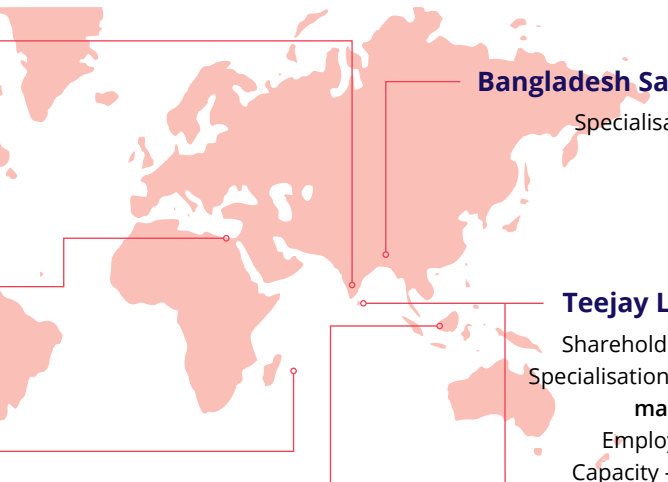
Togetherness

Continuous performance through camaraderie.

WHO WE ARE

TEEJAY AT A GLANCE

Headquartered in Avissawella, Sri Lanka, the Teejay Group operates a multi-country manufacturing model with facilities extending across Sri Lanka, India, Bangladesh, Egypt, and Indonesia. This core footprint is further enhanced by a state-of-the-art printing facility in Sri Lanka and the international investment and trading arm located in Mauritius.



Teejay India (Private) Limited

(holding through Teejay Mauritius Limited)
Shareholding – **99.99%**
Specialisation – **Weft-knit manufacturing**
Employees – **1,636**
Capacity – **55 MT/day**

Nubian Threads (Private) Limited

(holding through Teejay Mauritius Limited)
Capacity – **1-3 MT/day**

Teejay Mauritius (Private) Limited

Shareholding – **100%**
Specialisation – **Investment holding and trading entity**

Indonesia

Specialisation – **Manufacturing presence through partnerships**

Bangladesh Sales Office

Specialisation – **Sales**

Teejay Lanka PLC

Shareholding – **Parent**
Specialisation – **Weft-Knit manufacturing**
Employees – **1,479**
Capacity – **45 MT/day**

Teejay Lanka (Prints) Private Limited

Shareholding – **100%**
Specialisation – **Cotton-based printing**
Employees – **183**
Capacity – **20,000 M/day**

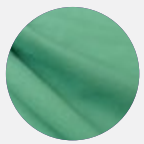
Serving the World's Leading Consumer Markets

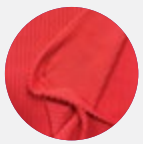
Our multi-location strategy relies on a strategically mapped global supplier network that expands our reach across international markets. This allows us to serve leading clientele in the world's most prominent consumer markets throughout Europe, North America, and Asia—most notably the United States, the United Kingdom, Italy, Germany, France, and Japan. Teejay continues to be the trusted fabric manufacturer behind iconic global retail brands such as PVH, Oniverse, VS&Co., Decathlon, Marks & Spencer, Nike, Uniqlo, LIDL, and Lacoste.

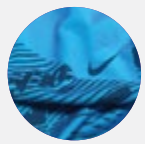
Our Portfolio

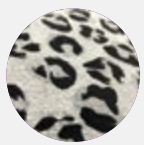
Teejay's diverse portfolio of high-quality fabrics—encompassing Single Jersey, Interlock, Rib, Pique, Fleece, Lace, Jacquards, and Prints—remains trusted by the world's leading brands for crafting premium intimates, sleepwear, activewear, outerwear, and casualwear.
To consistently anticipate evolving consumer demands and fashion trends, we remain keenly focused on diversification. Consequently, we have expanded our manufacturing capabilities to include lace dyeing, technical textile innovations, and the purposeful development of synthetic, sustainable, and functional fabrics. Our long-term commitment centres on continuous innovation, the adoption of pioneering technologies, uncompromised sustainability and traceability, and the seamless integration of advanced fabric production methodologies across our entire operational footprint.

WHO WE ARE


Cotton

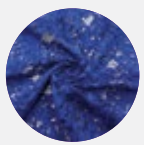

Synthetic


Jacquards


Prints


Man made Cellulosics


Fleece


Lace

Teejay's trajectory toward becoming the partner of choice for the world's leading brands relies on exceptional agility and a versatile capability matrix.


Operational Excellence


Quality and Reliability


Innovation-led Processes


Digitalisation


Sustainability-focus


Industry-leading Compliance

COMPLIANCE AND AFFILIATIONS

GRI 2-28

Our key manufacturing units, Teejay Lanka PLC and Teejay India Private Limited, uphold compliance standards through their membership in the US Cotton Trust Protocol. Additionally, Teejay Lanka PLC and Teejay Lanka Prints (Private) Limited are members of the Fabric and Apparel Accessory Manufacturers Association (FAAMA).

Environmental Stewardship and Community Empowerment

To remain the preferred fabric solutions provider for iconic global brands, sustainability is positioned at the centre of our corporate strategy. Through the Teejay Group's Abhivarah 2030 roadmap, we drive proactive climate action and manage our environmental impact to protect the planet for generations to come. This holistic approach blends Environmental, Social, and Governance (ESG) variables with targeted community empowerment initiatives, ensuring full alignment with the Science Based Targets initiative (SBTi) and the UN Sustainable Development Goals (SDGs).

WHO WE ARE

Environment



Social



Governance



SUSTAINABLE DEVELOPMENT GOALS

Driving Operational Efficiency and Functional Agility

We drive operational excellence across all functions by embedding speed, service distinction, cost discipline, and sustainability into our day-to-day operations. By continuously investing in advanced ERP platforms and modernising our core workflows through digital innovation, we ensure our teams are always agile enough to achieve our business goals and satisfy customer demands.

Uncompromising Quality and Reliability

Teejay's reputation for uncompromised quality and reliability is built on continuous improvement, strict compliance, and close customer collaboration. Our strategic investments in advanced infrastructure, process optimisation, global expansion, and safety work collectively to ensure reliable, on-time product delivery despite external market challenges. This dedication is structurally anchored by our Group-wide Teejay Operating System (TOS) and unified Quality Management System (QMS).

Accelerating Value Through Digital Transformation

Our digital transformation is laying the groundwork for future innovation and highly accurate, data-driven decision-making. We are actively integrating automation and smart technologies, increasing real-time data accessibility, and implementing rigorous cybersecurity and business continuity frameworks. These digital advancements across our corporate functions are maximising efficiency, accuracy, and agility to deliver a superior experience for both our customers and our employees.



WHO WE ARE

2001 Incorporation of Textured Jersey Lanka.

2004 Onboarding of Pacific Textile Holdings.

2008
- Capacity expanded by 15MT.
- Launch of Green Initiatives.

2011 Textured Jersey Lanka listed on the Colombo Stock Exchange.

2015 Acquisition of Ocean India Private Ltd. and Quenby Lanka Prints Private Ltd.

2016
- Rebranded as Teejay.
- First synthetic fabric is launched commercially.

2018 Expansion of Teejay India, doubling capacity and increasing the Group's manufacturing capacity to USD 210 Mn.

2019 Initiation of Teejay's Operational Excellence journey.

2021
- Teejay's "Year of Transformation" – Launch of innovation brand INSCOPE, and Initiation of sustainability footprint.
- Abhivarah 2030.

2022
- Teejay India expansion increases capacity by 20 MT/day.
- Teejay establishes Sustainability Management Framework and a Steering Committee to oversee sustainability performance.

2023
- Successful integration of all three plants into a single ERP system (SAP S/4 HANA).
- Expansion of global presence in Bangladesh.

2024 Expanding Teejay Presence to Egypt, Indonesia and Bangladesh.

2025 Operationalisation of manufacturing capacity in Egypt.

MILESTONES IN EXCELLENCE: 2025/26

Award / Recognition	Awarding Body	Category / Accolade Received
Better Cotton Initiative Chain of Custody (BCI COC) Certification	Control Union Inspections (Pvt) Ltd	BCI Chain of Custody Certification
National Business Excellence Awards 2025	National Chamber of Commerce of Sri Lanka	Winner – Manufacturing (Apparel, Textile & Leather)
Runner-Up – Excellence in Performance Management		
Overall Merit Award – Extra Large Category		
Merit Award – Excellence in Global Market Reach		
National Cleaner Production Awards 2025	National Cleaner Production Centre Sri Lanka	Bronze Award – Textile Sector (Manufacturing – Large Category)
CNCI Achiever Awards 2025	Ceylon National Chamber of Industries	National Bronze Award – Extra Large Manufacturing Sector
CMA Excellence in Integrated Reporting Awards 2025	Institute of Certified Management Accountants of Sri Lanka	Dual Awards for Excellence in Integrated Reporting
Best Corporate Citizen Sustainability Awards 2025	Ceylon Chamber of Commerce	Ranked Among the Top 10 Corporate Citizens
ZDHC South Asia Regional Conference 2025	Zero Discharge of Hazardous Chemicals (ZDHC) Foundation	ZDHC Torch Bearer Award
ZDHC Signatory Appreciation		
Presidential Export Awards 2024/25	Sri Lanka Export Development Board	Best Exporter Award – Knitted Fabric Category
Great HR Awards 2025	CIPM Sri Lanka in collaboration with Mercer	Runner-Up – Certificate of Excellence (Apparel, Textile and Leather Sector)
TAGS Awards 2025	CA Sri Lanka	Silver Award – Manufacturing Sector (Group Turnover above LKR 50 Bn.)
Certificates of Recognition for Integrated Reporting and Corporate Governance and Disclosure		
Responsible Care Excellence Awards	Lanka Responsible Care Council (LRCC)	Silver Award
LRCC Women-Led Sustainability Awards 2026	Lanka Responsible Care Council (LRCC)	Recognition for Excellence in Women-Led Sustainability
National HR Excellence Award 2025	National Institute of Personnel Management (NIPM)	Best Industrial Relations Strategy
RoSPA Gold Award 2025	Royal Society for the Prevention of Accidents (RoSPA)	Gold Award 2025

ABOUT THE REPORT

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



This report marks our 15th year of Integrated Reporting, communicating the Teejay Group's financial, operational, and sustainability performance during the financial year ended 31 March 2026. The report presents a holistic overview of our operations, showcasing our financial strength, governance practices, enterprise risk management strategies, and our unwavering commitment to environmental and social stewardship.

While reflecting on the accomplishments of the Group, against the backdrop of the macroeconomic challenges of the 2025/26 financial year, this report also details our forward-looking strategies to create value for our stakeholders in the long-term. It outlines how we are adapting our operations, strengthening our competitive edge, and driving long-term value creation through the Group's strategic initiatives and investments.

Teejay utilises United States Dollars (USD) as its functional currency, reflecting the primary economic environment in which we operate. To fulfil the listing requirements of the Colombo Stock Exchange (CSE) and provide insights into shareholder returns, the financial statements presented in this report are translated into Sri Lanka Rupees.

REPORTING SCOPE AND BOUNDARY

GRI 2-6

This report adheres to an annual reporting cycle for both financial and sustainability performance, covering the period from 1 April 2025 to 31 March 2026. The boundary of the report covers the consolidated operations of Teejay Lanka PLC and its subsidiaries (the Group) in Sri Lanka and India.

	Shareholding
Teejay Lanka PLC	Parent
Teejay India (Private) Limited (holding through TJM)	99.99%
Teejay Lanka Prints (Private) Limited	100%
Teejay Mauritius (Private) Limited	100%
Nubian Threads (Private) Limited (Egypt) (holding through TJM)	100%

Historically, financial and operational metrics pertaining to Nubian Threads (Private) Limited (Egypt) were excluded due to a negligible level of materiality. Unless otherwise noted, all non-financial and operational information pertains to this defined scope. We confirm there have been no material restatements of financial or operational information, nor any significant changes to our Group structure or supply chain during this reporting period. Where applicable, any changes to the presentation of performance or progress are detailed in the relevant sections of this Report.

REPORTING ADVANCEMENTS IN 2025/26

In 2025/26, the Group achieved significant advancements in its reporting methodology and discussions, data capture, and risk disclosure mechanisms; to provide stakeholders with enhanced transparency.

- **Operational Contextualised Discussion:** This year's report introduces a deeply contextualised narrative across all operational chapters. Rather than presenting our results in isolation, we have explicitly framed our performance within the prevailing macroeconomic and industry-specific operating environment. These discussions detail the influence and impact of external forces alongside the Company's direct strategic responses, providing our stakeholders with a more dynamic understanding of our business.
- **Analysis of Capital Interactions:** In alignment with the International Integrated Reporting Council (IIRC) framework of capital accounting, we have introduced an analysis of Capital Interactions throughout the Operational Review. These provide detailed commentary on how the Six Capitals (Financial, Manufactured, Intellectual, Human, Social and Relationship, and Natural) intersect and influence one another, including analysis of synergies, necessary trade-offs, capital infusions, and depletions within the broader strategic context.
- **Adoption of SLFRS S1 and S2:** A key advancement this year was the integration of Sustainability-Related Risks and Opportunities (SRROs) – specifically climate-related physical and transition risks, directly into our core Enterprise Risk Management (ERM) framework. This ensures alignment with SLFRS S1 and S2 expectations and the CSE Listing Rules, evaluating ESG risks consistently alongside strategic and financial risks.

ABOUT THE REPORT

- **Digitalisation of Data Capture:** Execution of a transformative leap in our digital monitoring capabilities has expanded the accuracy and visibility of data provided in the report; based on full-spectrum, multi-utility visibility across our facilities. Real-time data feeds into our upgraded SAP S/4 HANA ERP and our dedicated ESG Sustainability Performance Analyser (ESG-SPA) tool, contributing to improving the accuracy, traceability, and verifiability of our sustainability disclosures.

Broadly, this annual report offers significant benefits to all our stakeholders. Shareholders are offered deeper insights into our long-term sustainability and risk management, enabling more informed investment decisions. Employees can better understand our values and strategic direction, boosting purpose and motivation. Customers gain clarity on our commitment to ethical practices and social responsibility, which increases trust and brand loyalty. Suppliers are informed of our long-term vision and goals for shared value creation, fostering stronger alignment and collaboration. Communities can learn of our impact on the local environment and society, allowing them to evaluate our value as a corporate citizen. Finally, regulators and governments can confirm our responsible operations and compliance with regulations, promoting good corporate governance and sustainable practices.

NAVIGATING THE REPORT

This report is structured to provide a cohesive, interconnected picture of our operations. To assist our stakeholders in navigating this report, insights into our key focus areas are detailed across the following sections:

- **Overview:** Provides background on the Group, our industry landscape, and high-level performance highlights.
- **Strategic Review:** Provides a high-level overview of our financial and operational performance in 2025/26, the macroeconomic operating environment that influenced and impacted our performance, and our transformative long-term strategies.
- **Operational Review:** Explores our performance across the Six Capitals (Financial, Manufactured, Intellectual, Human, Social and Relationship, and Natural). This section details our initiatives in Sustainable Manufacturing (page 102), Our People (page 116), Community Responsibility (page 133), Environment Stewardship (page 137), and Innovation in Fabric (page 166).
- **Governance Review:** Outlines our robust corporate governance framework, Board committee reports, and our Enterprise Risk Management processes.
- **Financial Reports & Supplementary Information:** Contains the audited financial statements, assurance reports, and the GRI Content Index.

REPORTING STANDARDS AND PRINCIPLES

Teejay is committed to transparency and accountability, adhering to internationally recognised frameworks and established local standards to ensure comparability, consistency, and reliability.

- **Financial Reporting:** Prepared in alignment with Sri Lanka Financial Reporting Standards (SLFRS), Sri Lanka Auditing Standards (SLAuSs), and the Companies Act No. 07 of 2007.
- **Corporate Governance:** Compliant with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka, our corporate governance reporting is also compliant with the following: Laws and regulations of Companies Act No. 07 of 2007, Code of Best Practices on Related Party Transactions (2013) advocated by SEC, SEC Act No. 19 of 2021, including directives and circulars.
- **Sustainability Reporting:** Prepared in accordance with the Global Reporting Initiative (GRI) Standards. The report is further guided by the International Integrated Reporting Council (IIRC) framework, SASB Standards, and recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) to comprehensively report on ESG topics.

Beyond reporting our sustainability impacts in line with GRI Standards, the Group has also aligned its investor-focused sustainability disclosures with SLFRS S1 and S2 reporting requirements. This alignment follows a double materiality approach and the identification of sustainability-related risks and opportunities (SRROs) stemming from our material impacts. Consequently, our disclosures also include indicators from the SASB Standards, principles of integrated reporting (including capital accounting and value creation), and recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). Collectively, these frameworks provide a comprehensive structure for reporting on environmental, social and governance (ESG) topics, ensuring our disclosures are comparable, consistent, and reliable.

ABOUT THE REPORT

REPORTING FRAMEWORK

Integrated reporting framework	IFRS Foundation's International <IR> Framework Guidelines for Presentation of Annual Reports issued by the Institute of Chartered Accountants of Sri Lanka
Sustainability reporting	With reference to GRI (Global Reporting Initiative) standards, issued by Global Sustainability Standards Board United Nations Sustainable Development Goals (SDGs) United Nations Global Compact (UNGC) SLFRS Sustainability Disclosures – S1 and S2
Financial reporting	Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka Companies Act No 07 of 2007 Listing Rules of the Colombo Stock Exchange
Governance, compliance and risk reporting	Corporate Governance Requirements stipulated under the Listing Rules of the Colombo Stock Exchange (CSE) Securities and Exchange Commission of Sri Lanka Act No 36 of 1987 (as amended) Code of Best Practice on Corporate Governance (2013) issued jointly by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka (SEC) Code of Best Practice for Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka Code of Best Practices on Related Party Transactions (2013) advocated by SEC, SEC Act No. 19 of 2021, including directives and circulars

SUSTAINABILITY REPORTING FRAMEWORK

This report incorporates topic-specific standards from the Global Reporting Initiative (GRI) – GRI Standards, informed by our identified material topics. Teejay Lanka PLC has reported in accordance with these GRI Standards for the period 1 April 2025 to 31 March 2026. For a complete list of disclosures referenced, please see the GRI Content Index on page 212. Beyond reporting our sustainability impacts in line with GRI Standards, the Group has also aligned its investor focused sustainability disclosures with SLFRS S1 and S2 reporting requirements. This alignment follows a double materiality approach and the identification of sustainability-related risks and opportunities (SRROs) stemming from our material impacts. Consequently, our disclosures also include indicators from the SASB Standards, principles of integrated reporting (including capital accounting and value creation), and recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). Collectively, these frameworks provide a comprehensive structure for reporting on environmental, social and governance (ESG) topics, ensuring our disclosures are comparable, consistent, and reliable.

BENEFITS TO STAKEHOLDERS

This annual report offers significant benefits to all our stakeholders. Shareholders are offered deeper insights into our long-term sustainability and risk management, enabling more informed investment decisions. Employees can better understand our values and strategic direction, boosting purpose and motivation. Customers gain clarity on our commitment to ethical practices and social responsibility, which increases trust and brand loyalty. Suppliers are informed of our long-term vision and goals for shared value creation, fostering stronger alignment and collaboration. Communities can learn of our impact on the local environment and society, allowing them to evaluate our value as a corporate citizen. Finally, regulators and governments can confirm our responsible operations and compliance with regulations, promoting good corporate governance and sustainable practices.

DEFINING MATERIALITY

Our corporate disclosures are guided by the principles of Double Materiality, specifically incorporating both Impact Materiality and Financial Materiality. This approach allows us to report on the impacts of our business operations on our broader stakeholder groups, while providing sustainability-related information relevant to primary report users. The Sustainability Integration section on page 44, details how Teejay identifies and addresses double materiality.

We begin by identifying impact-based sustainability topics, which then lead to the identification of sustainability-related risks and opportunities (SRROs). This process also considers the dependencies of external factors on our Company. While our impacts are managed through our comprehensive ESG Management Framework, SRROs are managed by both the ESG Management Framework and the Enterprise Risk Management function. The in-depth Operational Review from page 102 to 178, further discusses the execution of Teejay's strategies for managing both our impacts and SRROs.

BEYOND THE PRECAUTIONARY PRINCIPLE

GRI 2-23

Teejay's operational decisions are guided by the Precautionary Principle, prioritising resource consumption, environmental pollution, and climate change. At a minimum, we ensure full compliance with all applicable laws and regulations. However, we strive to exceed these statutory obligations by benchmarking industry standards and global best practices to maintain our leading position in the industry.

ABOUT THE REPORT

EXTERNAL ASSURANCE AND OVERSIGHT

GRI 2-3

We ensure the transparency, accuracy, and credibility of our corporate reporting through a combined-assurance model. Our Financial Statements and their corresponding audits are externally assured by Deloitte Partners, Sri Lanka. Similarly, our Environmental, Social, and Governance (ESG) performance undergoes independent audit and assurance by Ernst & Young, Sri Lanka.

Concurrently, all financial, compliance-related, and operating controls are evaluated through the Group's management audit and system review, which forms part of our internal audit function. A crucial element of our internal controls is Board oversight: the Board Audit Committee actively oversees and monitors the effectiveness of both our financial reporting and internal control systems.

Assurance was obtained in accordance with the GRI Standards and the Integrated Reporting Framework, confirming the accuracy and alignment of the reported disclosures.

FORWARD-LOOKING STATEMENT

This Integrated Annual Report may contain forward-looking Statements, including projections, estimates, targets, plans, and expectation regarding Teejay Lanka PLC's future financial performance, business strategy, and operational outcomes. These statements are based on current assumptions, expectations, and information available to the company at the time of publication. However, actual results, performance or Outcomes may differ from those expressed or implied due to changes in market conditions, regulatory developments, economic factors and other circumstances beyond Teejay Lanka PLC's control. Furthermore, Teejay Lanka PLC does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by applicable law. As such, readers are advised not to place undue reliance on these forward-looking statement.

ACKNOWLEDGEMENT

GRI 2-14

All information contained in this report has been reviewed internally by the Senior Management team of the Group, and verified independently, in accordance with policies and methodologies in the Corporate Governance section of this report. The Board of Directors acknowledge their responsibility to ensure the integrity of the Integrated Report and are of the opinion that the Integrated Annual Report of Teejay Lanka PLC for the financial year ending 31 March 2026 is presented in line with the reporting principles mentioned above.

AVAILABLE ONLINE

Teejay Lanka PLC

Annual Report 2025/26

Publication date: 5 June 2026

Available online in PDF at
https://www.teejay.com/investor/reports-announcements

FEEDBACK

GRI 2-5

We are continuously enhancing our corporate reporting and disclosure, and value your feedback. Please share your thoughts, suggestions, and feedback by contacting:

Mr Pubudu De Silva

Group Chief Executive Officer
Teejay Lanka PLC
Block D8-D14,
Seethawaka Export Processing Zone
Avissawella
Sri Lanka
Email: pubudud@teejay.com

Ms Renuja Selvanathan

Chief Financial Officer
Teejay Lanka PLC
Block D8-D14
Seethawaka Export Processing Zone
Avissawella
Sri Lanka
Email: RenujaS@teejay.com

OUR APPROACH TO SUSTAINABLE FABRICS

GRI 2-6

Shareholders, Business partners, Regulators

Reliable and ethical business practices, mutually beneficial relationships, stable returns, performance on sustainability-related risks and opportunities

Raw material suppliers

Chemical suppliers

- Local sourcing
- Long-term relationships
- Sustainability, compliance, innovation, and traceability leadership

ANCILLARY FUNCTIONS
Enterprise Risk Management (ERM), Finance, Procurement

CUSTOMER EXPERIENCE
Speed, Cost-efficacy, Agility/Adaptability, Digital Enhancement, Service Excellence, Verticality, Order Management



MANUFACTURING
Colour Laboratory, Knitting (Jacquards, Fleece, and synthetics), Dyeing, Finishing (and QC), Printing

PROCESS MANAGEMENT
Lean Manufacturing, Modernisation, Process Innovation – for Efficiency, Quality, and Sustainability (through ABHIVARAH)

PRODUCT INNOVATION
Product and RM innovation Collaborative R&D Product development Sustainability-focused innovation

PEOPLE DEVELOPMENT
H&S, Employee Engagement, Talent Retention and Capability Development, DEI, Culture, Creativity

Apparel manufacturers

Retailers

- Expansive range
- Innovative products and services
- Global reach and availability
- Guaranteed quality
- Strong integration, supply-chain links, and industry collaboration
- Performance of sustainability impact management

End consumers

- Product safety and stewardship
- Responsiveness to consumer needs and trends

Logistics partners

Consumers, Communities, and Environment

Pioneering community development, sustainability, circularity, and traceability, performance of sustainability impact management

PERFORMANCE HIGHLIGHTS

			Group		
		Metric	2026	2025	2024
Financial performance	Revenue	LKR '000	60,044,407	67,036,057	60,733,952
	Gross profit	LKR '000	4,989,966	7,840,634	5,056,641
	Gross profit margin	%	8.3	11.7	8.3
	Profit from operations	LKR '000	442,253	4,550,604	2,213,198
	Operating profit margin	%	0.7	6.8	3.6
	Profit before tax margin	LKR '000	321,031	4,047,374	1,572,379
	Profit before tax margin	%	0.5	6.0	2.6
	Profit after taxation	LKR '000	53,096	2,793,021	1,109,536
	Profit after taxation margin	%	0.1	4.2	1.8
	Interest cover	No. of times	0.6	5.09	2.02
	Return on equity (ROE)	%	0.17	9.1	3.6
	Return on capital employed (ROCE)	%	1.12	11.60	5.26
	Return on assets (ROA)	%	0.1	5.0	1.9

Revenue
LKR 60 Bn.
-10%

Gross profit
LKR 5 Bn.
-36%

Profit after taxation
LKR 53 Mn.
-98%

	Metric	2026	2025
Gross profit margin	%	8.3	11.7
Profit after taxation margin	%	0.1	4.2
Interest cover	No. of Times	0.60	5.09
Return on equity (ROE)	%	0.17	9.1
Return on assets (ROA)	%	0.1	5.0

	Metric	2026	2025
Current ratio	No. of Times	1.9	1.9
Debt/(Equity+Debt)	%	19	19
Earnings per share	LKR	0.07	3.87
Market value per share	LKR	28.00	51.00
Market capitalisation	LKR Bn.	20.2	36.8

			Group		
		Metric	2026	2025	2024
Financial position	Total assets	LKR '000	58,930,144	56,256,483	55,032,700
	Total debts	LKR '000	7,492,420	7,472,205	9,323,724
	Current ratio	No. of Times	1.9	1.9	1.9
	Quick assets ratio	No. of Times	1.2	1.3	1.2
	Debt/(Equity+Debt)	%	19	19	24
	Total debt/Total assets	%	13	13	17
	Interest cover	No. of Times	0.60	5.09	2.02
	Net asset per share	LKR	44.90	43.70	42.04
	Inventory holding days	No. of Days	78	71	82
	Debtor days	No. of Days	70	53	50
	Creditor days	No. of Days	60	54	53
	Working capital days	No. of Days	88	70	79
	Total shareholders' funds	LKR '000s	32,396,792	31,529,498	30,130,164
	Number of shares in issue	No. of Shares	721,457,738	721,457,738	716,739,975
	Property, plant and equipment	LKR '000s	17,497,628	17,270,048	18,142,428
	Property, plant and equipment CapEx during the year	LKR '000s	1,093,006	2,164,126	2,301,706
Shareholder information	Earnings per share	LKR	0.07	3.87	1.55
	Market value per share (closing)	LKR	28.00	51.00	37.60
	Market capitalisation	LKR '000	20,200,817	36,794,345	26,949,423
	Dividend per share	LKR	Nil	2.35	0.75
	Dividend yield	%	Nil	4.6	2.0
	P/E ratio	No. of Times	380.46	13.17	24.29
	Number of shares in issue	Number	721,457,738	721,457,738	716,739,975
	Price to book value	No. of Times	0.62	1.17	0.89
	Earnings yield	%	0.3	7.6	4.1
	Dividend payout	%	Nil	60.7	48.4
	Dividend cover	No. of Times	Nil	1.65	2.06
	Book value per share	LKR	44.90	43.70	42.04
	Market capitalisation	LKR '000	20,200,817	36,794,345	26,949,423
	Dividend	LKR '000	Nil	1,695,426	537,555

PERFORMANCE HIGHLIGHTS

GRI 302-3, 305-1

			Group		
		Metric	2025/26	2024/25	2023/24
Our people	Employees	Number	3,298	3,465	3,165
	Salaries and wages	LKR '000	5,547,383	5,407,043	4,775,727
	Total training hours	Hours	39,466	37,497	32,354
	Average training hours/employee	Hours	11.97	10.82	10.22
	Investment in training	LKR '000	12,489	30,637	18,288
	Incidents of child labour	Number	Nil	Nil	Nil
	Incidents of forced labour	Number	Nil	Nil	Nil
Community responsibility	Investment in CSR	LKR Mn.	12	16	12
	Persons impacted	Number	60	6,110	5,750

			Group		
		Metric	2025/26	2024/25	2023/24
Environmental stewardship	Yarn raw materials	MT	21,953.06	23,631.56	20,761.90
	Yarn recycles	%	10	5	7
	Greige raw materials	MT	23,101.20	25,061.52	20,306.19
	Greige recycle	%	Nil	Nil	0.43
	Direct energy consumption	GJ	780,485.66	782,039.38	898,004.22
	Energy intensity	GJ/Revenue LKR Mn.	13.00	11.67	14.79
	Indirect energy consumption	GJ	178,342.34	189,891.02	103,731.20
	Indirect energy intensity	GJ/Revenue LKR Mn.	2.97	2.83	1.71
	Total energy	GJ	1,078,661.75	1,091,754.09	1,001,735.41
	Total energy intensity	GJ/Revenue LKR Mn.	17.96	16.29	16.49
	Renewable energy	GJ	119,833.75	119,823.69	101,137.97
	Renewable energy	%	11	11	10
	Water consumption	m^3	2,544,186	2,772,268	2,326,877
	Water intensity	m^3J/Revenue LKR Mn.	42.37	41.35	38.31
	Water discharged to the river	m^3	2,317,705	2,523,488	2,113,161
	Environmental compliance	No	Nil	Nil	Nil
	Water quality incidents of non-compliance with Standard	No	Nil	Nil	Nil

PERFORMANCE HIGHLIGHTS

GRI 302-3, 302-5

		Metric	Group 2025/26	Group 2024/25	Group 2023/24
	Total carbon footprint	tCO_2e	678,542.50	676,666.00	90,010.91
	Direct Scope 1 emissions	tCO_2e	68,395.30	70,282.00	69,141.92
	Indirect Scope 2 emissions	tCO_2e	28,481.72	37,814.00	20,868.99
	Indirect Scope 3 emissions	tCO_2e	581,665.48	568,570.00	Nil
	Carbon footprint from ozone-depleting sources – fugitive emissions	CO_2e MT	217	252	457
	Emission intensity	tCO_2e/ Revenue LKR Mn.	11.30	10.09	1.48
	Total waste	MT	7,062.16	6,213.42	5,427.51
	Total waste reuse and recycle	MT	4,483.43	3,982.56	3,687.15
	Waste reuse and recycle	%	63	64	68
	Waste disposal through incineration	MT	2,579	2,231	1,740
	Waste incinerated vs raw material	%	6	5	4
	Waste to land refill	%	Nil	Nil	Nil
	Habitat and ecosystem enhancement	Km	9.00	9.00	Nil
	Trees planted	Number	3,895	20,150	28,500

		Metric	Group 2025/26	Group 2024/25	Group 2023/24
Innovation in fabric and textiles	Investment in R&D	LKR '000	268,950	268,898	265,933
	New products approved	Number	1,493	410	340
Sustainable manufacturing	Property, plant, and equipment	LKR '000	17,497,628	17,270,048	18,142,428
	CapEx during the year	LKR '000	1,093,006	1,826,919	1,878,338
	Total procurement spending	LKR '000	48,325,136	25,672,860	22,243,170
	Total suppliers registered	Number	2,845	2,682	2,187
	Total suppliers onboarded	Number	322	527	65
Customers	Strategic customers	Number	7	7	7



LEADERSHIP

20
Board of Directors

23
Leadership Team

23 Executive Committee

26 Cross-Functional Team (CFT)

BOARD OF DIRECTORS



1 Ajit Damon Gunewardene

Chairman, Independent Non-Executive Director

Ajit Damon Gunewardene is the Founder and Chief Executive Officer of Bluestone Capital (Pvt) Ltd, bringing over 40 years of management experience across diverse industries. He served as Deputy Chairman of John Keells Holdings PLC, Sri Lanka's largest listed conglomerate, where he was a Board member for more than 24 years. During his tenure, he held key leadership roles including as Chairman of Union Assurance PLC, a leading life insurance provider, and Chairman of Nations Trust Bank. Currently, Mr Gunewardene is Chairman of Fintrex Finance Ltd and Ingame Entertainment Ltd, a pioneer in Sri Lanka's esports industry and Giga Foods Pvt Ltd, a fast growing multi brand QSR and cloud kitchen enterprise. His previous appointments include Chairman of the Colombo Stock Exchange and Board member of the Board of Investment (BOI). His expertise spans strategic business leadership and corporate governance, private equity and investment management, financial services and banking, retail and consumer markets, as well as the leisure industry and public sector advisory and policy development. Mr Gunewardene holds a degree in Economics and is widely recognised for his significant contributions to both the private and public sectors of Sri Lanka.

BOARD OF DIRECTORS

2 Ashroff Omar
Non-Executive Director

Group Chief Executive Officer of Brandix Apparel Limited, Ashroff Omar, has been instrumental in redefining the Sri Lankan apparel industry for over four decades.

He spearheads a company that develops, manufactures, and markets end to end apparel solutions for world-renowned brands. With a purpose to deliver Inspired Solutions through Inspired People, he is credited with pivoting Brandix into a globally recognised company with operational presence across nine countries including India, Bangladesh, Haiti, and the United Kingdom.

On a journey to be the premier sustainable apparel manufacturer in the region, Mr Omar ensures that real change is embedded across every point of the operation at Brandix, to truly care for the planet and the communities within which the company serves. This feat has been recognised in several ways, including the company's plant in Batticaloa being certified as the world's first Net Zero Carbon Apparel Manufacturing Facility in 2019.

His direction has led Brandix to be adjudged "Exporter of the Year" time and time again.

He is also the Founder Chair of the Joint Apparel Association Forum (JAAF), the apex body of the Sri Lankan apparel industry, and sits on the Boards of some of Sri Lanka's most respected corporates.

3 Hasitha Premaratne
Non-Executive Director

Mr Hasitha Premaratne is the Managing Director of the Brandix Group and oversees its global business, while driving the overall strategy and transformation journey of the company. Prior to taking up the reins as Group Managing Director, Mr Premaratne served as Group Finance Director and Chief Strategy Officer of the Group. He is a Director of Brandix Group subsidiaries and investment ventures that include Teejay Lanka PLC, Inqube Global, and Best Pacific Lanka Ltd. An Independent Director at John Keells Hotels PLC, he serves as Chairman of the Audit Committee.

Mr Premaratne is also an Independent Director at NDB Bank and chairs its Board Risk Committee. He is also a board member of the Apparel Impact Institute of the USA. He was formerly a Director at Bank of Ceylon, Sri Lanka's largest bank, chairing the board risk and nominations committees. He also served on the board of CIMA Sri Lanka and the Sri Lanka Accounting and Auditing Standards Monitoring Board, and was a committee member at the Ceylon Chamber of Commerce. Before joining Brandix, Mr Premaratne was the Head of Research at HNB Stockbrokers (Private) Limited and possesses extensive experience in the fields of capital markets, economics, strategic finance, management, and research. His lecturing experience spans 11 years, preparing students for CIMA (UK) and ACCA (UK) examinations in Sri Lanka, India, Singapore, and the Philippines. He holds an MBA in International Finance and a BSc in Computer Science. He is a Fellow of the Chartered Institute of Management Accountants (CIMA – UK), the Association of Chartered Certified Accountants (ACCA – UK), and the Institute of Certified Management Accountants (CMA – SL). He is also a Chartered Global Management Accountant (CGMA). Mr Premaratne was the winner of the "Tutor of the Year Award" at the CIMA Global Financial Management Awards 2009, held in London in November 2009. He was the winner and gold medallist of the prestigious "CIMA Star of the Year" award in 2012 and the winner of the "Young CIMA Star of the Year" award in 2006. He was also the winner of the "Most Outstanding Royalist of the Year" award in 1997 and served as the Deputy Head Prefect of Royal College in 1998.

4 Masaru Okutomi
Non-Executive Director (Resigned w.e.f. 1 April 2026)

Mr Okutomi is an Executive Director, the Chairman and Chief Executive Officer of Pacific Textiles Holdings Limited, whose shares are listed on The Stock Exchange of Hong Kong and which is the parent company of Pacific Textured Jersey Holdings Limited. He has extensive experience in management of textile business. Mr Okutomi is responsible to lead Pacific's management team and oversee the overall production and operation of Pacific Group, providing corporate directions and formulating business strategies of Pacific Group. Mr Okutomi holds a Bachelor's degree in Law from Hitotsubashi University, one of Japan's top universities, and held various senior management positions including the Managing Director of Toray Industries (South China) Co., Ltd. and Toray Industries (HK) Ltd., and Deputy Managing Director of Toray Industries (China) Co., Ltd. in the past.

5 Kit Vai Tou
Non-Executive Director

Mr Kit Vai Tou is an Executive Director and Chief Financial Officer of Pacific Textile Holdings Limited, whose shares are listed on The Stock Exchange of Hong Kong and which is the parent company of Pacific Textured Jersey Holdings Limited. He has extensive experience in factory operations,

BOARD OF DIRECTORS

financial management, project management, and ERP System. Mr Tou is a Fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

6 Shrihan B Perera

Independent Non-Executive Director

Mr Perera is an accomplished corporate leader with over 30 years of multifaceted experience in engineering, finance, and executive management across highly competitive and dynamic industries. He served as the Chief Executive Officer of Teejay Group from April 2018 to December 2019, playing a pivotal role in steering the Group's strategic direction.

Prior to this, he was the Chief Executive Officer of Brandix Apparel Solutions Limited from January 2010 to March 2018, where he was instrumental in developing and executing business strategies across the Company's intimate apparel operations in Sri Lanka and India. Earlier in his career, Mr Perera held several key leadership roles at Unilever Sri Lanka, including as Finance Director, Group Financial Controller and Treasurer, and Group Accounts Manager, where he built a strong foundation in financial management and corporate governance.

Mr Perera currently serves as an Independent Non-Executive Director for Fintrex Finance PLC, Colombo Fort Land and Building PLC and its subsidiaries, including Lankem Ceylon PLC, EB Creasy PLC, leisure, plantation, and packaging companies. He holds a Bachelor of Science degree in Mechanical Engineering with Second Class Upper Honours from the University of Moratuwa and is a Fellow of the Chartered Institute of Management Accountants (CIMA), UK, and a Chartered Global Management Accountant (CGMA).

7 William (Bill) C McRaith

Independent Non-Executive Director

Since Mr Bill McRaith's retirement from the corporate world, he has leveraged his manufacturing, supply chain, and Brand retail knowledge to support industry efforts on climate, social and environmental impact while enabling profitable growth and preparing for future legislation. As such, he acts as an advisor to Future-Proof Fashion and an Executive Advisor to O9 Solutions. Between 2011 and 2021 Mr McRaith was the Chief Supply Chain Officer at PVH. Based at the company's New York headquarters, Mr McRaith oversaw the Company's global supply chain operations and was responsible for developing the global production structure, processes, manufacturing footprint, and logistics network that serviced the needs of PVH's global retail and wholesale divisions. Before PVH, Mr McRaith served as Senior Vice President of Global Sourcing at Wal-Mart, managing electronics, hardware, toys, home furnishings and munitions supply chains. In this role Mr McRaith initiated Walmart's reshoring efforts. Earlier in his career, Mr McRaith served as Executive Vice President of Manufacturing, Sourcing and Product Development for Victoria's Secret, Chief Supply Chain Officer Intimates at Limited Brands. Mr McRaith started his career in apparel manufacturing in the UK, exclusively supplying M&S, before he moved to Panyu, China in 1990 to build apparel supply chains across Asia, the Indian subcontinent, Latin America and, most recently, Ethiopia, for which PVH was awarded the US Secretary of State ACE award with the World Bank issuing a White Paper identifying the efforts as the blueprint for future "Green" Industrial parks. Half of Mr McRaith's career has been as a manufacturer/supplier and the balance in providing supply chain leadership for major retailers and brands. Mr McRaith is a native of Scotland and attended Kirkcaldy & Glenrothes Technical College where he received his IMS certificate. Mr McRaith was previously a member of the Board of Directors for the American Apparel and Footwear Association (AAFA). He currently serves on the F.I.T. International Trade & Marketing Advisory Board and is an Industry advisor to CreateMe. Mr McRaith is an Honorary Professor of Glasgow Caledonian University. He is also instrument-rated Pilot, flying both planes and helicopters. After 33 years away from Scotland, Mr McRaith and his wife returned in 2021 to spend time with their children and six grandchildren.

8 Teruo Funahashi

Non-Executive Director – (Appointed w.e.f. 1 April 2026)

Mr Funahashi is an Executive Director, the Chairman and Chief Executive Officer of Pacific Textiles Holdings Limited, whose shares are listed on the Stock Exchange of Hong Kong and which is the parent company of Pacific Textured Jersey Holdings Limited. He has extensive experience in the management of the fibre industry and the garment manufacturing industry. Mr Funahashi is responsible to lead Pacific's management team and oversee the overall production and operation of Pacific Group, providing corporate direction and formulating the business strategies of Pacific Group. Mr Funahashi holds a bachelor's degree in Law from the Seijo University of Japan. Mr Funahashi held various management positions including as Managing Director of Toray Industries (H.K.) Ltd. and Toray Industries (South China) Co., Ltd., and as Deputy Managing Director of Toray Industries (China) Co., Ltd. in the past.

LEADERSHIP TEAM

EXECUTIVE COMMITTEE



1 Pubudu De Silva

Group Chief Executive Officer

Mr Pubudu De Silva serves as the Group Chief Executive Officer of Teejay Lanka PLC, bringing with him over three decades of extensive experience in the apparel and textile industry. Prior to assuming the role of Chief Executive Officer (CEO), he held several key leadership positions within the Teejay Group, including Deputy CEO and Chief Operating Officer – Operations, playing a pivotal role in driving the Company's growth, operational excellence, and strategic transformation.

Before joining Teejay, Mr De Silva served as Head of Planning at Slimline Pvt Ltd, further strengthening his expertise in manufacturing and operational management within the apparel sector.

Mr De Silva holds a Master of Business Administration (MBA) from the University of Lincoln, UK, a Master's degree in Manufacturing Management, and a Diploma in Business Administration from the University of Colombo. He has also completed specialised training in Six Sigma Black Belt methodologies at the National Institute of Business Management and successfully completed the Leadership Development Programme (LDP®) conducted by the Center for Creative Leadership in Singapore.

Beyond his responsibilities at Teejay, Mr De Silva served as Chairman of the Fabric & Apparel Accessory Manufacturers Association (FAAMA) from 2019 to 2024 and was also an Executive Member of the Joint Apparel Association Forum (JAAF), contributing significantly to the advancement and development of Sri Lanka's textile and apparel industry.

LEADERSHIP TEAM

2 Upul Nallaperuma

Chief Operating Officer –
Teejay India & Group Operations

Mr Upul Nallaperuma serves as the Chief Operating Officer – Teejay India and Group Engineering & Sustainability, bringing over two decades of extensive experience in the apparel and textile industry. His expertise spans manufacturing, operations management, strategic planning, process excellence, and organisational leadership.

Having commenced his career with the Teejay Group in 2002 as a Management Trainee, Mr Nallaperuma has built a distinguished career through a series of progressive leadership roles across the organisation. In 2013, he joined Teejay India, where he assumed broader operational responsibilities and contributed significantly to strengthening the Company's operational capabilities and growth trajectory.

In his current role, Mr Nallaperuma oversees the overall operations of Teejay India while providing leadership support to Group-wide operational initiatives. He has been instrumental in driving operational excellence, enhancing manufacturing efficiencies, and executing strategic growth projects. Notably, he played a pivotal role in the successful implementation of two major expansion projects at Teejay India, which significantly enhanced production capacity and reinforced the Company's position as a leading textile manufacturer.

Mr Nallaperuma has completed the Leadership Development Programme (LDP®) conducted by the Center for Creative Leadership (CCL), Singapore, further strengthening his capabilities in leadership, organisational development, and strategic execution.

He holds a Bachelor of Science in Engineering from the University of Moratuwa and a Master's Degree in Manufacturing Management from the University of Colombo.

Mr Nallaperuma's strong operational acumen, technical expertise, and commitment to continuous improvement continue to contribute significantly to Teejay's growth, operational excellence, and long-term value creation.

3 Salman Nishtar

Chief Operating Officer – Group Supply Chain

Mr Salman Nishtar brings over 20 years of extensive experience in finance, strategic operations, supply chain management, and business transformation to his role as Chief Operating Officer – Group Supply Chain at Teejay Lanka PLC. His leadership has contributed significantly to the Group's operational excellence, strategic expansion, and transformation initiatives across multiple geographies.

Mr Nishtar commenced his professional career at Ernst & Young in Sri Lanka and subsequently held several key leadership positions, including serving as Chief Financial Officer of American & Efird Bangladesh. He also served as Group Chief Financial Officer of Teejay for over a decade, during which he oversaw Finance, Investor Relations, Information Technology, and Commercial Operations, while playing a key role in strengthening the Group's regional presence and strategic capabilities.

Thereafter, Mr Nishtar led the Group's Marketing and Supply Chain functions, driving cross-functional collaboration, customer engagement, and strategic alignment across business operations. In his current capacity, he heads the Group's Supply Chain function, overseeing the strategic execution and transformation of supply chain operations across the Teejay Group.

As a member of the Executive Committee (EXCO), Mr Nishtar plays a pivotal role in shaping the Group's long-term strategic direction, transformation agenda, and annual planning initiatives.

In recognition of his leadership and professional achievements, Mr Nishtar was nominated for the prestigious "45 Under 45 Leadership Excellence Awards," highlighting his contribution to corporate leadership and business transformation within the region.

Mr Nishtar is an Associate Member of the Chartered Institute of Management Accountants (CIMA – UK), The Institute of Chartered Accountants of Sri Lanka, and the Chartered Global Management Accountant (CGMA). He is also an alumnus of S. Thomas' College, Mount Lavinia.

4 Renuja Selvanathan

Group Chief Financial Officer – Head of IT, Legal, Commercial, Corporate Communications and CSR

Ms Renuja Selvanathan is a dynamic and results-oriented finance professional with extensive experience across corporate finance, investor relations, business transformation, and operational leadership. She began her career in the apparel industry and has since held key positions across a range of industries, including the Business Process Outsourcing (BPO) sector and a leading global telecommunications provider. Throughout her career, she has demonstrated a strong track record in driving strategic initiatives, enhancing operational efficiency, and delivering sustainable business value.

Currently serving as the Group Chief Financial Officer (CFO) of Teejay Lanka PLC, Ms Selvanathan plays a strategic leadership role within the Group, leading Investor Relations while also serving as the Head of the ESG

LEADERSHIP TEAM

Steering Committee, driving the Company's Environmental, Social, and Governance (ESG) agenda in alignment with global sustainability standards.

In addition to her finance responsibilities, she heads the Information Technology (IT) function, spearheading digital transformation initiatives and aligning technology strategies with broader business objectives. Alongside her existing responsibilities as Group CFO and Head of Commercial and IT, Ms Selvanathan has also assumed leadership of the Legal, Branding, Corporate Communications, and Corporate Social Responsibility (CSR) functions across the Group. Furthermore, she serves as a member of the Executive Committee (EXCO), contributing to strategic decision-making at the highest level of the organisation.

Her broad expertise encompasses corporate treasury, stakeholder management, risk governance, and the implementation of enterprise-wide performance improvement initiatives. Ms Selvanathan is widely recognised for her ability to lead cross-functional teams, drive strategic transformation, and deliver measurable value across both finance and operational domains.

Ms Selvanathan holds a Master of Business Administration (MBA) from the Postgraduate Institute of Management and a Bachelor of Business Administration specialising in Finance from the University of Colombo. She is also a passed finalist of the Chartered Institute of Management Accountants (CIMA – UK).



CROSS-FUNCTIONAL TEAM (CFT)



Sarathsiri Mohottalage
Senior General Manager – Head of Operations for Lanka Entities,
Head of Group Innovations and Product Development



Prasanna Bandara Dasanayaka
Senior General Manager – Group Head of Marketing
Head of Merchandising and planning for Lanka Entities



Rodney De Rafayal
Senior General Manager – Head of Bangladesh and
India Marketing Operations



Harshana Fonseka
General Manager – Marketing and Egypt Operations



Ishara Pathirage
General Manager – Group Head of Risk and Control

LEADERSHIP TEAM

Sarathsiri Mohottalage

Senior General Manager – Head of Operations for Lanka Entities, Head of Group Innovations and Product Development

Mr Mohottalage is a highly accomplished professional with over 20 years of experience in development and innovation across Sri Lanka's leading apparel and textile sectors. Currently serving as the Senior General Manager, Head of Operations for Lanka Entities, Head of Group Innovations and Product Development, he brings a wealth of strategic insight and industry expertise to drive research, product innovation, and sustainable growth. His career is distinguished by a consistent track record of leadership, operational excellence, and fostering a culture of creativity that keeps organisations ahead in a competitive global market.

Beginning his career in 2002 as a Management Trainee at Teejay Lanka PLC, Mr Mohottalage laid a strong foundation in manufacturing and operations. He then moved to MAS Active, where he played a pivotal role within the Supply Chain Function for strategic brands, refining his skills in logistics, efficiency, and partnership development. His leadership journey continued at Hela Clothing as Group Sourcing Manager, where he demonstrated advanced capabilities in procurement and supplier management, emphasising sustainable and agile sourcing strategies. In 2018, he joined Brandix Apparel Ltd. as GM – Category Management (Fabric), focusing on supply chain resilience and profitability through upstream risk management and strategic sourcing.

Returning to Teejay Group in 2021, Mr Mohottalage assumed duties, where he spearheads innovation and development initiatives that contribute significantly to the Company's competitive edge. Addition to this, he currently plays a pivotal role as head of Planning and Merchandising. He holds a Bachelor of Science in Engineering from the University of Moratuwa, underscoring his strong technical grounding. Additionally, his partial qualification from the Chartered Institute of Management Accountants reflects his well-rounded expertise in strategic and financial management, enabling him to bridge engineering excellence with business acumen in his leadership approach.

Prasanna Bandara Dasanayaka

Senior General Manager – Group Head of Marketing
Head of Merchandising and planning for Lanka Entities

Mr Prasanna Bandara Dasanayaka has over 22 years of extensive experience across Marketing, Operations Management, Supply Chain Management, Planning, Production Management, Engineering, and Customer Service. With more than 18 years of dedicated service within the apparel and textile industry, he commenced his career at MAS Holdings before undertaking several key leadership roles, including Head of North Sails Sri Lanka Operations, Head of Operations at Brandix Textiles Limited, and Senior General Manager at Teejay Lanka PLC.

Prior to assuming his current role, Mr Dasanayaka oversaw the front-end marketing of Oniverse business operations in Europe, Digital brands on eCommerce platforms and Growth Brands across the USA and EU markets, as well as the M&S business in the UK. In addition, he serves as a member of the Innovation and Product Development Steering Committee of the Teejay Group.

Currently, alongside his role as Group Head of Marketing, he also oversees Merchandising and Planning, further strengthening the integration between customer strategy, execution excellence, and operational planning to best serve our customer portfolio.

Mr Dasanayaka plays a pivotal role in maintaining strategic customer relationships across multiple global brands and is actively involved in key leadership initiatives, including Long-Range Planning, the implementation of Sales and Operations Planning (S&OP) processes, and the development of overall marketing strategies to drive business growth.

An Engineer by profession, Mr Dasanayaka holds a Master of Engineering in Manufacturing Systems Engineering and a BSc in Chemical and Process Engineering with Second Class Honours from University of Moratuwa. He also holds a Master of Business Administration (MBA) from University of Wolverhampton, UK.

Further enhancing his professional expertise, he has undergone specialised trainings in Lean Manufacturing, the Center for Creative Leadership programme, the Cleaner Production Auditor's programme, and various technical trainings related to textile manufacturing technologies, alongside exposure to multiple fashion exhibitions across the USA, EU, and Asia.

Rodney De Rafayal

Senior General Manager – Head of Bangladesh and India Marketing Operations

Mr Rodney De Rafayal possesses over 20 years of experience in the apparel sector, with extensive exposure across Textiles and Elastics, holding senior leadership positions in Sales and Marketing and Merchandising. His professional expertise spans working with customers across synthetic warp knit and woven fabric manufacturing mills, enabling him to consistently deliver value-driven solutions and strengthen customer partnerships.

LEADERSHIP TEAM

Rafayal joined Teejay Lanka PLC in 2017 and currently heads new business opportunities in Bangladesh and India for the Group. Also, he oversees the Sales and Marketing and Merchandising operations for the TJI plant. His leadership has been instrumental in expanding the Company's footprint across new markets, driving strategic growth initiatives and fostering strong client relationships.

Harshana Fonseka

General Manager – Marketing and Egypt Operations

Mr Harshana Fonseka has over 16 years of experience spanning Sales and Marketing, Finance, Strategy Formulation, and Commercial Management, with more than 14 years of expertise within the apparel and textile industry. He commenced his professional career at Avery Dennison Lanka Pvt Ltd. and subsequently held positions in Corporate Finance and Corporate Planning at Brandix Lanka Limited. He later served as Head of Finance and Commercial for the Sri Lankan entities of Teejay Lanka PLC before transitioning into Sales and Marketing and General Management responsibilities within the Teejay Group.

Currently, Mr Fonseka heads New Business Development for the group and Marketing for Nike BU, while also overseeing the Teejay Egypt entity as Head of the entity, leading Egypt Operations, Business Development and Expansions.

Mr Fonseka holds a Master of Business Administration (MBA) from Cardiff Metropolitan University and a Bachelor of Business Administration (BBA), specialising in Finance, from University of Colombo. He is an Associate Member of the Chartered Institute of Management Accountants (ACMA UK) and an Associate Member of CPA Australia.

Ishara Pathirage

General Manager – Group Head of Risk and Control

Ms Ishara Pathirage joined Teejay Lanka PLC in 2021 as Manager – Risk and Control. Prior to joining Teejay, she completed a successful nine-year tenure at BDO Partners, where she progressed to the position of Associate Director within the Risk Advisory Services and Forensic Audit Divisions.

With over 11 years of managerial experience, Ms Pathirage has developed extensive expertise in risk advisory, business process reviews, internal audits, and forensic audits, having worked with a diverse portfolio of clients. Her broad experience enables her to provide insightful advisory services through effective risk assessments and the development of robust internal control mechanisms that strengthen and safeguard business operations.

Prior to transitioning into risk and control, she also gained four years of experience in finance-related roles at GlaxoSmithKline and Textured Jersey Lanka (Pvt) Ltd. Her exposure to forensic audits, including collaborations with the Criminal Investigation Department (CID) and the Financial Crimes Investigation Division (FCID), has further enhanced her expertise in strengthening business process controls and leveraging data analytics for risk management.

Ms Pathirage is a past pupil of Sirimavo Bandaranaike Vidyalaya. She is an Associate Member of the Chartered Institute of Management Accountants (CIMA – UK) and holds a Master of Business Administration (MBA) from Cardiff Metropolitan University.



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CHAIRMAN'S STATEMENT

GRI 2-22



The defining test of any organisation lies not in how it performs during stable conditions, but in how it responds when confronted with uncertainty and change.

Rather than taking a reactive stance in a challenging macro-operating climate, we utilised this period of transition to strengthen our operational foundations and defend our business fundamentals. Maintaining a clear strategic focus to insulate the Group from localised volatility allowed us to systematically navigate a contraction in global apparel demand, shifting geopolitical dynamics, and severe tariff barriers. Locally, we countered high-cost structures with rigorous efficiency measures as Sri Lanka's economy began to stabilise. By managing these compounding margin pressures with foresight and structural flexibility, we have emerged competitively positioned to lead the market's impending recovery phase.

CAPITALISING ON GLOBAL SUPPLY CHAIN REALIGNMENT

The Group's performance during the year was notably impacted by the realignment of global trade barriers, a shift that we used as a catalyst to accelerate our long-term structural reset. While tariff-induced cost pressures temporarily moderated capacity utilisation within our Indian operations, our strategic response was immediate. The Board and Management accelerated Group-wide cost transformation and productivity initiatives, optimising plant workflows to withstand volume volatility. Crucially, we converted these external pressures into client opportunities by

CHAIRMAN'S STATEMENT

deepening customer partnerships and realigning our portfolio towards higher-value, technical, and niche product segments. As global brands actively seek to de-risk their supply chains, our multi-country manufacturing presence offers a unique regional hedge and a distinct corporate advantage.

DRIVING DIGITAL AND PRODUCT TRANSFORMATION

In alignment with our core strategic pillars, we advanced our primary objectives of growth, operational excellence, and product transformation. We continued to expand our international footprint, with a particular emphasis on growing our capacity in India and exploring fast-growing trade corridors in the African region to capitalise on emerging sourcing hubs. Our digital strategy is a critical enabler of this growth; by advancing our Industry 4.0 initiatives and leveraging real-time ERP data architectures, we have significantly enhanced our predictive decision-making and cost-optimisation capabilities. Furthermore, our focus on innovation, through a more robust product mix, is systematically reducing seasonal demand fluctuations, securing Teejay's position as the preferred partner for global brands seeking sustainable and technically superior fabrics.

INSTITUTIONALISING INTEGRITY AND MERITOCRACY

Corporate governance and ethical conduct remain the bedrock of our organisational culture. During the year, the Board maintained rigorous oversight of the Group's strategy, risk management, and sustainability commitments. We further strengthened our Enterprise Risk Management framework to incorporate specific evaluations of macroeconomic and trade-related exposures, ensuring that Environmental, Social, and Governance (ESG) risks are fully integrated into our capital allocation decisions.

By maintaining exemplary transparency in our ethical and legal dealings, enforcing a zero-tolerance policy for corruption, bribery, and any form of harassment or discrimination across our workplaces and all work-related situations, and adhering strictly to best practices, the Teejay Group reinforces its reputation as a responsible corporate entity that prioritises accountability and ethical conduct. In this regard, we remain deeply committed to fostering an inclusive environment where meritocracy and equity are the sole drivers of recruitment and professional advancement.

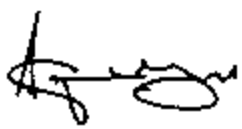
Our commitment to sustainability and responsible growth continues to be recognised through global benchmarks. Amidst a challenging financial cycle, we maintained our leadership in environmental performance, advancing renewable energy projects and emission control systems that align with our Abhivarah 2030 roadmap. Teejay remains a vital economic anchor in our operating regions; we continue to serve as a key generator of foreign exchange within Sri Lanka's textile ecosystem, while our expanding presence in India actively drives regional industrial development and employment.

STRATEGIC HORIZON AND CAPITAL ALLOCATION

Looking ahead, we anticipate that macroeconomic uncertainties and competitive intensity will persist. However, our recovery trajectory is clear. Our forward growth will be driven by three strategic levers: targeted market diversification via our African footprint, the aggressive expansion of our synthetic product portfolio, and the optimisation of our cross-border manufacturing assets. We enter the new financial year with a disciplined capital allocation strategy, focusing investment primarily on accelerating our innovation pipelines and digital capabilities to deliver superior, sustainable returns.

A NOTE OF GRATITUDE

I wish to extend my sincere appreciation to our employees across all locations for their remarkable resilience during a testing year. I thank the Leadership Team for their steady, disciplined stewardship, and my colleagues on the Board for their invaluable strategic counsel. On behalf of the Board, I take this opportunity to express my deep gratitude to Mr Masaru Okutomi for his significant contributions during his tenure, while extending a warm welcome to Mr Teruo Funahashi following his appointment to the Board with effect from 1 April 2026. To our shareholders, I extend my thanks for your continued trust in our long-term vision. We also remain deeply grateful to our customers, suppliers, and partners for their enduring collaboration. Teejay is structurally, operationally, and strategically prepared to capitalise on the dawn of the apparel market's recovery, and I am confident that the actions taken this year have created a strong platform from which the Group will continue to rise.



Ajit Damon Gunewardene
Chairman, Independent Non-Executive Director
5 June 2026

CEO'S REVIEW



The 2025/26 financial year unfolded against a backdrop of heightened global uncertainty, characterised by escalating geopolitical tensions, trade realignments, and subdued consumer demand across our primary markets. It was a period that thoroughly tested our operating model, demanded extreme cost discipline, and required rapid structural adaptation.

Despite these acute external pressures, the Teejay Group remained resilient. We demonstrated the agility necessary to protect our core business operations while firmly maintaining our long-term commitment to sustainable value creation. While the macro-environment undoubtedly weighed on our performance, this period of adversity reinforced the fundamental strength of our diversified manufacturing footprint. We entered the year facing complex operating challenges, but we emerge from it more agile and geographically better positioned to capitalise on the structural shifts reshaping the global apparel supply chain.

A CHALLENGING MACRO-OPERATING LANDSCAPE

Global fashion demand softened significantly during the year as persistent inflationary pressures, high interest rates, and cautious consumer sentiment curbed retail spending across the United States and Europe. These demand-side challenges were severely compounded by volatile trade dynamics, particularly highly disruptive tariff realignments. At the start of the financial year, US tariffs

CEO'S REVIEW

on Indian textile imports stood at 50%, placing our Indian operation, Teejay India, at a competitive disadvantage. Because Teejay India houses our largest singular production capacity at 55 tonnes per day, this regulatory barrier restricted our capacity utilisation and triggered volume contractions that reverberated across the Group's consolidated performance. Concurrently, US tariffs on Sri Lanka and Vietnam were positioned at 20%, while Indonesia and Bangladesh stood at 19%.

While tariffs have since been revised down to a uniform 10% across these manufacturing nations, the prolonged period of uncertainty fundamentally altered brand sourcing behaviours. This disruption caused volume fragmentation, aggressive pricing pressures, and a volatile sales mix. Domestically, our teams also navigated the complex realities of local macroeconomic stabilisation, which brought a combination of elevated operational costs and intense export competitiveness challenges.

FINANCIAL RESILIENCE FOCUSED ON EARNINGS PERFORMANCE

As a consequence of these global disruptions, the Group's bottom-line performance experienced compression, marking the 2025/26 financial year as a definitive transitionary phase. The first half of the financial year delivered a stable performance, yielding a net profit of LKR 207.27 Mn. in the first quarter and LKR 149.87 Mn. in the second quarter. Conversely, the second half of the year reflected severe macro-driven compression, resulting in a net loss of LKR 504.38 Mn. in the third quarter. In response to this earnings pressure, management enacted aggressive internal stabilisation measures, enabling our plants to successfully realign with current market realities and recover to a net profit of LKR 201.94 Mn. in the final quarter of the year.

ACCELERATING OUR OPERATIONAL EXCELLENCE JOURNEY

Recognising that weathering a challenging operating climate must be driven by operational agility and internal efficiency, Teejay responded by deliberately turning its strategic focus inwards. To proactively defend our operating margins, we accelerated cost-containment and productivity transformation programmes across all Strategic Business Units (SBUs); we intensified our Group-wide operational excellence journey by leveraging the collective ingenuity of our workforce; and we systematically right-sized our organisational structure, streamlined plant workflows, and lowered our overhead base, transforming our manufacturing floors into leaner, more agile environments capable of absorbing external cost shocks.

Our engineering and operational teams spearheaded critical utility restructuring and cost-reduction projects designed to insulate our production facilities from fluctuating global energy markets. Our investments in renewable energy, marked by our transition to sustainable biomass and the commissioning of a 7 MW rooftop solar photovoltaic (PV) system, are laying the foundation for a more resilient, sustainable, and future-ready Teejay. Generating clean, zero-emission power directly on-site, this installation carries the potential to substantially offset our grid dependency, shield our operations from commercial electricity cost volatility, and is aimed at ultimately reducing our energy costs by 25–30%. It serves as a significant operational lever to drive down our carbon footprint, accelerating our trajectory towards the Abhivarah 2030 milestone of a 42% reduction in Scope 1 and 2 emissions.

MAINSTREAMING DIGITAL TRANSFORMATION

Our journey towards becoming a digitally enabled manufacturer accelerated via the deployment of advanced SAP Fiori mobile dashboards, which have real-time data access for shop-floor managers, improving decision-making agility and manufacturing transparency. Furthermore, we expanded our Internet of Things (IoT) machine integrations to track real-time utility usage and machine efficiency across our plants, while successfully implementing artificial intelligence-assisted quality monitoring networks.

These interventions, alongside the rollout of Robotic Process Automation (RPA) for repetitive administrative tasks, have materially enhanced our right-first-time quality metrics, driven down waste, and structurally modernised the employee experience. Crucially, this digital expansion was supported by investments in IT infrastructure, encompassing network modernisation, endpoint security, firewall management, and secure remote access. These proactive measures strengthened our system resilience against cybersecurity threats.

FOSTERING A SUSTAINABLE LEGACY

Sustainability is fundamentally woven into our corporate identity and governed by our Abhivarah 2030 roadmap. Even within this constrained financial cycle, our major manufacturing entities achieved exemplary validation, scoring above 90% on the Higg Facility Environmental Module (FEM) 2025 assessment, led by Teejay Lanka's and Teejay India's outstanding score of 99%, which positions the Group at the forefront of global sustainable manufacturing. We have placed great emphasis on ethical and legal business dealings, zero tolerance for corruption, bribery, and any form of harassment or discrimination in our workplace and any work-related situation outside work.

CEO'S REVIEW

Our turnaround this year was entirely powered by our people, who demonstrated remarkable resilience in navigating these systemic headwinds. We have continued to invest in our talent pipeline, formalising a landmark Memorandum of Understanding with the University of Colombo to attract and cultivate future-ready industry leaders. I am proud to note that our consistent efforts to further human-capital development and occupational safety were independently validated this year, with Teejay securing the prestigious RoSPA Gold Award for safety, as well as the runner-up accolade in the Textile and Apparel category at the inaugural Chartered Institute of Personnel Management (CIPM), Sri Lanka HR Awards.

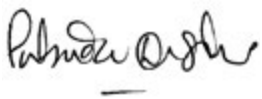
FUTURE READINESS

While near-term demand remains cautious, early indicators suggest a gradual improvement aligned with easing tariff pressures and recovering order flows from the next financial year onwards. Looking ahead, the Teejay Group is strategically positioned to convert prevailing macroeconomic challenges into structural growth opportunities. Persistent geopolitical volatility has driven global apparel brands to actively pursue supplier diversification and risk-mitigation strategies, specifically fuelling the "China Plus One" movement and prompting a strategic sourcing shift away from traditional regional bases. As one of South Asia's largest multinational textile manufacturers, Teejay leverages its diversified presence across Sri Lanka, India, Bangladesh, Egypt, and Indonesia to drive sustainable growth, strengthen resilience, and enhance operational agility in an evolving global landscape.

Crucially, our expanded ventures in Egypt and Indonesia are positioned to serve as vital strategic growth hubs, particularly as global brands pivot towards Africa and the Association of Southeast Asian Nations (ASEAN) region as the next frontiers for apparel manufacturing. Moving forward, we will continue to elevate our commercial offerings, shifting our product mix away from core fabrications towards complex, high-value, solution-driven products. The expansion of our in-house innovation brand, INSCOPE, will enable us to capture market share in higher-margin segments, including advanced performance and functional fabrics. Focused on the polo business, specialised in flat knits, as well as intricate jacquard structures and lace-dyeing capabilities, we have secured our position as an innovative manufacturing partner for our global brand portfolio.

ACKNOWLEDGEMENTS

Our resilience through this transitionary year is the collective result of unwavering stakeholder trust. I wish to express my profound gratitude to the Board of Directors for their invaluable strategic counsel. In particular, I extend my sincere appreciation to our outgoing director, Mr Masaru Okutomi, for his significant contribution to the Teejay Group, and warmly welcome Mr Teruo Funahashi, who joined the Board with effect from 1 April 2026. I also thank our Leadership Team for their disciplined, steady stewardship in steering the ship through stormy waters. My deepest thanks go out to our employees, whose dedication and tireless work ethic protected our operational core, and to our suppliers and customers, whose enduring partnerships remain the true foundation of our global success. Teejay is structurally, operationally, and strategically ready to capitalise on the dawn of the apparel market's recovery and deliver sustainable, responsible value for years to come.



Pubudu De Silva
Group Chief Executive Officer

5 June 2026

OUR STRATEGIC FOCUS

RISING TO THE CHALLENGE

During the 2025/26 financial year, the global apparel industry faced a severe contraction, as prolonged inflationary pressures, elevated interest rates, and subdued consumer sentiment dampened retail spending across Europe and the United States. This softening of international demand was heavily exacerbated by a highly volatile geopolitical landscape and sudden, disruptive realignments in international trade barriers. Most notably, the 50% US tariff on Indian textile imports triggered widespread volume fragmentation and intense pricing pressures across global supply chains. This period of fiscal instability fundamentally changed international brand behaviour, driving global retailers to shift away from traditional sourcing methods, thereby accelerating a broader movement towards supplier diversification and near-shoring risk management.

At the regional level, these shifting trade policies created an uneven playing field before eventually converging into a standardised 10% tariff across key exporting nations. In the early months of the year, however, regional competitiveness was heavily distorted, with Sri Lanka and Vietnam facing 20% tariffs, and Indonesia and Bangladesh positioned at 19%. This disparate regulatory environment left areas with higher barriers at a disadvantage. Simultaneously, domestic operations in Sri Lanka faced a complex dual reality; while local macroeconomic stabilisation provided a degree of predictability, it was accompanied by elevated internal operational costs that left the country's manufacturing base facing a higher cost structure than its regional peers, severely testing export competitiveness.

For Teejay, these multi-layered pressures necessitated an immediate strategic reset and absolute cost discipline. Teejay India faced severely restricted capacity utilisation and volume contractions that compressed consolidated profit margins. Teejay counteracted this top-line contraction by accelerating internal transformation and productivity programmes to insulate plant operations from volume fluctuations. More importantly, the Group capitalised on the market's fragmentation by leveraging its unique multi-country footprint across Sri Lanka, India, Bangladesh, Egypt, and Indonesia. This geographic spread enabled the Group to dynamically reallocate production volumes, effectively shielding global brands from tariff shocks. Ultimately, the year acted as a booster for Teejay's overarching strategy, cementing the Group's transition from a transactional fabric manufacturer into an innovative, digitally enabled partner specialising in high-value, synthetic, and advanced performance textiles.



OUR STRATEGIC FOCUS

GRI 2-23

OUR TRANSFORMATIVE STRATEGY

As Teejay concludes another year of operations, we remain steadfast in our commitment to sustainable growth, operational excellence, and long-term value creation. Guided by our core purpose and strategic priorities, we continue to strengthen our competitive position while investing in our people, enhancing social capital, and embedding sustainability across our operations.

Our commitment to transparent and comprehensive sustainability reporting enables us to assess our environmental, social, and economic performance within an evolving operating landscape. This approach supports informed decision-making, drives continuous improvement, and reinforces accountability across the organisation.

Our progress is underpinned by a clear focus on capacity expansion, product innovation, environmental stewardship, social responsibility, and strong governance and compliance practices. Together, these strategic priorities support our ambition to become a USD 350 Mn. company by 2029-30; providing customers with world-class fabric solutions delivered through sustainable operations and best in class talent multiple locations. By maintaining a proactive and forward-looking approach, Teejay continues to navigate external challenges, capitalise on emerging opportunities, and build organisational resilience. As we move forward, our commitment to adaptability, innovation, and responsible business practices remains central to creating sustainable value for all stakeholders.

Focus Area	Key Strategic Focus	Business Relevance	Progress in 2025/26
Sustainable Manufacturing	New product development Sustainable manufacturing Digitalisation	Innovate and expand product range. Elevate existing product value through sustainable sourcing and practices. Integrate technology for operational efficiency.	Investment in new machinery and technology improving the product capabilities and efficiency Commencing automation to optimise the production efficiency.
Innovation in Fabric and Textiles	Product transformation integrating aesthetics, performance, and sustainability Market-driven innovation aligned to evolving brand expectations and elevated basics Scalable, platform-based innovation across commercialized performance and Blue-Sky initiatives Strengthening INSCOPE-led innovation, governance, and co-creation ecosystem	Strengthen competitive positioning through differentiated, high-utility fabric solutions Enable “value at cost” through scalable, commercially viable innovation Enhance customer experience via multi-attribute fabrics (aesthetic, functional, durable) Expand market relevance through versatile platforms and embedded sustainability	Scale-up of synthetic and cotton innovations into sustained bulk commercial programs Strong adoption of elevated core fabrics combining aesthetics, performance, and durability Acceleration of innovation-to-commercialization through INSCOPE and ecosystem collaboration Expansion of performance platforms (cooling, thermo regulation, moisture management) and multi-category applications Integration of sustainability into product functionality and life cycle performance External validation of innovation capability through research publication and knowledge leadership

OUR STRATEGIC FOCUS

Focus Area	Key Strategic Focus	Business Relevance	Progress in 2025/26
Environment Stewardship 	Climate Action & Decarbonization Circular Economy & Responsible Manufacturing Digital Sustainability & Environmental Stewardship	Drive progress towards SBTi commitments and long-term energy resilience. Improve energy, water, and material efficiency. Strengthen responsible manufacturing and circularity. Enhance employee, community, and environmental well-being.	Advanced the Group's decarbonization roadmap through strategic investments in sustainable biomass and a 7.2 MW solar project, while successfully completing Phase I of the PNG transition initiative at Teejay India. Continued energy efficiency and optimization initiatives across operations, contributing to a 2.68% reduction in Scope 1 emissions and a 24.68% reduction in Scope 2 emissions compared to FY 2024/25. Expanded IoT-enabled monitoring and predictive analytics across utilities, production, and sustainability systems, strengthening data-driven resource management, operational efficiency, and performance visibility. Strengthened Waste-to-Wealth initiatives, advanced circular packaging solutions, and progressed textile recycling and circularity projects to support resource efficiency and value enhancement. Maintained 99% ZDHC MRSL conformance while retaining ZDHC Verified InCheck and Supplier to Zero Progressive Level status across Group operations, reinforcing leadership in responsible chemical management. Continued biodiversity conservation initiatives, including the restoration of the 9 km Maskeli Oya forest corridor, while advancing long-term environmental commitments under Abhivarah 2030.
People 	Diversity, Equity and Inclusion (DEI)	Prioritise employee health and safety to maximise performance. Cultivate an inclusive workplace that promotes collaboration and synergy	"She Leads" programme continued this year preparing participants for future senior roles and ensuring a diverse, capable leadership team. Introducing new training programme to build future ready capabilities such as Gen AI, Data Visualisation, and Advance training on AI.

OUR STRATEGIC FOCUS

Focus Area	Key Strategic Focus	Business Relevance	Progress in 2025/26
Supply Chain Transformation	Responsible and resilient sourcing Sustainable supplier partnerships and compliance-driven procurement Cost transformation through strategic sourcing, value engineering, and alternative sourcing Digital procurement, data visibility, and process automation Circularity enablement through sustainable materials, packaging, and resource-efficient sourcing	Strengthen supply chain resilience against market volatility, geopolitical disruptions, and raw material availability risks Support the Group's sustainability, traceability, and customer compliance commitments through responsible sourcing practices, including continued supplier due-diligence. Improve cost competitiveness through supplier consolidation, price benchmarking, negotiation, and alternative material sourcing. Enhance operational efficiency through better planning, lead time control, inventory visibility, and digital procurement processes. Enable sustainable value creation by integrating environmental, social, and governance considerations into sourcing decisions.	Strengthened strategic group sourcing initiatives across yarn, dyes, chemicals, auxiliaries, greige, and general procurement to support cost competitiveness, supply continuity, and customer delivery commitments Continued supplier consolidation, price benchmarking, and structured negotiation initiatives, contributing to raw material cost optimization and savings realization across the Group. Advanced responsible chemical sourcing by supporting ZDHC MRSL conformance, InCheck requirements, and customer-specific compliance requirements. Supported sustainability-led sourcing initiatives, including concentrated chemical conversions, alternative chemical trials, packaging improvements, and resource-efficient procurement options Strengthened traceability and responsible sourcing controls through supplier documentation, certification follow-up, and alignment with platforms such as TextileGenesis, Retrace, BCI physical traceability, and customer traceability requirements. Improved supplier performance visibility through OTD, quality, compliance, and service-level tracking, enabling better supplier accountability and performance management. Supported key transformation projects such as biomass transition, solar-related procurement support, PNG transition at Teejay India, and energy-resilience initiatives through timely sourcing and supplier engagement. Enhanced procurement process discipline through improved PR-to-PO tracking, supplier evaluation, audit readiness, documentation control, and cross-functional coordination with production, planning, compliance, finance, and sustainability teams. Continued digital procurement improvements through better MIS, dashboards, market intelligence, price tracking, and data-driven decision support for sourcing and negotiation. "Overall, Supply Chain continues to play a key enabling role in the Group's transformation journey by balancing cost, compliance, sustainability, service reliability, and supplier resilience."

OUR MULTI-LOCATION STRATEGY

SCALING GLOBAL CAPABILITIES

In a highly competitive and fast-moving global textile marketplace, the strategic placement of manufacturing, sourcing, and commercial hubs dictates long-term corporate success. Teejay's multi-location model is meticulously constructed to enhance organisational agility, allowing the Group to exercise exceptional resilience under volatile market dynamics. Expanding outwards from our foundational hub in Sri Lanka, this progressive geographic diversification is closely aligned with our global marketing strategies to amplify multinational visibility and solidify our competitive edge.

Furthermore, our diverse global presence strengthens our employee value proposition, attracting top-tier regional talent to fuel continuous manufacturing innovation and optimise our cross-border production capabilities. By establishing closer-to-needlepoint solutions, we create premium value for our clients, deepen critical vendor partnerships, and broaden our international brand portfolio. Ultimately, this interconnected network secures supply chain stability, ensures total financial compliance, leverages global tariff frameworks, and anchors our sustainability commitments to drive operational excellence and market leadership.

LOCATION STRATEGY

UNLOCKING COMPETITIVE ADVANTAGE THROUGH STRATEGIC LOCATIONS

Strategic Business Partnerships: Improve opportunities for strategic business partnerships with leading innovators in the industry.

Strategic Customer Relationships: Enables Teejay to benefit from evolving global supply chain strategies of key customers.

Group-wide Transformation: Fosters group-wide agility and responsiveness to evolving market dynamics.

Global Tariff Framework Benefits: Allows Teejay to leverage global tariff frameworks.

Sustainable Production: Enables investment in advanced machinery, enhancing capacity and minimising our carbon footprint.

Efficiency and Resilience: Ensures efficiency and resilience across our locations.

Innovation and Research: Offers greater customisation capabilities, resulting from R&D across yarn, fibre, dyes, chemicals, fabrics, and processes.

OUR MULTI-LOCATION STRATEGY

Focus Area	Core Advantage	Implementation in 2025/26
Global Visibility and Market Standing	Expands our international brand footprint to amplify our competitive advantage and reinforce our position as a preferred fabric provider across premium global apparel markets.	The successful operationalisation of new ventures in Egypt and Indonesia, alongside our presence in Sri Lanka, India, and Bangladesh, actively strengthens our multinational presence. This positions Teejay to capitalise on global supply chain realignments, absorbing new order volumes resulting from the "China Plus One" movement and the de-risking of supply chains away from Bangladesh.
Supply Chain Stability and Risk Mitigation	Drives closer-to-needlepoint proximity to actively insulate operations from shipping volatility, whilst simultaneously minimising transport, logistics, and warehousing costs. This connectivity allows the Group to leverage global tariff frameworks and secure critical, mutually beneficial vendor partnerships.	During the year, this multi-country model successfully insulated operations from severe maritime transit collapses and freight cost surges caused by the Red Sea and Strait of Hormuz crises. It also allowed the Group to dynamically mitigate and spread its financial exposure to escalating and volatile US-India tariff regimes.
Greater Client Value and Speed to Market	Delivers agile, closer-to-market fabric solutions that markedly enhance our appeal and responsiveness to an expanding international customer base. Closing the gap between needlepoints and end markets supports agility and rapid product cycles, meeting consumer demands faster with reduced inventory risks.	The expansion in Egypt is playing an increasingly strategic role as a gateway to Europe, the USA, and Africa, while Indonesia provides vital access to ASEAN markets. This ensures faster lead times, flexible production allocation, and a highly responsive supply chain for our global brand partners.
Talent and Innovation Engine	Enriches our employee value proposition and secures direct access to top regional talent pools, which remains vital to optimising our cross-border production capabilities and fostering continuous innovation.	Expanding our international presence allows the company to attract and develop talent aligned with advanced manufacturing and technical capabilities. This was actively demonstrated during the year by the Management Trainee programme, where trainees successfully swapped regions between Sri Lanka and India for departmental rotations, fostering global collaboration and cross-border expertise.
Cost Efficiency and Sustainability Goals	Strategic location planning optimises labour sourcing and operational costs, while nearshoring and local sourcing lower our carbon footprint. Regional oversight helps align our operations with stringent ESG requirements.	The Group proactively leveraged its multi-location footprint to optimise capacity utilisation and mitigate structural cost challenges and raw material inflation during the year. Furthermore, environmental goals were advanced across borders by expanding the IoT-based online monitoring system to Teejay India, providing unified, group-level visibility into utility usage and driving resource efficiency.

OUR MULTI-LOCATION STRATEGY

THE STRENGTH OF OUR GLOBAL FOOTPRINT





OUR MULTI-LOCATION STRATEGY

Location	Entity/Operation	Background and Core Capabilities	Key Developments in 2025/26
Sri Lanka (Avissawella)	Teejay Lanka PLC	Headquartered in Avissawella, TJL serves as the core manufacturing and innovation hub. Product capabilities include cotton and cellulosic blends (weft knitting/man-made cellulosic modal/synthetic nylon/polyester) and jacquards, with a daily production capacity of 45 tonnes. The plant has expanded its scope to include lace dyeing, yarn dyeing, and synthetic fabric production.	Sri Lankan operations were strategically positioned to absorb new order volumes resulting from the "China Plus One" movement and the deliberate offloading of supply chains away from Bangladesh by global brands. Teejay's innovation hub INSCOPE evolved into a fully embedded, commercially driven ecosystem that integrates product design, material science, process understanding, and customer collaboration.
Sri Lanka (Avissawella)	Teejay Lanka Prints (Private) Limited (TJP)	TJP is a fully-owned subsidiary of Teejay Lanka PLC. It is a leading cotton-based printing plant offering rotary screen and digital printing for woven and knitted fabrics. They provide custom finishes and ensure high standards through a fully equipped laboratory and quality assurance process. TJP has a daily capacity of 20,000 metres, with capabilities including discharge, pigment super soft, reactive, digital, and disperse printing.	Operations continued as per the established strategic mandate, operating in tandem with TJL to absorb the positive shift of orders to the Asian region.
India (Visakhapatnam)	Teejay India (Private) Limited	Operating since January 2009 within Brandix India Apparel City—an export-oriented Special Economic Zone. TJI leverages India's proximity to other apparel hubs for raw material sourcing. Product capabilities include cotton and cellulosic blends (weft knitting/ synthetic nylon/polyester), fleece, lace, and discharge/pigment super soft/reactive printing, with a daily capacity of 55 tonnes.	TJI successfully expanded its synthetic capacity utilisation to enhance profitability. Alongside Sri Lanka, the facility was positioned to absorb increased order volumes resulting from the shift in global supply chains, including the "China Plus One" strategy. Furthermore, the facility played a central role in Teejay's risk mitigation strategy, navigating volatile US-India tariff regimes (which fluctuated from 50% down to a reinstated 10%).
Bangladesh	Strategic Sales Office	The Bangladesh presence capitalises on regional market dynamics and reinforces a customer-centric approach by tailoring offerings to regional demands. The sales office significantly contributes to Teejay's topline, historically accounting for approximately 7% to 8% of total sales. Bangladesh's international trade agreements offer a competitive edge for textile exports, enhancing market reach and supply chain efficiency.	While the region historically showed strong demand, Teejay strategically leveraged its multi-country footprint this year to mitigate risks associated with the deepening political unrest in the region. Consequently, the Group successfully navigated the challenges of key global customers actively de-risking and offloading their supply chains away from Bangladesh.

OUR MULTI-LOCATION STRATEGY

Location	Entity/Operation	Background and Core Capabilities	Key Developments in 2025/26
Egypt	Nubian Threads (Private) Limited	Egypt's geographical location serves as a strategic gateway between Africa, the Middle East, and Europe, expanding Teejay's market reach, improving logistics, and diversifying revenue streams.	Teejay successfully commissioned new manufacturing facilities during the year. Egypt is now highlighted as a pivotal growth driver, managed through Nubian, and is expected to play an increasingly strategic role as global brands pivot towards Africa as the next major apparel manufacturing hub. This expansion also serves as a vital mitigation strategy against softening consumer demand and downturns in the US market.
Indonesia	Manufacturing presence through partnerships	Serves as a strategic expansion into the ASEAN market, helping to close the gap between manufacturing and end markets.	Teejay successfully commissioned new manufacturing facilities during the 2025/26 financial year. This operationalisation significantly enhances Teejay's proximity to key "needle-point" markets and strengthens overall global supply chain agility.
Mauritius	Teejay Mauritius (Private) Limited	Serves as the investment holding company for the Group's Indian and Egyptian subsidiaries, whilst also operating under a trading licence. The country's textile industry benefits from the ability to leverage existing markets, free trade agreements, and a favourable regulatory framework. Enhancing operational efficiency and market presence, Mauritius acts as a strategic gateway between Africa, the Middle East, and Europe, aiding market reach and logistics.	Operations continued as per the established strategic mandate. TJM played a central role in the Group's international trading, also serving as the direct channel for investments in Egypt and India.

OUR COMMITMENT TO SUSTAINABLE VALUE CREATION

GRI 2-6, 2-24

Teejay is committed to creating sustainable value for all stakeholders by integrating robust principles of corporate governance, environmental stewardship, and social responsibility into our core business strategy. We recognise that long-term success is intrinsically linked to understanding and managing our operational impacts and engaging meaningfully with our stakeholders.

SUSTAINABILITY MANAGEMENT FRAMEWORK (SMF)

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Identify stakeholder concerns	**Policy and framework**	**Data tracking mechanism**	**Benchmarking and variance**	**Sustainability initiatives**	**Reporting and external assurance**
Teejay identifies material sustainability impact topics through stakeholder assessments and internal ESG risk analysis, considering external dependencies. These findings, which include Sustainability and Climate Related Risks and Opportunities (SRROs/ CRROs) for investors, inform the report's disclosures. Teejay pursues external verification of these ESG topics through a third party.	Our sustainability policy drives organisational processes and practices. The company has implemented key ESG policies which are regularly reviewed together with management approaches. Pages (102 to 178) describe the series of policies that govern our actions across economic, environmental, and social dimensions; including our work toward environmental stewardship, health and safety, and HRM. The Group's Risk and Control division integrates SRROs into risk registers to manage risks through assigned ratings, mitigation, and ownership, as part of our risk governance process.	Teejay utilises a Sustainability Performance Analyser (SPA), to track key ESG data. This tool captures relevant sustainability and risk indicators quarterly, providing management with actionable insights through user friendly dashboards for both the Group and individual locations. The sustainability division utilises this data to address issues and continuously improve ESG performance and risk mitigation.	We regularly benchmark our performance against competitors and industry best practices and standards to ensure realistic targets and achieve our sustainability goals. Our environmental ambitions (page 142) and social targets (pages 116 and 122) are integrated into corporate strategy, guided by global frameworks such as the Science-Based Targets initiative (SBTi), the UN Global Compact, and the UN Sustainable Development Goals (SDGs).	Teejay drives continuous sustainability improvement through departmental initiatives. We aim for operational efficiency, cost savings, and increased stakeholder engagement, while assessing SRROs and mitigating environmental, social, and governance risks, including Climate Change. Initiatives are strategically aligned with improving performance against KSPIs, which measure our material topics and track progress towards our targets. Departmental and company-wide initiatives are defined and driven by the Group's Abhivarah 2030 (page 143) and Thirasara Mehevara (page 133) frameworks, which bring all actions under an overarching umbrella.	Teejay discloses sustainability performance through an annual report that follows GRI and SLFRS S1/S2 Standards, to all stakeholders. External assurance is obtained to ensure compliance with international reporting standards.

Teejay strives to ensure progress and reporting meet the requirements of the GRI Standards, SLFRS S1 and S2 Standards, Higg Index, and the UN Sustainable Development Goals (SDGs).

Information regarding Teejay's policies and management approach for addressing material topics and ESG risks is publicly available on our website (www.teejay.com). This disclosure, a key component of our GRI compliant sustainability reporting, is subject to independent third-party assurance.

OUR COMMITMENT TO SUSTAINABLE VALUE CREATION

IDENTIFYING STAKEHOLDER CONCERNS: STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

GRI 2-29

At Teejay, we identify stakeholders who are affected by, or have the potential to affect, our operations, products, services, and business relationships. We map stakeholder groups across our value chain and prioritise engagement based on the nature of their relationship with the Group, the significance of actual or potential impacts, and their relevance to informed decision-making and long-term value creation.

Continuous stakeholder engagement is a key priority for Teejay, recognised as vital for both our sustainability strategy and our business growth and profitability. We actively engage with our key stakeholders to identify their core concerns and ensure timely and effective resolution. Underpinning our focus on sustainability and ESG management is the understanding that clear communication and adherence to stakeholder requirements are paramount.

- **Continuous Engagement:** We maintain ongoing dialogue with stakeholders who can significantly influence or are affected by our operations. This ensures a holistic and responsible approach to business.
- **Double Materiality:** Our corporate reporting adheres to the principles of Double Materiality, encompassing both Impact Materiality (impacts on stakeholders) and Financial Materiality (impacts on the Company and investors).
- **Material Topic Identification:**
  - We identify material topics by analysing the impacts of our operations on key stakeholders, using the Global Reporting Initiative (GRI) standards and the Accountability UK AA1000AS Standard's 6-part materiality test.
  - These impact-based topics, along with dependencies on externalities, inform the identification of Sustainability & Climate Related Risks and Opportunities affecting the Company, its investors and shareholders.
  - The prioritized sustainability impact topics and SRROs/ CRROs define our materiality, encompassing both stakeholder impacts and financial risks/opportunities.



OUR COMMITMENT TO SUSTAINABLE VALUE CREATION

TAKING ACTION ON KEY STAKEHOLDER CONCERNS

Customers

- Quality of products, and efficient and effective services
- Affordability and accessibility
- Environmental and social responsibility

Quarterly new product presentations – Quarterly
Customised brochures – Quarterly
Innovation week – Biannual

Employees

- Fair remuneration
- Opportunities for growth
- Concern for employees
- Safety and dignity/respect
- Engagement, feedback, and grievance mechanisms

Employee committee meetings – Monthly
Training and development – Continuous
Open door policy
Annual employee surveys – Annual
Individual performance review – Continuous and Annual
Employee rewards – Biannual
The welfare shop – Annual
Annual health check – Annual

Business partners

- Shared growth
- Technical assistance and knowledge transfer
- Domain knowledge, skills, and expertise
- Long-term partnerships
- Timely payments
- Fair play and transparent processes
- Initiatives to share knowledge and build capacity

OTD meetings – Weekly
OTD and quality meetings – Monthly
Meetings on performance – Quarterly
New product presentations – Quarterly
Customer compliments – Annual
Customer get-to gethers – Annual
Customer reviews (Service/Quality) – Quarterly
Supplier reviews – Monthly
Supplier visits – Quarterly

Investors

- Sustainable growth and returns
- Good governance and transparency
- Risk management
- Timely communications

Quarterly earnings calls

Government

- Compliance with regulatory requirements
- Partner socio-economic development in the country

Meetings

Community

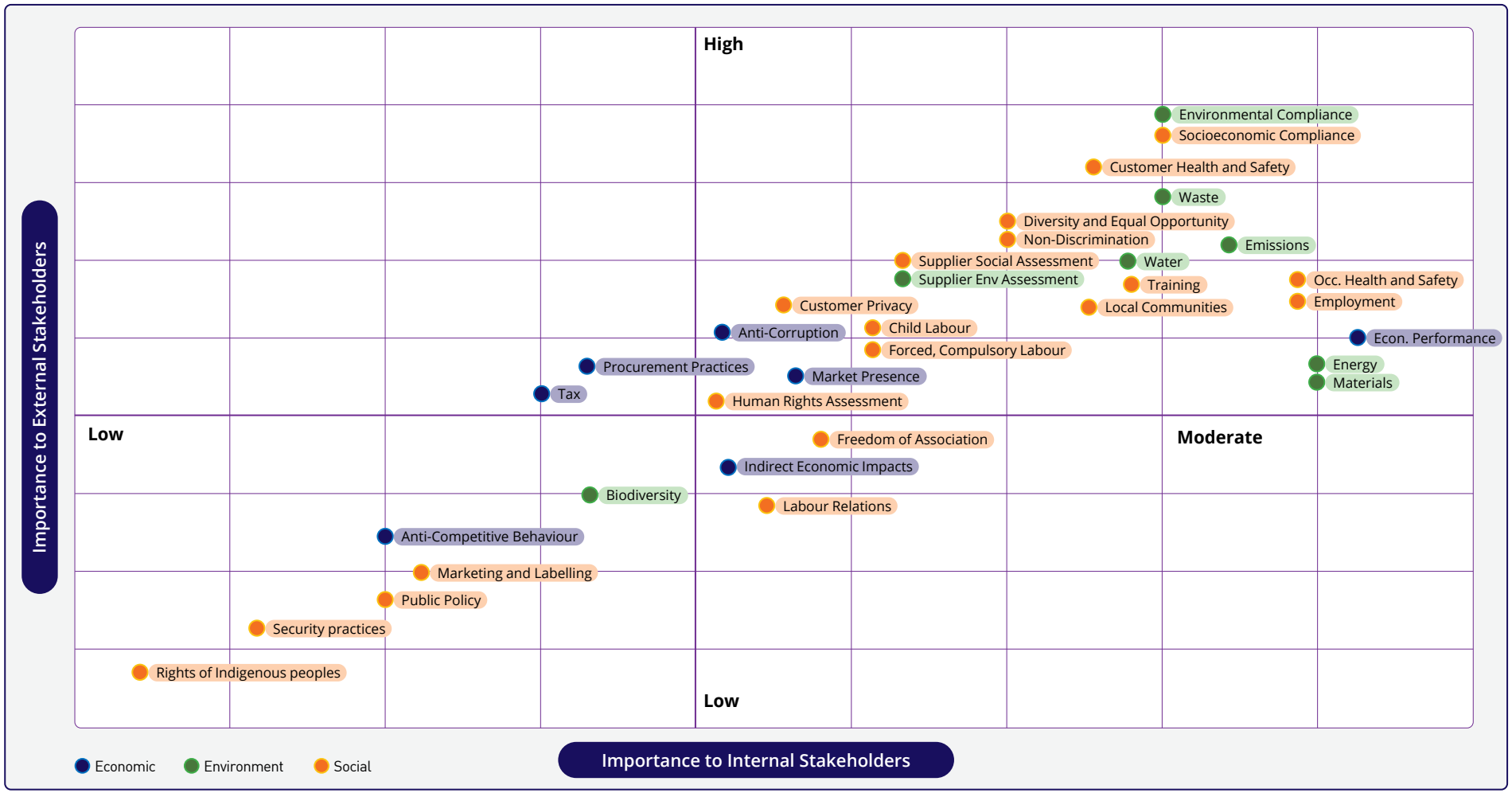
- Support for community needs
- To enhance sanitation infrastructure and water facilities, and promote hygiene education in nearby schools to uplift the communities

CSR initiatives

OUR COMMITMENT TO SUSTAINABLE VALUE CREATION

OUR MATERIALITY ASSESSMENT METHODOLOGY

GRI 3-1



OUR COMMITMENT TO SUSTAINABLE VALUE CREATION

Teejay's corporate strategy prioritises a diverse range of stakeholder interests. Our sustainability strategy focuses on key topics material to both the business and its stakeholders. During the reporting period from 1 April 2025 to 31 to March 2026), we conducted a thorough materiality assessment based on GRI Standards, the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Framework, and the Accountability AA1000AS standards. The Teejay Group utilises the AA1000AS six-part materiality assessment to evaluate impact, comprising direct financial impacts, policy related performance, science-based targets, organisational and peer-based norms, stakeholder behaviour and concerns, and societal norms.

An internal study was also undertaken to identify key ESG topics of concern to stakeholders, which were then prioritised based on their impact and importance using the aforementioned frameworks. Teejay intends to further validate these identified ESG topics through external stakeholder engagement in subsequent years.

To determine material topics, Teejay employs the concept of double materiality, providing a comprehensive approach to both management and disclosure. This involves considering topics that meet the criteria of either impact materiality reflecting significant potential impacts on people or the environment from our operations or financial materiality with the potential to significantly influence or create risks for our future cash flows and operations.

These dual concepts guide our corporate disclosures within this report. Impacts were prioritised based on their significance to internal and external stakeholders, while risks and opportunities were assessed considering their severity and likelihood.

OUR KEY MATERIAL TOPICS

GRI 3-2

Economic performance

1. Economic performance GRI 201
2. Anti-corruption GRI 205

Environmental stewardship

3. Materials GRI 301
4. Energy GRI 302
5. Water and effluents GRI 303
6. Emissions GRI 305
7. Waste GRI 306
8. Environmental compliance
9. Supplier environmental assessment GRI 308

Labour practices and social responsibility

10. Employment GRI 401
11. Occupational health and safety GRI 403
12. Training and education GRI 404
13. Diversity and equal opportunity GRI 405
14. Non-discrimination GRI 406
15. Child labour GRI 408
16. Forced or compulsory labour GRI 409
17. Local communities GRI 413
18. Supplier social assessment GRI 414
19. Customer health and safety GRI 416
20. Customer privacy GRI 418
21. Socio-economic compliance

OUR COMMITMENT TO SUSTAINABLE VALUE CREATION

Conducting ESG Data Tracking, Transparency, Performance and Risk Management

The Group maintains a robust framework for ESG data tracking, sustainability performance monitoring, and risk management, underpinned by transparency, accountability, and data-driven decision-making. Material sustainability topics identified through the Group's materiality assessment form the basis for Key Sustainability Performance Indicators (KSPIs), enabling the measurement and monitoring of triple bottom line performance across environmental, social, and economic dimensions. Sustainability-Related Risks and Opportunities (SRROs) and Climate-Related Risks and Opportunities (CRROs) are integrated into the Enterprise Risk Management (ERM) framework, ensuring that ESG considerations are embedded within strategic and operational decision-making processes.

The framework incorporates the following key elements:

- **Key Sustainability Performance Indicators (KSPIs):** Material sustainability topics are translated into measurable indicators that enable the Group to monitor performance, evaluate progress against sustainability objectives, and identify areas for improvement.
- **Enterprise Risk Management (ERM):** SRROs and CRROs are integrated into the Group's ERM framework through defined risk ratings, mitigation strategies, assigned ownership, and periodic reviews.
- **Monitoring and Reporting:** Sustainability impacts, ESG risks and opportunities, and performance against established KSPIs are regularly monitored, analysed, and reported to support informed decision-making by senior management and the ESG Steering Committee.
- **Risk Governance:** Sustainability-related and climate-related risks are incorporated into the Group's Risk Register, ensuring effective oversight and management through established governance mechanisms.

Supporting this framework is a centralised digital infrastructure designed to enhance data accuracy, transparency, and reporting integrity. The Group utilises a Sustainability Performance Analyser (SPA) integrated with the upgraded SAP S/4 HANA ERP system and other digital monitoring platforms, including IoT-enabled machine sensors. This integrated ecosystem facilitates the capture, tracking, verification, and analysis of sustainability-related data across operations.

Through user-friendly dashboards and reporting tools, ESG champions and management are able to monitor resource consumption, emissions, material flows, and other key sustainability metrics on a regular basis. The availability of real-time, verified, and accurate data enables timely corrective actions, strengthens accountability, and supports continuous improvement initiatives. By integrating sustainability performance monitoring, risk management, and digital data systems into a single framework, the Group enhances its ability to respond to emerging risks and opportunities while advancing its long-term sustainability objectives.

MANAGING SUSTAINABILITY: STRUCTURE AND GOVERNANCE

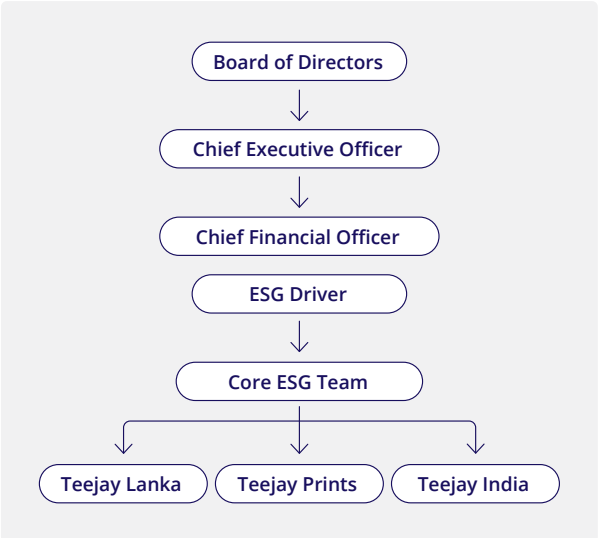
GRI 2-12, 2-13, 2-14

Teejay's ESG strategy is formulated annually in alignment with its 2030 sustainability targets. The strategy and corresponding budget are developed through a collaborative process led by the Chief Financial Officer (CFO), with the Central Sustainability Division coordinating implementation and monitoring activities. The ESG strategy and annual budget are reviewed and approved by the Board of Directors through the Chief Executive Officer (CEO).

The Central Sustainability Division works closely with the administration, OHS, CSR, corporate communications, risk and control, and legal teams to ensure the effectiveness and applicability of ESG initiatives across the Group. In addition, the ESG Steering Committee provides strategic direction, overseeing the development of ESG-related policies, procedures, and management approaches to support the achievement of the Company's sustainability objectives.

The progress of our ESG initiatives is reviewed at the monthly ESG Steering Committee meetings, with management-level actions taken to improve and strengthen ongoing work. A status update is provided to the ExCo quarterly where further management action or guidance is provided for the on-going activities and strategic decisions on sustainability interventions and capital investments are made. This structure is complemented by the Group's Risk and Control division, which collaborates with the ESG Steering Committee to identify SRROs & CRROs. Those are then integrated into and managed within the Group's risk management process. The performance of the material topics, targets and the SRRO inbuilt risk grids are presented for Board Audit Committee oversight each quarter. Each quarter, the Head of the ESG Steering Committee reports to the Board on any changes to the performance of material topics, performance of the established sustainability targets and related strategic decisions, policy reviews and changes that require Board oversight and approval. Further details on the ERM function and its governance are available in the Risk Management section of this report

OUR COMMITMENT TO SUSTAINABLE VALUE CREATION



Sustainability governance is a core element of the Group's ESG-first corporate culture, designed to systematically manage environmental impacts while proactively addressing sustainability and climate-related risks.

Governance protocols are driven by compliance to local and international standards and monitored through advanced digital systems. In 2025/26, the Group maintained its record of zero environmental and social non-compliance incidents and achieved strong performance scores across globally recognised sustainability assessments.

The Group structures its sustainability governance across multiple levels of oversight, operational execution, risk management, and independent assurance.

Board and Executive Oversight

The Board of Directors holds the ultimate accountability for environmental stewardship, ensuring that sustainability is integrated into the Group's strategic decision-making and value creation. The process for nomination of Board Members is described in the Group's Corporate Governance Report (page 182).

Processes for board-level training and development of Board capacity are detailed in the Corporate Governance Report (page 193).

- **Audit Committee:** The Board has specifically delegated the oversight of SLFRS S1 and S2 (sustainability and climate-related disclosures) to the Audit Committee. This committee is responsible for reviewing material climate risks, overseeing greenhouse gas (GHG) emission targets, monitoring data integrity, and ensuring that ESG controls are embedded within the enterprise.
- **ESG Steering Committee:** At the executive level, environmental strategies and policies are formulated by the ESG Steering Committee, which is headed by the Chief Financial Officer (CFO) and comprises functional heads from Engineering, HR, Risk & Control, and Corporate Communications. This committee reviews ESG progress, reporting monthly to the Executive Committee (ExCo) and quarterly to the Audit Committee.

Operationalisation and Policy Framework

To translate high-level strategy into daily operations, Teejay relies on its central Sustainability Division, which sits within the Engineering Department.

- Designated ESG Champions at each plant level drive the implementation of environmental strategies using a top-down approach.
- These teams enforce comprehensive Sustainability Standard Operating Procedures (SOPs) alongside specific corporate policies governing Environmental Stewardship, Chemical Management, Energy and Emissions, Water Management, Waste Management, and Biodiversity.
- Monthly compliance meetings with facility leadership teams ensure ongoing strategic alignment and accountability across the manufacturing floor.

Risk Management Integration

Teejay's environmental governance process is embedded and integrated with the Group's Enterprise Risk Management (ERM) framework.

- Using a Double Materiality approach, Teejay identifies both the impact its operations have on the environment and the financial risks the environment (e.g. climate change) poses to the company.
- These Sustainability-Related Risks and Opportunities (SRROs) and Climate-Related Risks and Opportunities (CRROs) are mapped by the Group Risk & Control Division and integrated directly into entity and Group-level risk registers.
- This ensures that climate physical risks, transition risks, and resource dependencies are evaluated alongside traditional financial and operational risks, with clear mitigation ownership assigned.

Compliance, Audits, and External Assurance

Driven by the precautionary principle, Teejay's governance model strives to surpass baseline regulatory compliance to meet global best practices.

- **Internal Audits:** The Group Risk and Control framework includes regular corporate governance audits that specifically evaluate the effectiveness of ESG integration, SLFRS S1 & S2 alignment, and sustainability disclosures.

OUR COMMITMENT TO SUSTAINABLE VALUE CREATION

- **External Assurance:** To guarantee transparency and credibility, Teejay's environmental data and ESG performance are subjected to independent, third-party assurance conducted by Ernst & Young (EY).
- **Certifications:** The integrity of the Group's management systems is continuously verified through stringent international certifications, including ISO 14001 (Environmental Management), ISO 14064-1 (GHG Emissions Verification), and ISO 50001 (Energy Management), as well as rigorous annual evaluations via the Higg Facility Environmental Module (FEM).

POLICY AND FRAMEWORK: COMMITMENT TO SUSTAINABILITY REFLECTED IN OUR POLICIES

Economic performance
Anti-corruption
Environmental stewardship
Chemical management
Energy and emissions management
Water management
Waste management
Workplace, occupational health, and safety
Training and development
Anti-abuse and harassment
Child labour
Anti-forced labour
Local community engagement
Employee community welfare
Product quality
Customer privacy and data backup
Supply chain and procurement
Biodiversity Policy*
Data Protection and HR Policies**

* This policy underwent a major enhancement and formal strengthening during 2025/26. It has now been elevated as a core pillar of the Abhivarah 2030 Strategy, deepening our commitment to protecting nature, conserving biodiversity, and restoring ecosystems through structured interventions.

** Teejay is currently in the process of reviewing and updating existing Human Resources policies to ensure they align with the Personal Data Protection Act (PDPA) of Sri Lanka. This update will strengthen the frameworks governing the collection, processing, storage, and protection of employee data to ensure full compliance with legal requirements and industry best practices.

PUTTING OUR POLICIES INTO PRACTICE

GRI 2-23, 2-24

To ensure consistent processes and accurate data for our KSPIs, Teejay's sustainability division, within the engineering department and in collaboration with its consultants, has implemented Sustainability Standard Operating Procedures (SOPs). Our overarching sustainability policy is further supported by specific topical policies, procedures, and management practices for all material topics.

A summary of our policy commitments is available in the Disclosures of Management Approach at www.teejay.com. The following sections of this report detail the identification of these topics, our stakeholder engagement methods, and a summary of our management approach.

Teejay embeds its policy commitments using the outlined previously Sustainability Management Framework and Governance Structure. Designated ESG champions within the sustainability division operationalise and lead the implementation of these policies and the SOPs using a top-down strategy. The division gathers and analyses ESG performance data, reporting quarterly to Senior Management for bottom-up reporting.

OUR APPROACH TO REMEDIATION

GRI 2-25, 2-26

Grievance Handling

The Group has established clear mechanisms for stakeholders to provide feedback and raise grievances regarding the environmental and social impacts of our operations. All grievances received are also communicated to the Group Risk and Control division to facilitate the identification of new SRROs. Community members can lodge grievances at the respective location via a logbook at the point of entry. Environmental grievances are also identified through Teejay's internal assessment of stakeholder concerns and direct, ongoing engagement with customers.

The Compliance Team at each location/SBU serves as the initial point of contact for environmental grievances and for customers, regulatory authorities, and community members. Issues are then escalated through the relevant operations team to the respective Chief Operating Officer (COO) of the location and, if necessary, to Teejay's Senior Management Team.

OUR COMMITMENT TO SUSTAINABLE VALUE CREATION

We also engage with our team through joint consultative committees, the organisational hierarchy, notice boards and suggestion boxes. Employees can use these channels to communicate employee-related grievances, as well as any environmental concerns, feedback, or suggestions for improvement to the management. Where appropriate, the Group collaborates with industry experts to obtain specialist advice on various topics, including our sustainability initiatives.

Whistle-blowing Policy

We maintain a robust whistle-blowing policy to ensure the Group remains informed, accountable, and responsive to stakeholder concerns, reinforcing our commitment to responsible business practices. To cultivate a culture of transparency and open communication that upholds our values and addresses misconduct, our whistle-blowing policy guarantees a safe and confidential channel for reporting concerns related to breaches of our core values or Code of Conduct. Furthermore, suggestion boxes are installed at all plants, providing a confidential and easily accessible means for employees and other stakeholders (including suppliers, partners, vendors, subcontractors, and the wider community) to voice ideas and raise concerns directly with supervisors and management, without fear of reprisal.

ETHICAL CONDUCT AND COMPLIANCE

GRI 2-27, 205-1, 205-2, 205-3

The precautionary principle underpins Teejay's operational decisions, with a strong emphasis on resource conservation, environmental impact management, pollution control, and addressing Climate Change.

Teejay strives to surpass industry standards and global best practices to maintain a leadership position, operating in full compliance with all relevant local and international regulatory requirements and conventions. Demonstrating this commitment, the Group received no fines or sanctions for legal and regulatory non-compliance during the year, and there were no confirmed instances of corruption in the reporting period.

MANAGING MATERIALITY

GRI 3-3

Teejay's management approaches for material topics are outlined below and detailed at www.teejay.com. The Risk Management section of this report provides an overview of the Group's SRROs & CRROs, the risk governance process, and related risk mitigation strategies.

Economic Performance

Teejay aims to enhance stakeholder value through sustainable economic performance, underpinned by the highest standards of corporate governance, environmental stewardship, and social responsibility. Management prioritises corporate governance best practices relevant to a publicly quoted company, sound financial management, robust internal controls, and comprehensive risk management. We are also committed to full compliance with all applicable local regulations. To promote integrity and a transparent working environment, all employees must adhere to our anti-corruption policy and our whistle-blowing policy, the latter addresses any suspicious transactions or breaches of the anti-corruption policy.

A full disclosure of Teejay's corporate governance practices is available on page 180.

Environmental Stewardship

Our environment management system prioritises effectiveness, efficiency, and sustainability, including an annual review of our environmental policy, which is communicated to relevant stakeholders, including authorities, customers, and employees. We strive to continuously improve our practices to minimise natural resource depletion, preserve the environment and prevent environmental pollution throughout our operational lifecycle. Teejay's dedication to environmental stewardship is demonstrated through strict compliance with ISO 14001:2015 objectives.

Our commitment extends to prioritising compliance with local regulations, and we actively engage with regulators and customers to ensure adherence. Consequently, we monitor fines, spillages, and overall compliance, alongside tracking occupational health incidents via the SPA Tool. Spillage risks are minimised through safety measures including SOPs and Secondary Containment Tanks. Moreover, Teejay Lanka utilises real-time online monitoring and alerts for its water and effluent treatment.

CHEMICAL MANAGEMENT POLICY

Teejay is actively working to eliminate the 16 Zero Discharge of Hazardous Chemicals' (ZDHC) priority chemical groups. Clear annual targets have been established to achieve this goal, and progress is managed through the Group Chemical Management Manual, Teejay Group RSL Protocol, and Teejay Group Waste Management Manual.

OUR COMMITMENT TO SUSTAINABLE VALUE CREATION

SUPPLY CHAIN AND PROCUREMENT POLICY

Teejay prioritises the procurement of high-quality goods and services obtained through a competitive, transparent, and fair bidding process, benefiting both the Company and our vendors. We ensure efficient use of resources, minimal waste, and financial savings in our operations. Furthermore, we expect our vendors to adhere to the highest ethical, social, environmental, health and safety standards.

ENERGY AND EMISSIONS MANAGEMENT POLICY

Aiming to realise our Group Renewable Energy Strategy by 2030, Teejay is minimising fossil fuel use and maximising energy efficiency across our operations by actively pursuing renewable energy sources. This strategy is implemented through a comprehensive energy management plan, informed by regular audits and an energy management handbook covering all locations. As part of our effort, Teejay India is deploying Solar PV, while the Teejay Lanka and Prints plants are implementing Solar PV and biomass solutions.

WATER MANAGEMENT POLICY

Teejay is working to minimise the use and withdrawal of blue water sources and maximise the recycling and reuse of discharged (grey) water. We ensure all grey water meets regulatory quality and quantity levels, while our water management procedure optimises blue water usage and monitors consumption in litres per minute.

WASTE MANAGEMENT POLICY

Through optimal material use and effective waste segregation, Teejay currently minimises waste, ensuring responsible disposal and regulatory compliance for both hazardous and non-hazardous waste. Our goal is to reduce waste generation and eliminate landfill waste through reuse, recycling, recovery, and incineration, with a long-term target of zero material waste and 100% recycling and reusing, or up-cycling all waste by 2050.

BIODIVERSITY POLICY

Guided by its Abhivarah 2030 sustainability strategy and the philosophy of "To Earth with Love", Teejay is committed to protecting, conserving, and restoring ecosystems impacted by its operations, recognising biodiversity as critical to long-term environmental and business sustainability.

Our Workforce and Social Responsibility

GRI 2-30, 205-1, 205-2, 403-1

Teejay Group's commitment to high standards of integrity, ethics, and professional conduct is embedded in our employee Code of Conduct. This ensures that all representatives of Teejay uphold our values, embrace core principles, strive for excellence, and prioritise ethical decision-making, especially in situations involving conflicts of interest.

Our recruitment policy reflects Teejay's recognition of employees as key to our success. It promotes fairness, transparency, and compliance with employment legislation, guaranteeing equal opportunities regardless of sex, ethnicity, or social group. We actively seek to recruit and retain a motivated and skilled workforce.

The comprehensive employee Code of Conduct at Teejay addresses ethical standards, workplace conduct, confidentiality, conflicts of interest, and other relevant matters. All employees sign and undergo training on this Code during their induction. Our HR practices adhere to local labour laws and regulations, drawing on ILO conventions, and are regularly benchmarked against industry standards. Respect for universal human rights and core labour principles informs our ethical business conduct, protecting our brand reputation. Moreover, the Company fully complies with all national regulations regarding employee benefit plans.

Teejay provides various channels and established management policies to address concerns and resolve issues or conflicts transparently and fairly. Company policy actively encourages open dialogue amongst employees, enabling direct access to Senior Management for resolving any employment-related or personal issues. In accordance with the Trade Union Ordinance 14 of 1955, every employee has the freedom of association and the right to engage in collective bargaining, including the choice to join or not join a trade union.

To further our commitment, we have established a Joint Consultative Committee (JCC) through employee elections, facilitating continuous dialogue between workers and Management to proactively address conflicts and grievances.

Ensuring a safe work environment for employees, subcontractors, customers, and third parties accessing our premises is a key priority for the Company. We achieve this by minimising injuries through comprehensive hazard risk management. Our Occupational Health and Safety (OHS) practices align with the requirements of our licenses and ISO 45001:2015 certification, satisfying both customer expectations and regulatory obligations.

OUR COMMITMENT TO SUSTAINABLE VALUE CREATION

Furthermore, we prioritise the personal and professional development of our associates, aiming to enhance their capabilities to meet future challenges and maintain high quality standards. We employ a systematic approach to continuous improvement: identification of learning needs, design of relevant programmes, execution of training plans and finally, evaluation of outcomes.

The Company maintains a zero-tolerance stance against all forms of discrimination, abuse, and harassment, including that based on gender, race, religion, and other characteristics. Employees can report complaints to HR or their line managers, and all substantiated complaints are thoroughly investigated and addressed in accordance with company policies. A comprehensive abuse and harassment-free workplace policy is implemented, with regular training provided to all employees and workers.

Moreover, Teejay has a zero-tolerance approach to child labour, does not employ anyone under the age of 18, and does not endorse it among its stakeholders. Furthermore, the Company ensures that no employee is subjected to forced or bonded labour, made to work against their will, or subjected to corporal punishment or coercion of any kind related to their work.

OUR ESG MILESTONE

We have made significant strides in advancing our ESG agenda. From establishing strong ESG framework and embedding sustainability principles into our operations to engaging with key partners and obtaining critical certifications, our journey reflect out unwavering commitment to creating a positive environmental and social impact. These milestones highlight our dedication to continuous improvement, stakeholder engagement, and driving responsible business practices that align with global standards.

FY 2021/22

Established Group ESG Framework and ESG Goals

E

- Rebranding of the environmental footprint "Abhivarah 2030"
- Established the goals and strategies of "Abhivarah 2030"
- Revised the Environmental policy & chemical management policy
- Establishment of the sustainability steering committee
- Continuation of ISO 14001:2015 certification
- Climate change initiative

S

- MOU with University of Moratuwa to share technical expertise with the learning community of the University

G

- Establish Anti-Corruption Policy/Gifts, Hospitality and entertainment policy/Abuse and harassment free work place policy

OUR COMMITMENT TO SUSTAINABLE VALUE CREATION

FY 2022/23

Teejay Group published the first GRI aligned Integrated Annual Report.

E

- Partnered with UN Global Compact
- Committed to SBTi Targets
- ZDHC Signatory supplier engagement
- Convened the inaugural chemical supplier symposium
- Revised the water, effluent & waste management policies
- Launching of the “To earth With Love” bio diversity initiations
- ZDHC Supplier to Zero Foundational certification
- Obtained the ISO 14064-1: 2018 certification

S

- MOU with University of Sri Jayewardenepura to share technical expertise with the learning community of the University

G

- Updated the website and annual report disclosures to align with governance requirements.
- Updated the Whistleblower policy to introduce an independent reporting channel-AC chairman.
- Ranked No.1 for transparency in corporate reporting amongst top 100 listed entities in Sri Lanka in the TRAC assessment carried out by Transparency International Sri Lanka (TISL).

FY 2023/24

Teejay Group published GRI and SLFRS aligned Integrated Annual Report.

E

- Approved SBTi Targets
- Industry contribution for "Accelerating Industries Climate response in Sri Lanka"
- Launch of 'IERA' Water & Chemical Testing Laboratory
- Convened the inaugural Waste Collectors’ Forum
- Eco Labelling Type-1 certification in the textile industry
- Obtained ISO 50001: 2018 certification
- Participant of the Sustainable Supply Chain Working Group of UN Global Compact Network Sri Lanka
- Participant of the Climate Emergency Task Force Working Group of UN Global Compact Network Sri Lanka

S

- CSR - MOU signed with Hemas to uplift Female hygiene education and distribution of free sanitary napkins

G

- Ranked No.1 for transparency in corporate reporting for the 2nd consecutive year in 2023 amongst top 125 listed entities in Sri Lanka in the TRAC assessment carried out by Transparency International Sri Lanka (TISL).

OUR COMMITMENT TO SUSTAINABLE VALUE CREATION

FY 2024/25

Teejay Group published the first fully integrated (GRI and IFRS with scope 1, scope 2 and scope 3) aligned Integrated annual Report.

E

- Patron of the Sustainable Supply Chain Working Group of UN Global Compact Network Sri Lanka
- Fully integrated Bluesign system partner - TJL
- Participant of the Water & Ocean Stewardship Working Group of UN Global Compact Network Sri Lanka
- First Sustainability Summit in Textile and Apparel Industry in Sri Lanka (Knitting sustainability summit)
- ZDHC Supplier to Zero Progressive certification – Teejay Group
- Verified InCheck Level 1 certification - Teejay Group
- ZDHC Resource Efficiency Certification - Teejay Group

S

- Winner – Excellence in CSR (National Business Excellence Awards – The National Chamber of Commerce)
- MOU with University of Colombo to share technical expertise with the learning community of the University

G

- Enterprise risk grids aligned with Sustainability related risks and opportunities (SRROs)

FY 2025/26

Teejay Group published the 2nd fully integrated (GRI and SLFRS with scope 1, scope 2 and scope 3) aligned Sustainability Report.

E

- Accelerated decarbonisation efforts through investments in renewable energy and low-carbon operations, including a new 7.2 MW onsite solar project, sustainable biomass energy systems, and PNG transition initiatives.
- Enhanced IoT-enabled digital monitoring systems to improve real-time visibility of utilities, operational efficiency, and sustainability performance.
- ZDHC Torch Bearer Award 2025 alongside a Signatory Appreciation award at the ZDHC South Asia Regional Conference in Bangalore
- Advanced biodiversity conservation initiatives through the restoration of a 9 km forest corridor along the Maskeliya Oya
- Published the peer-reviewed research paper titled "Repurposing Plastic Waste into Circular Production: A Model for Sustainable Textile Manufacturing" at the 2nd International Conference on Plastics, Innovations, and Environmental Sustainability (ICPIES) 2025
- Strengthened circularity through ISO 59000 Circular Economy Standards and the launch of the "Waste to Wealth – Green Skills for a Better Tomorrow" initiative.

S

- International Safety Awards 2025 (British Safety Council) – Distinction for Teejay Lanka PLC and Merit for Teejay India
- RoSPA Gold Award 2025 (Health & Safety Achievement) – awarded by The Royal Society for the Prevention of Accidents (UK)
- Runner-up – CIPM Great HR Awards (Textile & Apparel Sector)

G

- Revised Audit Committee charter to incorporate ESG oversight function.
- Established the ESG Steering Committee TOR

FINANCIAL CAPITAL

2025/26 was a defining year in Teejay's transformation journey. Against a backdrop of unprecedented market volatility and operational challenges, we took decisive actions to strengthen our business, optimise our cost structure, and position the Group for long-term competitiveness. While external pressures weighed on financial performance, our underlying fundamentals remained resilient.

The year's financial performance must be viewed within the broader context of significant macroeconomic headwinds that continued to impact the global apparel industry. Consumer demand across key markets remained subdued amid persistent inflationary pressures, tariff-related uncertainties, and a general economic slowdown. Consequently, the Group experienced softer demand, fluctuating purchasing volumes from major Tier-1 brands, and intense pricing pressures that adversely affected our profitability. Furthermore, geopolitical developments, including the Strait of Hormuz crisis during the fourth quarter, created additional disruptions at a critical stage of the financial year. Collectively, these external factors resulted in open capacity and significant plant underutilisation across our manufacturing operations, posing one of the most significant challenges faced by the business during the year.

Against this backdrop, the Group recorded consolidated revenue of LKR 60.04 Bn., representing a decline of 10% compared to LKR 67.04 Bn. in the previous financial year. While lower volumes and pricing pressures impacted revenue performance, we proactively mitigated further erosion through a strategic shift towards higher-value, differentiated products and the expansion of our presence in growth-oriented segments such as synthetic fabrics, which continue to offer attractive long-term potential.

Profitability came under pressure from both top-line and operational factors. Margin compression resulting from pricing pressures was further compounded by inefficiencies arising from plant underloading and elevated energy costs experienced towards the latter part of the year. As a result, Gross Profit declined by 36% year-on-year to LKR 5.0 Bn., while Gross Profit Margin contracted to 8.3% from 11.7% in 2024/25. Operating Profit decreased to LKR 442 Mn., reflecting not only lower gross margins but also a 48% increase in administrative expenses driven primarily by one-off corporate restructuring costs and the impairment of certain non-current assets. Consequently, the Group recorded a Profit After Tax (PAT) of LKR 53 Mn. for the year.

During the year, we embarked on a strategic transformation journey focused on reshaping our product mix, strengthening our market presence, and enhancing our cost competitiveness. The early benefits of these initiatives have already become evident in our performance on the 4th quarter. As we move forward, we will intensify these efforts in close collaboration with our customers, driving product reengineering, operational optimisation, and structural cost improvements. This transformation will position Teejay to navigate pricing pressures more effectively while sustaining profitable growth through greater efficiency, innovation, and customer value creation. Despite these contractions, our bottom line was significantly cushioned by rigorous wastage reduction initiatives on the factory floor, stable yarn and cotton prices through most of the year, and highly efficient corporate treasury management, which captured notable translation and transaction gains from the depreciation of the Rupee against the USD.

While earnings were heavily constrained, the Group's balance sheet remains robust, reflecting our prudent capital allocation strategies. Total Assets grew by 5 % to LKR 59 Bn., reflecting our continued commitment to future-focused capital expenditure with modernisation initiative to improve efficiency & productivity, in addition decarbonisation and sustainable manufacturing infrastructure. Total Equity also grew by 3% to LKR 32.4 Bn., and we maintained strict discipline over our leverage. Total Debt was held at LKR 7.5 Bn., allowing us to maintain a highly stable Gearing Ratio of 19% and improve our Debt-to-Equity ratio to 23% from 24 % in the previous year

Despite the inevitable impact to our capital market metrics for the year, underlying shareholder value remains intact. Our Net Asset Value Per Share (NAPS) increased to LKR 44.90, up from LKR 43.70 in the previous year. With a Price-to-Book (P/B) ratio of 0.62, the market is currently pricing Teejay shares at a steep discount to our underlying asset strength.

The adoption of strong governance practices enhances operational efficiency, promotes transparency, and strengthens the Company's risk management framework. It facilitates informed decision-making through rigorous due diligence while ensuring regulatory compliance, thereby mitigating legal risks and safeguarding the Company's reputation.

Furthermore, obtaining independent assurance from external auditors on the financial statements, sustainability disclosures under SLFRS S1 & S2, the Integrated Reporting Framework (IIRC), and GRI disclosures will further enhance stakeholder confidence in the integrity and reliability of the Company's reporting practices.

While 2025/26 was undoubtedly a challenging year, the decisive cost transformation initiatives, organisational restructuring efforts, and strategic operational realignments undertaken during the period have strengthened the Group's foundations. We enter 2026/27 with a leaner cost structure, a more diversified geographic footprint, and an enhanced product portfolio. As market conditions gradually improve, tariff-related pressures ease, and customer demand recovers, Teejay is strategically and financially well-positioned to capitalise on emerging opportunities and return to a path of sustainable, profitable growth.



Renuja Selvanathan
Chief Financial Officer,
Teejay Lanka PLC

5 June 2026

FINANCIAL CAPITAL

FINANCIAL HIGHLIGHTS

	Metric	Group 2026	Group 2025	Group 2024
Financial performance				
Revenue	LKR '000	**60,044,407**	67,036,057	60,733,952
Gross profits	LKR '000	**4,989,966**	7,840,634	5,056,641
GP margin	%	**8.3**	11.7	8.3
Profit from operations	LKR '000	**442,253**	4,550,604	2,213,198
Operating profit margin	%	**0.7**	6.8	3.6
Profit before tax	LKR '000	**321,031**	4,047,374	1,572,379
Profit before tax margin	%	**0.5**	6.0	2.6
Profit after taxation	LKR '000	**53,096**	2,793,021	1,109,536
Profit after taxation margin	%	**0.1**	4.2	1.8
Interest cover	Times	**0.60**	5.09	2.02
Return on equity (ROE)	%	**0.17**	9.1	3.6
Return on capital employed (ROCE)	%	**1.12**	11.60	5.26
Return on assets (ROA)	%	**0.09**	5.0	1.9

	Metric	Group 2026	Group 2025	Group 2024
Financial position				
Total assets	LKR '000	**58,930,144**	56,256,483	55,032,700
Total debts	LKR '000	**7,492,420**	7,472,205	9,323,724
Current ratio	No. of times	**1.9**	1.9	1.9
Quick assets ratio	No. of times	**1.2**	1.3	1.2
Debt/(equity+debt)	%	**19**	19	24
Total debt/total assets	%	**13**	13	17
Interest cover	Times	**0.60**	5.09	2.02
Net assets per share	LKR	**44.90**	43.70	42.04
Inventory holding days	No. of days	**78**	71	82
Debtor days	No. of days	**70**	53	50
Creditor days	No. of Days	**60**	54	53
Working capital days	No. of days	**88**	70	79
Total shareholders' funds	LKR '000	**32,396,792**	31,529,498	30,130,164
No. of shares in issue	No. of shares	**721,457,738**	721,457,738	716,739,975
Property, plant and equipment	LKR '000	**17,497,628**	17,270,048	18,142,428
Property, plant and equipment CapEx during the year	LKR '000	**1,093,006**	2,164,126	2,301,706

FINANCIAL CAPITAL

	Metric	Group 2026	2025	2024
Shareholder Information				
Earnings per share	LKR	**0.07**	3.87	1.55
Market value per share (closing)	LKR	**28.00**	51.00	37.60
Market capitalisation	LKR '000	**20,200,817**	36,794,345	26,949,423
Dividend per share	LKR	**Nil**	2.35	0.75
Dividend yield	%	**Nil**	4.6	2.0
P/E ratio	No. of times	**380.46**	13.17	24.29
No. of shares in issue	Number	**721,457,738**	721,457,738	716,739,975
Price to book value	Times	**0.62**	1.17	0.89
Earnings yield	%	**0.3**	7.6	4.1
Dividend payout	%	**Nil**	60.7	48.4
Dividend cover	Times	**Nil**	1.65	2.06
Book value per share	LKR	**44.90**	43.70	42.04
Dividend	LKR '000	**Nil**	1,695,426	537,555

OUR APPROACH TO FINANCIAL CAPITAL MANAGEMENT



FINANCIAL CAPITAL

Our commitment to responsible financial capital management and value creation for shareholders is rooted in fostering future gains and long-term value, prioritising sustainable growth over short-term rewards. This is clear in our strategic approach, which emphasises long-range planning, mitigates ESG risks, and prioritises sustainability while driving business growth.

In a highly complex operating environment characterised by external tariff adjustments in primary destination markets and compressed global consumer demand, our capital allocation framework transitioned into a cycle of heightened cost discipline and capital preservation. While macro headwinds directly pressured margins and order volumes during the financial year, our long-range planning effectively insulated the Group's underlying fundamentals, steering operations safely through a global industry downturn.

In the face of cyclical margin pressures, Teejay implemented cost-restructuring plans; and to safeguard liquidity and solvency as a going concern; the Group adopted a prudent and disciplined capital allocation strategy.

Agility and Adaptability through Transformation: Our transformation roadmap continues to expand across five pillars: customer and product, operational excellence Culture, Digitisation and ESG, leveraging digitalisation; to streamline operations, enhance decision-making, and ultimately maximise shareholder value.

In FY 2025/26, optimising capital efficiency required balancing regulatory and commercial changes. This included managing cashflow implications brought on by abolition of Sri Lanka's Simplified Value Added Tax (SVAT) framework, which required upfront VAT payments on imports and indirect exports.

Furthermore, to sustain critical relational capital and secure market share, the Group adaptively accommodated extended credit and settlement parameters requested by our core global brand partners navigating their own supply chain volatility.

Delivering Sustainable Value: By prioritising key growth drivers and sustainable business practices, we aim to provide high returns that consistently outperform market rates.

Ethical Business Practice: We uphold the highest standards of corporate governance, ensuring transparency and accountability in our decision-making, coupled with a robust enterprise-wide risk management framework. These practices contribute to the long-term business sustainability.

Environmental and Social Responsibility: While minimising our environmental footprint and continuously investing in our workforce and communities, we have made timely and future-focused investments that will enable Teejay to continue leading the field on decarbonisation, environmental performance, enhanced reporting standards, analysis of Sustainability-Related Risks and Opportunities (SRROs), and preparedness for the potential financial impacts of climate change, by incorporating them into financial planning and reporting.

Despite severe near-term margin compression, environmental and social responsibility remained uncompromised non-negotiables within our strategic architecture. We continue to advance capital-efficient, high-return sustainability projects, such as the systematic roll-out of our 7.2MW solar power installations and biomass conversion projects, which are engineered to reduce localised energy and emission baselines.

These forward-looking investments are completely integrated into the Group's localised Enterprise Risk Management (ERM) frameworks. By mapping Sustainability-Related Risks and Opportunities (SRROs) into our formalised risk registers, we evaluate physical climate threats and transition constraints as direct financial parameters. This advanced methodology ensures that our manufacturing frameworks remain compliant with the strict oversight demands of financial markets, reflecting our transparent commitment to the reporting standards governed by SLFRS S1 and S2. A comprehensive discussion of these matters is presented in the SLFRS Sustainability-Related Financial Disclosures section of this Annual Report. In addition, the Independent Assurance Report on the SLFRS Sustainability-Related Disclosures is enclosed herein.

FINANCIAL CAPITAL

JOURNEY TOWARDS FINANCIAL REPORTING EXCELLENCE

Annual Report FY 2024/25



TAGS Awards (CA Sri Lanka)

- Silver Award for Manufacturing Sector (Group Turnover over LKR 50 Bn.)
- Certificates of Recognition in Integrated Reporting
- Certificate of Recognition in Corporate Governance Disclosure – Non-Financial Services

CMA Excellence in Integrated Reporting

- Runner-up – Best Integrated Annual Report awards in the Apparel Sector
- Merit Award – Overall Excellence in Integrated Reporting

Annual Report FY 2023/24



TAGS Awards (CA Sri Lanka)

- Bronze Award for Manufacturing Sector
- Certificate of Recognition in Sustainability Reporting
- Certificates of Recognition in Integrated Reporting
- Certificate of Recognition in Corporate Governance Disclosure – Non-Financial Services

Annual Report FY 2022/23



CMA Excellence in Integrated Reporting

- Best Integrated Annual Report awards in the Apparel Sector and certificate of merit overall

INVESTOR VALUE SNAPSHOT

Our commitment to delivering exceptional shareholder value is rooted in solid results and strategic financial stewardship. Our strong performance across a spectrum of indicators in 2025/26 provides a compelling investor proposition with exceptional value creation potential through sustained growth.

Revenue
2025/26: LKR 60 Bn.
2024/25: LKR 67 Bn.

Profitability
Gross Profit – 2025/26: LKR 5.0 Bn. | 2024/25: LKR 7.8 Bn.
Net Profit – 2025/26: 0.05 Bn. | 2024/25: LKR 2.8 Bn.
Return on Equity – 2025/26: 0.17% | 2024/25: 9.06%
Return on Capital Employed – 2025/26: 1.1% | 2024/25: 11.6%

Operating Expenses
2025/26: LKR 5.1 Bn.
2024/25: LKR 3.8 Bn.

Taxation
2025/26: LKR 0.3 Bn.
2024/25: LKR 1.25 Bn.

Leverage
Debt/(Equity + Debt) – 2025/26: 19%
2024/25: 19%
Total Debt/Total Assets – 2025/26: 12.7%
2024/25: 13.3%
Interest Cover – 2025/26: 0.6 | 2024/25: 5.1

Liquidity
Current Ratio: 2025/26 : 1.9 | 2024/25: 1.9
Quick Ratio: 2025/26 : 1.2 | 2024/25: 1.3

Economic Value Added
Economic Value Generated:
2025/26 LKR 61,244 Mn. | 2024/25 LKR 67,953 Mn.
Economic Value Distributed:
2025/26 LKR 60,106 Mn. | 2024/25 LKR 63,122 Mn.
Economic Value Retained:
2025/26 LKR 1,138 Mn. | 2024/25 LKR 4,831 Mn.

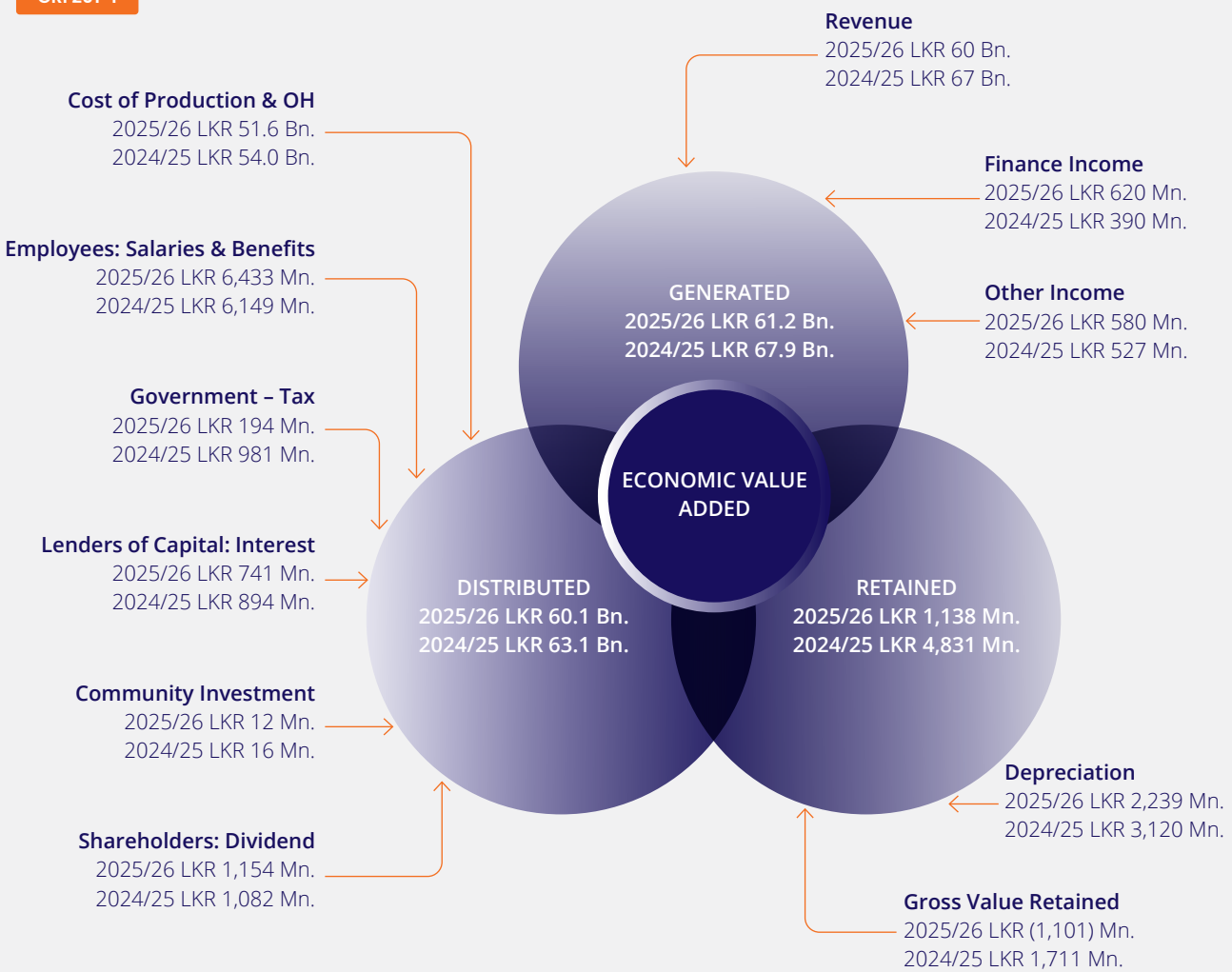
Investor Ratios
EPS – 2025/26: LKR 0.07 | 2024/25: LKR 3.87
MPS (Closing) – 2025/26: LKR 28.0 | 2024/25: LKR 51.0
Dividend Per Share – 2025/26: Nil | 2024/25: LKR 2.35
PE Ratio (Times) – 2025/26: 380.46 | 2024/25: 13.17
Dividend Payout – 2025/26: Nil | 2024/25: 61%



FINANCIAL CAPITAL

ECONOMIC VALUE ADDED (EVA)

GRI 201-1





FINANCIAL CAPITAL

LKR Mn.	2025/26				2024/25			
	Group	%	Company	%	Group	%	Company	%
Revenue from contracts with customers	60,044		35,161		67,036		38,895	
Finance Income	620		481		390		353	
Other income	580		101		527		120	
Economic value generated (EVG)	61,244		35,743		67,953		39,369	
Distributed as follows;								
Cost of production and other OH	(51,572)		(31,034)		(54,001)		(31,365)	
Value added by operating activities	9,672		4,709		13,953		8,004	
Employees: Salaries, wages and other benefits	6,433	67	3,409	72	6,149	44	3,333	42
Government: taxes	194	2	174	4	981	7	962	12
Lenders of Capital: Interest	741	8	148	3	894	6	190	2
Community Investments	12	0	12	0	16	0	16	0
Shareholder: Dividends	1,154	12	1,154	25	1,082	8	1,082	14
Economic value retained within business								
Depreciation	2,239	23	1,079	23	3,120	22	1,441	18
Gross value retained/ deficit	(1,101)	(11)	(1,268)	(27)	1,711	12	979	12
Total Distribution	9,672		4,709		13,953		8,004	

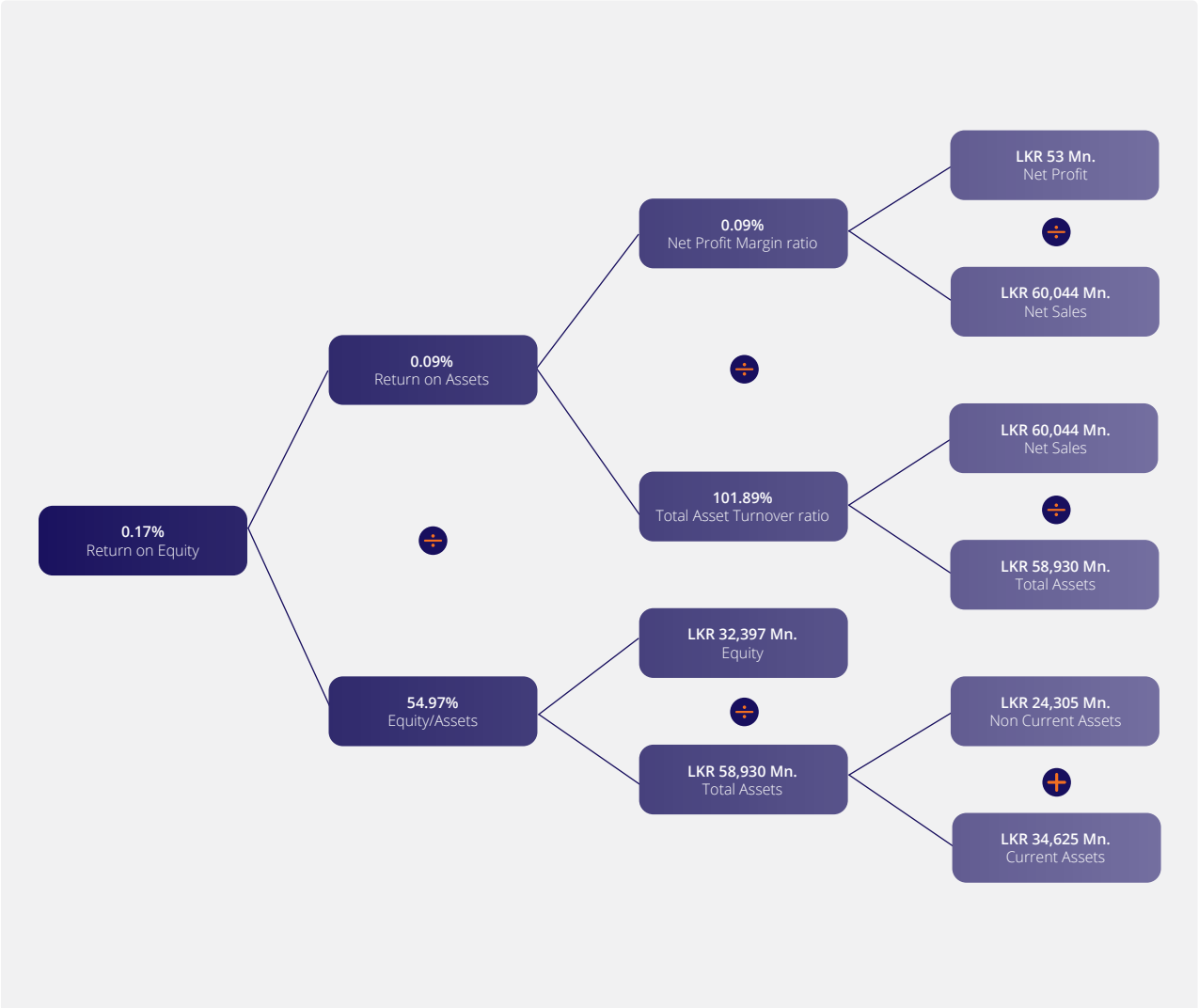
During FY 2025/26, the Group's Economic Value Generated (EVG) declined by 10% to LKR 61.2 Bn. from LKR 68 Bn. in the previous financial year. Correspondingly, the value added through operating activities decreased by 31% year-on-year to LKR 9.7 Bn. Gross value retained also deteriorated from LKR 1.7 Bn. in FY 2024/25 to a gross value deficit of LKR 1.1 Bn. in FY 2025/26.

Similarly, the Company's Economic Value Generated (EVG) decreased by 9% to LKR 36 Bn. in FY 2025/26, compared to LKR 39 Bn. in the preceding year. Value added through operating activities declined by 41% year-on-year to LKR 4.7 Bn. Consequently, gross value retained decreased from LKR 979 Mn. in FY 2024/25 to a gross value deficit of LKR 1.3 Bn. in FY 2025/26.

A comprehensive overview of the Company's economic value distribution is provided within the sections covering sustainable manufacturing, supply chain, manufacturing excellence, our people, community responsibility, environment stewardship, innovation ecosystem, customer capital, intellectual capital and digitalisation and technological enablement.

FINANCIAL CAPITAL

DUPONT ANALYSIS



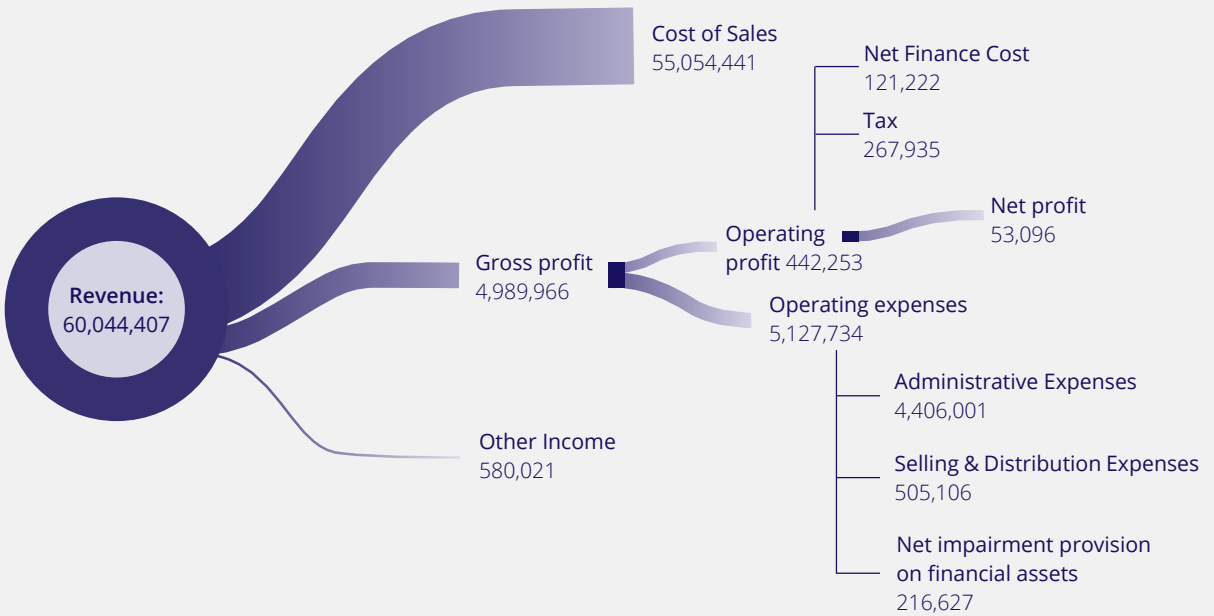


FINANCIAL CAPITAL



SANKEY DIAGRAM

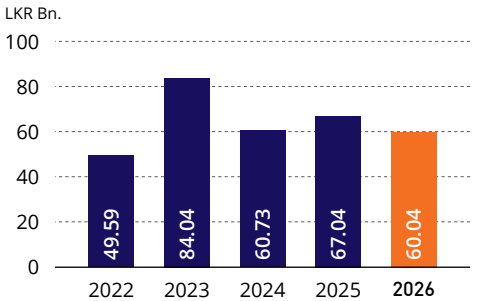
(All amounts in Sri Lankan Rupees '000)



FINANCIAL CAPITAL

REVENUE

Revenue Trend



During the 2025/26 financial year, the Teejay Group recorded a consolidated revenue of LKR 60.04 Bn. This represents a 10% year-on-year contraction compared to the LKR 67.04 Bn. achieved during the previous financial year.

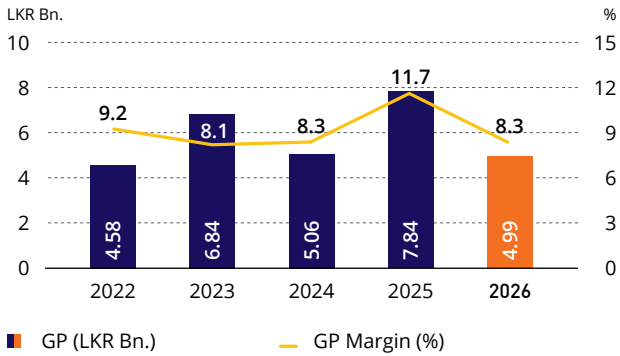
Decline in topline performance was heavily influenced by a highly volatile global operating environment and uneven market conditions. The contraction in revenue can be attributed to several compounding macroeconomic and industry-specific challenges:

- **Subdued Demand and Volume Reductions:** Persistent global inflation, macroeconomic slowdowns, and tariff uncertainties led to curtailed purchasing power and subdued consumer confidence in the Group's main markets. Consequently, Teejay experienced softer order books, fluctuating purchase volumes from key Tier-1 brands, and notable overall volume reductions.
- **Pricing Pressures:** Heightened market softness forced the Group to navigate price pressures from its main customers. This resulted in a direct reduction in the Average Selling Price (ASP) and necessitated the provision of discounts to key buyers to maintain competitiveness.
- **Supply Chain Disruptions:** The escalation of conflict in the Red Sea compelled major shipping lines to reroute vessels away from the Suez Canal and around the Cape of Good Hope, resulting in significantly longer transit times and elevated freight costs. These disruptions adversely impacted delivery schedules to the European and US markets, leading to delays in order fulfilment and a slowdown in sales volumes during the period. The situation intensified further toward the close of the financial year following the outbreak of military conflict involving the US and Iran on 28 February 2026, which led to the closure of the Strait of Hormuz. The resulting supply chain uncertainties and logistical constraints continued to affect shipment timelines, customer demand patterns, and overall market responsiveness.
- **Volatility in Buying Patterns:** The Group also had to manage volatility within its sales mix and the unpredictable buying patterns of its traditionally profitable customer segments.

Despite the overarching contraction in total revenue, Teejay proactively adapted its sales and product strategies to protect its market positioning. To offset volume and pricing challenges, the Group actively pursued customer-focused innovation to uplift its product capabilities. This included a strategic shift in the product mix toward higher-value and differentiated offerings, such as fleece, jacquard fabrics, and finer gauges. Furthermore, Teejay placed a strong strategic focus on expanding its synthetic volumes and enhancing synthetic capacity utilisation at Teejay India to drive long-term profitability.

GROSS PROFIT

Gross Profit and GP Margin



The Group experienced a contraction in profitability compared to the strong performance recorded in 2024/25, as Gross Profit fell by 36% year-on-year to LKR 4.99 Bn., with the gross profit margin dropping to 8.3% from 11.7% in the previous year

Overall decline in profitability is directly linked to a highly challenging and volatile operating environment, including pricing pressures resulting from market softness that curtailed purchasing power in key markets. Margins were further strained by unpredictable buying patterns and volatility within the sales mix of traditionally profitable customer segments.

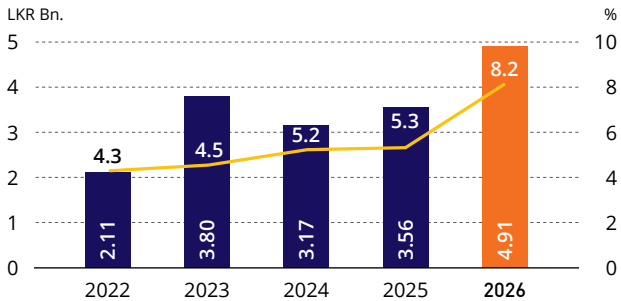
At the same time, capacity underloading resulted from weaker order flows, fluctuating purchase volumes from Tier-1 brands, and tariff-related disruptions led to moderation of capacity utilisation. This open capacity and plant underloading created operational inefficiencies and negatively impacted the absorption of fixed costs.

FINANCIAL CAPITAL

While cotton, synthetic yarn, and chemical prices remained relatively stable throughout the year, the Group contended with a sudden spike in petroleum prices during the fourth quarter due to the Strait of Hormuz crisis, driving up late-year energy and operational costs.

OPERATING EXPENSES

Admin & Selling Expenses and percentage of Revenue



The Group recorded a notable increase in operating expenses during the year under review despite a decline in overall revenue, placing additional pressure on profitability.

Administrative expenses rose significantly by 48% to LKR 4.4 Bn. from LKR 2.9 Bn. in the previous year, primarily contributing to the increase in overhead costs. In contrast, distribution expenses declined by 12% to LKR 505 Mn. from LKR 571 Mn., Meanwhile, net impairment provisions on financial assets improved substantially, decreasing to LKR 216.6 Mn. from LKR 259 Mn. recorded in FY 2024/25.

During the financial year, the Group implemented a comprehensive cost optimisation programme aimed at enhancing operational efficiency and strengthening long-term profitability. Rigorous overhead management measures were introduced across the business while maintaining strategic investments in critical operational and growth-enabling areas.

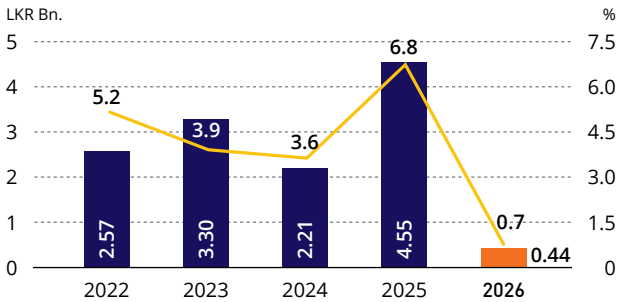
These expenditures included, system automation and digital transformation initiatives, cybersecurity and data protection enhancements, employee engagement, training, and capability development initiatives. The Group also continued to invest in branding, promotional campaigns, and market development activities to reinforce market presence and support future growth opportunities.

In parallel, the Group undertook a strategic right-sizing exercise to align its operating structure with evolving business requirements and market conditions. As part of this initiative, several non-recurring expenses were recognised during the year, including impairment of non-current assets, provisions for doubtful debts, and restructuring-related costs. Although these measures adversely impacted short-term financial performance, they are expected to create a leaner and more agile operating model, deliver sustainable cost efficiencies, optimise resource utilisation, and enhance overall organisational effectiveness in the years ahead.

Divergence between falling revenues and rising overheads contributed to erosion of the Group's operating ratio: Administrative and Selling expenses accounted for approximately 8.2% of the Group's total revenue, representing a margin compression compared to the 2024/25 financial year, where these expenses accounted for roughly 5.3% of revenue.

OPERATING PROFIT

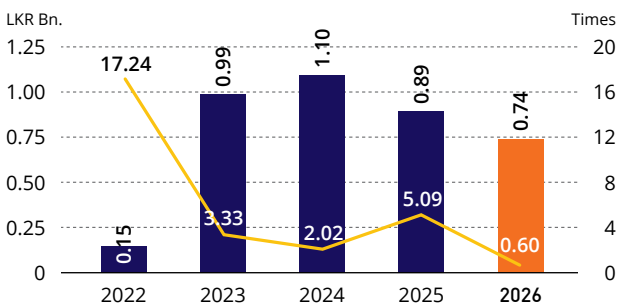
Operating Profit and OP Margin



The Group's Operating Profit reduced by 90% to LKR 0.4 Bn.; representing a marginal 0.7% operating profit margin.

NET INTEREST INCOME/COST

Interest Cost, Interest Cover



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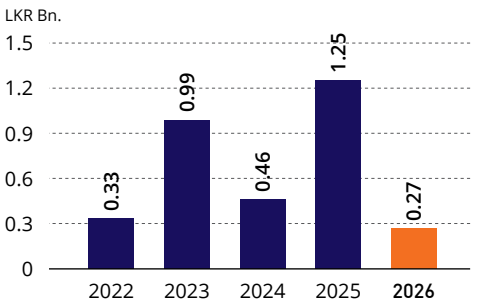
During the year 2025/26, the Group successfully reduced total interest expense to LKR 0.74 Bn., from LKR 0.89 Bn. the previous year, on the back of proactive loan repayments and a favourable reduction in market borrowing rates. However, despite reduced finance costs, Interest Cover ratio reduced to 0.60 times, from 5.09 times the previous year; a deterioration primarily driven by reduction in the Group's operating profit (EBIT).

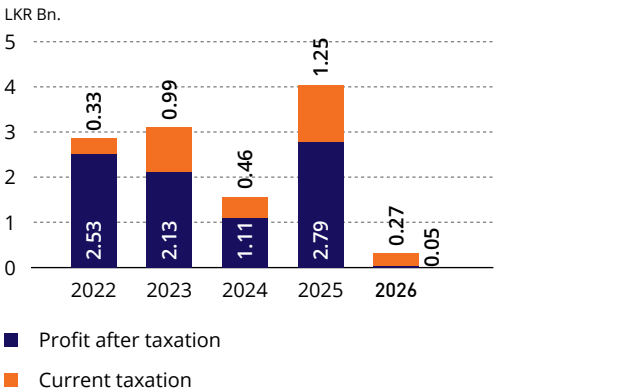
The Group reported interest income of LKR 0.62 Bn. for FY 2025/26, compared with LKR 0.39 Bn. in the preceding year, reflecting improved treasury management practices and optimal deployment of financial assets

TAX EXPENSE AND STRATEGY

Income Tax Expense



PAT and Tax



Direct tax

The substantial reduction in income tax expense, from LKR 1.25 Bn. to LKR 0.27 Bn.. This reduction in tax expenses is directly related to contraction in the Group's taxable income for the year, as Profit Before Tax (PBT) reduced by 92%; falling from LKR 4.05 Bn. in 2024/25 to LKR 32 Mn. in 2025/26.

Indirect tax

The most significant taxation-related challenge on the horizon is abolition of Sri Lanka's Simplified Value Added Tax (SVAT) scheme, which took effect on October 1, 2025. With its abolition, Teejay will be required to pay VAT upfront on all imports and indirect exports. This transition is expected to impose a significant strain on the company's liquidity and working capital cash flows moving forward.

Despite the volatility in financial performance and the impending changes to indirect tax mechanisms, the Group's overarching tax strategy remains consistent and unchanged from previous years.

Tax strategy for Sri Lanka

Teejay Lanka PLC's tax planning encompasses meticulous calculation and preparation of tax returns, covering Corporate Tax, VAT, SSCL, WHT, Stamp Duty, and other revenue taxes; ensuring strict adherence to legislative requirements and timely submission well before due dates. To enhance compliance and efficiency, we seek advice from experienced tax specialists, guaranteeing alignment with specific tax laws in our areas of operation.

Additionally, the Company estimates monthly taxes based on business performance, providing vital support to the treasury function. The Management is kept informed of any changes in Tax Laws, enabling them to make well-informed decisions in line with the Group's overall business strategy. As part of our tax strategy and commitment to compliance, we collaborate closely with industry associations such as the Fabric and Apparel Accessory Manufacturing Association (FAAMA) and the Joint Apparel Association Forum Sri Lanka (JAAFSL).

Tax strategy for India

Teejay India (Private) Limited's tax planning encompasses meticulous calculation and preparation of tax returns, covering Corporate Tax, IGST, Customs, Stamp Duty, SEZ Act and other revenue taxes; ensuring strict adherence to legislative requirements and timely submission well before due dates. To further enhance compliance and efficiency, the Company seeks advice from experienced tax specialists, guaranteeing alignment with India's tax laws. Additionally, the Company estimates monthly taxes based on business performance, providing vital support to the treasury function.

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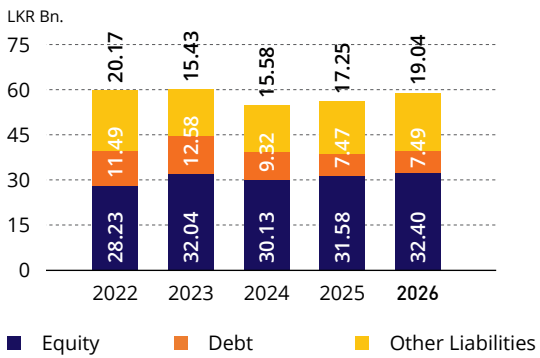
Tax Strategy for Egypt

Nubian Thread (Private) Limited, tax management framework in Egypt includes the accurate calculation, reporting, and filing of all applicable tax obligations, including Corporate Income Tax, Value Added Tax (VAT), payroll-related taxes, and withholding taxes. The Company is committed to full compliance with Egyptian tax regulations and ensures that all tax returns and payments are submitted within the prescribed statutory deadlines. To strengthen compliance and operational efficiency, Nubian Thread (Private) Limited engages qualified tax advisors and specialists who provide guidance on evolving tax requirements and ensure that the Company's tax practices remain aligned with the relevant Egyptian tax laws and regulations.

FINANCIAL POSITION

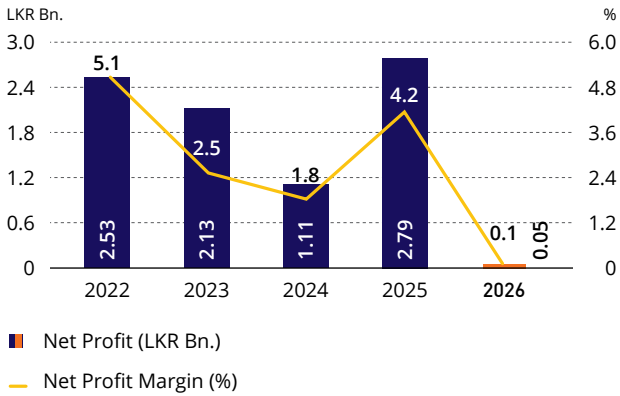
Total Equity, Debt and Liability



The Group maintained a strong financial position and a robust asset base during FY 2025/26, demonstrating resilience despite challenging macroeconomic conditions. Total assets increased by 5% year-on-year to LKR 58.93 Bn., compared to LKR 56.27 Bn. in FY 2024/25, reflecting the Group's continued investment in its operations and strategic initiatives. This growth was supported by a 3% increase in total equity, which rose from LKR 31.53 Bn. to LKR 32.40 Bn. during the year. Meanwhile, total debt remained largely stable, recording a marginal increase to LKR 7.49 Bn. from LKR 7.47 Bn. in the previous year.

NET PROFIT

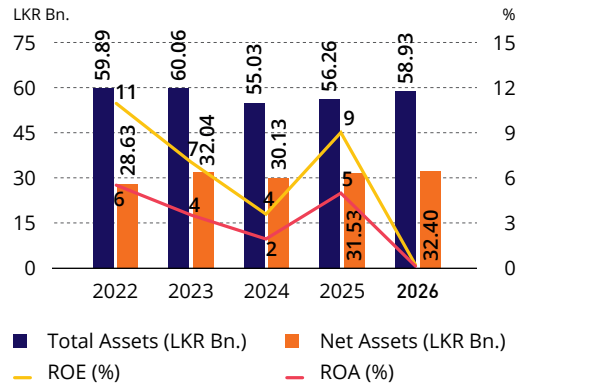
Net Profit and NP Margin



The Company's net profit decreased significantly from LKR 2.7 Bn. in the previous year to LKR 53 Mn. in the current year, representing a decline of approximately 98%. Net profit margin narrowed from 4.2% to 0.1%, indicating a considerable contraction in earnings generated from revenue.

CAPITAL EFFICIENCY

Total Assets, Net Assets, ROE and ROA



While the Group successfully maintained a robust balance sheet and even grew its asset base, the reduction in operating and net profits eroded capital efficiency metrics. This dynamic is reflected across all three primary capital efficiency ratios: Return on Assets (ROA), Return on Equity (ROE), and Return on Capital Employed (ROCE).

ROA decreased to 0.1% in 2025/26, declining from the 5.0% recorded in the 2024/25 financial year. This contraction is the direct result of growth in Total Assets, which expanded by 5%, paired with reduction in Net Profit by 98 %. Asset growth reflects Teejay's continued future-focused capital expenditure, such as the LKR 18,327 Bn. investment in property, plant, equipment and capital work-in progress for 2025/26; which includes major decarbonisation projects and modernisation initiative to improve the efficiency. However, open capacity and plant underloading experienced during the year meant these extensive manufacturing assets could not be optimally utilised to generate corresponding earnings.

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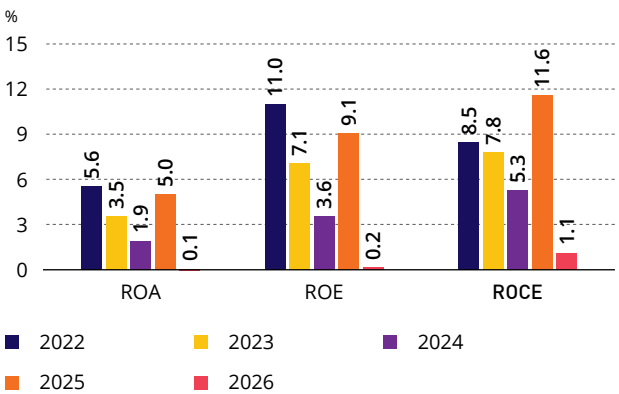
The Group's ROE reduced to 0.17% in 2025/26, down from 9.06% in the previous year. While Teejay's Total Equity base remained stable and preserved, even growing slightly by 3% to LKR 32.40 Bn.; net earnings were impacted negatively, resulting in reduced return generation.

The Group's ROCE declined to 1.1% in 2025/26, down from 11.60% achieved in 2024/25; driven down by negative impact on operating profits; even as Total Capital Employed, Total Debt, and Total Equity remained steady.

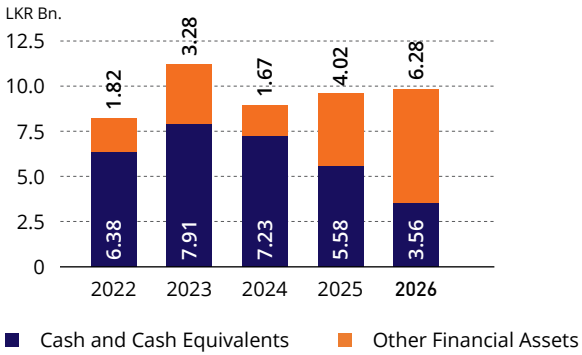
Deterioration of these ratios encapsulates the year's core operational struggle: fixed cost absorption. It reflects the temporary mismatch between a strategically maintained future-focused capital base and the sudden depression in margins and volumes, brought on by macroeconomic headwinds, and geopolitical supply chain disruptions.

ROA, ROE and ROCE



LIQUIDITY

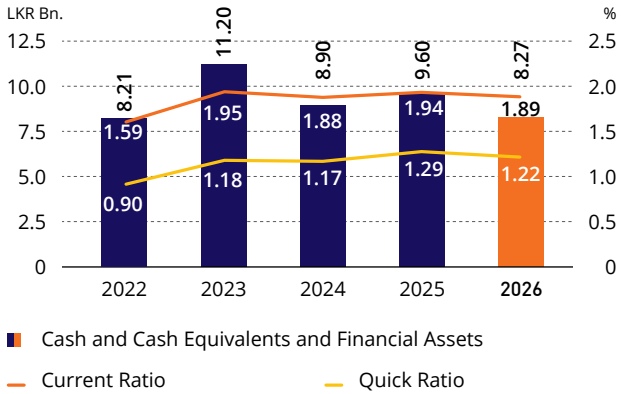
Other Financial Assets and Cash & Cash Equivalents



The Group's liquidity position was contested during the year but managed strategically to ensure operational continuity. Cash and cash equivalents including Other financial assets dropped from LKR 9.60 Bn. to LKR 9.84 Bn. as the Group managed strategic loan repayments, prior-year dividend payouts, and expenses related to corporate restructuring. Consequently, net cash generated from operating activities fell from LKR 5.38 Bn. to LKR 2.82 Bn.

Due to these cash constraints, the Group's liquidity ratios saw slight adjustments, but remained stable: the Current Ratio dipped marginally from 1.94 to 1.89, and the Quick Ratio adjusted from 1.29 to 1.22.

Cash and Cash Equivalents Quick Ratio and Current Ratio



One of the most impressive financial position achievements during the 2025/26 year was the Group's rigorous management of its working capital and cash conversion cycle. The Working Capital Cycle increased from 70 days in the previous year to 88 days in 2025/26. This increase was primarily attributable to higher inventory holdings arising from supply chain disruptions, particularly those associated with the escalation of tensions in red sea and Strait of Hormuz. In addition, debtor collection days lengthened as certain customers requested extended credit terms in response to prevailing macroeconomic challenges affecting their operations, together with delays in the recovery of VAT refunds.

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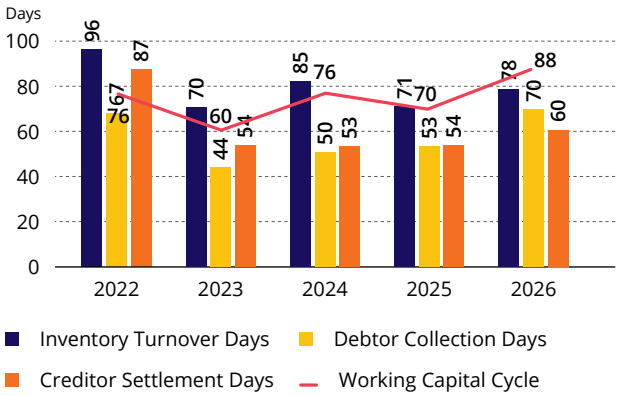
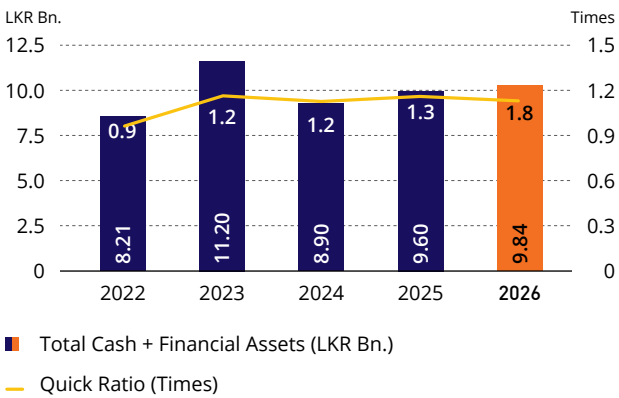
Working Capital Cycle



CASH FLOW MANAGEMENT

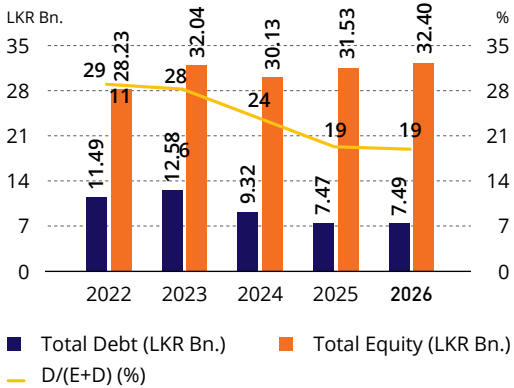
Cash Flow Management



Due to the Group's net cash generated from operating activities declining to LKR 2.82 Bn., down from LKR 5.38 Bn. in the previous year; total cash and cash equivalents dropped to LKR 3.56 Bn. from LKR 5.58 Bn.

LEVERAGE

Debt to Equity



Despite the challenging operating environment, the Group successfully maintained a highly stable leverage position. Total Debt remained unchanged, at approximately LKR 7.50 Bn. Since the Group effectively controlled its debt levels while gradually growing its equity base, its Debt to (Equity + Debt) Gearing Ratio held steady at a healthy 19%, and the Total Debt to Total Assets ratio remained steady at 13%. This demonstrates a sustained period of stabilisation and improvement compared to higher historical gearing levels of 24% in 2023/24 ,28% in 2022/23 29% in 2021/22.

Debt-to-Equity (D/E) Ratio saw a slight improvement, reducing to 23% in 2025/26 from 24% in the previous year, reflecting the continued deleveraging trend 2022/23 onward.

INVESTOR VALUE CREATION

During the 2025/26 financial year, Teejay Lanka PLC's investor value proposition underwent an important structural adaptation. Operating in a highly volatile global landscape marked by sudden tariff reconfigurations in primary destination markets and general consumer spending softness, the Group made several strategic transitions and investments that have strengthened our long-term value proposition for investors.

Developments and Investments in 2025/26 that advanced our Investor Value-Proposition

- Focus on operational restructuring, process automation, and selective product transformation designed to deliver performance and sustainability.
- Expanded and strengthened our multi-border presence, now reaching five nations – as continued insulation from concentration risk. Recent expansions include Indonesia, and Egypt - through Nubian Threads; where we are now successfully operationalised to place production closer to the needle-point, as global brands pivot toward Africa as the next apparel manufacturing hub.
- Refreshed our product matrix toward specialised, high-margin functional apparel; including advanced synthetics and other innovations that enhance product capabilities.
- Deployed focused operational excellence programs to structurally reduce production overheads, including Robotic Process Automation (RPA) applied across administrative and production support functions to lower operating costs.
- Maintained a strong revenue pipeline an expansive share of high-value accounts, including continuing business with Teejay's premium customer portfolio.

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- Achieved a 99% (verified) score in the Higg Facility Environmental Module (FEM), ranking No. 1 globally among more than 16,000 textile companies; validating our sustainable manufacturing processes to international brands and matching pace with aggressive growth in environmental legislation across the globe.
- Rolled out focused capital investments for targeted infrastructure modernisation that expanded functional capability and process control; including a Fukuhara Jacquard S/J machine, expansion of the factory floor, addition of a sample dye machine, and Lafer Finishing machine.
- Commissioned a high-efficiency 6 million kCal/hour thermic fluid heater, which is expected to reduce overall fuel consumption while reducing emissions.
- Progressed toward complete removal of coal-based boiler dependencies, shifting wet-processing plants to sustainable biomass energy, projected to drive an absolute reduction in Scope 1 carbon emissions.
- Commissioned a 7.2 MW Solar Photovoltaic Installation, following completion of roof engineering retrofits. This clean energy array is projected to reduce reliance on national electricity grids, and reduce Scope 2 emissions.
- Expanded group-level IoT-based online monitoring system, successfully integrating Teejay India and Teejay Prints into a centralised online network; this included a lot system for shop-floor data monitoring (Smart Knitting). Also improved IT infrastructure resilience, alongside network modernisation, and enhancements to cybersecurity.
- Upgraded the Group's Production Planning tool (Fast React), to maximise plant capacity loading visibility, balance machine allocations, and achieve high on-time delivery (OTD) tracking ratios.

As one of the leading companies by market capitalisation on the Colombo Stock Exchange, Teejay commenced reporting under SLFRS S1 and S2 from the 2024 financial year, following the launch of this initiative two years prior. During the current year, we further enhanced our reporting framework by obtaining independent assurance.

We continue to collaborate with external consultants and subject matter experts to identify, assess, and incorporate climate-related physical and transition risks into our risk register. These include risks such as extreme weather events and potential carbon pricing mechanisms, which are evaluated through internal scenario analysis to assess their potential financial impact.

To mitigate these risks, we have implemented measures such as Business Continuity Planning, insurance coverage, physical safeguarding of assets, and investment decisions that integrate both financial and environmental considerations. In line with our commitment to transparency and accuracy, our disclosures are being aligned with SLFRS S1 and S2 requirements.

We believe this alignment will enhance the objectivity, consistency, and comparability of our disclosures, providing shareholders with a clearer and more comprehensive understanding of our performance and future outlook.

Investor Ratio

Ratio	2026	2025	2024	2023	2022
NAPS	44.90	43.70	42.04	44.71	39.38
EPS	0.07	3.87	1.55	2.97	3.53
DPS	Nil	2.35	0.75	1.50	2.00
Dividend cover	Nil	1.65	2.06	1.98	1.77
Dividend yield (%)	Nil	5	2	5	5
ROCE (%)	1.1	11.6	5.3	7.8	8.5
Price Earnings Ratio (PE)	380.46	13.17	24.29	10.78	11.27
Price to book Value	0.62	1.17	0.89	0.72	1.01
Closing Market Price	28.00	51.00	37.60	32.00	39.80
Share Price – Highest	59.00	59.00	40.00	47.90	58.50
Share Price – Lowest	36.60	36.60	28.70	30.80	37.50
Dividend pay out (%)	Nil	61	48	51	57
Dividends Payment in LKR Bn.	Nil	1.70	0.54	1.08	1.43

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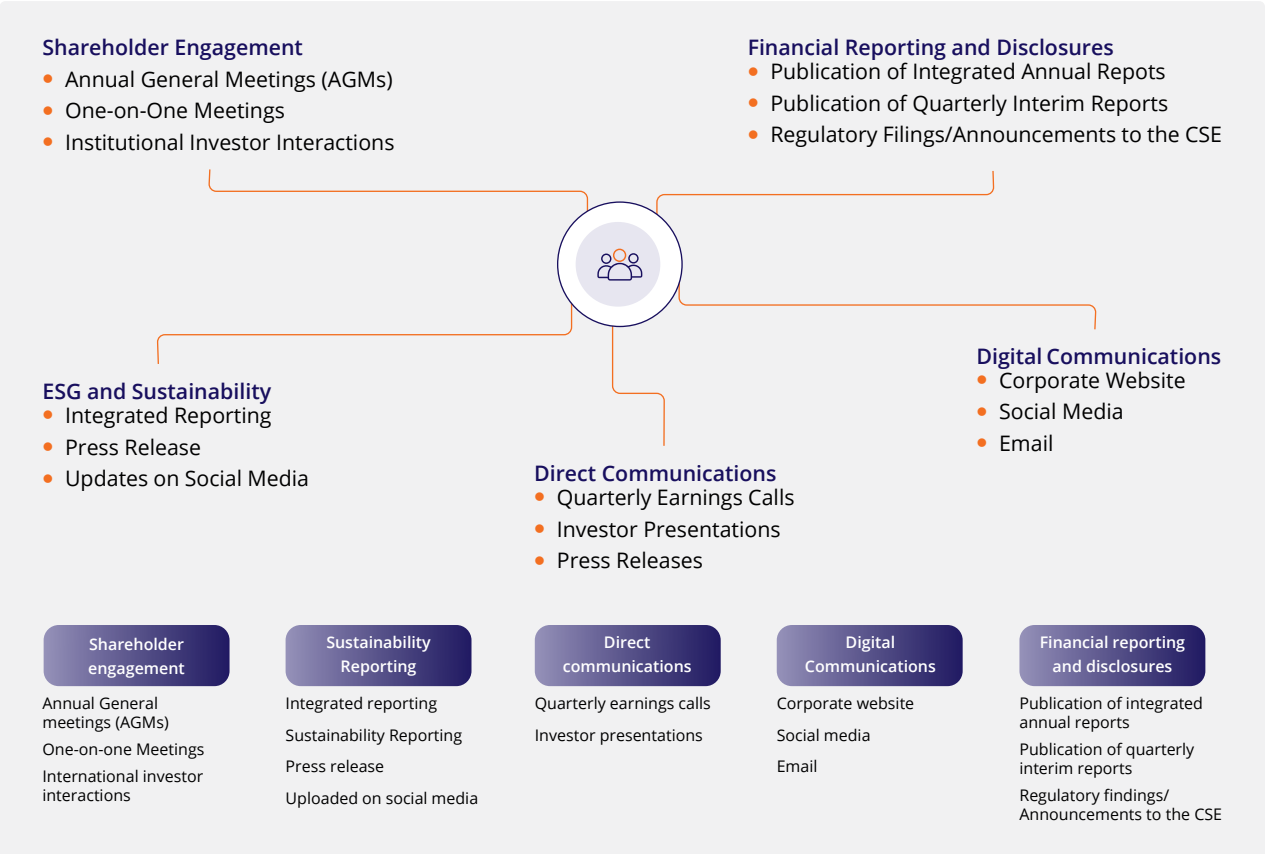
INVESTOR RELATIONS

Teejay is committed to building strong relationships with its shareholder community; prioritising timely, accurate, and transparent information about our financial and operational performance, strategic initiatives, and future prospects.

Any material or price-sensitive information is promptly identified and reported to shareholders through the Colombo Stock Exchange (CSE). Our Annual General Meeting (AGM) and any Extraordinary General Meetings (EGMs) serve as the primary platforms for open communication and dialogue with shareholders. We encourage shareholders to exercise their voting rights and welcome their views, comments, and suggestions. Additionally, quarterly earnings calls and specially prepared investor presentations ensure continuous communication, keeping shareholders well-informed. We also actively respond to investor inquiries and address shareholder concerns in a responsible and transparent manner.

Teejay utilises a number of channels to engage investors and disseminate relevant corporate information.



Investor Relations Contacts

Pubudu De Silva, Group Chief Executive Officer

Renuja Selvanathan, Group Chief Financial Officer

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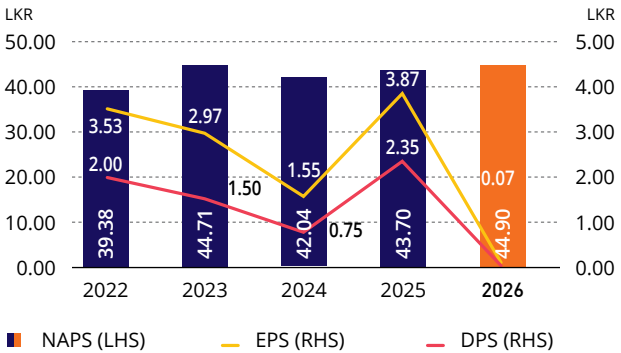
CAPITAL MARKET PERFORMANCE

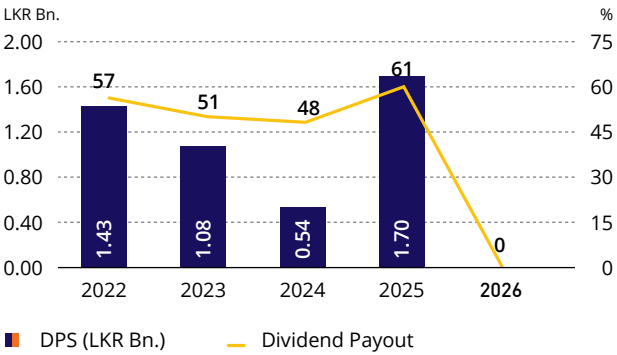
NAPS, EPS and DPS



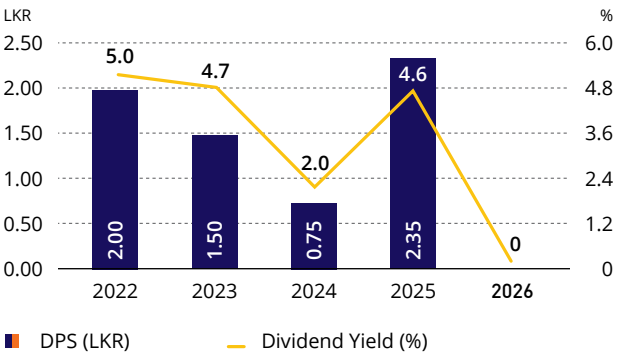
Teejay experienced a downward trend in capital market performance, mirroring the profitability squeeze and macroeconomic headwinds faced by the Company and industry. While the underlying asset base remained stable, the decline in net earnings impacted investor sentiment and key market valuation metrics.

Net Asset Value Per Share (NAPS) grew slightly to LKR 44.90, up from LKR 43.70 in 2024/25, supported by the preservation of the equity base. However, the Price-to-Book (P/B) ratio fell to 0.62 times, down from 1.17 times in the previous year; indicating the market is currently pricing shares below the underlying book value, basing cautious investor sentiment regarding short-term earnings potential and dividend distribution.

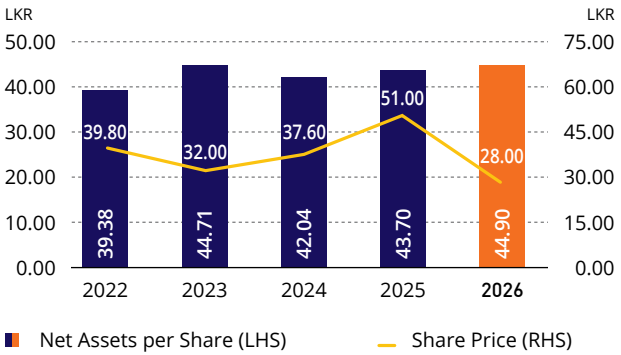
Dividend and Dividend Payout



Dividend Yield Vs DPS



Closing Market Price Vs NAPS



FUTURE OUTLOOK

While near-term demand remains cautious, early indicators suggest a gradual financial improvement aligned with easing tariff pressures and recovering order flows anticipated from the next financial year onwards.

Following a period of strategic recalibration, the Group enters FY 2026/27 with a stronger cost base, an improved geographic balance, and a renewed focus on customer, product, and regional diversification. As we step forward, Teejay is better positioned - strategically, operationally, and structurally, to capitalise on emerging opportunities and deliver sustainable, responsible financial growth.

We expect future top-line growth and margin expansion to be driven by the acceleration of product and innovation strategies. In this regard, the Group plans to aggressively expand its product focus by incorporating higher-margin segments such as synthetics, AIRism, heat tech, fleece, polo, and other smart fabric innovations to enhance its overall product capabilities. This product transformation is designed to directly capture evolving industry trends,

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which heavily emphasise eco-friendly materials, circular production models, and designing products for durability and recyclability.

Geographically, our financial growth trajectory will be supported by the Group's recent expansions in key international markets. By leveraging its multi-nation manufacturing footprint, Teejay is strategically positioned to capture shifted order volumes resulting from the "China Plus One" movement and the ongoing de-risking of supply chains from Bangladesh, while simultaneously penetrating the African market through strategic expansions.

Our strategic investment in the 7.2 MW solar project and transition to biomass fuel will deliver long-term benefits while strengthening our commitment to sustainability and attracting environmentally conscious customers.

The planned capital investment supports our modernisation strategy by improving machine efficiency, increasing production capacity, reducing cycle times, and enhancing productivity. Aging assets will be systematically replaced with advanced technologies and next-generation equipment to improve process efficiency, reduce downtime, optimise energy use, and achieve higher product quality standards.

These modernisation initiatives will also strengthen manufacturing competitiveness through greater automation, improved equipment reliability, and more consistent, efficient, and sustainable operations.

To protect the bottom line and ensure robust capital efficiency, the Group will maintain a continued focus on cost optimisation and operational excellence, scaling internal initiatives to reduce wastage and increase machine and utility efficiency. This will be fortified by strategic vendor partnering and supply chain initiatives to ensure input cost stability and sourcing resilience.

Teejay's future financial health will continue to be underpinned by prudent and disciplined capital allocations; ensuring that investments are directed toward high-yield transformations. The Group will also focus on the strengthening of its digital and ESG capabilities; leveraging automation, IoT, and renewable energy investments to drive down operational costs while securing a competitive advantage with global brands. The Group also recognises that maintaining a positive financial trajectory requires nurturing a skilled and resilient workforce, which remains a foundational priority for ensuring our long-term success and sustainability.

INDICATIVE US DOLLAR FINANCIAL STATEMENT

	Group		Company	
All Amounts in USD	**2026**	2025	**2026**	2025
Income statement				
Revenue	**200,335,002**	228,410,021	**117,313,127**	132,526,413
Cost of Sales	**(183,686,243)**	(201,694,856)	**(106,614,134)**	(115,460,182)
Gross Profit	**16,648,759**	26,715,165	**10,698,993**	17,066,231
Other Income Net	**1,935,212**	1,794,600	**336,252**	409,721
Distribution expenses	**(1,685,258)**	(1,946,746)	**(1,400,561)**	(1,642,897)
Administrative expenses	**(14,700,388)**	(10,176,933)	**(9,620,278)**	(6,112,402)
Net impairment provision on financial assets	**(722,766)**	(880,947)	**(1,666,092)**	(241,280)
Result from operating activities	**1,475,559**	15,505,139	**(1,651,686)**	9,479,373
Net Finance (cost)/Income – net	**(404,452)**	(1,714,642)	**1,111,643**	556,225
Profit/(loss) before taxation	**1,071,107**	13,790,497	**(540,043)**	10,035,598
Current taxation	**(893,951)**	(4,273,925)	**162,091**	(3,012,872)
Profit/(loss) after taxation	**177,156**	9,516,572	**(377,952)**	7,022,726

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QUARTERLY FINANCIAL INFORMATION

All Amounts in LKR '000	2025/26 Quarter 1 30 June 2025	2025/26 Quarter 2 30 September 2025	2025/26 Quarter 3 31 December 2025	2025/26 Quarter 4 31 March 2026	2024/25 Quarter 1 30 June 2024	2024/25 Quarter 2 30 September 2024	2024/25 Quarter 3 31 December 2024	2024/25 Quarter 4 31 March 2025
Revenue	15,768,786	15,483,088	14,432,691	14,359,842	15,392,521	17,280,011	17,115,663	17,247,862
Profit before tax	364,691	217,563	(574,571)	315,636	273,706	1,004,447	1,415,597	1,365,283
Tax	(157,420)	(67,689)	70,189	(113,701)	(115,405)	(248,365)	(437,301)	(465,196)
Profit after tax	207,271	149,874	(504,382)	201,935	158,301	756,082	978,296	900,087
Non-current assets	22,120,010	21,998,100	22,580,211	24,265,541	23,986,996	23,682,337	22,616,951	22,268,416
Current assets	33,990,336	33,173,581	33,682,525	34,707,962	32,621,138	31,997,676	33,797,379	33,586,156
Total assets	56,110,346	55,171,681	56,262,736	58,973,503	56,608,134	55,680,013	56,414,330	55,854,572
Equity	30,986,894	31,446,026	31,715,252	32,398,460	30,448,844	30,436,379	30,864,635	31,529,498
Non-current liability	6,768,407	6,381,402	6,471,762	8,209,970	9,695,691	8,257,699	7,298,748	7,026,882
Current liability	18,355,045	17,344,253	24,547,484	18,365,073	16,463,599	16,985,935	18,250,947	17,298,192
Total equity and liabilities	56,110,346	55,171,681	62,734,498	58,973,503	56,608,134	55,680,013	56,414,330	55,854,572
Ratio								
EPS	0.29	0.21	(0.70)	0.28	0.22	1.05	1.36	1.25
Net asset per share	41.95	43.59	43.96	44.91	42.20	42.19	42.78	43.70
Closing market price	47.50	41.60	34.90	28.00	40.50	40.50	52.40	51.00
Highest price	51.10	51.90	43.00	39.70	42.20	41.90	54.00	59.00
Lowest Price	43.00	41.50	34.80	27.00	36.60	37.00	40.00	45.00
Float adjusted market capitalisation	13,705,216,610	11,989,698,698	10,058,733,235	8,093,678,180	11,679,598,332	11,695,147,659	15,139,340,194	14,715,074,676
Share trading information								
Number of transactions	5,386	12,492	14,297	15,956	2,760	2,263	5,621	6,473
Number of shares Traded	26,447,405	47,942,673	25,746,314	117,983,205	18,223,313	14,390,851	34,114,137	53,596,595
Value of shares traded	1,243,974,122	2,168,831,343	1,021,032,881	4,155,524,997	704,702,635	574,733,612	1,555,026,140	2,836,675,270

FINANCIAL CAPITAL

VERTICAL ANALYSIS AND HORIZONTAL ANALYSIS OF INCOME STATEMENT – GROUP

						Horizontal Analysis				Vertical Analysis				
	2026 LKR '000	2025 LKR '000	2024 LKR '000	2023 LKR '000	2022 LKR '000	2026 %	2025 %	2024 %	2023 %	2026 %	2025 %	2024 %	2023 %	2022 %
Revenue	60,044,407	67,036,057	60,733,952	84,037,126	49,587,964	(10)	10	(28)	69	100	100	100	100	100
Cost of sales	(55,054,441)	(59,195,423)	(55,677,311)	(77,194,229)	(45,010,323)	(7)	6	(28)	72	(92)	(88)	(92)	(92)	(91)
Gross profit	4,989,966	7,840,634	5,056,641	6,842,897	4,577,641	(36)	55	(26)	49	8	12	8	8	9
Other Income Net	580,021	526,697	203,167	531,632	151,482	10	159	(62)	251	1	1	0	1	0
Distribution expenses	(505,106)	(571,350)	(579,776)	(610,340)	(369,517)	(12)	(1)	(5)	65	(1)	(1)	(1)	(1)	(1)
Administrative expenses	(4,406,001)	(2,986,828)	(2,589,737)	(3,185,376)	(1,743,533)	48	15	(19)	83	(7)	(4)	(4)	(4)	(4)
Net impairment (Provision)/ Reversal on financial assets	(216,627)	(258,549)	122,903	(283,737)	(42,970)	(16)	(310)	(143)	560	0	0	0	0	0
Operating profit	442,253	4,550,604	2,213,198	3,295,076	2,573,103	(90)	106	(33)	28	1	7	4	4	5
Finance (costs)/ Income – net	(121,222)	(503,230)	(640,819)	(178,602)	290,617	(76)	(21)	259	(161)	0	(1)	(1)	0	1
Profit before taxation	321,031	4,047,374	1,572,379	3,116,474	2,863,720	(92)	157	(50)	9	1	6	3	4	6
Current taxation	(267,935)	(1,254,353)	(462,843)	(989,743)	(332,470)	(79)	171	(53)	198	0	(2)	(1)	(1)	(1)
Profit after taxation	53,096	2,793,021	1,109,536	2,126,731	2,531,250	(98)	152	(48)	(16)	0	4	2	3	5

FINANCIAL CAPITAL

VERTICAL ANALYSIS AND HORIZONTAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION – GROUP

						Horizontal Analysis				Vertical Analysis				
	2026 LKR '000	2025 LKR '000	2024 LKR '000	2023 LKR '000	2022 LKR '000	2026 %	2025 %	2024 %	2023 %	2026 %	2025 %	2024 %	2023 %	2022 %
ASSETS														
Non-current assets														
Property, plant and equipment	**17,497,628**	17,270,048	18,142,428	20,258,577	14,715,246	**1**	(5)	(10)	38	**30**	31	33	34	25
Right-of-use assets	**1,719,506**	1,575,062	1,681,152	1,740,026	1,341,498	**9**	(6)	(3)	30	**3**	3	3	3	2
Deferred tax assets	**2,300,862**	2,349,015	2,239,540	1,856,016	431,633	**(2)**	5	21	330	**4**	4	4	3	1
Other non-current assets	**2,786,795**	1,476,202	2,033,857	2,103,132	5,508,121	**89**	(27)	(3)	(62)	**5**	3	4	4	9
Total Non-current assets	**24,304,791**	22,670,327	24,096,977	25,957,751	21,996,498	**7**	(6)	(7)	18	**41**	40	44	43	37
Current assets														
Inventories	**12,247,187**	11,332,129	11,645,818	13,382,977	16,355,777	**8**	(3)	(13)	(18)	**21**	20	21	22	27
Trade and other receivables	**13,223,761**	11,920,512	9,773,644	9,025,553	12,859,146	**11**	22	8	(30)	**22**	21	18	15	21
Current tax receivables	**887,005**	730,058	614,466	496,702	476,854	**21**	19	24	4	**2**	1	1	1	1
Other financial assets	**4,705,623**	4,019,419	1,668,451	3,281,426	1,822,146	**17**	141	(49)	80	**8**	7	3	5	3
Cash and cash equivalents	**3,561,777**	5,584,038	7,233,344	7,913,808	6,383,354	**(36)**	(23)	(9)	24	**6**	10	13	13	11
Total Current assets	**34,625,353**	33,586,156	30,935,723	34,100,466	37,897,277	**3**	9	(9)	(10)	**59**	60	56	57	63
Total assets	**58,930,144**	56,256,483	55,032,700	60,058,217	59,893,775	**5**	2	(8)	0	**100**	100	100	100	100

FINANCIAL CAPITAL

						Horizontal Analysis				Vertical Analysis				
	2026 LKR '000	2025 LKR '000	2024 LKR '000	2023 LKR '000	2022 LKR '000	2026 %	2025 %	2024 %	2023 %	2026 %	2025 %	2024 %	2023 %	2022 %
EQUITY														
Capital and reserves														
Stated capital	4,582,871	4,582,871	4,442,234	4,442,234	4,442,234	0	3	0	0	8	8	8	7	7
Exchange equalisation reserve	17,453,771	15,393,591	15,752,202	18,047,539	15,219,688	13	(2)	(13)	19	30	27	29	30	25
Share option scheme	186,667	186,667	181,691	153,491	153,491	0	3	18	0	0	0	0	0	0
Retained earnings	10,173,483	11,366,369	9,754,037	9,400,088	8,410,456	(10)	17	4	12	17	20	18	16	14
Total equity	32,396,792	31,529,498	30,130,164	32,043,352	28,225,869	3	5	(6)	14	55	56	55	53	47
LIABILITIES														
Non-current liabilities														
Borrowings	3,005,732	2,531,225	4,139,942	6,238,676	5,581,171	19	(39)	(34)	12	5	4	8	10	9
Lease liabilities	1,249,657	1,222,829	1,229,391	1,340,989	930,430	2	(1)	(8)	44	2	2	2	2	2
Deferred tax liabilities	2,552,304	2,552,711	2,213,454	2,363,673	918,784	0	15	(6)	157	4	5	4	4	2
Retirement benefit obligations	1,402,275	1,122,028	875,378	568,559	424,817	25	28	54	34	2	2	2	1	1
Total non-current liabilities	8,209,968	7,428,793	8,458,165	10,511,897	7,855,202	11	(12)	(20)	34	14	13	15	18	13
Current liabilities														
Trade and other payables	13,620,817	12,064,278	10,866,322	10,555,776	17,623,386	13	11	3	(40)	23	21	20	18	29
Current tax liabilities	131,918	212,640	281,655	489,789	232,725	(38)	(25)	(42)	110	0	0	1	1	0
Borrowings	4,486,688	4,940,980	5,183,782	6,343,276	5,913,542	(9)	(5)	(18)	7	8	9	9	11	10
Lease liabilities	83,961	80,294	112,612	114,127	43,051	5	(29)	(1)	165	0	0	0	0	0
Total current liabilities	18,232,384	17,298,192	16,444,371	17,502,968	23,812,704	6	5	(6)	(26)	31	31	30	29	40
Total liabilities	26,533,352	24,726,985	24,902,536	28,014,865	31,667,906	7	(1)	(11)	(12)	45	44	45	47	53
Total liabilities	58,930,144	56,256,483	55,032,700	60,058,217	59,893,775	5	2	(8)	0	100	100	100	100	100

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

BASIS OF PREPARATION

1. REPORTING ENTITY, ORGANIZATION BOUNDARY AND VALUE CHAIN

Teejay Lanka PLC and its subsidiaries (collectively, the Group). The report covers the consolidated operations of the Group in Sri Lanka and India for the reporting period, excluding financials pertaining to Nubian. Teejay is Sri Lanka's sole multinational knit-fabric mill specializing in weft-knit manufacturing. The Group focuses on end-to-end traceability, transparency, and oversight across the value chain, with a global presence extending to India, Egypt, Bangladesh, and Indonesia.

2. BASIS OF MATERIALITY

The Group adopts a double materiality approach. This process identifies material sustainability impact topics, which then lead to the identification of Sustainability-Related Risks and Opportunities (SRROs) for investors. The process also considers the dependencies of external factors on the Company.

The quantitative threshold applied to determine the financial materiality of sustainability-related risks and opportunities (SRROs) for Teejay is based on 1% of the average PBT of last 5 years.

The qualitative thresholds applied by Teejay to determine the materiality are strategic impact on key resources and relationships, reputational risks, regulatory or compliance requirements and potential operational disruption.

Items not meeting any of these thresholds or criteria are classified as non-material for the reporting period. However, they are retained in the internal sustainability risk register and monitored for changes in magnitude, likelihood, or stakeholder relevance.

3. FUNCTIONAL CURRENCY

The Group has used the United States Dollar (USD) as its functional currency since inception. However, the financial statements presented in the Annual Report are translated into Sri Lanka Rupees (LKR) to fulfill the listing requirements of the Colombo Stock Exchange (CSE).

4. SOURCES OF GUIDANCE

The Group has applied following international and local frameworks, standards and guidance in identifying and disclosing sustainability-related and climate-related risks and opportunities.

1. SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information
2. SLFRS S2 – Climate-related Disclosures
3. SASB Standards – Industry specific sustainability disclosure standards (Disclosure topics in the Apparel, Accessories and Footwear)

5. REPORTING PERIOD

The report covers the financial year from 1 April 2025 to 31 March 2026.

6. TIME HORIZON

Time horizons are defined in accordance with the Group's internal planning and decision-making processes, including the annual budgeting cycle and Long-Range Plan (LRP).

The Group defines its planning horizons as follows.

Time Horizon	Denoted by	Period
Short term	S	Financial Year 2026/27
Medium term	M	Financial Years 2027/28 – 2029/30
Long term	L	Financial Year 2030/31 and beyond

7. CONNECTED INFORMATION

This report sets out the Group's sustainability-related financial information for the year ended 31 March 2026, consistent with the reporting period of the consolidated financial statements. Sustainability-related disclosures are integrated with the financial statements and other sections of the Annual Report to provide a holistic view of how material sustainability and climate-related risks and opportunities may influence the Group's financial position, performance and cash flows over the short, medium and long term. Where applicable, disclosures are supplemented with information prepared in accordance with the GRI Standards. References to these frameworks are indicated throughout the report, with further detailed analysis presented within the Operational Review sections.

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

8. TRANSITIONAL RELIEF

The Group adopted SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures on a voluntary basis in the previous reporting period. The current financial year represents the second year of application of these Standards and which the Group complies with them as a mandatory reporting requirement.

In preparing the sustainability-related financial disclosures for the current reporting period, the Group has applied below transitional reliefs permitted under SLFRS S1 and SLFRS S2.

In line with SLFRS S1, during the second annual reporting period in which an entity applies the Standard, it is not required to present comparative information for sustainability-related risks and opportunities, other than for climate-related risks and opportunities (CRROs). Accordingly, the Group has provided comparative information only in respect of CRROs.

The Group has also applied the following transitional reliefs available under SLFRS S2:

- **Disclosure of qualitative information regarding anticipated financial effects of climate-related risks and opportunities:** Entities are permitted to defer the disclosure of qualitative information regarding anticipated financial effects for a period of two years following the mandatory application of the standard.
- **Disclosures on Climate resilience:** Relief period of two years is granted to apply the requirements from the date of mandatory application to fully comply with climate resilience disclosure requirement.

9. SIGNIFICANT JUDGEMENTS, UNCERTAINTIES AND PROPORTIONALITY

The key assumptions, judgements and estimates underpinning the preparation of the Group's sustainability-related financial disclosures are detailed within the relevant commentaries in this section. These encompass considerations applied in the identification, assessment and prioritisation of sustainability and climate-related risks and opportunities, together with their expected short- and medium-term impacts, including both current and anticipated financial implications and the corresponding strategic responses undertaken.

Topics	Significant Judgements & Uncertainties
Financial materiality assessment	Uncertainty relating to the frequency, timing, and severity of climate-related physical risks makes it difficult for the Group to accurately determine the potential impact such events may have on its financial performance. The assessment of non-financial consequences, particularly reputational considerations associated with both transition and physical climate risks, involves the use of professional judgement and is subject to estimation uncertainty.
Greenhouse Gas (GHG) emissions	Management judgement was applied in determining the most suitable location-based emission factors to be used in calculating Scope 1, Scope 2 and Scope 3 GHG emissions.
Risk assessments and material risks	Management judgement was applied in assessing the likelihood of occurrence and severity of financial impacts associated with SRRs and CRRs that have been identified as financially material to the Group. Furthermore, management judgement was also exercised in evaluating non-financial impacts, including those that may give rise to financial implications for the Group in the future.

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

PROPORTIONAL RELIEF STATEMENT

In light of the recent adoption of SLFRS S1 and SLFRS S2, the Group is in the process of progressively strengthening its capabilities to address the requirements of these Standards. All disclosures have been prepared based on the Group's current understanding and interpretation of the applicable requirements at this stage. While foundational processes and controls have been established, certain aspects continue to evolve as internal expertise, data systems, and analytical methodologies are further developed. Accordingly, a proportionate approach has been applied to the disclosures during the reporting period, recognising that practices will continue to mature and be refined over subsequent reporting cycles.

STATEMENT OF COMPLIANCE

This report represents a complete set of sustainability-related financial disclosures for Teejay Lanka PLC and its subsidiaries (collectively, the Group') for the year ended 31 March 2026. The Group's sustainability-related disclosures have been prepared in accordance with SLFRS S1 & S2 Sustainability Disclosure Standards as issued by the Institute of Chartered Accountants of Sri Lanka.

GOVERNANCE

BOARD OVERSIGHT ROLE

Responsibility

During the year the Board continued to oversee the Group's sustainability strategy and policies while transferring responsibility over monitoring sustainability-related risks and opportunities, reviewing related targets and performance, and overseeing the Group's enterprise risk management (ERM) to the Audit Committee.

The Group further strengthened its ESG Steering Committee by incorporating second-tier representation across the Environmental, Social and Governance pillars, enhancing transparency, accountability, and the effective execution of strategic decisions.

The ESG Steering Committee is chaired by the Group Chief Financial Officer (CFO) and operates under the strategic oversight of the Board. The Committee reports to the Board and the Audit Committee through the Group Chief Executive Officer (CEO), ensuring robust governance, alignment with organisational objectives, and timely escalation of ESG-related matters.

Corporate Governance section (page 180) and Report of the Board of Directors (page 238).

Skills and Competencies

The Board of Directors brings together a diverse blend of expertise and industry experience across corporate governance, finance, risk management, sustainability, apparel industry leadership, global supply chain strategy, economics, engineering, and ESG. This broad collective capability enables the Board to effectively oversee sustainability-related risks and opportunities (SRROs/CRROs), while supporting informed decision-making, strategic direction, and long-term value creation for the Group.

The multidisciplinary experience represented within the Board strengthens the Group's ability to identify, assess, and respond to evolving sustainability and climate-related matters, ensuring robust oversight and alignment with the Group's strategic priorities and stakeholder expectations.

The Board evaluation framework adopted by the Nominations and Governance Committee is structured to ensure that Directors possess and maintain the requisite knowledge and awareness in ESG, sustainability, and SLFRS S1 and S2. The framework incorporates periodic and systematic assessments to continuously evaluate and uphold the competency and overall effectiveness of the Board.

The Group intends to enhance the effectiveness of sustainability governance through targeted training and capacity-building initiatives for members of the Board and the Audit Committee, with a focus on the oversight of Sustainability Related Risks and Opportunities (SRROs) and Climate Related Risks and Opportunities (CRROs) in future reporting periods. As an initial step, a structured knowledge gap assessment was conducted during the final quarter of the financial year to identify key areas for development.

Board of Directors profiles (page 20). Nominations and Governance committee report (page 236)

Inform

Sustainability related risks and opportunities (SRROs/CRROs), together with performance on material topics, are regularly monitored through integrated risk management processes by the ESG Steering Committee and communicated to group management team. This is supported by internal audit and sustainability assurance

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

activities, which provide additional oversight and strengthen the ongoing assessment of these risks. Any major concerns on the performance of the material topics and the SRROs and CRROs are discussed and actioned at the monthly ESG Steering Committee meetings.

Key updates, including risk movements, performance against KPIs, and emerging developments, are reported to the Audit Committee on a quarterly basis, enabling effective oversight and informed decision making.

Address

The Board Audit Committee incorporates sustainability-related and climate-related risks and opportunities (SRROs/CRROs) into its oversight responsibilities relating to the risk management framework which has an impact on the Group's strategy and decision-making processes. As part of its mandate, the Committee reviews information concerning the economic, environmental, and social impacts arising from the Group's operations, together with the related risks, opportunities, and potential financial implications.

Based on these evaluations, the Board Audit Committee provides guidance and recommendations to the Board and management to support strategic decision-making, strengthen risk mitigation measures, and enhance the management of sustainability-related impacts across the Group.

Risk Management Report (page 218) and Audit Committee Report (page 228).

Monitor

Since 2022, Teejay has a robust tracking mechanism – the Sustainability Performance Analyser (SPA) in collaboration with consultants. This comprehensive ESG data tracking tool captures and monitors relevant sustainability indicators quarterly, offering valuable management insights through user-friendly dashboards for the Group and its constituent locations. The Sustainability Division analyses the collated data to identify, respond, and resolve any potential issues, ensuring the Group's continued improvement in its ESG performance. The Dashboards are reviewed at the monthly ESG Steering Committee meetings and required action is taken for any adverse variances. The progress of the agreed action plan is reviewed monthly.

In line with its delegated authority, the Board Audit Committee periodically reviews performance against the targets, including trend analysis and variances, to ensure effective oversight and informed decision-making. The Board also oversees compliance with SLFRS S1 and S2 standards and broader sustainability frameworks, including GRI and TCFD.

Statement of Directors' Responsibility (page 242) and Assurance Statement (page 245).

MANAGEMENT ROLE

Delegation

Management operates under delegated authority from the Board, executing strategic plans and operational goals. The Executive Committee and Cross-Functional Teams ensure alignment with Group objectives, focusing on manufacturing excellence, innovation, and sustainability.

ESG steering committee acts as the focal point for driving and coordinating sustainability efforts across the organisation. Its role extends to enabling the identification and evaluation of sustainability-related risks and opportunities, overseeing the integrity of sustainability data and disclosures, tracking performance against key sustainability performance indicators (KSPIs), and escalating relevant insights on performance and emerging risk areas to Management and the Board.

The Committee operates in close alignment with the Enterprise Risk Management (ERM) framework, ensuring that external environmental and social dependencies are systematically considered. These external factors, together with the Group's material impacts, form the basis for determining sustainability – and climate-related risks and opportunities (SRROs/CRROs).

At an operational level, responsibility is embedded across each department such as finance, internal audit, sustainability, HR, Legal, supply chain & corporate communication. These Divisions support the integration of sustainability considerations into day-to-day operations by identifying and monitoring risk exposures, including those related to climate, and by providing periodic inputs to support performance tracking and reporting. Time to time the Committee reach out to other functions on need basis.

Policies and procedures

The Group manages sustainability-related risks and opportunities (SRROs/CRROs) through established policies, controls and procedures embedded within its enterprise risk management (ERM) framework. This framework incorporates periodic risk identification, assessment and reporting, with quarterly updates submitted to the Board Audit Committee. These updates include SRROs/CRROs, enabling alignment with the monitoring of the Group's principal risks.

Ongoing enhancements to the control environment are focused on strengthening the integration of SRROs/CRROs within risk management processes, ensuring that sustainability-related considerations are embedded within governance structures and decision-making.

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

STRATEGY

GRI 201-2

SRRO 1	Extreme Weather Events	
SRROs impact on Prospects	Description	• Possible flooding due to adverse weather conditions and intense rainfall. • Possible drought conditions due to changing climate patterns. • Growing frequency of extreme heat events.
	Physical Risk or Transition Risk	Physical Risk (Acute)
	Time Horizon	M, L
	Define time horizon	Refer Note 6 (Time Horizon)
Business Model and Value Chain	Current Effects on Business Model and Value Chain	No material impact to current business model and value chain.
	Anticipated Effects on Business Model and Value Chain	Extreme weather can affect raw material sourcing, particularly cotton, due to changing crop patterns driven by drought and climate variability. Increasing global emphasis on sustainability and climate resilience may influence customer preferences, with buyers favouring suppliers demonstrating robust climate adaptation practices. Operational challenges may arise from water and energy constraints, site accessibility, and transport disruptions, leading to production delays and cost pressures. These factors could impact operational efficiency, delivery timelines, and overall competitiveness, ultimately influencing the Group's ability to sustain long-term value creation.
	Where is it Concentrated?	Extreme weather may weaken distribution network counterparties, resulting in delay in production, extended credit terms, higher bad debts and inventory and revenue losses Extreme weather may disrupt demand and supply conditions, leading to price volatility and inflationary pressures. Extreme weather may disrupt operations through asset damage and system failures, causing production delays and supply chain interruptions.

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

SRRO 1	Extreme Weather Events	
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	**Current** Location strategy – Company has expanded its production capacity to various geographic locations, Capacity planning for orders to be transferred to plants in other geographic locations- Strategic order duplication tested in other plants in operation as a backup plan in case of contingency. Embedding climate resilience into ESG frameworks and board level oversight. Activated location BCP for floods. Secure sourcing from multiple geographic location. Upgrades to ETP/WTP systems and annual water footprint assessments help manage water supply and regulatory compliance risks. R&D in low-water consumption processes and investment in low-liquor ratio dyeing technologies and water recycling enhance long-term operational resilience and reduce dependency on freshwater resources. Target to reduce its water intensity from the current 117 l/kg to 50% reduction in 2030 with water recycling and reuse and blue water management initiatives **Anticipated** Investment on water efficient technologies. Need for the diversification of suppliers or invest in climate-proof infrastructure. Aligning with global buyers' expectations for climate resilience and sustainability. Scale low-water production processes to meet evolving customer demand. Stringent discharge norms and rising licensing costs will elevate compliance as a strategic focus. Working with the government authorities on tapping the Kelani river in Seethawaka via a weir to reduce the water flow to the sea.
	How the Company is Resourcing and Plan to Resource Activities	• Cross-functional collaboration is enabled through dedicated teams comprising risk management, operations, EHS and engineering functions to support integrated climate risk responses. • External specialists are engaged to independently assess risks and provide guidance on the development of appropriate mitigation strategies. • Risk transfer is supported through insurance coverage for extreme weather impacts, including Business Interruption insurance to mitigate operational disruptions, at a total cost of Rs. 82 Mn LKR for the year. • Employee capability is strengthened through structured training programmes on climate risk management, disaster response and stakeholder engagement. • Collaboration with government authorities is undertaken to support national priorities and coordinate community response efforts during climate-related events. • Active participation in industry bodies is maintained to address climate risk-related matters, including mitigation approaches, regulatory developments and evolving legal frameworks. • Stakeholder resilience is enhanced through the dissemination of climate risk awareness and best practices to improve preparedness across key stakeholder groups. • Climate risk management is supported by defined KPIs to monitor performance and effectiveness of resource utilisation. • Ongoing review mechanisms are in place, with the Sustainability team regularly assessing initiatives to drive continuous improvement and optimise resource deployment.

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

SRRO 1	Extreme Weather Events	
	Progress (qualitative and quantitative)	The Group shifted to sustainable biomass-based energy source as part of its decarbonisation efforts, with a total investment of Rs. 795 Mn LKR ready to be commissioned end of 2026. Employees underwent climate risk management training in 2025, focusing on disaster response, customer engagement and sustainable practices. Business continuity plans outlining response measures for severe disruption scenarios are in place and were activated during the Ditwah climate crisis that took place. Climate risk mitigation efforts are supported by defined key performance indicators (KPIs) to monitor effectiveness and track progress. ESG initiatives are subject to ongoing oversight through monthly reviews by the ESG Committee, enabling timely optimisation of resource allocation and strategic direction.
Financial Effects	Current year financial effects to PL, BS and CF	No material financial impacts arising from this risk were identified during the current financial year.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	We have not identified Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer Note 8 Transitional Relief
Climate resilience	Resilience Assessment	Refer Note 8 Transitional Relief
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	Refer Note 8 Transitional Relief

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

SRRO 1	Extreme Weather Events	
Judgements and Uncertainties	Judgements	Refer Note 9 Significant Judgements, Uncertainties and Proportionality
	Uncertainties	Refer Note 9 Significant Judgements, Uncertainties and Proportionality

SRRO 2	Rising Temperature	
SRROs impact on Prospects	Description	Rising Temperatures – Increasing ambient temperatures and the growing frequency of extreme heat events may increase energy demand and reduce efficiency of machinery and externally it may disrupt cotton growth patterns disturbing the anticipated supply.
	Physical Risk or Transition Risk	Physical Risk (Chronic)
	Time Horizon	L
	Define time horizon	Refer Note 6
Business Model and Value Chain	Current Effects on Business Model and Value Chain	No material impact to current business model and value chain.
	Anticipated Effects on Business Model and Value Chain	Cotton crop patterns affected due to rising temperature. Sustained temperature increases may place pressure on energy intensive manufacturing processes, impacting cost efficiency and operational resilience across owned facilities.
	Where is it Concentrated?	Prolonged elevated temperatures may adversely impact cotton harvesting and overall raw material availability. Sustained high temperatures and heat waves at supplier locations may affect machinery efficiency, increase cooling-related energy demand, and reduce labour productivity, potentially leading to delays, higher costs, and supply chain disruptions.

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

SRRO 2	Rising Temperature	
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	Current: Process improvements – investment in projects to optimize use of dyes, chemicals and auxiliaries, low water consumption and reduced discharge. Anticipated: Investment on renewable energy and water efficient technologies.
	How the Company is Resourcing and Plan to Resource Activities	Monitors infrastructure conditions and undertakes modifications to enhance resilience to extreme heat.
	Progress (qualitative and quantitative)	The ESG Committee conducts quarterly reviews ensuring that resources are effectively utilised and strategies are adjusted as needed.
Financial Effects	Current year financial effects to PL, BS and CF	No material impact on profit or loss, balance sheet or cash flows has been identified in the current reporting period.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	We have not identified Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer Note 8 Transitional Relief
Climate resilience	Resilience Assessment	Refer Note 8 Transitional Relief
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	Refer Note 8 Transitional Relief
Judgements and Uncertainties	Judgements	Refer Note 9 Judgments, Uncertainties and Proportionality.
	Uncertainties	Refer Note 9 Judgments, Uncertainties and Proportionality

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

SRRO 3	Energy Efficiency & Cost Resource Optimisation	
SRROs impact on Prospects	Description	Investments in energy efficiency, renewable energy adoption and process optimisation present an opportunity to reduce operating costs, enhance climate resilience and strengthen Teejay's sustainability credentials with global buyers.
	Physical Risk or Transition Risk	N/A
	Time Horizon	M and L
	Define time horizon	Refer Note 6
Business Model and Value Chain	Current Effects on Business Model and Value Chain	No material impact to current business model and value chain.
	Anticipated Effects on Business Model and Value Chain	Improvements in energy efficiency and resource optimisation enhance the Group's operational effectiveness and cost stability by reducing reliance on energy-intensive processes and minimising resource wastage. Efficient resource use aligns with evolving customer expectations for sustainable manufacturing, contributing to enhanced competitiveness, stronger customer relationships, and long-term value creation across the business model and value chain.
	Where is it Concentrated?	Energy efficiency and resource optimisation are recognised as key sustainability priorities, guiding investments in process improvements.
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	Current: Embedding climate resilience into ESG framework and Long range plan (LRP). Anticipated: Investment on renewable energy and water efficient technologies.
	How the Company is Resourcing and Plan to Resource Activities	Strategic decisions increasingly focus on cost optimisation, operational efficiency, and risk reduction through investments in energy-efficient technologies, resource-efficient processes, and enhanced monitoring systems.
	Progress (qualitative and quantitative)	Energy efficiency and resource optimisation are supported through the implementation of IoT-based utility monitoring systems, enabling real-time tracking of electricity, steam, and water usage.

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

SRRO 3	Energy Efficiency & Cost Resource Optimisation	
Financial Effects	Current year financial effects to PL, BS and CF	No material impact on profit or loss, balance sheet or cash flows has been identified in the current reporting period.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	We have not identified Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer Note 8 Transitional Relief
Climate resilience	Resilience Assessment	Refer Note 8 Transitional Relief
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	Refer Note 8 Transitional Relief
Judgements and Uncertainties	Judgements	Refer Note 9 Judgments, Uncertainties and Proportionality
	Uncertainties	Refer Note 9 Judgments, Uncertainties and Proportionality

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

SRRO 4	Inability to fulfil Compliance related obligations due to breach of laid down procedures	
SRROs impact on Prospects	Description	Implementation of new regulatory and policy frameworks and rising sustainability and customer compliance requirements may require substantial technological adoption and specialized training to ensure operational compliance. (Eg: ZDHC guidelines, PDPA and Anti-Corruption Act)
	Physical Risk or Transition Risk	Transitional Risk
	Time Horizon	M, L
	Define time horizon	Refer Note 6
Business Model and Value Chain	Current Effects on Business Model and Value Chain	No material impact to current business model and value chain.
	Anticipated Effects on Business Model and Value Chain	Traceability expanding to Tier 1,2 & 3 suppliers Failure to align with buyer expectations may affect customer retention and competitiveness in export markets.
	Where is it Concentrated?	Evolving environmental and sustainability regulations may require ongoing process and reporting updates, with potential compliance and reputational implications if not effectively managed.
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	**Current** Skills and knowledge constraints leads to reliance on external advisors and slower decision cycles. Increased board-level oversight with formal governance structures for ESG decision-making. Sustainability reporting and compliance are addressed through existing ESG governance structures and policies. **Anticipated** Traceability expanding to Tier 1,2 & 3 suppliers Climate-related considerations are expected to be more formally embedded into corporate strategy, risk management, and supplier engagement processes.
	How the Company is Resourcing and Plan to Resource Activities	Strengthening sustainability targets and adopting advanced green manufacturing practices in response to evolving regulatory requirements across Sri Lanka and key global markets. Ensure robust tracking, reporting, and due diligence process across operations and the supply chain.
	Progress (qualitative and quantitative)	The Group complies with all applicable local and international laws and regulations, ensuring that required licenses and permits are maintained at all times.

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

SRRO 4	Inability to fulfil Compliance related obligations due to breach of laid down procedures	
Financial Effects	Current year financial effects to PL, BS and CF	No material impact on profit or loss, balance sheet or cash flows has been identified in the current reporting period.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	We have not identified Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer Note 8 Transitional Relief
Climate resilience	Resilience Assessment	Refer Note 9 Transitional Relief
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	Refer Note 9 Transitional Relief
Judgements and Uncertainties	Judgements	Refer Note 9 Significant Judgments, Uncertainties and Proportionality
	Uncertainties	Refer Note 9 Significant Judgments, Uncertainties and Proportionality

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

RISK MANAGEMENT

PROCESSES AND POLICIES RELATING TO CLIMATE-RELATED RISKS

Identification

i. Inputs and Parameters the Company Use

The Company identifies Sustainability related risks using a combination of internal operational data and external climate-related information. Key inputs include:

- Operational data such as water usage, energy consumption, supply chain dependencies, and logistics disruptions. Most of the data is collated through the SPA Tool.
- Historical experience of disruptions, including energy shortages and supply chain constraints
- External climate data, including weather patterns (floods, droughts, temperature increases) and regulatory developments
- Value chain insights, including supplier exposure (e.g., cotton sourcing risks and Scope 3 emissions)
- Stakeholder expectations, particularly from global buyers regarding sustainability and compliance

These inputs are assessed using ESG framework and incorporated into the Group risk register and SRRO identification process.

ii. Whether the Company Uses Climate-related Scenario Analysis

The Group has not yet commenced formal scenario analysis for climate-related risks and opportunities. In line with the transitional relief provisions of SLFRS S2, the Company intends to perform formal scenario analysis in the next reporting year.

Assessment

iii. How the Company Assess:

Nature

The Company assesses the nature of climate-related risks by classifying them as:

- Physical risks (e.g., Acute: floods & droughts, Chronic: extreme heat affecting operations and workforce)
- Transition risks (e.g., regulatory compliance, sustainable sourcing requirements, customer expectations)

This classification is aligned with the identified SRROs such as extreme weather events, rising temperatures, and regulatory compliance risks.

Likelihood

Likelihood is assessed based on:

- Historical trends in climate-related events
- Geographic exposure of manufacturing facilities and supply chains
- Scientific projections and industry outlooks
- Regulatory developments and market expectations

Risks such as extreme weather events are considered to have increasing likelihood due to evolving climate patterns.

The Group assesses the likelihood of risks using a structured five-level scale based on probability and expected frequency of occurrence within its ERM framework, combining quantitative thresholds with qualitative judgement informed by past trends and value chain exposure.

Magnitude/Exposure

Magnitude or exposure is evaluated using:

- Potential financial impact (CapEx, Opex, supply chain costs)
- Operational disruption (production downtime, logistics delays)
- Value chain exposure (raw material price volatility, supplier risks)
- Reputational and compliance implications

High-exposure risks include those affecting core manufacturing operations, water availability, and supply of key raw materials such as cotton.

Prioritisation

iv. whether and how the entity prioritises climate-related risks relative to other types of risk

Climate-related risks are prioritised through the Company's Enterprise Risk Management (ERM) framework, considering:

- Severity of financial and operational impact
- Likelihood of occurrence
- Strategic relevance to long-term sustainability and value creation
- Alignment with SRROs identified through the materiality process

Climate-related risks are evaluated alongside other enterprise risks but are given heightened importance due to their long-term and systemic nature and their linkage to sustainability strategy.

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

Monitoring

v. how the entity monitors climate-related risks

The Company monitors climate-related risks through:

- A structured, bottom-up approach to risk identification and management, where risks are first identified and assessed at the Factory Management level, then reported to the ESG Steering Committee. Key risks and changes to material topics are reported to the Audit Committee each quarter.
- Regular updates to the risk register and ESG dashboards
- Monitoring key performance indicators (KPIs) such as energy usage, water intensity, and emissions through the SPA Tool
- Ongoing tracking of supplier compliance and sustainability performance
- Internal audits and periodic reviews by Risk and Control Division, and ESG Steering Committee
- Use of digital systems (e.g., IoT-based monitoring of utilities) for real-time tracking

These processes ensure continuous oversight and early identification of emerging risks.

Changes in the Process

vi. whether and how the entity has changed the processes it uses compared with the previous reporting period

During the current reporting period, the Company has enhanced its processes by:

- Strengthening of governance through the delegation of sustainability-related oversight to the Board Audit Committee for review of performance of the KPIs, review of risks and review of audits and delegation of oversight of the ESG strategy and decision making to the Board.
- Expanded on the third year reporting SLFRS (IFRS S1 & S2) requirements into sustainability risk management – full disclosure.
- Strengthening ESG governance and Board-level oversight
- Introducing more structured supplier ESG assessment and onboarding procedures, extended supplier due-diligence.
- Increasing focus on forward-looking assessments, including scenario-based analysis

These changes reflect the Company's transition towards a more structured, proactive, and integrated climate risk management approach.

Processes and Policies Relating to Climate-related Opportunities

vii. The processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities.

The Company identifies and manages climate-related opportunities through processes aligned with its sustainability strategy and SRRO framework.

Key aspects include:

- Identification of opportunities such as energy efficiency improvements, renewable energy adoption, sustainable raw materials, and process optimisation
- Assessment of benefits in terms of cost savings, operational resilience, and enhanced market competitiveness
- Prioritisation based on financial viability, strategic alignment, and customer demand
- Monitoring through KPI tracking (e.g., energy efficiency, water reduction targets, sustainable sourcing levels)

Climate-related scenario analysis is used to evaluate how future climate conditions and regulatory environments may create opportunities, particularly in:

- Low-carbon production processes
- Sustainable product innovation
- Supply chain resilience and diversification

This enables the Company to align opportunities with long-term value creation and climate resilience objectives.

Integration to Overall ERM

The processes for identifying, assessing, prioritising, and monitoring climate-related risks and opportunities are fully integrated into the Company's Enterprise Risk Management (ERM) framework.

Key integration elements include:

- Inclusion of climate-related risks (SRROs) in the central risk register
- Alignment with ESG Management Framework and sustainability governance structures
- Oversight by the Board, Audit Committee, and ESG Steering Committee

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

- Integration with strategic planning, capital allocation, and operational decision-making
- Consideration of both risks and opportunities in long-term business strategy
- Climate-related factors directly inform:
- Investment decisions (e.g., renewable energy, water efficiency technologies)
- Supply chain strategies (e.g., diversification, sustainable sourcing)
- Operational resilience planning (e.g., location strategy, business continuity planning)

This integrated approach ensures climate-related considerations are embedded across risk management, strategy, and performance management processes, supporting sustainable value creation.

METRICS AND TARGETS

CROSS INDUSTRY METRICS

1. Greenhouse Gas Emissions (GHG)

Basis of Determination of Organizational Boundary and Operational Boundary

The Group prepares its greenhouse gas (GHG) inventory using the operational control approach, whereby emissions arising from facilities and operations over which the Group has operational control are included within the reporting boundary. The organisational boundary is aligned with the Group's consolidated financial reporting structure and encompasses all manufacturing operations under Teejay Lanka PLC, Teejay Lanka Prints (Private) Limited, and Teejay India Private Limited.

The operational boundary includes both direct and indirect greenhouse gas emissions generated from manufacturing and supporting activities across the Group's operations. Direct emissions (Scope 1) arise from stationary fuel combustion, mobile fuel combustion, and fugitive emissions associated with refrigerants and fire suppression systems. Indirect energy emissions (Scope 2) comprise purchased electricity and steam used in manufacturing processes. Other indirect emissions (Scope 3) include emissions associated with purchased goods and services, capital goods, fuel- and energy-related activities, transportation and distribution, waste management, business travel, employee commuting, processing of sold products, and end-of-life treatment of sold products.

The Group's greenhouse gas inventory includes all relevant greenhouse gases covered under the Kyoto Protocol and reports emissions in tonnes of carbon dioxide equivalent (tCO□e). The defined organisational and operational boundaries are reviewed annually to ensure completeness, consistency, and alignment with applicable reporting requirements and business operations.

Methodology used for the measurement and disclosure of GHG Emissions

The Group quantifies and reports greenhouse gas (GHG) emissions in accordance with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Emissions are calculated and disclosed in line with the requirements of ISO 14064-1:2018, while independent third-party verification is conducted in accordance with ISO 14064-3:2019.

Greenhouse gas emissions are measured using activity-based data collected from operational records, utility consumption, fuel usage, procurement systems, logistics data, waste management records, and other relevant business activities across the Group. Emission calculations incorporate internationally recognised emission factors and databases, including the Intergovernmental Panel on Climate Change (IPCC), DEFRA Greenhouse Gas Conversion Factors, country-specific electricity grid emission factors, Ecoinvent databases, Higg Materials Sustainability Index (MSI), and other relevant sector-specific sources, where applicable.

The Group reports emissions in tonnes of carbon dioxide equivalent (tCO_2e), covering all relevant greenhouse gases, including carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6), and nitrogen trifluoride (NF_3). Global Warming Potentials (GWPs) applied in the calculations are based on the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6).

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

The Group applies a combination of activity-based, supplier-specific, and spend-based calculation methodologies, depending on data availability and the nature of the emission source. Established internal data management, review, and verification processes are maintained to support the accuracy, completeness, consistency, and transparency of reported greenhouse gas information.

The Group's greenhouse gas inventory forms the basis for monitoring progress against its Science Based Targets initiative (SBTi) commitments and broader climate transition objectives, supporting the integration of climate-related performance into strategic decision-making and long-term business planning.

Summary of GHG Emissions

Scope 1,2,3 emissions are Verified in Accordance with ISO 14064-3:2019

Scope	2025/26 ($mtCO_2e$)
Scope 1	68,395.30
Scope 2	28,481.72
Scope 3	581,665.48
Total	678,542.50

GHG Scope 1 and Scope 2 Emissions

	Greenhouse gas emissions (metric tonnes CO_2e) 2024/25		
	Scope 1	Scope 2	Total
Consolidated accounting group	70,281.58	37,814.30	108,095.88
Other investee (investment in associate, joint ventures)	–	–	–
Total (Operational control approach)	70,281.58	37,814.30	108,095.88

Key Assumptions and Sources of GHG Measurement

Scope	Emission Sub-category	Activity	Data Source	Emission Factor	Source of GWP Values
Scope 1	C1: Stationary combustion	Furnace oil coal, diesel, LPG, Biomass, PNG use for stationary thermal use	Fuel logs, Meter readings, Invoices, SAP issuances	DEFRA 2025 fuel emission factors	IPCC (AR6 2021)
Scope 1	C2: Mobile combustion	Combustion of Diesel for forklifts and other internal vehicles and machinery	Fuel logs, SAP issuances		IPCC (AR6 2021)
Scope 1	C3: Fugitive Emissions	Leakage of refrigerants from air conditioning - R22, R32, R134a, R410A, R404A, R407A, CO_2 Fire Extinguishers	Maintenance records, refrigerant top-up logs, equipment inventory	DEFRA 2025 refrigerant and other emission factors	IPCC (AR6 2021)
Scope 2	Electricity Consumption – Lanka Entities	Grid Electricity Consumption	Electricity Bills	Weighted Average Grid Emission Factor	Not Applicable
Scope 2	Electricity Consumption – Teejay India	Grid Electricity Consumption	Electricity Bills	Weighted Average Grid Emission Factor (Considering Renewable Energy Generation) of Indian Grid	Not Applicable
Scope 2	Stationary combustion	Purchased Steam for stationary heat use	Meter readings	DEFRA 2025 heat and steam emission factors	IPCC (AR6 2021)

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

GHG Scope 3 Emissions

The categories included within the entity's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)

Scope 3	2025/26 ($mtCO_2e$)
Category 1– Purchased goods and services	518,484.43
Category 2 – Capital goods	908.56
Category 3 – Fuel – and energy-related activities	18,235.30
Category 4 – Upstream transportation and distribution	2,222.52
Category 5 – Waste generated in operations	2,680.17
Category 6 – Business travel	174.01
Category 7 – Employee commuting	2,137.38
Category 9 – Downstream transportation and distribution	3,915.24
Category 10 – Processing of sold products	26,966.24
Category 12 – End-of-life treatment of sold products	5,941.63

2. Climate-related Physical Risks

At present, the Company has not yet assessed the amount or percentage of assets or business activities that are vulnerable to climate and sustainability-related physical risks. This evaluation will be incorporated into future climate and sustainability planning and reporting enhancements.

3. Climate-related Transition Risks

At present, the Company has not yet assessed the amount or percentage of assets or business activities that are vulnerable to climate and sustainability-related transition risks. This evaluation will be incorporated into future climate and sustainability planning and reporting enhancements.

4. Climate-related Opportunities

At present, the Company has not yet assessed the amount or percentage of assets or business activities that are vulnerable to climate and sustainability-related opportunity. This evaluation will be incorporated into future climate and sustainability planning and reporting enhancements.

5. Capital Expenditure

During the reporting period no material capital expenditure, financing or investment deployed towards climate-related risks and opportunities.

6. Internal Carbon Pricing

The Company currently does not apply a formal internal carbon pricing mechanism.

7. Remuneration

Climate-related considerations are progressively integrated into the Company's governance and performance management frameworks.

Executive management remuneration is not explicitly linked to CRROs as of FY 2025/26.

Industry Specific Metrics

Sustainability Accounting Standards Board (SASB): Disclosure topics in the Apparel, Accessories and Footwear

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

Table 1: Sustainability Disclosure Topics & Metrics

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Management of Chemicals in Product	Discussion of processes to maintain compliance with restricted substances regulations	Discussion & Analysis	N/A	CG-AA-250 a.1	Teejay maintains a robust chemical management framework aligned with ZDHC MRSL Version 3.1, bluesign® System Partnership requirements, AFIRM RSL, OEKO-TEX® standards, and customer-specific restricted substance requirements. During FY 2025/26, Teejay Lanka and Teejay India achieved 99% ZDHC MRSL conformance, while Teejay Prints achieved 98%. All facilities retained ZDHC Supplier to Zero – Progressive Level status, while Teejay Lanka maintained bluesign® System Partner status. Refer Chemical Management Section Page 159
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in product	Discussion & Analysis	N/A	CG-AA-250 a.2	Chemical risks are managed through supplier assessments, chemical approval systems, ZDHC Verified InCheck assessments, wastewater monitoring, laboratory verification, and hazardous chemical substitution programmes. All facilities maintained ZDHC Verified InCheck status during the reporting year. Refer Chemical Management Section. Page 159
Environmental Impacts in the Supply Chain	Percentage of Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreements	Quantitative	Percentage (%)	CG-AA-430 a.1	In FY 2025/26, 100% reported compliance to the ZDHC and other wastewater requirements.
	Percentage of Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	Quantitative	Percentage (%)	CG-AA-430 a.2	Environmental performance is monitored through Higg FEM assessments and environmental management systems across manufacturing facilities. During FY 2025/26, Teejay Lanka and Teejay India achieved Higg FEM scores of 99%, while Teejay Prints achieved a score of 94%.

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Labour Conditions in the Supply Chain	Percentage of Tier 1 suppliers and (2) supplier facilities beyond Tier 1 that have been audited to a labour code of conduct	Quantitative	Percentage (%)	CG-AA-430 b.1	Supplier compliance is monitored through customer audits, supplier evaluations and third-party social compliance assessments: SMETA 4 pillar, SLCP. In FY 25/26, SLCP third party verification score Teejay Lanka: 98%, Teejay Prints: 97%, Teejay India: 88%
	2. Percentage of total audits conducted by a third-party auditor Priority non-conformance rate and associated corrective action rate for suppliers' labour code of conduct audits	Quantitative	Rate (%)	CG-AA-430 b.2	No major non-compliances recorded
	Description of the greatest (1) labour and (2) environmental, health, and safety risks in the supply chain	Discussion and Analysis	N/A	CG-AA-430 b.3	No significant labour-related risks have been identified. Compliance with labour, environmental, and occupational health and safety standards is continuously monitored through regular audits.
Raw Materials Sourcing	1. List of priority raw materials; for each priority raw material: 2. Environmental and/or social factor(s) most likely to threaten sourcing, 3. Discussion on business risks and/or opportunities associated with environmental and/or social factors, and 4. Management strategy for addressing business risks and opportunities	Discussion and Analysis	N/A	CG-AA-440a.3	Teejay manages environmental and social risks related to cotton, polyester, recycled materials, dyes, and chemicals through responsible sourcing, supplier engagement, traceability initiatives, and certification programmes including GOTS, OCS, GRS, Better Cotton, Regenagri, and the U.S. Cotton Trust Protocol.

SLFRS SUSTAINABILITY – RELATED FINANCIAL DISCLOSURES

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
	1. Amount of priority raw materials purchased, by material, and 2. Amount of each priority raw material that is certified to a third-party environmental and/or social standard, by standard	Quantitative	Percentage (%) by weight	CG-AA-440 a.4	Teejay promotes certified materials through programmes such as GOTS, OCS, GRS, Better Cotton, Regenagri, and the U.S. Cotton Trust Protocol. Recycled material usage increased from 5% in FY 2024/25 to 10% in FY 2025/26, supporting the Company's circularity and sustainable materials strategy.

Table 2: Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Number of Tier 1 suppliers	Quantitative	Number	CG-AA-000. A	Tier 1 suppliers – 50 Suppliers beyond Tier 1 – 2845 In FY 25/26, newly onboarded Suppliers beyond Tier 1 – 213 Refer Supply Chain Management Section for details on Teejay's Tier 1 supplier network and supplier engagement programmes.
Number of owned and operated facilities	Quantitative	Number	CG-AA-000.B	Teejay operates three manufacturing facilities: Teejay Lanka PLC, Teejay Lanka Prints (Pvt) Ltd, and Teejay India Pvt Ltd.

Note: Sustainability related target

The Company will set its climate-related targets and make related disclosures from financial year 2026 onwards.



OPERATIONAL REVIEW

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SUSTAINABLE MANUFACTURING

SUPPLY CHAIN

GRI 2-6

Teejay, as a multinational manufacturer of weft-knitted fabric, maintains a diversified supplier network, selecting partners who share our commitment to delivering sustainable, high-quality solutions to our global clientele. To cultivate mutually beneficial partnerships, we engage strategic vendors in knowledge sharing, Environmental, Social, and Governance (ESG) best practices, and the co-creation of innovative materials. We place a paramount emphasis on end-to-end transparency, mapping our upstream base through a multi-platform traceability framework. This approach ensures rigorous alignment with brand requirements and continuous environmental and social compliance across the entire value chain.

The following section of the report discusses the Group's approach to Supply Chain Management, with a primary focus on the cultivation and strengthening of our Social and Relationship Capital. It details how we build resilient, mutually beneficial partnerships with our diverse global network of suppliers, vendors, and value chain partners.

The chapter also examines the intersection of our supply chain strategies with preservation and stewardship of Natural Capital, through our commitment to responsible sourcing, traceability, and environmental compliance. Discussions also follow the impact on Intellectual Capital, reflecting how our collaborative efforts with vendors support the co-creation of innovative, next-generation materials.



SUSTAINABLE MANUFACTURING

SUPPLY CHAIN LANDSCAPE IN 2025/26

Systemic shifts in a globalised supply chain, their impact on business, and our response – through proactive mitigation of risks and forward-looking strategies to leverage opportunities.

As the Russia-Ukraine conflict continued to exert indirect but significant pressure on global energy markets and petrochemical feedstocks, the resulting instability kept the prices of synthetic yarns, dyes, and chemicals elevated throughout the year, with notable cost spikes of up to 12% occurring as mid-2025 approached. These inflationary pressures were compounded by a broader global economic slowdown, persistent inflation, and tariff uncertainties led to a sharp contraction in consumer confidence. This was most evident in the United States, where apparel import demand experienced a dramatic downturn in late 2025—with value and volume dropping by as much as 21.1%—leading to softer order books and fluctuating purchase volumes from Tier-1 brands.

The regional landscape was further destabilised by critical maritime crises that fundamentally altered traditional logistics routes. The escalation of conflict in the Red Sea forced major shipping lines to bypass the Suez Canal in favour of the much longer route around the Cape of Good Hope. This shift resulted in extended transit times and significantly higher freight costs, creating persistent delays in order fulfilment for the European and US markets. The regional situation shifted even more dramatically towards the end of the financial year following the eruption of military conflict involving the US and Iran on 28 February 2026. The subsequent closure of the Strait of Hormuz—a vital artery for 20% of global oil and Liquefied Natural Gas (LNG) shipments—triggered a maritime transit collapse. Brent crude prices surged towards USD 119 per barrel in early March 2026, causing an immediate spike in war-risk insurance premiums, bunker fuel surcharges, and logistics congestion across Asian and Middle Eastern trade lanes.

For Teejay, these converging global and regional crises translated into significant operational and financial pressures across both the Sri Lankan and Indian facilities. The surge in energy and petrochemical costs directly escalated input prices for polyester-based yarns and dyeing processes by an estimated 25% to 30% within weeks of the Hormuz crisis. The Group faced intensified margin pressure due to the combined weight of raw material inflation and record-high ocean freight rates for imported cotton and chemicals. These risks are identified as Enterprise Risks and also covered in the Enterprise Risk Management section of this report.

Despite these challenges, the Teejay procurement and logistics teams remained resilient by implementing proactive mitigation strategies. To safeguard production plans and maintain customer delivery schedules, the Company diversified sourcing bases, utilised forward procurement contracts to hedge against price volatility, and executed route optimisations to navigate shipping delays.



SUSTAINABLE MANUFACTURING

SOCIAL AND RELATIONSHIP CAPITAL

Our diversified network of strategic suppliers, agile supply chain strategy, and collective drive for innovation and ESG progress form an anchored base of relational equity.

Teejay's Social and Relationship Capital is driven by a supply chain strategy that favours diversification, while ensuring unification through a shared commitment to sustainable innovation. Through the co-creation of next-generation materials and a rigorous, multi-platform traceability framework, we ensure that every meter of fabric reflects end-to-end transparency and uncompromising environmental and social compliance.



Targeted intellectual capital inflows, through digitalisation of supplier management, were coupled with significant financial capital injection into the supply base as procurement spending bolstered Teejay's Social and Relationship Capital. The collaborative supplier engagement model also generated inflows of speed and innovation, resulting in reduced lead times for both product development and bulk production.

Gains from intellectual capital, in the form of compliance and reputation, were also achieved through maintenance of stringent supplier screening, increase in on-site supplier audits, access of reliable traceability data, and formalising protocols to assess against regulatory requirements, such as the Uyghur Forced Labor Prevention Act (UFLPA) and Restricted Substance Lists (RSLs), controlling chemical inputs.

The value of accumulated Social and Relationship Capital was tested by compounding global crises in 2025/26. However, deep ties with strategic Tier 1 suppliers, and a more refined base of suppliers beyond Tier 1, allowed the Group to successfully absorb macroeconomic and geopolitical shocks, while maintaining business with key customers and achieving target delivery schedules.

During the 2025/26 financial year, Teejay deepened collaboration with key business partners across the textile and apparel value chain to drive innovation and supply chain resilience. A primary focus was the co-creation of innovative materials and processes, where we worked closely with suppliers to engineer superior raw material solutions that align with our Abhivarah 2030 sustainability roadmap. To navigate a volatile global market, we leveraged proactive market analysis to secure advanced order bookings, ensuring material availability and price stability for our customers.

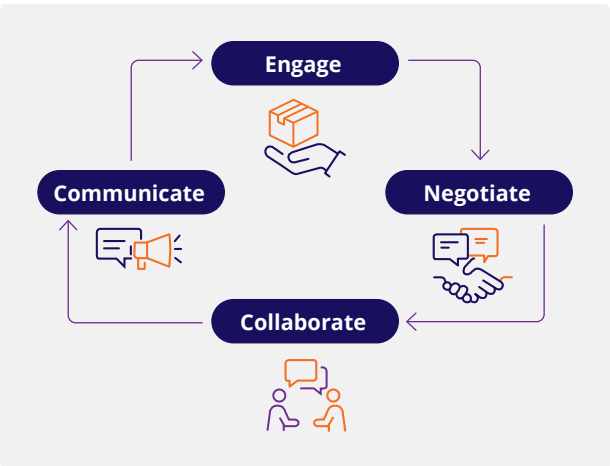
Beyond product development, we undertook significant operational initiatives to enhance agility and speed to market. By streamlining workflows and improving coordination with vendors, we successfully reduced lead times for both product development and bulk production, providing critical support to our brand partners. Furthermore, we fortified our commitment to ethical manufacturing by strengthening compliance and traceability protocols. This ensured that our supply partners remained strictly aligned with evolving brand-specific requirements and international standards, ultimately fostering a transparent, high-performance ecosystem capable of delivering long-term value.

SUSTAINABLE MANUFACTURING

STRENGTHENING SUPPLIER RELATIONS

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

Teejay manages a multi-tiered supplier framework. Our Tier 1 base—representing the majority of our network—supplies and processes critical raw materials, including yarn, greige, dyes, and chemicals. These inputs account for a substantial portion of our raw material consumption, as detailed in the Environment section on pages 142. Our management strategy is designed to ensure long-term business continuity and sourcing optimisation, while driving collaborative innovation. We provide vendors with a compelling value proposition through vertical integration opportunities, technical expertise, and direct access to global brand partners.



In 2025/26, we formalised several engagement channels to strengthen supplier relations, including regular touch-base meetings, monthly site visits, and quarterly performance reviews. To drive collaborative efficiency, we successfully implemented an online vendor onboarding system, supported by a newly developed Standard Operating Procedure (SOP). This digital transformation streamlines the onboarding process, reduces administrative burden, and ensures all new partners adhere to our rigorous sustainability standards from the outset. We also significantly enhanced our Supplier Capability Matrix—a comprehensive digital tool that captures detailed vendor profiles across technical capabilities, sustainability performance, compliance, and financial stability—to better inform strategic decision-making and targeted development.

A key highlight of the year was our Vendor Summit, aimed at welcoming our partners as active co-creators in building a resilient supply chain through our long-term vision, the Abhivarah 2030 sustainability roadmap, and our ethical and quality standards. Following the summit, we conducted targeted capacity-building sessions focused on ESG best practices and circular economy principles. These trainings ensured alignment with critical international benchmarks, including GRS, BCI, Oeko-Tex, and ZDHC.

Additionally, we continued to refine our network, which currently comprises 50 Tier 1 suppliers and 322 newly onboarded suppliers. We maintained our stringent commitment to responsible sourcing, with 100% of all new suppliers screened against both environmental and social criteria.

By strengthening our supply chain through strategic alternative sourcing, route optimisation, and advanced order bookings, we have achieved greater agility and reliability in an increasingly volatile global environment.

GREEN - Major Purchasing Countries >94%

India	Sri Lanka
Vietnam	China
Singapore	Taiwan

LIGHT BLUE - Secondary Purchasing Countries >6%

Japan	Hong Kong	South Korea
Italy	United Kingdom	Germany
Bangladesh	Switzerland	Utd. Arab Emir.
Georgia	Pakistan	Netherlands
Turkey	Austria	USA
Indonesia	Thailand	Israel

SUSTAINABLE MANUFACTURING

	2025/26	2024/25
Total registered significant Tier 1 suppliers	50	50
Number of significant Tier 1 suppliers newly onboarded	Nil	Nil
Total registered significant suppliers beyond Tier 1	2,845	2,682
Number of significant suppliers beyond Tier 1, newly onboarded	213	Nil
Percentage of new suppliers screened using environmental criteria	100%	100%
Percentage of new suppliers screened using social criteria	100%	100%
Number of supplier on-site audits carried out	10	5

Teejay Group	2025/26
Total procurement spending (LKR Bn.)	48.3
Amount spent on local suppliers (LKR Bn.)	23.4
Spending on local suppliers (%)	48.52



SUSTAINABLE MANUFACTURING

SUPPLY CHAIN TRACEABILITY AND TRANSPARENCY

GRI 308-1, 408-1, 409-1

IFRS S2/SASB CG-AA-440A,CG-AA-000.AA

Our commitment to sustainable innovation is demonstrated through our rigorous adherence to international certifications and accreditations across our raw material sourcing.

We are proud to be Sri Lanka's first textile mill to acquire the Physically Traceable Better Cotton certification, setting a new benchmark for material integrity in the region.

Global Recycled Standard (GRS)

Global Organic Textile Standard (GOTS)

Oeko-Tex Standard 100 (Oeko-Tex)

Organic Content Standard (OCS)

Zero Discharge of Hazardous Chemicals (ZDHC)

Bluesign

US Cotton Trust Protocol (USCTP)

Re-Gen-Agri

Better Cotton Initiative (BCI)

Textile Genesis (Textile Genesis)

Higg Index (Higg)

Teejay has implemented a comprehensive, multi-platform framework designed to ensure end-to-end transparency and satisfy the increasingly diverse, brand-specific traceability requirements across the global supply chain. Central to this strategy is the integration of advanced digital platforms tailored to individual brand expectations.

- **TextileGenesis:** Supporting digital traceability and verified data flows for PVH.
- **Common Share:** Facilitating seamless transparency for Victoria's Secret.
- **Retraced:** Enabling sustainability-aligned data reporting for Intimissimi and SKIMS.
- **TrustTrace & Brand Playbooks:** Managing rigorous traceability requirements for Nike.
- **Better Cotton Platform:** Integrating upstream traceability for Marks & Spencer, including the onboarding of supplier bases to support physically traceable transactions.
- **HAP (USA Board Protection):** Ensuring stringent compliance with A&F and American Eagle standards.
- **Merchant-Driven Disclosure:** Fulfilling specific traceability and disclosure requirements for Hugo Boss and Lacoste.

To manage these continuous data-reporting mandates with greater operational efficiency, the Group has deployed Robotic Process Automation (RPA) solutions to streamline data uploads and ensure real-time accuracy.

This digital capability is reinforced by a structured methodology for mapping our upstream supplier base. During 2025/26, we developed targeted traceability requirements for Tier 3 and Tier 4 suppliers, complemented by awareness sessions to enhance the quality of upstream data. To ensure the integrity of this data, we have established a dedicated monitoring team that tracks traceability on a daily basis, allowing for consistent follow-ups and the prompt resolution of any discrepancies. Furthermore, we maintain active engagement through regular supplier meetings, specifically focused on achieving 100% completion of all traceability reports.

To support the timely processing of documentation and material visibility, we have refined our logistics expectations, aiming for all shipments to arrive within a one-month window. These efforts ensure rigorous oversight of our materials, reinforced by close collaboration with our Quality Team to facilitate the SUPIMA Oritain testing process.

Compliance remains a cornerstone of our traceability framework. During the vendor onboarding process, all suppliers are cross-referenced against the UFLPA Restricted List, a protocol that is reviewed and updated monthly to reflect the latest regulatory shifts. We have further aligned our upstream base to meet HAP (USA Board Protection) standards and actively evaluate brand-specific country restrictions.

SUSTAINABLE MANUFACTURING

SUPPLIER ASSESSMENT AND DUE DILIGENCE

GRI 408-1, 409-1, 414-1, 414-2

Teejay utilises a sophisticated evaluation model to ensure all suppliers align with our sustainability and performance benchmarks. By analysing raw material life cycles alongside financial and technical stability, we proactively mitigate risk to build a secure and future-ready value chain.

A key aspect of this process is the Supplier Capability Matrix that captures comprehensive vendor profiles, including technical capacity, ESG performance, innovation potential, and financial health. This matrix serves as a strategic engine for supplier selection and targeted development, enabling the Group to broaden its supply chain and navigate global market fluctuations with agility.

Our onboarding process was upgraded during the year with the introduction of a digital vendor onboarding system, supported by a newly developed Standard Operating Procedure (SOP). This digital transition has streamlined the entry of new partners by reducing administrative burden and ensuring 100% of new suppliers are screened against environmental and social criteria from the outset. Furthermore, in 2025/26, we formalised a monthly protocol to cross-check the UFLPA Restricted List and evaluated brand-specific country restrictions to ensure absolute compliance with international trade and ethical requirements.

Following the identification of prospective partners, we conduct rigorous on-site audits and site visits; partnerships are only pursued if the vendor demonstrates the capacity to meet Teejay's standards. We define "significant suppliers" through a multi-dimensional ranking system that evaluates delivery performance, product quality, traceability, and strategic fit, alongside operational metrics such as lead time, technical support, and communication transparency.

The Supplier Code of Conduct (SCC) remains a fundamental pillar of our due diligence. All suppliers must endorse the SCC, which mandates ethical business practices, prohibits child and forced labour, protects freedom of association, and dictates strict environmental stewardship. To verify continued adherence, we doubled our active assessment efforts this year, conducting 10 comprehensive on-site audits alongside regular self-assessments.

Teejay remains a proactive advocate for the Higg Facility Environmental Module (FEM), viewing it as a critical benchmark for environmental excellence. We collaborate closely with our partners to support its implementation and to drive collective climate action, specifically focusing on phasing out non-renewable energy sources in favour of the energy transition. Additionally, our engagement extends to responsible chemical management in alignment with ZDHC guidance and the promotion of Bluesign certification to eliminate hazardous substances from the value chain.

SASB CG-AA-000.A

	OEKO-TEX Standards (Standard 100, Made in Green, etc.	Global Organic Textile Standard (GOTS)/ Organic Content Standard (OCS)	Global Recycling Standard (GRS)	Better Cotton Initiative (BCI)	Bluesign
Percentage of significant Tier 1 suppliers certified (%)	100	100	100	100	–
Number of significant suppliers beyond Tier 1, certified (%)	100	71.4	100	85.7	–
Percentage of raw material certified (%)	–	–	–	–	81

SUSTAINABLE MANUFACTURING

RISKS AND OPPORTUNITIES RELATED TO PRIORITY RAW MATERIALS

SASB CG-AA-440a./a.3

Priority raw material	Environmental or social factors most likely to threaten sourcing	Discussion of business risks or opportunities	Management strategy for addressing risks and opportunities
Yarn Greige PFP	• Extreme weather events impacting cotton crops. • Sustainability demands from customers. • Restrictions on sources (e.g., child labour, forced labour).	• Risk: Price volatility due to crop size variations. • Risk/Opportunity: Customer orders dependant on ability to meet specific sustainability requirements. • Risk: Order cancellations due to association with restricted sources.	• Mitigate price fluctuations through fibre booking and forecast-based ordering. • Diversify suppliers to reduce reliance on single sources and mitigate supply chain disruptions. • Ensure compliance with environmental and social certifications to improve market access and enhance brand reputation.
Dyes Chemicals Auxiliaries	• Strict compliance requirements. • Sourcing of restricted materials. • Resource scarcity. • Health and safety of employees handling hazardous materials.	• Risk: Increased costs and complexities due to stringent compliance requirements in supply chains. • Risk: Resource scarcity (e.g., due to over-extraction, geopolitical issues, depletion). • Risk: Failure to adhere to health and safety regulations.	• Invest in technology to develop environmentally friendly products. • Increase resource efficiency (e.g., use of Direct Chemical Application [DCA] products requiring less consumption). • Explore circular economy principles (e.g., develop processes for recycling and reusing). • Implement continuous checks and audits to ensure the safe handling of dyes, chemicals, and auxiliaries. • Maintain robust chemical management processes to avoid hazardous materials with harmful impacts.

THE FUTURE IN FOCUS

Looking ahead, Teejay's strategic roadmap for supply chain advancement is focused on several key areas:

Advanced Digital Integration

To drive operational excellence, the Group is developing a dedicated Supplier Portal, designed to serve as a seamless interface between external partners and internal procurement teams. This will be further enhanced by the rollout of a specialised Supplier Relationship Management (SRM) tool, aimed at automating collaborative workflows and improving real-time data exchange.

Strategic Relationship Development

Teejay is transitioning towards a "narrow and deep" engagement model. By focusing on closer, high-value collaboration with a concentrated group of key strategic suppliers, we aim to build more resilient partnerships. This approach includes a continuous knowledge-sharing programme, ensuring that innovation and efficiency gains are co-created across the value chain.

ESG and Ethical Governance

Strengthening the ESG pillar within our supply chain remains a critical priority. We are committed to aligning our procurement activities with the Group's broader sustainability goals through rigorous supplier assessments. These evaluations will ensure that every partner adheres to our stringent compliance mandates, fostering an ethical and responsible sourcing ecosystem.

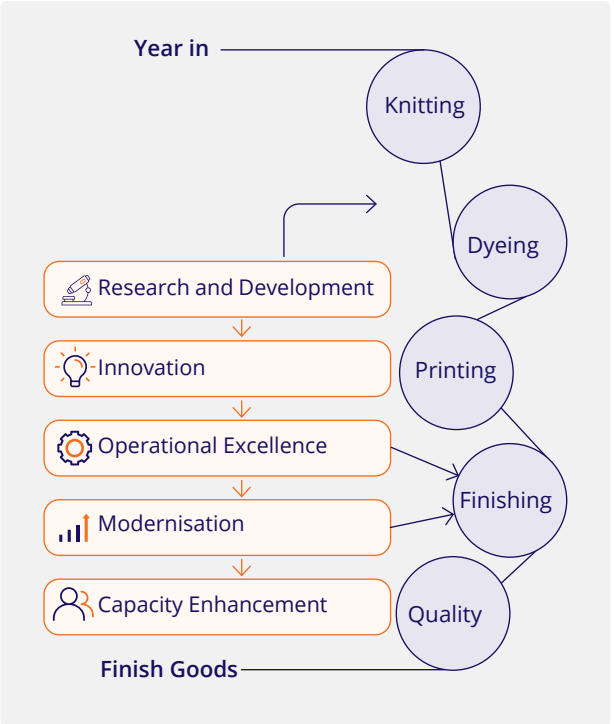
Upstream Traceability

Building on our existing transparency initiatives, we are establishing a structured methodology to comprehensively map our upstream supplier base. This project will extend our visibility beyond Tier 1, ensuring a deeper understanding of material provenance and reinforcing our commitment to total supply chain integrity.

MANUFACTURING EXCELLENCE

Manufacturing excellence is the cornerstone of Teejay's long-term strategy, driven by operational agility, technological integration, and sustainable innovation. By systematically embedding Lean principles through the Teejay Operating System (TOS), we continuously optimise workflows and enhance production throughput across our multinational footprint. Supported by Industry 4.0 capabilities and strategic infrastructure investments, this flexible manufacturing model ensures the consistent delivery of high-value, sustainable textile solutions to our global clientele.





MANUFACTURING LANDSCAPE IN 2025/26

The shifting regulatory environment, driven primarily by uncertainty surrounding taxation and trade policies in the United States, disrupted manufacturing visibility and planning; serving as a catalyst for Teejay to actively explore alternative regional markets and diversified customer segments.

These macroeconomic shifts directly impacted Teejay's day-to-day manufacturing operations. Cautious purchasing behaviours from global brands led to short-term revisions to order volumes, delayed confirmations of forward bookings, and highly unpredictable demand patterns. This volatility resulted in uneven production loading and capacity imbalances across our facilities. Consequently, we experienced disruptive operational cycles, marked by periods of both machine underutilisation and overloading.

In tandem with demand volatility, escalating utility input costs, specifically concerning water and energy consumption, continued to place considerable pressure on our operational margins. These external were further compounded by internal challenges, notably elevated reprocess and rework rates, which temporarily reduced our effective capacity and challenged delivery timelines. In response to these cumulative pressures, the Group redoubled its focus on stringent cost-optimisation measures and process-improvement initiatives, driving a renewed commitment to "right-first-time" manufacturing to reclaim capacity and protect our margins.

SUSTAINABLE MANUFACTURING

MANUFACTURED CAPITAL UPDATE

Our high-tech, internationally accredited, manufacturing facilities across multiple countries; comprising advanced machinery, digital systems, and physical infrastructure that form our production foundation.

Our manufactured capital encompasses the manufacturing infrastructure, systems, and processes; which enable us to transform raw materials into high-quality, sustainable, fabric products and solutions.

Continuous investment in these physical assets and systems drives operational excellence and empowers our workforce, generating exceptional customer value and ensuring the long-term resilience and competitiveness of the business.

During the 2025/26 financial year, Teejay Lanka PLC strategically directed financial capital into expanding, modernising, and digitising its manufactured capital. This strategy was designed to enhance operational resilience and elevate the company's manufacturing platform amid a volatile global operating environment.

Financial capital infusions during the year led to significant accumulation of manufactured capital, with expansion of the Group's global manufacturing footprint through new ventures in Egypt and Indonesia. Strategic investments in advanced knitting, dyeing, and finishing machinery, particularly in jacquard, fleece, and specialised fabric segments, expanded and improved overall production capabilities.

Additionally, ongoing gains from intellectual capital, in the form of digitalisation and digital integration, continued to amplify the overall value of our manufactured capital. Full integration of knitting machines with real-time monitoring, IoT enablement, and automation; would lead to long-term gains.

However, the uncertain operating environment – characterised by fluctuations in order-volume, dampened any immediate gains from manufacturing investments. Consequently, Teejay took carefully calculated efforts to maximise output from existing infrastructure while selectively expanding value-added capabilities. Trading financial capital to ensure future growth potential. These capital accretions have strategically positioned Teejay's manufacturing base for long-term competitiveness.

Cross-functional Synergy

To fully realise our manufacturing excellence objectives, Teejay remains committed to decarbonising our operations, embracing the global energy transition, and pioneering industry-leading raw material innovations. Detailed insights into our decarbonisation strategies and environmental performance can be found in the Environmental Stewardship Impact section on page 142, while our latest advancements in product development are highlighted in the Innovation in Fabrics section on page 166. Furthermore, our continuous efforts to align our manufacturing capabilities and production processes with the evolving demands of global consumers and brand partners are discussed in detail in the Customer section on page 169.

Lean Manufacturing

As detailed in the discussion of our innovation ecosystem (page 111), Teejay embraces Lean Manufacturing principles to cultivate optimal operational efficiency and maximise value across our manufacturing network. This integration is steered by the Teejay Operating System (TOS) and Quality Management System (QMS), which provide a unified framework for executing advanced lean techniques:

Strategic Methodologies: Active deployment of just-in-time (JIT) inventory controls, value stream mapping, 5S workspace organisation, and localised Kaizen practices.

Workflow Optimisation: Eliminating shop-floor waste and minimising operational bottlenecks to systematically accelerate production throughput.

Systemic Value Delivery: Enhancing capital productivity and material quality to lower costs and elevate global customer satisfaction.

SUSTAINABLE MANUFACTURING

Operational Efficiency

As detailed in the discussion of our innovation ecosystem (page 166); the continuous improvement of systems and processes, and an ongoing drive to modernise our manufacturing operations are strategic imperatives for enhancing operational efficiency at Teejay.

- **Enhanced Shop-floor Automation:** Internet of Things (IoT) devices have been installed across all knitting plant machines and utility points. This enables real-time data capture and performance tracking, allowing our engineering and production departments to optimise processes, minimise downtime, reduce costs, and improve overall efficiency.
- **Data-Driven Insights:** Microsoft Power BI and SAP Fiori are utilised to convert raw data into actionable insights.
- **Advanced Quality Control and Waste Management:** Automated quality control systems, coupled with Artificial Intelligence (AI)-powered waste management solutions, enable early defect detection to reduce material waste and improve recycling efficiency.
- **Automation of Routine Tasks:** Utilisation of Robotic Process Automation (RPA) and Microsoft Power Automate provide greater control over our operations and production processes.

Smart Knitting Ecosystem

As a cornerstone of our commitment to digital innovation, the complete integration of our knitting fleet into a unified, smart network (engineered in partnership with Xdoto), continues to transform traditional manufacturing into a highly intelligent, Industry 4.0 operation. Operating entirely on wireless data transmission, each machine feeds continuous, real-time metrics directly into our engineering and production loops. This provides ongoing visibility into critical parameters such as machine utilisation, yarn and elastane breakages, stoppage root causes, and multi-variable quality indicators. Backed by advanced digital dashboards, automated reporting architectures, and continuous device history tracking, our operational teams are empowered to monitor performance live and execute immediate, data-driven interventions.

The long-term impact of this digital backbone remains an engine for our business capabilities. Live tracking of technical yarn breakages continues to safeguard fabric quality and insulate the shop floor from costly production disruptions. Furthermore, deep integration with our enterprise-level ERP platforms automatically logs Overall Equipment Effectiveness (OEE) and key performance metrics, reinforcing daily operational accountability. This comprehensive technological foundation significantly strengthens our manufacturing agility while driving our long-term vision of a responsive, future-ready textile platform.

Overview of Our Facilities

In addition to new manufacturing investments made in 2025/26, detailed below, capital investments from previous years serve as active, mature operational drivers yielding continuous value for the business.

Fabric Quality and Efficiency

- Surface Quality: Specialised sanding infrastructure continues to elevate fabric surface parameters across our core lines, structurally minimising material defects and ensuring the high-end tactile finish demanded by tier-1 brands.
- Precision Finishing: Ongoing utilisation of our high-efficiency shearing lines continues to streamline the finishing stage. This maintains rigorous structural precision and enhances the overall quality of knitted fabrics while consistently reducing reprocessing rates and operational delays.
- Superior Finishing: Deployment of automated calendaring equipment reliably delivers superior fabric gloss and surface smoothness. This directly uplifts the aesthetic value of our premium categories and promotes optimal resource utilisation per manufacturing run.
- High Quality Raw Material Input Processing: Operationalised fibre washing systems consistently remove micro-impurities at the baseline sourcing stage. This stabilises downstream dye uniformity, improves final fabric quality, and successfully lowers manufacturing waste margins group-wide.
- Sustainable Shrinkage Control: Our stream-based tumble-drying infrastructure delivers highly stable, precise fabric shrinkage control across volatile blends. Operating entirely without additional freshwater intake, this system actively supports our Abhivarah 2030 target to decouple production growth from resource intensity.

SUSTAINABLE MANUFACTURING

Scaled Fleece Production

- Fleece Knitting Capacity: Our dedicated fleece knitting machines continue to anchor our output capacity for core global accounts like Nike and VS&CO. This infrastructure safely sustains a scaled manufacturing footprint and a stable yield benchmark.
- Brushing Capacity: Advanced brushing installations continue to drive high output volumes, securing an active production baseline. Supported by specialised fleece cylinders and precision attachments, this system guarantees absolute design consistency across high-volume orders.

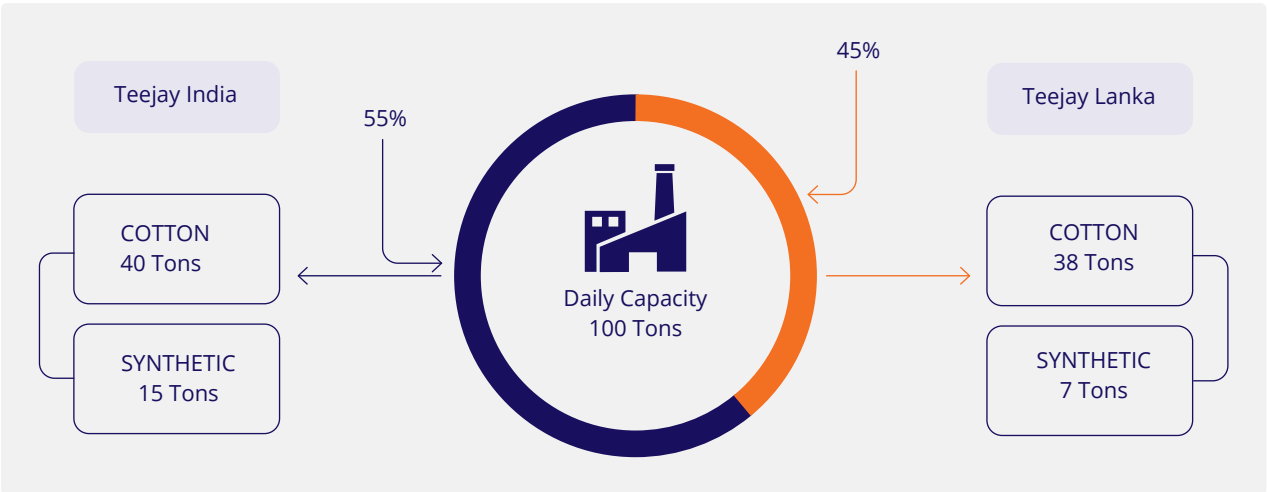
Systemic Automation and Turnaround

- Intricate Design Capability: Automated jacquard machine arrays provide a flexible, high-efficiency pathway for complex structural and graphic fabric geometries. By minimising manual touchpoints, these systems reduce human error margins and support agile design-to-market execution.
- End-Stage Component Agility: Integrated finishing and detaching modules compress component manufacturing timelines for critical matching items like collars and cuffs. This floor-level automation accelerates overall order turnaround times and improves total factory throughput speeds.



Facility	Production Capabilities	Daily Capacity	Other Details
Teejay Lanka	Weft knitting: cotton and cellulosic blends Manmade cellulosic modal Synthetics: nylon and polyester Jacquards	45 Tons	Listed on the Colombo Stock Exchange
Teejay Prints	Printing: discharge, pigment super soft, reactive, digital, disperse	20,000 metres	Wholly-owned subsidiary of Teejay Lanka PLC
Teejay India	Weft knitting: cotton and cellulosic blends Synthetics: nylon and polyester Fleece, lace and discharge Pigment super soft Reactive	55 Tons	Located in Adhistan Integrated Industrial Park, Visakhapatnam (Andhra Pradesh, India)
Nubian Threads	Weft Knitting: Cotton & cellulosic blends Man made Cellulosic modal Synthetic: nylon and polyester	1-3 Tons	Subsidiary of Teejay Mauritius

SUSTAINABLE MANUFACTURING



Value of investments in fixed assets (PPE)	2024/25 LKR	2025/26 LKR
Buildings	5,330,119	5,474,107
Plant, machinery, and equipment	10,614,559	10,545,699
Factory equipment and fittings	1,056,364	1,280,912

Process Innovation and Technological Advancements in 2025/26

To advance/our sustainable manufacturing and operational transformation objectives, Teejay continues to leverage cutting-edge scientific, digital, and technological expertise.

- Execution of collaborative trials with a leading chemical technology partner to evaluate advanced low-temperature bleaching and dyeing formulations. Designed to lower processing temperatures, these trials aim to reduce thermal energy consumption, minimise wastewater generation, and simplify processing steps, while simultaneously improving fabric absorbency and increasing overall dye house throughput.
- Evaluated advanced non-contact, dual-side fabric finishing systems. This state-of-the-art technology enables highly precise, automated chemical application, which drastically reduces both chemical waste and the energy required for drying, thereby aligning our process controls directly with Industry 4.0 principles.
- Successful implementation of Virtual Continuous Flow (VCF) has significantly enhanced Work-in-Progress (WIP) management and smoothed production flow. This digital scheduling approach has driven a notable reduction in Turn Over Days (TOD), directly sharpening our market responsiveness and throughput without compromising on quality standards. To manage this flow with high precision, our transition to the advanced FastReact planning system has vastly improved capacity visibility and resource alignment, enabling near real-time decision-making and ensuring exceptionally high delivery accuracy across all operations.
- Completed full integration of our knitting machines with real-time IoT monitoring systems across both our Sri Lanka and India facilities. This regional rollout tracks machine performance, energy utilisation, and key process metrics, which has dramatically improved machine efficiency, optimised downtime management, and brought unprecedented transparency to our production lines. This is supported by our advanced ERP upgrades, notably the enhanced deployment of SAP and the integration of SAP Fiori dashboards accessible via mobile devices, vastly improving real-time decision-making on the shop floor. These resulting data-driven insights actively support faster prototyping, precise quality control, and the seamless customisation of high-value jacquard and performance fabrics.

SUSTAINABLE MANUFACTURING

- Expanded our deployment of automation tools, including Robotic Process Automation (RPA) and AI-assisted quality monitoring systems to streamline repetitive tasks. Collectively, these technologies have significantly enhanced our "right-first-time" performance, systematically reducing reprocess and rework rates whilst elevating overall operational efficiency.

Global Expansion

- To insulate the Group against regional market disruptions and accelerate our speed-to-market, Teejay operationalised new ventures in Egypt and Indonesia, positioning our production capabilities in close proximity to major global needle-point hubs.

  This targeted expansion during the year significantly improves our lead times, enhances regional customer engagement, and provides an agile buffer to shifting trade dynamics. By integrating these new ventures with our operations in Sri Lanka and India, the Group has cultivated a highly flexible, multi-location manufacturing model that drives robust risk diversification and optimal regional capacity utilisation.

Strategic Capital Investments

- **Capital Investments in Machinery:** Investments were made in state-of-the-art knitting, dyeing, and finishing machinery. These targeted technological upgrades were designed to simultaneously expand our capacity and elevate our technical capabilities, strictly aligning with our long-range strategic plan. These advancements will support expansion into higher-margin, value-added product segments, strengthening our global manufacturing footprint, and driving operational efficiency through automation and digitisation, whilst ensuring all initiatives actively supported our broader commitments to sustainability and resource optimisation.
- **Value-Added Product Diversification:** The integration of advanced machinery has facilitated our expansion into high-margin product segments, including sophisticated jacquards and complex fabric structures.
- **Throughput and Efficiency Gains:** The deployment of modern, high-speed machinery has significantly improved production velocity and overall plant efficiency.
- Process Standardisation and Quality: Upgraded finishing and processing technologies have enhanced quality consistency across batches, systematically reducing rework and bolstering our “right-first-time” performance.
- Resource Optimisation and Sustainability: Targeted investments in sustainable processing equipment have allowed us to optimise water and energy usage across production lines, aligning our capacity growth with our environmental stewardship commitments.

FUTURE-READINESS AND MANUFACTURING OUTLOOK

Looking ahead, Teejay is committed to further sharpening operational agility by institutionalising flexible planning and quick-response mechanisms to adapt to sudden fluctuations in customer demand. To address existing capacity constraints in our dyeing operations, proposals are in place for both the strategic addition and modernised replacement of bulk dyeing machines. The machinery upgrade will ensure a smoother process flow, eliminate critical bottlenecks, and significantly enhance overall throughput.

The Teejay Group will further accelerate digital transformation with initiatives that include comprehensive upgrades to our ERP platforms, the expanded rollout of IoT integrations across our facilities, and the deployment of advanced analytics and automation tools.



OUR PEOPLE

With the understanding that the wellbeing, agility, and empowerment of our teams are fundamental to manufacturing excellence and the overarching sustainability of our business, our HR strategy continues to reflect a deep commitment to four of the United Nations Sustainable Development Goals (SDGs).

This section of the report explores the Group's approach to human resource management, with a primary focus on the development and empowerment of our Human Capital. It details how we attract, retain, and nurture a diverse and skilled workforce while ensuring a safe, equitable, and engaging work environment.

The ensuing discussion highlights the intersection of our people strategies with Intellectual Capital, through continuous training, skill enhancement, and the cultivation of tacit knowledge. It also explores synergies with Social and Relationship Capital, reflecting our commitment to employee wellbeing, fair labour practices, and internal corporate social responsibility.

During the year under review, volatility in the global textile and apparel industry resulted in reduced consumer demand, supply chain disruptions, and significant fluctuations in order volumes. These factors created complex challenges for our people management strategy, particularly regarding workforce planning, cost control, and productivity. Concurrently, the sector faced intensified competition for skilled talent alongside rapid technological advancements that demanded continuous upskilling. Compounding these pressures was the rising cost of living, which required Teejay Group to carefully balance operational cost management with the necessity of maintaining competitive compensation and benefit structures.

Rather than retreating in the face of uncertainty, we strategically realigned our approach to focus on resilience, operational productivity, and targeted capability building. Noting the industry trend of downsizing, Teejay viewed the shifting labour market as a unique opportunity to attract seasoned professionals and bridge critical skill gaps. We further fortified our foundation by strengthening internal succession planning, deepening partnerships with leading academic institutions to cultivate young talent, and embedding a high-performance, employee-centric culture. By transforming industry-wide challenges into strategic opportunities, Teejay has empowered a workforce which is fully equipped to drive recovery, sustain operational excellence, and rise above current challenges.



OUR PEOPLE

SDG'S IMPACTED THROUGH INITIATIVES:

Quality Education
We invest in technical and soft skills enhancement with a special focus on capacity building. Every year, we provide school books and accessories to our employees' children to uplift and enhance our employees' quality of life.

Gender Equality
Focus on gender equity, to increase female participation and opportunities for leadership roles with the SHECAN initiative.



Reduced Inequalities
We strive to maintain a fair, inclusive, and transparent work environment with equitable income distribution. Occupational Health and Safety (OHS) it strictly maintained to create a safe workplace free from hazards.

Decent Work and Economic Growth
Providing and uplifting the standards of our employees and their families.

Total employees

GRI 2-7, 2-8

	2025/26	2024/25
Teejay Lanka	1,479	1,510
Teejay Prints	183	186
Teejay India	1,636	1,769
Total	3,298	3,465

Guided by the principles of "Togetherness" and "Safety Beyond Compliance," we integrate digital innovation with a human-centric culture. This aligns our people strategy with a long-term vision of inclusivity, providing rewarding and meaningful employment for all.

At Teejay, Occupational Health and Safety is fundamental to safeguarding our human capital and ensuring long-term operational resilience. Prioritising a secure, healthy, and hazard-free work environment not only minimises operational downtime and protects our workforce, but also reinforces our compliance with international labour and manufacturing standards.

Despite an industry trend of downsizing during the year, as of 31 March 2026, Teejay Group's global workforce headcount stood strong at 3,298 employees, comprising 2,931 male and 367 female associates. Our core workforce continues to be predominantly permanent, supplemented by a fixed-term staff of five individuals, which accounts for less than 0.2% of our team. Faced with reduced consumer demand, fluctuating order volumes, and global supply chain disruptions, we prioritised operational agility to navigate these uncertainties; this was supported by 127 sub-contracted personnel based on headcount representing 4% of our workforce headcount, primarily serving as helpers under engineering technicians. Total headcount, including employees and subcontracted workers, decreased slightly during the reporting period compared to the previous year.

OUR PEOPLE

Workforce Composition

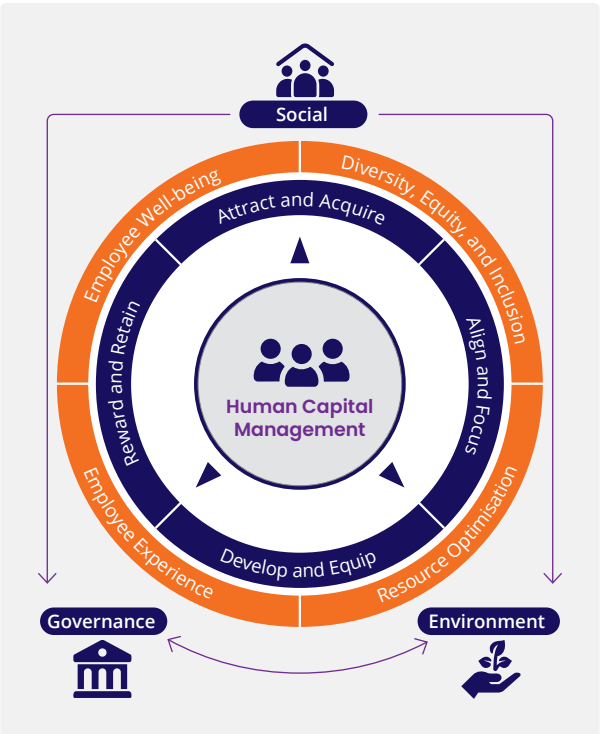
GRI 401-2

WORKFORCE BY CONTRACT TYPE

	Male	Female
Permanent	2,929	364
Fixed-term	2	3
Sub-contracted	90	37

Across our operations, we remunerate all staff at market rates in compliance with local regulations and strictly uphold the principle of "equal pay for equal work." All employees, regardless of contract type, receive our full suite of available benefits. We further encourage inclusivity and innovation through the "All Ideas Matter" initiative, which encourages every team member to contribute to our collective success. In response to recent economic challenges, we enhanced our welfare support by introducing economic relief allowances and financial aid for personal hardships and children's education. The holistic approach to support extends beyond traditional safety to include 24/7 in-house medical centres, mental health workshops, and flexible work arrangements that help our teams balance professional and personal commitments.

Our compensation strategy is designed to drive excellence through variable opportunities, including production incentives and annual performance-based bonuses. Staff also receive amenities such as meals, uniforms, medical insurance, company excursions, and common transport, alongside soft loans and special gifts during cultural festivals. We believe that rewarding high performance and honouring long-term dedication is essential to building strong, loyal teams. We are proud to employ an industry-leading HR strategy that continues to garner prestigious awards.



ATTRACTING AND RETAINING TALENT

GRI 401-1

Teejay leveraged industry-wide shifts as a strategic window to attract seasoned professionals and bridge critical competency gaps across our global operating geographies. Our talent acquisition efforts resulted in 888 new hires across Teejay Lanka, Teejay Prints, and Teejay India. We introduced immersive "Company Exposure Visits" for final-stage executive candidates, providing a firsthand look at our operational excellence before formal commitment.

Recognising the intensified competition for specialist skills, we expanded our collaborative footprint with premier academic institutions, including the University of Moratuwa (UOM), the University of Colombo, and the University of Sri Jayewardenepura. Our goal is to cultivate a sustainable, future-ready graduate pipeline by bridging the gap between academia and industry. Through "Industry Connect" sessions, Teejay experts share real-world technical applications with Textile Engineering undergraduates. We further solidified these ties by signing a formal Memorandum of Understanding (MOU) with the Faculty of Management and Finance at the University of Colombo and serving as the principal sponsor for the final-year Fashion Design and Product Development show at UOM.

While total Group employee turnover stood at 1,055 during the year, maintaining workforce stability remained a paramount priority. We fortified our engagement framework by formalising "Stay Interviews" alongside traditional exit feedback, allowing leadership to proactively address employee concerns. These mechanisms are complemented by HR-led open-floor discussions, fostering a culture of transparency and trust. To deepen inclusivity and alignment, we continued our "Coffee with the CEO" sessions for foundational staff and held quarterly Town Hall briefings to ensure all team members remain informed and empowered by the Group's strategic vision.

OUR PEOPLE

Sri Lanka

Teejay Lanka

1,479 (2025/26)

Male – 1,348 **Female – 131**

(2024/25) Male – 1,376 Female – 134 Total – 1,510

TJ Prints

183 (2025/26)

Male – 166 **Female – 17**

(2024/25) Male – 167 Female – 19 Total – 186

India

TJ India

1,636 (2025/26)

Male – 1,417 **Female – 219**

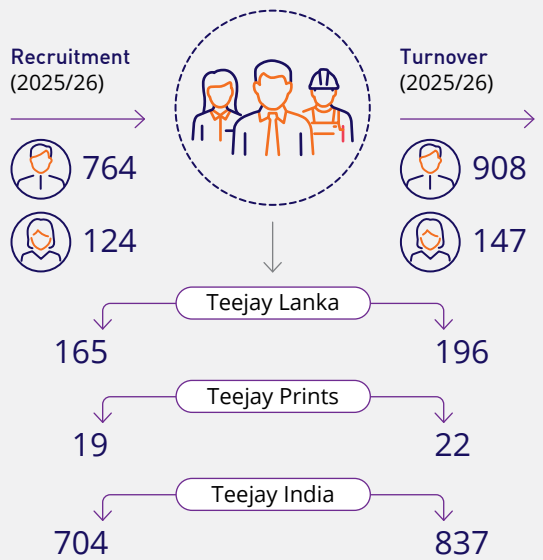
(2024/25) Male – 1,532 Female – 237 Total – 1,769

Total

3,298 (2025/26)

Male – 2,931 **Female – 367**

(2024/25) Male – 3,075 Female – 390 Total – 3,465



DIVERSITY AND EQUITY AT TEEJAY

GRI 405-1

At Teejay, we ensure every employee is valued, empowered, and provided with equal opportunities to succeed. The foundation of our commitment is the Non-discrimination and Anti-harassment Policy, which operates in tandem with the Teejay Code of Conduct. This dedication to inclusivity begins at the leadership level and cascades throughout our operations. We foster a workplace rooted in meritocracy, ensuring fair and equitable treatment for all, with a specific focus on enhancing accessibility for traditionally underrepresented groups.

Female representation in management



THE IMPACT OF SHECAN AND SHE LEADS

Since its inception in 2015, the SheCan programme has been the engine behind Teejay's overarching commitment to cultivate a more inclusive and diverse workforce. Driven by the belief that talent is gender-neutral, the programme empowers women to challenge traditional norms and pursue opportunities that fulfil their potential. SheCan is accelerating female participation through initiatives that create career pathways at all operational levels. By rigorously evaluating programme impact, we continuously evolve our frameworks to ensure talented women have every opportunity to excel.

Furthermore, "She Leads"—our flagship initiative for high-potential female employees—was in full effect during the year. By providing structured learning, one-on-one mentoring, and vital leadership exposure, the programme is preparing participants for future senior roles and ensuring a diverse, capable leadership bench. Our commitment to promoting gender equality throughout the Group is further reflected in a targeted recruitment strategy designed to continue building a diverse workforce at both executive and management levels. In addition, our data-driven approach to development saw female staff receive an average of 15.71 hours of training this year, a strategic effort to bridge competency gaps.

Having begun from a modest 2% female participation baseline, the tangible impact of our decade-long commitment is now reflected in our workforce composition: women comprise 18.06% of management and nearly 31.8% of our executive cadre. During the 2025/26 financial year, the Group dedicated an investment of LKR 2.7 Mn. to further our progress towards our long-term targets: reaching 15% overall female representation by 2028 and ensuring that 25% of our management team is female by 2030. Guided by the SheCan and She Leads frameworks, we continue to empower women to thrive both at Teejay and within the wider textile industry.

Overall Female Representation in 2025/26

GRI 405-1

	Male	Female	Female representation %
C-Suite and Senior Management	30	4	11.76
Middle Management	97	24	19.8
Executives	225	105	31.8
Associates and Staff	2,579	234	8.31



OUR PEOPLE

DEVELOPING TALENT

Teejay Lanka drives career development through structured frameworks designed to foster continuous learning, internal mobility, and succession planning. Central to this approach is the Talent Assessment framework, which systematically maps the talent pipeline and identifies high-potential employees as first- and second-level successors for critical leadership roles. The company also utilises a functional Skill Matrix across departments to identify competency gaps and assign targeted upskilling. Knowledge transfer and experiential learning are deeply ingrained at the operational level through "train-the-trainer" programmes for supervisors, cross-functional project exposure, and active peer mentoring.

Building upon these foundational frameworks, the 2025/26 financial year featured significant achievements and capability-building milestones. To cultivate future-ready digital skills, Teejay further embedded its "Skill Up" e-learning platform and introduced specialised technical workshops covering Generative AI, Data Visualisation via Power BI, and advanced nanotechnology.

Leadership pipelines were heavily fortified; the Company successfully carried out the "She Leads" female leadership development programme and celebrated the success of its second Management Trainee (MT) programme. Following an intensive 18-month journey featuring cross-border departmental rotations between Sri Lanka and India, all 14 trainees secured permanent executive and senior executive roles. Non-executive staff also saw targeted development, highlighted by a newly introduced technical training programme for employees with under five years of experience and the enrolment of 60 employees in a specialised Diploma in Textile and Apparel through SLITA. Driven by this merit-based and highly structured environment, these collective development efforts directly translated into 100 internal promotions throughout the year, spanning from junior executives to senior leadership positions.

SLITA	Certificate and Diploma programmes in textile engineering for employees, focusing on cadre staff.
EDP	Executive Development Programme targeting executive cadre.
MDP	Tailored programmes for Assistant Manager and Manager roles.
Coaching and Mentoring	Tailored programmes for Senior Leadership.

Training and Development (T&D)

GRI 404-1, 404-2

A primary focus in 2025/26 was the comprehensive restructuring of our employee induction programme, designed to enhance engagement and accelerate the onboarding journey. The upgraded framework integrates foundational orientation with structured in-house technical training, ensuring that new recruits are seamlessly aligned with the Group's corporate culture, core values, and operational mandates from the outset.

Phase 1: Induction and orientation

New employees commence their tenure at Teejay with a restructured and immersive induction programme. This foundational integration process, typically spanning two to three days, is designed to facilitate a smooth transition into the workforce while ensuring alignment with the Group's operational standards. During orientation, employees are introduced to critical corporate policies, including the Code of Conduct, the sustainability framework, the Abuse and Harassment-Free Workplace Policy, the Anti-Corruption Policy, and the Whistleblower Policy.

Phase 2: Job-specific onboarding

Following the general induction, employees transition into a structured onboarding phase focused on departmental integration. This phase includes clarity regarding specific job roles and responsibilities.

Phase 3: Performance alignment and probationary confirmation

To establish alignment with the organisation's high-performance standards from the outset, new recruits are assigned definitive probationary objectives. The subsequent evaluation and confirmation process has been systematically streamlined through the Teejay Talent Management System to optimise efficiency and standardisation. Notably, this probationary framework concludes with a formal dialogue with the Chief Executive Officer (CEO), a measure intended to reinforce performance expectations, identify high-potential talent, and cultivate early-stage leadership engagement.

Phase 4: Continued engagement and mentorship

The onboarding experience at Teejay extends beyond the probationary period to ensure sustained alignment and workforce motivation. The "Coffee with the CEO" initiative provides employees in their first one to two years of service with a platform for informal engagement. This allows recent recruits to articulate their career aspirations and receive strategic guidance on their professional trajectory directly from executive leadership.

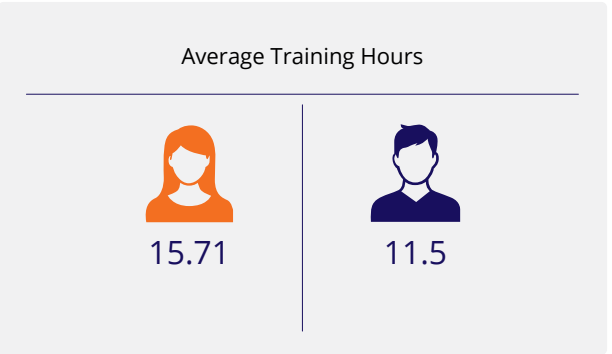
OUR PEOPLE

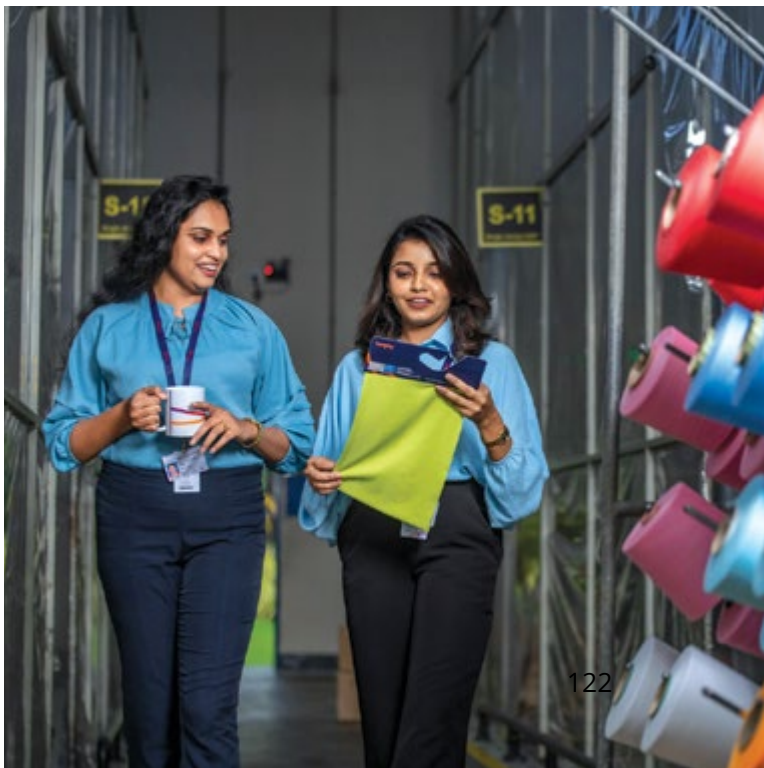
	Teejay Lanka		Teejay Prints		Teejay India	
	Male	Female	Male	Female	Male	Female
Directors, Chief Officers (Directors, CEO, COO, CFO)	9	0	0	0	2	2
Senior Management (SGM, GM, DGM)	9	7.3	0	0	4.3	0
Middle Management (Senior Manager, Manager, Assistant Manager)	11.2	10.4	12.3	8	5.7	2
Executives (Senior Executive, Executive, Junior Executive, Management Trainees)	10.8	11.6	6.5	122.3	9.4	10.4
Non-executives (Staff, Associates, Non-executives)	7.0	26.4	7.4	3.3	16.5	17
Total	7.6	14.8	7.4	17.5	15.7	16.1

Type of training	Number of programmes	Number of participants	Training hours
Internal training	55	6,463	26,687
External training	76	2,638	11,997.5

Category	Average training hours
Directors, Chief Officers (Directors, CEO, COO, CFO)	6
Senior Management (SGM, GM, DGM)	8
Middle Management (Senior Manager, Manager, Assistant Manager)	9
Executives (Senior Executive, Executive, Junior Executive, Management Trainees)	12
Non-executives (Staff, Associates, Non-executives)	12

Gender Breakdown of Average Training Hours





OUR PEOPLE

Strategic learning and development framework

Recognising that targeted training is fundamental to both individual growth and the Group's long-term success, our Performance Management System (PMS) serves as the primary mechanism for identifying specific developmental requirements. By aligning training programmes with competency ratings within the PMS, we are able to precisely address skill gaps through two distinct strategic channels. The first focuses on improving current performance, where we refine technical, functional, and behavioural skills to enhance immediate operational efficiency. The second is dedicated to developing future potential, equipping high-potential employees with the managerial and leadership tools essential for career progression and succession readiness.

Furthermore, Teejay identifies broader training needs through collaborative discussions between cross-functional teams (CFT) and department heads to ensure that individual growth remains consistent with overarching corporate goals. To maintain our industry-leading standards, we also ensure compliance training is carried out to satisfy all statutory requirements for specific technical roles. This is complemented by leveraging data from customer satisfaction surveys, critical incident reports, and product quality metrics to inform our training agenda.

In addition, talent management is being strengthened through the cross-functional rollout of our Skill Matrix framework. This tool helps in providing the data-driven insights necessary to identify development needs and facilitate more precise career progression opportunities. Its implementation is also driving our internal mobility and long-term succession planning efforts.

Courses by the Sri Lanka Institute of Textile and Apparel (SLITA)

Recognising that technical expertise is the bedrock of our operational success, Teejay deepened its collaboration with the Sri Lanka Institute of Textile and Apparel (SLITA). This partnership facilitated the enrolment of 60 employees in the Diploma in Textile and Apparel, a comprehensive programme covering quality control, production efficiency, and advanced textile technologies.

Management trainee programme

Teejay's Management Trainee (MT) programme remains a vital strategic initiative designed to cultivate a robust leadership pipeline with a comprehensive, end-to-end understanding of the fabric manufacturing process. Building on the success of our first intake, the second programme commenced in June 2024, attracting significant interest with 689 applications from across Sri Lanka and India. To ensure the selection of high-calibre talent, candidates underwent a rigorous multi-stage evaluation, including virtual aptitude and language proficiency testing, physical assessment centres focused on teamwork, and final competency-based interviews at the CEO level.

This meticulous process culminated in the selection of 14 high-potential individuals (11 from Sri Lanka and 3 from India) with diverse academic backgrounds spanning Engineering, Physical Science, Finance, and General Management. The trainees embarked on a holistic 18-month developmental journey, beginning with a specialised certification course at the Sri Lanka Institute of Textile and Apparel (SLITA) and technical training tailored to our corporate culture. Using a rotational model, the cohort gained exposure to core production areas—including Knitting, Dyeing, Finishing, and Sustainability—as well as essential cross-functional departments such as Marketing and Finance.

A defining feature of this cycle was the emphasis on cross-border exposure, where trainees from Sri Lanka and India swapped regions for departmental rotations. This international exchange fostered global collaboration and provided a deeper understanding of our multi-geographical operations. Supported by dedicated mentors and regular engagement sessions with the Senior Leadership Team, the trainees were subjected to rigorous departmental assessments and final presentations.

We are pleased to report that all of our Management Trainees achieved final marks exceeding 55%, resulting in the successful permanent appointments. These individuals have now transitioned into pivotal roles, comprising five Executives and nine Senior Executives, specifically positioned to drive Teejay's future growth and operational excellence.

A two-pronged succession strategy

The Teejay Group drives future readiness through a succession planning strategy built upon two strategic pillars and designed to ensure seamless leadership transitions, mitigate talent gaps, and foster long-term organisational sustainability.

- **Developing the existing workforce**

  Internal succession planning begins with the Nine-Box Assessment Framework, used to systematically map the talent pipeline. By identifying high-potential employees as first- and second-level successors for critical and top-tier positions, the Group ensures a robust process is in place to mitigate talent gaps and sustain organisational continuity. This data-driven approach is further supported by our Skill Matrix framework, which identifies competency gaps and informs targeted learning pathways.

OUR PEOPLE

Following recent structural changes, we have prioritised job enhancement and enrichment. By providing emerging leaders with broader responsibilities and complex decision-making opportunities, we ensure they gain the end-to-end operational exposure necessary to step into key roles as the business evolves. To bridge identified competency gaps, we provide targeted developmental opportunities through our Management Development Programmes (MDP). These are complemented by personalised coaching and mentoring from senior leadership to refine strategic thinking. These internal efforts are supplemented by external training in future-ready fields such as Generative AI, Power BI, and advanced textile technology, while our flagship "She Leads" initiative continues to ensure a diverse and capable leadership bench.

- **Attracting and cultivating new talent**

  The second pillar of our strategy focuses on injecting fresh perspectives into the talent pool. Initiatives such as the Management Trainee and Graduate Trainee programmes recruit high-calibre graduates and immerse them in rigorous developmental journeys designed to groom them into future leaders. This balanced combination of "growing our own" and aggressively cultivating new talent ensures that Teejay remains stable, agile, and prepared for long-term success amidst a highly competitive global industry.

Digitalisation and future-ready capabilities

By integrating the "Skill Up" e-learning platform into our efforts to encourage self-driven development and innovation, we are empowering employees to take ownership of their professional growth in both technical and soft skill areas. To ensure our workforce remains at the forefront of the digital era, we offer a suite of future-oriented training programmes, including: Gen AI in Action Workshop, Data Visualization with Power BI, Industry Trends in the Digital Era, and advanced training in AI and nanotechnology.

Out bound training for the Joint Consultative Committee (JCC)

Tailored leadership and teamwork initiatives were conducted for JCC members. The programmes are designed to enhance the leadership, teamwork, and decision-making capabilities of these potential future leaders.

Advancing technical capabilities

We continue to prioritise the technical development of our non-executive workforce, recognising their essential role in driving operational excellence and innovation. A key milestone this year was the establishment of an internal training centre, specifically designed to centralise and enhance employee competencies. Through this facility, we introduced a comprehensive technical training programme to strengthen functional knowledge and cross-functional departmental competencies. Collectively, these initiatives ensure we are building a skilled, future-ready workforce that supports our operational performance and culture of continuous improvement.

CULTIVATING A PERFORMANCE-DRIVEN CULTURE

GRI 404-3

Teejay fosters a robust, meritocratic environment by aligning individual contributions with the Group's strategic objectives through a comprehensive Performance Management System (PMS). This alignment begins at the point of entry; new recruits are set clear probationary goals from the outset, with their progress monitored regularly and concluding in a formal evaluation and strategic dialogue with the CEO.

Performance is treated as a continuous dialogue rather than an annual event. We maintain focus through daily, weekly, and monthly KPI reviews, ensuring all team members remain attuned to departmental goals. To drive real-time productivity on the shop floor, we have integrated the XdotO IoT system, providing live monitoring of our knitting teams. The formal evaluation process features two critical touchpoints: a mid-year review focused on personal development and a year-end appraisal to assess final achievements. 100% of total employees, across all genders and employee categories, received performance appraisals and career development reviews during the year. These evaluations utilise a balanced framework where 70% of the score is weighted towards operational KPIs and productivity, while the remaining 30% assesses behavioural competencies and alignment with Teejay's corporate values.

OUR PEOPLE

For employees not meeting expectations, Teejay prioritises a supportive, developmental approach. We initiate Performance Improvement Plans (PIPs) and conduct morale-building sessions to bridge performance gaps respectfully. This is further supported by targeted upskilling, where we identify specific competency gaps and assign relevant training to help employees successfully achieve their objectives.

High-achieving employees are recognised through a variety of merit-based incentives. For our non-executive associates—who comprise approximately 85% of our workforce—annual salary increments are directly linked to final performance ratings. This is supplemented by Monthly Production Incentives that reward factory-floor excellence and efficiency. Promotion decisions are based on both a proven track record and future potential, utilising the Talent Assessment framework to identify and groom high-potential talent for leadership roles. Beyond financial rewards, we celebrate long-term dedication through Long Service Awards for five and ten years of service. Exceptional contributions are further celebrated through accolades such as the "Value Star Awards", and our Employee of the Quarter and Year programmes.

Nurturing a Resilient and Engaged Workforce

Teejay actively promotes a supportive workplace that balances professional excellence with employee wellbeing. To cultivate a culture of community and transparency, the Group continues to prioritise open communication through quarterly Town Hall business briefings and the maintenance of flexible work arrangements that empower our teams with greater autonomy.

We further cultivate a culture of continuous improvement by encouraging employees to challenge existing processes through cross-functional projects and brainstorming. Our “All Ideas Matter” (AIM), Kaizen, and Quality Circles programmes serve as formal frameworks for evaluating these contributions. To facilitate personal growth, the Company offers scholarships for further education and provides exposure visits to broaden employees’ skills and industry knowledge.

The Joint Consultative Committee (JCC) continues to play a vital role in maintaining a unified "Teejay Family" spirit. Throughout the year, the JCC organised a variety of engaging activities designed to foster a sense of togetherness, prominently featuring the Teejay Family Day held in April 2025. Other year-round activities include the TJPL inter-departmental cricket match, volleyball tournaments, annual excursion, and festive events such as Christmas carols and Bakthi Gee. Additionally, the "Teejay Lama Sithroo" art exhibition showcased the creative talents of employees' children alongside various online quizzes.

To support employee wellbeing and mental health, Teejay conducts regular workshops promoting healthy lifestyles and stress management, while offering confidential counselling support to build emotional resilience. Our commitment to preventive and holistic healthcare is further reinforced by regular medical camps, annual health check-ups, and a 24/7 in-house medical centre. This facility is staffed by qualified nurses and complemented by free doctor consultations three times a week and a round-the-clock emergency vehicle. We also remain dedicated to the future of our employees' families through the Akura Project, which provides financial assistance, school bags, and stationery for children’s education.

REALIGNING WITH PURPOSE

The 2025/26 financial year saw the introduction of several key initiatives. Acknowledging the prevailing economic climate, Teejay has significantly enhanced welfare provisions for employees.

A standout employee-led innovation successfully implemented this year was a plastic tube reuse initiative, which advanced both cost efficiency and environmental sustainability. This focus on operational excellence is further reinforced by daily waste management meetings to analyse scrap levels and execute immediate corrective actions.

A significant digital milestone was the successful rollout of the hSenid HRM Enterprise mobile application, which has streamlined attendance and leave management for enhanced staff convenience. To deepen leadership engagement, we launched the "Coffee with the CEO" platform, specifically allowing new recruits to discuss their career aspirations directly with senior management.

Furthermore, in a continued effort to safeguard our people and align with evolving legal standards, we are currently updating our HR policies to ensure strict compliance with the Personal Data Protection Act (PDPA) of Sri Lanka. This initiative strengthens our frameworks for the collection, processing, and storage of employee information, reinforcing the trust between the Group and its workforce. To support this transition, comprehensive awareness and training sessions are being implemented to educate all employees on their rights and responsibilities under these updated data protection regulations.

OUR PEOPLE

Parental leave

GRI 401-3

Teejay's parental leave policies are strictly aligned with the national labour regulations of each country of operation, ensuring that working parents across the Group receive the support and flexibility to balance their family and professional lives.

Female employees based in Sri Lanka are entitled to 84 working days of maternity leave, whilst female employees in India are entitled to 26 weeks. All male employees across the Group are provided with one day of paternity leave.

To alleviate immediate financial pressures, Teejay processes maternity leave payments as a lump sum within 48 hours of the employee providing proof of confinement. The Company also offers extensive practical support for returning mothers. Feeding mothers are permitted to leave the premises early at 2 pm, utilising company-provided transport, until their child reaches one year of age.

During the reporting year, ten female employees utilised their maternity leave. Across the last two financial years, Teejay proudly reported a 100% return-to-work and retention rate, with all employees who returned to work following their parental leave, remaining employed with the Teejay Group at the end of the respective reporting years.

	2025/26		2024/25	
	Paternity	Maternity	Paternity	Maternity
Employees entitled to leave (No.)	30	10	30	8
Employees who took leave (No.)	30	10	30	8
Employees who returned to work (No.)	30	10	30	8
Return-to-work rate (%)	100	100	100	100

COMPLIANCE AND WORKPLACE ASSURANCE

GRI 406-1, 408-1, 409-1

The Group employs a robust assurance framework to proactively safeguard workers' rights, incorporating both internal assessments and external audits conducted by third-party auditors for Sedex Members Ethical Trade Audit (SMETA) 4-Pillar, Higg FSLM, and ICS compliance. While formal collective bargaining agreements are not in place, the Company fully ensures the rights to freedom of association. All employees' rights and interests are actively protected and upheld through Teejay's Joint Consultative Committees (JCC), comprising 25 employee representatives.

Teejay strives to address employee grievances promptly and effectively, fostering an industry-leading work environment for our teams. The Company ensures that all grievances—whether related to working conditions, workplace safety, management practices, harassment, discrimination, or any form of unfair treatment—are handled confidentially, impartially, and in a timely manner. Our structured grievance process encourages initial resolution with immediate supervisors; if a matter remains unresolved after three working days, the grievance can be formally submitted in writing and escalated. This chain extends from the Department Head through to the Human Resources Manager, COO, and ultimately the CEO. To ensure total impartiality, the process includes an appeal mechanism, and all disclosures are handled with strict confidentiality. Accessible channels for communication for workers, employees, and subcontractors include suggestion boxes placed at relevant plants and anonymous complaint mechanisms.

Furthering our commitment to integrity, the Whistleblower Policy (TJG/WBP/V2/2023) provides a secure avenue for reporting concerns regarding health and safety, unethical conduct, or fraud. Disclosures can be made internally to the Whistleblower Reporting Panel or externally to the Independent Audit Committee Chairman. We maintain a strict non-retaliation policy, offering stakeholders the option of complete anonymity.

- Informal Resolution Process: Focuses on early intervention to address offensive behaviour, verbally or in writing, and communicate clear boundaries that prevent recurrence.
- Formal Resolution Process: For serious or persistent cases, a disciplined formal process is in place requiring written documentation and supporting evidence. Complaints must be submitted within a window of 10 days to three months following the incident and can be filed through multiple designated channels, including a supervisor, line manager, the HR Department, the CEO, or the Joint Consultative Committee (JCC). Every complaint is subject to a formal, evidence-based investigation to ensure a fair and impartial outcome. To protect the integrity of this framework, Teejay maintains a zero-tolerance policy towards false reporting.

OUR PEOPLE

Our proactive stance and zero-tolerance approach resulted in no reported incidents of discrimination across our global operations during the reporting year. Furthermore, Teejay enacts strict protocols to prevent the employment of anyone under the age of 18 and is vehemently opposed to any form of forced labour. To verify age and prevent child labour, the Company strictly checks identification documents such as National Identity Cards (NIC), birth certificates, and Grama Niladhari certificates. To eliminate forced labour, we ensure that overtime is entirely voluntary and that no original copies of employees' personal documents are retained in their personnel files. There were no incidents of child, forced, or compulsory labour during the year. Teejay also obtains self-declarations from its main suppliers affirming that their respective organisations are free of child labour, forced labour, and compulsory labour.

Since 2021, all Teejay facilities have undertaken self-assessments and third-party verification of SLCP through the Higg Facility Social and Labour Module (FSLM), successfully completing all three levels. We leverage the Higg FSLM framework to refine our management systems, ensuring we prioritise employee health and safety, maintain superior working conditions, and provide fair, competitive compensation.

Our Higg FSLM scores for 2025/26

Teejay Lanka	Teejay Prints	Teejay India
98%	97%	88.6%

Occupational Health and Safety (OHS)

GRI 403-1, 403-2, 403-7, 403-8, 416-1

RISING STRONGER

Teejay Lanka PLC – International Safety Award 2024 (British Safety Council Awards)

Teejay India – International Safety Award 2024 (British Safety Council Awards)

Teejay Lanka PLC – RoSPA Gold Award 2025 for Health and Safety Achievement (The Royal Society for the Prevention of Accidents)

At Teejay, our 'Safety Beyond Compliance' culture instils a shared sense of responsibility among all stakeholders—from employees and contractors to visitors and surrounding communities.

Central to our workplace safety commitment is a robust Occupational Health and Safety Management System (OHSMS), certified to ISO 45001:2018 standards and aligned with both Sri Lankan labour regulations and International Labour Organisation (ILO) guidelines, which extend to all employees, outsourced workers, contractors, contractor personnel working on our premises, suppliers, customers, visitors and nearby community, as well as all processes and machinery. Performance is closely tracked via a centralised power BI dashboard and systematically overseen by bipartite OHS committees, factory safety committees, and quarterly Group Operational Excellence meetings.

Proactive hazard identification is critical to mitigating risks. The Company upholds rigorous industrial hygiene standards to prevent occupational illnesses, conducting routine risk assessments and Job Hazard Analyses (JHAs) across all manufacturing operations. This includes specialised chemical evaluations and ergonomic risk assessments guided by industrial hygiene experts. Daily pre-task planning, such as routine toolbox talks, reinforces these preventative measures before work commences. Moreover, any operational or equipment modifications are strictly governed by formal change management protocols to systematically evaluate evolving risks.

Our Hazard reporting and safety inspections have been significantly modernised. Routine checks of fire equipment and emergency eyewash stations now utilise a QR code-based mobile application. To encourage proactive hazard reporting without assigning blame, the company champions a behaviour-based programme featuring multiple digital channels, including QR systems and a dedicated OHS WhatsApp group. Incidents are logged directly into the Incident and Injury Reporting Analysis (IIRA) system for prompt root-cause investigation. Staff engagement is further boosted through Safety Kaizen competitions, which invite practical solutions from the shop floor, as well as interactive online safety quizzes and selecting a "Monthly Safety Champion".

OUR PEOPLE

Risk mitigation and emergency preparedness measures

Hazard: Fire

- Conducting regular fire risk assessments, audits, and inspections.
- Holding quarterly mock drills and firefighting training sessions.
- Over 400 fire extinguishers strategically deployed throughout the factory.
- Maintaining a dedicated water pump house with 500 m³ water storage capacity, jockey pump and additional electric and diesel-powered pumps.
- A modern addressable fire alarm panel installed with 1,014 multi-sensors for smoke, flame, and heat detection.
- Maintaining Fire No Objection Certificate (NOC) from the AP Fire Services Department.
- Conducting third-party safety audits through TEAM Engineering.
- 42 fire exits positioned strategically across multiple locations.
- Onsite evacuation plans displayed clearly in all operational areas.
- Skilled fire wardens appointed to cover all three shifts.
- Two designated emergency assembly points established.

Hazard: Chemical

- Providing regular chemical-safety training.
- Utilising automatic chemical dispensing and fume extraction systems.
- All relevant personnel utilising PPE, including goggles, gloves, and gas respirators.

Hazard: Electrical

- Providing regular electrical-safety training.
- Utilising engineering controls across all installations.
- All relevant personnel utilising task-specific PPE.

Hazard: Mechanical

- Machinery equipped with protective guards and emergency stop switches.

Hazard: Ergonomic

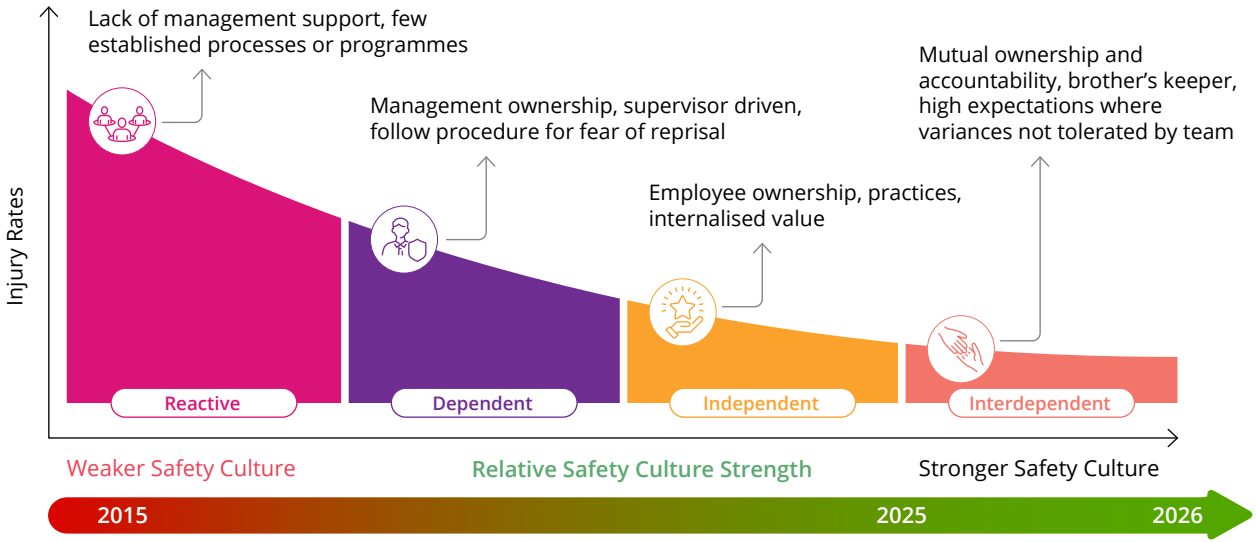
- Providing regular ergonomic training.
- Engineering modifications executed to mitigate ergonomic risks.
- Minimising manual handling through the provision of tow, pallet, and reach trucks.

Hazard: Physical (noise, heat, and dust)

- Scheduling frequent breaks to prevent heat fatigue.
- Conducting regular safety training for all physical hazards.
- Usage of dust extraction systems across the facility.
- All relevant personnel utilising dust masks and earplugs.
- Prioritising procurement of low-noise machinery.
- Isolating high-noise sources.
- Providing industrial fans and water dispensers at workstations.



OUR PEOPLE



Compliance is evaluated every six months by a dedicated internal audit team trained by external experts, and further supplemented by annual third-party audits. These risk assessments are conducted by qualified personnel holding recognised national and international certifications, including NIOSH-SL, NEBOSH-UK, Better Work-ILO, and Lead Auditor qualifications in the ISO 45001:2018 standard.

To ensure operational safety, we provide comprehensive training, licensing, and certification programmes focused on the safe handling of chemicals and Personal Protective Equipment (PPE). An activity-based PPE matrix is employed across all departments to ensure employees are equipped with the correct gear for their specific tasks, a practice reinforced by regular awareness training. Adherence to these protocols is monitored through frequent checks conducted by shift executives, supervisors, CCTV operators, and safety wardens.

We actively encourage a participatory safety culture by soliciting employee suggestions for procedural improvements and the reporting of work-related incidents, including accidents, near misses, and hazardous environments. Apart from that the JCC subcommittee related to Employee Health and Safety also playing a pivotal role in improving workplace conditions to assure a safe place by sharing employee's ideas and opinions during their regular touch base with the management team. To enhance reporting efficiency, Teejay utilises a QR code system alongside an OHS Committee WhatsApp group, allowing for expedited resolutions. Furthermore, employees are empowered to remove themselves from high-risk situations and report concerns—via QR code, email, or verbal communication—without fear of reprisal. Our management teams are trained to handle these reports with strict confidentiality and to implement prompt corrective actions, ensuring a transparent and non-retaliatory environment.

Continuous monitoring is facilitated through our centralised power BI safety dashboard that tracks key performance indicators, such as accident rates and training hours. This data-driven approach enables timely interventions, with safety performance reviewed quarterly at Group Operational Excellence meetings and monthly at factory Safety Committee meetings. All reported incidents are logged into the Incident and Injury Reporting Analysis (IIRA) system. The IIRA team conducts thorough investigations to determine root causes, leading to the implementation of corrective actions—such as modifying machinery or updating procedures—to prevent recurrence.

Employee Wellbeing and Healthcare

GRI 403-3, 403-6

Teejay provides comprehensive healthcare that extends beyond the workplace, prioritising the physical, mental, and emotional resilience of our people. Medical services are available to all employees and contract workers, ensuring that our entire workforce has access to high-quality care.

in-house medical centres provide 24/7 access and are staffed by qualified nurses and supported by a visiting medical officer three times weekly. Our healthcare provisions include free medical consultations, blood pressure testing, and immediate first aid, with first aid boxes readily accessible at all operational points. For urgent medical needs, an emergency vehicle is available around the clock to facilitate hospitalisation. We also maintain structured return-to-work programmes to support employees transitioning back to their roles after medical leave.

OUR PEOPLE

Our preventive healthcare strategy focuses on early detection and education. We conduct annual health check-ups for all team members, ensuring that individual reports are discussed privately with a qualified medical officer and shared only with authorised Safety Team officials, to maintain strict confidentiality.

To promote long-term health, we provide regular awareness programmes covering:

- **Physical health:** Nutrition and fitness education, diabetes prevention, STD prevention, and industrial hygiene.
- **Mental and emotional health:** Counselling support and stress management workshops designed to improve focus and build emotional resilience.
- **Community safety:** Road safety awareness, conducted in 2025/26 in collaboration with the Motor Traffic Police Department, drug awareness sessions to reinforce a responsible workplace culture and health and safety risks within the home.

GRI 403-4, 416-2

We foster a culture where safety is a shared responsibility. Staff are encouraged to act as H&S ambassadors, raising concerns with dedicated H&S officers at each location. However, the ultimate accountability for maintaining these standards rests with the Plant Manager.

In the event of an incident, we follow immediate reporting protocols. We categorise injuries based on recovery time, where "recordable injuries" require less than six months and "high-consequence injuries" exceed six months. Guided by our rigorous preventative approach, the Group successfully maintained a record of zero work-related fatalities and zero high-consequence injuries during the 2025/26 financial year.

GRI 403-9, 403-10

	2025/26	2024/25
Fatalities due to work-related injuries	0	0
Number of high consequence injuries (Recovery time 6 months+)	0	0
Number of recordable injuries (Recovery time 6 months-)	4	13
Rate of work-related injuries (incident rate)	0.27	0.38
Number of lost days as a result of employee injuries	15	120
Fire and safety expenses (USD)	125,950	152,735.66
Medical expenses (USD)	25,820	30,394.78
Fatalities due to work-related ill health	0	0
Cases of recordable work-related ill health	0	0
Main types of work-related ill health	–	–
Main types of work-related injuries	Cut injuries from sharp objects	Cut injuries from sharp objects

Fatalities Due to Work-Related Injuries

0

Number of High Consequence Injuries (Injuries where Recovery Takes over Six Months)

0

Number of Recordable Injuries (Injuries that have Less than Six Months Recovery Time)

7

Rate of Work-Related Injuries

0.22

Number of Lost days as a result of employee injuries was

8 days

Main Types of Work-related Injuries

- Muscle strains while handling fabric rolls.
- Minor cuts on metallic machine parts.
- Hot sludge splashed on a team member during sludge dryer repairs.

Fire and Safety Expenses

- LKR 4,796,341.96
- (LKR 21,247,402.00 in 2021/22)

OUR PEOPLE

Occupational Health and Safety (OHS) Training Programmes

GRI 403-5

Our facilities are equipped with comprehensive fire protection and detection systems. Teejay enhances its readiness by conducting combined fire training and mock drills alongside neighbouring Export Processing Zone (EPZ) organisations, facilitating a coordinated regional response. Throughout the year, we conduct regular training programmes to ensure employees are knowledgeable about health and safety measures. New training sessions have been introduced to increase safety awareness of topics such as ergonomics, bloodborne pathogens, heat stress prevention, and industrial hygiene.

Essential Safety Skills

- Forklift Operator Training and Licensing: Skills and knowledge for the safe and efficient operation of forklifts.
- LOTO (Lockout/Tagout) Training: Correct procedures for isolating hazardous energy sources during equipment maintenance or repair.
- Emergency Response Training: Preparation for effective response to emergencies, including fires, spills, and medical incidents.
- Firefighting Training: Foundational firefighting skills to manage small fires and ensure safe building evacuation.
- First Aid Training: Knowledge to administer immediate care for injuries and sudden illnesses.
- LP Gas Handling Training: Safe handling and storage of liquefied petroleum gas.
- Electrical Safety Training: Knowledge on electrical hazards and safe work practices around electrical equipment.
- Machine Safety Training: Skills for the identification and mitigation of risks associated with machinery operation.
- Height and Confined Space Work Training: Knowledge and skills for safe work practices at heights and within confined spaces.

Safety Culture Integration

- Safety Induction for New Recruits: Introduces new employees to Teejay's safety policies and procedures.
- Weekly Toolbox Talks: Regular safety briefings on specific hazards and safe work practices relevant to each department.
- Pre-task Planning: Meetings are routinely held to discuss specific hazards before work begins, especially for non-routine activities.

Additional Training and Compliance

- Job-Specific Training: Tailored training programmes to address unique needs and risks associated with different job roles.
- Refresher Training: Regular updates to employees' safety knowledge and skills.
- Recordkeeping: Comprehensive documentation of all completed training programmes for compliance and future reference.

Our dedicated bipartite Occupational Health and Safety (OHS) Committee, meets monthly to discuss safety matters and continuously review and improve policies based on worker feedback and audit outcomes. All safety performance indicators are displayed on the Power BI safety dashboard accessible to all employees.

PRINCIPLES AND POLICIES AT TEEJAY

Recruitment Policy

Teejay recognises that our people are the primary drivers of our success. Attracting and retaining a highly motivated, qualified workforce is essential to our strategic growth. This policy establishes a rigorous framework for the fair, transparent, and unbiased recruitment of employees, ensuring all selection processes align with Teejay's core values and prevailing employment legislation.

Promotions Policy

We are committed to rewarding high performance and investing in our internal talent pool. The Group ensures equal opportunity by basing all promotions strictly on merit, irrespective of ethnicity, religion, political opinion, gender identity, sexual orientation, age, marital status, or physical disability. Promotions include advancement in responsibility, accompanied by commensurate adjustments to remuneration and benefits.

Anti-Harassment Policy

Teejay strives to maintain a safe, inclusive environment free from discrimination and harassment, whether based on gender, sexual orientation, race, religion, nationality, age, social origin, marital status, disability, political affiliations, or opinion. The Group enforces a zero-tolerance policy towards all forms of abuse.
All reported incidents are treated with the utmost gravity and undergo prompt, impartial investigations. Any individual found in violation of this policy will face stringent disciplinary action, up to and including dismissal.

OUR PEOPLE

OHS Policy

Teejay Lanka PLC prioritises the health and safety of our employees and service providers. Our OHS Policy is communicated across all organisational levels and to relevant stakeholders. Through ongoing efforts, we ensure this policy is understood, effectively deployed, and evaluated in order to drive a culture of continuous safety improvement.

Child Labour Policy

In accordance with the National Labour Law of Sri Lanka (Employment of Women and Young Persons Act), young persons are defined as those between 16 and 18 years of age. Teejay Lanka's policy Strictly prohibits the recruitment of any person under the age of 18. The company also requires that all stakeholders, including contractors, labour suppliers, other service providers, and suppliers, adhere to this principle and do not employ child labour for any type of work.

Policy on Forced or Compulsory Labour

The Company strictly prohibits all forms of forced, bonded, indentured, or prison labour. All employment at Teejay is entered into voluntarily and without coercion. Employees are bound solely by the terms explicitly stated in their employment contracts, and we maintain robust measures to ensure that no worker is held in a state of compulsory service.

Equal Opportunity Policy

Teejay ensures that no employee is subjected to discrimination regarding recruitment, compensation, salary increments, promotion, access to training, working conditions, pregnancy, termination, or retirement. We protect our workforce from bias related to on gender, race, caste, skin colour, national origin, religion, age, disability, HIV/AIDS status, marital status, family responsibilities, pregnancy, sexual orientation, political opinion or affiliation. We actively work to mitigate unconscious bias and ensure that employees remain free to join unions or worker committees of their choice.

Human Rights Policy

The Company recognises that human rights are fundamental rights inherent to all individuals, regardless of nationality, ethnicity, sex, sexual orientation, colour, religion, language, or any other status. Teejay's Human Rights Policy applies universally to all employees, business associates, and representatives. This commitment extends to every location in which the Group operates and encompasses all company-sponsored events and activities.



OUR COMMUNITY

GRI 413-1

OUR COMMUNITY

At Teejay Lanka, Corporate Social Responsibility (CSR) is deeply embedded within our core business decision-making and guided by our long-term sustainability roadmap, Abhivarah 2030. Operated through Thirasara Mehewara our flagship Corporate Social Responsibility (CSR) platform, Teejay's community initiatives are strategically aligned with the United Nations Sustainable Development Goals—primarily SDG 4 (Quality Education) and SDG 6 (Clean Water and Sanitation).

The following details the Group's approach to Community engagement and development, with a primary focus on the enrichment of our Social and Relationship Capital. It details our commitment to uplifting local communities and creating sustainable livelihoods, primarily driven through our flagship Thirasara Mehewara CSR framework. These initiatives also contribute to preservation of Natural Capital and engagement of Human Capital, through employee volunteerism and engagement in environmental conservation and biodiversity restoration projects.



OUR COMMUNITY

THIRASARA MEHEWARA

Our 2030 Vision for Community Transformation

We aim to increase the total social impact of our flagship CSR framework by 250% by the end of the decade. At the heart of our community strategy is a commitment to positively impact 60,000 students by 2030.

Infrastructure and Essential Access	Educational and Literacy
Improve sanitation, hygiene, and educational facilities for at least 10% of provincial schools within the Ratnapura District by 2030.	Target a 20% improvement in literacy rates among primary school children within our focus communities by 2028/29.
Achieve universal access to basic sanitation across our three most immediate neighbouring villages by the 2028/29 financial year.	Eliminate barriers to education to ensure full gender parity in school attendance across all target regions.

A Framework of Accountability

Formalised in 2018, Teejay's CSR Policy provides a disciplined framework for the planning, monitoring, and transparent reporting of our community development initiatives. Managed by a dedicated team, our social projects are executed through a cross-functional model. This approach leverages the specialist technical expertise of our Engineering Department and the resource management capabilities of our HR Department, who work in tandem to oversee project implementation. This integrated engagement is powered by our collaborative spirit, drawing on a robust network of internal volunteers to maximise the positive impact delivered to our operating communities.

Sustainable Procurement and Community Alignment

We continue to extend our social impact by integrating community-centric criteria into our procurement strategies. Teejay accords preferential status to suppliers who demonstrate an active commitment to community investment, such as local recruitment drives, educational programmes, or environmental conservation efforts.

OUR THIRASARA MEHEWARA JOURNEY

Operating mainly out of the Seethawaka Export Processing Zone (EPZ) in Sri Lanka's Western Province provides Teejay Lanka with a unique vantage point to address the significant development gaps that persist within our neighbouring communities. Recognising this need, our Corporate Social Responsibility (CSR) objectives for the 2025/26 financial year reflect a purposeful evolution; whilst maintaining our foundational commitment to sanitation and hygiene, we have strategically broadened our engagement within the education sector.



Continuous support for Water and Sanitation Infrastructure

Over the previous years, Teejay laid the groundwork for extensive sanitation developments, initiating the construction of numerous washroom facilities, water tanks, and handwashing stations across rural schools in the Sabaragamuwa Province (specifically the Kegalle and Ratnapura districts).

Due to the phased nature of these large-scale investments, some of these projects achieved physical completion and handover during the reporting period. These investments continue to provide reliable access to clean and safe drinking water and dignified sanitation infrastructure for thousands of rural students.

OUR COMMUNITY

Educational Upliftment and Hygiene Awareness

Teejay maintained its continuous high-impact educational programmes throughout the year, as a means to combine infrastructural support with knowledge and awareness to create lasting change.

- **Hygiene and Menstrual Education:** We continued to build upon our highly successful partnerships with Sri Lankan corporations to support the delivery of basic sanitary education seminars and menstrual hygiene awareness for female students.



- ***Akura and Gethumaka Yuthukama:*** Our ongoing Akura (book donation/upcycling) and Gethumaka Yuthukama programmes were sustained during the year. These projects upcycle discarded paper into new school books and distribute essential stationery to ease the financial burden on rural families and the families of our own employees.

TEEJAY AKURA: PIONEERING EDUCATIONAL EMPOWERMENT

To champion our expanded focus on education, Teejay successfully launched the "Teejay Akura" initiative, specifically designed to support Grade 5 students navigating the competitive Scholarship Examination. This programme blends resource circularity with academic support through several key pillars:

- Circular Learning Materials: In a unique display of upcycling, we collected unused pages from partially used exercise books across the island, repurposing them into over 300 high-quality new books. These features motivational life stories on the covers and integrated QR codes, allowing students to download past examination and model papers instantly.
- Targeted Assistance: We distributed these books alongside 60 sets of essential school supplies to students across three selected institutions.

School	Students
Pahala Maniyangama Primary School	12
Welangalla K.V	35
Thelumpitiya Primary School	13

OUR APPROACH TO COMMUNITY ACTION: COLLABORATIVE ENGAGEMENT AND IMPACT ASSESSMENT

Teejay employs a structured, multi-stakeholder approach to ensure our community initiatives are both relevant and effective. We engage directly with students, teachers, and parents, utilising feedback loops through school principals and our own employees. To ensure seamless implementation, we maintain continuous coordination with Zonal Education Offices.

School Selection Process

Employee Suggestions: Suggestions of schools is collected from employees (including.number of employee's children attending).1

Zonal Collaboration: Relevant information is gathered from zonal education office.

Initial Assessment: All information is assessed to determine potential schools.

Physical Audit: Shortlisted schools are visited; existing sanitation conditions are assessed.

Final Selection: List of schools is finalised by Teejay's CRS team, in collaboration with zonal education departments.

Approval: Approval is obtained by the Cross Functional Team and Senior Management

OUR COMMUNITY



Our commitment to accountability is reflected in our rigorous assessment protocols. All new facility expansions and logistics projects are mandated to undergo a formal CSR and Environmental Impact Review prior to approval. This process ensures that community wellbeing is prioritised alongside commercial needs, with all programmes planned and reported under a formal framework.

Enhancing the Textile Ecosystem

Teejay is deeply committed to uplifting the domestic textile ecosystem. We actively collaborate with local small-scale suppliers and SMEs, embedding ethical standards and capacity-building into our supply chain. As the Patron of the Sustainable Supply Chain and SMEs Working Group under the UN Global Compact Network Sri Lanka, and driven by our Abhivarah 2030 framework, we partner with these groups on resource efficiency and waste management to build a more resilient and inclusive local value chain.

SCALING OUR IMPACT IN 2026/27

To drive the progress of our expanded CSR mandate,
Teejay has introduced new Key Performance Indicators (KPIs) for the coming year, aimed at increasing student outreach, school participation, and material distribution.

Drawing from the insights gained during the “Akura” pilot, our future focus will sharpen on:

- **Mental Resilience:** Developing programmes that help students manage examination stress and promote self-confidence.
- **Parental Awareness:** Guiding parents on providing effective support without imposing undue pressure.

In the upcoming year, we plan to roll out the Akura Second Phase whilst maintaining our foundational Thirasara Mehewara programme, ensuring a sustained commitment to school sanitary infrastructure and hygiene education.

ENVIRONMENT STEWARDSHIP

For Teejay, environmental stewardship is a strategic business imperative that safeguards natural capital, while securing a strategic market advantage and long-term operational resilience against global climate risks. The Company actively transforms this commitment into action through a comprehensive environmental strategy, Abhivarah 2030, which aligns operations with sustainability goals and sets out ambitious environmental targets for the Group.

This section of the report explores the Group's approach to Environmental Stewardship, with a primary focus on the management and preservation of our Natural Capital. It details how we responsibly consume critical natural resources, such as water, energy, and raw materials, while actively minimising our environmental footprint through emissions reduction, responsible waste management, and biodiversity conservation.

The discussion also highlights the intersection of our environmental strategies with Manufactured Capital and Financial Capital, outlining how Teejay's future-focused investments in sustainable manufacturing infrastructure, renewable energy transitions, and climate-risk mitigation ensure long-term, sustainable value creation for all stakeholders.

ENVIRONMENTAL LANDSCAPE IN 2025/26

Continuing the momentum from previous years, the year 2025/26 saw the global fashion industry moving toward sustainability as a mandatory license to operate. For fabric manufacturers, growth was tempered by volatility in energy prices, tightening regulatory conditions, costs to adopt new and emerging industrial-scale circularity measures, and adoption of technological requirements for value-chain traceability and transparency.

The acute physical risks of Climate Change, such as Cyclone Ditwah that impacted communities in Sri Lanka, became ever more critical. Their relevance and direct impact to water supply, employee commutes, and the viability of vital raw material crops – in turn impacting supply chains, can no longer be treated as distant threats.

While Teejay's core manufacturing facilities avoided prolonged or material shutdowns, and only experienced limited disruption due to the Cyclone, the event served as a catalyst. Teejay strengthened its Business Continuity Plans (BCPs) and Disaster Response (DR) Plans during the year, to be better prepared for similar future occurrences.

Despite the global fashion industry seeing sluggish growth during the reporting period, according to industry insights including McKinsey's State of Fashion report, the climate agenda and sustainability demands have continued to shape consumer behaviour and regulatory requirements; pushing manufacturers and supply chains to scale up decarbonisation and compliance.

Emerging and evolving regulatory requirements, such as the EU Ecodesign for Sustainable Products Regulation (ESPR) and related Digital Product Passport (DPP) requirement, saw formal approval and phased rollout within the European Union (EU) during the year. Extended Producer Responsibility (EPR) legislation amongst EU member-states, also saw greater harmonisation and enforcement in 2026. However, product-specific delegated acts, including DPP implementation timelines for textiles/apparel, are still being phased and developed.

Teejay's traceability, transparency, certification, and digital readiness initiatives are preparing the Group to align with and address the demands of these requirements as their implementation comes into force.

These and other changes have necessitated a number of shifts for manufacturers; to prioritise material traceability, recyclable textile inputs, and circular manufacturing readiness. They have also elevated the importance of globally accepted certifications and standards, and necessitated investments in traceability infrastructure alongside ongoing inputs for decarbonisation.

Fabric and apparel manufacturers, with significant wet processing requirements, account for a significant portion of the industry's carbon footprint. As such, they are at the forefront of decarbonisation efforts, especially related to thermal energy generation. Electrification of industrial infrastructure and renewable energy integration, biomass transition, thermal optimisation, and fuel switching, are seen as standard requirements for manufacturers leading the field – allowing gains to environmental performance while hedging against rising fuel costs.

However, the potential gains are also significant, as industry leaders have expressed that manufacturers approaching sustainability with this long-term mindset could reap the rewards in terms of more efficient business operations and a competitive advantage in the market.

Teejay's investments during the year – in solar energy capacity, coal phase-out, and transition to lower-carbon fuels, are expected to net positive results for the Company's own decarbonisation agenda, and the climate ambitions of its customers.

ENVIRONMENT STEWARDSHIP

ENVIRONMENTAL PERFORMANCE SNAPSHOT 2025/26

During the 2025/26 financial year, Teejay Lanka PLC directed investments and strategic focus to infrastructure, technology, and process innovation; laying a robust foundation for exponential gains in decarbonisation, environmental performance, and market advantage in the coming years.

Accelerating Decarbonisation: The next Frontier as our new Baseline

We made a number of significant future-focused environmental investments that are set to drive the Group's energy transition towards a low-carbon future, supporting our commitment to achieve a 42% reduction in Scope 1 and 2 emissions by 2030, against the 2022 base year, in line with our SBTi-aligned climate targets.

- **Coal phase-out:** Teejay initiated a USD 2.645 Mn. project to completely transition from coal-based boilers to sustainable biomass. Slated for completion by September 2026, this shift is projected to deliver a massive 49% reduction in total carbon emissions, through a drastic drop in Scope 1 emissions, while increasing the Group's renewable energy share by 42%.
- **Lower-carbon fuel transition and thermal efficiency:** Our Indian operations completed Phase I of the transition from Heavy Fuel Oil (HFO) to Piped Natural Gas (PNG), supporting a 33% reduction in fossil fuel consumption while improving thermal efficiency. Additionally, Teejay Lanka installed a new high-efficiency 6 million kCal/hour thermic fluid heater that is expected to lower heat-loss and fuel consumption across operations.
- **Solar integration:** Roof renovations were completed at Teejay Lanka operational facility, to support a new 7.2 MW solar photovoltaic system, with an investment of USD 2.571 Mn. Also expected to be operational by September 2026, this installation is expected to reduce Scope 2 emissions and increase share of renewable energy by an additional 17%.

Strengthening our Foundation for Future Sustainability

Developments in 2025/26 have positioned Teejay to monitor operational resource-use hot-spots in real-time, while generating verified, batch-level, environmental footprints and machine-level traceability for its products; giving it a competitive edge as global brands demand verifiable sustainability data.

- **Resource-efficiency through Digitalisation:** To drive granular resource efficiency, Teejay expanded its IoT-based online electricity and water monitoring systems to multiple new process nodes; providing unprecedented real-time visibility and control for resource-use, which would minimise wastage and leaks, while maximising efficiency in the long-term. This marks the most extensive expansion since the platform's initial installation.

  A key initiative in 2025/26 was integration of Teejay India and Teejay Prints into the online monitoring system, enabling group-level visibility of utility usage and machinery performance. Beyond immediate energy savings, this digital intelligence sets the company up for emerging global regulations: Teejay has strengthened its readiness for Digital Product Passport (DPP) implementation by enhancing data integrity, traceability systems, and chemical transparency across product lifecycles.
- **Water stewardship and microfiber elimination:** Setting a new benchmark for the region, Teejay initiated a first-of-its-kind Microfiber Assessment Programme in collaboration with UK-based cleantech company – Matter UK. This project aims to detect, filter, and recycle microfibers directly from process water before they can enter aquatic ecosystems. Having successfully completed mini-bulk trials in 2025/26, the project is advancing toward bulk-scale implementation, representing a major leap in preventive environmental management.
- **Circularity and Material Science:** Addressing the textile industry's end-of-life recycling challenges, Teejay's R&D hub is engineering multi-layer fabric constructions using mono-material layers and design-for-disassembly principles. The company also initiated a mechanical textile recycling project with key yarn suppliers to establish closed-loop, textile-to-textile recovery systems.

Benchmarking our Performance

The year 2025/26 reflected the Group's continued progress in sustainability performance, with both Teejay Lanka and Teejay India achieving a 99% score in the Higg Facility Environmental Module (FEM). Teejay Prints also recorded a strong Higg FEM score of 94%, reflecting the Group's continued focus on environmental performance improvement across operations. The Group also successfully maintained its ISO certifications, including ISO 14001:2015, ISO 50001:2018, and ISO 14064-1:2018.

Similarly, having secured the prestigious bluesign® System Partnership, Teejay Lanka is now actively investing in the stringent process optimisations and traceability systems required to achieve Bluesign product certifications.
This positions the Group to offer verified, sustainable production practices that guarantee product-level chemical safety and resource efficiency to the global market.

ENVIRONMENT STEWARDSHIP

2025/26 Environmental event log

Advancing Cleaner Chemistry Leadership

Teejay's ZDHC Road to Zero achievements shone on the international stage this year, as our team accepted the prestigious ZDHC Torch Bearer Award 2025 alongside a Signatory Appreciation award; at the ZDHC South Asia Regional Conference in Bangalore.



Responsible Care Excellence

Teejay Lanka was honoured with the Silver Award at the 4th Responsible Care Excellence Awards 2025, presented by the Lanka Responsible Care Council (LRCC), recognising the Company's continued commitment to upholding the highest standards in Environment, Health, and Safety (EHS).



Safer Chemical Management

Teejay Lanka actively participated in the Safe Chemicals Management Project implemented by the Lanka Responsible Care Council (LRCC), carrying out comprehensive third-party assessment of chemical handling practices across the facility, covering key areas such as storage, usage, risk identification, emergency preparedness, and overall chemical governance.



Women Leading the Circular Charge

Our circularity-focused Waste to Wealth initiative successfully transformed empty, hazardous, chemical barrels into high-performance PVC fabric roll tubes. This solution not only eliminated our reliance on virgin plastics but also won the Certification of Appreciation at the LRCC Women-Led Sustainability Projects Awards 2026. The project's success was published as a peer-reviewed research paper at the 2nd International Conference on Plastics, Innovations, and Environmental Sustainability (ICPIES) 2025. Following successful implementation, the recycled plastic tubes are now fully integrated into Teejay's bulk production processes, maintaining mechanical performance, durability, and compliance with regulatory standards such as the AFIRM 2025 Packaging RSL.



ENVIRONMENT STEWARDSHIP

Empowering Frontline Waste-handling

Waste management isn't just about policies, it's about people. In August and November 2025, we rolled out Phases 2 and 3 of our Waste to Wealth resilience workshops, bringing together frontline waste handling personnel – environmental officers, janitorial staff, and waste-handling teams from the Seethawaka EPZ and Dehiovita, Ruwanwella, and Yatiyanthota Regional Councils; for hands-on training. Participants gained hands on experience on waste management, insights on the 3R concept, waste and plastics classification and segregation, and eco brick production. We are empowering our community's unsung heroes to become everyday champions of sustainability.





Green Skills for a Better Tomorrow

During the year, Teejay strengthened its commitment to circularity and employee empowerment through a series of training programmes: hands-on initiatives designed to inspire employees to transform waste materials into creative, value-added products with commercial potential. The programme equipped participants to repurpose discarded materials into wearable art, accessories, and functional household items.





Cleaner Production Success

Teejay Lanka was awarded the Bronze Award in the Textile Sector under the Manufacturing – Large Category at the National Cleaner Production Awards 2025, a prestigious national platform that celebrates advancements in sustainable manufacturing. This recognition reflects the Company's strong commitment to cleaner production, resource efficiency, and environmentally responsible operational practices that are integral to Teejay's long-term sustainability vision.



To Earth with Love: Breath of Life for Riparian Ecosystems

Recognising the environmental importance of the riverine ecosystems, such as the Kelani River basin in Sri Lanka and the Godavari River catchment in India, the Group commenced long term programmes centred on ecological restoration. Teejay India collaborated with the Adhistan Industrial Park to conduct a joint cleanup and reforestation drive. In Sri Lanka, volunteers planted ecologically vital native trees like Mee, Neem, Kumbuk, and Pomegranate to stabilise soil and restore degraded segments of the Kelani River catchment.

ENVIRONMENT STEWARDSHIP







Employee Engagement for the Environment

Teejay Lanka and Teejay Prints jointly commemorated World Environment Day on 5 and 6 of June 2025 under the global theme – Ending Plastic Pollution; carrying out a programme that included Eco-Treasure Hunt games and team-building activities designed to encourage sustainable thinking and reinforce the importance of collective responsibility.



Mastering the Circular Economy

Transitioning from a traditional production model to a circular one requires world-class expertise. In May 2025, the Teejay team undertook an intensive professional training program on the new ISO 59000 Circular Economy Standards, conducted by the National Cleaner Production Centre (NCPC) Sri Lanka.



Reforestation for Biodiversity

Teejay's biodiversity restoration activities during the year included a long-term restoration project along the Maskeliya Oya that connects directly to Sri Lanka's Peak Wilderness Nature Reserve; a nationally significant biodiversity hotspot.



ENVIRONMENT STEWARDSHIP

PROGRESSING TOWARD OUR TARGETS

Our commitment to the environment is expressed in terms of an ambitious set of targets, aligned with the Group's environmental sustainability pillars; spanning emissions, water, chemicals, waste, and biodiversity. During the year 2025/26, the Group introduced additional outcome-based targets for its biodiversity initiatives, to drive measurable, nature-positive impact.

	Target	Progress in 2025/26
Emissions	42% reduction in Scope 1 and 2 emissions by 2030*. 25% reduction in Scope 3 emissions, by 2030*. Net-Zero carbon emissions by 2050.	4.5% reduction in Scope 1 and 2 emissions, against the baseline.
Water	Reduce water intensity by 50% by 2030.	3% reduction from the baseline.
Chemicals	Achieve zero toxic chemical usage and discharge.	ZDHC MRSL Conformance level 1 or above 99%. and 82.2% bluesign approved products.
Waste	Achieve 100% waste value-enhancement by 2030	zero landfill, 63% waste value enhancement
Biodiversity	Restore and enrich over 100 acres of land through initiatives such as planting 100,000+ trees, invasive species removal, and conservation of at least 15 km of terrestrial and freshwater ecosystems. Support the protection of 5 km or more of waterways, through conservation, pollution reduction, and habitat improvement initiatives by 2030. Engage at least 25% of employees in voluntary biodiversity and conservation activities, by 2030.	53,586 trees up to date have planted and 9 km forest corridor restoration.

* against the 2022 base year.

ENVIRONMENTAL STRATEGY TOWARD 2030

Environmental management is embedded within Teejay's corporate culture and driven by the Group's Abhivarah 2030 sustainability strategy. A comprehensive framework for governance, oversight, management, and operationalisation ensures that day-to-day business operations are directly aligned with the Group's broader sustainability ambitions and rigorous compliance frameworks.

Together, the strategy and governance framework mainstream environmental stewardship within our core business, and integrates climate-related and other sustainability related risks and opportunities into corporate decision-making.

Abhivarah 2030

Teejay's environmental strategy, Abhivarah 2030, is the Group's long-term sustainability roadmap, integrating environmental stewardship, responsible resource management, and social responsibility across its value chain. The framework is structured around three core pillars: Responsible Resource Consumption (Doing More with Less), Responsible Discharge (Waste to Wealth), and Supporting a Thriving Planet (To Earth with Love).

During the 2025/26 financial year, a key strategic update was the formal expansion of the Biodiversity Policy: reinforcing biodiversity as a core pillar of Abhivarah 2030 and demonstrating an increased focus on nature-positive outcomes. The strategy remains aligned with the UN Sustainable Development Goals (SDGs), the 10R circular economy model, Zero Discharge of Hazardous Chemical (ZDHC) Roadmap, and the Science Based Targets initiative (SBTi).

ENVIRONMENT STEWARDSHIP

Additionally, Teejay continued to systematically integrate climate considerations into strategic decision-making by aligning its risk identification, scenario analysis, and disclosures with SLFRS S1 and S2 standards.



The strategy is anchored on measurable environmental performance targets, including significant reductions in resource intensity, improved circularity, and enhanced ecosystem protection, supported by strong governance and operational integration through the Company's Environmental Management System. The strategy also includes community and employee engagement goals; strengthening internal ownership and mainstreaming a culture of environmental conservation for vital stakeholders external to the Company's operations.

Implementation of the Abhivarah 2030 strategy is fully integrated into Teejay's Environmental Management System, with oversight provided by the Sustainability Committee and execution led by functional departments and cross-functional teams. The approach emphasises structured planning, regular monitoring, capacity building, and collaboration with external stakeholders, ensuring transparency, accountability, and continuous improvement in delivery.

To accelerate our environmental sustainability roadmap, we foster a culture of collaboration across our upstream and downstream supplier networks. Through annual vendor forums, we engage in joint problem-solving with chemical innovators, yarn engineers, and waste-management partners to co-create circular solutions. This interactive ecosystem is reinforced by rigorous sustainability assessments, ensuring our partners are explicitly aligned with our strict compliance frameworks, responsible sourcing mandates, and nature-positive commitments.

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Environmental Sustainability Initiatives

Aligned with the 10R Concept, circular economy principles, and a journey to value-enhance waste; we work to minimise waste at source, practice responsible waste management, and maximise waste that is value enhanced – reused or recycled and diverted from landfills.

Programmes actively engage waste management partners, educate employees and support staff, and raise awareness amongst the public. We also collaborate with our suppliers and customers to build a more sustainable and circular value chain.

Encompasses an integrated approach – spanning emissions reduction, renewable energy investments, energy efficiency measures, water stewardship, responsible chemical management, and supply chain transformation.

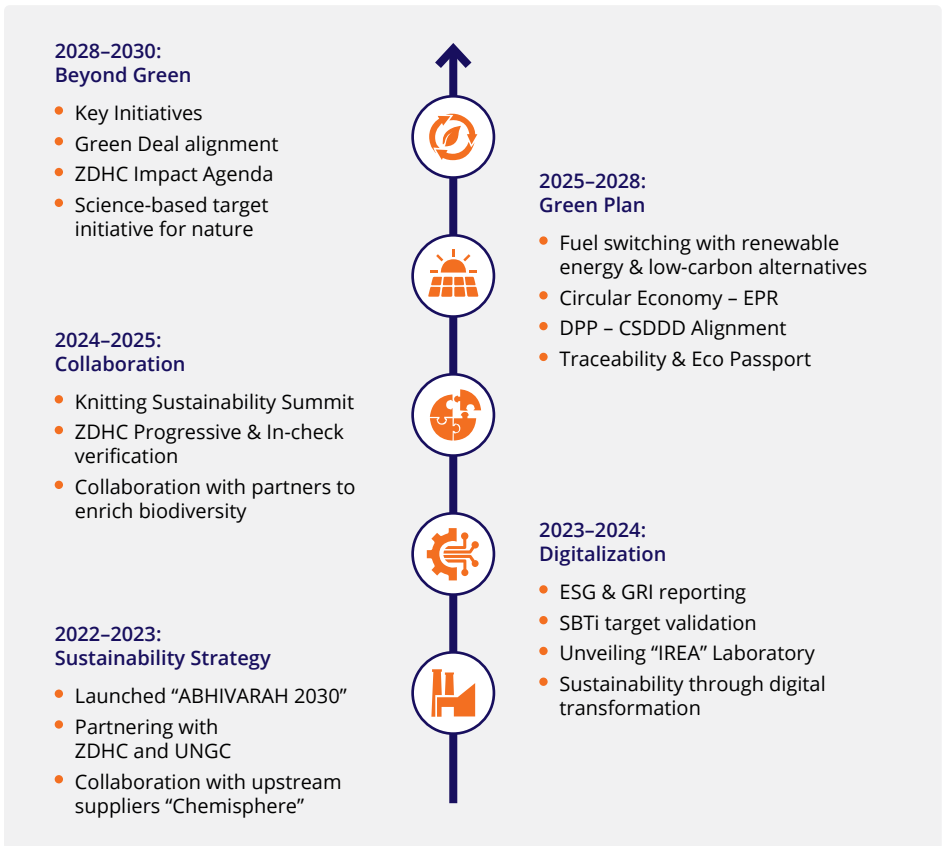
Together, these initiatives are embedding climate and Environment responsibility within our business model and supporting the Company's progress toward achieving a net-zero ambition.

Protecting and enhancing biodiversity, particularly through targeted conservation efforts along the Kelani and Godavari river catchments, which are vital water sources for our operations, employees, and communities.

Collaborating with environmental organisations and local communities; our programmes focus on preserving endangered species, developing forest corridors, and promoting ecological balance.

Roadmap to 2030

The Group Sustainability Roadmap provides a structured map and evolutionary path for the Group to follow; progressing from launch of our sustainability strategy in 2022/23 – building initial strategic frameworks. Through to 2030 – the target horizon for our environmental commitments; wherein deep digital integration, global value-chain collaboration, systemic regulatory alignment, and regenerative practices are enshrined within the business.



ENVIRONMENT STEWARDSHIP

MATERIALS: SUSTAINABLE SOURCING AND CIRCULARITY

GRI 301-1

Teejay's approach to material use is addressed within the Responsible Resource Consumption pillar of the Group's Abhivarah 2030 sustainability roadmap. As part of this strategy, the Group actively drives a systemic shift from traditional linear take-make-dispose models toward closed-loop resource systems.

Priority Raw Materials

The Company has assessed how environmental, and climate related factors influence long term financial resilience, including constraints related to the sourcing and use of raw materials. The discussion on Supply Chain (page 108), discloses and discusses these risks and opportunities related to our Priority Raw Materials.

Primary Raw Material use

As a fabric manufacturer, our material usage is highly correlated with operational and production volumes, with some fluctuation due to internal process efficiencies. Teejay's strategic focus on stabilising raw material use while enhancing operational efficiency serves to balance production needs against efficient resource-use, with an emphasis on managing chemical and dye usage alongside core materials like yarn and greige.

The percentage of recycled input materials increased to 10% in 2025/26, compared to 5% in the previous year, reflecting continued progress in the Group's efforts to incorporate more sustainable materials into its product portfolio. This improvement was supported by growing customer demand for recycled yarns and ongoing collaboration with suppliers to expand the availability of commercially viable recycled material solutions.

	2025/26	2024/25	2023/24	2022/23
Raw materials				
Yarn (kg)	**21,953,056**	23,631,556	20,761,900	24,555,386
Greige (kg)	**23,101,196**	25,061,523	20,306,188	25,099,809
Chemicals				
Dyes (kg)	**917,942**	1,035,649	751,415	1,010,946
Chemicals (kg)	**11,128,166**	12,404,759	10,003,876	13,649,716
Auxiliaries (kg)	**3,070,984**	3,095,091	2,870,054	2,915,875
Other				
Knitting Needles (units)	**2,650,512**	2,726,083	2,043,875	1,412,471
Packaging Materials (kg)	**304,993**	398,389	1,358,735	1,717,419
Consumable Goods and Spares (USD)	**1,518,398**	1,376,229	1,606,751	1,289,335
Prepared for Print (PFP) (kg)	**1,925,390**	1,899,576	1,728,609	2,601,181
Paper (bundles)	**8,588**	7,952	6,469	3,000

ENVIRONMENT STEWARDSHIP

Recycled Input Materials

GRI 301-2

	2025/26	2024/25	2023/24	2022/23
Volume of recycled input materials used (e.g. recycled yarn) (kg)	2,428,667	1,223,518	1,494,664	2,571,404
Percentage of recycled input materials used (e.g. recycled yarn) (%)	10	5	7	12

Raw Material Certifications and Accreditations

Facility	Certification/accreditations achieved
Teejay Lanka	GOTS, OCS, GRS, ZDHC Supplier to Zero (Level 2), ZDHC Verified InCheck, bluesign® SYSTEM PARTNER, Eco Labelling Certification, Cotton US Protocol, BCI & Regenagri, OEKO-TEX 100
Teejay Prints	GOTS, OCS, GRS, ZDHC Supplier to Zero (Level 2), ZDHC Verified InCheck, OEKO-TEX 100
Teejay India	GOTS, OCS, GRS, ZDHC Supplier to Zero (Level 2), OEKO-TEX 100, OEKO-TEX STEP, BCI, Regenagri, CmiA, ZDHC Verified InCheck

Navigating the Circularity Frontier: Our Strategic Response

The pursuit of a circularity in the global fashion industry, and within Sri Lanka's textile and apparel sector, continues to gain critical momentum. However, many challenges remain. In addition, during the 2025/26 financial year, scalability of circular business models remained bounded by additional infrastructural, economic, and structural headwinds.

Materials: The sector relies extensively on fabrics made with elastane, polyester blends, and performance finishes. While these fabrics meet buyer needs, they are known to be difficult to recycle using existing technologies – lacking mono-material standards, limited by access and availability to circular raw materials (bio-based synthetics, recycled polyester chips, recycled nylon) from domestic sources, and high import-dependency for recycled fibres; making circular material adoption sensitive to global price fluctuations.

Additionally, circular materials such as recycled polyester, organic cotton, or bio-based synthetics carry higher costs with wide variations and volatility in availability. For Sri Lanka, additional import duties, currency fluctuations, and logistical challenges further widen the cost-gap. Thus, despite Teejay's efforts in sourcing more sustainable cotton and developing green fabrics, structural challenges persist in shifting fully toward recyclable materials. The direct influence of buyer requirements on our product portfolio has resulted in recycled input materials reducing year-on-year in line with reduced order quantities.

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Infrastructure and Legislation: From a global standpoint, there remains limited availability for industrial grade textile recyclers capable of handling polycotton blends, performance fabrics and elastane-based materials. In addition, recycling technologies remain concentrated in Europe and parts of Asia, making circularity efforts dependent on external partners. With economic pressures that exist, exporting textile waste for recycling is often economically unviable due to logistics costs, trade restrictions, and quality requirements of receiving nations.

Local Context: At country level – Sri Lanka currently lacks large-scale fibre-to-fibre recycling facilities, advanced chemical textile recycling plants, and high-capacity textile sorting infrastructure. While Teejay continues to strengthen internal circularity initiatives, including repurposing used chemical barrels into recycled PVC fabric roll tubes, broader textile material loop closure at national level remains an evolving area requiring further industry-wide infrastructure development.

Sri Lanka's circular textile ecosystem is still evolving, particularly in areas such as fibre-to-fibre recycling infrastructure, advanced textile recovery technologies, and large-scale material sorting systems. Similarly, policy and industry frameworks related to Extended Producer Responsibility (EPR), textile recovery systems, and recycled-content adoption across the region continue to develop.

Consumer awareness and market demand for circular products and recycled materials within the local market are also gradually evolving. As a result, the development of post-consumer textile recovery systems and broader circular infrastructure remains at an early stage across the industry.

Across the wider textile value chain, sustainability capabilities, traceability systems, and waste management infrastructure continue to vary among suppliers and subcontractors as the industry progresses towards more circular and resource-efficient practices.

Our Approach to Circularity

Despite hurdles to achieving and operationalising circularity, as a technologically advanced manufacturer, Teejay often operates ahead of the ecosystem. Our journey toward textile circularity is progressing steadily even with the structural challenges that exist. As such, Teejay has leveraged its position to balance near-term operational constraints against long-term targets; with a focus on waste-to-value internal initiatives and small-scale material innovations until broader national systems are established.

In response to limitations, Teejay has pivoted its circular product strategy heavily toward material durability. By engineering fabrics for extended product life, shape retention, and wear resilience, we help to lower the frequency of replacement cycles; thereby reducing overall environmental impact. Additionally, until broader national and regional textile recovery systems are established, we work to scale internal waste-to-value initiatives and innovative alternatives to simplify future recycling efforts.

Guided by the Group's Abhivarah 2030 sustainability strategy, Teejay's approach to circularity aligns with the 10R Circular Economy Model and is strengthened by comprehensive life cycle thinking that ensures circularity is a core strategic principle embedded across the Company's entire value chain.

- **Material sourcing and procurement:** Circularity drives Teejay to adopt sourcing models that minimise virgin material use and maximise the reuse, recycling, and regeneration of resources. The Company actively collaborates with suppliers to source recycled and environmentally preferred inputs, such as GRS-certified yarns and bio-based synthetics. A key achievement in traceable, sustainable sourcing is Teejay becoming the first textile manufacturer in Sri Lanka to join the U.S. Cotton Trust Protocol, ensuring that cotton inputs meet strict sustainability standards and can be traced throughout the chain.
- **Product design and innovation:** Product development, spearheaded by the INSCOPE innovation hub, pushes the organisation to create fabrics designed for durability, recyclability, and reduced environmental impact. New products are rigorously assessed not only for their performance and feasibility but also for their recyclability, composition compatibility, and end-of-life recovery options. The R&D team is actively engineering multi-layer fabric constructions using mono-material layers and design-for-disassembly principles to make garments easier to recover or repurpose.
- **Responsible chemical management:** Safer chemical use is fundamental to achieving true circularity. Teejay aligns its chemical management with the Zero Discharge of Hazardous Chemicals (ZDHC) framework and bluesign® system requirements. By eliminating hazardous inputs and promoting green chemistry, Teejay ensures that fabrics are free from toxic residues, which enables safer and more viable end-of-life recycling loops.

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- **Packaging Circularity:** The Company actively collaborates with suppliers to shift toward returnable or recyclable packaging formats, particularly targeting packaging of yarn and other primary materials packaging. Teejay collaborates with local apparel industries to return fabric rolls, while managing usage of PVC tubes as a circular product certified with AFIRM RSL packaging standards. Circular packaging pilots are scaled based on strict environmental impact assessments to ensure compatibility with existing recycling streams and to reduce reliance on virgin packaging materials.
- **Post-Consumer and Production Waste Solutions:** Operating under the Waste to Wealth pillar, Teejay has set an ambitious target of achieving 100% waste value-enhancement by 2030. To close the loop on textile waste, Teejay has initiated a mechanical textile recycling project with key yarn suppliers focusing on pre- and post-consumer textile waste to develop closed-loop, textile-to-textile recovery systems.

Mainstreaming Circular Thinking

Recognising global regulatory shifts, Teejay proactively embeds upstream and downstream environmental impacts into its product and sustainability strategies.

- **Lifecycle Assessments (LCAs):** Teejay uses data-backed LCAs when evaluating new innovations to identify potential sustainability opportunities and trade-offs early in the development process.
- **Digital Integration:** Analytical capabilities are heavily supported by digital infrastructure, including the Group's SAP S/4 HANA ERP system, the Sustainability Performance Analyser (SPA) tool, and platforms like AREL Orgotex. These systems provide accurate, real-time data on material flows, production inputs, and environmental footprints, allowing teams to evaluate product lifecycles before commercial scaling.
- **Industry Leadership:** Teejay's role as the Patron of the Sustainable Supply Chain Working Group under the UN Global Compact Network Sri Lanka further helps institutionalise sustainability-driven innovation practices and shared learning across the organisation and the wider industry.

Circularity Developments in 2025/26

- **Closed-loop Plastic Waste Recycling:** A landmark achievement during the year was the successful transformation of used chemical barrels (traditionally classified as hazardous waste), into high-performance recycled PVC plastic tubes that serve as central cores for fabric rolls. This closed-loop initiative successfully eliminated the Company's reliance on virgin plastics for this application, drastically reducing the volume of plastic entering waste streams while maintaining strict compliance with the AFIRM 2025 Packaging RSL.

  Validating its technical rigor, the outcomes of this project were formally published as a peer-reviewed research paper at the 2nd International Conference on Plastics, Innovations, and Environmental Sustainability (ICPIES) 2025. The initiative was also honoured at the Lanka Responsible Care Council (LRCC) Awards 2026, receiving a Certification of Appreciation as an outstanding women-led sustainability project.
- **Green Skills for a Better Tomorrow:** To embed circular thinking directly into its workplace culture, Teejay launched a hands-on training series designed to equip employees with the skills to upcycle discarded materials. Additionally, in May 2025, cross-functional teams at Teejay successfully completed intensive professional training on the new ISO 59000 Circular Economy Standards, conducted by the National Cleaner Production Centre (NCPC) Sri Lanka. The sessions enabled the team to map existing circular practices, establish robust monitoring frameworks, and develop company-specific roadmaps to maximise resource efficiency across the value chain.

ENERGY: CHAMPIONING THE ENERGY TRANSITION

GRI 302-1, 302-3, 302-4

Teejay is dedicated to driving the global energy transition by embedding cutting-edge technologies and energy-efficient practices across our operations. Guided by a robust Energy Management Policy and actionable Energy Reduction Utilisation Plans, we are actively scaling our renewable energy footprint and reducing overall consumption in alignment with the Abhivarah 2030 strategy.

Energy highlights

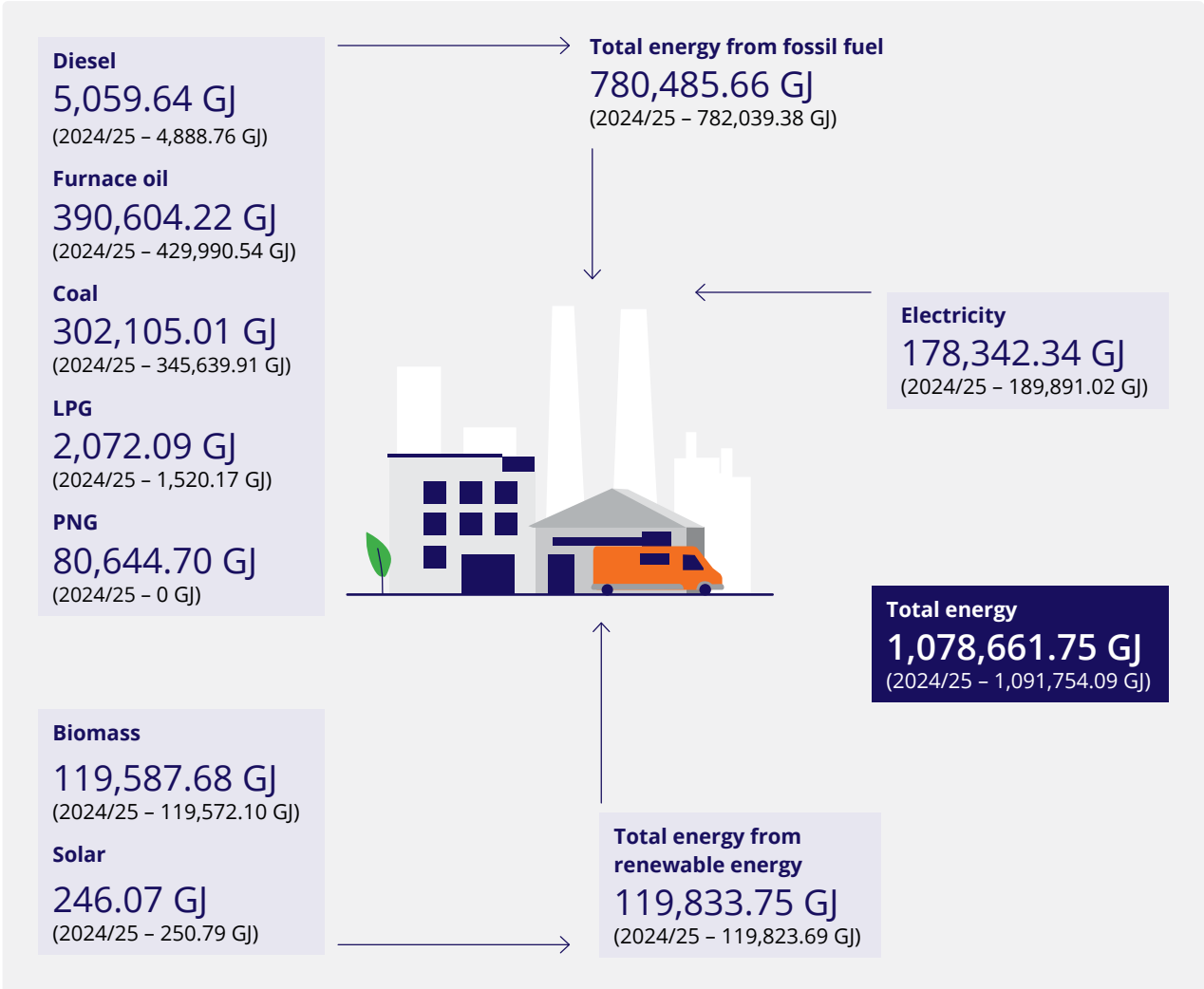
During the 2025/26 financial year, the Teejay Group recorded a 1.2% reduction in overall energy consumption compared to the previous year, reflecting continued efforts toward energy optimisation and operational efficiency. A key achievement during the year was the introduction of Piped Natural Gas (PNG) to Teejay India operations, contributing to a 33% reduction in Heavy Fuel Oil (HFO) consumption at the facility level and an overall 9.16% reduction in Group-wide HFO energy consumption.

ENVIRONMENT STEWARDSHIP

The Group also achieved a 12.6% reduction in coal energy consumption and a 6.08% reduction in electricity consumption compared to 2024/25, supporting ongoing decarbonisation and energy transition initiatives across operations. Meanwhile, renewable energy contribution remained stable during the year, primarily supported through biomass energy utilisation.

- **New Technology and Machinery:** Installation of a new high-efficiency 6 million kCal/hour thermic fluid heater was completed in 2025/26, which has optimised thermal performance and drastically reduced heat losses.
- **Investing in Renewables:** Teejay initiated projects to completely phase out coal-based boilers in favour of sustainable biomass boilers, slated for completion by September 2026. Additionally, the Group has commissioned installation of rooftop solar photovoltaic system that would expand Teejay's solar power generation footprint. Teejay India has commissioned a Pipe Natural Gas (PNG) unit to drastically reduce its reliance on Heavy Fuel Oil (HFO).

Energy mix	2025/26	2024/25
Total Energy (GJ)	1,078,661.75	1,091,754.09
Toal Energy from Fossil Fuel (GJ)	780,485.66	782,039.38
Total Energy from Renewables (GJ)	119,833.75	119,823.69
Electricity (GJ)	178,342.34	189,891.02



ENVIRONMENT STEWARDSHIP

Energy Management Developments in 2025/26

During the year, Teejay implemented a series of targeted energy saving initiatives aimed at improving operational efficiency and reducing environmental impact. Collectively, these measures contribute to sustained energy efficiency, cost optimisation, and Teejay's broader climate responsibility objectives.

Energy Efficiency Improvements

- Conducted a comprehensive energy audit, in collaboration with the Open University of Sri Lanka (OUSL), to systematically identify inefficiencies in existing systems, aiming to reduce energy consumption, lower utility costs, enhance occupant comfort, and minimise environmental impact.
- Carried out a comprehensive leak detection audit within the compressed air system, followed by the necessary rectifications.

Thermal and Steam System Improvements

- Included a wider range of operational nodes in the Electricity Monitoring System, extending real time tracking to areas previously uncovered during Phase 1, including knitting, dyeing, finishing, biomass operations, backup boilers, compressed air systems, fire pump utilities, and critical administrative and service blocks.
- Enhanced the Steam Monitoring System to cover VAM chillers, dye houses, dryers, compaction units, calendaring machines, and both high- and low-pressure steam lines at TJL and TJP.
- Expanded the Water Monitoring System, which now includes multiple process inlets, clarifier points, raw water tanks, hot water return loops, dyeing sections, and gantry distribution lines.
- New monitoring capabilities introduced for Stenter Chamber Monitoring, which now tracks incoming and discharge temperatures across Stenter 1 and 2, improving control over finishing related thermal energy use.
- Installed Pressure Monitoring sensors for steam, compressed air, cooling water, process water, and hot water has enabled more accurate diagnosis of leaks and abnormal pressure fluctuations.
- Added Tank Farm Level Monitoring, bringing real time level tracking to the HFO Tank Farm and Diesel Tank.
- Additional initiatives included the identification and repair of steam leaks, the replacement of faulty steam traps, and the enhancement of thermal energy recovery through the sludge dryer condensate recovery system.

IoT and Digital Monitoring Enhancements

- Conducted an optimisation audit in collaboration with UNIDO, integrated flow meter installations into the IoT monitoring platform, and replaced conventional valve banks with ECO series units to enhance system performance.
- Expanded online monitoring system to cover additional operational insights, incorporating predictive modelling with automated report generation for forecasting and performance analysis, as well as productivity tracking that provides real-time visibility into production output.
- Upgraded the IoT system, which currently covers major utilities (electricity, steam, furnace oil, diesel, and water) and machinery performance (utilisation and breakdown) across the Group.
- Operational improvements in the use of IoT analytics in weekly engineering meetings, enabling rapid hotspot identification, abnormal user detection, and targeted interventions to support energy saving initiatives.

Utility Optimisation

- Operating hours of packaged air conditioning units in the HVAC system were rationalised; reducing run time from 24 hours to 15 hours per day, as night shift cooling in knitting areas was identified as non essential.

Our Approach to Energy Management

Teejay Lanka PLC's approach to energy management is governed by a comprehensive Energy Management Policy aligned with the ISO 50001:2018 international standard and the Group's overarching Abhivarah 2030 sustainability strategy. The policy and framework seek to minimise negative environmental impacts through the continuous identification, monitoring, and reduction of the Group's energy footprint.

This proactive energy management approach is fundamentally tied to Teejay's Science Based Targets initiative (SBTi) commitments (page 151) and emissions performance (page 151). To ensure accountability and continuous improvement across all these initiatives, Teejay tracks its energy metrics quarterly through its Sustainability Performance Analyser (SPA) tool and maintains transparent, third-party verified emissions reporting under the ISO 14064-1:2018 standard.

To operationalise these ambitions, Teejay's energy management approach focuses on three primary pillars: digital monitoring, the transition to renewable energy sources (Energy Transition), and process-level resource-efficiency and optimisation.

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Digitalisation and IoT-Driven Monitoring

A cornerstone of Teejay's approach is its advanced digital infrastructure. The company has implemented a groundbreaking IoT-based online real-time energy monitoring system across its facilities, with expanded coverage across 328 connected devices, including all major utilities and production operations.

- **Comprehensive Visibility:** The platform provides visibility into all major utilities – such as electricity, steam, furnace oil, diesel, and water, complemented by machine-level performance.
- **Predictive Action:** The system empowers engineering teams with live data for predictive modelling, hotspot identification, and strategic machine shutdowns during non-productive hours.

Championing the Energy Transition

To aggressively decarbonise its operations and decouple from fossil fuels, Teejay is executing several large-scale transition projects (page 153), the effect of these infrastructural changes on our emissions, is explored on page 148. Once complete, the projects would see a significant structural shift in the Group's energy-mix toward renewables.

Process Optimisation and Energy Efficiency

On the factory floor, Teejay drives daily energy conservation through continuous lean manufacturing and targeted infrastructure upgrades.

- **Machinery Upgrades:** The Company continually introduces and upgrades machinery – such as low-liquor dyeing machines and high-efficiency fluid heaters, which are optimising thermal performance, demanding less energy, and also reducing water-use per cycle. See page 112 for upgrades in 2025/26.
- **HVAC and Cooling:** Chiller systems have been automated with Variable Frequency Drives (VFDs) to adjust cooling dynamically based on real-time demand. Additional timed shut-down of cooling systems during non-productive periods, further maximises energy saving.
- **Compressed Air Optimisation:** Plant-wide optimisations have centralised air distribution, repaired leaks, and reduced nozzle sizes; and led to reductions in compressed air usage. Sensor-based automation has also contributed to reducing wasted energy during idle hours.
- **Lighting:** The Group has successfully replaced 100% of its conventional lighting with energy-efficient LED bulbs and low bay lights.

Comprehensive Energy Management Policy

Teejay has established a comprehensive Energy Management Policy that governs its approach to energy consumption, efficiency improvements, and the long-term transition toward sustainable energy. This policy is built on the principles of sustainable development, environmental protection, and corporate social responsibility, and is implemented through an Energy Management System aligned with the ISO 50001:2018 international standard.

The policy ensures compliance with all relevant energy legislation, supported by systematic recording, analysis, and interpretation of energy use data to drive continuous improvement in energy performance. It also promotes a strong culture of behavioural change, encouraging employees to adopt energy conscious practices through ongoing guidance, training, and coaching.

To strengthen operational efficiency, the Energy Management Policy mandates the periodic review of energy objectives and targets, with top management committing to ensure the availability of resources necessary to achieve these goals. It further guides procurement decisions by requiring the purchase of energy efficient machinery, equipment, and services to support the Company's Energy Management System and overall sustainability strategy. Employees are expected to understand and adhere to the policy, actively identify opportunities to reduce energy use, and contribute to elevating Teejay's broader sustainability performance. Through these commitments; efficient energy use, regulatory compliance, continuous monitoring, employee engagement, and responsible procurement; the policy plays a central role in shaping Teejay's energy saving initiatives, operational efficiency improvements, and its broader transition toward renewable and sustainable energy solutions.

Addressing Energy Consumption Across the Value Chain

Teejay measures and reports energy consumption across the Group, aligned with integrated reporting and sustainability reporting; following internationally recognised frameworks such as the GRI Standards, SBTi aligned methodologies, and the Company's annual internal reporting processes.

Teejay's energy disclosures cover the Group's consolidated operations in Sri Lanka and India and rely on established global standards to ensure transparency, comparability, and consistency in environmental reporting, including energy related metrics across the value chain. Measurements and disclosures apply recognised methodologies and boundary definitions in line with international frameworks.

When reporting the Group's Scope 3 emissions (page 153), the calculations involved indirectly reflect upstream and downstream energy consumption. Actions and initiatives

ENVIRONMENT STEWARDSHIP

related to the Supply Chain (page 102), directly and indirectly influence energy consumption upstream, while Circularity efforts (page 144), and relationships that make up Customer Capital (page 169), formed by partnerships with leading sustainability-conscious customers would impact energy consumption downstream.

EMISSIONS: DECARBONISING OPERATIONS AND CLIMATE ACTION

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

Decarbonisation of our operations is driven by the need to align with the global 1.5°C trajectory under the Paris Agreement, respond to rising customer expectations for low carbon textiles, and support Teejay's competitive positioning in global supply chains.

As one of Sri Lanka's leading textile manufacturers, Teejay recognises that decarbonisation is no longer optional but essential for sustaining market relevance, satisfying brand partners' climate commitments, and driving long term resilience for the Group and broader industry.

Decarbonisation Updates 2025/26

Compared with FY 2024/25, Scope 1 emissions reduced from 70,281.58 tCO_2e to 68,395.30 tCO_2e in FY 2025/26, achieving a 2.68% reduction, while Scope 2 emissions reduced from 37,814.30 tCO_2e to 28,481.72 tCO_2e, achieving a significant 24.68% reduction. Compared with the baseline year, Scope 1 emissions reduced by 3.53% and Scope 2 emissions reduced by 6.83%.

Although Scope 3 emissions recorded an increase from 568,570.49 tCO_2e to 581,665.48 tCO_2e during the same period, this increase was mainly driven by improved data quality, enhanced supplier engagement, and expansion of reporting boundaries, resulting in higher data accuracy and reduced uncertainty within the inventory.

The strengthened reporting framework significantly improved transparency and enabled more reliable long-term decarbonisation planning.

- **Coal Phase-Out:** Teejay initiated a USD 2.645 Mn. project to completely phase out coal-based boilers in favour of sustainable biomass boilers. Expected to be completed by September 2026, this is projected to deliver a massive 49% reduction in total carbon emissions (primarily through reductions in Scope 1 emissions).
- **Solar Expansion:** An investment of USD 2.7 Mn. is currently underway to install a 7.2 MW rooftop solar photovoltaic system. Expected to be completed by September 2026, the investment will significantly lower Scope 2 emissions.
- **Cleaner Fossil Fuels:** Teejay India has commissioned a Piped Natural Gas (PNG) unit to gradually replace higher-emission Heavy Fuel Oil (HFO), significantly improving thermal efficiency and lowering greenhouse gas emissions.

	2025/26 (tCO_2e)	2024/25 (tCO_2e)	Reduction compared to 2024/25	Reduction compared to baseline year
Scope 1	68,395 .30	70,281.58	-2.68%	-3.53%
Scope 2	28,481.72	37,814.30	-24.68%	-6.83%
Scope 3	581,665.48	568,570.49	2.44%	55.29%

Category	Source	Teejay Group GHG Emissions/tCO_2e
Scope 1	Diesel	294.86
Scope 1	LPG	232.49
Scope 1	PNG	4,552.16
Scope 1	Furnace Oil	38,358.25
Scope 1	Biomass	744.18
Scope 1	Coal	23,960.09
Scope 1	Diesel (internal Vehicle)	36.50
Scope 1	Fugitive emissions	216.78
Scope 2	Purchased Electricity	26,986.01
Scope 2	Purchased Steam	1,495.71

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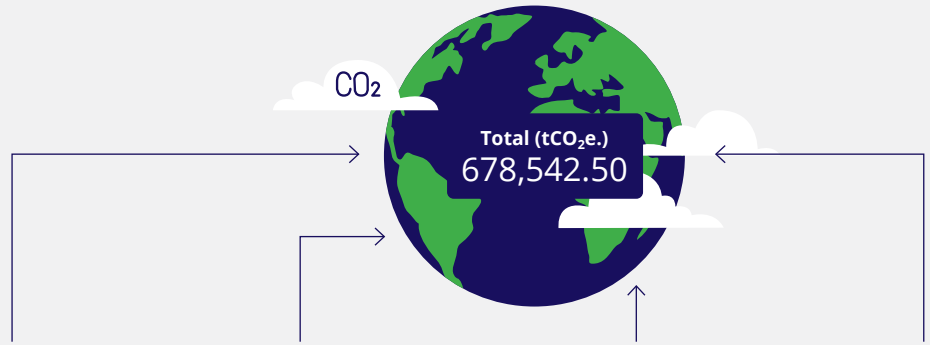
GRI 305-4

Emission intensity	2025/26	2024/25	2023/24	2022/23
GHG Emission Intensity per unit of revenue ($kgCO_2e$/LKR '000)	1.61	1.61	1.48	1.21





Scope 1 ($tCO_2e.$)
68,178.52

Scope 2 ($tCO_2e.$)
28,481.72

Scope 3 ($tCO_2e.$)
581,665.48

Carbon footprint of Ozone depleting sources ($tCO_2e.$) – fugitive emissions
216.78

GHG Protocol Scope 3 Categories	2025/26 Emissions (tCO_2e)
Category 1 Purchased Goods and Services	518,484.43
Category 2 Capital Goods	908.56
Category 3 Fuel and Energy-Related Activities (not included in Scope 1 or 2)	18,235.30
Category 4 Upstream Transportation and Distribution	2,222.52
Category 5 Waste Generated in Operations	2,680.17

GHG Protocol Scope 3 Categories	2025/26 Emissions (tCO_2e)
Category 6 Business Travel	174.01
Category 7 Employee Commuting	2,137.38
Category 9 Downstream Transportation and Distribution	3,915.24
Category 10 Processing of Sold Products	26,966.24
Category 12 End-of-Life Treatment of Sold Products	5,941.63
Total Scope 3	581,665.48

GRI 305-6

Scope 1 emission from Ozone Depleting Substances is 216.78 tCO_2e.

CFC-11 equivalent kg of Ozone Depleting Substances is 2 Kg.

ENVIRONMENT STEWARDSHIP

OUR DECARBONISATION STRATEGY

GRI 305-7

Teejay's decarbonisation strategy is framed in Group's overarching Abhivarah 2030 sustainability roadmap and aligned with the Science Based Targets initiative (SBTi) and the 1.5°C pathway of the Paris Agreement. The Company's approach integrates physical infrastructure investments, digital transformations, process optimisations, and supply chain collaborations.

At the forefront of the strategy, is our ambitious Climate Target and decarbonisation commitment:

- 42% absolute reduction* in Scope 1 and 2 emissions by 2030
- 25% reduction* in Scope 3 emissions by 2030
- Achieving Net-Zero carbon emissions by 2050

*2022 was considered as the base year for measurement, as Teejay had complete, reliable, and fully auditable GHG inventory data for 2022, enabling accurate benchmarking for target-setting. It also represents the first year of normalised operations after pandemic related disruptions, which is critical because emissions in 2020 and 2021 were atypically suppressed across the sector. Additionally, SBTi guidance recommends a recent baseline to ensure credibility and relevance of near term and long-term reduction pathways, and Teejay's 2022 base year aligns with these guidelines.

In addition, the Group methodically monitors emission of ozone-depleting substances (ODS) as defined by the Montreal Protocol. We follow a rigorous programme for monitoring nitrogen oxides (NOx) and sulphur oxides (SOx) emissions, ensuring they consistently comply with regulatory tolerance levels. Annual stack emissions testing is conducted by accredited third-party laboratories to verify adherence to all relevant air quality regulations, including NOx, SOx, and other parameters.

To aggressively decouple from fossil fuels and lower its Scope 1 and Scope 2 footprints, Teejay is executing several large-scale decarbonisation and energy transition projects (page 138).

Recognising that Scope 3 emissions constitute the largest share (approximately 86%) of its overall carbon footprint, Teejay places a strong focus on Category 1: Purchased Goods and Services. The Company collaborates closely with yarn and chemical suppliers to promote sustainable sourcing, circularity, and the use of recycled materials. Teejay also drives environmental stewardship across its supply chain by actively promoting the adoption of the Higg Facility Environmental Module (FEM) among its partners to phase out non-renewable energy sources.

On the factory floor, decarbonisation is driven by continuous lean manufacturing upgrades. The Company is replacing high-liquor ratio dyeing machines with low-liquor alternatives, automating HVAC chiller systems with Variable Frequency Drives (VFDs), and optimising compressed air usage.

To enhance the credibility and accuracy of its greenhouse gas reporting, Teejay undergoes independent third-party verification in accordance with ISO 14064-3:2019. The Company also formally integrates climate-related physical and transition risks into its Enterprise Risk Management (ERM) framework, using a Double Materiality approach to actively align its disclosures with SLFRS reporting requirements.

Managing Climate Transition and Adaptation

Teejay is working toward developing climate change transition and adaptation plans, anchored in its long-term sustainability framework, Abhivarah 2030; which in turn is aligned with global climate action frameworks including the Science Based Targets initiative (SBTi), the UN Sustainable Development Goals (SDGs), and broader UN principles.

As part of the Group's commitment, Teejay has committed to validated SBTi targets, including a 42% reduction in Scope 1 and 2 emissions and a 25% reduction in Scope 3 emissions by 2030, along with a long-term pledge to achieve net zero emissions by 2050. These reflect Teejay's formally defined mitigation trajectory embedded within corporate strategy and reporting systems.



ENVIRONMENT STEWARDSHIP

WATER: STEWARDSHIP OF WATER RESOURCES

GRI 303-1

Water is a critical resource for our manufacturing operations, and Teejay is deeply committed to conserving the watersheds we utilise. As part of this commitment, the Group deploys a multi-pronged strategy to minimise freshwater consumption and ensure the highest standards of effluent treatment.

Water Stewardship Highlights 2025/26

8% absolute water reduction compare to last year

- **Process Optimisation:** Significantly reduced water consumption by optimising Aquachron washing profiles such as end of alkali, heating AQC, and 80°C isothermal cycles; and replacing the CCR function with normal cooling modes (LR & ECO) to minimise unnecessary water loads.
- The Company further enhanced dyeing efficiency through MLR optimisation for different GSM ranges and improved direct and overflow rinse functions across ECO, LR, and THEN profiles. Water-intensive redyeing operations now increasingly rely on direct dyes, reducing the number of water baths required.
- **Water Recycling:** Managed successful offsets of blue-water consumption by reusing dual-media filter backwash water and recovering machine-cooling return water. The Group is also conducting a feasibility study to achieve total water recycling and salt recovery by 2030.
- **Digital Monitoring:** Expanded the IoT Water Monitoring System to cover multiple process inlets, clarifier points, raw water tanks, hot water return loops, dyeing sections, and gantry distribution lines, enabling real-time detection of anomalies and immediate corrective actions.
- **Microfiber Elimination:** Pioneering preventive environmental management, Teejay partnered with UK-based cleantech company Matter UK to launch a Microfiber Assessment Programme. This first-of-its-kind initiative in Sri Lanka aims to detect, filter, and recycle microfibers directly from process water before they enter aquatic ecosystems. Having completed mini-bulk trials, the project is now advancing toward bulk-scale implementation.

Water intensity	2025/26	2024/25	2023/24	2022/23
Water consumption per unit of revenue (Litres/LKR '000)	0.042	0.028	0.038	0.041



ENVIRONMENT STEWARDSHIP

Water Withdrawal in Megalitres (ML)

GRI 303-3

Entity	2025/26	2024/25	2023/24	2022/23
TJL	1,190.581	1,390.250	1,224.238	1,178.162
TJP	197.433	160.245	152.044	149.681
TJI	1,156.172	1,221.773	950.595	1,005.653
Group Water Withdrawal*	2,544.186			

*All water withdrawal across our operations (TJL, TJP, and TJI) is from third-party sources (municipal water and surface water), from water non-stressed areas.

Water withdrawal – by source (Megalitres[3])

Area	2025/26	2024/25	2023/24	2022/23
Water-stressed				
Surface water	–	–	–	–
Third party water	–	–	–	–
Water non-stressed				
Surface water	1,454,913	1,548,968	1,236,184	1,297,590
Third party water	1,089,273	1,223,300	1,090,693	1,035,906
Total water withdrawal	2,544,186	2,772,268	2,326,877	2,333,496

Water withdrawal – by area type (Megalitres[3])

Area	2025/26	2024/25	2023/24	2022/23
Water-stressed				
Freshwater (TDS <1000)	–	–	–	–
Other water source (TDS >1000)	–	–	–	–
Water non-stressed				
Freshwater (TDS <1000)	1,454,913	1,548,968	1,236,184	1,297,590
Other water source (TDS >1000)	1,089,273	1,223,300	1,090,693	1,035,906
Total water withdrawal	2,544,186	2,772,268	2,326,877	2,333,496

ENVIRONMENT STEWARDSHIP

Water discharge – by freshwater or other water (Megalitres[3])

GRI 303-4

Area	2025/26	2024/25	2023/24	2022/23
Water-stressed				
Freshwater (TDS <1000)	–	–	–	–
Other water source (TDS >1000)	–	–	–	–
Water non-stressed				
Freshwater (TDS <1000)	–	–	–	–
Other water source (TDS >1000)	2,317,705	2,523,488	2,113,161	2,213,074

Area	2025/26	2024/25	2023/24	2022/23
Water-stressed				
Surface water	–	–	–	–
Groundwater	–	–	–	–
Seawater	–	–	–	–
Third-party water	–	–	–	–
Water non-stressed				
Surface water	–	–	–	–
Groundwater	–	–	–	–
Seawater	–	–	–	–
Third-party water	2,317,705	2,523,488	2,113,161	2,213,074

Water Withdrawal in Megalitres (ML)

Entity	2025/26	2024/25	2023/24	2022/23
TJL	1,061.393	1,234.528	1,088.460	1,046.120
TJP	157.947	128.276	121.635	128.124
TJI	1,098.365	1,160.684	903.066	1,038.830[M
Group Water Withdrawal*	2,317.705			

OUR APPROACH TO WATER STEWARDSHIP

GRI 303-1

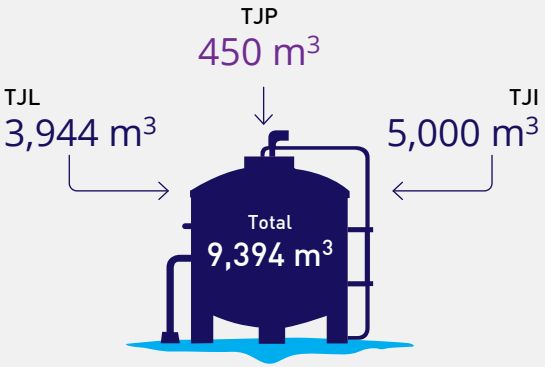
Water stewardship is a critical pillar of Teejay's Abhivarah 2030 sustainability strategy, guided by a science-informed, data-driven, and risk-aware framework.

Recognising that textile manufacturing, particularly dyeing and wet operations, is highly water-intensive; the Group has set an ambitious target to reduce water intensity by 50% by 2030. The goal-setting process is comprehensive, factoring in the local water stress conditions of each operational site in Sri Lanka and India, and ensuring alignment with relevant public policy and regulatory frameworks governing sustainable water management.

Due to the complexity of water use, Teejay sets separate, specific, targets for blue water consumption, rainwater harvesting, water reuse, recycling, and domestic water use; as tracked under the Higg Facility Environmental Module (FEM). This segmented approach enables focused management of each water category and facilitates transparent reporting and performance improvement. Independent water audits conducted by the National Cleaner Production Centre (NCPC) Sri Lanka validate the Company's scientific approach to water management.

ENVIRONMENT STEWARDSHIP

TOTAL CAPACITY OF WATER STORAGE TANKS



To ensure responsible water stewardship, Teejay sources water from non-water stressed regions, such as the Kelani River in Sri Lanka and regulated supplies from the Godavari River in India, aligning with national water management priorities. Dyeing and wet operations continue to account for the majority of water-use across our operations. Considering this, the company applies water-efficient technologies and practices tailored to the unique context of each facility, including water reuse projects, rainwater harvesting systems, and domestic water optimisation initiatives.

In addition, we engage suppliers and partners to promote sustainable water use across the value chain; encouraging circular water practices and water-efficient technologies within the supply chain, promoting responsible water stewardship among partners to reduce collective water-related impacts, supporting collaboration and knowledge sharing on best practices for water conservation and management, and maintaining continuous collaboration with local authorities and industrial park operators to ensure responsible water management and compliance with regulatory requirements.

Input: Responsible Water-Withdrawal

Teejay prioritises sustainable water sourcing by drawing its blue water from non-water-stressed areas, aligned with national water management priorities. Recent audit findings have highlighted the future potential for harvestable rainwater from existing rooftops, for non-process applications such as cleaning and gardening.

- Sri Lanka (Teejay Lanka and Teejay Prints): All water requirements are supplied through third-party operators within the Board of Investment (BOI) Seethawaka Export Processing Zone, sourcing water from the Kelani River.
- India (Teejay India): Water is fully supplied by the Adhistan Industrial Park, which sources from the Godavari River through regulated access agreements, reducing the Company's direct extraction impact.
- Rainwater Harvesting: The Group has completed rainwater yield assessments of its facility rooftops to explore integrating harvested rainwater into non-process operations, such as cleaning and gardening, to further minimise freshwater dependency.

Process: Efficiency, Optimisation, and Re-Use/Recycling

At facility and factory level, our teams drive water conservation through advanced technology, continuous process improvements, and internal circularity loops.

Teejay's water use optimisation and efficiency strategy prioritises reducing freshwater dependency through multiple initiatives across dyeing and production processes. These include reusing filter backwash water and machine cooling return water together supplying the facility's water needs through internal recycling loops introducing proper machine allocation methods to prevent unnecessary water use in dyeing cycles, recycling wastewater for non-critical activities such as cooling and initial washing stages, and ongoing efforts to integrate reclaimed water into dyeing start cycles to reduce liquor ratios. There were notable achievements through reuse and recycling contributing to year-on-year reduction in blue water consumption.

Output: Stringent Standards for Effluent Discharge

GRI 303-2

Teejay enforces a rigorous wastewater management approach to ensure all effluent meets or exceeds national regulations and the Zero Discharge of Hazadous Chemicals (ZDHC) wastewater guidelines.

We have established comprehensive minimum standards for effluent discharge to ensure responsible wastewater management, consistent regulatory compliance, and alignment with global industry expectations. These standards are shaped by international best practices, sector-specific frameworks such as the Zero Discharge of

ENVIRONMENT STEWARDSHIP

Hazardous Chemicals (ZDHC), and internally developed guidelines that apply uniformly across all operations, including locations where local discharge regulations are absent or insufficient.

The company operates advanced monitoring systems at its Wastewater Treatment Plants (WTPs) and Effluent Treatment Plants (ETPs), capturing real-time data on flow rates, volume, and tank levels, with plans underway to expand monitoring to include additional quality indicators such as pH, temperature, colour, COD, TDS, and TSS. Internally developed water quality standards, crafted to meet or exceed global environmental thresholds, provide clear limits for these key parameters and ensure a consistent level of environmental protection across facilities.

Teejay conducts rigorous monitoring through hourly checks by technicians, periodic analysis by the internal IREA laboratory, and monthly testing by accredited third-party labs, ensuring accuracy and transparency in compliance. Sector-specific guidelines, especially the ZDHC Chemical Management System (CMS) and Technical Industry Guidance (TIG), are fully integrated into the company's wastewater governance framework, supported by monthly third-party wastewater testing and biannual ZDHC-focused assessments. This commitment ensures that hazardous chemical discharge remains tightly controlled, evidenced by zero violations recorded during the reporting period.

Teejay further strengthens environmental and product safety through robust chemical management protocols embedded in its ERP and warehouse management systems, as described in the section on Responsible Chemical Management (page 159).

Chemicals: Responsible Management

GRI 303-2 , 416-1, 416-2

For a fabric manufacturer with a global market and ambition, our wet processing and finishing processes utilise essential chemicals and dyes. As such, rigorous chemical management is both an ecological necessity and a critical baseline for global market access.

Because textile production relies heavily on complex dyes and chemical finishes, the safety of local waterways, workers, and end-consumers is paramount. These safety concerns are addressed through the Group's robust chemical stewardship programme that goes beyond compliance.

Chemical Management Achievements 2025/26

- ZDHC and MRSL Conformance: The Group maintained high standards, achieving ZDHC MRSL Version 3.1 conformance of 99% at Teejay Lanka, 99% at Teejay India, and 98% at Teejay Prints.
- ZDHC Awards: Teejay was honoured with the ZDHC Torch Bearer Award 2025 and the ZDHC Signatory Appreciation 2025 at the South Asia Regional Conference for its leadership in transparent chemical management.
- Independent Assessment: The LRCC Safe Chemicals Management Project: In collaboration with the Lanka Responsible Care Council (LRCC) and international Responsible Care frameworks, Teejay conducted an in-depth review of its chemical governance. This assessment audited baseline practices across chemical storage, handling, operational usage, and emergency response preparedness.
- Bluesign-Aligned Assessment: Invested heavily in input stream management and operational system enhancements to align with strict Bluesign standards, reinforcing traceability and process control while actively progressing toward product-level certifications.

High Use of bluesign Approved Chemicals:
Teejay achieved 82.2% usage of bluesign® approved chemicals in 2025. This represents a 10.8% improvement compared with the 2023 baseline year. The figure was slightly lower than the 89.2% achieved in 2024.

All Non-bluesign Approved Chemicals Assessed:
100% of non-bluesign approved chemicals underwent bluesign risk assessment, ensuring responsible chemical management.

- Strengthened Technical Capabilities via IERA Laboratory: Upgraded internal testing infrastructure to conduct rigorous pre-production verification of chemical inputs, ensuring total consistency in quality, stabilising production outcomes, and enhancing final fabric performance. Maintained systematic input and output water testing through the IERA Laboratory, safeguarding incoming process water requirements while continuously tracking treated effluent quality to detect and address trace variations early.

Our Chemical Management Process

Teejay approaches chemical management not merely as a regulatory requirement, but as a core pillar of operational safety, product quality, and environmental stewardship. By combining rigorous internal capabilities with globally recognised third-party systems, the Group enforces a highly controlled, proactive chemical governance framework across all its manufacturing facilities.

Structured Chemical Screening and Sourcing

Teejay follows a controlled and structured approach for the introduction of new and alternative chemicals, fully governed by its MRSL compliance framework and integrated chemical management system.

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All new chemical introductions are subject to a formal approval process based on approved MRSL lists, customer-specific Restricted Substances Lists (RSL), and applicable regulatory requirements. Chemicals are screened at the sourcing stage to ensure they do not contain restricted or hazardous substances, and only those that meet MRSL-compliant criteria are considered for evaluation and trial. This process is embedded within the Company's procurement controls and supported through a risk-based chemical assessment approach to ensure that chemical selection aligns with both operational safety and environmental performance requirements.

Where alternative chemicals are introduced, they are primarily driven by the objective of hazardous substance substitution and continuous improvement in chemical safety performance. Such substitutions are evaluated not only for compliance, but also for functional performance, environmental impact reduction, and compatibility with existing processes. Each alternative chemical undergoes technical validation, internal approval workflows, and, where applicable, customer alignment prior to implementation.

Continuous Training and Capacity Building

Training of our teams and development of our systems is a core enabler of the Group's chemical management system, ensuring that safe handling practices, compliance awareness, and responsible chemical use are embedded across all levels of the organisation.

A structured training framework is implemented covering employees involved in procurement, storage, handling, production, quality assurance, and environmental management. These programmes are designed to strengthen understanding of MRSL and RSL requirements, ZDHC CMS and TIG principles, and Bluesign-aligned chemical safety expectations. Training content also includes safe chemical handling practices, emergency response preparedness, hazard communication, and proper segregation and storage of chemicals to prevent cross-contamination and operational risks.

In addition to routine internal training, Teejay conducts targeted capacity-building programmes linked to specific improvement initiatives and audit outcomes, ensuring that learning is directly translated into operational controls. Third-party supported programmes, including those under Responsible Care initiatives and external chemical management projects, have further strengthened technical knowledge and reinforced best practices within the organisation. These engagements have played a key role in enhancing chemical safety awareness, improving discipline in chemical usage, and embedding a stronger compliance culture across operational teams.

The Company also extends chemical management awareness beyond core operational teams through supplier engagement and cross-functional training sessions, promoting shared responsibility for chemical safety across the value chain. This ensures alignment not only internally, but also across upstream and downstream stakeholders, supporting a more consistent and transparent chemical management ecosystem.

Testing and Compliance

Teejay undertakes multiple third-party audits and assessments as part of its structured chemical management and compliance assurance framework, ensuring independent verification of its environmental and chemical safety performance across operations.

A key component of this is the ZDHC-aligned chemical management verification system, which includes structured third-party engagements such as monthly wastewater testing and bi-annual ZDHC wastewater assessments conducted through accredited external laboratories. These assessments provide independent validation of effluent quality and chemical discharge performance, ensuring adherence to applicable standards and continuous monitoring of environmental impact.

Category	Frameworks and Certifications	Frequency/Operational Scope
Product Compliance and Sourcing	OEKO-TEX®, GOTS, GRS, OCS, BCI, Regenagri	Continuous product-level compliance and raw material verification.
ZDHC Verification	ZDHC InCheck, ZDHC Wastewater Testing, ZDHC Supplier to Zero	Monthly digital chemical inventory tracking; Bi-annual wastewater testing and active program participation.
Environmental Monitoring	Independent Third-Party Testing	Monthly third-party wastewater analysis; Bi-annual air emission monitoring.
Process Optimisation	LRCC, Matter, Bluesign	Continuous collaborative benchmarking projects to optimise chemical efficiency and minimise processing footprints.

ENVIRONMENT STEWARDSHIP

	GRS	GOTS	OCS	OEKO TEX-100	RegenAgri	OEKO TEX-STeP	CMiA	BCI	Cotton US Protocol	Eco Labelling Certification
Teejay Lanka	✓	✓	✓	✓	✓			✓	✓	✓
Teejay India	✓	✓	✓	✓	✓	✓	✓	✓		
Teejay Prints	✓	✓	✓	✓						

Facility	ZDHC Supplier to Zero – Progressive Level	ZDHC Verified InCheck Level 1	bluesign System Partner
Teejay Lanka	Yes	Yes	Yes
Teejay Prints	Yes	Yes	No
Teejay India	Yes	Yes	No

Beyond routine compliance testing, Teejay has also participated in third-party chemical management and system improvement assessments through collaborations such as the Lanka Responsible Care Council (LRCC) Safe Chemicals Management Project, which provided an external evaluation of chemical handling practices, risk controls, and safety systems across operations. This engagement contributed to strengthening internal chemical governance, improving operational discipline, and enhancing overall chemical safety culture.

Teejay's proprietary IERA Laboratory serves as the central technological asset for chemical verification. The laboratory conducts detailed pre-production testing of chemical inputs to ensure strict quality consistency and performance stability. Furthermore, the IERA Laboratory runs regular water testing across both input and output streams. This continuous monitoring enables early identification of compound variations, safeguards chemical process optimisation, and ensures treated effluent quality is systematically controlled.

WASTE: REDUCING WASTE AND UNLOCKING VALUE

GRI 306-2

At Teejay, waste is not viewed as an end-of-life byproduct to be discarded, but as a valuable resource waiting to be unlocked. Guided by the Waste to Wealth pillar of the Group's Abhivarah 2030 sustainability roadmap and the comprehensive 10R Circular Economy framework, Teejay prioritises responsible waste management and drives a number of circular initiatives to divert waste from landfills.

We have established an ambitious target for ourselves – to achieve 100% waste value-enhancement by 2030. The target is reinforced by the Group's commitment to maintaining its zero-landfilling status.

Waste Management Highlights 2025/26

During the 2025/26 financial year, Teejay Group generated a total of 7,062.164 metric tons (MT) of waste, comprising 4,506.918 MT of non-hazardous waste and 2,555.246 MT of hazardous waste.

While hazardous waste is traditionally difficult to divert, Teejay achieved an increasing year-on-year trend in hazardous waste diversion, reaching 151.980 MT of hazardous waste diverted, up from 51.337 MT in 2024/25 and 23.386 MT in 2023/24. This improvement was achieved through the successful circularity value recovery initiative for contaminated plastic chemical containers (see page 164).

Out of 1,894.458 MT of the non-hazardous waste generated, the Group successfully diverted 4,331.448 MT, approximately 96% through recycling (3,004.477 MT) and reuse (1,326.971 MT), with the remaining 175.470 MT incinerated with energy recovery.

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The Group achieved a record high in the absolute volume of total material waste diverted from disposal, reaching 4,483.428 MT, a continuous year-on-year growth from 3,982.56 MT in 2024/25, 3,687.15 MT in 2023/24, and 3,753.32 MT in 2022/23. Teejay maintained its zero-landfilling status, with all non-diverted waste (2,578.736 MT) being directed to incineration with energy recovery.

However, percentage of total waste diverted from disposal dropped slightly to 63%, down from 64% in 2024/25 and 68% in 2023/24. While our recycling and reuse capacities are expanding, the total volume of waste generated grew at a faster rate directly related to our operations and production.

- **Conducted Phase 2 and 3 of the "Waste to Wealth:** Environmental Resilience Workshop" at the Seethawaka EPZ, and Dehiovita, Ruwanwella, and Yatiyanthota Regional Councils; training janitorial teams and waste-handling personnel on waste classification and identification.
- **Launched "Waste to Wealth:** Green Skills for Better Tomorrow": hands-on initiatives designed to inspire employees to transform waste materials into creative, value-added products with commercial potential
- Completed civil upgrades to waste management infrastructure At Teejay India, including construction of a new scrap yard to ensure safe and efficient waste segregation and material recovery.
- Delivered an innovative "Waste to Wealth" packaging solution (repurposing chemical barrels into fabric roll tubes), which was well received and highly awarded.

GRI 306-3

Category	2025/26	Waste Generated	Waste Diverted from Disposal	Waste Directed to Disposal
Non-Hazardous Waste: Fabric and Cloth (in MT)	1,706.005	1,706.005	1,706.005	–
Non-Hazardous Waste: Plastic Bottles, Plastic Pallets and Other Plastic Containers (in MT)	131.905	131.905	131.905	–
Non-Hazardous Waste: Polythene, Shrink Wrap and Rigifoam (in MT)	209.070	209.070	209.070	–
Non-Hazardous Waste: Paper and Cardboard (in MT)	1,623.855	1,623.855	1,623.855	–
Non-Hazardous Waste: Food Waste (in MT)	110.023	110.023	110.023	–
Non-Hazardous Waste: Wooden Pallets, wooden containers, wooden planks (in MT)	28.415	28.415	28.415	–
Non-Hazardous Waste: Scrap Iron, Tin, Aluminum and other metals (in MT)	323.840	323.840	323.840	–
Non-Hazardous Waste: Other non-hazardous Waste (in MT)	373.805	373.805	198.335	175.470
Hazardous Waste: CFL, Flourescent, LED Bulbs, Batteries and other Electronic Waste (in MT)	3.620	3.620	3.620	–
Hazardous Waste: Contaminated Cotton Waste, Cloth and Fabric (in MT)	56.590	56.590	–	56.590
Hazardous Waste: Empty Chemical (Contaminated) Plastic Containers and bottles (in MT)	98.860	98.860	98.860	–
Hazardous Waste: Waste Oil (in MT)	8.785	8.785	8.785	–
Hazardous Waste: Medical Waste and Expired items (in MT)	0.020	0.020	–	0.020
Hazardous Waste: Hazardous Sludge from ETP (in MT)	2,309.196	2,309.196	–	2,309.196
Hazardous Waste: Other Hazardous Waste (in MT)	78.175	78.175	40.715	37.460

ENVIRONMENT STEWARDSHIP

Waste diverted from disposal by recovery operations

GRI 306-4

Amount of Hazardous Waste Disposed Through Reuse	0.850
Amount of Hazardous Waste Disposed Through Recycling	151.130
Total Hazardous Waste diverted from disposal	151.980
Amount of Non-Hazardous Waste Disposed Through Reuse	1,326.970
Amount of Non-Hazardous Waste Disposed Through Recycling	3,004.480
Total Non-Hazardous Waste diverted from disposal	4,331.448

Waste directed to disposal by operation

GRI 306-5

Amount of Hazardous Waste Disposed Through Incineration (with energy recovery)	2,403.266
Amount of Non-Hazardous Waste Disposed Through Incineration (with energy recovery)	175.470

	2025/26	2024/25	2023/24	2022/23
Volume of material waste (from the production process) diverted from disposal	4,483.43	3,982.56	3,687.15	3,753.32
Percentage of material waste (from the production process) diverted from disposal (%)	63	64	68	68

Addressing Waste-Related Impacts through Waste Management

GRI 306-1, 306-2

In Teejay's operations, waste related impacts arise primarily from the resource intensive nature of knitted fabric manufacturing, which relies on raw materials, dyes, chemicals, energy, and water as key inputs.

These inputs and production activities inherently generate multiple waste streams, including fabric offcuts, chemical and dye sludge, wastewater residues, packaging waste, and process rejects. Our primary waste outputs include solid wastes (such as textile scraps and plastic or paper packaging) and liquid waste (including effluent sludge, waste oil, and dye residues).

Active efficiency measures, responsible waste management systems, employee awareness, and manufacturing level circularity help reduce waste generated from textile production, chemical and dye processes, and packaging. Initiatives such as in-house waste segregation, recycling partnerships, resource efficiency programmes, and sludge management systems directly address operational waste impacts.

Much of our work actively addresses and minimises waste generation itself, by adopting the 10R circular economy model – which emphasises waste prevention at source, while maximising reuse, recycling, and value enhancement pathways. Teejay strengthens behavioural and operational waste reduction through employee cantered programmes such as World Environment Day initiatives, awareness campaigns, and sustainability challenges that promote reduced consumption and waste-conscious behaviour among employees. These awareness and action-oriented engagements are complemented by practical workshops and circularity knowledge programmes that emphasise responsible resource-use and innovative waste to value practices within day-to-day operations across all.

Impacts Across the Value Chain

Majority of waste-related impacts upstream originate from raw material extraction, fibre and yarn production, chemical manufacturing, and packaging supplied to our operations. As a Patron of the UN Global Compact Network Sri Lanka's Sustainable Supply Chain Working Group, we work with our suppliers, especially SMEs, in improving sustainability practices, circularity, and waste management capacity, thereby reducing upstream waste impacts at scale.

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Teejay addresses and contributes to mitigating downstream waste-generation related impacts by supplying sustainably produced fabrics, engaging customers in circularity collaborations, and supporting textile to textile recovery initiatives as part of the Group's approach to circularity.

BIODIVERSITY: RESTORING BALANCE

As a pioneering manufacturer of sustainable fabric solutions, Teejay is deeply committed to operating in harmony with the natural environment. Recognising that its operations depend heavily on critical natural capital, particularly water from major river basins, the Group treats ecosystem protection and biodiversity conservation as a central business imperative.

Biodiversity Achievements in 2025/26

Teejay made robust progress against its expanded biodiversity commitments during the year, effectively transitioning towards impact-driven ecosystem restoration. Key highlights include:

- **Advancing the Maskeli Oya Forest Corridor:** Extensive reforestation work continued along the Maskeli Oya, planting thousands of native species to establish a vital 9 km forest corridor adjacent to the Peak Wilderness Nature Reserve.
- **Kelani River Catchment Restoration:** Launched the "Mihikathata Osuwak" tree plantation drive in the Dedugala area to stabilise the soil and enrich the ecosystem of the Kelani River basin.
- **Riparian Conservation:** Teejay India initiated a long-term ecological restoration effort centred on the Godavari River ecosystem, paired with large-scale industrial park clean-up drives.
- **Future-Ready Coastal Projects:** Finalised plans to expand ecological and biodiversity conservation projects to marine environments, mapping out comprehensive coral reef and mangrove restoration initiatives.

Building Climate-Resilient Ecosystems – The Maskeli Oya Forest Corridor

Maskeli Oya is a highly sensitive riparian ecosystem and a vital tributary of the Kelani River. Driven by the need to stabilise riverbanks, prevent erosion, and restore degraded habitats, Teejay Lanka PLC collaborated with the Wildlife and Nature Protection Society (WNPS) PLANT initiative to create a 9 km forest corridor connecting to the Peak Wilderness Nature Reserve – a nationally significant biodiversity hotspot.

By the end of 2025/26, the project successfully restored riverbank habitat: in the Gaurawila segment alone, the team successfully planted 3,895 saplings encompassing 22 native montane forest species; including Gal Weralu, Thel Keena, and Kenda.

To ensure successful rehabilitation, the project involved clearing invasive species, removing residual tea plants, and installing protective netting to shield young saplings from herbivory. Crucially, biodiversity surveys in the area recorded 99 vertebrate and butterfly species, including the IUCN Red List endangered species such as the Sri Pada Forest Skink *(Lankascincus spp.)* and *Devario monticola*.



The restoration's resilience was severely tested during the year by Cyclone Ditwah, which brought intense flooding and landslides to the region. High water velocity and severe sediment deposition caused localised habitat loss and a 5–10% loss of saplings. In response, Teejay demonstrated highly adaptive conservation management. The team implemented recovery efforts that included planting more resilient species further away from collapsing riverbanks and rapidly re-establishing protective infrastructure, ensuring the long-term viability of the forest corridor.

To Earth with Love: Breath of Life for the Kelani River

The Kelani River supplies approximately 80% of the drinking water required by metropolitan Colombo and serves as the primary water source for Teejay's Seethawaka manufacturing facilities. Recognising the urgent need to protect this shared resource from deforestation and degradation, Teejay mobilised a community-centred conservation initiative.

ENVIRONMENT STEWARDSHIP

To commemorate World Environment Day in June 2025, Teejay supported initiating the "Jeewayata Husmak" (A Breath of Life) environmental program in collaboration with the Bulathkohupitiya Divisional Secretariat. The centrepiece of this effort was the "Mihikathata Osuwak" Tree Plantation Programme held in Pelampitiya (Dedugala area). School students and Teejay employees planted ecologically highly valuable native species, including Mee *(Madhuca longifolia)*, Neem, Kumbuk *(Terminalia arjuna)*, and Pomegranate *(Punica granatum)*.

These specific species were scientifically selected for their ability to enhance habitat quality, support soil stability, and improve overall ecological resilience within the river basin. By actively engaging local communities and local government authorities in the planting process, Teejay fostered grassroots environmental stewardship, ensuring that the Kelani River catchment remains protected for downstream users and the diverse flora and fauna it supports.



Restoring the Godavari River Basin

With the expansion of the Abhivarah 2030 mandate, "To Earth with Love," Teejay India launched initiatives to conserve and restore the Godavari River basin, which supplies the Adhistan Industrial Park. To support this, the facility established a localized biodiversity framework and initiated long-term ecological restoration, beginning with strategic tree planting within its premises.

To amplify the impact, Teejay India partnered directly with the Adhistan Industrial Park authorities to conduct a large-scale, joint Clean-up Drive.

This collaborative effort mobilised Teejay employees and partner organisations to physically remove accumulated waste from the surrounding industrial ecosystem. Beyond immediate aesthetic improvements, this hands-on engagement successfully embedded a culture of shared responsibility and environmental consciousness among the workforce, reinforcing the Group's group-wide ethos that ecological protection requires collective, community-driven action.

Strategic Expansion of our Biodiversity Policy and Strategy

A landmark development during the year was the formal strengthening and expansion of the Group's Biodiversity Policy, elevating biodiversity to a core strategic priority. Transitioning from ad-hoc conservation activities to a structured, science-based approach, the revised policy deepens the Company's commitment to achieving measurable, nature-positive outcomes and building long-term ecological resilience across its value chain.

Under this enhanced framework, Teejay has defined highly ambitious, outcome-based targets aligned with the 2030 horizon:

- **Habitat & Ecosystem Enhancement:** Contribute to the restoration and enrichment of over 100 acres of land through initiatives such as planting 100,000+ trees, invasive species removal, and conservation of at least 15 km of terrestrial and freshwater ecosystems. These efforts aim to enhance ecosystem services, including long-term oxygen generation and biodiversity support, while engaging 5,000+ individuals in conservation awareness and activities.
- **Marine & Freshwater Protection:** Support the protection of 5 km or more of waterways, through conservation, pollution reduction, and habitat improvement initiatives. Outreach programs aim to reach 10,000+ people through physical and digital awareness campaigns, alongside 4-5 community engagement programs focused on reducing upstream water pollution and protecting aquatic biodiversity.
- **Community and Stakeholder Engagement:** Strengthen biodiversity awareness and shared responsibility across the value chain by encouraging participation of employees and suppliers, with a target of engaging at least 25% of employees in voluntary biodiversity or conservation initiatives

INNOVATION ECOSYSTEM

As a fabric manufacturer navigating the competitive global landscape of apparel, innovation is key to adaptability and agility. It drives customer acquisition, cutting-edge product development, operational excellence, and overall business success. Our innovation capabilities, and culture of innovation, are fuelled by the capacity of our employees across the globe, our robust processes, and the Group's continuous investment in technology and Research and Development (R&D).

Teejay's innovation ecosystem is driven by its central hub, INSCOPE, which integrates and addresses customer needs through material science, product engineering, and sustainable design – developing and innovating scalable commercial solutions.

Through INSCOPE, Teejay is able to manage the full customer and product journey – from concept framing and validation through refinement, customer alignment, and readiness for bulk execution.

This robust innovation base operates on multiple horizons, including a focus on portfolio-driven seasonal newness, commercialised performance platforms, and long-term Blue-Sky innovation.

PRODUCT, CUSTOMER, AND TECHNOLOGY LANDSCAPE IN 2025/26

Macro-environmental and market changes driving shifts in customer requirements, material use, and technology adoption, which have defined and driven our strategies, resource allocation, and performance during the year.

Throughout the 2025/26 financial year, Teejay Lanka PLC's operating landscape was defined by a complex interplay of global economic and geopolitical developments, evolving consumer and brand expectations, and escalating environmental and regulatory pressures. In a market continuously challenged by energy volatility, input price fluctuations, and logistics disruptions, global apparel brands increasingly demanded performance and sustainability at cost.

Driven by consumer trends and brand priorities, there was notable demand for versatile, elevated basics that could deliver multiple aesthetic and functional attributes within a single platform. Alongside aesthetic transformation, brands continued to push for higher and more complex performance benchmarks.

At the same time, regulatory and compliance-related requirements tightened; pushing for greater rigour in product parameters, with reduced tolerance for variation, and increasing the importance of development, testing, and quality assurance processes.

Environmental considerations that were compliance-driven over the past few years have now evolved to become fundamental product value drivers, amplified by regulatory developments and sustainability-conscious end-consumers.

These external factors served as catalysts for the continued evolution of the Group's internal Research, Development, and Innovation (RDI) journey. Moving away from traditional short-cycle novelty, Teejay's approach matured significantly during the year – transitioning from incremental enhancement towards strategic product transformation anchored in innovation, sustainability, and market responsiveness.

Building on the strong foundations established in FY 2023/24, and significant scale-up of R&D investment and capability in FY 2024/25, the year under review saw us move to a more integrated innovation ecosystem – where INSCOPE, advanced material science, digital tools, and customer co-creation models converged to create stand-out value.

We were successful in intensifying innovation efforts around structural fabric development, finer-gauge knits, and premium-look alternatives engineered to replicate high-end aesthetics and performance at accessible cost points. Cost competitiveness was made possible by the Group's continued investments in process optimisation, digitalisation, manufacturing efficiency, and lean operations.

From a technological standpoint, while the Group's strategic transformation and digitalisation efforts were ambitious, the pace of these innovative rollouts was carefully navigated against practical operational realities. Execution of Teejay's digital roadmap and advanced technology integrations were directly influenced by resource constraints and competing business priorities across the Group.

INNOVATION ECOSYSTEM

PRODUCT, CUSTOMER, AND TECHNOLOGY LANDSCAPE | 2025/26

MACRO DRIVERS SHIFTING CUSTOMER REQUIREMENTS, MATERIAL USE, AND TECHNOLOGY ADOPTION

1 GLOBAL MACRO DRIVERS & MARKET PRESSURES

Complex Interplay

- Global Economic & Geopolitical Developments
- Energy Volatility
- Input Price Fluctuations
- Logistics Disruptions

MARKET CHALLENGED BRANDS DEMAND PERFORMANCE + SUSTAINABILITY 'AT COST

2 EVOLVING CUSTOMER & BRAND EXPECTATIONS

Notable Demand For Versatile, Elevated Basics

- Single platform delivering multiple attributes
- Aesthetic transformation complex performance benchmarks

Tightening Regulatory & Compliance

- Higher rigour in product parameters
- Reduced tolerance for variation
- Importance of Development, Testing, Quality Assurance (QA)

Environmental Considerations Evolving From Compliance To Fundamental Value Drivers

3 TEEJAY'S STRATEGIC RDI JOURNEY

Traditional Short-Cycle Novelty → Strategic Product Transformation

Incremental steps

Anchored in Innovation

Sustainability
MarketResponsiveness

Integrated Innovation Ecosystem

Inscope
Advanced Material Science
Digital Tools
Customer Co-Creation Models

CONVERGING TO CREATE STAND-OUT VALUE

4 INNOVATION OUTPUTS & OPERATIONAL REALITIES

Key Product Innovations

- Structural Fabric Development
- Finer-Gauge Knits
- Premium-Look Alternatives (replicating high-end aesthetics & performance at accessible cost points)

Technology & Digitalisation Execution

Ambitious Strategic Transformation & Digitalisation
Practical Operational Realities

Resource Constraints
Competing Business Priorities

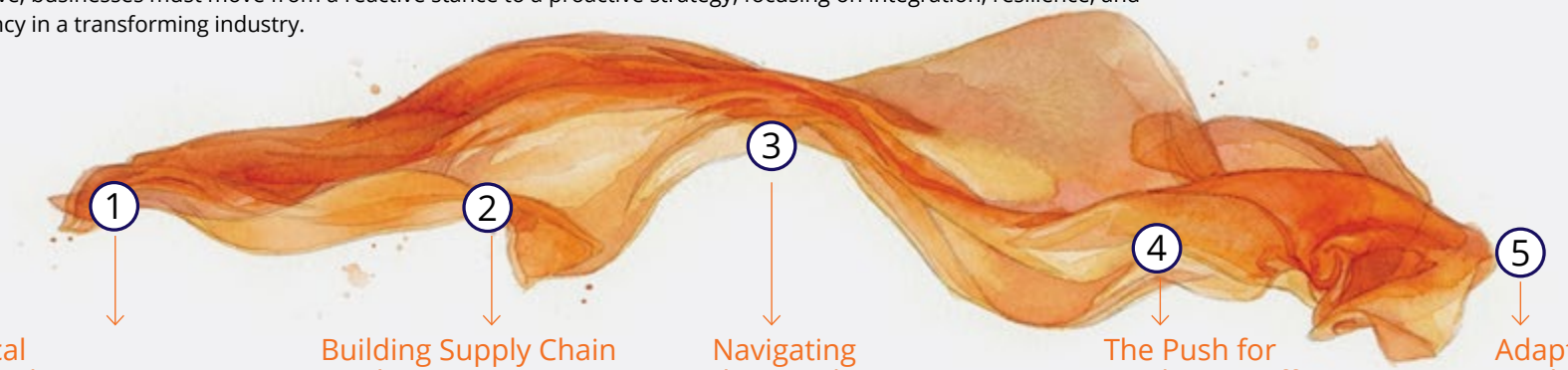
Cost Competitiveness Enabled By

Process Optimisation
Digitalisation
Manufacturing Efficiency
Lean Operations

INNOVATION ECOSYSTEM

Navigating the Future of Textile Print: 5 Key Trends for 2026

To thrive, businesses must move from a reactive stance to a proactive strategy, focusing on integration, resilience, and efficiency in a transforming industry.



1 Radical Technology Integration

Fragmented systems create a performance chasm.

Key Message:
Businesses should move away from disconnected software and equipment ecosystems toward fully integrated workflows.

Actionable Insight:
Invest in interoperability. Prioritize software and hardware built on open APIs for easier communication and integration.

Goal:
Create a seamlessly integrated ecosystem.

2 Building Supply Chain Resilience

Single-source dependency is no longer viable.

Key Message:
Supply chain disruptions can significantly impact production and profitability.

Actionable Insight:
Diversify your supplier base. Explore nearshoring and onshoring to mitigate geopolitical and logistical risks.

Goal:
Develop a more resilient and flexible supply chain.

3 Navigating the Regulatory Maze

Environmental accountability is a core business requirement.

Key Message:
Compliance and sustainability regulations are becoming increasingly important across the textile industry.

Actionable Insight:
Invest in sustainable technologies. Explore waterless printing processes, biodegradable inks, and recycled substrates.

Goal:
Meet regulatory requirements while improving environmental performance.

4 The Push for Production Efficiency

Outdated workflows actively hinder profitability.

Key Message:
Automation and process optimization are essential for maintaining competitiveness.

Actionable Insight:
Map your entire workflow. Create a visual map of your production process to identify bottlenecks and inefficiencies.

Goal:
Automate and simplify operations.

5 Adapting to Dynamic Market Shifts

Market demands both mass affordability and hyper-personalization.

Key Message:
Customers increasingly expect customized products delivered quickly and cost-effectively.

Actionable Insight:
Embrace digital and on-demand printing. Use technologies such as DTG (Direct-to-Garment) and DTF (Direct-to-Film) printing to support customization and short production runs.

Goal:
Respond rapidly to changing customer preferences and market demands.

CUSTOMER CAPITAL

Reinforcing our unique value proposition as a customer-centric, trusted, agile, and innovation-led fabric solutions provider.

Teejay's approach to managing customer capital prioritises speed, agility, innovation, sustainability, quality, and delivery standards. The Company focuses on building long-term, strategic partnerships by delivering holistic, end-to-end fabric solutions through cross-functional collaboration.

Customer Capital gained ground in 2025/26, benefiting from the Group's other capital investments during the year. Financial and Manufactured Capital investments, through the commissioning of new manufacturing facilities in Egypt and Indonesia, provided customers with strategic nearshoring advantages, faster lead times, flexible production allocation, and reduced supply chain risks.

Similarly, Intellectual Capital inflows, through Teejay's homegrown innovation engine, INSCOPE, saw successful translation of R&D investments into new products and a more diversified customer offering. Sustainable investments that are supporting the energy transition reduced utilisation of natural resources, while transforming Teejay's own environmental stewardship into a direct sustainability credential for customers.

Capital trade-offs during the year prioritised long-term relational equity with strategic customers. The Group navigated a severely challenging operating landscape and absorbed short-term financial pressures to maintain competitive pricing models and safeguard brand partnerships. The Company deliberately traded short-term financial retention for long-term customer loyalty by fulfilling customer demands for improved performance and sustainability within an aggressive pricing schedule.

Teejay has integrated itself as an indispensable co-creator and sustainable supply chain partner, successfully retaining strategic customers, securing repeat business, and capturing new order horizons, including in higher-margin bulk orders of synthetic and functional fabrics. Successful effects of capital allocations made during the year are expected to see financial realisation in forthcoming years, with the conversion of Customer Capital back into Financial Capital.

CUSTOMER DEVELOPMENTS 2025/26

End-to-end customer-centricity

- Strengthened our customer-centric operating model, aligned with customer expectations, embedding customer focus directly into strategy, governance, and execution.
- Aligned cross-functional teams – across R&D, marketing, production, and sustainability to deliver holistic, end-to-end customer solutions.
- Enhanced our key account management structure to facilitate deeper, solution-driven engagement and embedded customer-centric Key Performance Indicators (KPIs) into operational processes; focusing primarily on on-time delivery, lead-time reduction, right-first-time quality, innovation pipeline conversion, and sustainability metrics.

Strategic partnerships for value delivery

- Maintained business with our key strategic customer portfolio.
- Nurtured our customer relationships through proactive partnerships and collaborative product development that integrated direct customer and end-user insights.
- Further diversified our customer portfolio, reducing concentration risk and enhancing business resilience amid global demand volatility.

Sustainability as a value proposition

- Achieved a 99% score in the Higg Index, ranking No. 1 globally among over 16,000 textile companies.
- Ongoing transition to renewables, phasing out coal and meeting 20% of electricity requirements through solar.
- Introduced next-generation dyes and safer chemicals, reducing water consumption and improving environmental performance.

CUSTOMER PORTFOLIO

Teejay continues to serve a portfolio of globally recognised apparel brands, including long-standing strategic relationships with leading players in sportswear, innerwear, and casualwear segments.

The focus remains on long-term partnerships, with increased emphasis on co-creation, innovation, and shared sustainability goals.

INNOVATION ECOSYSTEM

HOW WE CREATE VALUE FOR CUSTOMERS

Teejay creates value for its global customer base by providing holistic, end-to-end fabric solutions, anchored in a customer-centric operating model with a multi-location manufacturing footprint, and defined by speed and agility, innovation and sustainability, and quality.

Innovation and Co-creation

Through its dedicated innovation hub, INSCOPE, Teejay acts as a co-architect of future products, collaborating directly with both brands and suppliers to develop scalable, value-added fabrics and solutions. The performance and utility of these innovative fabrics are solving real consumer pain points, and allowing brands to diversify their offerings. Customer touchpoints include dedicated marketing offices, on-ground technical teams, and frequent collaborative engagements, ensuring seamless connectivity with global brands. Our digital-forward infrastructure, including tools such as 3D sampling and a comprehensive Digital Fabric Library, is accelerating innovation, ideation, and design-to-market timelines.

Speed, Agility, and Global Reach

Teejay's strategic multi-location manufacturing footprint now spans Sri Lanka, India, Egypt, Indonesia, and Bangladesh, giving customers a distinct competitive advantage with geographic spread that enables near-to-market production, flexible capacity allocation, and mitigated supply chain risks.

Sustainability and Traceability

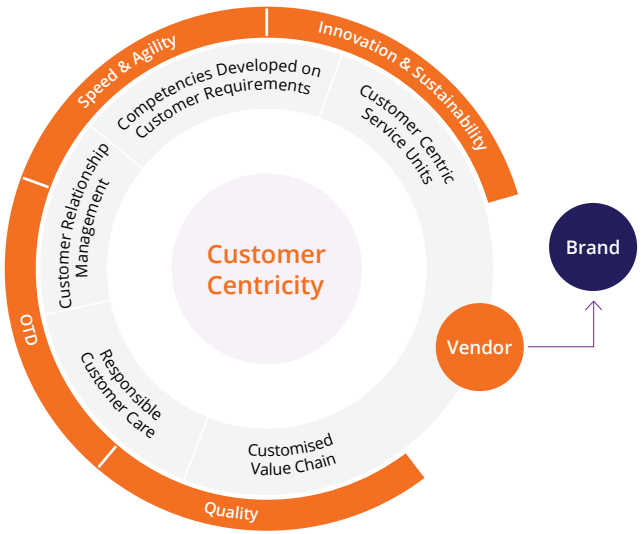
Sustainability continues to gain impetus as a significant component of Teejay's value proposition, as we actively support customers in achieving their Environmental, Social, and Governance (ESG) targets and ambitions. We have made this our own business imperative-through pursuit of innovative materials, environmentally-friendly production techniques, including use of water-saving dyes and chemicals, and growing adoption of renewables. Additionally, our end-to-end supply chain transparency, including integration with leading traceability platforms and material certification standards, provides vital supply chain visibility that builds customer trust.

Product Quality and Safety

Operating with a Safety Beyond Compliance mindset, we continue to enforce stringent product safety and quality protocols, and have maintained a flawless compliance and conformance record, guaranteeing that all delivered fabrics are free from harmful chemicals and safe for end-users.

CUSTOMER STRATEGY

Teejay Lanka PLC's customer strategy is fundamentally anchored in its Customer-Centric Framework, which revolves around five core pillars. The strategy focuses on differentiation through innovation and delivering value-added products, allowing the Group to carve out a distinct and exclusive presence in the market.



Dedication to customers begins with strong leadership alignment, with Chief Officers for Marketing and Customer Service collaboratively overseeing and integrating related strategies into our operations. This ensures that customer risks, opportunities, and needs are considered in our actions at every level.

INNOVATION ECOSYSTEM

Strong, lasting relationships remain central to our approach, and we nurture these through routine visits to our strategic brands and targeted seasonal presentations that highlight Teejay's capabilities. Similarly, Teejay regularly hosts customer visits to its manufacturing facilities, where compliance audits are conducted as and when required. Customer-led events, such as mill-weeks, selection committee meetings, and hanger presentations, add an additional level of engagement with our strategic customer brands.

Store visits, market research, and consultations with customers and industry experts help inform our customer strategy, based on customer and end-consumer needs. Additionally, annual customer surveys provide valuable insights into shifting market preferences and emerging customer preferences, which influence necessary improvements and upgrades.

For the 2025/26 financial year, Teejay introduced several major developments that further matured this strategy, transitioning from a transactional approach to a deeply integrated partnership model:

End-to-End Solutions via Cross-Functional Teams

A strategic development in 2025/26 was the move away from traditional product-based transactions. Teejay aligned cross-functional teams, spanning R&D, marketing, production, and sustainability, to deliver holistic, end-to-end customer solutions. To support this, the Company enhanced its key account management structure, enabling deeper, more collaborative engagement with strategic global brands.

Customer-Centricity Operationalisation

Customer focus has been rigorously embedded into operational execution through specific KPIs. These metrics strictly monitor on-time delivery, lead-time reduction, right-first-time quality, innovation pipeline conversion, and sustainability targets aligned with customer expectations.

Customer Diversification and Portfolio Expansion

While previous years focused on consolidating top strategic brands alongside incubating new digital businesses, the 2025/26 strategy prioritised diversifying the customer portfolio to reduce concentration risk and enhance resilience amid global demand volatility. The Company successfully expanded its presence in performance and synthetic fabric segments.

Nearshoring and Global Proximity

Capitalising on the industry's ongoing managed dependence model for global supply chains, dubbed "China Plus One", Teejay expanded its physical reach to be closer to its customers' end markets. A major 2025/26 milestone was the commissioning of new manufacturing facilities in Egypt and Indonesia. Combined with existing hubs in Sri Lanka, India, and a sales facility in Bangladesh, this multi-location footprint offers customers a host of advantages.

Sustainability as a Core Value Proposition

Teejay actively positions sustainability as a central pillar of its customer strategy, working directly with brands to help them achieve their ESG targets. During the year, Teejay strengthened this proposition by achieving a 99% score in the Higg Index, ranking No. 1 globally among over 16,000 textile companies. The Company delivers credible sustainability credentials to its customers through tangible initiatives, such as transitioning to solar and bio-based energy sources and adopting water-saving, next-generation dyes and chemicals.

DELIVERING QUALITY AND EXCELLENCE

Our commitment to customers, of quality and excellence, is rooted in a culture of continuous improvement (Kaizen). By empowering our workforce with the latest technological skills and best practices, we consistently drive process refinement and maximise efficiencies throughout the production process. In addition, our dedication to sustainable practices aligns seamlessly with our customers' values, safeguarding our long-term viability while strengthening these vital partnerships.

Planning for Efficiency

We structure our planning using Advanced Planning Systems (APS), Planvisage, and SAP to optimise production schedules and resource allocation, ensuring reliable, on-time delivery. Data-driven demand forecasting tightly aligns our production with market needs, while agile methodologies give us the flexibility to adapt swiftly to evolving fashion and market trends.

Strategic Sourcing

By forging strong supplier partnerships and integrating supply chain processes, we maintain excellent communication and coordination. This guarantees a consistent flow of high-quality materials, maximises cost-efficiency, and reduces lead times. Moreover, our commitment to ethical and sustainable sourcing meets global standards, enhancing our brand reputation and reinforcing customer trust.

INNOVATION ECOSYSTEM

Manufacturing Excellence and the Power of Lean Operations

We systematically embed Lean Manufacturing principles across all operations via the Teejay Operating System (TOS) and our comprehensive Quality Management System (QMS). By leveraging disciplined methodologies—including Just-in-Time (JIT) inventory management, 5S workplace organisation, value stream mapping, and Kaizen—we continuously drive process optimisation, eliminate operational waste, and mitigate production bottlenecks. This lean foundation supports our modernisation journey, which prioritises advanced automation and technology to improve precision and production speeds without compromising quality. Robust quality control systems implemented throughout the manufacturing process further guarantee adherence to the highest standards.

Reliable Delivery

Leveraging our strategic multi-location footprint, we are positioning our operations closer to key needle points through nearshoring. This geographic advantage, coupled with streamlined logistics management systems, increases cost-efficiency, minimises lead times, and guarantees on-time delivery. Real-time tracking provides complete transparency to keep our customers informed, while our customer-centric approach ensures flexibility and clear communication from production to final delivery.

PRODUCT SAFETY AND COMPLIANCE

GRI 416-1

Teejay manages product safety through an integrated, system-driven approach that is deeply embedded within its Sustainability Management Framework (SMF) and Enterprise Risk Management (ERM) system. Driven by a Safety Beyond Compliance mindset, this safety infrastructure extends across the entire value chain, from raw material sourcing to final fabric delivery.

Chemical Management and Sustainable Sourcing

The foundation of Teejay's product safety protocol is a structured Chemical Management System (CMS) that controls the procurement, storage, usage, and disposal of all chemicals, backed by Enterprise Resource Planning (ERP) integrated tracking systems. Through sustainable sourcing practices, the Company ensures that all raw materials, dyes, and auxiliaries are obtained only from approved suppliers, evaluating them through ESG-based onboarding and performance monitoring. To eliminate harmful residues in finished products, Teejay systematically enforces a stringent Restricted Substance List (RSL) alongside customer-specific chemical requirements.

Rigorous Testing Processes and Protocols

The Group utilises a comprehensive, multi-layered testing approach to guarantee that its fabrics are safe and free from toxic substances.

- **In-House Analytical Capabilities:** The Company established the state-of-the-art IERA laboratory, which conducts mission-critical testing for process water, chemicals, and effluent. This internal quality testing laboratory holds prestigious accreditations from leading global apparel brands.
- **Performance and Chemical Evaluations:** Operational centres conduct quality checks on dyes, chemicals, and general substances to ensure batch consistency and raw material safety standards are met. The laboratory conducts rigorous assessments to verify chemical compliance, physical performance, colour fastness, dimensional stability, and overall product conformity. Tests for durability and performance, indirectly support positive health and safety outcomes downstream, by ensuring the quality and reliability of fabrics over time.
- **Physical Contamination Controls:** Teejay strictly enforces a metal-free policy to protect end-users. Sophisticated metal detectors are integrated into brushing and final inspection machines for fleece fabrics, and strict internal procedures carefully regulate all knitting machine needles to prevent metal contamination. Furthermore, glass bottles are strictly prohibited within all production areas.
- **Independent Verification:** Internal evaluations are complemented by analyses by unbiased third-party accredited laboratories, which conduct independent verification of RSLs, Manufacturing Restricted Substances Lists (MRSLs), and overall product performance. The Company also undergoes monthly third-party wastewater testing and biannual ZDHC-specific testing to ensure hazardous discharges are minimised.

INNOVATION ECOSYSTEM

Key Compliance Standards and Certifications

Our commitment to product safety and chemical compliance is validated by several premier global certifications.

- **ZDHC Roadmap to Zero Programme:** The Company achieved 100% ZDHC MRSL (Manufacturing Restricted Substances List) conformance level 1 or above across all facilities, proving its dedication to eliminating hazardous chemicals from the supply chain.
- **Oeko-tex Standard 100:** This certification verifies that all components of Teejay's textiles have been rigorously tested and proven to be completely free of harmful levels of toxic substances.
- **bluesign® System Partnership:** An exemplary global certification that reflects a comprehensive evaluation of chemical inputs, production processes, and supply chain controls.
- **Global Regulatory Frameworks:** Teejay complies with strict international regulations, including REACH (Registration, Evaluation, Authorisation, and Restriction of Chemicals), AFIRM (Apparel and Footwear International RSL Management), and DCA (Department of Consumer Affairs) material regulations.
- The Company's sustainable material safety is further backed by certifications such as Global the Organic Textile Standard (GOTS), Global Recycled Standard (GRS), Organic Content Standard (OCS), and the Better Cotton Initiative (BCI).



INTELLECTUAL CAPITAL

A differentiator that sets us apart. From systems, processes, and ways of doing business; to our home-grown engine of innovation turning ideas, research, and partnerships into tangible business outcomes.

Our intellectual capital consists of a wealth of resources, ideas, employee expertise, foundational IT, and digitalisation systems (such as ERP and other monitoring applications), data governance processes, and an organisational innovation culture and process that fundamentally drives profit generation, customer acquisition, and product innovation.

During the 2025/26 financial year, Teejay channelled measured financial resources into intellectual capital growth, as part of the Group's proven business strategy of mobilising technology and innovation as primary engines for growth. Deployment of USD 1.55 Mn. into R&D through INSCOPE, saw further maturity of the ecosystem. Concurrently, the Group's digitalisation pipeline saw landmark achievements on the factory floor: 100% integration of all knitting machines with real-time Internet of Things (IoT) smart monitoring systems; new systems for factory efficiency-improvement, digital planning, and Robotic Process Automation (RPA); and upgrade of the core ERP systems.

Continuous systematic transformation of tacit organisational and human knowledge into a repository of institutional intellectual capital was achieved by codifying product intelligence, creating resilient processes for creation and utilisation of business information, and adoption of advanced technologies.

Trading short-term financial retention to build a long-term trajectory, the Group absorbed contractions in financial performance indicators. Achievements in terms of material science, process innovation, product development, and digital transformation promise commercial payoffs in the years ahead. Accordingly, the Group's product portfolio strategy and innovation-oriented operating model are supported by long-range planning, where RDI can be a strategic growth accelerator for the delivery of intelligent, scalable, and future-ready fabric solutions in a rapidly evolving global marketplace. <<

INTELLECTUAL CAPITAL AND PRODUCT HIGHLIGHTS

- USD 1.55 Mn. invested in R&D during the year to fuel the Group's innovation engine.
- Product and innovation investments for advanced knitting, dyeing, and finishing technologies significantly enhanced Teejay's capability to meet diverse and evolving customer requirements, particularly in new and emerging fabrics.
- Teejay's innovation brand, INSCOPE, evolved into a fully embedded, commercially influential ecosystem.
- INSCOPE-led product-technology research paper accepted by an international academic journal, reinforcing Teejay's status as a knowledge-led manufacturer.
- Successfully converted advanced synthetic fabric platforms (such as finer-gauge single jersey and interlock constructions) into sustained bulk commercial programmes.
- Landmark progress in cotton-led product innovation, with strong bulk adoption of elevated cotton fabrics.
- Successful bulk conversion of new aesthetic and performance-enhanced core fabric platforms, catering to global brand demands.
- Continued advanced eco-friendly solutions, including bio-based synthetics such as Polylactic Acid (PLA) and castor seed oil nylon, alongside elastane-free stretch alternatives and mono-material fabric blends designed to improve end-of-life recyclability.
- Enhanced sustainability scope to integrate elements of product utility, such as durability, longevity, stain-release technologies, and built-in antimicrobial functions to extend garment life.

INTELLECTUAL CAPITAL STRATEGY

The Group's intellectual capital strategy is designed to capitalise on growth opportunities, enable diversification, and efficiently adapt to changing market conditions. To proactively address customer and market needs, Teejay utilises a Long-range Planning (LRP) tool alongside diversification strategies, underpinned by a strong emphasis on digitalisation and continuous product development.

The Company's R&D investments are strategically guided by data-driven insights, technological requirements, and sustainability impacts. Moving into the 2025/26 operating environment, a core priority of this strategy was systematic transformation of tacit human know-how into structured, institutional intellectual capital through the codification and digitalisation of product intelligence and the creation of resilient knowledge repositories.

INNOVATION ECOSYSTEM

Intellectual Capital Management Focus Areas

- Codification and digitisation of product and process intelligence, enabling faster reuse, improved consistency, and reduced dependency on individual expertise.
- Creation of resilient knowledge repositories, supporting traceability, learning continuity, and informed decision-making across the development life cycle.
- Selective internal capability builds up in critical technical domains, enhancing depth, confidentiality, and speed of validation in advanced fabric technologies.
- Talent development aligned with future innovation needs, strengthening skills in product engineering, material behaviour, and technology led problem solving.

Actioning the Strategy

- Step 1: **Assessment and Planning:** The process begins with a comprehensive evaluation of the Group's existing intellectual capital assets to identify any operational gaps or opportunities. This evaluation informs the development of a targeted strategic plan complete with clear objectives, timelines, and responsibilities.
- Step 2: **Execution:** Strategic initiatives are implemented through cross-functional and extended teams. Progress is systematically monitored and adjusted to ensure strategic alignment and efficacy, all while cultivating a continuous ethos of innovation across the organisation.
- Step 3: **Evaluation and Improvement:** The overall efficacy of the strategy is measured using KPIs such as patents, R&D productivity, and market impact. The strategy is continually refined through stakeholder feedback and regular reviews, ensuring that emerging industry trends are integrated to sustain the Group's competitive market position.

Harnessing Intellectual Capital for Growth

Teejay's long-range, technology-forward, RDI vision sets the direction for our product portfolio, and positions the Group at the forefront of next-generation textile solutions.

Building on the momentum achieved over recent years, we are moving towards enhancing capability driven differentiation, intelligent product platforms, and institutionalised innovation systems that support sustained growth in an increasingly demanding global apparel landscape.

Future portfolio development will be centred on platform-based product architecture, with continued investment in fabric platforms that combine engineering finesse, material intelligence, and scalability. These will enable adaptability across multiple customers, categories, and seasonal use cases.

Innovation Through Strategic Ecosystem Partnerships

Future innovation will increasingly be shaped through selective, long-term collaboration within a controlled innovation ecosystem. Teejay will continue to deepen partnerships with strategic customers, technology providers, and research institutions, operating as a trusted incubation and scale-up partner, with collaboration focused on co-development of future-ready product solutions, shared capability advancement, and responsible knowledge exchange.

INNOVATION ECOSYSTEM

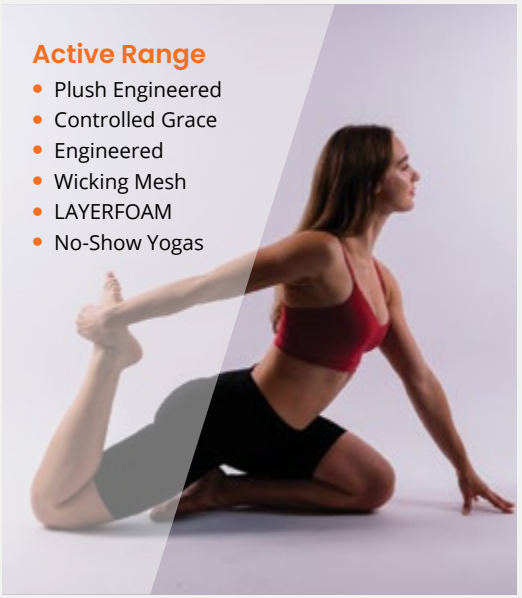
PRODUCT PORTFOLIO AND POSITIONING

GRI 2-6

Teejay offers a comprehensive and diverse product portfolio of high-quality fabrics. These materials are widely utilised by leading global apparel brands to manufacture a variety of end-use garments.

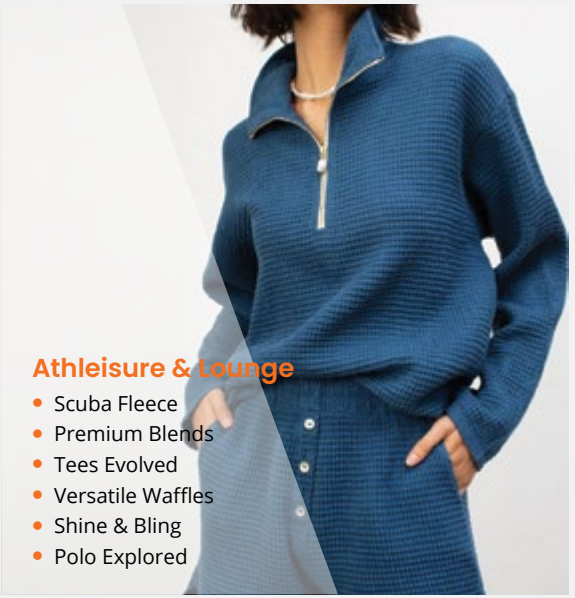
Teejay's product portfolio in FY 2025/26 reflects a balanced and carefully curated mix of synthetic, cellulosic, cotton-led, and blended fabric platforms, developed to support evolving customer needs across lifestyle, sleep, lounge, intimates, and active applications. The portfolio is structured around functional relevance, aesthetic elevation, durability, and sustainability, enabling brands to achieve both differentiation and commercial scalability.

As part of its ongoing strategic product transformation, the Company is continuously diversifying its capabilities, prioritising high-value synthetic, sustainable, and functional performance fabrics.



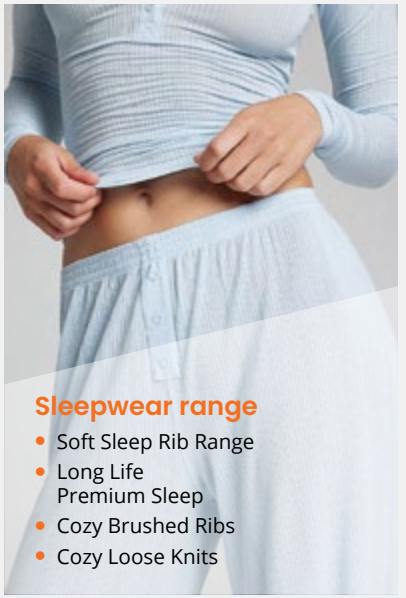
Active Range

- Plush Engineered
- Controlled Grace
- Engineered
- Wicking Mesh
- LAYERFOAM
- No-Show Yogas



Athleisure & Lounge

- Scuba Fleece
- Premium Blends
- Tees Evolved
- Versatile Waffles
- Shine & Bling
- Polo Explored



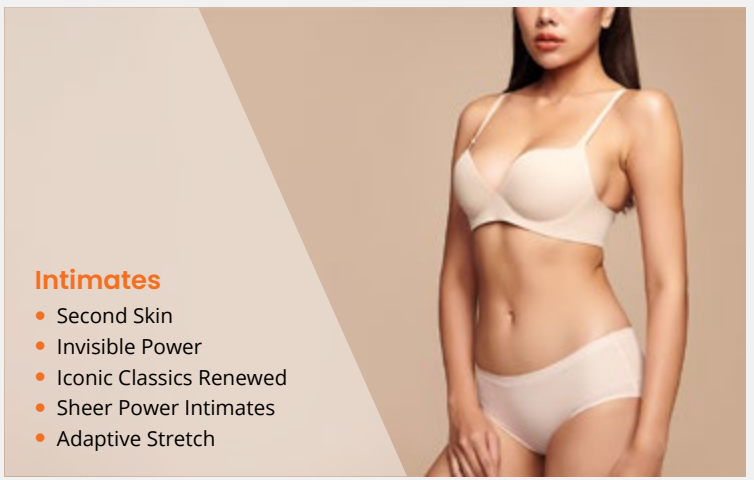
Sleepwear range

- Soft Sleep Rib Range
- Long Life Premium Sleep
- Cozy Brushed Ribs
- Cozy Loose Knits



Sustainability range

- Natural Prints
- Circularity Synthetics
- Bio-Based Synthetics
- Extended Life Naturals
- Fabric Recycled
- Regenerated Cellulosics



Intimates

- Second Skin
- Invisible Power
- Iconic Classics Renewed
- Sheer Power Intimates
- Adaptive Stretch

INNOVATION ECOSYSTEM

PRODUCT DEVELOPMENT TOWARDS NEXT-GENERATION PLATFORMS

Future portfolio development will increasingly be centred on platform-based product architectures, rather than isolated developments. Teejay will continue to invest in fabric platforms that combine engineering finesse, material intelligence, and scalability, enabling adaptability across multiple customers, categories, and seasonal use cases.

Portfolio Development Direction

- Deeper advancement of precision knitting capabilities, supporting ultra-refined constructions, enhanced surface control, and elevated sensory experiences aligned with premium and performance-driven segments.
- Expanded focus on engineered surface and finishing technologies, enabling fabrics to deliver enhanced visual sophistication, functional longevity, and consistent quality across extended product life cycles.
- Integration of functional performance within core fabric foundations, allowing comfort, climate adaptability, durability, and wear resilience to be embedded directly into everyday product ranges.
- Elevated material design thinking, balancing responsible material choices with performance outcomes such as improved longevity, recyclability pathways, and future-ready fabric compositions.

Over the medium-term, this will allow Teejay's portfolio to evolve into a modular, high-value product ecosystem, where innovation can be efficiently customised without fragmenting the overall offering.

In the longer-term, Teejay's product portfolio will reflect a deliberate transition from innovation activity to innovation architecture, where products, technologies, and knowledge systems evolve together.



DIGITALISATION AND TECHNOLOGICAL ENABLEMENT

Innovation at Teejay is increasingly augmented by the Group's technology-enabled operating model, blending product engineering, process intelligence, and digital transformation. The Company will continue to strengthen a structured, multi-horizon innovation framework that ensures simultaneous focus on rapid, commercially ready product innovation; mid-horizon technology platforms, where performance, process, and material advances translate into repeatable commercial solutions; and long-term exploratory innovation in material science, textile functionality, and evolving apparel trends.

Technology will play a greater role in predictability, speed, and quality of innovation execution, enabling Teejay to respond faster while maintaining robustness and confidentiality. This includes the progressive deployment of integrated development systems, digital decision support tools, and enhanced analytical capabilities to guide development prioritisation and reduce complexity.

Digitalisation Achievements and Roadmap

During the year under review, Teejay Lanka significantly strengthened its digital foundation by implementing modern, scalable information management technologies across all functional areas. The Information Technology (IT) department acted as a critical strategic enabler, advancing the Group's digital capabilities to ensure all strategic business units and facilities operated with maximum efficiency, agility, and data-driven insight.

- **Core Enterprise Systems (SAP Elevate):** The Group continued to strengthen its unified SAP S/4 HANA ERP system across facilities, introducing SAP Fiori dashboards that are accessible via mobile devices to improve real-time decision-making. Preparatory work was also undertaken to align with a strategic roadmap for transitioning to "RISE with SAP" by 2028/29.
- **Smart Manufacturing and Industry 4.0 (Data Pulse):** A major operational milestone was achieving 100% integration of knitting machines with real-time IoT monitoring systems, granting unprecedented visibility into machine utilisation, downtime, and production quality. Furthermore, Teejay advanced its Industry 4.0 journey by implementing Digital Twins to simulate and monitor real-time factory efficiency.
- **Advanced Digital Planning:** Teejay transitioned from manual calculations to integrated digital platforms by deploying the FastReact system, which provides real-time visibility across capacity, raw materials, and resources. This was complemented by the enhancement of the Virtual Continuous Flow (VCF) system for Work-In-Progress (WIP) management and the development of a new in-house Sales and Operations Planning (S&OP) tool.
- **Process Automation:** The Group heavily accelerated its Robotic Process Automation (RPA) and Microsoft workflow automation efforts across critical functions, including master data management, finance, HR, logistics, and production planning. RPA bots were specifically deployed to streamline complex traceability data uploads for major global brands, significantly reducing manual administrative burdens.
- **Artificial Intelligence (AI) Integration and Digital Upskilling:** Teejay introduced AI-enabled productivity tools, such as Microsoft Copilot, to provide employees with intelligent assistance and faster information access, while also piloting AI-assisted quality monitoring for early defect detection. To ensure effective adoption, the Company conducted extensive training via its "Skill Up" e-learning platform, focusing on digital literacy, data analytics, and Gen AI.
- **Supply Chain Digitalisation:** Vendor interactions were digitised through a newly implemented online vendor onboarding system. The Company also enhanced its digital Supplier Capability Matrix, which profiles vendors based on technical capabilities, ESG performance, and financial stability to inform strategic procurement decisions.

GRI 418-1

- **IT Infrastructure and Cybersecurity:** Ongoing process and infrastructure improvements are modernising network and IT infrastructure, contributing to business resilience and enhanced cybersecurity. In 2025/26, the Company replaced all desktop and laptop devices older than six years to improve performance and compatibility. To support secure, scalable remote access for hybrid users, the Company implemented Secure Access Service Edge (SASE) architecture, which replaced traditional Virtual Private Network (VPN) solutions. The Group also rolled out a Zero Trust Security Model to limit access based on strict identity verification. Security was further augmented by centralising firewall management through a Firewall Management Centre, deploying AI-based advanced threat detection tools, and establishing a centrally managed endpoint security portal.

Due to continuous implementation of rigorous risk-management measures, vulnerability assessments, and strict cybersecurity protocols, Teejay maintained a flawless data-security record during the year, reporting zero major breaches of customer privacy and losses of customer data or incidents compromising data integrity.



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CORPORATE GOVERNANCE

Corporate governance is a core element of Teejay Lanka PLC's corporate philosophy. By adhering to robust governance practices, the Company consistently generates value for its stakeholders, enabling sustainable growth across the Group in the face of both stable and volatile socio-economic conditions.

GOVERNANCE HIGHLIGHTS 2025/26

- During the year, the Group strengthened its ESG Steering Committee, comprising second-tier functional leaders and chaired by the Chief Financial Officer (CFO), with oversight from the Chief Executive Officer (CEO). The Board has delegated responsibility to the Committee for the management of the Group's sustainability agenda, including both sustainability impacts and Sustainability-Related Risks and Opportunities. The Committee serves as the central coordinating body for ESG, driving the integration of sustainability into strategy and operations, overseeing material impacts, risks, and opportunities, and monitoring ESG performance in line with regulatory and international standards. It reports through the CEO to the Board to support strategic decision-making, while sustainability-related risk reviews (including SRRO and CRRO), emissions reporting, ESG audits, and external assurance are independently overseen by the Audit Committee, reinforcing robust governance, accountability, and transparency.
- The Group undertook a comprehensive upgrade of its end-user IT infrastructure, to enhance performance, reliability, and system compatibility. To support secure and scalable hybrid working arrangements, a Secure Access Service Edge (SASE) architecture was implemented, replacing traditional VPN solutions.
- The Group further strengthened its cybersecurity framework and overall cyber resilience through the adoption of a Zero Trust Security Model, enforcing strict identity based access controls. Security capabilities were enhanced by centralising firewall management, deploying AI-driven advanced threat detection solutions, and establishing a centrally managed endpoint security platform thereby collectively improving the Group's ability to prevent, detect, and respond to evolving cyber threats. There were no significant data security related incidents reported during the year.
- The Company carried out a gap analysis of the adoption of the changes recommended in the Anti-Corruption Act no.09 of 2023 and revised the existing Code of Conduct and Anti-corruption Policy for the Group. Further awareness sessions were carried out on the Gift, Hospitality and Entertainment policy, Anti-corruption policy, Whistle Blower policy and the Anti-corruption Act which included A 5-day awareness flyer series across the Group with the tagline of "Integrity First: Navigating Anti-corruption Act and Teejay Policies"
- The Company conducted a compliance review the provisions of the Personal Data Protection Act, No. 9 of 2022, to ensure that internal policies adequately reflect the evolving regulatory landscape relating to data protection and privacy. Arising from this review, the Code of Conduct was revised and strengthened to align with the requirements of the Act, incorporating enhanced guidance on the responsible collection, use, and safeguarding of personal data. Following these updates, formal declarations were obtained from employees to confirm their understanding of and commitment to comply with the revised policy.
- The Companies (Amendment) Act No. 12 of 2025 introduced mandatory beneficial ownership requirements effective from 30 March 2026 onwards. The Company continues to proactively engage in identifying and disclosing the relevant information.

GRI 2-9

GOVERNANCE STRUCTURE

The Group's corporate governance framework is characterised by a proactive approach, continuously adapting and improving its internal policies, controls, processes, systems, and structures. This dynamic framework ensures the Company upholds the highest ethical standards in its corporate conduct and maintains transparency in all transactions. The framework strictly aligns with key regulatory mechanisms, including the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange (CSE), and the CA Sri Lanka Code of Best Practice on Corporate Governance.

The Board of Directors of Teejay Lanka consists of seven (7) Non-Executive Directors, three (3) of whom are independent, demonstrating a commitment to balanced governance. The Board takes overall responsibility for the management of the Company. Under the guidance of the Chairman, the Board plays a crucial role in providing strategic direction to realise the Company's vision and mission. The Board recognises its collective accountability in fulfilling its responsibilities to shareholders and other stakeholders, aiming to create value in an ethical and sustainable manner.

The Board actively considers and integrates sustainability impacts, and sustainability-related risks and opportunities into strategic decision-making, ensuring alignment with the GRI Standards and the SLFRS S1 and S2 Standards.

CORPORATE GOVERNANCE

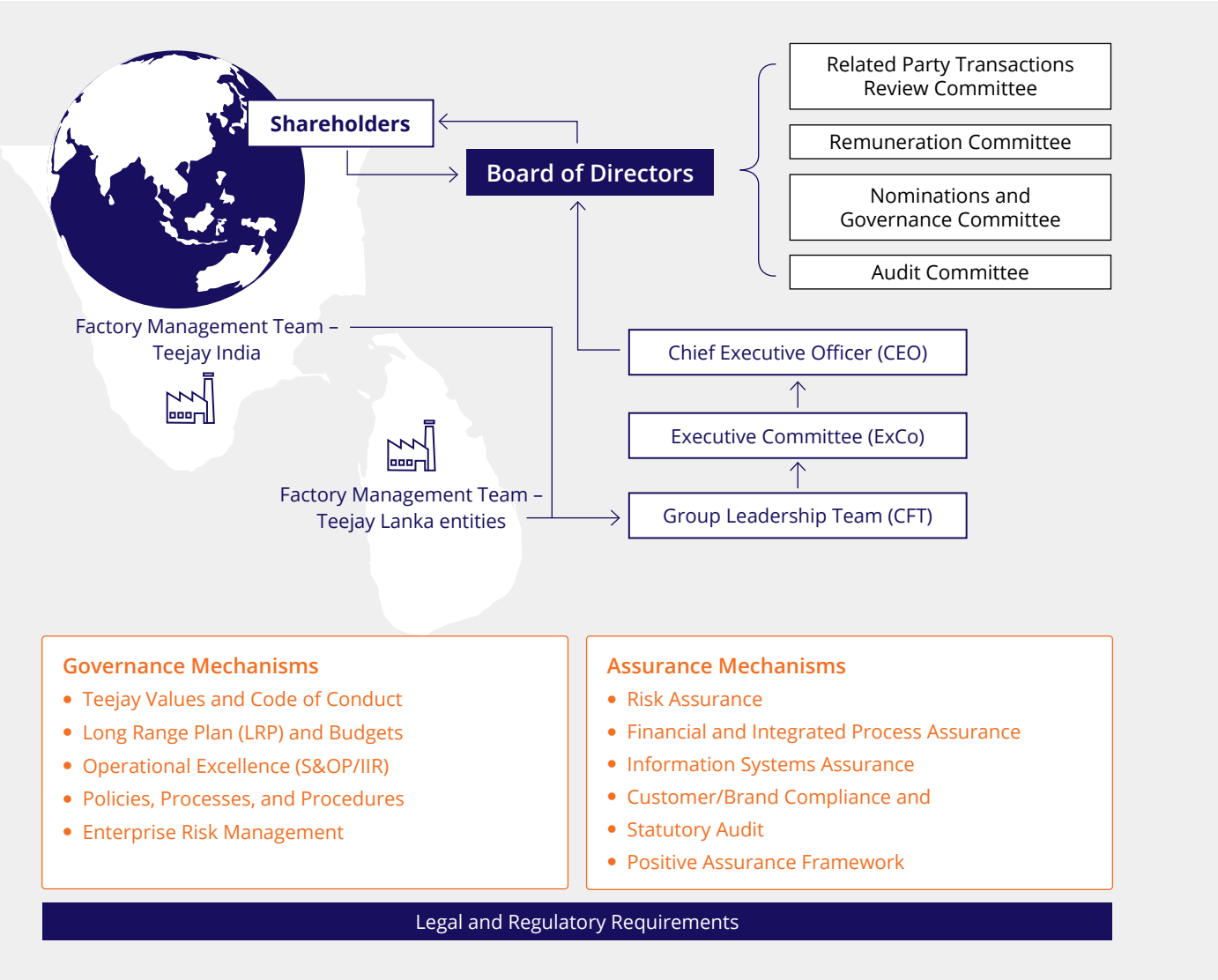
This is operationalised through the Company's Sustainability management framework which seeks to identify material sustainability impact topics and financially material Sustainability Related Risks and Opportunities, define policies, procedures and the Governance mechanisms to manage such material topics, integrate sustainability related risks within the ERM process and monitor progress quarterly through Key Sustainability Performance Indicators (KSPIs) aligned with the GRI and SASB Standards along with other Key Risk Indicators.

To support effective decision-making and independent oversight, the Board is assisted by four key sub-committees:

- Audit Committee
- Related Party Transactions Review Committee (RPTRC),
- Remuneration Committee
- Nominations and Governance Committee

Through integrated assurance mechanisms, stringent enterprise risk management, and regular compliance monitoring, Teejay ensures a robust control environment capable of adapting to emerging Macro-economic challenges and stakeholder expectations.

The Board of Directors ensured that the corporate governance framework of the Company remained robust, transparent, and fully aligned with both regulatory expectations and the Company's long-term strategic objectives.



CORPORATE GOVERNANCE

REGULATORY FRAMEWORK

- Companies Act No. 07 of 2007
- Continuing Listing Requirements of the Colombo Stock Exchange (CSE)
- Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, including directives and circulars
- Code of Best Practices on Related Party Transactions (2013) advocated by the Securities and Exchange Commission of Sri Lanka (SEC)
- Shop and Office Employees Act No. 19 of 1954
- Factories Ordinance No. 45 of 1942
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Inland Revenue Act No. 24 of 2017 and amendments thereto
- Customs Ordinance No. 17 of 1869
- Exchange Control Act No. 12 of 2017
- Board of Investment (BOI) Regulations
- SLFRS S1 and S2

VOLUNTARY STANDARDS, CODES, AND FRAMEWORKS

- Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) 2023
- Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC)
- Global Reporting Initiative (GRI) Standards
- Quality Standard Certifications obtained by companies
- Requirements of Environmental and Social Certifications
- SASB Disclosures (Disclosure topics in the Apparel, Accessories and Footwear)

INTERNAL DOCUMENTS AND POLICIES

- Articles of Association
- Board and Sub-Committee Charters
- ESG Committee Charter
- Human Rights Policy
- Code of Conduct
- Whistle Blower Policy
- Health and Safety Policy
- Grievance Handling Policy
- Abuse and Harassment Free Workplace Policy
- Environmental Policy
- Anti-corruption Policy
- Declaration of Conflict of Interest
- Gifts, Hospitality and Entertainment Policy
- Recruitment and Selection Policy
- Rewards and Recognition Policy

GRI 2-10

Appointment and re-election of Directors

In fulfilling its mandate, the Nominations and Governance Committee reviews and recommends to the Board the appointment and re-election of Directors in accordance with the Company's Articles of Association and applicable regulatory requirements. In line with the Articles, significant shareholders are entitled to nominate Directors, ensuring appropriate shareholder representation, while the Board may also appoint Directors to fill casual vacancies or strengthen Board composition, subject to shareholder approval at the subsequent Annual General Meeting.

In evaluating candidates, the Committee considers criteria including the balance between Executive, Non-Executive and Independent Non-Executive Directors, as well as the age, skills, experience and competencies required by the Board, particularly within the apparel and textile sector. Consideration is also given to expertise in areas such as finance, governance and risk management, together with independence, integrity and the ability to contribute effectively to Board deliberations. The Committee undertakes a thorough evaluation of each nominee's qualifications, experience, integrity, and reputation, while also assessing potential conflicts of interest and external commitments to ensure their ability to effectively discharge their duties.

Access to information

GRI 2-16

No critical concerns were escalated to the highest governance body during the year. Board Members continued to receive Board Packs well in advance, ensuring adequate time for review and informed decision-making. Directors maintained unrestricted access to additional information and resources as needed.

Board competence and development

During the year, ensured that all Directors, including Independent Non-Executive Directors, were kept informed of regulatory updates, governance developments, and significant matters through periodic briefings at Board and Committee meetings, as well as through Board notes.

The Board collectively maintains an appropriate level of knowledge and awareness to effectively oversee sustainability-related impacts, risks and opportunities. During the year, the Company conducted a structured

CORPORATE GOVERNANCE

assessment through a questionnaire to evaluate Directors' knowledge on governance and sustainability-related matters. The outcomes of this assessment were used to identify areas for further development and capacity enhancement.

To strengthen the Board's competencies, targeted training and awareness sessions were conducted covering key sustainability topics, including governance, regulatory developments and emerging ESG risks. These initiatives ensure that the Board is adequately equipped to discharge its oversight responsibilities in relation to sustainability, while remaining informed of evolving standards and best practices.

BOARD SUBCOMMITTEES

In accordance with the Listing Rules, the Board has established four subcommittees to provide assistance and support. These committees include the Audit Committee (AC), the Related Party Transactions Review Committee (RPTRC), the Remuneration Committee (RC), and the Nominations and Governance Committee (NGC).

AUDIT COMMITTEE (AC)

Board Committee Composition	Scope
• Mr Shrihan B Perera (Chairman) – (INED/NED) • Mr William (Bill) C McRaith – (INED/NED) • Mr Hasitha Premaratne – (NED)	• Overseeing the preparation, presentation, and review of quarterly and annual financial statements to ensure their quality, transparency, integrity, and accuracy, as well as compliance with applicable Sri Lanka auditing and accounting standards, the Companies Act, the SEC Act, and other relevant financial reporting related regulations and requirements, prior to the approval of the Board of Directors. • Oversight of the environmental, social and governance based sustainability impacts arising from operations on key stakeholders and ensuring the company's Sustainability Management Framework is operational in managing such sustainability impacts. • Obtain quarterly updates on Key Sustainability Performance Indicators and Key Sustainability Related Risk Indicators of the impact material topics and financial material topics of the company. The Group has a sustainability performance management system (SPA) which enables the collection of data from each entity, including any critical concerns, which is then consolidated and presented to the Audit committee through the ESG Steering Committee on quarterly basis for performance review and course corrective action. • Oversight of SLFRS S1 & S2 sustainability and climate related disclosures included in the Annual Report. • Review of material sustainability and climate related financial risks and opportunities impacting enterprise value. Take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels. • Obtain and review assurance from the CEO, CFO and other relevant Key Management Personnel that the financial records are duly maintained and the financial statements present a true and fair view of the Company's and Group's financial position and performance. • Review the risk policies adopted by the Company on an annual basis. • Review the internal controls in place to prevent the leakage of material information to unauthorised persons. • Evaluating the performance of the internal audit function. • Accessing the adequacy and effectiveness of the risk management systems and internal control environment of the Group and taking appropriate action for suggestions made by the Internal Auditors. • Providing recommendations to the Board regarding the appointment, reappointment, and removal of External Auditors, including their remuneration and terms of engagement, by evaluating their independence, qualifications, expertise, and resources.

CORPORATE GOVERNANCE

NOMINATIONS AND GOVERNANCE COMMITTEE (NGC)

Board committee and composition	Scope
• Mr William (Bill) C McRaith (Chairman) – (INED/NED) • Mr Ajit Gunewardene (Chairman) – (INED/NED) • Mr Mohamed Ashroff Omar – (NED)	• Responsible for recommending to the Board, the appointment of Directors to the Board of Directors and Board Committees of the Company in accordance with the procedure in place to evaluate, select and appoint/re-appoint Directors. • Establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO. • Establish and maintain a structured process for the annual evaluation of the performance of the Board of Directors and the Chief Executive Officer (CEO), including an assessment of the Board's effectiveness in overseeing sustainability-related matters, with outcomes used to enhance governance structures, including the strengthening of the ESG Steering Committee. • Develop succession plan for Board of Directors and Key Management Personnel. • Periodically review and update the Corporate Governance Policies/Framework in line with the regulatory and legal developments. • Responsible for overall Board governance. Review the Board Charter and key Company policies ensuring compliance with Rule 9.2 of the Listing Rules. • Review general disclosure of interests, statutory and fit and proper declarations submitted by Directors and confirmed their eligibility in accordance with the Listing Rules and applicable governance requirements. • Review the independence declarations submitted by Independent Non-Executive Directors and confirmed their compliance with the criteria outlined in Rule 9.8.3 of the Listing Rules.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTRC)

Board committee and composition	Scope
• Mr Shrihan B Perera – (Chairman) (INED/NED) • Mr Ajit Gunewardene – (INED/NED) • Mr Kit Vai Tou – (NED)	• Exercising oversight to ensure compliance with the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC) and with the Listing Rules of the Colombo Stock Exchange (CSE) on behalf of the Board. • Adopting best practices as recommended by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). • Reviewing related party transactions and ensuring their adherence to the above regulations, and communicating the same to the Board on a quarterly basis

CORPORATE GOVERNANCE

REMUNERATION COMMITTEE (RC)

GRI 2-19, 2-20

Board committee and composition	Scope
• Mr William (Bill) C McRaith (Chairman) – (INED/NED) • Mr Shrihan B Perera – (INED/NED) • Mr Hasitha Premaratne – (NED)	• Review and recommend overall remuneration philosophy, strategy, policies and practice and performance-based pay plans for the Group. • Determine and recommend to the Board a framework for the remuneration of the CEO and Executive Directors based on performance targets, benchmark principles, performance related pay schemes, industry trends and past remuneration. (At present all Directors are non-executive directors with a fixed pay) • Performance evaluation and talent management of Key Management Personnel (KMP). • Ensure that stakeholder interests are aligned and that the Group is able to attract, motivate and retain talent • Ratify the performance appraisals of the Company's Key management personnels, as approved by the Group Executive Committee, and submit the corresponding recommendations to the Nominations and Governance Committee for onward recommendation to the Board. • At its discretion, the Committee may invite external specialists to provide advice and information on relevant remuneration and Human Resource development practices.

MEETINGS AND ATTENDANCE

The Board of Directors (BOD) convenes on a quarterly basis, typically aligning with the committee meetings, RPT com meeting is on the same day. The attendance records of Directors at Board and subcommittee meetings are summarised below.

Meetings of the Board of Directors (BOD)

Director	15 May 2025	13 August 2025	13 November 2025	9 March 2026
Mr Ajit Gunewardene	✓	✓	✓	✓
Mr William (Bill) McRaith	✓	✓	✓	✓
Mr Shrihan B Perera	✓	✓	✓	✓
Mr Mohamed Ashroff Omar	✘	✓	✓	✓
Mr Hasitha Premaratne	✓	✓	✓	✓
Mr Kit Vai Tou	✘	✓	✘	✓
Mr Masaru Okutomi	✓	✓	✓	✓

CORPORATE GOVERNANCE

Audit Committee

Director	15 May 2025	29 May 2025	7 August 2025	30 October 2025	6 November 2025	9 February 2026	20 February 2026
Mr Shrihan B Perera	✓	✓	✓	✓	✓	✓	✓
Mr William (Bill) C McRaith	✓	✓	✓	✓	✓	✓	✓
Mr Hasitha Premaratne	✓	✓	✓	✓	✓	✓	✓

Related Party Transaction Review Committee

Director	15 May 2025	13 August 2025	13 November 2025	30 March 2026
Mr Shrihan B Perera	✓	✓	✓	✓
Mr Ajit Gunewardene	✓	✓	✓	✓
Mr Kit Vai Tou	✘	✓	✘	✓

Remuneration Committee

Director	12 June 2025	27 February 2026
Mr Shrihan B Perera	✓	✓
Mr William (Bill) C McRaith	✓	✓
Mr Hasitha Premaratne	✓	✓

Nominations and Governance Committee

Director	20 May 2025	9 March 2026
Mr William (Bill) C McRaith	✓	✓
Mr Ajit Gunewardene	✓	✓
Mr Mohamed Ashroff Omar	✓	✓

CORPORATE GOVERNANCE

DIRECTORS' INFORMATION

Name of Director	Positions held in other listed Sri Lankan Companies			Board seats held in other unlisted Sri Lankan Companies	Number of Companies
	Director – Executive Capacity	Director – Non-Executive Capacity	Key Management Personnel	Name of Company	
Mr Ajit Gunewardene	N/A	• Fintrex Finance PLC • Digital Mobility Solutions Lanka PLC • Solutions Lanka PLC		• Bluestone Capital (Private) Limited • Bluestone 1 (Private) Limited • Bluestone 2 (Private) Limited • Bluestone 3 (Private) Limited • Bluestone 4 (Private) Limited • Bluestone 5 (Private) Limited • Giga Foods (Private) Limited • Ingame Entertainment (Private) Limited • Agility Innovation (Private) Limited	12
Mr Ashroff Omar	–	John Keells Holdings PLC		• Brandix Apparel Solutions Limited • Brandix Corporate Campus (Private) Limited (previously known as Brandix College of Clothing Technology (Private) Limited) • Brandix Lanka Limited • Brandix Textiles Limited • Darian Investments (Private) Limited • Darius investments (Private) Limited • Disrupt Innovation (Private) Limited • Firoze (Private) Limited • Fortude (Private) Limited • Grafeio E (Private) Limited • Grafeio L (Private) Limited • Grafeio One (Private) Limited • Grafeio S (Private) Limited • Grafeio Two (Private) Limited	

CORPORATE GOVERNANCE

Name of Director	Positions held in other listed Sri Lankan Companies			Board seats held in other unlisted Sri Lankan Companies	Number of Companies
	Director – Executive Capacity	Director – Non-Executive Capacity	Key Management Personnel	Name of Company	
				• Inqube Global (Pvt) Ltd • Kuruwita Textiles Mills Limited • Mansram (Ceylon) (Private) Limited • Mast Lanka (Private) Limited • MKC Industries (Private) Limited • Moose Clothing Company (Pvt) Ltd • Phoenix Holding (Private) Limited • Phoenix Regal (Private) Limited • Phoenix Retail (Private) Limited • Phoenix Ventures (Private) Limited • Pick Pack Park (Private) Limited • Proride (Private) Limited • Quantum Clothing Lanka (Private) Limited • Raees Investments (Private) Limited • SAM Innovators (Private) Limited • Teejay Lanka Prints (Private) Limited • Thor Development (Private) Limited • Zuna Investments (Private) Limited • Inqube Solutions (Pvt) Ltd • Brandix International Limited • BrandM Apparel Holding Ltd • BrandM Printing Ltd • BrandM Trading (Pvt) Ltd • Leading Investment Holdings Limited • Bindu Foundation • M H Omar Foundation • Teejay India (Private) Limited	44

CORPORATE GOVERNANCE

Name of Director	Positions held in other listed Sri Lankan Companies			Board seats held in other unlisted Sri Lankan Companies	Number of Companies
	Director – Executive Capacity	Director – Non-Executive Capacity	Key Management Personnel	Name of Company	
Mr Masaru Okutomi	–	–		–	–
Mr Kit Vai Tou	–	–		–	–
Mr Hasitha Premaratne	–	• National Development Bank PLC • John Keells Hotels PLC		• Best Pacific Textiles Lanka (Pvt) Ltd • Brandix Apparel (Pvt) Limited • Brandix Apparel Solutions (Pvt) Limited • Brandix Corporate Campus (Pvt) Ltd • In Quebe Global (Pvt) Ltd • Brandix Lanka (Pvt) Ltd • Hyphen International (Pvt) Ltd • Ocean Lanka (Private) Limited	10
Mr Shrihan B. Perera		• Muller & Phipps PLC • Lankem Ceylon PLC • Lankem Developments PLC • Laxapana PLC • Agarapathana Plantations PLC • Kotagala Plantations PLC • Marawila Resorts PLC • Beruwala Resorts PLC • Sigiriya Village Hotels PLC • Fintrex Finance PLC • C.W.Mackie PLC • The Colombo Fort Land and Building PLC • JF Packaging PLC		• Teejay Lanka Prints (Private) Limited • Teejay India (Private) Limited • Consolidated Tea Plantations Limited • Ceylon Tapes (Private) Limited	18
Mr William (Bill)C McRaith		–		–	–

CORPORATE GOVERNANCE

COMPLIANCE SUMMARY

Statement of Compliance – the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka 2023

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
A	DIRECTORS		
A.1	The company should be headed by an effective Board, which should direct, lead and control the Company	✓	The profiles of the Board of Directors are given on pages 20 to 22.
A.1.1	Board Meetings	✓	The Board meets on a quarterly basis and the attendance of the meetings is given on page 185. The Board papers and related documents are circulated one week prior to the Board meetings.
A.1.2	Board Responsibilities	✓	The Board provides strategic leadership to the Company, using a framework of effective controls to monitor and manage risks.
A.1.3	Compliance with the law and access to independent professional advice	✓	The Board collectively and the Directors individually shall act in accordance with the laws of the country as applicable to the Company. The Board of Directors ensures that procedures and processes are in place to ensure the Company complies with all applicable laws and regulations. Directors have the discretion to obtain independent professional advice as deemed necessary through the Board Secretary.
A.1.4	Company/Board Secretary and availability of insurance cover for Board, Directors, and Key Management Personnel	✓	All the Directors have access to the services and advice of the Company Secretary, and the Company Secretary serves as the Board Secretary as well. The Company has obtained insurance coverage for the Board, Directors, and Key Management Personnel. The Board is responsible for the appointment and removal of the Company Secretary.
A.1.5	Independent judgement of the Directors	✓	Directors bring independent judgement to bear on the decisions taken by the Board on matters pertaining to strategy, performance, resource allocation, risk management, and business conduct.
A.1.6	Dedication of adequate time and effort	✓	All Directors of the Company dedicate adequate time and effort to fulfill their duties as Directors of the Company, in order to ensure that the duties and responsibilities owed to the Company are discharged reasonably.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
A.1.7	Calls for Resolutions	✓	One-third of the Directors can call for a resolution to be presented to the Board if deemed necessary.
A.1.8	Training for new and existing Directors	✓	The Board reviews the training and development needs of the Directors regularly, and the Directors are provided with guidelines on general aspects of directorships and industry specific matters.
A.2	**Chairman and Chief Executive Officer (CEO)**		
Principle A.2	Segregation of the roles of Chairman and CEO	✓	The positions and responsibilities of the Chairman and the CEO have been separated. The CEO is responsible for the implementation of the Group's strategic plan and driving performance.
A.2.1	Combine the posts of Chairman and CEO	N/A	Not Applicable
A.3	**Chairman's Role**		
A.3.1	Effective discharge of Board functions.	✓	The Chairman facilitates the effective and ethical discharge of the Board's responsibilities while maintaining good corporate governance.
A.4	Financial Acumen and Knowledge	✓	The Board's financial expertise is strengthened by two Directors with strong financial acumen, ensuring robust financial oversight and informed decision-making. Mr Shrihan B Perera – FCMA (UK), CGMA, BSc M.Eng UOM Chairman of the Audit Committee, Independent Non-Executive Director (IND/NED) Mr Hasitha Premaratne FCCA, FCMA (UK), CGMA Non-Executive Director (NED)
A.5	**Board Balance**		
A.5.1	Presence of Non-Executive Directors	✓	All seven (07) Directors are Non-Executive Directors.
A.5.2	Independent Non-Executive Directors	✓	Three (03) out of seven (07) Non-Executive Directors are independent.
A.5.3/A.5.5	Independence of Non-Executive Directors	✓	Independent Non-Executive Directors are, Mr Ajit Gunewardene Mr Shrihan B Perera Mr William (Bill) C McRaith The Board considers Non-Executive Directors' independence on an annual basis. Please refer pages 20 to 22 for the profiles of the Directors.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
A.5.4	Annual declaration of independence of Directors	✓	Declarations citing their independence are obtained annually. Please refer pages 20 to 22 for the profiles of the Directors.
A.5.6	Alternate Directors	N/A	Not applicable
A.5.7 and A.5.8	Senior Independent Director and confidential discussions with Senior Independent Directors	N/A	This is not applicable as the Chairman and CEO are not the same.
A.5.9	Chairman's meetings with Non-Executive Directors	✓	All Board of Directors are Non-Executive Directors.
A.5.10	Recording of concerns in Board minutes	✓	There have not been any unresolved matters in the Board minutes.
A.6	**Supply of Information**		
A.6.1	Management obligation to provide appropriate and timely information to the Board	✓	Board papers and Committee papers are provided 07 days prior to the Board meetings. Information provided to the Board includes Group performance to ensure that the Board is apprised of developments impacting the Group.
A.6.2	Adequate time for effective Board Meetings	✓	The minutes, agenda, and papers are circulated 07 days prior to the meeting to facilitate its effective conduct.
A.7	**Appointments to the Board**		
A.7.1	Nomination and Governance Committee	✓	Nomination and Governance Committee comprises of three (03) Non-Executive Directors. All new appointments comply with the provisions in the Articles of Association of the Company.
A.7.2	Assessment of Board composition by the Nomination and Governance Committee	✓	Board composition complies with the provisions in the Articles of Association . The current Board reflects a broad range of experience and professional expertise that align with Teejay's evolving strategic priorities. The Company will continue to make an intensive effort to attract qualified individuals from a wide range of demographic, experiential, and professional backgrounds, while upholding a strong culture of meritocracy.
A.7.3	Succession plans for the CEO and Key Management Personnel	✓	The Committee ensure that there is a succession plan for the Chief Executive Officer and for all Key Management Personnel and determine the training and development requirements for those identified for succession.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
A.7.4	Disclosure of new appointments	✓	Disclosures are made at the time of new appointments.
A.7.5	Function of the Nomination and Governance Committee	✓	The Annual Report includes details of the Committee Chairman and members, as well as a description of the process followed for Board appointments. Please refer pages 236 and 237 of this report.
A.8	**Re-election**		
A.8.1 and A.8.2	Re-election of Directors	✓	This is done as per the Articles of Association. The provisions of the Company's Articles require a director appointed by the Board to hold office until the next Annual General Meeting (AGM) and seek re-election by the shareholders at that meeting.
A.8.3	Resignation	✓	In the event of resignation, a letter of resignation is provided by the Director.
A.9	**Appraisal of Board Performance**		
A.9.1 and A.9.2	Appraisal of Board and its Committees	✓	The Board undertakes an annual self-evaluation of its performance and its committees' performance against predetermined targets set at the beginning of the year.
A.9.3	Evaluation at re-election	✓	The Board reviews the participation, contribution, and engagement of each Director at the re-election.
A.9.4	Disclosure on performance evaluation criteria	✓	The Board conducts an annual self-assessment of its performance against predetermined targets set at the beginning of the year.
A.10	**Disclosure of Information in respect of Directors**		
A.10.1	Profiles of the Board of Directors and other related information	✓	Name, qualification, brief profile, and nature of expertise are given in pages 20 to 22 of this Annual Report. Directors' shareholding information is given on page 339 of this Report. The number of Board meetings attended by the Directors is available on page 185 of this Report.
A.11	**Appraisal of Chief Executive Officer (CEO)**		
A.11.1 and A.11.2	Evaluation of the performance of the CEO	✓	The performance was evaluated in each quarter to ascertain whether targets were achieved, or achievements were reasonable in the prevailing circumstances.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
B	**DIRECTORS REMUNERATION**		
B.1	Remuneration Procedure	✓	Company has established a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. To avoid potential conflicts of interest, no director has been involved in deciding his/her own remuneration.
B.2.1	Establishment of a Remuneration Committee	✓	A Remuneration Committee is established.
B.2.2	Composition of the Remuneration Committee	✓	The Remuneration Committee consists of two (02) Independent Non-Executive Directors and one (01) Non-Executive Director, and the Chairman of this Committee is appointed by the Board.
B.2.3, B.2.4, B.2.6,B.2.7, and B.2.8	Levels of remuneration	✓	The Remuneration Committee structures the remuneration package to attract, retain, and motivate Key Management Personnel.
B.2.5	Executive Directors' remuneration	N/A	There are no Executive Directors on the Board.
B.2.9	Executive share options	✓	An Executive Share Option Scheme (ESOS) is in operation to motivate and retain Key Management Personnel.
B.2.10	Designing schemes of related remuneration	✓	Please refer to the Report of the Remuneration Committee on pages 232 and 233.
B.2.11 and B.2.12	Early termination of Executive Directors	N/A	Termination is governed by their contracts of service/employment.
B.2.13 and B.2.14	Levels of remuneration of Non-Executive Directors and the CEO.	✓	Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices.
B.2.15	Disclosure of Remuneration Committee Members	✓	Details of the Remuneration Committee Chairman and members are given in pages 232 and 233 of this Annual Report.
B.3	**Disclose of Remuneration**		
B.3.1	Remuneration Committee	✓	The Annual Report sets out the names of Directors comprising the Remuneration Committee, scope, number of meetings held, a statement of remuneration policy and set out the aggregate remuneration paid to Non-Executive Directors. Please refer pages 232 and 233 in this report.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
B.3.2	Aggregate remuneration of the Senior Management Personnel	✓	The total of the Senior Management remuneration is reported in Note 35 to the Financial Statements on page 324.
C	**RELATIONS WITH SHAREHOLDERS**		
C.1	Constructive use of AGM		
C.1.1	Dispatch of Notice of AGM and related papers to shareholders	✓	The notice and the agenda of the AGM together with the Annual Report with all other relevant documents are sent to the shareholders 15 working days prior to the meeting.
C.1.2	Separate resolutions for substantially separate issues	✓	A separate resolution is proposed at the AGM on each substantially separate item.
C.1.3	Votes and use of proxy	✓	The Company ensures that all proxy votes are properly recorded and counted.
C.1.4	Availability of all Sub-Committee Chairmen at the AGM	✓	The Chairman of the Board arranges for the Chairmen of the Audit Committee, Remuneration Committee, Related Party Transactions Review Committee, Nominations and Governance Committee to answer queries at the AGM when necessary.
C.1.5	Procedure of Voting at General Meeting	✓	A summary of the procedure governing voting at the General Meeting is circulated to shareholders with every notice of the General Meeting.
C.2	**Communication with Shareholders**		
C.2.1 to C.2.7	Communication with shareholders	✓	The AGM and Extraordinary General Meeting (EGM), if any, are used as the mode of communication with the shareholders. Quarterly, annual financial information, and other announcements are shared through the CSE. Secretaries, as appropriate. The Chairman and the Directors answer all queries raised by the shareholders at the AGM. Details of contact persons are disclosed in the Annual Report. The Company Secretary maintains a record of all correspondence received and holds the responsibility to be contacted in relation to shareholders' matters. All the major issues and concerns relating to shareholders are brought to the attention of the Board.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
C.3	**Major and Material Transactions**		
C.3.1 to C.3.3	Disclosure of Major and Material Transactions	✓	During the year, there were no major transactions as defined by Section 185 of the Companies Act No. 07 of 2007.
D	**ACCOUNTABILITY AND AUDIT**		
D.1	Financial and Business Reporting		
D.1.1 and D.1.2	Board's responsibility to present a balanced and understandable assessment of the Company's financial position, performance, and prospects	✓	The Company has presented balanced and understandable Financial Statements which give a true and fair view quarterly and annually. The Company has complied with the requirements of the Companies Act No. 07 of 2007 and the requirements of the Sri Lanka Accounting Standards and the SEC. Price-sensitive public reports and reports for statutory requirements are also presented in a balanced and understandable manner.
D.1.3	CEO's and CFO's approval on Financial Statements prior to Board approval	✓	The Chief Executive Officer, Chief Financial Officer, and two other Directors have signed the Financial Statements on behalf of the Board. The Statement of Directors' Responsibility and the Auditor's Report for the reporting responsibility of auditors are given on pages 242 and 245 respectively.
D.1.4	The Directors' Report	✓	The Annual Report of the Board of Directors on the affairs of the Company is given on pages 238 to 241.
D.1.5	Statement of Directors' Responsibility, Statement on Internal Controls and Auditor's Report	✓	The Statement of Directors' Responsibilities for the Financial Statements is given on page 242. The Auditor's Report is available on page 245.
D.1.6	Management Discussion and Analysis	✓	Please refer to Management Discussion and Analysis on pages 30 to 178.
D.1.7	Summon an EGM to notify serious loss of capital	N/A	The reason for such an EGM has not arisen yet.
D.1.8	Disclosure of Related Party Transactions	✓	All Related Party Transactions, as defined in LKAS 24 on 'Related Party Transactions' are disclosed in Note 35 in the Financial Statements.

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Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
D.2	**Risk Management and Internal Control**		
D.2.1 to D.2.1.2	Risk management framework and Assessment of principal risks facing the Company	✓	A robust assessment of risks involved in the Company has been carried out and the status reviewed at the Audit Committee meeting. Mitigating actions have been identified and progress has continuously been reviewed. Please refer to pages 218 to 227 for Risk Management.
D.2.1.3 and D.2.1.4-2.1.8	Risk Committee	✓	Audit Committee performs the functions of the Risk Committee The Board's oversight on risk management aspects including identifying and assessing risks and managing exposures is given on pages 228 to 231 of this Report.
D.2.2 and D.2.2.1	Monitoring sound system of Internal Control	✓	The Board facilitates the Enterprise Risk Management (ERM) process and reviews controls through various processes. The Board shares collective responsibility for controls within the Organisation's control environment. Board oversight is achieved through the Risk and Control function.
D.2.2.2 and D.2.2.3	Internal Audit Function	✓	The Risk and Control Department plays a significant role in assessing the effectiveness and successful implementation of existing controls, and strengthening these and establishing new controls where necessary.
D.3	**Audit Committee**		
D.3.1	Composition of the Audit Committee	✓	The Audit Committee consists of two (02) Independent Non-Executive Directors and one (01) Non-Executive Director.
D.3.2	Terms of Reference of the Audit Committee and Duties of the Audit Committee	✓	The activities and operations of the Audit Committee are governed by the Audit Committee Charter of the Company which is periodically reviewed and approved by the Board. Please refer to the Audit Committee Report on page 229 for the duties.
D.3.3	Disclosures of the members of the Audit Committee	✓	The Audit Committee Report with required disclosures is given on page 228.
D.4	**Risk Committee**		
D.2.1.5 and D.4.1	Composition of the Risk Committee	✓	Audit Committee performs the functions of the Risk Committee. The Audit Committee consists of two (02) Independent Non-Executive Directors and one (01) Non-Executive Director.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
D.5	**Related Party Transactions Review Committee (RPTRC)**		
D.5.1	Related parties and transactions	✓	The Company is adhering to LKAS 24, and the transactions entered into with related parties during the year are disclosed in Note 35 to the Financial Statements.
D.5.2	Composition of RPTRC	✓	RPTRC consists of two (02) Independent Non-Executive Directors and one (01) Non-Executive Director.
D.5.3	Terms of Reference	✓	Please refer to the Related Party Transactions Review Committee Report on page 234.
D.6	**Code of Business Conduct and Ethics**		
D.6.1	Code of Business Conduct and Ethics	✓	The Directors and members of the Senior Management team are bound by a Code of Business Conduct and Ethics. The Company has introduced a declaration of conflict of interest. The employees of the Executive and above categories have signed confirming they have read the document and understand its contents.
D.6.2	Material and price-sensitive information	✓	Material and price-sensitive information are promptly identified and reported to the shareholders via the CSE.
D.6.3	Shares purchased by Directors and Key Management Personnel	✓	The Company has a policy and a process for monitoring and disclosing shares purchased by any Director and Key Management Personnel.
D.6.4	Complaints received from whistle-blowers	✓	The Company has a strong whistleblower policy in place. An internal Whistleblower reporting channel and an independent reporting channel to the Chairman of the Audit Committee is established. Please refer pages 228 to 231 for Audit Committee Report.
D.6.5 to D.6.6	Code of Conduct Training and Annual Compliance Confirmation	✓	The Company conduct training on the Code of Business Conduct and Ethics as part of induction for new employees and require confirmation of compliance annually. The process for companywide dissemination of the policy, training arrangements, violations/ non compliances (if any) with actions taken will be reported to the Board on a regular basis.
D.6.7	Affirmation of Code in the Annual Report by the Chairman	✓	Please refer to the Chairman's Statement given on pages 30 to 31.

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Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
D.7	**Corporate Governance Disclosures**		
D.7.1	Disclosure of Corporate Governance	✓	The extent to which the Company adheres to established principles and practices of good Corporate Governance Disclosures from pages 190 to 201 of this Report.
SECTION II			
E	**INSTITUTIONAL INVESTORS**		
E.1	Shareholder Voting		
E.1.1	Dialogue with Shareholders	✓	All the investors are notified of the AGM and all their views, comments, and suggestions are encouraged.
E.2	**Evaluation of Governance Disclosures**		
E.2	Due weightage by institutional investors	✓	Key institutional investors are actively involved in appointing members to the Board
F	**OTHER INVESTORS**		
F.1	**Investing/Divesting Decision**		
F.1	Adequate analysis	✓	Provide sufficient information to investors through the Annual Report, Quarterly Financial Statements, and announcements to the CSE to assist investors with their investment and divestment decisions
F.2	**Shareholder Voting**		
F.2	Encouraging Shareholder participation	✓	All individual shareholders are sent AGM notices in advance, encouraging them to exercise their voting rights.

CORPORATE GOVERNANCE

Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
SECTION III			
G	**OTHER MATTERS**		
G.1	**Internet of Things (IOT) and Cybersecurity**		
G.1	Internal and External IT devices connected to the Business Model	✓	Connection of internal and external IT devices to the organisation network has been allowed with necessary access controls and firewalls to safeguard the security of the infrastructure and the integrity of information assets.
G.2	Chief Information Security Officer (CISO) and Cybersecurity Risk Management Policy	✓	The Head of Group ICT is responsible for managing policy which is already implemented. The risks are managed proactively.
G.3	Discussions on Cyber Risk Management	✓	Cybersecurity risks of the ICT infrastructure are primarily managed using access controls to physical and logical private networks and trusted relationships in the case of nodes that are granted access. All access is authenticated. Many security standards are implemented and maintained. Perpetual monitoring is in place with exception reporting and management. The Board allocates regular and adequate time on the Board meeting agenda for discussions about cyber-risk management.
G.4	Independent periodic review and assurance	✓	Independent periodic reviews are conducted internally as well as through professional firms.
G.5	Disclosure on Cybersecurity Risk Management	✓	Please refer to the Risk Management section on pages 218 to 227 in this Annual Report.
H	**SUSTAINABILITY : ESG RISK AND OPPORTUNITIES**		
H.1 to H.2	ESG Reporting	✓	The Company has included environmental, social, and governance factors in its business model.
H.3.1.1	The Environment	✓	The Company has adopted an integrated approach that takes into consideration the direct and indirect economic, social, health, and environmental implications of its decisions and activities, including pollution prevention, sustainable resource use, protection of the environment, and restoration of natural resources.
H.3.1.2	Social Factors	✓	The Company fosters relationships with the community and pursues sustainable development through an integrated approach.

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Reference to CASL Code	Corporate Governance Principle	Compliance Status	Details of TJL PLC's Compliance
H.4	Governance	✓	The Company established a robust governance structure to create value, manage risks, and address all aspects of ESG.
H.5.1 to H.5.3	Annual Report Disclosure	✓	Details on how ESG risks and opportunities are recognized, managed, measured, and reported are presented in this report. Please refer to the Sustainability Report on pages 80 to 100.
H.5.4	Board's Role on ESG Factors	✓	The Board sets the tone at the top. During the year, in consultation with of the third party ESG experts assigned by the Board, the Risk and Control Division of Teejay along with the Sustainability and Finance divisions sought to augment its existing operational risks identified in its Risk Registers, with Sustainability Related Risks and Opportunities (SRROs) in alignment with the SLFRS S1 and S2 reporting requirements.
I	SPECIAL CONSIDERATIONS FOR LSITED ENTITIES		
I.1	Establishment and Maintenance of Policies		
I.1.1 to I.1.4	Disclosure of Policies	✓	The details and existence of the policies highlighted in the code are mentioned on the Company website and in this report. The Company will provide any such policy to shareholders upon receipt of a written request, as required.
I.2	Policy on matters relating to the Board of Directors		
I.2.1 to I.2.2	Matters relating to the Board of Directors	✓	A policy addressing matters related to the Board of Directors is available and accessible.

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Statement of Compliance – pertaining to the Companies Act No. 7 of 2007

Section	Requirement	Compliance Status	Reference (within the Annual Report)
168 (1) (a)	The nature of the business of the Company or classes of business in which it has an interest together with any change thereto	Yes	Corporate Information
168 (1) (b)	Signed financial statements of the Group and the Company	Yes	Financial Statements
168 (1) (c)	Auditors' Report on financial statements	Yes	Independent Auditors' Report
168 (1) (d)	Accounting policies and any changes thereto	Yes	Notes to the Financial Statements
168 (1) (e)	Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Yes	Notes to the Financial Statements
168 (1) (g)	Total corporate donations made by the Company	Yes	Notes to the Financial Statements
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Yes	Board of Directors
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Notes to the Financial Statements
168 (1) (j)	Auditors' relationship or any interest with the Company and its subsidiaries (other than as auditor)	Yes	Report of the Audit Committee/Financial Statements
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Financial Statements/Annual Report of the Board of Directors
168 (2)	Information specified in paragraphs (b) to (j) of subsection (1) in relation to Subsidiaries	Yes	Financial Statements/Annual Report of the Board of Directors

CORPORATE GOVERNANCE

Statement of Compliance – CSE Listing Rules

Statement of Compliance under Section 7. of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures

Rule	Requirement	Compliance Status	Reference (within the Annual Report)
Section 7.5			
(i)	The Annual Report shall comply with applicable regulatory requirements and include audited Financial Statements prepared in accordance with Sri Lanka Accounting Standards and Sri Lanka Auditing Standards, together with disclosures prepared in accordance with Sri Lanka Sustainability Disclosure Standards.	Yes	(Independent Auditor's Report and Independent Assurance Statement) Pages 245 to 250
Section 7.6			
(i)	Names of persons who were Directors of the Company	Yes	Pages 20 to 22
(ii)	Principal activities of the Company and its subsidiaries during the year, and any changes therein	Yes	Pages 4 to 6
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in LKR and the percentage of such shares held	Yes	Page 339
(iv)	a) The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Company complies with the Minimum Public Holding requirement in respect of voting ordinary shares	Yes	Page 339
	The public holding percentage in respect of non-voting Shares (where applicable)	N/A	–
	b) The public holding percentage in respect of Foreign Currency denominated Shares	Yes	Page 339
(v)	A statement of each Director's holding and CEO's holding in shares of the Company at the beginning and end of each financial year	Yes	Page 339
(vi)	Information pertaining to material foreseeable risk factors of the Company	Yes	Pages 221 to 227
(vii)	Details of material issues pertaining to employees and industrial relations of the Company	No	During the year 2025/26, there were no material issues pertaining to employees and industrial relations of the Company.

CORPORATE GOVERNANCE

Rule	Requirement	Compliance Status	Reference (within the Annual Report)
(viii)	Extents, locations, valuations and the number of buildings of the Company's land holdings and investment properties	Yes	Pages 285 to 288
(ix)	Number of shares representing the Company's stated capital	Yes	Page 321
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	Page 338
(xi)	Ratios and market price information	Yes	Page 72
(xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value	No	Pages 261 to 262
(xiii)	Details of funds raised through a public issue or further issue of securities, the manner in which the funds of such issue have been utilised, details of the number of securities, class and consideration received and the reason for the issue and any material change in the use of funds	Not Applicable	–
(xiv)	Information in respect of Employee Share Ownership or Share Purchase Schemes	Yes	Pages 311 to 312
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Yes	Pages 205 to 211
(xvi)	Related Party transactions exceeding 10% of the equity or 5% of the total assets of the Company as per audited financial statements, whichever is lower, with requisite details	Yes	Pages 314 to 324
(xvii) to (xxii)	Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds, Perpetual debt Securities, Infrastructure Bonds, Compliant Debt Securities and/or High Yield Corporate Debt Securities listed on the CSE	Not Applicable	–

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Statement of Compliance under Section 9 of the Listing Rules of the CSE on Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Teejay's Extent of Adoption	Compliance Status
9.1 Corporate Governance Rules			
9.1.3	Compliance with Corporate Governance Rules	The Company is in compliance with the rules that are effective as of 1 April 2025.	✓
9.2	**Policies**		
9.2.1	Specified set of policies to be maintained together with the details relating to the implementation of such policies mentioned of website	The details and existence of the policies highlighted in the rules are mentioned on the company website and in this report. Refer Corporate Governance Commentary on pages 182.	✓
9.2.2	Disclosure of any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by Company		✓
9.2.3 (i) and (ii)	List of policies to be disclosed along with any changes made to policies		✓
9.2.4	Policies to be made available on written request to shareholders		✓
9.3	**Board Committees**		
9.3.1 a/b/c/d	Maintenance of required Board Committees	The required Committees are maintained and meet the requirements of the listing rules.	✓
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees		✓
9.3.3	Chairperson of the Board to not serve as the Chairperson of the Board Committees referred in 9.3.1		✓
9.4.	**Meeting procedures and the conduct of all General Meetings with shareholders**		
9.4.1 a-d	Maintenance of records relating to all resolutions considered at any General Meeting including requisite information. Making available copies of the same on request to the CSE and/or SEC	Records of all resolutions at any General Meeting shall be maintained.	✓
9.4.2 -a-d	Communication and relations with shareholders and investors	Clear communication channels established.	✓

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Teejay's Extent of Adoption	Compliance Status
9.5	**Policy on matters relating to the Board of Directors**		
9.5.1.a	Balanced representation between EDs and NEDs, covering Board composition, roles of the Chairperson and CEO, Board balance, and procedures for evaluating Board and CEO performance	A policy addressing matters related to the Board of Directors is available and accessible.	✓
9.5.1.b	Rationale for combining the roles of Chairperson and CEO, terms of reference of SID, and measures implemented to protect the interests of the SID in the event the Chairperson and CEO roles are combined		✓
9.5.1.c	Require diversity in Board composition for Board effectiveness		✓
9.5.1.d	The rationale and the maximum number of Directors		✓
9.5.1.e	Frequency of Board meetings		✓
9.5.1.f	Establish mechanisms to keep Directors informed of Listing Rules and the Company's status of compliance/non-compliance		✓
9.5.1.g	Minimum number of meetings (number and percentage) that a Director must attend		✓
9.5.1.h	Requirements relating to trading in securities of the Company and its listed group companies, including disclosure obligations		✓
9.5.1.i	Maximum number of directorships that may be held by Directors In listed companies		✓
9.5.1.j	Permit participation in Board and Committee meetings through audiovisual means, with such participation counting toward the quorum		✓
9.5.2	Confirmation of compliance with policy in the annual report, with reasons for non-compliance and proposed remedial action	Please refer Corporate Governance Report on pages 180 to 217.	✓
9.6	Chairperson and CEO		
9.6.1	Requirement for a SID if the positions of Chairperson and CEO are held by the same individual	Chairperson is an Independent Non-Executive Director and is independent to the CEO	✓
9.6.2	Market announcement on the Chairperson being an Executive Director and/or combination of the Chairperson-CEO Roles including the rationale		✓

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Teejay's Extent of Adoption	Compliance Status
9.6.3 (a) to (e)	The Requirement for a SID	Not Applicable	
9.6.4	Rationale for the appointment of a SID in the Annual Report	Not Applicable	
9.7	**Fitness of Directors and CEO**		
9.7.1	Ensure that Directors and the CEO are, at all times, fit and proper persons as required in terms of the Rules	Disclosures that the Directors and CEO satisfy the Fit and Proper Assessment Criteria stipulated by the CSE. Non-compliance/s by a Director and/or the CEO of the Company with the Fit and Proper Assessment Criteria set out in the Rules were not noted.	✓
9.7.2	Ensure nominees meet fit and proper criteria before shareholder approval or appointment as Director		✓
9.7.3	Assessment Criteria: Honesty, Integrity and Reputation, Competence and Capability and Financial Soundness	Annual Declaration obtained confirming compliance with Fit and Proper criteria	✓
9.7.4	Annual Declaration from Directors and CEO confirming compliance with Fit & Proper assessment criteria		✓
9.7.5 a/b	Disclosures in the Annual Report of a statement that the Directors and CEO satisfy the Fit and Proper Assessment Criteria, any non-compliances and remedial actions taken to rectify non compliances	This has been addressed in the on pages 236 to 237	✓
9.8	**Board Composition**		
9.8.1	Minimum number of Board of Directors	Board consists of seven (07) Directors	✓
9..8.2 (a & b)	Minimum Number of Independent Directors	Board consists of three (03) Independent Directors	✓
9.8.3 (i) to (ix)	Requirements for meeting the criteria to be an Independent Director	All independent directors meet the independence criteria stipulated in the listing rules as at 1 April 2025.	✓
9.8.5-a-c	The Board shall annually determine the independence or otherwise of IDs and name the Directors who are determined to be 'independent'.	Independence declaration of all independent directors have been obtained, and their independence is confirmed	✓
9.9 (a) to (e)	Alternate Director	Not Applicable	✓

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Teejay's Extent of Adoption	Compliance Status
9.10	**Disclosures relating to Directors**		
9.10.1	The maximum number of directorships it's Board members shall be permitted to hold	This has been addressed in the policy on matters relating to Board of Directors.	✓
9.10.2 / 9.10.3	Market announcement upon the appointment of a new Director and any changes to the Board composition	Market announcement was published accordingly.	✓
9.10.4 (a) to (i)	Details in relation to the Board members	Details are provided under the director profiles and in page 20.	✓
9.10.5 A / B	Non-disclosure of changes to the composition of board of directors.	All changes have been duly notified to the CSE.	✓
9.11	**Nominations and Governance Committee**		
9.11.1	Establishment of a Nominations and Governance Committee	Please refer Nominations and Governance Report on pages 236 and 237.	✓
9.11.2	Formal procedure for the appointment of new Directors and re-election of Directors to the Board	Please refer Nominations and Governance Report on pages 236 and 237.	✓
9.11.3	Written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	TOR defines scope, authority, duties and matters pertaining to the quorum of meetings.	✓
9.11.4 (1) a-b	Composition of Nominations and Governance Committee	Comprise with three (03) Non-Executive Directors where two (02) are Independent Directors.	✓
9.11.4 (2)	Chairperson to be an Independent Director	Chairperson is an Independent Director	✓
9.11.4 (3)	Disclosure of names of the NGC Chairperson and members	Please refer Nominations and Governance Report on pages 236 and 237.	✓
9.11.5 (i) to (x)	Functions of Nominations and Governance Committee	Please refer Nominations and Governance Report on pages 236 and 237.	✓
9.11.6 (a) to (m)	Disclosures in Annual Report	Please refer Nominations and Governance Report on pages 236 and 237.	✓

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Teejay's Extent of Adoption	Compliance Status
9.12	**Remuneration Committee**		
9.12.2	Establishment of a Remuneration Committee	Please refer Remuneration Committee Report on pages 232 and 233.	✓
9.12.3	Rem.Com to establish and maintain a formal and transparent procedure for developing policy on Executive Directors and individual Director's remuneration, ensuring that no Director is involved in fixing their own remuneration	No Executive Directors during the period under review.	✓
9.12.4	Remuneration for NEDs shall be based on a policy of non-discriminatory pay practices to ensure their independence	Remuneration Policy in place	✓
9.12.5	Written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	TOR defines scope, authority, duties and matters pertaining to the quorum of meetings.	✓
9.12.6 (1)	Composition of Rem.Com	Consists of three (03) NED's	✓
9.12.6 (2)	Chairperson of Rem.Com to be an ID	Chairperson is an Independent Director.	✓
9.12.7	Functions of Rem.Com	Please refer Remuneration Committee Report on pages 232 and 233.	✓
9.12.8 a	Disclosure of names of Chairperson and members of Rem Com	Please refer Remuneration Committee Report on pages 232 and 233.	✓
9.12.8 b	Disclosure of statement of Remuneration policy	Please refer Remuneration Committee Report on pages 232 and 233.	✓
9.12.8 c	Aggregate remuneration paid to EDs and NEDs	Please refer Notes to the Financial Statements on pages 232 and 233.	✓
9.13	**Audit Committee**		
9.13.1	Audit Committee (AC) to handle Risk functions where Company does not have separate Committees for Audit and Risk	Audit Committee handles the risk function of the company	✓
9.13.2	Written terms of reference clearly defining its scope, authority and duties.	TOR defines scope, authority, duties and matters pertaining to the quorum of meetings.	✓

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Teejay's Extent of Adoption	Compliance Status
9.13.3 (1) a-b	Composition of Audit Committee	Comprises with three (03) Non-Executive Directors	✓
9.13.3 (2)	The quorum for a meeting of the Audit Committee require a majority of those in attendance to be independent directors.	Please refer meeting attendance in page 228	✓
9.13.3 (3)	AC to meet as often as required, provided it meets compulsorily on a quarterly basis, at minimum, prior to recommending the release of financials	Please refer meeting attendance in page 228	✓
9.13.3 (4)/ (6)	ID who is a member of a recognised professional accounting body to be appointed as Chairperson of the AC	Please refer Director's Profile on page 22	✓
9.13.3 (5)	CEO and the Chief Financial Officer (CFO) to attend the Audit Committee meetings by invitation.	CEO and CFO attend AC meetings by invitation	✓
9.13.4	Functions of the Audit Committee	Please refer Audit Committee Report on pages 228 to 231	✓
9.13.5 (1)	Report of the Audit Committee	Please refer Audit Committee Report on pages 228 to 231	✓
9.13.5 (2) a to (i)	Disclosures to be included in the AC report	Please refer Audit Committee Report on pages 228 to 231	✓
9.14	**Related Party Transactions Review Committee**		
9.14.1	Establishment of a Related Party Transactions Review Committee (RPTRC)	Please refer RPTRC Report on pages 234 to 235	✓
9.14.2 (1)	Composition of RPTRC	Consists with three (03) NED's	
9.14.3	Functions of the RPTRC	Please refer RPTRC Report on pages 234 to 235	✓
9.14.4 (1) to (4)	General Requirements including requirement for RPTRC to meet at least once a quarter, access to all aspects of Related Party Transactions (RPTs), RPTRC to request Board to approve RPTs reviewed by it and requirements relating to Director's material personal interest in a matter being considered at a Board Meeting in relation to a RPT		✓
9.14.5	Review of Related Party Transactions by the RPTRC		✓

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Teejay's Extent of Adoption	Compliance Status
9.14.6	Shareholder approval for RPTs	During the year under review there was no requirements for Shareholder approval.	✓
9.14.7	Immediate disclosures	Compliant with the market announcement guideline	✓
9.14.8 (1)	Details and disclosures pertaining to Non-Recurrent RPTs in the Annual Report	Notes to the Financial Statement on pages 314 to 324	✓
9.14.8 (2)	Details and disclosures pertaining to Recurrent RPTs in the Annual Report		✓
9.14.8 (3)	Report of the RPTRC	Please refer RPTRC report on page 234	✓
9.14.8 (4)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to RPTs, or a negative statement otherwise		✓
9.14.9 (1)/(2)	Shareholder approval for acquisition and disposal of substantial assets	During the year under review there was no requirements for Shareholder approval.	✓
9.14.9 (4)/ (5)/ (6)	RPTRC to obtain competent independent advice on acquisition and disposal of substantial asset	There were no acquisition and disposal of substantial assets during the year 2025/26	✓
9.16	Additional disclosure		
(i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved	Please refer pages 314 to 324	✓
(ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence	Please refer pages 228 to 231	✓
(iii)	Arrangements made for Directors to be made aware of laws, rules and regulations and any changes thereto particularly to Listing Rules and applicable capital market provisions.	Please refer pages 236 to 237	✓
(iv)	Disclosure of material non-compliance with laws/ regulations and fines by relevant authorities where the Company operates	There were no instances of non-compliance with laws/ regulations, nor were any fines or penalties imposed during the financial year 2025/26.	✓

CORPORATE GOVERNANCE

Statement of Compliance – GRI Disclosure

GRI Disclosure		Notes	Reference in this Report
	Governance structure and composition		
2-9-a	Governance structure including the committees of the highest governance body	The Board of Directors led by the Chairman comprises seven (7) Non-Executive Directors of which three (3) are Independent. The Board has appointed four [4] subcommittees to assist the Board as required by the Listing Rules. The Board has delegated the Group ExCo to appoint the ESG Steering Committee. The Steering Committee works with the central Sustainability team and Plant level ESG Champions and an external consultant to review and strengthen the ESG Management Framework. ESG Management Framework put in place during the year incorporates a bottom-up approach of quarterly ESG Data being reported to the Steering Committee based on GRI Standard based KPIs of the Material Topics, and a top down approach of policies, processes, and investment decisions to improve the ESG performance and manage ESG risks.	Refer to the Governance Structure on page 181.
2-9-b	The committees of the highest governance body that are responsible for decision-making on and overseeing the management of the Organisation's impacts on the economy, environment, and people	The Board has appointed four subcommittees – namely, the Audit Committee, RPTRC, Nominations and Governance Committee and the Remuneration Committee. The ESG Steering Committee which comprises the highest level representatives of the Group's functional units Finance, Administration, and Occupational Health and Safety, CSR, Corporate Communications and Legal; reports to the Group Executive Committee (ExCo) on the ESG developments on the path to strengthening the ESG framework. In the upcoming year, once the review is complete, the ESG Steering Committee shall report monthly to the ExCo and quarterly to the Board.	Refer to the Board subcommittees on pages 228 to 237.
2-9-c	Composition of the highest governance body and its Committees	The Board of Directors led by the Chairman comprises seven (7) Non-Executive Directors of which three (3) are independent. The Audit Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director. The RPTRC comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director. The Remuneration Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director. The Nominations and Governance Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director. The ESG Steering Committee headed by the CFO. It comprises of Group Head of HR and Administration spearheading the Social pillar, Head of Engineering driving the Sustainability pillar and the Head of Group Risk and Control driving the Governance pillar. Additionally the core ESG Team comprises of Head of Corporate Communication, Business Analyst and the Factory Operational Heads from each factory. On a monthly basis the ESG Steering Committee reports to the Group ExCo (Executive Committee) which is appointed by the Board.	Refer to the Board subcommittees on pages 228 to 237.

CORPORATE GOVERNANCE

GRI Disclosure		Notes	Reference in this Report
2-10	**Nomination and Selection of the Highest Governance Body**		
2-10-a and 2-10-b	Nomination and selection processes for the highest governance body and its committees and the criteria used for nominating and selecting	All new appointments to the Board and its composition comply with the provisions in the Articles of Association of the Company, and are followed by an immediate market announcement and public notice. Such appointments are subject to reappointment by shareholders at the next AGM, held immediately after appointment to the Board. New appointments so reappointed are communicated to the CSE by way of a market announcement. In case of re-election, Directors appointed by the Board are required to hold office until the next AGM and seek re-election by the shareholders at the Meeting. The Nomination Committee reviews the relevant Directors' eligibility for re-election with due consideration of his/her past record in terms of participation, engagement, and contribution towards the Board matters. A Director appointed by the Board to fill a casual vacancy that may have arisen since the previous AGM is also entitled for re-election at the next AGM subject to the confirmation of the Nomination Committee. The resignations of Directors are promptly informed to the CSE. Any changes to the ESG Steering Committee shall be proposed by the ExCo and the CEO shall obtain Board approval on the proposed changes	Corporate Governance A.7.1, A.8.1, and A.8.2
2-11	**Chair of the Highest Governance Body**		
2-11-a and 2-11-b	Chair of the highest governance body and functions	Mr Ajit Gunewardene – Chairman Independent Non-Executive Director	Refer to the Profiles of the Board of Directors on pages 20 to 22.
2-12	**Role of the highest governance body in overseeing the management of impacts**		
2-12-a, 2-12-b, and 2-12-c	Role of the highest governance body and Senior Executives	The Board provides strategic leadership to the Company, through a framework of effective controls to monitor and manage risks. The Board emphasises on enhancing value to all its stakeholders, delivering sustainable economic performance keeping in line with the highest standards of corporate governance, environmental stewardship, and social responsibility. Internally the ESG Steering Committee with the inputs from the External consultants and the ESG core team carried out a Materiality Assessment based on the Global Reporting Initiative (GRI) Standards. The key ESG topics that are likely to be of concern to stakeholders and were then prioritised based on impact and importance.	Corporate Governance A.1.2 Refer to the Board subcommittees on pages 228 to 237.

CORPORATE GOVERNANCE

GRI Disclosure		Notes	Reference in this Report
		During the year the Sustainability Performance Analyser (SPA) was used which is a comprehensive and consolidated ESG data tracking tool to capture, monitor, and track all relevant sustainability indicators, on a quarterly basis. The ESG Champions collate and update the SPA. The outcome of SPA is presented to the ESG Steering Committee, and progress of the actions taken is reviewed on a monthly basis. During the year Teejay sought to augment its existing operational risks identified in its Risk Registers, with Sustainability Related Risks and Opportunities (SRROs) in alignment with the SLFRS S1 and S2 reporting requirements.	
2-13	**Delegation of responsibility for managing impacts**		
2-13-a	Delegation of responsibility by the highest governance body for managing the Organisation's impacts on the economy, environment, and people	The ExCo is updated monthly on the impact of material topics affecting Environmental, Social and Governance pillars by the ESG Steering Committee. The ESG policies are reviewed and revised if necessary. The risk mitigation action plan identified by the ESG Champions are reviewed by the ESG Steering Committee and the ExCo is updated on any concerns for their feedback.	Corporate Governance H.1.2
2-13-a	Delegation of responsibility by the highest governance body for managing the Organisation's impacts on the economy, environment, and people	The ExCo is updated monthly on the impact of material topics affecting Environmental, Social and Governance pillars by the ESG Steering Committee. The ESG policies are reviewed and revised if necessary. The risk mitigation action plan identified by the ESG Champions are reviewed by the ESG Steering Committee and the ExCo is updated on any concerns for their feedback.	Corporate Governance H.1.2
2-13-b	The process and frequency of the management of the Organisation's impacts on the economy, environment, and people	The ESG Champions update the SPA tracker on a quarterly basis to monitor the performance of the sustainability indicators. The summary of the SPA is reviewed by the ESG Steering Committee. A monthly review of the ESG/Sustainability initiatives and the summary of the Sustainability Performance Analyser (SPA) is presented to the ExCo. Any material concerns will be reported to the Board on quarterly basis	Corporate Governance H.1.5

CORPORATE GOVERNANCE

GRI Disclosure		Notes	Reference in this Report
2-14	**Role of the Highest Governance Body in Sustainability Reporting**		
2-14-a	Responsibility of the highest governance body in reviewing and approving the reported information	The Board has appointed external consultants to liaise with the ExCo to review the ESG framework and strengthen the process. The summary of the SPA which gives the performance of the ESG KPIs is presented by the ESG Steering Committee to the ExCo.	Corporate Governance H.1.5
2-14-b	The reason, if the highest governance body is not responsible for reviewing and approving the reported information, including the Organisation's material topics.	The Board reviews and approves all reported information and material topics quarterly basis	Corporate Governance H.1.5
2-15	**Conflicts of Interest**		
2-15-a and 2-15-b	The processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated	The Directors and members of the Senior Management team are firmly committed to upholding the Code of Business Conduct and Ethics which serves as a guiding framework for their actions. As a part of ensuring transparency and integrity, the Company has introduced a declaration of conflict of interest policy. All employees in the Executive and above categories have diligently signed the document, signifying their understanding and compliance with its provisions.	Corporate Governance D.5.1
2-16	**Communication of Critical Concerns**		
2-16-a	Whether and how critical concerns are communicated to the highest governance body	Quarterly the performance of the ESG KPIs are reported to the ExCo through the SPA tool via the ESG Steering Committee. The performance of the ESG KPIs, relevant ESG risks and concerns and any changes to the impact on material topics that could have a likely concern towards any key stakeholder shall be brought to the notice of ExCo.	Corporate Governance C.2.1 to C.2.7
2-16-b	The total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period	During the year, while impacts of 21 material topics were identified and actions taken to mitigate the same, there were no instances of critical risks and concerns relating to these ESG topics	Corporate Governance C.2.1 to C.2.7

CORPORATE GOVERNANCE

GRI Disclosure		Notes	Reference in this Report
2-17	**Collective Knowledge of the Highest Governance Body**		
	2-17-a Measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development	The Board reviews the training and development needs of the Directors regularly, and the Directors are provided with guidelines on general aspects of directorships and industry-specific matters. The Board has appointed an external consultant to help navigate the ESG Steering Committee to review and strengthen the ESG framework. Through regular discussions and awareness sessions, the ESG Steering Committee and the ESG Champions have expanded their knowledge pertaining to ESG.	Corporate Governance A.1.8 Refer to the Profiles of the Board of Directors on pages 20 to 22.
2-18	**Evaluation of the Performance of the Highest Governance Body**		
2-18-a, 2-18-b, and 2-19-c	The processes and frequency for evaluating the performance of the highest governance body in overseeing the management of the Organisation's impacts on the economy, environment, and people	The Board conducts an annual self-assessment of its performance against predetermined targets set at the beginning of the year. The performance was evaluated quarterly to determine the achievement of targets or evaluate if the accomplishments were reasonable given the circumstances.	Corporate Governance A.9.4, A.11.1, and A.11.2
2-19	**Remuneration Policies**		
2-19-a	The remuneration policies for members of the highest governance body and Senior Executives	The remuneration of Directors and Key Management Personnel is recommended to the Board by the Remuneration Committee.	Corporate Governance B.1.4
2-19-b	The remuneration policies for members of the highest governance body and Senior Executives relating to their objectives and performance concerning the management of the Organisation	Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices	Corporate Governance B.2.10

CORPORATE GOVERNANCE

GRI Disclosure		Notes	Reference in this Report
2-20	**Process to Determine Remuneration**		
2-20-a	The process for designing its remuneration policies and for determining remuneration	The Remuneration Committee reviews the remuneration policy of the Company. Performance based increments and variable pay policies are in place which are subject to review and recommendations of the Remuneration Committee and the Board. Services of HR professionals are sought by the Remuneration Committee and Board when required	Refer to the Report of the Remuneration Committee on page 232.
2-20-b	The results of votes of stakeholders (including shareholders) on remuneration policies and proposals, if applicable.	There were no incidents which called for shareholder votes	Refer to the Report of the Remuneration Committee on page 232.
2-21	**Annual Total**		
2-21-a, 2-21-b, and 2-21-c	Annual total compensation ratio	Not disclosed due to the confidentiality of information	

RISK MANAGEMENT REPORT

INTEGRATED RISK MANAGEMENT FRAMEWORK

Teejay's Enterprise Risk Management (ERM) framework is a structured, proactive system designed to identify, assess, mitigate, and monitor risks in a controlled manner, ensuring they remain within the Board-approved risk appetite.

The framework operates through a structured combination of bottom-up and top-down processes.

At the operational level, the Group Risk and Control function facilitates monthly forums with Department Heads across each entity to identify, assess, and contextualize localised risks. This is complemented by strong top-down oversight, with the Board and Audit Committee providing strategic direction and setting risk tolerances aligned with the Group's overall business strategy and the prevailing operating environment. The Audit Committee also periodically evaluated the Group's risk appetite to determine its continued appropriateness in light of the dynamic conditions in the macro-economic environment.

The Board reinforced the Group's commitment to sustainability and climate resilience, including oversight and integration of Sustainability-Related Risks and Opportunities (SRROs) and Climate-related risks & Opportunities (CRROs) into the Enterprise Risk Management framework in line with SLFRS S1 and S2; governance and reporting responsibilities related to SLFRS S1 and S2 were assigned under the responsibility of the Audit Committee. Strategic focus was placed on enhancing operational resilience, strengthening climate preparedness, and advancing initiatives related to energy efficiency, resource management, and long-term decarbonisation objectives, while ensuring alignment with evolving stakeholder and regulatory expectations. All identified risks and their mitigation plans are continuously tracked, with high-priority risks systematically integrated into the Annual Audit Plan for independent evaluation.

The 2025/26 financial year saw maturation in how Teejay assesses and manages risk, reflecting an increasingly volatile operating environment.

- **Elevated Risk Ratings:** Overall, the Group's risks in the risk profile remained broadly stable, however the principal ERM risk ratings have elevated compared to the previous year, due to increased external uncertainty arising from geopolitical tensions, tariff related trade disruptions, and uneven global demand conditions, which continued to increase operational costs and impact order visibility and volumes
- **Areas of Heightened Focus:** Cyber security, IT system failure, and data protection risks, including compliance with the Personal Data Protection Act No. 9 of 2022, remained moderate. Although the cyber threat landscape intensified, investments in security infrastructure, appointment of a Data Protection Officer, system upgrades, access controls, and employee awareness programs ensured mitigation effectiveness. As a result, the overall risk rating remained unchanged.

Building on its sustainability journey, the Group took steps for deeper integration of Sustainability Related Risks and Opportunities (SRROs) and Climate Related Risks and Opportunities (CRROs) into the core ERM framework. Guided by a Double Materiality approach and SLFRS S1 and S2 standards, these risks are now consistently evaluated alongside traditional financial and operational risks.

- **Recalibrated Risk Appetite:** In response to market uncertainty and supply chain disruptions, the Board approved a recalibrated risk appetite. This new appetite maintains a strong focus on effective operations and marketing while encouraging investments that enhance supply chain resilience, ESG compliance, and cost efficiency.
- **Shift to Adaptive Risk Management:** The risk assessment process shifted toward a highly adaptive, forward-looking model. Because external volatility limited the reliability of purely quantitative assessments, Teejay placed greater emphasis on qualitative assessments, scenario considerations, management judgment, and early-stage project risk identification. Additionally, the quarterly risk reporting structure for new and evolving global business initiatives, which was introduced in the prior year, was fully operationalised.
- **Extension of Risk Management to New Operations:** During the year, risk management practices were systematically extended to new operating locations and projects. The Audit Committee emphasised the importance of embedding a strong risk-aware culture at the outset, advocating for monthly risk discussions with teams in new geographies. This approach was intended to build capacity and instill risk-informed decision-making from inception. Risks identified at these locations were formally escalated through established governance channels to the Audit Committee and the Board, ensuring timely oversight and integration into the Group's enterprise-wide risk management framework.

RISK MANAGEMENT REPORT

Culture of Risk Management

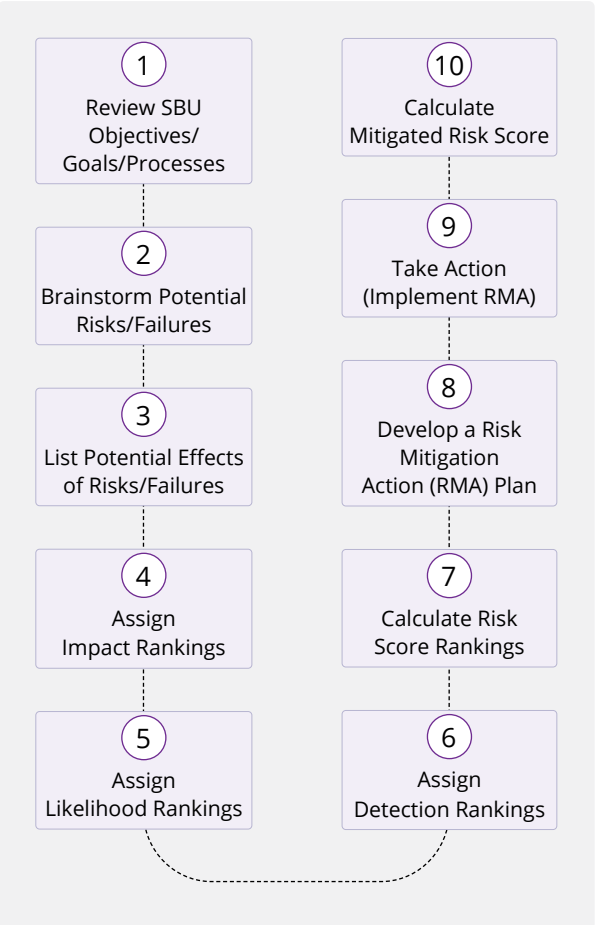
Teejay's risk culture is founded on integrity, accountability, and risk-aware decision-making, driven by a tone set by the Board of Directors and Senior Management. Teejay reinforces the culture by empowering employees across its operations, to proactively identify, assess, and escalate risks within their respective domains. This robust risk culture is systematically embedded into the company's daily operations and business processes. This is achieved through mandatory risk assessments for major capital investments and strategic initiatives.

A key driver of accountability is the Positive Assurance Framework (PAF), which requires Heads of Departments to provide monthly confirmations verifying the compliance and effectiveness of internal controls. Furthermore, this risk-aware Elsewhere, behaviour is supported by active anti-corruption and whistleblower policies, a robust internal audit function, continuously updated Standard Operating Procedures (SOPs), specific KPIs linked to key risks, and comprehensive employee training and induction programs.

Business Continuity Management

Business Continuity Planning (BCP) is integrated into Teejay's corporate governance and risk management processes. The Audit Committee oversees the BCP process to ensure operational resilience in the face of disruptions. Recognising the potential financial and operational impacts of emerging threats, Teejay has expanded its business continuity considerations to explicitly incorporate climate-related physical and transition risks, environmental and social risks, and cyber security threats. Project-specific risk assessments evaluate continuity factors at the planning stage, ensuring that significant capital and strategic initiatives align with the Group's risk tolerance levels.

In 2025/26, logistics and supply chain volatility, coupled with further consideration for climate related physical risks on operations, such as Cyclone Ditwah which caused temporary operational and logistical challenges; have informed updates to business continuity planning.



RISK MANAGEMENT REPORT

- **Assessment and Operationalisation:** Risks are evaluated using a defined rating methodology based on their likelihood of occurrence, detectability, and potential impact. The Risk and Control Department and Factory Management Team conduct monthly risk reviews for this purpose. During these sessions, emerging risks, shifts in existing risks, and the effectiveness of current mitigation strategies are assessed and formally updated in entity and Group-level risk registers.
- **Risk Register:** All identified risks are documented with potential impact and mitigation plans. Monthly, the inputs provided by the Factory Management teams to the risk register is reviewed by the Group's Cross-Functional Leadership Team (CFT) and the ExCo, enabling teams to anticipate near-term threats. Additionally, the Sustainability-Related Risks and Opportunities (SRROs) and climate-related risks and opportunities (CRROs) are embedded into the risk grids for discussion.
- **Project-Based and Strategic Risk:** Project-based risk assessments have also been mandated for all major initiatives at the planning and implementation stages, with significant risks escalated and integrated into the overarching Group's risk model.
- **Risk Grids:** Each identified risk is rated based on likelihood, detectability, and impact on financials which creates an up-to-date risk grid.
- **Monitoring and Oversight:** Due to heightened global economic and geopolitical volatility, risk grids are reviewed with increased frequency. The consolidated risk grids and key developments are periodically presented to the Audit Committee for oversight, and high-risk areas identified through the ERM process are integrated into the annual internal audit plan for independent internal control evaluation.
- **Integration with Audit Plan:** Identified high-risk areas from ERM and Board discussions are included in the Annual Audit Plan. Internal Audits are conducted to closely monitor and review the strength of internal controls mitigating these risks. Additionally, special reviews are conducted as needed to address any changes in risk exposure during the year and as a result of Whistleblower reporting action. Identified issues are reported to the Audit Committee, with follow-up until process owners implement agreed remedial actions. Furthermore, the Head of Risk and Control Division regularly reports to the Audit Committee on any changes in focus areas or opportunities for improvement. To reinforce governance and assurance, a feedback reporting mechanism is also in place.
- **Risk and Control oversight by the Audit Committee:** Monthly meetings with the Audit Committee Chairman review the activities and progress of the Risk and Control Division. This meeting provides an opportunity to discuss key risk exposures, control effectiveness, ongoing initiatives, and any significant issues, unjustified restrictions or limitations requiring attention or escalation. The Head of Risk and Control presents key insights from risk grids, internal audit reports and any deviations to the internal controls reported through the Positive Assurance Framework to the Audit Committee and the Board to support informed oversight and governance. The Group's risk review programme, including internal audits executed as per the annual audit plan, has initial findings discussed at functional unit levels.
- **Positive Assurance Framework:** Through monthly positive assurance statements, department heads acknowledge that key process controls are in place and operating effectively. The Audit Committee also regularly evaluates the overall effectiveness of the risk review process and internal control framework.

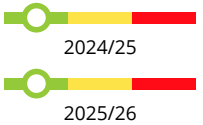
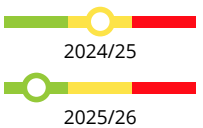
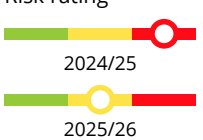
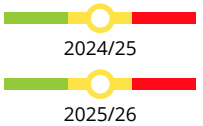
RISK MANAGEMENT REPORT

ENTERPRISE RISK MANAGEMENT: RISKS, RATINGS, AND MITIGATION ACTIVITIES

We proactively manage potential risks, categorised within a comprehensive risk universe. The following table outlines our assessment and ranking of these risks, in accordance with Teejay's Enterprise Risk Management (ERM) process, as well as our actions to address and/or mitigate them.

Main risk category	Risk item	Potential impact	Risk mitigation	Risk assessment
Socio-economic risks	Domestic socio-economic crisis resulting in: – Poor economic growth – Increased inflation	Cost and lead time pressures on raw material imports. Margin pressure from cost volatility and global demand slowdown. Increased cost of living triggering employees to migrate overseas. Potential operational disruptions or reduced efficiency.	Prudent management of working capital liquidity. Build strong relationships with banks. Close monitoring of developments in the macroeconomic environment.	Risk rating 2024/25 2025/26
	FOREX liquidity and depreciation risk. Volatile tax policies and tax increases. Interest rate risk	Increase in tax rates. Escalation of finance costs. Adverse impact on profitability.	Continuous monitoring of rate fluctuations and impact assessment.	Risk rating 2024/25 2025/26
Geopolitical risks	Global economic downturn resulting in declining consumer demand. Red Sea crisis Reciprocal tariffs imposed by USA War situation involving the United States and Israel against Iran (including the potential closure of the Strait of Hormuz).	Increased costs of production due to an increase in input and energy costs. Pressure on margins. Increased sourcing lead times and an increase in logistics costs. Decline in orders due to volatility in the tariffs. Increased fuel costs and scarcity. Increased lead times due to shipping delays and an increase in freight costs.	Strengthen relationships with customers for increased visibility amidst market fluctuations. Closely monitor vessel route changes with shipping lines and freight agents. Increase safety stocks of critical raw materials. Expanding capacity in lower tariff locations. Activate the Business Continuity Plan (BCP) in the event of a utility crisis. Expansion of fuel storage to crisis-response levels.	Risk rating 2024/25 2025/26

RISK MANAGEMENT REPORT

Main risk category	Risk item	Potential impact	Risk mitigation	Risk assessment
Social and stakeholder risks	Talent attrition and retention	Increase in the cost of recruitment. Loss of key talent. Increased training costs or the inability to maintain quality standards due to untrained staff.	Strong emphasis on performance appraisals, rewarding, and recognising key talent through performance recognition and reward schemes. Graduate trainee programmes in place to secure skilled talent.	Risk rating  2024/25 2025/26
	Industrial relations risk	Employee distress leading to plant closure.	Operation of the Joint Consultative Committee (JCC), which is a requirement as per Board of Investment (BOI) regulations for formal communication and maintenance of highly effective engagement with employees.	Risk rating  2024/25 2025/26
Health and safety risks	Risk of occupational injury Increased heat stress in the factory environment.	Risk of loss of production hours. Risk of fatality or injury. Risk of reputational damage and potential regulatory penalties. Risk of loss of staff. Inability to recruit and retain. Drop in efficiency, resulting in low production output.	Comprehensive health and safety protocols are in place in factories. Monthly Health and Safety Steering Committee meetings chaired by the Chief Executive Officer (CEO) are held. Health and safety management system certifications are in place. Optimise factory layout to enhance airflow and reduce heat concentration zones.	Risk rating  2024/25 2025/26
Environmental risk	Sustainable production	Legal implications due to non-compliance. Loss of key customers due to loss of end diminished end-user confidence.	Compliance with certification and regulatory requirements. Strong commitment from the Senior Management and the Board towards sustainable production. Extended the agreement with the international third-party consulting firm to align the Environmental, Social, and Governance (ESG) initiative with Sri Lanka Financial Reporting Standards (SLFRSs) S1 and S2 requirements. Maintaining the Sustainability-Related Risks and Opportunities (SRROs) and Climate-Related Risks and Opportunities (CRROs) and reviewing these on a quarterly basis.	Risk rating  2024/25 2025/26

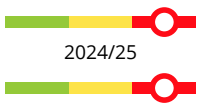
RISK MANAGEMENT REPORT

Main risk category	Risk item	Potential impact	Risk mitigation	Risk assessment
	Risk of inappropriate disposal of waste	Reputational risk Risk to the society, in general, if the waste is not used for its intended purpose.	We take responsibility in disposing the waste exclusively to Waste Collectors with an Environmental Protection Licence (EPL)/Waste Collector's Licence, where the end use of the waste is specifically mentioned. Use of an approved waste disposal party for incinerating hazardous waste. We hold a Scheduled Waste Management Licence (SWML) under the generator, collector, and transporter categories, issued and monitored by the Central Environment Authority (CEA). This licence guarantees compliant disposal and discharge practices.	Risk rating  2024/25  2025/26
	Risk of discharge of untreated effluent	Regulatory risk/Penalty Reputational risk	Strong monitoring mechanisms are in place to manage effluent discharge.	
	Risk of sourcing raw materials that are not in line with Teejay's ESG commitments	Loss of customers Reputational damage	Sourcing from accredited suppliers. Yarn sourced exclusively from suppliers aligned with the requirements of the Uyghur Forced Labour Prevention Act. Supplier due diligence was carried out across the Group, and suppliers who were willing to sign the supplier agreements and comply with Teejay's policies were retained. The Group adopted the Zero Discharge of Hazardous Chemicals (ZDHC) Chemical Management System Framework and focused on sourcing from suppliers with ZDHC certification. Raw materials are checked for ZDHC Manufacturing Restricted Substances List (MRSL) Level 1 or above certification.	
	Risk of excessive water use in production.	Non-compliance with BOI regulations. Financial penalty or business interruption.	Dedicated budget to replace old machinery with efficient, equipment that consumes less energy and water. Water recycling projects are in place.	

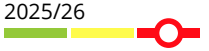
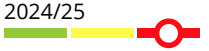
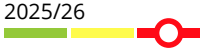
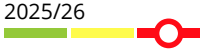
RISK MANAGEMENT REPORT

Main risk category	Risk item	Potential impact	Risk mitigation	Risk assessment
Climate change risk	Transition risk – Risk of not reducing the carbon footprint levels committed with the customers. Costs of transition to the proposed lower emission technology.	Risk of loss of customers due to non-alignment with their carbon footprint reduction milestones. Significant investment required to adopt/deploy new practices and processes.	The cross-functional team encompassing representatives from all divisions drives the ESG framework within Teejay. As a part of the Science Based Targets initiative (SBTi), the ambition is to contribute to the worldwide effort to limit global warming to 1.5°C by 2030 and achieve net-zero emissions by 2050. Use of biomass in Teejay India for steam generation.	Risk rating  2024/25  2025/26
	Physical Risks – Possible droughts and floods due to adverse weather conditions.	Risk of reduced water supply for production during the drought season, and interruption to operations and logistics due to floods during the rainy season. Adverse weather conditions such as drought and increased global warming affecting the cotton crop which is the source of the main raw material. Adverse climate conditions affecting supply chain logistics. Adverse heat may disrupt cotton growth patterns, affecting the anticipated supply.	Location strategy is in place to satisfy customer requirements. The BCP was activated in response to flooding in the residencies. Secure sourcing from multiple geographic locations.	Risk rating  2024/25  2025/26

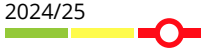
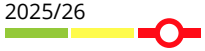
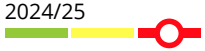
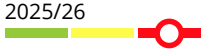
RISK MANAGEMENT REPORT

Main risk category	Risk item	Potential impact	Risk mitigation	Risk assessment
Information Technology (IT) risks	Cybersecurity risk Risk of customer information and intellectual property leakage.	Agile working policies, introduced due to COVID-19 and continuing, increased the threat. Data breaches. Financial loss to the company.	Strong cybersecurity policies are in place to safeguard data. Robust IT governance strengthened general controls over core systems including SAP, multi-layered cybersecurity measures, periodic vulnerability assessments, and comprehensive business continuity planning and continuous awareness for the users.	Risk rating  2024/25 2025/26
	IT systems failure risk	As a technology-driven manufacturing plant, a system failure could lead to production downtime, resulting in customer claims and increased costs.	Access control and disaster recovery sites in operation to ensure continuous system availability.	Risk rating  2024/25 2025/26
	Violation of the personal data handling procedure resulting in data breaches.	Not complying with the requirements of the Personal Data Protection Act No. 09 of 2022 will result in penalties Reputational risk	Appointed a Data Protection Officer with continuous monitoring of data collection points and ensure compliance with set guidelines.	Risk rating  2024/25 2025/26
Operational risks	Fire risk	Business interruption due to full or partial factory closure.	High alertness and preventive measures and procedures in areas where the equipment is operated at high temperatures. Operation of fire alarm systems, fire hydrants, and extinguishing infrastructure in all three plants. Monthly group fire prevention steering committee review meetings chaired by the CEO. Regular maintenance of fire extinguishing equipment infrastructure according to schedule. Regular training of the fire crew, and conducting fire and evacuation drills involving all employees of Teejay Group.	Risk rating  2024/25 2025/26

RISK MANAGEMENT REPORT

Main risk category	Risk item	Potential impact	Risk mitigation	Risk assessment
	Supply chain risks (raw materials and Utilities) Potential delays may arise from recent geopolitical instability, including tensions in the Red Sea, the conflict between Iran and the United States, and hostilities between India and Pakistan. Increased raw material costs. Fuel price hikes/ fuel shortages	Increased overheads. Risk of shortage in supplies leading to production delays and increased air freight costs.	Close monitoring of the material planning process. Partnering with alternate suppliers from strategic locations and collaborating with existing suppliers for dedicated supply channels.	Risk rating 2024/25  2025/26 
	Inventory risk – Obsolete stocks – Unavailability of raw materials	Inconsistent demand led to unrealised projected inventory usage, resulting in the accumulation of obsolete stocks.	Effective material planning. Close communication with customers to secure repeat orders.	Risk rating 2024/25  2025/26 
	Violation of internal controls set in place. Theft, misappropriation of assets, misstatement of financial disclosures, violation of Anti-Corruption Act.	Financial loss to the Company. Exposure to regulatory penalties and fines Potential increase in fraud risk due to pressure from the economic crisis.	In operating within a BOI zone, physical access is highly restricted. Close monitoring of logistics operations reduces the opportunity for inventory-related fraud. Continuous engagement in process improvements by strengthening internal controls. Strong whistle-blower policy in place and continuous awareness creation. Customer care service division to monitor customer complaints. Quality control processes. Supplier due diligence and procurement committee.	Risk rating 2024/25  2025/26 

RISK MANAGEMENT REPORT

Main risk category	Risk item	Potential impact	Risk mitigation	Risk assessment
	Quality failure and on-time delivery failure. Supplier non-compliance.	Loss of customers and investors due to loss of goodwill. Reputational and brand image risks.	Strict compliance with statutory, regulatory, and external certification requirements.	Risk rating 2024/25  2025/26 
	Unpredictable policy changes by the regulatory bodies. Violation of – processes in place for the renewal of trade licences. Breach of brand compliance commitments.	Legal implications. Increase in operational costs. Business interruption and plant closure. Loss of strategic customers.	Dedicated compliance teams ensure all regulatory requirements are met. Conducting periodic internal and external audits to confirm the same. Monthly group compliance meetings chaired by the CEO. Quarterly reporting and scrutiny by the Audit Committee.	Risk rating 2024/25  2025/26 

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises of three Non-Executive Directors where two of them are independent. One of the Independent Directors, functions as the Chairman of Audit Committee. Two members of the Committee, including the Chairman, possess recent and relevant financial management and accounting experience and hold professional accounting qualifications.

- Mr Shrihan B Perera (Chairman) – (INED/NED)
- Mr William (Bill) C McRaith – (INED/NED)
- Mr Hasitha Premaratne – (NED)

INED/NED – Independent Non-Executive Director

NED – Non-Executive Director

Refer to pages 20 to 22 for a brief profile of each Director.

The Committee's composition met the requirements of the rule 9.13.3 of Listing Rules of the Colombo Stock Exchange.

SECRETARY

Corporate Services (Private) Limited serves as the Secretary to the Committee and is responsible for coordinating meetings, preparing agendas, circulating papers, and maintaining minutes and records of all Committee deliberations.

CHARTER OF THE AUDIT COMMITTEE

The scope of functions and responsibilities of the Audit Committee of Teejay Lanka PLC are governed by the Audit Committee Charter which is in line with the directives of the CA Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and Section 9.13 of the CSE Listing Rules. The Charter is periodically reviewed and revised with the concurrence of Board of Directors.

The most recent revision to the Charter was completed in March 2026, incorporating additional responsibilities assigned to the Audit Committee in relation to sustainability reporting and assurance, in line with emerging sustainability reporting standards and regulatory expectations.

MEETINGS

The Audit Committee met six times during the year.

Invitations are extended to the Company CEO, CFO and the members of the CFT (Cross Functional Team). Other members of the company and external auditors are invited on need basis.

The Audit Committee Chairman conveys the activities of the Committee to the Board of Directors by presenting the minutes of the meetings during Board meetings, and verbally when deemed necessary. The Chairperson and Committee members maintained regular communication with the Company's management through various meetings and correspondence to oversee the auditing and control aspects in the Company.

The Chairman also met with the Risk and Control Division on a monthly basis to review progress against the audit plan, key risk matters, and internal control enhancements.

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

The Head of Risk and Control Division, Chief Executive Officer, Chief Financial Officer, Cross Functional Team Members, Board Directors, External Auditors, and relevant Executives of the Company attended the meetings on a need basis.

Director	15 May 2025	29 May 2025	7 August 2025	30 October 2025	6 November 2025	9 February 2026	20 February 2026
Mr Shrihan B Perera	✓	✓	✓	✓	✓	✓	✓
Mr William (Bill) C McRaith	✓	✓	✓	✓	✓	✓	✓
Mr Hasitha Premaratne	✓	✓	✓	✓	✓	✓	✓

AUDIT COMMITTEE REPORT

ROLE OF THE AUDIT COMMITTEE

The Audit Committee is responsible for overseeing the Company's compliance with Sri Lanka Accounting Standards, all applicable financial reporting requirements, and regulatory obligations. This includes ensuring adherence to the reporting and disclosure requirements under the Colombo Stock Exchange (CSE) Listing Rules, particularly Section 9, as well as the Companies Act No. 07 of 2007, the Securities and Exchange Commission (SEC) Act, and other applicable financial regulations and frameworks.

Audit Committee provide oversight over the preparation and presentation of quarterly and annual financial statements, with a focus on ensuring transparency, reliability, and compliance with accounting principles, statutory requirements, and review of key judgements applied in the preparation of the Consolidated Financial Statements, prior to submission to the Board of Directors.

The Audit Committee reviews the adequacy and effectiveness of internal controls, including measures in place to prevent the unauthorized disclosure of material information. It also oversees the processes established to ensure that the Company's internal control and risk management frameworks are robust and aligned with the requirements of the Sri Lanka Auditing Standards.

The Committee makes appropriate recommendations to the Board on external auditors' appointment, reappointment, or removal. It also approves the remuneration and terms of engagement.

The Committee also evaluates the independence, objectivity, and overall performance of the internal and external auditors, ensuring that audit activities are conducted without bias and in accordance with professional standards.

The Audit Committee reviews and evaluates the effectiveness of the Company's risk management processes, with particular focus on the adequacy of the overall control environment and controls implemented in areas of significant risk exposure. This includes oversight of the business continuity planning process to ensure operational resilience in the face of disruptions. The Committee also reviews the Entity's risk management policies to ensure they remain relevant, comprehensive, and aligned with the regulatory landscape. In instances where specific risks are assessed to exceed acceptable thresholds set by the Committee, prompt corrective action is recommended to mitigate potential impacts in accordance with the Company's internal policies and applicable regulatory requirements.

FINANCIAL REPORTING

The Audit Committee reviewed the financial reporting system adopted by the group in the preparation of its quarterly and annual financial statements to ensure that an accurate and effective financial reporting process is in place, consistent with the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards (SLFRSs/LKASs), applicable regulatory requirements, the appropriateness, key judgments made in preparation of financial statements and changes in accounting policies and material matters.

Each quarter, the CFO through the CEO presents the confirmed quarterly financials for the Audit Committee review and approval prior to publishing the figures in the CSE. Through this review the Audit Committee obtain assurance from the Chief Executive Officer and Chief Financial Officer confirming that the financial records have been properly maintained and that the financial statements present a true and fair view of the financial position and performance of the Company and the Group.

During the quarterly financial review, Committee provided their comments for company's earnings press releases, earnings guidance provided to analysts and rating agencies. The Committee obtained independent input from the External Auditors on the impact of any new Sri Lanka Accounting Standards that came into effect for the year under review and obtained satisfactory assurance that the necessary initiatives were taken, to enable the Company to comply with the new standards.

RISK MANAGEMENT AND INTERNAL CONTROLS

Audit Committee facilitates and monitors Enterprise Risk Management process, the formulation of a Risk Based Audit Plan and the implementation of the same. The Committee reviewed the key risks identified in Risks Models of all three entities including Sustainability-Related Risks and Opportunities (SRRO) developed at the beginning of the year together with the remedial actions. Thereafter it continued to review the changes to the risk profile presented each quarter and the implementation of the remedial actions at the Audit Committee meeting. Audit Committee engaged in reviewing and assessing the Company's system of internal controls for detecting accounting and financial reporting errors and misappropriation of assets, legal violations, and non-compliance with the corporate code of conduct. The COSO Enterprise Risk Reporting Process is presently being implemented within the Group.

The company undertook a comprehensive update of the Risk Registers for its operations in Bangladesh, Egypt, and Indonesia during the year. This exercise involved the identification of emerging risks, reassessment of existing risk exposures, and the implementation of appropriate mitigation strategies. These updates reinforce company's commitment to maintaining a robust risk management framework and ensuring effective control environments across its key operational regions.

AUDIT COMMITTEE REPORT

The Audit Committee also ensures the adequacy and the effectiveness of the internal control environment and the risk management system, monitoring of compliance with the standards, laws both financial and non-financial, regulations and performance of the Risk and Control function of the organisation.

Formal assurances were obtained from the CEO, CFO and other key management personnel of the Company regarding the adequacy and effectiveness of the Entity's risk management and internal control systems and the controls over prevention of leakage of material information to unauthorised persons.

The Positive Assurance Framework confirmations obtained from the Senior Management monthly provide assurance regarding the efficacy and status of the internal control systems and risk management systems. Self-assurance on compliance with applicable laws and regulations is obtained via quarterly compliance statements submitted by the respective divisions.

The Committee also exercised oversight over the Company's governance initiatives undertaken during the year, ensuring alignment with the requirements of the Personal Data Protection Act No. 09 of 2022, the Anti-Corruption Act No. 09 of 2023, and in preparation for the draft cyber security act requirements. Greater emphasis was placed on cyber security risk during the year, reflecting the evolving threat landscape. The Committee obtained assurance from the Chief Information Officer on the adequacy of cyber security controls, incident response preparedness, and system resilience. Key cyber risk themes were discussed as part of the review of Enterprise Risk Grids and remediation plans were monitored.

The Company continued obtaining services of the external consultant to review and strengthen the ESG Management Framework and to align with SLFRS S1 and S2compliance. The Committee also reviewed the developments in sustainability and ESG reporting frameworks to ensure alignment with emerging disclosure requirements.

INTERNAL AUDITS

Internal audits of the Company are carried out by the Group Risk and Control Division and the Head of Risk and Control submitted the findings of the audits to the Audit Committee. Its primary role is to evaluate and enhance the effectiveness of risk management, internal controls, and governance processes across the Group.

Internal audit assurance is achieved through a systematic and disciplined approach, involving risk-based audit planning that focuses on areas of significant risk and strategic importance. The Internal Audit team conducts regular audits across key operational and financial functions, including compliance reviews, process assessments, and control testing. The function also performed follow-up reviews to ensure timely implementation of audit recommendations.

The Audit Committee regularly reviews the scope, findings, and outcomes of the internal audits, and monitors management's responsiveness to audit issues. Through this continuous assurance process, the Internal Audit function plays a vital role in strengthening the Group's internal control environment and supporting sustainable business performance.

Each month, the Chairman of the Audit Committee has a one-on-one session with the Head of Risk and Control on the following matters:

- Progress of the internal audit plan
- Discuss the significant findings of the current audits and provides feedback on further review if required
- Access to information to conduct the audits
- Availability of adequate resources to conduct audits

The Audit Committee, through its ongoing oversight and regular engagement with the Group Risk and Control Team, is satisfied that the succession planning undertaken by Management for the Head of Group Risk and Control was effective. The designated successor assumed the role seamlessly following the mid-year resignation of the incumbent, ensuring continuity in leadership of the Group's Risk and Control function and risk oversight.

EXTERNAL AUDITS

Written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The Committee evaluated the effectiveness of the external audit process, including the planning, execution and reporting of the audit, and was satisfied with the quality and effectiveness of the audit performed.

AUDIT COMMITTEE REPORT

Audit Committee meets the External Auditors each year for audit planning meeting where the scope of engagement is reviewed and post-audit to review the Management Letter and External Audit Report on the Audited Financial Statements for the year. During these discussions, the Committee also reviewed the key audit matters identified by the External Auditors and evaluated management's responses and the resolution of such matters. This year, the planning meeting took place on 14 January 2026 and the final review meeting took place on 29 May 2026. There were no significant issues during the year under review. An independent firm of Accountants were engaged to conduct a special inventory review with full coverage of all inventory categories. The Audit Committee reviewed the results of the annual stock verification which was conducted at the end of the financial year which the Company undertakes every year.

The Audit Committee has reviewed the other services provided by the External Auditors to the Company to ensure that their independence and objectivity as External Auditors has not been impaired and evaluated the independence of the External Auditors based on their declaration of Independence which includes the number of years the assigned partner engages with the Company continuously and any disclosures on relationships with or interest in the Company or its subsidiaries and their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka. The Committee also reviewed the nature and fees of non-audit services provided by the External Auditors and was satisfied that appropriate safeguards were in place to ensure that auditor independence and objectivity were not compromised. A partner rotation of the External Auditors takes place once in seven years and the next rotation of partner is due in 2026/27.

The fees for audit services and the non-audit services were reviewed and provided direct access to the Chairman of Audit Committee to discuss audit findings. The Committee also reviewed the Company's policy regarding the employment of former employees of the External Audit firm in order to safeguard auditor independence.

APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee recommended to the Board of Directors that Messrs Deloitte continued as External Auditors for the financial year ending 31 March 2025 and that the re-appointment be included in the agenda of the Annual General Meeting.

ETHICS AND GOOD GOVERNANCE

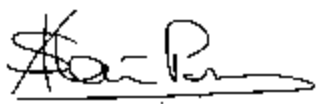
Integrity being a key pillar of our value system, Teejay aspires to do things the right way. Ethical and legal dealings are core principles for a sustainable business. Awareness of the Code of ethics emphasize on upholding ethical values of the Directors, top management, and staff members. The supplier code of conduct extends the Company's values and expectations in ethical business conduct to the suppliers that we deal with. The Whistle-Blower Policy guarantees anonymity of the Whistle-Blowers, Chairman of the Audit Committee is the independent direct reporting channel, and they are encouraged to report any violations of the code of conduct, anti-corruption policy and anti-harassment policy without the risk of reprisal. All appropriate procedures are in place to conduct independent investigations into incidents reported. A quarterly summary of the incidents reported and the current status is presented to the Audit Committee Chairman. Audit Committee Chairman is the nominated third party independent whistle blower reporting channel. There are no pending incidents reported during the financial year 2025/2026

EVALUATION OF THE COMMITTEE

The effectiveness of the Committee shall be evaluated annually by each member of the Committee. The outcome of the evaluation was presented to the Board, and it was determined that the Committee was effective.

CONCLUSION

The Audit Committee is satisfied that the internal controls and Enterprise Risk Management processes in place to assess and manage risks are adequate. It is of the view that the internal controls and procedures in place provide a reasonable assurance that the assets of the Company are safeguarded, and the Financial Statements of the Company are compiled using reliable information. The Committee is also satisfied that the Company is in a position to continue as a going concern. The Audit Committee obtained assurance from the Management that the Company has complied with the revised Corporate Governance Rules under Section 9 introduced by Colombo Stock Exchange (CSE) within the implementation timelines. The Audit Committee has observed that based on the compliance reporting, the Company has complied with standards, laws and regulations during the period 2025-26 under review.



Mr Shrihan B Perera
FCMA (UK), CGMA, B.Sc. M.Eng UOM
Chairman of the Audit Committee
5 June 2026

REMUNERATION COMMITTEE REPORT

GRI 2-19, 2-20

The Remuneration Committee comprises three Non-Executive Directors (NEDs), two of whom are independent. One of the Independent Non-Executive Directors (IND), functions as the Chairman of the Committee.

Members of the Remuneration Committee are as follows:

- Mr William (Bill) C McRaith (Chairman) – (INED/NED)
- Mr Shrihan B Perera – (INED/NED)
- Mr Hasitha Premaratne – (NED)

IND/NED – Independent Non-Executive Director
NED – Non-Executive Director

Refer to pages 20 to 22 for a brief profile of each Director.

The Committee's composition complied with the requirements of Rule 9.12.6 of the Listing Rules of the Colombo Stock Exchange (CSE).

INVITEES

The Chief Executive Officer (CEO) and external advisers are invited to attend all, or any part of, the meetings as required.

OBJECTIVE AND SCOPE OF THE REMUNERATION COMMITTEE

- Maintain a competitive and attractive remuneration package for Directors and Key Management Personnel on par with industry standards.
- Ensure that remuneration for Non-Executive Directors is based on a policy that adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.
- Review the evaluation of Key Management Personnel against pre-agreed goals/key performance indicators carried out by the Executive Committee Members (ExCo) and recommend rewards/promotions to the Board of Directors.
- Review the succession plans and the talent management process in respect of the Key Management Personnel of the Company.
- Evaluate strategic human resources policies applicable to the Group. Recommend to the Board the Company's framework for remunerating the Chief Executive Officer and Executive And Non-Executive Directors, and guidelines for fair and transparent procedures for remunerating senior management, including post-employment benefits as well as terminal benefits.

The Chief Executive Officer will report to the Committee on significant group-wide changes in salary structures and terms and conditions affecting Key Management Personnel for its review.

MEETINGS

The Committee met twice during the financial year under review.

ATTENDANCE AT REMUNERATION COMMITTEE MEETINGS

Director	16 June 2025	27 February 2026
Mr William (Bill) C McRaith	✓	✓
Mr Shrihan B Perera	✓	✓
Mr Hasitha Premaratne	✓	✓

REMUNERATION POLICY

The Remuneration Policy is designed to attract, motivate, and retain a highly qualified, competent, and experienced workforce to achieve the goals and objectives of the Company, and reward performance accordingly in the backdrop of industry norms to support the continued success of the business and creation of shareholder value.

REMUNERATION COMMITTEE REPORT

PERFORMANCE APPRAISAL, REMUNERATION, AND BENEFITS FOR EMPLOYEES

Performance against set goals are evaluated in an annual performance appraisal process. Rewards and recognition are based on performance achieved by each employee. A workflow-based Performance Appraisal system is in operation and used by all executives to record and review performance.

The remuneration package of employees consists of a fixed component of basic salary and allowances and a variable component of various incentives and annual performance-based bonuses. The employees enjoy other benefits such as meals, medical insurance, company excursions, common transport, etc.

TASKS OF THE REMUNERATION COMMITTEE

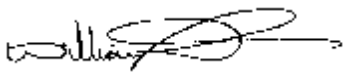
- Review and recommend to the Board the remuneration framework and policies applicable to the Directors and Key Management Personnel, ensuring alignment with market practices and the long-term interests of the Company.
- Evaluate the performance of Key Management Personnel against predetermined targets and key performance indicators, and recommend appropriate remuneration adjustments, rewards, or promotions to the Board.
- Review and recommend remuneration packages, incentive schemes, and other benefits, including share-based incentives and post-employment or terminal benefits, for the Chief Executive Officer, Executive Directors, and senior management.
- Oversee the succession planning and leadership development processes relating to Key Management Personnel and other members of the senior leadership team.
- Ensure that appropriate service contracts and compensation arrangements, including those relating to early termination, are in place for the Chief Executive Officer, Executive Directors, and senior management.
- Periodically review market benchmarks of remuneration and ensure transparent communication of the Company's remuneration policies and the Committee's activities to shareholders through the Remuneration Committee Report.

REMUNERATION OF BOARD OF DIRECTORS

No remuneration is paid to Non-Executive Directors other than the director fees based on their participation at Board meetings and other Committee meetings. Details of Directors' emoluments are disclosed on page 280.

CONCLUSION

The Committee wishes to report that the Company has complied with Section 9.12 (Remuneration Committee) of the Listing Rules of the CSE. The Committee is of the view that the current performance appraisal, career development, rewards, and recognition processes provide a reasonable assurance that the Company's human capital is valued and appreciated. The Committee is satisfied that the Company follows appropriate Human Resource management processes and remuneration policies designed to attract, grow, and retain employees with professional, managerial, and operational expertise who can assume leadership roles in the organisation to achieve strategic and operational objectives.



Mr William (Bill) C McRaith
Chairman
Remuneration Committee
5 June 2026

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

INTRODUCTION

The Related Party Transactions Review Committee was formed by the Board as a Board Committee.

COMPOSITION OF THE COMMITTEE

The Committee comprised of two Independent Non-Executive Directors and a Non-Executive Director during the period. The composition of the Committee fulfilled the requirements of the Section 9.14 of the Listing Rules of the Colombo Stock Exchange, throughout the financial year. The composition of the Related Party Transactions Review Committee is given below.

Members of the Related Party Transactions Review Committee:

- Mr Shrihan B Perera – (Chairman) (INED/NED)
- Mr Ajit Gunewardene – (IND/NED)
- Mr Kit Vai Tou – (NED)

INED/NED – Independent Non-Executive Director
NED – Non-Executive Director

Refer to pages 20 to 22 for a brief profile of each Director.

TERMS OF REFERENCE

The Related Party Transactions Review Committee operates under Terms of Reference that define its authority and duties. The Terms of Reference cover aspects relating to matters prescribed in the Listing Rules of the Colombo Stock Exchange. The Terms of Reference of the Committee include the following:

- Review in advance all proposed Related Party Transactions of the Company except those explicitly exempted by the Code;
- Determine whether Related Party Transactions proposed to be entered into by the Company require approval of the Board or shareholders of the Company;
- Ensure that no Director of the Company shall participate in any discussion, including abstaining from voting, of a proposed Related Party Transaction in which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the Related Party Transaction to the Committee in its ongoing dealings with the relevant related party. Thereafter, the Committee, on an annual basis, shall review and assess ongoing relationships with the related party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate.

If required, the Related Party Transactions Review Committee should obtain "competent independent advice" from independent professional experts with regard to the value of the substantial assets of the Related Party Transaction under consideration. The Committee may, as necessary, meet with senior management, internal auditors, external auditors, or independent professional advisors to enable it to discharge its responsibilities effectively.

POLICIES AND PROCEDURES

The members of the Board of Directors of the Company and the Chief Executive Officer (CEO) have been identified as Key Management. Personnel. In accordance with the Related Party Transactions Policy, the declarations are obtained from each Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the database of the Company.

MEETINGS

The Committee met on four occasions during the financial year 2025/26 and the members' attendance record is set out in the Conformance Report given below:

Director	15 May 2025	13 August 2025	13 November 2025	9 March 2026
Mr Shrihan B Perera	✓	✓	✓	✓
Mr Ajit Gunewardene	✓	✓	✓	✓
Mr Kit Vai Tou	✘	✓	✘	✓

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

RELATED PARTY TRANSACTIONS DURING THE YEAR

The activities and observations of the Committee are communicated to the Board. During the year, there were no non-recurrent or recurrent Related Party Transactions that exceeded the respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange. Details of recurrent and non-recurrent related party transactions reviewed and approved by the Committee are disclosed in Notes 35 to the Financial Statements in accordance with Rule 9.14.8 of the Listing Rules of the Colombo Stock Exchange.

COMMITTEE EVALUATION

The annual evaluation of the Committee was conducted by the Board during the year and the review concluded that the Committee continues to operate effectively.

DECLARATION

The Related Party Transactions Review Committee has reviewed all the Related Party Transactions during the financial year at the quarterly meetings and communicated the comments/observations to the Board of Directors including any material transactions outside normal business, reinforcing ongoing monitoring. The Committee is of the view that all related party transactions reviewed were conducted on normal commercial terms and are not prejudicial to the interests of the Company or its minority shareholders. The Board of Directors confirms that the Company has complied with the requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Related Party Transactions (2013), issued by the Securities and Exchange Commission of Sri Lanka.

Further, no Director or close family member has any material business relationships with the Company or with other Directors of the Company. The activities and views of the Committee are communicated to the Board of Directors through verbal briefings and by tabling the minutes of the Committee meetings.



Mr Shrihan B Perera
Chairman
FCMA (UK), CGMA, BSc M. Eng UOM
Chairman of the Related Party Transactions Review Committee
5 June 2026

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

COMPOSITION OF THE COMMITTEE

The Nominations and Governance Committee was established in compliance with Section 9.11.4 of the Listing Rules of Colombo Stock Exchange (CSE) and the Code of Best Practice on Corporate Governance 2023 issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Committee comprises three Non-Executive Directors (NEDs), including two Independent Non-Executive Directors (INEDs). Mr William (Bill) C McRaith, an Independent Non-Executive Director, serves as Chairman of the Committee.

The Committee operates under well-defined Terms of Reference approved by the Board of Directors, which set out its purpose, composition, quorum, authority, responsibilities, and meeting procedures.

Director	Status	Date of Appointment
Mr William (Bill) C McRaith	Chairman (INED/NED)	1 April 2024
Mr Ajit Gunewardene	(INED/NED)	1 April 2024
Mr Ashroff Omar	(NED)	1 April 2024

INED – Independent Non-Executive Director
NED – Non-Executive Director

Refer to pages 20 to 22 for a brief profile of each Director.

SECRETARY

Corporate Services (Private) Limited serves as the Secretary to the Committee and is responsible for coordinating meetings, preparing agendas, circulating papers, and maintaining minutes and records of all Committee deliberations.

INVITEES

The Chief Executive Officer (CEO) attended these meetings on a need basis.

CHARTER OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The scope of functions and responsibilities of the Nominations and Governance Committee of Teejay Lanka PLC is governed by the Committee Charter, which aligns with Section 9.11 of the Listing Rules of the CSE on Corporate Governance – Nominations and Governance Committee, and with the directives of the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka. The Nominations and Governance Committee Charter is periodically reviewed and revised with the concurrence of the Board of Directors. The Terms of Reference of the Committee are clearly defined in the Nominations and Governance Committee Charter. The Charter was last revised on 30 September 2024.

MEETINGS

The Nominations and Governance Committee met twice during the year.

ATTENDANCE AT NOMINATIONS AND GOVERNANCE COMMITTEE MEETINGS

Director	20 May 2025	9 March 2026
Mr William (Bill) C McRaith	✓	✓
Mr Ajit Gunewardene	✓	✓
Mr Ashroff Omar	✓	✓

ROLE OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee, in line with the policy for appointment and re-election of Directors, oversees the appointment and re-appointment of Directors to the Board and its Committees, ensuring all candidates are suitably qualified and undergo a structured induction covering Company policies, corporate governance, Listing Rules of the CSE, and other regulatory requirements. Annually, the Committee obtains the fit and proper declarations of the Directors and the CEO and confirms their eligibility in accordance with the Listing Rules and applicable governance requirements. From time to time, the Committee reviews the structure, size, composition and competencies (including the skills, knowledge, and experience) of the Board, based on the needs of the business, and makes recommendations to the Board with regard to any changes; and establishes processes for the periodic evaluation of the Board and the CEO.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

The Committee oversees succession planning for the CEO and other key management personnel, including the identification of training and development requirements.

The Committee reviews and recommends the overall corporate governance framework of the Listed Entity, taking into account the Listing Rules of the CSE, other applicable regulatory requirements, and industry/ international best practices.

The Committee reviews the number of listed company board representations held by Directors and makes recommendations to ensure that Directors' commitments do not adversely affect their responsibilities. It also identifies potential conflicts arising from other directorships and advises the Board accordingly.

The Committee is vested with the authority to recommend appropriate indemnity and insurance coverage for Directors and Key Management Personnel.

The Committee ensures that the minutes of its meetings are circulated to the full Board for transparency and effective governance.

The Committee is vested with the authority to seek external professional advice as needed and continues to evaluate candidates for the Board and the CEO on an ongoing basis. Members of the Committee do not participate in decisions relating to their own appointments, in line with best practice.

NEW APPOINTMENTS AND RE-ELECTION

Any new appointments to the Board and changes to the Committees shall be immediately disclosed to the CSE.

The provisions of the Company's Articles of Association require a Director appointed by the Board to hold office until the next Annual General Meeting (AGM) and seek re-election by the shareholders at that meeting.

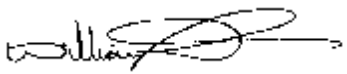
BOARD DIVERSITY

The Nominations and Governance Committee of Teejay Lanka PLC firmly believes that Board diversity is essential for effective governance and high-performing decision-making. The current Board comprises individuals with a broad range of experience and professional expertise aligned with Teejay's evolving strategic priorities. While there are currently no female members on the Board, the Committee is committed to enhancing diversity and will actively seek to attract qualified candidates from a wide range of demographic, experiential, and professional backgrounds. This will be pursued within a strong culture of meritocracy, with continued emphasis on maintaining diversity in terms of skills, experience, age, and gender.

CONCLUSION

Based on the review and oversight during the year, the Committee confirms that all Directors meet the independence criteria prescribed under the Listing Rules of the CSE. Board meetings were well-attended by all Directors, including independent Directors, who were also consulted on matters relevant to their expertise.

Accordingly, the Committee is satisfied that the Company has fully complied with the Corporate Governance requirements set out under Section 9 of the Listing Rules of the CSE.



Mr William (Bill) C McRaith

Chairman
Nominations and
Governance Committee

5 June 2026

REPORT OF THE BOARD OF DIRECTORS

1. The Board of Directors of Teejay Lanka PLC ("the Company") has pleasure in presenting to the members their report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2026.

FORMATION

2. Teejay Lanka PLC is a public limited liability company incorporated as a limited liability company in Sri Lanka on 12 July 2000, and was subsequently listed on the main board of the Colombo Stock Exchange of Sri Lanka on 9 August 2011.

   The Company owns 100% of issued stated capital of Teejay Lanka Prints (Private) Limited and Teejay Mauritius (Private) Limited. Teejay India (Private) Limited and Nubian Threads (Private) Limited are subsidiaries of the Teejay Mauritius (Private) Limited and considered to be a sub subsidiaries of the Company. The Company is the ultimate parent of the Group.

   The Board of Directors approved these Financial Statements on 5 June 2026.

NATURE OF THE BUSINESS OF THE COMPANY

3. The nature of the business of the Company and its subsidiaries is given in Note 1 to the financial statements on page 257.

FINANCIAL STATEMENTS

4. The Financial Statements which include statement of financial positions as at 31 March 2026, the statement of profit or loss, the statements of comprehensive income, the statement of changes in equity, the statements of cash flows and notes to the Financial Statements of the Group and the Company for the year ended 31 March 2026 are set out on pages 251 to 256. All amounts are stated in Sri Lankan Rupees, unless otherwise stated.

INDEPENDENT AUDITOR'S REPORT

5. The Independent Auditor's Report on the Financial statements is given on pages 245 to 250.

ACCOUNTING POLICIES

6. The accounting policies adopted by the Group and the Company have been consistently applied from previous year. The material accounting policies including any new accounting standards adopted in the preparation of financial statements are given on pages 257 to 268.

REVIEW OF BUSINESS

7. The state of affairs of the Group and the Company as at 31 March 2026 and the financial performance for the year ended 31 March 2026 are set out in the statement of financial position on pages 253, statement of profit or loss on page 251 and statement of comprehensive income on page 252.

PROPERTY, PLANT AND EQUIPMENT

8. The movements in property, plant and equipment during the year are set out in Note 14 to the consolidated financial statements.

MARKET VALUE OF PROPERTIES

9. The Directors are of the opinion that the carrying amount of properties stated in Note 14 to the consolidated Financial Statements reflect their fair values.

SUBSIDIARIES

10. The Company's interest in subsidiaries as at 31 March 2026 is as follows:

Name of the subsidiary	Country of incorporation	Shareholding %
Teejay Lanka Prints (Private) Limited	Sri Lanka	100
Teejay Mauritius (Private) Limited (TML)	Mauritius	100
Teejay India (Private) Limited (holding through TML)	India	99.99
Nubian Threads (Private) Limited (holding through TML)	Egypt	100

REPORT OF THE BOARD OF DIRECTORS

DIVIDENDS

11. The Company paid a final dividend of LKR 1,154,332,381 (USD 3,910,737) representing LKR 1.60 per share approved by the shareholders at the Annual General Meeting held on 27 June 2025 in respect of the year ended 31 March 2025.

RESERVES

12. Total reserves and their composition are set out in the statement of changes in equity on pages 254 and 255 of the consolidated Financial Statements.

STATED CAPITAL

13. The stated capital of the Company as at 31 March 2026 amounted to LKR 4,582,871,023 consisting of 721,457,738 ordinary shares.

SHAREHOLDING

14. As at 31 March 2026, there were 11,296 registered shareholders and the twenty one largest shareholders of the Company with the corresponding shareholding percentages held are set out as follows:

	Number of shares	% of holding
Brandix Lanka (Private) Limited – Number 1 Account	234,227,644	32.47
Pacific Textured Jersey Holdings Limited	195,926,217	27.16
Finco Holdings (Private) Limited	21,000,000	2.91
Lynear Wealth Management/Mr Hanif Yusoof	13,313,577	1.85
Mr Rajinda Priyanjith Weerasooriya	12,735,939	1.77
Pemberton Asian Opportunities Fund	12,000,000	1.66
Union Assurance Plc – Universal Life Fund	9,632,212	1.34
Deutsche Bank AG As Trustee for JB Vantage Value Equity Fund	7,024,849	0.97
Employee's Provident Fund	6,979,333	0.97
Citibank Hong Kong S/A Hostplus Pooled Superannuation Trust	6,009,814	0.83
Mrs Thusharie Tilottama Anjalee De Silva Weerasooriya	5,343,862	0.74
J.B. Cocoshell (Private) Limited	5,190,279	0.72
Seylan Bank Plc/JN Lanka Holdings Company (Private) Limited	4,901,146	0.68
Mr Dinal Gitanjan Wijemanna	4,898,915	0.68
Mr Ruwanpura Chanaka Dharmajith De Silva	4,400,716	0.61
Mr Murtaza Ali Jafferjee	3,950,000	0.55
Hatton National Bank Plc – Senfin Growth Fund	3,703,926	0.51
SSBT – Sunsuper Pty. Ltd. As Trustee For Sunsuper Superannuation Fund	3,496,154	0.48
Employees Trust Fund Board	2,677,561	0.37
Sam Innovators (Private) Limited	2,500,000	0.35
Mr Brian Lester Sebastian Peiris	2,500,000	0.35

As at 31 March 2026 the public shareholding was 40.07% (289,059,935 shares).

REPORT OF THE BOARD OF DIRECTORS

DIRECTORS

15. The Board of Directors of the Company consists of seven Directors as at end of the financial year with wide financial and commercial knowledge and experience. The following were the Directors of the Company as at 31 March 2026:

Mr Ajit Gunewardene
Chairman and Independent Non-Executive Director

Mr Mohamed Ashroff Omar
Non-Executive Director

Mr Hasitha Premaratne
Non-Executive Director

Mr Shrihan Blaise Perera
Independent Non-Executive Director

Mr William Charles McRaith
Independent Non-Executive Director

Mr Kit Vai Tou
Non-Executive Director

Mr Masaru Okutomi
Non-Executive Director (Resigned w.e.f. 01st April 2026)

Changes to the directorate

Mr Teruo Funahashi
Non-Executive Director (Appointed w.e.f. 01st April 2026)

DIRECTOR'S INTEREST IN TRANSACTIONS

16. The Directors of the Company have made general disclosures provided for in section 192 (2) of the Companies Act No. 07 of 2007. The Directors' interests in contracts and proposed contracts with the Company, both direct and indirect, are set out in Note 35 to the financial statements.

DIRECTOR'S REMUNERATION AND OTHER BENEFITS

17. The remuneration and other benefits of the Directors are given in Note 8 to the financial statements on page 280.

DIRECTOR'S INTEREST IN SHARES

18. As at 31 March 2026, Mr Ajit Gunewardene held 713,723 shares and Mr. Hasitha Premaratne held 40,000 shares of the Company.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

19. The Directors are responsible for the preparation of financial statements of the Company and Group to reflect a true and fair view of the state of its affairs. The Directors are of the view that these financial statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, the Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Inland Revenue Act No. 24 of 2017 and amendments thereto and the Listing Rules of the Colombo Stock Exchange.

    The statement of directors' responsibility for financial reporting is given on page 242.

INTEREST REGISTER

20. The Interest register is maintained by the Company as per the Companies Act No. 07 of 2007. All Directors have made declarations as provided for in Section 192 (2) of the Companies Act No. 07 of 2007. The related entries were made in the interest register during the year under review.

RISK MANAGEMENT

21. The Board has instituted an effective and comprehensive system of internal controls covering financial, operations, compliance control and risk management required to carry on the business activities of the Company and its subsidiaries in an orderly manner, safeguard its assets and secure as far as possible the accuracy and reliability of the records. The key financial risks management disclosures are given in Note 3 to the financial statements on pages 269 to 273.

21. (a) The following confirmations have been carried out by the Board of Directors.

    (i) The Board has declared all material interests in contracts involving the Company and its subsidiaries and they have refrained from voting on matters in which they were materially interested;

    (ii) Conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if unable to make any of these declarations an explanation on why it is unable to do so;

    (iii) Arrangements have been made to be aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;

    (iv) Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Company and its subsidiaries has operations.

REPORT OF THE BOARD OF DIRECTORS

CORPORATE GOVERNANCE

22. The Directors place great emphasis on instituting and maintaining effective corporate governance practices and principles in respect of management and operations of the Group. Accordingly, systems and structures have been introduced and improved from time to time to enhance risk management measures and to improve accountability and transparency.

STATUTORY PAYMENTS

23. All statutory payments due to the Governments of Sri Lanka, India and Mauritius and on behalf of employees have been made or accrued for as at date of the statement of financial position.

EMPLOYEE SHARE OPTION SCHEME

24. Consequent to the shareholders granting approval on 26 November 2015, the Company established an Employee Share Option Scheme (ESOS) for Executive Directors and / or Executives in management positions in the Company as may be decided by the Board or a Board committee appointed by the Board. This scheme was established on the recommendation of the Board having taken into consideration the benefits that will accrue to the Company by employees involved in the management of the Company participating in the equity of the Company and thereby in the profits of the Company. The maximum number of shares that were authorised to be issued to eligible employees under the ESOS was 27,090,851 shares representing 4.1% of the issued shares of the Company as at 1 April 2015.

    As at 31 March 2026, a total of 25,507,905 shares were issued to eligible employees under the ESOS out of the maximum number of 27,090,851 shares authorised to be granted as share options under the ESOS. The ESOS which was valid till 25 November 2025, expired on the said date. Therefore, no further shares can be issued under the said ESOS with effect from 25 November 2025.

    The Board hereby declares and confirms that the Company has not directly or indirectly provided funds for any employee under the ESOS.

ENVIRONMENTAL PROTECTION

25. After making adequate enquiries from management, the Directors are satisfied that the Company and its subsidiaries operate in a manner that minimises the detrimental effects on the environment and provides products and services that have a beneficial effect on the customers and the communities within which the Company and its subsidiaries operates.

DONATIONS

26. The Company has made donations in cash amounting to LKR 15,564,641 (USD 51,730) during the year ended 31 March 2026 for charitable purposes (2025 – LKR 14,046,777).

GOING CONCERN

27. The financial statements are prepared on going concern principles. After making adequate enquiries from management, the Directors are satisfied that the Group has adequate resources to continue its operations in the foreseeable future.

EVENTS AFTER THE END OF REPORTING PERIOD

28. No events have occurred since the statement of financial position date which would require adjustments to, or disclosure in, these Financial Statements.

INDEPENDENT AUDITORS

29. The Audit Committee of the Company has recommended the re-appointment of Messrs. Deloitte Partners, Chartered Accountants, as the auditors of the Company and a resolution relating to their re-appointment and authorising the Directors to fix their remuneration and to audit the financial statements for the accounting year ending 31 March 2026 will be proposed at the Annual General Meeting.

    The remuneration payable by the Company to the independent auditors for statutory audit and non-audit services are given in Note 8 to the financial statements.

    The Directors are satisfied that, based on written representations made by the independent auditors to the Board, the auditors did not have any relationship or any interest with the Company and subsidiaries that would impair their independence.

By Order of the Board



Mohamed Ashroff Omar
Director



Hasitha Premaratne
Director



Corporate Services (Private) Limited
Secretaries

5 June 2026

STATEMENT OF DIRECTORS RESPONSIBILITY FOR FINANCIAL REPORTING

The responsibility of the Directors in relation to the financial statements of the Group and the Company, is set out in the following statement. The responsibility of the Independent Auditors, in relation to the financial statements, prepared in accordance with the provisions of the Companies Act, No. 07 of 2007 ("the Act"), is set out in the Independent Auditor's Report on pages 245 to 250.

The financial statements comprise the:

- Statements of income and other comprehensive income, which present a true and fair view of the results of the Group and the Company for the year ended 31 March 2026; and
- Statement of financial position, which present a true and fair view of the state of affairs of the Group and the Company as at 31 March 2026, which comply with the requirements of the Act.

The Directors have ensured that, in preparing these financial statements:

- appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained;
- all applicable Sri Lanka Accounting Standards (LKASs/ SLFRSs) adopted by the Institute of Chartered Accountants of Sri Lanka, as relevant, have been followed; and
- judgements and estimates have been made which are reasonable and prudent.

The Directors have also ensured that the Company and its subsidiaries have adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements.

Further, the Directors have as part of their responsibility ensured that the Company and its subsidiaries maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the Group and the Company, and to ensure that the financial statements presented comply with the requirements of the Act.

The Directors have also taken reasonable steps to safeguard the assets of the Company and its subsidiaries and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The management and the Directors of the Company and its subsidiaries meet periodically with the independent statutory auditors to review the manner in which the auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the independent statutory auditors have full and free access to the members of the Board to discuss any matter of substance.

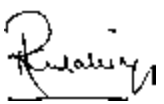
The Directors have ensured that the independent statutory auditors have been provided with every opportunity to take whatever steps and undertake whatever inspections that may be considered to be appropriate to enable them to give an independent audit opinion.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the date of the statement of financial position have been paid, or where relevant provided for.

By Order of the Board



Corporate Services (Private) Limited
Secretaries

5 June 2026
Colombo



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FINANCIAL CALENDAR

Dividend Calendar	2025/26	2024/25
Final dividends for the previous year paid/payable	**4 July 2025**	18 July 2024
First interim dividend for the year paid/payable	**–**	20 March 2025

Annual General Meeting (AGM) Calendar	2025/26	2024/25
Annual Report and Accounts for the year signed	**5 June 2026**	5 June 2025
Annual General Meeting to be held	**(15th AGM) 30 June 2026**	(14th AGM) 27 June 2025

Interim Financial Statements Calendar – Submission to the Colombo Stock Exchange (CSE)	2025/26 Submitted on	2024/25 Submitted on
For the three months ended/ending 30 June (Unaudited)	**31 July 2025**	8 August 2024
For the six months ended/ending 30 September (Unaudited)	**14 November 2025**	30 October 2024
For the nine months ended/ending 31 December (Unaudited)	**12 February 2026**	30 January 2025
For the twelve months ended/ending 31 March (Unaudited)	**29 May 2026**	15 May 2025

Interim Financial Statements Calendar – Publication in the Newspapers	2025/26 Submitted on	2024/25 Submitted on
For the three months ended/ending 30 June (Unaudited)	**3 August 2025**	9 August 2024
For the six months ended/ending 30 September (Unaudited)	**17 November 2025**	31 October 2024
For the nine months ended/ending 31 December (Unaudited)	**–**	31 January 2025
For the twelve months ended/ending 31 March (Unaudited)	**–**	16 May 2025

INDEPENDENT AUDITOR'S REPORT

Deloitte.

Deloitte Partners
100 Braybrooke Place
Colombo 2
Sri Lanka

Tel: +94 11 771 9700,
+94 11 771 9838
Fax: +94 11 230 7237
www.deloitte.com

To the Shareholders of Teejay Lanka PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Teejay Lanka 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, the statement of comprehensive income, the statement of changes in equity and the 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 consolidated financial statements of 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 their 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 Company and the Group in accordance with the *Code of Ethics for Professional Accountants* issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

C S Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekara FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, L A C Tillekeratne ACA, D C A J Yapa ACA

Regd. Office: P.O. Box 918, 100 Braybrooke Place, Colombo 02, Sri Lanka. Reg. No.: w/4179

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Key audit matters

The Company:

Key audit matter	How our audit addressed the Key audit matter
Impairment assessment of investments in subsidiaries *Refer to notes 2.3, 2.8, 17 and 18 of the consolidated financial statements for disclosures of related accounting policies and balances related to investment in subsidiaries.* The carrying value of the Company's investments in subsidiaries as at 31 March 2026 amounted to LKR 5.4 Bn. and represents 13% of the total assets of the Company as at 31 March 2026. Given the current financial performance of the subsidiaries of the Company, the management has assessed the impairment of its investments in subsidiaries. Accordingly, in estimating the recoverable amount of the investments in subsidiaries the management has engaged an expert. The management has used the Discounted Cash Flow (DCF) method to arrive at Value-In-Use (VIU) of the investments in the subsidiaries and net assets-based valuations as appropriate, which are the recoverable amounts of investments in subsidiaries. The key assumptions used in the valuation method referred to above, are cash flow projections, sales growth rates, operating margins, terminal growth rates and discount rate. The determination of these assumptions involved significant management judgement and estimation uncertainty, particularly in light of global economic uncertainty, evolving international trade measures including US tariff related developments, geopolitical tensions and volatility in demand from key export markets. The management has performed sensitivity analysis over their cash flow forecasts and earnings projections, which are sensitive to changes in future economic conditions and industry performance. Based on above, the management has determined that the carrying values of investments in subsidiaries are less than the recoverable amounts of the investments as at 31 March 2026. The determination of VIU for investments in subsidiaries was important to our audit and was a key audit matter because the: – Carrying value of the investments in subsidiaries in the statement of financial position is significant and the carrying value of the investments in subsidiaries may be impaired due to the current financial performance of the subsidiaries; and – Inherently subjective nature of the valuations requiring judgements in determining the method of valuation to be adopted and the use of estimates and various assumptions in the valuations.	Our audit procedures included the following: • We evaluated management's assessment in determining whether there are any indicators that the carrying amount of investments in subsidiaries may not be recoverable; • We obtained an understanding of the process followed by the management with the support of management's expert in evaluating the recoverability of investments in subsidiaries; • We evaluated the competence, capabilities and objectivity of the expert engaged by the management; • Where impairment indicators were noted by management, satisfied ourselves that the final impairment calculations performed by the expert, including the assumptions used, were approved by senior management; • We checked the appropriateness of the selection of the impairment testing technique; • We tested the VIU calculation for the reasonableness of the key assumptions used as detailed below, in respect of the discounted cash flow model: – Agreed the forecasted information to management approved budgets and forecasts. – Assessed reasonableness of the long-term growth rate, discount rate used with the assistance of the auditor's valuation expert by comparing with the published economic forecasts, and agreed inputs used in the calculation to external data, where available. – Tested the reliability of management's projections, by comparing actual results for 2025/2026 to the forecasts prepared for 2025/2026 in the previous year. – Checked the mathematical accuracy of the discounted cash flow model. – Re-performed the sensitivity analysis performed by management by stress-testing the discount rate and terminal growth rate; and – Assessed the reasonableness of forecast revenue growth and operating margin assumptions used in the discounted cash flow models with reference to historical performance and external market data, where available. • We reviewed the reasonableness of the carrying value of assets and liabilities of related companies in arriving at the net assets of those related companies for the purpose of net assets-based valuation.

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Key audit matters (Contd.)

The Company and Group:

Key audit matter	How our audit addressed the Key audit matter
Valuation of inventories *Refer to notes 2.12 and 20 of the consolidated financial statements for disclosures of related accounting policies and balances related to Inventories.* The Company and Group had inventories valued at lower of cost and net realisable values of LKR 7.6 Bn and LKR 12.2 Bn respectively as at 31 March 2026, which comprised raw materials, work in progress, finished goods, engineering spares and consumables. The total inventories represented approximately 18% in the Company's and 21% in Group's total assets. The Group estimates the write down required for slow moving and obsolete inventories of raw materials, work in progress, finished goods, engineering spares and consumables, based on the inventory residence periods and through physical verification in order to determine the Net Realisable Value (NRV) of items of inventory. In addition, the Group estimates written down required for finished goods inventories through subsequent realisable values. Further, slower inventory movements and pressure on selling prices arising from prevailing conditions in export markets increased estimation uncertainty in determining NRV. We focused on this area as inventories represent a significant balance to total assets and estimation of write down to net realisable value involves a high level of management judgement which could result in estimation uncertainty.	Our audit procedures included the following: • We performed a recalculation of the inventory write down amounts made to individual inventory categories based on the system generated inventory ageing reports, which provided the residence periods in respect of inventory items, for which system reliance was placed; • We compared the residence periods and write down determined by management in the current year to those applied in prior years and checked the reasonableness of basis for write down to net realisable values using our understanding of industry practices; • Further, we checked the write down amounts considered by management for damaged and obsolete inventory, if any, that were physically identified during our stock count observation. We also compared the cost of items of finished goods inventories as at 31 March 2026 to their net realisable values subsequent to year end; and • We reviewed the year-to-year movement in the amount considered for write down for each category of inventory considering subsequent write offs, reversals on re-use and amounts realised on disposals.
Impairment assessment of property, plant and equipment ("PPE") *Refer to Notes 2.6, 2.9 and 14 of the consolidated financial statements for disclosures relating to the accounting policies and balances relating to property, plant and equipment ("PPE").* The Company and Group had PPE valued at historical cost less accumulated depreciation amounting to LKR 8 Bn and LKR 17.5 Bn respectively as at 31 March 2026. Under LKAS 36 – *Impairment of Assets,* management assesses at each reporting date whether there are indicators that PPE may be impaired. During the year, the Group continued to operate under challenging market conditions in the apparel and fabric manufacturing sector arising from global economic uncertainty, geopolitical developments, evolving international trade measures including US tariff related developments, and volatility in demand from export markets. In addition, external market indicators reflected sustained pressure on the Group's overall market valuation relative to its underlying asset base. These factors were considered by management as indicators requiring an impairment assessment.	• We assessed the impairment indicators relating to property, plant and equipment (PPE); • We obtained an understanding of management's process for assessing the recoverable amounts attributable for PPE; • We evaluated the competence, capabilities and objectivity of the external valuation expert engaged by management; • We assessed the appropriateness of the valuation methodology adopted by management; • We agreed the forecast cash flows used in the valuation models to Board approved budgets and forecasts; • We tested the reliability of management's forecasts by comparing prior year forecasts with actual results achieved during the year;

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Key audit matters (Contd.)

The Company and Group (Contd.)

Key audit matter	How our audit addressed the Key audit matter
Impairment assessment of property, plant and equipment ("PPE") (contd) Management, with the assistance of an external valuation expert, performed impairment assessments using Value-In-Use ("VIU") calculations based on discounted cash flow ("DCF") models for the relevant cash generating units ("CGUs") and net assets-based valuations as appropriate. The key assumptions applied in the valuation models included forecast revenue growth, operating margins, terminal growth rates and discount rates. The determination of these assumptions involved significant management judgement and estimation uncertainty, particularly in forecasting future cash flows under prevailing market conditions. Management also performed sensitivity analysis over the key assumptions used in the cash flow forecasts and valuation models. Based on the assessment performed, management concluded that the carrying value of PPE did not exceed the related recoverable amounts as at 31 March 2026. We considered the impairment assessment of PPE to be a key audit matter because the carrying value of PPE is significant to the financial statements and the determination of recoverable amounts involves significant judgement and estimation uncertainty in forecasting future cash flows and determining appropriate valuation assumptions.	• We assessed the reasonableness of key assumptions, including forecast revenue growth, operating margins, terminal growth rates and discount rates, with the assistance of our internal valuation specialists and by reference to external market and economic data, where available; • We checked the mathematical accuracy of the discounted cash flow models; and • We performed sensitivity analysis over key assumptions used in the valuation models.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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 identified above 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.

Other Matter

We have audited the financial statements of Teejay Lanka PLC (the Company) and the consolidated financial statements of the Company and its subsidiaries (the Group) for the year ended 31 March 2026 presented in USD, the functional currency of the Company and prepared in accordance with Sri Lanka Accounting Standards (USD financial statements). The accompanying financial statements presented in Sri Lankan Rupees

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(LKR financial statements) have been derived from those USD financial statements on which we have expressed an unqualified opinion on 05 June 2026.

Responsibilities of 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 of the Company and the consolidated financial statements of the Group, management is responsible for assessing the Company's/ 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 Company/ 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 of the Company and the consolidated financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional scepticism 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 Company's and the Group's internal control.
- 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 Company's and 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 of the Company and the consolidated financial statements of the Group 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 Company/ Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements of the Company and the consolidated financial statements of the Group 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 group financial statements. We are responsible for the direction, supervision and review of the audit work performed for 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 Company and the consolidated financial statements of the Group 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 3015.

Deloitte Partners

CHARTERED ACCOUNTANTS
COLOMBO

5 June 2026

STATEMENT OF PROFIT OR LOSS

(All amounts in Sri Lanka Rupees '000)

Year ended 31 March	Note	Group		Company	
		2026	2025	**2026**	2025
Revenue from contracts with customers	6	**60,044,407**	67,036,057	**35,161,090**	38,895,177
Cost of sales		**(55,054,441)**	(59,195,423)	**(31,954,388)**	(33,886,409)
Gross profit		**4,989,966**	7,840,634	**3,206,702**	5,008,768
Other income – net	7	**580,021**	526,697	**100,783**	120,249
Distribution expenses		**(505,106)**	(571,350)	**(419,776)**	(482,174)
Administrative expenses		**(4,406,001)**	(2,986,828)	**(2,883,389)**	(1,793,929)
Net impairment provision on financial assets	21 (a)	**(216,627)**	(258,549)	**(499,361)**	(70,813)
Results from operating activities	8	**442,253**	4,550,604	**(495,041)**	2,782,101
Finance income	10	**619,936**	390,331	**480,783**	353,383
Finance costs	10	**(741,158)**	(893,561)	**(147,601)**	(190,135)
Finance (costs)/income – net	10	**(121,222)**	(503,230)	**333,182**	163,248
Profit/(loss) before tax		**321,031**	4,047,374	**(161,859)**	2,945,349
Income tax (expense)/credit	11	**(267,935)**	(1,254,353)	**48,583**	(884,247)
Profit/(loss) for the year		**53,096**	2,793,021	**(113,276)**	2,061,102
Attributable to:					
Equity holders of the parent		**53,096**	2,793,021		
Earnings per share					
Basic earnings per share (LKR)	12 (a)	**0.074**	3.876		
Diluted earnings per share (LKR)	12 (b)	**0.074**	3.876		

The Notes on pages 257 to 324 form an integral part of these Financial Statements.

Independent Auditor's Report is set out on pages 245 to 250.

STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Sri Lanka Rupees '000)

		Group		Company	
Year ended 31 March	Note	**2026**	2025	**2026**	2025
Profit/(loss) for the year		**53,096**	2,793,021	**(113,276)**	2,061,102
Other comprehensive income					
Items that will not be reclassified to statement of profit or loss subsequently					
Actuarial loss on defined benefit obligations	26	**(132,960)**	(141,576)	**(78,768)**	(114,424)
Deferred tax credit attributable to remeasurement of defined benefit obligations	27	**41,310**	43,073	**23,631**	34,327
Items that maybe subsequently reclassified to statement of profit or loss					
Currency translation difference		**2,060,180**	(358,611)	**1,895,304**	(335,475)
Other comprehensive income/(loss) for the year, net of tax		**1,968,530**	(457,114)	**1,840,167**	(415,572)
Total comprehensive income for the year, net of tax		**2,021,626**	2,335,907	**1,726,891**	1,645,530
Attributable to:					
Equity holders of the parent		**2,021,626**	2,335,907		

The Notes on pages 257 to 324 form an integral part of these Financial Statements.

Independent Auditor's Report is set out on pages 245 to 250.

STATEMENT OF FINANCIAL POSITION

(All amounts in Sri Lanka Rupees '000)

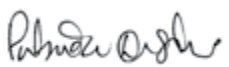
As at 31 March	Note	Group 2026	Group 2025	Company 2026	Company 2025
ASSETS					
Non-current assets					
Property, plant and equipment	14	**17,497,628**	17,270,048	**8,053,898**	7,520,928
Right-of-use assets	15	**1,719,506**	1,575,062	**719,915**	587,207
Capital work-in-progress	16	**830,196**	317,325	**609,359**	274,466
Intangible assets	17	**280,910**	433,904	**217,103**	327,012
Goodwill	17	**103,664**	97,114	**Nil**	Nil
Investments in subsidiaries	18	**Nil**	Nil	**5,407,530**	5,065,841
Deferred tax assets	27	**2,300,862**	2,349,015	**Nil**	Nil
Non-current receivables	21	**Nil**	627,859	**201,092**	1,067,424
Other financial assets	22	**1,572,025**	Nil	**1,558,850**	Nil
		24,304,791	**22,670,327**	**16,767,747**	**14,842,878**
Current assets					
Inventories	20	**12,247,187**	11,332,129	**7,636,732**	7,147,983
Trade and other receivables	21	**13,223,761**	11,920,512	**11,474,409**	9,557,346
Current tax receivables		**887,005**	730,058	**Nil**	Nil
Other financial assets	22	**4,705,623**	4,019,419	**3,856,627**	3,245,207
Cash and cash equivalents	23	**3,561,777**	5,584,038	**2,238,282**	4,180,267
		34,625,353	33,586,156	**25,206,050**	24,130,803
Total assets		**58,930,144**	56,256,483	**41,973,797**	38,973,681
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	30	**4,582,871**	4,582,871	**4,582,871**	4,582,871
Share option scheme	33	**186,667**	186,667	**186,667**	186,667
Exchange equalisation reserve	31	**17,453,771**	15,393,591	**14,953,327**	13,058,023
Retained earnings	32	**10,173,483**	11,366,369	**10,012,175**	11,334,920
		32,396,792	31,529,498	**29,735,040**	29,162,481
Non-current liabilities					
Borrowings	25	**3,005,732**	2,531,225	**249,416**	Nil
Lease liabilities	15	**1,249,657**	1,222,829	**465,489**	433,057
Deferred tax liabilities	27	**2,552,304**	2,552,711	**363,910**	581,272
Retirement benefit obligations	26	**1,402,275**	1,122,028	**873,911**	709,982
		8,209,968	7,428,793	**1,952,726**	1,724,311
Current liabilities					
Trade and other payables	24	**13,620,817**	12,064,278	**8,411,828**	6,260,404
Current tax liabilities		**131,918**	212,640	**115,278**	212,639
Borrowings	25	**4,486,688**	4,940,980	**1,741,195**	1,593,682
Lease liabilities	15	**83,961**	80,294	**17,730**	20,164
		18,323,384	17,298,192	**10,286,031**	8,086,889
Total liabilities		**26,533,352**	24,726,985	**12,238,757**	9,811,200
Total equity and liabilities		**58,930,144**	56,256,483	**41,973,797**	38,973,681

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved for issue by the Board of Directors on 5 June 2026.

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



Renuja Selvanathan
Chief Financial Officer



Pubudu de Silva
Chief Executive Officer



Mohamed Ashroff Omar
Director



Hasitha Premaratne
Director

Signed on behalf of the Board on 5 June 2026.
The notes on pages 257 to 324 form an integral part of these financial statements.

Independent auditor's report is set out on pages 245 to 250.

STATEMENT OF CHANGES IN EQUITY – GROUP

(All amounts in Sri Lanka Rupees '000)

	Note	Stated capital	Exchange equalisation reserve	Reserve for share option	Retained earnings	Total
Balance at 1 April 2024		4,442,234	15,752,202	181,691	9,754,037	30,130,164
Profit for the year		Nil	Nil	Nil	2,793,021	2,793,021
Other comprehensive loss for the year		Nil	(358,611)	Nil	(98,503)	(457,114)
Total comprehensive (loss)/income for the year		Nil	(358,611)	Nil	2,694,518	2,335,907
Transactions with owners:						
Final dividend paid – 2023/24	13	Nil	Nil	Nil	(541,093)	(541,093)
Interim dividend paid – 2024/25	13	Nil	Nil	Nil	(541,093)	(541,093)
Share option scheme	33 (b)	Nil	Nil	4,976	Nil	4,976
		Nil	Nil	4,976	(1,082,186)	(1,077,210)
Shares issued under employee share scheme	30	140,637	Nil	Nil	Nil	140,637
Balance at 31 March 2025		**4,582,871**	**15,393,591**	**186,667**	**11,366,369**	**31,529,498**
Balance at 1 April 2025		4,582,871	15,393,591	186,667	11,366,369	31,529,498
Profit for the year		Nil	Nil	Nil	53,096	53,096
Other comprehensive income/(loss) for the year		Nil	2,060,180	Nil	(91,650)	1,968,530
Total comprehensive income/(loss) for the year		Nil	2,060,180	Nil	(38,554)	2,021,626
Transactions with owners:						
Final dividend paid – 2024/25	13	Nil	Nil	Nil	(1,154,332)	(1,154,332)
Share option scheme	33 (b)	Nil	Nil	Nil	Nil	Nil
		Nil	Nil	Nil	(1,154,332)	(1,154,332)
Shares issued under employee share scheme	30	Nil	Nil	Nil	Nil	Nil
Balance at 31 March 2026		**4,582,871**	**17,453,771**	**186,667**	**10,173,483**	**32,396,792**

The Notes on pages 257 to 324 form an integral part of these Financial Statements.

Independent Auditor's Report is set out on pages 245 to 250.

STATEMENT OF CHANGES IN EQUITY – COMPANY

(All amounts in Sri Lanka Rupees '000)

	Note	Stated capital	Exchange equalisation reserve	Reserve for share option	Retained earnings	Total
Balance at 1 April 2024		4,442,234	13,393,498	181,691	10,436,101	28,453,524
Profit for the year		Nil	Nil	Nil	2,061,102	2,061,102
Other comprehensive loss for the year		Nil	(335,475)	Nil	(80,097)	(415,572)
Total comprehensive (loss)/income for the year		Nil	(335,475)	Nil	1,981,005	1,645,530
Transactions with owners:						
Final dividend paid – 2023/24	13	Nil	Nil	Nil	(541,093)	(541,093)
Final dividend paid – 2024/25	13	Nil	Nil	Nil	(541,093)	(541,093)
Share option scheme	33 (b)	Nil	Nil	4,976	Nil	4,976
		Nil	Nil	4,976	(1,082,186)	(1,077,210)
Shares issued under employee share scheme	30	140,637	Nil	Nil	Nil	140,637
Balance at 31 March 2025		**4,582,871**	**13,058,023**	**186,667**	**11,334,920**	**29,162,481**
Balance at 1 April 2025		4,582,871	13,058,023	186,667	11,334,920	29,162,481
loss for the year		Nil	Nil	Nil	(113,276)	(113,276)
Other comprehensive income/(loss) for the year		Nil	1,895,304	Nil	(55,137)	1,840,167
Total comprehensive income/(loss) for the year		Nil	1,895,304	Nil	(168,413)	1,726,891
Transactions with owners:						
Final dividend paid – 2024/25	13	Nil	Nil	Nil	(1,154,332)	(1,154,332)
Share option scheme	33 (b)	Nil	Nil	Nil	Nil	Nil
		Nil	Nil	Nil	(1,154,332)	(1,154,332)
Shares issued under employee share scheme	30	Nil	Nil	Nil	Nil	Nil
Balance at 31 March 2026		**4,582,871**	**14,953,327**	**186,667**	**10,012,175**	**29,735,040**

The Notes on pages 257 to 324 form an integral part of these Financial Statements.

Independent Auditor's Report is set out on pages 245 to 250.

STATEMENT OF CASH FLOWS

(All amounts in Sri Lanka Rupees '000)

		Group		Company	
Year ended 31 March	Note	**2026**	2025	**2026**	2025
Cash flows from operating activities					
Cash generated from operations	34	**3,887,571**	7,062,930	**2,306,583**	5,235,462
Finance income received	10	**295,307**	251,084	**266,124**	259,072
Finance cost paid		**(607,557)**	(765,820)	**(118,053)**	(161,096)
Retirement benefit obligations paid	26	**(186,034)**	(143,215)	**(82,301)**	(63,334)
Tax paid		**(573,374)**	(1,028,743)	**(278,619)**	(1,028,743)
Net cash generated from operating activities		**2,815,913**	5,376,236	**2,093,734**	4,241,361
Cash flows from investing activities					
Additions or expenses incurred on capital work-in-progress	16	**(1,573,461)**	(1,826,919)	**(1,243,837)**	(1,652,662)
Proceeds from maturity of fixed deposits	22	**3,223,412**	5,207,575	**916,163**	3,409,179
Placement of fixed deposits	22	**(5,133,730)**	(7,589,658)	**(2,792,123)**	(5,497,536)
Net cash used in investing activities		**(3,483,779)**	(4,209,002)	**(3,119,797)**	(3,741,019)

		Group		Company	
Year ended 31 March	Note	**2026**	2025	**2026**	2025
Cash flows from financing activities					
Dividend paid	13	**(1,154,332)**	(1,082,186)	**(1,154,332)**	(1,082,186)
Issue of shares	30	**Nil**	140,637	**Nil**	140,637
Settlement of borrowings		**(17,899,533)**	(17,187,822)	**(7,916,481)**	(10,485,180)
Proceeds received from bank borrowings		**17,923,430**	15,449,166	**8,317,092**	9,125,864
Principal elements of lease payments	15	**(125,221)**	(124,347)	**(63,462)**	(62,490)
Advance payment of lease rentals	15	**(95,057)**	Nil	**(95,057)**	Nil
Net cash used in financing activities		**(1,350,713)**	(2,804,552)	**(912,240)**	(2,363,355)
Net decrease in cash and cash equivalents		**(2,018,579)**	(1,637,318)	**(1,938,303)**	(1,863,013)
Cash and cash equivalents at beginning of year		**5,580,356**	7,217,674	**4,176,585**	6,039,598
Cash and cash equivalents at end of year	23	**3,561,777**	5,580,356	**2,238,282**	4,176,585

The Notes on pages 257 to 324 form an integral part of these Financial Statements.

Independent Auditor's Report is set out on pages 245 to 250.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees '000)

1. GENERAL INFORMATION

Teejay Lanka PLC is a public limited company incorporated in Sri Lanka on 12 July 2000, listed on the Main Board of the Colombo Stock Exchange of Sri Lanka on 9 August 2011. The registered office of the Company is located at Block D8-D14, Seethawaka Export Processing Zone, Avissawella. The Company carries on the business of manufacturing and selling of weft knit fabrics.

The Company changed its name to Teejay Lanka PLC with effect from 15 September 2016.

These financial statements have been approved for issue by the Board of Directors on 5 June 2026.

The Company owns 100% of issued stated capital of Teejay Lanka Prints (Private) Limited and Teejay Mauritius (Private) Limited. Teejay India (Private) Limited is a fully owned subsidiary of Teejay Mauritius (Private) Limited (Previously known as Ocean Mauritius Limited) and Teejay Mauritius (Private) Limited owns 99% of issued stated capital of Nubian Threads (Private) Limited which was incorporated on 18th November 2024. The Company is the ultimate parent of the Group. The details of subsidiaries are given under Note 18 to these financial statements.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

These financial statements are prepared in accordance with the Sri Lanka Accounting Standards (LKASs / SLFRSs) adopted by the Institute of Chartered Accountants of Sri Lanka. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements have been prepared under the historical cost convention except for financial assets and financial liabilities which are measured at amortised cost/fair value.

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's and the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company's and the Group's financial statements are disclosed in Note 4 to the financial statements.

The financial statements are prepared and presented in United States Dollars (US$), in accordance with and comply with Sri Lanka Accounting Standards. The financial statements are also presented in Sri Lanka Rupee (LKR) for local statutory requirements. The conversion to LKR is performed in accordance with the recommendations made in the Sri Lanka Accounting Standard (LKAS) 21: The Effects of Changes in Foreign Exchange Rates. The procedures followed are as follows:

(a) Assets and liabilities for each statement of financial position presented (including comparatives) are translated at the closing rate at the date of that statement of financial position.

(b) Income and expenses for each statement of profit or loss (including comparatives) are translated at the exchange rates existing at the dates of the transactions or a rate that approximates the actual exchange rates; and

(c) All resulting exchange differences are recognised in other comprehensive income.

The preparation and the presentation of these Financial Statements are in compliance with the Companies Act No. 07 of 2007.

2.1.1 Going concern

The financial statements are prepared on going concern principles. After making adequate enquiries from management, the Directors are satisfied that the Group and Company have adequate resources to continue their operations in the foreseeable future.

2.2 Changes in accounting policy and disclosures

(a) The Group and the Company have applied the following new and amended SLFRS Accounting Standards that are effective for the first time during the current year, for their annual reporting period commencing on 1 April 2025:

Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policy information (Contd.)

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique.

(b) New and revised SLFRS Accounting Standards in issue but not yet effective and not early adopted in 2025/26:

The following new accounting standards and interpretations are issued by IASB but not yet adopted by CA Sri Lanka except for SLFRS 18 and SLFRS 19.

Amendments to SLFRS 9 and SLFRS 7 - Classification and Measurement of Financial Instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The directors of the Group and the company anticipate that the application of these amendments may have an impact on the Group's / Company's consolidated financial statements in future periods.

SLFRS 18 Presentation and Disclosures in Financial Statements

SLFRS 18 replaces LKAS 1, carrying forward many of the requirements in LKAS 1 unchanged and complementing them with new requirements. In addition, some LKAS 1 paragraphs have been moved to LKAS 8 and SLFRS 7.

SLFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply SLFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. SLFRS 18 requires retrospective application with specific transition provisions.

The directors of the Group and the Company anticipate that the application of this standard may have an impact on the Group's / Company's consolidated financial statements in future periods.

SLFRS 19 Subsidiaries without Public Accountability: Disclosures

SLFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying SLFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with SLFRS Accounting Standards.

SLFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply SLFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with SLFRS Accounting Standards.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policy information (Contd.)

Eligible entities can apply SLFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply SLFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.

The directors of the Group and the Company do not anticipate that SLFRS 19 will be applied for purposes of the consolidated financial statements of the Group / Company.

Annual improvements to IFRS – Volume 11

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards;

IFRS 7 Financial Instruments: Disclosures

IFRS 9 Financial Instruments;

IFRS 10 Consolidated Financial Statements; and

IAS 7 Statement of Cash Flows.

These annual improvements are effective for annual periods beginning on or after 1 January 2026 with earlier application permitted.

The Directors of the Group and the Company anticipate that the application of these improvements may have an impact on the Group's/Company's consolidated financial statements in future periods.

Contracts Referencing Nature-dependent Electricity – Amendments to SLFRS 9 and SLFRS 7

The amendments apply only to contracts that reference nature-dependent electricity; the amendments:

- Clarify the application of the "own-use" requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the SLFRS 7 disclosure amendments must be implemented alongside the SLFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The directors of the Group and the Company anticipate that the application of these improvements may have an impact on the Group's/Company's consolidated financial statements in future periods.

Amendment to IAS 21 – Translation to a Hyperinflationary Presentation Currency

These narrow-scope amendments specify the translation procedures for an entity whose presentation currency is that of a hyper inflationary economy. The entity applies the amendments if

- its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or
- it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy.

The amendments aim to improve the usefulness of the resulting information in a cost-effective manner. Developed in response to stakeholder feedback, these amendments are expected to reduce diversity in practice and provide a clearer basis for reporting in a hyperinflationary currency.

The amendments are effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted.

The Directors of the Group and the company anticipate that the application of these improvements may have/not have an impact on the group's / company's consolidated financial statements in future periods.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policy information (Contd.)

2.3 Consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group").

2.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3.1.1 Changes in ownership interests in subsidiaries without change of control

Transaction with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3.1.2 Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the financial asset. In addition, any amount previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3.2 Financial period

All companies in the Group have a common financial year, which ends on 31 March.

2.4 Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

The financial statements are prepared and presented in United States Dollars (USD). The Directors of the Company and its subsidiaries are of the opinion that the use of USD as the functional currency provides information about the Company and its subsidiaries that is useful and reflects the economic substance of the underlying events and circumstances relevant to the Company and its subsidiaries as:

(i) It is the currency mainly influences sales prices for goods and services which are denominated and settled in USD.

(ii) It is the currency mainly influences material costs of providing goods and services, the currency in which such costs are denominated and settled in USD.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policy information (Contd.)

Hence the Directors of the Company have decided to use United States Dollars as the functional currency from the date of incorporation.

Financial statements of the Company and the Group are translated to Sri Lanka Rupees for local statutory requirements.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the statement of profit or loss within 'net finance income'.

2.6 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation.

(a) Cost

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 year.

All property, plant and equipment are initially recorded at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Cost of long term capital projects are carried forward in capital work-in-progress until they are available for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred.

(b) Depreciation

Depreciation is calculated using the straight line method to allocate the cost of each asset, to their residual values over their estimated useful lives commencing from the date of acquisition, date available for use or date of commencement of use. On disposal of assets depreciation is calculated exclusive of the date on which disposal takes place.

The estimated useful lives of property, plant and equipment are as follows:

Buildings constructed on leasehold lands	23 to 50 years
Plant, machinery and equipment installation	10 to 15 years
Fixtures, fittings and factory equipment	8 years
Office equipment	5 years
Computer and communication equipment	4 years
Motor vehicles	4 years

Depreciation begins when an item of property, plant and equipment is available for use and will continue until it is derecognised, even if during that period the item is idle.

During the year, the Group and the Company carried out a review of the estimated useful lives of certain items of plant and machinery based on an assessment performed by the Company's technical and engineering personnel, taking into consideration the current operating condition, maintenance programs, historical performance and expected future usage of the assets.

Following this review, management revised the estimated useful lives of certain plant and machinery from 10 years to 15 years with effect from 1 April 2025. The revision has been accounted for prospectively as a change in accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policy information (Contd.)

Accordingly, depreciation charges for the year ended 31 March 2026 were lower by approximately LKR 309,993,802 for the Company and LKR 815,689,479 for the Group compared to the amounts that would have been recognised using the previous estimated useful lives.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains/(losses) on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

(c) Impairment of property, plant and equipment

The carrying value of property, plant and equipment is reviewed for impairment either annually or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the statement of profit or loss.

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of the consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of subsidiary acquired, in the case of bargain purchases, the difference is recognised directly in the statement of profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Unit [CGU], or group of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within equity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Computer software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life 04 years.

Costs associated with maintaining computer software programmed are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

2.8 Investments

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policy information (Contd.)

2.9 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Accounting for leases - where the Company is the lessee

The Group and Company leases lands and warehouses.

Contracts may contain both lease and non-lease components. The Group and Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable, and
- variable lease payment that are based on an index or a rate.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the Group and Company's incremental borrowing rate. Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

To determine the incremental borrowing rate, the Group and Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group and Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

2.11 Financial instruments

2.11.1 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policy information (Contd.)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at Amortised cost. interest income from these financial Assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's and Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains / (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policy information (Contd.)

2.11.2 Financial liabilities

2.11.2.1 Classification and initial recognition

Financial liabilities are initially recognised at fair value, net of transaction costs.

The Group and Company classifies its financial liabilities as other financial liabilities, based on the purpose for which the financial liabilities were issued. Other financial liabilities mainly include trade and other payables and borrowings.

2.11.2.2 Subsequent measurement

Financial liabilities are subsequently carried at amortised cost using effective interest method.

2.11.2.3 Derecognition

The Group and Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

2.11.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the Weighted Average Cost (WAC) method. The cost of finished goods and work in progress comprises raw materials, direct Elsewhere labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

The Group applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2026 or 1 April 2025 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and accordingly adjusts the historical loss rates based on expected changes.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within distribution expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against distribution expenses in the statement of comprehensive income.

2.14 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

2.15 Stated capital

The ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Account payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policy information (Contd.)

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they incurred.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Employee benefits

(a) Defined benefit plan - Gratuity

A defined benefit plan is a pension plan that is not a defined contribution plan. A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The defined benefit plan of the Company and its subsidiary, Teejay Lanka Prints (Private) Limited, comprise the gratuity provided under the Act, No. 12 of 1983. The defined benefit plan of overseas subsidiary, Teejay India (Private) Limited, comprises the gratuity provided under the Act, No. 39 of 1972.

The liability recognised in the statement of financial position in respect of defined pension plans is the present value of the defined benefit obligation at the date of statement of financial position. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using government bonds.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in statement of comprehensive income.

The assumptions based on which the results of the actuarial valuation was determined, are included in Note 26 to the financial statements.

(b) Defined contribution plans

For defined contribution plans, such as the Employees' Provident Fund and Employees' Trust Fund, the Company and its local subsidiary contributes 12% and 3% respectively, of the employees' basic or consolidated wage or salary. For defined contribution plan, the Provident Fund, the overseas subsidiary, Teejay India (Private) Limited, contributes 12%, of the employees' basic or

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policy information (Contd.)

consolidated wage or salary. The Group has no further payment obligations once the contributions have been paid. The Group and Company employees are members of these defined contribution plans.

(c) Short term employee benefits

The wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax.

(a) Current taxes

Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company and its subsidiaries operate generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

(b) Deferred income taxes

Deferred tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investment in subsidiaries, except for deferred income tax liability where the timing of the reversal of temporary difference is controlled by the Group and its probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiary only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the differed income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 Revenue recognition

Goods and services deliverable under contracts with customers are identified as separate performance obligations ('obligations') to the extent that the customer can benefit from the goods or services on their own or together with other resources that are readily available to the customer and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified.

The Group determines the transaction price to which it expects to be entitled to in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the Group would achieve by selling the same goods and/or services included in the obligation to a similar customer on a standalone basis. Where the Group does not sell equivalent goods or services in similar circumstances on a standalone basis it is necessary to estimate the standalone price. When estimating the standalone price, the Group maximises the use of external input; observing the standalone prices for similar goods and services when sold by third parties or using a cost-plus reasonable margin approach.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policy information (Contd.)

Revenue from the sales which included bulk discount is recognised based on the price specified in the contract, net of the estimated rebates. Accumulated experience is used to estimate the rebates and its provision. Rebates are estimated using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Payment of the transaction price is due immediately when the products are delivered and accepted by the customer. It is the Group's policy to sell its products to the end customer with a right of return. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in other current assets) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

Revenue is recognised when the respective obligations in the contract are delivered to the customer and payment remains probable. The revenue is recognised as follows:

Sale of goods and performance of services.
Sale are recognised upon delivery of products and customer acceptance, if any, or performance of services.

Interest income
Interest income is recognised using the effective interest method.

Royalty income

Royalty income was recognised on an accrual basis.

Other income

Other income is recognised on an accrual basis.

2.23 Expenditure recognition

(a) Operating expenses

The expenses are recognised on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment in a state of efficiency is charged against income in arriving at the profit for the period.

(b) Net financing costs

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested, and foreign exchange gains and losses that are recognised in the statement of profit or loss.

All interest and other costs incurred in connection with borrowings except for the acquisition or construction of qualifying assets as noted in 2.18 are expensed as incurred as part of net financing costs.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.25 Share based payments

The Company operates a number of equity settled, share based compensation plan, under which the Group receives services from employees as consideration for equity instruments (option) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period of time).

At the end each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non market vesting conditions and service conditions. The Company recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to stated capital.

NOTES TO THE FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group is exposed to a variety of financial risks. These include foreign exchange risks, credit risks, interest rate risks and liquidity risks. Based on the economic outlook and the Group's exposure to these risks, the Board approves various risk management strategies from time to time. The Group's overall risk management programme focuses on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange risk	Future commercial transactions not denominated in United States Dollars (USD)	Cash flow forecasting	Monitoring market on an ongoing basis and booking of forward contracts when required
Market risk – interest rate	Borrowings and investments	Sensitivity analysis	Comparing and analysing market interest rates monthly
Credit risk	Cash and cash equivalents, short term deposits and trade and other receivables	Age analysis Credit ratings	Diversification of short term bank deposits, credit limits and credit monitoring
Liquidity risk	Trade and other liabilities and borrowings	Rolling cash flow forecast	Availability of committed credit facilities and adequate cash and cash equivalents with the Company and its subsidiaries

(a) Market risk

(i) Foreign exchange risk

The Group is sensitive to the fluctuations in exchange rates and is principally exposed to fluctuations in the value of the United States Dollar (USD) against the Sri Lankan Rupee (LKR) and Indian Rupee (INR). The Company's and its subsidiaries functional currency is USD in which most of the transactions are denominated. Foreign exchange risks arises from local expenses including salaries and wages and, assets and liabilities denominated in Sri Lanka Rupees (LKR) and Indian Rupees (INR). The foreign currency exposure is disclosed under Notes 21, 22, 23,24 and 25.

At 31 March 2026, if LKR had strengthened by 1% against USD in the financial year, profit before tax of Group would have decreased by LKR 972,597 (2025 – profit before tax would have decreased by LKR 20,777,625). The analysis assumes that all other variables, in particular interest rates, remain constant.

At 31 March 2026, if INR had strengthened by 1% against USD in the financial year, profit before tax of Group would have decreased by LKR 1,032,236 (2025 – profit before tax would have decreased by LKR 5,955,206). The analysis assumes that all other variables, in particular interest rates, remain constant.

During the year ended 31 March 2026, the Group and Company recorded a net foreign exchange gain of LKR 324,628,830 and LKR 214,659,464 respectively (2025 – in Group an exchange gain of LKR 139,246,917 and in Company an exchange gain of LKR 94,310,664 respectively) on transaction and translation of LKR and INR denominated balances.

NOTES TO THE FINANCIAL STATEMENTS

3. Financial risk management (Contd.)

Exposure

The Group's and Company's exposure to foreign currency risk at the end of the reporting period was as follows:

	Note	Group		Company	
		2026	2025	**2026**	2025
Trade and other receivables	21 (b)	**865,711**	1,761,826	**202,151**	1,161,274
Cash and cash equivalents	23 (a)	**312,060**	87,936	**267,616**	52,617
Other financial assets	22 (b)	**518,960**	395,724	**8,689**	69,742
Borrowings	25 (g)	**(650,000)**	(1,593,683)	**(650,000)**	(1,593,682)
Lease liabilities	15 (d)	**(788,353)**	(787,868)	**Nil**	Nil
Trade and other payables	24 (c)	**(1,837,359)**	(2,127,854)	**(366,084)**	(468,508)
Net exposure		**(1,578,981)**	(2,263,919)	**(537,628)**	(778,557)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group exposure to the risk of changes in market interest rates relates to primarily to the Company's and its subsidiaries term deposits and bank borrowings. The Group manages its interest rate risk by daily monitoring and managing cash flows, keeping borrowings to a minimum, negotiating Elsewhere favourable rates on borrowings and deposits.

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group exposure to the risk of changes in market interest rates relates to primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by monitoring and managing cash flows, keeping borrowings to a minimum, negotiating Elsewhere favourable rates on borrowings and deposits.

(iii) Sensitivity analysis

If interest rates had been higher by 100 basis points and all other variables were held constant, the profit before tax of the Group for the year ended 31 March 2026 would have decreased by LKR 66,796,798 and the loss before tax of the Company would have increased by LKR 15,286,020 (2025 - profit before tax of the Group and the Company would have decreased by LKR 177,150,271 and LKR 13,832,371 respectively). This is mainly attributable to the Group's exposure to interest rates on variable rate of interest.

	For the year ended 31 March 2026		For the year ended 31 March 2025	
	Interest expense	**Profit before tax**	Interest expense	Profit before tax
Group				
Borrowings	**66,797**	**254,234**	177,150	3,870,224
Company				
Borrowings	**15,286**	**(177,145)**	13,832	2,931,517

(b) Credit risk

The credit risk arises from cash and cash equivalents and short term deposits with banks and financial institutions, as well as credit exposures to foreign customers, including outstanding receivables and committed transactions.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts as described in Notes 21, 22, and 23.

The credit risk of customers are assessed taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal limits approved by management. The compliance with credit limits are monitored regularly by management. There are no significant risk concentration of credit risk through exposure to individual customers.

Credit quality of the financial assets have been disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

3. Financial risk management (Contd.)

(c) Liquidity risk

The Group monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Group

As at 31 March 2026	Note	Due within 3 months	Due between 3 months and 1 year	Due between 1 and 5 years	Over 5 years	Total
Liabilities						
Bank overdrafts	25	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Amounts due to related companies	24	**207,164**	**Nil**	**Nil**	**Nil**	**207,164**
Trade and other payables (excluding statutory liabilities)	24	**12,243,305**	**742,233**	**Nil**	**Nil**	**12,985,538**
Borrowings	25	**3,147,998**	**1,338,690**	**3,005,732**	**Nil**	**7,492,420**
Lease liabilities		**29,878**	**89,633**	**512,305**	**2,844,653**	**3,476,469**
Total liabilities		**15,628,345**	**2,170,556**	**3,518,037**	**2,844,653**	**24,161,591**

As at 31 March 2025	Note	Due within 3 months	Due between 3 months and 1 year	Due between 1 and 5 years	Over 5 years	Total
Liabilities						
Bank overdrafts	25	3,682	Nil	Nil	Nil	3,682
Amounts due to related companies	24	460,105	Nil	Nil	Nil	460,105
Trade and other payables (excluding statutory liabilities)	24	10,820,539	646,785	Nil	Nil	11,467,324
Borrowings	25	3,788,324	1,148,974	2,531,225	Nil	7,468,523
Lease liabilities		27,610	82,831	517,960	2,845,083	3,473,484
Total liabilities		15,100,260	1,878,590	3,049,185	2,845,083	22,873,118

NOTES TO THE FINANCIAL STATEMENTS

3. Financial risk management (Contd.)

Company

As at 31 March 2026	Note	Due within 3 months	Due between 3 months and 1 year	Due between 1 and 5 years	Over 5 years	Total
Liabilities						
Bank overdrafts	25	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Amounts due to related companies	24	**902,656**	**Nil**	**Nil**	**Nil**	**902,656**
Trade and other payables (excluding statutory liabilities)	24	**6,442,628**	**713,743**	**Nil**	**Nil**	**7,156,371**
Bank borrowings	25	**1,647,664**	**93,531**	**249,416**	**Nil**	**1,990,611**
Lease liabilities		**12,406**	**37,219**	**198,456**	**747,919**	**996,000**
Total liabilities		**9,005,354**	**844,493**	**447,872**	**747,919**	**11,045,638**

As at 31 March 2025	Note	Due within 3 months	Due between 3 months and 1 year	Due between 1 and 5 years	Over 5 years	Total
Liabilities						
Bank overdrafts	25	3,682	Nil	Nil	Nil	3,682
Amounts due to related companies	24	531,871	Nil	Nil	Nil	531,871
Trade and other payables (excluding statutory liabilities)	24	5,075,890	573,556	Nil	Nil	5,649,446
Bank borrowings	25	1,590,000	Nil	Nil	Nil	1,590,000
Lease liabilities		11,689	35,066	209,905	592,707	849,367
Total liabilities		7,213,132	608,622	209,905	592,707	8,624,366

NOTES TO THE FINANCIAL STATEMENTS

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group represents equity attributable to owners of the Group, comprising stated capital and reserves.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (current and non-current) less cash and cash equivalents. Total capital is calculated as 'equity', as shown in the statement of financial position, plus net debt.

The gearing ratios at 31 March were as follows:

		Group	
	Note	**2026**	2025
Total borrowings	25	**7,492,420**	7,468,523
Lease liabilities	15	**1,333,618**	1,303,123
Less: Cash and cash equivalents and short term deposits	22, 23	**(9,839,425)**	(9,599,775)
Net debt		**(1,013,387)**	(828,129)
Total equity		**32,396,792**	31,529,498
Total capital		**32,396,792**	31,529,498

'During 2025/2026, the Group's strategy, which was unchanged from the year ended 31 March 2025, was to maintain the net debts below 30% of the total capital. The Group and company is fully equity funded as at 31 March 2026.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company and Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Impairment assessment of goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy stated in Note 2.7 to the financial statements and whenever events or change in circumstances indicate that this is necessary within the financial year. The recoverable amounts of cash-generating units have been determined based on Value In Use (VIU) calculations. These calculations require the use of estimates and are disclosed in Note 17 to the financial statements.

(b) Defined benefit plan – Gratuity

The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for defined benefit plan include the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit plan.

NOTES TO THE FINANCIAL STATEMENTS

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit plan. Other key assumptions for defined benefit plan are based in part on current market conditions. Additional information is disclosed in Note 26.

(c) Estimated useful lives of property, plant and equipment (PPE)

The Company reviews annually the estimated useful lives of PPE based on factors such as business plan and strategies, expected level of usage and future developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of PPE would increase the recorded depreciation charge and decrease the PPE balance.

(d) Impairment of property plant and equipment

The Company reviews property, plant and equipment for impairment in accordance with the Accounting Policy in Note 2.9. The recoverable amount of these assets have been determined based on higher of the assets' fair value less cost to sell and value in use. These calculations require the use of estimates and judgements.

Management believes that any reasonable possible change in the estimated future cash flows of exporting Montessori products which the recoverable amounts of the Company is based would not cause the Company's carrying amount to exceed its recoverable amount.

4.2 Critical judgements in applying the entity's accounting policies

(a) Critical judgements in determining the lease term – SLFRS 16

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of buildings and motor vehicles, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group and Company is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the Group and Company is typically reasonably certain to extend (or not terminate), and
- Otherwise, the Group and Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset;

Most extension options in buildings and motor vehicles leases have not been included in the lease liability, because the Group and Company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group and Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(b) Macroeconomic developments and industry specific risk considerations

During the financial year, the operating environment continued to evolve amidst a combination of improving domestic macroeconomic conditions and heightened global uncertainties. Sri Lanka demonstrated signs of economic stabilisation following the significant disruptions experienced in prior years, supported by easing inflation, improved foreign currency liquidity, debt restructuring progress, and gradual recovery in business confidence. Monetary conditions also improved during the year with relative exchange rate stability and moderation in interest rates.

However, the global operating environment remained challenging due to geopolitical tensions, including the ongoing conflicts in the Middle East and Eastern Europe, disruptions to international shipping routes, elevated energy prices, and uncertainties surrounding global trade policies and tariff regimes, particularly in key export markets such as the United States. In addition, weakening consumer demand in certain international apparel markets and inventory rationalisation by global retailers continued to impact the textile and apparel sector. Against this backdrop, the Group continued to closely monitor the potential financial and operational implications of these developments on its businesses in Sri Lanka and India, particularly within the fabric manufacturing and export-oriented apparel supply chain. The key areas considered in preparing these financial statements are summarised below:

NOTES TO THE FINANCIAL STATEMENTS

4. Critical accounting estimates, assumptions and judgements (Contd.)

Credit risk management

The Group continues to be exposed to credit risk arising from its operating and financing activities, including trade receivables, deposits with financial institutions, foreign exchange transactions, and other financial instruments. In accordance with SLFRS 9, Expected Credit Losses (ECL) are assessed using both current and forward-looking information, taking into consideration macroeconomic trends, customer-specific factors, and industry developments.

Given the continuing uncertainty in global economic conditions, including pressures faced by certain international apparel brands and retailers, the Group has continued to apply multiple economic scenarios with appropriate probability weightings when assessing ECL provisions. Management has reviewed the adequacy of assumptions used in estimating credit losses, including customer creditworthiness, historical default patterns, forecast economic conditions, and sector-specific risks impacting export markets.

The Group continues to maintain relationships with reputable financial institutions with strong external credit ratings. Bank balances are primarily maintained in institutions considered to have low credit risk exposure, and there has been no history of material default. Accordingly, the associated expected credit losses relating to cash and cash equivalents are assessed as immaterial to the financial statements.

Liquidity management

Management continued to closely monitor the Group's liquidity position and funding requirements in light of prevailing market conditions and external uncertainties. Stress testing and cash flow forecasting exercises were periodically updated to evaluate the potential impact of adverse market developments, including supply chain disruptions, fluctuations in customer demand, and geopolitical developments affecting global trade flows.

The Group continued to implement measures to preserve liquidity and strengthen working capital management through inventory optimisation, disciplined capital expenditure management, renegotiation of supplier terms where appropriate, and efficient utilisation of available banking facilities. These initiatives enabled the Group to maintain adequate liquidity buffers and meet its operational and financial obligations during the year.

As at the reporting date, the Group maintained a stable liquidity position supported by positive operating cash flows, available credit facilities, and continued banking support.

Foreign exchange exposure

As the functional currency of the Company and its subsidiaries is the United States Dollar (USD), the Group's revenue and the majority of its input costs related to exports are naturally aligned with its reporting currency, reducing direct foreign exchange risk on core operations. However, the Group remains exposed to currency fluctuations on certain transactions and balances denominated in other currencies particularly those denominated in Sri Lankan Rupees (LKR) and Indian Rupees (INR), including local operating expenses, employee costs, statutory payments, and certain working capital items. While the exchange rates of the LKR and INR have shown relative stability during the financial year against USD, ongoing monitoring and evaluation of currency exposures continue to form part of the Group's financial risk management framework. Where appropriate, natural hedging and operational adjustments are employed to minimise the impact of exchange rate volatility on the Group's financial position and performance.

Inflationary impact and cost management

Although headline inflation has significantly declined compared to the peak levels observed during the height of the economic crisis, certain input costs remain elevated. The Group has continued to implement cost efficiency measures across its operations and regularly reviews pricing strategies to manage pressure on margins. These initiatives are part of the Group's broader focus on maintaining financial resilience amidst an evolving cost environment.

Supply chain and raw material management

The Group remains attentive to global supply chain conditions that may affect the availability and cost of raw materials. While overall conditions have stabilised in comparison to prior periods, challenges remain in certain product categories, including extended lead times and price volatility. The Group continues to manage its procurement strategy proactively to avoid disruption and ensure production continuity.

Capital and funding access

The Group has maintained access to adequate credit facilities through its established relationships with the financial institutions. The cost of borrowings has stabilised particularly following adjustments to the monetary policy environment in Sri Lanka. The Group actively monitors its capital structure and maintains flexibility to meet funding requirements as they arise.

NOTES TO THE FINANCIAL STATEMENTS

4. Critical accounting estimates, assumptions and judgements (Contd.)

Going concern

The Group and the Company have assessed all available information, including the improvement in macroeconomic conditions, internal forecasts, and financing arrangements, and have not identified any material uncertainties that may cast significant doubt on their ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

5. SEGMENT INFORMATION

(a) Description of segments and principal activities

Management examines the Group's performance both from a product and geographic perspective and has identified two reportable segments of its business:

1: Textile manufacturing – Sri Lanka and India:

The business of manufacturing and selling of weft knit fabrics to export and to indirect export are included in the textile manufacturing.

2: Fabric printing – Sri Lanka and India:

Rotary screen printing of knitted and woven fabrics to export and to indirect export are included in the fabric printing.

Management uses a measure of adjusted earnings before interest, tax, depreciation, and amortisation (EBITDA) to assess the performance of the operating segments. Information about segment revenue is disclosed in Note 6.

(b) Adjusted EBITDA

Adjusted EBITDA excludes discontinued operations and the effects of significant items of income and expenditure which may have an impact on the quality of earnings arising from an isolated or non-recurring event. It also excludes the effects of equity settled share based payments. Interest income and finance costs are not allocated to segments as this type of activity is driven by the central treasury function which manages the cash position of the Group.

	Group	
	2026	2025
Textile manufacturing – Sri Lanka	**607,752**	4,291,252
– India	**1,838,740**	2,966,457
	2,446,492	7,257,709
Fabric printing – Sri Lanka	**55,646**	141,419
– India	**179,302**	271,835
	234,948	413,254
Total adjusted EBITDA	**2,681,440**	7,670,963

Adjusted EBITDA reconciles to operating profit before income tax as follows:

	Group	
	2026	2025
Total adjusted EBITDA	**2,681,440**	7,670,963
Depreciation of property, plant and equipment	**(1,964,239)**	(2,826,700)
Amortisation of intangible assets	**(183,197)**	(199,153)
Depreciation on right-of-use assets	**(91,751)**	(94,506)
Finance income	**619,936**	390,331
Finance costs	**(741,158)**	(893,561)
Profit before income tax from continuing operations	**321,031**	4,047,374
Taxation:		
Textile manufacturing		
– Sri Lanka	**48,583**	(884,247)
– India	**(341,321)**	(382,771)
Fabric printing – Sri Lanka	**24,803**	12,665
Profit after tax	**53,096**	2,793,021

NOTES TO THE FINANCIAL STATEMENTS

5. Segment Information (Contd.)

The allocation of key expenses/costs charged in arriving profit before income tax from continuing operations by product segment is as follows:

Year ended 31 March 2026	Textile manufacturing		Fabric printing		Total
	Sri Lanka	India	Sri Lanka	India	
Expenses/costs					
Depreciation of property, plant and equipment	(943,160)	(854,794)	(85,856)	(80,429)	(1,964,239)
Amortisation of intangible assets	(134,848)	(21,095)	(25,268)	(1,986)	(183,197)
Depreciation on right-of-use assets	(42,217)	(41,749)	(3,857)	(3,928)	(91,751)
Finance income	444,849	110,506	54,286	10,295	619,936
Finance costs	(147,602)	(541,595)	(3,732)	(48,229)	(741,158)
	(822,978)	(1,348,727)	(64,427)	(124,277)	(2,360,409)

(c) Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The Group's deferred tax assets are not considered to be segment assets.

	Group	
As at 31 March	**2026**	2025
Textile manufacturing		
– Sri Lanka	**41,973,797**	38,973,681
– India	**29,120,100**	29,534,452
Fabric printing – Sri Lanka	**3,308,007**	2,972,825
Total segment assets	**74,401,904**	71,480,958
Inter segment eliminations	**(17,772,622)**	(17,573,490)
Unallocated:		
Deferred tax assets	**2,300,862**	2,349,015
Total assets as per the statement of financial position	**58,930,144**	56,256,483

(d) Segment liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's deferred tax liabilities are not considered to be segment liabilities.

NOTES TO THE FINANCIAL STATEMENTS

5. Segment Information (Contd.)

As at 31 March	Group 2026	Group 2025
Textile manufacturing		
– Sri Lanka	**11,874,847**	9,229,928
– India	**16,755,671**	18,416,391
Fabric printing – Sri Lanka	**655,160**	467,172
Total segment liabilities	**29,285,678**	28,113,491
Inter segment eliminations	**(5,304,630)**	(5,939,217)
Unallocated:		
Deferred tax liabilities	**2,552,304**	2,552,711
Total liabilities as per the statement of financial position	**26,533,352**	24,726,985

(e) Non-current assets additions

Segment non-current assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment.

As at 31 March	Group 2026	Group 2025
Textile manufacturing		
– Sri Lanka	**1,243,837**	1,652,662
– India	**317,883**	159,046
Fabric printing – Sri Lanka	**11,741**	15,211
Total segment non-current asset addition	**1,573,461**	1,826,919

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group and the Company derives following types of revenue:

	Group 2026	Group 2025	Company 2026	Company 2025
Textile sector	**57,718,186**	64,447,693	**35,161,090**	38,895,177
Printing sector	**2,326,221**	2,588,364	**Nil**	Nil
Total revenue from continuing operations	**60,044,407**	67,036,057	**35,161,090**	38,895,177

(a) Segment revenue

Sales between segments are eliminated on consolidation. The revenue from external parties is measured in the same way as in the statement of statement of profit or loss.

Year ended 31 March 2026	Total segment revenue	Inter segment revenue	Revenue from external customers
Revenue			
Textile manufacturing			
– Sri Lanka	**35,161,090**	**(233,561)**	**34,927,529**
– India	**23,889,182**	**(1,954,083)**	**21,935,099**
– Mauritius	**855,557**	**Nil**	**855,557**
Fabric printing – Sri Lanka	**1,578,794**	**(1,568,825)**	**9,969**
Fabric printing – India	**2,316,253**	**Nil**	**2,316,253**
Total segment revenue	**63,800,876**	**(3,756,469)**	**60,044,407**

NOTES TO THE FINANCIAL STATEMENTS

6. Revenue from contracts with customers (Contd.)

Year ended 31 March 2025	Total segment revenue	Inter segment revenue	Revenue from external customers
Revenue			
Textile manufacturing			
– Sri Lanka	38,895,177	(130,342)	38,764,835
– India	27,669,338	(2,029,244)	25,640,094
– Mauritius	42,764	Nil	42,764
Fabric printing – Sri Lanka	1,674,378	(1,625,530)	48,848
Fabric printing – India	2,539,516	Nil	2,539,516
Total segment revenue	70,821,173	(3,785,116)	67,036,057

(b) Recognising revenue from major business activities

Textile sector

Timing of recognition:

The Group manufactures and sells of weft knit fabrics to foreign markets as well as to the local exporters. Sales are recognised at the point of fulfilling the performance obligations.

Measurement of revenue:

The fabrics are sold to the customers with a right to return faulty products. Revenue from sales is based on the transaction price specified in the sales contracts allocated to the performance obligations. No element of financing is deemed present as the sales are made with a credit term of 30 – 60 days, which is consistent with market practice.

Printing sector

Timing of recognition:

The Group prints rotary screen of knitted and woven fabrics to foreign markets as well as to the local exporters. Sales are recognised at the point of fulfilling the performance obligations.

Measurement of revenue:

The printed fabrics are sold to the customers with a right to return faulty products. Revenue from sales is based on the transaction price specified in the sales contracts allocated to the performance obligations. No element of financing is deemed present as the sales are made with a credit term of 30 – 60 days, which is consistent with market practice.

Further information about material accounting policies are provided in Note 2.22.

7. OTHER INCOME – NET

	Note	Group		Company	
		2026	2025	**2026**	2025
Scrap sales		**190,482**	223,499	**98,667**	94,838
Screen cost recovery		**82,370**	43,304	**Nil**	Nil
Net loss on write off of Capital work-in-progress	16	**Nil**	(9,421)	**Nil**	(9,421)
Net loss on write off of property plant & equipment	14	**(29,818)**	Nil	**(1,514)**	Nil
Net loss on write off of intangible assets	17	**(2)**	Nil	**Nil**	Nil
Other income		**336,989**	269,315	**Nil**	Nil
Steam coal cost recovery	35 (v)	**Nil**	Nil	**3,630**	34,832
		580,021	526,697	**100,783**	120,249

NOTES TO THE FINANCIAL STATEMENTS

8. RESULTS FROM OPERATING ACTIVITIES

The following items have been charged/(credited) in arriving at operating profit.

	Note	Group		Company	
		2026	2025	**2026**	2025
Directors' emoluments		**9,019**	10,725	**6,619**	8,325
Auditors' remuneration					
– audit		**18,635**	16,516	**5,987**	4,901
– non-audit		**12,405**	4,676	**10,848**	3,856
		31,040	21,192	**16,835**	8,757
Depreciation on property, plant and equipment	14	**1,964,239**	2,826,700	**905,494**	1,255,021
Depreciation on right-of-use assets	15	**91,751**	94,506	**38,981**	42,833
Provision for slow and non-moving inventories	20	**196,633**	120,484	**27,071**	282,052
Provision for impairment of trade receivables	21(a)	**216,627**	258,549	**499,361**	70,813
Amortisation of intangible assets	17	**183,197**	199,153	**134,848**	143,507
Provision for subcontractor advances	21(g)	**692,005**	Nil	**692,005**	Nil
Tax assessments settlement charge		**192,830**	Nil	**192,830**	Nil
Legal and professional fees		**192,502**	135,243	**3,612**	33,485
Research and development expenses		**268,950**	268,898	**268,950**	268,898
Repair and maintenance expenditure		**985,057**	1,010,323	**606,233**	624,839
Employee compensation expense		**149,358**	Nil	**119,432**	Nil
Employee benefit expense	9	**6,433,417**	6,148,717	**3,408,842**	3,333,083

9. EMPLOYEE BENEFIT EXPENSE

	Note	Group		Company	
		2026	2025	**2026**	2025
Salaries, wages and other fringe benefits		**5,547,383**	5,407,043	**2,936,959**	2,933,752
Defined contribution plans		**539,356**	490,455	**307,324**	270,038
Retirement benefit obligations	26	**346,678**	246,243	**164,559**	124,317
Share options granted to directors and employees	33 (b)	**Nil**	4,976	**Nil**	4,976
		6,433,417	6,148,717	**3,408,842**	3,333,083
Average number of persons employed by the Group and the Company during the year – full time		**3,298**	3,335	**1,479**	1,508

NOTES TO THE FINANCIAL STATEMENTS

10. NET FINANCE (COSTS)/INCOME

	Note	Group		Company	
		2026	2025	**2026**	2025
Finance income:					
Net foreign transaction and translation gains		**324,629**	139,247	**214,659**	94,311
Interest income on related party loan	35 (vi)	**Nil**	Nil	**35,934**	49,429
Interest income on short term deposits		**295,307**	251,084	**230,190**	209,643
Total finance income		**619,936**	390,331	**480,783**	353,383
Finance costs:					
Interest expense					
– Bank overdrafts		**(16,903)**	(21,758)	**(2,794)**	(2,825)
– Short term bank borrowings		**(288,728)**	(303,836)	**(115,259)**	(158,271)
– Interest charge on lease liabilities	15	**(133,601)**	(127,741)	**(29,548)**	(29,039)
– Term loans		**(301,926)**	(440,226)	**Nil**	Nil
Finance cost expensed		**(741,158)**	(893,561)	**(147,601)**	(190,135)
Net finance (cost)/ income		**(121,222)**	(503,230)	**333,182**	163,248

11. INCOME TAX EXPENSE

	Note	Group		Company	
		2026	2025	**2026**	2025
Current income tax:					
Current income tax on profits for the year		**222,595**	1,002,407	**203,775**	1,002,407
Net over provision for income tax in respect of prior years		**(28,660)**	(21,718)	**(29,336)**	(40,510)
Total current tax:		**193,935**	980,689	**174,439**	961,897
Deferred tax:					
Origination/(reversal) of temporary differences	27	**74,000**	273,664	**(223,022)**	(77,650)
Income tax expense		**267,935**	1,254,353	**(48,583)**	884,247
Deferred tax released to other comprehensive income	27	**(41,310)**	(43,073)	**(23,631)**	(34,327)
Income tax charged/ (credited) to statement of comprehensive income		**226,625**	1,211,280	**(72,214)**	849,920

NOTES TO THE FINANCIAL STATEMENTS

11. Income tax expense (Contd.)

The tax on the Group's and Company's profit/(loss) before tax differs from the theoretical amount that would arise using the basic tax rate applicable to profits of the Group and Company as follows:

	Group		Company	
	2026	2025	**2026**	2025
Profit before tax	**321,031**	4,047,374	**(161,859)**	2,945,349
Tax calculated at an applicable tax rate of Group 36% (2025 – 30%) and Company 30% (2025 – 30%)	**115,082**	1,016,268	**(48,559)**	1,002,407
Interest income not subject to tax	**(235,148)**	(92,634)	**(68,519)**	(62,251)
Expenses not deductible for tax purposes	**869,173**	594,152	**804,952**	530,647
Impact on additional allowable expenses	**(526,512)**	(510,283)	**(484,099)**	(468,396)
Over provision for income tax in respect of prior years	**(28,660)**	(21,718)	**(29,336)**	(40,510)
Use of previously unrecognised tax losses	**Nil**	(5,096)	**Nil**	Nil
Adjustments due to the change of estimated deferred tax base in previous years	**74,000**	273,664	**(223,022)**	(77,650)
Tax charge	**267,935**	1,254,353	**(48,583)**	884,247

Group tax expense is based on the taxable profit of individual companies within the Group. At present the tax laws of Sri Lanka do not provide for group taxation.

All the companies within the Group are liable for income tax as per the provisions of tax laws enacted in respective countries tax jurisdictions.

Provision for income tax for the year ended 31 March 2026 in respect of Teejay Lanka PLC Company and Teejay Lanka Prints (Private) Limited, a subsidiary of the Company, has been made in the financial statements, in terms of the changes to the Inland Revenue Act No. 24 of 2017, as passed in parliament on 09 December 2022. The Company and its subsidiary in Sri Lanka are liable for income tax at a rate of 30%.

Teejay India (Private) Limited is a unit established in Special Economic Zone in Andhra Pradesh, India and eligible for deduction of hundred percent of profits and gains derived for a period of five consecutive assessment years beginning with the assessment year in which the Company commenced its operations and fifty percent of profits and gains derived for the next five consecutive assessment years. Further, following these concessions, the Company is eligible for the deduction of fifty percent of profits generated from export revenue for five consecutive years provided fulfilment of certain conditions.

The first five years of the concession period commenced in 2009 and expired in 2013 and the second five years of the concession period commenced in 2014 and expired in 2018. After that Company enjoyed a tax concession of fifty percent of profits generated from export revenue for five consecutive years commenced in 2019 and expired in 2023. The Company is currently liable for income tax at a rate of 34.944%.

Teejay Mauritius (Private) Limited is liable for income tax at a rate of 15%.

Nubian Threads (Private) Limited is liable for income tax at a rate of 22.5%. As at 31 March 2026, the Company had tax losses of LKR 77,918,208 (2025 – LKR Nil) available for set off against future taxable income and hence was not liable for tax for the year ended 31 March 2026.

Further information about deferred tax is provided in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

12. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year:

	Note	Group		Company	
		2026	2025	**2026**	2025
Profit/(loss) attributable to equity holders of the Company		**53,096**	2,793,021	**(113,276)**	2,061,102
Weighted average number of ordinary shares	30 (b)	**721,458**	720,527	**721,458**	720,527
Basic earnings/(loss) per share - LKR		**0.074**	3.876	**(0.157)**	2.861

(b) Diluted

Profit/(loss) attributable to equity holders of the Company		**53,096**	2,793,021	**(113,276)**	2,061,102
Weighted average number of ordinary shares	(c) below	**721,458**	720,527	**721,458**	720,527
Diluted earnings/(loss) per share – LKR		**0.074**	3.876	**(0.157)**	2.861

(c) Weighted average number of shares used as the denominator

	Group		Company	
	2026	2025	**2026**	2025
Weighted average number of ordinary shares used as the denominator in calculating basic earnings/(loss) per share	**721,458**	720,527	**721,458**	720,527
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings/(loss) per share	**721,458**	720,527	**721,458**	720,527

NOTES TO THE FINANCIAL STATEMENTS

13. DIVIDEND PER SHARE

	Note	Group and Company			
		2026		2025	
		Per share LKR	LKR	Per share LKR	LKR
Declared and paid during the year					
Cash basis					
Final dividend	(a)	**1.60**	**1,154,332**	0.75	541,093
Interim Dividend		**Nil**	**Nil**	0.75	541,093
Total Dividend		**1.60**	**1,154,332**	1.50	1,082,186
Relevant year basis					
Final Dividend (paid)	(a)	**Nil**	**Nil**	1.60	1,154,332
Interim Dividend		**Nil**	**Nil**	0.75	541,093
Total Dividend		**Nil**	**Nil**	2.35	1,695,425

(a) The Company declared and paid final dividends of LKR 1,154,332,381 representing LKR 1.60 per share on 5 June 2025 for the year ended 31 March 2025.

NOTES TO THE FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Buildings on leasehold land	Plant, machinery and equipment installation	Fixtures, fittings and factory equipment	Office equipment	Computer and communication equipment	Motor vehicles	Total
At 31 March 2024								
Cost		9,572,656	36,490,978	4,006,709	402,252	1,662,876	73,057	52,208,528
Accumulated depreciation		(3,948,514)	(25,289,631)	(2,907,268)	(393,508)	(1,454,122)	(73,057)	(34,066,100)
Net book amount		5,624,142	11,201,347	1,099,441	8,744	208,754	Nil	18,142,428
Year ended 31 March 2025								
Opening net book value		5,624,142	11,201,347	1,099,441	8,744	208,754	Nil	18,142,428
Transfers from capital work-in-progress	16	58,761	1,707,326	240,688	11,709	140,945	4,697	2,164,126
Write off – cost		Nil	(143,575)	Nil	Nil	Nil	(5,315)	(148,890)
Write off – accumulated depreciation		Nil	143,575	Nil	Nil	Nil	5,315	148,890
Depreciation charge	8	(287,860)	(2,164,810)	(271,003)	(3,809)	(98,928)	(290)	(2,826,700)
Effect of movement in foreign exchange rates		(64,924)	(129,304)	(12,762)	(141)	(2,654)	(21)	(209,806)
Closing net book amount		5,330,119	10,614,559	1,056,364	16,503	248,117	4,386	17,270,048
At 31 March 2025								
Cost		9,566,493	37,925,425	4,234,635	413,820	1,801,167	72,418	54,013,958
Accumulated depreciation		(4,236,374)	(27,310,866)	(3,178,271)	(397,317)	(1,553,050)	(68,032)	(36,743,910)
Net book amount		5,330,119	10,614,559	1,056,364	16,503	248,117	4,386	17,270,048
Year ended 31 March 2026								
Opening net book value		**5,330,119**	**10,614,559**	**1,056,364**	**16,503**	**248,117**	**4,386**	**17,270,048**
Transfers from capital work-in-progress	16	**94,671**	**554,012**	**412,577**	**2,492**	**29,254**	**Nil**	**1,093,006**
Write off – cost		**(102,817)**	**(2,028,167)**	**(521,370)**	**(104,214)**	**(571,726)**	**Nil**	**(3,328,294)**
Write off – accumulated depreciation		**96,334**	**2,009,544**	**517,533**	**104,128**	**570,937**	**Nil**	**3,298,476**
Depreciation charge	8	**(295,384)**	**(1,289,864)**	**(261,368)**	**(5,271)**	**(111,153)**	**(1,199)**	**(1,964,239)**
Effect of movement in foreign exchange rates		**351,184**	**685,615**	**77,176**	**998**	**13,411**	**247**	**1,128,631**
Closing net book amount		**5,474,107**	**10,545,699**	**1,280,912**	**14,636**	**178,840**	**3,434**	**17,497,628**
At 31 March 2026								
Cost		**9,909,531**	**37,136,885**	**4,203,018**	**313,096**	**1,272,106**	**72,665**	**52,907,301**
Accumulated depreciation		**(4,435,424)**	**(26,591,186)**	**(2,922,106)**	**(298,460)**	**(1,093,266)**	**(69,231)**	**(35,409,673)**
Net book amount		**5,474,107**	**10,545,699**	**1,280,912**	**14,636**	**178,840**	**3,434**	**17,497,628**

NOTES TO THE FINANCIAL STATEMENTS

14. Property, plant and equipment (Contd.)

Company	Note	Buildings on leasehold land	Plant, machinery and equipment installation	Fixtures, fittings and factory equipment	Office equipment	Computer and communication equipment	Motor vehicles	Total
At 31 March 2024								
Cost		3,555,420	16,988,958	3,504,068	55,247	1,051,990	45,123	25,200,806
Accumulated depreciation		(1,482,971)	(13,228,374)	(2,437,956)	(48,642)	(936,241)	(45,123)	(18,179,307)
Net book amount		2,072,449	3,760,584	1,066,112	6,605	115,749	Nil	7,021,499
Year ended 31 March 2025								
Opening net book value		2,072,449	3,760,584	1,066,112	6,605	115,749	Nil	7,021,499
Transfers from capital work-in-progress	16	58,761	1,411,906	237,868	8,748	122,436	Nil	1,839,719
Write off – cost		Nil	(74,131)	Nil	Nil	Nil	Nil	(74,131)
Write off – accumulated depreciation		Nil	74,131	Nil	Nil	Nil	Nil	74,131
Depreciation charge	8	(102,176)	(829,384)	(260,603)	(2,610)	(60,248)	Nil	(1,255,021)
Effect of movement in foreign exchange rates		(24,123)	(46,972)	(12,407)	(107)	(1,660)	Nil	(85,269)
Closing net book amount		2,004,911	4,296,134	1,030,970	12,636	176,277	Nil	7,520,928
At 31 March 2025								
Cost		3,590,058	18,279,761	3,729,529	63,888	1,172,766	45,123	26,881,125
Accumulated depreciation		(1,585,147)	(13,983,627)	(2,698,559)	(51,252)	(996,489)	(45,123)	(19,360,197)
Net book amount		2,004,911	4,296,134	1,030,970	12,636	176,277	Nil	7,520,928
Year ended 31 March 2026								
Opening net book value		**2,004,911**	**4,296,134**	**1,030,970**	**12,636**	**176,277**	**Nil**	**7,520,928**
Transfers from capital work-in-progress	16	**79,684**	**437,255**	**408,679**	**818**	**5,267**	**Nil**	**931,703**
Write off – cost		**(90,152)**	**(1,342,433)**	**(453,054)**	**(13,271)**	**(380,581)**	**Nil**	**(2,279,491)**
Write off – accumulated depreciation		**90,152**	**1,342,433**	**452,221**	**13,271**	**379,900**	**Nil**	**2,277,977**
Depreciation charge	8	**(105,654)**	**(476,870)**	**(251,442)**	**(3,881)**	**(67,647)**	**Nil**	**(905,494)**
Effect of movement in foreign exchange rates		**134,186**	**288,180**	**75,826**	**729**	**9,354**	**Nil**	**508,275**
Closing net book amount		**2,113,127**	**4,544,699**	**1,263,200**	**10,302**	**122,570**	**Nil**	**8,053,898**
At 31 March 2026								
Cost		**3,713,776**	**17,662,763**	**3,760,980**	**52,164**	**806,806**	**45,123**	**26,041,612**
Accumulated depreciation		**(1,600,649)**	**(13,118,064)**	**(2,497,780)**	**(41,862)**	**(684,236)**	**(45,123)**	**(17,987,714)**
Net book amount		**2,113,127**	**4,544,699**	**1,263,200**	**10,302**	**122,570**	**Nil**	**8,053,898**

NOTES TO THE FINANCIAL STATEMENTS

14. Property, plant and equipment (Contd.)

(a) Property, plant and equipment of the Group and the Company include fully depreciated assets still in use, the cost of which as at 31 March 2026 amounted to LKR 24,356,162,347 and LKR 11,279,444,834 respectively (2025 Group – LKR 23,596,763,183 and Company - LKR 10,957,630,496).

(b) The Company has constructed ten buildings on five plots of lands leased from the Board of Investment of Sri Lanka at Seethawaka International Industrial Park. The remaining lease periods as of 31 March 2026 are 29,25,25,11 and 9 years respectively. The subsidiary company, Teejay Lanka Prints (Private) Limited, has constructed two buildings on two plots of lands leased from the Board of Investment of Sri Lanka at Seethawaka International Industrial Park. The remaining lease periods as of 31 March 2026 are 7 and 25 years respectively. The sub-subsidiary company, Teejay India (Private) Limited, has constructed a building on a land sub leased at Brandix India Apparel City park. The remaining lease period as of 31 March 2026 is 19 years.

(c) Depreciation expense of Group of LKR 1,892,861,579 (2025 – LKR 2,717,229,620) and LKR 71,377,419 (2024 – LKR 109,470,009) has been charged to cost of goods sold and administrative expenses respectively. Depreciation expense of the Company of LKR 847,997,496 (2025 – LKR 1,196,219,749) and LKR 57,496,786 (2024 – LKR 58,801,428) has been charged to cost of goods sold and administrative expenses respectively.

(d) Teejay India (Private) Limited has mortgaged the assets related to the expansion project as security for the loan obtained (Note 25).

(e) During the year, the Group and the Company carried out a review of the estimated useful lives of certain items of plant and machinery based on an assessment performed by the Company's technical and engineering personnel, taking into consideration the current operating condition, maintenance programs, historical performance and expected future usage of the assets.

Following this review, management revised the estimated useful lives of certain plant and machinery from 10 years to 15 years with effect from 1 April 2025. The revision has been accounted for prospectively as a change in accounting estimate in accordance with LKAS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors".

Accordingly, depreciation charges for the year ended 31 March 2026 were lower by approximately LKR 309,993,802 for the Company and LKR 815,689,479 for the Group compared to the amounts that would have been recognised using the previous estimated useful lives.

(f) The Group and the Company assessed whether there were indicators of impairment relating to property, plant and equipment, right-of-use assets, and investments in subsidiaries as at the reporting date in accordance with LKAS 36 – Impairment of Assets.

Considering prevailing macroeconomic conditions, developments within the global textile and apparel industry, geopolitical uncertainties, and changes in market demand conditions, Value-in-Use ("VIU") assessments and net assets based valuations were performed, as appropriate for the relevant cash-generating units ("CGUs") and investments where impairment indicators were identified.

The recoverable amounts of the respective CGUs and investments were determined either based on discounted cash flow projections derived from financial budgets and forecasts approved by management and net assets of the respective CGUs. The cash flow forecasts incorporated assumptions relating to future sales volumes, operating margins, raw material prices, energy costs, foreign exchange movements, capital expenditure requirements, and terminal growth rates, taking into consideration current and expected market conditions in Sri Lanka, India, and key export markets.

The VIU calculations also incorporated discount rates reflecting current market assessments of the time value of money and the risks specific to the relevant CGUs and investments. Cash flows beyond the five-year forecast period were extrapolated using estimated long-term growth rates considered consistent with the expected long-term growth prospects of the industries in which the respective CGUs operate.

The key assumptions used in the VIU assessments are as follows:

	Group	Company
Key assumptions		
Sales volume (% annual growth rate)	**15.00**	**15.00**
Budgeted gross margin (%)	**17.00**	**20.00**
Annual capital expenditure (LKR Bn,)	**2**	**1.37**
Long-term growth rate (%)	**0.50**	**0.50**
Pre-tax discount rate (%)	**9.11**	**9.11**

NOTES TO THE FINANCIAL STATEMENTS

14. Property, plant and equipment (Contd.)

Assumption	Approach used to determining values
Sales volume	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
Sales price	Average annual growth rate over the five-year forecast period; based on current industry trends and including long-term inflation forecasts for each territory. Average annual growth rate over the five-year forecast period; based on current industry trends and including long-term inflation forecasts for each territory.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	Fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost-saving measures. The amounts disclosed above are the average operating costs for the five-year forecast period.
Annual capital expenditure	Expected cash costs in the CGUs. This is based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value in use model as a result of this expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in specific industry weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in specific industry.
Pre-tax discount rates	Reflect specific risks relating to the relevant segments and the countries in which they operate.

Significant judgement was applied in determining the assumptions used in the impairment models, particularly in relation to forecast cash flows, growth assumptions, and discount rates. Changes in these assumptions could materially affect the recoverable amounts determined.

Based on the assessments performed, the Directors concluded that the recoverable amounts of the respective CGUs and investments exceeded their carrying amounts as at the reporting date and accordingly, no material impairment loss was recognised during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

15. LEASES

This note provides information for leases where the Group/Company is the lessee.

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

Right-of-use assets

	Note	Group		Company	
		2026	2025	**2026**	2025
Leasehold land		**1,719,506**	1,575,062	**719,915**	587,207
		1,719,506	**1,575,062**	**719,915**	**587,207**
Lease liabilities					
Current lease liabilities		**83,961**	80,294	**17,730**	20,164
Non-current lease liabilities		**1,249,657**	1,222,829	**465,489**	433,057
		1,333,618	1,303,123	**483,219**	453,221
Movement relating to leases:					
Right-of use assets					
Right-of-use asset recognised as at 1 April – Land		**1,575,062**	1,681,152	**587,207**	629,527
Lease premium paid in advance		**95,057**	Nil	**95,057**	Nil
Additions made during the year – Land and building		**33,426**	7,735	**33,426**	7,735
Depreciation charged during the year – Land and building	8	**(91,751)**	(94,506)	**(38,981)**	(42,833)
Effects of movement in foreign exchange rates		**107,712**	(19,319)	**43,206**	(7,222)
Right-of-use asset recognised as at 31 March		**1,719,506**	1,575,062	**719,915**	587,207

	Note	Group		Company	
		2026	2025	**2026**	2025
Lease liabilities					
Lease liability recognised as at 1 April – Land		**1,303,123**	1,342,003	**453,221**	484,501
Additions made during the year – Land and buildings		**33,426**	7,735	**33,426**	7,735
Interest charged during the year	10	**133,601**	127,741	**29,548**	29,039
Rentals paid during the year		**(125,221)**	(124,347)	**(63,462)**	(62,490)
Effect of movement in foreign exchange rates		**(11,311)**	(50,009)	**30,486**	(5,564)
Lease liability recognised as at 31 March		**1,333,618**	1,303,123	**483,219**	453,221

NOTES TO THE FINANCIAL STATEMENTS

15. Leases

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

Depreciation charge of right-of-use assets

	Note	Group		Company	
		2026	2025	**2026**	2025
Leasehold land and buildings	8	**91,751**	94,506	**38,981**	42,833
		91,751	94,506	**38,981**	42,833
Interest charge on lease liabilities	10	**133,601**	**127,741**	**29,548**	**29,039**

(c) The total cash outflows for leases of Group and Company for the financial year ended 31 March 2026 were LKR 125,220,918 (2025 – LKR 126,986,568) and LKR 63,462,113 (2025 – LKR 63,816,682) respectively.

(d) The carrying amounts of lease liabilities are denominated in following currencies:

	Group		Company	
	2026	2025	**2026**	2025
US Dollars	**545,265**	515,255	**483,219**	453,221
INR	**788,353**	787,868	**Nil**	Nil
	1,333,618	**1,303,123**	**483,219**	**453,221**

16. CAPITAL WORK-IN-PROGRESS

	Note	Group		Company	
		2026	2025	**2026**	2025
Balance at beginning of the year		**317,325**	703,359	**274,466**	508,793
Expenses incurred		**1,573,461**	1,826,919	**1,243,837**	1,652,662
Transferred to property, plant and equipment	14	**(1,093,006)**	(2,164,126)	**(931,703)**	(1,839,719)
Transferred to intangible assets	17	**(7,982)**	(32,985)	**(7,982)**	(32,985)
Write off of capital work-in-progress	7	**Nil**	(9,421)	**Nil**	(9,421)
Effect of movement in foreign exchange rates		**40,398**	(6,421)	**30,741**	(4,864)
Balance at end of the year		**830,196**	317,325	**609,359**	274,466

(a) Capital work in progress of Group and Company as of 31 March 2026 mainly comprises of Coal phaseout Project amounting to LKR 410,419,016 and cost incurred on Thermic Boiler amounting to LKR 73,787,853.

NOTES TO THE FINANCIAL STATEMENTS

17. INTANGIBLE ASSETS

Group	Note	Goodwill	Computer software	Total
At 31 March 2024				
Cost		98,268	1,548,473	1,646,741
Accumulated amortisation		Nil	(942,085)	(942,085)
Net book amount		98,268	606,388	704,656
Year ended 31 March 2025				
Opening net book amount		98,268	606,388	704,656
Transferred from capital work-in-progress	16	Nil	32,985	32,985
Amortisation charge	8	Nil	(199,153)	(199,153)
Effect of movement in foreign exchange rates		(1,154)	(6,316)	(7,470)
Closing net book amount		97,114	433,904	531,018
At 31 March 2025				
Cost		97,114	1,575,142	1,672,256
Accumulated amortisation		Nil	(1,141,238)	(1,141,238)
Net book amount		97,114	433,904	531,018

Group	Note	Goodwill	Computer software	Total
Year ended 31 March 2026				
Opening net book amount		**97,114**	**433,904**	**531,018**
Transferred from capital work-in-progress	16	**Nil**	**7,982**	**7,982**
Write off – cost		**Nil**	**(633,947)**	**(633,947)**
Write off – accumulated amortisation		**Nil**	**633,945**	**633,945**
Amortisation charge	8	**Nil**	**(183,197)**	**(183,197)**
Effect of movement in foreign exchange rates		**6,550**	**22,223**	**28,773**
Closing net book amount		**103,664**	**280,910**	**384,574**
At 31 March 2026				
Cost		**103,664**	**971,400**	**1,075,064**
Accumulated amortisation		**Nil**	**(690,490)**	**(690,490)**
Net book amount		**103,664**	**280,910**	**384,574**

NOTES TO THE FINANCIAL STATEMENTS

17. Intangible assets (Contd.)

Company	Note	Computer software	Total
At 31 March 2024			
Cost		1,139,932	1,139,932
Accumulated amortisation		(697,741)	(697,741)
Net book amount		442,191	442,191
Year ended 31 March 2025			
Opening net book amount		442,191	442,191
Transferred from capital work-in-progress	16	32,985	32,985
Amortisation charge	8	(143,507)	(143,507)
Effect of movement in foreign exchange rates		(4,657)	(4,657)
Closing net book amount		327,012	327,012
At 31 March 2025			
Cost		1,168,260	1,168,260
Accumulated amortisation		(841,248)	(841,248)
Net book amount		327,012	327,012

Company	Note	Computer software	Total
Year ended 31 March 2026			
Opening net book amount		327,012	327,012
Transferred from capital work-in-progress	16	7,982	7,982
Write off – cost		(615,678)	(615,678)
Write off – accumulated depreciation		615,678	615,678
Amortisation charge	8	(134,848)	(134,848)
Effect of movement in foreign exchange rates		16,957	16,957
Closing net book amount		217,103	217,103
At 31 March 2026			
Cost		577,521	577,521
Accumulated amortisation		(360,418)	(360,418)
Net book amount		217,103	217,103

(a) Amortisation charge amounting to LKR 183,196,956 (2025 Group – LKR 199,152,922) and LKR 134,847,924 (2025 Company – LKR 143,506,631) relating to the computer software of Group and the Company respectively are included in cost of sales.

(b) Intangible assets of the Group and the Company include fully depreciated assets still in use, the cost of which as at 31 March 2026 amounted to LKR 815,689,479 and LKR 303,550,250 respectively (2025 Group – LKR 1,157,585,178 and Company – LKR 894,131,960).

(c) Impairment tests for goodwill

Management reviews the business performance based on geography and type of business. Goodwill is monitored by management at the level of the operating segments identified in Note 5.

NOTES TO THE FINANCIAL STATEMENTS

17. Intangible assets (Contd.)

Summary of the goodwill allocation is presented below.

	Group	
As at 31 March	**2026**	2025
Teejay Lanka Prints (Private) Limited	**29,585**	27,716
Teejay Mauritius (Private) Limited	**74,079**	69,398
	103,664	97,114

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five- year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long term average growth rate for the business in which the CGU operates.

For each of the CGUs with significant amount of goodwill the key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows.

- Sales volume is the average annual growth rate over the five-year forecast period. It is based on current industry trends and includes long term inflation forecasts for each company in which each business segment operates.
- Gross margin is the average margin as a percentage of revenue over the five-year forecast period. It is based on current sales margin levels and sales mix, with adjustments made to reflect the expected future price rises in key raw materials.

Other operating costs are the fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these cost based on the current structure of the business, adjusting for inflationary increases and these do not reflect any future restructuring or cost saving measures. The amounts disclosed above are the average operating cost for the five year forecast period.

Annual capital expenditure is the expected cash costs of each segment for five-year forecast period.

Significant estimate: key assumptions used for value in use calculations

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2026 and 2025 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry in which each CGU operates.

NOTES TO THE FINANCIAL STATEMENTS

17. Intangible assets (Contd.)

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

	Teejay Lanka Prints (Private) Limited LKR '000	Teejay Mauritius (Private) Limited [including Teejay India (Private) Limited] LKR '000
2026		
Sales volume (% annual growth rate)	**10%**	**15%**
Budgeted gross margin (%)	**15%**	**13%**
Annual capital expenditure	**93.5 Mn.**	**498.83 Mn.**
Long-term growth rate (%)	**0.5**	**0.5**
Pre-tax discount rate (%)	**11.18**	**8.39**
2025		
Sales volume (% annual growth rate)	10	10
Budgeted gross margin (%)	15	13
Annual capital expenditure	233.6 Mn.	525.7 Mn.
Long-term growth rate (%)	0.5	0.5
Pre-tax discount rate (%)	18.28	8.94

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determining values
Sales volume	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
Sales price	Average annual growth rate over the five-year forecast period; based on current industry trends and including long-term inflation forecasts for each territory. Average annual growth rate over the five-year forecast period; based on current industry trends and including long-term inflation forecasts for each territory.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Other operating costs	Fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost-saving measures. The amounts disclosed above are the average operating costs for the five-year forecast period.
Annual capital expenditure	Expected cash costs in the CGUs. This is based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value in use model as a result of this expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in specific industry weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in specific industry.
Pre-tax discount rates	Reflect specific risks relating to the relevant segments and the countries in which they operate.

NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2026	2025
Unquoted investments		
At the beginning of the year	**5,065,841**	5,126,027
Effect of movement in foreign exchange rates	**341,689**	(60,186)
At the end of the year	**5,407,530**	5,065,841

(a) Details of the company incorporated in Sri Lanka, in which the Company had control are set out below:

Name of company	Nature of business activities	Indirect holding	Direct holding
Teejay Lanka Prints (Private) Limited	Rotary screen printing of knitted and woven fabrics	Nil	100%

(b) Details of the companies incorporated outside Sri Lanka (domiciled in India, Mauritius and Egypt), in which the Group/Company had control directly/indirectly are set out below:

Name of company	Nature of business activities	Indirect holding	Direct holding
Teejay Mauritius (Private) Limited	Investment holding	Nil	100%
Teejay India (Private) Limited	Manufacturing of knitted fabrics	99.99%	Nil
Nubian Threads (Private) Limited*	Manufacturing of knitted fabrics	99%	1%

(a) Nubian Threads (Private) Limited was incorporated on 18 November 2024.

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS BY CATEGORY

(a) Financial assets – at amortised cost

Due to the short-term nature of the financial assets, their fair value is considered to be the same as their amortised cost.

	Note	Group		Company	
		2026	2025	**2026**	2025
Trade receivables	21	**5,632,381**	6,868,668	**4,249,238**	4,493,868
Other receivables (excluding advances)		**528,787**	544,473	**271,909**	258,843
Amounts due from related companies	21	**6,481,330**	4,058,411	**6,800,307**	4,970,814
Other financial assets	22	**6,277,648**	4,019,419	**5,415,477**	3,245,207
Cash and cash equivalents	23	**3,561,777**	5,584,038	**2,238,282**	4,180,267
		22,481,923	21,075,009	**18,975,213**	17,148,999

(b) Financial liabilities – at amortised cost

Due to the short-term nature of the current financial liabilities, their carrying amount is considered to be the same as their amortised cost.

For the borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

	Note	Group		Company	
		2026	2025	**2026**	2025
Trade payables	24	**9,068,104**	8,493,785	**4,437,391**	3,510,419
Accrued expenses	24	**3,244,668**	2,354,507	**2,388,084**	1,851,737
Other payables	24	**672,765**	619,032	**330,896**	287,290
Amount due to related companies	24	**207,164**	460,105	**902,656**	531,871
Short-term bank borrowings	25	**4,486,688**	4,937,298	**1,741,195**	1,590,000
Long-term bank borrowings	25	**3,005,732**	2,531,225	**249,416**	Nil
Bank overdrafts	25	**Nil**	3,682	**Nil**	3,682
Lease liabilities	15	**1,333,618**	1,303,123	**483,219**	453,221
		22,018,739	20,702,757	**10,532,857**	8,228,220

NOTES TO THE FINANCIAL STATEMENTS

19. Financial instruments by category (Contd.)

(c) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired and past due but not impaired can be assessed by historical information about counterparty default rates of trade and related party receivables or external credit rating with reference to financial institutions:

Trade receivables and amount due from related parties:

	Note	Group		Company	
		2026	2025	**2026**	2025
Export customers/ overseas		**2,452,814**	2,994,849	**1,143,427**	620,049
Local customers		**3,179,567**	3,873,819	**3,105,811**	3,873,819
Related parties	**35 (viii) (a)**	**6,325,479**	3,920,616	**6,012,772**	4,253,225
		11,957,860	10,789,284	**10,262,010**	8,747,093

Counterparties without external credit rating:

	Group		Company	
	2026	2025	**2026**	2025
Group 1	**11,150,623**	10,576,218	**8,658,450**	7,260,602
Group 2	**807,237**	213,066	**1,603,560**	1,486,491
Group 3	**Nil**	Nil	**Nil**	Nil
Total unimpaired trade and related party receivables	**11,957,860**	10,789,284	**10,262,010**	8,747,093

Group 1 – customers/related parties (less than 3 months).
Group 2 – customers/related parties (more than 3 months) with no defaults in the past.
Group 3 – customers/related parties (more than 6 months) with some defaults in the past. All defaults were fully recovered.

Cash and cash equivalents:

	Group		Company	
	2026	2025	**2026**	2025
AAA	**29,546**	959,819	**29,546**	959,819
AA+	**1,100,256**	Nil	**1,100,256**	Nil
AA	**197,103**	Nil	**Nil**	Nil
A+	**430,035**	427,604	**271,174**	Nil
A	**1,141,715**	963,774	**761,140**	654,874
A-	**83,233**	1,159,801	**5,311**	967,048
AA-	**572,975**	2,048,221	**65,882**	1,592,312
BBB-	**631**	7,281	**Nil**	Nil
BB+	**280**	10,760	**Nil**	Nil
Cash in hand	**6,003**	6,778	**4,973**	6,214
	3,561,777	5,584,038	**2,238,282**	4,180,267

Other financial assets

	Group		Company	
	2026	2025	**2026**	2025
AA-	**958,654**	1,836,553	**945,479**	1,388,324
A	**4,771,316**	2,182,865	**3,922,320**	1,856,883
A-	**547,678**	Nil	**547,678**	Nil
	6,277,648	4,019,419	**5,415,477**	3,245,207

NOTES TO THE FINANCIAL STATEMENTS

20. INVENTORIES

	Group		Company	
	2026	2025	**2026**	2025
Raw materials	**4,279,820**	4,126,292	**2,187,487**	2,204,449
Work-in-progress	**4,421,875**	3,529,426	**2,750,595**	2,212,892
Finished goods	**1,643,822**	1,733,997	**1,314,255**	1,179,301
Engineering spares, needles and sinkers	**818,574**	782,557	**440,931**	445,359
Effluent chemicals, fuel and consumables	**417,478**	501,694	**283,109**	455,142
Goods in transit	**665,618**	658,163	**660,355**	650,840
	12,247,187	**11,332,129**	**7,636,732**	**7,147,983**

Inventories are stated after a provision for impairment of inventories and the total movement on the provision is as follows:

	Note	Group		Company	
		2026	2025	**2026**	2025
Balance at the beginning of the year		**2,461,360**	2,369,277	**1,880,726**	1,619,048
Provision for slow and non moving inventories	8	**196,633**	120,484	**27,071**	282,052
Effect of movement in foreign exchange rates		**173,923**	(28,401)	**127,942**	(20,374)
Balance at the end of the year		2,831,916	**2,461,360**	2,035,739	**1,880,726**

21. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2026	2025	**2026**	2025
Non-current					
Loan given to related party	35 (x) (b)	**Nil**	Nil	**201,092**	439,565
Advances to subcontractors	21 (g)	**Nil**	627,859	**Nil**	627,859
		Nil	627,859	**201,092**	1,067,424
Current					
Trade receivables – external customers		**6,345,546**	7,296,237	**4,902,007**	4,631,917
Less – provision for impairment	21 (a)	**(713,165)**	(427,569)	**(652,769)**	(138,049)
		5,632,381	6,868,668	**4,249,238**	4,493,868
Trade receivable due from related companies	35 (viii) (a)	**6,346,208**	3,969,470	**6,030,963**	4,257,124
Less – provision for impairment	21 (a) and 35 (viii) (a)	**(20,729)**	(48,854)	**(18,191)**	(3,899)
		6,325,479	3,920,616	**6,012,772**	4,253,225
Other receivables from related companies	35 (viii) (b)	**155,851**	137,795	**438**	15,244
Loan given to related party	35 (x)	**Nil**	Nil	**586,005**	262,780
		6,481,330	4,058,411	**6,599,215**	4,531,249
Prepayments		**103,890**	108,135	**53,595**	62,294
Other receivables	21 (d)	**946,765**	822,163	**571,734**	457,533
Statutory receivables		**59,395**	63,135	**627**	12,402
		6,742,431	7,862,101	**4,875,194**	5,026,097
		13,223,761	11,920,512	**11,474,409**	9,557,346
Total trade and other receivables		**13,223,761**	12,548,371	**11,675,501**	10,624,770

NOTES TO THE FINANCIAL STATEMENTS

21. Trade and other receivables (Contd.)

(a) Impairment of trade receivables

The Group / Company apply the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2026 or 1 April 2025 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and accordingly adjusts the historical loss rates based on expected changes.

On that basis, the loss allowance as at 31 March 2026 and 1 April 2025 was determined as follows for trade receivables:

	Group		Company	
	2026	2025	**2026**	2025
Loss allowance	**733,894**	476,423	**670,960**	141,948

2026 – Group	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 120 days past due**	**Total**
Expected loss rate	**0.0149**	**0.1315**	**0.3966**	**0.2918**	
Gross carrying amount – trade receivable	**10,271,168**	**1,344,761**	**861,606**	**214,219**	**12,691,754**
Loss allowance	**152,870**	**176,790**	**341,726**	**62,508**	**733,894**

2025 – Group	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	0.0228	0.0836	0.1430	0.7356	
Gross carrying amount – trade receivable	9,747,697	822,971	550,570	144,468	11,265,707
Loss allowance	222,634	68,811	78,714	106,264	476,423

2026 – Company	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 120 days past due**	**Total**
Expected loss rate	**0.0187**	**0.5344**	**0.4059**	**0.0087**	
Gross carrying amount – trade receivable	**8,191,409**	**305,472**	**840,173**	**1,595,916**	**10,932,970**
Loss allowance	**152,870**	**163,249**	**341,015**	**13,826**	**670,960**

NOTES TO THE FINANCIAL STATEMENTS

21. Trade and other receivables (Contd.)

2025 – Company	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	0.0018	0.0213	0.2696	0.4902	
Gross carrying amount – trade receivable	7,847,115	683,931	282,085	75,910	8,889,041
Loss allowance	14,125	14,568	76,045	37,210	141,948

The closing loss allowances for trade receivables as at 31 March reconcile to the opening loss allowances as follows:

	Note	Group		Company	
		2026	2025	**2026**	2025
Opening loss allowance as at 1 April					
– Calculated under SLFRS 9		**476,423**	221,729	**141,948**	72,327
Increase in loss allowance recognised in profit or loss during the year	8	**216,627**	258,549	**499,361**	70,813
Effect of movement in foreign exchange rates		**40,844**	(3,855)	**29,651**	(1,191)
At 31 March		**733,894**	476,423	**670,960**	141,948

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group/Company and a failure to make contractual payments for a period of greater than 60 days from the due date.

(b) The carrying amounts of trade and other receivables are denominated in following currencies:

	Group		Company	
	2026	2025	**2026**	2025
US Dollars	**12,358,050**	10,786,545	**11,473,350**	9,463,496
LKR	**227,855**	1,177,859	**194,339**	1,144,403
Euro	**24,244**	60,968	**7,812**	13,353
INR	**583,748**	519,148	**Nil**	Nil
GBP	**Nil**	630	**Nil**	630
SGD	**Nil**	3,221	**Nil**	2,888
EGP	**29,864**	Nil	**Nil**	Nil
	13,223,761	**12,548,371**	**11,675,501**	**10,624,770**

(c) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group/Company does not hold any collateral as security.

(d) Other receivables of the Group mainly consist of advances to suppliers of LKR 417,977,568 (2025 – LKR 286,033,497) and refundable deposits of LKR 350,992,537 (2025 – LKR 188,872,615). Other receivables of the Company mainly consist of advances to suppliers amounting to LKR 299,825,468 (2025 – LKR 172,934,063) and refundable deposits amounting to LKR 30,598,043 (2025 – LKR 20,853,214).

(e) The other classes within trade and other receivables do not contain impaired assets.

(f) Due to the short-term nature of the other current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different from their carrying amounts.

(g) Advances to subcontractors entirely consist of an amount of LKR Nil (2025 – LKR 627,859,374), net of a full provision of LKR 692,004,626 (2025 – LKR Nil), granted by the Company to Lumiere Textiles (Private) Limited in line with the service agreement entered on 29 March 2022 covering a period of 5 years and the subsequent addendum dated on 18 September 2023 made to the original service agreement. The advance granted is for the purpose of being utilised in rendering the services by the subcontractor in conversion of greige to finished fabric.

NOTES TO THE FINANCIAL STATEMENTS

22. OTHER FINANCIAL ASSETS – AT AMORTISED COST

	Group		Company	
	2026	2025	**2026**	2025
Long term bank deposits	**1,572,025**	Nil	**1,558,850**	Nil
Short term deposits	**4,705,623**	4,019,419	**3,856,627**	3,245,207
	6,277,648	4,019,419	**5,415,477**	3,245,207

The movement in the other financial assets during the year is as follows:

Other financial assets

	Group		Company	
	2026	2025	**2026**	2025
Balance at beginning of the year	4,019,419	1,668,451	3,245,207	1,180,819
Maturities of fixed deposits	(3,223,412)	(5,207,575)	(916,163)	(3,409,179)
Investment in the fixed deposits	5,133,730	7,589,658	2,792,123	5,497,536
Effect of movement in foreign exchange rates	347,911	(31,115)	294,310	(23,968)
Balance at end of the year	6,277,648	4,019,419	5,415,477	3,245,207

(a) The weighted average effective interest rate of the Group on long term and short term deposits (USD) was 4.97%- 5.48% (year ended 31 March 2025 5.45% - 6.32%).
The weighted average effective interest rate of the Company on long term and short term deposits (USD) was 5.48 % (year ended 31 March 2025 5.53% - 6.32%).

(b) The carrying amounts of other financial assets are denominated in following currencies:

	Group		Company	
	2026	2025	**2026**	2025
US Dollars	**5,758,688**	3,623,694	**5,406,788**	3,175,465
LKR	**505,785**	395,724	**8,689**	69,742
INR	**13,175**	Nil	**Nil**	Nil
	6,277,648	4,019,419	**5,415,477**	3,245,207

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2026	2025	**2026**	2025
Cash at bank and in hand	**3,561,777**	5,584,038	**2,238,282**	4,180,267

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:

	Note	Group		Company	
		2026	2025	**2026**	2025
Cash and bank balances		**3,561,777**	5,584,038	**2,238,282**	4,180,267
Bank overdrafts	25	**Nil**	(3,682)	**Nil**	(3,682)
		3,561,777	5,580,356	**2,238,282**	4,176,585

NOTES TO THE FINANCIAL STATEMENTS

23. Cash and cash equivalents (Contd.)

(a) The cash and cash equivalents excluding bank overdrafts are denominated in following currencies:

	Group		Company	
	2026	2025	**2026**	2025
US Dollars	**3,249,717**	5,496,102	**1,970,666**	4,127,650
LKR	**298,969**	66,693	**267,616**	52,617
INR	**10,212**	21,243	**Nil**	Nil
EGP	**2,879**	Nil	**Nil**	Nil
	3,561,777	5,584,038	**2,238,282**	4,180,267

24. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2026	2025	**2026**	2025
Trade payables		**9,068,104**	8,493,785	**4,437,391**	3,510,419
Amounts due to related companies	35 (ix)	**207,164**	460,105	**902,656**	531,871
Accrued expenses	24 (a)	**3,244,668**	2,354,507	**2,388,084**	1,851,737
Other payables		**672,765**	619,032	**330,896**	287,290
Statutory payables	24 (b)	**428,116**	136,849	**352,801**	79,087
		13,620,817	12,064,278	**8,411,828**	6,260,404

(a) Accrued expenses of the Group mainly consist accrued employee bonus of LKR 131,928,593 (2025 – LKR 497,375,933), air freight expenses of LKR 289,321,313 (2025 – LKR 332,288,915), staff welfare expenses of LKR 294,159,672 (2025 – LKR 99,173,537), electricity payable of LKR 104,496,263 (2025 – LKR 109,575,026), water payable of LKR 110,155,823 (2025 – LKR 33,431,500) and bulk discount of LKR 278,710,221 (2025 – LKR 340,128,950). Accrued expenses of the Company mainly consist of accrued employee bonus of LKR 93,531,000 (2025 – LKR 298,818,277), air freight expenses of LKR 279,968,213 (2025 – LKR 175,279,851) staff welfare expenses of LKR 181,424,887 (2025 – LKR 64,079,866), electricity payable of LKR 47,121,230 (2025 – LKR 38,510,014),water payable of LKR 43,150,215 (2025 – LKR 30,676,696) and bulk discount of LKR 269,544,495 (2025 – LKR 263,542,647).

(b) Statutory payables of the Group mainly consist of EPF payable of LKR 61,861,715 (2025 – LKR 60,030,215), ETF payable of LKR 5,594,713 (2025 – LKR 5,126,413), PAYE payable of LKR 15,493,098 (2025 – LKR 45,871,054) and VAT payable of LKR 323,052,956 (2025 – LKR Nil). Statutory payables of the Company mainly consist of PAYE payable of LKR 14,936,277 (2025 – LKR 43,427,596), EPF payable of LKR 34,346,454 (2025 – LKR 30,908,600), ETF payable of LKR 5,151,999 (2025 – LKR 4,636,319) and VAT payable of LKR 292,566,215 (2025 – LKR Nil).

(c) The carrying amounts of trade and other payables are denominated in following currencies:

	Group		Company	
	2026	2025	**2026**	2025
US Dollars	**11,783,458**	9,936,424	**8,045,744**	5,791,896
LKR	**419,232**	491,704	**346,393**	434,577
INR	**1,368,162**	1,566,422	**Nil**	Nil
EUR	**44,294**	67,733	**19,691**	32,193
GBP	**Nil**	1,995	**Nil**	1,738
EGP	**550**	Nil	**Nil**	Nil
JPY	**5,121**	Nil	**Nil**	Nil
	13,620,817	12,064,278	**8,411,828**	6,260,404

(d) The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS

25. BORROWINGS

	Note	Group		Company	
		2026	2025	**2026**	2025
Current					
Bank overdrafts	23	**Nil**	3,682	**Nil**	3,682
Short-term bank borrowings		**4,486,688**	4,937,298	**1,741,195**	1,590,000
		4,486,688	4,940,980	**1,741,195**	1,593,682
Non-current					
Long-term bank borrowings		**3,005,732**	2,531,225	**249,416**	Nil
		3,005,732	2,531,225	**249,416**	Nil
Total borrowings		**7,492,420**	**7,472,205**	1,990,611	**1,593,682**

(a) The maturity of non-current borrowings is as follows:

	Group		Company	
	2026	2025	**2026**	2025
Between 1 to 2 years	**1,228,741**	1,531,966	**124,708**	Nil
Between 2 to 5 years	**1,776,991**	999,259	**124,708**	Nil
	3,005,732	2,531,225	**249,416**	Nil

The loan of LKR 7,492 Mn consists of a loan obtained by Teejay India (Private) Limited amounting to LKR 4,678 Mn. a sub subsidiary of the Company, from the Standard Chartered Bank in relation to the expansion project. The loan has a grace period which was ended in 2024 November and repayment was commenced November 2024 with a repayment period 03 years and 3 months and final payment due in February 2028. Teejay India (Private) Limited has mortgaged the assets related to the expansion project as a security for the loan obtained.

(b) The interest rate exposure of the borrowings of the Group are as follows:

	Group		Company	
	2026	2025	**2026**	2025
Total borrowings:				
– at fixed rates	**650,000**	Nil	**650,000**	1,088,479
– at floating rate	**6,842,420**	7,472,205	**1,340,611**	505,203
	7,492,420	7,472,205	**1,990,611**	1,593,682

(c) Weighted average effective interest rates:

	Group		Company	
	2026	2025	**2026**	2025
– Bank borrowings	**SOFR + 2 % – 3.25% & Fixed rate 10 %**	LIBOR + 2.25% - 3.25% & SOFR + 2.5% & Fixed rate 10%	**AWPR – 0.1% & Fixed rate 9%**	SOFR + 2.5% & Fixed rate 10 %
– Bank overdrafts	**SLFR+1% p.a.**	Floating rate 7% – 9.75%	**SLFR+1% p.a.**	Floating rate 7%

NOTES TO THE FINANCIAL STATEMENTS

25. Borrowings (Contd)

(d) The bank overdrafts of the Company as at 31 March 2025 represented book overdrawn situations amounting to LKR 3,682,126.

(e) Teejay India (Private) Limited bank borrowings are secured by the letter of comfort given by Teejay Lanka PLC and mortgaged the assets related to the expansion project as a security for the loan obtained (Note 29). All other bank borrowings are on a clean basis.

(f) Teejay Mauritiues (Private) Limited bank borrowings are given on a clean basis while secured by the letter of comfort given by Teejay Lanka PLC (Note 29).

(g) The exposure of the Group's/Company's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	Group		Company	
	2026	2025	2026	2025
6 months or less	**7,492,420**	7,472,205	**1,990,611**	1,593,682

(h) The carrying amounts of borrowings are denominated in following currencies:

	Group		Company	
	2026	2025	**2026**	2025
US Dollars	**6,842,420**	5,878,522	**1,340,611**	Nil
LKR	**650,000**	1,593,683	**650,000**	1,593,682
	7,492,420	**7,472,205**	1,990,611	**1,593,682**

(i) For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since either:

- the interest payable on those borrowings is close to current market rates, or
- the borrowings are of a short-term nature.

26. RETIREMENT BENEFIT OBLIGATIONS – GRATUITY

	Group		Company	
	2026	2025	**2026**	2025
Statement of financial position obligations for:				
Gratuity benefits	**1,402,275**	1,122,028	**873,911**	709,982
Statement of comprehensive income charge:				
Gratuity benefits	**346,678**	246,243	**164,559**	124,317
Other comprehensive income:				
Remeasurement losses	**132,960**	141,576	**78,768**	114,424

(a) The movement in the defined benefit obligation over the year is as follows:

	Group		Company	
	2026	2025	**2026**	2025
At the beginning of the year	**1,122,028**	875,378	**709,982**	522,388
Current service cost	**230,117**	150,330	**80,150**	56,198
Interest cost	**116,561**	95,913	**84,409**	68,119
Remeasurement losses	**132,960**	141,576	**78,768**	114,424
Benefits paid	**(186,034)**	(143,215)	**(82,301)**	(63,334)
Effect of movement in foreign exchange rates	**(13,357)**	2,046	**2,903**	12,187
At the end of the year	**1,402,275**	1,122,028	**873,911**	709,982

NOTES TO THE FINANCIAL STATEMENTS

26. Retirement benefit obligations – Gratuity (Contd)

(b) The amounts recognised in the statements of profit or loss are as follows:

	Note	Group		Company	
		2026	2025	**2026**	2025
Current service cost		**230,117**	150,330	**80,150**	56,198
Interest cost		**116,561**	95,913	**84,409**	68,119
Total included in employee benefit expense	9	**346,678**	246,243	**164,559**	124,317

As stated in paragraph 2.20 (a) under summary of material accounting policies, an actuarial valuation of Teejay Lanka PLC and Teejay Lanka Prints (Private) Limited, subsidiary of the Company, defined benefit obligations was carried out by an independent actuary, Messrs. Piyal S Goonetilleke and Associates, using the Projected Unit Credit method to calculate the liability for gratuity as at 31 March 2026. An actuarial valuation of the Teejay India (Private) Limited defined benefit obligations was carried out by an independent firm, KP Actuaries and Consultants, using the Projected Unit Credit method to calculate the liability for gratuity as at 31 March 2026. The provision for gratuity is not externally funded.

(c) The principal actuarial assumptions used in the calculation were as follows:

	Group		Company	
	2026	2025	**2026**	2025
Discount rate	**6.85%-11.62%**	6.55%-11.62%	**11.07%**	11.62%
Future salary increases				
– non-executive staff	**7.50%-12.50% p.a.**	7.50%-12.50% p.a.	**12.50% p.a.**	12.50% p.a.
– executive staff	**7.50%-12.50% p.a.**	7.50%-12.50% p.a.	**12.50% p.a.**	12.50% p.a.
Staff turnover factor				
– non-executive staff	**Age-related**	Age-related	**Age-related**	Age-related
– executive staff	**Age-related**	Age-related	**Age-related**	Age-related

In addition to the above, demographic assumptions such as mortality, disability and retirement age were considered for the actuarial valuation. GA 1983 Mortality Table was taken as the basis for the mortality assumption.

(d) The sensitivity of the gratuity to changes in the weighted principal assumptions is:

Group –2026	Impact on retirement benefit obligations		
	Change in assumption (%)	**Increase in assumption (%)**	**Decrease in assumption (%)**
Discount rate	**1**	**Decrease by 4.2 to 12.63**	**Increase by 4.5 to 15.12**
Future salary increase	**1**	**Increase by 3.9 to 14.45**	**Decrease by 3.7 to 12.34**
Staff turnover factor	**1**	**Increase by 1.3 to 1.6**	**Decrease by 1.32 to 1.5**

NOTES TO THE FINANCIAL STATEMENTS

26. Retirement benefit obligations – Gratuity (Contd)

Group – 2025	Impact on retirement benefit obligations		
	Change in assumption (%)	Increase in assumption (%)	Decrease in assumption (%)
Discount rate	1	Decrease by 4.2 to 13.18	Increase by 4.6 to 15.72
Future salary increase	1	Increase by 4.1 to 16.00	Decrease by 3.9 to 13.62
Staff turnover factor	1	Increase by 1.54 to 2.6	Decrease by 2.23 to 2.23

Company – 2026	Impact on retirement benefit obligations		
	Change in assumption (%)	**Increase in assumption (%)**	**Decrease in assumption (%)**
Discount rate	1	**Decrease by 12.63**	**Increase by 15.12**
Future salary increase	1	**Increase by 14.45**	**Decrease by 12.34**
Staff turnover factor	1	**Increase by 1.30**	**Decrease by 1.32**

Company – 2025	Impact on retirement benefit obligations		
	Change in assumption (%)	Increase in assumption (%)	Decrease in assumption (%)
Discount rate	1	Decrease by 13.18	Increase by 15.72
Future salary increase	1	Increase by 16.00	Decrease by 13.62
Staff turnover factor	1	Increase by 1.54	Decrease by 2.23

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement benefit obligations to significant actuarial assumptions the same method (present value of the retirement benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied.

(e) Maturity profile of the retirement benefit obligations:

The weighted average duration of the defined benefit obligation of Group and Company is 15 years. The expected maturity analysis of undiscounted retirement obligation:

	Group		Company	
	2026	2025	**2026**	2025
Less than 1 year	**103,959**	86,761	**5,845**	10,322
Between 1-2 years	**80,850**	125,992	**10,639**	70,321
Between 2-5 years	**581,455**	710,233	**188,833**	387,139
Over 5 years	**2,549,300**	783,670	**2,314,308**	586,343
Total	**3,315,564**	1,706,656	**2,519,625**	1,054,125

NOTES TO THE FINANCIAL STATEMENTS

27. DEFERRED INCOME TAX (ASSETS)/LIABILITIES

Deferred tax liabilities/(assets) of the Group are calculated on all temporary differences and deductible temporary differences under the liability method using tax rates of 2026 25%-30% (2025 – 30%-34%).

	Note	Group		Company	
		2026	2025	**2026**	2025
At the beginning of the year		**203,696**	(26,086)	**581,272**	700,937
Charged/(credited) to statement of comprehensive income	11	**74,000**	273,664	**(223,022)**	(77,650)
Tax release relating to components of other comprehensive income	11	**(41,310)**	(43,073)	**(23,631)**	(34,327)
Effect of movement in foreign exchange rates		**15,056**	(809)	**29,291**	(7,688)
At end of the year		251,442	203,696	363,910	581,272

A summary of deferred tax (assets)/liabilities of the Group and Company are as follows:

	Group		Company	
	2026	2025	**2026**	2025
Deferred tax assets	**(2,300,862)**	(2,349,015)	**(1,450,582)**	(1,048,076)
Deferred tax liabilities	**2,552,304**	2,552,711	**1,814,492**	1,629,348
Deferred tax (assets)/ liabilities (net)	251,442	203,696	363,910	581,272

27. Deferred income tax liabilities (Contd)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	Group		Company	
	2026	2025	**2026**	2025
Deferred tax assets:				
– Deferred tax assets to be recovered after more than 12 months	**(2,300,862)**	(2,349,015)	**(1,450,582)**	(1,048,076)
Deferred tax liabilities:				
– Deferred tax liabilities to be recovered after more than 12 months	**2,516,567**	2,400,481	**1,784,549**	1,503,258
– Deferred tax liabilities to be recovered within 12 months	**35,737**	152,230	**29,943**	126,090
	2,552,304	2,552,711	**1,814,492**	1,629,348
Deferred tax (assets)/liabilities (net)	**251,442**	203,696	**363,910**	581,272

NOTES TO THE FINANCIAL STATEMENTS

27. Deferred income tax liabilities (Contd)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Group

Deferred tax liabilities	Accelerated tax depreciation	Right-of-use assets	Total
At 31 March 2024	2,213,454	Nil	2,213,454
(Credited)/charged to statement of profit or loss	(146,123)	513,145	367,022
Effect of movement in foreign exchange rates	(25,282)	(2,483)	(27,765)
At 31 March 2025	2,042,049	510,662	2,552,711
Credited to statement of profit or loss	(90,267)	(75,650)	(165,917)
Effect of movement in foreign exchange rates	134,107	31,403	165,510
At 31 March 2026	**2,085,889**	**466,415**	**2,552,304**

Deferred tax assets	Retirement benefit obligations	Provision for impairment of inventory	Provision for impairment of trade receivables and others	Tax losses	Provision for bonus and others	Lease liabilities	Total
At 31 March 2024	(271,207)	(518,589)	(79,530)	(1,267,762)	(102,452)	Nil	(2,239,540)
(Credited)/charged to statement of profit or loss	(41,368)	(93,085)	(89,541)	577,074	(14,492)	(431,946)	(93,358)
Credited directly to other comprehensive income	(43,073)	Nil	Nil	Nil	Nil	Nil	(43,073)
Effect of movement in foreign exchange rates	3,593	6,539	1,367	12,093	1273	2,091	26,956
At 31 March 2025	(352,055)	(605,135)	(167,704)	(678,595)	(115,671)	(429,855)	(2,349,015)
(Credited)/charged to statement of profit or loss	15,834	14,285	(247,595)	300,481	63,797	93,115	239,917
Credited directly to other comprehensive income	(41,310)	Nil	Nil	Nil	Nil	Nil	(41,310)
Effect of movement in foreign exchange rates	(24,770)	(40,242)	(21,266)	(33,690)	(5,236)	(25,250)	(150,454)
At 31 March 2026	**(402,301)**	**(631,092)**	**(436,565)**	**(411,804)**	**(57,110)**	**(361,990)**	**(2,300,862)**

NOTES TO THE FINANCIAL STATEMENTS

27. Deferred income tax liabilities (Contd)

Company

Deferred tax liabilities	Accelerated tax depreciation	Right-of-use assets	Total
At 31 March 2024	1,441,617	Nil	1,441,617
Credited to statement of profit or loss	28,634	177,019	205,653
Effect of movement in foreign exchange rates	(17,065)	(857)	(17,922)
At 31 March 2025	1,453,186	176,162	1,629,348
Charged to statement of profit or loss	45,486	26,850	72,336
Effect of movement in foreign exchange rates	99,846	12,962	112,808
At 31 March 2026	**1,598,518**	**215,974**	**1,814,492**

Deferred tax assets	Retirement benefit obligations	Provision for impairment of inventory	Provision for impairment of trade receivables and others	Provision for bonus	Lease liabilities	Total
At 31 March 2024	(156,717)	(472,561)	(21,698)	(89,704)	Nil	(740,680)
Credited to statement of profit or loss	(24,074)	(100,358)	(21,244)	(999)	(136,628)	(283,303)
Credited directly to other comprehensive income	(34,327)	Nil	Nil	Nil	Nil	(34,327)
Effect of movement in foreign exchange rates	2,123	6,034	358	1,057	662	10,234
At 31 March 2025	(212,995)	(566,885)	(42,584)	(89,646)	(135,966)	(1,048,076)
(Credited)/charged to statement of profit or loss	(9,836)	6,704	(357,410)	65,019	165	(295,358)
Credited directly to other comprehensive income	(23,631)	Nil	Nil	Nil	Nil	(23,631)
Effect of movement in foreign exchange rates	(15,711)	(37,967)	(17,242)	(3,433)	(9,164)	(83,517)
At 31 March 2026	**(262,173)**	**(598,148)**	**(417,236)**	**(28,060)**	**(144,965)**	**(1,450,582)**

(a) Deferred tax liabilities and deferred tax assets relating to right-of-use ("ROU") assets and lease liabilities, respectively, which were presented on a net basis in the prior year, are now presented separately on a gross basis as deferred tax liabilities and deferred tax assets.

NOTES TO THE FINANCIAL STATEMENTS

28. CONTINGENCIES

Other than those disclosed below, there were no material contingent liabilities against the Group outstanding as at the financial position date.

(a) Teejay India (Private) Limited, a fully owned subsidiary of Teejay Lanka PLC, which is incorporated in India, has been issued with tax assessments by the Department of Income Tax in India disputing that the comparable and methods applied by the subsidiary to determine arm's length principles were not in line with the Transfer Pricing Regulations enacted in India. These tax assessments represent the additional total income proposed by the Tax Authority to the total income of the Company and not the tax impact of these assessments. The tax impact is estimated to be LKR 2,098,246,395. The Company has appealed against these assessments in the Disputed Resolution Panel/Income Tax Appellate Tribunal (ITAT).

29. COMMITMENTS

Capital commitments

Capital expenditure contracted at the end of the reporting period, but not yet incurred is as follows:

	Group		Company	
	2026	2025	2026	2025
Property, plant and equipment	**649,558**	566,521	**618,682**	552,208
Intangible assets [See Note (a) below]	**44,538**	66,618	**44,538**	66,618
	694,096	633,139	**663,220**	618,826

(a) The Company has provided letters of financial support to Teejay India (Private) Limited expressing its commitment to extend financial assistance as and when required. [Note 25 (e)].

Operating commitments

There were no material operating commitments outstanding as at the statement of financial position date.

Financial commitments

(a) The Company has provided letters of financial support to Teejay India (Private) Limited expressing its commitment to extend financial assistance as and when required [Note 25 (e)].

(b) Teejay Mauritiues (Private) Limited bank borrowings are given on a clean basis while secured by the letter of comfort given by Teejay Lanka PLC [Note 25 (f)]

30. STATED CAPITAL

	No. of Shares	Amount (LKR)
At 31 March 2024	716,739,975	4,442,234
Issue of shares	4,717,763	140,637
At 31 March 2025	721,457,738	4,582,871
Issue of shares	Nil	Nil
At 31 March 2026	**721,457,738**	**4,582,871**

(a) All issued shares are fully paid.

(b) For the purpose of calculation of basic earnings per share, the weighted average number of shares have been considered based on the date of issue of shares.

(c) Ordinary shares have a par value of LKR 37.60 Ordinary shareholders entitle to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

(d) On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

(e) Information relating to the share based payments, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in Note 33.

NOTES TO THE FINANCIAL STATEMENTS

31. EXCHANGE EQUALISATION RESERVE

The exchange equalisation reserve are the statement of financial position date represents all exchange differences resulting from the translation of assets, liabilities, income, expenses and equity items as explained in Note 2.1 to the accounting policies.

32. RETAINED EARNINGS

	Note	Group	Company
At 1 April 2024		9,754,037	10,436,101
Profit for the year		2,793,021	2,061,102
Remeasurement of retirement benefit obligations	26	(141,576)	(114,424)
Deferred tax attributable to remeasurement of retirement benefit obligations	27	43,073	34,327
Dividends	13	(1,082,186)	(1,082,186)
At 31 March 2025		11,366,369	11,334,920
At 1 April 2025		11,366,369	11,334,920
Profit for the year		53,096	(113,276)
Remeasurement of retirement benefit obligations	26	(132,960)	(78,768)
Deferred tax attributable to remeasurement of retirement benefit obligations	27	41,310	23,631
Dividends	13	(1,154,332)	(1,154,332)
At 31 March 2026		**10,173,483**	**10,012,175**

33. SHARE-BASED PAYMENTS

The Employee Share Option Scheme established in 2015 (“ESOS”) is designed to provide long-term incentives for executive directors and executive management personnel to deliver long-term shareholder returns. Under the plan, allocation of share options to eligible employees will be based on criteria determined by the board of directors. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of share options that will be granted from and out of the maximum number of shares authorised to be granted as share options under the ESOS will be determined from time to time by the Board of Directors. In this regard, the Board may consider the Company's total return to shareholders, including share price growth, dividends and capital returns, ranking within a peer group of companies that are listed on the Colombo Stock Exchange over an identified period of time.

The exercise price of options is based on the volume weighted average price at which the Company's shares are traded on the Colombo Stock Exchange, taking into consideration all share transactions of such shares during the thirty Market days immediately preceding the date on which share options are granted to eligible employees under the ESOS.

When a share option is exercised, each option is convertible into one ordinary share.

NOTES TO THE FINANCIAL STATEMENTS

33. Share-based payments (Contd.)

Set out below are summaries of options granted under the plan:

	2026		2025	
	Average exercise price as per share option	**Number of options (thousands)**	Average exercise price as per share option	Number of options (thousands)
At the beginning of the year	**Nil**	**Nil**	29,81	6,301
Granted	**Nil**	**Nil**	Nil	Nil
Exercised [see Note (b) below]	**Nil**	**Nil**	29.81	(4,718)
Expired	**Nil**	**Nil**	(29.81)	(1,583)
At the end of year	**Nil**	**Nil**	Nil	Nil
Vested and exercisable at 31 March	**Nil**	**Nil**	Nil	Nil

(a) Fair value of share options granted

The fair value of the options amounting to LKR Nil (2025 - LKR 4,976,396) was recognised as an employee benefits expenses and credited to reserve.

The fair value at the grant date is independently determined using the Black Scholes Model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

(b) expenses arising from share-based payment transactions:

		Group		Company	
	Note	2026	2025	**2026**	2025
Options issued under employee share option plan	9	**Nil**	4,976	**Nil**	4,976

As at 31 March 2026, a total of 25,507,905 shares were issued to eligible employees under the ESOS out of the maximum number of 27,090,851 shares authorised to be granted as share options under the ESOS. The ESOS which was valid till 25 November 2025, expired on the said date. Therefore, no further shares can be issued under the said ESOS with effect from 25 November 2025.

The directors of the Company hereby declare that the Company has not, directly or indirectly, provided funds for the ESOS.

NOTES TO THE FINANCIAL STATEMENTS

34. CASH GENERATED FROM OPERATIONS

Reconciliation of profit before tax to cash generated from operations:

	Note	Group		Company	
		2026	2025	**2026**	2025
Profit/(loss) before tax		**321,031**	4,047,374	**(161,859)**	2,945,349
Adjustments for:					
Depreciation on property, plant and equipment	14	**1,964,239**	2,826,700	**905,494**	1,255,021
Depreciation on right-of-use assets	15 (b)	**91,751**	94,506	**38,981**	42,833
Amortisation of intangible assets	17	**183,197**	199,153	**134,848**	143,507
Provision/for slow and non-moving inventories	20	**196,633**	120,484	**27,071**	282,052
Provision/for impairment trade receivables	21 (a)	**216,627**	258,549	**499,361**	70,813
Provision for subcontractor advances	21 (g)	**692,005**	Nil	**692,005**	Nil
Interest income	10	**(295,307)**	(251,084)	**(266,124)**	(259,072)
Interest expense	10	**741,158**	893,561	**147,601**	190,135
Loss on write off of Capital work in progress	7	**Nil**	9,421	**Nil**	9,421
Loss on write off of property plant and equipment	7	**29,818**	Nil	**1,514**	Nil
Loss on write off of intangible assets	7	**2**	Nil	**Nil**	Nil
ESOP expense	33 (b)	**Nil**	4,976	**Nil**	4,976
Retirement benefit obligations	26	**346,678**	246,243	**164,559**	124,317
Effect of movement in foreign exchange rates		**397,143**	(234,125)	**722,806**	(178,758)
Changes in working capital:					
– inventories		**(1,111,691)**	193,205	**(515,820)**	129,866
– trade and other receivables		**(1,584,022)**	(2,407,434)	**(2,242,097)**	118,686
– trade and other payables		**1,698,309**	1,061,401	**2,158,243**	356,315
Cash generated from operations		**3,887,571**	7,062,930	**2,306,583**	5,235,462

NOTES TO THE FINANCIAL STATEMENTS

35. DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY AND RELATED PARTY TRANSACTIONS

The Directors of the Company are also Directors of following companies with which the Company had transactions in the ordinary course of business during the year.

	Ajit Damon Gunewardene	Mohamed Ashroff Omar	Hasitha Premaratne	Shrihan Blaise Perera	William Charles McRaith	Kit Vai Tou	Masaru Okutomi
Pacific Textiles Limited	–	–	–	–	–	✓	✓
Brandix Lanka (Private) Limited	–	✓	✓	–	–	–	–
Brandix Apparel (Private) Limited	–	✓	✓	–	–	–	–
Teejay Lanka Prints (Private) Limited	–	✓	–	✓	–	–	–
Teejay India (Private) Limited	–	✓	✓	✓	–	–	–
Teejay Mauritius (Private) Limited	–	✓	✓	✓	–	–	–
Brandix Apparel Solutions (Private) Limited	–	✓	✓	–	–	–	–
Adhistan (Private) Limited	–	✓	✓	–	–	–	–
Adhishtan Investments India (Private) Limited	–	✓	–	–	–	–	–
BrandM Apparel Haiti Limited	–	✓	–	–	–	–	–
Brandix Apparel India (Private) Limited	–	✓	✓	–	–	–	–
InQube Global (Private) Limited	–	✓	✓	–	–	–	–
Digital Mobility Solutions Lanka (Private) Limited	✓	–	–	–	–	–	–
Brandix Intimate India (Private) Limited	–	✓	–	–	–	–	–
Brandix Intimate Apparel Limited	–	✓	✓	–	–	–	–
Brandix Bangladesh Limited	–	✓	–	–	–	–	–
Ascent Business Solutions (Private) Limited	–	✓	–	–	–	–	–
Nubian Threads (Private) Limited	–	–	–	✓	–	–	–
Clover Global Limited	–	✓	–	–	–	–	–
Visakha Apparel (Private) Limited	–	✓	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

The Directors of the Company are also Directors of following companies with which the Company had transactions in the ordinary course of business during the year.

(i) Sale of goods and services:

		Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
	Relationship	Group		Company		Group		Company	
Sale of goods:		**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
Brandix Apparel (Private) Limited	Affiliate	**16,965,001**	16,233,236	**8,180,965**	6,858,715	**28.25%**	24.20%	**23.27%**	17.63%
Teejay Lanka Prints (Private) Limited	Subsidiary	**Nil**	Nil	**4,787**	17,329	**Nil**	Nil	**0.01%**	0.04%
Teejay India (Private) Limited	Sub-subsidiary	**Nil**	Nil	**157,982**	96,619	**Nil**	Nil	**0.45%**	0.25%
BrandM Apparel Haiti Limited	Affiliate	**Nil**	44,614	**Nil**	1,912	**Nil**	0.10%	**Nil**	0.00%
Brandix Apparel India (Private) Limited	Affiliate	**9,966,520**	8,069,972	**602,984**	794,597	**16.60%**	12.00%	**1.71%**	2.04%
InQube Global (Private) Limited	Affiliate	**979**	4,041	**288**	4,041	**0.00%**	0.00%	**0.00%**	0.01%
Brandix Intimate India (Private) Limited	Affiliate	**311,829**	387,645	**110,872**	226,331	**0.52%**	0.60%	**0.32%**	0.58%
Clover Global Limited	Affiliate	**49,794**	10,794	**49,794**	10,794	**0.08%**	0.00%	**0.14%**	0.03%
Teejay Mauritius (Private) Limited	Subsidiary	**Nil**	Nil	**70,792**	16,395	**Nil**	Nil	**0.20%**	0.04%
Adhisthan (Private) Limited	Affiliate	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil
Visakha Apparel (Private) Limited	Affiliate	**9,663**	Nil	**Nil**	Nil	**0.02%**	Nil	**Nil**	Nil
		27,303,786	24,750,302	**9,178,464**	8,026,733	**45.47%**	36.90%	**26.10%**	20.62%

NOTES TO THE FINANCIAL STATEMENTS

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(ii) (a) Purchase of goods and services:

	Relationship	Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
		2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
Pacific Textiles Limited	Shareholder	**Nil**	11,856	**Nil**	Nil	**Nil**	0.00%	**Nil**	Nil
Teejay Lanka Prints (Private) Limited	Subsidiary	**Nil**	Nil	**1,750,755**	1,665,387	**Nil**	Nil	**4.98%**	4.28%
Teejay India (Private) Limited	Sub-Subsidiary	**Nil**	Nil	**1,966,718**	2,292,947	**Nil**	Nil	**5.59%**	5.90%
Teejay Mauritius (Private) Limited	Subsidiary	**Nil**	Nil	**Nil**	23,399	**Nil**	Nil	**Nil**	0.06%
		Nil	11,856	**3,717,473**	3,981,733	**Nil**	0.00%	**10.57%**	10.24%

(b) Advance granted for future fabric purchases

	Relationship	Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
		2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
Teejay Mauritius (Private) Limited [see Note (a) below]	Subsidiary	**Nil**	Nil	**515,518**	4,860,194	**Nil**	Nil	**1.47%**	12.50%
Nubian Threads (Private) Limited	Sub-Subsidiary	**Nil**	Nil	**239,926**	Nil	**Nil**	Nil	**0.68%**	Nil
		Nil	Nil	**755,444**	4,860,194	**Nil**	Nil	**2.15%**	12.50%

NOTES TO THE FINANCIAL STATEMENTS

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(c) Advance recovered

	Relationship	Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
		Group		**Company**		**Group**		**Company**	
		2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
Teejay Mauritius (Private) Limited [see Note (a) below]	Subsidiary	**Nil**	Nil	**2,014,118**	4,085,381	**Nil**	Nil	**5.73%**	10.45%
		Nil	Nil	**2,014,118**	4,085,381	**Nil**	Nil	**5.73%**	10.45%

(a) The amount of LKR 1,364,366,003 receivable from Teejay Mauritius (Private) Limited, a subsidiary of the Company, [Note 35 (viii)] represents an advance paid to import fabric through Teejay Mauritius (Private) Limited by the Company. The Company, as approved by the Board of Investment (BoI) of Sri Lanka via its letter dated 14th March 2023, is expected to import fabric through Teejay Mauritius (Private) Limited to sell to apparel manufacturers as either indirect exports or as direct exports. The Company has entered into an agreement with Teejay Mauritius (Private) Limited on 18 January 2024 to formalise this arrangement. Consequent to this agreement, Teejay Mauritius (Private) Limited is expected to place orders with Teejay India (Private) Limited, a sub subsidiary of the Company, or with third party fabric manufacturers, to fulfil the orders placed by the Company time to time.

NOTES TO THE FINANCIAL STATEMENTS

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(iii) Purchase of administrative and other services:

	Relationship	Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
		Group		Company		Group		Company	
		2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
Brandix Lanka (Private) Limited	Shareholder	**10,018**	5,790	**4,217**	Nil	**0.02%**	0.01%	**0.01%**	0.00%
Teejay Lanka Prints (Private) Limited	Subsidiary	**Nil**	Nil	**125,673**	96,558	**Nil**	Nil	**0.36%**	0.25%
Teejay India (Private) Limited	Sub-Subsidiary	**Nil**	Nil	**119,966**	87,599	**Nil**	Nil	**0.34%**	0.23%
Brandix Apparel (Private) Limited	Affiliate	**260,614**	172,929	**257,798**	115,351	**0.43%**	0.26%	**0.73%**	0.30%
Brandix Apparel Solutions (Private) Limited	Affiliate	**3,327**	1,460	**3,327**	1,238	**0.01%**	0.00%	**0.01%**	0.00%
Brandix Apparel India (Private) Limited	Affiliate	**452**	Nil	**133**	Nil	**0.00%**	0.00%	**0.00%**	Nil
Adhishtan (Private) Limited	Affiliate	**1,017,517**	1,149,457	**Nil**	Nil	**1.69%**	1.71%	**Nil**	Nil
Adhishtan Investments India (Private) Limited	Affiliate	**26,704**	26,710	**Nil**	Nil	**0.04%**	0.04%	**Nil**	Nil
Digital Mobility Solutions Lanka (Private) Limited	Affiliate	**2,333**	2,033	**2,333**	2,033	**0.00%**	0.00%	**0.01%**	0.01%
BrandM Apparel Haiti Limited	Affiliate	**Nil**	13,055	**Nil**	13,055	**Nil**	0.02%	**Nil**	0.03%
Ascent Business Solutions (Private) Limited	Affiliate	**3,713**	Nil	**3,713**	Nil	**0.01%**	Nil	**0.01%**	Nil
Teejay Mauritius (Private) Limited	Subsidiary	**Nil**	Nil	**16,743**	Nil	**Nil**	Nil	**0.05%**	Nil
InQube Global (Private) Limited	Affiliate	**18**	Nil	**18**	Nil	**0.00%**	Nil	**0.00%**	Nil
		1,324,696	1,371,434	**533,921**	315,834	**2.20%**	2.05%	**1.52%**	0.81%

NOTES TO THE FINANCIAL STATEMENTS

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(iv) Reimbursement of Expenses:

		Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
	Relationship	Group		Company		Group		Company	
		2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
Teejay Lanka Prints (Private) Limited	Subsidiary	**Nil**	Nil	**73,962**	70,219	**Nil**	Nil	**0.21%**	0.18%
Brandix Apparel (Private) Limited	Affiliate	**Nil**	1,870	**739,442**	1,870	**Nil**	0.01%	**2.10%**	0.00%
Teejay India (Private) Limited	Sub-Subsidiary	**739,442**	Nil	**125,674**	115,839	**1.23%**	Nil	**0.36%**	0.30%
Pacific Textiles Limited	Shareholder	**Nil**	3,836	**Nil**	3,836	**Nil**	0.01%	**Nil**	0.01%
BrandM Apparel Haiti Limited	Affiliate	**Nil**	763	**Nil**	763	**Nil**	0.00%	**Nil**	0.00%
Clover Global Limited	Affiliate	**7,138**	Nil	**7,138**	Nil	**0.01%**	Nil	**0.02%**	Nil
InQube Global (Private) Limited	Affiliate	**20**	Nil	**20**	Nil	**0.00%**	Nil	**0.00%**	Nil
Nubian Threads (Private) Limited	Sub-subsidiary	**Nil**	Nil	**43,785**	Nil	**Nil**	Nil	**0.12%**	Nil
Adhisthan Private Limited	Affiliate	**321**	Nil	**Nil**	Nil	**0.00%**	Nil	**Nil**	Nil
		746,921	6,469	**990,021**	192,527	**1.24%**	0.01%	**2.82%**	0.49%

NOTES TO THE FINANCIAL STATEMENTS

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(v) Steam coal sales – (net) (Note 7)

		Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
	Relationship	Group		Company		Group		Company	
		2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
Teejay Lanka Prints (Private) Limited	Subsidiary	**Nil**	Nil	**3,630**	34,832	**Nil**	Nil	**0.01%**	0.09%

(vi) Interest income on related party loan – (Note 10)

		Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
	Relationship	Group		Company		Group		Company	
		2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
Teejay Mauritius (Private) Limited	Subsidiary	**Nil**	Nil	**35,934**	49,429	**Nil**	Nil	**0.10%**	0.13%

(vii) Warehouse rent expenses

		Aggregate value of related party transactions entered into during the financial year (LKR)				Aggregate value of related party transactions as a % of net revenue			
	Relationship	Group		Company		Group		Company	
		2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
Teejay Lanka Prints (Private) Limited	Subsidiary	**Nil**	Nil	**26,144**	16,252	**Nil**	Nil	**0.07%**	0.04%

NOTES TO THE FINANCIAL STATEMENTS

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

Outstanding balances arising from sale/purchase of goods/services:

(viii) Receivables from related parties

		Group		Company	
(a) Trade receivables	Relationship	**2026**	2025	**2026**	2025
Brandix Apparel (Private) Limited	Affiliate	**4,749,145**	2,526,961	**3,585,578**	1,283,988
Brandix Apparel India (Private) Limited	Affiliate	**1,482,923**	1,401,994	**191,650**	106,863
Teejay Lanka Prints (Private) Limited	Subsidiary	**Nil**	Nil	**8,802**	19,852
InQube Global (Private) Limited	Affiliate	**Nil**	118	**Nil**	118
Brandix Intimate India Private Limited	Affiliate	**96,098**	40,055	**47,791**	31,132
Teejay India (Private) Limited	Sub-subsidiary	**Nil**	Nil	**519,617**	128,993
Teejay Mauritius (Private) Limited	Subsidiary	**Nil**	Nil	**1,364,366**	2,685,836
Clover Global Limited	Affiliate	**18,042**	342	**18,042**	342
Nubian Threads (Private) Limited	Sub-subsidiary	**Nil**	Nil	**295,117**	Nil
		6,346,208	3,969,470	**6,030,963**	4,257,124
Less – provision for impairment of amounts due from related companies		**(20,729)**	(48,854)	**(18,191)**	(3,899)
Total amount due from related companies		**6,325,479**	3,920,616	**6,012,772**	4,253,225

NOTES TO THE FINANCIAL STATEMENTS

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

Movement of loss allowance during the year is as follows:

	Group		Company	
	2026	2025	**2026**	2025
At the beginning of the year	**48,854**	106,236	**3,899**	26,263
(Decrease)/increase in provision for impairment from related companies	**(30,206)**	(56,497)	**13,487**	(22,163)
Effect of movement in foreign exchange rates	**2,081**	(885)	**805**	(201)
At the end of the year	**20,729**	48,854	**18,191**	3,899

(b) Other receivables

		Group		Company	
	Relationship	**2026**	2025	**2026**	2025
Adhishtan Investments India (Private) Limited	Affiliate	**11,105**	11,506	**Nil**	Nil
Brandix India Apparel City (Private) Limited	Affiliate	**144,308**	111,045	**Nil**	Nil
Digital Mobility Solutions Lanka (Private) Limited	Affiliate	**438**	410	**438**	410
Pacific Textiles Limited	Shareholder	**Nil**	14,834	**Nil**	14,834
		155,851	137,795	**438**	15,244

NOTES TO THE FINANCIAL STATEMENTS

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(ix) Payables to related parties:

		Group		Company	
	Relationship	**2026**	2025	**2026**	2025
Teejay India (Private) Limited	Sub-Subsidiary	**Nil**	Nil	**296,283**	206,353
Teejay Lanka Prints (Private) Limited	Subsidiary	**Nil**	Nil	**547,366**	268,523
Brandix Lanka (Private) Limited	Shareholder	**822**	2,433	**362**	Nil
Brandix Apparel (Private) Limited	Affiliate	**58,689**	69,148	**58,573**	53,754
Adhishtan Investments India (Private) Limited	Affiliate	**210**	949	**Nil**	Nil
Brandix India Apparel City (Private) Limited	Affiliate	**146,206**	376,445	**Nil**	Nil
Brandix Casuallwear Bangladesh Limited	Affiliate	**1,165**	7,889	**Nil**	Nil
BrandM Apparel Haiti Limited	Affiliate	**Nil**	3,241	**Nil**	3,241
InQube Global (Private) Limited	Affiliate	**72**	Nil	**72**	Nil
		207,164	460,105	**902,656**	531,871

NOTES TO THE FINANCIAL STATEMENTS

35. Directors' interest in contracts with the Company and related party transactions (Contd.)

(x) Loan given to related company (Note 21):

	Relationship	Group		Company	
		2026	2025	**2026**	2025
Non-current					
Teejay Mauritius (Private) Limited	Subsidiary	**Nil**	Nil	**201,092**	439,565
Current					
Teejay Mauritius (Private) Limited	Subsidiary	**Nil**	Nil	**586,005**	262,780
		Nil	Nil	**787,097**	702,345

The loan granted is unsecured, interest is charged at 5% per annum, and it is repayable in twenty quarterly instalments. As of the financial year end on 31 March 2026, nine instalments have been settled.

(xi) Key Management compensation:

Key management includes the Board of Directors (executive and non-executive) and Chief executive officer. The compensation paid or payable to key management for employee services is shown below:

	Group		Company	
	2026	2025	**2026**	2025
Salaries and other benefits	**42,971**	44,148	**40,571**	41,748
Post-employment benefits	**1,853**	1,418	**1,853**	1,418
	44,824	45,566	**42,424**	43,166

36. EVENTS AFTER THE END OF REPORTING PERIOD

No events have occurred since the statement of financial position date which would require adjustments to, or disclosure in, these financial statements.



SUPPLEMENTARY INFORMATION

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ASSURANCE STATEMENT ON INTEGRATED REPORTING

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Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

Independent practitioner's assurance report to the Board of Directors of Teejay Lanka PLC on the Integrated Annual Report 2025/26

SCOPE

We have been engaged by Teejay Lanka PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, hereafter referred to as the engagement, to report on Teejay Lanka PLC's Information on how its strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term (the "Subject Matter") contained in the Teejay Lanka PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY TEEJAY LANKA PLC

In preparing the Subject Matter, Teejay Lanka PLC applied the Integrated Reporting Framework (<IR> Framework) initially developed by the International Integrated Reporting Council (IIRC) and currently maintained by the Integrated Reporting and Connectivity Council (IRCC) of the IFRS Foundation (the "Criteria").

Such Criteria were specifically designed for the purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Integrated Annual Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

TEEJAY LANKA PLC'S RESPONSIBILITIES

Teejay Lanka PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

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)

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ASSURANCE STATEMENT ON INTEGRATED REPORTING



ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Teejay Lanka PLC on 22 November 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

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A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.
- Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
- Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- Obtained an understanding of the description of the organization's strategy and how the organization creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement.

We also performed such other procedures as we considered necessary in the circumstances.

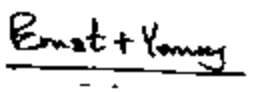
EMPHASIS OF MATTER

Economic, Environmental, Social and Intellectual capital management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Annual Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information contained in the Integrated Annual Report of Teejay Lanka PLC for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.



5 June 2026

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ASSURANCE STATEMENT ON SUSTAINABILITY REPORTING

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Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

Independent practitioner's assurance report to the Board of Directors of Teejay Lanka PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2025/26

SCOPE

We have been engaged by Teejay Lanka PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Teejay Lanka PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Teejay Lanka PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY TEEJAY LANKA PLC

In preparing the Subject Matter, Teejay Lanka PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at https://www.globalreporting.org

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

TEEJAY LANKA PLC'S RESPONSIBILITIES

Teejay Lanka PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

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ASSURANCE STATEMENT ON SUSTAINABILITY REPORTING

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ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Teejay Lanka PLC on 22 November 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

ASSURANCE STATEMENT ON SUSTAINABILITY REPORTING

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

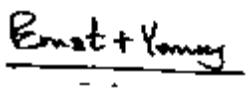
EMPHASIS OF MATTER

Economic, Environment, Social management data/ information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Teejay Lanka PLC for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.



5 June 2026

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ASSURANCE STATEMENT ON SLFRS SUSTAINABILITY DISCLOSURE STANDARDS

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Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

Independent practitioner's assurance report to the Board of Directors of Teejay Lanka PLC on the SLFRS Sustainability-related Financial Disclosures presented in the Integrated Annual Report 2025/26

SCOPE

We have been engaged by Teejay Lanka PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Teejay Lanka PLC's SLFRS Sustainability-related Financial Disclosures (the "Subject Matter") contained in Teejay Lanka PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2026 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY TEEJAY LANKA PLC

In preparing the Subject Matter, Teejay Lanka PLC applied the Sri Lanka Sustainability Disclosure Standards, SLFRS S1 – General Requirements for Disclosure of Sustainability related Financial Information and SLFRS S2 – Climate-related Disclosures ("Criteria").

Such Criteria were specifically designed for the disclosure of material information on sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity; As a result, the subject matter information may not be suitable for another purpose.

TEEJAY LANKA PLC'S RESPONSIBILITIES

Teejay Lanka PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with Teejay Lanka PLC on 22 November 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected

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)

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depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with selected key management personnel and relevant staff to understand the business, value chain and sustainability reporting process of the Company.
- Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified.
- Performed procedures to understand the Company's disclosures in relation to the Conceptual Foundation of SLFRS S1, including fair presentation, materiality, reporting entity, and connected information
- Conducted procedures to understand the governance processes, controls and procedures employed by the Company to monitor, manage and oversee climate-related risks and opportunities, supported by relevant evidence.
- Perused the minutes of the Board of Directors and Board Audit Committee meetings from the financial year to ensure alignment with the content of governance related disclosures.
- Conducted procedures to comprehend the Company's strategy for managing identified sustainability-related risks and opportunities, supported by relevant evidence and calculations.

ASSURANCE STATEMENT ON SLFRS SUSTAINABILITY DISCLOSURE STANDARDS

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- Performed analytical procedures to obtain explanations and supporting evidence regarding the Company's processes for identifying, assessing, prioritizing, and monitoring sustainability-related risks and opportunities, including their integration into the overall risk management framework.
- Conducted analytical procedures to gather explanations and supporting evidence to evaluate the Company's performance in relation to its identified sustainability-related risks and opportunities, including progress towards any targets the Company has set during the assurance engagement.
- Performed procedures to assess the Company's disclosures and compliance with the General Requirements of SLFRS S1.
- Conducted procedures to evaluate the disclosures regarding judgments and uncertainties in the process of preparing the Company's sustainability-related financial disclosures.

We also performed such other procedures as we considered necessary in the circumstances.

EMPHASIS OF MATTER

There are inherent limitations in the identification, measurement and disclosure of underlying Subject Matter against the applicable Criteria due to forward looking

information, uncertainties and management judgements. For clarity, our engagement does not extend to providing assurance on the accuracy or achievability of these

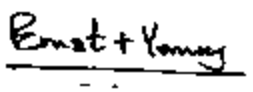
forward-looking information, uncertainties and management judgements.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to SLFRS Sustainability-related Financial Disclosures for the year ended 31 March 2026, in order for it to be in accordance with the Criteria.

RESTRICTED USE

This report is intended solely for the information and use of Teejay Lanka PLC for the purpose of providing an assurance conclusion on the Subject Matter based on the Criteria and is not intended to be and should not be used by anyone other than those specified parties.



Chartered Accountants

5 June 2026
Colombo

TEN YEAR FINANCIAL SUMMARY – GROUP

All Amounts in Sri Lanka Rupees '000

STATEMENT OF PROFIT OR LOSS

Year ended 31 March	Growth % 2017 vs 2026	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Revenue	10	**60,044,407**	67,036,057	60,733,952	84,037,126	49,587,964	31,780,287	33,276,976	31,746,592	24,647,488	22,137,641
Cost of Sales	11	**(55,054,441)**	(59,195,423)	(55,677,311)	(77,194,229)	(45,010,323)	(27,990,328)	(29,047,934)	(28,060,534)	(21,736,289)	(19,061,926)
Gross Profit	5	**4,989,966**	7,840,634	5,056,641	6,842,897	4,577,641	3,789,959	4,229,042	3,686,058	2,911,199	3,075,715
Operating Profit	(14)	**442,253**	4,550,604	2,213,198	3,295,076	2,573,103	2,441,402	2,728,431	2,344,649	1,810,842	1,992,405
Profit before taxation	(17)	**321,031**	4,047,374	1,572,379	3,116,474	2,863,720	2,599,337	2,811,964	2,257,062	1,817,716	2,011,370
Current taxation	18	**267,935**	(1,254,353)	(462,843)	(989,743)	(332,470)	(459,735)	(428,180)	(398,345)	(221,602)	(52,195)
Profit after taxation	(30)	**53,096**	2,793,021	1,109,536	2,126,731	2,531,250	2,139,602	2,383,784	1,858,717	1,596,114	1,959,175

STATEMENT OF FINANCIAL POSITION

As at 31 March	Growth % 2017 vs 2026	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Assets											
Non-current assets											
Property, plant and equipment	10	**17,497,628**	17,270,048	18,142,428	20,258,577	14,715,246	8,710,818	8,777,251	8,408,235	7,534,180	6,960,885
Right-of-use assets	100	**1,719,506**	1,575,062	1,681,152	1,740,026	1,341,498	899,016	910,400	Nil	Nil	Nil
Deferred tax assets	33	**2,300,862**	2,349,015	2,239,540	1,856,016	431,633	273,228	256,258	111,021	125,070	132,751
Other non-current assets	15	**2,786,795**	1,476,202	2,033,857	2,103,132	5,508,121	616,442	729,534	507,218	777,931	694,476
Non-current assets	12	**24,304,791**	22,670,327	24,096,977	25,957,751	21,996,498	10,499,504	10,673,443	9,026,474	8,437,181	7,788,112
Current assets	14	**34,625,353**	33,586,156	30,935,723	34,100,466	37,897,277	20,599,835	16,289,050	13,359,457	11,127,755	8,981,687
Total assets	13	**58,930,144**	56,256,483	55,032,700	60,058,217	59,893,775	31,099,339	26,962,493	22,385,931	19,564,936	16,769,799

TEN YEAR FINANCIAL SUMMARY – GROUP

All Amounts in Sri Lanka Rupees '000

STATEMENT OF FINANCIAL POSITION (CONTD.)

As at 31 March	Growth % 2017 vs 2026	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Equity											
Capital and reserves											
Stated capital	2	**4,582,871**	4,582,871	4,442,234	4,442,234	4,442,234	4,248,787	4,056,683	4,056,683	4,056,683	3,942,686
Exchange equalisation reserve and Hedging reserve	22	**17,453,771**	15,393,591	15,752,202	18,047,539	15,219,688	6,225,275	5,263,417	4,171,784	2,587,352	2,446,006
Share option scheme	11	**186,667**	186,667	181,691	153,491	153,491	153,491	96,760	96,760	85,505	63,746
Retained earnings	8	**10,173,483**	11,366,369	9,754,037	9,400,088	8,410,456	7,136,671	6,231,783	5,600,028	4,971,882	4,724,786
Total equity	11	**32,396,792**	31,529,498	30,130,164	32,043,352	28,225,869	17,764,224	15,648,643	13,925,255	11,701,422	11,177,224
Liabilities											
Non-current liabilities											
Borrowings	18	**3,005,732**	2,531,225	4,139,942	6,238,676	5,581,171	197,620	412,192	801,182	1,106,784	567,429
Lease liabilities	100	**1,249,657**	1,222,829	1,229,391	1,340,989	930,430	654,657	627,993	Nil	Nil	Nil
Deferred tax liabilities	26	**2,552,304**	2,552,711	2,213,454	2,363,673	918,784	626,990	647,592	538,266	318,004	247,932
Retirement benefit obligations	21	**1,402,275**	1,122,028	875,378	568,559	424,817	520,422	377,583	251,932	207,666	208,120
	23	**8,209,968**	7,428,793	8,458,165	10,511,897	7,855,202	1,999,689	2,065,648	1,591,380	1,632,454	1,023,481
Current liabilities	15	**18,323,384**	17,298,192	16,444,371	17,502,968	23,812,704	11,335,426	9,248,490	6,869,296	6,231,060	4,569,094
Total liabilities	17	**26,533,352**	24,726,985	24,902,536	28,014,865	31,667,906	13,335,115	11,313,850	8,460,676	7,863,514	5,592,575
Total equity and liabilities	13	**58,930,144**	56,256,483	55,032,700	60,058,217	59,893,775	31,099,339	26,962,493	22,385,931	19,564,936	16,769,799

TEN YEAR FINANCIAL SUMMARY – GROUP

All Amounts in Sri Lanka Rupees '000

STATEMENT OF CASH FLOWS (CONTD.)

Year ended 31 March	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Net Cash generated from operating activities	**2,815,913**	5,376,236	3,005,612	7,667,218	4,766,105	2,343,764	3,848,633	3,585,008	3,010,383	1,697,896
Net Cash used in investing activities	**(3,483,779)**	(4,209,002)	(416,875)	(4,793,694)	(6,105,085)	(1,427,656)	(1,875,661)	(576,668)	(1,222,713)	(1,052,446)
Net cash used in financing activities	**(1,350,713)**	(2,804,552)	(2,722,465)	(1,687,464)	3,300,578	(1,814,757)	(1,136,433)	(1,479,124)	(540,849)	(74,790)
Net (decrease)/increase in cash and cash equivalents	**(2,018,579)**	(1,637,318)	(133,728)	1,186,060	1,961,598	(898,649)	836,539	1,529,216	1,246,821	570,660
Cash and cash equivalents at beginning of year	**5,580,356**	7,217,674	7,351,402	6,165,342	4,203,744	5,102,393	4,265,854	2,736,638	1,489,817	919,157
Cash and cash equivalents at end of year	**3,561,777**	5,580,356	7,217,674	7,351,402	6,165,342	4,203,744	5,102,393	4,265,854	2,736,638	1,489,817

RATIOS AND STATISTICS

Year ended 31 March	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual growth in turnover (%)	**(10.4)**	10.4	(27.7)	69.5	56.0	(4.5)	4.8	28.8	11.3	24.2
Gross profit margin (%)	**8.3**	11.7	8.3	8.1	9.2	11.9	12.7	11.6	11.8	13.9
Net profit margin (%)	**0.1**	4.2	1.8	2.5	5.1	6.7	7.2	5.9	6.5	8.8
Earnings per share	**0.1**	3.9	1.5	3.0	3.5	3.0	3.4	2.7	2.3	2.8
Net assets per share	**44.9**	43.7	42.0	44.7	39.4	25.2	22.3	19.8	16.7	16.0
Dividend per share	**Nil**	2.35	0.75	1.50	2.00	1.66	2.40	1.75	1.95	2.30
Dividend payout	**Nil**	60.7%	48.4%	50.6%	56.6%	54.7%	70.7%	73.6%	70.1%	80.2%
Debt to equity (times)	**23%**	24%	31%	39%	41%	19%	25%	21%	24%	19%
Dividend yield (%)	**0.0**	4.6	2.0	4.7	5.0	4.2	10.3	5.8	6.1	6.2
Return on equity (ROE) (%)	**Nil**	9.1	3.6	7.1	11.0	12.8	16.1	14.5	14.0	18.4
Return on assets (ROA) (%)	**0.1**	5.0	1.9	3.5	5.6	7.4	9.7	8.9	8.8	12.3
Current ratio (times)	**1.9**	1.9	1.9	1.9	1.6	1.8	1.8	1.9	1.8	2.0
Quick Ratio (times)	**1.2**	1.3	1.2	1.2	0.9	1.2	1.1	1.3	1.1	1.3

SHAREHOLDER INFORMATION

SHAREHOLDING AS OF 31 MARCH 2026

Number of Shares held	Residents			Non-Residents			Total		
	Number of Shareholders	No. of Shares	%	Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%
1 – 1,000	6,772	2,407,175	0.33	17	9,659	0.00	6,789	2,416,834	0.33
1,001 – 10,000	3,179	12,066,204	1.67	32	174,644	0.02	3,211	12,240,848	1.70
10,001 – 100,000	996	31,307,263	4.34	18	699,825	0.10	1,014	32,007,088	4.44
100,001 – 1,000,000	215	67,249,337	9.32	22	9,610,485	1.33	237	76,859,822	10.65
1,000,001 and Over	38	376,995,868	52.25	7	220,937,278	30.62	45	597,933,146	82.88
Total	11,200	490,025,847	67.92	96	231,431,891	32.08	11,296	721,457,738	100.00

CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	Total		
	Number of Shareholders	Number of Shares	%
Individuals	10,897	127,677,710	17.70
Institutions	399	593,780,028	82.30
Total	11,296	721,457,738	100.00

SHARE TRADING INFORMATION

	2025/26		2024/25	
Highest (LKR)	**51.90**	**1 August 2025**	59.00	18 February 2025
Lowest (LKR)	**27.00**	**27 March 2026**	36.60	5 April 2024
Closing (LKR)	**28.00**	**31 March 2026**	51.00	31 March 2025
Number of Transactions	**48,131**		17,117	
Number of Shares Traded	**218,119,597**		120,324,896	
Value of Shares Traded (LKR)	**8,589,363,344**		5,671,137,657	

SHAREHOLDER INFORMATION

TOP 20 SHAREHOLDER LIST AS AT 31 MARCH 2026

	31 Mar 2026		31 Mar 2025	
Name	Shares	%	Shares	%
Brandix Lanka Ltd – Number 1 Account	234,227,644	32.47	234,227,644	32.47
Pacific Textured Jersey Holdings Limited	195,926,217	27.16	195,926,217	27.16
Finco Holdings (Private) Limited	21,000,000	2.91	–	–
Lynear Wealth Management/Mr Hanif Yusoof	13,313,577	1.85	15,723,716	2.18
Mr Rajinda Priyanjith Weerasooriya	12,735,939	1.77	8,735,939	1.21
Pemberton Asian Opportunities Fund	12,000,000	1.66	12,000,000	1.66
Union Assurance PLC – Universal Life Fund	9,632,212	1.34	5,646,385	0.78
Deutsche Bank AG, as Trustee for JB Vantage Value Equity Fund	7,024,849	0.97	–	–
Employee's Provident Fund	6,979,333	0.97	6,979,333	0.97
Citibank Hong Kong S/A Hostplus Pooled Superannuation Trust	6,009,814	0.83	6,009,814	0.83
Mrs Thusharie Tilottama Anjalee de Silva Weerasooria	5,343,862	0.74	–	–
J B Cocoshell (Pvt) Ltd	5,190,279	0.72	13,082,945	1.81
Seylan Bank PLC/Jn Lanka Holdings Company (Pvt) Ltd	4,901,146	0.68	–	–
Mr Dinal Gitanjan Wijemanna	4,898,915	0.68	–	–
Mr Ruwanpura Chanaka Dharmajith de Silva	4,400,716	0.61	–	–
Mr Murtaza Ali Jafferjee	3,950,000	0.55	–	–
Hatton National Bank PLC – Senfin Growth Fund	3,703,926	0.51	3,953,926	0.55
SSBT-Sunsuper Pty. Ltd. As Trustee For Sunsuper Superannuation Fund	3,496,154	0.48	3,783,148	0.52
Employees Trust Fund Board	2,677,561	0.37	2,677,561	0.37
Sam Innovators (Pvt) Ltd	2,500,000	0.35	2,500,000	0.35
Mr Brian Lester Sebastian Peiris	2,500,000	0.35	1,092,369	0.15
Bbh – Fidelity Funds			45,051,547	6.24
Citibank New York S/A Norges Bank Account 2			21,500,716	2.98
Jpmcb Na-Fidelity Asian Values PLC			18,466,155	2.56
GF Capital Global Limited			3,276,050	0.45
Deutsche Bank AG, Trustee to Lynear Wealth Dynamic Opportunities Fund			2,783,733	0.39
Rubber Investment Trust Ltd. A/C No. 01			2,203,548	0.31
Northern Trust Company S/A Hosking Global Fund PLC			2,183,089	0.30

PUBLIC SHAREHOLDINGS

	31 March 2026		31 March 2025	
	No. of Shares	%	No. of Shares	%
No. of Shares	**289,059,935**	**40.07**	288,530,876	39.66

DIRECTOR'S SHAREHOLDING

	31 March 2026		31 March 2025	
Director's Shareholding	No. of Shares	%	No. of Shares	%
Ajit Damon Gunewardene	**713,723**	**0.10**	713,723	0.10
M A Hasitha Premaratne	**40,000**	**0.01**	40,000	0.01

CEO'S SHAREHOLDING

	31 March 2026		31 March 2025	
	No. of Shares	%	No. of Shares	%
P H Pubudu Karunathilake de Silva	**499,695**	**0.07**	499,695	0.07

GRI CONTENT INDEX

Statement of use		Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2025 to 31 March 2026.				
GRI 1 used		GRI 1: Foundation 2021				
Applicable GRI Sector Standard (s)		N/A				
GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement (s) Omitted	Reason	Explanation	
General Disclosures						
GRI 2: General Disclosures 2021	**2-1**	Organisational details	Page 11			
	2-2	Entities included in the organisation's sustainability reporting	Page 11			
	2-3	Reporting period, frequency and contact point	Pages 11, 14			
	2-4	Restatements of information	Pages 11, 14			
	2-5	External assurance	Page 11			
	2-6	Activities, value chain and other business relationships	Pages 4, 11, 15, 44, 102, 105, 116			
	2-7	Employees	Page 117	Full breakdown of data as required by GRI not included.	Information unavailable/ incomplete	Information unavailable in time for report publication.
	2-8	Workers who are not employees	Page 117			
	2-9	Governance structure and composition	Pages 180, 212			
	2-10	Nomination and selection of the highest governance body	Pages 182, 213			
	2-11	Chair of the highest governance body	Page 213			
	2-12	Role of the highest governance body in overseeing the management of impacts	Pages 49, 213			

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2025 to 31 March 2026.			
GRI 1 used			GRI 1: Foundation 2021			
Applicable GRI Sector Standard (s)			N/A			
GRI Standard/ Other Source	Disclosure		Location	Omission		GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation
	2-13	Delegation of responsibility for managing impacts	Pages 49, 214			
	2-14	Role of the highest governance body in sustainability reporting	Pages 14, 49, 215			
	2-15	Conflicts of interest	Page 215			
	2-16	Communication of critical concerns	Page 215			
	2-17	Collective knowledge of the highest governance body	Page 216			
	2-18	Evaluation of the performance of the highest governance body	Page 216			
	2-19	Remuneration policies	Pages 185, 216			
	2-20	Process to determine remuneration	Page 217			
	2-21	Annual total compensation ratio		Entire disclosure omitted	Confidentiality constraints	
	2-22	Statement on sustainable development strategy	Page 30			
	2-23	Policy commitments	Pages 13, 36, 51			
	2-24	Embedding policy commitments	Pages 44, 51			
	2-25	Processes to remediate negative impacts	Page 51			
	2-26	Mechanisms for seeking advice and raising concerns	Page 51			

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2025 to 31 March 2026.			
GRI 1 used			GRI 1: Foundation 2021			
Applicable GRI Sector Standard (s)			N/A			
GRI Standard/ Other Source	Disclosure		Location	Omission		GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation
	2-27	Compliance with laws and regulations	Page 52			
	2-28	Membership associations	Page 7			
	2-29	Approach to stakeholder engagement	Page 45, 46			
	2-30	Collective bargaining agreements	Page 53			
Material Topics						
GRI 3: Material Topics 2021	**3-1**	Process to determine material topics	Page 47			
	3-2	List of material topics	Page 48			
Economic Performance						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 201: Economic Performance 2016	**201-1**	Direct economic value generated and distributed	Pages 62, 63			
	201-2	Financial implications and other risks and opportunities due to climate change	Page 84			
	201-3	Defined benefit plan obligations and other retirement plans	Page 304			

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2025 to 31 March 2026.				
GRI 1 used			GRI 1: Foundation 2021				
Applicable GRI Sector Standard (s)			N/A				
GRI Standard/ Other Source	Disclosure		Location	Omission			GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation	
Anti-corruption							
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf				
GRI 205: Anti-corruption 2016	**205-1**	Operations assessed for risks related to corruption	Page 54, Corporate Website (www.teejay.com)				
	205-2	Communication and training about anti-corruption policies and procedures	Page 54, Corporate Website (www.teejay.com)				
	205-3	Confirmed incidents of corruption and actions taken	Page 52				
Materials							
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf				
GRI 301: Materials 2016	**301-1**	Materials used by weight or volume	Page 145	Breakdown by renewable/non-renewable materials not provided	Information unavailable/ incomplete		
	301-2	Recycled input materials used	Page 146				
Energy							
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf				
GRI 302: Energy 2016	**302-1**	Energy consumption within the organisation	Page 148				
	302-3	Energy intensity	Page 18				
	302-4	Reduction of energy consumption	Page 148				

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2025 to 31 March 2026.			
GRI 1 used			GRI 1: Foundation 2021			
Applicable GRI Sector Standard (s)			N/A			
GRI Standard/ Other Source	Disclosure		Location	Omission		GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation
Water and Effluents						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 303: Water and Effluents 2018	**303-1**	Interactions with water as a shared resource	Pages 155, 157			
	303-2	Management of water discharge-related impacts	Pages 158, 159			
	303-3	Water withdrawal	Page 156			
	303-4	Water discharge	Page 157			
	303-5	Water consumption	Pages 18, 163			
Emissions						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 305: Emissions 2016	**305-1**	Direct (Scope 1) GHG emissions	Pages 96-97, 152-53			
	305-2	Energy indirect (Scope 2) GHG emissions	Pages 96-97, 152-53			
	305-3	Other indirect (Scope 3) GHG emissions	Pages 96-97, 152-53			
	305-4	GHG emissions intensity	Page 153			
	305-5	Reduction of GHG emissions	Page 152			
	305-6	Emissions of ozone-depleting substances (ODS)	Page 153			
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Page 154			

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2025 to 31 March 2026.			
GRI 1 used			GRI 1: Foundation 2021			
Applicable GRI Sector Standard (s)			N/A			
GRI Standard/ Other Source	Disclosure		Location	Omission		GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation
Waste						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 306: Waste 2020	**306-1**	Waste generation and significant waste-related impacts	Page 163			
	306-2	Management of significant waste-related impacts	Pages 161, 163			
	306-3	Waste generated	Page 162			
	306-4	Waste diverted from disposal	Page 163			
	306-5	Waste directed to disposal	Page 163			
Environmental Compliance						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2025 to 31 March 2026.			
GRI 1 used			GRI 1: Foundation 2021			
Applicable GRI Sector Standard (s)			N/A			
GRI Standard/ Other Source	Disclosure		Location	Omission		GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation
Supplier Environmental Assessment						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 308: Supplier Environmental Assessment 2016	**308-1**	New suppliers that were screened using environmental criteria	Pages 105, 107, 108			
	308-2	Negative environmental impacts in the supply chain and actions taken	Page 105	Disclosures 308-2.b-e omitted	Information unavailable/ incomplete	Teejay intends to report on this in the near future
Employment						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 401: Employment 2016	**401-1**	New employee hires and employee turnover	Page 118	Full breakdown of data as required by GRI not included.	Information unavailable/ incomplete	Information unavailable in time for report publication.
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 118			
	401-3	Parental leave	Page 126	401-3.d omitted	Information unavailable/ incomplete	Information unavailable in time for report publication.

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2025 to 31 March 2026.			
GRI 1 used			GRI 1: Foundation 2021			
Applicable GRI Sector Standard (s)			N/A			
GRI Standard/ Other Source	Disclosure		Location	Omission		GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation
Occupational Health and Safety						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 403: Occupational Health and Safety 2018	**403-1**	Occupational health and safety management system	Pages 53, 127			
	403-2	Hazard identification, risk assessment, and incident investigation	Page 127			
	403-3	Occupational health services	Page 129			
	403-4	Worker participation, consultation, and communication on occupational health and safety	Page 130			
	403-5	Worker training on occupational health and safety	Page 131			
	403-6	Promotion of worker health	Page 129			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 127			
	403-8	Workers covered by an occupational health and safety management system	Page 127			
	403-9	Work-related injuries	Page 130			
	403-10	Work-related ill health	Page 130			

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2025 to 31 March 2026.			
GRI 1 used			GRI 1: Foundation 2021			
Applicable GRI Sector Standard (s)			N/A			
GRI Standard/ Other Source	Disclosure		Location	Omission		GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation
Training and Education						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 404: Training and Education 2016	**404-1**	Average hours of training per year per employee	Page 121			
	404-2	Programs for upgrading employee skills and transition assistance programs	Page 121			
	404-3	Percentage of employees receiving regular performance and career development reviews	Page 124			
Diversity and Equal Opportunity						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 405: Diversity and Equal Opportunity 2016	**405-1**	Diversity of governance bodies and employees	Pages 119, 120	Disclosure partially covered	Information unavailable/ incomplete	Teejay intends to report on this in the near future
	405-2	Ratio of basic salary and remuneration of women to men		Full disclosure omitted	Information unavailable/ incomplete	Teejay intends to report on this in the near future

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2025 to 31 March 2026.				
GRI 1 used			GRI 1: Foundation 2021				
Applicable GRI Sector Standard (s)			N/A				
GRI Standard/ Other Source	Disclosure		Location	Omission			GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation	
Non-discrimination							
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf				
GRI 406: Non-discrimination 2016	**406-1**	Incidents of discrimination and corrective actions taken	Page 126				
Child Labor							
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf				
GRI 408: Child Labor 2016	**408-1**	Operations and suppliers at significant risk for incidents of child labour	Pages 107, 108, 126				
Forced or Compulsory Labor							
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf				
GRI 409: Forced or Compulsory Labor 2016	**409-1**	Operations and suppliers at significant risk for incidents of forced or compulsory Elsewhere labour	Pages 107, 108, 126				

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2025 to 31 March 2026.				
GRI 1 used			GRI 1: Foundation 2021				
Applicable GRI Sector Standard (s)			N/A				
GRI Standard/ Other Source	Disclosure		Location	Omission			GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation	
Local Communities							
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf				
GRI 413: Local Communities 2016	**413-1**	Operations with local community engagement, impact assessments, and development programmes	Page 133	Disclosure partially covered	Information unavailable/ incomplete	Teejay intends to report on this in the near future	
Supplier Social Assessment							
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf				
GRI 414: Supplier Social Assessment 2016	**414-1**	New suppliers that were screened using social criteria	Pages 105, 108				
	414-2	Negative social impacts in the supply chain and actions taken	Pages 105, 108	Disclosures 4140.b-e omitted	Information unavailable/ incomplete	Teejay intends to report on this in the near future	

GRI CONTENT INDEX

Statement of use			Teejay Lanka PLC has reported in accordance with the GRI Standards for the period 1 April 2025 to 31 March 2026.			
GRI 1 used			GRI 1: Foundation 2021			
Applicable GRI Sector Standard (s)			N/A			
GRI Standard/ Other Source	Disclosure		Location	Omission		GRI Sector Standard Ref. No.
				Requirement (s) Omitted	Reason	Explanation
Customer Health and Safety						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 416: Customer Health and Safety 2016	**416-1**	Assessment of the health and safety impacts of product and service categories	Pages 159, 172			
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 159			
Customer Privacy						
GRI 3: Material Topics 2021	**3-3**	Management of material topics	https://www.teejay.com/imgup/pdf/teejay-policy-statement-dma.pdf			
GRI 418: Customer Privacy 2016	**418-1**	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 178			

GLOSSARY OF FINANCIAL TERMS

A

ACCOUNTING POLICIES
Specific principles, bases, conventions, rules, and practices adopted by an enterprise in preparing and presenting Financial Statements.

ACCRUAL BASIS
Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

ACTUARIAL GAIN/LOSS ON DEFINED BENEFIT PLAN
Gain or loss arising from the difference between estimates and actual experience in an entity's defined benefit plan.

ASSETS TURNOVER
Revenue divided by average total assets.

C

CAPITAL EMPLOYED
Total assets less interest free liabilities.

CAPITAL RESERVES
Profits of a company that, for various reasons, are not regarded as distributable to shareholders as dividends. These include gains on revaluation of capital assets.

CASH AND CASH EQUIVALENT
Short-term, highly liquid assets that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

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.

D

DEBT TO EQUITY RATIO
Interest bearing borrowings divided by equity plus Debts.

DEFERRED TAXATION
Sum set aside for tax in the accounts of an entity that will become liable in a period other than that under review.

DISCOUNT RATE
A rate used to place a current value on future cash flows. It is needed to reflect the fact that money has a time value.

DIVIDEND COVER
Profit attributable to equity holders divided by gross dividend. Measures the number of times dividend is covered by distributable profit.

DIVIDEND PAYOUT RATIO
Dividends per share divided by earnings per share.

DIVIDEND YIELD
Dividend per share divided by the Closing Market Price.

DIVIDEND PER SHARE (DPS)
Dividend Paid divided by the number of ordinary shares in issue and ranking for dividend.

E

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 (includes other operating income).

EBITDA
Earnings before interest, tax, depreciation, and amortisation.

EFFECTIVE RATE OF TAXATION
Income tax including Deferred tax over Profit before tax.

EQUITY
Shareholders' funds.

EARNINGS YIELD
Earnings Per Share divided by Market Value per share.

GLOSSARY OF FINANCIAL TERMS

F

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.

FINANCIAL INSTRUMENT
A financial instrument is any contract that gives rise to both financial assets in one entity and a financial liability or equity instrument in another entity.

G

GROSS PROFIT MARGIN
Gross profit (revenue minus cost of goods sold) as a percentage of total revenue.

GROSS DIVIDEND
Portion of profits, inclusive of tax withheld, distributed to shareholders.

I

INTEREST COVER
Earnings before interest, tax, divided by finance expenses.

M

MARKET CAPITALISATION
Number of Shares in issue at the end of the period multiplied by the share price at the end of the period.

N

NET ASSETS PER SHARE
Shareholders' funds divided by the number of ordinary shares issued.

NET ASSETS
Total assets minus long-term and current liabilities.

NET PROFIT RATIO
Profit after tax attributable to equity holders of the Company divided by total revenue.

NET WORKING CAPITAL
Current assets minus current liabilities.

O

OPERATING PROFIT MARGIN
Operating Profit divided by turnover.

P

PROFIT BEFORE TAX MARGIN
Profit Before Tax divided by turnover.

PROFIT AFTER TAX MARGIN
Profit after tax divided by turnover.

PRICE TO BOOK VALUE
Closing Market Value per share divided by Net Asset Per Share.

PRICE EARNINGS RATIO
Market price of a share divided by earnings per share.

PUBLIC HOLDING
Percentage of shares held by the public calculated as per the Listing Rules of the Colombo Stock Exchange as at the date of the Report.

Q

QUICK ASSET RATIO
Current Assets other than inventory divided by Current liabilities.

R

RELATED PARTIES
Parties who could control or significantly influence the financial and operating policies of the business.

REVENUE RESERVES
Reserves considered as being available for distribution and investment.

RETURN ON ASSETS (ROA)
Net Profit of the year divided by Average Total Assets.

RETURN ON EQUITY (ROE)
Net profit of the year divided by Average Equity.

RETURN ON CAPITAL EMPLOYED (ROCE)
Earnings before interest and tax as a percentage of average shareholders' funds plus total debt.

S

SHAREHOLDERS' FUNDS
Total of issued and fully paid up capital and reserves.

T

TOTAL ASSETS
Non-current assets plus current assets.

TOTAL DEBT
Long-term loans plus short-term loans and overdrafts.

TOTAL DEBT/TOTAL ASSETS
Total Debt divided by Total Assets.

V

VALUE ADDITIONS
The quantum of wealth generated by the activities of the Group and its application.

W

WORKING CAPITAL
Capital required to finance the day-to-day operations (current assets minus current liabilities).

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Teejay Lanka PLC will be held online via a virtual platform on Tuesday, 30 June 2026, at 3.00pm for the following purposes:

AGENDA

1. To receive and consider the Annual Report of the Board and the Financial Statements of the Company for the financial year ended 31 March 2026 together with the Report of the Auditors thereon.
2. To re-appoint Deloitte Partners, Chartered Accountants, as the Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed upon with them by the Board of Directors and to audit the Financial Statements of the Company for the ensuing year.
3. To re-elect Mr T Funahashi who retires in terms of Article 27 (3) of the Articles of Association and being eligible has offered himself for re-election.
4. To propose the following resolution as an ordinary resolution for the reappointment of Mr M A Omar in terms of section 211 of the Companies Act No. 07 of 2007 (as amended).

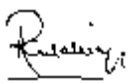
   "IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr M A Omar who has reached the age of 71 years prior to this Annual General Meeting and that he be reappointed as a director of the Company".
5. To consider and if thought fit to pass the following Special Resolution to amend the Articles of Association of the Company to introduce a structured director re-election framework, in line with Section 09 of the Listing Rules of the Colombo Stock Exchange (CSE).

   Special Resolution:

   IT IS HEREBY RESOLVED THAT Article 27 (12) be deleted in its entirety and substituted with the following Article 27(12):

   27 (12) "Every Director, other than the Chairman, who is classified as an Independent Non-Executive Director shall be subject to re-election by the Company at a General Meeting at least once in every three (3) years, calculated from the date of his or her most recent election or re-election".
6. To authorise Directors to determine contributions to charities.

By order of the Board



CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries

TEEJAY LANKA PLC
At Colombo, on this 5th day of June 2026.

Note:

Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote/speak in his/her stead and a form of proxy is sent herewith for this purpose. A proxy need not be a shareholder of the Company. A completed form of proxy must be deposited at the registered office of the Company, at No. Block D8 – D14, Seethawaka, Export Processing, Zone, Avissawella, or emailed to corporateservices@corporateservices.lk not less than 48 hours before the time appointed for the holding of the meeting.

Meeting Guidelines

(A) The meeting is to be held in line with the guidelines given by the Colombo Stock Exchange.

(B) The Annual General Meeting will be held in the manner set out below:

(i) The shareholders who wish to participate in the meeting will be able to join the meeting through audio or audio and visual means via Zoom. In order for us to forward the access information necessary for participation in the meeting, which shall include the meeting identification number, access password, and access telephone number, please forward the duly completed registration form including your email address and contact telephone number to the registered address of the Company not less than 48 hours before the time appointed for the holding of the meeting, so that the login information could be forwarded to the email addresses so provided.

(ii) In terms of Circular No. 4 of 2022 from the Colombo Stock Exchange, the Company will not be sending printed copies of the Annual Reports to the shareholders. A shareholder who requires a hard copy of the Annual Report must forward the duly completed Request Form to the secretaries.

The Annual Report, Notice of Meeting, Form of Proxy, Registration Form, and the Form of Request will be published on the website of the Colombo Stock Exchange (https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=TJL.N0000) and the website of the Company (www.teejay.com).

(iii) Proxy forms are forwarded to the shareholders together with the Notice of Meeting and the Registration Form. Proxy forms have been uploaded to the Company's website (www.teejay.com) and should be duly completed as per the instructions given therein and sent to the registered address of the Company or emailed to corporateservices@corporateservices.lk not less than 48 hours before the time appointed for the holding of the meeting and the proxy so appointed shall participate in the meeting through audio or audio visual means only.

(iv) The shareholders who are unable to participate in the Annual General Meeting via Zoom could send their queries, if any, via email to corporateservices@corporateservices.lk at any time before the meeting time and the responses to the same will be included in the minutes of the meeting.

(v) Voting in respect of the items specified in the agenda to be passed will be registered by using the audio or audio and visual means (Zoom) or a designated ancillary online application. All such procedures will be explained to the shareholders prior to commencement of the meeting.

(vi) Shareholders can use the "Q&A Forum" to communicate their questions/concerns as and when required.

(vii) For any questions, please contact Riyas Ahmed of Teejay Lanka PLC on +94 76 603 6366 during office hours.

REGISTRATION FORM

Annual General Meeting (AGM) of Teejay Lanka PLC to be held on 30 June 2026 at 3.00pm online via a virtual platform

DETAILS OF SHAREHOLDER

Full Name of the Principal Shareholder:

.....

.....

.....

NIC/Passport/Company Registration Number:

.....

CDS Account Number:

.....

Residential Address:

.....

.....

.....

Telephone No./s:

.....

Email:

.....

Full Name of Joint Holder 1:

.....

.....

.....

NIC/Passport Number:

.....

Full Name of Joint Holder 2:

.....

.....

.....

NIC/Passport Number:

.....

In the event a Proxy holder is appointed by the Shareholder, the following details of the Proxy holder will also be required.

DETAILS OF PROXY HOLDER: (only if a proxy is appointed)

Full Name of the Proxy holder:

.....

.....

.....

NIC/Passport Number of the Proxy holder:

.....

Telephone No./s:

.....

Email:

.....

Signatures/s

.....
Principal Shareholder

....
Joint Shareholder 1 Joint Shareholder 2

Date: .....

Note:
In the case of a Company/Corporation, the Shareholder Registration Form must be signed under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association. In the case of the Registration Form being signed by an Attorney, the Form must be deposited at Block D8 – D14, Seethawaka Export Processing Zone, Avissawella, Sri Lanka, or emailed to corporateservices@corporateservices.lk

FORM OF PROXY

*I/We .....

..... of .....

being a shareholder/shareholders of Teejay Lanka PLC do hereby appoint:

1. Mr Ajit Damon Gunewardene or failing him,
2. Mr Mohamed Ashroff Omar or failing him,
3. Mr T Funahashi or failing him,
4. Mr Hasitha Premaratne or failing him,
5. Mr Kit Vai Tou or failing him,
6. Mr William (Bill) C McRaith or failing him,
7. Mr Shrihan B Perera or failing him

..... of .....

as *my/our Proxy to attend and vote/speak at the Annual General Meeting of the Company to be held online via a virtual platform on 30 June 2026 at 3.00pm held and at any adjournment thereof.

	For	Against	Abstain
1. To receive and consider the Annual Report of the Board and the Financial Statements of the Company for the financial year ended 31 March 2026 together with the Report of the Auditors thereon			
2. To re-appoint Messrs. Deloitte Partners as the Auditors of the Company and to audit the Financial Statements for the ensuing year and authorise the Directors to fix their remuneration			
3. To re-elect Mr Funahashi in terms of Article 27 (3) of the Articles of Association			
4. To re-appoint as a Director Mr M A Omar in terms of Section 210 of the Companies Act No. 07 of 2007			
5. To pass the Special Resolution to amend Article 27 (12) of the Articles Of Association			
6. To authorise the Directors to determine contributions to charities			

Signed this ..... day of ..... 2026.

.....
Signature/s

Note: Instructions as to completion are noted on the reverse hereof.

Instructions as to completion

1. Kindly complete the Form of Proxy after filling in legibly your full name, address, and sign in the space provided. Please fill in the date of signature.
2. Please return the completed Form of Proxy to the Company after crossing out one or the other of the alternative words indicated by the asterisks on the body of the Form and by indicating with an "X" in the space provided against each resolution, the manner in which you wish your vote to be cast.
3. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy who need not be a member, to attend and vote instead of him.
4. In the case of a Corporate Member, the Form must be completed under its Common Seal, or signed by its Attorney or by an Officer on behalf of the corporation. The Company may, but shall not be bound to, require evidence of the authority of any such Attorney or Officer.
5. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy, in the manner prescribed by the Articles of Association.
6. The completed Form of Proxy should be deposited at the Registered Office of the Company, Block D8 – D14, Seethawaka Export Processing Zone, Avissawella, not less than forty eight (48) hours before the appointed time for the meeting.
7. If there is any doubt as to the manner in which the Proxy should vote by reason of the manner in which instructions in 2 above have been carried out, the Proxy holder will vote as she/he thinks fit.
8. A shareholder appointing a Proxy (other than a director of the Company) to attend the meeting should indicate the Proxy holder's National Identity Card (NIC) number on the Form of Proxy and should instruct the Proxy holder to bring his/her National Identity Card to the Meeting.

FORM OF REQUEST

To: The Company Secretaries
Corporate Services (Private) Limited
216, de Saram Place
Colombo 10

☐ I would like to receive the printed version of the Annual Report of Teejay Lanka PLC.

SHAREHOLDER'S DETAILS

Full Name: .....

.....

NIC/Passport/
Company Registration Number: .....

Address: .....

.....

.....

Contact Number: .....

NOTES:

1. Please complete the Form of Request by filling in legibly the required information, signing in the space provided, and filling in the date of signature.
2. Please forward the completed Form of Request to the Company Secretaries at the address given above to reach us on or before 15 June 2026.
3. In the event the shareholder is a company, the Form of Request should be signed under Common Seal or by a duly authorised officer of the company in accordance with its Articles of Association.

.....
Signature

.....
Date

INVESTOR/STAKEHOLDER FEEDBACK FORM

To request information or submit a comment/query to the Company, please provide the following details and return this page to:

Chief Financial Officer
Teejay Lanka PLC
Block D8-D14
Seethawaka Export Processing Zone
Avissawella, Sri Lanka
Email: RenujaS@teejay.com

- Name: .....
  .....
- Permanent Mailing Address: .....
  .....
  .....
- Contact Number/s: .....
- Tel: .....
- Fax: .....
- Email: .....
- Name of Company (If Applicable): .....
  .....
- Designation (If Applicable): .....
  .....
- Company Address (If Applicable): .....
  .....

Queries/Comments:

.....
.....
.....
.....
.....
.....
.....

INVESTOR/STAKEHOLDER FEEDBACK FORM

Your opinion matters. Please share your views with us.

Which stakeholder groups do you belong to?
(you may tick more than one box)

Employee	☐
Customer	☐
Shareholder	☐
Community	☐
Investor	☐

Does the report address the issues of greatest interest to you?

Comprehensively	☐
Partially	☐
Not at all	☐

Please identify any additional issues that you think should be reported on:

.....
.....
.....

Do you have any additional comments on the report or on Teejay Lanka PLC performance in general?

.....
.....
.....

Please tick here if we may include your comments in any future reports?

Yes	☐
No	☐

Would you like to be consulted when we prepare our next sustainability report?

Yes	☐
No	☐

CORPORATE INFORMATION

NAME
Teejay Lanka PLC

LEGAL FORM
A publicly quoted company with limited liability, incorporated on 12 July 2000

COMPANY REGISTRATION NO.
PV 7617 PB/PQ

STOCK EXCHANGE LISTING
The issued ordinary shares of the Company were listed on the Main Board of the Colombo Stock Exchange of Sri Lanka on 9 August 2011

REGISTERED OFFICE
Block D8 – D14
Seethawaka Export Processing Zone
Avissawella
Sri Lanka

DIRECTORS
Mr Ajit Damon Gunewardene – Chairman
Mr Mohamed Ashroff Omar
Mr Hasitha Premaratne
Mr Shrihan Blaise Perera
Mr Masaru Okutomi
(resigned w.e.f. 1 April 2026)
Mr Kit Vai Tou
Mr Teruo Funahashi
(appointed w.e.f. 1 April 2026)

AUDIT COMMITTEE
Mr Shrihan B Perera (Chairman) – (INED/NED)
Mr William (Bill) C McRaith – (INED/NED)
Mr Hasitha Premaratne – (NED)

REMUNERATION COMMITTEE
Mr William (Bill) C McRaith (Chairman) – (INED/NED)
Mr Shrihan B Perera – (INED/NED)
Mr Hasitha Premaratne – (NED)

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
Mr Shrihan B Perera – (Chairman) – (INED/NED)
Mr Ajit Gunewardene – (INED/NED)
Mr Kit Vai Tou – (NED)

NOMINATIONS AND GOVERNANCE COMMITTEE
Mr William (Bill) C McRaith (Chairman) – (INED/NED)
Mr Ajit Damon Gunewardene – (INED/NED)
Mr Mohamed Ashroff Omar – (NED)

SECRETARIES
Corporate Services (Private) Limited
216, de Saram Place
Colombo 10
Sri Lanka

AUDITORS
Deloitte Partners
Chartered Accountants
No. 100, Braybrook Place
Colombo 02
Sri Lanka

ATTORNEYS
F J & G de Saram
Attorneys-at-Law
216, de Saram Place
Colombo 10
Sri Lanka

BANKERS
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank
ICICI Bank Limited
Deutsche Bank AG
Canara Bank
Bank of China
Commercial Bank of Ceylon PLC
People's Bank
Bank of Ceylon
Nations Trust Bank PLC
National Development Bank PLC
Hatton National Bank
DFCC Bank PLC

INVESTOR RELATIONS
Pubudu De Silva
Renuja Selvanathan

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Teejay Lanka PLC

Block D8-D14
Seethawaka Export Processing Zone,
Avissawella,
Sri Lanka

Email: info@teejay.com
Telephone: +94 35 427 9500
Fax: +94 36 427 9595

www.teejay.com